File No. 240202 **Committee Item No.** 12
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee **Date** April 17, 2024
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Completed by: Brent Jalipa **Date** April 11, 2024
Completed by: Brent Jalipa **Date** _____

[Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island]

Resolution approving an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for certain real property located on Treasure Island and Yerba Buena Island, including changes to the attached Financing Plan; making findings under the California Environmental Quality Act; and affirming findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

WHEREAS, In 1997, the City created the Treasure Island Development Authority (the "Authority" or "TIDA") to serve as the entity responsible for the reuse and development of former Naval Station Treasure Island consisting of approximately 550 acres on Treasure Island and Yerba Buena Island; and

WHEREAS, In 2003, the Authority Board of Directors selected Treasure Island Community Development, LLC ("TICD" or "Developer") as the master developer for portions of Treasure Island and Yerba Buena Island; and

WHEREAS, The Developer proposed developing the Treasure Island/Yerba Buena Island Project ("Project"), which anticipated 1) up to 8,000 new residential units, at least 25% of which (2,000 units) would be made affordable to a broad range of very-low to moderate income households; 2) adaptive reuse of approximately 311,000 square feet of historic structures; 3) up to approximately 140,000 square feet of new retail uses and 100,000 square feet of commercial office space; 4) approximately 300 acres of parks and open space; 5) new and/or upgraded public facilities, including a joint police/fire station, a school, facilities for the

Treasure Island Sailing Center, and other community facilities; 6) up to 500 hotel rooms across 2-3 sites; 7) landside improvements for a new 400 slip marina; and 8) transportation infrastructure, including a ferry/quay intermodal transit center; and

WHEREAS, On June 7, 2011, pursuant to Resolution No. 241-11, which the Mayor signed on June 13, 2011, the Board of Supervisors unanimously approved the Disposition and Development Agreement ("2011 DDA") and other transaction documents, which Resolution is on file with the Clerk of the Board of Supervisors in File No. 110291 and is incorporated herein by reference; and

WHEREAS, On June 14, 2011, pursuant to Ordinance No. 95-11, the Board of Supervisors approved the Development Agreement for the Project between the City and County of San Francisco (the "City") and Developer, which the parties executed on June 28, 2011; and

WHEREAS, Transforming Treasure Island and Yerba Buena Island into a new San Francisco neighborhood has required a staggering amount of upfront engineering work to geotechnically transform the land and install new infrastructure and utilities; and

WHEREAS, Since 2011, the Developer has invested over $800 Million into the Project which has resulted in significant progress towards completion of the first stage of construction with nearly 1,000 new homes along with completed public parks and utilities, public art, new streets, and regular ferry service; and

WHEREAS, Over 100 units of new affordable housing attributable to the Project are open and occupied on Treasure Island, with another approximately 200 units currently under construction; and

WHEREAS, The progress on Treasure Island and Yerba Buena Island is a reflection of a public-private partnership spanning more than twenty years committed to the vision for a new Treasure Island; and

WHEREAS, Continuing the Project is more important now than ever, as Treasure Island's 8,000 planned housing units represent one-tenth of the City's housing production goals established under its Housing Element 2022 Update of the General Plan and the Mayor's Housing for All implementation strategy, and the Treasure Island Project is the City's largest project underway in a moment when there is a tremendous push to build new housing in San Francisco; and

WHEREAS, Various factors such as increases in construction and labor costs, a worldwide pandemic, rising interest rates and a slowing of the real estate market have put unanticipated pressures on the Project that could delay construction of the next phase without near-term accelerated public financing; and

WHEREAS, The Developer has shared economic projections demonstrating the financial constraints facing the Project, including the inability to secure traditional financing for the construction of Stage 2 infrastructure; and

WHEREAS, TIDA, the Developer, and the Office of Economic and Workforce Development ("OEWD") have been in conversation with the City since early 2023 to identify areas of possible change that could improve the delivery, financial feasibility, and sustainability of the Project; and

WHEREAS, OEWD has lead an effort with TIDA, the Developer, the City Administrator's Office, Controller's Office, Mayor's Office, and the Planning Department to re-open certain areas of the 2011 DDA, the Development Agreement, and the Planning Code, Zoning Map, and Design for Development as they relate to the Treasure Island/Yerba Buena Island Special Use District, to improve the feasibility and delivery of the Project as well as reaffirm certain existing provisions; and

WHEREAS, TIDA, the City and the Developer are committed to ensuring that the Project does not lose momentum, particularly as the island and its services become more

integrated into the city fabric as a result of the new housing units, parks, utilities, public art, ferry terminal, and streets that have been completed to date; and

WHEREAS, The proposed amendments to certain terms of the existing transaction documents for the Project will, among other things, 1) accelerate reimbursement of eligible project costs through public financing for the next construction phase, called Stage 2, which phase will include infrastructure necessary to allow for the construction of new parks and shoreline improvements, and market rate and affordable housing parcels for approximately 1,300 units of new housing; 2) retain the existing public benefits package as approved in the 2011 DDA, such as the overall affordable housing requirement of 27.2% and delivery of parks and open space; 3) defer accrual of costs where possible to improve financial feasibility such as extending the completion dates for certain facilities and reallocating a limited number of inclusionary units to future phases; 4) increase flexibility on timing of Developer subsidies and how they can be used; 5) increase the DDA term to 40 years; 6) increase flexibility on how certain parcel lots may be sold to allow for earlier additional funds into the Project; and 7) update the 2011 DDA to reflect current City practice, such as any public art fee be paid to the Department of Building Inspection instead of TIDA; and

WHEREAS, The proposed amendments will not change the general framework of the 2011 DDA whereby the Developer will continue to 1) be obligated to invest hundreds of millions of dollars of private capital in the initial construction of public infrastructure, affordable housing, and community benefits, and 2) have the right to develop the Project in a series of major phases and sub-phases and to sell or ground lease developable lots to vertical developers for development, all in accordance with all of the governing land use and entitlement documents; and

WHEREAS, The proposed amendments will be set forth in an Amended and Restated Disposition and Development Agreement ("A&R DDA"), which A&R DDA includes, among

certain exhibits, the Financing Plan and Housing Plan, all of which are on file with the Clerk of the Board of Supervisors in File No. 240202 and incorporated herein by reference; and

WHEREAS, Stage 2 includes two planned affordable housing buildings with approximately 250 units total and a 240-bed behavioral health building project to be delivered by the Department of Public Health; and

WHEREAS, The amendments to the Financing Plan describe the City's intent to accelerate up to a maximum of $115 million of general fund-backed public financing into the Project ("Stage 2 Alternative Financing"), expected to be structured as one or more lease certificates of participation, with the City reserving the discretion to structure the Stage 2 Alternative Financing through other public financing vehicles that are not secured by a pledge of Project special taxes or net available increment, to support continued construction of Stage 2 infrastructure necessary to allow for the development of new parks and shoreline improvements, and market rate and affordable housing parcels for approximately 1,300 units of new housing anticipated to occur within the next 3-5 years, by reimbursing the Developer for eligible Stage 2 qualified project costs sooner than they otherwise would be reimbursed through the existing public financing structure; and

WHEREAS, The Stage 2 Alternative Financing is anticipated to be structured over the next 3-5 years, tied to the expected capital expenditures for the Stage 2 infrastructure, and the Developer would be reimbursed after the Developer has satisfied various conditions for issuance of such public financing and reimbursement from such proceeds; and

WHEREAS, A fiscal impact study was completed by City fiscal consultant Keyser Marston Associates and projects that Treasure Island and Yerba Buena Island will generate an average of approximately $4.4 million per year in ongoing net recurring general fund revenues from fiscal year 2025 thru fiscal year 2030, with an additional approximately $10 million per year in transfer taxes and one-time construction related revenues contingent on

assumed land sales and unit sales in this time period, and that by fiscal year 2040, the net recurring revenues generated from Treasure Island and Yerba Buena Island (not including transfer taxes or one-time construction related revenues) are projected to exceed annual required debt service payments for up to $115 million of Stage 2 Alternative Financing; and

WHEREAS, If the proposed changes to the Financing Plan are approved by the Board of Supervisors, the Development Agreement will need to be amended as the amended Financing Plan will need to replace the existing Financing Plan exhibit to the Development Agreement; and

WHEREAS, If the proposed amendments to the 2011 DDA and Development Agreement are approved authorizing the Stage 2 Alternative Financing, City staff will return at a future date to request Board of Supervisors authorization to proceed with the Project specific Stage 2 Alternative Financing; and

WHEREAS, On March 5, 2024, Mayor London Breed and Supervisor Matt Dorsey co-sponsored and introduced legislation at the Board of Supervisors to approve the A&R DDA, an amendment to the Development Agreement, and amendments to the Planning Code and Zoning Map; and

WHEREAS, The A&R DDA was presented to the TIDA Board of Directors at a duly noticed public meeting on March 13, 2024, and the TIDA Board voted to approve the A&R DDA pursuant to Resolution No. 24-10-0313, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 240202 and incorporated herein by reference; and

WHEREAS, The Planning Department and TIDA prepared an Environmental Impact Report for the Project under the California Environmental Quality Act ("CEQA," Public Resources Code Sections 21,000 et. seq;) and the CEQA Guidelines (14 Cal. Code Regs. Sections 15,000 et seq,); and

WHEREAS, On April 21, 2011, pursuant to Authority Resolutions Nos. 11-1404/21 and 11-18-04/21 and Planning Commission Motion No. 18325, the Planning Commission and the Authority Board in a joint session unanimously approved a series of entitlement and transaction documents for the Project, including certain environmental findings under CEQA, a Mitigation Monitoring and Reporting Program, a Development Agreement for the Project, and other transaction documents; and

WHEREAS, On June 7, 2011, pursuant to Resolution No. 246-11, the Board of Supervisors unanimously confirmed certification of the Final Environmental Impact Report ("FEIR") for the Project, and made certain environmental findings under CEQA, including adoption of a Mitigation Monitoring and Reporting Program and a Statement of Overriding Considerations, which resolution is on file with the Clerk of the Board of Supervisors in File No. 110328 and is incorporated herein by reference; and

WHEREAS, CEQA mandates that "when an environmental impact report has been prepared for a project, no subsequent or supplemental environmental impact report shall be required by the lead agency," unless the lead agency determines, on the basis of substantial evidence that the project or its circumstances have changed, or there is new information, and that those changes or new information would cause new significant impacts, or a substantial increase in the severity of previously identified impacts (CEQA Section 21166; CEQA Guidelines Section 15162); and

WHEREAS, CEQA authorizes lead agencies to prepare addenda to previously-prepared environmental documents when they consider adopting a revised project, and the conditions for requiring additional environmental review are not met (CEQA Guidelines Section 15164); and

WHEREAS, The Planning Department prepared an Addendum to the FEIR to analyze the impacts of the A&R DDA (including changes to the Financing Plan and the Housing Plan,

both of which are exhibits to the A&R DDA) and concurrent changes proposed to the Development Agreement and Planning Code and Zoning Map controls for the Project; and

WHEREAS, The addendum concluded that no supplemental or subsequent environmental review is required for the A&R DDA (including changes to the Financing Plan and the Housing Plan, both of which are exhibits to the A&R DDA) and concurrent changes proposed to the Development Agreement, Planning Code and Zoning Map controls for the Project, because the environmental impacts of these actions were adequately identified and analyzed under CEQA in the FEIR, and the A&R DDA (including changes to the Financing Plan and the Housing Plan, both of which are exhibits to the A&R DDA) and concurrent changes proposed to the Development Agreement and Planning Code and Zoning Map controls for the Project would not result in any new or more severe environmental impacts than were identified previously; and

WHEREAS, On April 4, 2024 the Planning Commission, in Resolution No. 21541, adopted findings that the actions contemplated in this resolution are consistent, on balance, with the City's General Plan, and eight priority policies of Planning Code, Section 101.1, a copy of which is on file with the Clerk of the Board in File No. 240198, and is incorporated herein by reference; and

WHEREAS, On the same hearing date for this Resolution, the Board of Supervisors will hear whether to pass an Ordinance amending the Planning Code and the Zoning Map to implement adjustments to the Project controls, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 240199; and

WHEREAS, On the same hearing date for this Resolution, the Board of Supervisors will hear whether to pass an Ordinance approving the amendment to the Development Agreement for the Project that was necessary to reflect the changes to the Financing Plan

which is an exhibit to the Development Agreement, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 240198; and, now, therefore, be it

RESOLVED, That the Board of Supervisors has reviewed and considered the addendum and the FEIR, and concurs with the Planning Department analysis and conclusions, finding that the addendum adequately identified and analyzed the environmental impacts of the proposed amendments, and that no additional environmental review is required under CEQA Section 21166 and CEQA Guidelines Sections 15162-15164, for the following reasons:

(A) The Project with the proposed amendments will not have any new significant environmental effects or a substantial increase in the severity of previously identified significant impacts, beyond what was analyzed in the FEIR; and,

(B) No substantial changes have occurred with respect to the circumstances under which the Project with the proposed amendments would be carried out that would lead to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR; and,

(C) No new information of substantial importance to the Project analyzed in the FEIR has become available, which would indicate that (i) the Project with the proposed amendments will have significant effects not discussed in the FEIR; (ii) significant environmental effects identified in the FEIR will be substantially more severe; (iii) mitigation measures or alternatives found not feasible, which would reduce one or more significant effects, have become feasible but the City and TIDA refuse to implement them; or (iv) mitigation measures or alternatives, which are considerably different from those in the FEIR, will substantially reduce one or more significant effects, but the City and TIDA refuse to implement them; and, be it

FURTHER RESOLVED, That the Board of Supervisors affirms the findings of the Planning Commission that the actions contemplated in this resolution are consistent, on balance, with the City's General Plan, and eight priority policies of Planning Code, Section 101.1, for the reasons set forth in Planning Commission Resolution No. 21541, and the Board of Supervisors incorporates these findings by reference and adopts these findings as its own; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby approves the A&R DDA and authorizes the Director of the Treasure Island Development Authority ("Director") to execute the A&R DDA between TIDA and the Developer, with all exhibits to the A&R DDA, including, but not limited to the Financing Plan and the Housing Plan in substantially the form filed with the Clerk of the Board, and any additions, amendments, or other modifications to such agreements (including, without limitation, its exhibits) that the Director, on behalf of TIDA, determines, in consultation with the City Attorney, are in the best interests of TIDA and the City, do not otherwise materially increase the obligations or liabilities of TIDA or the City or materially decrease the benefits to TIDA or the City, and are necessary or advisable to effectuate the purpose and intent of this Resolution; and, be it

FURTHER RESOLVED, That the Board of Supervisors encourages City staff to finalize the terms of the Stage 2 Alternative Financing and bring the final terms to the Board of Supervisors for authorization within the time frame City staff reasonably believe is beneficial for the Project; and, be it

FURTHER RESOLVED, That to the extent that implementation of the A&R DDA involves the execution and delivery of additional agreements, notices, consents, and other instruments or documents by TIDA that have a term in excess of 10 years or anticipated revenues of $1 million or more, including, without limitation, instruments conveying developable lots to vertical developers (including, without limitation, vertical disposition and

development agreements, ground leases, lease disposition and development agreements, assignment and assumption agreements and permits to enter) (collectively, "Subsidiary Agreements"), TIDA and the Director, in consultation with the City Attorney, are hereby authorized to enter into all such Subsidiary Agreements so long as the transactions governed by such Subsidiary Agreements are contemplated in the A&R DDA, do not otherwise materially increase the obligations or liabilities of TIDA, and are necessary and advisable to effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by such person or persons of any such documents; and, be it

FURTHER RESOLVED, That the Board of Supervisors authorizes and urges the Mayor, Controller, and any other officers, agents, and employees of the City to take any and all steps (including the execution and delivery of any and all agreements, notices, consents and other instruments or documents) as they or any of them deem necessary or appropriate, in consultation with the City Attorney, in order to consummate the A&R DDA and any Subsidiary Agreement in accordance with this Resolution, or to otherwise effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by such person or persons of any such documents.

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CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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April 12, 2024

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst

SUBJECT: April 17, 2024 Budget and Finance Committee Meeting

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EXECUTIVE SUMMARY

Legislative Objectives

- **File 24-0198** is an ordinance that would approve a First Amendment to the Development Agreement between the City and Treasure Island Community Development LLC.
- **File 24-0202** is a resolution that would approve an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority (TIDA) and Treasure Island Community Development LLC (TICD) for the Treasure Island Project.

Key Points

- The Treasure Island/Yerba Buena Development Project (Project) will include up to 8,000 residential units, including 2,173 affordable units (27 percent), retail and commercial space, up to 500 hotel rooms, and 300 acres of public open space. Due to delays associated with City permitting and changes in market conditions, the project is eight years behind schedule and 90 percent over budget compared to 2011 estimates.
- The Amended and Restated Disposition and Development Agreement (DDA) extends the term of the agreement by 10 years for a total 40-year term and amends the Financing Plan, Schedule of Performance, Housing Plan, and transportation subsidies to provide $115 million in General Fund Certificates of Participation (COPs) to fund Stage 2 infrastructure and improve the financial feasibility of the Project. The proposed First Amendment to the Development Agreement makes corresponding changes to the Financing Plan.

Fiscal Impact

- The Plan anticipates issuing the $115 million in General Fund COPs in three tranches, each subject to the Board of Supervisors' approval. The Office of Public Finance estimates that the COPs would have an annual principal and interest payment of $13.7 million, assuming an estimated interest rate of 6.50 percent and a 20-year term for each financing. Total net debt service is estimated to be $245.9 million.

Policy Consideration

- We estimate the COPs required by the proposed amendments will fully consume the City's COP issuance capacity through at least FY 2027-28, unless interest rates decrease, prior COP authorizations are rescinded, or the delivery dates of other capital projects are extended. Because this proposal is occurring outside the normal capital planning process, which will next take place in the Spring 2025, it is difficult to weigh it against other City needs, including other new infrastructure and deferred maintenance on existing assets.

Recommendation

- Approval of the proposed resolution and ordinance is a policy matter for the Board of Supervisors.

MANDATE STATEMENT

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

Administrative Code Chapter 56 provides for the City to enter into development agreements with private developers for housing and mixed-use developments to reduce risk for the developer while requiring public benefits that exceed existing requirements. Section 56.14 provides for Board of Supervisors approval of such development agreements.

BACKGROUND

Treasures Island/Yerba Buena Development Project

The Treasure Island/Yerba Buena Development Project (Project) is part of the Treasure Island Development Authority's (TIDA) ongoing project to transition Treasure Island and a portion of Yerba Buena Island from a former military base to a residential and commercial development. In 2011, the Board of Supervisors approved the Development Agreement between the City and Treasure Island Community Development, LLC (TICD)[1], the master developer for the Treasure Island development project, and the Disposition and Development Agreement (DDA) between TIDA and TICD (Files 11-0226 and 11-0291). The Project will include up to 8,000 residential units, including 2,173 affordable units (27.2 percent), as well as retail and commercial space, up to 500 hotel rooms, and 300 acres of public open space.

Financing Plan

The Financing Plan attached to these agreements obligates the City to provide funding for certain public improvements through: (a) the issuance of special tax bonds[2] issued by one or more community facilities districts (CFDs); and (b) tax increment revenue bonds[3] issued by the Treasure

[1] TICD is a limited liability company owned by Stockbridge Capital Group, Wilson Meany, Kenwood Investments, and Lennar Corporation.

[2] The 1982 Mello-Roos Community Facilities Act allows for the formation of CFDs to fund public infrastructure improvements by levying special taxes on taxable property within a CFD. In 2017, the Board of Supervisors approved a resolution forming Community Facilities District No. 2016-1 on Treasure Island and determining necessity to incur bonded indebtedness in an amount not to exceed $5 billion to finance eligible project costs, with the issuance of up to $250 million of special tax bonds authorized for Improvement Area No. 1 of the CFD (Files 16-1122 and 16-1127) and the remaining $4.75 billion identified for future annexations of new Improvement Areas. Subsequently, up to $278.2 million in special tax bonds were authorized at the annexation of Improvement Area No. 2 (File 20-0977) and up to $731.4 million in special tax bonds were authorized at the annexation of Improvement Area No. 3.

[3] State Infrastructure and Revitalization Financing District (IRFD) law allows for a portion of property tax revenues to be allocated to IRFDs to pay for public improvements. In 2017, the Board of Supervisors approved the formation of

Island Infrastructure and Revitalization Financing District (IRFD). To date, the City has issued a total of $100.58 million in special tax bonds on behalf of the CFD, and the IRFD has issued a total of $38.6 million in tax increment revenue bonds to finance the project.

Project Status

To date, the Project has completed infrastructure improvements on Yerba Buena Island and Treasure Island Phase I, including a new public park, street improvements and utilities, new water storage facilities, and a new ferry terminal. In addition, 229 new housing units have been completed, and approximately 745 units are under construction with expected completion in early 2025.

The 2011 DDA anticipated a twenty-year development timeline, with project completion anticipated in 2034. According to an April 2023 schedule of performance adjustment letter, TIDA anticipates project completion by 2042. The letter reflects the fifth revision to the Schedule of Performance attached to the DDA and extends the previous development timeline by two to three years based on delays related to City permitting, the unanticipated complexity of project phasing, and current market conditions, including high interest rates, which have impacted access to private capital and increased financing costs for infrastructure. Additionally, slower land/pad sales to residential developers for condominium development have slowed down the timing of revenues available to finance infrastructure development according to TIDA staff.

The total budget for the project has increased by 90 percent from $1.334 billion anticipated in the 2011 DDA to $2.5 billion, as currently estimated by TICD and TIDA staff. Increases in the budget are primarily due to development schedule delays and higher than anticipated escalation and construction costs compared to the original DDA proforma. According to TIDA, these cost increases will be primarily covered by higher special tax and property tax revenues, which have also been revised upward since 2011. However, the availability of public financing sources for Stage 2 is currently limited due to the constraints of the taxing capacity within the CFD or IRFD to issue additional tax increment or special tax bonds, which is tied to the pace and delivery of development. The current budget for Stage 1, located on Yerba Buena and Treasure Island, is approximately $750 million, and the current budget for Stage 2, on Treasure Island, is approximately $204 million. Both Stage 1 and Stage 2 are included within the boundaries of Major Phase 1. Exhibit 1 below shows the project budget and housing units by stage. The phasing map is shown in Attachment 2.

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the Treasure Island IRFD No. 1, adopted the Infrastructure Financing Plan, and authorized the issuance of up to $780 million in tax increment bonds to finance eligible project costs (Files 16-1120 and 16-1121). Each bond issuance (of the $780 million total authorized) is subject to Board of Supervisors' approval of the terms of sale and related documents. In February 2022, the Board of Supervisors approved the addition of territory to the IRFD and amendments to the Infrastructure Financing Plan (File 21-1196).

Exhibit 1: Project Budget and Housing Units by Stage

Stage	Corresponding Sub-Phases	Estimated Units*	Estimated Budget	Estimated Start to Finish Infrastructure
Stage 1	1YA, 1YB, 1B, 1C, 1E	1,993	$750 M	2016-2024
Stages 2, 3	1A, 1D, 1F, 1G, 1H, 1I	2,169	$750 M	2018-2028
Stages 5, 6	2A, 2C, 3A	1,480	$460 M	2027-2030
Stages 4, 7, 8	2B, 3B, 4A, 4B, 4C, 4D	2,358	$600 M	Stage 4 2030-2031 Stages 7 and 8 parcels subject to land currently under Navy control
Total		**8,000**	**$2.56 B**	**2016-2042**

Source: TIDA

*Delivery of housing units is subject to vertical development schedules and market conditions

Developer Performance

According to TIDA staff, TIDA gauges developer performance based on achieving project milestones and deliverables. To date, the Board of Supervisors and TIDA Board of Directors have accepted the following infrastructure and assets: (a) Panorama Park and Signal Point improvements on Yerba Buena Island[4]; (b) street and public infrastructure associated with sub-phases 1B, 1C, 1E, 1YA, and 1YB (File 23-1245); and (c) ferry terminal and other TIDA improvements (File 23-1269). TIDA staff also report that TIDA and the developer have met multiple times to review the status of the Schedule of Performance and there have not been any performance issues to date.

TIDA does not formally document developer performance, so we could not verify developer performance. However, based on current costs, the developer has completed over 90 percent of Stage 1 work and is currently constructing approximately 25 percent of Stage 2 work, which was originally expected to be complete by 2025 based on the adjusted Schedule of Performance.

DETAILS OF PROPOSED LEGISLATION

File 24-0202 is a resolution that would approve an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development LLC for the Treasure Island Project, including changes to the Financing Plan, Housing Plan, transportation subsidies, and Schedule of Performance.

File 24-0198 is an ordinance that would approve a First Amendment to the Development Agreement between the City and Treasure Island Community Development LLC for the Treasure Island Project to make changes to the Financing Plan.

[4] Acceptance of Panorama Park was approved by TIDA Board of Directors. In February 2024, the Board of Supervisors approved an ordinance delegating powers related to acceptance of public parks and open space required as part of the Treasure Island project to TIDA (File 23-0859).

The DDA between TIDA and TICD establishes: (a) the rights of the Developer to develop the Project in a series of phases and to ground lease or sell lots to vertical developers for development; and (b) the responsibilities of the Developer to develop public infrastructure, affordable housing, and other community benefits. The Development Agreement between the City and TICD reduces uncertainty in the City's entitlements for the Project site to ensure the Project may be developed consistent with the provisions of the DDA.

Due to the reduced availability of both private and public financing for the Project and increased costs, TIDA, together with City staff, have negotiated proposed changes to the Development Agreement and Disposition and Development Agreement to finance Stage 2 infrastructure and to improve the overall financial feasibility of the Project. Proposed changes to the agreements preserve the project's public benefits, including affordable housing and public open space.

Amended & Restated Disposition & Development Agreement (File 24-0202)

The Amended and Restated Disposition and Development Agreement extends the term of the agreement by 10 years for a total term of 40 years and makes changes to the Financing Plan, Schedule of Performance, Housing Plan, and transportation subsidies as described below.

Financing Plan (Exhibit EE)

The financing plan describes the sources and uses of the project and describes the distribution of net revenues, including the rate of return for the developer. Revenues accrue to the developer through lot transfers with vertical developers for market rate and commercial uses. In light of the limited availability of tax increment financing and special tax bonds for the project, the proposed Financing Plan commits the City to provide "Alternate Financing" to fund remaining costs of Stage 2 infrastructure. The Plan anticipates Stage 2 Alternate Financing will consist of $115 million in General Fund Certificates of Participation (COPs) to be issued in three tranches. Issuance of each tranche of the proposed COPs will be subject to Board of Supervisors' approval.

The proposed Financing Plan redirects $550,000 per year in residual property tax increment and residual special taxes to the City to offset lease payments from the General Fund over the term of the COPs. In addition, the plan states that certain developer revenues must be reinvested in the Project until completion of Stage 2 infrastructure. The Financing Plan states that the City's General Fund will not be available to provide alternate financing to the project beyond Stage 2 Alternate Financing.

The proposed Financing Plan preserves the existing distribution of net revenues. Net revenues are distributed in a tiered structure as follows:

- First Tier – net revenues accrue to TICD until TICD has achieved an 18 percent annual internal rate of return;
- Second Tier – Once TICD has achieved an 18 percent annual internal rate of return, net revenues accrue to the Navy until the Navy has received $50 million;
- Third Tier – once the Navy has received $50 million, net revenues accrue to TICD until TICD has achieved a 22.5 percent annual internal rate of return;

- Fourth Tier – once TICD has achieved a 22.5 percent internal rate of return, net revenues are split by TICD (55 percent), TIDA (10 percent), and the Navy (35 percent) until TICD has achieved a 25 percent internal rate of return;
- Fifth Tier – once TICD has achieved a 25 percent internal rate of return, remaining net revenues are split by TICD (50 percent), TIDA (15 percent), and the Navy (35 percent).

TICD Funding for TIDA (Section 19)

The DDA requires the developer to reimburse TIDA for development-related expenses. TIDA also incurs expenses to manage commercial leases on Treasure Island and other matters that are not tied to development, referred to in the DDA as "Authority Costs." If commercial leasing and other revenues are not sufficient to meet TIDA's Authority Costs, the developer provides backup funding. According to TIDA staff, this has only occurred once, in FY 2021-22, when COVID impacted commercial leasing.

The proposed Amended and Restated DDA removes Section 19.6, which obligates TICD to provide funding for Authority Costs. According to TIDA staff, this will not impact operations.

Schedule of Performance (Exhibit JJ)

The Schedule of Performance has been amended five times since the DDA was executed. Under the proposed Schedule of Performance, the project completion date is 2042, which is consistent with the existing Schedule of Performance and eight years later than the project completion date in the 2011 DDA (2034), as shown in Exhibit 2 below. The proposed revised Schedule of Performance by sub-phase is shown in Attachment 1.

Exhibit 2: Schedule of Performance Changes

	Horizontal Improvements			Open Space & Parks		
Major Phase	**Original Start & Completion**	**Revised Start & Completion**	**Change in Completion (Years)**	**Original Completion**	**Revised Completion**	**Change in Completion (Years)**
1	2014 - 2025	2017 - 2032	7	2024	2038	14
2	2020 - 2027	2029 - 2036	9	2027	2035	8
3	2023 - 2030	2031 - 2042	12	2029	2042	13
4	2026 - 2034	2034 - 2042	8	2034	2042	8

Sources: Exhibit JJ from 2011 DDA and proposed Amended & Restated DDA

The proposed Schedule of Performance delays developer obligations to deliver certain community facilities, parks and open space, and subsidies to make more cash available for the project in the near term. Under the amended Schedule of Performance:

- The developer will obtain a building permit for construction of a joint Police and Fire Station once building permits have been issued for a total of 4,000 housing units (compared to 2,500 housing units under the 2011 DDA) which better reflects the timing of the need for this facility according to TIDA staff, in consultation with Police Department and Fire Department staff;

- The San Francisco Unified School District will obtain a building permit for construction of an elementary school once building permits have been issued for a total of 4,000 housing units (compared to 2,500 housing units);
- The developer will pay the $5 million school subsidy at a later date consistent with the delay in construction start of the school, with a portion ($1 million) due at completion of 30 percent design;
- The developer will deliver Building 1 Plaza and Marina Plaza, two open space parcels in Phase 1, seven years later compared to the fifth amendment of the Schedule of Performance with completion in 2037 instead of 2030.

The purpose of delaying the delivery of the public improvements is to better align them with the expected delivery of market rate housing and commercial development, which are sources of IFD and CFD public financing.

Housing Plan (Exhibit E)

The proposed Housing Plan preserves the requirement that 27.2 percent of the 8,000 total housing units constructed will be affordable units (including inclusionary units), and the requirement that five percent of all residential units constructed in market rate parcels must be inclusionary units. Proposed changes to the Housing Plan delay construction of some inclusionary units, delay payment of the Developer Housing Subsidy for an initial period[5], and increase the Area Median Income (AMI) ranges for rental inclusionary units to improve financial feasibility. The plan swaps one affordable housing lot in Phase 1 (IC2.2) for a lot in Phase 3 (C13.4) and designates the Phase 1 lot (IC2.2) as market rate housing in return, thereby moving up construction of some market rate housing units.

Under the proposed housing plan, inclusionary rental units must be occupied by households earning between 60 and 100 percent of AMI (up from "up to 60 percent of AMI"), with an average of 80 percent of AMI.[6] The Developer can determine how many inclusionary units are constructed in each market rate lot but must demonstrate compliance with the inclusionary requirements at various milestones. The proposed housing plan delays some of the milestones which will give the developer the flexibility to delay construction of some inclusionary units while still requiring compliance with inclusionary requirements.[7] According to a March 2024 TIDA staff memo on the

[5] The Developer Housing Subsidy is a subsidy paid by the Developer to TIDA for development of affordable housing units on affordable housing lots. The amount of the subsidy is equal to $17,500 time the number of market rate units that may be constructed on each market rate lot per the Vertical DDA for the lot, subject to true-up provisions that ensure the subsidy is not less than $73.5 million.

[6] Under the existing and proposed Housing Plans, inclusionary for-sale units must be occupied by households with incomes up to 120 percent of AMI, with an average of 100 percent of AMI.

[7] Per Section 5.1(c) of the Housing Plan, the developer must demonstrate compliance when market rate lots are conveyed to vertical developers for development of: (i) 1,460 residential units; (ii) 3,990 residential units; and (iii) the last market rate residential lot. The milestones under the existing Housing Plan are: (i) 2,210; (ii) 3,160, (iii) 4,740, (iv) the last market rate residential lot.

proposed DDA changes, this change would delay construction of 27 inclusionary units from Stage 2 to future stages.

The Developer must pay a Developer Housing Subsidy to TIDA upon transferring each market rate lot to a vertical developer based on the number of market rate residential units that may be built upon the lot. The amount of the subsidy, $17,500 per unit, is not changing in the proposed amendments. However, for an initial period following approval of the first sub-phase, the subsidy accrues but is not payable until TIDA provides notice that it requires all or a portion of the accrued subsidy to fulfil its obligations for affordable, replacement, or transition housing. The proposed plan extends the initial period when the subsidy accrues and is not payable until TIDA's provides notice from five years to 15 years and allows that subsidy amount to continue to accrue after the initial period if TIDA does not request payment.

Transportation Subsidies (Section 13.3.2)

The Amended and Restated DDA provides more flexibility on how transportation subsidies may be applied, eligible uses of transportation subsidies, and the timelines for accessing the subsidies. The Amended and Restated DDA adds a new $13.9 million Transportation Capital Contribution Subsidy for capital costs of transportation projects to serve the project and removes prior obligations to deliver specific equipment, including buses for East Bay service and On Island shuttle buses, according to the proposed Schedule of Performance. According to the March 2024 TIDA staff memo, this change does not reduce the value of the developer's contribution to transportation for the Project but will give the Treasure Island Mobility Management Agency (TIMMA) greater flexibility to determine how the developer's contribution will best serve transit operations on Treasure Island. The proposed DDA preserves other existing transit subsidies, including the annual transportation subsidy ($30 million net present value), the additional transportation subsidy ($5 million maximum), and the SFMTA subsidy ($1.8 million).

The Amended and Restated DDA establishes that the first annual transportation subsidy payment will be due six months before the first year of permanent transit service and annually thereafter and allows the developer to credit interim public ferry or public shuttle service against the operating subsidy beginning January 2025 if TIMMA has not yet established permanent service. The terms of interim service provided by the developer (such as service hours and frequency of service) will be subject to TIMMA's and TIDA's approval.

First Amendment to the Development Agreement (File 24-0198)

The proposed First Amendment to the Development Agreement updates the Financing Plan (Exhibit D) to mirror the changes proposed under the Amended and Restated DDA Financing Plan described above. There is no change to the term of the agreement which ends when the DDA expires.

FISCAL IMPACT

Certificates of Participation

According to the March 2024 TIDA staff memo, the Developer has spent $60 million to date on geotechnical and soil improvements, and the proposed $115 million in COPs would fund estimated hard and soft costs of remaining infrastructure required to advance Stage 2 over an estimated three-year construction period, excluding $29 million to complete the parks. According to TIDA staff, the infrastructure scope includes geotechnical work, utility systems, and streets. The existing Financing Plan commits the City to fund these costs through the CFD, the IRFD, or other public sources, but there is not sufficient taxing capacity within the CFD or IRFD to issue additional tax increment or special tax bonds to fund $115 million of Stage 2 project costs at this time. The proposed changes to the financing plan to facilitate issuance of COPs result in the City contributing to these costs earlier than would be possible, allowing the project to proceed with the next stage of development. Since these Stage 2 improvements would be funded by the COPs rather than by the CFD or IRFD districts, capacity no longer needed in the IRFD and CFD to fund Stage 2 infrastructure could be used to fund other General Fund obligations on Treasure Island after project completion.

The Plan anticipates Stage 2 Alternate Financing will consist of $115 million in General Fund Certificates of Participation (COPs) to be issued in three tranches. Issuance of each tranche of the proposed COPs will be subject to Board of Supervisors' approval and will specify deliverables that must be accomplished to access COP funding. Consistent with the Financing Plan, the Office of Public Finance estimates that the first issuance could occur in fiscal year 2024-25, with one issuance annually thereafter.

Debt Service

The Office of Public Finance estimates that, across the anticipated three issuances totaling $115 million in project funds, the COPs would have an annual principal and interest payment of $13.7 million, assuming an estimated interest rate of 6.50 percent and a 20-year term for each financing. Total net debt service under these assumptions is estimated to be $245.9 million.

COPs are structured as a lease-lease back form of debt, in which a City-owned asset serves as the leased property to secure the COPs, and the City repays the COPs through lease payments, funded by the General Fund. As mentioned above, the proposed Financing Plan redirects $550,000 per year in residual property tax increment and residual special taxes to the City to offset lease payments from the General Fund over the term of the COPs.

TIDA Budget

Under the proposed Amended and Restated DDA, TICD is no longer obligated to cover TIDA's "Authority Costs," or costs unrelated to development. TIDA's FY 2023-24 adopted budget includes $3.1 million in reimbursement revenues from TICD for TIDA expenses. Although TIDA has budgeted for possible reimbursement from TICD in the case of an actual shortfall, since 2011, TIDA has only exercised this provision one time (in fiscal year 2021-22). According to TIDA staff,

TIDA's proposed fiscal year 2024-25 budget and all annual budgets thereafter will present a balanced budget, in which TIDA expenditures will be covered by TIDA revenues.

Project Fiscal Impact

According to TIDA staff, a draft fiscal analysis by Keyser Marston Associates shows that the project generates net fiscal benefit to the City's General Fund, though expenses for service may exceed revenues in earlier years. We did not review the analysis because it was still in draft form.

POLICY CONSIDERATION

Need for Proposed Public Financing

According to TIDA staff, to assess the Project's need for fiscal changes and public financing, TIDA engaged Century Urban, a financial consultant. Century Urban provided a methodological summary of their efforts to TIDA, which was shared with our office. We did not review the underlying analysis, memos provided to City staff, or other work product, because TIDA staff could not locate them.

TIDA did not review the developer's financials directly, however Century Urban reviewed and validated the developer's proforma, found that project was not feasible without additional public financing, and evaluated the impact of potential changes to the DDA Financing Plan.

According to TIDA staff, the developer demonstrated sufficient funding for remaining stages of the project using CFD and IRFD bond proceeds and land pad sale revenues.

Housing Development

According to OEWD and TIDA staff, the proposed amendments are necessary to ensure timely delivery of housing development on Treasure Island. In 2023, the Board of Supervisors adopted the 2022 Housing Element to the City' General Plan (File 23-0001), which codified the City's plan to deliver 82,000 housing units by 2031, as required by State regulations. The current timeline for housing development on Treasure Island assumes approximately 3,200 units will be delivered by 2031, including the 1,300 units planned in Stage 2, subject of the proposed amendments.

The Housing Element does not require the proposed public financing on Treasure Island but does encourage public investment in infrastructure on Treasure Island (Program 8.7.1) and other under historically under resourced areas. If the housing development on Treasure Island does not proceed as planned, housing units will have to be developed elsewhere in the City. According to a January 20, 2023 letter from the State Housing and Community Development Department to the San Francisco Planning Department, "several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criterion."

City Debt Policy & Capital Planning Process

The Controller's Office of Public Finance's Debt Policy, which was approved by the Board of Supervisors in March 2020 (File 20-0089), states that it is the City's policy to limit General Fund debt service at or below 3.25 percent of discretionary General Fund revenues. Based on the Joint Reports from March 2023 and March 2024 and the FY 2024-2033 Capital Plan, we estimate the

COPs required by the proposed amendments will fully consume the City's COP issuance capacity through at least FY 2027-28, unless interest rates decrease, prior COP authorizations are rescinded, or the delivery dates of other capital projects are extended. The proposed amendments would use $115 million COP of funding, which can be used for eligible capital project costs anywhere in San Francisco, instead of Treasure Island-specific public financing sources, which are not available due to development delays. Because this proposal is occurring outside the normal capital planning process, which will next take place in the Spring 2025, it is difficult to weigh it against other City needs, including other new infrastructure and deferred maintenance on existing assets.

The Controller's Office and City Administrator's Office will evaluate the proposed COPs' impact on the City's debt program as the City's 10-Year Capital Plan is revised.

Uncertainty of Market Conditions

The proposed amendments contemplate additional public financing to ensure delivery of horizontal infrastructure on Treasure Island that is necessary to support market rate and affordable housing. Current market conditions, including higher interest rates and construction costs, have rendered continuation of the project not financially feasible with existing sources of public financing, which are not available until development is complete. However, current market conditions may be temporary. For example, interest rates could decrease to such an extent that the project is feasible without COP financing. On the other hand, the developer may not obtain sufficient private investment at the scale or time horizon necessary to meet the vertical development timelines assumed by TIDA, even with the completion of horizontal infrastructure.

RECOMMENDATION

Approval of the proposed resolution and ordinance is a policy matter for the Board of Supervisors.

Attachment 1: Proposed Revised Schedule of Performance by Sub-Phase

Sub-Phase	Blocks	Revised Start & Completion	Open Space Completion
Phase 1		2017 - 2032	2031
1-A	B2-B3-M1-IC3-IC4	2021 - 2030	2028
1-B	B1	2018 - 2023	2026
1-C	C1-C2	2017 - 2023	2024
1-D	IC1-IC2	2028 - 2032	2031
1-E	C3	2021 - 2025	2024
1-F	E1-E2	2028 - 2032	2031
1G	IC1-IC4	2028 - 2032	2031
Phase 2		2029 - 2036	2033
2-A	E3-E4	2028 - 2030	2031
2-B	C4	2029 - 2031	2032
2-C	E5-E6	2030 - 2032	2033
Phase 3		2031 - 2042	2034
3-A	E7-E8	2031 - 2033	2034
3-B	C12-C13	2034 - 2042	2042
3-C	IC1-IC4	2033 - 2038	2033
Phase 4		2034 - 2042	2040
4-A	C5	2034 - 2036	2037
4-B	C10-C11	2035 - 2037	2039
4-C	C6	2036 - 2038	2038
4-D	C7-C8-C9	2037 - 2039	2040
Total		**2017 - 2042**	**2040**

Source: TIDA

Note: the revised Schedule of Performance does not include sub-phases 1-Y-A and 1-Y-B on Yerba Buena. According to TIDA staff, these sub-phases and associated open space have been completed.

Attachment 2: Phasing Plan from Existing DDA

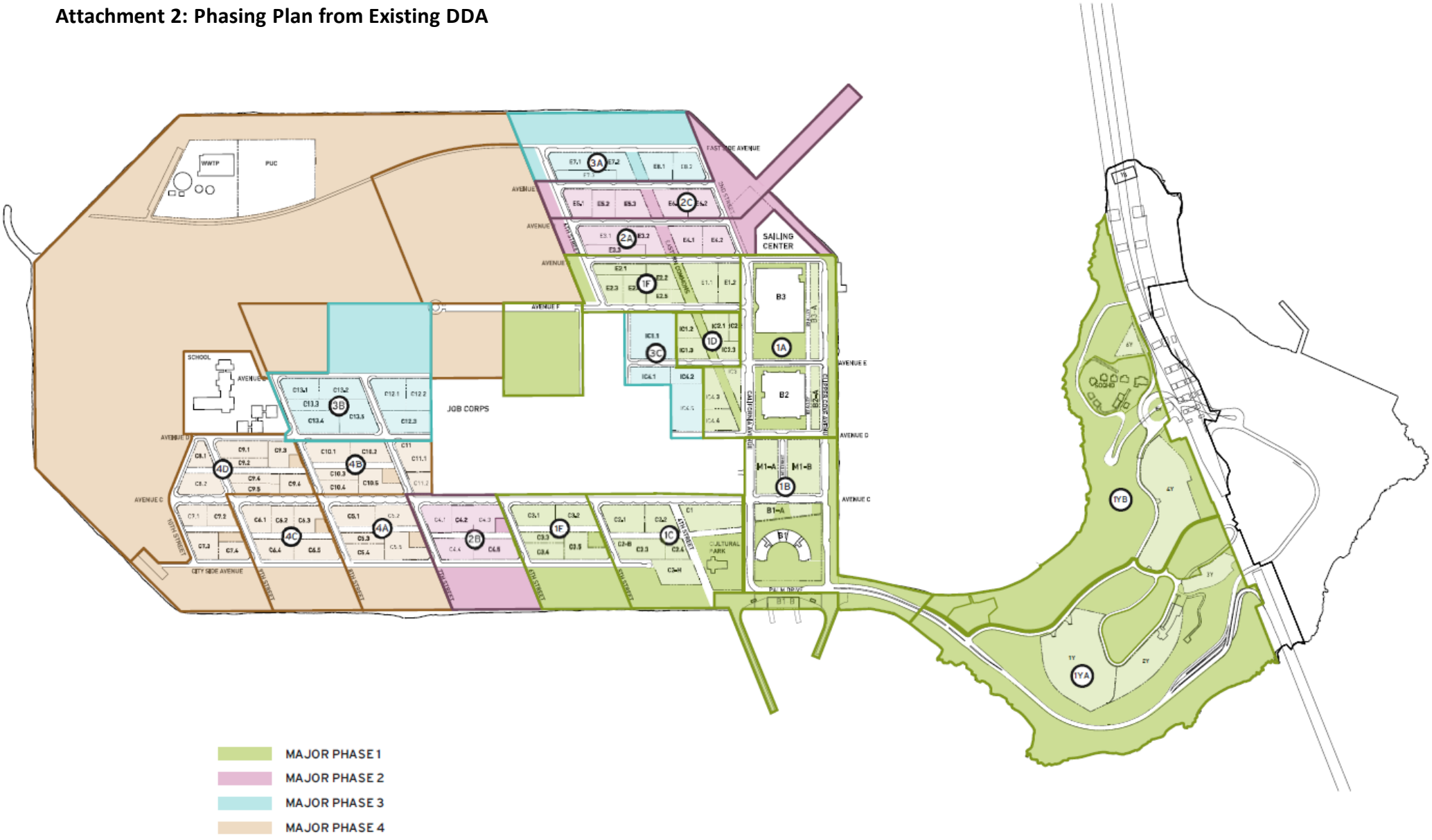

EXHIBIT II, PHASING PLAN

TREASURE AND YERBA BUENA ISLANDS
JUNE 28, 2011

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

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

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

Recorder's Stamp

AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT

(TREASURE ISLAND/YERBA BUENA ISLAND)

by and between

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

and

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

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LIST OF EXHIBITS

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

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

Ex. GG	Parks and Open Space Plan
Ex. HH	Permit to Enter
Ex. II	Phasing Plan
Ex. JJ	Schedule of Performance
Ex. KK	Status of Subsidies as of A&R Reference Date
Ex. LL	Approved Form of Master CC&Rs

LIST OF ATTACHMENTS

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

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

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

This AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT (TREASURE ISLAND/YERBA BUENA ISLAND) (including all Exhibits and Attachments as amended from time to time, this "**DDA**" or this "**Agreement**") originally dated for reference purposes only as of June 28, 2011 (the "**Original Reference Date**"), is amended and restated as of [_____], 2024 (the "**A&R Reference Date**"), and is made by and between Developer and the Authority. The terms defined in Exhibit A that are used in this DDA have the meanings given to them in Exhibit A.

RECITALS

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

Overview

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

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

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

D. In 1994, a Citizen's Reuse Committee ("**CRC**"), representing a broad spectrum of community interests, was formed to (1) review reuse planning efforts for NSTI by the San Francisco Planning Department and the San Francisco Redevelopment Agency, and (2) make recommendations to the City's Planning Commission and Board of Supervisors.

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

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

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

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

I. After completion of a competitive master developer selection process, the Authority and Developer entered into the Exclusive Negotiating Agreement dated as of June 1, 2003. The Exclusive Negotiating Agreement was amended and restated in its entirety pursuant to the Amended and Restated Exclusive Negotiating Agreement dated as of September 14, 2005, as further amended by the Amendment to Schedule of Performance Set Forth in the Amended and Restated Exclusive Negotiating Agreement dated as of July 1, 2006, the Second Amendment to the Amended and Restated Exclusive Negotiating Agreement dated as of March 12, 2008, the Third Amendment to the Amended and Restated Exclusive Negotiating Agreement dated as of February 10, 2010, and the Fourth Amendment to Exclusive Negotiating Agreement dated as of June 22, 2011 (collectively, the "**ENA**"). The ENA sets forth the terms and conditions under which the Authority and Developer are willing to negotiate the transaction documents for the

conveyance, management and redevelopment of NSTI, including a schedule of performance for major milestones.

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

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

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

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

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

O. The United States of America, acting by and through the Department of the Navy ("**Navy**"), and the Authority have negotiated an Economic Conveyance Memorandum of Agreement (as amended and supplemented from time to time, the "**Conveyance Agreement**") that governs the terms and conditions for the transfer of NSTI from the Navy to the Authority. Under the Conveyance Agreement, the Navy will convey NSTI to the Authority in phases after the Navy has completed environmental remediation and issued a Finding of Suitability to Transfer ("**FOST**") for specified parcels of NSTI or portions thereof. The final Conveyance Agreement is dated July 2, 2014, and a Short Form Notice of Agreement relating to the

Conveyance Agreement was recorded on July 9, 2014 in the Official Records as Document number 2014-J905758.

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

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

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

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

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

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

Project proposed under this Agreement and the fulfillment generally of this Agreement (A) are in the best interests of the Authority, the City, and the health, safety, morals and welfare of its residents; and (B) are in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements.

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

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

X. On June 7, 2011, the Board of Supervisors by Resolution 241-11 approved that certain Disposition and Development Agreement (Treasure Island/Yerba Buena Island) between the Parties (as amended, the "**Original DDA**"). The Parties subsequently entered into the Original DDA dated as of the Original Reference Date. The Original DDA was subsequently amended by that certain First Amendment to Disposition and Development Agreement (Treasure Island/Yerba Buena Island) dated as of October 23, 2015 and recorded in the Official Records on November 5, 2015 as document No. 2015-K153304, and by that certain Second Amendment to Disposition and Development Agreement (Treasure Island/Yerba Buena Island) dated as of January 18, 2018 and recorded in the Official Records on January 22, 2018 as document No. 2018-K569072.

Y. Since the Original Reference Date, the Project has faced a series of challenges, including at least six years of permitting and construction delays arising from, among other things, CEQA Delay, significant construction cost increases, a global pandemic, a rapid rise in interest rates, and a softening of the San Francisco residential condominium and rental markets. Despite these challenges, Developer has proceeded to substantially complete Infrastructure and Stormwater Management Controls within Sub-Phase 1 (on Yerba Buena Island), and Sub-Phase 2 (on Treasure Island) to support the construction of up to approximately 2,000 residential units, of which 974 have either been completed or are currently under construction, and of which 315 are below market rate. Developer has also obtained Approval of Sub-Phase 3 on Treasure Island and has initiated preliminary construction activities (demolition and geotechnical) in this Sub-Phase. However, in light of these delays and challenging market conditions, Developer now faces potential delays in its ability to finance and build the necessary Infrastructure and Stormwater Management Controls for the next sub-phase of development on Treasure Island, which is intended to support up to 1,500 residential units, including 250 Affordable Housing Units and a 240 bed behavioral health project, all of which are needed for the City to achieve its housing production goals established under its Housing Element 2022 Update of the General Plan and the Mayor's Housing for All implementation strategy.

Z. In light of these significant Project challenges, the Authority and Developer, together with the City, have negotiated a financial package and changes to certain terms that will allow Developer and Vertical Developers to continue with horizontal and vertical development, contribute to the City's housing production goals and provide the Authority with the remainder of the Phase 1 public improvements in a timely manner. This Amended and Restated DDA addresses a subset of those challenges by, among other things, eliminating the Developer's Authority Costs reimbursement component, providing greater certainty on the timing and amount of Subsidies, revising the Schedule of Performance, extending the Term of the DDA, amending the Affordable Housing Plan to provide some relief on the timing of the payment of Affordable Housing Subsidies, and amending the Financing Plan to reflect the City's and Developer's commitment to the Project.

AA. The Parties now wish to amend and restate the DDA in its entirety as set forth herein, with effect as of the Original Reference Date, to set forth the terms and conditions under which the Project will be developed.

AGREEMENT

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

1. THE PROJECT.

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

1.2 Vertical Disposition and Development Agreements and Lease Disposition and Development Agreements. This Agreement grants to Developer (i) the right to acquire portions of the Project Site and (ii) the right, and upon the satisfaction of certain conditions, the obligation, to develop the Infrastructure and Stormwater Management Controls and the Required Improvements. While this Agreement applies primarily to Infrastructure and Stormwater Management Controls, it also includes certain terms and conditions that will apply to Vertical Improvements. In connection with the sale of Lots to Vertical Developers in accordance with Article 17, Developer, the Authority and each Vertical Developer will enter into a Vertical Disposition and Development Agreement ("**Vertical DDA**") for Lots that are not subject to the Public Trust. Because Public Trust property may not be sold in fee, development of certain of the Public Trust Parcels will be subject to a Lease Disposition and Development Agreement ("**Vertical LDDA**") that sets forth the terms under which the applicable Public Trust Parcels will

be developed for commercial purposes in accordance with Article 17 below. For clarity, the Vertical DDA and the Vertical LDDA, as applicable, will include all of the terms and conditions that will apply to Vertical Improvements, and they will incorporate by reference certain Attachments and Exhibits to this Agreement that will apply to both Infrastructure and Stormwater Management Controls and Vertical Improvements.

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

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

(b) Up to 6,134 Developer Residential Units, of which approximately 5% percent will be Inclusionary Units constructed in accordance with the Housing Plan attached hereto as Exhibit E and more specifically defined in Exhibit A (the "**Housing Plan**") (with up to an additional 1,866 below market rate Residential Units to be designed, constructed and completed by Qualified Housing Developers on behalf of the Authority and TIHDI in accordance with the Housing Plan);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The preliminary boundaries of Major Phases and Sub-Phases are set forth in the Phasing Plan. Developer may request changes to the boundaries of any

Major Phase or Sub-Phase, which changes will be subject to the Approval of the Authority as set forth in the DRDAP and Section 3.6 below.

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

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

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

2. TERM OF THIS DDA. The term of this DDA (the "**Term**") shall commence upon the Effective Date and shall terminate, unless earlier terminated as provided below, on the date that is the earlier of: (i) the fortieth (40^{th}) anniversary of the Effective Date; and (ii) the last Certificate of Completion for the Project (including all Improvements contemplated under this DDA as of the Original Reference Date or Approved by the Authority at any time thereafter). This DDA shall also terminate, in whole or in part, to the extent provided under Section 3.8, Article 10, Section 11.4, and Article 16. Upon Developer's request, the Authority shall cause the lien of this Agreement to be released as to a particular Lot concurrently with the first sale of that Lot to a Vertical Developer, to be replaced by Vertical DDA/LDDA(s) in accordance with Section 4; provided, that (i) such Vertical DDA/LDDA may include the obligation to complete Transferable Infrastructure (or, with Authority approval, other Infrastructure and Stormwater Management Controls) that has not been completed as of the first sale of the Lot, but (ii) Developer shall not be released of its obligation under this DDA to complete such Infrastructure and Stormwater Management Controls. Indemnities and other obligations that are intended to

survive partial release, expiration or termination will survive any partial release, expiration or termination.

3. PROJECT PHASING.

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

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

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

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

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

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

3.6 Changes to Phasing Plan. The Phasing Plan illustrates the size, order and duration of the Project's Major Phases and Sub-Phases given the Phasing Goals described above, and the Parties' best estimates of the conditions forecast for the expected development period. The Parties acknowledge and agree that many factors, including, but not limited to, general economic conditions, the local housing market, capital markets, general market acceptability, the adequacy of on-island services, and local tax burdens will determine the rate at which various Product Types within the Project can be developed and absorbed. Developer may request changes to the Phasing Plan (including changes to the Schedule of Performance that are necessary to reflect the revised phasing) consistent with the Phasing Goals as part of each Major Phase Application and/or Sub-Phase Application, and any such requested changes will be subject to the Approval of the Authority in accordance with the DRDAP. In determining whether to grant its Approval of the updated Phasing Plan (including changes to the Schedule of Performance that are necessary to reflect the revised phasing), the Authority may consider whether the updated Phasing Plan is consistent with the Phasing Goals; provided, however, with respect to a requested change in the order of Sub-Phases within a Major Phase, the Authority shall Approve such change if it reasonably determines that:

(i) the Associated Public Benefits will be developed proportionately with the development of the Market Rate Units and in accordance with the Development Requirements;

(ii) the change in order will not impair the ability to comply with the Replacement Housing Obligation or any of the Authority's obligations under the TIHDI Agreement, the Transition Housing Rules and Regulations or the Public Trust Exchange Agreement;

(iii) the development of the public right of ways, Infrastructure and Stormwater Management Controls will be orderly, finished portions of the Project will be generally contiguous, and isolated pockets of development will not be surrounded by construction activity; and

(iv) the amount of Infrastructure and Stormwater Management Controls constructed is appropriate for the amount of Vertical Improvements constructed and the need to provide continuous reliable service to existing residents and businesses.

The Authority also may request changes to the order of Major Phase Applications and Sub-Phase Applications, and any such requested changes will be subject to the Approval of Developer in its sole and absolute discretion. In determining whether to grant its Approval of such requested changes, Developer may consider, among other matters, how such changes would affect Project Costs and ability to achieve the Developer Return.

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

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

3.8.1 If Developer fails to submit a Substantially Complete Major Phase or Sub-Phase Application to the Authority by the applicable Outside Date, then the Authority may notify Developer that the Authority intends to terminate Developer's right to obtain Approval of such Substantially Complete Major Phase or Sub-Phase Application and some or all future Major Phase Applications and Sub-Phase

Applications. If Developer does not respond to such notice by filing the overdue Substantially Complete Major Phase Application or Sub-Phase Application within ninety (90) days after receipt of such notice, the Authority may set a date for a public meeting on such termination and notify Developer of the meeting date, after which the Authority may, with the Approval of the Authority Board following the public meeting (and subject to Section 3.8.2), (i) terminate Developer's rights to obtain Approval of such Major Phase Application or Sub-Phase Application, and (ii) terminate Developer's right to submit all future Major Phase Applications and Sub-Phase Applications, in each case by notifying Developer before the date that Developer submits such overdue Major Phase Application or Sub-Phase Application. Upon any such termination, Developer's rights and obligations under this DDA for the affected real property shall, subject to Section 3.8.2, terminate and the Authority shall have the right to record a Notice of Termination as set forth in Section 28.36.

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

Modifications to this DDA shall require the approval of the Board of Supervisors, which the Board of Supervisors may give or withhold in its sole and absolute discretion. If the Authority staff and Developer are unable to agree on the changes to this DDA within the time period set forth above, or if either the Authority Board or the Board of Supervisors to the extent required does not Approve the proposed changes to this DDA, then the Authority may exercise its termination rights as set forth in Section 3.8.1.

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

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

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

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

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

4. VERTICAL DDA AND VERTICAL LDDAS; VERTICAL APPROVALS.

4.1 Vertical DDAs and Vertical LDDAs. Following recordation of a Final Subdivision Map and Developer has Completed, or provided Adequate Security to the Authority for the Completion in accordance with the Schedule of Performance of, the Infrastructure and Stormwater Management Controls required by the Infrastructure Plan to service a particular Lot, Developer shall seek to Transfer Lots in accordance with Article 17 and enter into a Vertical DDA and/or Vertical LDDA with each Vertical Developer (including Developer and Affiliates of Developer) and the Authority that must be in substantially the form of the Vertical DDA or the Vertical LDDA to be Approved by Developer and the Authority prior to Developer's submittal of the first Major Phase Application. As a condition of Approval for the Initial Major Phase Application, the Parties shall have agreed upon the form of the Vertical DDA to be appended hereto as Exhibit H, and the form of Vertical LDDA to be appended hereto as Exhibit I (the "**Approved Vertical DDA Form**" and the "**Approved Vertical LDDA Form**", or collectively, the "**Approved DDA/LDDA Form**"), and the form of Ground Lease, as referenced in Section 10.1.2 hereof, to be appended hereto as Exhibit M ("**Ground Lease**"). Each Vertical DDA/LDDA must include:

(a) a legal description of the Lots subject to the Vertical DDA/LDDA;

(b) a detailed description of the Vertical Developer's rights and obligations, including but not limited to the assumption by Vertical Developer of applicable obligations under the Community Facilities Obligations;

(c) any obligations under this DDA that are assumed by Vertical Developer and, if applicable, from which Developer will be released;

(d) the Indemnification obligations and releases of Vertical Developer as set forth in Article 11 and in the Developer Consent attached to the Interagency Cooperation Agreement;

(e) if such Lots will contain Community Facilities Space, an undertaking by Vertical Developer to construct the applicable Community Facilities Space in accordance with the Community Facilities Obligations;

(f) if such Lots will contain a Residential Project, an obligation by Vertical Developer to construct the number of Inclusionary Units allocated to the Lot or Lots in

the Vertical DDA pursuant to the Housing Plan, if and when the Vertical Improvements are constructed and comply with other applicable requirements of the Housing Plan;

(g) an agreement and covenant by Vertical Developer not to challenge the enforceability of any of the provisions or requirements of this DDA or the Vertical DDA/LDDA, including, if such Lots will contain a Residential Project, an agreement and covenant by Vertical Developer for the benefit of the Authority and Developer regarding the non-applicability of the Costa-Hawkins Act as set forth in Section 10 of the Housing Plan;

(h) if the Infrastructure and Stormwater Management Controls for the Lots are not Completed, either (A) an assumption of the obligation to Complete the Infrastructure and Stormwater Management Controls in accordance with the Schedule of Performance, or (B) if Developer is retaining the obligation to complete the Infrastructure and Stormwater Management Controls, an assumption of the risk of non-Completion and a waiver and release for the benefit of the Authority and the City regarding any failure to Complete the Infrastructure and Stormwater Management Controls;

(i) if applicable, the obligation to pay Excess Land Appreciation in accordance with Section 1.3(k)of the Financing Plan;

(j) if the Vertical DDA/LDDA will allow the development of Fractional Interest Units, the Vertical DDA/LDDA must include a mechanism establishing a Transient Occupancy in-lieu fee running with the land, payable in the same manner and subject to the same terms and conditions as the City's Tax on Transient Occupancy of Hotel Rooms (San Francisco Business and Tax Regulations Code, Article 7 (as it may be amended from time to time));

(k) a requirement to pay the Art Fee and the Jobs-Housing Linkage Fee in accordance with the terms and conditions of the Vertical DDA/LDDA;

(l) the maximum number of off-street parking spaces that may be permitted on each Lot subject to the Vertical DDA/LDDA;

(m) a requirement that the Vertical Developer obtain the Authority's Approval of any proposed amendments to the Design for Development prior to submitting the proposed amendments to the Planning Department;

(n) a prohibition on submitting Vertical Applications to the Planning Department until the Authority has approved the applicable Sub-Phase Application;

(o) a requirement that the Vertical Developer comply with the applicable requirements of the Jobs EOP;

(p) the obligation to comply with the applicable Mitigation Measures as and when required by the Project MMRP;

(q) an agreement to cooperate in effecting any required boundary adjustments as described in Section 10.5 hereof; and

(r) such other matters as are deemed appropriate by Developer and are Approved by the Authority Director.

Each such Vertical DDA/LDDA must be in recordable form and shall be Approved by the Authority Director provided the Vertical DDA/LDDA is substantially in the form of the Approved Vertical DDA Form or the Approved Vertical LDDA Form, as applicable, and is consistent with this DDA and the Development Requirements. Notwithstanding the foregoing, if Developer is then in Material Breach of any of its obligations in the applicable Sub-Phase, the Authority Director may elect, in his or her sole discretion, not to Approve such Vertical DDA/LDDA unless (i) if the Material Breach relates to the payment of any Financial Obligations, Developer cures the Material Breach, and (ii) for other Material Breaches, the Vertical DDA/LDDA includes a condition precedent in Authority's favor, requiring Developer, Vertical Developer and the Authority to have executed escrow instructions for the applicable Lot directing the escrow holder to hold the sale or transfer proceeds, less Developer's reasonable and customary closing costs paid through escrow, in a segregated account until (A) the Material Breach is cured and the Authority instructs escrow holder to release the funds, or (B) the Authority or Developer obtains a final and unappealable judgment in its favor regarding the Material Breach and the funds to be released from escrow. The Vertical DDA/LDDA shall also require the escrow instructions to direct the escrow holder to release the withheld funds to the applicable party in accordance with any such final non-appealable judgment. Any Material Modifications to the forms of the Vertical DDA or Vertical LDDA must be Approved by the Authority Board in its sole and absolute discretion. If a Vertical DDA/LDDA requires the Vertical Developer to Complete specified items of Infrastructure and Stormwater Management Controls, the Authority shall reasonably consider (taking into account the ability of Developer to provide such access without crossing real property owned by the Authority) any request by the applicable Vertical Developer to enter into one (1) or more Permits to Enter with such Vertical Developer to provide necessary access to the Lot(s) by crossing real property owned by the Authority. On or prior to the closing of the Transfer of such Lot, Developer shall record the Vertical DDA/LDDA in the Official Records and promptly following the closing shall deliver an original copy of the Vertical DDA/LDDA to the Authority.

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

Although the parking ratio is set on an aggregate basis Islands-wide, Planning Code Section 249.52(g)(iv)(D)(iv) disallows any new off-street parking to cumulatively exceed the

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

4.2.1 Major Phase Applications Parking Data.

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

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

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

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

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

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

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

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

4.2.3 Vertical Development.

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

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

(c) Upon the issuance of a Certificate of Occupancy for each Vertical Improvement constructed pursuant to a Vertical DDA/LDDA, the Vertical Developer

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

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

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

4.4 Conditions for Vertical Approvals. The Authority Director shall have no obligation to grant a Vertical Approval on Public Trust property, or to authorize submittal of an Application for a Vertical Approval on non-Public Trust property to the Planning Department, unless and until:

(i) the Authority has first granted the applicable Sub-Phase Approval,

(ii) Developer has Completed, or provided Adequate Security to the Authority for the Completion of, the Infrastructure and Stormwater Management Controls required by the Infrastructure Plan to service the Lot in accordance with the Schedule of Performance,

(iii) a Tentative Subdivision Map that includes the applicable Lot has been approved in accordance with the TI/YBI Subdivision Code, and

(iv) if there is a Vertical DDA/LDDA in place at the time of request, the applicable Vertical Developer is in compliance with its Vertical DDA/LDDA.

The Authority shall enter into Vertical LDDAs with TIHDI and Qualified Housing Developers governing the construction of Authority Housing Units on the Authority Housing Lots to ensure that development on the Authority Housing Lots is consistent with the SUD and the Design for

Development. Notwithstanding anything to the contrary above, there shall be no Vertical DDA/LDDA or Vertical Approval for the Public Property except that for Lots to be transferred to third parties for Vertical Improvements, including without limitation, the Sailing Center Lot, the site for the Environmental Education Center, the Wastewater Treatment Facility Lot, the Cultural Park and the waterside improvements for the Marina, the Authority shall enter into appropriate agreements that will ensure consistency of development on the Public Property with the SUD, the Design for Development and this Agreement, as applicable. As set forth in the SUD, Authority must review and approve submittals to the Planning Department of Vertical Approval applications for compliance with applicable provisions of the Vertical DDA or in the absence of a Vertical DDA, is otherwise in compliance with the DDA and other applicable Development Requirements.

5. RESERVED.

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

6.1 Trust Exchange.

6.1.1 To implement the Exchange Act and to effectuate the planned reconfiguration of lands within the Project Site that are or may be held subject to (a) the public trust for commerce, navigation, and fishery, (b) a statutory trust imposed by the Conversion Act, or (c) both the public trust and a statutory trust (collectively, the "**Public Trust**"), the Authority agrees to enter into a separate title settlement, public trust exchange and boundary line agreement substantially in the form attached hereto as Attachment 1 (the "**Public Trust Exchange Agreement**"), subject to the approval of the California State Lands Commission ("**State Lands**"), the Authority Board and the City acting by and through the Board of Supervisors. The Public Trust Exchange Agreement provides that the Public Trust exchange as described therein (the "**Public Trust Exchange**") will occur in a series of phased closings (each, a "**Trust Exchange Closing Phase**") upon the satisfaction of certain conditions. The lands to be included in the Public Trust Exchange lie within Treasure Island and Yerba Buena Island, as described more fully in the Public Trust Exchange Agreement. A map showing the areas of Treasure Island that will be removed from the Public Trust and the areas of Yerba Buena Island that will become subject to the Public Trust as part of the Public Trust Exchange is attached to the Public Trust Exchange Agreement in Attachment 1. The Authority and Developer shall each use reasonable efforts to satisfy the conditions and diligently and timely complete the Public Trust Exchange under the Public Trust Exchange Agreement to achieve a configuration of Public Trust and non-Public Trust lands substantially similar to that set forth in the Public Trust Exchange Agreement as and when needed to enable Developer to satisfy its obligations under this DDA in accordance with the Schedule of Performance, and as otherwise consistent with Sub-Phase Approvals. Without limiting the foregoing, Developer shall initiate and complete, at no cost to the Authority, all mapping and legal descriptions and take such additional actions as may be needed to effectuate the necessary Trust Exchange Closing Phase to allow for the timely

closing of each Trust Exchange Closing Phase. The Parties acknowledge that, in accordance with the Public Trust Exchange Agreement, the governing body of State Lands (the State Lands Commission) must approve the Public Trust Exchange Agreement and certain conditions required by the Exchange Act must be satisfied prior to each Trust Exchange Closing Phase. Neither Developer nor the Authority shall engage in any activities that would be reasonably expected to jeopardize the Authority's ability to satisfy the conditions for the Public Trust Exchange or any Trust Exchange Closing Phase as set forth in the Exchange Act or the Public Trust Exchange Agreement. The final Public Trust Exchange Agreement is dated for reference purposes as of November 14, 2014, and was recorded in the Official Records on January 14, 2015 as document number 2015-K005565, as amended by that certain Fourth Memorandum Memorializing Location of Reserved Easements on Treasure Island and Yerba Buena Island [Phase 1 Quitclaim] recorded in the Official Records on October 19, 2022 as document number 2022095268.

6.1.2 The Public Trust Exchange Agreement anticipates that the first Trust Exchange Closing Phase (the "**Initial Closing Phase**") will include, among other things, the "**Phase 1 Area**" described and depicted in the Public Trust Exchange Agreement. The Parties closed the Public Trust exchanges for the Phase 1 Area on November 10, 2015, the Phase 2 Area on December 10, 2020, and the Phase 3 Area on September 11, 2023.

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

6.1.4 The Public Trust Exchange Agreement requires the Authority to undertake certain non-native vegetation removal projects on Yerba Buena Island ("**Required Vegetation Removal**"). Developer shall cooperate with the Authority to ensure the timely completion of the Required Vegetation Removal consistent with the

Authority's obligations under the Public Trust Exchange Agreement, and the costs of undertaking and completing the Required Vegetation Removal shall be a Project Cost.

6.2 Acquisition from the Navy. The Authority agrees to enter into the Conveyance Agreement with the Navy substantially in the form attached hereto as **Attachment 2**, subject to the approval of the Navy, the Authority Board and the City acting by and through the Board of Supervisors. The Authority shall make commercially reasonable efforts to consummate the timely acquisition of the Project Site from the Navy in accordance with the Conveyance Agreement. The Authority and Developer shall use commercially reasonable and diligent efforts to complete the conveyances under the Conveyance Agreement. Without limiting the generality of any other conditions precedent to the Authority's obligation to convey real property under this DDA, the Parties agree it is a condition precedent to the Authority's obligation to convey any real property at the Project Site to Developer, and for Developer to take title to the same, that the applicable conveyance from the Navy under the Conveyance Agreement has been completed, and that all applicable Trust Exchange Closing Phases for the property have been completed. The Parties further understand and agree that the Project Site may be subject to deed restrictions and other regulatory agency requirements relating to the presence of any Hazardous Substances subject to Developer's rights set forth in Section 6.2.1 below.

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

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

6.2.3 Major Phase Decisions. Prior to or concurrently with each Major Phase Application or Sub-Phase Application, as applicable, the decisions described in Sections 6.2.3(a) through (d) below (collectively, the "**Major Phase Decisions**") shall be agreed upon by the Authority and the Developer in accordance with Section 5.6 of the Conveyance Agreement and Authority shall provide notice thereof to the Navy as more fully described in Section 5.7 of the Conveyance Agreement. The Authority shall also

provide the Navy with notice of and the opportunity to approve any amendments or modifications to the Major Phase Decisions in connection with each Sub-Phase Application and during the course of each Sub-Phase, to the extent approved by Authority under the DRDAP. The Authority's approval shall be conditioned upon receipt of the Navy's approval of any such amendment or modification in accordance with Section 5.6 of the Conveyance Agreement. Any dispute between Authority and Developer with regard to a Major Phase Decision shall be resolved pursuant to the Expedited Arbitration Procedure described in Section 15.1.2 hereof. The Major Phase Decisions consist of the following:

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

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

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

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

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

6.2.5 Redesign Trigger Event.

(a) The Parties anticipate that the environmental remedies selected by the Navy in Final Records of Decision for certain real property in the Project Site will

require the imposition of land use and activity restrictions on such property. Such land use restrictions will be contained in quitclaim deeds from the Navy for such property or in other enforceable restrictions imposed on such property. The Parties acknowledge and agree that the Project described in Section 1.3 is the basis for Developer's financial expectations for development of the Project Site and the Authority's expectations for Associated Public Benefits. However, the Conveyance Agreement contemplates both (i) a scenario in which the Navy's Record of Decision for the Site 12 Development Parcel reflects environmental restrictions that would prohibit the timely development of the Site 12 Development Parcel (as defined in Section 4.2.2 of the Conveyance Agreement) in accordance with Project described in Section 1.3, and (ii) a termination of the Conveyance Agreement for failure to meet certain other closing conditions (each, a "**Redesign Trigger Event**", as more particularly described in the Conveyance Agreement). If a Redesign Trigger Event occurs, then Developer shall comply with the procedures set forth in this Section 6.2.5.

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

(c) Work Program and Budget. Upon the occurrence of a Redesign Trigger Event, Developer and the Authority shall meet and confer to mutually agree on a work program and budget (the "**Work Program**" and the "**Redesign Budget**") for a Redesign Plan to be submitted to the Navy no later than one hundred eighty (180) days after a Redesign Trigger Event (as such date may be extended by the Navy in accordance with the terms of the Conveyance Agreement). The Work Program shall set forth the anticipated work program and schedule necessary to prepare, entitle and implement the Redesign Plan. The Redesign Budget shall estimate the anticipated costs necessary to

prepare, entitle and implement the Redesign Plan (the "**Redesign Costs**"). Redesign Costs shall include, without limitation, all soft costs related to the Redesign Plan, including without limitation, costs associated with any subsequent environmental review that is required pursuant to CEQA, and hard costs related to the rebuilding, replacing, relocating or incremental cost of additional Infrastructure and Stormwater Management Controls as necessary to accommodate the Redesign Plan. If after Navy's ninety (90) day review process under Section 4.2.4 of the Conveyance Agreement, the Navy objects to the Work Program and Redesign Budget, Developer shall fully participate in the Authority's discussions with the Navy unless the Navy prohibits such participation, and the Authority shall consult and coordinate closely with Developer and provide Developer with reasonable prior notice of all dispute resolution proceedings pursuant to the terms of the Conveyance Agreement.

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

7. CONSTRUCTION OF INFRASTRUCTURE.

7.1 Related Infrastructure; Unrelated Infrastructure.

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

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

7.2 Transferable Infrastructure.

7.2.1 Definition. "**Transferable Infrastructure**" means items of Related Infrastructure consisting of (1) final, primarily behind the curb, right-of-way improvements, including, sidewalks, light fixtures, street furniture, landscaping, and driveway cuts**,** and (2) utility laterals serving the applicable Lot, including storm, sewer, water, reclaimed water, dry utilities and utility boxes.

7.2.2 Transferable Infrastructure. The purpose of this Section is to minimize the risk of damage to Infrastructure and Stormwater Management Controls from construction of Vertical Improvements on Market Rate Lots and to allow Developer and Vertical Developers to coordinate their respective construction. Developer may elect to Transfer any Lot to a Vertical Developer before Completion of Infrastructure and Stormwater Management Controls associated with the Lot unless the Lot is an Authority Housing Lot (which is governed by the Housing Plan) or Public Property. Any such Transfer shall not extend the Schedule of Performance for Completion of Infrastructure and Stormwater Management Controls for the applicable Sub-Phase except as otherwise provided in this Section. If Developer Transfers any Lot prior to Completion of applicable Transferable Infrastructure, then Developer shall have the right to transfer the obligation to Complete any or all items of Transferable Infrastructure to the Vertical Developer through appropriate provisions included in the Vertical DDA/LDDA (or subsequent amendments thereto) or if Transferable Infrastructure is transferred after execution of the applicable Vertical DDA/LDDA, by separate agreement so long as Developer is solely responsible for enforcing the obligation of the Vertical Developer to Complete the Transferrable Infrastructure; provided, however, that no such transfer shall release Developer of its Infrastructure and Stormwater Management Controls obligations hereunder. If the Transfer of the Lot(s) occurs prior to the Infrastructure Completion date for that Sub-Phase, as shown on the Schedule of Performance, then notwithstanding the Schedule of Performance, the applicable Transferable Infrastructure shall be Completed upon the earliest of (i) issuance of a Certificate of Occupancy for the applicable Vertical Improvement, or such earlier or later date as may be specified in the applicable public improvement agreement governing the Transferable Infrastructure, or (ii) twelve (12) months after the Infrastructure Completion date for that Sub-Phase. For any Lots that have not been Transferred prior to the Infrastructure Completion date for that Sub-Phase,

Developer may request that the date for Completion of Transferable Infrastructure for such Lots be extended concurrent with Vertical Development, which consent may be given or withheld in Authority's sole discretion. In addition, Developer may request Authority's approval to transfer the obligation for any other item of Infrastructure and Stormwater Management Controls other than Transferable Infrastructure to a Vertical Developer, which consent may be given or withheld by Authority in its sole discretion.

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

7.3 Compliance with Standards. Developer shall Complete, or cause to be Completed, all Infrastructure and Stormwater Management Controls (i) in accordance with this DDA (including the Infrastructure Plan, the Transportation Plan Obligations, the Sustainability Obligations, the Community Facilities Obligations, the Housing Plan, the Project MMRP, the Phasing Plan, the Schedule of Performance and Section 7 of the Public Trust Exchange Agreement), and (ii) in a good and workperson-like manner, without material defects, in accordance with the Construction Documents and all applicable Authorizations and the TI/YBI Subdivision Code. Without limiting the foregoing, the Infrastructure and Stormwater Management Controls located on and serving the Public Property and the Authority Housing Lots must be equivalent in quality, sizing, capacity and all other features to the Infrastructure and Stormwater Management Controls located on and serving the Market Rate Lots and the Commercial Lots, subject to any variations specifically set forth in the Infrastructure Plan and any reasonable variations related to physical conditions (such as sloping), use, or intensity of development.

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

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

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

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

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

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

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

7.4.7 to the extent such Infrastructure and Stormwater Management Controls are to be located outside the Sub-Phase boundaries or on portions of the Project Site that the Navy has not yet transferred to the Authority, Developer shall have acquired all easements, leases or licenses or otherwise made such arrangements with the Navy and the Authority as are necessary (and reasonably satisfactory to the Authority) to Commence and Complete such Infrastructure and Stormwater Management Controls; and

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

7.5 Conditions for Benefit of the Authority. The conditions set forth in Section 7.4 are solely for the benefit of the Authority and may be waived only by the Authority Director (except that the condition in Section 7.4.2 shall not be waivable). Provided that Developer has not committed a Material Breach that remains uncured beyond any applicable cure period, the Authority shall take such actions as are required of the Authority under the

DRDAP and this DDA to review, consider and grant Developer's request for necessary Approvals to satisfy the above conditions. If any of the conditions are not timely satisfied, they may be waived by the Authority Director or the Authority may extend the time for satisfaction of the conditions, as Approved by the Authority Director in his or her sole discretion (except that the condition in Section 7.4.2 shall not be waivable).

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

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

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

7.8.1 a Final Subdivision Map (which may include a recorded Transfer Map) creating a separate legal parcel for the Lot has been recorded in the Official Records or, subject to Authority Director approval, the Lot is otherwise in compliance with the California Subdivision Map Act (provided that such compliance shall not rely or be based upon a governmental agency exemption);

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

7.8.3 the Lot is served by the Infrastructure and Stormwater Management Controls described in the Infrastructure Plan with respect to the Lot, except to the extent that items of Transferable Infrastructure remain outstanding and will be constructed by the applicable Vertical Developer or Completed after the Vertical

Improvements, as described in Section 7.2 of this Agreement and Section 2.8 of the Housing Plan;

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

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

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

7.9 ICT Rights. Developer shall have the right through private contracts with Vertical Developers to provide information and communications technology ("**ICT**") design, site development, installation, operations and services for all Vertical Improvements at the Project Site, excluding the Authority Housing Units and other Public Property (the "**ICT Rights**"). In connection with the ICT Rights, Developer shall have the right to install equipment related to the ICT in or on the real property that is or will become public right of way, subject to City and Authority Approvals in accordance with the Applicable Regulations. Developer's right shall not restrict the City or regulated entities (including certificated telecommunications carriers and franchised video providers) from installing communications and other facilities in or on the real property that is or will become public right of way. The ICT Rights shall be transferable by Developer and, to the extent that Developer Transfers portions of the Project Site to Vertical Developers as permitted in this DDA, Developer shall have the right to impose ICT requirements on the Vertical Improvements. The ICT Rights shall mean the right to:

(i) define and establish the high level ICT designs, standards, architectures, plans, minimum specifications for all equipment, including any Internet Protocol ("**IP**") enabled devices, that may connect to the regulated public communications networks and fiber optic networks, whether wireless or fixed line, in buildings and common areas, excluding regulated telecommunications services ("**ICT Design**");

(ii) define and establish functional equipment standards for all ICT hardware and software products and solutions, including any IP enabled devices ("**ICT Products and Solutions**"), compliant with the ICT Design; and

(iii) review and approve any ICT Products and Solutions for compliance with the ICT Design.

Notwithstanding anything to the contrary in this Section 7.9, a termination of this DDA by the Authority shall terminate Developer's rights under this Section 7.9 with respect to any portion of the Project Site as to which Developer's development rights are terminated. Nothing in this Section 7.9 shall prevent an Owner/Occupant or tenant of any Owner/Occupant at the Project Site from purchasing communications, video and other IP services from regulated entities including certificated telecommunications carriers and franchised video providers.

7.10 Wastewater Treatment Plant. The Parties acknowledge that the Infrastructure Plan contemplates that the SFPUC will provide a new or upgraded wastewater treatment plant as needed to meet the flow and treatment requirements of the Project projected for each Major Phase. The Wastewater Treatment Facility Lot was transferred in fee from the Authority to SFPUC in 2023 and as of the A&R Reference Date SFPUC is constructing the Wastewater Treatment Facility.

8. CONSTRUCTION OF VERTICAL IMPROVEMENTS/REQUIRED IMPROVEMENTS.

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

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

8.3 Marina Landside Improvements. Developer shall commence construction of the following Marina-related improvements within five (5) years after the Effective Date: such improvements needed for the following: pedestrian and vehicular access, utilities, parking, loading, sanitary facilities and showers for Marina users (which may be located in temporary facilities until permanent facilities are constructed) and other improvements as are reasonably required for both construction and permanent operations of the Marina functionally equivalent to those contemplated in the Marina Term Sheet, and, to the extent that such improvements or facilities are located on areas of the Project Site owned by or under Ground Lease to Developer, Developer shall grant the Marina access rights to such areas (including easements, licenses or otherwise) (collectively, the "**Marina Access Improvements**"). If Developer has not Commenced the Marina Access Improvements within five (5) years from the Effective Date (subject to Excusable Delay), the Authority may, in its sole discretion and as its sole remedy, terminate Developer's right to construct the Marina Access Improvements and the Authority shall work with the Marina Developer in connection with the Marina Developer's construction of the Marina Access Improvements at Developer's sole cost and expense and in accordance with the Design for Development. In such case, the Authority, Developer and the Marina Developer shall meet and confer regarding reasonable rights for access, utilities, loading and otherwise as are reasonably required for both construction and permanent operations of the Project by the Developer. Developer's obligation to the Marina Developer for the Marina Landside Improvements are limited to those obligations set forth in this Section 8.3; provided, however, that nothing herein is intended to diminish the rights and obligations of the Marina Developer under the Marina Term Sheet. The Parties acknowledge that the Project Site does not include the Marina area shown on Exhibit B-1 and excluded from the legal description in Exhibit B-2. If the final description of the Marina property described in the final disposition and development agreement for the Marina executed in accordance with the Marina Term Sheet differs from that shown, the parties will prepare and record a replacement legal description reflecting the final boundaries of the Marina waterside area.

9. ISSUANCE OF AUTHORIZATIONS; ISSUANCE OF CERTIFICATES OF COMPLETION.

9.1 Authorizations.

9.1.1 Developer and Vertical Developer, as applicable, must obtain from any City Agency or other Governmental Entity having jurisdiction over all or a portion of the Project Site any permit, approval, entitlement, agreement, permit to enter, utility service, subdivision map (including under the TI/YBI Subdivision Code), Building Permit or other authorization for the work they are required to perform under this DDA or the Vertical DDA/LDDA and as may be necessary or desirable to effectuate and implement such work (each, an "**Authorization**"). Authorizations required for the Project from the Authority or a City Agency shall be consistent with the Applicable Regulations and the Development Agreement. The Authority will reasonably cooperate with Developer and Vertical Developers upon request in obtaining these Authorizations, including, without limitation, executing any such Authorizations to the extent the Authority is required to execute the same as co-applicant or co-permittee, or as otherwise Approved by the Authority Director so long as such Authorizations are consistent with this DDA or the Vertical DDA/LDDA, as applicable. None of the Authority, Developer

or any Vertical Developer will agree to the imposition of any conditions or restrictions in connection with obtaining any such Authorization if the same would create any obligations on the Authority's part not otherwise contemplated under this DDA or the Vertical DDA/LDDA, as applicable, without the Approval of the Authority, which may be given or withheld in the Authority's sole discretion. A signature by the Authority staff on any Authorization or application for an Authorization shall be conclusive evidence that the content of such application or Authorization is consistent with the Development Requirements, except to the extent the signature is based on material error or incorrect information supplied by the applicant.

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

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

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

9.2 Issuance of Certificates of Completion.

9.2.1 Generally. When Developer reasonably believes that it has Completed Related Infrastructure, or a portion thereof, or Unrelated Infrastructure, or a portion thereof, or Required Improvements, or a portion thereof, Developer shall (i) with respect to Infrastructure and Stormwater Management Controls, request the Engineer issue an Engineer's Certificate verifying that Developer has Completed the specified Infrastructure and Stormwater Management Controls in accordance with the Construction Documents or (ii) with respect to Vertical Improvements that are Required Improvements, Developer shall request the Architect issue an Architect's Certificate verifying that Developer has Completed the specified Required Improvements in accordance with the Construction Documents. Upon issuance of the Engineer's Certificate or Architect's Certificate, as applicable, Developer shall deliver to the Authority the applicable certificate accompanied by a request for a Certificate of Completion. Within twenty (20) days after the Authority's receipt of any such request

for a Certificate of Completion accompanied by an Engineer's Certificate or Architect's Certificate, as applicable (or any resubmittal pursuant to Section 9.2.4 hereof), the Authority shall either issue to Developer a Certificate of Completion for the applicable Infrastructure and Stormwater Management Controls or Required Improvements, or provide to Developer a statement of the reasons for denying the request for a Certificate of Completion or for conditioning its issuance of a Certificate of Completion as more particularly set forth in Section 9.2.4 and Section 9.2.7, respectively.

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

9.2.3 Effect of Certificate of Completion on any Person. Following recordation of a Certificate of Completion, any Person then owning or later purchasing, leasing or otherwise acquiring any interest in the applicable Major Phase, Sub-Phase, Lot or Vertical Project shall not, solely by virtue of such ownership, purchase, lease, or acquisition, or by virtue of such Person's actual or constructive knowledge of the contents of this DDA or the Vertical DDA/LDDA, as applicable, incur any obligation or liability under this DDA or the Vertical DDA/LDDA, as applicable for the construction, operation, restoration or rehabilitation of the Infrastructure and Stormwater Management Controls or Required Improvements for which a Certificate of Completion has been recorded; provided, that such Person shall be subject to any Vertical DDA/LDDA to which it is a party, obligations of record and the Development Requirements. The Authority's issuance of any Certificate of Completion or recordation of the same shall not relieve Developer, Vertical Developer or any other Person from any applicable building, fire or other construction code requirement, conditions to occupancy of any Improvement, or other applicable laws or regulatory conditions.

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

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

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

9.2.7 Conditions for Certain Certificates of Completion. The Authority may in its sole discretion condition its issuance of each Certificate of Completion upon any of the following:

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

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

(c) for Public Improvements, on receipt of (i) a notice of completion issued by the Department of Public Works with respect to such Public Improvements delivered in accordance with any applicable subdivision improvement agreement, or (ii) a notice of completion without conditions issued by the Department of Public Works with respect to Public Improvements that are Unrelated Infrastructure or a portion thereof; and

(d) for Required Improvements, a Temporary Certificate of Occupancy, and if there remain uncompleted (i) customary punch list items; (ii) landscaping (if part of the Required Improvements); or (iii) exterior finishes (to the extent Authority can demonstrate to the Developer's reasonable satisfaction that such exterior

finishes would be damaged during the course of later construction of interior improvements) (items (i)-(iii) are collectively referred to as "**Deferred Items**"), the Authority may reasonably condition issuance of the Certificate of Completion upon Developer's agreement that a reasonable portion of the Adequate Security for such Required Improvement will not be released until all of the Deferred Items are completed.

9.2.8 Recordation. Developer or a Vertical Developer shall record the Certificate of Completion against the applicable Sub-Phase area or Lot within forty-five (45) days following receipt thereof.

9.2.9 Effect. A Certificate of Completion is not a notice of completion as referred to in Sections 8180-8190 of the California Civil Code, and is not in lieu of any required regulatory approvals for acceptance, operation, or occupancy of the applicable Infrastructure and Stormwater Management Controls or Required Improvements.

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

10. TERMS FOR CONVEYANCES TO DEVELOPER.

10.1 General.

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

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

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

10.2 Escrow and Title.

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

10.2.2 Title. The Authority agrees that it shall not cause to be created any exceptions to title other than exceptions created on behalf of or approved by Developer ("**Authority's Title Covenant**"). Promptly after Escrow opens, Developer shall cause the Title Company to deliver to the Authority and Developer preliminary title reports or commitments for title insurance for the property to be so conveyed, together with copies of all documents relating to title exceptions shown in the "**Title Report**" (collectively, a "**PTR Package**"). Other than exceptions existing at the time the Navy conveyed such property to the Authority (the "**Existing Navy Exceptions**") or created on behalf of Developer or with Developer's approval (which exceptions shall be deemed to include a Reversionary Quitclaim Deed delivered under Section 16.5 and deed restrictions required as part of a real property conveyance from the Navy, the Mitigation Measures or under the Housing Plan), Developer may object to any exceptions shown on the PTR Package that would materially and adversely affect Developer's ability to finance and use the real property as permitted under this DDA (excluding any Public Trust exception that will be removed in connection with a Public Trust Exchange). Developer must notify the Authority in writing of any such objection within twenty (20) days after Developer receives the complete PTR Package (the "**Title Objection Period**"). If Developer fails to so object within the twenty (20) day period, then all of the exceptions shown on the PTR Package will be deemed to be Permitted Exceptions. If Developer does so object within the twenty (20) day period, the Authority at its cost may, in its sole and absolute discretion, elect to remove or otherwise cause the Title Company not to show any exception to which Developer objected on the owner's title insurance policy to be issued

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

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

10.2.4 Title Policy. It is a condition to Developer's obligation to close Escrow on conveyances from the Authority to Developer that the Title Company shall be irrevocably committed to issue to Developer a CLTA owner's title insurance policy (or at Developer's option an ALTA owner's title insurance policy), with such endorsements, reinsurance and direct access agreements as Developer shall reasonably designate and the Title Company shall accept. The title policy will be in an amount designated by Developer and acceptable to the Title Company, and will insure that fee title to the

property at issue and all appurtenant easements are vested in Developer, subject only to the Permitted Exceptions. If Developer elects to obtain an ALTA owner's policy, Developer shall be responsible for securing any and all surveys, engineering studies and other documents required to obtain an ALTA owner's policy, in sufficient time to permit close of Escrow as required by this DDA.

10.2.5 New Title Matters. If after the Title Objection Period has expired a new title exception not shown on the PTR Package arises that would materially and adversely affect Developer's use of the real property in question or the Project Site and that is not a Permitted Exception and is not caused by Developer or its Affiliates, then Developer may object to such new exception by notice to the Authority given within five (5) Business Days after Developer receives written notice from the Title Company of the new exception. If Developer fails to object within such period, then the new exception will be deemed to be a Permitted Exception. If Developer does object then the Authority may elect in the Authority's sole and absolute discretion, at its cost, to remove any new exceptions created by the Authority that are not Permitted Exceptions before the close of Escrow, or to remove or otherwise cause the Title Company not to show any other new exception on the owner's title insurance policy to be issued to Developer at close of Escrow. If the Authority does so elect, it will notify Developer within thirty (30) days after receipt of Developer's objection. If such exception is caused by the Authority's breach of the Authority's Title Covenant set forth in Section 10.2.2 above, such breach shall be subject to the terms of Section 16.2.2(d) below. If the Authority elects not to remove the exception, or fails to respond within the thirty (30) day period, then Developer shall have the right to (i) terminate this DDA as to the affected property by notice to the Authority delivered within ten (10) days after Developer receives the Authority's notice that it has elected not to remove the exception or expiration of the thirty (30) day period, whichever occurs earlier, in which case the Authority can proceed to market the property to others without any cost reimbursement or other obligation to Developer except as specifically provided in Section 6.3 of the Financing Plan, (ii) upon written notice provided to Authority within ten (10) days of Authority's election not to remove the exception or failure to respond, diligently proceed to take such actions necessary to remove the exception, which may include obtaining an endorsement insuring over such exception subject to such conditions and requirements imposed by Title Company (and so long as Developer is diligently proceeding with removal of the title exception, such delay in close of Escrow shall be considered an event of Excusable Delay), (iii) accept title to the property in question subject to such exception. If Developer fails to so terminate or elect to cure within the ten (10) day period, then it shall be deemed to have elected clause (iii) above. Exceptions that the Authority elects not to remove, or is deemed to have elected not to remove, and that Developer elects to accept, or is deemed to have accepted, are also Permitted Exceptions.

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

10.3.1 Developer Conditions to Close of Escrow or Enter Into LDDAs for Critical Commercial Lots. The following are conditions precedent to Developer's obligation to close Escrow for the conveyance of real property from the Authority to

Developer (or, with respect to the Critical Commercial Lots on Trust Property, Developer's obligation to enter into an LDDA for the Critical Commercial Lots), to the extent not expressly waived by Developer by notice to the Authority.

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

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

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

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

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

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

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

(e) The Authority has Approved for consistency with this Agreement, the form of the Master Covenants, Conditions and Restrictions ("**Master CC&Rs**") or the document annexing the Sub-Phase to the property encumbered by the Master CC&Rs, as applicable, which Master CC&Rs at a minimum must (i) include provisions requiring

all occupants of Market Rate Units to purchase a monthly transit pass, as more particularly described in the Sustainability Obligations, (ii) obligate the master homeowner's association, or the applicable Lot owner or individual residential project homeowner's association, to provide for maintenance of the Neighborhood Parks (as shown in the Parks and Open Space Plan) and publicly accessible open space, landscaping and improvements, (iii) obligate the master homeowner's association, or the applicable Lot owner or individual residential project homeowner's association, to maintain all Stormwater Management Controls required to meet SFPUC stormwater management requirements to treat runoff from private development (buildings, courtyards, parks and open space, private alleys, etc.) in accordance with Section 12.3 of the Infrastructure Plan (Proposed Stormwater Treatment System**)**; and (iv) obligate the master homeowner's association to comply with Section 6.3 of the Jobs EOP relating to "**Covered Services**" described in the Jobs EOP. The Approved form of the Master CC&Rs as of the A&R Reference Date is attached hereto as Exhibit LL; and

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

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

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

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

(c) the following mapping actions shall have occurred:

(i) the City has approved, and the Authority with Developer's Approval has recorded, a Transfer Map for the applicable property or has otherwise complied with the California Subdivision Map Act; and

(ii) Developer shall have received approval of a Tentative Subdivision Map covering the real property to be conveyed within the Sub-Phase (except for Unrelated Infrastructure and Related Infrastructure outside of the Sub-Phase);

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

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

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

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

(h) in the event there are tenants or other occupants that are actually and lawfully occupying any portion of the property in the applicable Sub-Phase who are entitled under the Transition Housing Rules and Regulations or by applicable law to relocation assistance, such tenants or occupants have been provided Transition Benefits to which they are entitled in accordance with the Transition Housing Rules and Regulations or such applicable law (the "**Transition Requirements**"), or this condition has otherwise been satisfied in accordance with the procedures set forth in Section 8.4(c) of the Housing Plan.

10.4 Close of Escrow.

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

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

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

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

10.5 Post-Closing Boundary Adjustments. The Parties acknowledge that as development of the Project Site advances, the description of each parcel of real property may require further refinements, which may require minor boundary adjustments between the Authority Housing Lots or other property the Authority owns (or acquires as contemplated herein) and parcels conveyed to Developer. The Parties agree to cooperate in effecting any such boundary adjustments required, consistent with this DDA and the Vertical DDA. The Authority and Developer shall include this provision in all agreements with Vertical Developers, TIHDI and Qualified Housing Developers, requiring such parties to cooperate with Developer and the Authority in such boundary adjustments.

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

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

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

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

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

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

(e) for the Transfer of any Lot under Section 17.2 or 17.3, Authority and Developer have complied with the procedures under Sections 17.4 and 17.5 or Authority and Developer have reached agreement on alternative procedures for the marketing, auction and sale of Market Rate Lots, subject to the approval of the Navy under the Conveyance Agreement to the extent required, as provided in Section 17.6 hereof; and

(f) A Final Subdivision Map creating a separate legal parcel for the Lot has been recorded in the Official Records and the City has approved a Tentative Subdivision Map covering the Lot, or, subject to Authority Director approval, the Lot is otherwise in compliance with the California Subdivision Map Act (provided that such compliance shall not rely or be based upon a governmental agency exemption).

11. PROPERTY CONDITION.

11.1 As Is.

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

this DDA and acknowledges that all necessary physical and title due diligence shall be performed by Developer in accordance with this DDA.

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

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

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

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

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

11.1.4 After the close of Escrow, Developer shall comply with all provisions of Environmental Laws applicable to the real property conveyed to Developer,

although Developer shall only be obligated to perform Environmental Remediation as follows:

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

(b) Notwithstanding any other provision of this Agreement, Developer shall have no obligation to perform any Environmental Remediation that is the Navy's responsibility under the Conveyance Agreement, the Federal Facility Site Remediation Agreement, or applicable Law; provided, however, if the Authority and Developer reasonably believe that Developer's obligation to construct certain infrastructure improvements could benefit both the Project and the Navy's remediation obligations, Developer and the Authority will work cooperatively with the Navy to explore the potential for the Navy's financial contribution for construction of such infrastructure improvement.

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

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

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

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

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

11.2 Hazardous Substance Indemnification.

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

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

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

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

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

In addition, notwithstanding the termination language in clause (c) of the foregoing sentence, Developer's Indemnification under this Section 11.2.1 shall not terminate (x) with respect to the real property for which Developer obtained a Sub-Phase Approval or (y) to the

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

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

11.2.2 In addition to the Indemnifications set forth in Section 22, Vertical Developers shall each Indemnify the City Parties from and against any and all Losses incurred by or asserted against any City Party in connection with, arising out of, in response to, or in any manner relating to (i) such Vertical Developer's violation of any Environmental Law on or relative to the Project Site or (ii) any Release or threatened Release of a Hazardous Substance, or any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or from real property at the Project Site (including any Public Property) to the extent the Release, threatened Release, condition, contamination or nuisance occurred during the period of such Vertical Developer's ownership thereof or was caused, contributed to, or exacerbated by such Vertical Developer or others for whom such Vertical Developer is responsible, except, as to a City Party, to the extent such violation, Release, threatened Release, condition, contamination or nuisance was caused, contributed to or exacerbated by a City Party. A Vertical Developer's obligations under this Section 11.2.2 shall (1) apply regardless of the availability of insurance proceeds and (2) survive the expiration or termination of this DDA and the Authority's issuance of the Certificate of Completion for all of the Vertical Improvements for such Vertical Developer. However, if it is reasonable to assert that a claim for Indemnification under this Section 11.2.2 is covered by a pollution liability insurance policy or the indemnification provisions of Section 330 of the Fiscal Year 1993 National Defense Authorization Act (P.Law 102-484), under which the Authority and/or such other City Party is an insured party or a potential claimant, then the Authority shall reasonably cooperate with Vertical Developer in asserting a claim or claims under such

insurance policy but without waiving any of its rights under this Section 11.2.2. Each Vertical Developer shall specifically acknowledge and agree that it has an immediate and independent obligation to defend the City Parties from any claim that may reasonably fall or is otherwise determined to fall within the indemnification provision of this Section 11.2.2, even if allegations are or may be groundless, false or fraudulent. A Vertical Developer's obligation to defend shall arise at the time such claim is tendered to such Vertical Developer and shall continue at all times thereafter. Notwithstanding the foregoing, if a City Party is a named insured on a pollution liability insurance policy, such City Party will not seek indemnification from Vertical Developer under this Section 11.2.2 unless it has asserted and diligently pursued a claim for insurance under such policy and until any limits from the policy are exhausted, on condition that (i) Vertical Developer pays any self-insured retention amount required under the policy, and (ii) nothing in this sentence requires any City Party to pursue a claim for insurance through litigation prior to seeking indemnification from Vertical Developer.

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

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

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

been previously spilled, leaked, pumped, poured, emitted, discharged, injected, escaped, leached, dumped or disposed into the air, soil, gas, land, surface water or groundwater.

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

11.4 Damage and Destruction. From and after the Effective Date, Developer shall assume all risk of damage to or destruction of real property to be conveyed to Developer under this DDA, subject to the terms of this Section 11.4. Since Developer plans to develop the Project Site, any existing improvements that are not required by a Major Phase Approval to remain do not have significant value for Developer, and therefore damage to or destruction of such improvements will not affect the Parties' rights and obligations under this DDA, which will continue in full force and effect without any modification except as set forth below. If permitted by applicable law, the Authority shall assign to Developer at close of Escrow any and all unexpended insurance proceeds and any uncollected claims and rights under insurance policies covering such damage or destruction, if any. But, if solely as a result of an earthquake, flood, other act of God or other casualty event outside of Developer's reasonable control occurring after the Effective Date but before close of Escrow for the real property in a Sub-Phase, the estimated cost to construct the Infrastructure and Stormwater Management Controls for the Sub-Phase, net of any available insurance proceeds, exceeds Developer's then current construction cost estimates (without reference to the damage or destruction) by more than twenty percent (20%), Developer shall have the right, as its sole remedy, to terminate this DDA as to the Sub-Phase in question by notice to the Authority; provided, however, that prior to termination, Developer may deliver a Requested Change Notice to the Authority in accordance with Section 3.8.2. In addition, if an earthquake or other event referenced above occurs, Developer will arrange with commercially reasonable promptness, in light of the circumstances, to have an updated construction cost estimate for the Infrastructure and Stormwater Management Controls for such Sub-Phase, and applicable Major Phase, prepared by a construction cost estimator Approved by the Authority Director. The updated construction cost estimate will reflect any additional costs caused by the earthquake or other event referenced above, and the estimator shall be instructed to deliver copies of its estimate to Developer and the Authority, each of whom will confirm receipt by notice to the other. If the updated construction cost estimate exceeds Developer's most recent prior construction cost estimate by at least the percentage specified above, then Developer may terminate this DDA for the real property in question by notice to the Authority within one hundred twenty (120) days after receipt of the updated estimate. If the updated estimate does not exceed the prior construction cost estimate by such percentage, Developer does not elect to terminate, or Developer fails to respond within such one hundred twenty (120) day period, the Parties' rights and obligations under this DDA will not be affected and this DDA shall continue in full force and effect without regard to such damage or destruction, provided, that Developer and the Authority shall reasonably revise the Schedule of Performance to reflect any additional time Developer may need to make adjustments to the Infrastructure and Stormwater

Management Controls or other plans for the applicable property. The Authority will have no obligation to repair any improvements on the Project Site or have any liability for their damage or destruction, however caused.

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

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

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

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

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

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

to Developer from the Funding Sources under this DDA (including the Financing Plan and any Acquisition and Reimbursement Agreement) unless such Amendment Action would be permitted under the Development Agreement.

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

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

13. COMPLIANCE WITH PLANS AND POLICIES; PAYMENT OF SUBSIDIES.

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

13.1.1 the Financing Plan

13.1.2 the Housing Plan;

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

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

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

13.1.6 the Infrastructure Plan; and

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

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

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

13.3 Developer Subsidies; Limited Nature of Subsidies. Developer shall pay to Authority the subsidies set forth in this Section 13.3 (each a "**Subsidy**" and collectively, the "**Subsidies**") when and as required hereby. The principal amount of the Subsidies are expressly capped and limited as described in this Section 13.3, but the total cost of the types of expenses and obligations that the Subsidies are intended to defray may be in excess of the capped Subsidies. The current value and remaining balance of all Subsidies as of the A&R Reference Date is set forth in Exhibit KK attached hereto. The Parties agree that in no event will Authority have any obligation to reimburse or credit Developer, and Developer waives all claims for reimbursement or credit against the Authority, for any Subsidy paid by Developer prior to the A&R Reference Date that is not otherwise documented in Exhibit KK.

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

13.3.2 Transportation Subsidies:

(a) Annual Transportation Subsidy: Developer shall pay to the Authority a subsidy for the costs of the operation of transit services, transit facilities, transportation demand management programs, and other reasonable and customary operating costs (collectively, "**Transit Operating Costs**") as provided for in the Transportation Plan in accordance with this Section (the "**Annual Transportation Subsidy**"). Notwithstanding the foregoing, any Transit Operating Costs paid through the Annual Transportation Subsidy cannot also be included as Transportation Capital Costs paid through the Transportation Capital Contribution Subsidy, and vice versa.

(i) Developer shall pay the Annual Transportation Subsidy in annual installments (each, an "**Annual Transportation Subsidy Payment**"), except as otherwise described below. The first Annual Transportation Subsidy Payment shall be paid within six (6) months following Developer's receipt of (x) written notice from TIMMA of TIMMA's intent to commence the first new permanent on-island shuttle, East Bay bus service, or ferry service within the following twelve (12) months, and (y) written notice from the Authority requesting Developer pay the first Annual Transportation Subsidy Payment. The second Annual Transportation Subsidy Payment shall be paid upon the later to

occur of (i) twelve (12) months after the first Annual Transportation Subsidy Payment or (ii) the date that permanent on-island shuttle, East Bay bus service, or ferry service is actually commenced. The third and all subsequent Annual Transportation Subsidy Payments shall be made on the annual anniversary of the date of the second Annual Transportation Subsidy Payment.

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

(iii) Each Annual Transportation Subsidy Payment, and if applicable, each Annual Interim Transit Service Credit, shall reduce the Transportation Subsidy Account balance by a corresponding amount. At the end of each Authority Fiscal Year, commencing at the end of the Authority Fiscal Year in which the Original Reference Date occurs, the Transportation Subsidy Account balance remaining after the Annual Transportation Subsidy Payment has been made and the Annual Interim Transit Service Credit has been deducted, if applicable, shall be credited with interest based on the increase in the Index over the prior twelve month period (except that the first interest credit shall be based on the period from the Original Reference Date to the end of the Authority Fiscal Year in which the Original Reference Date occurs). Developer's obligation to pay the Annual Transportation Subsidy shall cease when the Transportation Subsidy Account balance has been exhausted. Other than the annual increases to the Transportation Subsidy Account based on the increase in the Index over the prior twelve-month period as described above, Developer shall have no obligation to increase the available balance in the Transportation Subsidy Account at any time after the account is first established.

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

(v) Authority shall assign all Annual Transportation Subsidy Payments to TIMMA to the extent required, provided, however, that in all events such funds shall be restricted to use for Transit Operating Costs in accordance with TIMMA's governing documents and approved budget. Commencing in the year prior to the first year in which the Transportation Subsidy Payment occurs

and each year thereafter, Authority shall meet and confer with Developer and the TIMMA to review a preliminary budget and transit service plan anticipated for the upcoming year. This meet and confer process shall be coordinated with the TIMMA's budgeting process and any consultations by TIMMA with the Water Emergency Transportation Authority, AC Transit, or other transit providers. Developer shall have the right to comment on the preliminary budget and service plan, and propose revisions reasonably designed to achieve cost savings, efficiencies or better transportation operations. Authority shall cooperate with Developer and the TIMMA in good faith to implement such reasonable revisions proposed by Developer, other than as a result of the accrual of interest earnings set forth herein.

(vi) Interim Transit Service. If TIMMA has not commenced permanent ferry and shuttle services as of the later to occur of (i) the A&R Reference Date or (ii) January 1, 2025 (the later such date, the "**Interim Service Credit Date**"), the Developer shall have the right, but not the obligation, to provide interim ferry and/or on-island shuttle services to the extent TIMMA is not providing permanent ferry and/or on-island shuttle services (such interim ferry and/or shuttle services, "**Interim Transit Service**").

(A) In order for Developer to deduct the Annual Interim Transit Service Credit from the Transportation Subsidy Account, Developer must have first obtained TIMMA's and the Authority's prior written approval, which approval shall not be unreasonably conditioned, withheld, or delayed, of the following parameters for Interim Transit Service: (1) service hours; (2) frequency of service; (3) fare structure; (4) route; (5) vessel or vehicle requirements; and (6) availability of the Interim Transit Service to the public (collectively, the "**Interim Transit Service Parameters**"). Within ten (10) business days after receipt of the Developer's proposed Interim Transit Service Parameters, TIMMA and the Authority will provide written feedback to the Developer on Developer's proposed Interim Transit Service Parameters. TIMMA and the Authority will not unreasonably withhold, condition or delay their approval of the proposed Interim Transit Service Parameters. Interim Transit Service operated in conformance with Interim Transit Service Parameters approved by TIMMA and the Authority is referred to as "**Approved Interim Transit Service**", and such Approved Interim Transit Service shall be eligible for the Annual Interim Transit Service Credit, as more particularly described below. Any Approved Interim Transit Service will automatically be deemed ineligible for the Annual Interim Transit Service Credit from and after the date the corresponding transit service is provided permanently by TIMMA.

(B) As of the A&R Reference date, the ferry service between the ferry gates in the vicinity of the Ferry Building in downtown San Francisco and the Treasure Island Ferry Terminal operated by PropSF, operating within the service parameters as of February 1, 2024

(i.e., available to the public, one-way $5 fare and $150 monthly fare—as such fares may be increased or decreased by 5% per year, and the published ferry service schedule (and such daily hours of operation shall not be decreased by more than one hour per day)), is deemed an Approved Interim Transit Service, and such Interim Transit Service Parameters are deemed to be approved Interim Transit Service Parameters (collectively, the "**Approved Interim Ferry Service Parameters**"). Any material decreases in ferry service from the Approved Interim Ferry Service Parameters will require prior approval from TIMMA and the Authority for the cost of such service to be eligible for the Annual Interim Transit Service Credit.

(C) From and after the Interim Service Credit Date, Developer may, at the end of each Authority Fiscal Year during which the Developer has provided an Approved Interim Transit Service, deduct from the Transportation Subsidy Account balance the lesser of (x) Two Million Dollars ($2,000,000) and (y) Developer's actual, out-of-pocket costs (net of any transit pass, monthly pass of homeowners and renters on Treasure Island/Yerba Buena Island, and/or farebox revenues received) to provide the Approved Interim Transit Service (the lesser of (x) and (y), the "**Annual Interim Transit Service Credit**"). The Annual Interim Transit Service Credit will cease to be available to Developer upon the earlier to occur of (i) exhaustion of the Transportation Subsidy Account balance or (ii) the date that TIMMA or another lead agency commences the later to occur of permanent ferry service and permanent on-island shuttle service. For the avoidance of doubt, the Annual Interim Transit Service Credit shall not apply to any Approved Interim Transit Service provided by Developer to the extent TIMMA or another lead agency is providing the same service permanently (e.g., the Annual Interim Transit Service Credit is not applicable to Developer's costs for interim ferry service once TIMMA begins permanent ferry service, but the Annual Interim Transit Service Credit is applicable to Developer's costs for interim ferry service for the portion of any Authority Fiscal Year during which TIMMA commences such permanent service but prior to TIMMA commencing such permanent service, and the Annual Interim Transit Service Credit is applicable to Developer's costs for approved interim ferry service even if TIMMA or another lead agency is providing permanent on-island shuttle service so long as TIMMA or another lead agency is not providing permanent ferry service). For any Authority Fiscal Year in which Developer deducts the Annual Interim Transit Service Credit from the Transportation Subsidy Account balance, Developer shall provide quarterly reports to the Authority and TIMMA for such year detailing, by month, the actual expenses, revenues, and ridership for the Approved Interim Transit Service provided, as well as any outages, incidents, or interruptions in such service, if any.

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

(c) Transportation Capital Contribution Subsidy: Developer shall pay Authority a "**Transportation Capital Contribution Subsidy**" in accordance with this Section. Starting on the A&R Reference Date, Authority shall be credited with a non-cash "**Transportation Capital Contribution Account**" balance of Thirteen Million Nine Hundred Thousand Dollars ($13,900,000), adjusted annually at the end of each Authority Fiscal Year (after deducting any Transportation Capital Contribution Payments that have been made during such Authority Fiscal Year, as described below) by the increase in the Index over the prior twelve month period (except that the first interest credit shall be based on the period from the A&R Reference Date to the end of the Authority Fiscal Year in which the A&R Reference Date occurs).

(i) Eligible uses of the Transportation Capital Contribution Subsidy are the following capital costs of transportation projects necessary to serve the Project: procurement of rolling stock for the on-island shuttle and/or East Bay bus service; local match for Treasure Island transportation projects; tolling infrastructure; procurement of ferry vessels and/or ferry electrification; capital costs associated with the implementation of transportation demand management programs expressly contemplated by the Transportation Plan, such as the transit pass; and/or other capital needs upon mutual agreement (each, a "**Transportation Capital Project**"). Capital costs of Transportation Capital Projects that are eligible for the Transportation Capital Contribution Subsidy include reasonable and customary costs for construction or procurement, including hard costs, soft costs, program management costs (limited to eight percent (8%) of the applicable total capital costs), and start-up costs (collectively, "**Transportation Capital Costs**"). Notwithstanding the foregoing, any Transportation Capital Costs paid through the Transportation Capital Contribution Subsidy cannot also be included as Transit Operating Costs paid through the Annual Transportation Subsidy, and vice versa.

(ii) Upon written request by the Authority to Developer when required to pay for the Transportation Capital Costs of a Transportation Capital Project, Developer shall pay to the Authority, within ninety (90) days of receipt of the Authority's written request, the lesser of (x) the amount of the Transportation Capital Contribution Subsidy needed for the Transportation Capital Costs of the applicable Transportation Capital Project identified in the Authority's request, or (y) an "**Annual Transportation Capital Contribution Subsidy Maximum Amount**" of Five Million Dollars ($5,000,000) (such payment, a "**Transportation Capital Contribution Payment**"). The Authority shall assign the Transportation Capital Contribution Payment to TIMMA, or, if TIMMA is not the lead agency, the lead agency for the Transportation Capital Project, as applicable. Multiple Transportation Capital Contribution Payments may be made in a single Authority Fiscal Year, so long as the aggregate of all such payments in a single Authority Fiscal Year does not exceed the Annual Transportation Capital Contribution Subsidy Maximum Amount. Each request for a Transportation Capital Contribution Payment from the Authority shall be accompanied by a statement showing the intended uses of the funds and a budget with sources and uses, demonstrating that the Transportation Capital Project is expected to be fully funded with receipt of the Transportation Capital Contribution Payment.

(iii) Each Transportation Capital Contribution Payment shall reduce the Transportation Capital Contribution Account balance by a corresponding amount. Developer's obligation to pay the Transportation Capital Contribution Subsidy shall cease when the Transportation Capital Contribution Account balance has been exhausted. Other than the annual increases to the Transportation Capital Contribution Account based on the increase in the Index over the prior twelve-month period as described above, Developer shall have no obligation to increase the available balance in the Transportation Capital Contribution Account at any time after the account is first established.

(d) Additional Transportation Subsidy. Notwithstanding anything in this Agreement to the contrary, after the first certificate of occupancy (whether temporary or final) has been issued for the 4,000th dwelling unit on the Project Site, the Authority and the SFCTA shall have the right in accordance with the process described in this Section 13.3.2(d) to require further commitments from Developer to reduce automobile car trips during the peak hour and improve transit usage.

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

(ii) In the event that the report shows the residential transit mode share, measured as a percentage of residential transit trips out of the total

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

13.3.3 Community Facilities Subsidy:

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

(b) If the Major Phase Approval provides that Developer will develop the community facility, then in connection with the Sub-Phase Application that contains the applicable community facility, Developer shall submit to Authority for its review and Approval a budget and program description detailing the use of the funds for the applicable community facility and the proposed size of the community facility. If Developer is to pay the Community Facilities Subsidy to Authority, then in connection with the Sub-Phase Approval that contains the applicable community facility, Authority shall submit to Developer for its review and Approval a budget and program description detailing the use of the funds for the applicable community facility. It shall be reasonable for the applicable reviewing Party to withhold its Approval if the proposed community facility is inconsistent with the Community Facility Obligation, if the amounts requested are budgeted for programming and/or operations, as opposed to capital expenditures, or if the proposed budget amount would exceed the Major Phase Community Facilities Maximum Amount (as described in the following paragraph).

(c) Starting with the Original Reference Date, Authority shall be credited with a non-cash Community Facilities account balance of Twelve Million Dollars ($12,000,000), which includes a Two Million Five Hundred Thousand Dollars ($2,500,000) subsidy for the child-care facility described in the Community Facilities Obligations. If the Major Phase Approval requires Developer to develop the community facility, Developer shall develop the community facility as part of the applicable Sub-

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

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

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

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

Plan. In addition, Developer shall pay to the Authority the Housing Costs payment described in Section 3.6 of the Financing Plan.

13.3.5 School Improvement Payment:

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

(b) The School Subsidy shall be payable to Authority for use by the San Francisco Unified School District ("**SFUSD**") or the Authority (through a qualified school of its choosing), if SFUSD or the Authority (through a qualified school of its choosing) undertakes the refurbishment of the existing school on Treasure Island for use as a K-5 or K-8 school. Upon completion of 30% design development drawings for the building that will provide the K-5 or K-8 school, as reasonably approved by Developer and the Authority in writing, Developer shall pay One Million Dollars ($1,000,000) of the School Subsidy. Developer shall pay the balance of the School Subsidy to the Authority once a building permit has been obtained and work on the building has commenced. Notwithstanding the foregoing, if SFUSD or the Authority has not obtained a building permit and commenced work on the school prior to issuance of a building permit for the 4,000th Residential Unit, then at any time thereafter but prior to SFUSD or the Authority obtaining a building permit to commence refurbishment work of the existing school facilities for a K-5 or K-8 school, Developer shall be entitled to identify a qualified school operator subject to the Authority's Approval to enter into an LDDA and a Ground Lease with the Authority for the refurbishment of the existing school facilities as a K-5 or K-8 school, or at such other location on the Project Site as Approved by the Authority. Such Ground Lease shall be at no rent and on such other terms as are mutually agreed-upon by the parties to such Ground Lease, and the School Subsidy shall be applied to the refurbishment of the existing school by the applicable school operator for use as a K-5 or K-8 school.

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

Buena Improvements Project dated July 1, 2008, as amended through Amendment No. 3 dated June 2010 (but not subsequent amendments) (the "**SFCTA MOA**"), provided, however, in no event shall the total amount of the Ramps Subsidy exceed $11,171,359.00. The Ramps Subsidy shall be payable to the Authority (or at the Authority's request, directly to the SFCTA) as a City Cost, in accordance with Section 19.2 hereof, and the amounts and the due dates for payment of the Ramps Subsidy shall be consistent with the TIDA Reimbursement Obligation under Section 4 of the SFCTA MOA, as amended. The Parties acknowledge that as of the A&R Reference Date, Developer has fully satisfied its obligations with respect to the Ramps Subsidy.

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

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

13.3.9 Subsidy and Construction Obligation Swaps. The Parties acknowledge that from time to time, the Authority or applicable City agencies, including TIMMA, may identify outside sources of funding that could be used by the Authority or the City to pay for items within the scope of a particular Subsidy or for the construction of Infrastructure and Stormwater Management Controls that are otherwise the obligation of Developer hereunder. Nothing herein shall be deemed to prohibit Developer and the Authority from entering into agreements, each in their sole discretion, with each other and with other City Agencies, including TIMMA, that would permit (i) Developer to allocate any portion of a Subsidy to another purpose acceptable to the Authority and/or with the reasonable concurrence by the Authority, other City Agencies, including TIMMA, as applicable, that benefits the Project; or (ii) allow a DDA Developer construction obligation to be assumed by the Authority or the City in exchange for a direct payment from Developer or a third party to the Authority or applicable other City Agency in an amount equivalent to the applicable Developer construction obligation that is relieved.

14. [RESERVED].

15. RESOLUTION OF CERTAIN DISPUTES.

15.1 Arbitration Matters and Expedited Issues.

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

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

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

15.2 Good Faith Meet and Confer Requirement.

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

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

15.3 Dispute Resolution Procedures.

15.3.1 Arbiters. The arbitrator ("**Arbiter**") of Arbitration Matters and Expedited Arbitration Matters will be selected by mutual agreement of the parties to be determined no later than thirty (30) days prior to the Initial Closing under the Conveyance Agreement from a list of pre-approved Arbiters attached hereto as Exhibit Q (the "**Pre-Approved Arbiters List**"). The Arbiter will hear all disputes under this Agreement unless the Arbiter is not available to meet the time schedule set forth herein, in which case the Parties may agree to direct the dispute to another Arbiter on the Pre-Approved Arbiters List. If none of the Arbiters listed is able or willing to serve, the parties shall mutually agree on the selection of an Arbiter to serve for the purposes of this dispute. The Arbiter appointed must meet the Arbiters' Qualifications. The "**Arbiter's Qualifications**" shall be defined as at least ten (10) years' experience in a real property professional capacity, such as a real estate appraiser, broker, real estate economist, or attorney, in the Bay Area. The Parties shall review the Pre-Approved Arbiters List from time to time, determine the continued availability and willingness to serve of each Arbiter, and may at that time or from time to time, seek to add or subtract arbiters from the Pre-Approved Arbiter List, by notice in writing to the other Party. Any such notice will be accompanied by supporting documentation of the new proposed Arbiter's qualifications or with the reasons for seeking to remove an Arbiter from the Pre-Approved Arbiters List, as applicable. The other Party shall have fifteen (15) Business Days to respond in writing to such request, and failure to respond shall be deemed consent so long as the notice shall include a statement providing that the failure to respond in such fifteen (15) Business Day period shall be deemed consent. If the other Party objects, the Parties shall confer pursuant to Section 15.2.2 and thereafter such disputes (if still unresolved after conferring) shall be referred to arbitration pursuant to Section 15.3.2. Notwithstanding the foregoing, if based upon the annual review or at any time during the Term, the Parties become aware that an Arbiter has become unavailable to serve in any prospective Arbitration or has expressed an unwillingness to continue to serve, the Parties shall replace that Arbiter with a new Arbiter mutually agreed-upon by the Parties.

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

15.3.3 Non-Binding Arbitration Process for Other Disputes.

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

(b) Preliminary Hearing. Within twenty (20) Business Days after notice of the election to participate in non-binding arbitration, the Arbiter shall conduct, either telephonically or in-person, a preliminary hearing. At the preliminary hearing the Arbiter shall decide discovery and briefing issues and set dates, including a hearing date. In resolving discovery issues, the Arbiter shall consider expediency, cost effectiveness, fairness, and the needs of the Parties for adequate information with respect to the dispute.

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

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

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

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

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

15.3.4 Additional Provisions Governing Non-binding Arbitration of Disputes.

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

(b) No Res Judicata or Collateral Estoppel Effect. Any determination or finding of any non-binding arbitration conducted pursuant to this Article shall not have any res judicata or collateral estoppel effect in any other non-binding arbitration conducted pursuant to this Article, or in any other action commenced by any person(s) or entity(ies) whomsoever in state or federal court, whether or not Parties to this Agreement.

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

(d) Submission. Unless otherwise directed by the Arbiter or agreed by the Parties to a given dispute, the Parties involved in the dispute shall strive to make joint submissions to the Arbiter. The Arbiter shall determine the schedule for the Parties'

submissions, the page and form limitations for the submissions, and the schedule and form of any hearing(s).

16. EVENT OF DEFAULT; REMEDIES.

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

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

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

16.2 Particular Breaches by the Parties.

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

(a) Developer knowingly causes or allows to occur, as to itself, a Significant Change or a Transfer not permitted under this DDA, or inadvertently causes or allows to occur such a Significant Change or Transfer and in any case the Significant

Change or Transfer is not reversed or voided within thirty (30) days following receipt of notice from the Authority by Developer;

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

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

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

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

(f) Developer fails to provide Adequate Security, including the Base Security, as required under this DDA, or once it has provided Adequate Security fails to maintain the same as required under this DDA (including, but not limited to, the failure of a Guarantor to meet the Minimum Net Worth Requirement or the occurrence of a Significant Change to Guarantor under any Guaranty), and such failure continues for forty-five (45) days following receipt of notice from the Authority to Developer (provided, that Developer shall immediately, upon receiving notice from the Authority Director to such effect, suspend all activities (other than those needed to preserve the condition of improvements or as necessary for health or safety reasons) on affected portions of the Project Site during any period during which Adequate Security is not maintained as required by this DDA);

(g) the obligor of any Adequate Security, including the Base Security, commits a default under the applicable security instrument or revokes or refuses to perform as required under the Adequate Security, and Developer does not replace the Adequate Security within forty-five (45) days following Developer's receipt of notice from the Authority; provided, that (i) Developer shall immediately, upon receiving notice from the Authority Director to such effect, suspend all activities (other than those needed to preserve the condition of improvements or as necessary for health or safety reasons) on

affected portions of the Project Site during any period during which the Adequate Security is not maintained as required by this DDA, (ii) any cure period for a default under the Adequate Security shall run concurrently with the above forty-five (45) day period, (iii) such default may be cured by the obligor to the extent provided under the terms of the Adequate Security; and (iv) upon receipt by the Authority of any replacement Adequate Security, the Authority shall return the original Adequate Security;

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

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

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

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

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

(a) the Authority fails to convey real property to Developer as and when required by this DDA, and such failure continues for a period of thirty (30) days following the Authority's receipt of notice from Developer (and, for a failure that is not susceptible of cure within thirty (30) days, if the Authority fails to promptly commence such cure within thirty (30) days following its receipt of such notice and thereafter diligently prosecute the same to completion);

(b) the Authority fails to perform its obligations under the Financing Plan or any Acquisition and Reimbursement Agreement, including but not limited to a

failure to make payments owing to Developer from the Funding Sources in accordance with the terms of the Financing Plan or any Acquisition and Reimbursement Agreement, and such failure continues for a period of thirty (30) days following the Authority's receipt of notice from Developer (and, for a failure that is not susceptible of cure within thirty (30) days, if the Authority fails to promptly commence such cure within thirty (30) days following its receipt of such notice and thereafter diligently prosecutes the same to completion);

(c) the Authority defaults under any agreement attached to this DDA to which it is a party (including the Interagency Cooperation Agreement or any of the Land Acquisition Agreements), and fails to cure such default within thirty (30) days following the receipt of notice from Developer that the time given for cure in such agreement has expired, or if such default is not susceptible of cure within thirty (30) days, the Authority fails to promptly commence such cure within thirty (30) days following its receipt of such notice and thereafter diligently prosecutes the same to completion; or

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

16.2.3 Material Breach. "**Material Breach**" means:

(a) for the Authority, an Event of Default that materially adversely affects Developer's or a Vertical Developer's ability to proceed timely with the Project or any significant portion thereof without substantially increased costs, including an Event of Default by the Authority arising from the failure to make payments from the Funding Sources in accordance with the Financing Plan or any Acquisition and Reimbursement Agreement;

(b) for Developer, an Event of Default under Section 16.2.1(a) [Unpermitted Transfers], or Section 16.2.1(b) [Infrastructure], or Section 16.2.1(j) [Required Improvements];

(c) for the Authority and Developer**,** an Event of Default that culminates in an arbitration or judicial action that results in a final judgment for payment or performance (beyond any applicable appeal period), and the Party against whom the judgment was made fails to make the required payment or perform the required action in accordance with the judgment within sixty (60) days following the final, unappealable judgment or any longer period as may be specified in the judgment itself; and

(d) for the Developer, the failure to pay any Financial Obligations and Indemnification obligations as and when such payments are due and such failure continues for a period of thirty (30) days following receipt of notice of such non-payment

from the Authority to Developer. The Parties acknowledge and agree that the Authority shall not be required to obtain a final judgment for a Material Breach under this Section 16.2.3(d) as a condition to pursuing remedies under 16.3.3(e).

16.3 Remedies.

16.3.1 Specific Performance. Upon an Event of Default, the aggrieved Party may institute proceedings to compel injunctive relief or specific performance to the extent permitted by law (except as otherwise limited by or provided in this DDA) by the Party in breach of its obligations, including without limitation, seeking an order to compel payment of amounts due under this DDA (including under the Financing Plan, the Housing Plan, the Community Facilities Obligations, the Transportation Plan Obligations, the Parks and Open Space Plan, the Infrastructure Plan, the Schedule of Performance and Article 19). Nothing in this Section 16.3.1 shall require a Party to postpone instituting any injunctive proceeding if it believes in good faith that such postponement will cause irreparable harm to such Party.

16.3.2 Limited Damages. The Parties have determined that except as set forth in this Section 16.3.2, (i) monetary damages are generally inappropriate, (ii) it would be extremely difficult and impractical to fix or determine the actual damages suffered by any Party as a result of a breach hereunder and (iii) equitable remedies and remedies at law not including damages are particularly appropriate remedies for enforcement of this DDA. Except as otherwise expressly provided below to the contrary (and then only to the extent of actual damages and not consequential, punitive or special damages, each of which is hereby waived by the Parties), no Party would have entered into or become a Party to this DDA if it were to be liable in damages under this DDA. Consequently, the Parties agree that no Party shall be liable in damages to any other Party by reason of the provisions of this DDA, and each covenants not to sue the other for or claim any damages under this DDA and expressly waives its right to recover damages under this DDA, except as follows: actual damages only shall be available as to breaches that arise out of (a) the failure to pay sums as and when due (1) under this DDA (including under the Financing Plan, the Housing Plan, the Transition Housing Rules and Regulations, Community Facilities Obligations, the Transportation Plan Obligations, the Parks and Open Space Plan, the Infrastructure Plan, the Schedule of Performance and Article 19), but subject to any express conditions for such payment set forth in this DDA or (2) under any Acquisition and Reimbursement Agreement, but subject to any express conditions for such payment as set forth therein, (b) the failure to make payment due under any indemnity in this DDA, (c) the requirement to pay attorneys' fees and costs as set forth in Section 28.5, or when required by an arbitrator or a court with jurisdiction, and (d) to the extent damages are expressly permitted under any agreement among or between any of the Parties other than this DDA, including but not limited to any Permit to Enter. For purposes of the foregoing, "actual damages" shall mean the actual amount of the sum due and owing under this DDA, with interest as provided by law, together with such judgment collection activities as may be ordered by the judgment, and no additional sums.

16.3.3 Certain Exclusive Remedies. The exclusive remedy:

(a) for the failure to submit any Substantially Complete Major Phase Application or any Substantially Complete Sub-Phase Application, or to obtain any Major Phase Approval or Sub-Phase Approval, shall be the remedies of the Authority set forth in Sections 3.8.1, 3.8.2 and 3.8.3;

(b) for the failure to Commence Infrastructure and Stormwater Management Controls or to provide Adequate Security upon such Commencement, shall be the remedy of the Authority set forth in Section 16.4 or Section 16.5;

(c) for the failure to Complete Infrastructure and Stormwater Management Controls that has been Commenced, shall be (1) first, an action on the Adequate Security for that Infrastructure and those Stormwater Management Controls to the extent still available, and (2) thereafter, if the Authority is unable to recover upon such Adequate Security within a reasonable time (including by causing the obligor of any Adequate Security to Commence and Substantially Complete such Infrastructure and Stormwater Management Controls), the remedies in Sections 16.4 and 16.5 (and the Authority shall return any unused portion of the Adequate Security relating to such Infrastructure and Stormwater Management Controls following the Authority's exercise of its remedies under Sections 16.4 and 16.5);

(d) for the failure to pay money (other than the Financial Obligations, which failure shall be subject to Section 16.3.3(e)), shall be a judgment (in arbitration or a competent court) to pay such money (with interest as provided by law), together with such costs of collection as are awarded by the judge or arbitrator, subject to Section 16.2.3(c); and

(e) for the failure to pay Financial Obligations, the Developer must make payments under protest while the Parties are pursuing mediation, arbitration or judicial resolution of the dispute. If Developer fails to pay any such amounts under protest as required under this Section 16.3.3(e), the Authority shall have the remedies in Sections 16.4 and 16.5, in addition to any remedies provided under the Financing Plan for such Material Breach.

16.4 Termination. Upon the occurrence of a Material Breach by Developer or an Affiliate of Developer, the Authority may, subject to the last sentence of Section 16.1, terminate this DDA in whole or in part as to Developer and/or one or more Affiliates of Developer upon an Authority Board determination to terminate following a public meeting. Upon the occurrence of a Material Breach by the Authority, Developer, or an Affiliate of Developer, as the case may be, may terminate this DDA as to the terminating Party only. The Party alleging a Material Breach shall provide a Notice of Termination to the breaching Party, which Notice of Termination shall state the Material Breach, the portions of the real property covered by this DDA (or the Major Phases and Sub-Phases) to be terminated, and the effective date of the termination (which shall, in no event, be sooner than ninety (90) days from the date of delivery of the Notice of Termination); provided, that the Authority Director may give this Notice of Termination before the date of the Authority Board action on the proposed termination so that the Authority termination notice period may run simultaneously with the public notice period for the Authority Board action. If such termination occurs, neither the breaching Party

nor the Notifying Party shall have any further rights against or liabilities to the other under this DDA as to the terminated portions of this DDA except as set forth in Section 28.29. By way of illustration of the foregoing sentence, if on the date of termination by the Authority Developer is constructing Infrastructure and Stormwater Management Controls in a Sub-Phase and the Material Breach is not related to that Sub-Phase, then Developer shall have the right to Complete such Infrastructure and Stormwater Management Controls and to hold and sell the Lots in the Sub-Phase to which such Infrastructure and Stormwater Management Controls relates in accordance with the terms of this DDA.

16.5 Authority's Exercise of Reversion Right upon Failure to Substantially Complete Infrastructure; Release of Rights of Reverter.

16.5.1 A condition precedent to the Authority's obligation to close Escrow for the conveyance of fee title to or a ground leasehold interest in real property from the Authority to Developer after Sub-Phase Approval shall be Developer's execution and delivery to the Title Company of a recordable quitclaim deed in the form attached hereto as Exhibit R (with only such changes as may be Approved by Developer and the Authority Director, the "**Reversionary Quitclaim Deed**") conveying fee title to or the ground leasehold interest in, the applicable property from Developer to the Authority. The Reversionary Quitclaim Deed shall be delivered with irrevocable instructions from Developer to the Title Company, in a form Approved by the Authority, directing the Title Company to comply with the Authority's direction to record the Reversionary Quitclaim Deed upon receipt of the Reversionary Recordation Notice and releasing and indemnifying the Title Company from any and all liability resulting from the Title Company's compliance with such instructions. Notwithstanding the foregoing, if prior to close of Escrow for a Sub-Phase, Developer increases the amount of Adequate Security for the applicable Sub-Phase to meet the requirements of Section 16.5.4 hereof, then Developer shall have no obligation to deliver a Reversionary Quitclaim Deed for the applicable Sub-Phase and such delivery shall not be a condition precedent to Authority's obligation to convey fee title to or the ground leasehold interest in, the applicable property.

(a) The Authority's right to exercise the right of reverter remedy contained in this Section 16.5 (the "**Right of Reverter**") shall be as follows:

(i) shall be limited to an Event of Default under Sections 16.2.1(b), 16.2.1(j) and 16.2.3(d) (a "**Reversionary Default**");

(ii) shall not become operative until the Authority has delivered notice (the "**Reversionary Cure Notice**" which may be coupled with a Notice of Termination) to Developer and all affected Mortgagees, as the case may be, or their successors for whom the Authority has been provided an address, detailing the facts and circumstances of the Reversionary Default and providing all such Persons with a concurrent period of ninety (90) days from the delivery of such notice to commence to cure, or cause Developer to cure, the Reversionary Default; provided, that the Authority may not direct the Title Company to record the Reversionary Quitclaim Deed if Developer or such Persons commence the

cure within the ninety (90) day period specified above and continue to diligently prosecute the cure without interruption to Substantial Completion (provided, that the Authority may exercise such right if the Reversionary Default is not cured within one hundred eighty (180) days following the date on which the Reversionary Cure Notice was sent by the Authority);

(iii) shall be subject to the provisions of Article 20, although any cure periods provided in Article 20 shall run concurrently with the ninety (90) day cure period provided above;

(iv) shall be subject to Section 16.5.4 regarding the Developer's right to cause a release of the Right of Reverter; and

(v) with respect to a Reversionary Default under Section 16.2.1(b) or Section 16.2.1(j) shall automatically and without further documentation terminate upon the earliest to occur of:

(A) Substantial Completion of the applicable Infrastructure and Stormwater Management Controls or Required Improvement;

(B) issuance of the applicable Certificate of Completion;

(C) as provided in paragraph (b) below; and

(D) as provided in paragraph (c) below.

(b) With respect to a Reversionary Default under Section 16.2.1(b) or Section 16.2.1(j) , the Authority Director shall have the right, in his or her sole discretion, to release a Reversionary Quitclaim Deed and terminate the Authority's rights under this Section 16.5 upon (i) the Completion of a significant portion of the Infrastructure and Stormwater Management Controls or the Required Improvements, as applicable, within the real property described in the Reversionary Quitclaim Deed, as determined by the Authority Director following receipt of appropriate backup information from Developer, including a certificate from the Engineer or DBI with respect to the Required Improvements confirming the degree of Completion, or (ii) the Authority holding Adequate Security for the Completion of the applicable Infrastructure and Stormwater Management Controls or Required Improvements, in form and content satisfactory to the Authority Director and consistent with the requirements of Section 16.5.4.

(c) Notwithstanding any other provision of this Article 16, following a Reversionary Default, the Authority shall not be entitled to cause the Reversionary Quitclaim Deed to be recorded if (1) the Authority recovers the cost of causing the Infrastructure and Stormwater Management Controls or the Required Improvements to be Completed from the Adequate Security provided by Developer for that purpose or (2) the obligor of any Adequate Security Commences to cure the Reversionary Default within sixty (60) days following demand by the Authority and such Infrastructure and

Stormwater Management Controls or Required Improvements, as applicable, is diligently prosecuted and Substantially Completed within a reasonable time thereafter. In the event that the Authority elects not to pursue such Adequate Security or pursues such Adequate Security but is unable, in the normal course and utilizing good faith efforts, to achieve the results in clause (1) or clause (2) above within a reasonable time, then the Authority may record the Reversionary Quitclaim Deed in accordance with this Section 16.5 and the Authority shall thereafter release and return the unused portion of any Adequate Security upon the expiration of the Reversionary Contest Period (if there has been no challenge or contest to such recordation) or upon or in accordance with a final, unappealable judicial determination (if there has been such a challenge or contest to the Authority's recordation of the Reversionary Quitclaim Deed).

(d) Subject to paragraph (a) above, if the Authority believes that it is entitled to exercise the right to direct the Title Company to record the Reversionary Quitclaim Deed, then, with the Approval of the Authority Board following a public meeting (which meeting may be the same as an Authority Board meeting for declaring a Material Breach and authorizing a Notice of Termination), the Authority may send to the Title Company a notice that Developer has committed a Reversionary Default for the property in question, with a copy to Developer and to any Mortgagee that has requested notice as set forth in Section 20.4, and direct the Title Company to record the appropriate Reversionary Quitclaim Deed and provide a conformed copy of such recorded Reversionary Quitclaim Deed to the Authority, such Mortgagee and Developer (such notice, the "**Reversionary Recordation Notice**").

(e) If the Authority's right to direct the Title Company to record a Reversionary Quitclaim Deed terminates for any reason, then the Authority shall, upon Developer's request, promptly instruct the Title Company to return the Reversionary Quitclaim Deed to Developer.

(f) The Title Company's recordation of the Reversionary Quitclaim Deed shall not affect in any manner the rights of any Mortgagee or Developer to contest the Authority's right to exercise the remedy contained in this Section 16.5. No Mortgagee or Developer shall have any rights against the Title Company for recording the Reversionary Quitclaim Deed following receipt of the Reversionary Recordation Notice. However, Developer or any affected Mortgagee must bring any action contesting the Authority's right to exercise the remedy contained in this Section 16.5 (f) in any judicial proceeding concerning such recordation initiated by the Authority prior to the recordation, if Developer and the affected Mortgagee (if it requested notice under Section 20.4) receive notice of such action as set forth in Section 20.4 (i.e., any Mortgagee that fails to request notice under Section 20.4 cannot complain about its failure to receive notice, and shall be treated as if it had received notice for purposes of this Section 16.5), or (ii) if no such action is initiated by the Authority, then within sixty (60) days following recordation of the Reversionary Quitclaim Deed (in either case, the "**Reversionary Contest Period**"); otherwise, Developer and the affected Mortgagees shall be precluded from challenging the Authority's action. In the event that the Authority's recordation of the Reversionary Quitclaim Deed is denied through legal proceedings initiated by Developer or any Mortgagee, (1) the Authority shall promptly take corrective action to

abrogate the effect of the Reversionary Quitclaim Deed, (2) the Schedule of Performance shall be equitably adjusted, (3) Developer or the Mortgagee shall thereafter prosecute to Completion the applicable Infrastructure and Stormwater Management Controls or Required Improvements in accordance with the terms of this DDA and the Vertical DDA/LDDA applicable to the Infrastructure and Stormwater Management Controls and Required Improvements, and (4) the Authority's right to cause the recordation of the Reversionary Quitclaim Deed shall terminate upon Substantial Completion of the Infrastructure and Stormwater Management Controls or the Required Improvements, as applicable, as set forth in paragraph (a) above, provided that such termination shall not diminish the Authority's right to exercise any and all other remedies available to the Authority hereunder, including, without limitation, looking to the Adequate Security, if Developer fails to Complete the applicable Infrastructure and Stormwater Management Controls or Required Improvements.

16.5.2 Payment of Special Taxes Following Recordation of Reversionary Quitclaim Deed. Following the recordation of any Reversionary Quitclaim Deed, the property covered thereby shall remain a Taxable Parcel, notwithstanding the Authority's ownership of such property, and the Authority shall pay any ad valorem taxes, Project Special Taxes, or other taxes or fees used to secure or pledged for payment of debt service with respect to any Public Financing as and when such taxes are due for such property or would have been due but for the Authority's recordation of the Reversionary Quitclaim Deed.

16.5.3 Resale of Property Following Recordation of Reversionary Quitclaim Deed. Following recordation of a Reversionary Quitclaim Deed and either (i) the expiration of the Reversionary Contest Period without Developer or any affected Mortgagee having contested the Authority's right to record the Reversionary Quitclaim Deed or (ii) if such contest is filed, the entry of a final, non-appealable judgment upholding such recordation or the expiration of any relevant appeal periods without an appeal having been filed, the Authority shall diligently market and sell the property acquired pursuant to the Reversionary Quitclaim Deed to any Qualified Buyer for not less than the fair market value of such property, as determined by the Authority Director after due inquiry. The proceeds of any such sale shall be distributed in the following order of priority: (1) to the Authority to the extent of its actual costs and expenses incurred in connection with the Reversionary Default and marketing of the property; (2) to pay any Project Special Taxes and other taxes or fees due and owing with respect to such property, up to the date of sale; (3) to repay the amounts due under each Mortgage applicable to such property in the priority of their liens on such property before the recordation of the Reversionary Quitclaim Deed; (4) to Developer in accordance with the formula set forth in Section 6.3 of the Financing Plan, if applicable; and (5) the remainder, if any, to the Authority for use within the Project Site. This Section 16.5.3 shall survive the termination of this DDA until all proceeds of sale have been distributed in accordance herewith.

16.5.4 Release of Right of Reverter. At any time prior to the occurrence of a Reversionary Default, Developer shall have the right to cause the Authority to release the Right of Reverter as to any Sub-Phase by increasing the Secured Amount of

the Adequate Security as follows: (i) if securing an obligation to pay money, one hundred twenty-five percent (125%) of the amount of such secured payment, and (ii) if securing an obligation to construct, one hundred twenty-five percent (125%) of the estimated cost of Completion of such construction as such cost is Approved by the Authority Director and Developer with reference to the applicable construction contracts entered into by Developer providing additional Adequate Security for the Sub-Phase (the "**Increased Adequate Security**"). Developer shall be relieved of its obligation to provide the Reversionary Quitclaim Deed for a particular Sub-Phase if Developer provides the Increased Adequate Security prior to close of Escrow for that Sub-Phase. Developer shall also have the right to cause the Authority to release the Right of Reverter as to any Sub-Phase upon a showing that the amount of Adequate Security held by Authority for that Sub-Phase equals at least one hundred twenty-five percent (125%) of the remaining construction costs and monetary obligations within the Sub-Phase. For example, if the Secured Amount for Developer's obligations within a Sub-Phase were $12,500,000 and Authority held Adequate Security for $12,500,000, then Developer shall have the right to cause the Authority to release the Right of Reverter as to that Sub-Phase upon Substantial Completion and payment of $2,500,000 of the obligations secured by the Adequate Security, so long as the Adequate Security of $12,500,000 remained in place. If Developer elects to cause the Right of Reverter to be released in accordance with this Section 16.5.4, Developer shall deliver to the Authority the increased Adequate Security for the Sub-Phase or evidence reasonably satisfactory to Authority that the Adequate Security held by Authority equals at least one hundred twenty-five percent (125%) of the remaining cost of the secured obligations. Upon such delivery, the Authority shall send to the Title Company, with a copy to the Developer, a notice that Developer has complied with the provisions of this Section 16.5.4, together with an executed and recordable Release of Rights of Reverter (the "**Reverter Release**") releasing the Authority's Right of Reverter as to the Sub-Phase for which the Increased Adequate Security has been provided. The notice shall direct the Title Company to record the appropriate Reverter Release and provide a conformed copy of such recorded Reverter Release to the Authority, any Mortgagee requested by Developer, and Developer (such notice, the "**Reverter Release Recordation Notice**").

16.6 Independence of Major Phases, Sub-Phases and Vertical Improvements. Subject to the Authority's termination rights as set forth in Sections 3.8.1, 3.8.2, 3.8.3, 16.3.3 and 16.4, the Parties expressly recognize and agree that (i) an Event of Default as to one Sub-Phase shall not by itself be the basis for an Event of Default for other Sub-Phases for which Developer or an Affiliate of Developer has obtained a Sub-Phase Approval and (ii) an Event of Default for a Vertical Developer shall not be an Event of Default for Developer, an Affiliate of Developer or other Vertical Developers. Notwithstanding the foregoing, an Event of Default pertaining to the failure to Commence or to Complete Infrastructure and Stormwater Management Controls or Required Improvements in a Major Phase or Sub-Phase will be deemed an Event of Default for all future Major Phases for which there has not been a Major Phase Approval and all Sub-Phases for which there has not been a Sub-Phase Approval, provided, that this sentence shall not apply to a Major Phase that has been Transferred to a Third Party pursuant to an Assignment and Assumption Agreement that was Approved by the Authority Director. Nothing in this Article 16 shall be deemed to supersede or preclude the rights and remedies of the City or the Authority to require compliance with any Approval, Authorization, or other entitlement granted for the

development or use of the Major Phase, Sub-Phase or Vertical Improvement, which rights and remedies shall be in addition to the rights and remedies under this Article 16.

16.7 Reserved.

16.8 Rights and Remedies Cumulative. Except as expressly limited by this DDA (such as in Sections 16.3.2 and 16.3.3), the rights and remedies of the Parties contained in this DDA shall be cumulative, and the exercise by any Party of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other remedies contained in this DDA for the same breach by the applicable Party. In addition, the remedies provided in this DDA do not limit the remedies provided in other agreements and documents. Otherwise, except as provided in this Section 16.8, neither Party shall have any remedies for a breach of this DDA by the other Party except to the extent such remedy is expressly provided for in this DDA.

16.9 No Implied Waiver. No waiver made by a Party for the performance or manner or time of performance (including an extension of time for performance) of any obligations of the other Party or any condition to its obligations under this DDA shall be considered a waiver of the rights of the Party making the waiver for a particular obligation of the other Party or condition to its own obligation beyond those expressly waived in writing.

17. TRANSFER AND DEVELOPMENT OF LOTS.

17.1 In General. Developer will Transfer Lots to Vertical Developers (including Affiliates of Developer, when acting as a Vertical Developer) who will construct Vertical Improvements on such Lots in accordance with the terms of the Vertical DDA or LDDA. Developer will be entitled to Transfer Lots to Vertical Developers prior to issuance of a Certificate of Completion for the Infrastructure and Stormwater Management Controls, so long as Developer retains ultimate responsibility for Completion of the Infrastructure and Stormwater Management Controls in accordance with the Schedule of Performance and Authority holds Adequate Security therefore. The Parties acknowledge that except as otherwise provided for certain Commercial Lots described in Section 17.2 hereof, and Required Improvements, there shall be no Outside Date for the Transfer or Vertical Development of Market Rate Lots and Commercial Lots.

17.2 Commercial Lots. Certain Lots designated for commercial use or development in the Land Use Plan (collectively, the "**Commercial Lots**") will be divided into two groups. The first group (the "**Critical Commercial Lots**"), consists of Blocks M-1A and M-1B and Buildings 1, 2 and 3 identified on the Land Use Plan. The second group **(**the "**Non-Critical Commercial Lots**") consists of Blocks C2-H, Y2-H and the Senior Officers Quarters Historic District ("**SOQHD**") identified on the Land Use Plan, and any of the Critical Commercial Lots that Developer elects not to develop under Section 17.2.1.

17.2.1 Developer Rights and Timing for Development of Critical Commercial Lots. Developer by itself or in joint ventures with other development partners ("**Developer Commercial JVs**"**)** shall have the right, but not the obligation, to develop the Critical Commercial Lots, subject to the timing set forth in this Section

17.2.1; provided, Developer shall have the obligation to develop the Required Improvements in accordance with the Schedule of Performance. Except as may otherwise be provided under the Schedule of Performance for Required Improvements, there shall be no Outside Date for development or Transfer of Blocks M-1A and M-1B; provided, however, that if Developer elects not to develop Block M-1A or M-1B, then it shall Auction the Lot in accordance with Section 17.2.6 and enter into a Vertical DDA with the successful bidder. For Buildings 1, 2 or 3, except as may otherwise be provided under the Schedule of Performance for Required Improvements and the Community Facilities Obligations, Developer shall have entered into an LDDA and Ground Lease with Authority for uses consistent with the Development Requirements including this DDA within fifteen (15) years for Building 2, and twenty (20) years for Buildings 1 and 3, after the Major Phase Approval is granted for the Major Phase in which the Critical Commercial Lot is located, or if it has elected not to develop the applicable Lot, shall have Auctioned the LDDA and Ground Lease opportunity within the same time periods in accordance with Section 17.2.6. Failure to meet the timeframes established in this Section 17.2.1 (excluding timeframes set forth in the Schedule of Performance for Required Improvements or Community Facilities Obligations) shall not be a default under this DDA, but Authority shall thereafter have the right to develop or market and ground lease the applicable Critical Commercial Lot to third parties for development, subject to the restrictions on use set forth in Section 21.12, and Developer shall no longer have any rights to such applicable Critical Commercial Lots under this Agreement.

17.2.2 Development and Timing of Non-Critical Commercial Lots. Developer shall Auction the vertical development and ground lease rights to Block C2-H (in its configuration as of the A&R Reference Date, as may be subsequently amended), Block Y2-H, and the SOQHD in accordance with Section 17.2.6 at such time as is deemed appropriate by Developer, in its sole discretion; provided, however, with respect to the SOQHD only, if the Authority identifies an economically viable user that will renovate at least 50% (in terms of total building square footage) of the SOQHD in accordance with the Secretary of Interior Standards prior to the Developer Auctioning the SOQHD, then Authority shall thereafter have the right to develop or market and ground lease the SOQHD, or a portion thereof, to such economically viable user, subject to the restrictions on use set forth in Section 21.12, and Developer shall no longer have any rights to such portion of the SOQHD under this Agreement.

17.2.3 Transfer of Non-Critical Commercial Lots. Developer shall Transfer by Auction in accordance with Section 17.2.6 any Non-Critical Commercial Lot through a Vertical DDA, or with respect to a Non-Critical Commercial Lot on Public Trust property, a Vertical LDDA. The Authority shall enter into a Vertical DDA or LDDA with the Developer, provided the Authority has not exercised its right to develop or market and ground lease such Lot in accordance with Section 17.2.1 or Section 17.2.2 above, and the successful bidder for the applicable Non-Critical Commercial Lot, which Vertical DDA or Vertical LDDA shall include such additional terms and conditions, including a scope of development, that reflect the uses and financial offer negotiated with the successful bidder, which terms shall be Approved by Authority and Developer. The applicable Non-Critical Commercial Lots on Public Trust property shall be ground leased directly by the Authority to the Vertical Developers.

17.2.4 Revenues from Critical Commercial Lots. If Developer by itself or through a Developer Commercial JV develops the Critical Commercial Lots, the sales price or capitalized ground lease rent (as the case may be) for the Critical Commercial Lots purchased by or ground leased to Developer or the Developer Commercial JVs (the "**Critical Commercial Lots Payment**") shall be based upon the terms and conditions of a specific reuse plan and the Proforma (including the financial model of any Vertical Development that requires subsidy) prepared by Developer and Approved by the Authority as established at the time of sublease for the applicable Critical Commercial Lot, showing reasonable detail of projected revenues, expenses, subsidies and/or target returns associated with the Critical Commercial Lots, acknowledging that to the extent that the Critical Commercial Lots require subsidy for development as reasonably determined by Developer, which determination must be supported by the independent appraiser letter report described below, the Critical Commercial Lots Payment may be zero dollars ($0.00). Developer will provide this information derived from the Proforma to an independent appraiser having at least ten (10) years' experience in the San Francisco retail leasing market mutually agreed upon by Developer and the Authority, and shall provide to the Navy and the Authority a letter report confirming the appropriateness of Developer's assumptions related to the Critical Commercial Lots. No potential or actual investor or lender shall be prohibited by an exclusivity agreement between the Developer and other investors or lenders from participating in any financing of any Commercial Lot or any other commercial product type developed by parties other than Developer.

17.2.5 Transfer by Developer of Developed Critical Commercial Lots. Developer or a Developer Commercial JV may, in its sole discretion, subsequently convey any of the developed Critical Commercial Lots (the "**Developed Critical Commercial Lots**") to a third party; provided, however, that any and all revenues received by Developer or a Developer Commercial JV arising from or associated with the conveyance of the Developed Commercial Lots shall be included in Gross Revenues. Transfer of the Developed Critical Commercial Lots shall be by sale, or by sub-Ground Lease or assignment of Ground Lease in accordance with the terms thereof, provided, however, with respect to the first transfer of a Ground Lease by Developer or a Developer Commercial JV, the transferee shall be required to pay a transfer price based upon the fair market value for the right to occupy the applicable Developed Critical Commercial Lot on the terms and conditions of the Ground Lease, including the ground rent under the Ground Lease of zero dollars ($0.00), if applicable. If Developer elects to transfer a Developed Critical Commercial Lot to a Developer Commercial JV, the transfer price shall be determined in accordance with the Appraisal Process described in Section 17.4 hereof. If Developer or a Developer Commercial JV elects to transfer a Developed Critical Commercial Lot to a non-Affiliated third-party entity (such parcel, a "**Non-Developer Critical Commercial Lot**"), the transfer price shall be determined by Auction pursuant to the Auction process applicable to Commercial Lots, as set forth in Section 17.2.6 below.

17.2.6 Auction Process for Commercial Lots. The Auction for any Non-Critical Commercial Lot to the extent required hereunder shall require a mutually agreed upon minimum bid price based on the Proforma, as updated prior to the submittal of each

Sub-Phase Application or at such other time as mutually agreed-upon by the Parties, prepared by the Developer and Approved by the Authority in connection with the Approval of the Sub-Phase Application that contains the applicable Non-Critical Commercial Lot. The minimum bid price shall be set and confirmed by an independent appraiser letter according to the process described in Section 17.2.4 no sooner than three (3) months prior to the commencement of the Auction period. The Non-Critical Commercial Lot subject to the Auction will be submitted for offer for a reasonable period of time, as determined by Developer and the Authority, through licensed commercial real estate brokers having at least five (5) years' experience in Bay Area commercial real estate selected by Developer. The pool of qualified bidders in the Auction of any Non-Critical Commercial Lots or any Non-Developer Critical Commercial Lots shall be determined by the Authority and Developer prior to the applicable Auction based on the Auction Bidder Selection Guidelines for Commercial Lots (attached hereto as Exhibit T). The Parties may, by mutual agreement, revise the Auction Bidder Selection Guidelines for Commercial Lots from time to time, subject to the Navy's approval to the extent required under the Conveyance Agreement. The pool of qualified bidders in the Auction of any Non-Critical Commercial Lot or any Non-Developer Critical Commercial Lot and the minimum bid price for the Auction of the Non-Developer Critical Commercial Lots shall be provided to the Navy and the Authority at least ten (10) days prior to the applicable Auction. If no minimum bids from qualified bidders are received for the Non-Critical Commercial Lots at the close of the Auction period, Developer and/or its Affiliates will have the option, to be exercised by written notice within sixty (60) days after the close of the Auction period, to purchase such Non-Critical Commercial Lots based upon an appraisal in accordance with Section 17.4 hereof. If Developer does not timely exercise the option to purchase unsold Non-Critical Commercial Lots, the Authority and Developer shall within one hundred twenty (120) days after the expiration of the Auction period, mutually agree upon a new minimum bid price to be used in a new Auction, which may take the form of adjustment to the Proforma minimum bid price or an appraisal. If the Parties are unable to agree on a new minimum bid price within the allotted time, the matter shall be submitted to the dispute resolution procedure of Section 15.3.2 (Expedited Dispute Resolution Procedure). Within six (6) months after establishment of the new minimum bid price, Developer shall re-bid the Non-Critical Commercial Lot. If no qualified bids are received for the Non-Developer Critical Commercial Lots that are acceptable to Developer, Developer shall reserve the right to withdraw the Non-Developer Critical Commercial Lot from sale and re-bid the Non-Developer Critical Commercial Lot at such future time as Developer's deems appropriate in its reasonable judgment, but in no event later than two (2) years after the prior Auction.

17.3 Sale of Market Rate Lots. Developer has the right to purchase Market Rate Lots for up to sixty percent (60%) of the Market Rate Units (the "**Developer Lots**"), at a purchase price established by the Appraisal Process described in Section 17.4. Market Rate Lots for approximately twenty percent (20%) of the Market Rate Units shall be available for purchase at a purchase price established by the Appraisal Process by joint ventures in which the Developer or its Affiliates have no more than a fifty percent (50%) ownership interest and under which a non-Affiliated joint venture partner exercises management control as the "managing partner" (or member, as the case may be) of the joint venture entity or such other JV structure reasonably proposed by Developer and reasonably approved by Authority, and further subject to the

approval of the Navy to the extent required under the Conveyance Agreement (collectively, the "**JV Lots**"). In order to ensure that the Developer Lots and JV Lots are sold at fair market value, Market Rate Lots for approximately twenty percent (20%) of the Market Rate Units will be offered for sale via Auction (collectively, the "**Residential Auction Lots**") in accordance with Section 17.5. Notwithstanding the foregoing, if Developer chooses not to purchase a Market Rate Lot as either a Developer Lot or a JV Lot, it retains the right to sell the Market Rate Lot by Auction in accordance with Section 17.5 and the sale of each such Market Rate Lot by Auction shall count toward the Residential Auction Lot requirement. No potential or actual investor or lender shall be prohibited by an exclusivity agreement between the Developer and other investors or lenders from participating in any financing of any Market Rate Lot or any other residential product type developed by parties other than Developer.

17.3.1 Developer Lots. Unless otherwise agreed upon by the Parties in their reasonable discretion, no more than one-third of the Developer Lots (which also equals 20% of the Market Rate Lots) can be sold directly to Developer, and the balance of the Developer Lots may be sold to an entity or entities comprised of some or all of the same partners as Developer, but having a materially different capital structure than Developer, in accordance with the Appraisal Process. Concurrent with the sale of any Developer Lot to an entity or entities comprised of some or all of the same partners as Developer, but having a materially different capital structure than Developer, a duly authorized officer of Developer shall provide the Authority and the Navy with a certified statement that the prospective purchaser has a materially different capital structure than Developer. For purposes hereof, an entity having a "materially different capital structure" means an entity comprised of some or all of the same partners as Developer but one in which there has been a cumulative change of at least 25% in the capital positions of all the partners, and at least one of the partners has changed its capital position by at least 15%. Before the close of escrow for any Sub-Phase, the Developer will provide to the Authority and the Navy a list of equity investors for that Sub-Phase. During the implementation of any Sub-Phase, Developer will provide to the Authority and the Navy immediately prior to the sale of any parcels to an Affiliate of Developer or the equity investors of that Major Phase, a notice of such Affiliate sale which notice shall describe why the sale is permitted under the terms of this Agreement. Prior to the close of any sale directly to Developer, Developer shall provide to the Authority and the Navy a letter from a real estate broker or licensed real estate professional familiar with the Bay Area market who is not an Affiliate of Developer and has no equity investment in Developer in such Sub-Phase, finding that the acquisition and development of the Market Rate Lot by Developer is appropriate in the context of then-existing market conditions. The basis of such findings could include, but is not limited to, establishing a new product type, initiating or establishing a new product type, initiating or establishing the development of a new phase in the Project, responding to changes in market conditions, or other similar market-based factors. Any disputes arising out of this Section 17.3.1 shall be referred to the arbitration process for Expedited Arbitration Matters set forth in Section 15.3.2 hereof.

17.4 Appraisal Process. The process described in this Section 17.4 (the "**Appraisal Process**") shall apply to the Developer Lots, the JV Lots, those Developed Critical Commercial Lots for which an appraisal is required under Section 17.2.5, and those Non-Critical

Commercial Lots for which an appraisal is required under Section 17.2.6. The Authority and Developer shall confer and select an appraiser from the Qualified Appraiser Pool for each such Developed Critical Commercial Lot, Non-Critical Commercial Lot, Developer Lot or JV Lot to be appraised. An appraisal used for the purpose of determining the parcel sale price (or Ground Lease rent, if applicable) shall be updated if a sales contract (or Ground Lease) for such parcel has not been executed within one (1) year from the date of the appraisal.

17.4.1 Qualified Appraiser Pool. Appraisals of any Developed Critical Commercial Lots required to be appraised by Section 17.2.5, Non-Critical Commercial Lots for which an appraisal is required under Section 17.2.6, the Developer Lots and JV Lots shall be conducted by a qualified appraiser, which for purposes of this DDA shall be defined as an appraiser (i) licensed in the State of California as a Certified General Appraiser and holding the MAI designation from the Appraisal Institute, (ii) practicing or working for at least ten (10) years in either a national firm, or regional firm based in California, (iii) who is not an Affiliate of the Developer and has no equity investment in the Developer or the Project investors, (iv) who has particular experience with coastal California real property transactions involving the Product Type that is the subject of the appraisal, and (v) who has no conflict of interest as evidenced by contractual relationships with Developer either existing or in the immediately prior twenty-four (24) months, unless a conflict waiver is obtained from the Authority (and, if required under the Conveyance Agreement, the Navy). The Parties have agreed upon a list of pre-qualified appraisers, which list is attached hereto as Exhibit U (the "**Qualified Appraiser Pool**"). From time to time, either Party may propose in writing to add or subtract additional persons meeting the above qualifications. If the Parties disagree on a proposed addition or subtraction, then the Parties shall follow the dispute resolution procedure for Expedited Arbitration Matters set forth in Section 15.3.2.

17.4.2 Appraisal Instructions. The selected appraiser shall appraise the applicable Developer Lot, JV Lot, Developed Critical Commercial Lot (to the extent subject to appraisal by Section 17.2.5), or Non-Critical Commercial Lot (to the extent subject to appraisal by Section 17.2.6) utilizing appraisal instructions substantially in the form of those attached hereto as Exhibit V, as the Parties hereto may agree to amend from time to time which agreement shall not be unreasonably withheld, conditioned or delayed. If an Excess Land Appreciation Structure is established in a Major Phase by Product Type, such structure will be deemed to apply to all Market Rate Lots of that Product Type in the applicable Major Phase, and the appraisal instructions shall incorporate such terms. If an Excess Land Appreciation Structure established for a Major Phase is later revised in connection with a Sub-Phase Approval in accordance with Section 6.2.3(d) hereof, then such structure will be deemed to apply to all Market Rate Lots in the applicable Sub-Phase and the appraisal instructions shall incorporate such terms. If material changes are proposed to appraisal instructions, including assumptions, special assumptions, limiting conditions, hypothetical conditions, and other special instructions, the requesting Party shall propose such amendment in writing, and, if the Parties disagree, they shall follow the dispute resolution procedure for Expedited Arbitration Matters set forth in Section 15.3.2.

17.4.3 Notification of Appraisal. Developer, on behalf of the Authority, shall provide to the Navy, with a copy to the Authority, documentation of appraiser selection and appraisal instructions prior to the commencement of an appraisal, and shall provide a copy of the complete appraisal promptly following completion of such appraisal.

17.5 Auction Process for Residential Auction Lots. The Authority and Developer prior to the approval of any Major Phase Application, shall jointly determine the pool of qualified bidders for each Auction of a Residential Auction Lot based on the Auction Bidder Selection Guidelines for Residential Auction Lots (attached hereto as Exhibit W) set forth for each Product Type, as agreed upon by the Parties. The Parties may, by mutual agreement, revise the Auction Bidder Selection Guidelines for Residential Auction Lots from time to time, subject to the Navy's approval to the extent required under the Conveyance Agreement. In the event no qualified third party bids are received at or above the minimum bid price for the Residential Auction Lots (as determined in the Major Phase Decisions described in Section 6.2.3), Developer and/or its Affiliates will have the option by written notice within sixty (60) days after the close of the Auction period to purchase such Residential Auction Lots at the minimum bid price and any Residential Auction Lots so acquired by Developer shall not be deemed to apply against the percentage limits otherwise applicable to the Developer Lots or the JV Lots. If Developer does not timely exercise the option to purchase unsold Residential Auction Lots, then the Authority and Developer shall within one hundred twenty (120) days after the expiration of the Auction period mutually agree upon a new minimum bid price to be used in a new Auction (the "**Re-Setting of the Minimum Bid Price**"). If the Parties are unable to agree on a new minimum bid price within the allotted time, the matter shall be submitted to the dispute resolution procedure for Expedited Arbitration Matters set forth in Section 15.3.2. The Re-Setting of the Minimum Bid Price may take the form of adjustment to the Proforma minimum bid price or an appraisal.

17.5.1 Timing of Residential Auction Lots Selection. The Residential Auction Lots will be selected by mutual agreement by the Authority and the Developer prior to approval of each Major Phase Application, as such selection may be revised in a subsequent approved Sub-Phase Application. The Residential Auction Lots will be offered for sale at such time as reasonably deemed appropriate by Developer in light of then-current market conditions and such sale shall be subject to Completion of Infrastructure and Stormwater Management Controls serving the applicable Residential Auction Lot.

17.5.2 Residential Auction Lots as Benchmarks. The Residential Auction Lot sales prices, as deemed appropriate by the appraisers, and other relevant market data shall be used as comparables in the appraisal process for the Developer Lots and the JV Lots. The mix of Product Types of the Market Rate Lots subject to Auction shall roughly mirror that of the Market Rate Lots to be allocated and sold in that Major Phase, with a goal of selecting at least one representative parcel for each Market Rate Lot Product Type offered in that Major Phase. For the purposes of this DDA, "**Product Types**" are defined as a residential building with a typical unit count and building typology that allows general assumptions of construction costs. Examples of such Product Types are townhomes; low rise (up to 70' in height); mid-rise (above 70' and up to 125' in height); and towers (above 125' in height).

17.5.3 Guidelines for Residential Auction Lot Selection. The distribution and selection of the Residential Auction Lots shall be based on a principle of nondiscrimination. The selected Residential Auction Lots shall be generally representative of the average advantages and disadvantages of the Market Rate Lots to be developed in that Major Phase. Factors to be considered in such selection include, but are not limited to, parcel size, views, proximity to parks, proximity to the transit center, proximity to the Job Corps site, proximity to the Bay Bridge, proximity to the retail core and exposure to wind (collectively, the "**Guidelines for Residential Auction Lot Selection**"), attached hereto as Exhibit X. The Parties may, by mutual agreement, revise the Guidelines for Residential Auction Lot Selection from time to time, subject to the Navy's approval to the extent required under the Conveyance Agreement.

17.5.4 Conveyance Agreement Exhibits. Exhibits Q, T, U, V, W and X referenced in this Article 17 are also exhibits to the Conveyance Agreement and, subject to Section 28.38 hereof, will be attached to this DDA in the form attached to the executed version of the Conveyance Agreement.

17.6 Alternative Procedures for Sale of Market Rate Lots. From time to time, and notwithstanding the procedures set forth in this Article 17 regarding the establishment of minimum bid prices, appraisals, auctions and sales of Market Rate Lots (collectively, the "**Market Rate Lots Procedures**"), the Authority Director and Developer may revise the Market Rate Lots Procedures to allow Developer to Auction any Market Rate Lots, whether or not previously designated in a Sub-Phase Application as Developer Lots, JV Lots or Auction Lots, if the Parties agree, each in their reasonable discretion, that the revised Market Rate Lots Procedures would lead to the more timely and efficient sales of Market Rate Lots; provided, however, if the Authority Director determines, in his or her sole discretion, that approval of the Authority Board is necessary to implement the proposed revisions to the Market Rate Lots Procedures, then the Authority Board's prior approval of the proposed revisions will be required. Any revisions to the Market Rate Lots Procedures will be documented in writing, signed by both the Authority and Developer, and shall be consistent with the following: (i) any changes to the Market Rate Lots Procedures established in the Original DDA that are inconsistent with the Conveyance Agreement shall require the prior written consent of the Navy to the extent required; (ii) Market Rate Lots placed for Auction may include any or all of the Market Rate Lots within a Sub-Phase Application, including any Market Rate Lots that were previously designated as Developer Lots, JV Lots or Auction Lots, (iii) the Authority shall have reasonably determined that the sales price for any Developer Lot or JV Lot to be conveyed to Developer or a Developer joint venture reflects fair market value for such Lot, (iv) minimum bid prices may be set formally or informally, (v) any Market Rate Lots that are first placed for Auction but fail to attract a qualified bid consistent with the revised Market Rate Lots Procedures, will count as Auction Lots if Developer or a Developer joint venture elects to purchase the applicable Market Rate Lot; and (vi) any Market Rate Lot that is sold outright to a third party will count toward the Auction Lot requirements in the applicable Major Phase.

18. MITIGATION MEASURES.

18.1 Mitigation Measures. Developer and the Authority agree that the construction and subsequent operation of the Infrastructure and Stormwater Management

Controls, Vertical Improvements and Required Improvements, if applicable, shall be in accordance with the mitigation measures identified in the Project MMRP (the "**Mitigation Measures**"). Developer shall comply with and perform the Mitigation Measures as and when required by the Project MMRP except for those Mitigation Measures or portions of Mitigation Measures for which the performance obligations are expressly obligations of the Authority, the City or another Governmental Entity. The responsibility to implement applicable Mitigation Measures shall be incorporated by Developer or the Authority, as applicable, into any applicable contract or subcontract for the construction or operation of the Improvements, including the Vertical DDA/LDDAs. The Authority shall comply with and perform the Mitigation Measures or portions of Mitigation Measures that are the obligation of the Authority as and when required, and shall use good faith efforts, consistent with the Interagency Cooperation Agreement, to cause the necessary City Agencies to comply with and perform the Mitigation Measures or portions of Mitigation Measures that are the obligations of the City as and when required.

19. AUTHORITY COSTS AND CITY COSTS.

19.1 Authority Costs. The Parties acknowledge and agree that as of the A&R Reference Date, Developer shall have no obligation to reimburse Authority for Authority Costs, including, without limitation, any Authority Costs incurred by the Authority prior to the A&R Reference Date. Notwithstanding the foregoing, the Parties acknowledge and agree that all amounts Developer owed to Authority for Authority Costs prior to the A&R Reference Date have been paid in full, and that any amounts Developer has paid to Authority for Authority Costs prior to the A&R Reference Date (including any amounts paid under protest) shall be retained by Authority.

19.2 Payment of City Costs and Ramps Payment. Under the Development Agreement and the Interagency Cooperation Agreement, City Agencies must submit quarterly invoices for all City Costs incurred by the City Agency for reimbursement under the Development Agreement, which invoices shall be gathered by Authority. Authority shall gather all such invoices so as to submit one combined City bill to Developer each quarter. As described in the Development Agreement and the Interagency Cooperation Agreement, Developer shall pay City for all City Costs during the Term within thirty (30) days following receipt of a written invoice. Developer shall not be obligated for the payment of any City Cost that is not invoiced to Developer within twelve (12) months from the date the City Cost was incurred. Amounts due for the Ramps Subsidy in accordance with the SFCTA MOA, as amended (as more particularly described in Section 13.3.6 hereof), shall be invoiced within thirty (30) days prior to each due date thereunder, and shall be payable as a City Cost to the SFCTA or the Authority, as directed. The Parties acknowledge that as of the A&R Reference Date, Developer has fully satisfied its obligations with respect to the Ramps Subsidy.

20. FINANCING; RIGHTS OF MORTGAGEES.

20.1 Right to Mortgage. Developer and any Person to whom any of them Transfers its respective interest in this DDA, as permitted under this DDA (collectively and individually, as the case may be, a "**Mortgagor**") shall have the right, at any time and from time to time during the term of this DDA, to grant a mortgage, deed of trust or other security instrument (each a "**Mortgage**") encumbering all or a portion of such Mortgagor's respective

ownership interest in all or a portion of the Project Site, together with such Mortgagor's interest in any Project Accounts relating to such portions of the Project Site (including the right to receive payments from the Funding Sources or other revenue emanating from the Project Site) for the benefit of any Person (together with its successors in interest, a "**Mortgagee**") as security for one or more loans related to the Project Site made by such Mortgagee to the Mortgagor to pay or reimburse costs incurred in connection with obligations under this DDA, subject to the terms and conditions contained in this Article 20. Without limiting the foregoing, no Mortgage shall be granted to secure obligations unrelated to the Project Site or to provide compensation or rights to a Mortgagee in return for matters unrelated to the Project Site. A Mortgagee may Transfer all or any part of or interest in any Mortgage without the consent of or notice to any Party; provided, however, that the Authority shall have no obligations under this DDA to a Mortgagee unless the Authority is notified of such Mortgagee. Furthermore, the Authority's receipt of notice of a Mortgagee following the Authority's delivery of a notice or demand to Developer or to one or more Mortgagees under Section 20.4 shall not result in an extension of any of the time periods in this Article 20, including the cure periods specified in Section 20.5.

20.2 Certain Assurances. The Authority agrees to cooperate reasonably with each Mortgagor or prospective Mortgagor in confirming or verifying the rights and obligations of the Mortgagee.

20.3 Mortgagee Not Obligated to Construct. Notwithstanding any other provision of this DDA, including those that are or are intended to be covenants running with the land, a Mortgagee, including any Person who obtains title to all or any portion of or any interest in the Project Site as a result of foreclosure proceedings, or conveyance or other action in lieu thereof, or other remedial action, including (a) any other Person who obtains title to real property in the Project Site or such portion from or through such Mortgagee or (b) any other purchaser at foreclosure sale, shall in no way be obligated by the provisions of this DDA, to Commence or Complete Infrastructure and Stormwater Management Controls or Required Improvements or to provide any form of Adequate Security for such Commencement or Completion. Nothing in this Section 20.3 or any other Section or provision of this DDA, shall be deemed or construed to permit or authorize any Mortgagee or any other Person to devote all or any portion of the Project Site to any uses, or to construct any improvements, other than uses or Improvements consistent with the Development Requirements.

20.4 Copy of Notice of Default and Notice of Failure to Cure to Mortgagee. Whenever the Authority shall deliver any notice or demand to a Mortgagor for any breach or default by such Mortgagor in its obligations or covenants under this DDA, the Authority shall at the same time forward a copy of such notice or demand to each Mortgagee having a Mortgage on the portion of the Project Site or any interest in the revenues therefrom or related thereto that is the subject of the breach or default who has previously made a written request to the Authority for a copy of any such notices. The Authority's notice shall be sent to the address specified by such Mortgagee in its most recent notice to the Authority. In addition, if such breach or default remains after any cure period permitted under this DDA, as applicable, has expired, the Authority shall deliver a notice of such failure to cure such breach or default to each such Mortgagee at such applicable address. A delay or failure by the Authority to provide such notice required by this Section 20.4 shall extend, for the number of days until notice is given, the time allowed to the Mortgagee for cure.

20.5 Mortgagee's Option to Cure Defaults. Before or after receiving any notice of failure to cure referred to in Section 20.4, each Mortgagee that has received interest in real property shall have the right (but not the obligation), at its option, to commence within the same period as Developer to cure or cause to be cured any Event of Default, plus an additional period of (a) thirty (30) days to cure a monetary Event of Default and (b) sixty (60) days to cure a non-monetary Event of Default that is susceptible of cure by the Mortgagee without obtaining title to the applicable real property. If an Event of Default is not cured within the applicable cure period (or cannot be cured by the Mortgagee without obtaining title to the applicable real property), the Authority nonetheless shall refrain from exercising any of its remedies for the Event of Default and shall permit the cure by Mortgagee of such Event of Default if, within the Mortgagee's applicable cure period: (i) the Mortgagee has a recorded security interest in the applicable real property and notifies the Authority in writing that the Mortgagee intends to proceed with due diligence to foreclose the Mortgage or otherwise obtain title to the subject real property; (ii) the Mortgagee commences foreclosure proceedings within sixty (60) days after giving such notice, and diligently pursues such foreclosure to completion; and (iii) after obtaining title, the Mortgagee diligently proceeds to cure those Events of Default: (A) that are susceptible of cure by the Mortgagee; and (B) of which the Mortgagee has been given written notice by the Authority under Section 20.4 or thereafter. Notwithstanding the foregoing, no Mortgagee shall be required to cure any Event of Default that is personal to the Mortgagor (by way of example and not limitation, such Mortgagor's bankruptcy, failure to submit required information in the possession of such Mortgagor), and the completion of a foreclosure and acquisition of title to the applicable real property by the Mortgagor shall be deemed to be a cure of such Events of Default. Although no Mortgagee is obligated to do so, any Mortgagee that directly or indirectly obtains title and that properly Completes the Infrastructure and Stormwater Management Controls or Improvements relating to the applicable portion of Project Site in accordance with this DDA shall be entitled, upon written request made to the Authority, to a Certificate of Completion.

20.6 Mortgagee's Obligations with Respect to the Property. Except as set forth in this Article 20, no Mortgagee shall have any obligations or other liabilities under this DDA unless and until it acquires title by any method to all or some portion of or interest in the Project Site (referred to as "**Foreclosed Property**") and expressly assumes Developer's rights and obligations under this DDA in writing. A Mortgagee (or its designee) that acquires title to any Foreclosed Property (a "**Mortgagee Acquisition**") shall take title subject to all of the terms and conditions of this DDA to the extent applicable to the Foreclosed Property, including any claims for payment or performance of obligations that are due as a condition to enjoying the benefits under this DDA from and after the Mortgagee Acquisition. Upon completion of a Mortgagee Acquisition and written assumption of Developer's rights and obligations under this DDA, the Authority shall recognize the Mortgagee as the Developer under this DDA. The Authority shall have no right to enforce any obligation under this DDA personally against any Mortgagee unless such Mortgagee expressly assumes and agrees to be bound by this DDA in a form Approved by the Authority. However, the Authority shall have the right to (i) terminate this DDA with respect to the Foreclosed Property if the Mortgagee does not agree to assume the rights and obligations of Developer relating to the Foreclosed Property in writing within ninety (90) days following a Mortgagee's acquisition of title to the Foreclosed Property, and (ii) exercise its rights under Section 16.5 with respect to Foreclosed Property (regardless of whether there has been a foreclosure) in the event that a Mortgagee does not cure a Reversionary Default within the time

permitted for cure herein. If a Mortgagee or any Person who acquires title to real property in the Project Site from a Mortgagee assumes obligations to construct Improvements under this DDA, the Schedule of Performance with respect to the Foreclosed Property shall be extended as needed to permit such construction.

20.7 No Impairment of Mortgage. No default by a Mortgagor under this DDA shall invalidate or defeat the lien of any Mortgagee. Neither a breach of any obligation secured by any Mortgage or other lien against the mortgaged interest nor a foreclosure under any Mortgage shall defeat, diminish, render invalid or unenforceable or otherwise impair Developer's rights or obligations or constitute, by itself, a default under this DDA.

20.8 Multiple Mortgages. If at any time there is more than one Mortgage constituting a lien on a single portion of the Project Site or any interest therein, the lien of the Mortgagee prior in time to all others on that portion of the mortgaged property shall be vested with the rights under this Article 20 to the exclusion of the holder of any other Mortgage; provided, however, that if the holder of a senior Mortgage fails to exercise the rights set forth in this Article 20, each holder of a junior Mortgage shall succeed to the rights set forth in this Article 20 only if the holders of all Mortgages senior to it have failed to exercise the rights set forth in this Article 20 and holders of junior Mortgages have provided written notice to the Authority under Section 20.4. No failure by the senior Mortgagee to exercise its rights under this Article 20 and no delay in the response of any Mortgagee to any notice by the Authority shall extend any cure period or Developer's or any Mortgagee's rights under this Article 20. For purposes of this Section 20.8, in the absence of an order of a court of competent jurisdiction that is served on the Authority, a title report prepared by a reputable title company licensed to do business in the State and having an office in City, setting forth the order of priorities of the liens of Mortgages on real property may be relied upon by the Authority as conclusive evidence of priority.

20.9 Cured Defaults. Upon the curing of any Event of Default by a Mortgagee within the time provided in Section 20.5, the Authority's right to pursue any remedies for the cured Event of Default shall terminate.

21. TRANSFERS AND ASSIGNMENT.

21.1 Developer's Right to Transfer Major Phases and Sub-Phases. Developer shall have the right to Transfer to a Transferee, in each case upon compliance with the provisions of this Section 21.1: (i) the right to submit Major Phase Applications for one or more Major Phases, excluding the Initial Major Phase; (ii) the right to submit Sub-Phase Applications within any Major Phase(s), excluding the Initial Sub-Phases within the Initial Major Phase; (iii) the right to develop any Major Phases for which a Major Phase Approval has been obtained, excluding the Initial Major Phase; and (iv) the right to develop any Sub-Phase within a Major Phase for which a Sub-Phase Approval has been obtained, excluding the Initial Sub-Phases within the Initial Major Phase. The Authority Board's Approval shall be required for a Transfer pursuant to this Section 21.1. Such Approval will not be unreasonably withheld, delayed or conditioned if the Transferee or Persons Controlling the Transferee:

(a) have experience acting as the developer of projects similar in size and complexity to the development opportunity being Transferred (the "**Experience Requirement**"), as determined by the Authority Board in its reasonable discretion;

(b) satisfy the Net Worth Requirement;

(c) if the Transfer is under clause (i) or clause (ii) above, commit to submit a Major Phase Application and all Sub-Phase Applications for the development opportunity being Transferred, no later than the Outside Date for submission of the Major Phase Application or Sub-Phase Application, as applicable, or (B) ninety (90) days following the Authority's Approval of the proposed Transfer if the Authority's Approval occurs within the ninety (90) day period before the Outside Date for submission of the Major Phase Application or Sub-Phase Application, as applicable;

(d) enter into an Approved Assignment and Assumption Agreement, as set forth in Section 21.6, provided that (i) for a Transfer under clause (ii) or (iv) the Approved Assignment and Assumption Agreement does not release Developer of its obligations hereunder as to the applicable Sub-Phase, and (ii) as to a Transfer under clause (i) or (iii), the Approved Assignment and Assumption Agreement does not release Master Developer of its obligations under Section 1.5 as Master Developer;

(e) provide Base Security and any Adequate Security as and to the extent required under Article 26, which shall apply to the obligations assumed by the Transferee unless replacement Base Security or Adequate Security is provided by the Transferee and Approved by the Authority Director; and

(f) have not been suspended, disciplined, debarred or prohibited from contracting with the City or the Authority.

Developer and any proposed Transferee shall provide detailed information to the Authority to demonstrate the Transferee's satisfaction of the above requirements, a proposed Assignment and Assumption Agreement, and such additional documents and materials as are reasonably requested by the Authority Director. Upon the Authority Director's receipt of the foregoing, the Authority Director shall submit the proposed Transfer to the Authority Board at the next regularly-scheduled meeting of the Authority Board for which an agenda has not yet been finalized and for which the Authority can prepare and submit a staff report in keeping with Authority standard practices. The Authority Board shall Approve or disapprove a request for Transfer. The consideration, if any, paid by the Transferee to Developer in connection with the proposed Transfer shall be treated as Gross Revenues.

21.2 Developer's Right to Transfer Lots. Subject to satisfaction of the conditions set forth in Section 10.7, Developer (and any Transferee) shall have the right without separate Approval of Authority pursuant to this Article 21 to Transfer Lots to Vertical Developers in accordance with the requirements of this DDA, including Article 17.

21.3 Developer Affiliate Transfers; Reorganizations. Developer shall have the right at any time to Transfer all or a portion of its rights and corresponding obligations under this DDA without the Approval of the Authority (except as set forth in this Section 21.3) if (i)

Developer is not then in Material Breach, (ii) the Transferee is Controlled by Developer or by a Person that Controls Developer, or the Transferee is Approved by the Authority Director if the Transferee is an Affiliate of Developer that is not Controlled by Developer or by a Person that Controls Developer, and (iii) the Transferee or Persons Controlling the Transferee satisfy the Experience Requirement. Any such Transfer may be effected by the consolidation or merger of Developer into or with any other business organization whether or not Developer is the surviving entity under applicable law if the foregoing requirements are otherwise met. Any Transferee under this Section 21.3 shall be deemed an Affiliate of Developer, and therefore a Developer Party, under this DDA, and accordingly, (A) Developer's Base Security and any Adequate Security shall apply to the obligations assumed by the Transferee unless replacement Base Security or Adequate Security is provided by the Transferee and Approved by the Authority Director, and (B) the cross-default provisions set forth in Sections 3.8, 16.1 and 16.4 shall apply to Events of Default by Developer and the Transferee. Notwithstanding the foregoing, Developer may request that the cross-default provisions of this DDA not apply as between Developer and the Transferee in connection with any Transfer to an Affiliate under this Section 21.3, provided, that any such request shall be subject to review and Approval by the Authority Board in its sole discretion.

21.4 One Developer Retains Responsibility for All Infrastructure Within Each Major Phase. Before the receipt of a Major Phase Approval, Developer may Transfer all of its rights and obligations as Developer (but not as Master Developer) under this DDA for the entirety of a Major Phase (other than the Initial Major Phase) to a Transferee subject to the Authority Board's Approval as set forth in Section 21.1. Following a Major Phase Approval, Developer (or a Transferee, if applicable) shall have the right to Transfer the obligation for submitting all Sub-Phase Applications (other than the Initial Sub-Phases in the Initial Major Phase) and Completing any or all Infrastructure and Stormwater Management Controls for Sub-Phases within that Major Phase (other than the Initial Sub-Phases in the Initial Major Phase and excluding any Transferable Infrastructure within a Lot that is to be constructed by a Vertical Developer), to a Transferee subject to the Authority Board's Approval as set forth in Section 21.1, provided, however, that Developer and the Transferee of that Major Phase, if applicable shall not be released from the obligations hereunder to submit Sub-Phase Applications and to Complete all Infrastructure and Stormwater Management Controls within that Major Phase, and shall remain ultimately responsible for Completion of all Infrastructure and Stormwater Management Controls within that Major Phase. Developer may enter into construction contracts and similar agreements with third parties as may be needed to assist Developer or the Transferee of that Major Phase, as applicable, in satisfying the foregoing obligations, which contracts or agreements shall not be subject to Approval by the Authority under Section 21.1 or 21.5, provided, however, that no such contract or agreement shall serve to release Developer from its obligations to submit Sub-Phase Applications and to Complete all Infrastructure and Stormwater Management Controls within that Major Phase.

21.5 Authority's Approval of a Transfer. In addition to the Transfers permitted by Sections 21.1 through 21.3, Developer may Transfer some or all of its interest in this DDA with the Approval of the Authority Board, which the Authority Board may give or withhold in its sole discretion. Developer may also Transfer a portion of its interest in this DDA that is less than an entire Major Phase but includes the remainder of an entire Major Phase, together with the corresponding rights and obligations of Developer under this DDA, if the Authority Board

Approves the proposed Transferee and the proposed Assignment and Assumption Agreement, which Approval shall not be unreasonably withheld if the Transferee, or Persons Controlling the Transferee, satisfy the Net Worth Requirement and the Experience Requirement, and the Assignment and Assumption Agreement meets the applicable requirements of Section 21.6.

21.6 Assignment and Assumption Agreement; Release.

21.6.1 Any Transfer described in Sections 21.1 and 21.3 through 21.5 (other than a transfer of the obligation to complete Transferable Infrastructure in accordance with Section 7.2) shall be under an Assignment and Assumption Agreement that includes:

(a) a legal description of any real property being Transferred;

(b) a detailed description of the rights and obligations under this DDA to be assigned to and assumed by Transferee, which must include all of the Indemnifications and releases by Developer in this DDA and in the Developer consent attached to the Interagency Cooperation Agreement and shall expressly recite any obligations of Developer that will not be Transferred (e.g., the Parties understand and agree that upon any such assignment and assumption, all references to Developer in this DDA, excluding references in Sections 1.5 and 21.13 shall include the Transferee except as expressly noted in the Assignment and Assumption Agreement);

(c) the obligations under this DDA that are assumed by the Transferee;

(d) the Transferee's obligations under the Housing Plan, and an acknowledgement of the Authority's rights if Inclusionary Milestones under the Housing Plan are not satisfied with respect to the Project as a whole;

(e) an agreement and covenant by the Transferee not to challenge the enforceability of any of the provisions or requirements of this DDA, including, if such Lots will contain a Residential Project, an agreement and covenant by the Transferee for the benefit of the Authority and Developer regarding the non-applicability of the Costa-Hawkins Act as set forth in Section 10 of the Housing Plan;

(f) if the Infrastructure and Stormwater Management Controls for the applicable property or any adjoining real property is not Completed, an assumption of the risk of non-Completion and a waiver and release for the benefit of the Authority and the City regarding any failure to Complete the Infrastructure and Stormwater Management Controls; and

(g) such other matters as are deemed appropriate by Developer and are Approved by the Authority Director.

Each such Assignment and Assumption Agreement must be in recordable form and Approved by the Authority Director, although the Authority Director may elect, in his or her sole discretion, not to Approve any Assignment and Assumption Agreement (i) that does not include the items listed above, or (ii) if Developer is then in Material Breach of its obligations under this DDA.

21.6.2 Upon the consummation of any Transfer described in Sections 21.1(i), 21.1(iii), 21.3, or 21.5, including receipt of the Approved Assignment and Assumption Agreement, the Authority shall provide to Developer or other transferor a written release from any obligations under this DDA that are permitted to be released under this DDA and are expressly Transferred to and assumed by the Transferee under the Approved Assignment and Assumption Agreement (subject to the terms of approval by Authority), including in such release any obligations of Developer that accrued before the date of the Transfer to the extent the same are expressly assumed by the Transferee in the Assignment and Assumption Agreement. The release shall be provided within thirty (30) days after the effective date of such Transfer in a form prepared and Approved by the Authority, consistent with this Section 21.6.2. Except as provided in Sections 16.1 and 16.6 and as may otherwise be contained in an Assignment and Assumption Agreement Approved by the Authority Board, nothing in this Section 21.6 shall limit the Authority's right to take action against all Affiliates of Developer upon an Event of Default by an Affiliate of Developer as set forth in this DDA.

21.7 Exceptions. The provisions of this Article 21 shall not be deemed to prohibit or otherwise restrict Developer's (i) grant of easements, leases, subleases, licenses or permits to facilitate the development, operation and use of the Project Site, in whole or in part, (ii) grant or creation of a Mortgage permitted under Article 20, (iii) sale or transfer of all or any portion of the Project Site or any interest in the Project Site pursuant to a foreclosure or the exercise of a power of sale contained in such a Mortgage or any other remedial action in connection with the Mortgage, or a conveyance or transfer in lieu of foreclosure or exercise of such power of sale, or (iv) any Transfer to the Authority, the City, or any other Governmental Entity contemplated by this DDA. In addition, nothing in this Article 21 shall require the Authority to Approve any Transfer (excluding a Transfer of Lots subject to the satisfaction of the conditions set forth in Section 10.7 of this DDA) by Developer if Developer is in Material Breach.

21.8 Notice of Transfer. For any Transfer permitted under this Article 21 (but not including under Section 21.2) without the Approval of the Authority, Developer shall provide the Authority with notice of any Transfer not less than thirty (30) days before the effective date of the Transfer (unless a shorter period is Approved by the Authority Director in his or her sole discretion). Developer shall include with such notice the identity, address, contact person and telephone number of the proposed Transferee, the proposed Assignment and Assumption Agreement, including a clear statement of the assumed obligations of Developer under this DDA and satisfactory evidence that the proposed Transferee possesses the required qualifications. Developer shall also provide any additional information and materials reasonably requested by the Authority Director. This provision shall not create any obligation on or duty of a Mortgagee other than as set forth in Article 20.

21.9 Transfer of DDA Obligations and Interests in Property. Other than with respect to a Mortgagee whose security does not include real property, (i) Developer's rights and obligations under this DDA may be Transferred only in conjunction with the Transfer of the portion of the real property (or the right to acquire such real property on the terms of this DDA) to which the rights and obligations apply and (ii) the Transferee shall succeed to all of Developer's rights (including without limitation the right to Transfer) and obligations under this DDA that relate to the property or development opportunity Transferred. Developer may effectuate a Transfer of real property through a ground lease transaction, subject to the Authority Director's Approval in his or her sole discretion. Nothing herein shall prohibit Developer from Transferring its rights and obligations for a Sub-Phase separately from Developer's rights to Vertical Development within such Sub-Phase, subject to compliance with the terms and conditions hereof.

21.10 Liability for Default/Step-in Meet and Confer.

21.10.1 Liability for Default. No Third Party Transferee shall be liable for the default by Developer or another Transferee in the performance of its respective obligations under this DDA, and Developer shall not be liable for the default by any Third Party Transferee in the performance of its respective obligations; provided, that the foregoing provision shall not (i) be applicable to either a Transferee or Developer to the extent either has assumed such obligation under the terms of the applicable Assignment and Assumption Agreement or retained such obligation in accordance with Section 21.4 of this DDA, or (ii) limit the Authority's right to proceed against Developer and Affiliates of Developer upon an Event of Default by Developer or any Affiliate of Developer. Except as provided in this Section 21.10 and in Sections 3.8 and 16.4, a failure to submit an Application or an Event of Default by Developer or a Transferee shall not entitle the Authority to terminate this DDA, or otherwise affect any rights under this DDA, for any portion of the Project Site that is not owned or Controlled by the Person that is in default.

21.10.2 Step-in Meet and Confer. If a Transferee of a Major Phase commits a Material Breach hereunder that results in the termination of the Major Phase, Developer may notify the Authority that Developer is willing to step-in and proceed with the applicable Major Phase and any Sub-Phases within that Major Phase that have not been previously conveyed. Upon such request, the Parties shall meet and confer on the terms of an Assumption Agreement whereby Developer would assume all obligations of Developer for that Major Phase and any remaining Sub-Phases of the Major Phase, including proposed changes to the Schedule of Performance. Notwithstanding the foregoing, Authority shall not be obligated to negotiate exclusively with Developer, shall have no obligation to enter into an Assignment and Assumption Agreement for the applicable Major Phase with Developer and may Transfer the applicable Major Phase to a Third Party Transferee at any time.

21.11 Restrictions on Speculation. No Sub-Phase or Lot may be Transferred by Developer until Developer (or the Transferee in accordance with Sections 21.1(e) or 21.4) has provided, and continues to maintain, Adequate Security for the performance of its obligations to

Complete the Infrastructure and Stormwater Management Controls in that Sub-Phase until Completion of such Infrastructure and Stormwater Management Controls.

21.12 Restrictions on Transfer by the Authority. The Parties acknowledge that pursuant to the terms of the Conversion Act, the City and County of San Francisco and the San Francisco Port Commission (the "**Port**") may succeed to certain interests of the Authority in the event of the dissolution of the Authority. Developer agrees to be bound by all of the terms of this Agreement should the City and/or the Port succeed to the interest of Authority by operation of law or otherwise, and it is the intent of the Parties hereto that this Agreement shall continue to be of full force and effect and binding on both Developer and any successor to the Authority by operation of law or otherwise in accordance with all of its terms and conditions. Except as may be expressly permitted by the foregoing during the Term, the Authority shall not Transfer any portion of the Project Site to any Person where such Transfer would materially adversely impair Developer's performance under this DDA or the uses, densities, rights or intensity of development contemplated under this DDA. The foregoing shall not preclude the grant of easements, leases, subleases, licenses or permits to facilitate the development, operation and use of the Project Site as contemplated by this DDA or the Marina Term Sheet. The Authority may Transfer the Authority Housing Lots only to Qualified Housing Developers and only for the development of Authority Housing Projects as set forth in the Housing Plan. Prior to the issuance of the final Certificate of Completion for all Improvements contemplated hereunder, except as otherwise provided herein, the Authority shall retain all Public Property designated for parks or open space. The Authority shall have the right to Transfer all or any portion of NSTI that is not included in the Project Site, and any of the Authority's rights and obligations under this DDA by operation of law, without the Approval of Developer; provided, however, that Authority shall provide under the terms of any such Transfer that development of such area is performed consistent with the Development Requirements. In addition, so long as TICD remains the Master Developer, the Authority shall further provide under the terms of any such Transfer that development of the Transferred area will comply with zoning and development standards equal to or more stringent than those applicable to the Project Site under the SUD and the Design for Development as of the effective date of the Transfer.

21.13 Certain Recordkeeping. Developer and its Transferees are treated as one for purposes of the sharing of Net Cash Flow under Section 1.3 of the Financing Plan. Developer shall require each Transferee to create and maintain, with respect to its development at the Project Site (excluding any Vertical Improvements), the same reports, records and information that Developer is required to create and maintain with respect to its development at the Project Site. Developer shall gather and compile all such information and prepare an integrated Annual Report for purposes of all accounting and record keeping under the Financing Plan, including but not limited to maintaining records of the Project Accounts, Project Costs, Distributions and Funding Sources in accordance with Section 1.6 of the Financing Plan. The Authority shall have the same audit rights against all Transferees as the Authority has against Developer, and all applicable reports, records and information of Transferees shall be made available to the Authority at its request in accordance with the Financing Plan.

22. GENERAL DEVELOPER AND VERTICAL DEVELOPER INDEMNIFICATION; INSURANCE.

22.1 General Developer Indemnification. Developer shall Indemnify the Authority and the City and their respective commissioners, directors, supervisors, officers, employees, attorneys, contractors and agents (each, a "**City Party**") from and against all claims, demands, losses, liabilities, damage, liens, obligations, interest, injuries, penalties, fines, lawsuits or other proceedings, judgments and awards and costs and expenses (including reasonable attorneys' fees and costs, consultant fees and costs and court costs) of whatever kind or nature, known or unknown, contingent or otherwise, including the reasonable costs to the Authority of carrying out the terms of any judgment, settlement, consent, decree, stipulated judgment or other partial or complete termination of an action or procedure that requires the Authority to take any action (collectively "**Losses**") arising from or as a result of, except to the extent such Losses are directly or indirectly caused by the act or omission of a City Party, (a) the non-compliance of the Infrastructure and Stormwater Management Controls constructed by or on behalf of Developer with any federal, State or local laws or regulations, including those relating to access, or any patent or latent defects therein, (b) during the period of time that Developer holds title to any portion of the Project Site, the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in such portion of the Project Site and (c) the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in or around the Project Site to the extent caused by the act or omission of Developer or its agents, servants, employees or contractors.

In addition to the foregoing, Developer shall Indemnify the City Parties from and against all Losses (if a City Party has been named in any action or other legal proceeding) arising directly or indirectly out of or connected with contracts or agreements (i) to which no City Party is a party and (ii) entered into by Developer in connection with its performance under this DDA, any Assignment and Assumption Agreement and any dispute between parties relating to who is responsible for performing certain obligations under this DDA (including any record keeping or allocation under the Financing Plan), except to the extent such Losses were caused by the act or omission of a City Party. For purposes of the foregoing sentence, no City Party shall be deemed to be a "party" to a contract solely by virtue of having Approved the contract under this DDA (e.g., an Assignment and Assumption Agreement).

22.2 General Vertical Developer Indemnification. The Vertical DDA and Vertical LDDA will require each Vertical Developer to Indemnify the City Parties from and against all Losses, except to the extent such Losses are caused by the act or omission of a City Party, arising from or resulting from (a) the non-compliance of the Vertical Improvements and any Infrastructure and Stormwater Management Controls constructed by Vertical Developer with any federal, State or local laws or regulations, including those relating to access, or any patent or latent defects therein, (b) during the period of time that Vertical Developer holds title to any portion of the Project Site, the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in such portion of the Project Site and (c) the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person in and around the Project Site to the extent caused by the act or omission of Vertical Developer or its agents, servants, employees or contractors.

22.3 Other Remedies. The agreements to Indemnify set forth in Sections 22.1 and 22.2 are in addition to, and in no way shall be construed to limit or replace, any other obligations or liabilities that Developer may have to the Authority under this DDA, except as may be limited by the provisions of Article 16.

22.4 Defense of Claims. The Authority agrees to give notice to Developer (the "**Indemnifying Party**") with respect to any suit filed or claim made against the Authority (or, upon the Authority's discovery thereof, against any City Party that the Authority believes in good faith is covered by any Indemnification given by Developer under this DDA) no later than the earlier of (a) ten (10) days after valid service of process as to any filed suit or (b) fifteen (15) days after receiving notification of the assertion of such claim, which the Authority has good reason to believe is likely to give rise to a claim for Indemnification hereunder by the Indemnifying Party. The failure of the Authority to give such notice within such timeframes shall not affect the rights of the Authority or obligations of the Indemnifying Party under this DDA except to the extent that the Indemnifying Party is prejudiced by such failure. The Indemnifying Party shall, at its option but subject to Approval by the Authority, be entitled to control the defense, compromise or settlement of any such matter through counsel of the Indemnifying Party's choice; provided, that in all cases the Authority shall be entitled to participate in such defense, compromise or settlement at its own expense. If the Indemnifying Party shall fail, however, in the Authority's reasonable judgment, within a reasonable time following notice from the Authority alleging such failure, to take reasonable and appropriate action to defend, compromise or settle such suit or claim, the Authority shall have the right promptly to hire counsel to carry out such defense, compromise or settlement, and the reasonable expense of the Authority in so doing shall be due and payable to the Authority within fifteen (15) days after receipt by the Indemnifying Party of a properly detailed invoice for such expense.

22.5 Limitations of Liability. It is understood and agreed that no commissioners, directors, members, officers, agents, attorneys, or employees of the Authority (or of its successors or assigns) shall be personally liable to Developer or any Vertical Developer, nor shall any direct or indirect partners, members or shareholders of Developer or Vertical Developer or its or their respective officers, directors, agents or employees (or of their successors or assigns) be personally liable to the Authority, in the event of any default or breach of this DDA by the Authority, Developer or any Vertical Developer or for any amount that may become due to Developer, any Vertical Developer or the Authority or any obligations under the terms of this DDA; provided, that the foregoing shall not release obligations of a Person that otherwise has liability for such obligations, such as (i) the general partner of a partnership that, itself, has liability for the obligation or (ii) the obligor under any Adequate Security covering such obligation. Further, notwithstanding anything to the contrary set forth in this Article 22, the Indemnifications by Developer in Article 22 shall exclude any Losses relating to Hazardous Substances, which shall be instead governed by the Land Acquisition Agreements, Permits to Enter and Article 11.

22.6 Insurance Requirements. As a part of each Major Phase Application, Developer shall propose the form, amount, type, terms and conditions of insurance coverages required of Developer in connection with such Major Phase, including those required under Section 11.3, and the final insurance requirements shall be included in each Major Phase Approval (the "**Insurance Requirements**").

23. AUTHORITY INDEMNIFICATION.

23.1 Indemnification. The Authority shall Indemnify Developer and its owners and the members, directors, officers, partners, employees, agents, successors and assigns of each of them from and against all Losses arising from or as a result of Authority's non-compliance with applicable Replacement Housing Obligations, except to the extent that such Losses are directly or indirectly caused by the negligent or willful act of Developer, including Developer's failure to comply with its obligations under the Housing Plan.

23.2 Other Remedies. The agreement to Indemnify set forth in Section 23.1 is in addition to, and in no way shall be construed to limit or replace, any other obligations or liabilities that the Authority may have to Developer under this DDA, except as may be limited by the provisions of Article 16.

24. EXCUSABLE DELAY; EXTENSION OF TIMES OF PERFORMANCE.

24.1 Excusable Delay. In addition to the specific provisions of this DDA, a Party shall not be deemed to be in default under this DDA, including all Exhibits, on account in any delay in such Party's performance to the extent the delay results from any of the following (each, "**Excusable Delay**"):

24.1.1 "**Force Majeure**", which means: war; acts of terrorism; insurrection; strikes or lock-outs not caused by, or outside the reasonable control of, the Party claiming an extension; riots; floods; earthquakes; fires; casualties; acts of nature; acts of the public enemy; epidemics or pandemics; quarantine restrictions; freight embargoes; lack of transportation not caused by, or outside the reasonable control of, the Party claiming an extension; failure or delay in delivery of utilities serving the Project Site not caused by, or outside the reasonable control of, the Party claiming an extension, existing environmental conditions affecting the Project Site that are not the responsibility of Developer under a Remediation Agreement, and previously unknown environmental conditions discovered on or affecting the Project Site or any portion thereof, in each case including any delay caused or resulting from the investigation or remediation of such conditions; existing unknown or newly discovered geotechnical conditions affecting the Project Site, including any delay caused or resulting from the investigation or remediation of such conditions, or litigation that enjoins construction or other work on the Project Site or any portion thereof, causes a lender to refuse to fund, disburse or accelerate payment on a loan, or prevents or suspends construction work on the Project Site except to the extent caused by the Party claiming an extension; unusually severe weather; inability to secure necessary labor, materials or tools (provided that the Party claiming Force Majeure has taken reasonable action to obtain such materials or substitute materials on a timely basis); a development moratorium, as defined in Section 66452.6(f) of the California Government Code, extending the expiration date of a tentative subdivision map; the occurrence of a Conflicting Law; a breach of Authority's Title Covenant, including any delay caused or resulting from the ensuing time necessary for Authority or Developer to remove such title exception, including litigation arising therefrom; and any other causes beyond the reasonable control and without the fault of the Party claiming an extension of time to perform.

24.1.2 "**Economic Delay**", means either (1) any period of time in which Developable Lots that are Market Rate Lots ("**Developable Market Rate Lots**") containing thirty percent (30%) or more of the number of Market Rate Units as set forth in the Housing Data Table approved for any given Sub-Phase remain unsold at or above the Minimum Bid Price(s) set forth in the Proforma submitted by Developer at the commencement of the applicable Major Phase (as such Proforma may be updated at a subsequent Sub-Phase in accordance with this DDA), for a period of no less than four (4) months after the last Market Rate Developable Lot in the Sub-Phase has been completed, notwithstanding commercially reasonable and diligent efforts by Developer to market and sell such Developable Market Rate Lots (a "**Sub-Phase Event**"); or (2) any period of time in which Developable Market Rate Lots containing thirty percent (30%) or more of the number of Market Rate Units as set forth in the Housing Data Tables for all Sub-Phases approved to date remain unsold at or above the Minimum Bid Price(s) set forth in the Proforma submitted by Developer at the commencement of the most recent Major Phase (as such Proforma may be updated at a subsequent Sub-Phase in accordance with this DDA), for a period of no less than four (4) months after the last Developable Market Rate Lot in the applicable Sub-Phase has been completed, notwithstanding commercially reasonable and diligent efforts by Developer to market and sell such Developable Market Rate Lots (a "**Cumulative Sub-Phase Event**"). The foregoing notwithstanding, Developable Market Rate Lots designated in the Housing Data Table approved at the commencement of any given Sub-Phase to accommodate buildings over 240 feet in height (each, a "**High Rise Lot**") and realized land sales attributable to those Developable Market Rate Lots shall be excluded from calculations of both a Sub-Phase Event and a Cumulative Sub-Phase Event for a period of time equal to the first six (6) years after the date of approval of the first Sub-Phase Application in the Initial Major Phase. From and after the sixth anniversary of the date of approval of the first Sub-Phase Application in the Initial Major Phase, all Developable Market Rate Lots in any given Sub-Phase, including High Rise Lots, shall be included in any calculations determining a Cumulative Sub-Phase Event, but shall not be included in any calculations for determining a Sub-Phase Event. Notwithstanding the foregoing, if the sole reason for Economic Delay is due to the inclusion of unsold High Rise Lots in a Cumulative Sub-Phase Event and such condition remains for more than four (4) years, the Developer, at its option, shall either waive the Economic Delay or, if it elects not to waive the Economic Delay, Developer may deliver a Requested Change Notice regarding a redesign of the High Rise Lots as necessary to reposition the Project for market acceptance.

24.1.3 "**Administrative Delay**", which means: (i) any Governmental Entity's failure to act within a reasonable time, in keeping with standard practices for such Governmental Entity, or within the time contemplated in the Interagency Cooperation Agreement, the Development Agreement, any of the Land Acquisition Agreements, any Acquisition and Reimbursement Agreement or this DDA (after a timely request to act or when a duty to act arises); (ii) the taking of any action, or the failure to act, by any Governmental Entity where such action or failure to act is challenged by Developer or a Vertical Developer and the Governmental Entity's act or failure to act is determined to be wrong or improper; provided, that delays caused by an applicant's failure to submit Complete Applications or provide required information shall not, by

itself, be an Administrative Delay; and (iii) any delay that by the express terms of this DDA is an Administrative Delay. Without limiting the foregoing, Administrative Delay shall include the period of delay, if any, between the anticipated date for Initial Closing as set forth in the Conveyance Agreement approved by the Authority and the City as of the Original Reference Date and the actual date for the Initial Closing as set forth in the fully executed final Conveyance Agreement.

24.1.4 "**CEQA Delay**", which means: (i) such period as may be required to complete any additional environmental review required under CEQA after the certification of the Project EIR by the Planning Commission and the Authority Board and the filing of a notice of determination following approval of the Project by the Board of Supervisors; (ii) any time during which there are litigation or other legal proceedings pending involving the certification or sufficiency of the Project EIR or any other additional environmental review, regardless of whether development activities are subject to a stay, injunction or other prohibition on development action; (iii) any time required to comply with any Mitigation Measures imposed on the Project relating to previously unknown conditions or conditions that could not have been reasonably anticipated and that, by their nature require a delay or stoppage in work, including investigation and remediation activities required thereby, provided that the Party claiming delay is taking such required actions and resolving the issues causing delay in a timely and diligent manner; and (iv) any time required by the Authority or City to prepare additional environmental documents in response to a pending Application or other request for an Approval by the City or the Authority that requires additional environmental review; provided that the Party claiming delay has timely taken reasonable actions to obtain any such Approval or action.

Notwithstanding anything to the contrary in this Section 24.1, the following shall not be Excusable Delay: (1) the lack of credit or financing, unless such lack is the result of Economic Delay; or (2) the appointment of a receiver to take possession of the assets of Developer, an assignment by Developer for the benefit of creditors, or any other action taken or suffered by Developer**,** under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute.

24.2 Period of Excusable Delay. The period of an Excusable Delay shall commence to run from the time of the commencement of the cause. Except for CEQA Delay, the Party claiming Excusable Delay shall provide notice to the other applicable Parties of such Excusable Delay within a reasonable time following the commencement of the cause. If, however, notice by the Party claiming such extension is sent to the other Parties more than sixty (60) days after the commencement of the cause, the period shall commence to run only sixty (60) days before the giving of such notice, provided that the Party claiming the extension gives notice within a reasonable time following the commencement of the cause.

24.2.1 Each extension for Excusable Delay shall cause all future dates in the Schedule of Performance, or other date for performance occurring after the date of the notice, to be extended (in each case as they may otherwise be extended), although Developer shall not be entitled (A) to abandon any portion of the Project Site that it owns or where it has Commenced Infrastructure and Stormwater Management Controls without

first taking appropriate measures to leave the property in good and safe condition, (B) to extend the Outside Dates for the Completion of Infrastructure and Stormwater Management Controls or other Improvements that have Commenced to the extent that Excusable Delay is not related to such activities, (C) to cease paying taxes or assessments on any real property it owns within the Project Site, (D) to avoid the obligation to maintain in effect Adequate Security or other financial assurances, (E) to avoid or delay its obligations to construct the Required Improvements, except to the extent an Excusable Delay relates to Developer's obligations for such construction, or (F) to avoid or delay its Financial Obligations (except to the extent such payments are tied to the dates for the Completion of Improvements). In addition, Developer shall not be entitled to an Economic Delay extension to extend the date for Completion of the Infrastructure and Stormwater Management Controls for the Authority Housing Lot designated for satisfaction of the Replacement Housing Obligation related to demolition of the existing Yerba Buena Island units.

24.2.2 Times of performance under this DDA may also be extended in writing by the Authority and Developer for the Infrastructure and Stormwater Management Controls and the other obligations of Developer or the Authority hereunder, each acting in its respective sole and absolute discretion.

24.3 Developer Extension.

24.3.1 Upon receipt of each of the first three Major Phase Approvals, Developer shall obtain a "**Developer Extension**" equal to two (2) years. Upon receipt of the fourth Major Phase Approval, Developer shall obtain a Developer Extension equal to three (3) years. On any occasion in its sole discretion, Developer shall have the right to apply the Developer Extension subject to the following limitations and procedures: (i) Developer may apply the Developer Extension only by notifying the Authority to such effect, specifying the duration of such extension; (ii) by notice to the Authority Developer may extend the duration of the extension, so long as it remains within the then unused Developer Extension, and may reduce the duration of the extension upon notification that there is an applicable Excusable Delay and Developer intends to rely on the Excusable Delay instead of the Developer Extension; (iii) subject to the limitations in Section 24.3.2 below, each extension notice shall have the effect of extending (or reducing, as the case may be) all of the Outside Dates in the Schedule of Performance or other date for performance occurring after the date of the notice (in each case as they may otherwise be extended) by the duration of such extension (or reduction); (v) no such extension may be for a period longer than the unused portion of the then current Developer Extension; and (vi) any unused portion of a Developer Extension obtained upon a Major Phase Approval shall expire upon Completion of the Infrastructure and Stormwater Management Controls for that Major Phase. Extensions pursuant to this Section 24.3 are independent of Excusable Delay and any other ground for extension permitted in this DDA.

24.3.2 A Developer Extension shall cause all future dates in the Schedule of Performance, or other date for performance occurring after the date of the notice, to be extended (in each case as they may otherwise be extended), although Developer shall not be entitled (A) to abandon any portion of the Project Site that it owns or where it has

Commenced Infrastructure and Stormwater Management Controls without first taking appropriate measures to leave the property in good and safe condition, (B) to cease paying taxes or assessments on any real property it owns within the Project Site, (C) to avoid the obligation to maintain in effect Adequate Security or other financial assurances, (D) to extend the dates for performance for the Required Improvements, (E) to extend the date for Completion of the Infrastructure and Stormwater Management Controls for the Authority Housing Lot designated for satisfaction of the Replacement Housing Obligation related to demolition of the existing YBI units, or (F) to avoid or delay its Financial Obligations (except to the extent such payments are tied to the dates for the Completion of Improvements).

24.4 Park Extension. Developer and the Authority wish to avoid damaging the Improvements to the parks and open space during construction of adjacent Improvements, and to avoid the Completion of such parks and open space Improvements before the Completion of the Infrastructure and Stormwater Management Controls serving the parks and open space. Accordingly, subject to compliance with the Mitigation Measures, Developer shall have the right to apply for an extension of the applicable Outside Date for a specified parks and open space by one (1) year (the "**Park Extension**") by submitting request for such extension to the Authority on or before the applicable Outside Date. Approval for such extension shall not be unreasonably withheld if Developer satisfactorily demonstrates that such extension is necessary to avoid damaging the Improvements to the parks and open space during construction of adjacent Improvements, and to avoid the Completion of such parks and open space Improvements before the Completion of the Infrastructure and Stormwater Management Controls serving the parks and open space.

24.5 Limitations. In the event that an Excusable Delay exceeds twelve (12) months (except as set forth in the last sentence of this Section 24.5), the Parties shall meet and confer in good faith on mutually acceptable changes to the Project that will allow development of the Project to proceed to the extent possible notwithstanding the event or events causing such Excusable Delay. Notwithstanding anything to the contrary in this DDA, in no event shall an Excusable Delay extend for a period greater than (i) for litigation, three (3) months after a final, non-appealable judgment is issued or affirmed and (ii) for all other events other than Administrative Delay, CEQA Delay, Economic Delay or Force Majeure triggered by earthquake or flood, forty-eight (48) months after the start of the Excusable Delay. There shall be no cutoff date for an Administrative Delay, new environmental conditions, CEQA Delay (except as provided in clause (i) above), Economic Delay (except as provided in Section 24.1.2) or Force Majeure triggered by earthquake or flood.

24.6 Extensions for Delay under Land Acquisition Agreements. The Parties acknowledge and agree that the Navy's schedule for the phased conveyances of the Project Site to the Authority is revised from time to time by the Navy to reflect the Navy's progress in remediating such property. Upon Developer's request, the Authority Director will consider, in his or her reasonable discretion, changes to the Schedule of Performance to extend the applicable Outside Dates so as to avoid having Applications submitted significantly in advance of when necessary based upon the anticipated date of conveyances by the Navy (or other parties under other Land Acquisition Agreements), but still far enough in advance to permit Developer to Commence Infrastructure and Stormwater Management Controls when the applicable real

property will be available; provided, this potential extension of the Schedule of Performance shall not be used or applied for delays under the Land Acquisition Agreements caused by Developer.

25. COOPERATION AND ASSISTANCE.

25.1 Interagency Cooperation Agreement. The Authority shall perform its obligations under the Interagency Cooperation Agreement and shall use commercially reasonable efforts to cause the City Agencies to perform their respective obligations under the Interagency Cooperation Agreement**.**

25.2 Authority and Developer Rights and Obligations Under Land Acquisition Agreements. As a part of the land acquisition required or contemplated for the Project, the Authority plans to enter into the Conveyance Agreement and the Public Trust Exchange Agreement (collectively, the "**Land Acquisition Agreements**"). In furtherance of the foregoing, the Authority shall, to the extent Developer continues to have rights under this DDA with respect to the affected real property: (a) use good faith efforts to include Developer in any meetings between the Authority and any of the parties to the Land Acquisition Agreements with respect to the subject matter thereof, and deliver to Developer a copy of any material written notice sent or received by the Authority under any of the Land Acquisition Agreements; (b) consult with Developer regarding any material written notice that the Authority desires to deliver under any Land Acquisition Agreement; (c) not send any material written notice that the Authority desires to deliver under any Land Acquisition Agreement without the Approval of Developer; (d) coordinate with Developer regarding any closing or other material actions under any of the Land Acquisition Agreements; (e) closely coordinate with Developer in connection with any dispute resolution process under the Conveyance Agreement; and (e) not take any actions under any of the Land Acquisition Agreements that would materially adversely impact Developer without the Approval by Developer (unless the failure to take such action would result in an Authority breach of the Land Acquisition Agreement), including any termination or material amendment of a Land Acquisition Agreement. The Authority shall make available to Developer upon written request any written notices or third-party communications, and any non-privileged materials, in the Authority's possession regarding the Land Acquisition Agreements. Developer agrees to reasonably cooperate with the Authority and to perform all acts required of Developer in order to effectuate the closings contemplated by the Land Acquisitions Agreements.

25.3 Cooperation Regarding Land Acquisition Agreements. The Authority will use commercially reasonable efforts to enforce its rights under the Land Acquisition Agreements; provided, that the Authority shall not be required to spend funds for such efforts unless Approved by the Authority Board and, if applicable, the Board of Supervisors. Developer will reasonably cooperate with the Authority in such efforts, including by providing access to the Authority, the Navy and their designated representatives and promptly delivering to the Authority any non-privileged materials in Developer's possession that may be required under the Land Acquisition Agreements.

26. ADEQUATE SECURITY.

26.1 Certain Definitions. As used herein:

"**Adequate Security**" means any security provided by Developer in accordance with this DDA that (i) secures the faithful performance or payment of the obligation secured thereby, (ii) is issued by a Person Approved by the Authority Director (and that meets the Guarantor Net Worth Requirement, if applicable), (iii) provides that the maximum liability of the obligor thereunder shall be equal to the Secured Amount plus the costs of enforcing such Adequate Security, and (iv) is in a form determined by Developer and Approved by the Authority Director, including, but not limited to a Guaranty, bonds, letters of credit, certificates of deposit or any other form that provides reasonable assurances regarding the obligations secured thereby. Any Adequate Security required by the TI/YBI Subdivision Code in connection with a final subdivision map shall conform to the requirements of the TI/YBI Subdivision Code.

"**Guaranty**" means a guaranty in the form attached hereto as Exhibit Y-1 or Y-2, as applicable, with only such changes as may be Approved by Developer and the Authority Director in their respective sole and absolute discretion that is executed by a Person(s) (i) with a Net Worth greater than the Secured Amount, and in no event less than Fifty Million Dollars ($50,000,000) (such $50,000,000 amount to be increased, automatically, by ten percent (10%) on each five (5) year anniversary of the Effective Date) (the "**Guarantor Net Worth Requirement**") and (ii) that is otherwise Approved by the Authority Director (each, a "**Guarantor**").

"**Secured Amount**" means, unless otherwise specifically provided in this DDA, including Section 16.5.4, (i) if securing an obligation to pay money, one hundred percent (100%) of the amount of such secured payment and (ii) if securing an obligation to construct, one hundred percent (100%) of the estimated cost of Completion of such construction as such cost is Approved by the Authority Director and Developer with reference to the applicable construction contracts entered into by Developer.

26.2 Base Security.

26.2.1 Base Security. Developer shall provide one or more Guaranties or other Adequate Security for (i) the payment of Financial Obligations, (ii) the payment and performance of Indemnifications under this DDA, including Indemnification obligations set forth in Section 22.1 hereof relating to the construction of Infrastructure, Stormwater Management Controls, Associated Public Benefits and Required Improvements and in Section 11.2 relating to Hazardous Substances, and (iii) all obligations secured under the Original Project Guaranty (the "**Base Security**"). The Base Security shall include a cap on the obligors' liability covered by all Base Security in the aggregate amount of Ten Million Dollars ($10,000,000), provided such amount shall be increased automatically by ten percent (10%) on each five (5) year anniversary of the Original Reference Date (the "**Base Security Cap**").

26.2.2 Effect of Transfer. Unless otherwise Approved by the Authority Board in its sole discretion in connection with its Approval of a Transfer, a Transfer by Developer to a Transferee under this DDA (and the provision of Base Security from more than one Person) shall not decrease the Base Security Cap under Base Security previously provided to the Authority.

26.2.3 Delivery by Developer. Within sixty (60) days after the Original Reference Date, (i) Developer shall provide up to two separate Guaranties, substantially in the form attached hereto as Exhibit Y-1 (or other form of Adequate Security), each from a Guarantor that meets the Guarantor Net Worth Requirement, in the aggregate amount of the Base Security Cap, with only such changes as may be mutually Approved by the Authority Director and Developer, and such Adequate Security shall be, collectively, Developer's Base Security. Promptly following the full execution and delivery of such Base Security, the Authority shall release and return the Original Project Guaranty to Developer. If requested by Developer or the applicable obligor, the Authority shall provide a written confirmation of such release and return. If more than one (1) form of Base Security is provided, the Adequate Security shall not be cross-defaulted and liability thereunder shall be several and not joint, but such Guaranties shall be subject to the replenishment requirement under Section 26.2.5. In the event that a claim or demand may be made against more than one instrument of Base Security, the Authority shall have the right to proceed against all such Base Security instruments simultaneously or in such order as may be determined by the Authority in its sole discretion. Notwithstanding the foregoing, if a CEQA Delay has occurred within sixty (60) days after the Original Reference Date, then the Guaranties provided shall add up to a collective total of Five Million Dollars ($5,000,000), and shall be replaced by Guaranties meeting the requirements of this Section 26.2.2 adding up to a collective total of the Base Security Cap upon the earlier of (i) sixty days after the expiration of the CEQA Delay; or (ii) the Initial Closing of the FOST Parcel under the Conveyance Agreement. Concurrently with the execution and delivery of such replacement Guaranties, the Authority shall release and return the prior Guaranty Agreement(s) to the applicable Guarantor.

26.2.4 Delivery by Transferees. No later than the effective date of a Transfer by Developer under Article 21, either (i) Developer and the obligor(s) under Developer's Base Security shall confirm in a manner acceptable to the Authority Director that Developer's Base Security secures all obligations of the Transferee described in Section 26.2.1, or (ii) the Transferee shall provide to the Authority new Base Security that secures all obligations of the Transferee as described in Section 26.2.1 and is Approved by the Authority Director. The effectiveness of the Authority Board's Approval of any Transfer under Article 21 shall be conditioned upon the Authority's receipt of such Base Security or such confirmation.

26.2.5 Replenishment. No payment or performance made by the obligor under any Base Security shall reduce or eliminate the requirement that Developer provide and maintain Base Security at all times during this DDA until the applicable Base Security Termination Date. Accordingly, upon any payment or performance by an obligor under Base Security, Developer shall provide, within thirty (30) days following such payment or performance, either replacement Base Security or an amendment to the applicable existing Base Security (in each case meeting all of the requirements for the Base Security as set forth in this DDA) to confirm that the Base Security Cap under all Base Security remains, collectively, Ten Million Dollars ($10,000,000), as increased by ten percent (10%) on each five (5) year anniversary of the Original Reference Date (plus the costs of enforcing the Base Security).

26.2.6 Release. The Authority shall promptly release and return any unused portion of any Base Security five (5) years following the earliest to occur of the following events: (i) the issuance of the last Certificate of Completion for all Infrastructure and Stormwater Management Controls to be Completed by all of the Parties whose obligations are secured thereby and the payment of all Financial Obligations and accrued Indemnification obligations that are to be paid by all of the Parties whose obligations are secured thereby; or (ii) the expiration or termination of both this DDA and the ENA with respect to such Parties (the "**Base Security Termination Date**") and, if requested by Developer or the applicable obligor, provide a written confirmation of such release and return.

26.3 Net Worth Requirement/Significant Change/Substitute Security.

26.3.1 Net Worth Requirement. Each Guaranty shall provide that the Guarantor thereunder shall, at the Authority's request to such Guarantor and Developer from time to time, provide reasonably satisfactory evidence to the Authority that such Guarantor satisfies the Guarantor Net Worth Requirement as of the date of such request; provided that the Authority shall not make such request more than once in any calendar year unless the Authority reasonably believes that the Guarantor Net Worth Requirement is not then being satisfied. Any such evidence shall include a copy of the most recent audit of such Person, which audit must be dated no more than thirteen (13) months before the date of the Authority's request and must have been performed by an independent third-party auditor and must include the opinion of the auditor indicating that the financial statements are fairly stated in all material respects. If such Guarantor or Developer does not or is unable to provide such evidence within twenty (20) days following such request, Developer shall within another twenty (20) days deliver to the Authority a new Guaranty (or other Adequate Security) that satisfies the requirements of this Article 26 from a Person who satisfies the Guarantor Net Worth Requirement.

26.3.2 Significant Change to Guarantor. Any of the following shall be considered a "**Significant Change to Guarantor**" under the Guaranty: (i) Guarantor files a petition for bankruptcy, or makes a general assignment for the benefit of its creditors, (ii) a receiver is appointed on account of Guarantor's insolvency, (iii) a writ of execution or attachment or any similar process is issued or levied against any bank accounts of Guarantor, or against any property or assets of Guarantor being used or required for use in the development of the Infrastructure, Stormwater Management Controls, Associated Public Benefits and Required Improvements or against any substantial portion of any other property or assets of Guarantor, (iv) a final non-appealable judgment is entered against Guarantor in an amount in excess of ten percent of the Guarantor's Net Worth and Guarantor does not satisfy or bond the judgment or (v) without the consent of Guarantor, an application for relief is filed against Guarantor under any federal or state bankruptcy law, unless the application is dismissed within ninety (90) days. If a Significant Change to Guarantor occurs, Developer shall notify the Authority as soon as reasonably practicable and within twenty (20) days after the occurrence of the Significant Change to Guarantor, deliver to the Authority a new Guaranty (or other Adequate Security) that satisfies the requirements of this Article 26

from a Person who satisfies the Guarantor Net Worth Requirement and would not be within the definition of a Significant Change to Guarantor.

26.4 Requirement for Adequate Security Prior to Sub-Phases.

26.4.1 Delivery; Secured Amount. As set forth in the DRDAP, Developer shall provide with each Sub-Phase Application one or more forms of Guaranty or other forms of Adequate Security that, collectively, secure all of Developer's obligations with respect to that Sub-Phase (the "**Sub-Phase Security**"), including Developer's obligation to Complete all of the Infrastructure, Stormwater Management Controls, Required Improvements and Associated Public Benefits associated with that Sub-Phase, which obligations include but are not limited to all hard and soft costs relating to construction of such Infrastructure, Stormwater Management Controls, Required Improvements and Associated Public Benefits, and all work required to be performed by Developer to Complete such Infrastructure, Stormwater Management Controls, Required Improvements and Associated Public Benefits such as land assembly, mapping, and performance under the Land Acquisition Agreements (collectively, the "**Sub-Phase Construction Obligations**"), but excluding the payment of the Financial Obligations and all Indemnification obligations, each of which are secured by the applicable Base Security. The Sub-Phase Security shall provide that the maximum liability of the obligor(s) for the Sub-Phase Construction Obligations shall be, collectively, one hundred percent (100%), or to the extent Developer has provided Increased Adequate Security under Section 16.5.4, one hundred twenty-five percent (125%), of the estimated cost of Completion of the applicable Sub-Phase Construction Obligations as such cost is Approved by the Authority Director, with reference to any construction contracts entered into by Developer on or before the date of issuance of the Sub-Phase Security (the "**Sub-Phase Construction Secured Amount**") plus the costs of enforcing such Sub-Phase Security. Developer shall provide fully effective Sub-Phase Security in the form(s) as set forth in its Sub-Phase Application and the applicable Sub-Phase Approval no later than thirty (30) days after the Authority Director grants the applicable Sub-Phase Approval. The effectiveness of any Sub-Phase Approval shall be conditioned upon the Authority's receipt of such fully effective Sub-Phase Security.

26.4.2 Relationship Between Multiple Sub-Phase Security Instruments. If more than one instrument of Sub-Phase Security is provided for a Sub-Phase, then such Sub-Phase Security shall not be cross-defaulted and liability thereunder shall be several and not joint. In the event that a claim or demand may be made against more than one instrument of Sub-Phase Security, the Authority shall have the right to proceed against any or all of such Sub-Phase Security instruments simultaneously or in such order as may be determined by the Authority in its sole discretion.

26.4.3 Relationship with Base Security. The Parties acknowledge and agree that Developer's Indemnification obligations and obligations for payment of Financial Obligations under this DDA that arise out of a Sub-Phase are secured by Developer's Base Security and not by the applicable Sub-Phase Security. If the Authority pursues a claim or demand against any Adequate Security for payment and performance of Developer's Indemnification obligations or obligations for payment of

Financial Obligations under this DDA that arise out of a Sub-Phase, it shall only pursue such claim or demand under the applicable Base Security.

26.5 Reduction, Return and Release of Sub-Phase Security. Any Sub-Phase Security provided by Developer in accordance with this DDA shall be proportionately reduced upon partial satisfaction of the Sub-Phase Construction Obligations secured thereby, to the extent Approved by the Authority or provided in such Sub-Phase Security, or upon notice by Developer in accordance with Section 16.5.4, be retained by the Authority to the extent necessary to satisfy the requirements for recordation of the Reverter Release. Except as may otherwise be required to support the Reverter Release under Section 16.5.4, any Sub-Phase Security shall be released upon the complete satisfaction of the obligation secured thereby, as evidenced by the issuance of Developer's last Certificate of Completion with respect to such Sub-Phase; provided that if the Authority terminates this DDA with respect to such Sub-Phase before the issuance of Developer's last Certificate of Completion for that Sub-Phase, the Sub-Phase Security shall be released when the Sub-Phase Construction Obligations that relate to the period before such termination have been Completed (or, if applicable, upon and in accordance with a final, unappealable judicial determination). Notwithstanding anything to the contrary set forth in this DDA, to the extent that any Sub-Phase Security provided herein is given in accordance with the TI/YBI Subdivision Code for the purpose of securing Sub-Phase Construction Obligations required under an approved Subdivision Map, such Sub-Phase Security shall be reduced and released by the City in accordance with the TI/YBI Subdivision Code. Upon any release of any Sub-Phase Security under this DDA, the Authority shall promptly (and in any event within thirty (30) days following such release) return such released Sub-Phase Security and, if requested by Developer or the applicable obligor, provide a written confirmation of such release and return.

26.6 Substitution of Adequate Security. Developer shall have the right to substitute any Adequate Security (including any Base Security) provided to the Authority hereunder, or any portion thereof, for another form of Adequate Security that meets all of the requirements or Approvals needed for it to be Adequate Security as defined in this DDA. Without limiting the generality of the foregoing, upon providing any security in the form required pursuant to the TI/YBI Subdivision Code for Infrastructure and Stormwater Management Controls as and when required thereby, any prior Sub-Phase Security provided by Developer for that Infrastructure and Stormwater Management Controls obligation shall be released or reduced to the extent of such required security.

27. SPECIAL PROVISIONS. The following Ordinances of the City and County of San Francisco, as the same are in effect as of the Effective Date of the DDA and as amended or updated to the extent permitted under the Development Agreement, apply to the Project and the Work.

27.1 Non-Discrimination in City Contracts and Benefits Ordinance.

(a) Covenant Not to Discriminate. In the performance of this Agreement, Developer covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), weight,

height, association with members of classes protected under Articles 131 or 132 of Division II of the San Francisco Labor and Employment Code (formerly Chapters 12B and 12C of the San Francisco Administrative Code) or in retaliation for opposition to any practices forbidden under Articles 131 or 132 of Division II of the Labor and Employment Code against any employee of Developer or any City and County employee working with Developer, any applicant for employment with Developer, or any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Developer in the City and County of San Francisco.

(b) Subleases and Other Contracts. Developer shall include in all subleases and other contracts relating to the Project Site to which Developer is a signing party a non-discrimination clause applicable to such subtenant or other contractor in substantially the form of Section 27.1(a) above. In addition, Developer shall incorporate by reference in all Subleases and other contracts the provisions of Sections 131.2(a), 131.2(c) – (k), and 132.3 of the Labor and Employment Code (formerly, sections 12B.2 (a), 12B.2 (c)-(k) and 12C.3 of the San Francisco Administrative Code) and shall require all subtenants and other subcontractors to comply with such provisions. Developer's failure to comply with the obligations in this Section 27.1(b) shall constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Developer does not as of the Original Reference Date and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits (collectively "**Core Benefits**") as well as any benefits other than the Core Benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local Law authorizing such registration, subject to the conditions set forth in Section 131.2 of the Labor and Employment Code.

(d) HRC Form. On or prior to the Effective Date, Developer shall execute and deliver to the Authority the "**Nondiscrimination in Contracts and Benefits**" form approved by the San Francisco Human Rights Commission.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Developer shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Developer understands that pursuant to Section 131.2(h) of the Labor and Employment Code, a penalty of $50 for each person for each calendar day during which

such person was discriminated against in violation of the provisions of this Agreement may be assessed against Developer and/or deducted from any payments due Developer.

27.2 Jobs and Equal Opportunity Program. Developer shall comply with the Jobs EOP, including the requirements relating to Developer's compliance with the City's First Source Hiring Program (San Francisco Administrative Code Section 83.1 et. seq.).

27.3 Labor Representation (Card Check). San Francisco Administrative Code Chapter 23, Article VI shall apply to (i) hotel and restaurant operators that employ more than fifty (50) employees on the Project Site, and (ii) grocery operators that employ more than fifty (50) employees on the Project Site. Hotel operators shall also be required to utilize the TIHDI Job Broker for job referrals as described in and consistent with the Jobs EOP.

27.4 Wages and Working Conditions. Developer agrees that any person performing Construction Work (as defined in the Jobs EOP) shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Developer shall include in any contract for Construction Work a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Developer shall require any Construction Contractor to provide, and shall deliver to the Authority and City upon request, certified payroll reports with respect to all persons performing labor in connection with the construction.

27.5 Requiring Health Benefits for Covered Employees. Unless exempt, Developer agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("**HCAO**"), as set forth in Labor and Employment Code Division II, Article 121 (formerly San Francisco Administrative Code Chapter 12Q (Chapter 12Q)), including the implementing regulations as the same may be amended or updated from time to time. The provisions of the HCAO are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is currently available on the web at www.sfgov.org. Capitalized terms used in this Section 27.5 and not defined in this Agreement shall have the meanings assigned to such terms in the HCAO.

(a) For each Covered Employee Developer shall provide the appropriate health benefit set forth in Section 121.3 of the HCAO.

(b) Notwithstanding the above, if Developer meets the requirements of a "small business" by the City pursuant to Section 121.3(g) of the HCAO, it shall have no obligation to comply with Section 27.5(a) above.

(c) Developer understands and agrees that the failure to comply with the requirements of the HCAO shall constitute a material breach by Developer of this Agreement.

(d) If, within 30 days after receiving written notice of a breach of this Agreement for violating the HCAO, Developer fails to cure such breach or, if such

breach cannot reasonably be cured within such 30-day period, Developer fails to commence efforts to cure within such period, or thereafter fails to diligently pursue such cure to completion, the City shall have the remedies set forth in Section 121.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City and the Authority.

(e) Any sublease or contract regarding services to be performed on the Project Site entered into by Developer shall require the subtenant or contractor and subcontractors, as applicable, to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in Article 121 of Division II of the Labor and Employment Code. Developer shall notify the City's Office of Labor Standards Enforcement ("**OLSE**") when it enters into such a sublease or contract and shall certify to the OLSE that it has notified the subtenant or contractor of the obligations under the HCAO and has imposed the requirements of the HCAO on the subtenant or contractor through written agreement with such subtenant or contractor. Developer shall be responsible for ensuring compliance with the HCAO for each subtenant, contractor and subcontractor performing services on the Project Site. If any subtenant, contractor or subcontractor fails to comply, the City or the Authority may pursue the remedies set forth in Section 121.5 of the Labor and Employment Code against Developer based on the subtenant's, contractor's, or subcontractor's failure to comply, provided that the Authority has first provided Developer with notice and an opportunity to cure the violation.

(f) Developer shall not discharge, reprimand, penalize, reduce the compensation of, or otherwise discriminate against, any employee for notifying the City of any issue relating to the HCAO, for opposing any practice proscribed by the HCAO, for participating in any proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(g) Developer represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the requirements of the HCAO.

(h) Developer shall keep itself informed of the requirements of the HCAO, as they may change from time to time.

(i) Upon request, Developer shall provide reports to the City and the Authority in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subtenants, contractors, and subcontractors.

(j) Within five (5) business days of any request, Developer shall provide the City and the Authority with access to pertinent records relating to any Developer's compliance with the HCAO. In addition, the City and its agents may conduct random audits of Developer at any time during the Term. Developer agrees to cooperate with City and the Authority in connection with any such audit.

(k) If a contractor or subcontractor is exempt from the HCAO because the amount payable to such contractor or subcontractor under all of its contracts with the

City or relating to City-owned property is less than $25,000.00 (or $50,000.00 for nonprofits) in that fiscal year, but such contractor or subcontractor later enters into one or more agreements with the City or relating to City-owned property that cause the payments to such contractor or subcontractor to equal or exceed $75,000.00 in that fiscal year, then all of the contractor's or subcontractor's contracts with the City and relating to City-owned property shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements to equal or exceed $75,000.00 in the fiscal year.

27.6 Developer Conflicts of Interest. Through its execution of this Agreement, Developer acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, certifies that it knows of no facts which would constitute a violation of such provisions and agrees that if Developer becomes aware of any such fact during the Term Developer shall immediately notify the Authority. Developer further certifies that it has made a complete disclosure to the Authority of all facts bearing on any possible interests, direct or indirect, which Developer believes any officer or employee of the City or the Authority presently has or will have in this Agreement or in the performance thereof or in any portion of the profits thereof. Willful failure by Developer to make such disclosure, if any, shall constitute grounds for the Authority's termination and cancellation of this Agreement.

27.7 Prohibition of Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, no funds appropriated by the Authority for this Agreement may be expended for organizing, creating, funding, participating in, supporting, or attempting to influence any political campaign for a candidate or for a ballot measure (collectively, "**Political Activity**"). The terms of San Francisco Administrative Code Chapter 12.G are incorporated herein by this reference. Accordingly, an employee working in any position funded under this Agreement shall not engage in any Political Activity during the work hours funded hereunder, nor shall any equipment or resource funded by this Agreement be used for any Political Activity. In the event Developer, or any staff member in association with Developer, engages in any Political Activity, then (i) Developer shall keep and maintain appropriate records to evidence compliance with this section, and (ii) Developer shall have the burden to prove that no funding from this Agreement has been used for such Political Activity. Developer agrees to cooperate with any audit by the Authority, the City or its designee in order to ensure compliance with this section. In the event Developer violates the provisions of this section, the City or the Authority may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement and any other agreements between Developer and the Authority, (ii) prohibit Developer from bidding on or receiving any new City or Authority contract for a period of two (2) years, and (iii) obtain reimbursement of all funds previously disbursed to Developer under this Agreement.

27.8 Notification of Limitations on Contributions. Through its execution of this Agreement, Developer acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code (the "**Conduct Code**") which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City from making any campaign contribution to (1) the City elective officer, (2) a

candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, 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 (12) months after the date the contract is approved. Developer acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $100,000 or more. Developer further acknowledges that, if applicable, (i) the prohibition on contributions applies to each prospective party to the contract; each member of Developer's board of directors; and Developer's principal officers, including its chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10 percent in Developer; any subcontractor listed in Developer's bid or contract; and any committee that is sponsored or controlled by Developer, and (ii) within thirty (30) days of the submission of a proposal for the contract, the Authority is obligated to submit to the Ethics Commission the parties to the lease and any subtenant(s). Additionally, Developer has informed each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 by the time it submitted a proposal for the contract and has provided to City the names of the persons required to be informed. Developer acknowledges that it is also familiar with Section 1.127 of the Conduct Code which prohibits a person, or the person's Affiliated Entities, with a Financial Interest in a Land Use Matter pending before the Board of Appeals, Board of Supervisors, Building Inspection Commission, Commission on Community Investment and Infrastructure, Historic Preservation Commission, Planning Commission, Port Commission, or the Treasure Island Development Authority Board of Directors, from making any Prohibited Contribution at any time from the date of commencement of a Land Use Matter until twelve (12) months have elapsed from the date that the board or commission renders a final decision or ruling or any appeals to another City agency from that decision or ruling have been finally resolved. Capitalized terms used in this Section that are not defined in this Agreement are as defined in Section 1.127 of the Conduct Code.

27.9 Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between the Authority and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

27.10 MacBride Principles - Northern Ireland. The City and the Authority urge companies doing business in Northern Ireland to move towards resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and the Authority also urge San Francisco companies to do business with corporations that abide by the MacBride Principles. Developer acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

27.11 Tropical Hardwood and Virgin Redwood Ban. The City and the Authority urge companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood wood product, or any virgin redwood or virgin redwood wood product. Developer agrees that, except as permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Developer shall not use or incorporate any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood products in the construction of the Improvements. Developer shall not provide any items to the construction of the Project, or otherwise in the performance of this Agreement which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Developer fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Developer shall be liable for liquidated damages for each violation in any amount equal to the contractor's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

27.12 Resource-Efficient Facilities and Green Building Requirements. Developer acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 705 relating to resource-efficient buildings and green building design requirements. Developer hereby agrees it shall comply with the applicable provisions of such code sections.

27.13 Tobacco Product Advertising Prohibition; Prohibition Against Tobacco Product Sales, Manufacture, and Distribution. Developer acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the City or the Authority, including the Project Site. This prohibition includes the placement of the name of a company producing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product, or on any sign. The foregoing prohibition shall not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking. In addition, Developer acknowledges and agrees that no Sales, Manufacture, or Distribution of Tobacco Products (as such capitalized terms are defined in San Francisco Health Code Section 19K.1) is allowed on the Project Site and such prohibition must be included in all subleases or other agreements allowing use of the Project Site. The prohibition against Sales, Manufacture, or Distribution of Tobacco Products does not apply to persons who are affiliated with an accredited academic institution where the Sale, Manufacture, and/or Distribution of Tobacco Products is conducted as part of academic research.

27.14 Drug-Free Workplace. Developer acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1988 (41 U.S.C. Sections 701 et. seq.), the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City or Authority premises. Developer and its agents or assigns shall comply with all terms and provisions of such Act and the rules and regulations promulgated thereunder. Developer agrees that any violation of this prohibition by Developer, its agents or assigns shall be deemed a material breach of this Agreement.

27.15 IPM Ordinance. Developer shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "**IPM Ordinance**") which (i)

prohibit the use of certain pesticides on City or Authority property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Developer to submit to the Authority an integrated pest management ("**IPM**") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Developer may need to apply to the Project Site during the Term, (b) describes the steps Developer will take to meet the City's IPM Policy described in Section 300 of the IPM Ordinance, and (c) identifies, by name, title, address and telephone number, an individual to act as Developer's primary IPM contact person with the City or the Authority. In addition, Developer shall comply with the requirements of Section 302 of the IPM Ordinance. Through the Authority, Developer may seek a determination from the City's Commission on the Environment that Developer is exempt from complying with certain portions of the IPM Ordinance with respect to this Agreement, as provided in Section 303 of the IPM Ordinance. The Authority shall reasonably cooperate with Developer, at Developer's sole cost and expense, if Developer seeks in good faith an exemption under the IPM Ordinance.

27.16 Preservative Treated Wood Containing Arsenic. Developer may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Developer may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Developer from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

27.17 Compliance with Disabled Access Laws. Developer acknowledges that, pursuant to the Disabled Access Laws, programs, services and other activities provided by a public entity to the public, whether directly or through Developer or contractor, must be accessible to the disabled public. Developer shall not discriminate against any person protected under the Disabled Access Laws in connection with the use of all or any portion of the Property and shall comply at all times with the provisions of the Disabled Access Laws.

27.18 Protection of Private Information. Developer agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "**Protection of Information Ordinance**"), including the remedies provided therein. The provisions of the Protection of Private Information Ordinance are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this Section 27.18 and not defined in this Agreement shall have the meanings assigned to such terms in the Protection of Private Information Ordinance. Consistent with the requirements of the Protection of Private Information Ordinance, Developer agrees to all of the following:

(a) Neither Developer nor any of its contractors or subcontractors who receive Private Information from the City or the Authority in the performance of a

contract may disclose that information to a subcontractor or any other person or entity, unless one of the following is true:

(i) The disclosure is authorized by this Agreement;

(ii) Developer received advance written approval from the Authority to disclose the information; or

(iii) The disclosure is required by judicial order.

(b) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement or the Authority's approval and shall not be used except as necessary in the performance of the obligations under the contract. Any disclosure or use of Private Information authorized by the Authority shall be in accordance with any conditions or restrictions stated in the approval.

(c) "**Private Information**" shall mean any information that (1) could be used to identify an individual, including without limitation name, address, social security number, medical information, financial information, date and location of birth, and names of relative; or (2) the law forbids any person from disclosing.

(d) Any failure of Developer to comply with the Protection of Private Information Ordinance shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the Authority may terminate this Agreement, debar Developer, or bring a false claim action against Developer.

27.19 Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the Authority's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

Developer shall remove all graffiti from any real property owned or leased by Developer in the City and County of San Francisco within forty-eight (48) hours of the earlier of Developer's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works or the Authority. This Section 27.19 is not intended to require Developer to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public

or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "**Graffiti**" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code, or the San Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of Developer to comply with this Section 27.19 shall constitute a Developer Event of Default.

27.20 Food Service and Packaging Waste Reduction Ordinance. Developer agrees to comply fully with and be bound by all of the provisions of the Food Service and Packaging Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. This provision is a material term of this Agreement. By entering into this Agreement, Developer agrees that if it breaches this provision, the Authority and City will suffer actual damages that will be impractical or extremely difficult to determine; further, Developer agrees that the sum of one hundred dollars ($100.00) liquidated damages for the first breach, two hundred dollars ($200.00) liquidated damages for the second breach in the same year, and five hundred dollars ($500.00) liquidated damages for-subsequent breaches in the same year is a reasonable estimate of the damage that the Authority and City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by the Authority and City because of Developer's failure to comply with this provision.

27.21 Charter Provisions. This Agreement is governed by and subject to the provisions of the Charter of the City and County of San Francisco, including the budgetary and fiscal provisions of the City's Charter. Notwithstanding anything to the contrary contained in this Agreement, there shall be no obligation for the payment or expenditure of money by the Authority or City under this Agreement unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the City's Charter, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure, or that sufficient unencumbered balances are expected to be available in the proper fund during the course of the budgetary cycle to meet the payments as they become due. Developer acknowledges that in no event shall the City's General Fund have any liability for any of the Authority's obligations under this Agreement except to the extent identified in the Development Agreement.

27.22 Incorporation. Each and every provision of the San Francisco Administrative Code or any other San Francisco Code specifically described or referenced in this Agreement is hereby incorporated by reference, as it exists on the Effective Date as though fully set forth herein.

27.23 Prohibition on Use of Suspended/Debarred Contractors and Consultants. Developer and its contractors, consultants, and agents are prohibited from using any contractor

(including any consultant, supplier, subcontractor, subconsultant, or supplier at any tier) that is subject to an order of debarment or suspension under San Francisco Administrative Code Chapter 28 or state or federal law, or is otherwise prohibited from contracting or sub-contracting with the City. The City maintains a list of individuals and entities who are prohibited from contracting or subcontracting with the City on its website at https://sf.gov/resource/2022/suspended-and-debarred-contractors. The City may, in its discretion, direct Developer to take all steps necessary to terminate an existing contract or sub-contract with a contractor who has become, during the term of its contractor or subcontract, suspended, debarred, or otherwise prohibited from contracting with the City, in accordance with applicable provisions of San Francisco Administrative Code Chapter 28 or state or federal law.

27.24 Additional Provisions in Real Property Contracts. The Parties agree that leases and licenses for use of real property entered into after the A&R Reference Date will be subject to new or amended City Special Provisions adopted by Ordinance, but only to the extent that (i) such City Special Provisions are expressly applicable by their terms to the type of lease, license or other real property contract to be entered into between Authority and Developer; and (ii) the Development Agreement would not prohibit the applicable City Special Provision from applying to the applicable leases or licenses.

28. MISCELLANEOUS PROVISIONS.

28.1 Incorporation of Recitals, Exhibits and Attachments. The Recitals to this DDA are true, correct and confirmed by the Parties, and are hereby incorporated into and made a part of this DDA. Each Exhibit is hereby incorporated into and made a part of this DDA. Each Attachment is attached for reference and the convenience of the Parties.

28.2 Notices. Any notice or other communication given under this DDA by a Party must be given or delivered (i) by hand, (ii) by registered or certified mail, postage prepaid and return receipt requested, or (iii) by a recognized overnight carrier, such as Federal Express, in any case addressed as follows:

28.2.1 in the case of a notice or communication to the Authority,

Treasure Island Development Authority
c/o Office of Economic and Workforce Development
City Hall, Rm. 448
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Treasure Island Project Director

and

Office of the City Attorney
City Hall, Rm. 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Real Estate/Finance

28.2.2 in the case of a notice or communication to Developer,

Treasure Island Community Development, LLC
c/o UST Lennar HW Scala SF Joint Venture
2000 FivePoint, 3rd Floor
Irvine, California 92618
Attn: Sandy Goldberg; Laura Mask

and

Wilson Meany
4 Embarcadero Center, Suite 3330
San Francisco, California 94111
Attn: Chris Meany; Controller

and

Gibson Dunn & Crutcher LLP
One Embarcadero Center, Suite 2600
San Francisco, CA 94111-3715
Attn: Mary G. Murphy

To be effective, every notice given to a Party under the terms of this DDA must be in writing and must state (or must be accompanied by a cover letter that states) substantially the following:

(a) the Section of this DDA under which the notice is given;

(b) if applicable, the action or response required;

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

(d) if applicable, the period of time within which the recipient of the notice must cure an alleged breach;

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

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

(g) if a notice of a disapproval or an objection that requires reasonableness, shall specify with particularity the reasons for the disapproval or objection.

Any mailing address may be changed by a Party at any time by giving notice of such change in the manner provided above, and any such change shall be effective ten (10) days thereafter (or such later date as is set forth in such notice). All notices under this DDA shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

28.3 Time of Performance.

28.3.1 All performance (including cure) dates expire at 5:00 p.m. on a Business Day (San Francisco, California time) on the applicable date for performance (including cure), as such date may be extended pursuant to the effect of Article 24 or any other extension of time permitted in this DDA.

28.3.2 Where the Outside Date (or other date set forth in this DDA) set forth in the Schedule of Performance is a calendar month without reference to a specific day in such month, or a year without reference to a specific month in such year, then the Outside Date shall be the last day in such month or year, as applicable.

28.3.3 Time is of the essence in the performance of all the terms and conditions of this DDA.

28.4 Extensions of Time.

28.4.1 The Authority or Developer may extend the time for the performance of any term, covenant or condition of this DDA by a Party owing performance to the extending party, or permit the curing of any related default, upon such terms and conditions as it determines appropriate; provided, however, any such extension or permissive curing of any particular default shall not operate to release any of the obligations of the Party receiving the extension or cure rights or constitute a waiver of the granting Party's rights with respect to any other term, covenant or condition of this DDA or any other default in, or breach of, this DDA.

28.4.2 In addition to matters set forth in Section 28.4.1, the Parties may extend the time for performance by any of them of any term, covenant or condition of this DDA by a written instrument signed by authorized representatives of such Parties without the execution of a formal recorded amendment to this DDA, and any such written instrument shall have the same force and effect and impart the same notice to third parties as a formal recorded amendment to this DDA.

28.5 Attorneys' Fees.

28.5.1 Should any Party institute any action or proceeding in court or other dispute resolution mechanism permitted or required under this DDA, the prevailing party shall be entitled to receive from the losing party the prevailing party's reasonable costs and expenses incurred including, without limitation, expert witness fees, document copying expenses, exhibit preparation costs, carrier expenses and postage and communication expenses, and such amount as may be awarded to be reasonable attorneys' fees and costs for the services rendered the prevailing party in such action or

proceeding. Attorneys' fees under this Section 28.5.1 shall include attorneys' fees on any appeal.

28.5.2 For purposes of this DDA, reasonable fees of attorneys and any in-house counsel shall be based on the average fees regularly charged by private attorneys with an equivalent number of years of professional experience in the subject matter area of the law for which the in-house counsel's services were rendered who practice in the City in law firms with approximately the same number of attorneys as employed by the City.

28.6 Eminent Domain. The exercise by the Authority of its eminent domain power, if applicable, with regard to any portion of the Project Site owned by Developer or any Vertical Developer in a manner that precludes or substantially impairs performance by Developer or any Vertical Developer of any of its material obligations (or would otherwise give rise to a default by Developer) hereunder shall constitute a Material Breach by the Authority.

28.7 Successors and Assigns; No Third-Party Beneficiary. Subject to the provisions of Article 21, this DDA shall be binding upon and inure to the benefit of the Mortgagees and transferees of Developer and any transferee of the Authority, including, without limitation, the San Francisco Port Commission and the City and County of San Francisco, if applicable. This DDA is made and entered into only for the protection and benefit of the Parties and their successors and assigns. No other Person shall have or acquire any right or action of any kind based upon the provisions of this DDA except as explicitly provided to the contrary in this DDA.

28.8 Estoppel Certificates. Any Party, within twenty (20) days after notice from any other Party, shall execute and deliver to the requesting Party and, if requested, any Mortgagee or prospective Mortgagee, an estoppel certificate stating:

28.8.1 whether or not this DDA is unmodified and in full force and effect. If there has been a modification of this DDA, the certificate shall state that this DDA is in full force and effect as modified, and shall set forth the modification, and if this DDA is not in full force and effect, the certificate shall so state; and

28.8.2 whether or not the responding Party is aware of any Event of Default (or event which, with notice or the passage of time or both, could be an Event of Default) by any other Party under this DDA in any respect and, if so, describing the same in detail.

28.9 Counterparts. This DDA may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same instrument. Such counterparts may be delivered by facsimile, electronic mail or other similar means of transmission.

28.10 Authority and Enforceability. Developer and the Authority each represents and warrants that the execution and delivery of this DDA, and the performance of its obligations hereunder, have been duly authorized by all necessary action, and will not conflict with, result in any violation of, or constitute a default under, any provision of any agreement or

other instrument binding upon or applicable to it, or any present law or governmental regulation or court decree. Developer further represents and warrants to the Authority and the City that to Developer's actual knowledge there are no pending or threatened lawsuits or proceedings or undischarged judgments against Developer before any court, governmental agency, or arbitrator that seek to enjoin Developer's performance of its obligations under this DDA, the Development Agreement or other documents entered into by the Developer related to the development of the Project.

28.11 References. Wherever in this DDA the context requires, references to the masculine shall be deemed to include the feminine and the neuter and vice-versa, and references to the singular shall be deemed to include the plural and vice versa.

28.12 Correction of Technical Errors. If by reason of inadvertence, and contrary to the intention of Developer and the Authority, errors are made in this DDA in the identification or characterization of any title exception, in a legal description or the reference to or within any Exhibit with respect to a legal description, in the boundaries of any parcel (provided such boundary adjustments are relatively minor and do not result in a material change as determined by the Authority's counsel), in any map or drawing which is an Exhibit, or in the typing of this DDA or any of its Exhibits, Developer and the Authority by mutual agreement may correct such error by memorandum executed by both of them and replacing the appropriate pages of this DDA, and no such memorandum or page replacement shall be deemed an amendment of this DDA.

28.13 Brokers. Developer and the Authority each represents to the other that it has not employed a broker or a finder in connection with the execution and delivery of this DDA, and agrees to Indemnify the other from the claims of any broker or finder asserted through such Party.

28.14 Governing Law; Venue. This DDA shall be governed by and construed in accordance with the laws of the State of California. All references in this DDA to California or federal laws and statutes shall mean such laws, regulations and statutes as they may be amended from time to time, except to the extent a contrary intent is stated. Subject to Article 15 [Resolution of Certain Disputes], any legal suit, action, or proceeding arising out of or relating to this DDA shall be instituted in the Superior Court for the County of San Francisco or in the United States District Court for the Northern District of California in San Francisco or if directed by the court, Oakland (excluding bankruptcy matters). The Parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding arising out of or relating to this DDA in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in such court arising out of or relating to this DDA has been brought in an inconvenient forum (excluding bankruptcy matters).

28.15 Effect on Other Party's Obligation. If Developer's or the Authority's performance is excused or the time for its performance is extended under Article 24, the performance of the other Party that is conditioned on such excused or extended performance is excused or extended to the same extent.

28.16 Table of Contents; Headings. The Table of Contents is for the purpose of convenience of reference only and is not to be deemed as a part of this DDA or as supplemental hereto. Section and other headings are for the purpose of convenience of reference only and are not intended to, nor shall they, modify or be used to interpret the provisions of this DDA.

28.17 Numbers.

(a) Generally. For purposes of calculating a number under this DDA, any fraction equal to or greater than one half (1/2) shall be rounded up to the nearest whole number and any fraction less than one half (1/2) shall be rounded down to the nearest whole number.

(b) Number of Days. References in this DDA to days shall be to calendar days, unless otherwise specified; provided, that if the last day of any period to give notice, reply to a notice, meet a deadline or to undertake any other action occurs on a day that is not a Business Day, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding Business Day.

28.18 No Gift or Dedication. Except as otherwise specified in this DDA, this DDA shall not be deemed to be a gift or dedication of any portion of the Project Site to the general public, for the general public, or for any public use or purpose whatsoever. Developer shall have the right to prevent or prohibit the use of any portion of the property owned by it, including common areas and buildings and improvements, by any Persons for any purpose inimical to the operation of a private, integrated mixed-use project as contemplated by this DDA. Any dedication must be evidenced by an express written offer of dedication to and written acceptance by the Authority, the City, the SFPUC, CFD or other Governmental Entity, as applicable, for such purposes by a recorded instrument executed by the owner of the property dedicated.

28.19 Severability. Except as is otherwise specifically provided for in this DDA for Conflicting Laws, invalidation of any provision of this DDA, or of its application to any Person, by judgment or court order shall not affect any other provision of this DDA or its application to any other Person or circumstance, and the remaining portions of this DDA shall continue in full force and effect, except to the extent that enforcement of this DDA as invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate a fundamental purpose of this DDA.

28.20 Entire Agreement. This DDA contains all of the representations and warranties and the entire agreement between the Parties with respect to the subject matter of this DDA. Any prior correspondence, memoranda, agreements, warranties or representations between the parties relating to such subject matter are incorporated into and superseded in total by this DDA. Notwithstanding the foregoing, this DDA shall not supersede the ENA, which shall remain in full force and effect according to its terms; provided, however, that so long as the DDA is in full force and effect, the terms of the DDA shall control in the event of any inconsistency. No prior drafts of this DDA or changes from those drafts to the executed version of this DDA shall be introduced as evidence in any litigation or other dispute resolution

proceeding by Developer, the Authority or any other Person, and no court or other body shall consider those drafts in interpreting this DDA.

28.21 No Party Drafter; Captions. Although certain provisions of this DDA were drawn by the Authority and certain provisions were drawn by Developer, (i) the provisions of this DDA shall be construed as a whole according to their common meaning and not strictly for or against any Party in order to achieve the objectives and purposes of the Parties, and (ii) no Party nor its counsel shall be deemed to be the drafter of any provision of this DDA.

28.22 Conduct; Covenant of Good Faith and Fair Dealing. In all situations arising out of this DDA, subject to the provisions of Article 16, Developer and the Authority shall each attempt to avoid and minimize the damages resulting from the conduct of the other and shall take all reasonably necessary measures to achieve the provisions of this DDA. This DDA is subject to the covenant of good faith and fair dealing applicable under California law.

28.23 Further Assurances. Each of Developer and the Authority covenants, on behalf of itself and its successors, heirs and assigns, to take all actions and to do all things, and to execute, with acknowledgment or affidavit if required, any and all documents and writings that may be necessary or proper to achieve the purposes and objectives of this DDA. The Authority Director is authorized to execute and deliver on behalf of the Authority any closing or similar documents and any contracts, agreements, memoranda or similar documents with State, regional and local entities or enter into any tolling agreement with any Person if the Authority Director determines that such execution and delivery are necessary or proper to achieve the purposes and objectives of this DDA and in the Authority's best interests.

28.24 Approvals.

(a) As used herein, "**Approval**" and any variation thereof (such as "**Approved**" or "**Approve**") refers to the prior written consent of the applicable Party or other Person. When used with reference to a Governmental Entity such terms are intended to refer to the particular form of consent or approval required from such Governmental Entity in order to obtain the Authorization being sought.

(b) Whenever Approval is required of Developer, the Authority, the Authority Board or the Authority Director under this DDA, it shall not be unreasonably withheld, conditioned or delayed unless the Approval is explicitly stated in this DDA to be within the "sole discretion" (or words of similar import) of the Party whose Approval is sought. The reasons for failing to grant Approval, or for giving a conditional Approval, shall be stated in reasonable detail in writing, except by the Authority Board, which as a public body will grant or deny Approval in open session at a duly held and noticed public meeting in accordance with applicable public meeting laws. Approval by Developer or the Authority to or of any act or request by the other shall not be deemed to waive or render unnecessary Approval to or of any similar or subsequent acts or requests. The requirements for Approvals under this DDA shall extend to and bind the partners, officers, directors, shareholders, trustees, beneficiaries, agents, elective or appointive boards, commissions, employees and other authorized representatives of Developer and the Authority, and each such Person shall make or enter into, or take any action in

connection with, any Approval in accordance with these requirements. In determining whether to give an Approval, no Party shall require changes from or impose conditions inconsistent with (i) the Development Requirements or (ii) matters it has previously Approved with respect to the matter at issue.

(c) Unless otherwise provided in this DDA, whenever Approval or any other action is required by the Authority Board, the Authority Director shall upon the request of Developer submit such matter to the Authority Board at the next regularly-scheduled meeting of the Authority Board for which an agenda has not yet been finalized and for which the Authority can prepare and submit a staff report in keeping with Authority standard practices.

(d) Unless otherwise provided in this DDA, Approvals or other actions of the Authority (as opposed to the Authority Director or the Authority Board) will be given or undertaken, as applicable, by the Authority Director.

(e) Developer shall from time to time by notice to the Authority designate the Persons who may act as its "**Developer Representative**". Approvals or other actions of Developer shall be given or undertaken, as applicable, by Developer's Representative or such other Person that provides evidence reasonably acceptable to the Authority Director that such Person is duly authorized to act on behalf of Developer.

28.25 Cooperation and Non-Interference. Developer and the Authority shall each refrain from doing anything that would render its performance under this DDA impossible, and subject to Article 16 each shall do everything which this DDA contemplates that the Party shall do to accomplish the objectives and purposes of this DDA.

28.26 Interpretation. Unless otherwise specified, whenever in this DDA, including its Exhibits, reference is made to the Table of Contents, any Article, Section, Exhibit, Attachment or any defined term, the reference shall be deemed to refer to the Table of Contents, Article, Section, Exhibit, Attachment or defined term of this DDA. Any reference to an Article or a Section includes all subsections and subparagraphs of that Article or Section. The use in this DDA of the words "including", "such as" or words of similar import when following any general term, statement or matter shall not be construed to limit such statement, term or matter to the specific statements, terms or matters, whether or not language of non-limitation, such as "without limitation" or "but not limited to", or words of similar import, is used with reference thereto. In the event of a conflict between the Recitals and the remaining provisions of this DDA, the remaining provisions shall prevail.

28.27 Legal Representation. Developer and the Authority each acknowledges, warrants and represents that it has been fully informed with respect to, and represented by counsel of its choice in connection with the rights and remedies of and waivers by it contained in this DDA and after such advice and consultation has presently and actually intended, with full knowledge of its rights and remedies otherwise available at law or in equity, to waive and relinquish those rights and remedies to the extent specified in this DDA, and to rely solely on the remedies provided for in this DDA with respect to any breach of this DDA by the other, or any other right that either Developer or the Authority seeks to exercise.

28.28 Recordation; Run with the Land. It is understood and agreed by Developer and the Authority that after execution by Developer and the Authority, this DDA will be recorded by the Authority; provided that the recordation shall affect only Developer's and the Authority's interest in the Project Site (including any real property acquired by either of them after the Effective Date). If this DDA is terminated in accordance with its terms, Developer or the Authority may record a Notice of Termination as provided in Section 28.36. Before any such termination of this DDA by the terms hereof, and subject to release of the lien of this Agreement in accordance with Section 2 hereof, the covenants and agreements of Developer and the Authority contained herein shall be covenants running with any land conveyed from the Authority to Developer shall bind every Person having any interest in such real property, and shall be binding upon and inure to the benefit and burden of Developer and the Authority and their respective heirs, successors and assigns. This DDA shall not burden or bind any other property in the Project Site that is not acquired by the Authority or Developer under this DDA.

28.29 Survival. Termination of this DDA shall not affect (i) the right of any Party to enforce any and all Indemnifications or Adequate Security (including any Guaranty) to the extent they relate to the period before termination, (ii) any provision of this DDA that, by its express term, is intended to survive the expiration or termination of this DDA, or (iii) the rights and obligations under the Financing Plan or under any Acquisition and Reimbursement Agreement, including Developer's right to receive reimbursements, to the extent they relate to the period before termination or are intended to survive the expiration or termination of the Financing Plan or Acquisition and Reimbursement Agreement, as applicable. Notwithstanding the foregoing, all Indemnification obligations under this DDA shall expire five (5) years after the earlier to occur of (a) the Authority's issuance of a Certificate of Completion with respect to the Improvements for which the Certificate of Completion was issued or (b) the termination of this DDA with respect to the portion of the Project Site to such termination relates; provided, that the foregoing expiration shall not apply as to (i) any Indemnification obligation under Section 11.2, which shall expire as set forth in Section 11.2, (ii) any Indemnification obligation as to which the Authority has given notice in accordance with the first sentence of Section 22.4 on or before the date of such expiration, and (iii) any Indemnification Obligation under Sections 22.1(b), 22.1(c), 22.2(b) and 22.2(c), which shall expire five (5) years after Developer Transfers the applicable portion of the Project Site. No termination under Section 3.8.1 shall (1) affect Developer's rights under this DDA for any then-existing Sub-Phase Approval or (2) prevent the Authority, in its sole discretion, from later accepting and/or Approving any Major Phase Application or Sub-Phase Application from Developer.

28.30 Nondiscrimination.

28.30.1There shall be no discrimination against or segregation of any person or group of persons on any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, or on the basis of age, race, color, creed, sex, sexual orientation, gender identity, marital or domestic partner status, disabilities (including AIDS or HIV status), religion, national origin or ancestry by Developer or any occupant or user of the Project Site in the sale, lease, rental, sublease, transfer, use, occupancy, tenure or enjoyment of the Project Site, or any portion thereof.

Neither Developer itself (nor any person or entity claiming under or through it), nor any occupant or user of the Project Site or any Transferee, successor, assign or holder of any interest in the Project Site or any person or entity claiming under or through such Transferee, successor, assign or holder, shall establish or permit any such practice or practices of discrimination or segregation in connection with the Project Site, including without limitation, with reference to the selection, location, number, use or occupancy of buyers, tenants, vendees or others. But Developer shall not be in default of its obligations under this Section 28.30 where there is a judicial action or arbitration involving a bona fide dispute over whether Developer is engaged in discriminatory practices and Developer promptly acts to satisfy any judgment or award against Developer.

28.30.2Any Transferee, successor, assign, or holder of any interest in the Project Site, or any occupant or user thereof, whether by contract, lease, rental, sublease, license, deed, deed of trust, Mortgage or otherwise, and whether or not any written instrument or oral agreement contains the above prohibitions against discrimination, shall be bound by, and shall not violate in whole or in part, directly or indirectly, the nondiscrimination requirements set forth above. The covenants in this Section 28.30 shall be covenants running with the land and they shall be: (i) binding for the benefit and in favor of the Authority, as beneficiary, and the City and the owner of any other land or of any interest in any land in the Project Site (as long as such land remains subject to the land use requirements and restrictions of the SUD and the Design for Development), as beneficiary, and their respective successors and assigns; and (ii) binding against Developer, its successors and assigns to or of the Project Site and any improvements thereon or any portion thereof or any interest therein, and any party in possession or occupancy of the Project Site or the improvements thereon or any portion thereof.

28.30.3In amplification, and not in restriction, of the provisions of Sections 28.30.1 and 28.30.2, the Authority, the City and their respective successors and assigns, as to the covenants provided in this Section 28.30 of which they are stated to be beneficiaries, shall be beneficiaries both for and in their own right and also for the purposes of protecting the interest of NSTI and other parties, public or private, and without regard to whether the Authority or the City has at any time been, remains, or is an owner of any land or interest therein to which, or in favor of which, such covenants relate. The Authority, the City and their respective successors and assigns shall have the right, as to any and all of such covenants of which they are stated to be beneficiaries, to exercise all the rights and remedies, and to maintain, any actions at law or suits in equity or other proper proceedings, to enforce such covenants to which it or any other beneficiaries of such covenants may be entitled including without limitation, restraining orders, injunctions and/or specific enforcement, judicial or administrative.

28.31 Lead-Based Paint Prohibition. Developer shall comply with the regulations issued by the Secretary of HUD set forth in 37 C.F.R. 22732-3 and all applicable rules and orders prohibiting the use of lead-based paint in residential structures undergoing federally-assisted construction or rehabilitation and requiring the elimination of lead-based paint hazards.

28.32 Modifications; Waiver. Any modification or waiver of any provision of this DDA must be in writing and signed by a Person having authority to do so, on behalf of both the Authority and Developer. Material Modifications to this DDA shall require the approval of the Board of Supervisors, which the Board of Supervisors may give or withhold in its sole and absolute discretion.

28.33 Relationship of the Parties. The Authority is not, and none of the provisions in this DDA shall be deemed to render the Authority, a partner in Developer's or any Vertical Developer's business, or a joint venturer or member in any joint enterprise with Developer or any Vertical Developer. No Party shall have the right to act as the agent of any other Party in any respect hereunder.

28.34 Reserved.

28.35 Plans on Record with Authority. The most recent versions of the Exhibits to this DDA, as such Exhibits may be amended or supplemented from time to time in accordance with this DDA or the terms of such Exhibits, shall not be required to be recorded but shall be kept on file with the Authority. In addition, as of the Original Reference Date the Proforma is on file with the Authority and upon each submittal of a Major Phase Application and Sub-Phase Application in accordance with the DRDAP, the updated Proforma as Approved by Developer and the Authority shall be similarly kept on file with the Authority. The Authority Director and Developer shall update or supplement the Schedule of Performance from time to time to reflect changes to the same as permitted in this DDA. Full color copies of all recorded documents are also on file with the Authority. All documents on file with the Authority shall be made available to members of the public at reasonable times in keeping with the Authority's standard practices.

28.36 Notice of Termination. In the event of any termination of this DDA in whole or in part in accordance with the terms of this DDA, the terminating Party shall provide the other Parties and any applicable Mortgagee with a copy of any proposed Notice of Termination at least fifteen (15) days before recording the same. After the expiration of such fifteen (15) days, the terminating Party may cause the Title Company to record such Notice of Termination in the Official Records. Any "**Notice of Termination**" shall be in recordable form and describe the portion of the Project Site to which such termination pertains. Following the recordation of any Notice of Termination, the terminating Party shall promptly provide a conformed copy of such recorded Notice of Termination to the Authority, Developer, and any applicable Mortgagee, and any applicable Vertical Developer. The recordation of a Notice of Termination shall not affect in any manner the rights of the Authority, Developer, or any applicable Mortgagee, or Vertical Developer to contest the terminating Party's right to cause such recordation.

28.37 Developer Termination Rights. Developer shall have the right to terminate this DDA, together with the ENA, if a lawsuit is initiated to challenge the Authority's approval of this DDA or the Project, and Developer elects to not continue to reimburse the Authority for all of Authority's Costs and City Costs relating to such lawsuit; provided that any such termination shall not release Developer for the Authority's Costs and City Costs (including any attorney's fees that may be awarded to the initiator of the lawsuit) for the period before such termination.

28.38 Execution of Certain Attachments and Exhibits. Upon completion, Exhibit H (Approved Vertical DDA Form), Exhibit I (Approved Vertical LDDA Form) and Exhibit M (Ground Lease) shall be appended to this Agreement in accordance with Section 4.1 hereof and Developer and the Authority shall confirm such addition in writing.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Authority and Developer have each caused this DDA to be duly executed on its behalf as of the A&R Reference Date.

"AUTHORITY"

TREASURE ISLAND DEVELOPMENT AUTHORITY,
a California public benefit corporation

By: _____
Name: Robert Beck
Its: Treasure Island Project Director

Approved as to form:

DAVID CHIU
City Attorney

By: _____
Name: _____
Deputy City Attorney

DDA Originally Authorized by:

Authority Resolution No. 11-18-04/21
adopted April 21, 2011.

Board of Supervisors Resolution No. 241-11
Adopted June 7, 2011

Amended and Restated DDA Authorized by:

Authority Resolution No. _____,
adopted _____.

Board of Supervisors Resolution No. ____
Adopted _____

"**DEVELOPER**" AND "**MASTER DEVELOPER**"

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

By: [insert TICD signature block]

Consented to by:

TREASURE ISLAND SERIES 1, LLC,
a Delaware limited liability company

By: _____
Name: [_____]
Its: [_____]

TREASURE ISLAND SERIES 2, LLC,
a Delaware limited liability company

By: _____
Name: [_____]
Its: [_____]

TREASURE ISLAND SERIES 3, LLC,
a Delaware limited liability company

By: _____
Name: [_____]
Its: [_____]

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

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

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

WITNESS my hand and official seal.

_____ (Seal)
Notary Public

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

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

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

WITNESS my hand and official seal.

_____ (Seal)
Notary Public

4/3/2024

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

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

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

WITNESS my hand and official seal.

_____ (Seal)
Notary Public

EXHIBIT A
DEFINITIONS

"**2006 Development Plan**" shall have the meaning set forth in Recital K of the DDA.

"**A&R Reference Date**" shall have the meaning set forth in the Introductory Paragraph of the DDA.

"**Acquisition and Reimbursement Agreement**" shall have the meaning set forth in the Financing Plan.

"**Additional Transportation Subsidy**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Adequate Security**" shall have the meaning set forth in Section 26.1 of the DDA.

"**Administrative Delay**" shall have the meaning set forth in Section 24.1.3 of the DDA.

"**Affiliate**" means any Person that directly or indirectly Controls, is Controlled by or is under Common Control with, a Party (or a partner or managing or other member of a Party, as the case may be).

"**Affordable Housing Units**" shall have the meaning set forth in the Housing Plan.

"**Agreement**" shall have the meaning set forth in the Introductory Paragraph of the DDA.

"**Allocated Parking**" shall have the meaning set forth in Section 4.2.1(a)(ii) of the DDA.

"**Amendment Action**" shall have the meaning set forth in Section 12 of the DDA.

"**Annual Interim Transit Service Credit**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Annual Transportation Capital Contribution Subsidy Maximum Amount**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Annual Transportation Subsidy**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Annual Transportation Subsidy Maximum Amount**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Annual Transportation Subsidy Payment**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Applications**" shall have the meaning set forth in the DRDAP.

"**Applicable Regulations**" shall have the meaning set forth in the Development Agreement.

"**Appraisal Process**" shall have the meaning set forth in Section 17.4 of the DDA.

"**Approval**" shall have the meaning set forth in Section 28.24(a) of the DDA.

"**Approved DDA/LDDA Form**" has the meaning set forth in Section 4.1 of the DDA.

"**Approved Interim Ferry Service Parameters**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Approved Interim Transit Service**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Approved Vertical DDA Form**" shall have the meaning set forth in Section 4.1 of the DDA.

"**Approved Vertical LDDA Form**" shall have the meaning set forth in Section 4.1 of the DDA.

"**Arbiter**" shall have the meaning set forth in Section 15.3.1 of the DDA.

"**Arbiter's Qualifications**" shall have the meaning set forth in Section 15.3.1 of the DDA.

"**Arbitration Matter**" shall have the meaning set forth in Section 15.1.1 of the DDA.

"**Architect**" means the licensed architect of record, if any, for any Vertical Improvement as selected by a Vertical Developer.

"**Architect's Certificate**" means a certificate issued by the Architect in accordance with Section 9.2 that is in the form attached hereto as Exhibit Z with only such changes as may be Approved by Vertical Developer and the Authority Director.

"**Art Fee**" means an art fee payable by Vertical Developers in accordance with the Vertical DDA in an amount equal to one percent (1.0%) of the construction cost of the applicable Vertical Improvement as determined by DBI.

"**Associated Public Benefits**" shall have the meaning set forth in Section 1.8(b) of the DDA.

"**Assignment and Assumption Agreement**" means an assignment and assumption agreement between Developer and a Transferee for a Transfer of rights and corresponding obligations under this DDA, consistent with the requirements of this DDA and, to the extent required under this DDA, in the form Approved by the Authority Director.

"**Attachments**" means, individually or collectively as the context requires, each of the attachments to this DDA listed on the List of Attachments, including any attachments thereto, as they may be amended or supplemented from time to time in accordance with the terms thereof and of this DDA.

"**Auction**" shall mean the process of offering Lots for sale or ground lease to qualified bidders at the minimum bid price and selling the Lot to the highest qualified bidder, in accordance with Article 17.

"**Authority**" means the Treasure Island Development Authority, a California non-profit public benefit corporation, or any successor public agency designated by or under law, which may include the City and County of San Francisco or the San Francisco Port Commission, authorized as the Authority's successors under the terms of the Conversion Act.

"**Authority Board**" means the Board of Directors of the Authority, or any successor governing body of the Authority designated by or under law.

"**Authority Costs**" means all costs and expenses actually incurred and paid by the Authority in accordance with the Authority's annual budget approved by the Authority Board and the Board of Supervisors, including costs and expenses relating to performing the Authority's obligations under this DDA, other Authority contracts and grants, and the Conversion Act.

"**Authority Director**" means the Executive Director of the Authority, or any successor executive officer of the Authority designated by or under law.

"**Authority Fiscal Year**" means July 1 through June 30 of each year, or such other Authority Fiscal Year as is adopted from time to time.

"**Authority Housing Lots**" shall have the meaning set forth in the Housing Plan.

"**Authority Housing Units**" shall have the meaning set forth in the Housing Plan.

"**Authority Quitclaim Deed**" means a deed substantially in the form of Exhibit AA or as otherwise Approved by Developer and the Authority Director in their respective sole and absolute discretion.

"**Authority's Title Covenant**" shall have the meaning set forth in Section 10.2.2 of the DDA.

"**Authorization**" shall have the meaning set forth in Section 9.1.1 of the DDA.

"**Base Security**" shall have the meaning set forth in Section 26.2.1 of the DDA.

"**Base Security Cap**" shall have the meaning set forth in Section 26.2.1 of the DDA.

"**Base Security Termination Date**" shall have the meaning set forth in Section 26.2.6 of the DDA.

"**Board of Supervisors**" means the Board of Supervisors of the City, or any successor governing body of the City designated by or under law.

"**Building Permit**" means a building permit issued by DBI.

"**Business Day**" means a day other than a Saturday, Sunday or holiday recognized by the Authority.

"**CCRL**" shall have the meaning set forth in Recital G.

"**CEQA**" means the California Environmental Quality Act, California Public Resources Code section 21000 et seq., and the Guidelines for the California Environmental Quality Act, California Code of Regulations, Title 14 section 15000 et seq., as amended from time to time.

"**CEQA Delay**" shall have the meaning set forth in Section 24.1.4 of the DDA.

"**Certificate of Completion**" means a certificate issued by the Authority in accordance with Section 9.2 that is substantially in the form attached hereto as Exhibit BB.

"**Certificate of Occupancy**" means an instrument issued by DBI certifying that a Unit or non-residential Project is fit for occupancy or use in accordance with the San Francisco Building Code.

"**CFD**" shall have the meaning set forth in the Financing Plan.

"**City**" means, as the context requires, (i) the City and County of San Francisco, a charter city of the State, or (ii) the territorial jurisdiction of the foregoing.

"**City Agency**" means, individually or collectively as the context requires, all departments, agencies, boards, commissions and bureaus of the City with subdivision or other permit, entitlement or approval authority or jurisdiction over any Major Phase, Sub-Phase or Lot in any portion of the Project Site, including but not limited to the San Francisco Port Commission, the Department of Public Works, the Public Utilities Commission, the Planning Commission, the Municipal Transportation Authority, the Building Inspection Commission, the Public Health Commission, the Fire Commission and the Police Commission, or any successor public agency.

"**City Costs**" shall mean the actual and reasonable costs incurred by a City Agency in performing its obligations under this Agreement, the Interagency Cooperation Agreement or the Development Agreement as determined on a time and materials basis, including any defense costs as set forth in Section 6.3.2 of the Development Agreement, but excluding work and fees covered by Administrative Fees (as defined in the Development Agreement). The Parties acknowledge that City Costs shall expressly include the third-party consultant costs incurred by the Authority in connection with implementation of the Financing Plan.

"**City Party**" shall have the meaning set forth in Section 22.1 of the DDA.

"**Commence**" and any variation thereof means the commencement of substantial physical construction as part of a sustained and continuous construction plan.

"**Commercial Lot**" shall have the meaning set forth in Section 17.2 of the DDA.

"**Community Facilities Lot**" shall have the meaning set forth in the Community Facilities Plan.

"**Community Facilities Obligations**" means Developer's obligations under this Agreement to develop or subsidize certain community facilities, attached hereto as Exhibit F.

"**Community Facilities Plan**" means that certain Community Facilities Plan and related Needs Assessment, prepared for the Authority, dated as of June 28, 2011, which outlines a community facility program for Treasure Island, as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

"**Community Facilities Space**" shall have the meaning set forth in the Community Facilities Plan.

"**Community Facilities Subsidy**" shall have the meaning set forth in Section 13.3.3(a) of the DDA.

"**Complete**" and any variation thereof means, as applicable, that: (i) a specified scope of work has been completed in accordance with Approved plans and specifications; (ii) Governmental Entities with jurisdiction have issued all Authorizations required for the contemplated use and, with respect to Vertical Improvements, occupancy of the work including, if applicable, Certificates of Occupancy; (iii) the site has been cleaned and all equipment, tools and other construction materials and debris have been removed; and (iv) with respect to Public Property and Public Improvements, (a) all bills for the work have been (x) paid and any obligor of Adequate Security has consented to final payment or (y) releases have been obtained from all mechanics and material suppliers or bonds have been provided to secure such liens in a form and amount required by law to cause any such lien to be removed from the applicable portion of the Project Site, (b) no mechanics', materialmen's or other liens have been recorded (unless they have been bonded as provided in (a)(y) above) and the period for recording such liens have expired and (c) all as-built plans and warranties, guaranties, operating manuals, operations and maintenance data, certificates of completed operations or other insurance, and all other close-out items required under any applicable Authorization or Approval have been provided to the Authority.

"**Complete Application**" shall have the meaning set forth in the DRDAP.

"**Complete Major Phase Application**" shall have the meaning set forth in the DRDAP.

"**Complete Sub-Phase Application**" shall have the meaning set forth in the DRDAP.

"**Conduct Code**" shall have the meaning set forth in Section 27.8 of the DDA.

"**Conflicting Law**" means legislation enacted by the Congress of the United States, by the legislature of the State or the enactment of a regulation or statute by any Governmental Entity (other than a City Party) with jurisdiction that precludes or substantially increases the cost of performance or compliance with any provision of this DDA by Developer.

"**Construction Documents**" consist of the documents and materials described for Construction Documents in Exhibit 2 of the DRDAP for a specific Improvement.

"**Construction Work**" shall have the meaning set forth in the Jobs EOP.

"**Construction Contractor**" shall have the meaning set forth in the Jobs EOP.

"**Control**" means the ownership (direct or indirect) by one Person and/or such Person and its Affiliates of day-to-day control of the activities of a Person coupled with a significant and voting interest in such Person.

"**Common Control**" means that two Persons are both Controlled by the same other Person or Persons. "**Controlled**", "**Controlling Interest**" and "**Controlling**" have correlative meanings.

"**Conversion Act**" shall have the meaning set forth in Recital G of the DDA.

"**Conveyance Agreement**" shall have the meaning set forth in Recital O of the DDA.

"**Core Benefits**" shall have the meaning set forth in Section 27.1(c) of the DDA.

"**CRC**" shall have the meaning set forth in Recital D of the DDA.

"**Critical Commercial Lots**" shall have the meaning set forth in Section 17.2 of the DDA.

"**Critical Commercial Lots Payment**" shall have the meaning set forth in Section 17.2.4 of the DDA.

"**Cultural Park**" means the Cultural Park described in Section T1.6 of the Design for Development.

"**Cumulative Sub-Phase Event**" shall have the meaning set forth in Section 24.1.2 of the DDA.

"**DBI**" shall mean the San Francisco Department of Building Inspection.

"**DDA**" shall have the meaning set forth in the Introductory Paragraph of the DDA.

"**Deferred Items**" shall have the meaning set forth in Section 9.2.6 of the DDA.

"**Delancey Street Life Learning Center Lot**" means the Lot depicted on Exhibit G attached hereto as the "Life Learning Center" parcel.

"**Department of Public Works**" means the Department of Public Works of the City, or any successor public agency designated by or under law.

"**Design for Development**" means the Treasure Island and Yerba Buena Island Design for Development approved by the Planning Commission and the Authority, dated June 28, 2011, as amended from time to time consistent with Section 12.

"**Destroyed Land Records Relief Law**" shall have the meaning set forth in Section 10.2.3 of the DDA.

"**Developable Lot**" shall have the meaning set forth in Section 7.8 of the DDA.

"**Developable Market Rate Lots**" shall have the meaning set forth in Section 24.1.2 of the DDA.

"**Developed Critical Commercial Lots**" shall have the meaning set forth in Section 17.2.5 of the DDA.

"**Developed Parking**" shall have the meaning set forth in Section 4.2.1(a)(iii) of the DDA.

"**Developer**" means Treasure Island Community Development, LLC, a California limited liability company, or its successors and assigns of all or substantially all of its rights and corresponding obligations under this DDA, as and to the extent permitted in accordance with the terms of this DDA.

"**Developer Commercial JVs**" shall have the meaning set forth in Section 17.2.1 of the DDA.

"**Developer Extension**" shall have the meaning set forth in Section 24.3.1 of the DDA.

"**Developer Housing Subsidy**" shall have the meaning set forth in Section 13.3.4 of the DDA.

"**Developer Lot(s)**" shall have the meaning set forth in Section 17.3 of the DDA.

"**Developer Party**" shall have the meaning set forth in Section 11.1.6 of the DDA.

"**Developer Residential Units**" shall have the meaning set forth in the Housing Plan.

"**Developer Representative**" shall have the meaning set forth in Section 28.24(e) of the DDA.

"**Developer Return**" shall have the meaning set forth in the Financing Plan.

"**Developer's Consent**" shall have the meaning set forth in Section 12.4 of the DDA.

"**Development Agreement**" means that certain Development Agreement entered into by and between the City and County of San Francisco and Developer, dated as of June 28, 2011, as amended by that certain First Amendment to Development Agreement dated as of the A&R Reference Date, as may be further amended from time to time.

"**Development Fees or Exactions**" has the meaning set forth in the Development Agreement.

"**Development Increment**" shall have the meaning set forth in Section 4.2 of the DDA.

"**Development Increment Remainder Parking**" shall have the meaning set forth in Section 4.2.1(a)(iv) of the DDA.

"**Development Opportunity**" shall have the meaning set forth in Section 3.8.3 of the DDA.

"**Development Plan**" shall have the meaning set forth in Recital L of the DDA.

"**Development Plan Update**" shall have the meaning set forth in Recital L of the DDA.

"**Development Requirements**" means (i) the Project Approvals, (ii) the Transaction Documents and (iii) the documents approved under the DRDAP and the SUD, as they may be amended from time to time.

"**Distributions**" shall have the meaning set forth in the Financing Plan.

"**DRDAP**" means the design review and document approval procedures for the Project Site attached to this DDA as Exhibit CC, as may be amended or supplemented from time to time.

"**Economic Delay**" shall have the meaning set forth in Section 24.1.2 of the DDA.

"**Effective Date**" means July 15, 2011, being the later of: (i) the date the Original DDA was executed and delivered by the Parties, and (ii) the date the Board of Supervisors Ordinance first approving the Development Agreement became effective.

"**ENA**" shall have the meaning set forth in Recital I of the DDA.

"**Engineer**" means the licensed engineer of record for Infrastructure as selected by Developer and Approved by the Authority Director.

"**Engineer's Certificate**" means a certificate issued by the Engineer in accordance with Section 9.2 that is in the form attached hereto as Exhibit DD with only such changes as may be Approved by Developer and the Authority Director.

"**Environmental Education Center**" shall have the meaning set forth in the Community Facilities Obligations attached hereto as Exhibit F.

"**Environmental Laws**" shall have the meaning set forth in Section 11.2.4 of the DDA.

"**Environmental Remediation**" means the undertaking of any activities to determine the nature and extent of Hazardous Substances that may be located in, on, under or about real property or that has been, are being or threaten to be Released into the environment, and to clean up, remove, contain, treat, stabilize, monitor or otherwise control such Hazardous Substance.

"**Escrow**" shall have the meaning set forth in Section 10.2.1 of the DDA.

"**Event of Default**" shall have the meaning set forth in Section 16.1 of the DDA.

"**Exchange Act**" shall have the meaning set forth in Recital M of the DDA.

"**Excess Land Appreciation Structure**" shall have the meaning set forth in Section 6.2.3(d) of the DDA.

"**Excluded Properties**" shall have the meaning set forth in Recital B of the DDA.

"**Existing Navy Exceptions**" shall have the meaning set forth in Section 10.2.2 of the DDA.

"**Excusable Delay**" shall have the meaning set forth in Section 24.1 of the DDA.

"**Exhibit**" means, individually or collectively as the context requires, each of the exhibits to this DDA listed in the Table of Contents, including any exhibits thereto, as they may be amended or supplemented from time to time in accordance with the terms thereof or of this DDA.

"**Expedited Arbitration Matter**" shall have the meaning set forth in Section 15.1.2 of the DDA.

"**Experience Requirement**" shall have the meaning set forth in Section 21.1(a) of the DDA.

"**Federal Facility Site Remediation Agreement**" means the September 29, 1992 "Federal Facility Site Remediation Agreement for Treasure Island Naval Station", executed by the U.S. Department of the Navy, the California Environmental Protection Agency, the California Department of Toxics Substances Control, and the California Regional Water Quality Control Board for the San Francisco Bay Region.

"**Final Subdivision Map**" means a Final Map as defined in the TI/YBI Subdivision Code.

"**Financial Obligations**" shall have the meaning set forth in Section 1.5.

"**Financing Plan**" means the plan attached hereto as Exhibit EE as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

"**Force Majeure**" shall have the meaning set forth in Section 24.1.1 of the DDA.

"**Foreclosed Property**" shall have the meaning set forth in Section 20.6 of the DDA.

"**FOST**" shall have the meaning set forth in Recital O of the DDA.

"**Funding Sources**" shall have the meaning set forth in the Financing Plan.

"**Fractional Interest Unit(s)**" means any apartment, condominium or cooperative unit, cabin, lodge, hotel or motel room, or other private or commercial structure containing toilet facilities therein that is designed and available, pursuant to applicable law, for use and occupancy as a residence by one or more individuals, and which is subject to any plan whereby a purchaser, in exchange for consideration, receives ownership rights in or the right to use accommodations for a period of less than a full year during any given year, on a recurring basis for more than one year, but not necessarily for consecutive years.

"**Governmental Entity**" means any court, administrative agency or commission, or other governmental or quasi-governmental organization with jurisdiction.

"**Gross Revenues**" shall have the meaning set forth in the Financing Plan.

"**Ground Lease**" shall have the meaning set forth in Section 4.1 of the DDA.

"**Guarantor Net Worth Requirement**" shall have the meaning set forth in Section 26.1 of the DDA.

"**Guarantor**" shall have the meaning set forth in Section 26.1 of the DDA.

"**Guaranty**" shall have the meaning set forth in Section 26.1 of the DDA.

"**Guidelines for Residential Auction Lot Selection**" shall have the meaning set forth in Section 17.5.3 of the DDA.

"**Hazardous Substance**" shall have the meaning set forth in Section 11.2.3 of the DDA.

"**HCAO**" shall have the meaning set forth in Section 27.5 of the DDA.

"**High Rise Lot**" shall have the meaning set forth in Section 24.1.2 of the DDA.

"**Housing Data Table**" shall have the meaning set forth in the Housing Plan.

"**Housing Plan**" means the plan attached hereto as Exhibit E, as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

"**ICT**" shall have the meaning set forth in Section 7.9 of the DDA.

"**ICT Design**" shall have the meaning set forth in Section 7.9 of the DDA.

"**ICT Products and Solutions**" shall have the meaning set forth in Section 7.9 of the DDA.

"**ICT Rights**" shall have the meaning set forth in Section 7.9 of the DDA.

"**IFD**" shall have the meaning set forth in Recital P of the DDA.

"**IFD Act**" shall have the meaning set forth in Recital P of the DDA.

"**Improvements**" means all physical improvements required or permitted to be made to the Project Site under this DDA, including Infrastructure and Stormwater Management Controls and Vertical Improvements.

"**Inclusionary Units**" shall have the meaning set forth in the Housing Plan.

"**Increased Adequate Security**" shall have the meaning set forth in Section 16.5.4 of the DDA.

"**Increment**" shall have the meaning set forth in the Financing Plan.

"**Indemnify**" means reimburse, indemnify, defend, and hold harmless. "**Indemnification**" has a correlative meaning.

"**Indemnifying Party**" shall have the meaning set forth in Section 22.4 of the DDA.

"**Index**" means the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose region (base years 1982-1984 = 100) published by the Bureau of Labor Statistics of the United States Department of Labor, but in no event shall any increase adjusted by the Index hereunder be less than two percent (2%) per annum or greater than five percent (5%) per annum.

"**Infrastructure**" means those items identified in the Infrastructure Plan including open space improvements (including park improvements and restrooms), streets, rails, sewer and storm drainage systems, water systems, street improvements (including freeway ramps or other demolition), traffic signal systems, dry utilities, transit facilities, associated public buildings and structures, and other improvements any of which are to be constructed in or for the benefit of the applicable real property or any other matters described in the Infrastructure Plan, and shall include such work as is necessary to deliver real property to the State Lands Commission in the condition required under the Public Trust Exchange Agreement, or otherwise so as to create Developable Lots as set forth in Section 7.8. Infrastructure does not include Stormwater Management Controls.

"**Infrastructure Obligations**" shall have the meaning set forth in Section 7.1.1 of the DDA.

"**Infrastructure Plan**" means the document attached hereto as Exhibit FF, as such document may be amended from time to time in accordance with the terms of this DDA.

"**Initial Closing Phase**" shall have the meaning set forth in Section 6.1.2 of the DDA.

"**Initial Major Phase**" shall have the meaning set forth in Section 1.5 of the DDA.

"**Initial Major Phase Application**" shall mean the Major Phase Application for the Initial Major Phase.

"**Initial Sub-Phases**" shall have the meaning set forth in Section 3.5 of the DDA.

"**Insurance Requirements**" shall have the meaning set forth in Section 22.6 of the DDA.

"**Interagency Cooperation Agreement**" means that certain Interagency Cooperation Agreement (Treasure Island/Yerba Buena Island) entered into in connection with the Project between the Authority and the City and attached hereto as Attachment 3, as amended from time to time.

"**Interim Lease Revenues**" shall have the meaning set forth in the Financing Plan.

"**Interim Service Credit Date**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Interim Transit Service**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Interim Transit Service Parameters**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**IP**" shall have the meaning set forth in Section 7.9 of the DDA.

"**IPM**" shall have the meaning set forth in Section 27.15 of the DDA.

"**IPM Ordinance**" shall have the meaning set forth in Section 27.15 of the DDA.

"**Jobs EOP**" shall have the meaning set forth in Section 13.1.8 of the DDA.

"**Jobs-Housing Linkage Fee**" means the Treasure Island Jobs-Housing Linkage Fee that is payable by Vertical Developers in accordance with the terms of the Vertical DDA.

"**JV Lots**" shall have the meaning set forth in Section 17.3 of the DDA.

"**Land Acquisition Agreements**" shall have the meaning set forth in Section 25.2 of the DDA.

"**Losses**" shall have the meaning set forth in Section 22.1 of the DDA.

"**Lot**" means a parcel of land within the Project Site that is a legal lot shown on a Final Subdivision Map.

"**LRA**" shall have the meaning set forth in Recital C of the DDA.

"**Major Phase 1**" means the area identified as Major Phase 1 in the Phasing Plan.

"**Major Phase 4**" means the area identified as Major Phase 4 in the Phasing Plan.

"**Major Phases**" shall have the meaning set forth in Section 3.1 of the DDA.

"**Major Phase Application**" shall have the meaning set forth in Section 3.5 of the DDA.

"**Major Phase Approval**" shall have the meaning set forth in Section 3.3 of the DDA

"**Major Phase Community Facilities Maximum Amount**" shall have the meaning set forth in Section 13.3.3(c) of the DDA.

"**Major Phase Decisions**" shall have the meaning set forth in Section 6.2.3 of the DDA

"**Management Plan**" means a Soil and Groundwater Management Plan approved by the applicable regulatory agencies.

"**Marina**" means the waterside Marina improvements to be developed by Treasure Island Enterprises, LLC, or such other successor party, as more particularly described in the Marina Term Sheet.

"**Marina Access Improvements**" shall have the meaning set forth in Section 8.3 of the DDA.

"**Marina Developer**" means Treasure Island Enterprises, LLC, or such other successor party developing the Marina.

"**Marina Revenues**" means all revenues received by Authority attributable to or in any way related to the Marina operations from the Marina Developer or any party other than Developer.

"**Marina Term Sheet**" means the Term Sheet for the Redevelopment, Expansion and Operation of the Treasure Island Marina between the Authority and Treasure Island Enterprises, LLC dated November 8, 2000, as amended by that certain Addendum dated November 10, 2004, and that Second Addendum to Term Sheet dated October 10, 2007.

"**Market Rate Lots**" shall have the meaning set forth in the Housing Plan.

"**Market Rate Lots Procedures**" shall have the meaning set forth in Section 17.6 of the DDA.

"**Market Rate Units**" shall have the meaning set forth in the Housing Plan.

"**Master CC&Rs**" shall have the meaning set forth in Section 10.3.2(e) of the DDA. The Approved form of Master CC&Rs as of the A&R Reference Date is attached hereto as Exhibit LL.

"**Master Developer**" shall have the meaning set forth in Section 1.5 of the DDA.

"**Material Breach**" shall have the meaning set forth in Section 16.2.3 of the DDA.

"**Material Modifications**" means amendments or modifications to this DDA or any of its Attachments that would materially increase the burdens and responsibilities of the Authority or materially decrease the benefits to the Authority, as reasonably determined by the Authority Director. Notwithstanding the foregoing, amendments or modifications to the Infrastructure Plan

that modify construction standards, materials, practices or specifications for Infrastructure shall not require approval by the Board of Supervisors unless the Authority Director and, with respect to any Infrastructure and Stormwater Management Controls to be owned or maintained by the City, the Director of Public Works, reasonably determine that such amendment or modification under the circumstances, would significantly increase costs to the City or Authority of ownership.

"**Minimum Bid Price**" shall have the meaning set forth in Section 10.3.2(g) of the DDA.

"**Mitigation Measures**" shall have the meaning set forth in Section 18.1 of the DDA.

"**Mortgage**" shall have the meaning set forth in Section 20.1 of the DDA.

"**Mortgagee**" shall have the meaning set forth in Section 20.1 of the DDA.

"**Mortgagee Acquisition**" shall have the meaning set forth in Section 20.6 of the DDA.

"**Mortgagor**" shall have the meaning set forth in Section 20.1 of the DDA.

"**Navy**" shall have the meaning set forth in Recital O of the DDA.

"**Navy Payment**" means that Initial Consideration and Additional Consideration as those terms are defined in the Conveyance Agreement.

"**Net Worth**" means net worth calculated using generally accepted accounting principles ("**GAAP**"). In the case of a corporation, "**Net Worth**" shall mean shareholders' equity calculated in accordance with GAAP. Any reference in this DDA to a minimum Net Worth or a Net Worth Requirement shall mean that the Net Worth must be satisfied and maintained at all times. Upon the Authority's request, a Person required to maintain a minimum Net Worth under this DDA shall provide to the Authority reasonable evidence that it satisfies the Net Worth Requirement, including a copy of the most recent audit of such Person (which shall in no event be dated more than thirteen (13) months before the date of the Authority's request). Any such audit must have been performed by an independent third-party auditor and must include the opinion of the auditor indicating that the financial statements are fairly stated in all material respects.

"**Net Worth Requirement**" means (i) for Transfer of a Major Phase or portions of a Major Phase that cumulatively equal or exceed a land area of seventy percent (70%) or more of the Major Phase, a Net Worth equal to or more than Seventy Five Million Dollars ($75,000,000), increased automatically by ten percent (10%) on each five (5) year anniversary of the Effective Date and (ii) for Transfers of one or more Sub-Phases that cumulatively equal less than seventy percent (70%) of the land area in a Major Phase, a Net Worth equal to or more than the higher of (A) Twenty Five Million Dollars ($25,000,000), increased automatically by ten percent (10%) on each five (5) year anniversary of the Effective Date or (B) the amount determined under clause (i) above times the percentage of the total land area in the Major Phase that is being Transferred. Any entity required to satisfy the Net Worth Requirement can do so either by either meeting the Net Worth Requirement itself or by providing a Guaranty, covering all of that entity's

obligations under this DDA without limitation, from an entity that meets the Net Worth Requirement.

"**Non-Critical Commercial Lots**" shall have the meaning set forth in Section 17.2 of the DDA.

"**Non-Developer Critical Commercial Lot**" shall have the meaning set forth in Section 17.2.5 of the DDA.

"**Notice of Termination**" shall have the meaning set forth in Section 28.36 of the DDA.

"**Notifying Party**" shall have the meaning set forth in Section 16.1 of the DDA.

"**NSTI**" shall have the meaning set forth in Recital A of the DDA.

"**Official Records**" means the Official Records of the City and County of San Francisco maintained by the City's Recorder's Office.

"**OLSE**" shall have the meaning set forth in Section 27.5 of the DDA.

"**Open Space Lot**" means a Lot primarily used for Improvements constructed in accordance with the Parks and Open Space Plan.

"**Original DDA**" shall have the meaning set forth in Recital X of the DDA.

"**Original Project Guaranty**" means that certain Guaranty provided by Lennar in connection with the ENA, dated as of June 1, 2003.

"**Original Reference Date**" shall have the meaning set forth in the Introductory Paragraph of the DDA.

"**Original TIHDI Agreement**" shall have the meaning set forth in Recital F of the DDA.

"**Outside Date**" means the last date by which a particular obligation may be satisfied, as such date is set forth in the Schedule of Performance.

"**Owner/Occupant**" means for a Lot, Unit or commercial condominium in the Project Site, as applicable, the Person holding fee title thereto.

"**Park Extension**" shall have the meaning set forth in Section 24.4 of the DDA.

"**Parking Data Table**" shall have the meaning set forth in Section 4.2.1(a) of the DDA.

"**Parks and Open Space Plan**" means the plan attached hereto as Exhibit GG, as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

"**Party**" means, individually or collectively as the context requires, Developer, the Authority and any Transferee that is made a Party to this DDA under the terms of an Assignment and Assumption Agreement Approved by the Authority Director.

"**PCBs**" shall have the meaning set forth in Section 11.2.3 of the DDA.

"**Permit to Enter**" means, initially, the document attached to this DDA as Exhibit HH, as such document may be revised from time to time by the Authority upon notice thereof to Developer. The Authority may from time to time amend the attached form of Permit to Enter and impose such insurance, bond, guaranty and indemnification requirements as the Authority determines are necessary or appropriate to protect its interests, consistent with the Authority's custom and practice and in a manner that will not unnecessarily interfere with or materially increase the cost or risk of Developer's ability to perform under this DDA or if it would unnecessarily interfere with or materially increase the cost or risk, such amendment must be consistent with commercial industry practice.

"**Permitted Exceptions**" means permitted title exceptions at a close of Escrow as set forth in Section 10.2.

"**Person**" means one or more natural persons or corporations, partnerships, trusts, limited liability companies, limited liability partnerships or other entities.

"**Petroleum Corrective Action Plan**" means the Final Corrective Action Plan, Sites 06, 14/22, 15, and 25, Naval Station Treasure Island dated June 28, 2002, prepared by Tetra Tech EM Inc. for the Department of the Navy, and the Corrective Action Plan, Inactive Fuel Lines, Naval Station Treasure Island dated December 2003, prepared by Tetra Tech, Inc. for Department of Navy, as amended from time to time.

"**Phase 1 Area**" shall have the meaning set forth in Section 6.1.2 of the DDA.

"**Phasing Goals**" shall have the meaning set forth in Section 3.2 of the DDA.

"**Phasing Plan**" means the map attached hereto as Exhibit II, as such map may be amended from time to time in accordance with the terms of this DDA.

"**Planning Commission**" shall have the meaning set forth in the DRDAP.

"**Police and Fire Station Lot**" shall have the meaning set forth in the Community Facilities Plan.

"**Political Activity**" shall have the meaning set forth in Section 27.7 of the DDA.

"**Port**" shall have the meaning set forth in Section 21.12 of the DDA.

"**Pre-Approved Arbiters List**" shall have the meaning set forth in Section 15.3.1 of the DDA.

"**Private Information**" shall have the meaning set forth in Section 27.18(c) of the DDA.

"**Product Types**" shall have the meaning set forth in Section 17.5.2 of the DDA.

"**Proforma**" shall have the meaning set forth in Section 3.9.

"**Project**" shall have the meaning set forth in Section 1.1 of the DDA.

"**Project Account**" shall have the meaning set forth in the Financing Plan.

"**Project Approvals**" shall mean the Project Approvals listed in Exhibit C to the Development Agreement.

"**Project Cost**" shall have the meaning set forth in the Financing Plan

"**Project EIR**" shall have the meaning set forth in Recital W of the DDA.

"**Project MMRP**" shall have the meaning set forth in Recital W of the DDA.

"**Project Site**" shall have the meaning set forth in Recital B of the DDA.

"**Project Special Taxes**" shall have the meaning set forth in the Financing Plan.

"**Project Subsidies**" shall have the meaning set forth in Section 13.3 of the DDA.

"**Protection of Information Ordinance**" shall have the meaning set forth in Section 27.18 of the DDA.

"**PTR Package**" shall have the meaning set forth in Section 10.2.2 of the DDA.

"**Public Financing**" shall have the meaning set forth in the Financing Plan.

"**Public Improvements**" shall have the meaning set forth in Section 9.2.5 of the DDA.

"**Public Property**" shall have the meaning set forth in Section 3.7 of the DDA.

"**Public Trust**" shall have the meaning set forth in Section 6.1.1 of the DDA.

"**Public Trust Exchange**" shall have the meaning set forth in Section 6.1.1 of the DDA.

"**Public Trust Exchange Agreement**" shall have the meaning set forth in Section 6.1.1 of the DDA.

"**Public Trust Parcels**" shall mean portions of the Project Site that are subject to the Public Trust upon completion of a Public Trust Exchange.

"**PUC Lot**" means the Lot depicted on Exhibit G attached here to as the "PUC Parcel."

"**Qualified Appraiser Pool**" shall have the meaning set forth in Section 17.4.1 of the DDA.

"**Qualified Buyer**" means a third-party buyer (i) who is not an Affiliate of Developer and is reasonably creditworthy given the obligations it is assuming, and (ii) the principals of which have at least five (5) years of experience in developing the kind of housing or commercial product to be developed on the Lot the Qualified Buyer is seeking to purchase.

"**Qualified Housing Developer**" shall have the meaning set forth in Exhibit E.

"**Quiet Title Action**" shall have the meaning set forth in Section 10.2.3 of the DDA.

"**Ramps Subsidy**" shall have the meaning set forth in Section 13.3.6 of the DDA

"**Redesign Plan**" shall have the meaning set forth in Section 6.2.5(b) of the DDA.

"**Redesign Budget**" shall have the meaning set forth in Section 6.2.5(c) of the DDA.

"**Redesign Costs**" shall have the meaning set forth in Section 6.2.5(c) of the DDA.

"**Redesign Trigger Event**" shall have the meaning set forth in Section 6.2.5(a) of the DDA.

"**Related Infrastructure**" shall have the meaning set forth in Section 7.1.1 of the DDA.

"**Release**" shall have the meaning set forth in Section 11.2.5 of the DDA.

"**Remainder Parking**" shall have the meaning set forth in Section 4.2.1(a)(iv) of the DDA.

"**Remediation Agreement**" means an agreement, not contained in this DDA, between Developer and another Person relating to the remediation of Hazardous Substances on some or all of the Project Site.

"**Replacement Housing Obligation**" shall have the meaning set forth in the Housing Plan.

"**Replacement Housing Units**" shall have the meaning set forth in the Housing Plan.

"**Requested Change Notice**" shall have the meaning set forth in Section 3.8.2 of the DDA.

"**Required Improvements**" means the police/fire station as described in the Community Facilities Obligations, the ferry terminal and quay, as described in the Infrastructure Plan, and the grocery store consisting of 15,000 s.f., as described in the Community Facilities Obligations.

"**Required Retail**" shall have the meaning set forth in Section 8.2 of the DDA.

"**Required Vegetation Removal**" shall have the meaning set forth in Section 6.1.4 of the DDA.

"**Residential Auction Lot**" shall have the meaning set forth in Section 17.3 of the DDA.

"**Re-Setting of the Minimum Bid Price**" shall have the meaning set forth in Section 17.5 of the DDA.

"**Residential Auction Lots**" shall have the meaning set forth in Section 17.3 of the DDA.

"**Residential Developable Lot**" shall have the meaning set forth in Exhibit E.

"**Residential Project**" means a Vertical Project that is consistent with the Development Requirements and contains Units and other consistent uses, if any.

"**Residential Unit**" shall have the meaning set forth in the Housing Plan.

"**Reuse Plan**" shall have the meaning set forth in Recital E of the DDA.

"**Reversionary Contest Period**" shall have the meaning set forth in Section 16.5.1(f) of the DDA.

"**Reversionary Cure Notice**" shall have the meaning set forth in Section 16.5.1(a)(ii) of the DDA.

"**Reversionary Default**" shall have the meaning set forth in Section 16.5.1(a)(i) of the DDA.

"**Reversionary Quitclaim Deed**" shall have the meaning set forth in Section 16.5.1 of the DDA.

"**Reversionary Recordation Notice**" shall have the meaning set forth in Section 16.5.1(d) of the DDA.

"**Reverter Release**" shall have the meaning set forth in Section 16.5.4 of the DDA.

"**Reverter Release Recordation Notice**" shall have the meaning set forth in Section 16.5.4 of the DDA.

"**Right of Reverter**" shall have the meaning set forth in Section 16.5.1(a) of the DDA.

"**Sailing Center Lot**" means the Lot depicted on Exhibit G attached hereto as the "Sailing Center Parcel."

"**Secured Amount**" shall have the meaning set forth in Section 26.1 of the DDA.

"**Schedule of Performance**" means the schedule of performance attached hereto as Exhibit JJ, as such schedule of performance may be updated under the terms of this DDA, including Article 3, amended upon the Approval by Developer and the Authority, or extended by Excusable Delay.

"**School Lot**" means the Lot depicted on Exhibit G attached hereto as the "School Parcel."

"**School Subsidy**" shall have the meaning set forth in the Section 3.3.6(a) of the DDA.

"**SFCTA**" means the San Francisco County Transportation Authority

"**SFCTA MOA**" as defined in Section 13.3.6 of the DDA.

"**SFMTA**" means the San Francisco Municipal Transportation Agency.

"**SFMTA Subsidy**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**SFMTA Subsidy Account**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**SFPUC**" means the San Francisco Public Utilities Commission.

"**SFUSD**" means the San Francisco Unified School District.

"**Significant Change**" means (i) Developer files, or is the subject of, a petition for bankruptcy, or makes a general assignment for the benefit of its creditors, (ii) a receiver is appointed on account of Developer's insolvency, (iii) a writ of execution or attachment or any similar process is issued or levied against any bank accounts of Developer, or against any property or assets of Developer being used or required for use in the development of the Infrastructure and Stormwater Management Controls or against any substantial portion of any other property or assets of Developer, or (iv) a final non-appealable judgment is entered against Developer in an amount in excess of Five Million Dollars ($5,000,000.00), and the party against whom judgment is entered is unable to either satisfy or bond the judgment.

"**Significant Change to Guarantor**" as defined in Section 26.3.2 of the DDA.

"**Soil Stockpile**" shall have the meaning set forth in Section 13.3.7 of the DDA.

"**SOQHD**" shall have the meaning set forth in Section 17.2 of the DDA.

"**State**" means, as the context requires, (i) the State of California, or (ii) the territorial jurisdiction of the foregoing.

"**State Lands**" shall have the meaning set forth in Section 6.1.1 of the DDA.

"**Stormwater Management Controls**" means the facilities, both those to remain privately-owned and those to be dedicated to the City, that comprise the infrastructure and landscape system that is intended to manage the stormwater runoff associated with the Project, as required by the San Francisco stormwater management standards, the applicable NPDES permit, and/or state and federal law, and as described in the Infrastructure Plan. Stormwater Management Controls include but are not limited to: (i) swales and bio-swales (including plants and soils), (ii) bio-retention and bio-filtration systems (including plants and soils), (iii) constructed ponds and/or wetlands (vi) permeable paving systems, and (v) other facilities performing a stormwater control function constructed to comply with the San Francisco stormwater management standards, the applicable NPDES permit, and/or state and federal law.

Stormwater Management Controls shall not mean Infrastructure that is part of the traditional collection system such as catch basins, stormwater pipes, stormwater pump stations, outfalls, and other such facilities that are located in the public right-of-way.

"**Sub-Phases**" shall have the meaning set forth in Section 3.1 of the DDA.

"**Sub-Phase Application**" shall have the meaning set forth in Section 3.5 of the DDA.

"**Sub-Phase Event**" shall have the meaning set forth in Section 24.1.2 of the DDA.

"**Sub-Phase Approval**" shall have the meaning set forth in Section 3.4 of the DDA.

"**Subdivision Map**" means a Tentative Subdivision Map, Final Subdivision Map, Transfer Map or any other type of subdivision map approved in accordance with the TI/YBI Subdivision Code.

"**Submerged Lands**" shall have the meaning set forth in Recital A of the DDA.

"**Subsequent Closing Phase**" shall have the meaning set forth in Section 6.1.3 of the DDA.

"**Subsidies**" shall mean those Subsidies described in Section 13 hereof, and each individually, a "**Subsidy**."

"**Substantial Completion**" and any variation thereof means (A) for Infrastructure and Stormwater Management Controls, that the Authority Director determines, in his or her reasonable discretion following consultation with the Department of Public Works, that (i) the work has been substantially completed in accordance with the Construction Documents, and (ii) the Infrastructure and Stormwater Management Controls has been Completed except for (x) customary punch list work that does not prevent a Vertical Developer from constructing Vertical Improvements and (y) work customarily not Completed until Vertical Improvements have been substantially Completed in order to avoid damage to such work or to achieve customary sequencing of the work (e.g., testing that requires Vertical Improvements to be in place) and (B) for Vertical Improvements, that the Authority Director determines, in his or her reasonable discretion following consultation with DBI, that the applicable Vertical Improvements are substantially complete and that the life safety systems within the applicable Vertical Improvement have been installed and are fully functional.

"**Substantially Complete Application,**" "**Substantially Complete Major Phase Application**" or "**Substantially Complete Sub-Phase Application**" means a Major Phase or Sub-Phase Application, as applicable that has been submitted to Authority in accordance with the DRDAP along with substantially all of the required submittal materials, but Authority has not fully accepted the Application as Complete pending Developer's submittal of additional information or materials determined by Authority as reasonably necessary to accept the Application as Complete.

"**Summary Proforma**" means the summary proforma attached to the DDA as Exhibit S, as it may be amended from time to time in accordance with Section 3.9 of the DDA.

"**SUD**" shall have the meaning set forth in Section 4.2 of the DDA.

"**Sustainability Obligations**" shall have the meaning set forth in Section 13.1.7 of the DDA.

"**Taxable Parcel**" shall have the meaning set forth in the Financing Plan.

"**Tentative Subdivision Map**" shall have the meaning set forth in Section 1.6(d) of the DDA.

"**Term**" shall have the meaning set forth in Section 2 of the DDA.

"**Third Party**" means a Person other than Developer and its Affiliates.

"**TI/YBI Subdivision Code**" means the Subdivision Code of the City and County of San Francisco for Treasure Island and Yerba Buena Island and the regulations promulgated thereunder, as each may be amended from time to time.

"**TICAB**" shall have the meaning set forth in Recital K of the DDA.

"**TICD**" means Treasure Island Community Development, LLC, a California limited liability company.

"**TIHDI**" shall have the meaning set forth in Recital F of the DDA.

"**TIHDI Agreement**" shall have the meaning set forth in Recital F of the DDA.

"**TIHDI Job Broker Program Subsidy**" shall have the meaning set forth in Section 9.1 of the Jobs EOP.

"**TIHDI Member Organizations**" shall have the meaning set forth in the TIHDI Agreement.

"**TIMMA**" shall have the meaning set forth in Recital N of the DDA.

"**Title Company**" means Chicago Title Company, or such other reputable title company determined by Developer and Approved by the Authority Director, licensed to do business in the State and having an office in the City.

"**Title Objection Period**" shall have the meaning set forth in Section 10.2.2 of the DDA.

"**Transaction Documents**" means (1) this DDA, the Vertical Disposition and Development Agreements, Lease Disposition and Development Agreements and Ground Leases, and related conveyance agreements governing the development of the Project Site in accordance with the DDA, (2) the Land Acquisition Agreements, (4) the Interagency Cooperation Agreement, and (4) other necessary transaction documents for the conveyance, management and redevelopment of the Project Site.

"**Transfer**" means to convey, transfer, sell, or assign as and to the extent permitted under this DDA.

"**Transfer Map**" means a Transfer Map as defined in the Treasure Island/Yerba Buena Island Subdivision Code.

"**Transferable Infrastructure**" shall have the meaning set forth in Section 7.2.1 of the DDA.

"**Transferee**" means any Person to whom Developer Transfers any rights and corresponding obligations under this DDA relating to a Major Phase, Infrastructure and Stormwater Management Controls or horizontal development, as permitted under this DDA, including Transfers to Affiliates of Developer. Vertical Developers, or any transferee of the right to apply for or to construct Vertical Improvements, shall not be deemed to be Transferees as such term is used in this DDA.

"**Transient Occupancy**" means occupancy for a period of less than thirty (30) consecutive calendar days.

"**Transient Occupancy In-Lieu Fee**" shall have the meaning set forth in the Development Agreement.

"**Transit Hub**" shall have the meaning set forth in Section 1.3(n) of the DDA.

"**Transit Operating Costs**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Transition Housing Rules and Regulations**" means those Transition Housing Rules and Regulations for the Villages at Treasure Island, adopted by the Authority on April 21, 2011.

"**Transition Requirements**" shall have the meaning set forth in Section 10.3.3(h) of the DDA.

"**Transportation Capital Contribution Account**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Transportation Capital Contribution Payment**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Transportation Capital Contribution Subsidy**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Transportation Capital Costs**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Transportation Capital Project**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Transportation Plan**" means that certain Treasure Island Transportation Implementation Plan, approved by the Authority on April 21, 2011 by Resolution No. 11-17-04/21, which outlines the transportation program for Treasure Island and Yerba Buena Island, as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

"**Transportation Plan Obligations**" means those obligations of the Transportation Plan for which Developer is responsible, as described in Exhibit N attached hereto.

"**Transportation Subsidy Account**" shall have the meaning set forth in Section 13.3.2 of the DDA.

"**Trust Exchange Closing Phase**" shall have the meaning set forth in Section 6.1.1 of the DDA.

"**Unrelated Infrastructure**" shall have the meaning set forth in Section 7.1.2 of the DDA.

"**Vertical Application**" shall have the meaning set forth in the DRDAP.

"**Vertical Approval**" shall have the meaning set forth in the DRDAP.

"**Vertical Developer**" means for a particular Lot or Vertical Improvement, the Person that is a party to the applicable Vertical DDA related thereto.

"**Vertical Development**" means the development of Vertical Improvements.

"**Vertical Improvement**" means an Improvement to be developed under this DDA that is not Infrastructure and Stormwater Management Controls or Improvements required to be Completed by Developer for the Parks and Open Spaces.

"**Vertical DDA**" shall have the meaning set forth in Section 1.2 of the DDA.

"**Vertical LDDA**" shall have the meaning set forth in Section 1.2 of the DDA.

"**Vertical Project**" means the process of designing, Commencing and Completing a Vertical Improvement under a Vertical DDA.

"**Wastewater Treatment Facility**" shall have the meaning set forth in the Infrastructure Plan.

"**Wastewater Treatment Facility Lot**" means the Lot on which the Wastewater Treatment Facility will be located, as depicted on Exhibit G attached hereto as the "WWTP Parcel."

"**Work Program**" shall have the meaning set forth in Section 6.2.5(c) of the DDA.

EXHIBIT B-1

The Project Site/Excluded Properties

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT B-2

Legal Description of Project Site

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT C

Project MMRP

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT D

The Land Use Plan

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT E

The Housing Plan

[Attached]

4/3/2024

EXHIBIT E

DISPOSITION AND DEVELOPMENT AGREEMENT

(TREASURE ISLAND/YERBA BUENA ISLAND)

HOUSING PLAN

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SUMMARY

The development plan for Naval Station Treasure Island ("**NSTI**") under the DDA calls for the development of up to 8,000 residential units. This housing plan (the "**Housing Plan**") provides that not less than 25% of the residential units that may be developed at the Project Site (2,000 units if the full 8,000 units are developed) will be below market rate units affordable to low and moderate income households or Transitioning Households, and provides that this percentage may increase to 30% if additional public funds for affordable housing becomes available. Of the 2,000 below market rate units, the parties anticipate that up 1,684 units will be developed by Qualified Housing Developers, including approximately 435 to be developed by TIHDI member organizations. And approximately 21.7% of the acreage of the developable residential pads will be available and used for the development of these 1,684 affordable housing units.

The remainder of the below market rate units will be inclusionary units built by Vertical Developers in concert with the private market-rate development projects. Five percent (5%) of the total Developer Residential Units shall be Inclusionary Units. Developer may sell land to Vertical Developers, including Developer and its Affiliates as permitted in the DDA, to develop up to Six Thousand (6,000) Market Rate Residential Units. If the maximum total number of Market Rate Units is built, then the total number of Inclusionary Units would be Three Hundred Sixteen (316), for a total number of Developer Residential Units of Six Thousand Three Hundred Sixteen (6,316) units. The Inclusionary Units will be constructed and sold or rented in accordance with this Housing Plan.

Developer will submit to the Authority Major Phase Applications and Sub-Phase Applications pursuant to the DDA and the DRDAP. Each Major Phase will include one or more Sub-Phases. Following each Sub-Phase Approval, the Authority will convey the Market Rate Lots within that Sub-Phase to Developer and Developer will prepare Developable Lots in Sub-Phases in accordance with the Phasing Plan and the Schedule of Performance. Developer will then convey the Market Rate Lots to Vertical Developers for residential development in accordance with an approved Vertical DDA and the Development Requirements. The Authority Housing Lots will be used for the development of Authority Housing Units in accordance with this Housing Plan. While the Developer will retain flexibility and discretion to respond to market conditions regarding the types, sizes and locations of Developer Residential Units consistent with the Development Requirements, the Project will phased so as to include a mix of Market Rate Lots and Authority Housing Lots as needed to meet the proportionality requirements of this Housing Plan.

Developer and the Authority have designated the general location of the Authority Housing Lots, which are distributed throughout the Project Site. The Authority and TIHDI will be responsible for causing the development of Affordable Housing Units and Transition Units on the Authority Housing Lots. The Affordable Housing Units are expected to include a range of unit types and tenures, including family housing units and senior units. The Authority shall retain the discretion to determine the type of Affordable Housing Units to be constructed so long as the Units are consistent with the Development Requirements. The Authority shall enter into a separate agreement with TIHDI for the development of the TIHDI Units on specified Authority Housing Lots.

In addition to the Affordable Housing Units, the Authority will also be responsible for causing the development of the Transition Units. The Transition Units are to provide housing for existing residents who qualify for benefits under the Transition Housing Rules and Regulations and who, when noticed that they must make a long term move, elect to rent a new unit on Treasure Island in accordance with the Transition Housing Rules and Regulations. The Transition Units will be deed restricted to require that upon vacancy of the Transitioning Household, subsequent households occupying the Transition Unit must meet Affordable income requirements and each such Transition Unit will become an Affordable Housing Unit. If a Transitioning Household does meet Affordable income requirements, then the applicable Transitions Unit will be a deed restricted Affordable Housing Unit from its inception. The Transition Housing Rules and Regulations provide certain benefit options to Transitioning Households, including moving assistance, down payment assistance, an in lieu payment and the opportunity to move to Transition Units at specified rents. The estimated costs of implementing the Transition Housing Rules and Regulations have been factored into the Developer Housing Subsidy to be paid by Developer to the Authority.

The DDA calls for the use of a variety of private and public funding sources to create the Authority Housing Units envisioned by this Housing Plan, including Developer Completion of Infrastructure and Stormwater Management Controls in accordance with this Housing Plan, the Developer Housing Subsidy, tax increment financing generated from one or more infrastructure financing districts, the jobs-housing linkage fees, low-income housing tax credit proceeds and various State and Federal sources of funding. Collectively, the Project is expected to contribute more than $460 million towards the creation of the Authority Housing Units, including the costs of needed infrastructure, site preparation and construction costs. The Project-generated funds will come from three sources:

- Net Available Increment and Developer contributions in an amount equal to the Housing Percentage, as defined in the Financing Plan, will be deposited into the Housing Fund in accordance with the Financing Plan and used by the Authority for the development of the Affordable Housing Units.

- Second, the commercial development on the Project Site is anticipated to generate Jobs-Housing Linkage fees paid by Vertical Developers in accordance with the DDA and the commercial Vertical DDAs/LDDAs. All Jobs-Housing Linkage fees payable under these DDAs from the commercial development on the Project Site will be used for the production of Authority Housing Units in accordance with this Housing Plan.

- Third, Developer shall pay a direct subsidy to the Authority to be used toward the costs of the Authority Housing Units and implementation of the Transition Housing Rules and Regulations. The Developer Housing Subsidy will equal Seventeen Thousand Five Hundred Dollars ($17,500) per Market Rate Unit. The actual amount of the Developer Housing Subsidy will be determined based on the maximum number of Market Rate Units allowed for development in each Vertical DDA (but subject to a minimum and maximum amount, as described below), and will become payable upon the transfer of each Market Rate Lot to a Vertical Developer (subject to Section 6.1(a)). The Developer Housing Subsidy will be $105 million if the maximum 6,000

Market Rate Residential Units are developed, and the minimum Developer Housing Subsidy will be $73.5 million as set forth in Section 6.1 below.

The Parties acknowledge that the Development Plan Update contemplated that the Project Site would be included within a Redevelopment Project Area and that tax increment financing under the Community Redevelopment Law would be available to the Parties to finance Project Costs, including affordable housing. As a result of potential changes to the Community Redevelopment Law, the Parties have determined to proceed with development of the Project Site using an Infrastructure Financing District model rather than a redevelopment model under the Community Redevelopment Law. Current laws on Infrastructure Financing Districts provide substantially reduced incremental tax revenue from that provided under the Community Redevelopment Law, and furthermore place different restrictions and limitations on the use of such funds. Accordingly, the Parties have reduced the percentage of Authority Housing Units to twenty five percent of the total number of Residential Units with a corresponding increase in the number of Market Rate Units (as compared to the Development Plan Update) to compensate for the reduced public financing available for the Project. If, as a result of changes to the current Infrastructure Financing District law or other public financing vehicles, the amount of public financing available for affordable housing in the Project is increased, the Parties agree to increase the percentage of Authority Housing Units as set forth in Article 9 of this Housing Plan.

The foregoing summary is provided for convenience and for informational purposes only. In case of any conflict, the provisions of the Housing Plan and the DDA shall control.

1. DEFINITIONS

Initially capitalized terms unless separately defined in this Housing Plan have the meanings and content set forth in the DDA. Terms defined in the DDA and also set forth in this Section are provided herein for convenience only.

1.1 Adequate Security shall have the meaning set forth in the DDA.

1.2 Affordable, Affordability, or Affordable Housing Cost means (a) with respect to a Rental Unit, a monthly rental charge (including the Utility Allowance applicable to the Household Size of such Rental Unit but excluding Parking Charges) that does not exceed thirty percent (30%) of the maximum Area Median Income percentage permitted for the applicable type of Residential Unit, based upon Household Size; and (b) with respect to a For-Sale Residential Unit, a purchase price based on a five percent (5%) down payment and a commercially reasonable thirty (30) year fixed mortgage with an interest rate as set forth below, points and fees and total annual payments for principal, interest, taxes and owner association dues, but excluding Parking Charges, not exceeding thirty three percent (33%) of the maximum Area Median Income percentage permitted for the applicable type of Residential Unit reduced by five percent (5%), based upon Household Size. With respect to the Inclusionary Units, Parking Charges to be paid by residents shall be in addition to the Affordable Housing Cost and shall not be included in rent or the purchase price in determining Affordable Housing Cost. With respect to Authority Housing Units, the Authority shall have the right to determine whether Parking Charges will be included in the rent or purchase price for purposes of determining the Affordable Housing Cost in accordance with Section 7.1 of this Housing Plan and the Design for

Development. The interest rate for the mortgage loan that is used to calculate the purchase price for a Sale Unit shall be the higher of (1) the ten (10) year rolling average interest rate, as calculated by the Authority based on data provided by Fannie Mae or Freddie Mac, or if such data is not provided by Fannie Mae or Freddie Mac, then based on data from an equivalent, nationally recognized mortgage financing institution approved by the Vertical Developer and the Authority, or (2) the current commercially reasonable rate available through the Authority approved lender, in either case as in effect on a date mutually agreed upon between the Authority and the Vertical Developer but before the date the Authority approves the marketing plan for the Sale Residential Unit.

1.3 Affordable Housing Loan Fund has the meaning set forth in Section 6.4 of this Housing Plan.

1.4 Affordable Housing Unit means a Residential Unit constructed by a Qualified Housing Developer (including Qualified Housing Developers selected by TIHDI) on an Authority Housing Lot that is available for lease or purchase at an Affordable Housing Cost for households with an annual income up to one hundred twenty percent (120%) of Area Median Income, but may be leased or sold to households with lower income levels as determined by the Authority. Inclusionary Units are not included in Affordable Housing Units. The Authority shall determine the affordability level and other relevant restrictions for each Authority Housing Project in conformance with the Development Requirements, shall comply with Government Code Section 53395.3(c) to the extent applicable, and, with respect to the Replacement Housing Units shall comply with Government Code Section 53395.5, provided that Transition Units shall initially meet the standards required under the Transition Housing Rules and Regulations.

1.5 Approved Sites has the meaning set forth in Section 2.5 of this Housing Plan.

1.6 Approval (Approve, Approved and any variation) is defined in the DDA.

1.7 Area Median Income means for the Inclusionary Units, unadjusted median income for the San Francisco area as published from time to time by the United States Department of Housing and Urban Development ("**HUD**") adjusted solely for household size. If data provided by HUD that is specific to the median income figures for San Francisco are unavailable or are not updated for a period of at least eighteen months, the Area Median Income may be calculated by the Authority using other publicly available and credible data as approved by Developer and the Authority. For the Authority Housing Units, Area Median Income shall be the higher of the above definition or the definition used by any federal, State or local funding source providing financing for the Authority Housing Units.

1.8 Authority Housing Lot shall mean the lots identified as Authority Housing Lots on the Housing Map, subject to any revisions as may be requested by Developer and approved by the Authority as part of the Major Phase and Sub-Phase Approval processes, or otherwise as set forth in the DRDAP.

1.9 Authority Housing Lot Completion Date means the date an Authority Housing Lot meets the requirements for a Developable Lot including Completion of all

Infrastructure and Stormwater Management Controls except for the Transferable Infrastructure related to the Authority Housing Lot.

1.10 Authority Housing Project means a Residential Project constructed by a Qualified Housing Developer selected by the Authority or TIHDI, as applicable, containing Authority Housing Units and possibly also containing other uses permitted under the Design for Development and this Housing Plan.

1.11 Authority Housing Unit means a Residential Unit developed on an Authority Housing Lot, which shall be either an Affordable Housing Unit or a Transition Unit. Transition Units may be Affordable Housing Units at inception (for income-qualifying Transitioning Households) or, if not, shall become Affordable Housing Units upon the vacancy of the initial Transitioning Household.

1.12 Commence (Commenced, Commencement and any variation) has the meaning set forth in the DDA.

1.13 Complete (Completed, Completion and any variation) has the meaning set forth in the DDA.

1.14 Completed Authority Housing Lot means an Authority Housing Lot that meets the requirements for a Developable Lot including with all Infrastructure and Stormwater Management Controls except for the Transferrable Infrastructure Completed.

1.15 CRL Funding Amount has the meaning set forth in Section 9.1 of this Housing Plan.

1.16 Declaration of Restrictions means a document or documents recorded against an Inclusionary Unit requiring that the Unit remain Affordable in accordance with the terms of this Housing Plan. The Declaration of Restrictions for the Rental and For Sale Inclusionary Units shall be in a form Approved by the Developer and the Authority in accordance with Section 5.1(f) of this Housing Plan.

1.17 Developer Housing Subsidy means the subsidy to be paid by Developer to the Authority for the development of Authority Housing Units on the Authority Housing Lots and the implementation of the Transition Housing Rules and Regulations. The Developer Housing Subsidy shall be paid over time as set forth in this Housing Plan, and shall equal the total number of Market Rate Units allowed to be constructed on each Market Rate Lot as set forth in the Vertical DDA for such Lot multiplied by Seventeen Thousand Five Hundred Dollars ($17,500), subject to the true-up provision set forth in Section 6.1(b) of this Housing Plan.

1.18 Developable Lot has the meaning set forth in the DDA.

1.19 Developer Residential Units means the Market Rate Units and the Inclusionary Units.

1.20 Development Agreement has the meaning set forth in the DDA.

1.21 Development Requirements has the meaning set forth in the DDA.

1.22 Event of Default has the meaning set forth in the DDA.

1.23 Fair Market Value Price has the meaning set forth in Section 9.3 of this Housing Plan.

1.24 Financing Plan means the Financing Plan attached to the DDA.

1.25 For-Rent or Rental Unit means a Residential Unit which is not a For Sale Unit.

1.26 For-Sale or Sale Unit means a Residential Unit which is intended at the time of completion of construction to be offered for sale, e.g., as a condominium, for individual unit ownership.

1.27 Household Size means the total number of bedrooms in a Residential Unit plus one (1).

1.28 Housing Data Table means the table attached here to as Attachment A.

1.29 Housing Fund has the meaning set forth in the Financing Plan.

1.30 Housing Map means the map attached hereto as Attachment B.

1.31 Housing Percentage has the meaning set forth in the Financing Plan.

1.32 IFD has the meaning set forth in the Financing Plan.

1.33 IFD Act has the meaning set forth in the Financing Plan.

1.34 Inclusionary Milestone has the meaning set forth in Section 5.1(c) of this Housing Plan.

1.35 Inclusionary Obligation has the meaning set forth in Section 5.1(a) of this Housing Plan.

1.36 Inclusionary Units means (i) for a Rental Unit, a unit that is available to and occupied by a household with an income not exceeding one hundred percent (100%) of Area Median Income and rented at an Affordable Housing Cost for households with incomes from sixty percent (60%) to one hundred percent (100%) of Area Median Income, and (ii) for a For Sale Unit, a unit that is available to and occupied by households with incomes not exceeding One Hundred Twenty Percent (120%) of Area Median Income and sold at an Affordable Housing Cost for households with incomes from Eighty Percent (80%) to One Hundred Twenty Percent (120%) of Area Median Income. The mechanism for setting the maximum Affordable Housing Cost and income level for each Inclusionary Unit is set forth in Section 5 of this Housing Plan.

1.37 Infrastructure has the meaning set forth in the DDA.

1.38 Interim Move has the meaning set forth in the Transition Housing Rules and Regulations.

1.39 Major Phase has the meaning set forth in the DDA.

1.40 Market Rate or Market Rate Unit means a Residential Unit constructed on a Market Rate Lot that has no restrictions under this Housing Plan or the DDA with respect to Affordable Housing Cost levels or income restrictions for occupants.

1.41 Market Rate Lot shall mean a lot of the approximate size and location identified as a Market Rate Lot on the Housing Map at each Major Phase Approval, subject to any revisions as may be requested by Developer and Approved by the Authority as part of the Sub-Phase Approval process or otherwise as set forth in the DRDAP.

1.42 Market Rate Project means a Residential Project constructed by a Vertical Developer, including Developer and its Affiliates, and containing Market Rate Units, Inclusionary Units (if required), and possibly also containing other uses permitted under the Design for Development.

1.43 Marketing and Operations Guidelines has the meaning set forth in Section 5.1(h) of this Housing Plan.

1.44 Maximum Public Financing Revisions has the meaning set forth in Section 9.1 of this Housing Plan.

1.45 Minimum Affordable Percentage has the meaning set forth in Section 2.1 of this Housing Plan.

1.46 MOH shall mean the City of San Francisco's Mayor's Office of Housing or any successor agency.

1.47 Net Available Increment has the meaning set forth in the Financing Plan.

1.48 Non-Inclusionary Projects means the Residential Projects of the following types, on which Developer and Vertical Developers may, but are not required to, include any Inclusionary Housing: (i) any Residential Project of 19 or fewer units; (ii) townhomes; (iii) residential towers exceeding 240 feet in height; (iv) residential condominiums with hotel services ("**Condotel**"); (v) any Residential Project located on any parcel within Sub-Phase 1A of Major Phase 1; (vi) and, any Residential Project located on parcels IC2.2 and IC2.3 of Sub-Phase 1D of Major Phase 1.. Notwithstanding the foregoing exclusions, not less than five percent (5%) of the total Developer Residential Units constructed on Treasure Island and not less than five percent (5%) of the total Developer Residential Units constructed on Yerba Buena Island must be Inclusionary Units.

1.49 Parking Charge means the rental rate or purchase price for a Parking Space, as determined in accordance with Section 7.2.

1.50 Parking Space means a parking space constructed in the Project Site by or on behalf of Vertical Developers or Qualified Housing Developers and accessory to one or more Residential Projects.

1.51 Partial Public Financing Revisions has the meaning set forth in Section 9.3 of this Housing Plan.

1.52 Premarketing Notice List has the meaning set forth in the Transition Rules and Regulations.

1.53 Proforma has the meaning set forth in the DDA.

1.54 Project Cost has the meaning set forth in the DDA.

1.55 Project Site has the meaning set forth in the DDA.

1.56 Qualified Housing Developer means non-profit or for-profit organizations selected by the Authority (or, for Authority Housing Lots to be developed by TIHDI member organizations, by TIHDI or the applicable TIHDI member organization with Authority Approval) with the financial and staffing capacity to develop affordable housing consistent with the character and quality of the Development Requirements and the Residential Projects, and a history of successful affordable housing development, demonstrated by the completion of not less than 75 affordable housing units and 2 affordable housing projects in the previous 7 years that are comparable to the Authority Housing Project the Qualified Housing Developer is selected to develop. If the Qualified Housing Developer is a joint venture, partnership or other type of entity consisting of two or more entities, then the joint venture managing partner, managing general partner or other entity primarily responsible for the development (but not necessarily the ownership or long-term management) of the Authority Housing Lot must meet the criteria of a Qualified Housing Developer.

1.57 Replacement Housing Obligation shall mean the obligation to construct or rehabilitate dwelling units as required under Government Code Section 53395.5.

1.58 Replacement Housing Units shall mean the Affordable Housing Units on the Project Site that satisfy the Replacement Housing Obligation, and any Inclusionary Units that are affordable under the standards set forth in Government Code Section 53395.3(c) that are designated as Replacement Housing Units pursuant to Section 3.1(a)(3). .

1.59 Residential Acreage means buildable net acres including applicable setback areas as required by the Design for Development, but not including adjacent easement areas, midblock alleys, neighborhood parks, community facilities and central parking facilities serving residential and/or commercial developments.

1.60 Residential Developable Lot means the Developable Lots that are designated primarily for residential use on the Housing Map, as may be revised in a Major Phase Approval or Sub-Phase Approval or otherwise in accordance with the DRDAP. Residential Developable Lots shall only include lots that are not subject to the Tidelands Trust and shall not

include adjacent easement areas, midblock alleys, neighborhood parks, community facilities and central parking facilities serving residential and/or commercial developments.

1.61 Residential Project has the meaning set forth in the DDA.

1.62 Residential Unit means a room or suite of two or more rooms that is designed for residential occupancy for 32 consecutive days or more, including provisions for sleeping, eating and sanitation, for not more than one family, and may include senior and assisted living facilities.

1.63 Section 415 means San Francisco Planning Code section 415.

1.64 Stormwater Management Controls has the meaning set forth in the DDA.

1.65 Sub-Phase has the meaning set forth in the DDA.

1.66 Term

1.67 shall have the meaning set forth in the DDA.

1.68 Thirty Percent Minimum has the meaning set forth in Section 2.1 of this Housing Plan.

1.69 TIHDI means the Treasure Island Homeless Development Initiative, Inc., a California nonprofit public benefit corporation. TIHDI has changed its name to One Treasure Island **("One TI")**. One TI shall have the same meaning as TIHDI.

1.70 TIHDI Replacement Units (also known as One TI Replacement Units) shall have the meaning set forth in the Amended and Restated Base Closure Homeless Assistance Agreement between the Authority and TIHDI entered into concurrently with the DDA.

1.71 TIHDI Units (also known as One TI Units) means the Affordable Housing Units constructed by Qualified Housing Developers selected by TIHDI subject to Authority Approval on Authority Housing Lots in accordance with this Housing Plan.

1.72 Transferable Infrastructure has the meaning set forth in the DDA.

1.73 Transferable Infrastructure Liquidation Amount has the meaning set forth in Section 2.8(d) of this Housing Plan.

1.74 Transition Housing Rules and Regulations means the rules and regulations adopted by the Authority, as amended from time to time. The currently adopted Transition Housing Rules and Regulations are attached as Attachment C.

1.75 Transition Units has the meaning set forth in the Transition Housing Rules and Regulations.

1.76 Transitioning Households shall have the meaning set forth in the Transition Housing Rules and Regulations.

1.77 Twenty-Five Percent Minimum has the meaning set forth in Section 2.1 of this Housing Plan.

1.78 Utility Allowance means a dollar amount determined in a manner acceptable to the California Tax Credit Allocation Committee, which may include a dollar amount established periodically by the San Francisco Housing Authority based on standards established by HUD for the cost of basic utilities for households, adjusted for Household Size. If such dollar amount is not available from the San Francisco Housing Authority or HUD, then Developer or Vertical Developer, as applicable, may use another publicly available and credible dollar amount that is Approved by the Authority.

1.79 Vertical Approval has the meaning set forth in the DRDAP.

1.80 Vertical DDA shall have the meaning in the DDA. Each reference to a Vertical DDA in this Housing Plan shall include Vertical LDDAs, as applicable.

1.81 Vertical Developer shall have the meaning set forth in the DDA.

1.82 Vertical Improvement is defined in the DDA.

2. HOUSING DEVELOPMENT

2.1 Development Program. Vertical Developers and Qualified Housing Developers may develop up to 8,000 Residential Units on the Project Site, including 1,684 Authority Housing Units (of which up to 435 will be TIHDI Units), 316 Inclusionary Units, and 6,000 Market Rate Units. The number of Authority Housing Units and the Inclusionary Units allowed shall be equal to twenty-five percent (25%) of the total number of Residential Units that are allowed to be developed on the Project Site (the "**Twenty-Five Percent Minimum**"), provided, if certain conditions are satisfied as described in Article 9 of this Housing Plan, then the Parties will increase the percentage of Authority Housing Units and Inclusionary Units that are allowed to be developed to thirty percent of the total number of Residential Units allowed on the Project Site (the "**Thirty Percent Minimum**"). The minimum percentage of Affordable Housing Units, as it may be increased from the Twenty-Five Percent Minimum to the Thirty Percent Minimum in accordance with Article 9, shall be referred to as the "**Minimum Affordable Percentage**". The Parties understand and agree that the Authority's right to construct the number of Authority Units and Vertical Developers' right to construct the n umber of Developer Residential Units specified in this Housing Plan is absolute and is based on the total number of Residential Units entitled under this Housing Plan. The Authority's right and entitlement shall not decrease if Vertical Developers ultimately build less than the full entitlement of Developer Residential Units permitted on the Project Site, and Vertical Developers' right and entitlement shall not decrease if the Authority ultimately builds less than the full entitlement of Authority Housing Units on the Project Site. Any such decrease in the actual number of Developer Residential Units or Authority Housing Units constructed may, at Project completion, cause the actual affordable housing percentage (expressed as a comparison of Affordable Units to Market Rate Units) to vary from the Minimum Affordable Percentage.

2.2 Development Process.

(1) Subject to the terms of the DDA, Developer shall develop the Project Site in a series of Major Phases and, within each Major Phase, in a series of Sub-Phases. The DDA includes a process for Developer's submittal of Major Phase Applications and Sub-Phase Applications, and for the Authority's review and grant of Major Phase Approvals and Sub-Phase Approvals, in accordance with the DRDAP. The anticipated order of development of Major Phases, and Sub-Phases in each Major Phase, including the Completion of the Authority Housing Lots, is set forth in the Phasing Plan and the Schedule of Performance, subject to revision in accordance with the procedures set forth in the DDA and the DRDAP.

(2) Developer shall preliminarily identify the number and location of anticipated Inclusionary Units for each anticipated Market Rate Project in a Major Phase Application, and may revise such number in a Sub-Phase Application, subject to the requirements of this Housing Plan. The final number of Inclusionary Units for each Market Rate Project (if any) shall be specified in the applicable Vertical DDA.

(3) Subject to the terms of the DDA: (i) upon receipt of a Sub-Phase Approval, Developer shall construct Infrastructure and Stormwater Management Controls within such Sub-Phase in accordance with the Schedule of Performance, including Infrastructure and Stormwater Management Controls to serve the Authority Housing Lots; and (ii) at the close of conveyance of Market Rate Lots to Vertical Developers (including Developer and Affiliates of Developer) for the construction of Residential Projects, Developer shall transfer such Market Rate Lots consistent with the requirements of the DDA and this Housing Plan and shall pay to the Authority the Developer Housing Subsidy as set forth in this Housing Plan.

(4) Subject to the terms of the applicable Vertical DDA, following receipt of all Vertical Approvals, the Vertical Developer may construct the applicable Market Rate Project(s), and upon such construction, the Vertical Developer must include the number of Inclusionary Units for such Market Rate Project(s) as are set forth in the Vertical DDA.

2.3 Developer's Obligations Related to Authority Housing Units. Developer's obligations related to the Authority Housing Units are: (i) Completion of the Infrastructure and Stormwater Management Controls (or, with respect to Transferable Infrastructure, payment of the Transferable Infrastructure Liquidation Amount as set forth in Section 2.8(e) of this Housing Plan) on the Authority Housing Lots in accordance with the DDA; (ii) if the Authority retains the Authority Housing Lots as anticipated, to cooperate with the Authority in effectuating any post-closing boundary adjustments in accordance with Section 10.5 of the DDA; (iii) if the Authority transfers the Authority Housing Lots to Developer pursuant to Section 2.7(b), transfer of all Authority Housing Lots to the Authority upon Completion of all Infrastructure and Stormwater Management Controls serving that Lot except for the Transferable Infrastructure in

accordance with the provisions of the DDA, including this Housing Plan as set forth in Section 2.7(b) at no cost to the Authority and without consideration to either Party; (iv) payment of the Developer Housing Subsidy in compliance with Section 6.1 of this Housing Plan; (v) recordation of Vertical DDAs on the Market Rate Lots specifying the number of Inclusionary Units to be built on the Market Rate Lots consistent with the applicable Sub-Phase Approval; and (vi) if applicable, completion of the Replacement Housing Units as set forth in Section 3.1(a) of this Housing Plan. Except as set forth in Section 3.1(a) of this Housing Plan, Developer shall have no obligation to Complete the Replacement Housing Units or the Authority Housing Projects. Developer shall have no obligation to Complete the Transition Units except as may be agreed to by Developer in accordance with Section 8.4 of this Housing Plan.

2.4 Developer Land Conveyances.

(a) Authority Housing Lots. The Completed Authority Housing Lots shall comprise Residential Acreage equal to approximately twenty-one and seven-tenths percent (21.7%) of the total Residential Acreage of the Residential Developable Lots on Treasure Island. The total expected Residential Acreage of the Residential Developable Lots and the Completed Authority Housing Lots is set forth on the Housing Map.

(b) Major Phases. The approximate location and size of the Authority Housing Lots is set forth in the Housing Map , and may be revised as part of a Major Phase Approval or Sub-Phase Approval or otherwise as set forth in the DRDAP. The Housing Map has been designed and Approved so as to maintain general proportionality in location and phasing between the development of Market Rate Units and Authority Housing Units at all times. Without limiting the foregoing, the Parties agree that in order to provide flexibility in implementation: (i) within each Major Phase, the total Residential Acreage of the Authority Housing Lots on Treasure Island shall not be less than fifteen percent (15%) of the total Residential Acreage of the Market Rate Lots and Authority Housing Lots combined in that Major Phase, (ii) at the time of the Approval of the Major Phase that includes the 3,160th Developer Residential Unit, the Cumulative Total Authority Housing Acreage on Treasure Island shall not be less than twenty percent (20%) of the total Residential Acreage of the Market Rate Lots and Authority Housing Lots combined; and (iii) upon the Completion of all Major Phases, the Cumulative Total Authority Housing Acreage on Treasure Island shall not be less than twenty-one and seven-tenths percent (21.7%) of the total Residential Acreage of the Market Rate Lots and Authority Housing Lots combined. For purposes of this Section, the Percentage of Cumulative Total Authority Housing Acreage shall be calculated as follows: (i) the total Residential Acreage of the Authority Housing Lots on Treasure Island in a Major Phase Application plus the total Residential Acreage of all Authority Housing Lots on Treasure Island in all previously Approved Major Phases, divided by (ii) the total Residential Acreage of all Market Rate Lots and Authority Housing Lots on Treasure Island in that same Major Phase Application plus the total Residential Acreage of all Market Rate Lots and Authority Housing Lots on Treasure Island in all previously Approved Major Phases.

(c) Housing Data Table. In order to track Developer's compliance with this Housing Plan, Developer shall submit a Housing Data Table as part of each Major Phase Application and Sub-Phase Application that includes Residential Projects, in

the form and containing the information set forth in Attachment A, subject to changes and modifications Approved by the Authority. The Authority shall review the Housing Data Table in connection with its consideration and Approval of each Major Phase or Sub-Phase Application in accordance with the procedures set forth in the DRDAP. Each Housing Data Table shall include the applicable information set forth in Attachment A, including:

(1) The location and Residential Acreage for each Authority Housing Lot and each Market Rate Lot in that Major Phase or Sub-Phase, as applicable, and whether there are any proposed changes from the Housing Map or previous Approvals;

(2) The percentage of Residential Acreage of Authority Housing Lot(s) to the Residential Acreage of Authority Housing Lot(s) and Market Rate Lot(s) in that Major Phase or Sub-Phase, as applicable, and the Cumulative Total Authority Housing Acreage to date;

(3) The cumulative number of Developer Residential Units (including the number of Inclusionary Units) permitted for development, or if construction is complete, actually developed, on Market Rate Lots previously conveyed to Vertical Developers, and the number of Developer Residential Units (including the number of Inclusionary Units) allocated for development in that Major Phase or Sub-Phase, as applicable; and

(4) the anticipated location of each anticipated Residential Project within the Major Phase or Sub-Phase, as applicable, and the anticipated Authority Housing Lot Completion Date, and for each such Market Rate Project, the anticipated acreage, height and density and the number of residential units, including the proposed number of Inclusionary Units.

(d) Upon conveyance of property within a Sub-Phase to the Developer in accordance with the DDA, the Authority shall retain the Authority Housing Lots, unless the Parties mutually agree to the transfer of the Authority Housing Lots to the Developer. In connection with development of each Sub-Phase, if the Authority Housing Lots are transferred to Developer, Developer shall convey to the Authority Developer's interest in the Authority Housing Lots without cost to the Authority upon Completion of all Infrastructure and Stormwater Management Controls except for the Transferable Infrastructure for such Authority Housing Lots in accordance with the procedures set forth below in the DDA and Section 2.7(b) of this Housing Plan. If the Authority Housing Lots are retained by the Authority, Developer shall Complete the Infrastructure and Stormwater Management Controls on the Authority Housing Lots in accordance with the procedures set forth below in Section 2.8 of this Housing Plan.

2.5 Selection of Approved Sites.

(a) Developer has selected and the Authority has Approved generally designated sites for the development of the Authority Housing Units as shown on the

Housing Map (individually, an "**Approved Site**" and collectively, the "**Approved Sites**"), including additional sites if the Maximum Public Financing Revisions or the Partial Public Financing Revisions are made as set forth in Article 9 below.

(b) In each Major Phase Application and Sub-Phase Application, Developer will confirm the location and size of the Approved Sites, or propose any changes to the Approved Sites with an explanation for the proposed change. Any proposed change will be shown on a revised Housing Map in the form of Attachment B. The final Approved Sites shall be as set forth in each Sub-Phase Approval, and shall be the Authority Housing Lots in that Sub-Phase. Notwithstanding a Sub-Phase Approval, Developer may subsequently seek a substitution or alteration as set forth in Section 2.6 of this Housing Plan.

(c) Within sixty (60) days following the Authority Housing Lot Completion Date, Developer shall (if applicable) convey to the Authority Developer's interest in the applicable Authority Housing Lot.

2.6 Site Alteration Process. Developer may request to substitute an alternate Authority Housing Lot for any of the Approved Sites or to make material changes to the size or boundaries of an Approved Site, with a brief explanation as to why Developer is requesting the substitution or change. Any substitution or material change shall be subject to the Authority's review and Approval, in its reasonable discretion if the request is made before or as part of a Sub-Phase Application, and in its sole discretion if the request is made at any time after receipt of a Sub-Phase Approval. In determining whether to approve a substitution or material change before or as part of a Sub-Phase Application, the Authority will consider, at a minimum, the following:

(1) Size. The alternative parcel should be approximately the same size as the parcel it is intended to replace (or, if it is different, then Developer shall show what other adjustment(s) are proposed to Approved Sites on the Housing Map to meet the required Percentage of Cumulative Total Authority Housing Acreage as required pursuant to Section 2.4(b)).

(2) Dimensions. Parcel dimensions shall be generally typical in shape as compared to Market Rate Lots, reflective of the block configuration.

(3) Frontages. Each parcel shall have a minimum of one (1) frontage that provides immediate vehicular access in a manner consistent with the Design for Development and immediate pedestrian access to a public walkway or right of way.

(4) Fiscal Impact. The alternative parcel or material change should not have a negative impact on the reasonably anticipated or proposed financing for the development of Affordable Housing Units on the site when compared to the original parcel.

(5) Dispersal of Affordable Units, Timing and Location. The alternative parcel, when compared to the site it is intended to replace, maintains

the overall balance of providing Authority Housing Lots with access to transit, proximity to parks and other public amenities and that are dispersed throughout the Project Site, integrates the Affordable Housing Units and the Market Rate Units, and generally maintains the timing and proportionality of Market Rate Lots and Authority Housing Lots relative to the Phasing Plan and the Schedule of Performance.

(6) Site Conditions. The proposed substitution or change should not result in a parcel that is more difficult or expensive to develop (i.e., sites that include the need for extensive retaining walls, subsurface improvements, ongoing monitoring responsibilities, or that cannot accommodate the contemplated parking or common areas).

(7) TIHDI Approval. If the proposed substitution or change is to an Authority Housing Lot that the Authority has designated for development by TIHDI or a TIHDI member organization, then the Authority will consult with TIHDI and the TIHDI member organization and take into account any reasonable objections raised by TIHDI or the TIHDI member organization.

(8) Other Matters. The Authority may consider such additional or unique matters as may arise during the course of the development of the Project.

2.7 Transfer of Authority Housing Lots.

(a) Retention of Authority Housing Lots. The Parties anticipate that the Authority will retain the Authority Housing Lots in each Sub-Phase (although the Authority may transfer the Authority Housing Lots to Developer at Sub-Phase Approval upon mutual agreement of the parties, as set forth in the DDA). If boundary corrections to the Authority Housing Lots and the Market Rate Lots are required upon Completion of the Infrastructure and Stormwater Management Controls in a Sub-Phase or in connection with the conveyance of a Residential Developable Lot, the Parties agree to cooperate in effecting such boundary adjustments in accordance with the DDA.

(b) Transfer of Authority Housing Lots. In the event that the Authority transfers the Authority Housing Lots to Developer at the time of the Sub-Phase conveyance, Developer shall convey back to the Authority and the Authority shall accept Developer's interest in the Authority Housing Lots in accordance with Section 3.7 of the DDA. Any conveyance of the Authority Housing Lots from Developer to the Authority shall be at no cost to the Authority and without consideration to either Party. The Authority shall accept conveyance of the Authority Housing Lots no later than sixty (60) days following the Authority Housing Lot Completion Date.

2.8 Completion of Authority Housing Lots.

(a) Subject to the terms of the DDA, Developer shall Complete the Infrastructure and Stormwater Management Controls for the Authority Housing Lots as set forth in the Schedule of Performance and the applicable Sub-Phase Approval and

Developer shall either Complete the Transferable Infrastructure or pay the Transferable Infrastructure Liquidation Amount as set forth in subsection (d) or (e) below. Each Completed Authority Housing Lot shall meet the standards for it to be a Developable Lot as set forth in the DDA. The Parties understand and agree that the Infrastructure and Stormwater Management Controls (excluding the Transferable Infrastructure) on the Authority Housing Lots and the Market Rate Lots within a Sub-Phase shall be Completed at or around the same time, subject to variations as set forth in the applicable Sub-Phase Approval and the Phasing Plan.

(b) Developer and the Authority agree to work together and keep the other informed as to the expected dates for the Completion of Infrastructure and Stormwater Management Controls within a Sub-Phase, the Authority Housing Lot Completion Date, the status of any pending tax credit applications, the closing date for the transfer of Market Rate Lots to Vertical Developers, the expected date for the Commencement of Market Rate Projects and Authority Housing Projects, and the expected payment date for the Developer Housing Subsidy. Without limiting the foregoing, Developer shall use good faith efforts to notify the Authority approximately six (6) months before the anticipated date of the Authority Housing Lot Completion Date.

(c) Not less than ninety (90) days before the Authority Housing Lot Completion Date, Developer shall give the Authority notice of the availability of the Authority Housing Lot and include with such notice a parcel map showing the Authority Housing Lot.

(d) The Parties intend that Transferable Infrastructure related to an Authority Housing Lot will be completed by Developer in coordination with the development of the Authority Housing Project on the Authority Housing Lot. Developer's obligation to Complete the Transferable Infrastructure will be secured by Adequate Security as set forth in the DDA, and the Authority shall provide Developer with all access needed to Complete the Transferable Infrastructure on the Authority Housing Lots. Developer shall coordinate the construction of the Transferable Infrastructure with the construction of the Authority Housing Project to ensure that (i) the Transferable Infrastructure (other than utility laterals serving the applicable Authority Housing Lot) is Completed at or before Completion of the Authority Housing Project, (ii) the utility laterals serving the applicable Authority Housing Lot are Completed in coordination with the construction of the Authority Housing Project, and (iii) Developer's work does not interfere with or obstruct the Qualified Housing Developer's work during such construction to the maximum extent reasonably feasible and that the Qualified Housing Developer's work similarly does not interfere with Developer's work. Notwithstanding the foregoing, if Developer or Vertical Developer have Commenced the Transferable Infrastructure on all of the Lots adjacent to an Authority Housing Lot, then Developer shall have the right to Commence and Complete the Transferable Infrastructure related to that Authority Housing Lot (other than the utility laterals for that particular Authority Housing Lot) even though development of the applicable Authority Housing Project may not yet have Commenced. Developer may exercise such right by providing to the Authority not less than ninety (90) days notice of its intent to Commence the Transferable Infrastructure, and such right shall accrue unless (i) the Authority

objects within thirty (30) days following the Authority's receipt of Developer's notice, and (ii) the Parties agree, within ninety (90) days following the Authority's objection, to a payment amount equal to Developer's anticipated cost of Completing some or all of the Transferable Infrastructure on the remaining Authority Housing Lots (the "**Transferable Infrastructure Liquidation Amount**"). The Parties shall meet and confer in good faith during the 90-day period (or such longer period as may be agreed to by the Parties) to reach agreement on the Transferable Infrastructure Liquidation Amount. Developer shall provide its estimate of such costs, together with reasonable backup documentation, based upon the Transferable Infrastructure Completed by Developer to date in that Sub-Phase. If the Parties are able to reach agreement on the Transferable Infrastructure Liquidation Amount, then Developer shall promptly pay this sum to the Authority and thereafter (i) Developer shall be released from the obligation to Complete that portion of the Transferable Infrastructure for which Developer has paid the Transferable Infrastructure Liquidation Amount, and (ii) the Authority shall release any associated Adequate Security in accordance with the DDA. Upon receipt, the Authority shall contribute the Transferable Infrastructure Liquidation Amount to the applicable Authority Housing Projects for Completion of the Transferable Infrastructure and for no other purpose. If the Parties are not able to reach agreement on the Transferable Infrastructure Liquidation Amount within the time frame set forth above, then Developer shall have the right to Complete the Transferable Infrastructure related to the Authority Housing Lots notwithstanding the Authority's failure to Commence the applicable Authority Housing Projects. The Parties agree that Completion of the utility laterals on the Authority Housing Lots prior to commencement of construction of the Authority Housing Project on a particular Authority Housing Lot may result in the lateral being moved or replaced. Notwithstanding anything to the contrary above, to avoid unnecessary costs and duplication of work if Developer elects to Complete the Transferable Infrastructure on an Authority Housing Lot before Completion of the Authority Housing Project on that Authority Housing Lot, Developer shall complete all of the Transferable Infrastructure except for the utility laterals and Developer shall pay to the Authority a Transferable Infrastructure Liquidation Amount payment equal to the cost of Completing the utility lateral, as determined by Developer and Approved by the Authority. Developer shall pay this amount upon Completion of the remaining Transferable Infrastructure and upon such payment (i) Developer shall be released from any obligation to Complete the applicable utility lateral and (ii) the Authority shall release any associated Adequate Security in accordance with the DDA.

(e) Developer shall also have the right to request at any time following the Authority Housing Lot Completion Date to pay the Transferable Infrastructure Liquidation Amount in lieu of the obligation to Complete the Transferable Infrastructure for such Authority Housing Lot. If the Parties are able to agree upon the Transferable Infrastructure Liquidation Amount as set forth in subsection (d) above, then Developer shall pay this amount to the Authority at such time and thereafter (i) Developer shall be released from the obligation to Complete the Transferable Infrastructure for which the Transferable Infrastructure Liquidation Amount has been paid and (ii) the Authority shall release any associated Adequate Security as set forth in the DDA. The Authority shall use such funds for the Transferable Infrastructure, and for no other purpose, as set forth in subsection (d) above. If the Parties are not able to agree upon the Transferable

Infrastructure Liquidation Amount, then there will be no action or payment on the Transferable Infrastructure unless and until Developer provides notice to the Authority pursuant to subsection (d) above of its intent to Commence the Transferable Infrastructure on a particular Authority Housing Lot or Developer is otherwise required to Commence and Complete the Transferable Infrastructure in accordance with this Section 2.8.

(f) If Developer has Completed all of the Infrastructure and Stormwater Management Controls except for the Transferable Infrastructure in a Sub-Phase and Developer or a Vertical Developer have Commenced the Transferable Infrastructure on all of the Market Rate Lots in the Sub-Phase, and Developer has not yet begun the Transferable Infrastructure or paid the Transferable Infrastructure Liquidation Amount for one or more of the Authority Housing Lots in that Sub-Phase, then the Authority shall have the right, by giving Developer written notice, to require Developer to Complete the Transferable Infrastructure related to the Authority Housing Lots in that Sub-Phase in accordance with the DDA and the Development Requirements. Developer shall Commence the Transferable Infrastructure within one hundred twenty (120) days following the Authority's notice and diligently prosecute the same to Completion, in accordance with the DDA and the Development Requirements (and in a time frame generally consistent with the Completion of the Transferable Infrastructure on the Market Rate Lots but in no event later than 12 months following the date of Commencement of the Transferable Infrastructure). Transferable Infrastructure shall be accepted in accordance with the process and procedures set forth in the DDA and the Treasure Island Subdivision Code for the acceptance of public infrastructure.

(g) If the Authority transfers the Authority Housing Lots to Developer as part of a Sub-Phase conveyance, Developer shall take such actions as may be reasonably requested by the Authority (including the early transfer of the applicable real property or entering into binding agreements for the transfer of the real property) to provide evidence of site control for the Authority or a Qualified Housing Developer (including a Qualified Housing Developer selected by TIHDI) or as otherwise may be needed in connection with any financing application for an Authority Housing Lot, provided that Developer shall assume no liability relating to any such application or the failure to obtain financing.

2.9 Maintenance of Authority Housing Lots.

Following Completion and conveyance to the Authority, the Authority shall maintain or cause to be maintained the Authority Housing Lots in a safe and orderly condition free from debris and unsightly vegetation.

3. AFFORDABLE HOUSING DEVELOPMENT

3.1 Authority Development of Authority Housing Units.

(a) The Authority may cause to be constructed by Qualified Housing Developers, (including Qualified Housing Developers selected by TIHDI with Authority

Approval) up to One Thousand Six Hundred Eighty Four (1,684) Authority Housing Units on the Authority Housing Lots (or 21.1% of the maximum build-out of the Project Site with Eight Thousand (8,000) Residential Units). The mix of For-Sale and For-Rent Residential Units, the size of the Authority Housing Units, whether the Authority Housing Units are senior or family units and the allocations of Authority Housing Units among affordability levels shall be determined by the Authority in the exercise of its sole and absolute discretion in accordance with applicable law, including the Replacement Housing Obligation, provided that the Authority shall ensure that the Transition Housing Rules and Regulations are properly and timely implemented. Notwithstanding anything to the contrary set forth above, the Parties have agreed to the following to ensure that the Replacement Housing Obligation are satisfied:

(1) Developer shall not demolish any housing units on YBI until Developer has (i) obtained a Sub-Phase Approval for the first Sub-Phase that includes an Authority Housing Lot large enough to build not fewer than 55 Affordable Housing Units, the Market Rate Lots in that Sub-Phase are conveyed to Developer, Developer has Commenced the construction of Infrastructure and Stormwater Management Controls in that Sub-Phase and provides evidence reasonably satisfactory to the Authority that the Authority Housing Lot Completion Date for the applicable Authority Housing Lot is scheduled to occur within twenty-four (24) months, or (ii) the Authority has approved an alternative means of meeting the Replacement Housing Obligation;

(2) Developer shall not have the right to rely on a Developer Extension or Economic Delay (as those terms are defined in the DDA) to extend the Authority Housing Lot Completion Date for the Authority Housing Lot designated for satisfaction of the Replacement Housing Obligation related to the demolition of the YBI units;

(3) Inclusionary Units that meet the Affordability requirements of the Replacement Housing Obligation may be counted for purposes of satisfying the Replacement Housing Obligation. Furthermore, if the Authority reasonably believes that the first Authority Housing Project will not be completed in time to satisfy the Replacement Housing Obligation for the demolished YBI housing units, the Parties shall designate additional Inclusionary Units as may be required to satisfy the Replacement Housing Obligation, and the cost to Developer of any required decrease in the Affordable Housing Cost for any Inclusionary Unit will be credited against the next Developer Housing Subsidy payable by Developer. Developer shall include in the Vertical DDAs entered into before satisfaction of the Replacement Housing Obligation related to the demolition of the YBI units the ability for Developer to adjust the Affordable Housing Cost level for Inclusionary Units required in such Vertical DDA (and not yet Completed or sold to occupying households) in order to meet this requirement. Upon any such adjustment in the Affordable Housing Cost level for an Inclusionary Unit, Developer (or Vertical Developer, if applicable) shall provide evidence of the increased cost to Developer (or Vertical Developer) and the parties shall meet and confer in good faith to reach agreement on the amount of such cost. If the Parties

are not able to agree on the cost within sixty (60) days, then either Party shall have the right to initiate arbitration to determine the cost in accordance with section 15.3.2 of the DDA;

(4) If the Replacement Housing Obligation is not satisfied for the demolished YBI housing units notwithstanding the agreement in clauses (1) through (4) above, then Developer shall be required, upon the Authority's request, to Complete the first Authority Housing Project on the Authority Housing Lot as needed to satisfy the Replacement Housing Obligation, provided (i) Developer shall be permitted to develop the Authority Housing Project with only as many Affordable Housing Units as may be required to satisfy the Replacement Housing Obligation but Developer may increase the number of Affordable Housing Units to the extent there is available Developer Housing Subsidy to Complete such larger project, and (ii) the Authority and Developer shall meet and confer in good faith to reach agreement on the number of additional Affordable Housing Units to be built, the cost of building such Affordable Housing Units, and the building footprint of the Affordable Housing Project to be built recognizing the Authority's goal of maximizing land available for future development of Affordable Housing Projects. If the parties are not able to reach agreement on the number, cost or building footprint of additional Affordable Housing Units to be built within sixty (60) days, and the Authority still wants Developer to Complete the Affordable Housing Units to satisfy the Replacement Housing Obligation, then Developer shall only be obligated to build the number of Affordable Housing Units needed to satisfy the Replacement Housing Obligation for the demolished YBI housing units and Developer shall retain and use existing or future Developer Housing Subsidy as needed to Complete the Authority Housing Project, and such Developer Housing Subsidy used by Developer shall no longer be due or payable to the Authority.

(b) The Authority shall have the sole discretion to determine the number of Authority Housing Units to be constructed on an Authority Housing Lot, provided that such construction is permitted by the Development Requirements and is supportable by the Infrastructure and Stormwater Management Controls applicable to such Authority Housing Lot.

(c) The Parties currently contemplate that the Authority will construct up to 1,684 Authority Housing Units on the Authority Housing Lots in order to meet the Twenty-Five Percent Minimum when combined with the Inclusionary Units. Notwithstanding the foregoing, the Authority shall have the right to construct or cause the construction of Affordable Housing Units in excess of the Twenty-Five Percent Minimum if construction will not (i) materially adversely affect Developer's development in the remaining portions of the Project Site, (ii) require any material changes in the Infrastructure and Stormwater Management Controls or the costs thereof, (iii) create any material adverse changes in traffic or other environmental considerations, including delays to Developer or Vertical Developer because of environmental review or compliance, (iv) decrease the number of Market Rate Units that can be developed by Developer and Vertical Developers below 6,000 Market Rate Units, or (v) otherwise

materially increase the cost to Developer or any Vertical Developer of performing its obligations under the DDA; provided, however, in no event will the Authority have the right to construct or cause to be constructed more than the 2,105 Authority Housing Units allowed under the Thirty Percent Minimum, except as may occur pursuant to subsection (d) below.

(d) Upon the last Sub-Phase Approval in the last Major Phase, any difference between the cumulative total of Market Rate Units to be built by Vertical Developers at the Project Site (as set forth in all of the Sub-Phase Approvals) and the cumulative total number of Market Rate Units that were entitled under the Project Approvals shall be available for Affordable Housing on the Authority Lots. Any increase in the number of Authority Units under this Section 3.1(d) shall be made without cost to Developer and without any change to the Infrastructure and Stormwater Management Controls to be Completed by Developer.

3.2 Authority Housing Project Design. On or before submission to the Authority Board, the Authority or a Qualified Housing Developer (including a Qualified Housing Developer selected by TIHDI with Authority Approval), as applicable, shall submit proposed Schematic Design Drawings for each proposed Authority Housing Project to Developer for review and comment. Developer's review shall be reasonable and shall be limited to conformity with the Development Requirements. If Developer believes that any Design Drawings are not consistent with the Development Requirements, Developer shall provide a written statement of the inconsistencies and a statement of the changes needed in order to cause the Authority Housing Project to be consistent with the Development Requirements. Developer shall review and provide any comments within thirty (30) days of submission to Developer. Notwithstanding anything to the contrary above, the Authority shall have the right to approve or reject the Schematic Design Drawings notwithstanding any Developer objection, provided that the Schematic Design Drawings are consistent with the Development Requirements.

3.3 Uses of Authority Housing Lots. The Authority Housing Lots shall only be used for development of Authority Housing Units, provided that the Authority Housing Projects may contain Parking Spaces and ancillary uses such as child care, social services or related tenant-serving uses consistent with the Development Requirements. Ancillary neighborhood retail uses may only be developed on the Authority Housing Lots with the prior Approval of Developer. The Authority shall record restrictions on the Authority Housing Lots to ensure that the Affordable Housing Units remain affordable in accordance with the requirements of this Agreement. The Authority shall record covenants on Transition Units that do not initially qualify as Affordable Housing Units (based on the income level of the applicable Transitioning Household) to make them Affordable Housing Units immediately upon the vacancy or departure of the initial Transitioning Household. The Authority will not subordinate its fee interest in the Authority Housing Lots to any financing lien; provided, however, the affordability restrictions may in the Authority's sole discretion, be subordinated to construction and permanent financing related to the development of an Authority Housing Project.

3.4 Requirements for Authority Housing Projects. The Authority shall require all Qualified Housing Developers to comply with the applicable requirements of the DDA and this Housing Plan, including but not limited to the Development Requirements. Each Authority

Housing Project will be developed under a lease disposition and development agreement Approved by the Authority and substantially similar in form to the Vertical DDA attached to the DDA.

4. VERTICAL HOUSING PROGRAM

4.1 Unit Count and Mix. Vertical Developers may develop up to Six Thousand (6,000) Market Rate Units on the Project Site. The Vertical DDAs for the Market Rate Projects will require a mix of For Sale and Rental Residential Units, provided that, at the time of Approval of each Major Phase, not less than ten percent (10%) of the Developer Residential Units designated to date shall be For Rent, subject to any deviations as may be agreed to by the Authority Director in his or her discretion. Units shall be considered designated For Rent (i) if located on a Lot that has not been transferred to a Vertical Developer, they are identified in the then current Approved Housing Data Table as For Rent (and, as a condition subsequent, such Units will be designated as For Rent in the applicable Vertical DDA), and (ii) if located on a Lot that has been transferred to a Vertical Developer, the Vertical DDA for that Lot requires the Units be For Rent. The Developer Residential Units required under this Section 4.1 to be Rental Residential Units shall remain For Rent for the useful life of the applicable building and such units will not be mapped for individual unit ownership, provided, however, this prohibition on condominium conversion shall only apply to the ten percent of the Rental Residential Units required pursuant to this Section 4.1 and shall not apply to any Developer Residential Units Developer elects to designate as Rental Residential Units that exceed the required ten percent (10%). The prohibition on condominium conversion on the required Rental Residential Units shall be included in the applicable Vertical DDAs.

The Housing Data Table submitted with each Major Phase and Sub-Phase Application will provide the maximum number of Developer Residential Units, including the number of Inclusionary Units, per Market Rate Lot. The Housing Data Table shall also provide the breakout between the number of For-Rent and For-Sale Units. Developer may revise these numbers at any time before execution of a Vertical DDA and the corresponding transfer of a Market Rate Lot to a Vertical Developer, subject to the prior written Approval of the Authority in accordance with this Housing Plan and the DRDAP.

4.2 Vertical DDA. Each Vertical Developer of a Market Rate Lot shall enter into a Vertical DDA before or in connection with the conveyance of the applicable real property to a Vertical Developer and before the start of development of that Residential Developable Lot. The Vertical DDA will be substantially in the form required under section 4.1 of the DDA and shall specify, among other things (i) the maximum number of Market Rate Units allowed to be developed on the Residential Developable Lot, (ii) if applicable, the minimum number of Inclusionary Units to be constructed in connection with the development of the Residential Developable Lot (consistent with Section 5.1(a) of this Housing Plan), (iii) if applicable, the Affordability level of each Inclusionary Unit (consistent with Section 5.1(a) of this Housing Plan), (iv) the maximum number of Parking Spaces that can be developed on the Residential Developable Lot, and (v) the Authority's right to approve the location of the Inclusionary Units before recordation of the Declaration of Restrictions as set forth in Section 5.1(f) of this Housing Plan.

4.3 Vertical Developer Discretion. Vertical Developers will have the flexibility to select the size and type of Residential Units, subject to the Development Requirements and the approved Vertical DDA. Vertical Developers may also adjust the number of Market Rate Units so long as they do not exceed the maximum number of Market Rate Units permitted in the Vertical DDA, provided, any such adjustment shall not change the Developer Housing Subsidy payment obligations of Developer as set forth in this Housing Plan.

5. INCLUSIONARY HOUSING REQUIREMENTS

5.1 Inclusionary Housing Requirements.

(a) Development of Inclusionary Units. Five percent (5%) of all Developer Residential Units shall be Inclusionary Units, with an average Affordable Housing Cost for the For-Sale Inclusionary Units Affordable to households with incomes not exceeding one hundred percent (100%) of Area Median Income, and with an average Affordable Housing Cost for the For-Rent Inclusionary Units Affordable to households with incomes not exceeding eighty percent (80%) of Area Median Income (the "**Inclusionary Obligation**").

(b) Developer Flexibility. Developers shall not be required to include any Inclusionary Units within the Non-Inclusionary Projects. Developer shall have discretion to determine the exact number of Inclusionary Units to be developed on each Market Rate Lot and the Affordability level of each Inclusionary Unit, provided that (i) the Housing Data Table to be provided with each Major Phase and Sub-Phase Application shall identify the location of the Market Rate Lots containing Inclusionary Units, the number of Inclusionary Units, and for Sub-Phase Applications only, the Affordability level and tenure (i.e., ownership or rental) for the Inclusionary Units, and the Inclusionary Unit allocation shall be in accordance with the Approved Housing Data Table subject to any subsequent revisions approved by the Authority in accordance with the DRDAP, (ii) the number of Inclusionary Units in each Market Rate Project, excluding the Non-Inclusionary Projects, shall range from five percent (5%) to no more than ten percent (10%) of the total For-Sale Units and to no more than twenty percent (20%) of the total For-Rent Units within that Market Rate Project (subject to the Authority's right to require a higher number of Inclusionary Units in a Market Rate Project if required following Developer's failure to meet an Inclusionary Milestone as set forth in subsection (c) below); and (iii) Developer can demonstrate that the Inclusionary Obligation has been or will be satisfied at each Inclusionary Milestone as set forth in Section 5.1(c) of this Housing Plan.

(c) Inclusionary Milestones. Developer shall demonstrate compliance with the Inclusionary Obligation at each Inclusionary Milestone, which are the dates of the conveyance to Vertical Developers of Market Rate Lots allowing for the development of (i) one thousand four hundred sixty (1,460) Developer Residential Units, (ii) three thousand nine hundred ninety (3,990) Developer Residential Units, and (iii) the last Residential Developable Lot (each, an "**Inclusionary Milestone**"). Developer shall demonstrate compliance with the Inclusionary Obligation at each Inclusionary Milestone by providing the Authority with executed Vertical DDAs stating the required number of

Inclusionary Units and the required Affordability level for those units, as well as the maximum number of Developer Residential Units allowed in the Vertical DDAs. If for any reason, (i) the number of Inclusionary Units is less than five percent (5%), (ii) the average Affordable Housing Cost level is higher than one hundred percent (100%) of Area Median Income for the For-Sale Units at any one of the Inclusionary Milestones, or (iii) the average Affordable Housing Cost level is higher than eighty percent (80%) of Area Median Income for the For-Rent Units at any one of the Inclusionary Milestones, then the Authority may, in its discretion, delay Approval of the next Major Phase or Sub-Phase Application, as the case may be, until the Authority has Approved a plan prepared by Developer to achieve the required number of Inclusionary Units as soon as possible. As part of the Approved plan, the Authority may allow exceptions to the requirements or limitations in this Housing Plan, including, but not limited to an increase in the percentage of Inclusionary Units exceeding the maximum percentages set forth in Section 5.1(b) above, the inclusion of Inclusionary Units in Non-Inclusionary Projects and/or Affordable Housing Costs lower than the ranges set forth in Section 5.1(f). As part of an Approved plan, the Authority may also require Developer to record Notices of Special Restrictions on Lots that are Completed but not yet sold to a Vertical Developer setting forth the required number of Inclusionary Units for such Lots, but this shall not, by itself, count toward compliance with the Inclusionary Obligation unless the Approved plan expressly provides that it will count toward compliance. Developer's proposed plan for achieving the Inclusionary Housing obligation shall be presented to the Authority no later than thirty (30) days after the Inclusionary Milestone in which the Inclusionary Obligation was not met. Notwithstanding anything to the contrary above, if Developer has not satisfied the Inclusionary Obligation at an Inclusionary Milestone, and such failure is not remedied in accordance with the requirements and timing set forth in the Approved plan, then the failure to meet the requirements of the Approved plan shall be an Event of Default.

(d) Recordation of Inclusionary Restrictions. Developer shall impose the Inclusionary Obligation on each Vertical Developer of a Market Rate Lot excluding the Non-Inclusionary Projects. The obligation will be imposed in the Vertical DDA for the Market Rate Lot and shall include the following (i) the designated number and Affordable Housing Cost level of Inclusionary Units to be developed on that Market Rate Lot, (ii) whether the Market Rate Units (and thereby the Inclusionary Units) will be For Rent or For Sale and the minimum term of the Inclusionary Obligation, and (iii) specifying the Authority's right to Approve the location of each Inclusionary Unit.

(e) Financing Inclusionary Units. Vertical Developers are responsible for financing the development of the Inclusionary Units included within their Market Rate Residential Projects and may access financing sources such as Four Percent (4%) Low Income Housing Tax Credits, Tax Exempt Bond proceeds and other sources of below market rate housing financing, to the extent the Market Rate Residential Project qualifies for such financing and such financing is available. The Authority has no obligation to provide any funding to Vertical Developers for the construction of Inclusionary Units or otherwise. Units that are financed with Four Percent Low Income Housing Tax Credits shall count as Inclusionary Units but such Inclusionary Units shall not be subject to any restrictions or monitoring by MOH or the Authority except as set

forth in Section 415.3(c)(4)(C) and (D). Upon recordation of the deed restriction required by the Four Percent Low Income Housing Tax Credits, any Notice of Special Restriction or other Declaration of Restriction recorded against the Inclusionary Units or the property for the benefit of the City or the Authority shall be removed.

(f) Continued Affordability of Inclusionary Units. No later than the first rental or sale of an Inclusionary Unit (except for those Inclusionary Units financed with Four Percent (4%) Low Income Housing Tax Credits), Vertical Developers will record against the Inclusionary Unit a Declaration of Restrictions appropriate for the Inclusionary Unit as required by MOH. The form of such restrictions or notices shall be consistent with the forms used by MOH under Section 415 as of the effective date of the DDA, with such modifications to conform to this Housing Plan and shall be Approved by the Developer and the Authority. Vertical Developers will, upon recordation, provide to the Authority a copy of the applicable Declaration of Restriction. Upon the sale of each For-Sale Inclusionary Unit, the Vertical Developer shall promptly provide to the Authority a copy of the recorded grant deed as well as the above recorded documents showing the date of recording and the document numbers. Sale Inclusionary Units shall be Affordable to households with incomes permitted by the specified Affordable Housing Cost for that Inclusionary Unit in accordance with this Housing Plan.

(g) Comparability. The Inclusionary Units shall be intermixed and dispersed throughout the Project Site in locations approved by the Authority, and will be indistinguishable in exterior appearance from the Market Rate Units in the same Residential Project. The Inclusionary Units and the Market Rate Units in the same Residential Project with the same Household Size shall be substantially similar in size, type, amenities and overall quality of construction, but interior features need not be the same as those of the Market Rate Units as long as such features are of good quality and are consistent with the Development Requirements.

(h) Marketing and Operations Guidelines for Inclusionary Units. A Vertical Developer may not market, rent or sell Inclusionary Units until MOH has Approved the following for such Inclusionary Units: (i) the marketing plan (that includes any preferences required by MOH pursuant to the MOH Manual following the pre-marketing set forth in Section 8.5 of this Housing Plan); (ii) conformity of the rental charges and purchase prices for such Inclusionary Units with this Housing Plan; (iii) conformity of purchase prices or rental charges for Parking Spaces with this Housing Plan; (iv) eligibility and income-qualifications of renters and purchasers (collectively "**Marketing and Operations Guidelines**"). The Marketing and Operating Guidelines shall conform to the City and County of San Francisco Residential Inclusionary Affordable Housing Program Monitoring and Procedures Manual, attached to this Housing Plan as Attachment D (the "**MOH Manual**") with such updates or changes as are permitted under the Development Agreement. To the extent that the terms of the MOH Manual, either in its current form or as amended from time to time, are inconsistent with or conflict with this Housing Plan as amended from time to time, the terms of this Housing Plan shall prevail. Accordingly, the Parties agree to the following changes to the MOH Manual: (a) all Inclusionary Units shall be on the Project Site, and there will be no in-lieu payment, off-site, or land dedication option; (b) the income requirements for

ownership units shall be 100% of Area Median Income on average and 80% of Area Median Income on average for rental units; (c) the pricing methodology for the Sale Inclusionary Units shall be calculated as provided in Section 1.2 of this Housing Plan; (d) there shall be no bundling of parking with an Inclusionary Unit as set forth in Section 7.1 of the Housing Plan; and (e) pre-marketing requirements as set forth in Section 8.5 of this Housing Plan shall prevail. Vertical Developers shall submit the Marketing and Operations Guidelines to the Authority not later than ninety (90) days before the date Vertical Developer expects to begin marketing the Market Rate Units. The Authority shall review and consider Approval of the Marketing and Operations Guidelines in accordance with the Vertical DDA and this Housing Plan.

(i) Homeowners' Association Assessments. The initial amount of contributions to a homeowners association required to be made by a purchaser of an Inclusionary Unit shall not be increased for a period of one year following the date that the first Inclusionary Unit in the Residential Project has been sold to an owner/occupant, provided, any such provisions are approved by the California Department of Real Estate. Neither Developer nor any Vertical Developer shall be required to make any contribution to any homeowners' association to cover any shortfall in the association budgets as a result of the above requirement.

(j) Planning Code Section 415. Due to the detail set forth in this Housing Plan, and the differences between the City's inclusionary program under San Francisco Planning Code section 415 and 415.1 through 415.11 (collectively "**Section 415**") and the Inclusionary Obligation as defined in this Housing Plan, the Parties have not imposed or incorporated the requirements of Section 415 into this Agreement. However, the Parties acknowledge and agree that (i) the location of the Inclusionary Units within a Market Rate Project shall be approved by the City's Planning Department in accordance with the standards and practices established by the Planning Department to comply with Section 415, (ii) the monitoring and enforcement of the Inclusionary Obligation shall be performed by MOH in accordance with Sections 415.9(b) and (c), except that all references therein to Section 415.1 *et seq.* shall instead refer to the requirements under this Housing Plan, (iii) the provisions of Section 415(c)(4)(C) and (D) shall apply, if applicable, as set forth in Section 5.1(e) of this Housing Plan, and (iv) if and to the extent there are Inclusionary Obligation implementation issues that have not been addressed in this Housing Plan, then the provisions of Section 415 and the MOH Manual (as updated from time and time, with such changes to the extent permitted under the Development Agreement) shall govern and control such issues.

6. FINANCING OF AFFORDABLE HOUSING UNITS

6.1 Developer Housing Subsidy.

(a) Payment of Developer Housing Subsidy. The Developer Housing Subsidy shall accrue and be payable by Developer to the Authority upon each transfer of a Market Rate Lot to a Vertical Developer, including Developer and its Affiliates, provided that for transfers during the first fifteen (15) years following the first Sub-Phase Approval, the Developer Housing Subsidy shall accrue but shall not be payable until the

earlier of (i) ninety (90) days after the Authority provides notice that it requires all or a portion of the accrued Developer Housing Subsidy to fulfill the Replacement Housing Obligation, to develop TIHDI or Authority Units, or to implement the Transition Housing Rules and Regulations, including predevelopment and administrative expenses as needed or (ii) an Event of Default by Developer. If the Authority requests payment pursuant to subsection (i) above, Developer shall pay to the Authority the amount of the funds requested up to the accrued balance of the Developer Housing Subsidy. Developer may, before making any payment pursuant to subsection (i) above, request evidence from the Authority verifying the amount requested is necessary for the purposes set forth in the request and that no other affordable housing funds are reasonably available to the Authority from the Project for such requested activity. The amount of the Developer Housing Subsidy shall be calculated in accordance with Section 1.17 of this Housing Plan. Except as set forth above, the Developer Housing Subsidy shall be paid by Developer to the Authority at the closing for each transfer of a Market Rate Lot to a Vertical Developer.

(b) Housing Subsidy True-Up Requirements. As set forth in section 1.17 of this Housing Plan, each payment of the Developer Housing Subsidy will be equal to $17,500 times the total number of Market Rate Units allowed to be constructed on a Market Rate Lot as set forth in the applicable Vertical DDA. The Parties have further agreed (i) that the minimum total amount of the Developer Housing Subsidy shall not be less than $73,500,000 (the "**Minimum Subsidy Amount**"), which is based on a minimum number of Market Rate Units of 4,200 and (ii) to a mid-point and end-point true-up for payment of the Minimum Subsidy Amount. On the date that Developer transfers the Market Rate Lot to a Vertical Developer that causes fifty percent (50%) or more of the total Residential Acreage of Market Rate Lots on Treasure Island to have been transferred to Vertical Developers (the "**Mid-Point Date**"), Developer shall notify the Authority of the transfer and of the total Developer Housing Subsidy paid by Developer to the Authority as of such date. If Developer has not paid to the Authority a Developer Housing Subsidy equal to or greater than one-half of the Minimum Subsidy Amount or $36,750,000 as of the Mid-Point Date, then Developer shall pay to the Authority within sixty (60) days of the Mid-Point Date an amount equal to the difference between $36,750,000 and the amount of the Developer Housing Subsidy previously paid to the Authority ("**Mid-Point True-Up Amount**").

Subsequent to the payment of the Mid-Point True-Up Amount, if any, Developer will continue to pay the Developer Housing Subsidy upon each transfer of a Market Rate Lot to a Vertical Developer in accordance with Section 6.1(a) above, provided, however, after Developer has paid the Developer Housing Subsidy equal to the Minimum Subsidy Amount excluding the Mid-Point True-Up Amount, then the Mid-Point True-Up Amount shall be credited toward the Developer's Housing Subsidy payments owed by Developer on subsequent transfers of Market Rate Lots (including Market Rate Lots on Treasure Island and Yerba Buena Island) until the amount of the Developer Housing Subsidy paid by Developer to the Authority including the Mid-Point True-Up Amount is equal to the Minimum Subsidy Amount. Upon completion of the credit (i.e., when Developer has paid the Minimum Subsidy Amount including any Mid-Point True-Up Payment),

Developer will thereafter continue to pay the Developer Housing Subsidy upon each transfer of a Market Rate Lot to a Vertical Developer in accordance with Section 6.1(a).

In addition, not less than 15 days before the date that Developer transfers the last Market Rate Lot to a Vertical Developer, Developer shall notify the Authority of the proposed transfer and of the total Developer Housing Subsidy paid by Developer to the Authority as of such date. If Developer has not paid to the Authority a Developer Housing Subsidy equal to or greater than the Minimum Subsidy Amount as of such date, then Developer shall pay to the Authority on or before the transfer of the last Market Rate Lot an amount equal to the difference between Minimum Subsidy Amount and the amount of the Developer Housing Subsidy previously paid to the Authority.

(c) Use of Developer Housing Subsidy. The Authority shall use the Developer Housing Subsidy for predevelopment and development expenses and administrative costs associated with the construction of the Authority Housing Projects on the Authority Housing Lots and for implementation of the Transition Housing Rules and Regulations, and for no other purpose. The Authority shall maintain reasonable books and records to account for all expenditures of the Developer Housing Subsidy, and make such books and records available to Developer upon request. Developer shall maintain reasonable books and records to account for all payments of the Developer Housing Subsidy, and shall make such books and records available for inspection to the Authority upon request. The Parties shall coordinate and keep each other informed of all development timelines. The Authority shall prioritize the use of the Developer Housing Subsidy for predevelopment and development expenses associated with the construction of Transition Units and TIHDI Replacement Units before other Authority Housing Units, as may be necessary to prevent delays in the close of Escrow for failure to satisfy Section 10.3.3.(h) of the DDA.

6.2 Designated Tax Increment and Other Funds. Each year, the Housing Percentage shall be deposited into the Housing Fund in accordance with Section 3.6 of the Financing Plan. All funds deposited into the Housing Fund shall be used by the Authority for administrative, predevelopment and development costs associated with the construction of the Affordable Housing Units on the Authority Housing Lots, and shall not be used to reimburse Developer for any of Developer's costs in Completing Infrastructure and Stormwater Management Controls on the Authority Housing Lots.

6.3 Jobs-Housing Linkage Fees. The commercial development within the Project Site is anticipated to generate Jobs-Housing Linkage fees to be paid into a housing fund held by the Authority in accordance with the DDA. The Authority shall use all Jobs-Housing Linkage fees payable by Vertical Developers of commercial uses within the Project Site for the development of Authority Housing Projects on the Authority Housing Lots and the implementation of the Transition Housing Rules and Regulations in accordance with this Housing Plan. The Authority shall maintain at all times an accounting of the Jobs-Housing Linkage fees that have been paid and that have been used to date, and shall make that information available to the Developer upon request.

6.4 Affordable Housing Loan Fund. To facilitate the design and construction of the Affordable Housing Units and the implementation of the Transition Housing Rules and Regulations, Developer shall provide and make available to the Authority within thirty (30) days following the first Sub-Phase Approval a revolving loan fund in the amount of Seven Hundred Fifty Thousand Dollars ($750,000) to be administered by the Authority or by a designee of the Authority Approved by Developer (the "**Affordable Housing Loan Fund**"). The Authority or its designee shall maintain the Affordable Housing Loan Fund in a segregated interest-bearing account, with interest earned to be retained in the account and added to the Affordable Housing Loan Fund. The Authority shall use the Affordable Housing Loan Fund for the Authority Housing Projects and for the implementation of the Transition Housing Rules and Regulations, including payment of administrative costs such as consultant costs and planning costs, to pay benefits to Transitioning Households and other related costs, and to pay construction costs for the Transition Housing Units. The Authority may also make loans to Qualified Housing Developers to aid their development activities, with such loans to be repaid when sufficient sources are available to finance the Authority Housing Projects. The Authority shall maintain books and records to account for all revenues and expenditures from the Affordable Housing Loan Fund and make all such records available to Developer upon request. The amounts deposited in the Affordable Housing Loan Fund by the Developer shall be credited against all future payments of the Developer Housing Subsidy without interest until the credit is exhausted. Developer shall not be responsible for any loan losses, write-offs or any other diminution in the balance of the Affordable Housing Loan Fund and has no obligation to replenish the Affordable Housing Loan Fund once established. The Authority may choose at any time to use amounts in the Affordable Housing Loan Fund to directly pay for construction costs relating to the Authority Housing Units, and any remaining balance shall be used by the Authority to fund the construction of the Authority Housing Units.

7. VERTICAL DEVELOPMENT PARKING REQUIREMENTS

7.1 Separation. For Market Rate Projects, all Parking Spaces shall be "unbundled" (i.e., purchased or rented separately from a Unit within such Residential Project). For the Authority Housing Projects, Parking Space can be bundled with an Authority Unit if such bundling is Approved by the Planning Director in accordance with the Design for Development. It is anticipated that such bundling may be necessary in connection with the financing of the Authority Housing Project. Vertical Developers shall have the sole discretion to determine whether Parking Spaces in a Market Rate Project are available for rent or purchase, if parking is offered.

7.2 Parking Charge.

(a) Market Rate and Inclusionary Units. The Vertical Developer of the Market Rate Lot will determine, in its sole discretion, the charge for Parking Spaces that are owned or developed by the Vertical Developer. The rental charge or purchase price for each Inclusionary Unit shall not include the Parking Charge, and the Parking Charge to a renter or purchaser of an Inclusionary Unit shall be the same as the Parking Charge charged to a renter or purchaser of a Market Rate Unit for a comparable Parking Space. Vertical Developers (and their successors) may not charge renters or purchasers of Inclusionary Units any fees, charges or costs, or impose rules, conditions or procedures

on such renters or purchasers, that do not equally apply to all Market Rate renters or purchasers.

(b) Authority Housing Units. In the event a Qualified Housing Developer constructs Parking Spaces as part of or in connection with an Authority Housing Project, the Qualified Housing Developer may set and the Authority shall Approve in its sole discretion, the Parking Charge for such Parking Spaces.

7.3 Parking Allotments. The permitted parking allowance for each Authority Housing Lots shall be the same as the Island-wide ratio for residential parking set forth in the Design for Development, as it may be amended from time to time. As of the Effective Date, the permitted parking allowance for each Authority Housing Lot shall be one Parking Space per Authority Housing Unit. The Authority or a Qualified Housing Developer (including a Qualified Housing Developer selected by TIHDI with Authority Approval) may elect to build Parking Spaces on the Authority Housing Lots. To the extent that Developer or Vertical Developer construct or cause to be constructed Parking Spaces in a central garage for use by multiple Residential Projects, the Authority or the Qualified Housing Developer (including the Qualified Housing Developer selected by TIHDI with Authority Approval) may contract with the owner of such central garage to rent or purchase spaces in the garage for use by residents of the Authority Housing Projects; provided, however, that the number of spaces constructed on the Authority Housing Lots and the number of spaces constructed in a central garage and dedicated to the Authority Housing Projects cannot exceed the number of residential units constructed on the Authority Housing Lots. Within each Major Phase, if and to the extent the Authority or a Qualified Housing Developer (including a Qualified Housing Developer selected by TIHDI with Approval) does not wish to construct the full allotment of Parking Spaces permitted on an Authority Housing Lot and does not wish to use this permitted allotment on another Authority Housing Lot or on other Authority property in the Major Phase, then Developer shall have the right to use the unused parking allotment for a Market Rate Lot subject to terms and conditions agreed upon by the Parties.

7.4 Inclusionary Parking Allotment. For each Market Rate Project containing Inclusionary Units, the number of Parking Spaces first offered to renters or purchasers of Inclusionary Units shall be equal to the number of Inclusionary Units in the Market Rate Project, divided by the number of Residential Units in the Market Rate Project, times the total number of Parking Spaces associated with the Market Rate Project. Allotments yielding a fractional number of Parking Spaces shall be rounded down to the nearest whole number. The Parking Spaces reserved for Inclusionary Units must be first offered to Inclusionary Units. After all Inclusionary Units have been offered an opportunity to rent or purchase the Parking Spaces in the Inclusionary allotment as set forth above, the Vertical Developer may sell or rent any remaining Parking Spaces to the occupants of Market Rate Units, provided when new Parking Spaces become available, there shall be no discrimination between occupants of Market Rate Units and Inclusionary Units as set forth in Section 7.2 of this Housing Plan.

7.5 Transit Passes. Residents of Market Rate Units and Inclusionary Units shall be required to purchase a Prepaid Transit Voucher, the cost of which shall not be included in determining the Affordable Housing Cost for the Inclusionary Unit. Residents of the Authority Housing Units will not be charged for, nor will they receive, a Prepaid Transit

Voucher, but they will have an opportunity to purchase a Transit Voucher at the same price as the price offered to other residents in the Project.

7.6 Congestion Pricing. As set forth in the Transportation Plan, all residents in the Project will be subject to Congestion Pricing and residents of Inclusionary Units and the Authority Housing Units will not receive any discount or reduction in the Congestion Pricing.

8. TRANSITION HOUSING

8.1 Transition Housing Plan. The Authority has adopted Transition Housing Rules and Regulations to govern the Authority's obligations regarding the Transitioning Households, which rules shall not be amended in a manner that materially impacts Developer without Developer's Approval. The Transition Housing Rules and Regulations provide certain benefits to Transitioning Households, including the opportunity to occupy Transition Units in the Project, moving benefits and down payment assistance. Developer and the Authority have estimated the costs of implementing the Transition Housing Rules and Regulations and have included those costs as part of the Developer Housing Subsidy.

8.2 Transition Benefits. Under the Transition Housing Rules and Regulations, the Authority shall offer all Transitioning Households Transition Benefits (as defined in the Transition Housing Rules and Regulations). Transition Benefits include the opportunity to rent a unit on Treasure Island, the opportunity to purchase a newly constructed unit within the Project, or the opportunity to select an in lieu payment, as more particularly described in the Transition Housing Rules and Regulations.

8.3 No Damages. Nothing in this Housing Plan, the Transition Housing Rules and Regulations or any rules or regulations subsequently Approved by the Authority regarding the transition of residents gives any person or tenant, including any member of any Transitioning Household, the right to sue the Authority, TIHDI or Developer for damages of any kind, including but not limited to actual, incidental, consequential, special or punitive damages. The Parties have determined and agreed that (i) monetary damages are inappropriate, (ii) equitable remedies and remedies at law, including specific performance but excluding damages, are particularly appropriate remedies for enforcement of tenant rights under the Transition Housing Rules and Regulations or any other rules or regulations Approved by the Authority regarding the transition of residents, (iii) the payment of damages would, if made, adversely impact the amount of Affordable Housing Units that could be developed on the Project Site, and (iv) the Authority, TIHDI and Developer would not have made the commitments to tenants set forth in the Transition Housing Rules and Regulations or any other rules or regulations Approved by the Authority regarding the transition of residents if it could subject them to liability for damages as a result thereof. Accordingly, notwithstanding anything to the contrary set forth in this Housing Plan, the Transition Housing Rules and Regulations or any other rules or regulations Approved by the Authority regarding the transition of residents, the Authority, TIHDI and the Developer shall not be liable in damages to any third party or tenant as a result of the failure to implement this Housing Plan, the Transition Housing Rules and Regulations or any other rules or regulations Approved by the Authority regarding the transition of residents in any manner. The foregoing shall not limit any rights or remedies available to persons or tenants under applicable

law or any rights or remedies that the Parties may have with respect to other Parties pursuant to the DDA.

8.4 Implementation.

(a) Order; Costs. The Authority shall use good faith efforts to first transition households that are located on land to be transferred to the Developer as set forth in the Phasing Plan. Subject to the terms of this Housing Plan, the Authority shall be responsible for all costs associated with the implementation of the Transition Housing Rules and Regulations, including, to the extent applicable, payment of relocation benefits under the Uniform Relocation Act and California Government Code section 7260 et seq. and its implementing guidelines. The Parties understand and agree that all of the costs of implementing the Transition Housing Rules and Regulations shall be funded with the Developer Housing Subsidy or other Project-generated affordable housing funds, and implementation of the Transition Housing Rules and Regulations may be delayed until such time as there are sufficient Developer Housing Subsidy or other Project-generated affordable housing funds available.

(b) Construction. Except as set forth in this Housing Plan, the Authority shall be responsible for the construction of the units offered to Transitioning Households in accordance with the Transition Housing Rules and Regulations, including the obligation to construct sufficient units of the appropriate size based on the occupancy standards in the Transition Housing Rules and Regulations. To the extent Transitioning Households qualify for occupancy of Affordable Housing Units, Transition Units will be Affordable Housing Units as set forth in Section 3.3 of this Housing Plan. For any Transition Unit that is not an Affordable Housing Unit at inception, each such Transition Unit will be deed restricted so that it will become an Affordable Housing Unit immediately upon the vacancy of the Transitioning Household. Without limiting Developer's obligations under the DDA, Developer shall use good faith efforts to ensure that the Authority Housing Lots are Completed, and the Authority shall use good faith efforts thereafter to ensure that Authority Housing Projects are Completed for the Transitioning Households, at the times required for development of the Major Phases and Sub-Phases as contemplated in the DDA.

(c) Timing; Delay. The DDA provides that, as a mutual condition to close on any Sub-Phase, the Transition Housing Rules and Regulations must be implemented as to all units in that Sub-Phase. Accordingly, Developer shall not have the right to demolish any existing occupied residential units on YBI or Treasure Island until the Transition Requirements, as defined in Section 10.3.3.(h) of the DDA, have been satisfied. In the event that the failure to satisfy the Transition Requirements causes a delay in the closing of a Sub-Phase, the Parties agree to meet and confer in order to determine how best to proceed with the Project in the most efficient and cost-effective manner, provided that (i) the Authority and TIHDI shall have no liability to Developer for the failure to Complete any Transition Units on or before specified dates, (ii) Developer shall have the right, but not the obligation, to offer Market Rate Units, and for income-qualifying Transitioning Households, Inclusionary Units, as may be needed in order to implement the Transition Housing Rules and Regulations and permit Developer

to close escrow for the Sub-Phase, (iii) the Parties shall consider Interim Moves for Transitioning Households if the Parties can reach agreement on the source of payment for such Interim Moves and (iv) Developer shall have the right, but not the obligation to satisfy the condition to closing by electing to construct Transition Units on Authority Housing Lots as provided in Section 8.4(d) below. Without limiting the foregoing, the Parties understand and agree that (A) Interim Moves for Transitioning Households from YBI to Treasure Island as contemplated by the Phasing Plan shall be paid for by the Authority as part of the implementation of the Transition Housing Rules and Regulations, (B) Interim Moves for TIHDI units shall be paid for by Developer, as set forth in subsection (f) below, and (C) any additional Interim Moves shall not be required unless the Parties reach agreement on the payment source for such moves as set forth above.

(d) Potential Developer Construction. The Authority may request that Developer construct the Transition Units on Authority Housing Lots in order to facilitate the implementation of the Transition Housing Rules and Regulations, provided the Authority shall not request that Developer construct any such Transition Units if such construction is not required for the satisfaction of the Transition Requirements by the anticipated closing date of a Sub-Phase that would trigger the Transition Requirements. If all conditions to close a Sub-Phase have been met except for satisfaction of the Transition Requirements, then Developer may satisfy the Transition Requirements by electing to construct the Transition Units on one or more Authority Housing Lots. The Parties shall meet and confer in good faith to reach agreement on the location, density, funding and the terms for construction of the Transition Units to enable Developer to construct such Transition Units in accordance with this Agreement, provided, however, Developer agrees that any Transitions Units constructed by Developer shall have a density of at least fifty dwelling units per acre. The cost to construct the Transition Units shall be a Project Cost and either (i) an advance payment of the Developer Housing Subsidy in an amount agreed to by the Parties or (ii) subject to such alternative financial arrangement as agreed to by the Parties. If the Developer undertakes the obligation to construct the Transition Units, the Authority shall cooperate with Developer, including entering into necessary Permits to Enter and issuing approvals consistent with the Design for Development and the DRDAP.

(e) Potential Subsidy Advance. The Authority may also request from time to time that the Developer provide an advance of the Developer Housing Subsidy, in excess of the amounts deposited in the Affordable Housing Loan Fund and in excess of any payments required under Section 3.1 of this Housing Plan, if necessary to implement the Transition Housing Rules and Regulations, including the payment of reasonable administrative costs associated with the Transition Housing Rules and Regulations, the cost of providing benefits to Transitioning Households for either Interim Moves or Long Term Moves and costs associated with the construction of the Transition Units. Before requesting any advance of the Developer Housing Subsidy, the Authority shall first use any funds available in the Affordable Housing Loan Fund that have not been pledged for the construction of an Authority Housing Project that has already Commenced construction. Developer shall be required to advance the sums requested by the Authority for implementation of the Transition Housing Rules and Regulations if the funds are necessary to provide benefits to Transitioning Households required to move in

order for Developer to proceed with residential or commercial development in an Approved Sub-Phase, unless (i) the Developer chooses to delay proceeding with that Sub-Phase if and as permitted by the Schedule of Performance and Excusable Delay provisions of the DDA and (ii) Transition Benefits have not yet accrued to Transitioning Households. Developer shall not be obligated to fund any such requested advance if the funds are requested for Transitioning Households who could remain in their existing housing without interfering with Developer or Vertical Developer's construction in an Approved Sub-Phase.

(f) TIHDI Interim Moves. Notwithstanding anything to the contrary above, if the Developer's schedule for construction results in the need to move residents of existing TIHDI units before replacement units for the TIHDI units have been constructed, (i) Developer shall pay for the costs associated with moving those TIHDI residents to other units currently existing on Treasure Island, including the costs associated with upgrading such existing units to meet any licensing requirements and to allow for continuation of the then existing programs and (ii) the costs of such moves and upgrades shall be in addition to the Developer Housing Subsidy.

8.5 Premarketing Requirement. The Vertical DDAs will require that all Vertical Developers of Market Rate Lots comply with the requirements of the Transition Housing Rules and Regulations to offer Transitioning Households and certain other Households that are former residents of NSTI, as more particularly described in the Transition Housing Rules and Regulations, an opportunity to make an offer to purchase a new unit during a premarketing window of not less than 30 days for any Sale Units in accordance with the requirements of the Transition Rules and Regulations. Each Vertical Developer will be required to offer only one premarketing opportunity per Market Rate Project. In the event that the Authority has not Approved the Marketing and Operations Guidelines for Inclusionary Units as set forth in Section 5.1(h) of this Housing Plan within 60 days following submittal, Vertical Developers may proceed with the premarketing and marketing of the Market Rate Units in that Residential Project and will offer a one-time, separate premarketing window of 30 days for the Inclusionary Units in that Residential Project following the Authority's Approval of the Marketing and Operations Guidelines.

The Authority will be responsible for maintaining the Premarketing Notice List and Transitioning Households and former residents of NSTI are exclusively responsible for updating their own contact information with the Authority. Vertical Developers will be obligated to provide the Authority with the required notice regarding the availability of new units and it shall be the Authority's responsibility to distribute such Notice to the Premarketing Notice List. Neither Developer nor Vertical Developers will be responsible for updating the Premarketing Notice List, verifying the accuracy of the information in the list, or for any errors or omissions in the list. The Authority's provision of notice to the address on the Premarketing Notice List will be conclusive evidence that the Households on the Premarketing Notice List were provided adequate and proper notice.

9. INCREASED AFFORDABLE HOUSING IF LAW AMENDED OR ADDITIONAL PUBLIC FUNDS BECOME AVAILABLE.

9.1 IFD Revisions. As described in the Summary of this Housing Plan, the Minimum Affordable Percentage for the Project was reduced from the Thirty Percent Minimum to the Twenty-Five Percent Minimum as a result of the Parties' reliance on available property tax increment from Infrastructure Financing Districts instead of Community Redevelopment Law for the public financing component of the Project. The Parties understand and agree that if the following revisions are made to the IFD Act, then the public funding available for the Project, including the funds available for Affordable Housing, will equate to the public funding that would have been available under the Community Redevelopment Law as of the Effective Date as estimated by the Parties (the "**CRL Funding Amount**"): (i) the incremental tax revenue available for Project Costs excluding the Housing Percentage is equal to sixty percent (60%) or more of the total incremental tax revenue from the property in the IFD; (ii) the life of an IFD is extended to forty-five (45) years or longer, and the ability to incur debt to fund Project Costs is at least twenty years; (iii) subordination of taxing agencies' share of incremental tax revenues to debt issued by the IFD is authorized in a manner similar to the current provisions of Health and Safety Code Section 33607.5; and (iv) the public improvements eligible to be funded with the incremental tax revenues from the IFD are consistent with those allowed to be funded with tax increment revenue under the California Community Redevelopment Law (collectively, the "**Maximum Public Financing Revisions**").

9.2 Potential Future Changes to Housing Plan. If, on or before the later of (i) the date that is sixty (60) months after the Effective Date, and (ii) the Initial Closing under the Conveyance Agreement (the "**Outside IFD Revision Date**"), the Maximum Public Financing Revisions are made to the IFD Law or other public financing options become available so that the public funding available for the Project is the same as the CRL Funding Amount, then the Twenty-Five Percent Minimum shall become the Thirty Percent Minimum and:

(a) the Authority Housing Units shall be increased to a maximum of 2,105 units and the Developer Residential Units shall be decreased to a maximum of 5,895 unit and the Authority Housing Lots shall include the Additional Authority Housing Lots Under the Thirty Percent Minimum as shown on the Housing Map attached as Attachment B;

(b) this Housing Plan shall be amended to provide that Completed Authority Housing Lots shall comprise 27% of the total Residential Acreage of the Residential Developable Lots, the total Residential Acreage of the Authority Housing Lots on Treasure Island shall not be less than twenty percent (20%) in each Major Phase, and that the Cumulative Total Authority Housing Acreage on Treasure Island shall be twenty five percent (25%) at the time of Approval of the Major Phase that includes the 2,950 Developer Residential Unit;

(c) the Inclusionary Milestones set forth in Section 5.1(c) of this Housing Plan shall be amended to be the dates of conveyance to Vertical Developers of Market Rate Lots allowing for development of (i) 2,065 Developer Residential Units; (ii) 2,950 Developer Residential Units and (iii) 4,420 Developer Residential Units; and

(d) Developer shall submit a new or revised Housing Data Table that reflects the revised Authority and Market Rate Housing Units numbers.

If the Maximum Public Financing Revisions are not made on or before the Outside IFD Revision Date, then: (A) the Authority Housing Units shall be increased to a maximum of 1,866 units and the Developer Residential Units shall be decreased to a maximum of 6,134 units, although there will be no change to the number, acreage or location of Authority Housing Lots shown on Exhibit B; (B) the Inclusionary Milestones set forth in Section 5.1(c) of this Housing Plan shall be amended to be the dates of conveyance to Vertical Developers of Market Rate Lots allowing for development of (i) 1,460 Developer Residential Units; (ii) 3,990 Developer Residential Units and (iii) the last Residential Developable Lot; and (C) Developer shall submit a new or revised Housing Data Table that reflects the revised Authority and Market Rate Housing Units numbers. As of the A&R Reference Date, the Authority acknowledges that the Maximum Public Financing Revisions have not made on or before the Outside IFD Revision Date, and as a result, this last paragraph of Section 9.2 is now in effect. The effective affordability percentage for the Project under these provisions is 27.2%, with 2,173 affordable units (1,866 Authority Housing Units and 307 Inclusionary Units) out of the total 8,000 units for the Project.

9.3 Increases from the Twenty-Five Percent Minimum to the Thirty Percent Minimum. If some but not all of the Maximum Public Financing Revisions are made to the IFD Act or other public funding for affordable housing is made available during the Term ("**Partial Public Financing Revisions**"), then the Authority shall have the right to acquire one or more of the Authority Housing Lots shown as Additional Authority Housing Lots Under the Thirty Percent Minimum on the Housing Map attached as Attachment B, together with an appropriate increase in the Minimum Affordable Percentage if requested, at the Fair Market Value Price. The Fair Market Value Price shall be fair market value of the land and the corresponding housing entitlement (if any), using the same methodology as used in the Proforma and taking into account all costs and savings to Developer resulting from the loss of the land and any increase in the Minimum Affordable Percentage, including all changes in estimated IFD and CFD revenues to Developer and the decrease in the Developer Housing Subsidy payable by Developer, but excluding estimated profits from the vertical development on the land. Upon the Authority's request following a Partial Public Financing Revision, the Parties agree to meet and confer in good faith for a period of not less than ninety (90) days to determine the Fair Market Value Price and any change in the Minimum Affordable Percentage (if applicable) and the corresponding adjustments to this Housing Plan. If the Parties are not able to agree on the Fair Market Value Price, the Minimum Affordable Percentage, or the corresponding adjustments to this Housing Plan within ninety (90) days, then either Party shall have the right to initiate the appraisal process set forth in Section 17.4 of the DDA.

9.4 Initial Applications. The Parties agree that before such time as the Maximum Public Financing Revisions or the Partial Public Financing Revisions occur, Developer may submit Major Phase Applications and Sub-Phase Applications based upon the terms of this Housing Plan without assuming that there will be any change to the IFD Law or the public financing available for Affordable Housing at the Project Site. However, the Parties agree to make the revisions set forth in Section 9.2 above as soon as the Maximum Public Financing

Revisions occur and the revisions in Section 9.3 above as soon as the Partial Public Financing Revisions occur.

10. NON-APPLICABILITY OF COSTA HAWKINS ACT

The Parties understand and agree that the Costa-Hawkins Rental Housing Act (California Civil Code sections 1954.50 et seq.; the "**Costa-Hawkins Act**") does not and in no way shall limit or otherwise affect the restriction of rental charges for the Affordable Housing Units or the Inclusionary Units developed pursuant to the DDA and the Development Agreement (including this Housing Plan). This DDA falls within an express exception to the Costa-Hawkins Act because the DDA is a contract with a public entity in consideration for a direct financial contribution and other forms of assistance specified in Chapter 4.3 (commencing with section 65915) of Division 1 of Title 7 of the California Government Code. Accordingly, Developer, on behalf of itself and all of its successors and assigns, including all Vertical Developers, agrees not to challenge, and expressly waives, now and forever, any and all rights to challenge, Developer's obligations set forth in this Housing Plan related to Inclusionary Units, under the Costa-Hawkins Act, as the same may be amended or supplanted from time to time. Developer shall include the following language, in substantially the following form, in all Vertical DDAs:

> "The DDA (including the Housing Plan) implements the California Infrastructure Financing District Law, Cal. Government Code §§ 53395 et seq. and City of San Francisco policies and includes regulatory concessions and significant public investment in the Project. The regulatory concessions and public investment include, without limitation, a direct financial contribution of net tax increment, the conveyance of real property without payment, and other forms of public assistance specified in California Government Code section 65915 et seq. These public contributions result in identifiable, financially sufficient and actual cost reductions for the benefit of Developer and Vertical Developers, as contemplated by California Government Code section 65915. In light of the Authority's authority under Government Code Section 53395.3 and in consideration of the direct financial contribution and other forms of public assistance described above, the parties understand and agree that the Costa-Hawkins Act does not and shall not apply to the Inclusionary Units developed at the Project under the DDA."

The Parties understand and agree that the Authority would not be willing to enter into the DDA, without the agreement and waivers as set forth in this Article 9.

11. MISCELLANEOUS

11.1 No Third Party Beneficiary. Except to the extent set forth in the DDA, there are no express or implied third party beneficiaries to this Housing Plan.

11.2 Severability. If any provision of this Housing Plan, or its application to any Person or circumstance, is held invalid by any court, the invalidity or inapplicability of such provision shall not affect any other provision of this Housing Plan or the application of such provision to any other Person or circumstance, and the remaining portions of this Housing Plan shall continue in full force and effect. Without limiting the foregoing, in the event that any

applicable law prevents or precludes compliance with any term of this Housing Plan, the Parties shall promptly modify this Housing Plan to the extent necessary to comply with such law in a manner that preserves, to the greatest extent possible, the benefits to each of the Parties. In connection with the foregoing, the Parties shall develop an alternative of substantially equal, but not greater, cost and benefit to Developer and any applicable Vertical Developer so as to realize from the Project substantially the same (i) overall benefit (from a cost perspective) to the public and (ii) overall benefit to Developer and any applicable Vertical Developer.

EXHIBIT E, ATTACHMENT A
HOUSING DATA TABLE

MAJOR PHASE AND SUB-PHASE (Cells that are shaded to be provided at Sub-Phase Only)

Major Phase:	
Sub-Phase:	
Block:	

	ALL LOTS		MARKET RATE LOTS ONLY															AUTHORITY LOTS	
Residential Project Lot Number & Location	Lot Type (Authority, Auction, Other)	Acres	Anticipated Product Type (TH, Flat, Tower, etc.)	Max Bldg Ht Allowed	Anticipated Bldg Ht	Density (in DUA)	Total Developer Unit Count	Number Mkt Rt Units	Number Ind Units (Total)	Rental or For Sale	Number Ind Units @ 60% (Rental)	Number Ind Units @ 80% (For Sale)	Number Ind Units @ 90% (For Sale)	Number Ind Units @ 100% (For Sale)	Number Ind Units @ 110% (For Sale)	Number Ind Units @ 120% (For Sale)	Change to Size or Location?	Target Infrastructure Completion Date
1																			
2																			
3																			
4																			
5																			
Block Subtotal		0.00				#DIV/0!	0	0	0										

Major Phase:	
Sub-Phase:	
Block:	

	ALL LOTS		MARKET RATE LOTS ONLY															AUTHORITY LOTS	
Residential Project Lot Number & Location	Lot Type (Authority, Auction, Other)	Acres	Anticipated Product Type (TH, Flat, Tower, etc.)	Max Bldg Ht Allowed	Anticipated Bldg Ht	Density (in DUA)	Total Developer Unit Count	Number Mkt Rt Units	Number Ind Units (Total)	Rental or For Sale	Number Ind Units @ 60% (Rental)	Number Ind Units @ 80% (For Sale)	Number Ind Units @ 90% (For Sale)	Number Ind Units @ 100% (For Sale)	Number Ind Units @ 110% (For Sale)	Number Ind Units @ 120% (For Sale)	Change to Auth Lot Size or Location?	Target Infrastructure Completion Date
1																			
2																			
3																			
4																			
5																			
Block Subtotal		0.00				#DIV/0!	0	0	0										

PROJECT SUMMARY

	Total Residential Acreage	Total Authority Residential Acreage	Total Market Rate Residential Acreage	Total Developer Residential Units	Number Mkt Rt Units (For Sale)	Number Ind Units (For Sale)	Number Mkt Rt Units (Rental)	Number Ind Units (Rental)	Number Ind Units @ 60%	Number Ind Units @ 80%	Number Ind Units @ 90%	Number Ind Units @ 100%	Number Ind Units @ 110%	Number Ind Units @ 120%
Total for all Prior Approved Major Phases / Sub-Phases														
Total for this Major Phase/Sub-Phase														
Total of Prior Approved plus Proposed Major Phase / Sub-Phase														
Percentage for this Major Phase/Sub-Phase	% Auth Land:	#DIV/0!												
Cumulative Percentage	% Auth Land:	#DIV/0!	% Rental:	#DIV/0!										

Exhibit E, Attachment B

Housing Map

[Attached]

EXHIBIT E (HOUSING PLAN)
ATTACHMENT B (HOUSING MAP)

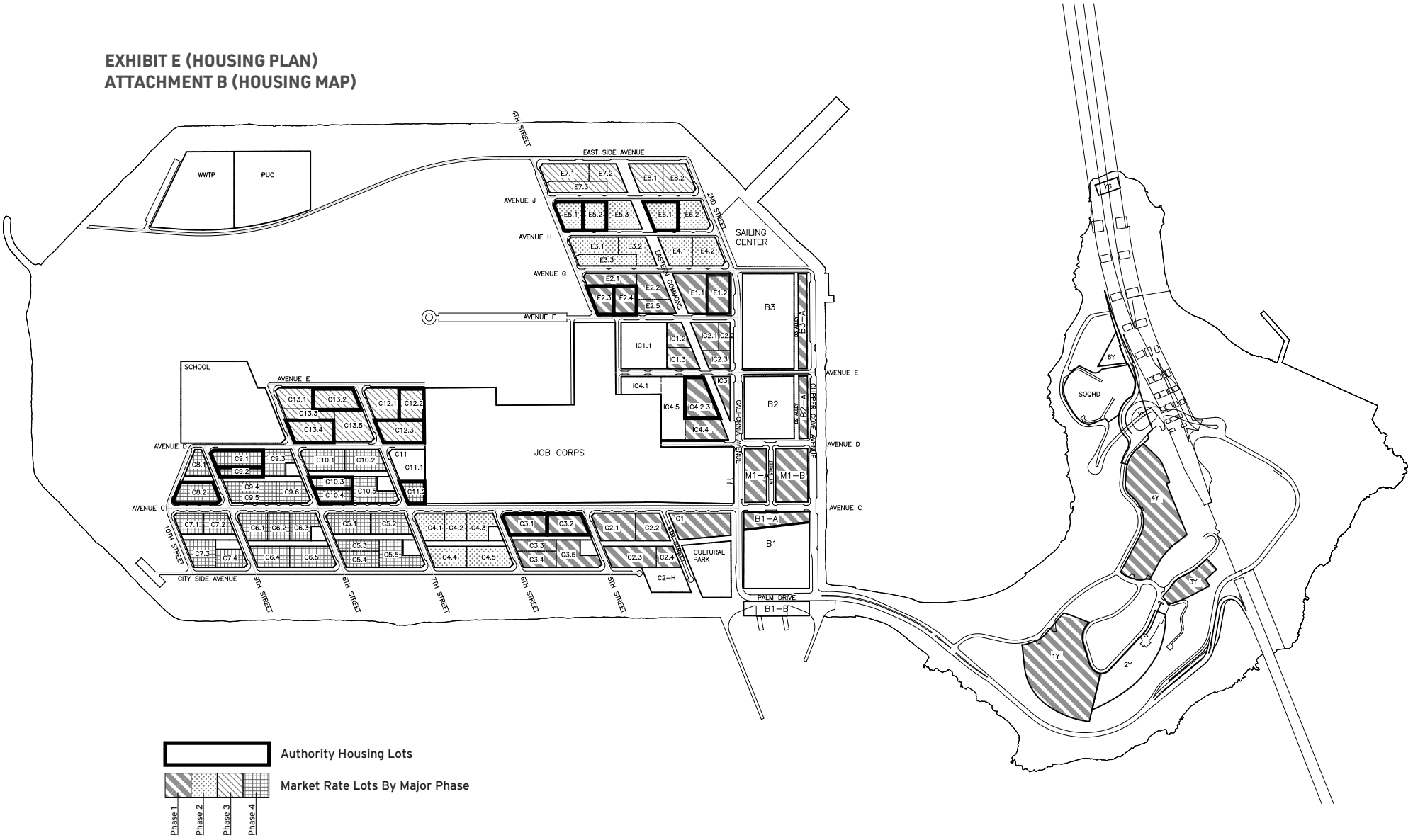

Exhibit E, Attachment C

Transition Housing Rules and Regulations

[Attached]

Second Modification: 12.2.2019

{Additions underlined; deletions ~~struck out~~}

TREASURE ISLAND DEVELOPMENT AUTHORITY

TRANSITION HOUSING RULES AND REGULATIONS

FOR THE VILLAGES AT TREASURE ISLAND

TREASURE ISLAND DEVELOPMENT AUTHORITY

BOARD OF DIRECTORS

First Modification - February 28, 2013

TRANSITION HOUSING RULES AND REGULATIONS

FOR THE VILLAGES AT TREASURE ISLAND

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EXHIBITS AND APPENDICES

TRANSITION HOUSING RULES AND REGULATIONS

FOR THE VILLAGES AT TREASURE ISLAND

I. GENERAL

A. Background

These Transition Housing Rules and Regulations for The Villages at Treasure Island ("**Transition Housing Rules and Regulations**") reflect the decision of the Treasure Island Development Authority Board of Directors ("**TIDA Board**") to implement certain recommendations made by the Board of Supervisors of the City and County of San Francisco ("**City**") in Resolution No. 699-06 (the "**Term Sheet Resolution**"). Definitions used in these Transition Housing Rules and Regulations are provided in **Appendix 4** for reference.

During World War II, Naval Station Treasure Island ("**NSTI**") was used as a center for receiving, training, and dispatching service personnel.

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

The City opted to negotiate for the transfer of NSTI under the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (Pub. Law 103-421) (the "**Base Redevelopment Act**") amending BRAC, under which certain portions of NSTI would be set aside for homeless assistance programs in a manner that balances the economic development needs of the redevelopment process. A consortium of nonprofit organizations is providing a variety of services to the formerly homeless (currently, Catholic Charities, Community Housing Partnership, Rubicon Programs, Swords for Ploughshares, and Walden House), organized as the Treasure Island Homeless Development Initiative ("**TIHDI**"), to coordinate the homeless assistance programs to be provided under the Base Redevelopment Act.

In anticipation of base closure and following a public planning process, the Mayor, the Board of Supervisors, and the Planning Commission endorsed a Draft Base Reuse Plan for NSTI in 1996 outlining opportunities, constraints, policy goals, and recommendations for the redevelopment of NSTI. The City entered into an agreement with TIHDI in 1996 to develop and implement the homeless component under the Base Reuse Plan, which includes the right to temporary use of former military housing at NSTI and permanent housing through the base redevelopment process. The City formed Treasure Island Development Authority ("**TIDA**") as a redevelopment agency under California redevelopment law and designated TIDA as the City's

Local Reuse Authority for NSTI as authorized under the Treasure Island Conversion Act of 1997 (Assembly Bill No. 699, Stats. 1997, ch. 898).

TIDA initiated formal negotiations with the Navy in 1997, the same year the Navy formally closed base operations at NSTI. Also in 1997, the Navy contracted with the City (and subsequently, TIDA) to manage the property pending negotiations for its transfer and redevelopment. As part of managing NSTI on behalf of the Navy, TIDA began subleasing at market rates a portion of the former military housing now known as The Villages at Treasure Island ("**The Villages**") through a master lease with The John Stewart Company, and directly leasing space to a variety of commercial tenants. The master leases, the Residential Leases for Villages units, and commercial leases are interim pending the Navy's transfer of NSTI to TIDA for redevelopment and reuse.

TIDA selected Treasure Island Community Development, LLC ("**TICD**") in 2003 for exclusive negotiations for the master redevelopment of NSTI. The Board of Supervisors adopted the Term Sheet Resolution in 2006, endorsing the Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island (as updated and endorsed by the TIDA Board of Directors and the Board of Supervisors in 2010, the "**Development Plan**"), conditioned on completion of environmental review under the California Environmental Quality Act ("**CEQA**"), an extensive community review process, and endorsement by the Treasure Island/Yerba Buena Island Citizen's Advisory Board and the TIDA Board. The Development Plan will serve as the basis for a Development and Disposition Agreement between TIDA and TICD (as amended, the "**DDA**"), which will govern their respective rights and obligations for the redevelopment of certain portions of NSTI if approved by the TIDA Board and the Board of Supervisors after completion of CEQA review. In the Term Sheet Resolution, the Board of Supervisors recommended that the TIDA Board create a transition program setting forth terms by which existing residents of NSTI could have the opportunity to rent at reduced rents or buy newly-constructed units on Treasure Island.

Consistent with Assembly Bill No. 699, the Development Plan specifies that all of the former military housing on the NSTI (except certain historic buildings) eventually will be demolished. As outlined in the Development Plan, TIDA and TICD intend to phase redevelopment so that new housing can be built on NSTI before demolishing most of the existing residential structures as follows.

- Redevelopment of Yerba Buena Island is planned as part of the first phase of the redevelopment project, requiring demolition of existing Yerba Buena Island housing to be among TICD's first development activities. Transitioning Households on Yerba Buena Island affected by the early phases of redevelopment will be offered Existing Units on Treasure Island through Interim Moves.

- Demolition of the housing on Treasure Island is proposed to occur in the later phases of the redevelopment project. But some Transitioning Households may be asked to make Long-Term Moves in earlier phases as new housing becomes available for occupancy.

B. Purpose

These Transition Housing Rules and Regulations:

- are designed to ensure that eligible Villages Households who satisfy all qualifications of Transitioning Households under **Section II.A** (Determination of Household Eligibility for Transition Benefits) receive housing opportunities consistent with the Term Sheet Resolution;

- describe benefits below ("**Transition Benefits**") that are available only to Transitioning Households;

- specify the eligibility criteria for Transitioning Households to receive Transition Benefits; and

- outline the procedures by which Transitioning Households will be offered Transition Benefits, including the opportunity to occupy new housing to be built on TI.

C. Limits of Applicability

The Transition Benefits under these Transition Rules and Regulations:

- apply only to Transitioning Households required to move to accommodate redevelopment of NSTI in accordance with the DDA;

- do not apply if TIDA must relocate Villages and TIHDI residents due to disaster or other event affecting living conditions on NSTI, except as specifically set forth herein; and

- do not apply to:

    - Villages Households that do not satisfy all qualifications of Transitioning Households under **Section II.A** (Determination of Household Eligibility for Transition Benefits); or

    - residents in housing managed by TIHDI member organizations, who will have the opportunity to move to new supportive housing that TIHDI will develop under the proposed Amended and Restated Base Closure Homeless Assistance Agreement; or

    - TIDA's commercial tenants.

D. Overview and Program Framework

Two types of moves affecting Transitioning Households are anticipated as NSTI is redeveloped:

- **Interim Moves**, in which a Transitioning Household moves from one Existing Unit in The Villages to another Villages Existing Unit on Treasure Island following receipt of a Notice to Move. An example of this would be a move from an Existing Unit in an area proposed for redevelopment in an early phase to an Existing Unit on Treasure Island. *Most Transitioning Households will not be asked to make an Interim Move.*

- **Long-Term Moves**, in which a Transitioning Household moves from one of the Existing Units to a newly-constructed Dwelling on Treasure Island. All Transitioning Households (including those that previously made an Interim Move) will have the opportunity to make this move.

Key elements of these Transition Housing Rules and Regulations are:

- All Transitioning Households that receive a Notice to Move for either an Interim Move or a Long-Term Move will be eligible for Transition Benefits under these Transition Housing Rules and Regulations.

- NSTI residents who move off-Island before they receive a Notice to Move and an offer of Transition Benefits are not Transitioning Households and will not be eligible for Transition Benefits.

- All Transitioning Households will have the opportunity to remain on Treasure Island. No eligible Transitioning Household will be required to move before receiving an offer of Transition Benefits.

- Transitioning Households will have an opportunity to select one of the three Transition Benefit Options described in these Transition Housing Rules and Regulations:

    - the Transition Unit Option to move into rental housing on Treasure Island (See **Article V** (Description of Transition Unit Option));

    - the In-Lieu Payment Option for a lump sum payment upon moving off-Island (See **Article VI** (Description of In-Lieu Payment Option)); or

    - the Unit Purchase Assistance Option for down payment assistance in the purchase of a newly-constructed Dwelling on NSTI (See **Article VII** (Description of Unit Purchase Assistance Option)).

- Moving assistance will be provided to Transitioning Households that:
    - make Interim Moves to other Existing Units on Treasure Island; or
    - select the Transition Unit Option and make Long-Term Moves from their Existing Units to new Transition Units.
- A Premarketing Window to purchase newly-constructed Dwellings on NSTI will be available to:
    - all Transitioning Households in Existing Units before they have selected a Transition Benefit; and
    - Post-Transition Tenants that selected the In-Lieu Payment Option and received an In-Lieu Payment.
- Any resident of The Villages who moves onto NSTI after the DDA Effective Date will be a Post-DDA Tenant under these Transition Housing Rules and Regulations. Post-DDA Tenants who by definition do not qualify for an exception under **Section II.A.1** (Defined Terms for Determining Eligibility) are ineligible for Transition Benefits, but will be offered transition advisory services when required to move.

E. Effective Date

These Transition Housing Rules and Regulations will be effective on the date the DDA becomes effective (the "**DDA Effective Date**"), if the DDA is approved by the TIDA Board and the Board of Supervisors after completion of CEQA review.

II. ELIGIBILITY

A. Determination of Household Eligibility for Transition Benefits

The first step in determining whether a Villages Household is eligible for Transition Benefits is determining the status of the Household, based on the criteria below.

Only Transitioning Households are eligible for Transition Benefits. Transition Benefits are offered to each Transitioning Household as a Household and not to individual members of the Household.

1. Defined Terms for Determining Eligibility. TIDA will determine the members of a Transitioning Household based on the following definitions:

a. "**Existing Unit**" means a Dwelling located on NSTI that is occupied by a Transitioning Household as its primary Dwelling before receipt of a First Notice to Move or an Interim Notice to Move.

b. "**Good Standing**" means that TIDA does not have grounds for eviction as described in **Section XII.A** (Eviction).

c. "**Household**" means an individual, or two or more individuals, related or unrelated, who live together in an Existing Unit as their primary Dwelling, or one or more families occupying a single Existing Unit as their primary Dwelling, including: (i) all adult Household members who are named in the Residential Lease; (ii) minor children in the Household; and (iii) the spouse or registered domestic partner of a Household member. Under these Transition Housing Rules and Regulations, all occupants of a single Existing Unit constitute a single Household, and a Household may include both Post-DDA Tenants and members of a Transitioning Household.

d. "**Post-DDA Tenant**" means a resident who moves onto NSTI after the DDA Effective Date, except as follows: (i) a spouse or registered domestic partner of a member of a Transitioning Household; (ii) a minor child of a member of a Transitioning Household; and (iii) a live-in caregiver for a member of a Transitioning Household who has been approved by TIDA or its agent to reside in the Existing Unit. Persons in categories (i) and (ii) above will only be considered a member of a Transitioning Household if the Household notified TIDA in writing of the new Household member, and requested that the Person's name be added to the Residential Lease at the time that the Household member joined the Household, or, if that Person became a member of the Household after TIDA's most recent notice of annual change in base rent under the Residential Lease.

e. "**Residential Lease**" means the lease agreement, including any addenda, under which a Transitioning Household or a Post-DDA Tenant lawfully occupies an Existing Unit, or under which an employer provides employee housing for employees working on NSTI.

f. "**Transitioning Household**" means a Villages Household consisting of residents who: (i) lawfully occupied an Existing Unit in The Villages as its primary Dwelling on the DDA Effective Date as evidenced by each adult resident's signature on the Residential Lease and each minor child identified as an occupant in the Residential Lease; (ii) continue to live in an Existing Unit until the Household receives a First Notice to Move for a Long-Term Move or accepts an In-Lieu Payment or Down Payment Assistance; and (iii) remain in Good Standing under its Residential Lease until the Household receives a First Notice to Move for a Long Term Move or accepts an In-Lieu Payment or Down Payment Assistance. A Transitioning Household specifically excludes the following: (A) any Person or Household in Unlawful Occupancy of the Existing Unit; (B) any Post-DDA Tenant in the Household; (C) any Person who occupies an Existing Unit under an arrangement with a business entity that has entered into a Residential Lease with TIDA; and (D) any Person who occupies the Existing Unit solely for the purpose of obtaining Transition Benefits.

g. "**Unlawful Occupancy**" means: (i) a Person or Household has been ordered to move by a valid court order; (ii) the Person's or Household's tenancy has been lawfully terminated, if the termination was not undertaken for the purpose of evading the obligations of these Transition Housing Rules and Regulations; or (iii) a Person is not listed on

the Residential Lease, except for a: (x) spouse or registered domestic partner of a member of a Transitioning Household; (y) minor child of a member of a Transitioning Household; or (z) live-in caregiver for a member of a Transitioning Household who has been approved by TIDA or TIDA's agent to reside in the unit, provided that Persons in categories (x) and (y) have met the requirements to be considered a Post-DDA Tenant.

h. **"Force Majeure Household**" means a Household that is not a Post DDA Household and is not in Unlawful Occupancy is required by TIDA or any other agency to move from an Existing Unit off of NSTI as a result of a natural disaster or other condition that makes the Existing Unit uninhabitable prior to the Household receiving a First Notice to Move.

2. TIDA Records of Eligibility. Based on information available to TIDA, including information provided by Villages Households during and in follow-up to interviews under **Section III.B** (Interview Households and Offer Advisory Services), TIDA will maintain records indicating which members of each Villages Household constitute an eligible Transitioning Household and which members are Post-DDA Tenants or otherwise not qualified for Transition Benefits.

B. Ineligible Residents

1. Post-DDA Tenants. Post-DDA Tenants are ineligible for Transition Benefits. A Post-DDA Tenant may be a resident in an Existing Unit in which other residents constitute a Transitioning Household. Post-DDA Tenants will be eligible only for transition advisory services under these Transition Housing Rules and Regulations; provided, however, that notwithstanding any other provisions of these Transition Housing Rules and Regulations, Post-DDA Tenants residing in an Existing Unit as of the effective date of the Second Amendment of these Transition Housing Rules and Regulations (December 11, 2019; the "**Amendment Date**") are eligible to apply for occupancy in newly constructed governmental housing program units and will receive a priority preference for such units after Transitioning Households and subject to income eligibility for such unit.

2. Unlawful Occupancy. A resident in Unlawful Occupancy of an Existing Unit is ineligible for Transition Benefits or advisory services under these Transition Housing Rules and Regulations.

III. TRANSITION NOTICES AND PROCEDURES

A. First Notice to Move

1. Delivery of First Notice to Move. TIDA will deliver a First Notice to Move to each affected Household before the Household is required to move to facilitate the ongoing redevelopment of NSTI.

2. Time of Notice. The First Notice to Move will be delivered: (a) no less than 90 days before the date by which an Interim Move must occur; and (b) no less than 120 days before the date by which a Long-Term Move must occur.

3. Contents of Notice. The First Notice to Move will state:

a. whether the move will be an Interim Move or a Long-Term Move;

b. TIDA's intent to terminate the Residential Lease for the Existing Unit on a specified date, by which the Household will be required to move;

c. whether TIDA records: (i) list any or all of the members of the Household as an eligible Transitioning Household; or (ii) indicate that any members of the Household are Post-DDA Tenants or are otherwise ineligible for Transition Benefits;

d. if TIDA records indicate that any members of the Household are or may be a Transitioning Household: (i) additional information or verifications necessary to determine eligibility as a Transitioning Household; (ii) a general description of the Transition Benefits that a Transitioning Household may receive under these Transition Housing Rules and Regulations; (iii) additional steps a Transitioning Household must take to secure Transition Benefits, such as setting up an interview to provide TIDA with the information necessary to complete income certification requirements and determine the composition of the Transitioning Household; and (iv) the time-frame for setting up the informational interview to establish the Transitioning Household's housing needs and certify Household Income;

e. if TIDA records indicate that the entire Household (or any member of the Household) is not a Transitioning Household but is a Post-DDA Tenant, information regarding advisory services available to Post-DDA Tenants and on the Household's opportunity to present information demonstrating its eligibility as a Transitioning Household;

f. contact information for questions about the notice or process; and

g. that the notice and all future notices will be translated into a language understood by the Household if the Household notifies TIDA that the Household does not include an adult fluent in English.

B. Interview Household and Offer Advisory Services

1. Schedule Interview. After the First Notice to Move is delivered, TIDA will contact each Household to set up interviews. TIDA will provide sufficient advance notice and scheduling flexibility to enable each adult in the Household (except those in Unlawful Occupancy of the Existing Unit) to be interviewed, so that TIDA can obtain required information and provide advisory services described below.

2. Advisory Services for Transitioning Households:

a. The interviews will enable TIDA to: (i) describe and explain any applicable eligibility requirements for the specific Transition Benefits available to the Transitioning Household under these Transition Housing Rules and Regulations; (ii) advise and assist the Transitioning Household in evaluating its housing needs; (iii) identify any special needs for that Transitioning Household; (iv) assist each Transitioning Household to complete

applications for Transition Benefits; and (v) ensure that no Transitioning Household will be required to move from an Existing Unit without an opportunity to relocate to a Transition Unit, except in the case of: (A) an Interim Move; (B) a major disaster as defined in § 102(2) of the federal Disaster Relief Act of 1974; (C) a state of emergency declared by the President of the United States or the Governor of the State of California; or (D) any other emergency that requires the Household to move immediately from the Existing Unit because continued occupancy of the Existing Unit by the Household constitutes a substantial danger to the health or safety, or both, of the Household.

b. For Long-Term Moves only: (i) the Transitioning Household must begin the process of determining Household Income; and (ii) to qualify for an income-restricted Transition Unit under **Sections V.E.1**, **V.E.2**, or **V.E.3** (Calculation of Base Monthly Rental Cost), Household Income of the entire Transitioning Household must be certified, subject to third-party verification. For all Households, TIDA will use the then-current Tenant Income Certification Form published by the California Tax Credit Allocation Committee to determine Household Income. A copy of the current form is attached as **Appendix 1**.

c. If all adult members of a Transitioning Household do not consent to be interviewed or do not provide all of the required information requested during or within 30 days after the interview, TIDA will be entitled to rely solely on the limited information provided in response to the interview and contained in its records relating to the Household when making its determination about eligibility for Transition Benefits.

3. Advisory Services for Post-DDA Tenants. The interviews will enable TIDA to offer the following advisory services to Post-DDA Tenants: (a) assist in evaluating their housing needs and any special needs; (b) provide references to providers of special needs services and other housing in San Francisco; and (c) provide a Household with the opportunity to present information to TIDA to support a claim of eligibility for Transition Benefits.

C. Second Notice to Move

1. Time and Contents of Second Notice to Move. No less than 60 days before a Household is required to move, TIDA will deliver a Second Notice to Move. The Second Notice to Move will state:

a. TIDA's determination of whether the Household is an eligible Transitioning Household;

b. which members of the Household, if any, are Post-DDA Tenants, in Unlawful Occupancy, or otherwise ineligible for Transition Benefits;

c. the actual date by which the move must be complete (the "**Move Date**"); and

d. the options available to the Transitioning Household under these Transition Rules and Regulations.

D. Selection of a Transition Benefit

After receipt of the Second Notice to Move, each Transitioning Household will be required to make certain decisions about Transition Benefits.

1. Transition Benefit Options for Long-Term Moves. For Long-Term Moves, the Second Notice to Move will offer each Transitioning Household a choice of:

a. the Transition Unit Option to move into a Transition Unit in a specifically identified new building on TI, with the number of bedrooms, initial rent, and long-term rent protection as described in **Article V** (Description of Transition Unit Option);

b. the In-Lieu Payment Option to receive an In-Lieu Payment, calculated in accordance with **Article VI** (Description of In-Lieu Payment Option); or

c. the Unit Purchase Assistance Option to receive Down Payment Assistance calculated in accordance with **Article VII** (Description Unit Purchase Assistance Option), but only if new for-sale units are then available for purchase and the Transitioning Household can demonstrate that it can close escrow on the purchase of and move into a new Dwelling on NSTI before the Move Date.

2. Options for Interim Moves. For Interim Moves, the Second Notice to Move will offer each Transitioning Household a choice of the following options:

a. the right to occupy an Existing Unit on Treasure Island with the number of bedrooms and initial rent calculated in accordance with **Article IV** (Interim Moves); or

b. the option to receive an In-Lieu Payment in accordance with **Article VI** (In-Lieu Payment Option).

3. Written Notice to TIDA of Selection. For both Long-Term Moves and Interim Moves, the Transitioning Household's selection may be made by delivering written notice to TIDA, signed by each adult member of the Transitioning Household at any time up to 45 days before the Move Date.

4. Transitioning Household Entitled to Single Transition Benefit. Each Transitioning Household receiving a Long Term Move Notice is entitled to only one of the Transition Benefits described in **Article V** (Transition Unit Option), **Article VI** (In-Lieu Payment Option), and **Article VII** (Unit Purchase Assistance Option). As a condition to receipt of the selected Transition Benefit, each member of the Transitioning Household will be required to waive all other Transition Benefits under these Transition Housing Rules and Regulations.

E. Complete the Move

1. Eligibility for Moving Assistance. Moving assistance to cover the costs of moving the Household will be provided to every Transitioning Household that makes an Interim

Move from an Existing Unit on NSTI to another Existing Unit on TI and/or a Long-Term Move from an Existing Unit on NSTI to a Transition Unit. Moving assistance is not provided to: (a) Transitioning Households that receive the In-Lieu Payment Option or Down Payment Assistance; (b) Post-DDA Tenants; (c) Persons in Unlawful Occupancy of their Existing Unit; or (d) other Persons ineligible for Transition Benefits.

2. Actual Costs. A Transitioning Household will be compensated for Actual Reasonable Moving Expenses incurred in moving the Household for an Interim Move to an Existing Unit or a Long-Term Move to a Transition Unit. Costs that may be included in a claim for Actual Reasonable Moving Expenses are listed in **Article VIII.B** (Moving Assistance).

3. Moving Allowance Alternative. A Transitioning Household that is eligible to be reimbursed for Actual Reasonable Moving Expenses may elect instead to receive a Moving Expense Allowance that will be determined according to a schedule established by TIDA, based on a moving expense allowance determined in accordance with established federal Highway Administration schedules maintained by the California Department of Transportation. The current schedule is shown in **Appendix 3**.

F. Early Transition Benefits

1. Limited Circumstances. Under certain circumstances, Transitioning Households may be eligible to receive certain Transition Benefits before receipt of a Notice to Move.

a. The In-Lieu Payment Option may be available earlier, if, and only if, TIDA provides written notice to Transitioning Households offering an early opportunity to receive an In-Lieu Payment, which may be conditioned on the Household moving out of its Existing Unit by a specified date ("**Notice of Early In-Lieu Payment Option**").

b. The Unit Purchase Assistance Option is available at any time a Transitioning Household completes the purchase of a new Dwelling on NSTI, unless the Transitioning Household has previously lost its status as a Transitioning Household by accepting an In-Lieu Payment or moving into a Transition Unit.

IV. INTERIM MOVES

A. Required Interim Moves

Some Transitioning Households will be required to make an Interim Move from one Existing Unit to another Existing Unit on TI.

An Interim Move will be required for those Transitioning Households that reside in areas proposed for redevelopment in an early phase of development. Although not currently anticipated, Interim Moves also may be required in later phases of development. Transitioning Households required to make an Interim Move will receive a First Notice to Move not less than 90 days before the Move Date and a Second Notice to Move not less than 60 days before the Move Date.

B. Benefits for Interim Moves

Transitioning Households required to make an Interim Move may elect to move to an Existing Unit on TI under the following terms:

1. Size. The offered Dwelling will have at least the same number of bedrooms as the Existing Unit unless the Transitioning Household elects to move to a smaller unit. The Transitioning Household may be offered a Dwelling that has a greater number of bedrooms if the available Dwellings with the same number of bedrooms as the Existing Unit will result in a reduction in total square footage from the Existing Unit by 10% or more.

2. Rent. The initial monthly rent for Transitioning Households making an Interim Move to an Existing Unit on TI will be determined as set forth below. In each case, the initial monthly rent will be subject to annual increases calculated by the Rent Board Adjustment.

a. If the offered Dwelling has the same or a greater number of bedrooms as the Existing Unit, the initial monthly rent for the offered Dwelling will be the lesser of: (a) the rent the Transitioning Household is paying for its Existing Unit on the date of the First Notice to Move; or (b) the market rent that TIDA would otherwise charge for the offered Dwelling on the date of the First Notice to Move.

b. If Transitioning Household has elected to move to an offered Dwelling with fewer bedrooms than its Existing Unit, the initial monthly rent on the offered Dwelling will be the lesser of: (a) the monthly rent for the Existing Unit on the date of the First Notice to Move, reduced by 10% for each reduction in bedroom count, or (b) the market rent that TIDA would otherwise charge for the offered Dwelling on the date of the First Notice to Move. For example, if a Transitioning Household occupies an Existing Unit with four bedrooms on the DDA Effective Date, but elects in an Interim Move to move into an offered Dwelling with two bedrooms, the initial monthly rent under (a) would be 80% of the monthly rent on the Existing Unit on the date of the First Notice to Move.

3. Unit Selection. The Notice to Move for an Interim Move will provide information on the process for Transitioning Households electing to move to an Existing Unit on TI to select a Dwelling.

4. Status as Transitioning Household. The Transitioning Household will retain its status as a Transitioning Household following an Interim Move, and will continue to be eligible for Transition Benefits as long as the Household continues to meet the eligibility requirements stated in **Section II.A.1.d** (Determination of Household Eligibility for Transition Benefits).

C. Option to Elect In-Lieu Payment

Instead of making an Interim Move, Transitioning Households may elect the In-Lieu Payment Option in accordance with **Article VI** (Description of In-Lieu Payment Option).

V. DESCRIPTION OF TRANSITION UNIT OPTION

A. Transition Unit Option

1. Time of Option. The Transition Unit Option is available for Transitioning Households only after TIDA delivers a Notice to Move for a Long-Term Move.

2. Benefits. Transitioning Households will have the opportunity to rent a newly-constructed Transition Unit on Treasure Island. Transitioning Households that elect to move into the offered Transition Unit will be eligible for Actual Reasonable Moving Expenses or a Moving Expense Allowance.

3. Designated Unit. TIDA will designate at least one Transition Unit for each Transitioning Household selecting the Transition Unit Option.

4. Loss of Status. A Transition Unit will be offered to each Transitioning Household unless it has lost its status as a Transitioning Household by its prior receipt of Transition Benefits for a Long-Term Move or it no longer meets the eligibility requirements stated in **Section II.A** (Determination of Household Eligibility for Transition Benefits).

5. Leases for Income-Restricted Units. Leases for Households with Section 8 vouchers, Tax Credit Eligible Households and others occupying Transition Units assisted with state, federal, or local housing funds will be subject to applicable regulations and requirements of such funding programs.

6. Loss of Option. TIDA's obligation to provide a Transitioning Household selecting the Transition Unit Option with a Transition Unit will be deemed to be satisfied if the Transitioning Household is offered and refuses to accept the Transition Unit offered.

B. Standards Applicable to Transition Units

1. Size. Except as provided below, a Transition Unit offered to a Transitioning Household under the Transition Unit Option must contain the same number of bedrooms as in the Existing Unit. Exceptions include:

a. Program regulations of certain government housing programs (e.g. tenant-based Section 8) may limit the number of bedrooms that participating Transitioning Households can be offered.

b. In determining the size of a Transition Unit, Post-DDA Tenants, Persons in Unlawful Occupancy and other Persons ineligible for Transition Benefits are excluded as Persons in the Transitioning Household, but Post-DDA Tenants will be allowed to move into a Transitioning Household's Transition Unit.

c. If the Transitioning Household is smaller when it moves into the Transition Unit than it was when its eligibility was established, TIDA will offer a Transition Unit

with one bedroom per Person remaining in the Transitioning Household up to a maximum of four bedrooms.

2. Decent, Safe and Sanitary. The Dwelling must be "**Decent, Safe and Sanitary**," which means it:

a. conforms with all applicable provisions for existing structures that have been constructed under state or local building, plumbing, electrical, housing and occupancy codes, and similar ordinances or regulations;

b. has a continuing and adequate supply of potable water;

c. has a kitchen or an area set aside for kitchen use that: (i) contains a sink in good working condition connected to hot and cold water and to an adequate sewage system; and (ii) has utility service connections and adequate space for the installation of a stove and a refrigerator;

d. has an adequate heating system in good working order that will maintain a minimum temperature of 70 degrees in all habitable rooms, and all rooms must be adequately ventilated;

e. has a bathroom, well lit and ventilated and affording privacy to a person within it, containing a lavatory basin and a bathtub or stall shower, properly connected to an adequate supply of hot and cold running water, and a flush closet, all in good working order and properly connected to a sewage disposal system;

f. has an adequate and safe wiring system for lighting and other electrical services;

g. is structurally sound, weather tight, in good repair, and adequately maintained;

h. has a safe unobstructed means of egress leading to safe open space at ground level that conforms to building and fire codes;

i. has at least one room that has not less than 150 square feet of floor area, and other habitable rooms, except kitchens, that have an area of not less than 70 square feet;

j. has sleeping room(s) that include at least 70 square feet of habitable floor space for the first occupant and 50 square feet of habitable floor space for each additional occupant; and

k. is available to the Transitioning Household regardless of race, color, sex, marital status, religion, or national origin in a manner consistent with Title VIII of the Civil Rights Act of 1968 and any other applicable local, state, or federal nondiscrimination laws.

C. **Required Information for Option**

1. Relevant Household Information. Transitioning Households must provide all of the following information to receive the Transition Unit Option:

a. Household Income;

b. Household composition and size, including: (i) the full names of all Household members and relationship of Household members to each other; (ii) age and number of any children and elderly members of the Household; (ii) whether any members of the Transitioning Household are disabled; (iii) whether any members of the Transitioning Household are Adult Students; and (iv) special needs (social and public services, special schools, and other services, need for in-home care); and

2. Time to Provide Information. To the extent all required information is not provided at the interview, Transitioning Households wishing to obtain Transition Benefits will have 30 days after the interview to provide all required information to TIDA.

D. Calculation of Household Income

A Transitioning Household's annual Household Income will be determined using the current Tenant Income Certification Form (see **Appendix 1**).

Households will be required to verify Household Income with third-party documentation such as W-2 forms, pay check stubs, tax returns or other forms of verification. Monthly Household Income will be determined based on the most recent 12 month period preceding the First Notice to Move.

E. Calculation of Base Monthly Rental Cost

The Transitioning Household will be offered a Transition Unit at an initial rent not exceeding the Base Monthly Rental Cost as determined below:

1. Adjustments for Changes in Bedroom Count. If the size of the Transitioning Household changed after the Effective Date, and the Transition Unit contains fewer bedrooms than the Household's Existing Unit as provided in **Section V.B(1)(c)** (Standards Applicable to Transition Units), for purposes of determining the Base Monthly Rental Cost the monthly rent for the Existing Unit will "**Adjusted for Changes in Bedroom Count**," according to the following calculation: (a) calculate the Existing Unit's monthly rent by adding any annual Rent Board Adjustments to the rent for the Existing Unit on the DDA Effective Date; (b) multiply (a) by the product of 10% times the reduction in bedroom count and (c) deduct the applicable Utility Adjustment. For example, if a Transitioning Household originally rented an Existing Unit with four bedrooms but due to changes in the Transitioning Household's size received a unit with two bedrooms, the monthly rent would be reduced by 20% and adjusted for the applicable Utility Allowance based on the new unit bedroom count.

2. Households Participating in Governmental Housing Programs

a. Tax Credit Eligible Households: Base Monthly Rental Cost for Tax Credit Eligible Households will be the lesser of: (i) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count (as defined below), if applicable, less Utility Adjustment; (ii) 30% of the Transitioning Household's Average Monthly Income; or (iii) the maximum allowable rent under applicable tax credit regulations less Utility Adjustment. Tax Credit Eligible Households will be offered a Transition Unit in housing financed with low income housing tax credits and may be required to certify Household Income annually while occupying the rent-restricted unit.

b. Households with Section 8 Vouchers: Base Monthly Rental Cost for Households with Section 8 vouchers will be the fair market rent for a Dwelling for the Household size under Section 8 program regulations, less Utility Adjustments.

3. Low Income Household (defined in Calif. Health & Safety Code § 50079.5): Base Monthly Rental Cost for Low Income Households that do not include Adult Students will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less Utility Adjustment; or (b) the maximum rent for a Low Income Household allowed by Health and Safety Code § 50053, less Utility Adjustment.

4. Moderate Income Household (defined in Calif. Health & Safety Code § 50079.5): Base Monthly Rental Cost for Moderate Income Households that do not include Adult Students will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less Utility Adjustment; or (b) the maximum rent for a Moderate Income Household allowed by Health and Safety Code § 50053, less Utility Adjustment.

5. All Other Transitioning Households: Base Monthly Rental Costs for all other Households, consisting of: (i) Transitioning Households that are not Tax Credit Eligible Households, Households with Section 8 vouchers, Low Income Households, or Moderate Income Households; (ii) Transitioning Households that include an Adult Student; and (iii) Transitioning Households that do not provide the required Household information within 30 days after their interview under **Section III.B** (Interview Household and Offer Advisory Services) will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less the Utility Adjustment; or (b) the market rent that would otherwise be charged for the Transition Unit.

F. Lease Terms for Transition Unit; Occupancy Verification

1. Lease Terms. The following will apply to each Transitioning Household accepting a Transition Unit, except for Tax Credit Eligible Households and Households with Section 8 vouchers (whose leases will comply with applicable federal regulations):

a. The Transitioning Household will enter into a lease containing the following key terms: (i) an initial period of 12 months, with automatic renewal on a month-to-month basis; (ii) a limitation on annual rent increases to the Rent Board Adjustment; (iii) a statement that the Transitioning Household may remain in the Transition Unit as long as the Household remains in Good Standing under its lease, and a description of the events that will cause the Household to be in default of its lease; and (iv) a prohibition against subleasing.

b. Each lease for a Transition Unit will require the Transitioning Household to: (i) identify each occupant of the Household by name; (ii) acknowledge that subleasing is not permitted and that subleasing will be a default under the lease; (iii) acknowledge that at least one member of the Transitioning Household must maintain the Transition Unit as his or her primary Dwelling; (iv) cooperate fully with any subsequent occupancy verification; and (v) comply with all other terms of the lease.

2. Right to Verify Occupancy by Transitioning Household. TIDA, or any subsequent owner or property management company for the Transition Unit, will have the right to verify occupancy of the Transition Unit at any time. If a Transitioning Household does not cooperate with an occupancy verification request or any member of the Household is discovered to have provided knowingly false responses: (a) the entire Transitioning Household will lose the right to continue to rent at the Base Monthly Rental Cost; (b) rent will be increased to the then-current market rate; and (c) future rent increases will not be limited to the Rent Board Adjustment. In addition, TIDA, or any subsequent owner or property management company for the Transition Unit will have the right to charge and collect the additional rent it would have charged, had the rents not been reduced under these Transition Rules and Regulations.

3. Termination of Lease for Transition Unit. If the Transition Unit is no longer occupied by any members of the Transitioning Household, the Transitioning Household's lease for the Transition Unit will terminate.

VI. DESCRIPTION OF IN-LIEU PAYMENT OPTION

A. In-Lieu Payment Option

1. Time. A Transitioning Household may elect to receive an In-Lieu Payment in response to a written offer from TIDA. TIDA currently anticipates offering the In-Lieu Payment Option at the following times:

a. when TIDA delivers a Notice to Move for an Interim Move to a Transitioning Household;

b. when TIDA delivers a Notice of Early In-Lieu Payment Option, currently anticipated to occur during a specified period between TIDA's approvals of Major Phase 2 and Major Phase 4; and

c. when TIDA delivers a Notice to Move for a Long-Term Move to a Transitioning Household.

2. Calculation of Payment. The amount of the In-Lieu Payment will be calculated using the schedule for Relocation Payments for No Fault Evictions published and updated annually by the San Francisco Rent Board (as of the date of the calculation, the "**Rent Board Schedule**"). The 2010 In-Lieu Payment Schedule, based on the 2010 Rent Board Schedule, adjusted for up to four adults, is attached as **Appendix 2**. The Transitioning Household's In-Lieu Payment will be the product of the payment per adult tenant in the Rent Board Schedule times the number of adults in the Transitioning Household, up to a maximum of four, plus any of the following applicable adjustments:

a. if the Transitioning Household includes elderly or disabled Persons, the product of the payment per elderly or disabled Person under the Rent Board Schedule times the number of elderly or disabled persons in the Transitioning Household; and

b. if the Transitioning Household includes any minor children, an additional lump sum equal to the payment for minors under the Rent Board Schedule.

c. In determining the number of adults in a Transitioning Household, Post-DDA Tenants and, Persons in Unlawful Occupancy and other Persons ineligible for Transition Benefits are excluded as Persons in the Transitioning Household.

3. Effect of Election. Transitioning Households that elect to receive the In-Lieu Payment:

a. will no longer be eligible for the Transition Unit Option or the Unit Purchase Assistance Option

b. will not receive moving assistance;

c. will be required to vacate their Existing Units by the date specified in the Notice to Move or Notice of Early In-Lieu Payment Option to receive the In-Lieu Payment; and

d. upon written request to TIDA, will be placed on the Premarketing Notice List if not already listed.

VII. DESCRIPTION OF UNIT PURCHASE ASSISTANCE OPTION

Transitioning Households that elect to receive the Unit Purchase Assistance Option will be entitled to Down Payment Assistance.

A. Down Payment Assistance

1. Amount of Payment. A Transitioning Household electing the Unit Purchase Assistance Option will receive "**Down Payment Assistance**" described in this Section. The amount of Down Payment Assistance will be equal to the amount the Transitioning Household would have received had it chosen an In-Lieu Payment, based on the Rent Board Schedule and

the number of eligible members in the Transitioning Household, up to four Persons, when the Household enters into the purchase contract for the new Dwelling on NSTI.

2. Conditions to Payment. A Transitioning Household electing to purchase a new Dwelling on NSTI will receive Down Payment Assistance only if: (a) the Household meets all applicable eligibility criteria to purchase the new Dwelling; (b) its purchase offer for the new Dwelling is accepted; and (c) the purchase closes escrow. No Household is guaranteed that its offer to purchase a new Dwelling on NSTI will be accepted, and the purchased Dwelling need not be similar in size, bedroom count, and amenities to the Existing Unit previously occupied by the Household.

3. Escrow and Closing. Down Payment Assistance will be paid at closing into escrow. TIDA will verify the Transitioning Household's eligibility for and amount of the Down Payment Assistance to lenders and sellers of Dwellings during escrow upon request. If escrow does not close, the escrow officer will be instructed to return any Down Payment Assistance funds on deposit to TIDA.

4. Termination of Status. A Transitioning Household that elects to receive the Down Payment Assistance and closes its purchase on a new for-sale Dwelling on NSTI:

a. will no longer be eligible for the Transition Unit Option or the In-Lieu Payment Option

b. will not receive moving assistance;

c. will be required to vacate its Existing Unit by the date specified in the Notice to Move; and

d. will be removed from the Premarketing Notice List.

VIII. ADDITIONAL ASSISTANCE

A. Premarketing Assistance

1. Definitions. The following definitions will apply to the Assistance described in this **Section VIII.A** (Premarketing Assistance):

a. "**Post-Transition Household**" means a Transitioning Household that previously received an In-Lieu Payment.

b. "**Post-Transition Tenant**" means a Person who was a member of a Transitioning Household that previously received an In-Lieu Payment.

c. "**Premarketing Notice List**" means that email contact list that TIDA will maintain to provide notice of a Premarketing Window.

d. "**Premarketing Window**" means a specific and limited time period of no less than 30 days before the Dwellings in each new for-sale housing development on NSTI are offered for sale to the general public.

e. "**Sunset Date**" means the date that is seven years after the date that a Transitioning Household or a Post-Transition Tenant is placed on the Premarketing Notice List.

2. Early Notice. Transitioning Households, Post-Transition Households, ~~and~~ Post-Transition Tenants and Post-DDA Tenants on the Premarketing Notice List will have the opportunity to make purchase offers on Dwellings in each new for-sale housing development on NSTI during the Premarketing Window.

a. If the purchase offer of a Transitioning Household that is not a Post-Transition Household is accepted: (i) the Transitioning Household also may select the Unit Purchase Assistance Option to receive Down Payment Assistance under **Section VII.A** (Down Payment Assistance); and (ii) TIDA will remove the Transitioning Household from the Premarketing Notice List after close of escrow. Post-Transition Households are not eligible for Down Payment Assistance.

b. If the purchase offer of a Post-Transition Tenant or Post Transition Household is accepted and escrow closes, TIDA will: (i) remove the Post-Transition Tenant or Post Transition Household from the Premarketing Notice List; and (ii) have no further obligation to the Post-Transition Tenant or Post Transition Household under these Transition Housing Rules and Regulations. Post-Transition Tenants are not eligible for Down Payment Assistance.

c. A Transitioning Household whose purchase offer is not accepted may stay on the Premarketing Notice List for subsequent notices of Premarketing Windows until the earliest of: (i) the date escrow closes on a subsequent purchase offer; (ii) the date the Transitioning Household moves into a Transition Unit; or (iii) the Sunset Date.

d. Post-Transition Households and Post-Transition Tenants whose purchase offers are not accepted may stay on the Premarketing Notice List for subsequent notices of Premarketing Windows until the earlier of: (i) the date escrow closes on a subsequent purchase offer; or (ii) the Sunset Date.

3. Notice List.

a. Each Transitioning Household and Post-Transition Household must: (i) provide TIDA with the names of Household members, the designated Household contact's name, and an email address for notices; and (ii) notify TIDA of any changes to Household information to remain on the Premarketing Notice List.

b. Each Post-Transition Tenant must: (i) provide TIDA with an email address for notices; and (ii) notify TIDA of any changes in the email notice address to remain on the Premarketing Notice List.

c. TIDA will have no obligation to: (i) verify that email notices that are sent are actually delivered; or (ii) update contact information of Transitioning Households, Post-Transition Households, or Post-Transition Tenants that do not notify TIDA that their email addresses have changed. TIDA will remove Transitioning Households, Post-Transition Households, ~~and~~ Post-Transition Tenants and Post-DDA Tenants from the Premarketing Notice List on their respective Sunset Dates if they are then still on the list.

4. Required Acknowledgement. Before TIDA is obligated to add contact information to the Premarketing Notice List, each member of a Transitioning Household, Post Transition Household, ~~and~~ Post-Transition Tenants and Post-DDA Tenants will be required to sign an acknowledgment that neither TIDA nor any for-sale housing developer will be responsible for: (a) ensuring that the contact email address provided is current; (b) any inadvertent omission from the Premarketing Notice List, as long as the housing opportunity is marketed generally in the San Francisco area; or (c) guaranteeing that a Transitioning Household or a Post-Transition Tenant will qualify to purchase a new Dwelling.

5. Developer Notice Requirements. For-sale housing developers will be required to provide TIDA with advance notice of the Premarketing Window for each new for-sale housing development on NSTI, stating: (a) the start and end dates of the Premarketing Window; (ii) for each available Dwelling, the unit address, number of bedrooms, and initial offered price; (iii) the date(s) on which interested Transitioning Households, Post-Transition Households, ~~and~~ Post-Transition Tenants and Post-DDA Tenants may tour the available Dwellings; and (iv) contact information for an authorized representative of the housing developer who can answer questions about the available Dwelling(s). TIDA will send email notices to all Transitioning Households, Post-Transition Households, ~~and~~ Post-Transition Tenants and Post-DDA Tenants on the Premarketing Notice List before the Premarketing Window begins.

6. No Preferential Treatment. Transitioning Households, Post-Transition Households, ~~and~~ Post-Transition Tenants and Post-DDA Tenants on the Premarketing Notice List will be offered the same purchase terms for the for-sale units as those offered to the general public.

a. Inclusionary units will be offered at a specified below-market-rate price to Transitioning Households, Post-Transition Households, ~~and~~ Post-Transition Tenants and Post-DDA Tenants that meet all qualifying income and occupancy criteria for that Dwelling.

b. The purchase price of all other for-sale Dwellings will be the market-rate price.

c. Transitioning Households, Post-Transition Households, ~~and~~ Post-Transition Tenants and Post-DDA Tenants will be required to qualify to purchase any Dwellings offered for sale during the Premarketing Window in the same manner as other members of the general public.

d. The Premarketing Window does not guarantee that a Transitioning Household, Post-Transition Household, ~~or~~ Post-Transition Tenant or Post-DDA Tenants will qualify for the purchase or that its purchase offer will be accepted.

B. Moving Assistance

1. Covered Moving Expenses. All Transitioning Households that make Interim Moves and that select the Transition Unit Option for a Long-Term Move will receive either Actual Reasonable Moving Expenses or a Moving Expense Allowance. Actual Reasonable Moving Expenses will include:

a. transportation of persons and property upon NSTI;

b. packing, crating, unpacking, and uncrating Personal Property;

c. insurance covering Personal Property while in transit;

d. connection charges imposed by public utilities for starting utility service;

e. the reasonable replacement value of Personal Property lost, stolen, or damaged (unless caused by the Transitioning Household or its agent) in the process of moving, where insurance covering such loss, theft, or damage is not reasonably available; and

f. the removal of barriers to the disabled and installations in and modifications to a disabled Person's new Dwelling as needed to accommodate special needs.

2. Allowance Alternative. A Transitioning Household electing a self-move for an Interim Move or a Long-Term Move into a Transition Unit will be paid according to the Moving Allowance Schedule in **Appendix 3** promptly after filing a claim form provided by TIDA and vacating the Existing Unit, unless the Household seeks and is granted an advance payment to avoid hardship.

3. Advance Payment to Avoid Hardship. A Transitioning Household may be paid for anticipated moving expenses in advance of the actual move. TIDA will make an advance payment whenever the Household files a claim form provided by TIDA supported by documents and other evidence that later payment would result in financial hardship. Particular consideration will be given to the financial limitations and difficulties experienced by low and moderate income residents.

4. Moving Expense Claims. A claim for payment of Actual Reasonable Moving Expenses must be supported by a bill or other evidence of expenses incurred.

a. Each claim greater than $1,000 for the moving costs incurred by a Transitioning Household hiring a moving company must be supported by at least 2 competitive bids. If TIDA determines that compliance with the bid requirement is impractical, or if the

claimant obtains estimates of less $1,000, a claim may be supported by estimates instead. TIDA may make payment directly to the moving company.

b. A Transitioning Household's Actual Reasonable Moving Expenses will be exempt from regulation by the State Public Utilities Commission. TIDA may effect the moves by directly soliciting competitive bids from qualified bidders for performance of the work. Bids submitted in response to such solicitations will be exempt from regulation by the State Public Utilities Commission.

C. Assistance to Force Majeure Households.

In the event a Force Majeure Household is required by TIDA or any other agency to move from an Existing Unit off of NSTI as a result of a natural disaster or other condition that makes the Existing Unit uninhabitable prior to the Household receiving a First Notice to Move ("Force Majeure Household"), the Force Majeure Household shall remain eligible for all Transition Benefits it would otherwise have been eligible for upon receipt of a First Notice to Move. The Force Majeure Household will not be eligible for Transition Benefits until such time as the First Notice to Move would have been given for the Existing Unit as determined by the implementation of the Development Plan for the area of NSTI where the Existing Unit was located. Any In-Lieu Payment Option or Down Payment Assistance will be reduced by any amounts paid to the Force Majeure Household by TIDA or any other public agency at the time the Force Majeure Household moved out of the Existing Unit, including any payments for moving expenses or replacement housing payments.

IX. IMPLEMENTATION OF TRANSITION HOUSING RULES AND REGULATIONS

A. Administration

1. Information Program. TIDA will maintain an information program using meetings, newsletters, and other mechanisms, including local media, to keep Villages residents informed on a continuing basis about: (a) TIDA's transition housing program and other information about the redevelopment process; (b) the timing and scope of any anticipated Interim Moves; (c) the timing and scope of anticipated Long-Term Moves, (c) procedures for implementing and making claims under these Transition Rules and Regulations; and (d) other information relevant to these Transition Rules and Regulations.

2. Nondiscrimination. TIDA will administer these Transition Housing Rules and Regulations in a manner that will not result in different or separate treatment on account of race, color, religion, national origin, sex, sexual orientation, marital status, familial status, or any basis protected by local, state, or federal nondiscrimination laws.

3. Site Office. TIDA may establish a site office that is accessible to all Households to provide advisory assistance described in **Section III.B** (Interview Households and Offer Advisory Services). If TIDA establishes a site office, it will be staffed with trained and experienced personnel, who may be third-party housing specialists.

4. Amendments. These Transition Rules and Regulations may be amended by TIDA from time to time by a resolution of the TIDA Board adopting an amendment at a duly noticed public meeting.

B. Household Records

1. Contents. TIDA will maintain records for each Household containing information obtained during interviews, documents submitted by residents, and existing files of its property manager. The records will contain a description of the pertinent characteristics of the Persons in the Household, the assistance determined to be necessary, and the Household's decisions on Transition Benefits. Members of a Transitioning Household will have the right to inspect their own Transitioning Household records to the extent and in the manner provided by law.

2. Confidentiality. Household income information is confidential and will only be used for its intended purpose. Confidential information will not be disclosed to third parties outside of the Household unless all members of the Household provide their written consent to disclosure or a valid court order requires disclosure.

3. Publication of Aggregate Resident Data. TIDA will have the right to publish aggregate data about the resident population on NSTI, including information that is segmented according to aggregate Villages resident data and aggregate TIHDI resident data.

X. CLAIM AND PAYMENT PROCEDURES; TERMINATION OF TRANSITION HOUSING ASSISTANCE

A. Filing Claims; Tax Forms

1. Written Claims Required. TIDA will provide claim forms for payment under these Transition Rules and Regulations. All claims for In-Lieu Payments and Down Payment Assistance must be submitted to TIDA with the Household's notice of election of that specific Transition Benefit. All claims for moving expense payments must be submitted to TIDA within six months after the date on which the claimant makes an Interim Move or moves into a Transition Unit.

2. Tax Forms. TIDA: (a) makes no representations about the tax treatment of any payments or benefits of monetary value any Person receives under these Transition Housing Rules and Regulations; (b) will require all Persons who receive an In-Lieu Payment, Down Payment Assistance, moving assistance, or any other payment under these Transition Housing Rules and Regulations to provide TIDA with valid Social Security numbers for all recipients; and (c) will file W-9 forms for all payments and benefits of monetary value made or provided to any Person under these Transition Housing Rules and Regulations.

B. Treatment of Dependents

1. Allocation of Transition Benefits. The following will apply to any Person who derives 51% or more of his or her income from one or more Persons within the same

Transitioning Household in an Existing Unit (the "**Supporting Household**") or otherwise meets his or her living expenses primarily through the monetary support of the Supporting Household (a "**Dependent**").

a. A Dependent who lives with the Transitioning Household will not be entitled to any Transition Benefit except as a part of the Household, and will be counted as a member of the Transitioning Household for determining Household size.

b. If the Dependent's primary Dwelling, as determined by voter registration, driver's license, or other forms of verification, is different from that of the Supporting Household when the Supporting Household selects and receives a Transition Benefit, the Dependent will not be counted as part of the Transitioning Household when determining: (i) the size of a Transition Unit; (ii) the amount of an In-Lieu Payment; or (iii) the amount of Down Payment Assistance.

2. Documentation of Dependent Status. Any Transitioning Household claiming a Dependent must provide third-party documentation that it is a Supporting Household. TIDA will have the right to require that the Supporting Household and Dependent, if applicable, provide copies of tax returns filed for tax years preceding the claim.

C. Adjustments for Multiple Claims; Nontransferability

1. Multiple Claimants. The amount of an In-Lieu Payment, Down Payment Assistance, or Moving Expense Allowance will be determined based on the total number of eligible members in the Transitioning Household. All adult members of a Household must sign the claim form and any other required documents as a condition to TIDA's obligation to pay Transition Benefits and moving assistance.

2. Multiple Claims. A single claim form for each payment claim by a Transitioning Household is preferred, but not required. Unless otherwise specified in a claim form, TIDA will issue separate checks to each adult in the Transitioning Household in equal shares, adjusted for Dependents and elderly or disabled members of the Household. If two or more eligible Persons in a single Transitioning Household submit more than one claim for any payment under these Transition Rules and Regulations, which in the aggregate exceed the payment limits to be made to the entire Transitioning Household, TIDA will pay each eligible claimant an equal share of the payment, up to the aggregate amount of the payment limits. As provided in **Section VII.A** (Down Payment Assistance), Transitioning Households that choose Down Payment Assistance will not receive direct payment; TIDA will deposit the entire amount of any Down Payment Assistance directly into escrow.

3. Nontransferability. The right to Transition Benefits and other assistance under these Transition Housing Rules and Regulations is personal to each member of a Transitioning Household and is not a property right. Therefore, a Transitioning Household's member's right to Transition Benefits and other assistance cannot be transferred by contract, inheritance, or any other means.

D. Termination of TIDA's Obligations

1. Termination of Right to Transition Benefits. TIDA's obligation to provide Transition Benefits to a Transitioning Household under these Transition Housing Rules and Regulations will terminate under the following circumstances:

a. The Transitioning Household moves off NSTI before receiving a Long-Term Notice to Move or a Notice of Early In-Lieu Payment Option.

b. The Transitioning Household moves to a Transition Unit and receives all moving assistance to which it is entitled.

c. The Transitioning Household moves off-NSTI after receiving a Notice to Move or a Notice of Early In-Lieu Payment Option and receives an In-Lieu Payment.

d. The Transitioning Household moves from an Existing Unit to a new for-sale Dwelling on NSTI and receives Down Payment Assistance.

e. The Transitioning Household refuses reasonable offers of assistance, payments, and a Transition Unit after receiving a Notice to Move.

f. TIDA determines a Household is not or has ceased to be a Transitioning Household or is otherwise not entitled to Transition Benefits.

2. Acknowledgement of Change in Status upon Receipt of Benefits. Each member of a Transitioning Household that receives Transition Benefits will be required to acknowledge in writing that he or she has received or is about to receive the Transition Benefits, and, upon receipt, the Household will cease to be a Transitioning Household entitled to any Transition Benefits, other assistance, and advisory services under these Transition Housing Rules and Regulations.

3. Records as Evidence. TIDA will be entitled to rely on and use its written offers of Transition Benefits to a Transitioning Household that refuses them, and all other information in the Transitioning Household's records, as evidence in any grievance proceeding or lawsuit.

4. Notice of Status. Except for a change in status after the Transitioning Household receives a Transition Benefit, TIDA will provide written notice of any determination that a Household is not or has ceased to be a Transitioning Household or is otherwise not entitled to Transition Benefits, delivered to the Transitioning Household's last known address.

5. Termination of Other Assistance. TIDA's obligations to provide moving assistance and to provide notices of Premarketing Windows will terminate as provided in **Article VIII** (Other Assistance).

XI. GRIEVANCE PROCEDURES

A. Administrative Remedies

1. Right to Appeal and Be Represented by Counsel. Any member of a Household, and any Household, that disagrees with a TIDA determination regarding eligibility for Transition Benefits, the proposed amount of payment, or the adequacy of the Transition Unit to which the Transitioning Household was referred may appeal the determination, but the Person or Household (individually, or as a Household, the "**Grievant**") must exhaust the prescribed administrative remedies before seeking judicial review. The Grievant will be entitled to be represented by an attorney at his or her, or the Household's, own expense at all stages of review under these Transition Housing Rules and Regulations.

2. Executive Director Review. The first step in administrative remedies available to a Grievant is the right to an appeal to the Executive Director of TIDA, as follows:

a. The Grievant must make a written request for review by the Executive Director no later than 12 months after the Grievant receives either a Long Term Notice to Move or an Interim Notice to Move. The Grievant's written request must state the basis for the claim and the relief sought.

b. The Grievant will be entitled to meet with the Executive Director and to present additional evidence and information that the Grievant has not presented previously through the interview process.

c. The Executive Director will make a determination based on the information the Grievant has provided to TIDA through the interview processes as well as any additional information presented by the Grievant.

d. The Executive Director must make a final determination in writing, stating the reasons for the determination within six weeks after conferring with the Grievant.

3. Hearing Before Relocation Appeals Board. If the Grievant is not satisfied with the Executive Director's determination, the second step in the administrative remedies available to a Grievant is an appeal to the Treasure Island Relocation Appeals Board (the "**RAB**"), which will be determined according the procedures below.

a. No later than 30 days after the TIDA Executive Director delivers his or her written determination under **Section XI.A.2** (Executive Director Review) to the Grievant, the Grievant must submit a written appeal to the RAB, with a copy to TIDA, stating the basis for his or her claim and the relief sought by the Grievant. If the Grievant wishes to submit information in addition to that previously provided to TIDA, the additional information must be submitted with the written appeal, and TIDA will have 30 days to provide a response to any new material.

b. The RAB will review and reconsider the Grievant's claim in light of: (i) all material upon which the Executive Director based his or her original determination, including these Transition Housing Rules and Regulations; (ii) the Grievant's written request for

an appeal; (iii) any additional written or relevant documentary material submitted by the Grievant; (iv) any material submitted by TIDA in response to new information submitted by the Grievant with the appeal; and (v) any further information that the RAB, in its discretion, obtains by request to ensure fair and full review of the claim.

c. The RAB may choose to hold a hearing, and must hold a hearing if requested by the Grievant. All RAB hearings will be public meetings subject to state and local public meeting laws. The RAB's review will be limited to whether the Grievant is entitled to the claimed relief under these Transition Housing Rules and Regulations. Its determination must be based on the information presented during the appeal and these Transition Rules and Regulations. All members of the RAB shall be required to disclose in a public meeting any communications and contacts such member has had with the Grievant outside of the hearing. The RAB will not be authorized to make any monetary award (including attorneys' fees and costs of appeal) other than a payment authorized under these Transition Rules and Regulations.

d. The RAB must issue a written determination to the Grievant and TIDA no later than six weeks from receipt of the last material submitted by any party or the date of the hearing, whichever is later, stating: (i) the RAB's decision; (ii) the basis upon which the decision rests, including any pertinent explanation or rationale; and (iii) a statement that the Grievant may appeal the decision in accordance with the procedure set forth below.

e. The RAB may reject an appeal for untimeliness by a written statement to the Grievant.

4. Administrative Law Judge Review. The final step in administrative remedies available to a Grievant is an appeal to an administrative law judge ("**ALJ**") on the Rent Board staff who is assigned to hear appeals under these Transition Rules and Regulations, as follows:

a. No later than 30 days after the RAB delivers its written determination under **Section XI.A.3** (Hearing Before Relocation Appeals Board) to the Grievant, the Grievant must submit a written appeal to the ALJ, and deliver a copy of the appeal to TIDA at the same time, stating the basis for the claim and the relief sought.

b. TIDA will have 15 days after a signed appeal is filed with the ALJ to provide the ALJ with copies of information related to the Grievant's case, including all additional evidence or information submitted by the Grievant to the RAB and TIDA's records related to the Grievant.

c. The assigned ALJ may attempt to resolve the dispute without a hearing, but is not required to do so.

d. The ALJ will conduct a hearing unless the dispute has been resolved before the hearing date.

e. The ALJ must make a final determination in writing, stating the reasons for the determination, and deliver the determination to the Grievant, with a copy to TIDA

at the same time. The ALJ determination must include a statement that the Grievant has exhausted administrative remedies under these Transition Rules and Regulations.

5. Right to Judicial Review. The Grievant may seek judicial review after the administrative remedies described above have been exhausted.

XII. PROPERTY MANAGEMENT PRACTICES

A. Eviction

1. Grounds for Eviction. In addition to all other grounds under the Residential Leases and California law, TIDA may initiate eviction proceedings to remove a Household from its Existing Unit:

a. after the date specified in a Notice to Move for an Interim Move or for a Long-Term Move has passed, and: (i) the Household is a Transitioning Household that has refused TIDA's offers of a Transition Benefit, including the right to relocate to a Transition Unit; or (ii) the Household is a Transitioning Household that has not vacated its Existing Unit after selecting and receiving a Transition Benefit; or (iii) the Household is a Post-DDA Household and has failed to vacate the Existing Unit after receipt of a Notice of Move.

b. after TIDA issues a notice to move due to: (i) a major disaster as defined in § 102(2) of the federal Disaster Relief Act of 1974; (ii) a state of emergency declared by the President of the United States or the Governor of the State of California; or (iii) any other emergency, or other condition, as determined by a Federal, State or Local governmental entity or department with jurisdiction over the premises, that requires the Household to move immediately from the Existing Unit because continued occupancy of the Existing Unit by the Household constitutes a substantial, or potential, danger to the health or safety, or both, of the Household, or the Existing Unit has become uninhabitable.

B. Post-DDA Tenants

1. Notice of Status. Before prospective Post-DDA Tenants move into any Existing Unit, TIDA will inform them:

a. that the Existing Unit will be available only for an interim period pending redevelopment of NSTI;

b. of the projected date that the Existing Unit is expected to be vacated and demolished for development, if known;

c. that, along with all other Villages residents, all Post-DDA Tenants will receive periodic notices from TIDA with updates about the progress of the project;

d. that TIDA will provide 90 days' notice of the date by which they must vacate their Existing Unit; and

e. that no Post-DDA Tenant is eligible for Transition Benefits under these Transition Rules and Regulations or relocation benefits under applicable relocation laws.

2. Advisory Services. Post-DDA Tenants are not eligible for Transition Benefits under these Transition Housing Rules and Regulations, unless an exception under **Section II.A.1** (Defined Terms for Determining Eligibility) applies, but are eligible for advisory services under **Section III.B** (Interview Households and Offer Advisory Services).

XIII. INTERPRETATION

A. Rules of Interpretation and Severability

1. The captions preceding the articles and sections of these Transition Housing Rules and Regulations and in the table of contents have been inserted for convenience of reference only and must be disregarded in interpreting these Transition Housing Rules and Regulations. Wherever reference is made to any provision, term, or matter in these Transition Housing Rules and Regulations, the term "in these Transition Housing Rules and Regulations " or "hereof" or words of similar import, the reference will be deemed to refer to any reasonably related provisions of these Transition Housing Rules and Regulations in the context of the reference, unless the reference refers solely to a specific numbered or lettered section, subdivision, or paragraph of these Transition Housing Rules and Regulations.

2. References to all laws, including specific statutes, relating to the rights and obligations of any person or entity mean the laws in effect on the effective date of these Transition Housing Rules and Regulations and as they are amended, replaced, supplemented, clarified, or superseded at any time while any obligations under these Transition Housing Rules and Regulations are outstanding, whether or not foreseen or contemplated.

3. The terms "include," "included," "including," and "such as" or words of similar import when following any general term, statement, or matter may not be construed to limit the term, statement, or matter to the specific items or matters, whether or not language of non-limitation is used, but will be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of the term, statement, or matter, and will be deemed to be followed by the phrase "without limitation" or "but not limited to."

4. Whenever required by the context, the singular includes the plural and vice versa, the masculine gender includes the feminine or neuter genders and vice versa, and defined terms encompass all correlating forms of the terms (e.g., the definition of "waive" applies to "waiver," waived," waiving").

5. The provisions of these Transition Housing Rules and Regulations are severable, and if any provision or its application to any person or circumstances is held invalid by a final order or judgment of a court with valid jurisdiction over the matter, the invalid provision will not affect the other provisions or the application of those Transition Housing Rules and Regulations that can be given effect without the invalid provision or application.

APPENDIX 1

Sample of Tenant Income Certification Form
(as published by the California Tax Credit Allocation Committee)

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APPENDIX 2

2011 In-Lieu Payment Schedule
Based on the 2010 San Francisco Rent Board Relocation Payments for No Fault Evictions
(Adjusted for maximum of four adults)

Date of Second Notice to Move	**In-Lieu Payment Amount Due Per Tenant**	**Maximum In-Lieu Payment Amount Due Per Unit *(Maximum of 4 Adults)***	**PLUS Additional Amount Due for Each Elderly (60 years or older) or Disabled Tenant or Household with Minor Child(ren)**
3/01/11 – 2/29/12	$5,101.00	$20,404.00	$3,401.00

APPENDIX 3

Sample Moving Expense Allowance Schedule
(as published by the California Department of Transportation)

Fixed Moving Schedule CALIFORNIA (Effective 2008)	
Occupant Owns Furniture:	
1 room	$625
2 rooms	$800
3 rooms	$1,000
4 rooms	$1,175
5 rooms	$1,425
6 rooms	$1,650
7 rooms	$1,900
8 rooms	$2,150
Each additional room	$225
Occupant does NOT Own Furniture:	
1 room	$400
Each additional room	$65

APPENDIX 4

Definitions

The following terms used in these Transition Rules and Regulations are defined as follows:

"**Actual Reasonable Moving Expenses"** is defined in **Section VIII.E** (Moving Assistance).

"**Adjusted for Changes in Bedroom Count"** is defined in **Section V.E.1** (Adjustment for Changes in Bedroom Count).

"**adult**" means a Person 18 years old or older.

"**Adult Student**" means an adult who, during the previous 12 months, was enrolled in two or more courses concurrently at an accredited educational institution, unless the Person is: (1) receiving assistance under Title IV of the Social Security Act; (2) enrolled in a job-training program; or (3) in a Transitioning Household composed entirely of full-time Adult Students who are single parents and are not listed as Dependents on someone else's tax return or who are married and file a joint return.

"**ALJ"** is defined in **Section XI.A.4** (Administrative Law Judge Review).

"**Average Monthly Income**" when used in determining Base Monthly Rental Cost, means the Transitioning Household's Household Income divided by 12.

"**Base Monthly Rental Cost**" means the amount that a Transitioning Household will pay as its initial rent for a Transition Unit, calculated as explained in **Section V.E** (Calculation of Base Monthly Rental Cost).

"**Base Redevelopment Act**" is defined in **Section I.A** (Background).

"**BRAC**" is defined in **Section I.A** (Background).

"**CEQA**" is defined in **Section I.A** (Background).

"**City**" means the City and County of San Francisco, a municipal corporation organized and existing under the laws of the State of California, or, as the context requires, the area within the City's jurisdictional boundaries.

"**DDA**" is defined in **Section I.A** (Background).

"**DDA Effective Date**" is defined in **Section I.E** (Effective Date).

"**Decent, Safe, and Sanitary Housing**" means a Dwelling that meets the minimum requirements specified in **Section V.B** (Standards Applicable to Transition Units).

"**Dependent"** is defined in **Section X.B.1** (Treatment of Dependents).

"**Development Plan**" is defined in **Section I.A** (Background).

"**Down Payment Assistance"** means the Transition Benefit offered as part of the Unit Purchase Assistance Option, described in **Section VII.A** (Down Payment Assistance).

"**Dwelling**" means the primary Dwelling of a Household, including a single-family residence, a single-family residence in a two-family building, multi-family or multi-purpose building, or any other residence that either is considered to be real property under state law or cannot be moved without substantial damage or unreasonable cost.

"**elderly**" means a Person who is 60 years of age or older.

"**Existing Unit**" is defined in **Section II.A.1** (Defined Terms for Determining Eligibility).

"**First Notice to Move**" means a written notice to a Household, as described in **Section III.A** (First Notice to Move).

"**Good Standing**" is defined in **Section II.A.1** (Defined Terms for Determining Eligibility).

"**Grievant"** is defined in **Section XI.A** (Right to Appeal and Be Represented by Counsel).

"**Household**" is defined in **Section II.A.1** (Determination of Household Eligibility for Transition Benefits).

"**Household Income**" means the total annual income of a Household including the total annual income of all adults, determined according to the then-current Tenant Income Certification Form published by the Tax Credit Allocation Committee.

"**Households with Section 8 Vouchers**" means Transitioning Households that meet all of the criteria for occupying a Dwelling under Section 8 regulations and has been allocated a Section 8 Voucher..

"**HUD**" means the United States Department of Housing and Urban Development or any successor federal agency.

"**In-Lieu Payment**" means the Transition Benefit offered to Transitioning Households in the In-Lieu Payment Option, described in **Section VI.A** (In-Lieu Payment Option).

"**In-Lieu Payment Option**" means the Transition Benefit offered to Transitioning Households described in **Article VI** (Description of In-Lieu Payment Option).

"**Interim Move**" is defined in **Section I.D** (Overview and Program Framework).

"**Long-Term Move**" is defined in **Section I.D** (Overview and Program Framework).

"**Low Income Household**" means a Transitioning Household: (1) whose income does not exceed the qualifying limits for lower income Households as determined in accordance with Health and Safety Code Section 50079.5; and (2) that does not contain any Adult Students.

"**minor**" means a member of a Household who is under 18 years of age, excluding foster children, the head of Household, and a spouse of a member of the Household.

"**Moderate Income Household**" means a Household: (1) whose income exceeds the maximum income limitations for a Low Income Household, but does not exceed 120% of area median income as determined in accordance with Health and Safety Code Section 50093; and (2) that does not contain any Adult Students.

"**Move Date**" is defined in **Section III.C.1** (Second Notice to Move).

"**Moving Expense Allowance"** is defined in **Section III.E** (Complete the Move).

"**Notice of Early In-Lieu Payment Option**" is defined in **Section III.F** (Early Transition Benefits).

"**Notice to Move**" means a First Notice to Move or a Second Notice to Move, as appropriate in the context.

"**NSTI**" is defined in **Section I.A** (Background).

"**Person**" means an individual.

"**Personal Property**" means tangible property that is situated on real property vacated or to be vacated by a Transitioning Household and that is considered personal property under the state law, including fixtures, equipment, and other property that may be characterized as real property under state or local law, but that the tenant may lawfully and at his or her election may move.

"**Post-DDA Tenant**" is defined in **Section II.A1** (Determination of Household Eligibility for Transition Benefits).

"**Post-Transition Household**" is defined in **Section VIII.A** (Premarketing Assistance).

"**Post-Transition Tenant**" is defined in **Section VIII.A** (Premarketing Assistance).

"**Premarketing Notice List**" is defined in **Section VIII.A** (Premarketing Assistance).

"**Premarketing Window**" is defined in **Section VIII.A** (Premarketing Assistance).

"**RAB"** is defined in **Section XI.A.3** (Hearing before Relocation Appeals Board).

"**Rent Board Adjustment**" means the annual rent increases allowed by the San Francisco Residential Rent Stabilization and Arbitration Board under Chapter 37 of the Administrative Code.

"**Rent Board Schedule**" is defined in **Section VI.A.2** (Calculation of Payment).

"**Residential Lease**" is defined in **Section II.A.1** (Defined Terms for Determining Eligibility.

"**Second Notice to Move**" means a written notice to a Household, as described in **Section III.C** (Second Notice to Move).

"**Section 8**" means Section 8 of the United States Housing Act of 1937.

"**Sunset Date**" is defined in **Section VIII.A** (Premarketing Assistance).

"**Supporting Household**" is defined in **Section X.B.1** (Treatment of Dependents).

"**Tax Credit Eligible Household**" means a Transitioning Household that meets all of the criteria for occupying a Dwelling subject to a low income housing tax credit regulatory agreement, including maximum income limitations (generally not exceeding 60% of area median income).

"**Tenant**" means a Person who rents or is otherwise in lawful possession of a Dwelling, including a sleeping room, that is owned by another Person.

"**Term Sheet Resolution**" is defined in **Section I.A** (Background).

"**The Villages**" is defined in **Section I.A** (Background).

"**TICD**" is defined in **Section I.A** (Background).

"**TIDA**" is defined in **Section I.A** (Background).

"**TIDA Board**" is defined in **Section I.A** (Background).

"**TIHDI**" is defined in **Section I.A** (Background).

"**Transition Benefits**" is defined in **Section I.B** (Purpose).

"**Transition Housing Rules and Regulations**" is defined in **Section I.A** (Background).

"**Transition Unit**" is a newly-constructed Dwelling on Treasure Island that meets the standards of **Section V.B** (Standards Applicable to Transition Units).

"**Transition Unit Option**" means the benefit offered to Transitioning Households described in **Article V** (Description of Transition Unit Option).

"**Transitioning Household**" is defined in **Section II.A.** (Determination of Household Eligibility for Transition Benefits).

"**Unit Purchase Assistance Option**" means the Transition Benefit offered to Transitioning Households, described in **Article VII** (Description of Unit Purchase Assistance Option).

"**Unlawful Occupancy**" is defined in **Section II.A.1** (Determination of Household Eligibility for Transition Benefits).

"**Utility Adjustment**" means the amount by which rent for a Transition Unit will be adjusted downward to reflect any utilities that are not included in the rent of the Transition Unit, if the same utilities were included in the rent of the Existing Unit. The downward rent adjustment will be calculated according to the Utility Allowance Schedule.

"**Utility Allowance Schedule**" means the schedule published by the San Francisco Housing Authority to determine allowances for tenant-furnished utilities for Dwelling Units in the City. If the San Francisco Housing Authority publishes a Utility Allowance Schedule that includes allowances for energy efficient appliances or Dwelling Units, the energy efficient schedule will be used for the Utility Adjustment. For these Transition Housing Rules and Regulations, only allowances specifically allocated to electricity, natural gas, trash, water, and sewer, if applicable, will be considered.

Exhibit E, Attachment D

City and County San Francisco Affordable Housing Monitoring Procedures Manual

[Attached]

CITY AND COUNTY OF SAN FRANCISCO

RESIDENTIAL INCLUSIONARY AFFORDABLE HOUSING PROGRAM MONITORING AND PROCEDURES MANUAL

Adopted 6/28/2007

PREFACE

The Residential Inclusionary Affordable Housing Program ("Program") requires developers to sell or rent a certain percentage of units in new developments at a "below market rate" price that is affordable to low-income, median-income and moderate-income households. The Program is governed by San Francisco Planning Code Section 315 *et seq.*, and is administered by the San Francisco Mayor's Office of Housing ("MOH"). Planning Code Section 315 requires that MOH and the San Francisco Planning Department publish a Procedures Manual containing procedures for monitoring and enforcement of the policies and procedures for implementation of the Program. This Monitoring and Procedures Manual ("Manual") contains information regarding the Program for potential buyers and renters of below market rate units, as well as for information for projects sponsors, owners and property managers of units developed under the Program. Updates to the Manual occur as needed.

This Manual should be read in conjunction with the applicable requirements of the Program, found in San Francisco Planning Code Section 315 *et seq.*, including prior versions of that section. Previous versions of Planning Code section 315 et seq. can be found on the MOH website at www.sfgov.org/moh. While every effort has been made to harmonize the information in this Manual with the requirements of the Planning Code and previous versions of the Code, should there be any conflict with the Manual and the Planning Code or previous versions of Section 315 *et seq* (whichever is applicable to a particular development), the terms of the Planning Code or those previous versions shall prevail over this Manual. The provisions of a Notice of Special Restrictions recorded on a property or unit developed under the Program shall prevail over any general requirements in the Manual or the Planning Code.

Users of this Manual are encouraged to seek their own legal counsel to aid in understanding of the requirements of the Program. If there are general questions regarding the Manual, users may call the Mayor's Office of Housing at (415) 701-5500, or visit their website at www.sfgov.org/moh.

Any request for the interpretation and applicability of the provisions of the Planning Code may be sought by contacting the Zoning Administrator, pursuant to Planning Code Section 307(a).

Any **BMR unit** entering the marketing stage on or after the effective date of this Manual is subject to the Manual in its entirety.

The effective date of this Manual is June 28, 2007.

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I. DEFINITIONS OF TERMS (Bold Face words are further defined in this subsection).

AFFORDABLE HOUSING PROJECT	A housing project or mixed use project, whether **new construction** or **conversion** of use, which contains units satisfying affordable housing requirements imposed by the Inclusionary Housing Ordinance, **planning approval**s or other **use restriction**s.
APPRAISED FAIR MARKET VALUE	The value of a **BMR unit** determined without regard to sales or rental restrictions on that unit pursuant to (1) an independent appraisal conducted by an appraiser acceptable to **MOH** and paid for by the prospective purchaser of such unit, or (2) mutual agreement as to value between **MOH** and the prospective purchaser. This appraisal may be required by **MOH** prior to any sale of a **BMR unit**.
BMR OWNERSHIP UNIT	Below Market Rate ("BMR") Ownership Unit. A **BMR unit** owned and occupied by a qualifying household.
BMR RENTAL UNIT	Below Market Rate ("BMR") Rental Unit. A **BMR unit** rented and occupied by a qualifying household.
BMR UNIT	Below Market Rate ("BMR") Unit. An affordable **dwelling unit** or other approved residential unit which is sold or rented at a price specified in the **planning approval**s or other **use restriction**s which may be lower than the **appraised fair market value** of **comparable unit**s. **BMR unit**s may be either ownership for **first time homebuyer household**s or rental. The sales or rental price limits on the **BMR unit** are as described in the **planning approval**s or other **use restriction**s as required by the City and County of San Francisco.
CAPITAL IMPROVEMENTS CAP	As referenced in section II (E) (5), the difference between the **resale price** and the final **resale price** of a **BMR unit** after the addition of approved **eligible capital improvements** and **eligible replacement and repair**. In order to maintain the affordability of the **BMR unit** for subsequent buyers, **MOH** will review and approve **eligible capital improvements** and **eligible replacement and repair** when submitted. However, at the time of sale, **MOH** will cap these improvements at 7% of the resale price. For example: Formula Calculated Resale Price

	+ **Eligible Capital Improvements** and/or **Eligible Replacement and Repair** (Cost of Approved CI's or 7% of Sale Price, whichever is less) + **Special assessment**s (dollar-for-dollar) + 5% of Original **resale price** if using MLS = Final resale price
CERTIFICATE OF FINAL COMPLETION AND OCCUPANCY	A certificate issued to a **Project Sponsor** by the Bureau of Building Inspection (**DBI**) that certifies that all Building Code provisions and building specifications for the development project have been satisfied.
CITY	The City and County of San Francisco
CLOSE OF ESCROW	The closing of the sale of a **BMR Ownership Unit** to a **qualifying household**.
COMPARABLE UNIT	A unit that is of good quality and that is consistent with the current standards for new housing.
CONDITIONS OF APPROVAL	A set of written conditions imposed by the City Planning Commission or another permit-issuing City agency or appellate body when it receives a Conditional Use Permit for the construction of a principal project or other housing project subject to this program.
CONVERSION	Change in use of a property.
DEPARTMENT OF BUILDING INSPECTIONS, or "DBI"	San Francisco Department of Building Inspections
DOMESTIC PARTNER	A legal or personal relationship between individuals who live together and share a common domestic life but are not joined in a traditional marriage or a civil union as formalized through a local or state registry.
DWELLING UNIT	A room or suite of two or more rooms that is designed for, or

	is occupied by, one family doing its own cooking therein and having only one kitchen.
EQUAL OPPORTUNITY HOUSING SYMBOL	The federal **fair housing** symbol used to identify the adherence to **fair housing** rules.
ESCROW CLOSING DOCUMENTS	Documents signed by a buyer to complete the sale of a **BMR unit.**
FAIR HOUSING	State or federal laws that govern the fair and unbiased treatment of buyers and renters when selling or renting a housing unit.
FIRST CERTIFICATE OF OCCUPANCY	Either a temporary certificate of occupancy or a Certificate of Final Completion and Occupancy as defined in San Francisco Building Code Section 109, whichever is issued first.
FIRST SITE OR BUILDING PERMIT	The first Department of Building Inspection (**DBI**) issued permit for the construction of land.
FIRST-TIME HOMEBUYER EDUCATION WORKSHOP	A course designed to provide basic education to first time homebuyers offered by a counseling agency certified by **MOH**.
GROSS INCOME	All income from whatever source derived as provided in the Internal Revenue Code (26 USC Section 61), whether or not exempt from federal income tax. Such income includes, but is not limited to, the following: Compensation for services, including fees, commissions, and similar items; Income from assets; **Gross income** derived from business; Gains derived from dealings in property; Interest; Rents; Royalties;

	Dividends; Alimony and separate maintenance payments; Annuities; Income from life insurance and endowment contracts; Pensions; Income from discharge of indebtedness; Distribution share of partnership **gross income**; Income in respect of a decedent; Income from an interest in an estate or trust; and Public benefits including but not limited to CalWorks, SSI, Disability income.
HUD AREA MEDIAN INCOME	Unadjusted income levels derived from the Department of Housing and Urban Development ("HUD") on an annual basis and used to calculate the income levels of **qualifying BMR household**s and to price **BMR units**.
HOME OWNERS ASSOCIATION, or "HOA"	A nonprofit association that manages the common areas of a condominium or planned unit development (PUD). Unit owners pay to the association a fee to maintain areas owned jointly.
HOME OWNERS ASSOCIATION DUES or "HOA" DUES	Monthly payments due to a homeowners association for the upkeep, maintenance and improvement of common areas in a residential building.
HOUSING PROJECT	A development that has residential units as defined in the Planning Code, including but not limited to dwellings, group housing, independent living units, and other forms of development which are intended to provide long-term housing to individuals and households. Housing project shall not include that portion of a development that qualifies as an Institutional Use under the planning code. Housing project for the purpose of the program shall also include the development of live/work units as defined by Planning Code Section 102.13. Housing project for the purpose of this Program shall mean all phases or elements of a multi-phase or multiple lot development.
HOUSING UNIT	"Housing Unit" or "unit" shall mean a dwelling unit as defined

	in San Francisco Housing Code Section 401.
IMPUTED INCOME	**Gross income** plus a percentage of the value of allowable assets. Ten percent (10%) of allowable assets between thirty thousand ($30,000) and one hundred thirty thousand ($130,000) dollars will be added to a household's **gross income**. Allowable assets over one hundred and thirty thousand ($130,000) dollars will be added to a household's **gross income** at a rate of thirty-five percent (35%).
INCLUSIONARY GUIDELINES	The Guidelines adopted by the Planning Commission on September 10, 1992, by Resolution 13405, setting forth inclusionary policies in effect as of that date.
INCLUSIONARY ORDINANCE	Sections 315-315.9 inclusive of the San Francisco Planning Code, as amended from time to time.
INCLUSIONARY PROGRAM	The Residential Inclusionary Affordable Housing Program.
INCOME TABLE	Income information that is based on a specific federal source and geographic area. Income tables in this **Manual** include the **HUD Area Median Income** table and the **San Francisco Median Income** table. The **income table** used to calculate the income level of a BMR household shall be determined by the date on which the principal project for which the household applies received its **first site or building permit**. Income levels for buyers in principal projects that received their **first site or site or building permit** before September 9, 2006 will be reviewed using the **HUD Area Median Income** as adjusted for household size. Income levels for buyers in principal projects that received their **first site or site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size.
LIFE OF THE PROJECT	The time period during which a principal project or off-site project exists as a residential development regardless of change in principal project or off-site project ownership. The affordable housing requirement of a **principal project** or **off-site project** shall be in effect shall be for the **life of the project** for units marketed after the formal adoption of this Procedures Manual.

LOW-INCOME HOUSEHOLD	A household whose combined annual gross income for all members does not exceed sixty (60) percent of median income.
MANUAL	The City and County of San Francisco Residential Affordable Housing Program Procedures and Monitoring Manual.
MARKETING CONSULTANT	A person representing a development of **BMR units** who markets and sells the **BMR units** in accordance with the procedures set forth in this **Manual** and by **MOH**.
MARKETING PLAN	A compliance procedure, described in Section IV (C), (D) and (E) of this manual, which requires the **Project Sponsor** of a **principal project** that has an affordable housing requirements to undertake certain measures that are directed to advertise and sell available affordable housing units to **qualifying household**s.
MAYOR'S OFFICE OF HOUSING, or "MOH"	Mayor's Office of Housing ("MOH") or its successor.
MAXIMUM MONTHLY RENT	The monthly monetary consideration paid by a qualifying household for use of the designated **BMR rental unit** as the household's principal residence; it shall be determined at the time of first occupancy by a **qualifying household** based on either the income limit established for the percentage of **median income** specified in the **planning approvals** or other **use restrictions** for the **BMR unit**. Maximum monthly rent, together with a **utility allowance** in an amount determined by the San Francisco Housing Authority, shall not exceed thirty (30) percent of the percentage of the income limit required by the **planning approvals** or other use restrictions. The rent at first occupancy of a **BMR unit** shall not exceed the **maximum monthly rent**. Subsequent rents may be increased on each anniversary of a tenant's occupancy of a **BMR Rental Unit** according to the formula set forth in Section IV (D) (7) of this manual.
MAXIMUM SALES PRICE	The maximum initial or **resale price** of a Below Market Rate ownership unit as established by the Mayor's Office of Housing.

MEDIAN INCOME	The income that reflects the halfway point between all incomes for a certain-sized household based on a sample representation of the population. The **income table** used to determine the **median income** is determined by the date on which a housing development received its first site or building permit.
MEDIAN-INCOME HOUSEHOLD	A household whose combined annual gross income for all members does not exceed one hundred (100) percent of median income.
MODERATE-INCOME HOUSEHOLD	A household whose combined annual gross income for all members does not exceed one hundred twenty (120) percent of median income.
MINORITY COMMUNITIES	Minority communities or minority households shall include, as a guideline, members of the following racial, ethnic, gender or otherwise specially disadvantaged groups: African-American - defined as persons of African origin. Latino - defined as persons of Mexican, Caribbean, Central American or South American origin. Asian - defined as persons of Chinese, Japanese, Korean, Pacific Islander, Samoan, Filipino, Southeast Asian or Asian Indian origin. Native American - defined as persons whose origins are of indigenous peoples of North America. Women - defined as persons of female gender. Gay and Lesbian - defined as a male and female homosexual. Families with dependents - defined as a household with two or more persons in which the head of household is an adult and at least one other household member is an elderly or handicapped person who is financially dependent on the head of household or a person under the age of 18 years who is related to the head of the household by blood, marriage or adoption or related to the **domestic partner** by blood or adoption. Person with a disability - defined as a person who satisfied the definition of "handicapped" under Federal Fair Housing Law on the basis of presence of a long-term physical or mental impairment which substantially limits one or more of such person's major life activities including mobility, visual or

	hearing impairment, terminal illness or AIDS diagnosis. Elderly - defined as persons over the age of 65 years.
NEW CONSTRUCTION	The construction of new habitable living and accessory space, including additions to existing structures. It does not include **conversion** of use of existing building space or rehabilitation of existing building space.
NOTICE OF SPECIAL RESTICTIONS (NSR)	A document recorded with the City and County of San Francisco Recorder's Office for any unit subject to this Program detailing the sales and resale or rental restrictions and any restrictions on purchaser or tenant income levels included as a Conditional of Approval of the principal project relating to the unit.
OFF-SITE BMR UNIT	Shall mean unit affordable to a **qualifying household** constructed pursuant to the **Inclusionary Ordinance**, Section 315.4, on a site other than the **principal project**.
OFF-SITE PROJECT	A development constructed pursuant to the **Inclusionary Ordinance**, Section 315.4, on a site other than the **principal project**.
ON-SITE BMR UNIT	Shall mean a unit affordable to a **qualifying household** constructed pursuant to the **Inclusionary Ordinance**, Section 315.4, on the site of the **Principal project**.
ON-SITE PROJECT	Shall mean project constructed pursuant to the **Inclusionary Ordinance**, Section 315.4, with **on-site BMR units**.
PLANNING APPROVAL	A general term for the **Planning Motion**, **Conditions of Approval**, **Planning Permits**, **Zoning Administrator** determinations or other planning approvals issued for a specific housing development.
PLANNING CODE	The City and County of San Francisco Planning Code.
PLANNING MOTION	A planning approval issued by the San Francisco Planning Commission.
PLANNING PERMIT	A planning approval issued by the San Francisco Planning Departments.

PRINCIPAL PROJECT	A development on which a requirement to provide affordable housing units is imposed as a condition of planning approval, pursuant to other applicable use restrictions or any project that includes a certain number of residential units.
PROCEDURES MANUAL	The City and County of San Francisco Affordable Housing Monitoring Procedures Manual.
PROJECT SPONSOR	The applicant for a **site or building permit** and any other permit to allow construction of a **principal project** which, as a condition of approval or as a matter of the project being a certain number of units or greater, must provide affordable **BMR unit(s)**. "**Project Sponsor**" includes any successors in interest to ownership of all or part of the **principal project** or any **BMR unit**. The term "**Project Sponsor**" shall be the developer or owner for the purposes of this Procedures Manual.
QUALIFYING HOUSEHOLD	A household that satisfies the following criteria: Annual income at the time of initial occupancy of a **BMR unit**, adjusted for household size, does not exceed the percentage of **median income** limits specified in the **planning approvals** or other applicable **use restriction**s of the project; The household must occupy the unit as a principal residence; The size of the unit must be compatible with the household size, at a minimum of one person per bedroom; In the case of a **BMR Ownership Unit**, a **qualifying household** must be a first-time homebuyer household; In the case of ownership **BMR units**, a percentage of the value of allowable assets will be added to a household's **gross income**. This new income shall be referred to as a household's **imputed income**; One titleholder lives or works in the City and County of San Francisco. In the case of ownership **BMR units**, all titleholders must be the holder of a standard mortgage from a primary lending institution. In the case of ownership **BMR units**, all titleholders must have attended an approved **first-time homebuyer education workshop** before applying for the unit.

	Each household member must either be on the loan and title for the **BMR unit** or be claimed as a dependent as reflected in the most recent tax years.
RESALE PRICE	The purchase price to be paid by a buyer of a **BMR unit** previously purchased by a qualified first-time homebuyer household, as calculated according to Section II (D) (5) of this **Manual**.
SAN FRANCISCO MEDIAN INCOME	**Median income** adjusted for household size derived from the statistical relationship between the American Community Survey (ACS) income profile and the regional U.S. Department of Housing and Urban Development (HUD) AMI calculation used to calculate the income levels of **qualifying BMR household**s and to price **BMR units**. The index shall be updated every year or upon availability of an updated ACS.
SPECIAL ASSESSMENT	A proportional fee charged to the owner by the Homeowner's Association (**HOA**) to cover the cost of physical improvement to the entire building.
UNBUNDLED PARKING	A parking space that is not an amenity included in the price of a residential unit.
USE RESTRICTION	A restriction which is recorded in the official records of San Francisco County on the **principal project** and any linked off-site **affordable housing project**; (ii) restrictions contained in applicable provisions of San Francisco Codes, or (iii) restrictions contained in the Ordinance, any of which restricts the use of real property, either totally or partially as affordable housing.
UTILITY ALLOWANCE	A dollar amount established periodically by the San Francisco Housing Authority based on U.S. Department of Housing and Urban Development (HUD) standards for cost of basic utilities for households.
ZONING ADMINISTRATOR	The Zoning Administrator for the City and County of San Francisco

II. BUYER QUALIFICATIONS AND RESTRICTIONS ON BMR OWNERSHIP UNITS (Boldface words are defined in Section I)

A. Buyer Qualifications

1. Qualifying Household for **BMR Ownership Unit**s

A qualifying household meets the following standards:

a. The household is income qualified;

b. The household is a first-time homebuyer household;

c. The household must live in the unit as their primary residence within 60 days of the **close of escrow** on the unit;

d. The household includes one member who has lived or worked in San Francisco by the application deadline for the **BMR unit**;

e. The household includes all spouses or **domestic partners** of titleholders as joint titleholders;

f. The household must be of a size that is equal to or greater than the number of bedrooms in the **BMR unit**;

g. The household includes titleholders who have taken an approved **first-time homebuyer education** workshop;

h. The household is defined in terms of financial relationships and can include any owner partnerships as long as the combined household meets the eligibility requirements;

i. All titleholding household members must appear on the loan for the **BMR unit**.

2. Preferences for **BMR Ownership Unit**s

a. At least one applicant in each BMR household must live or work in San Francisco in order to apply for a **BMR unit** per Section 315.4 of the Planning Code. This household member must have lived or worked in San Francisco by the application deadline for a **BMR unit.**

b. Verification of Preference Qualification

i. **MOH** shall verify a person's residency by examining one document from the list below:

(a) One utility bill with a San Francisco address dated within the 45 days preceding the application deadline for the **BMR unit**. Utility bills can include gas, electric, garbage or water;
(b) Current paystubs with a San Francisco address; or
(c) A current, formal lease with a San Francisco address.

ii. **MOH** shall verify that a person works in San Francisco by reviewing an applicant's paystubs. If an applicant's employer is not based in San Francisco, or if a person's paystubs do not reflect a San Francisco work address, the applicant must supply a notarized letter from the employer stating that the person works primarily in San Francisco and demonstrate that at least 75% of their working hours are in San Francisco.

3. First-time Homebuyer Requirement for **BMR Ownership Unit**s

a. No member of the **qualifying household** must have owned any interest in a **dwelling unit**, any commercial real estate, or any land for a three-year period prior to applying to qualify for purchase of a **BMR unit**. The period shall be counted backwards from the application deadline for the **BMR unit**.

b. This definition is a legal requirement and includes, among other properties, those in which an applicant's name appears on title regardless of whether or not that interest results in a financial gain, is in another state or country, or if they have ever used the property as a primary residence. If any purchaser has had their name on title of a property but it was sold more than three years ago, the program considers them a first-time buyer.

c. **MOH** may verify first-time homebuyer status by (1) reviewing mortgage deductions on the three most recent years of federal tax returns for each person on title; (2) a signed statement on the application stating homeownership status; and (3) a title search.

4. **First-time Homebuyer Education Workshop** Requirement for **BMR Ownership Unit**s

Each BMR applicant who will hold title in a **BMR unit** must attend a qualified **first-time homebuyer education workshop** before applying for a **BMR Ownership Unit**. The workshop provider must

be approved by **MOH**. Applicants must provide a certificate of completion from the workshop with the BMR application package. For one year following the effective date of this Manual, MOH may allow applicants to provide certification of completion of a qualified workshop after the applicant's name is selected through a lottery.

5. Household Size Requirement for **BMR Ownership Unit**s

   The size of a household must be compatible with the size of the unit being purchased. A minimum of one person per bedroom is required. There is no restriction on purchasing a unit that has fewer bedrooms than the household size.

6. Income Requirement for **BMR Ownership Unit**s

   a. Unless stated otherwise in **planning approvals** or other **use restriction**s, **BMR Ownership Unit**s in one development will, on average, be available to households with a combined income of no more than 100% of **median income**. Income maximums are based on "gross" income derived from all sources as detailed in Internal Revenue Code (26 USC Section 61). The amounts are adjusted on an annual basis and are posted on the MOH website.

   b. The **income table** used to calculate the income level of a BMR household shall be determined by the date on which the principal project for which the household applies received its **first site or building permit**. Income levels for buyers in principal projects that received their **first site or site or building permit** before September 9, 2006 will be reviewed using the **HUD Area Median Income** as adjusted for household size. Income levels for buyers in principal projects that received their **first site or site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size. All **off-site projects** will be held to the date on which the principal project received its first site or building permit.

   c. **MOH** calculates income based on the **gross income** on each applicant's past three pay stubs. The income is derived by dividing the year-to-date **gross income** by the current pay period count and then by annualizing an estimated pay period amount by the total pay period count over one year.

   d. In the case of a self-employed person, **MOH** reviews the person's last 2 years of tax returns; past, present and projected Profit and Loss Statements; and other relevant documents on a case-by-case basis.

e. **MOH** must review qualifying requirements for all household members 18 years and older, regardless of dependency status.

7. Asset Test for **BMR Ownership Units**

MOH will apply an asset test to all applicants 18 years or older, including all custodial accounts held for minors. Assets include all liquid asset accounts, including but not limited to savings accounts, checking accounts, Certificates of Deposit, stocks, and gifts. Assets also include any money that will be used toward a down payment on a **BMR unit**. MOH will not count qualified retirement income toward an applicant's asset. 10% of all assets between $30,001 and 130,000 will be added to the total household income; and 35% of assets above $130,000 will be added to the total household income.

B. Buyer Application Requirements for **BMR Ownership Units**

1. Households applying for **BMR ownership units** must supply the following documentation in order to apply for a **BMR unit**:

a. An application from the proposed purchaser on a form specified by **MOH**;

b. Supporting documentation from all members 18 years or older of the purchaser household, including:
i. Past three (3) years IRS returns;
ii. Past three (3) years W-2 forms;
iii. Three (3) current and consecutive pay stubs or equivalent;
iv. Three (3) current and consecutive statements from every liquid asset account or personal cash holdings, including all custodial accounts held for minors;
v. Verification of San Francisco residency or employment;
vi. Verification of completion of an approved **First-time Home Buyer Education** workshop.

2. To proceed with a **BMR unit** purchase post-lottery, the BMR buyer's lender or sales agent must supply the following documentation:

a. A completed sales agreement;
b. An appraisal showing the **Appraised Fair Market Value** of the **BMR unit**;
c. A mortgage loan application to an institutional lender;
d. A Preliminary Title Report for the **BMR unit**.

C. Financing Requirements

1. Loan Review for **BMR Ownership Unit**s

   MOH will review loans for reasonable interest rates and other factors important to sound lending.

2. Allowable Loan Types for **BMR Ownership Unit**s

   All BMR buyers must be able to secure a loan through a lending institution for a **BMR unit**. BMR buyers must use fully amortizing 30- or 40-year fixed-rate loans.

3. Loan Types Not Allowed for **BMR Ownership Unit**s

   Except for specifically approved loans programs, BMR buyers cannot use stated-income loans, negative amortizing loans, adjustable rate mortgages, "balloon payment" loans, or interest-only loans. **MOH** reserves the right to identify additionally prohibited loan characteristics.

4. Documentation Requirements for **BMR Ownership Unit**s

   Loan agreement documents must name all BMR titleholders and no other persons.

D. Restrictions on **BMR Ownership Units**

1. Term of Restriction on **BMR Ownership Units**

   Per Section 315.7 of the Planning Code, all **BMR ownership unit**s that entered the marketing process on or after the effective date of this **Manual** are restricted in their resale price and other applicable restrictions for the **life of the project** unless otherwise noted in the **planning approvals** or other **use restrictions** for the project. All **BMR ownership unit**s that entered the marketing process before the effective date of this **Manual** are restricted in their resale price and other applicable restrictions for 50 years unless otherwise stated in the **planning approvals** or other **use restrictions** for the project. The 50-year restriction period shall restart with each resale of a **BMR unit**.

2. Documents that Govern the **BMR Ownership Unit** and Owner

   All titleholders to **BMR Ownership Units** will sign documents provided by MOH that maintain restrictions on a **BMR unit**. These documents include but are not limited to the following:

a. Deed of Trust – A deed that is subordinate only to the primary deed, executed by the buyer as trustor, for the benefit of the City to secure the Promissory Note described as follows:

b. Promissory Note – A lien that is based upon the difference between **Appraised Fair Market Value** and the BMR **maximum sales price**, insuring compliance with the resale restrictions outlined in the **planning approvals** or other **use restrictions**. The lien will be reconveyed to the new **BMR unit** owner upon resale. BMR owners in units marketed before the effective date of this **Manual** may only repay the lien when the unit leaves its restricted period, generally no sooner than 50 years from date of purchase for one BMR owner household. BMR owners living in units that entered the marketing period on or after the effective date of this **Manual** may not repay the lien at any time.

c. Grant of Right of First Refusal – A document that requires the seller to notify **MOH** upon resale, giving the City the option to exercise their right to substitute a qualified buyer.

d. Acknowledgement of Special Restrictions – Verification that the buyer has been advised of the terms of the affordability restrictions contained in the **planning approval**s and other **use restrictions** for the **BMR unit.**

3. Occupancy Requirement for **BMR Ownership Units**

   BMR units are to be owner-occupied and never used as investment or rental property.

4. Restrictions on Renting **BMR Ownership Unit**s

   a. An owner of a **BMR unit** may not rent or sublease any part or the entire unit without prior written consent of **MOH**.

   b. **BMR Ownership Units** are to be owner-occupied and not used as rental property. However, **MOH** may grant consent to a BMR owner to rent in circumstances where the household is temporarily forced to temporarily relocate due to employment requirements, or for other reason deemed acceptable by **MOH** in its sole discretion, provided that:

      i. The total period for which the unit may be leased does not exceed six (6) months;

      ii. The tenant satisfies the income, household size and other **qualifying household** requirements placed

on the **BMR unit** by **planning approval**s or **other use restrictions**; and

iii. Initial rent does not exceed the **maximum monthly rent**, calculated according to the income percentages under subsection IV (D) (2) above.

5. Resale Restrictions and Procedures for **BMR Ownership Unit**s

A **BMR Ownership Unit** owner shall follow the ensuing policies and guidelines of **MOH** when reselling a **BMR ownership unit.**

a. The owner of a **BMR Ownership Unit** shall, at least thirty (30) days prior to marketing the **BMR unit**, advise **MOH** of his/her intent to sell the unit and shall request a determination of **resale price** from **MOH**. **MOH** shall price the unit only upon receipt of a signed intent to resell the unit and request for pricing; a statement of all approved capital improvements made to the unit; and a signed listing agreement with a certified realtor.

b. Within the 30-day period, **MOH** shall inform the owner of the permissible sales price of that unit and any other conditions of sale.

c. Pricing Methodology for **BMR Units** Upon Resale

i. A **BMR unit** will be repriced so that it remains affordable to a household sized one person larger than the bedroom count of the unit at a designated percentage of **median income**.

ii. Units in developments that were not sold under this **Manual** will be re-priced using the methodology dictated by **planning approval** for the specific development.

iii. Units in developments that are initially sold under this **Manual** will be re-priced using the percentage change in the designated percentage of **median income** from the date of the current owner's purchase to the date of the resale pricing.

iv. Owners of **BMR units** purchased before the effective date of this **Manual** may opt to have their units repriced according to the change in **median income** by signing a contract agreeing to abide by the current the current **Manual** in all aspects except for the **income table** requirements set forth for projects

receiving their **first site or building permit** on or after September 9, 2006.

v. The **income table** used to calculate the **resale price** of a **BMR unit** shall be determined by the date on which the **principal project** received its **first site or building permit.** Units in developments with corresponding **principal projects** that received their **first site or building permit** before September 9, 2006 will be repriced using the historical and current percentage of **HUD Area Median Income** for a household sized one person larger than the number of bedrooms in the unit. Per Section 315.1 of the Planning Code, units in developments with corresponding **principal projects** that received their **first site or building permit** on or after September 9, 2006 will be repriced using the historical and current percentage of **San Francisco Median Income** for a household sized one person larger than the number of bedrooms in the unit.

vi. The **resale price** shall be equal to the sum of (a) plus (b) plus (c) below. If the **resale price** as calculated above is lower than the original purchase price for the unit, **MOH** will give the seller the option between the **resale price** as calculated, or the original purchase price (b) plus (c) below. A purchase price is recalculated at the time of sale pursuant to the following formula:

(a) The formula outlined in sections i through v above; plus

(b) The cost of **approved capital improvements** and **special assessments** as defined in Section II (E) of this **Manual**; plus

(c) The fee to the owner and buyer's realtor for representation and for listing the unit on the Multiple Listing Service, equal to five (5) percent of the sum of the dollar amount calculated pursuant to subsections (a) and (b) above.

d. Appreciation gained from the sale of a **BMR Ownership Unit** belongs to the owner unless the owner has an additional loan from the **City** or other entity that requires an appreciation share. However, the price of a **BMR unit** at resale is not guaranteed to exceed the initial purchase price of the unit.

e. The owner must market the unit. Marketing must include listing of the unit on the Multiple Listing Service (MLS) by a certified realtor and listing of the unit on **MOH**'s website for at least 14 calendar days. All MLS listings must include information on the qualifications and restrictions of the **BMR unit** as supplied by MOH.

f. All potential buyers who are on the general BMR interest list shall be notified by **MOH** of units available for resale and invited to participate in the lottery, as will the general public.

g. A public lottery for the resale unit must be held by **MOH** for all **BMR unit** resales. **MOH** will record the results and the realtor will make the results available to all interested applicants or members of the public.

h. To enter a lottery for resale, a potential buyer must submit a BMR application and all supporting materials pursuant to section II (B) above as well as a loan pre-approval and a completed San Francisco purchase agreement. All applications and materials will be submitted directly to the buyer's realtor.

i. At least sixty (60) days prior to the anticipated date of the **close of escrow**, the buyer shall submit to **MOH** for approval the following documentation:

i. An application from the proposed purchaser on a form specified by **MOH**;

ii. Supporting documentation from all members 18 years and older of the purchaser household, including:

(a) Past three (3) years IRS returns;
(b) Past three (3) years W-2 forms;
(c) Three (3) current and consecutive pay stubs or equivalent;
(d) Three (3) current and consecutive statements from every liquid asset account and personal cash holdings, including all custodial accounts held for minors;
(e) Verification of San Francisco residency or employment;
(f) Verification of completion of an approved **First-time Homebuyer Education Workshop**;
(g) A loan pre-approval;
(h) A completed **San Francisco Purchase Agreement**.

j. To proceed with a **BMR unit** purchase post-lottery, the BMR buyer's lender must supply the following loan and sales agreement documentation at least thirty (30) days prior to the anticipated date of the **close of escrow**:

i. An appraisal showing the **Appraised Fair Market Value** of the **BMR unit**;
ii. A mortgage loan application to an institutional lender;
iii. A Preliminary Title Report for the **BMR unit**.

k. Timing of Buyer Approval by **MOH**

i. Upon receipt of a complete BMR homeownership application and all supporting materials, **MOH** shall verify the household qualification within 15 working days.
ii. Upon receipt of loan and sales agreement documentation, **MOH** shall draft **escrow closing documents** within five (5) working days.

l. No sale may proceed without the written approval of **MOH**.

m. Broker fees paid by the seller must be shared in a commission agreement with the buyer's representing agent.

n. Sales agreements with terms requiring the payment of seller's brokerage fees by the buyer will not be approved. No separate terms can be required within a sales agreement that requires the buyer to purchase appliances, furnishings, or other disallowed capital improvements.

o. BMR owners and realtors shall comply with the documentation and enforcement procedures set forth in Section IV (J) of this manual.

p. In cases where, despite the owner's good faith efforts, no **qualifying household** has contracted to purchase a **BMR Ownership Unit** within six (6) months after the lottery for the unit, the owner shall inform **MOH**, which may then increase the permissible income levels for prospective purchasers of that unit up to a maximum twenty (20) percent over the income percentage limit specified in the **planning approval**s or other **use restrictions**, but shall not increase any current or future permissible sale price of that unit as indicated in **planning approval**s or other **use restrictions**.

6. Restrictions on Title Transfer of **BMR Ownership Units**

a. Title transfers on **BMR unit**s are not allowed except as determined by **MOH** on a case-by-case basis. BMR owners must seek approval from **MOH** before adding or removing any person from title.

b. **MOH** may require that a spouse or registered **domestic partner** become a co-owner by assuming title and by executing an addendum to the Deed of Trust, Promissory Note, Acknowledgement of Special Restrictions, and Right of First Refusal.

7. Owner Refinancing of **BMR Ownership Units**

a. **MOH** must approve all refinancing agreements for **BMR ownership unit**s.

b. Owners may be permitted to refinance up to the original value of their first mortgage in order to obtain lower interest rates or lower monthly payments. The new loan must be approved under the guidelines set out in section II (C) of this **Manual**.

c. Owners may also refinance their units to withdraw cash only in an amount equal to the amount paid on the unit.

E. Capital Improvements for **BMR Ownership Units**

1. **BMR units** may begin claiming capital improvements made 10 years after the unit was originally occupied. Once the building becomes eligible for capital improvements credit, homeowners may begin submitting documentation of completed work.

2. **MOH** will review all capital improvements claims and categorize them into three distinct categories: **Eligible Capital Improvements**, **Eligible Replacement and Repair** and **Ineligible Costs**. Each category is defined below.

a. **Eligible Capital Improvements** include major structural system upgrades, **special assessment**s, new additions to the unit and improvements related to increasing the health, safety and energy efficiency of the property. Improvements that meet these criteria will be given 100% credit.

b. **Eligible Replacement and Repair** includes in-kind replacement of existing amenities, repairs and general maintenance that keeps the property in good working condition. Costs that meet these criteria will be given 50% credit.

c. **Ineligible costs** include cosmetic enhancements, installations with limited useful life spans and non-permanent fixtures. Homeowners may undertake these projects at their discretion, however they will not be given capital improvements credit.

3. Procedure for Submitting Capital Improvements

   a. Homeowners must submit capital improvements to **MOH** for review within 6-months of the completion of the project. In order to document the improvements, each homeowner must submit:

      i. List of Capital Improvements with Description
      ii. Receipt/Invoice for Each Eligible Improvement
      iii. Proof of Payment, such as a cancelled check, bank account statement or credit card bill
      iv. A Copy of **Site or Building Permit**s, if required
      v. Contractor's License Number for Projects Exceeding $500

   b. Upon receipt of a complete capital improvements claim, **MOH** staff will arrange a site visit to inspect the completed project. Once the improvements have been verified, **MOH** will send a written response to approve or deny the submitted capital improvements within 60 days of original receipt. This information will be placed in the property file at **MOH** for use when the property is being sold.

4. Special Assessments

   Homeowner's Association initiated **special assessment**s are considered capital improvements and will be added to the **resale price** of the home. In order to receive credit for **special assessment**s, homeowners must submit the following documentation within 6-months of payment:

   a. Invoice for Special assessment

   b. Proof of Payment, such as a cancelled check, bank account statement or credit card bill

5. Capital Improvements Cap

   In order to maintain the affordability of the **BMR unit** for subsequent buyers, **MOH** will approve all **eligible capital improvements, eligible replacement and repair**, and **special assessments** when submitted. At the time of sale, **MOH** will cap

all **eligible capital improvements** and **eligible replacement and repair** at 7% of the resale price.

6. List of Approved Capital Improvements

a. **Eligible Capital Improvements** include major structural system upgrades, new additions to the unit and improvements related to increasing the health, safety and energy efficiency of the property. Improvements that meet these criteria will be given 100% credit.

i. Major Electrical Wiring System Upgrade
ii. Major Plumbing System Upgrade
iii. Room Additions
iv. Installation of Additional Closets and Walls
v. Alarm System
vi. Smoke Detectors
vii. Removal of Toxic Substances, such as:
    (a) Asbestos
    (b) Lead
    (c) Mold/Mildew
    (d) Insulation
    (e) Upgrade to Double Paned Windows
    (f) Fireplace Glass Screen
viii. Upgrade to Energy Star Built-In Appliances, as follows:
    (a) Furnace
    (b) Water Heater
    (c) Stove/Range
    (d) Dishwasher
    (e) Microwave Hood

b. **Eligible Replacement and Repair** includes in-kind replacement of existing amenities, repairs and general maintenance that keeps the property in good working condition. Costs that meet these criteria will be given 50% credit for repairs.

i. Electrical Maintenance and Repair, such as:
    (a) Switches
    (b) Outlets
ii. Plumbing Maintenance and Repair, such as:
    (a) Faucets
    (b) Supply Line
    (c) Sinks
iii. Flooring
iv. Countertops
v. Cabinets
vi. Bathroom Tile

vii. Bathroom Vanity
viii. Replacement of Built-In Appliances, as follows:
(a) Furnace
(b) Water Heater
(c) Stove/Range
(d) Dishwasher
(e) Microwave Hood
(f) Garbage Disposal
ix. Window Sash
x. Fireplace Maintenance or In-kind Replacement (Gas)
xi. Heating System
xii. Lighting System (Recessed)

c. **Ineligible costs** include cosmetic enhancements, installations with limited useful life spans and non-permanent fixtures. Homeowners may undertake these projects at their discretion, however they will not be given capital improvements credit.

i. Cosmetic Enhancements, such as:
(a) Fireplace Tile and Mantel
(b) Decorative Wall Coverings or Hangings
(c) Window Treatments (Blinds, Shutters, Curtains, etc.)
(d) Installed Mirrors
(e) Shelving
(f) Refinishing of Existing Surfaces

ii. Non-Permanent Fixtures, such as:
(a) Track Lighting
(b) Door Knobs, Handles and Locks
(c) Portable Appliances (Refrigerator, Microwave, Stove/Oven, etc.)

iii. Installations with Limited Useful Life Spans, such as:
(a) Carpet
(b) Painting of Existing Surfaces
(c) Window Glass
(d) Light Bulbs

F. Monitoring of **BMR Ownership Units**

MOH shall monitor and require occupancy certification for **BMR ownership units** on an annual basis. Owner(s) of a **BMR unit** will be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on a date and at a location determined by **MOH**. The report shall provide information regarding

occupancy status, changes in title, and any other information **MOH** may reasonably require to monitor compliance with the **BMR units** specific **planning approvals** or other **use restrictions**.

III. RENTER QUALIFICATIONS AND RESTRICTIONS ON BMR RENTAL UNITS

A. BMR Renter Qualifications

1. Qualifying Household for **BMR Rental Units**

A qualifying household meets the following standards:

a. The household is income qualified;

b. The household is a non-homeowner household;

c. The household must live in the unit as their primary residence within 60 days of the signing of the lease for the unit;

d. The household includes one member who has lived or worked in San Francisco by the application deadline for the **BMR unit**;

e. The household must be of a size that is equal to or greater than the number of bedrooms in the **BMR unit**;

f. The household is defined in terms of financial relationships and can include any rental partnerships as long as the combined household meets the eligibility requirements;

g. All non-dependents must appear on the lease for the unit.

2. Preferences for **BMR Rental Units**

a. A least one applicant in each BMR household must live or work in San Francisco in order to apply for a **BMR unit** per Section 315.4 of the Planning Code. This household member must have lived or worked in San Francisco by the application deadline for a **BMR unit**.

b. Verification of Preference Qualification

i. **MOH** shall verify a person's residency by examining one document from the list below. Each document must be in the applicant's name:

(a) One utility bill with a San Francisco address dated within the 45 days preceding the

application deadline for the **BMR unit**. Utility bills can include gas, electric, garbage or water;
(b) Current paystubs with a San Francisco address; or
(c) A current, formal lease with San Francisco address.

ii. MOH shall verify that a person works in San Francisco by reviewing an applicant's paystubs. If an applicant's employer is not based in San Francisco, or if an applicant's paystubs do not reflect a San Francisco work address, the applicant must supply a formal letter from the employer stating that the applicant works primarily in San Francisco and demonstrate that at least 75% of the applicant's working hours are in San Francisco.

3. Non-homeowner Requirement for **BMR Rental Unit**s

a. No member of the **qualifying household** must own any interest in a **dwelling unit**, any commercial real estate, or any land upon applying to qualify for the rental of a **BMR unit**.

b. This definition is a legal requirement and includes, among other properties, those in which an applicant's name appears on title regardless of whether or not that interest results in a financial gain, is in another state or country, or if they have ever used the property as a primary residence.

c. **MOH** may verify non-homeowner status by (1) a signed a statement on their application stating their homeownership status; and (2) a title search.

4. Household Size Requirement for **BMR Rental Unit**s

The size of a household must be compatible with the size of the unit being purchased. A minimum of one person per bedroom is required. There is no restriction on purchasing a unit that has fewer bedrooms than the household size.

5. Income Requirement for **BMR Rental Unit**s

a. Unless stated otherwise in the **planning approvals** or other **use restriction**s, **BMR Rental Units** in one development will be available to households with a combined income of no more than 60% of **median income**. Income maximums are based on "gross" income derived from all sources as detailed in Internal Revenue Code (26 USC Section 61). The amounts are adjusted on an annual basis.

b. The **income table** used to calculate the income level of a BMR household shall be determined by the date on which the principal project for which the household applies received its **first site or building permit**. Per Section 315.1 of the Planning Code, income levels for renters in principal projects that received their **first site or site or building permit** before September 9, 2006 will be reviewed using the **HUD Area Median Income** as adjusted for household size. Income levels for renters in principal projects that received their **first site or site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size. All **off-site projects** will be held to the date on which the principal project received its first site or building permit.

c. **MOH** calculates income based on the **gross income** on each applicant's past three pay stubs. The income is derived by dividing the year-to-date **gross income** by the current pay period count and then by annualizing an estimated pay period amount by the total pay period count over one year.

d. In the case of a self-employed person, **MOH** reviews the person's last 2 years of tax returns; past, present and projected Profit and Loss Statements; and other relevant documents on a case-by-case basis.

e. **MOH** must review qualifying requirements for all household members 18 years and older, regardless of dependency status.

6. Asset Test for **BMR Rental Units**

MOH will apply an asset test to all applicants, including all custodial accounts held for minors. Assets include all liquid asset accounts, including but not limited to savings, checking accounts, Certificates of Deposit, stocks, and gifts. Assets also include any money that will be used toward a down payment on a **BMR unit**. MOH will not count qualified retirement income toward an applicant's asset. 10% of all assets between $30,001 and 130,000 will be added to the total household income; and 35% of assets above $130,000 will be added to the total household income.

B. BMR Renter Application Requirements

a. Households applying for **BMR rental units** must supply the following documentation in order to enter the lottery for a **BMR unit**:

i. An application from the proposed purchaser on a form specified by **MOH**;

ii. Supporting documentation from all members 18 years or older of the purchaser household, including:

(a) Past one (1) year IRS returns;
(b) Past one (1) year W-2 forms;
(c) Three (3) current and consecutive pay stubs or equivalent;
(d) Three (3) recent and consecutive statements from every liquid asset account and personal cash savings, including all custodial accounts held for minors;
(e) Verification of San Francisco residency or employment.

b. To proceed with a **BMR unit** rental post-lottery, the rental representative must supply a draft lease agreement to MOH before MOH will approve the rental household.

C. Restrictions on **BMR Rental Unit**s

1. Term of Restriction on **BMR Rental Unit**s

   Per Section 315.7 of the Planning Code all **BMR Rental Unit**s that entered the marketing process on or after the effective date of this **Manual** are restricted in their **rent levels** and other applicable restrictions for the life of the project unless otherwise stated in the **planning approvals** or other **use restrictions** for the project**.** All **BMR Rental Units** that entered the marketing process before the effective date of this **Manual** are restricted in their **rent levels** and other applicable restrictions for 50 years unless otherwise stated the **planning approvals** or other **use restrictions** for the project.

2. Documents that Govern the **BMR Rental Unit** and Renter

   MOH may require all leaseholders of **BMR Rental Unit**s to sign documents stating leaseholders' acknowledgement of the restrictions on the BMR rental unit and any monitoring procedures.

3. Occupancy Requirement for **BMR Rental Units**

   BMR units are intended to be renter-occupied and never used as investment or rental property.

4. Restrictions on Renting or Subleasing BMR Rental Units

i. A renter of a **BMR unit** may not rent or sublease any part or the entire unit without prior written consent of **MOH**.

ii. **BMR Rental Unit**s are to be occupied by the **qualifying household** and not used as rental property. However, **MOH** may grant consent to a BMR renter to rent in circumstances where the household is temporarily forced to temporarily relocate due to employment requirements, or for other reasons deemed acceptable by **MOH** in its sole discretion, provided that:

(a) The total period for which the unit may be leased does not exceed six (6) months;

(b) The sub-tenant satisfies the income, household size and other **qualifying household** requirements placed on the **BMR unit** by **planning approvals** or other **use restrictions**;

(c) The sublease complies with any requirements in the lease between the **Project Sponsor** and the tenant; and

(d) Initial sublease rent does not exceed the rent then payable by the current tenant.

5. Restrictions on Lease Changes for **BMR Rental Unit**s

BMR renters may not add or subtract any person from the lease for a **BMR Rental Unit** without consent from **MOH**. Should **MOH** consent to the addition or subtraction of a qualified household member in **BMR Rental Unit**, the new household must submit a new application for the unit and meet the current qualification standards for a **BMR Rental Unit**.

D. Permissible Rent Increases

The **Project Sponsor** may increase the **maximum monthly rent** for a **qualifying household** on each anniversary of a tenant's occupancy in an amount that does not exceed the amount determined by **MOH** based on the percent of **median income** established in **planning approval**s or other **use restrictions** and the then-existing **median income** amounts.

E. Monitoring of **BMR Rental Unit**s

BMR Rental Units shall be monitored by **MOH** on an annual basis to determine the continued eligibility of the BMR renter household. BMR rental households, owner(s) or those charged with the management of affordable BMR rental housing units satisfying the requirements of their **planning approvals** or other **use restrictions** may be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on a date and at a location determined by **MOH**. The report shall provide information regarding rents, household and income characteristics of tenants of designated affordable units, services provided as part of the housing service such as security, parking, utilities, and any other information **MOH** may reasonably require to monitor compliance with the **BMR unit**'s specific **planning approvals** or other **use restrictions**.

IV. PROCEDURES FOR PROJECT SPONSORS, OWNERS AND PROPERTY MANAGERS

A. Monitoring and Reporting Procedure

1. Monitoring and Reporting Procedures for **BMR Ownership Units**

   MOH shall monitor and require occupancy certification for **BMR ownership units** on an annual basis. Owner(s) of a **BMR unit** will be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on a date and at a location determined by **MOH**. The report shall provide information regarding **occupancy status**, changes in title, and any other information **MOH** may reasonably require to monitor compliance with the **BMR unit**s specific **planning approval**s or other **use restriction**s.

2. Monitoring and Reporting Procedures for **BMR Rental Units**

   Project Sponsors of **BMR Rental Unit**s shall retain initial rental application forms and household income documentation for the greater of (i) five (5) years from the date of a tenant's occupancy of a **BMR Rental Unit**, or (ii) the duration of the tenure of the tenant occupying the **BMR unit**. This data may be requested by **MOH**, along with an administrative fee if any is authorized at the time of the request.

   BMR Rental Units shall be monitored by **MOH** on an annual basis to determine the continued eligibility of the BMR renter household. BMR rental households, owner(s) or those charged with the management of affordable BMR rental housing units satisfying the requirements of their **planning approvals** or other **use restrictions** may be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on

a date and at a location determined by **MOH**. The report shall provide information regarding rents, household and income characteristics of tenants of designated affordable units, services provided as part of the housing service such as security, parking, utilities, and any other information **MOH** may reasonably require to monitor compliance with the **BMR unit**'s specific **planning approvals** or other **use restrictions**.

3. Statistical Information for **BMR Units**

MOH may at any time require the **Project Sponsor** to collect information from the owners or tenants of all **BMR units** in the project regarding their ethnicity, gender, age, and such other information as may be requested to allow **MOH** to verify that there have been no discriminatory practices in the selection of such tenants or owners. The collection of such information shall be conducted in a manner and using a form acceptable to **MOH**, ensuring that the information is being collected after the tenant or owner selection process is complete, and is used solely for statistical reasons and not as the basis for making any decision regarding the qualification of a tenant or owner for occupancy of a **BMR unit**.

B. Compliance Procedures

1. Compliance Through **New Construction** On-Site

a. When required by **planning approvals** or other applicable **use restriction**s to adhere to the **Inclusionary Ordinance**, the **Project Sponsor** may provide the number and type of **BMR units** satisfying the **planning approvals** or other applicable **use restriction**s through the construction of said units on the site of the **principal project**.

b. **Project Sponsor**s who submitted a first application to the Planning Department prior to July 18, 2006 for the construction of a project containing ten (10) or more units are required to provide ten (10%) or twelve (12%) percent, (depending on the distinction between an As-of-Right or Conditional Use authorization) of all units as **BMR unit**s. If the total number of **BMR unit**s required is not a whole number, the obligation shall be rounded up to the nearest whole number for any portion of .5 or above.

c. **Project Sponsor**s who submitted a first application to the Planning Department on or after July 18, 2006 must provide fifteen (15%) of all units as **BMR unit**s for any project containing five (5) or more units or any project requiring rezoning, with exception to projects 120 feet in height or

higher. Projects 120 feet in height or higher which do not require a zoning map amendment or planning code text amendment that result in a net increase in the number of permissible residential units or in a material increase in the net permissible residential square footage are required to provide twelve percent (12%) of all units as **BMR unit**s. Unless amended by the Board of Supervisors, the exception of projects 120 feet in height or higher shall expire January 1, 2012.

d. If the total number of **BMR unit**s required is not a whole number, the obligation shall be rounded up to the nearest whole number for any portion of .5 or above.

e. Projects receiving Planning Commission or Planning Department approval on or after September 9, 2006, must make a **Declaration of Intent** stating the on-site, off-site and/or in-lieu fee option before receiving first planning approval. **Project Sponsor**s may only amend the **Declaration of Intent** if they choose to change from the in-lieu fee or off-site option to the on-site option.

f. **BMR unit**s must be constructed, completed, and ready for occupancy no later than the **principal project**'s market rate units. Additionally, **BMR unit**s must be a **comparable unit** to the market rate units.

g. The **Project Sponsor** shall construct and, when applicable, manage the **BMR unit**s. **BMR unit**s shall not remain vacant for more than sixty (60) days from the date of **first certificate of occupancy**.

h. Affordable housing units shall not have received development subsidies from any federal, state or local program established for the purpose of providing affordable housing. Any such units receiving such subsidies shall not be counted to satisfy any **affordable housing project** requirements for the on-site development, except as provided in Section IV (B) (1) (i).

i. A **Project Sponsor** may use California Debt Limit Allocation Committee (CDLAC) tax-exempt bonds to help fund its obligations per Section 325.4 and 315.5 of the Planning Code as long as it provides 20% of the units as affordable at 50% of **median income** for on-site housing or 25% of the units as affordable at 50% of **median income** for off-site housing. Except as provided in this subsection, all units provided under this section must meet all of the requirements of the **inclusionary Ordinance** and the **Manual** for either **on- or off-**

site projects. The **income tables** to be used for the CDLAC units are those used by **MOH** for **Inclusionary Housing** units and not those used by the Tax Credit Allocation Committee (TCAC) or CDLAC. Sponsors shall contact **MOH** for the applicable **income table**.

j. **On-site units** satisfying a **Project Sponsor**'s On-site **Inclusionary Ordinance** obligation must be offered as **BMR Rental Unit**s affordable to households earning up to sixty percent (60%) of **median income** on average or as BMR for-sale units affordable to households earning one hundred percent (100%) of **median income**, unless stated otherwise in **planning approval**s **or other use restriction**s. In the case of **BMR Ownership Units**, the **BMR unit**s in one development may range in price from 80% to 120% **median income** when the average **median income** for the building is 100%. **MOH** will work with **Project Sponsor**s on a case-by-case basis to determine the allowable range of income levels.

k. Projects must record a **Notice of Special Restrictions** (**NSR**) and provide a copy of the **NSR** to **MOH** prior to the issuance of the **first site or building permit**. The **NSR** must identify the restricted **BMR unit**s by unit name or number, the income level of the units, the final approved floor plans that identify the **BMR unit**s, and the portions of the **planning approval**s **or other use restriction**s that reference the **Inclusionary Program** requirements.

l. All **BMR units** that entered the marketing process on or after the effective date of this **Manual** are restricted in their **resale price** or **rental price** and other applicable restrictions for the **life of the project**. All **BMR units** that entered the marketing process before the final adoption date of this **Manual** are restricted in their **resale price** or **rental price** and other applicable restrictions for 50 years unless otherwise stated in the **planning approvals** or other **use restriction**s for the project.

2. Compliance Through **Conversion** of Use On-Site

The **Conditions of Approval** may provide that the **Project Sponsor** may partially or completely comply with its BMR obligation through the **conversion** of non-residential space to residential units, provided that the-following provision is satisfied:

a. The unit shall satisfy all **City** Codes and standards; or

b. If rear yard, parking, exposure or other residential zoning standards are not met and requirements for exceptions or

variances are met pursuant to the Code, additional **BMR unit**s or lower income limits on **qualifying household**s shall be imposed.

3. Compliance Through **New Construction** Off-Site

a. When required by **planning approvals** or other applicable **use restriction**s to adhere to the **Inclusionary Ordinance**, the **Project Sponsor** may provide the number and type of **BMR units** satisfying the **planning approvals** or other applicable **use restriction**s through the construction of said units off-site from the **principal project**.

b. **Project Sponsor**s who submitted a first application to the Planning Department prior to July 18, 2006 for the construction of a project containing ten (10) or more units must provide fifteen (15%) or seventeen (17%) percent, (depending on the distinction between an As-of-Right or Conditional Use authorization), of all units as **BMR unit**s. If the total number of **BMR unit**s required is not a whole number, the obligation shall be rounded up to the nearest whole number for any portion of .5 or above.

c. **Project Sponsor**s who submitted a first application to the Planning Department on or after July 18, 2006 must provide twenty percent (20%) of all units as **BMR unit**s for any project containing five (5) or more units or any project requiring rezoning. If the total number of **BMR unit**s required is not a whole number, the obligation shall be rounded up to the nearest whole number for any portion of .5 or above, with exception to projects 120 feet in height or higher. Projects 120 feet in height or higher which do not require a zoning map amendment or planning code text amendment that result in a net increase in the number of permissible residential units or in a material increase in the net permissible residential square footage are required to provide seventeen percent (17%) of all units as **BMR unit**s.

d. Projects receiving **Planning Commission** or Planning Department approval on or after September 9, 2006, must make **Declaration of Intent** stating the on-site, off-site and/or in-lieu fee option. **Project Sponsor**s may only amend the **Declaration of Intent** if they choose to change from the in-lieu fee or off-site option to the on-site option. Additionally, off-site **BMR unit**s must be located within a one (1) mile radius of the **principal project**. Off-site units satisfying a **Project Sponsor**'s Inclusionary obligation must be offered as **BMR Rental Unit**s for the **life of the project** or as BMR for-sale

units affordable to households earning up to eighty percent (80%) of **median income**.

e. **BMR unit**s must be constructed, completed, and ready for occupancy no later than the **principal project**'s market rate units.

f. The **Project Sponsor** shall construct and, when applicable, manage the **BMR unit**s. **BMR unit**s shall not remain vacant for more than sixty (60) days from the date of the **certificate of final completion and occupancy.**

g. Affordable housing units shall not have received development subsidies from any federal, state or local program established for the purpose of providing affordable housing. Any such units receiving such subsidies shall not be counted to satisfy any affordable housing requirements for the on-site development except as provided in Section IV (3) (h) below.

h. A **Project Sponsor** may use California Debt Limit Allocation Committee (CDLAC) tax-exempt bonds to help fund its obligations per Section 325.4 and 315.5 of the Planning Code as long as it provides 20% of the units as affordable at 50% of **median income** for on-site housing or 25% of the units as affordable at 50% of **median income** for off-site housing. Except as provided in this subsection, all units provided under this section must meet all of the requirements of the **inclusionary Ordinance** and the **Manual** for either **on- or off-site projects**. The **income tables** to be used for the CDLAC units are those used by **MOH** for **Inclusionary Housing** units and not those used by the Tax Credit Allocation Committee (TCAC) or CDLAC. Sponsors shall contact **MOH** for the applicable **income table**.

i. **On-site units** satisfying a **Project Sponsor**'s Off-site **Inclusionary Ordinance** obligation must be offered as **BMR Rental Unit**s affordable to households earning up to sixty percent (60%) of **median income** or as **BMR ownership units** affordable to households earning eighty percent (80%) of **median income** on average, unless stated otherwise in **planning approval**s or other **use restriction**s.

j. Projects must record a **Notice of Special Restrictions** (**NSR**) and provide a copy of the **NSR** to **MOH** prior to the issuance of the **first site or building permit**. The **NSR** must identify the restricted **BMR unit**s by unit name or number, the income level of the units, the final approved floor plans that identify the **BMR unit**s, and the portions of the **planning**

approvals or other use restrictions that reference the **Inclusionary Program** requirements.

k. All **BMR units** that entered the marketing process on or after the effective date of this **Manual** are restricted in their **resale price** or **rental price** and other applicable restrictions for the **life of the project**. All **BMR units** that entered the marketing process before the final adoption date of this **Manual** are restricted in their **resale price** or **rental price** and other applicable restrictions for 50 years unless otherwise stated in the **planning approvals** or other **use restrictions** for the project.

l. Quality Standards for Off-Site **BMR Units**

All BMR units constructed off-site under the provisions of Section 315.5 shall be of good quality and generally equivalent to current market rate housing standards commonplace in San Francisco as determined by the **Zoning Administrator** in accordance with official Planning Department policy. Off-site affordable units shall be comparable in number of bedrooms, number of bathrooms, exterior appearance and overall quality of construction to market rate units in the **principal project**, and shall meet at a minimum, or exceed, the following standards:

i. Individual Unit Sizes

Average individual unit square footages shall be no less than 70% of the average **principal project** unit square footage for corresponding unit types classified by number of bedrooms, and in no case shall individual unit square footages be less than the following for each unit type:

Studios:	250 square feet
1-Bedrooms:	500 square feet
2-Bedrooms:	800 square feet
3-Bedrooms:	1,000 square feet
4-Bedrooms:	1,250 square feet

Exceptions to these square footage minimums may be made at the **Zoning Administrator**'s discretion where the **principal projects** average unit size by corresponding unit type classification is less than these minimums. When using such discretion, the **Zoning Administrator** shall take into account any anticipated occupant needs of the **BMR units** for a particular development.

The average off-site **BMR unit** size for a given unit type may be permitted to be less than 70% of the average size of the corresponding unit type of the **principal project** at the discretion of the **Zoning Administrator** on a case-by-case basis, provided there is a corresponding increase in unit numbers and all other provisions of this section are met. No reduction in the required total minimum **BMR unit** square footage per Section 315.5(d) of the Planning Code shall be permitted.

ii. Design of Off-site **BMR units**

(a) Room sizes

(i) No required bedroom shall be smaller than 120 square feet, and at least one bedroom in every unit, except for studios shall be a minimum of 144 square feet. The minimum horizontal dimension for any bedroom, excluding alcoves not included in the minimum square foot calculation, shall be 10 feet.

(ii) Primary rooms in studios shall be no less than 165 square feet excluding any contiguous kitchen area. The minimum horizontal dimension for any such primary room, excluding alcoves not included in the minimum square foot calculation, shall be 11 feet.

(iii) No living room shall be smaller than 144 square feet, with a minimum dimension excluding alcoves not included in the minimum square foot calculation, of 11 feet.

(iv) At least one bathroom shall meet ADA size requirements, and all other full bathrooms required by this section must be at least 40 square feet in size.

(v) Smaller room size minimums may be permitted at the discretion of the **Zoning Administrator** on a case-by-case basis, if such smaller room sizes are typical of the principal market rate

project and are consistent with current **City** building and housing codes.

(b) Interior Heights

Prevailing floor-to-ceiling heights in each unit shall be no less than 8'-6". Lower ceiling heights in bathrooms, hallways, or small portions of other rooms may be permitted to allow for central heat and air ductwork where necessary, but in no case shall any ceiling height in such areas be less than 8'-0".

(c) Kitchen and Bathroom Amenities

(vi) At a minimum, all kitchens shall have a full size four-burner cook top and full size oven, with built-in exhaust hood/microwave oven unit (or an equivalent thereof), full size kitchen sink with in-drain electric disposal, full size dishwasher, full size refrigerator/freezer, good quality upper and lower level cabinets with doors, quality counter top surfaces, and a suitable good quality floor surface. While appliances and finishes need not match or be equivalent to those in the **principal project**, they should be new and of good quality in terms of performance, durability and appearance. At the discretion of the **Zoning Administrator**, appliance sizes may be scaled down for studio units if such downsizing is typical of the principal market rate project. For the purpose of preserving interior materials or character of older buildings or providing aesthetic compatibility therein, fully restored vintage appliances and finishes may be used as long as they are of good quality, durability, and in good working condition.

(vii) Bathrooms shall consist of a shower stall, toilet and lavatory. At least one bathroom in each unit shall have both a shower stall and standard size tub or a combination tub-shower unit.

(d) Closets

Each **dwelling unit** shall have a coat closet and a linen closet, plus a closet for each bedroom. Minimum dimensions for coat closet shall be 4'X 2'. Minimum closet dimensions for required linen closet shall be 36"X 18". Minimum closet size for the first/master bedroom shall be 16 square feet with a minimum depth of two feet. Minimum closet size for each additional bedroom shall be 12 square feet with a minimum depth of two feet.

(e) Laundry facilities

Off-site BMR projects shall provide laundry facilities comparable to the **principal project**. Each unit shall contain laundry facilities if such facilities are provided in the **principal project**. Each floor shall contain a laundry facility if such facilities are in the **principal project**, with one full-size washer and one-full size dryer for every four units per floor. There shall be a common laundry room for the entire building if such a facility is provided in the **principal project** with one washer and one dryer unit for every eight units. Individual laundry facilities within units shall consist of both a washer and dryer unit. Studios, one- and two-bedroom units may utilize stacker units; three bedroom units and larger shall have full size laundry machine units. Laundry machines shall be new and of good quality and durability.

(f) Finish qualities

(viii) Finish qualities throughout **dwelling unit**s and common areas including: doors; windows; wall and floor materials and finishes; bathroom finishes and fixtures; trim; hardware; lighting and other electric features, need not match or be equivalent to that of the **principal project**, but should be new and of good quality in terms of

performance, functionality, durability and appearance and should reflect current residential interior styles, except in cases where vintage styles are appropriate to the interior finish design of the building, or where it is desired to preserve historic features or finishes.

iii. Smaller room size minimums may be permitted at the discretion of the **Zoning Administrator** on a case-by-case basis, if such smaller room sizes are typical of the principal market rate project and are consistent with current **City** building and housing codes.

iv. The standards in this section may be reduced at the discretion of the **Zoning Administrator** on a case-by-case basis provided the intent of this section – that all affordable units shall be of good quality and generally equivalent to current market rate housing standards commonplace in San Francisco - is generally being met as determined by the **Zoning Administrator**. Absent timely amendments to this section, requirements may be added or eliminated at the discretion of the **Zoning Administrator** to allow for changes in market standards or in technology. In adding or eliminating such requirements, the **Zoning Administrator** shall take into account the likely occupancy of the **Off-site BMR unit**s in consultation with **MOH**.

4. Compliance Through In-Lieu Fee Payment

a. When permitted by **planning approvals** or other applicable **use restriction**s, the **Project Sponsor** may pay an in-lieu fee to satisfy the **Inclusionary Ordinance** requirements. The per-unit size fee shall be updated annually on July 1.

b. The fee is established as the amount of the affordability gap identified in the 2006 Planning Department Nexus Study for the Inclusionary Housing Program. Section 315.6 of the Planning Code calls for fees to be adjusted annually using the annual percentage change in the Construction Cost Index as published by Engineering News Report (ENR).

c. **MOH** shall conduct a comprehensive study of the in lieu fee structure every five years.

d. In lieu fees for developments that received their **first site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size.

e. Projects receiving Planning Commission or Planning Department approval on or after September 9, 2006 must make a **Declaration of Intent** stating the on-site, off-site and/or in-lieu fee option prior to project approval. **Project Sponsor**s may only amend the **Declaration of Intent** if they choose to change from the in-lieu fee or off-site option to the on-site option. Projects must provide a complete in-lieu fee payment before the issuance of the **first site or building permit.**

f. The in lieu fee unit requirement shall be calculated by using the direct fractional result of the total number of units multiplied by the percentage of off-site housing required, rather than rounding up the resulting figure.

g. The **Project Sponsor** shall request an in-lieu fee determination from **MOH** in the form of a letter. **MOH** shall provide a fee determination letter within fifteen (15) business days of the receipt of the request and the letter shall expire in thirty (30) business days. In cases where the determination has expired, the **Project Sponsor** will be required to request an updated determination in order to make the payment to the Treasurer's Office. The in-lieu fee request letter shall contain the following:

i. **Project Sponsor** contact information
ii. The name and address of the project
iii. Copies of all applicable **planning approval**s
iv. The number of total units by unit size

h. MOH may require the completion of a standard form in order to request an in lieu fee determination.

i. Prior to issuance by **DBI** of the **first site or building permit** for the project applicant, the **Project Sponsor** must have paid in full the sum required to the San Francisco Treasurer's Office.

C. Initial Sales Procedures for **BMR Ownership Units**

1. Request for Pricing for **BMR Ownership Units**

a. Prior to marketing a **BMR ownership unit** for initial sale, the **Project Sponsor** shall transmit a copy of the **Notice of**

Special Restrictions ("**NSR**"), final **planning approval**, approved floor plans indicating the location of the **BMR unit**s in the building, and final **HOA dues** for each **BMR unit** to **MOH**, together with a request for determination of initial sales price. The request for prices shall be submitted no sooner than 60 days prior to the beginning of the marketing period for the **BMR units** and at no time sooner than 6 months before the issuance of the **First Certificate of Occupancy** for the development. The pricing shall be valid for thirty (30) days and shall serve as the final pricing for the **BMR units** only upon approval of the **Marketing Plan** for the **BMR units**.

b. MOH may require the completion of a standard form in order to request an in **BMR unit** pricing.

2. Methodology for Pricing Initial Sale **BMR Ownership Unit**s

a. **MOH** shall calculate the initial sales price of the **BMR unit** according to the following assumptions: (i) the income limits specified in **planning approvals** or other **use restriction** documents; (ii) total payments of no more than thirty-three (33) percent of the gross monthly income, based on the income limits required by **planning approvals** or other **use restriction**s and including an allowance for taxes, insurance, homeowner or association's fees and related costs; (iii) a mortgage interest rate as identified by **MOH** that is the higher of the ten-year rolling average of interest rate data, based on 30-year interest rate data provided by Fannie Mae, Freddie Mac or an equivalent, nationally recognized mortgage lending institution; and (iv) a ten (10) percent down payment assumption. **MOH** shall transmit this information to the **Project Sponsor** within ten (10) working days after receipt of the request for determination.

b. The **income table** used to calculate the income level of a BMR household shall be determined by the date on which the principal project for which the household applies received its **first site or building permit**. Income levels for buyers in principal projects that received their **first site or site or building permit** before September 9, 2006 will be reviewed using the **HUD Area Median Income** as adjusted for household size. Income levels for buyers in principal projects that received their **first site or site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size. All **off-site projects** will be held to the date on which the principal project received its first site or building permit.

3. Parking Space Policy for **BMR Ownership Unit**s

a. In developments in which parking is sold or leased as a part of the sales price for market rate units, parking spaces shall be granted to BMR buyers (1) at the same ratio of parking spaces to residential units, as identified in the **planning approval**s or other **use restrictions** for the building overall and (2) within the maximum purchase price set by **MOH**. All parking spaces granted to BMR buyer households shall be resold or re-leased with the **BMR unit** upon resale.

b. In developments in which parking is "**unbundled**," or sold or leased separately from every residential unit in a development, parking spaces shall be made available to BMR buyers at the same ratio of parking spaces to residential units as identified in **planning approval**s or other **use restrictions** for the building overall. The sales price of each **BMR unit**, as determined by **MOH**, shall be reduced by the cost of constructing a parking space (as determined by **MOH**) multiplied by the ratio of parking spaces to units in the building overall. The sponsor may then charge the BMR buyer the lowest market rate price available for a parking space to any buyer in the building.

The details of this policy are as follows:

i. Sponsors must offer BMR buyers the opportunity to purchase or lease parking spaces according to the overall ratio of parking spaces to units in the building.

ii. In developments where 1:1 parking is available in the building, the price of each **BMR unit** will be lowered by a standardized amount equivalent to the cost of constructing either a structured, above-ground parking space or a below-grade parking space, exact amount to be established by **MOH** through cost analysis and adjusted annually.

iii. In developments with less than 1:1 parking availability, **MOH** will lower the price of each **BMR unit** by an amount equivalent to the cost of constructing either a structured, above-ground parking space or a below-grade parking space multiplied by the ratio of parking spaces to units in the building overall.

iv. The price of each **BMR unit** will be reduced regardless of the BMR buyer household's choice to purchase or lease a parking space.

v. BMR buyers must be offered the opportunity to purchase or lease parking at the lowest market rate price offered to any buyer in the **housing development**.

vi. This policy applies only to developments in which the parking is 100% **unbundled**, or sold or leased separately, from the all units in the development.

vii. **Project Sponsor**s cannot charge special fees for parking to BMR buyers that are not charged to all buyers.

viii. A first parking space that is purchased either (1) at the same time that the **BMR unit** is initially purchased or (2) purchased by BMR owner household anytime after the initial purchase of the **BMR unit** shall be re-sold with the **BMR unit** upon resale of the unit. The price of the parking space will be governed by the same limits as the overall **resale price** as outlined in Section II (D) (5).

ix. The price of a parking space must never exceed the maximum established during the initial marketing of the units, but it may fall below this price.

x. In buildings with less than 1:1 parking, the opportunity to purchase or lease a space will be allocated by lottery rank.

xi. BMR households may purchase or lease a second parking space at any time without any restrictions placed on the Project Sponsor or the BMR buyer household.

4. Marketing Procedures for **BMR Ownership Unit**s

   The **Project Sponsor** shall commence marketing of the **BMR unit** according to the procedures set forth in Section IV (E) of this manual.

5. Verification of Owner Qualification for **BMR Ownership Unit**s

   a. At least sixty (60) days prior to the anticipated **close of escrow**, the **Project Sponsor** shall submit to **MOH** for approval the following documentation:

      i. An application from the proposed purchaser on a form specified by **MOH**;

ii. Supporting documentation from all members 18 years and older of the purchaser household, including:

(a) Past three (3) years IRS returns;
(b) Past three (3) years W-2 forms;
(c) Three (3) current and consecutive pay stubs or equivalent;
(d) Three (3) current and consecutive statements from every liquid asset account or personal cash holdings, including all custodial accounts held for minors;
(e) Verification of San Francisco residency or employment;
(f) Verification of completion of an approved **First-time Home Buyer Education** workshop.

b. To proceed with a **BMR unit** purchase post-lottery, the BMR buyer's lender or sales agent must supply the following documentation:

i. A completed sales agreement;
ii. An appraisal showing the **Appraised Fair Market Value** of the **BMR unit**;
iii. A mortgage loan application to an institutional lender;
iv. A Preliminary Title Report for the **BMR unit**.

6. Buyer Approval for **BMR Ownership Unit**s

a. Upon receipt of a complete BMR homeownership application, **MOH** shall verify the household qualification within fifteen (15) working days.

b. **Upon receipt of** lender and sales contract documentation, **MOH** shall draft **escrow closing documents** within five (5) working days.

c. Buyer Time to Qualify

The **Project Sponsor** shall allow the proposed purchaser no less than thirty (30) days from the time of the signing of the sales contract to qualify for mortgage financing and no more than sixty (60) days.

7. Financing for **BMR Ownership Unit**s

The **Project Sponsor** shall not allow mortgage financing that includes unreasonable or predatory fees associated with the loan.

Specifically approved and disapproved loan types are outlined in Section II (C) of this **Manual**.

8. Restrictions on **BMR Ownership Unit**s

   The **Project Sponsor** must comply with the documentation and enforcement procedures contained in Section J of this manual. **MOH** shall prepare documentation to be placed into escrow, including (1) a Promissory Note, as applicable, for the difference in the appraised value and the **BMR unit** sales price as described in Section J; (2) a Deed of Trust securing the City's interest in the **BMR unit**, (3) a Grant of Right of First Refusal giving the **City** the right to find an eligible buyer should the **BMR unit** be sold; and (4) certification that the purchaser is aware of the special restrictions on the **BMR unit**.

9. Transaction Fees for **BMR Ownership Unit**s

   The **Project Sponsor** shall pay all usual, customary and reasonable transaction costs normally borne by the seller in a residential real estate transaction, including but not limited to broker fees and real estate transfer taxes.

10. Inability to Find a Buyer for a **BMR Ownership Unit**

    In cases where, despite the owners good faith efforts, no **first-time homebuyer household** purchaser of the required income level has contracted to purchase a **BMR Ownership Unit** within six (6) months after the lottery for the **BMR unit**s, the owner shall inform **MOH**, which may then increase the permissible income levels for prospective purchasers of that unit up to a maximum twenty (20) percent over the income percentage limit specified in **planning approvals** or other **use restrictions**, but shall not increase any current or future permissible sales price of that unit as indicated in **planning approvals** or other **use restrictions**.

D. Initial Rental Procedures of **BMR Rental Unit**s

1. Request for Initial Rental Rates for **BMR Rental Unit**s

   a. Prior to marketing a **BMR Ownership Unit** for initial rental, the **Project Sponsor** shall transmit (1) a copy of the **Notice of Special Restrictions** ("**NSR**"); (2) the final Planning Motion or planning approval for the development; and (3) approved floor plans indicating the location of the **BMR unit**s in the building, together with a request for determination of initial rent levels. The request for rent levels shall be submitted no sooner than 6 months before the issuance of the **First Certificate of Occupancy** for the development.

b. Within ten (10) working days after receipt of a complete request for determination, **MOH** shall calculate the **maximum monthly rent** for each **BMR unit**, adjusted for unit size, based on the percent of **median income** established in the **Conditions of Approval** or other **use restriction**s and the then-existing **median income** amounts and shall transmit this information to the **Project Sponsor**.

2. Methodology for Setting Initial Rent Levels for **BMR Rental Unit**s

a. **MOH** shall calculate initial rent levels of the **BMR Rental Unit** according to the following assumptions: (i) the income limits specified in the **Conditions of Approval** or other **use restriction** documents; (ii) total payments of no more than thirty (30) percent of the gross monthly income, based on the income limits required by the **Conditions of Approval** or other **use restriction**s.

b. The income table used to calculate the income level of a BMR household and the subsequent **BMR unit** rent shall be determined by the date on which the project received its **first site or building permit.** Initial rent levels for **BMR Rental Unit**s in developments that received their **first site or building permit** before September 9, 2006 will be calculated using the **HUD Area Median Income** as adjusted for household size. Initial rent levels for **BMR Rental Unit**s in developments that received their **first site or building permit** on or after September 9, 2006 will be calculated using the **San Francisco Median Income** as adjusted for household size.

3. Parking Space Policy for **BMR Rental Unit**s

a. In developments in which parking spaces are provided to renters within the rent for market rate units, parking spaces shall be granted to BMR renters (1) at the same ratio of parking spaces to residential units as identified in **planning approvals** or other **use restrictions** for the building overall and (2) BMR renters shall be granted the parking space within the **maximum monthly rent** set by **MOH**.

b. In developments in which parking is "**unbundled**," or rented separately from every residential unit in a development, parking spaces shall be made available to BMR renters at the same ratio of parking spaces to residential units as identified in **planning approvals** or other **use restrictions** for the building overall. The rental price of each **BMR unit**, as determined by **MOH**, shall be reduced by the cost of constructing the parking space, as determined by MOH, multiplied by the ratio of

parking spaces to units in the building. This amount will be amortized over a 30-year period. The sponsor may then charge the BMR renter the lowest market rate rent available to any renter in the building.

The details of this policy are as follows:

i. Sponsors must offer BMR renter the opportunity to rent parking spaces according to the ratio of parking spaces to overall units in the building.

ii. In developments where 1:1 parking is available in the building, the rent of each **BMR unit** will be lowered by a standardized amount equivalent to the cost of constructing either a structured, above-ground parking space or a below-grade parking space, exact amount to be established by **MOH** through cost analysis and adjusted annually.

iii. In developments with less than 1:1 parking availability, **MOH** will lower the price of each **BMR unit** by an amount equivalent to the cost constructing either a structured, above-ground parking space or a below-grade parking space and multiplied by the ratio of parking spaces to units.

iv. In developments where 1:1 parking is available in the building, **MOH** will lower the maximum rent of each **BMR unit** by a standardized amount equivalent to the cost of constructing either a structured parking space or a below-grade parking space amortized over a 30-year period, exact amount to be established by **MOH**.

v. This amount will be deducted from the monthly rent of each **BMR unit** regardless of the renter's decision to lease a parking space.

vi. In developments with less than 1:1 parking availability, **MOH** will lower the maximum rent of each **BMR unit** by an amount equivalent to the monthly cost of parking in either a structured parking space or a below-grade parking space amortized over a 30-year period and multiplied by the ratio of parking spaces to units.

vii. BMR buyers must be offered the opportunity to rent parking at the lowest market rate rent offered to any market rate renter in the development.

viii. This policy applies only to developments in which the parking is 100% **unbundled**, or rented separately, from the all units in the development.

ix. **Project Sponsor**s cannot charge special fees for parking to BMR renters that are not charged to all renters.

x. Parking spaces rented with rental **BMR unit**s must be offered to subsequent renters upon re-rental of the unit.

xi. In buildings with less than 1:1 parking, the opportunity to rent a space will be allocated by lottery rank.

4. Marketing Procedures for **BMR Rental Unit**s

   The **Project Sponsor** shall commence marketing the **BMR unit**(s) according to the procedures set forth in Section IV (E) of this manual.

5. Verification of Renter Qualification for **BMR Rental Unit**s

   At least thirty (30) days prior to the anticipated date of lease, the **Project Sponsor** shall submit to **MOH** for approval the following documentation:

   a. A complete MOH BMR rental application from the proposed renter household;

   b. Supporting documentation from all members of the BMR renter household, including:

      i. Past one (1) year IRS returns;
      ii. Past one (1) year W-2 forms;
      iii. Three (3) current and consecutive pay stubs or equivalent;
      iv. Three (3) recent and consecutive statements from every liquid asset account and personal cash holdings, including custodial account for all minors;
      v. Verification of San Francisco residency or employment.

   c. A sample lease agreement that clearly states the rent to be charged to the new tenant.

6. Renter Approval for **BMR Rental Unit**s

Upon receipt of a complete BMR rental application, supporting documentation, and a sample lease, **MOH** shall verify the household qualification within fifteen (15) working days.

7. Permissible Rent Increases for **BMR Rental Unit**s

The **Project Sponsor** may increase the **maximum monthly rent** for a **qualifying household** on each anniversary of a qualifying household's occupancy in an amount which does not exceed the amount determined by **MOH** based on the percent of **median income** established in the **planning approvals** or other **use restrictions** and the then-existing income amounts.

8. Rental Rate Upon Subsequent Occupancy by **Qualifying Household**s for **BMR Rental Unit**s

a. The **Project Sponsor** shall notify **MOH** of a vacancy of a **BMR unit** prior to offering the unit for rent and prior to marketing the unit according to the marketing procedures set forth in Sections IV (E) of this manual.

b. Rental rates for **qualifying household**s shall not exceed the applicable amounts published in accordance with the provisions of section IV (D) (2) and (3) above.

9. Documentation of Annual Rent Levels for **BMR Rental Unit**s

The **qualifying household** income limits and **maximum monthly rent** for **BMR unit**s shall be updated annually and will be available on the **MOH** website. Owner(s) or those charged with the management of affordable BMR rental housing units satisfying the requirements of their **planning approval**s or other **use restriction**s may be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on a date and at a location determined by **MOH**. The report shall provide information regarding rents, household and income characteristics of tenants of designated affordable units, services provided as part of the housing service such as security, parking, utilities, and any other information **MOH** may reasonably require to monitor compliance with the **BMR unit**s specific **planning approval**s or other **use restriction**s.

E. Marketing Procedures for Initial Sale and Rental of **BMR Unit**s

1. General Requirements for Marketing of All Initial Sales and Rentals of **BMR Unit**s

a. The **Project Sponsor** shall use good faith and affirmative efforts to attract potential qualifying **households** from all

minority and **low income**, **median income** and **moderate income** communities through the marketing and advertising of the **BMR unit**s. Toward that goal, the **Project Sponsor** shall prepare and provide to **MOH** a copy of the **Marketing Plan** for the sale or rental of the **BMR unit**s prior to accepting applications or statements of interest for the purchase or lease of the units. No marketing or advertising material shall be distributed or published without the prior written approval of the **Marketing Plan** by **MOH** and all such materials shall be consistent with the approved **Marketing Plan**. Approval or disapproval of the **Marketing Plan** shall be made within ten (10) days of receipt of a complete marketing plan. In instances were the **Marketing Plan** has been disapproved; **MOH** will provide recommendations to remedy any deficiencies.

b. To insure access and outreach to **minority** and **low income**, **median income** and **moderate-income** communities, the **Project Sponsor** must hire as part of the marketing and outreach strategy a **Marketing Consultant** certified by **MOH** as having demonstrated capacity in reaching identified targeted populations. The targeted populations will be identified by **MOH** based on an analysis of the demographic characteristics of **minority** and **low income**, **median income** and **moderate-income** populations of San Francisco, and applicants to the BMR program. A list of certified **Marketing Consultant**s will be maintained by **MOH** and updated on at least an annual basis on June 15th.

c. The **Project Sponsor** shall submit the **Marketing Plan** to **MOH** at least thirty (30) days prior to the anticipated commencement of the project's marketing and outreach and at least one-hundred and twenty days prior to the anticipated **close of escrow** for BMR ownership units and lease origination dates for **BMR rental units**.

2. Contents of Marketing Plan

a. **MOH** shall prescribe the form of the **Marketing Plan** and shall provide the format to the **Project Sponsor** for completion and submittal. Unless determined by **MOH** to be inapplicable to a particular project, the **Marketing Plan** shall include:

b. The name, address, email address, and phone number of the **project sponsor**;

c. The name, address, email address, and phone number of the sales or rental agent(s);

d. The **planning approval** for the project;

e. The Notice of Special Restrictions for the project;

f. The name of the City Planner assigned to the **housing project**;

g. A description of the total number of units in the **principal project** or applicable **off-site project**;

h. A description of the total number of market rate or non-**BMR unit**s in the building;

i. A description of the total number of **BMR unit**s in the building;

j. The Home Association Dues (**HOA Dues**) for each **BMR unit**;

k. All amenities included in the sale of the **BMR unit;**

l. Parking available to all residential tenants in the building;

m. Buyer or renter qualifications;

n. Workshop and open house dates;

o. A media plan;

p. A strategy for marketing to residents of the immediate neighborhood;

q. A comprehensive strategy for reaching out to **low-income, median-income, moderate-income** and **minority** communities in San Francisco;

r. Dates and strategy for the application process;

s. Dates and strategy for the lottery selection process;

t. Dates and strategy for the process of working with lottery winners;

u. Marketing materials which clearly define rental or first time homebuyer household eligibility and which specify documentation and monitoring procedures;

v. Notices that buyers of **BMR unit**s are subject to special **use restriction**s, including an acknowledgement of these

restrictions and a sample packet of the City's **escrow closing documents** that each buyer will be expected to execute upon the purchase of a **BMR unit**;

w. On resale, listing of **BMR Ownership Unit**s with the San Francisco Multiple Listing Service (MLS);

x. A list of community housing organizations which are to receive written notification regarding the availability of the BMR units prior to commencement of advertising or marketing of such units;

y. A list of community housing organizations that the **Project Sponsor** or the **Project Sponsor**'s marketing representative must work with in order to meet language or cultural needs of **minority communities**;

z. An attached copy of all **planning approvals**, the **NSR** and approved floor plans associated with the **principal project** and any applicable **off-site project**.

3. Conduct of Marketing Plan

a. No marketing of the **BMR unit**(s) shall begin until the **Project Sponsor** has received written approval of the **Marketing Plan** and confirmation from **MOH** of the number, type, location, and price or rent of the **BMR unit**s and permissible income limits of purchasers or tenants, pursuant to Sections II (A), III (A), IV (C), IV (D) of this manual.

b. The **Project Sponsor** or the **Project Sponsor**'s marketing and sales representative shall give adequate time, in no case less than twenty eight (28) days after first public notification or advertisement, for application submissions.

c. The **Project Sponsor** shall alert sales or rental staff to the **BMR unit**s and provide such staff with a copy of this **Manual** and the special **use restriction**s applicable to the **BMR unit**s.

d. The sales or rental programs and procedures shall not have the effect of excluding or discriminating against any person on the basis of race, religion, national origin, sex, sexual preferences, health status, source of income such as disability insurance, social security, TANF, or any other basis prohibited by federal, state or local law.

e. The **Equal Housing Opportunity symbol** shall be displayed in a visible location at any sales of rental office, and

shall be incorporated in all advertisements and printed materials.

f. Units must be advertised in at least five (5) local newspapers that reach **minority** and **low-income, median income and moderate-income** communities in San Francisco for a period of at least 3 weeks and at least one local newspaper of general San Francisco circulation for at least two Sundays prior to the established application deadlines for the **BMR units**.

g. All available BMR units must be listed on the **MOH** website of available BMR units for at least twenty-eight (28) days prior to the application deadline for the BMR unit(s).

F. Marketing Procedures for Resale of **BMR Ownership Unit**s

Marketing of resale of individual **BMR Ownership Unit**s shall be in compliance with all applicable federal, state and local laws related to fair housing. Owners and their agents may be asked to certify that the units have not been marketed in such a manner as to be discriminatory. The procedures for resales are more fully described in Section I of this Manual.

G. Marketing Procedures for Subsequent Rentals of **BMR Rental Unit**s

1. Marketing of re-rental of individual **BMR Rental Unit**s shall be in compliance with all applicable federal, state and local laws related to **fair housing** rules. Owners and their agents may be asked to certify that the units have not been marketed in such a manner as to be discriminatory.

The sales or rental programs and procedures shall not have the effect of excluding or discriminating against any person on the basis of race, religion, national origin, sex, sexual preferences, health status, source of income such as disability insurance, social security, TANF, or any other basis prohibited by federal, state or local law.

2. Upon re-rental, **BMR Rental Unit** managers must follow the process established by **MOH** for re-renting units. This process includes the following:

a. The **Project Sponsor** shall inform **MOH** at least thirty (30) days prior to the intended lease origination date of a new BMR renter of the availability of any such unit before beginning any general marketing;

b. Units must be listed on the **MOH** website list of available **BMR unit**s for at least a seven (7) working day period before

an established application review date. Applications must not be reviewed until the seven (7) working day application period has ended;

c. Applicants must complete a **MOH** BMR rental application and return the application and all supporting materials by the application deadline;

d. **Project Sponsor**s must follow all **fair housing** rules when choosing a new renter for a **BMR unit**;

e. Marketing of **BMR Rental Unit**s following the vacancy of any such unit must include advertisement of that unit in at least one print media for at least one Sunday prior to entering into any rental agreement for that unit.

H. Selection of BMR Buyers or Renters at Initial Sale or Rental of **BMR Units**

1. The **Project Sponsor** shall utilize a public lottery to select BMR buyers or renters. The following guidelines shall be applicable to the lottery process:

a. Lotteries for **BMR unit**s shall be held in a public, accessible location.

b. A non-prioritized list of interested buyers will be kept by **MOH** ("general BMR list"). At least twenty-one (21) days prior to a lottery, all those signed up on the list will be notified of the availability of units and invited to participate in the lottery by **MOH**. The general public will be invited to participate in the lottery, as well.

c. All applicants who have submitted a complete application by the application deadline shall be entered into the lottery.

d. Households submitting significantly incomplete applications may be deemed ineligible to enter the lottery for the purchase or rental of a **BMR unit** or to proceed with a purchase or rental of a **BMR unit** following the lottery.

e. Applicants shall be invited to attend lotteries, but attendance is not mandatory.

f. A representative of **MOH** shall conduct the lottery and record the order of lottery numbers drawn.

g. Within 5 business days, the **Project Sponsor** shall notify all applicants of their position in the lottery and inform **MOH** of the lottery winners' intent to purchase or rent the **BMR unit**.

h. The Project Sponsor shall deliver complete applications and supporting materials of interested lottery winners to **MOH** within 21 days of the lottery date.

i. The Project Sponsor shall adhere to the rank order of the lottery list when offering **BMR units** to lottery winners.

j. Only those household members listed on the BMR application may move in to the BMR unit unless MOH allows the addition of an additional person.

l. **Conversion** of **BMR Rental Unit**s to Ownership Units

When authorized by **planning approval**s or other **use restriction**s placed on a **principal project**, a **BMR Rental Unit** may be permitted to be converted for owner occupancy only upon satisfaction of all of the following additional conditions:

1. If the rental **BMR unit** is subject to **planning approval**s or other **use restrictions** specifying that the **BMR unit** be a rental unit, **conversion** shall be subject to the approval of the Planning Commission;

2. The **conversion** from rental to condominium ownership of the **BMR unit** shall be subject to any applicable **City** procedures, standards, fees and regulations in effect at the time of application;

3. The **BMR unit** must have been maintained in good physical condition as an affordable rental unit at all times since its initial construction;

4. If the **planning approval**s or other **use restrictions** for the **principal project** specified a minimum period during which the **BMR unit** must be rented, that period shall have elapsed;

5. The **Project Sponsor** shall prepare and submit a **Marketing Plan** and conduct sales of the **BMR unit**s in conformity with the Requirements of this **Manual** in force at the time of marketing and sale;

6. The **BMR ownership unit** shall be priced at the level of affordability dictated for the current **BMR rental unit** as stated in the **planning approval**s or other **use restrictions**.

7. The prospective purchaser must be a **first-time homebuyer household** whose combined gross annual household income does not exceed the percentage of **median income** specified in the **planning approval**s or other **use restriction**s for permissible occupancy of the **BMR unit** as a rental unit;

8. Existing tenants who meet the requirements to purchase the **BMR unit** shall be offered a right of first refusal to purchase the unit, which right of first refusal shall afford the tenant at least six (6) months to exercise the right to purchase;

9. Once converted, units shall be subject to all restrictions applicable to the marketing, sale and resale of **BMR Ownership Unit**s as set forth in this **Manual**.

J. Documentation and Enforcement of Sales Restrictions for **BMR Ownership Unit**s

1. At the request of **MOH**, and at the time of the initial or any subsequent sale of a **BMR unit**, the purchaser shall enter into such agreements or other documents as **MOH** may require to ensure that the unit will be subject to the affordability restrictions described in the **planning approval**s or other **use restrictions**.

2. These documents include the following:

a. Promissory Note

i. To secure the obligations contained in the Conditions of Approval, a purchaser of a **BMR unit** shall execute and deliver to the **City** a promissory note in a form prepared by **MOH** (a "BMR Note") in an original principal amount equal to the difference between (i) the **appraised fair market value** of the **BMR unit** at the time of such sale, determined without regard to the sales and rental restrictions on such unit, and (ii) the affordable purchase price owed by the purchaser of that unit at the time of the initial sale of such unit pursuant to the **planning approval**s or other **use restriction**s. All such BMR Notes shall contain the above restrictions on resale and rental of a **BMR unit**. The BMR Note shall provide for a stated rate of deferred interest and/or a stated share of any appreciation in the value of the applicable **BMR unit**.

ii. No BMR Note shall be required if **MOH** determines that the affordable purchase price of the applicable **BMR unit** is approximately equal to the **appraised fair market value** of that unit at the time of its initial sale,

determined without regard to sales or rental restrictions on that unit. In the event that no BMR Note is required for a **BMR unit**, **MOH** may require the recordation of an Acknowledgment of Special Restrictions by the owner of such unit that the unit is subject to the affordability restrictions contained in the **planning approval**s or other **use restriction**s.

iii. Subject to the provision of subparagraph IV (J) (5) below, the BMR Note shall be due and payable, in full, upon (i) the sale of the **BMR unit** to which it pertains, or (ii) in the event of a default of any of the conditions, obligations or covenants contained in the BMR Note (including without limitation the covenant to sell the applicable **BMR unit** in compliance with the **planning approval**s or other **use restriction**s). All funds received by the **City** from the repayment of BMR Notes shall be used to subsidize **low-income** to **moderate-income** housing in the City.

b. Deed of Trust

Repayment of the BMR Note shall be secured by a deed of trust encumbering the applicable **BMR unit** in a form prepared by **MOH**.

c. Grant of Right of First Refusal

BMR buyers shall execute and deliver to the **City** a Grant of Right of First Refusal, a document that requires the seller to notify **MOH** upon resale, giving the **City** the option to exercise their right to substitute a qualified buyer.

d. Buyer Acknowledgment of Special Restrictions

BMR buyers shall execute and deliver to the **City** an Acknowledgement that they have thoroughly reviewed this **Manual** and the recorded **NSR** on the **BMR unit**.

3. Function of Documents

a. Reconveyance of Note and Deed Upon Resale

Upon any resale of a **BMR unit**, assuming (i) that there has been no event of default that is continuing under the existing BMR Note, and (ii) that the resale of the **BMR unit** complies with this **Manual** and the **planning approval**s or other **use restriction**s, **MOH** shall accept a replacement BMR Note made to the order of the **City** by the new

purchaser of the unit, in form and substance acceptable to **MOH**, as full satisfaction of the existing BMR Note by the City, the deed of trust securing the existing BMR Note shall be reconveyed by the City, and the new purchaser of the **BMR unit** shall deliver to the **City** new BMR Note and a new deed of trust securing the new BMR Note and encumbering the applicable **BMR unit**. The principal amount of the new BMR Note shall equal the difference between the **appraised fair market value** of the **BMR unit** and the affordable purchase price owed by the purchaser of such unit at the time of the resale.

b. Term of Note and Deed

i. For **BMR unit**s marketed before the effective date of this **Manual**, the following process applies:

(a) **BMR Ownership Unit**s

Upon the expiration of the 50-year term of the affordability restrictions contained in **planning approval**s or other **use restriction**s for any ownership **BMR unit**, any deed of trust securing a BMR Note shall remain a valid, enforceable lien on the applicable **BMR unit** until the next resale of such unit, at which time the maker of such BMR Note shall pay to the **City** the full amount due under the BMR Note. At such time a BMR Note is repaid pursuant to this subparagraph, the lien of the deed of trust securing such BMR Note shall be released and the unit shall no longer be subject to the affordability restrictions.

(b) **BMR Rental Unit**s

Upon the expiration of the 50-year term of the affordability restrictions contained in the **Conditions of Approval** or by ordinance for any rental **BMR unit** that has remained a rental unit for the duration of the restriction, the unit shall be released from all restrictions and the current building owner may rent the unit at market rate.

ii. For all **BMR unit**s marketed on or after the effective date of this **Manual**, the following process applies:

The **BMR unit** will remain restricted for the **life of the project**. For ownership **BMR unit**s, the BMR note may not be repaid at any time. For rental **BMR unit**s, the rental unit will remain restricted for the **life of the project**.

4. Order of Liens

a. Any liens shall not be subordinated to any other liens or restrictions affecting the project or a **BMR unit** to which the **planning approval**s or other **use restrictions** apply except for the buyer's primary mortgage loan to which the BMR lien may take second place. The BMR lien can only be subordinated to the primary mortgage.

b. The restrictions imposed by **planning approval**s or other **use restrictions**, and any liens recorded pursuant thereto, shall not be subordinated to any other liens or restrictions affecting the project or a **BMR unit** to which the **planning approval**s or other **use restrictions** apply; provided, however, that **MOH** may approve a refinancing of a first-priority mortgage of the **BMR unit** to secure a lower interest rate, in an amount not to exceed the value of the original mortgage plus customary transaction costs.

5. Recordation of Restrictions

Before the issuance of the first site or building permit, a **Notice of Special Restrictions** and other appropriate documentation (including deeds of trust securing the obligations of the purchasers of **BMR unit**s) against the land record shall be filed with the Office of the Recorder of the City and County of San Francisco for the **BMR unit**s in order to implement the **planning approval**s or other **use restrictions**. Such deed restrictions and other recorded documents shall include language restricting the sale of the **BMR unit**s in accordance with **planning approval**s or other **use restrictions**.

K. Conflict of Interest

The **Project Sponsor** may not make an initial sale or rental of a **BMR unit** to the project architect, attorney, prime contractor, or to anyone of its or their employees, directors, officers or agents, or to any of their family members, as determined by **MOH**.

EXHIBIT F

The Community Facilities Obligations

[Attached]

Exhibit F

Developer Obligations from the Community Facilities Plan

The Community Facilities Plan and related Needs Assessment, prepared for the Treasure Island Development Authority ("**TIDA**"), outlined a community facility program for Treasure Island. The following sets forth Developer obligations with regard to the Community Facilities Program.

Joint Use Police and Fire Station – Developer will construct a facility for use as a joint police/fire station in accordance with the timing set forth in the Schedule of Performance. The facility has been estimated to be approximately 20,000 sq ft, but the final design and program of the facility will be developed in conjunction with the City's Office of Emergency Services and Homeland Security, the San Francisco Fire Department, and the San Francisco Police Department, and will be sized to meet their needs.

The Treasure Island/Yerba Buena Island Design for Development allows this use to be developed within the areas designated as mixed-use and the land use plan identifies the island core as the preferred location.

Community Center Space – At TIDA's election, Developer will create 13,500 sq. ft. of Community Center space or provide a payment to the Treasure Island Development Authority of $9.5M (adjusted for inflation) or a combination thereof. If Developer provides physical space for the Community Center program, it may take the form of (i) a new free-standing building(s), (ii) space(s) within a new residential or commercial building(s) or public parking garages, and/or (iii) renovated space within an existing building(s) that are scheduled to remain as part of the final development program, such as Building One or Building Three. The timing of the provision of space or payment will be determined pursuant to the Community Facilities Subsidy provisions of the DDA.

Gymnasium – TIDA will retain the existing gymnasium for health and fitness activities in its current location and Developer will integrate the building into the surrounding park and open space program.

TIHDI Support Space – At the request of the Treasure Island Homeless Development Initiative ("**TIHDI**") Developer will provide TIHDI approximately 2,500 sq. ft. of administrative space (expected to be located in Building 1). In addition, TIHDI will be provided up to 9,500 square feet of general social services space. To the extent the general social services space can be co-located within Community Center Space and TIHDI can regularly access this space, the general social services space square footage can be reduced to 5,500 square feet. The delivery of the general social service space must occur prior to the demolition of the Shipshape Building to allow for the continuous operation of the various TIHDI programs currently housed in that facility.

School Improvement Payment – As set forth in Section 13.3.5 of the DDA, Developer will provide a $5.0M subsidy to be used for the refurbishment of school facilities on Treasure Island.

Childcare Facility – At TIDA's election, Developer will create 15,000 sq. ft. (7,500 sq. ft. of indoor space and 7,500 sq. ft. of outdoor space) of Childcare space or provide a payment to the Treasure Island Development Authority of $2.5M - adjusted for inflation. If Developer provides physical space for Childcare, it may take the form of (i) a new free-standing buildings, (ii) space(s) within a new building(s), or (iii) renovated space with an existing building(s) that are scheduled to remain as part of the final development program, such as Building One or Building Three. Developer is obligated to provide this space or provide the funding no later than the first approved Sub-Phase within Major Phase Three or 18 months before the existing facility is no longer operational due to development activity, whichever comes first, so that the facility can remain operational without interruption.

Chapel – TIDA will retain the Chapel in its current location and Developer will integrate the facility into the adjacent park and open space.

Treasure Island Museum - Developer and the Treasure Island Museum Association will work cooperatively to mutually agree on a space(s) and the timing for delivery of such space(s) that is suitable to meet the programmatic and visitor needs necessary to create a viable museum operation. This space is expected to be located in Building One but could be accommodated in other locations acceptable to both Developer and the Treasure Island Museum Association.

Treasure Island Sailing Center – Pursuant to the Schedule of Performance attached to the DDA, Developer will provide the Treasure Island Sailing Center a parcel of land, approximately 2 acres in size on the southeast portion of Treasure Island that is serviced by the infrastructure necessary to allow the Treasure Island Sailing Center to continue its operation at Treasure Island.

Environmental Education Center - Pursuant to the Schedule of Performance attached to the DDA, Developer will improve a site within the open space program to create an environmental learning center on the Island to help with interpretation and understanding of the ecological resources on Treasure Island and Yerba Buena Island. It is anticipated that the Environmental Education Center will start as interpretive signage in the early phases of the project and once the Open Space program has been substantially completed a site will be located on Treasure Island.

Life Learning Academy – TIDA will retain the Life Learning Academy in its existing location or a new location to be determined, and Developer will integrate it into the surrounding development program as applicable.

Urban Agricultural Park, Marina Plaza, Parks and Open Space – Developer's obligations for the Urban Agricultural Park, the Marina Plaza and the various elements of the Parks and Open Space program are set forth in the Parks and Open Space Plan attached as an Exhibit to the DDA.

The location of all facilities not expressly agreed to in the DDA, whether in new buildings or provided within existing structures, are subject to TIDA's approval.

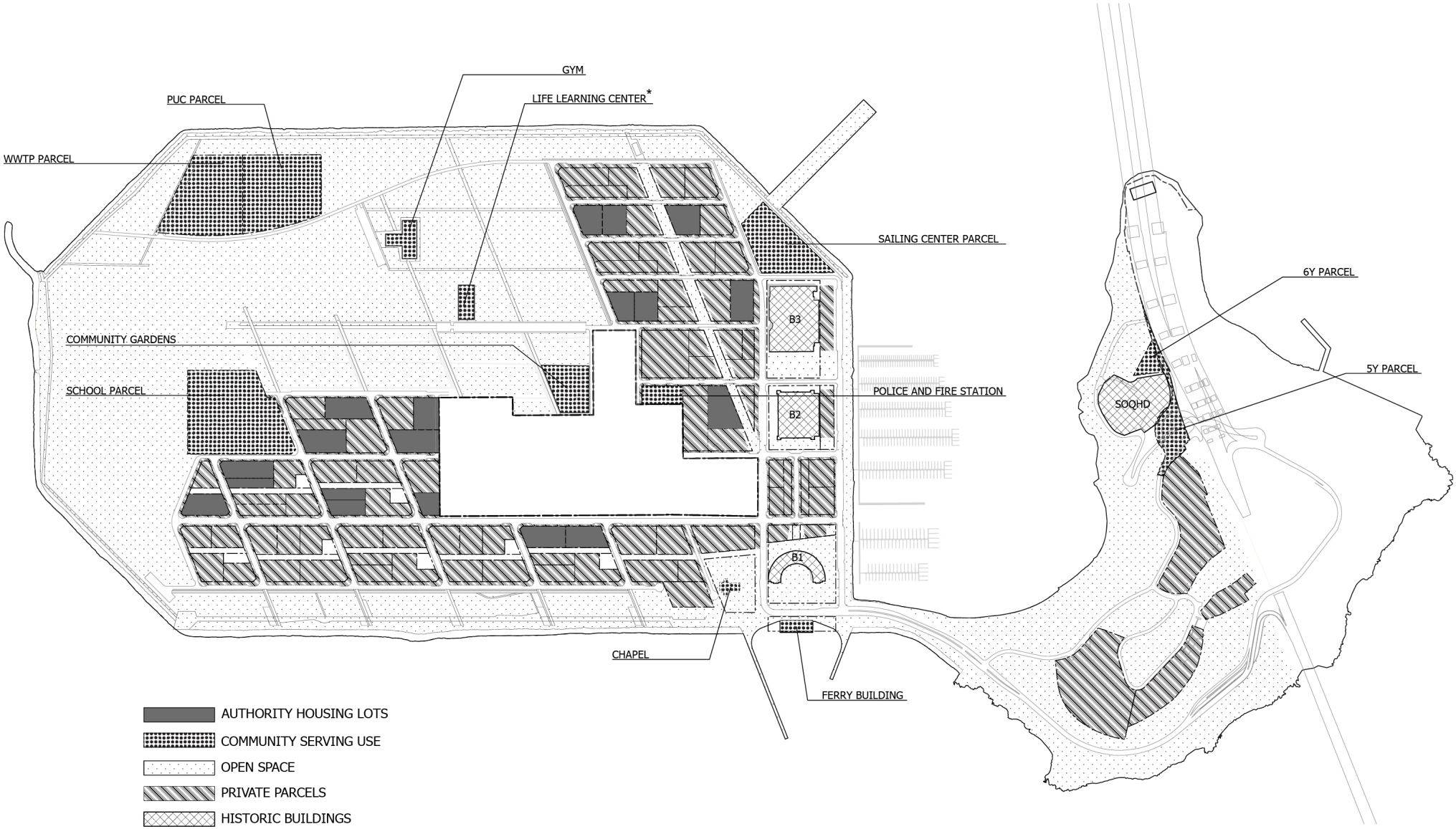
See Schedule of Performance for timing of space provision and payments, unless otherwise noted. All space shall be provided at no cost, unless otherwise indicated.

EXHIBIT G

The Public Property

[Attached]

EXHIBIT G (PUBLIC PROPERTY MAP)



* Current and historical location of Life Learning Academy. Final location to be determined.

EXHIBIT H

Approved Vertical DDA Form

[To be attached upon agreement of the Parties in accordance with terms of Section 28.38 of the DDA.]

EXHIBIT I

Approved Vertical LDDA Form

[To be attached upon agreement of the Parties in accordance with terms of Section 28.38 of the DDA.]

EXHIBIT J

[Intentionally Omitted]

EXHIBIT K

[Intentionally Omitted]

EXHIBIT L

Site 12 Redesign Site

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT M

Ground Lease

[To be attached upon agreement of the Parties in accordance with terms of Section 28.38 of the DDA.]

EXHIBIT N

Transportation Plan Obligations

[Attached]

EXHIBIT N

TRANSPORTATION PLAN OBLIGATIONS

The Authority has adopted a Transportation Plan that describes generally how the transportation program for the Islands will be implemented, including physical construction, transit service, and transportation demand management tools. The Transportation Plan will be implemented by the Treasure Island Mobility Management Agency (TIMMA), in consultation with the Authority, SFMTA, and other transit service providers. The following list comprises the Developer's obligations related to implementation of the Transportation Plan.

Infrastructure and Facilities

- Developer shall construct streets, sidewalks, and bicycle paths, as described and in accordance with the Infrastructure Plan attached to the DDA. The streets shall include bicycle racks, bus shelters, and other streetscape improvements to be proposed by Developer and Approved by the Authority as part of the Streetscape Master Plan required to be submitted prior to the first Major Phase Approval.

- Developer shall construct a ferry quay and terminal in two phases, as described and in accordance with the Infrastructure Plan attached to the DDA.

- Developer shall provide a subsidy of $11,171,359.00 to the Authority for the reimbursement of design and construction costs associated with the ramps and viaduct projects. The terms of the subsidy are more specifically described in Section 13.3.6 of the DDA. As of the A&R Reference Date, Developer has fully satisfied this subsidy.

Transit Capital

- Developer shall provide a subsidy of $1.8 million to Authority for use by SFMTA to purchase buses to serve the Project. The terms of the subsidy are more specifically described in Section 13.3.2(b) of the DDA.

- Developer shall provide a subsidy of $13.9 million to the Authority for certain transportation capital needs. The terms of the subsidy are more specifically described in Section 13.3.2(c) of the DDA.

Transportation Demand Management Programs

- Developer shall purchase bicycles and equipment to establish the bicycle library, up to a maximum expenditure of $110,000. The library itself will be located in or near the ferry terminal building, to be constructed by Developer as described and in accordance with the Infrastructure Plan attached to the DDA, or as otherwise mutually agreed by the Parties.

- Developer shall provide up to 500 SF of office space for the TIMMA's Administrative Offices, expected to be located in Building 1. The cost of office tenant improvements, office equipment and furniture, and utilities will be borne by the TIMMA through its annual

budgeting process, which will be supplemented by a Developer subsidy as described in Section 13.3.2 of the DDA.

- Authority and/or the TIMMA, in collaboration with the Developer and through a public process, shall update the Transportation Plan within one year of the time that building permits are issued for the 2,000th, 4,000th, 6,000th and 8,000th units based on documented travel behavior and the actual performance of the Project's transportation program, including Transportation Demand Management measure that have been implemented to that point, and make adjustments to the Transportation Plan as necessary to achieve the cumulative goals.

Operating Subsidy

- Developer shall provide an operating subsidy of $30 million, to be drawn by the Authority as needed on an annual basis, as more specifically described in Section 13.3.2(a) of the DDA.

Additional Transportation Subsidy

- Developer shall pay the TIMMA an additional transportation subsidy in the total amount of $5 million, in five (5) consecutive annual installments of $1 million per year, payable in accordance with Section 13.3.2(d) of the DDA if the transit report required to be prepared within one year after the first certificate of occupancy is issued for the 4,000th dwelling unit on the Project Site, as more specifically described in Section 13.3.2(d) of the DDA, shows residential transit mode share is 50% or less.

106812482.9

EXHIBIT O

Sustainability Obligations

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT P

Treasure Island Jobs and Equal Opportunity Policy

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT Q

Pre-Approved Arbiters List

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT R

Form of Reversionary Quitclaim Deed

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT S

Summary Proforma

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT T

Auction Bidder Selection Guidelines for Commercial Lots

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT U

Qualified Appraiser Pool

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT V-1

Appraisal Instructions (Non-Critical Commercial Lots)

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT V-2

Appraisal Instructions (Residential Lots)

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT W

Auction Bidder Selection Guidelines for Residential Auction Lots

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT X

Guidelines for Residential Auction Lot Selection

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT Y-1

Form of Guaranty (Base Security)

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT Y-2

Form of Guaranty (Adequate Security other than Base Security)

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT Z

Form of Architect's Certificate

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT AA

Form of Authority Quitclaim Deed

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT BB

Form of Certificate of Completion

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT CC

DRDAP

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT DD

Form of Engineer's Certificate

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT EE

Financing Plan

[Attached]

Exhibit EE

AMENDED AND RESTATED FINANCING PLAN

(TREASURE ISLAND/YERBA BUENA ISLAND)

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Exhibit EE

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AMENDED AND RESTATED FINANCING PLAN
(TREASURE ISLAND/YERBA BUENA ISLAND)

This AMENDED AND RESTATED FINANCING PLAN (Treasure Island/Yerba Buena Island) (the "**Financing Plan**") implements and is part of both the DDA and the City DA. As used in this Financing Plan, capitalized terms used herein have the definitions given to them in Section 7.2.

1. OVERVIEW

1.1 Project Purposes; Project Accounts

(a) Funding Goals. Developer and Authority are entering into the DDA, and Developer and City are entering into the City DA, both of which include this Financing Plan as an exhibit, with the following financial goals for the Project (collectively, the "**Funding Goals**"):

(i) Ensure that the proposed Project is economically and fiscally feasible.

(ii) Ensure timely delivery of Infrastructure and Stormwater Management Controls to support the City's delivery of housing, generally, and Affordable Housing Units, in particular.

(iii) Fund the proposed Project's capital costs and on-going operation and maintenance costs relating to the development and long-term operation of the Project Site (including community facilities, open space maintenance and transportation) from revenues generated by the Project that would not exist but for the Project, including land sales, lease revenues, project-generated public financing revenues, and other tax and General Fund revenues created by the Project – in a manner that does not negatively impact the City's General Fund revenues over the life of the Project, except as otherwise set forth herein.

(iv) Ensure that the provision of the community benefits and facilities described in the DDA and City DA are a priority of the Project.

(v) Provide a mechanism for Authority and Navy participation in Net Cash Flow from the development of the Project in the event Developer achieves a return in excess of agreed upon rates of return, and as consistent with the terms of the Conveyance Agreement.

(vi) Incorporate the legal restrictions on the allowable uses of Gross Revenues arising under (i) the Conveyance Agreement and (ii) State law applicable to the Public Trust Parcels.

(vii) Provide mechanisms and Funding Sources that will allow Developer to maximize Developer's IRR.

(viii) Maximize Funding Sources available to finance Qualified Project Costs, by, among other things, to the extent reasonably feasible and consistent with this Financing Plan, using tax-exempt debt.

(ix) Minimize the costs to Developer (such as costs of credit enhancement) associated with the Funding Sources to the extent reasonably feasible and to use debt requiring credit enhancement only with Developer's written consent.

(x) Provide financing of the Housing Costs in the manner set forth in Section 3.6 and Section 3.7(c).

(xi) Implement sound and prudent public fiscal policies that protect the City's General Fund, Authority's general funds, and the City's and Authority's respective financial standings and fiduciary obligations, while operating within the constraints of this Financing Plan and, as applicable, the IFD Act, the CFD Act, the CFD Goals, and Tax Laws.

(b) Purpose of Financing Plan. The purpose of this Financing Plan is to establish the contractual framework for mutual cooperation between Authority, City, and Developer in achieving the Funding Goals necessary to implement the Project. Accordingly, Authority and City shall take all actions reasonably necessary, and Developer shall cooperate reasonably with the efforts of:

(i) City to form requested CFDs, adopt RMAs, and levy Project Special Taxes within CFDs and incur CFD Bonds to pay as applicable Qualified Project Costs, Ongoing Park Maintenance, and, when authorized pursuant to Section 2.8, Additional Community Facilities.

(ii) City to form requested IFDs and to approve IFPs for each IFD that provide for the issuance of IFD Debt that is consistent with the Funding Goals to pay Qualified Project Costs.

(iii) City to allocate and approve IFPs that provide for the application of Net Available Increment to pay Qualified Project Costs as provided in this Financing Plan, and to allocate Conditional City Increment to pay debt service on IFD Debt as provided in this Financing Plan.

(iv) City to take steps required to provide Alternative Financing to the Project as provided in this Financing Plan.

(v) City and Authority to finance Ongoing Park Maintenance in the manner described in this Financing Plan.

(c) Project Accounts.

(i) Developer shall, and shall require all Transferees to, establish and maintain one or more accounts (each, a "**Project Account**") with

the San Francisco branches of financial institutions Approved by Authority to which all Gross Revenues shall be deposited. Financial institutions holding Project Accounts may be changed from time to time with Approval of Authority and Developer.

(ii) Developer shall, and shall require all Transferees: (A) not to commingle funds held in a Project Account with funds not related to the Project, including Affiliate accounts; and (B) to retain and make statements and all other records related to Project Accounts available for Authority's review and audit in accordance with Section 1.6.

(d) Security Interest in Project Accounts. Provided (A) Developer has completed all Developer Construction Obligations and (B) Authority has received an IRR Statement showing that Developer has achieved a cumulative IRR of more than 22.5% at the end of the last Quarter of the Reporting Period covered by such IRR Statement, Developer and Authority shall cooperate reasonably with one another to provide Authority and the Navy with security for Developer's obligation to make payments in accordance with Section 1.3. Security will be in the form of perfected security interests in the Project Accounts superior to any other security interests, evidenced by a UCC-1 financing statement and a control agreement with each financial institution holding a Project Account, or by other arrangements Approved by both Developer and Authority.

1.2 Funding Sources for Project Costs

(a) Funding Sources. Sources of public funding that will be used to pay or reimburse Developer for Qualified Project Costs include, but are not limited to: (A) Public Financing; (B) proceeds of Project Grants that Authority procures to the extent applied to Project Costs under Section 4.3; (C) Project Special Taxes and Remainder Taxes; (D) Net Available Increment and other Increment allocated to Qualified Project Costs pursuant to Section 3.7(c); and (E) Net Interim Lease Revenues described in Section 6.1(a)(iv). The sources identified in clauses (A)-(E) are collectively referred to in this Financing Plan as "**Funding Sources**."

(b) Limited Public Obligation. Other than as set forth in this Financing Plan, including with respect to Alternative Financing, Developer acknowledges that in no event may the City's General Fund or any of Authority's general funds be obligated to finance the Qualified Project Costs without City's or Authority's express written consent, as applicable.

(c) Developer Sources.

(i) Developer Contributions for Project Costs. Developer's sources for Project Costs include: (A) Developer equity; (B) Gross Revenues; (C) Developer construction and development financing; and (D) proceeds of Project Grants that Developer procures.

(ii) Developer Construction Obligations. Developer acknowledges that the Developer Construction Obligations will not be affected if Project Costs exceed the actual Funding Sources.

1.3 Distribution of Net Cash Flow

(a) Implementation of Conveyance Agreement.

(i) Under the Conveyance Agreement, Authority and the Navy agreed that the Net Cash Flow from the Project will be shared by the Navy after certain thresholds are met. Authority shall also share in the Net Cash Flow after certain thresholds are met. This Section 1.3 implements (i) the provisions of the Conveyance Agreement and (ii) Authority and Developer's agreement with respect to the sharing of Net Cash Flow between them.

(ii) To the extent Authority has not paid the Initial Navy Consideration with Net Interim Lease Revenues pursuant to Section 6.1(a)(ii) or as otherwise provided in this Financing Plan, Developer will pay to Authority or Navy (on behalf of Authority) the Initial Navy Consideration in the manner described in Section 4.2 of the Conveyance Agreement and any related late payment penalties caused by Developer's failure to make timely payments to Navy, on behalf of Authority, as such penalties are imposed pursuant to Section 4.3.4 of the Conveyance Agreement.

(b) Calculation of IRR. Within forty-five (45) days after the expiration of the eighth full calendar Quarter occurring after the Initial Closing and forty-five (45) days after the expiration of each subsequent Quarter during the Term of the Conveyance Agreement with respect to the Navy, and until the Cash Flow Distribution Termination Date with respect to Authority, Developer shall submit a reasonably detailed statement to Authority and the Navy (the "**IRR Statement**") accompanied by an Accounting consistent with the Conveyance Agreement showing (i) for any IRR Statement provided during the Initial Consideration Term, the cumulative IRR achieved as of the end of each of the eight (8) immediately prior Quarters, and (ii) for any IRR Statement provided after expiration of the Initial Consideration Term, the cumulative IRR achieved as of the end of each of the six (6) prior Quarters (the eight or six Quarter Period, as applicable, the "**Reporting Period**"). The IRR Statement shall also calculate the average IRR over the Reporting Period, calculated by adding the cumulative IRR shown for each Quarter in the Reporting Period and dividing the total by the number of Quarters in the Reporting Period.

(c) Share of Net Cash Flow.

(i) Until the IRR Statement shows that Developer has achieved an average IRR of more than 18.00% over the Reporting Period, all Net Cash Flow shall be distributed to Developer.

(ii) If the IRR Statement shows that Developer has achieved an average IRR of more than 18.00% over the applicable Reporting Period, then

Developer, on behalf of Authority, shall within forty-five (45) days after the end of the last Quarter of the applicable Reporting Period until the earlier of (A) such time as the aggregate amount of First Tier Payments equals Fifty Million Dollars ($50,000,000) ("**First Tier Compensation**") and (B) the Termination Date, pay the Navy an amount that would reduce the cumulative IRR as of the end of the Reporting Period to 18.00% (each, a "**First Tier Payment**"). Developer shall pay to Navy on behalf of Authority any related late payment penalties caused by Developer's failure to make timely payments to Navy, on behalf of Authority, as such penalties are imposed pursuant to Section 4.3.4 of the Conveyance Agreement.

(iii) If an IRR Statement shows that Developer has achieved, after reducing Net Cash Flow by the amount of any First Tier Payments, an average IRR of more than 22.5% within the applicable Reporting Period, then Developer, on behalf of Authority, shall within forty-five (45) days after the end of the last Quarter of the applicable Reporting Period, for the periods specified below, pay (A) during the Term, to the Navy 35% of the total amount of Net Cash Flow that would reduce the cumulative Developer's IRR to 22.5% as of the end of the Reporting Period (per the calculation methodology provided for in Exhibit DD to the Conveyance Agreement) (each, a "**Second Tier Payment**") and (B) to Authority, (i) during the Term, 10% of the total amount of Net Cash Flow and (ii) after the Term and continuing until the Cash Flow Distribution Termination Date, 45% of the total amount of Net Cash Flow, in each case that would reduce the cumulative IRR to 22.5% as of the end of the Reporting Period (per the calculation methodology provided for in Exhibit DD to the Conveyance Agreement) (an "**Authority Second Tier Payment**"). Developer shall pay to Navy, on behalf of Authority, any related late payment penalties caused by Developer's failure to make timely payments to Navy, on behalf of Authority, as such penalties are imposed pursuant to Section 4.3.4 of the Conveyance Agreement.

(iv) If an IRR Statement shows that Developer has achieved, after reducing Net Cash Flow by the amount of any First Tier Payments, Second Tier Payments, and Authority Second Tier Payments, an average IRR of more than 25.0% within the applicable Reporting Period, then Developer shall within forty-five (45) days after the end of the last Quarter of the applicable Reporting Period until the Cash Flow Distribution Termination Date, pay Authority an additional 5% of the total amount of Net Cash Flow that would reduce the cumulative Developer's IRR to 25.0% as of the end of the Reporting Period (per the calculation methodology provided for in Exhibit DD to the Conveyance Agreement) (each, an "**Authority Third Tier Payment**"), such that the share of Net Cash Flow above the IRR threshold of 25% to the Navy, Authority, and Developer are 35%, 15%, and 50%, respectively, during the Term, and 0%, 50%, and 50%, respectively, after the Term.

(v) Exhibit DD to the Conveyance Agreement provides a demonstration of the IRR calculation and the sharing of Net Cash Flow.

(d) Accounting. Developer shall maintain accurate books and records specific to the Project setting forth all components used for determining the Additional Consideration and the Authority Consideration, including, without limitation, each component of Net Cash Flow, and to determine the amount of Redesign Costs and credits against Initial Navy Consideration and Additional Consideration. Each IRR Statement submitted by Developer shall be accompanied by a complete Accounting. The Accounting shall be in conformance with GAAP where applicable, or with respect to the IRR Statement, in conformance with appropriate industry standards.

(e) Reconciliation of Final Conveyance Agreement IRR.

(i) Developer shall, within one hundred and eighty (180) days after the Termination Date, submit a final Accounting to Authority and the Navy, showing Developer's cumulative IRR for the entire term of the Project through the Termination Date (the "**Final Conveyance Agreement IRR**") and all payments of Additional Consideration made to the Navy on behalf of Authority hereunder during the period specified in Section 1.3(c) and all payments of Authority Consideration made to Authority hereunder during the same period (the "**Final Conveyance Agreement IRR Statement**"). The Final Conveyance Agreement IRR Statement and Accounting shall be performed and certified by an independent CPA in accordance with appropriate industry standards.

(ii) If the Final Conveyance Agreement IRR Statement and Accounting discloses that the Final Conveyance Agreement IRR exceeded 18% but the First Tier Payments to the Navy were less than the amount required by Section 1.3(c)(ii), Developer shall pay to the Navy on behalf of Authority the amount of Net Cash Flow necessary to reduce the Final Conveyance Agreement IRR to 18%, so long as the total of all First Tier Payments does not exceed the maximum amount required by Section 1.3(c)(ii).

(iii) If the Final Conveyance Agreement IRR Statement and Accounting discloses that the Final Conveyance Agreement IRR exceeded 22.5%, but the Second Tier Payments totaled less than 35% of Net Cash Flow for the Project during the Term above a 22.5% Final Conveyance Agreement IRR, then Developer shall cause to be paid to Navy on behalf of Authority the amount of Net Cash Flow necessary to raise the total of Second Tier Payments to equal 35% of all Net Cash Flow during the Term above a 22.5% Final Conveyance Agreement IRR.

(iv) If the Final Conveyance Agreement IRR Statement and Accounting discloses that the Final Conveyance Agreement IRR exceeded 22.5%, but Authority Second Tier Payments during the Term totaled less than 10% of Net Cash Flow for the Project during the Term above a 22.5% Final Conveyance Agreement IRR, then Developer shall cause to be paid to Authority the amount of Net Cash Flow necessary to raise the total of Authority Second Tier Payments during the Term to equal 10% of all Net Cash Flow during the Term above a 22.5% Final Conveyance Agreement IRR.

(v) If the Final Conveyance Agreement IRR Statement and Accounting discloses that the Final Conveyance Agreement IRR exceeded 25.0%, but Authority Third Tier Payments during the Term totaled less than 5% of Net Cash Flow for the Project during the Term above a 25.0% Final Conveyance Agreement IRR, then Developer shall cause to be paid to Authority the amount of Net Cash Flow necessary to raise the total of Authority Third Tier Payments during the Term to equal 5% of all Net Cash Flow during the Term above a 25.0% Final Conveyance Agreement IRR.

(f) Reconciliation of Final IRR.

(i) Developer shall, within one hundred and eighty (180) days after the Cash Flow Distribution Termination Date, submit a final Accounting to Authority, showing Developer's cumulative IRR for the entire term of the Project through the Cash Flow Distribution Termination Date (the "**Final IRR**") and all payments of Authority Consideration made to Authority hereunder (the "**Final IRR Statement**"). The Final IRR Statement and Accounting shall be performed and certified by an independent CPA in accordance with appropriate industry standards.

(ii) If the Final IRR Statement and Accounting discloses that the Final IRR exceeded 22.5%, but during the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date, Authority Second Tier Payments hereunder totaled less than 45% of Net Cash Flow for the Project above a 22.5% Final IRR during the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date, then Developer shall cause to be paid to Authority the amount of Net Cash Flow necessary to raise the total of Authority Second Tier Payments to equal 45% of all Net Cash Flow above a 22.5% Final IRR for the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date.

(iii) If the Final IRR Statement and Accounting discloses that the Final IRR exceeded 25.0%, but Authority Third Tier Payments hereunder totaled less than 5% of Net Cash Flow for the Project above a 25.0% Final IRR during the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date, then Developer shall cause to be paid to Authority the amount of Net Cash Flow necessary to raise the total of Authority Third Tier Payments to equal 5% of all Net Cash Flow above a 25.0% Final IRR during the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date.

(g) Reconciliation of Redesign Costs. Within one hundred eighty (180) days after completion of all planning, entitlement, design and rebuilding work required under the Redesign Plan, as evidenced by City acceptance of all public improvements and final building inspection sign-off for all improvements as identified in the Work Program, Developer shall provide Authority and the Navy with a statement that includes an Accounting of all Redesign Costs actually incurred by Developer and

Authority and a statement of the amount to be credited against Initial Consideration in accordance with Section 4.3.6.2 of the Conveyance Agreement. The Accounting shall be performed and certified by an independent CPA in accordance with GAAP.

(h) Submission of IRR Statements. Developer shall continue to submit the IRR Statement and Accounting (A) to the Navy and Authority until the Termination Date, and (B) to Authority only following the Termination Date until the Cash Flow Distribution Termination Date.

(i) Compliance with Conveyance Agreement. Developer shall provide Authority with all information and shall cooperate with Authority to the extent necessary for Authority to comply with its reporting and audit obligations under the Conveyance Agreement.

(j) Audit. Authority shall be entitled from time to time to audit Developer's books, records, and accounts pertaining to the Net Cash Flow and all components thereof, the payment of Additional Consideration, the calculation and payment relating to the Authority Second Tier Payments and Authority Third Tier Payments, the calculation, payments and credits relating to the Redesign Costs, and shall be entitled to allow the Navy to undertake an audit to the extent described in Section 4.3.7 of the Conveyance Agreement. Such audit shall be conducted during normal business hours upon ten (10) business days' notice at the principal place of business of Developer and other places where records are kept. Authority shall provide Developer with copies of any audit performed. If it shall be determined as a result of such audit that there has been a deficiency in the payment of any Additional Consideration, Authority Second Tier Payments and Authority Third Tier Payments, Developer shall immediately pay any such deficiency with interest at the Default Interest Rate. In addition, if it shall be determined as a result of such audit that an Accounting has understated the Net Cash Flow for the applicable period by more than five percent (5%), Developer shall be required to pay, in addition to interest as aforesaid, all of Authority's costs and expenses and all of the Navy's costs and expenses connected with the audit or review of Developer's accounts and records for the Project. All such payments shall be paid within thirty (30) days of receipt of written notice to Authority of such underpayment and such audit costs shall not be allowed as a Development Cost. The issue of whether Net Cash Flow is understated or overstated by five percent (5%) or more may be arbitrated according to the procedures in section 15 of the DDA, but the arbitration must be conducted by arbitrators who have at least ten (10) years' experience in arbitrating disputes involving complex financial accounting.

(k) Excess Land Appreciation Structure Profits. To the extent it is commercially reasonable to do so and consistent with market practices for each product type at the time, all sales agreements, leases or subleases, as applicable, between a Vertical Developer and Developer will require Vertical Developer to pay Developer a percentage of any net profits above a mutually agreed-upon forecasted rate arising from the Excess Land Appreciation Structure. The net profits from the Excess Land Appreciation Structure actually received by Developer shall constitute Gross Revenues.

1.4 Reimbursements of Additional Consideration

(a) Additional Consideration in Event of Termination. In the event that Authority terminates all or any portion of the DDA before the issuance of the last Certificate of Completion for the Project for any reason, Authority shall do the following:

(i) require that any other developer that agrees to develop the property in the Project Site (the "**Other Developer**") make payments of Net Cash Flow to Authority in the same manner as set forth in Section 1.3;

(ii) in calculating the amount of the First Tier Payments and Second Tier Payments to be paid to the Navy, Authority shall calculate such amounts based on the cumulative IRR for the Project Site as a whole, and not on the cumulative IRR of any particular developer's project;

(iii) to ensure that Authority has sufficient funds, however, to pay the Navy its First Tier Compensation, the First Tier Payments shall be calculated separately for Developer and each Other Developer, and any First Tier Payments payable under the separate calculations shall be paid to Authority by Developer and each Other Developer, as applicable, and held as a deposit to be used to pay the Navy its First Tier Compensation (calculated based on the Project Site as a whole) as and when due, with any excess remaining on deposit with the Authority pending the payment of the full amount of the First Tier Compensation to the Navy;

(iv) if, following the payment of the First Tier Compensation to the Navy, the amount Authority collected from Developer and each Other Developer is greater than the amount of the First Tier Compensation actually paid to the Navy, then Developer and each Other Developer shall be reimbursed such excess amounts pro rata (based upon the cumulative amount Developer and each Other Developer paid in First Tier Payments);

(v) to ensure that Authority has sufficient funds to pay the Navy its Second Tier Participation, the Second Tier Payments shall be calculated separately for Developer and each Other Developer, and any Second Tier Payments payable under the separate calculations shall be paid to Authority by Developer and each Other Developer, as applicable, and held as a deposit, to be used to pay the Navy its Second Tier Participation (calculated based on the Project Site as a whole) as and when due, with any excess remaining on deposit with the Authority pending the calculation of the Final Conveyance Agreement IRR for the Project Site as a whole; and

(vi) if, following the determination of the Final Conveyance Agreement IRR for the Project Site as a whole, the amount Authority has on deposit from Developer and each Other Developer from Second Tier Payments is greater than the amount of Second Tier Participation actually paid to the Navy, then Developer and each Other Developer shall be reimbursed such excess

amounts pro rata (based upon the cumulative amount Developer and each Other Developer paid in Second Tier Payments over the Term).

1.5 Consultants

(a) Authority Consultants. City and Authority, following consultation with Developer, will select any consultants necessary to implement their respective portions of this Financing Plan, including the formation of any IFD and CFD and the issuance of any Public Financing. To the extent that similar consultants are retained customarily by local agencies in California that engage in public financing similar or of similar complexity to the Public Financing, the consultants may include special tax consultants, tax increment fiscal consultants, appraisers, property insurance providers, financial advisors, bond underwriters, absorption consultants, bond counsel, bond trustees, escrow agents, and escrow verification agents. City's and Authority's reasonable out-of-pocket costs that are not contingent upon the issuance of a Public Financing will be advanced by Developer pursuant to a deposit agreement to be entered into among City, Authority, and Developer, and Developer shall be entitled to reimbursement of such advances from the proceeds of the Public Financing if authorized by the applicable CFD Act, the IFD Act, Tax Laws, and other governing law. To the extent not advanced by Developer, City's and Authority's reasonable out-of-pocket costs that are customarily paid by local agencies in the State for Public Financing consultants will be reimbursed from the proceeds of a Public Financing to the extent permitted under the CFD Act, the IFD Act, applicable Tax Laws, and other governing law.

(b) Developer Consultants. Developer may engage its own consultants to advise it on matters related to this Financing Plan or any Public Financing, and its reasonable out-of-pocket costs will be reimbursed from the proceeds of a Public Financing to the extent permitted under the CFD Act, the IFD Act, applicable Tax Laws, and other governing law. To the extent Developer is not reimbursed from the proceeds of a Public Financing, such costs will be Soft Costs.

1.6 Recordkeeping

(a) Annual Reports.

(i) Commencing as of the date that Developer obtains the Major Phase Approval for the Initial Major Phase and ending on the later of (A) the date on which Developer has received the final Certificate of Completion for all of the Infrastructure and Stormwater Management Controls and (B) the earlier of (i) the date on which Developer has been reimbursed for all Qualified Project Costs and (ii) the date on which there are no further Gross Revenues available to reimburse Developer for Qualified Project Costs, Developer shall prepare and deliver to Authority an annual financial report on the Project no later than four (4) months following the end of each Developer Fiscal Year for which a report is due (each, an "**Annual Report**"). If Developer obtains a Major Phase Approval less than six (6) months before the end of a Developer Fiscal Year, Developer may include reporting for that Major Phase in the Annual Report for the next

Developer Fiscal Year. If any Annual Report shows any material discrepancy, then Developer must correct the discrepancy in its Records, and Developer and the Authority agree to meet and confer on the best method for correcting any overpayment or underpayment by the end of the next quarter in the Developer Fiscal Year.

(ii) Annual Reports must include the following information, reported separately for each Major Phase for which a Major Phase Approval has been obtained and in the aggregate for the Project as a whole: (A) updated estimates of and actual Project Costs, Qualified Project Costs, and Gross Revenues; (B) if applicable, variances from the prior Annual Report; (C) a statement reflecting the application of any Net Cash Flow that Developer has received during the prior Developer Fiscal Year; (D) a statement of Qualified Project Costs reimbursed from Funding Sources; (E) a statement of Qualified Project Costs previously incurred but not yet reimbursed from the Funding Sources; (F) new development expected to occur or that is occurring, the assessed value of which is expected to be included on the secured real property tax roll for the next Fiscal Year; and (G) any sales of Lots under article 17 of the DDA that are expected to occur and the assessed value of which is expected to be included on the secured real property tax roll for the next Fiscal Year.

(iii) Developer's Annual Report must cover the entire Project, even if Developer has Transferred part or all of its interest in a Major Phase or Sub-Phase to a Transferee.

(iv) Developer's obligation to provide Annual Reports will terminate as to any portion of the Project as to which the DDA is terminated after Developer has provided to Authority the Annual Report covering the Developer Fiscal Year during which the termination took effect.

(b) Developer Books and Records. Developer shall maintain books and records of all: (i) Gross Revenues; (ii) application of Funding Sources to Qualified Project Costs; and (iii) Project Costs, organized by Major Phases, in accordance with generally accepted accounting principles consistently applied, or in another auditable form Approved by Authority (the "**Records**"). Developer shall maintain Records for each Major Phase in the City or at another location Approved by Authority for at least four (4) years after the applicable Major Phase closing date. After reasonable notice, Developer shall make the Records available to Authority at reasonable times.

(c) Authority Records. Authority shall provide copies of its audited financial statements relating to the Project Site to Developer as soon as practicable following their public filing or release.

(d) City Records. City shall provide copies of its audited financial statements relating to the Project Site to Developer as soon as practicable following its public filing or release.

(e) Accounting. Developer, City, and Authority will separately track the use of all Funding Sources and any revenues generated from the Project as a whole and from the Public Trust Parcels in order to ensure that they are used only for purposes consistent with this Financing Plan and applicable law.

1.7 Authority's Unreimbursed Costs. If: (a) Developer commits a Material Breach under the DDA; (b) Authority obtains a final judgment for the payment of any related amount under article 15 of the DDA; and (c) Authority makes demand for payment of the amount of the final judgment on any Adequate Security, but does not receive payment within thirty (30) days after Authority's written demand, then Authority may, to the extent permitted under applicable law, recover from any available proceeds of a Public Financing the amount of the final judgment, plus Authority's costs of collection and interest at the rate of ten percent (10%) per annum of the amount of the final judgment, calculated from the date the payment was due until paid in full, compounded annually.

2. COMMUNITY FACILITIES DISTRICT FINANCING

2.1 Formation of CFDs

(a) Formation. City shall establish all CFDs from time to time as Developer acquires Sub-Phases under the DDA. All CFDs will be formed and administered to achieve the Funding Goals and in accordance with the CFD Act and the CFD Goals. Developer acknowledges that the CFD Goals will prevail over any inconsistent terms in this Financing Plan, unless the Board of Supervisors in its sole discretion Approves a waiver of the CFD Goals. Any CFD may include separate Improvement Areas and tax zones. In addition, Developer and City may agree to identify property for future annexation and additional public capital facilities for the Project to be financed under the CFD Act in the CFD formation documents.

(b) Taxable Parcels. Developer and City intend that Project Special Taxes will be levied against all Taxable Parcels for the purposes described in this Financing Plan and agree that all Exempt Parcels will be exempt from Project Special Taxes.

(c) Petition.

(i) At any time, and from time to time, after Authority acquires all or part of the Project Site from the Navy, Developer may petition City under the CFD Act from time to time to establish one or more CFDs within the Sub-Phase. In its petition, Developer may include proposed specifications for the CFD, including Assigned Project Special Tax Rates, Project Special Tax rates, CFD boundaries and any proposed Improvement Areas and tax zones within the CFD (which may include one or more Sub-Phases or Major Phases), the identity of any property to be annexed into the CFD at a later date, the total tax burden that will result from the imposition of the Project Special Taxes (subject to the 2% Limitation for Taxable Residential Units), and other provisions. Developer's proposed specifications will be based on Developer's development plans, market

analysis, and required preferences, but in all cases will be subject to this Financing Plan, the Funding Goals, and the CFD Goals.

(ii) Following City's receipt of a petition, Developer and City will meet with City's Public Financing consultants to determine reasonable and appropriate terms of the proposed CFD that are consistent with Developer's petition and the Funding Goals.

(d) Authorized Uses. Each CFD shall be authorized to finance all of the Qualified Project Costs, Additional Community Facilities, and Ongoing Park Maintenance, irrespective of the geographic location of the improvements financed or maintained.

(e) Joint Community Facilities Agreements. Under the CFD Act, City may be required to enter into a joint community facilities agreement with another Governmental Entity that will own or operate any of the Infrastructure and Stormwater Management Controls. Authority and the City have agreed that the Interagency Cooperation Agreement, which will be executed in connection with the DDA, is a joint community facilities agreement under the CFD Act for all of the Infrastructure and Stormwater Management Controls to be financed by CFDs and owned or operated by the Authority. City and Developer agree that they will take all steps necessary to procure the authorization and execution of any other required joint community facilities agreement with a Governmental Entity other than Authority before the issuance of any CFD Bonds that will finance Infrastructure and Stormwater Management Controls that will be owned or operated by such Governmental Entity other than Authority.

(f) Notice of Special Tax Lien. Project Special Taxes will be secured by recordation in the Official Records of continuing liens against all Taxable Parcels in the applicable CFD.

2.2 Scope of CFD-Financed Costs

(a) Authorized Costs. A CFD may finance only Qualified Project Costs, Additional Community Facilities, and Ongoing Park Maintenance that: (a) are financeable under the CFD Act; and (b) qualify under Tax Laws, if CFD Bonds are issued and if CFD Bonds are issued as tax-exempt bonds.

2.3 Parameters of CFD Formation

(a) Cooperation. Developer and City agree to cooperate reasonably in developing an RMA for each CFD that is consistent with this Financing Plan and, to the extent consistent with this Financing Plan, Developer's petition. Developer and City will each use good-faith reasonable efforts at all times to furnish timely to the other, or to obtain and then furnish to the other, any information necessary to develop an RMA, such as legal boundaries of the property to be included and Developer's plans for the types, sizes, numbers, and timing for construction of Buildings, within the applicable CFD. Each CFD will be subject to its own RMA and authorized bonded indebtedness limit.

(b) RMA Consultants and Approval. The RMA for any CFD will be: (i) developed by City's special tax consultant, in consultation with Developer and City's staff and other consultants; (ii) consistent with Developer's petition to the extent consistent with this Financing Plan; and (iii) subject to Approval of the Board of Supervisors in the resolution of formation. Project Special Taxes on any Taxable Parcel must not exceed any applicable maximum rate specified in the CFD Goals and this Financing Plan, unless otherwise Approved by the Board of Supervisors and Developer.

(c) Priority Administrative Costs. In the formation process for each CFD, City and Developer will agree on the amount of annual CFD administrative costs that will have first priority for payment by Project Special Tax based on: (i) actual administration costs of other community facilities districts of the City; (ii) the CFD's complexity and size; and (iii) cumulative administration costs for all anticipated CFDs for the Project. The contracts for consultants administering the CFDs and the calculation of any City staff time deemed administration expenses will be determined in accordance with article 19 of the DDA.

(d) Assigned Project Special Tax Rates for Developed Property. Each RMA will specify Project Special Tax rates for Developed Property within the CFD (each an "**Assigned Project Special Tax Rate**"). The Assigned Project Special Tax Rates for Developed Property may vary based on sizes, densities, types of Buildings to be constructed, and other relevant factors when the CFD is formed. Each RMA will establish Assigned Project Special Tax Rates assuming that any First Tranche CFD Bonds issued will have a debt service coverage-ratio of one hundred ten percent (110%), unless City and Developer Approve a higher ratio to market the First Tranche CFD Bonds effectively.

(e) Total Tax Obligation. The Assigned Project Special Tax Rates will be set so that the Total Tax Obligation on any Taxable Residential Unit within a CFD will not exceed two percent (2%) of the projected sales price of that Taxable Residential Unit calculated at the time of the resolution of intention to form the CFD (the "**2% Limitation**"). If an RMA is modified to increase the Project Special Tax rates, the Assigned Project Special Tax Rates will be modified so that the Total Tax Obligation on any Taxable Residential Unit within a CFD does not exceed the 2% Limitation when the proposed modification goes into effect. The 2% Limitation will not apply to non-residential property in a CFD.

(f) Classification of Assessor's Parcels. Each RMA will provide for the taxation of Developed Property and Undeveloped Property. Each RMA will identify all Exempt Parcels, which will be exempt from payment of Project Special Taxes.

(g) Backup and Maximum Project Special Tax Rates. Each RMA will provide for: (i) backup Project Special Tax rates that will be applied to each Taxable Parcel in a tract map, Improvement Area, tax zone, condominium plan, or other identifiable area on Developed Property (each a "**Backup Project Special Tax Rate**"); and (ii) maximum Project Special Tax rates on Developed Property and Undeveloped Property (each a "**Maximum Project Special Tax Rate**"). The Maximum Project

Special Tax Rate for a Taxable Parcel of Developed Property will be the greater of the applicable Assigned Project Special Tax Rate or the applicable Backup Project Special Tax Rate. Developer and City will structure the Backup Project Special Tax Rates and Maximum Project Special Tax Rates for a CFD to be consistent with the funding goals established for the CFD, considering Developer's development plans and preferences for structuring the Project Special Tax rates within the applicable CFD, and this Financing Plan.

(h) Escalation of Special Tax Rates. At Developer's request, each RMA will provide for annual increases in the Project Special Tax rates so long as the total projected taxes levied for a CFD do not exceed any maximum specified in the CFD Act.

(i) Priority for Annual Levy of Special Taxes. Each RMA will provide for the levy of Project Special Taxes to fund debt service (not including capitalized interest), administrative costs, and Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities to be financed by the CFD each year of its term (collectively, the "**Special Tax Requirement**") according to the priorities set in the Indenture, until the Special Tax Requirement is fully satisfied. Each RMA must reflect the priorities set forth below:

(i) First, Project Special Taxes will be levied on each Taxable Parcel of Developed Property at the applicable Assigned Project Special Tax Rate, regardless of whether City has issued CFD Bonds or the debt service requirements for any existing CFD Bonds, before applying any capitalized interest.

(ii) Second, to the extent the funds to be collected under clause (i) will not be sufficient to satisfy the Special Tax Requirement in full after application of any capitalized interest, Project Special Taxes will be levied proportionately on each Taxable Parcel of Subsequent Owner Property, up to one hundred percent (100%) of the applicable Maximum Project Special Tax Rate.

(iii) Third, to the extent the funds to be collected under clauses (i) and (ii) will not be sufficient to satisfy the Special Tax Requirement in full after application of any capitalized interest, Project Special Taxes will be levied proportionately on each Taxable Parcel of Undeveloped Property that is not Subsequent Owner Property, up to one hundred percent (100%) of the applicable Maximum Project Special Tax Rate.

(iv) Fourth, to the extent the funds to be collected under clauses (i), (ii), and (iii) will not be sufficient to satisfy the Special Tax Requirement in full after application of any capitalized interest, additional Project Special Taxes will be levied proportionately on each Taxable Parcel of Developed Property, so long as the total levy on Developed Property under clauses (i) and (iv) does not exceed the applicable Maximum Project Special Tax Rate.

(j) Use of Remainder Taxes.

(i) Developer and City contemplate that, within each CFD, Qualified Project Costs and Ongoing Park Maintenance will be paid from Remainder Taxes both before and after the issuance of CFD Bonds for such CFD and after the final maturity of any CFD Bonds for such CFD. Accordingly, each RMA will provide that Remainder Taxes may be used to finance Ongoing Park Maintenance and Qualified Project Costs. For each CFD, annually, on the day following each Principal Payment Date for such CFD, all Remainder Taxes for such CFD will be deposited in the applicable Remainder Taxes Project Account.

(ii) With respect to all CFDs:

(A) Before the Maintenance Commencement Date, for each CFD, annually, on or before October 1 of each year, Remainder Taxes for each CFD shall be deposited in the Remainder Taxes Project Account for such CFD and applied, in the following order of priority, (1) for the period specified in the definition of Stage 2 Contribution, to fund all or any portion of the Stage 2 Contribution annually, and (2) from time to time at Developer's request, to finance Qualified Project Costs.

(B) After the Maintenance Commencement Date, for all CFDs, annually, on or before October 1 of each year, Remainder Taxes for all CFDs shall be transferred to Authority and held in the Remainder Taxes Holding Account and applied as set forth in Section 2.7.

(iii) Any amounts transferred to City pursuant to Section 2.7(c)(i)(B), shall be deposited to the Remainder Taxes Project Accounts pro rata (based on the ratio of Maximum Project Special Tax Rates) and shall be applied as follows:

(A) Prior to the CFD Conversion Date, amounts on deposit in the Remainder Taxes Project Accounts shall be applied, in the following order of priority, (1) for the period specified in the definition of Stage 2 Contribution, to fund all or any portion of the Stage 2 Contribution annually, and (2) from time to time at Developer's request, to finance Qualified Project Costs.

(B) After the CFD Conversion Date, amounts on deposit in the Remainder Taxes Project Accounts shall be applied, in the City's discretion, (1) to pay debt service on and replenish debt service reserve funds for Alternative Financings, including funding all or any portion of the Stage 2 Contribution annually, and (2) to finance Additional Community Facilities or for any other use authorized by the CFD Act.

(k) No Pledge for Debt Service. Remainder Taxes deposited in the Remainder Taxes Project Accounts or transferred to Authority for deposit in the Remainder Taxes Holding Account or the Ongoing Maintenance Account, will not be

deemed or construed to be pledged for payment of debt service on any CFD Bonds, and neither Developer nor any other Person will have the right to demand or require that Authority, City, or Fiscal Agent, as applicable, use funds in the Remainder Taxes Project Accounts, the Remainder Taxes Holding Account, or the Ongoing Maintenance Account to pay debt service on CFD Bonds.

(l) Prepayment. The RMA will include provisions allowing a property owner within the CFD that is not in default of its obligation to pay Project Special Taxes to prepay Project Special Taxes in full or in part based on a formula that will require payment of the property owner's anticipated total Project Special Tax obligation; provided, however, that prepayment shall not be allowed if it impacts the financing of Ongoing Park Maintenance without the written consent of the Authority. Prepaid Project Special Taxes will be placed in a segregated account in accordance with the applicable Indenture. The RMA and the Indenture will specify the use of prepaid Project Special Taxes.

(m) Amendment to RMA. Each RMA must be consistent with this Financing Plan. Nothing in this Financing Plan will prevent an amendment of any RMA for a CFD under its terms or under Change Proceedings.

(n) Reducing Project Special Tax Rates Before Issuance of First Tranche CFD Bonds. An RMA may contain a provision that allows Developer to request that the Total Tax Obligation be recalculated and Project Special Tax rates be reduced before any First Tranche CFD Bonds are issued so that the Total Tax Obligation does not exceed two percent (2%) of the actual or projected sales prices of Taxable Residential Units at the time of recalculation. Subject to the CFD Act, but only if expressly permitted and defined in the RMA, after consultation with Developer regarding its request, City shall reduce Project Special Tax rates in a CFD administratively without the vote of the qualified CFD electors before First Tranche CFD Bonds for such CFD are issued notwithstanding Sections 2.3(j), 2.7, or 2.6(a). If expressly permitted and defined in the RMA, a reduction in one taxing category does not have to be proportionate to the reduction in any other taxing category (i.e., disproportionate reductions may be expressly allowed in the RMA). If the Maximum Project Special Tax Rate is permanently reduced, City will record timely an appropriate instrument in the Official Records.

2.4 Issuance of CFD Bonds

(a) Issuance. Subject to Approval of the Board of Supervisors and Sections 4.4 and 4.5, City, on behalf of the CFD, intends to issue CFD Bonds for purposes of this Financing Plan. Developer may submit written requests that City issue First Tranche CFD Bonds, specifying requested issuance dates, amounts, and main financing terms. Following Developer's request, Developer and City will meet with City's public financing consultants to determine reasonable and appropriate issuance dates, amounts, and main financing terms that are consistent with the Funding Goals.

(b) Payment Dates. So that Remainder Taxes may be calculated on the same date for all CFDs and CFD Bonds, each issue of CFD Bonds shall have interest payment dates of March 1 and September 1, with principal due on September 1.

(c) Value-to-Lien Ratio. The appraised or assessed value-to-lien ratio required for each First Tranche CFD Bond issue will be three to one (3:1), unless otherwise required by the CFD Act or the mutual agreement of Developer and City.

(d) Coverage Ratio. To preserve the ability to finance Ongoing Park Maintenance, an issue of First Tranche CFD Bonds will not have a debt service coverage-ratio of less than one hundred ten percent (110%), unless otherwise agreed to by City. Each issue of First Tranche CFD Bonds will be structured with a debt service coverage-ratio that maximizes the proceeds of First Tranche CFD Bonds but is consistent with sound municipal financing practices to the City's reasonable satisfaction, based on calculations, explanations, and other substantial evidence provided by Developer.

(e) Term. Subject to Section 2.8, First Tranche CFD Bonds will have a term of not less than thirty (30) years and not more than forty (40) years unless Developer and City agree otherwise.

(f) Second Tranche CFD Bonds. After the CFD Conversion Date for a CFD, City has the right in its sole discretion to issue Second Tranche CFD Bonds in such CFD as set forth in this Financing Plan.

2.5 Use of Proceeds

(a) First Tranche CFD Bond Proceeds. Subject to Tax Laws, the CFD Act, and the CFD Goals, First Tranche CFD Bond proceeds will be used in the following order of priority: (i) to fund required reserves and pay costs of issuance; (ii) to fund capitalized interest amounts, if any; (iii) to pay Qualified Pre-Development Costs (which do not include any return on such Pre-Development Costs); and (iv) to pay outstanding Qualified Project Costs and, when authorized pursuant to Section 2.8(e), outstanding Additional Community Facilities. The remainder will be deposited into the CFD Bonds Project Account as designated in the Indenture and must be used only to pay for Qualified Project Costs and those Additional Community Facilities authorized pursuant to Section 2.8(c).

(b) Qualified Project Costs; Additional Community Facilities. By this Financing Plan, City covenants to use the proceeds of First Tranche CFD Bonds on deposit in CFD Bonds Project Accounts or as otherwise provided in the applicable Indenture and, subject to Sections 2.3(j) and 2.7, all Remainder Taxes on deposit in each Remainder Taxes Project Account to finance Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities. In furtherance of this covenant, City shall levy Project Special Taxes in each Fiscal Year in strict accordance with the applicable RMA and this Financing Plan.

2.6 Miscellaneous CFD Provisions

(a) Change Proceedings. Subject to the limitations in this Financing Plan, including the Funding Goals, and so long as the proposed changes do not adversely affect the issuance or amount of Second Tranche CFD Bonds or the application, timing of receipt, or overall amount of Remainder Taxes to pay Ongoing Park Maintenance and Additional Community Facilities pursuant to Section 2.8, City will not reject unreasonably Developer's request to conduct Change Proceedings under the CFD Act to: (i) make any changes to an RMA, including amending the rates and method of apportionment of Project Special Taxes; (ii) increase or decrease the authorized bonded indebtedness limit within a CFD; (iii) annex property into a CFD; (iv) add additional public capital facilities for the Project; or (v) take other actions reasonably requested by Developer. For purposes of this Section 2.6(a), Developer acknowledges that any reduction in the Project Special Tax rates set forth in an RMA through Change Proceedings shall require the consent of City, which may be granted in its discretion. Except as set forth in the previous sentence, for purposes of this Section 2.6(a), City agrees that none of the following changes will be deemed to adversely affect the ability of City to issue Second Tranche CFD Bonds or apply the Remainder Taxes to Ongoing Park Maintenance or Additional Community Facilities pursuant to Section 2.8: (x) increasing the Project Special Tax rates in an RMA for any land use classification; (y) increasing the authorized bonded indebtedness limit; and (z) authorizing the financing of additional public capital facilities for the Project.

(b) Maintaining Levy of CFD Financing. Under section 3 of article XIII C of the California Constitution, voters may, under certain circumstances, vote to reduce or repeal the levy of special taxes in a community facilities district. However, the California Constitution does not allow the reduction or repeal to result in an impairment of contract. The purpose of this Section 2.6(b) is to give notice that: (i) both the DDA and the City DA (including, in both cases, this Financing Plan) is a contract between Developer and Authority (in the case of the DDA) and Developer and City (in case of the City DA); (ii) the financing of the Qualified Project Costs and the Additional Community Facilities through the application of CFD Bond proceeds (which are secured by Project Special Taxes) and Remainder Taxes (as described in Section 2.3(j) and Section 2.7) is an essential part of the consideration for the contracts; (iii) the financing of Ongoing Park Maintenance through the application of Remainder Taxes is an essential part of the consideration for the contracts; and (iv) any reduction in City's ability to levy and collect Project Special Taxes would materially impair those contracts. To further preserve the contracts discussed above, City agrees that: (y) until all First Tranche CFD Bonds have been repaid in full or defeased before maturity for any reason other than a refunding, it will not initiate or conduct proceedings under the CFD Act to reduce the Project Special Tax rates without Developer's written consent or if legally compelled to do so (e.g., by a final order of a court of competent jurisdiction); and (z) if the voters adopt an initiative ordinance under section 3 of article XIII C of the California Constitution that purports to reduce, repeal, or otherwise alter the Project Special Tax rates before all First Tranche CFD Bonds have been repaid in full or defeased before maturity for any reason other than a refunding, City will meet and confer with Developer to consider commencing and

pursuing reasonable legal action to preserve City's ability to comply with this Financing Plan.

(c) Covenant to Foreclose. City will covenant with CFD bondholders to foreclose the lien of delinquent Project Special Taxes consistent with the general practice for community facilities districts in California and otherwise as determined by City in consultation with its underwriter or financial advisor for the CFD indebtedness and other consultants, subject to applicable laws.

(d) Reserve Fund Earnings. The Indenture for each issue of First Tranche CFD Bonds will provide that earnings on any reserve fund that are not then needed to replenish the reserve fund to the reserve requirement will be transferred to: (i) the CFD Bonds Project Account for allowed uses until it is closed in accordance with the Indenture; then (ii) the debt service fund held by the Fiscal Agent under the Indenture.

(e) Authorization of Reimbursements. City will take all actions necessary to satisfy section 53314.9 of the Government Code or any similar statute subsequently enacted to use First Tranche CFD Bond proceeds and Remainder Taxes to reimburse Developer for: (i) CFD formation and First Tranche CFD Bond issuance deposits; and (ii) advance funding of Qualified Project Costs.

(f) Material Changes to the CFD Act. If material changes to the CFD Act after the Reference Date make CFD Bonds or Remainder Taxes unavailable or severely impair their use as a source for financing the Qualified Project Costs or Additional Community Facilities, City and Developer will negotiate in good faith as to a substitute public financing program equivalent in nature and function to CFDs.

(g) CFD Goals. Until the CFD Conversion Date for a CFD, the City shall not change or amend the CFD Goals as they apply to such CFD if such changes or amendments adversely impact the Project or are inconsistent with this Financing Plan unless such changes or amendments are required under the CFD Act or other controlling State or federal law or, with respect to such CFD, as otherwise Approved by Developer in its sole discretion.

(h) Private Placement of CFD Bonds. Subject to Board of Supervisors Approval and Section 4.4(b), upon Developer's written request, City shall issue CFD Bonds in a private placement to a small number of investors (which may include Developer and its Affiliates). In connection with any such private placement, City and the investors may agree upon terms regarding the security of such CFD Bonds other than as required by this Agreement, including, but not limited to, the 3:1 value-to-lien ratio of Section 2.4(c); provided, however, any CFD Bonds must have a debt service coverage-ratio of at least one hundred ten percent (110%) unless City consents to a lower amount. Subject to Board of Supervisors Approval and the CFD Goals, if the CFD Bonds are sold to Developer or its Affiliates, and if the CFD Bonds are not subject to transfer, credit enhancement may not be required.

(i) Levy for Ongoing Park Maintenance. For each CFD, prior to its CFD Conversion Date, Ongoing Park Maintenance shall be payable from Remainder Taxes and other sources identified in Section 2.7. For each CFD, after its CFD Conversion Date, Ongoing Park Maintenance may be payable from Project Special Taxes or Remainder Taxes. In both cases, Ongoing Park Maintenance may be funded irrespective of the issuance of CFD Bonds (First Tranche or Second Tranche) and irrespective of whether there are unreimbursed Qualified Project Costs or Additional Community Facilities. Accordingly, each RMA shall provide for the financing of Ongoing Park Maintenance for the duration of the CFD.

2.7 Ongoing Park Maintenance

(a) Maintenance Budget. Not later than April 1 of each year following the Maintenance Commencement Date, Authority shall prepare a preliminary budget of the Estimated Maintenance Costs for the immediately succeeding Maintenance Period. The Estimated Maintenance Costs shall be determined by (i) estimating the costs of the Ongoing Park Maintenance to be incurred during the immediately succeeding Maintenance Period and (ii) subtracting (A) any funds, revenues, and Project Grants that are received for maintenance purposes, (B) any funds on deposit in the Remainder Taxes Holding Account, and (C) any funds on deposit in the Ongoing Maintenance Account that are not committed to the payment of Ongoing Park Maintenance during the current Maintenance Period.

(b) Delivery of Maintenance Budget. Upon completion by Authority, the preliminary budget will promptly be delivered to Developer for review. Developer shall have fifteen (15) days to review and comment on the preliminary budget. Authority will duly evaluate and implement the reasonable suggestions made by Developer, and Authority shall distribute a final version of the budget to Developer (as finalized, the "**Maintenance Budget**"). The Maintenance Budget shall also be delivered to the City upon completion. The Maintenance Budget must be completed by no later than June 1 in any given year.

(c) Calculation of Developer Maintenance Payment. Authority shall annually calculate the Developer Maintenance Payment at the same time that the Maintenance Budget is completed.

(i) If, on the date of calculation, the amount on deposit in the Ongoing Maintenance Account that is not committed to the payment of Ongoing Park Maintenance during the current Maintenance Period plus the amount on deposit in the Remainder Taxes Holding Account equals or exceeds the Estimated Maintenance Costs set forth in the applicable Maintenance Budget, then Authority shall (A) transfer funds from the Remainder Taxes Holding Account to the Ongoing Maintenance Account in such amount as is necessary so that the amounts on deposit in the Ongoing Maintenance Account equals the Estimated Maintenance Costs, (B) transfer the remaining funds on deposit in the Remainder Taxes Holding Account to City for deposit in the Remainder Taxes Project

Accounts as set forth in Section 2.3(j)(iii), and (C) notify Developer that the Developer Maintenance Payment for such Maintenance Period shall be $0.

(ii) If, on the date of calculation, the amount of the Estimated Maintenance Costs set forth in the applicable Maintenance Budget exceeds the amount on deposit in the Ongoing Maintenance Account and the Remainder Taxes Holding Account, then Authority (A) shall transfer the entire balance of the Remainder Taxes Holding Account to the Ongoing Maintenance Account and (B) may request in writing that Developer make a Developer Maintenance Payment in an amount equal to the lesser of:

(1) the difference between the Estimated Maintenance Costs set forth in such Maintenance Budget and amounts on deposit in the Ongoing Maintenance Account and Remainder Taxes Holding Account on such date of calculation; and

(2) the Maximum Annual Developer Contribution.

(d) Maximum Annual Developer Contribution. On any date of calculation, the Developer Maintenance Payment shall not exceed the lesser of ("**Maximum Annual Developer Contribution**"):

(i) (A) for the first five years in which Maintenance Budgets are prepared following the Maintenance Commencement Date, the greater of (1) $1,500,000 or (2) $1,500,000 plus the portion of the Maximum Annual Developer Contribution for each previous year, if any, that was not paid to Authority; and (B) for each year after the first five years in which Maintenance Budgets are prepared following the Maintenance Commencement Date, the greater of (1) $3,000,000, or (2) $3,000,000 plus the portion of the Maximum Annual Developer Contribution for each previous year, if any, that was not paid to Authority; or

(ii) the Maintenance Account Balance.

(e) Maintenance Account Balance. On the Reference Date, Authority shall be credited with a non-cash balance (the "**Maintenance Account Balance**") of Fourteen Million Three Hundred Twenty Thousand Dollars ($14,320,000). Each Developer Maintenance Payment (whether through payments under Section 2.7(f) or through Conditional Maintenance Tax payments under Section 2.7(g)) shall reduce the Maintenance Account Balance by the corresponding amount. At the end of each Fiscal Year, commencing at the end of the Fiscal Year in which the Reference Date occurs, the Maintenance Account Balance shall be credited with interest based on the percentage increase in the Index over the prior twelve month period (except that the first interest credit shall be based on the period from the Reference Date to the end of the Fiscal Year in which the Reference Date occurs). Developer's obligation to pay any Developer

Maintenance Payment shall cease when the Maintenance Account Balance is reduced to $0. The Maintenance Account Balance shall not increase at any time after the account is first established, other than as a result of the accrual of interest earnings as set forth herein.

(f) Time of Payment. Developer shall make the Developer Maintenance Payment by the later of (i) June 30 in the year in which the written request is made by Authority or (ii) thirty (30) days following receipt of the written request from Authority. The failure to pay the Maintenance Payment by the later of such dates shall be deemed a "**Maintenance Default**."

(g) Security for Payment. To secure the payments required in this Section 2.7, the RMA for each CFD shall contain provisions for a Conditional Maintenance Tax. Each RMA shall provide that the Conditional Maintenance Tax shall be levied only as follows:

(i) The Conditional Maintenance Tax may only be levied on property that is (A) owned by Developer at the time of the levy and (B) not subject to a purchase and sale agreement for the sale to a third party that is scheduled to close within six (6) months after the date of the levy.

(ii) The Conditional Maintenance Tax may only be levied in the calendar year in which City receives written notice from Authority that a Maintenance Default has occurred.

(iii) The Conditional Maintenance Tax may only be levied once in a calendar year.

(iv) The Conditional Maintenance Tax may only be levied on a parcel of property authorized by clause (i) in the amount of such parcel's pro rata share (based on acreage of such parcel to all parcels authorized by clause (i)) of the amount of the Maintenance Default.

(v) The Conditional Maintenance Tax shall be hand billed by City to Developer, and Developer shall have thirty (30) days to pay the amount due.

(vi) The failure by Developer to pay the Conditional Maintenance Tax within the time established by clause (v) shall subject the property upon which it is levied to foreclosure by City. The Conditional Maintenance Tax shall have the same lien priority and penalties as the Project Special Taxes.

(vii) The Conditional Maintenance Tax shall terminate and shall no longer be levied when, following the Maintenance Commencement Date, the Maintenance Account Balance is $0.

(h) Payment of Remaining Balance. If upon Completion of the Northern Wilds, as identified in the Parks and Open Space Plan, a balance remains in the Maintenance Account Balance, Developer, upon Authority's written request, shall pay Authority an amount equal to the remaining balance of the Maintenance Account Balance. Authority shall restrict the use of such funds to a segregated parks and open space fund, conservancy, or other separate fund or entity with use restricted to operation and maintenance of the parks and open spaces in the Project Area.

2.8 CFD Limitations

(a) City and Developer agree that each CFD will be formed so that the proceeds of CFD Bonds and Remainder Taxes may be applied to accomplish the following goals in the manner set forth in this Financing Plan: (i) to finance Qualified Project Costs; (ii) to finance Additional Community Facilities; and (iii) to finance Ongoing Park Maintenance. To accomplish these goals, and subject to the limitations set forth in this Section 2.8, and in light of the 2% Limitation and the CFD Goals:

(i) each CFD will be authorized to finance the Qualified Project Costs, the Additional Community Facilities, and the Ongoing Park Maintenance;

(ii) for each CFD, the term for levying Project Special Taxes will be established at no less than 999 years from the first issuance of CFD Bonds in such CFD; and

(iii) for each CFD, the amount of authorized bonded indebtedness will be established to allow the issuance of the First Tranche CFD Bonds to finance Qualified Project Costs and the Second Tranche CFD Bonds to finance Additional Community Facilities.

(b) The CFD Conversion Date shall be calculated separately for each CFD.

(c) Until the CFD Conversion Date, in a CFD, CFD Bonds will be issued exclusively to finance Qualified Project Costs unless Developer, in its sole discretion, consents in writing to the issuance of CFD Bonds for such CFD to finance Additional Community Facilities. After the CFD Conversion Date in such CFD, City may issue CFD Bonds to finance Additional Community Facilities or for any other purpose authorized under the CFD Act.

(d) City and Developer agree that, within a CFD, City shall not be obligated to issue First Tranche CFD Bonds (including refunding bonds) with a final maturity of later than the date that is forty-two (42) years after the issuance of the first series of First Tranche CFD Bonds in such CFD without the Approval of Board of Supervisors in its sole discretion. Unless City and Developer agree otherwise, any CFD Bonds issued to refund First Tranche CFD Bonds shall comply with applicable provisions of the CFD Act pursuant to which refunding bonds will not result in a reduction of the total authorized amount of the bonded indebtedness of a CFD and, in any event, the final

maturity date of the refunding bonds shall not exceed the latest maturity date of the First Tranche CFD Bonds being refunded. The previous sentence shall not prevent the issuance of a series of First Tranche CFD Bonds for new money and refunding purposes, so long as the portion of the First Tranche CFD Bonds attributable to the refunding purpose meets the requirements of the previous sentence.

(e) The City intends to include open space improvements, transportation facilities, renewable energy and other sustainability projects, and other public infrastructure within the authorized list of Additional Community Facilities for each CFD, including, but not limited to, future improvements necessary to ensure that the shoreline, public facilities, and public access improvements will be protected should sea level rise at the perimeter of the Project Site as set forth in the Infrastructure Plan (the "**Future Sea Level Rise Improvements**"). If required to be constructed or installed pursuant to the appropriate regulating authorities, City agrees to finance the Future Sea Level Rise Improvements through the proceeds of the Second Tranche CFD Bonds and any Remainder Taxes that become available to City after the CFD Conversion Date pursuant to this Financing Plan, all in the manner required by the appropriate regulating authorities. However, notwithstanding the discretion vested in Developer with respect to the decision to fund Additional Community Facilities from CFD Bonds prior to the CFD Conversion Date for each CFD pursuant to Section 2.8(c), if, prior to the CFD Conversion Date for a CFD, sea levels in the waters at the perimeter of the Project Site rise by more than sixteen (16) inches from the levels in existence on the Reference Date, as defined in the Infrastructure Plan, Developer and City will finance Future Sea Level Rise Improvements from First Tranche CFD Bonds for the CFD.

(f) Pursuant to the definition contained in Section 7.2, the term "**CFD**" means an Improvement Area if one has been so designated. Accordingly, wherever the word "**CFD**" appears in this Section 2.8, it also means Improvement Area (with the result being that the CFD Conversion Date shall be calculated separately for each Improvement Area).

3. INFRASTRUCTURE FINANCING DISTRICT FINANCING

3.1 Formation of IFDs

(a) Formation. At any time, and from time to time, after Authority acquires all or part of the Project Site from the Navy, Developer may request in writing that City establish one or more IFDs under the IFD Act over all or any part of the property so acquired. For the avoidance of doubt, establishing an IFD includes annexing territory to an existing IFD. In its written request, Developer may include proposed specifications for the IFD, including IFD boundaries. Developer's proposed specifications will be based on Developer's development plans, market analysis, and required preferences, but in all cases will be subject to this Financing Plan, the Funding Goals, and compliance with the IFD Act. To ensure compliance with the replacement housing provisions of the IFD Act in the formation of an IFD, City shall consider any input provided by Authority as to the specifics of the IFD formation.

(b) Boundaries. As soon as reasonably practical after receipt of a written request from Developer, City will establish each IFD over all of the property identified in the written request. The IFD shall include separate Project Areas, as requested by Developer in writing.

(c) Authorized Facilities. Each IFD shall be authorized to finance all of the Qualified Project Costs, irrespective of the geographic location of the improvements financed.

(d) Cooperation. Developer and City shall cooperate reasonably in developing the IFP for each IFD that is consistent with this Financing Plan. Developer and City will each use good-faith reasonable efforts at all times to furnish timely to the other, or to obtain and then furnish to the other, any information necessary to develop the IFP for each IFD. Developer and City agree that, for an IFD for which a Statement of Indebtedness is required under the IFD Act or otherwise, (i) the IFP will include a declaration that the IFD's obligation to use Net Available Increment for the purposes specified in this Financing Plan constitutes an indebtedness of the IFD and (ii) the IFP will provide that the IFD will include the amount of such indebtedness in each applicable annual Statement of Indebtedness for the IFD.

3.2 Scope of IFD-Financed Costs

(a) Authorization. An IFD may finance only Qualified Project Costs that are financeable under the IFD Act.

(b) Communitywide Significance. On the Reference Date, City found and determined that the Qualified Project Costs to be financed by the IFDs are of communitywide significance that provide significant benefits to an area larger than the area of the Project Site (which will be the cumulative boundaries of all IFDs). The Board of Supervisors may be required under the IFD Act to make additional specific findings with respect to financing Qualified Project Costs under the IFD Act. City shall assist in making such findings as and when requested by Developer, subject to applicable law.

3.3 Issuance of IFD Debt

(a) Issuance. Subject to Board of Supervisors Approval and Sections 4.4 and 4.5, City will cause the IFP for each IFD to provide for the issuance of IFD Debt for purposes of this Financing Plan following Developer's submission of a written request to issue IFD Debt. Developer may, at any time and from time to time in its discretion, submit written requests that an IFD issue IFD Debt, specifying requested issuance dates, amounts, and main financing terms. Following each Developer's request, Developer and City will meet with City's public financing consultants to determine reasonable and appropriate issuance dates, amounts, and main financing terms that are consistent with Developer's request and the Funding Goals. Each IFP will provide that an IFD may not issue IFD Debt without first receiving a written request from Developer.

(b) Coverage Ratio. Each issue of IFD Debt will be structured with a debt service coverage-ratio that maximizes the proceeds of IFD Debt but is consistent

with sound municipal financing practices and assures, to City's reasonable satisfaction, based on calculations, explanations, and other substantial evidence provided by Developer, that the IFD will have sufficient Net Available Increment to pay administrative expenses and is unlikely to need the Conditional City Increment to pay debt service on the IFD Debt.

(c) Term. Unless Developer and City agree otherwise, the IFP for each IFD will provide for IFD Debt that will have a term that maximizes the proceeds of IFD Debt but is consistent with sound municipal financing practices and any limitations on the amount of Net Available Increment.

(d) IFD Debt Proceeds. Subject to Tax Laws and the IFD Act, the proceeds of each IFD Debt will be used in the following order of priority: (i) to fund required reserves and pay costs of issuance; (ii) to pay Qualified Pre-Development Costs (which do not include any return on such Pre-Development Costs); and (iii) to pay outstanding Qualified Project Costs. The remainder will be deposited into the IFD Debt Project Account as designated in the Indenture and must be used only to pay for Qualified Project Costs.

(e) Conditional City Increment. Developer and City agree that, if permitted under existing law, City would have subordinated its right to receive its share of Increment other than Net Available Increment to the payment of debt service on IFD Debt. However, under existing law (including the IFD Act), the City cannot do so. Accordingly, City and Developer agree that, for each IFD, City will allocate in the IFP Conditional City Increment to such IFD for the limited purpose of paying debt service on IFD Debt in the event that Net Available Increment is insufficient for that purpose. For each IFD, the IFP will provide that, after first paying or setting aside amounts needed for debt service due during such Fiscal Year on IFD Debt for such IFD secured by or payable from Net Available Increment, such IFD shall repay the City out of Net Available Increment for any Conditional City Increment used to pay debt service on IFD Debt for such IFD as set forth in this Section 3.3(e) in an amount equal to the Conditional City Increment used to pay debt service on the IFD Debt plus interest through the date of repayment of the amount of Conditional City Increment used to pay debt service on the IFD Debt at the Default Interest Rate. For the avoidance of doubt, the Conditional City Increment shall not be available to fund any portion of the Stage 2 Contribution.

(f) Subordination. For each IFD, the IFP will provide that, at the request of Developer, the IFD will submit a Subordination Request to each of the Other Taxing Agencies at least ninety (90) days prior to the date proposed for delivery of a preliminary official statement for any IFD Debt. Developer acknowledges that, under existing law (including the IFD Act), the Subordination Request must be undertaken in connection with the formation of an IFD and would take the form of a conditional allocation of Increment by the Other Taxing Agencies.

3.4 Pledge of Net Available Increment

(a) Pledge of Net Available Increment. City agrees that each IFD, when formed, will irrevocably pledge the Net Available Increment to the financing of the Qualified Project Costs, to the repayment of any Conditional City Increment used to pay debt service on IFD Debt for such IFD in the manner set forth in Section 3.5(d) and to the extent set forth in Section 3.3(e), and to any IFD Debt issued for such IFD. City will take all actions necessary under the IFD Act and the policies of the County Assessor to ensure that Net Available Increment will be available for purposes of this Financing Plan, including providing in the IFP for each IFD for the filing of any required annual Statement of Indebtedness. Except for the subordinate pledge of Net Available Increment pursuant to the Navy Promissory Note (the "**Subordinate Pledge**"), City represents and warrants that there are no other pledges of Net Available Increment to any other projects or persons, and that neither the City nor the IFD will pledge, encumber, assign, allocate, or otherwise promise the Net Available Increment to any other projects or persons other than as set forth in this Financing Plan (with such covenant included in the IFP for each IFD). The City and the Developer agree that, as an Alternative Financing, the Certificates of Participation constitute a Public Financing and, consequently, the amendments to Section 3.5 of the Original Financing Plan set forth herein are consistent with Sections 3.01 and 3.02 of that certain Subordinate Pledge Agreement, dated as of May 29, 2015, executed by the City for the benefit of the United States of America.

3.5 Budget Procedures; Use of Net Available Increment

(a) Estimate of Net Available Increment. No later than April 1 of each year, City staff will meet and confer with Developer with respect to the projected amount of Net Available Increment for the next Fiscal Year for each Major Phase. City will provide Developer with good faith estimates, for the next Fiscal Year, of: (A) Net Available Increment (based, in part, upon information provided by Developer as to any new development and Transfers of property); (B) the amount of any debt service on IFD Debt secured by a pledge of or expected to be paid from Net Available Increment and the amount required to replenish debt service reserve funds for such Public Financings; (C) the amount required to repay the City for the use of Conditional City Increment; (D) the amount payable under the Subordinate Pledge; (E) the amount of the Stage 2 Contribution expected to be funded by Net Available Increment; and (F) the amount required to pay administrative expenses of the IFD. The April 1 date referred to in this Section 3.5(a) is based on the current budget process of the City. Developer and City will adjust the dates as appropriate if the City alters its budget process in the future.

(b) City Budget and IFD Budgets. Subject to the IFD Act and the Funding Goals, and based upon the information provided by Developer, City shall for each IFD:

(i) budget for the allocation of Net Available Increment described in this Financing Plan, and the expenditure of the expected Net Available Increment only to: (A) pay debt service due in the next Fiscal Year on

any applicable IFD Debt incurred or to be incurred to pay Qualified Project Costs and replenish debt service reserve funds for such IFD Debt; (B) repay the City for any Conditional City Increment used to pay debt service on IFD Debt for such IFD in the manner set forth in Section 3.5(d) and to the extent set forth in Section 3.3(e); (C) fund all or any portion of the Stage 2 Contribution as set forth in this Financing Plan, (D) pay any amount payable under the Subordinate Pledge; (E) pay IFD administrative expenses; and (F) finance Qualified Project Costs; and

(ii) allocate Net Available Increment as set forth in this Financing Plan, and cause the IFP to contain provisions for the IFD to apply any Net Available Increment it receives to the budgeted purposes, subject to the covenants of the applicable Indentures for IFD Debt and the Funding Goals.

(c) Purpose of Pledge. Developer and City shall cause the IFP for each IFD to require all Net Available Increment in each Fiscal Year to be used as provided in this Financing Plan, and City shall prepare its annual budget and cause the IFDs to prepare their annual budgets to reflect the required use of Net Available Increment under this Financing Plan. Qualified Project Costs that Developer incurs will be eligible for financing from the Funding Sources in each Fiscal Year until such Qualified Project Costs are financed in full.

(d) Use of Net Available Increment. For each IFD, the IFP will provide for the use of Net Available Increment to pay debt service and replenish any debt service reserve fund for indebtedness as defined therein, repay the City for any Conditional City Increment used to pay debt service on IFD Debt for such IFD as set forth in Section 3.3(e), pay administrative expenses of the IFD, and pay for Qualified Project Costs. In furtherance of the preceding sentence, the Developer and City agree that the Net Available Increment shall be used first, to pay or set aside amounts needed for debt service due on IFD Debt for such IFD secured by or payable from Net Available Increment during Fiscal Year and replenish related debt service reserve funds, second, to repay the City for any Conditional City Increment used to pay debt service on IFD Debt for such IFD, third, with respect to the 82.5% of Net Available Increment that is not dedicated to fund Housing Costs in the IFP, to fund all or any portion of the Stage 2 Contribution as set forth in this Financing Plan during the period specified in the definition of Stage 2 Contribution, fourth, to pay any amounts due to the Navy under the Subordinate Pledge, fifth, to pay for IFD administrative expenses, and sixth, to finance, or accumulate funds to finance, Developer's Qualified Project Costs pursuant to this Financing Plan. In addition, upon and as allocated in Developer's written request, Authority will use all or any part of Net Available Increment to refund or defease before maturity a Public Financing that financed Qualified Project Costs.

3.6 Housing Costs

(a) Housing Proceeds. For each IFD, City and Developer agree that the IFP will provide for a portion of the IFD Proceeds for such IFD in any Fiscal Year to be applied to finance the Housing Costs in the following manner:

(i) If, in the written opinion of bond counsel to the IFD, all Housing Costs are or become authorized to be financed by the IFD Law, then an amount calculated by multiplying the Net Available Increment in any Fiscal Year by the Housing Percentage shall be reserved and used by the IFD to pay for Housing Costs. Amounts reserved for Housing Costs may, at the written direction of Authority, (A) be transferred to Authority to be held in the Housing Fund and applied to pay Housing Costs, or (B) secure on a first lien basis the issuance of IFD Debt, the proceeds of which will be used to pay for Housing Costs; or

(ii) If, in the written opinion of bond counsel to the IFD, all Housing Costs are not authorized to be financed by the IFD Law, then, in paying any Payment Request authorized pursuant to the Acquisition and Reimbursement Agreement, City shall pay (A) to Authority on behalf of Developer from amounts that would otherwise be paid to Developer pursuant to the Payment Request for deposit in the Housing Fund an amount calculated by multiplying the amount being paid pursuant to the Payment Request by the Housing Percentage and (B) to Developer the balance of the amount being paid pursuant to the Payment Request. Amounts paid to Authority on behalf of Developer pursuant to this clause (ii) are not the proceeds of IFD Debt, but are funds that Developer is entitled to receive from the sale of Improvements pursuant to a Payment Request that Developer is agreeing to be applied on Housing Costs.

(b) Combination of Financing Housing Costs. If, in the written opinion of bond counsel to the IFD, a portion, but not the entirety, of the Housing Costs is or becomes authorized to be financed by the IFD Law, then Authority and Developer may provide for the financing of Housing Costs by some combination of subsections (a)(i) and (a)(ii) by providing written direction to each IFD as to the implementation and priority of clauses (a)(i) and (a)(ii) and the amount of the Housing Percentage to be applied to determine (A) the amount of Net Available Increment to be reserved for Housing Costs pursuant to clause (a)(i), and (B) the amounts payable from Payment Requests pursuant to clause (a)(ii).

3.7 Miscellaneous IFD Provisions

(a) Shortfall.[1] Developer agrees to the following measures to avoid shortfalls in projected Net Available Increment for the Project.

(i) If, after an IFD issues any IFD Debt under this Financing Plan that is secured by a pledge of Net Available Increment, Developer initiates a proceeding under the California Revenue & Taxation Code (a "**Reassessment**") to reassess the value of the parcels then owned by Developer within an IFD for which such IFD Debt was issued (the "**Encumbered Parcels**"), that results in a decrease in ad valorem property taxes levied on the Encumbered Parcels, Developer must pay to City in a Fiscal Year the amount equal to: (A) the amount of ad valorem property taxes that would have been levied on the Encumbered

[1] This provision is under discussion, and is subject to amendment or deletion.

Parcels in such Fiscal Year if the Reassessment had not occurred; less (B) the amount of ad valorem property taxes actually levied on the Encumbered Parcels in such Fiscal Year (the difference being the "**Additional Payments**"). The City shall allocate the Additional Payments received consistent with the IFP for such IFD.

(ii) Developer's obligation to make Additional Payments will begin in the Fiscal Year following the Reassessment and continue until the earlier of: (A) the date that the IFD Debt related to the Encumbered Parcels that is outstanding on the date of the Reassessment is repaid in full or defeased before maturity for any reason other than a refunding; or (B) the date that the amount of the Additional Payments is reduced to zero or less due to a subsequent reassessment of the Encumbered Parcels for any reason.

(iii) Developer and City intend for this Section 3.7(a) to apply to Public Financing payable or secured only by Net Available Increment, and not to any other Public Financing issued by Authority or the City. Developer's obligations under this Section 3.7(a) are not for the benefit of any CFD Bonds. Should the Tax Laws change, or the Internal Revenue Service or a court of competent jurisdiction issue a ruling that might cause any tax-exempt IFD Debt to be deemed taxable due to the requirements under clause (i) or (ii), City will release Developer from its obligations under this Section 3.7(a), and this Section 3.7(a) will be deemed severed from this Financing Plan under section 27.19 of the DDA.

(b) Reserve Fund Earnings. The Indenture for each issue of IFD Debt will provide that earnings on any reserve fund that are not then needed to replenish the reserve fund to the reserve requirement will be transferred to the debt service fund held by the Trustee under the Indenture.

(c) Material Changes to the IFD Act. In the event of any change to the IFD Act that occurs after the Reference Date, City, Authority, and Developer shall meet and confer and negotiate in good faith any appropriate changes to this Financing Plan, the DDA, the City DA, and any existing IFD. In the event of any change to the IFD Act that occurs after the Reference Date that results in Increment other than Net Available Increment becoming available for allocation to an IFD, City may allocate such additional Increment to an IFD and may provide in the IFP for such IFD that such additional Increment may be used by the IFD as follows: (i) first, to finance Housing Costs and increase the then-effective Minimum Affordable Percentage in the manner set forth in Articles 3 and 9 of the Housing Plan and to finance additional Qualified Project Costs that are required to receive additional increment as a result of the change in the IFD Act; and (ii) second, to pay Qualified Project Costs.

(d) If at any time during the term of this Agreement the City reasonably concludes that the provisions of this Article III as it relates to the allocation by the City of Net Available Increment or the IFP of an IFD would violate applicable provisions of State law, or if a court of applicable jurisdiction concludes that the

provisions of this Article III as it relates to the allocation by the City of Net Available Increment would or the IFP of any IFD does violate applicable provisions of State law, City and Developer shall meet and confer about available alternatives.

3.8 IFDs and Net Available Increment Upon Termination

(a) Notice of Termination. In the event that Authority terminates all or any portion of the DDA before the issuance of the last Certificate of Completion for the Project for any reason, Authority shall send City and each IFD a Termination Notice providing the details of the termination and whether or not the termination was due to a Selected Default.

(b) Formation of IFDs After Termination. Any IFD formed over any part of the Project Site for each Other Developer following receipt of a Termination Notice for a non-Selected Default shall authorize the financing of the Island Wide Costs of Developer so that such Island Wide Costs of Developer may be financed as set forth in this Section 3.8. The IFD formed over any part of the Project Site for each Other Developer following receipt of a Termination Notice for a Selected Default shall have no such obligation.

(c) Non-Selected Defaults. If the Termination Notice indicates that the termination was for any reason other than a Selected Default, then from and after the date that such Termination Notice is received by City and each IFD, the IFD shall distribute the IFD Proceeds as follows:

(i) The IFD Proceeds generated from the property in the Project Site that Developer has previously acquired from Authority (regardless of current ownership of such property) shall be reserved for, and paid upon request by, Developer to finance Developer's Island Wide Costs until all Island Wide Costs incurred by Developer are fully financed by IFD Proceeds.

(ii) Fifty percent (50%) of the IFD Proceeds generated from Non-Developer Property ("**Termination Proceeds**") shall be reserved for, and paid upon request by, Developer to finance Developer's Island Wide Costs until all Island Wide Costs incurred by Developer are financed by such Termination Proceeds; provided, that such Termination Proceeds may not be applied to pay Pre-Development Costs except for Pre-Development Costs incurred prior to the Reference Date ("**Liquidated Pre-Agreement Costs**") and then only in the amount not to exceed five percent (5%) of such Termination Proceeds. Developer and City shall agree in writing on the amount of the Liquidated Pre-Agreement Costs within ninety (90) days following the Reference Date, and the amount of Liquidated Pre-Agreement Costs shall not include any return on such costs. If City and Developer do not agree in writing on the amount of the Liquidated Pre-Agreement Costs within such 90-day time period, City and Developer shall work in good faith to agree in writing on the amount of the Liquidated Pre-Agreement Costs as soon as practical thereafter; provided, however, that City

shall have no obligation to initiate formation of an IFD until City and Developer have agreed in writing to the amount of the Liquidated Pre-Agreement Costs.

(iii) Upon the occurrence and during the continuance of a High IRR Period, Authority may provide a written notice to City and each IFD indicating that there is a High IRR Period. Notwithstanding anything in clause (ii), upon receipt of the written notice about the High IRR Period, the IFD will suspend distribution of IFD Proceeds to Developer pursuant to clause (ii). Immediately upon the conclusion of a High IRR Period, Authority shall provide a written notice to City and each IFD indicating that the High IRR Period has ended, and immediately upon receipt of such written notice, the suspension shall end and the IFD shall resume making payments to Developer of IFD Proceeds pursuant to clause (ii).

(iv) Once all of Island Wide Costs incurred by Developer are financed with IFD Proceeds, or during any period of suspension, IFD Proceeds generated from Non-Developer Property shall be distributed as agreed to by the IFDs and Authority.

(d) Selected Defaults. In the event the Termination Notice indicates that the termination was due to a Selected Default, then from and after the date that such Termination Notice is received by the IFD and the City, the IFD shall distribute the IFD Proceeds as follows:

(i) The IFD Proceeds generated from the property in the Project Site that Developer has previously acquired from Authority (regardless of current ownership of such property) shall be paid to Developer to finance Developer's Island Wide Costs until all Island Wide Costs incurred by Developer are financed by IFD Proceeds.

(ii) All of the IFD Proceeds generated from Non-Developer Property shall be paid to each Other Developer of such other property to use exclusively to pay its respective Island Wide Costs.

(e) Definition of Categories of Island Wide Costs. As a condition of Approval for the Initial Major Phase Application, Authority, City and Developer shall have agreed in writing upon the categories of Island Wide Costs.

3.9 Net Available Increment Under Certain Situations

(a) Application During Higher IRR Period. Upon the occurrence and during the continuance of a Higher IRR Period, Authority may provide a written notice to City and each IFD indicating that there is a Higher IRR Period. For each IFD, upon receipt of the written notice about the Higher IRR Period, the IFD shall suspend distribution of Net Available Increment remaining after payment of debt service due on IFD Debt and any other Public Financing. For each IFD, immediately upon the conclusion of a Higher IRR Period, Authority shall provide a written notice to City and the IFD indicating that the Higher IRR Period has ended, and immediately upon receipt

of such written notice, the suspension shall end and the IFD shall resume making payments to Developer of Net Available Increment in the manner set forth in this Financing Plan.

(b) Application in Event of Default. Upon the occurrence of and only for the duration of and to the extent of any default in Authority's payment of Initial Navy Consideration under the Conveyance Agreement which is caused by an Event of Default by Developer under the DDA, Authority may provide a written notice to City and the IFD indicating that an Event of Default has occurred, and the IFD shall suspend distribution of Net Available Increment remaining after payment of debt service due on IFD Debt and any other Public Financing until the Event of Default is cured. The IFD shall hold any Net Available Increment withheld from Developer for the account of the Navy until the Event of Default is cured. Immediately upon the curing of the Event of Default, Authority shall provide a written notice to City and the IFD indicating that the Event of Default has been cured, and immediately upon receipt of such written notice, the suspension shall end and the IFD shall resume making payments to Developer of Net Available Increment in the manner set forth in this Financing Plan.

(c) Use of Net Available Increment During Suspension Periods. During any period that the application of Net Available Increment under this Financing Plan is suspended pursuant to Sections 3.8(c)(iii), 3.9(a), and 3.9(b), the IFD may, unless otherwise permitted by this Financing Plan, use such Net Available Increment on a pay-as-you-go basis only (i.e., such amounts may not be pledged to any indebtedness) to finance the following costs to the extent allowed by the IFD Act and so long as such uses do not adversely affect the tax-exemption of the interest on any IFD Debt:

(i) Installment Payments then due and unpaid; then

(ii) Future Installment Payments by a deposit to the Navy Payment Escrow until such time as the amount in the Navy Payment Escrow is sufficient to pay all remaining unpaid Installment Payments; then

(iii) Payment of any Financial Obligations that would have been the obligation of Developer; then

(iv) In any combination: (A) facilities benefitting the Project or the Project Site; or (B) payment of the Housing Costs (including any affordable housing subsidy).

4. ALTERNATIVE FINANCING AND PUBLIC FINANCING GENERALLY

4.1 Alternative Financing

(a) Request for Alternative Financing. Authority acknowledges and agrees that other methods of Public Financing for Qualified Project Costs may be viable, become available, or become necessary (due to a Change in Law or otherwise) that affects the Funding Sources: (i) before Developer's completion of the Infrastructure and Stormwater Management Controls; or (ii) before Developer's full reimbursement for

Project Costs. These other methods (collectively, "**Alternative Financing**") may include any municipal debt financing vehicle then available under applicable law, including tax-exempt bonds, taxable bonds, tax-credit bonds, certificates of participation, and federal or State loans incurred by Authority, the City, or a joint powers authority. As set forth in this Financing Plan, as it may be amended from time to time, such municipal debt financing vehicles may be secured by Net Available Increment or Project Special Taxes, special assessments or fees on Taxable Parcels of commercial property in the Project Site through a community taxing district formed by City ordinance, or lease revenues in the case of Certificates of Participation. Therefore, from time to time, so long as Developer's Project Costs have not been fully paid or reimbursed, Developer may submit a written request for Alternative Financing, describing:

(i) the Qualified Project Costs to be financed with the proceeds of the Alternative Financing;

(ii) if the Qualified Project Costs relate to construction, the Completion date or estimated Completion date for the related Infrastructure and Stormwater Management Controls;

(iii) if the Qualified Project Costs relate to construction, the then current construction schedule for any other improvements to be made by Developer; and

(iv) the Alternative Financing.

(b) Implementation. Following Developer's request for Alternative Financing, Developer and Authority will meet with the Controller's Office of Public Finance and appropriate Authority or City consultants as to the necessity, feasibility, amount, and timing of the proposed Alternative Financing. Neither the City nor Authority will be required to implement Alternative Financing that: (i) is not consistent with the Funding Goals or Section 1.2(b) or (ii) proposes to tax or assess Exempt Parcels.

(c) Financing.

(i) If an Alternative Financing contemplates the formation of a CFD and the pledge of Project Special Taxes, Developer may petition City, as applicable, to form one or more CFDs over the Project Site in the manner and subject to parameters and limitations that differ from CFDs formed pursuant to Section 2 so long as Developer agrees to such terms in writing. Any such Alternative Financing CFDs may overlap all or any of the CFDs formed pursuant to Section 2.

(ii) If an Alternative Financing contemplates the pledge of Net Available Increment, Developer and Authority may mutually agree to adjust the application of Net Available Increment to accomplish the Alternative Financing.

(d) Stage 2 Alternative Financing. The Parties acknowledge that as of the A&R Reference Date, it is the intent of the Parties that the City will provide

Alternative Financing to the Project in accordance with this Section 4.1(d). The Alternative Financing provided under this Section 4.1(d) is referred to, collectively or individually, as "**Stage 2 Alternative Financing**".

(i) The purpose of the Stage 2 Alternative Financing is to accelerate the development of the property shown on the map attached hereto as Schedule 4.1(d) ("**Stage 2**"). The property in Stage 2 is a portion of the property subject to Sub-Phase Application 3 dated March 21, 2019, and approved by the Authority on April 12, 2019. The Stage 2 Alternative Financing is intended to facilitate the continuation of development of Stage 2 without interruption and to facilitate the delivery of housing units, both affordable and market rate, in furtherance of critical policy goals of the City.

(ii) The Stage 2 Alternative Financing shall be used solely to finance reimbursement to the Developer for its expenditures on the Qualified Project Costs related to development within the boundaries of Stage 2, or as required to serve development within the boundaries of Stage 2, that are eligible to be financed by CFD Bonds or IFD Debt the interest on which is excluded from gross income for federal income tax purposes ("**Stage 2 Qualified Project Costs**"). Stage 2 Alternative Financing is not intended to finance Qualified Project Costs related to any portion of the property subject to Sub-Phase Application 3 other than Stage 2, or Qualified Project Costs related to any other future Project Sub-Phases, except as required to serve development within the boundaries of Stage 2. Unless otherwise authorized pursuant to this Article 4, the City's General Fund shall not be available to pay any Alternative Financing other than the Stage 2 Alternative Financing. The City, the Authority and the Developer have agreed that the Stage 2 Alternative Financing represents financial assistance for Stage 2 that will not be available for any other property within Sub-Phase Application 3 unrelated to Stage 2, or for any other future Project Sub-Phases.

(iii) The Stage 2 Alternative Financing is expected to be structured as one or more lease certificates of participation that will represent lease payments payable by the City from its General Fund revenues ("**Certificates of Participation**"), although the City reserves the discretion for the Stage 2 Alternative Financing to be structured as other public financing vehicles selected by the City that are not secured by a pledge of Project Special Taxes or Net Available Increment. Although the Certificates of Participation will represent lease payments that are appropriated from the City's General Fund, the City expects that, except for the Stage 2 Contribution, the lease payments will be paid from General Fund revenues derived from the Project that would not exist but for the Project.

(iv) The City and Developer anticipate that the Stage 2 Alternative Financing will generate a maximum of $115 million of net proceeds to reimburse the Developer for Stage 2 Qualified Project Costs. The City and the Developer currently anticipate that the Stage 2 Alternative Financing will be issued in three separate tranches of approximately $50 million, $50 million and

$15 million; provided, however, the City reserves the right in its discretion to determine the timing, principal amount and number of tranches based on economic efficiency, the policies described in Section 1.1(a)(xi) and the Developer's ability to spend the financing proceeds on Stage 2 Qualified Project Costs within two years.

(v) Each tranche of the Stage 2 Alternative Financing shall be implemented through a separate legislative package submitted to, and subject to the approval of, the Board of Supervisors. Each legislative package will describe the following:

(A) the legal structure of the proposed Stage 2 Alternative Financing (e.g., Certificates of Participation);

(B) the maximum principal amount of the proposed Stage 2 Alternative Financing and the net proceeds expected to be generated to reimburse the Developer for Stage 2 Qualified Project Costs;

(C) the specific Stage 2 Qualified Project Costs that are expected to be financed by the proposed Stage 2 Alternative Financing and the expected timing of the Developer's expenditures on those Stage 2 Qualified Project Costs;

(D) the transaction's compliance with Section 10.62 of the City's Administrative Code; and

(E) the performance milestones to be met by the Developer before approval by the Board of Supervisors of a subsequent Stage 2 Alternative Financing.

Before any Stage 2 Contribution is made, the Board of Supervisors shall have approved the issuance of the first tranche of Certificates of Participation. The City shall not cause the initial Stage 2 Alternative Financing to be executed and delivered unless (y) the Board of Supervisors, as legislative body with respect to the CFD and as legislative body of the IFD, has approved the obligation to make the Stage 2 Contributions described in this Financing Plan (z) the City and the IFD, as applicable, have complied with applicable requirements of the Indentures for outstanding CFD Bonds and IFD Debt.

(vi) For the Stage 2 Alternative Financing(s) structured as Certificates of Participation, the Authority, the City and the Developer have agreed that the following Funding Sources shall be available (but not pledged) as described in this Financing Plan to fund the annual amount of the Stage 2 Contribution: (a) the Remainder Taxes in the manner described in Section 2.3(j); and (b) the 82.5% portion of Net Available Increment that is not dedicated in the IFP to pay for Housing Costs in the manner described in Section 3.5(d).

(vii) The City reserves the right to structure the prepayment provisions of the Stage 2 Alternative Financing in its sole discretion.

(viii) Developer hereby agrees that it shall not be entitled to, nor shall City or Authority pay, any Net CFD Proceeds, Project Special Taxes, IFD Proceeds or Net Available Increment to reimburse Developer for any Stage 2 Qualified Project Costs for which Developer was previously reimbursed from Stage 2 Alternative Financing proceeds.

(ix) At such time as all Qualified Project Costs incurred by Developer have been fully financed from Public Financing in accordance with this Financing Plan, the City may use any remaining Funding Sources that otherwise would have been committed toward Qualified Project Costs had there not been any Stage 2 Alternative Financing to pay for costs of public capital facilities that are eligible for financing under the Tax Laws (if applicable), CFD Act or IFD Act and otherwise would have been paid with General Fund or Authority revenues.

(x) The Parties agree that between the A&R Reference Date and the date on which the Developer has completed the improvements contemplated by the Street Improvement Permit for Stage 2 (the "**Stage 2 SIP Work**"), the Developer will spend all Gross Revenues from (i) land sales and (ii) Public Financing proceeds on Project Costs; provided, however, that the payment of interest, fees, or principal of debt being used to finance the Project is an eligible use of such revenues. For purposes of this subsection (x), "completed" shall mean satisfaction of any one of the following: (1) issuance of a notice of completion for the Stage 2 SIP Work by the Department of Public Works; (2) the date that is 60 days after Developer records a Notice of Completion pursuant to California Civil Code § 8190 covering the Stage 2 SIP Work without the filing of a mechanics lien, or if a lien if filed within such time, bonds have been provided to secure such liens in a form and amount required by law to cause any such lien to be removed from the applicable portion of the Project Site; (3) completion of at least 90% of the Stage 2 SIP Work (as evidenced by the inspections under the Acquisition and Reimbursement Agreement) with bonds posted for at least 150% of the remaining cost to complete the Stage 2 SIP Work; or (4) issuance of a Certificate of Completion by the Authority pursuant to Article 9 of the DDA for the Stage 2 SIP Work.

(xi) The City shall not increase the coverage ratio for, or reduce the sizing of an issue of, First Tranche CFD Bonds for the purpose of ensuring that there will be sufficient Remainder Taxes to fund all or any portion of the Stage 2 Contribution from Remainder Taxes. The City shall not increase the coverage ratio for, or reduce the sizing of an issue of, IFD Debt for the purpose of ensuring that there will be sufficient Net Available Increment to fund all or any portion of the Stage 2 Contribution from Net Available Increment. Instead, the City and the Developer agree that CFD Bonds and IFD Debt will be structured in accordance with Sections 2.4(d) and 3.3(b), respectively.

4.2 Formation and Issuance Alternatives

(a) Alternative Formation Entity. Developer and City may agree in writing that the Governmental Entity forming a CFD or an IFD may be other than City, so long as the formation of the CFD or IFD by the Governmental Entity is consistent with this Financing Plan and is allowed by the CFD Act or IFD Act, as applicable.

(b) Alternative Financing Mechanisms to Further Funding Goals. One of the Funding Goals of this Financing Plan is to maximize Funding Sources available to finance Qualified Project Costs. To achieve this Funding Goal, City and Developer acknowledge that it may be necessary or desirable to aggregate revenue sources from two or more IFDs or CFDs to support Public Financing through a financing mechanism other than the issuance of Public Financing by City or an IFD, including, but not limited to the issuance of revenue bonds or other indebtedness by another Governmental Entity (such as a local joint powers authority or a multiple-entity joint powers authority like CSCDA or ABAG) secured by CFD Bonds, IFD Debt, Project Special Taxes, and/or Net Available Increment. Developer and City will cooperate to evaluate and implement opportunities for such alternative financing mechanisms provided that such mechanisms further the Funding Goals and are consistent with this Financing Plan.

4.3 Grants

(a) Cooperation. Authority and Developer will work together to seek appropriate Project Grants for the Project.

(b) Authority Project Grants. Subject to the conditions in Project Grant documents and applicable law, Authority will use Project Grants it procures in the following order of priority: (i) first, to finance Project Costs that are not Qualified Project Costs under clauses (a), (b), (c), and (e) of the definition of "**Qualified**" (but in no circumstances would it be used to pay for a return on Pre-Development Costs); (ii) second, to finance the Qualified Project Costs incurred in connection with the Parks and Open Space Plan; (iii) third, to finance the costs of purchasing ferry boats for use on the Project Site; and (iv) fourth, to finance any other Qualified Project Costs. At the election of Authority, up to 50% of the Project Grant funds may be used for costs that benefit the Project (but that are not Project Costs).

(c) Developer Project Grants. Subject to the conditions in Project Grant documents and applicable law, Developer will use Project Grants it procures to finance Project Costs.

4.4 Provisions Applicable To All Public Financings

(a) Acquisition and Reimbursement Agreement. Developer and City will execute the Acquisition and Reimbursement Agreement (with only such changes as may be Approved by Developer and City in their respective sole discretion) before the earlier of: (i) the date the first Developer Construction Obligation is Commenced; or (ii) the date of the first Sub-Phase Approval. The Acquisition and Reimbursement Agreement describes the procedures by which: (x) Developer will seek reimbursement of

Qualified Project Costs and Authorized Payments; (y) City and Authority will inspect and accept Infrastructure and Stormwater Management Controls and other Improvements that Developer is required to construct under the DDA and City DA; and (z) City will approve Developer's Payment Requests. City will reimburse Developer for Qualified Project Costs and Authorized Payments with any combination of Funding Sources then available for City's use, subject to any priority established in the Acquisition and Reimbursement Agreement. City will acquire the Infrastructure, Stormwater Management Controls, and other Improvements from Developer in accordance with, and subject to the limitations set forth in, the Acquisition and Reimbursement Agreement and applicable Supplements. Developer acknowledges that it must satisfy the conditions set forth in the Acquisition and Reimbursement Agreement as a condition to receiving reimbursement for any Authorized Payments or Qualified Project Costs.

(b) Financing Temporarily Excused. City and each IFD will be authorized to temporarily suspend the issuance of any Public Financing (and Authority will not be obligated to provide Project Grant proceeds if clause (i), (ii), or (iii) applies), and neither Authority nor the City will be obligated to issue any Alternative Financing, to finance Qualified Project Costs during the time in which:

(i) Developer is in default in the payment of any ad valorem tax or Project Special Taxes levied on any Taxable Parcel it then owns in the Project Site;

(ii) Developer is in Material Breach under the DDA;

(iii) Developer fails to cooperate reasonably with Authority or the City as necessary to implement Public Financing consistent with this Financing Plan;

(iv) in the judgment of Authority, City, or an IFD, as applicable, after consultation with Developer, and based upon the Funding Goals and advice of Authority or City staff and consultants, market conditions or conditions affecting the property in the Project Site (such as tax delinquencies, assessment appeals, damage or destruction of improvements, or litigation) make it fiscally imprudent or infeasible to incur the requested indebtedness at the time; or

(v) the First Tranche CFD Bond or IFD Debt underwriter (the "**Underwriter**") for any bond issue exercises any right to cancel its obligation to purchase the First Tranche CFD Bonds or IFD Debt during the occurrence and continuation of events specified in its bond purchase agreement ("**Underwriter Force Majeure**").

(c) Developer Financing Costs. Developer will not be entitled to reimbursements from any Public Financing for its financing costs (consisting of interest carry and lender fees) for any Infrastructure and Stormwater Management Controls construction financing:

(i) to the extent that the costs are commercially unreasonable as of the date that the payment obligation was incurred;

(ii) while Developer is in default in the payment of any ad valorem taxes or Project Special Taxes levied on any of the Taxable Parcels it then owns or while Developer is in Material Breach under the DDA; or

(iii) if the costs arise more than ninety (90) days after the later to occur of: (A) the date on which City has found the related Infrastructure and Stormwater Management Controls to be Complete under the Acquisition and Reimbursement Agreement; and (B) Developer has been reimbursed fully for the related Qualified Project Costs from Funding Sources.

(d) Continuing Disclosure. Developer must comply with all of its obligations under any continuing disclosure agreement it executes in connection with the offering and sale of any Public Financing. Developer acknowledges that a condition to the issuance of any Public Financing may be Developer's execution of a continuing disclosure agreement.

(e) Qualified Pre-Development Costs. To the extent required, (i) each CFD and IFD will be authorized at formation to finance the Qualified Pre-Development Costs and (ii) the payment of the Qualified Pre-Development Costs (which do not include any return on such Pre-Development Costs) will be budgeted in the same manner as Qualified Project Costs in Section 3.5.

4.5 Terms of the Public Financings

(a) Meet and Confer. City staff and consultants will meet and confer with Developer before the sale of any Public Financing to discuss the terms of any proposed debt issue, but City and each IFD, as applicable, will determine the final terms in their reasonable discretion in light of the Funding Goals and subject to this Financing Plan. City will not enter into any Indenture for any form of Public Financing that is not bonded indebtedness, if the indebtedness must be secured by or repaid with Net Available Increment or Project Special Taxes without Developer's express written consent, which may be granted or withheld based on all relevant factors, including the timing and availability of funds, credit enhancement requirements, applicable interest rate and other repayment terms, and other conditions to the proposed indebtedness.

(b) Credit Enhancement. Any Developer credit enhancements for Public Financing must be without recourse to the City's General Fund or Authority's general funds or other assets (other than Net Available Increment to the extent pledged to the payment of Public Financing obligations). Any financial institution issuing a credit enhancement must have a rating of at least "A" from Moody's Investor's Service Inc. or Standard & Poor's Rating Service, or the equivalent rating from any successor rating agency mutually acceptable to Developer and City, on the date of issuance and at any later credit renewal date. Developer must provide substitute credit enhancements for any credit enhancement that does not meet this rating standard on a credit renewal date. If the

fees (and replenishment of any draw or other use of the collateral for the obligation it secures) for any Developer credit enhancements will be reimbursable from funds other than Developer funds, they may be reimbursed from Project Special Taxes or Net Available Increment, as applicable, on a basis subordinate to any debt service and other annual costs for any related outstanding Public Financing.

(c) Tax-Exempt or Taxable. Developer and City shall cooperate, and the IFD will cooperate with Developer, to maximize the tax-exempt treatment of any Public Financing, but Developer and City or an IFD, as applicable, may agree to issue taxable Public Financings.

(d) No Other Land-Secured Financings. Other than the CFDs and the IFDs, City shall not form any additional land-secured financing district or any district that pledges Increment over any portion of the property in the Project Site other than a City-wide district without Developer's Approval in its sole discretion.

4.6 Reimbursements for Qualified Project Costs

(a) Limited Reimbursement. Developer, City, and Authority acknowledge that:

(i) Developer is agreeing to pay for the Project Costs with the expectation that Developer will be reimbursed to the extent and in the manner set forth in this Financing Plan and the Acquisition and Reimbursement Agreement, subject to applicable laws and any financing instruments;

(ii) Developer may be required to begin paying Project Costs before Funding Sources to reimburse Developer are available;

(iii) Developer will be reimbursed for Qualified Project Costs and paid Authorized Payments in any number of installments as Funding Sources become available in accordance with this Financing Plan and the Acquisition and Reimbursement Agreement, with any unpaid balance deferred as long as necessary (subject to limitations on Funding Sources under applicable laws and financing instruments), until Funding Sources become available;

(iv) Developer's payment of Project Costs before the availability of Funding Sources to reimburse Qualified Project Costs is not a dedication or gift, or a waiver of Developer's right to reimbursement for Qualified Project Costs under this Financing Plan; and

(v) Funding Sources may not be sufficient to pay all of Developer's Qualified Project Costs and Authorized Payments.

(b) Acquisition of Infrastructure and Stormwater Management Controls. Developer, City, and Authority acknowledge that:

(i) Developer may be constructing Infrastructure and Stormwater Management Controls before Funding Sources that will be used to acquire it are available;

(ii) The Department of Public Works will inspect Infrastructure and Stormwater Management Controls and other Improvements and process Payment Requests even if Funding Sources for the amount of pending Payment Requests are not then sufficient to satisfy them in full;

(iii) Infrastructure and Stormwater Management Controls may be conveyed to and accepted by the City, Authority, or other Governmental Entity before the applicable Payment Requests are paid in full;

(iv) If the City, Authority, or other Governmental Entity accepts Infrastructure and Stormwater Management Controls before the applicable Payment Requests are paid in full, the unpaid balance will be paid when sufficient Funding Sources become available, and the Acquisition and Reimbursement Agreement will provide that the applicable Payment Requests for Infrastructure and Stormwater Management Controls accepted by the City, Authority, or other Governmental Entity may be paid: (A) in any number of installments as Funding Sources become available; and (B) irrespective of the length of time payment is deferred; and

(v) Developer's conveyance or dedication of Infrastructure and Stormwater Management Controls to the City, Authority, or other Governmental Entity before the availability of Funding Sources to acquire the Infrastructure and Stormwater Management Controls is not a dedication or gift, or a waiver of Developer's right to payment of Qualified Project Costs under this Financing Plan.

5. INTENTIONALLY OMITTED

6. MISCELLANEOUS PROVISIONS

6.1 Interim Lease Revenues

(a) Distribution of Interim Lease Revenues. Interim Lease Revenues shall be collected by Authority, and distributed according to the following priorities:

(i) Through each Fiscal Year, Authority will use the Interim Lease Revenues to pay Authority Costs that the Authority has incurred and that have not been previously reimbursed; then

(ii) On June 30 of each Fiscal Year, Authority will apply any remaining Interim Lease Revenues to any Installment Payment then due and unpaid unless otherwise waived, tolled or agreed by the Navy; then

(iii) On June 30 of each Fiscal Year, Authority will apply any remaining Interim Lease Revenues to the Navy Payment Escrow until such time as the amount in the Navy Payment Escrow is sufficient to pay all remaining unpaid Installment Payments unless otherwise waived, tolled or agreed by the Navy; then

(iv) On June 30 of each Fiscal Year, Authority will either (i) transfer to Developer any remaining Interim Lease Revenues (the "**Net Interim Lease Revenues**"), if authorized; provided, however, that Developer shall only use the Net Interim Lease Revenues for Qualified Project Costs, or (ii) expend the Net Interim Lease Revenues on Qualified Project Costs at the direction of Developer. In either case, Developer will treat such Net Interim Lease Revenues as Gross Revenues.

(b) Material Default. Subject to the previous paragraph, all distributions of Net Interim Lease Revenues to Developer under Section 6.1(a)(iv) shall be withheld for the benefit of the Authority upon the occurrence of and for the duration of any Material Default under the DDA and may be applied by the Authority to any of its payment obligations with respect to the Project, including, but not limited to, payment of Initial Navy Consideration and Additional Consideration, construction of Infrastructure and Stormwater Management Controls if the security provided by Developer is not sufficient for that purpose, payment of the affordable housing subsidy, payment of Authority Costs, and any other Financial Obligations that otherwise would have been the obligation of Developer.

6.2 Marina Revenues

(a) Use of Marina Revenues. Marina Revenues shall be used by Authority to pay Authority Costs.

(b) Interim Lease Revenues. To the extent that any Marina Revenues are considered Interim Lease Revenues, those Marina Revenues shall be used to pay Authority Costs under Section 6.1(a)(i).

6.3 Key Money

(a) Sale of Project Site Property. In the event that (i) Authority terminates all or any portion of the DDA before the issuance of the last Certificate of Completion for the Project for any reason other than a Selected Default and (ii) Authority sells all or any part of the Project Site included in the termination that Authority did not otherwise convey to Developer (the "**Unconveyed Property**") or enters into an agreement with respect to the Unconveyed Property for which compensation is paid to Authority, then, through the escrow for the sale of such Unconveyed Property or upon receipt of any other compensation relating to such Unconveyed Property, Authority shall pay to Developer the Net Sale Proceeds associated with such Unconveyed Property until the Deficit is paid in full.

(b) Deficit. For purposes of this Section 6.3, the term "**Deficit**" shall mean the amount calculated pursuant to the following formula so long as such amount is greater than $0:

(Installment Payments actually paid by Developer)

minus

(Acreage Percentage Acquired x Total Installment Payments)

6.4 Inconsistencies with the CFD and the IFD. The Reference Date of the original Financing Plan that has been amended and restated as set forth herein (the "**Original Financing Plan**") occurred prior to the formation of the CFD and the IFD. Since such Reference Date, the Board of Supervisors undertook proceedings for the CFD, including various annexations into the CFD (collectively, the "**CFD Proceedings**") and proceedings for the IFD, including adopting and approving the IFP and conducting post-formation change proceedings (collectively, the "**IFD Proceedings**"). Except as set forth in this paragraph, the Original Financing Plan has not been amended to describe the CFD or the IFD as formed. In the event of any inconsistency between the terms of this Financing Plan and the CFD Proceedings or the IFD Proceedings, the CFD Proceedings or the IFD Proceedings, as applicable, shall govern. Moreover, the City and the Developer agree that the amendments to the Original Financing Plan contained in this Agreement are consistent with and authorized by the IFP. As used herein, phrases such as "the IFP will provide" or "cause the IFP to contain" when referencing the changes made by this Agreement are not intended to require, and do not require, the amendment to the IFP, but rather indicate that the provisions of this Agreement are consistent with the IFP.

7. INTERPRETATION; DEFINITIONS

7.1 Interpretation of Agreement

(a) DDA and City DA. This Financing Plan is a part of the DDA and the City DA and is subject to all of its general terms, including the rules of interpretation.

(b) Inconsistent Provisions. Developer, City, and Authority intend for this Financing Plan to prevail over any inconsistent provisions relating to the financing structure for the Project and their respective financing-related obligations in any other document related to the Project.

7.2 Defined Terms

(a) Definitions. The following terms have the meanings given to them below or are defined where indicated.

"**A&R Reference Date**" is defined in the DDA.

"**Accounting**" means a complete accounting and computations setting forth the basis of each Additional Consideration to be paid, including the Gross Revenues and Development Costs

for the relevant determination period, together with a narrative description of the methodology employed to calculate each Additional Consideration payment to be due for the relevant period.

"**Acquisition and Reimbursement Agreement**" means the agreement between Developer and City governing the terms of City's acquisition of Infrastructure and Stormwater Management Controls and reimbursement of Qualified Project Costs, in the form attached to this Financing Plan as Attachment A, as the same may be modified or amended from time to time.

"**Acreage Percentage Acquired**" means the percentage calculated by dividing (i) the cumulative total amount of acreage of the Market Rate Lots acquired by Developer from Authority by (ii) the cumulative total amount of acreage of Market Rate Lots programmed on lands conveyed by the Navy to Authority.

"**Additional Community Facilities**" means any public facilities that are contemplated to be financed by City with Second Tranche CFD Bonds and Remainder Taxes under applicable law and in the manner set forth in this Financing Plan, and shall include but not be limited to the Future Sea Level Rise Improvements.

"**Additional Consideration**" means the First Tier Payments and the Second Tier Payments.

"**Additional Payments**" is defined in Section 3.7(a)(i).

"**Adequate Security**" is defined in the DDA.

"**Affiliate**" is defined in the DDA.

"**Affordable Housing Unit**" is defined in the Housing Plan.

"**Alternative Financing**" is defined in Section 4.1(a).

"**Annual Report**" is defined in Section 1.6(a).

"**Approval**" and any variation thereof (such as "**Approved**" or "**Approve**") is defined in the DDA.

"**Assigned Project Special Tax Rate**" is defined in Section 2.3(d).

"**Authority**" means the Treasure Island Development Authority.

"**Authority Board**" is defined in the DDA.

"**Authority Consideration**" means, collectively, the Authority Second Tier Payments and the Authority Third Tier Payments.

"**Authority Cost Payment**" is defined in the Conveyance Agreement.

"**Authority Costs**" is defined in the DDA.

"**Authority Second Tier Payment**" is defined in Section 1.3(c)(iii).

"**Authority Third Tier Payment**" is defined in Section 1.3(c)(iv).

"**Authorized Payments**" is defined in the Acquisition and Reimbursement Agreement.

"**Backup Project Special Tax Rate**" is defined in Section 2.3(g).

"**Board of Supervisors**" is defined in the DDA.

"**Building**" means any structure to be constructed within a CFD, including structures that contain Taxable Residential Units, commercial, industrial, science and technology, research and development, and office uses.

"**Cash Flow Distribution Termination Date**" means the date on which there are no longer any Gross Revenues generated by the Project.

"**Certificate of Completion**" is defined in the DDA.

"**Certificates of Participation**" is defined in Section 4.1(d).

"**CFD**" means (i) a community facilities district formed over all or any part of the Project Site that is established under the CFD Act to finance Qualified Project Costs and Additional Community Facilities, or (ii) if designated, an Improvement Area within a community facilities district formed over all or any part of the Project Site, which Improvement Area has been designated under the CFD Act to finance Qualified Project Costs and Additional Community Facilities.

"**CFD Act**" means the Mello-Roos Community Facilities Act of 1982 (Government Code § 53311 et seq.), as amended from time to time.

"**CFD Bonds**" means one or more series of bonds (including refunding bonds) secured by the levy of Project Special Taxes in a CFD, including First Tranche CFD Bonds and Second Tranche CFD Bonds.

"**CFD Bonds Project Account**" means the funds or accounts, however denominated, held by the Fiscal Agent under an Indenture containing the Net CFD Proceeds to be used to finance Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities.

"**CFD Conversion Date**" means, calculated separately for each CFD, the earliest to occur of (i) the date that all Qualified Project Costs have been paid or reimbursed to Developer for the Project as a whole, or (ii) the date that is forty-two (42) years after the issuance of the first series of First Tranche CFD Bonds in such CFD.

"**CFD Goals**" means, subject to Section 2.6(g), City's Local Goals and Policies for Mello-Roos Community Facilities Districts, approved by Resolution No. 387-09, adopted on October 6, 2009, and as thereafter amended from time to time.

"**CFD Proceedings**" is defined in Section 6.4.

"**Change In Law**" means legislation enacted by the Congress of the United States or by the legislature of the State, or the enactment of a regulation or statute by any Governmental Entity (other than City or Authority or any related entities) with jurisdiction over City or Authority.

"**Change Proceedings**" means proceedings under section 53332 of the CFD Act initiated by Developer's petition.

"**City**" means the City and County of San Francisco.

"**City DA**" means the Development Agreement by and between City and Developer relative to Naval Station Treasure Island.

"**City's General Fund**" means the City's general operating fund, into which taxes are deposited, excluding dedicated revenue sources for certain municipal services, capital projects, and debt service.

"**Commence**" is defined in the DDA.

"**Complete**" (or its variant "**Completion**") is defined in the DDA.

"**Conditional City Increment**" means, for each IFD, the amount allocated by the City on a conditional basis to such IFD for the purposes described in Section 3.3(e), which shall be equal to $0.08 of every dollar of Increment (which amount will come from Increment that would have otherwise been allocated to City).

"**Conditional Maintenance Tax**" shall mean a special tax that may be levied under an RMA only upon the occurrence of a Maintenance Default and only in the manner and in the amount set forth in Section 2.7(f).

"**Conveyance Agreement**" is defined in the DDA.

"**CPA**" means an independent certified public accounting firm Approved by Authority and Developer.

"**DDA**" means that certain Amended and Restated Disposition and Development Agreement (Treasure Island/Yerba Buena Island) to which this Financing Plan is attached.

"**Default Interest Rate**" means an interest rate of three hundred (300) basis points above the Interest Rate.

"**Deficit**" is defined in Section 6.3(b).

"**Department of Public Works**" is defined in the DDA.

"**Developed Property**" means, in any Fiscal Year, an assessor's parcel of Taxable Property included in a recorded final subdivision map before January 1 of the preceding Fiscal

Year, and for which a building permit has been issued before June 30 of the preceding Fiscal Year.

"**Developer**" is defined in the DDA.

"**Developer Construction Obligations**" means, to the extent required under the DDA in connection with the Project, Developer's obligation to construct or cause the construction of the Project in accordance with the Schedule of Performance, including: (a) the Infrastructure and Stormwater Management Controls; (b) Improvements pursuant to the Parks and Open Space Plan; and (c) Required Improvements.

"**Developer Fiscal Year**" means the fiscal year period for Developer, which currently commences on December 1 of any year and ends on the following November 30.

"**Developer Maintenance Payment**" means the payment made by Developer to pay for Ongoing Park Maintenance, subject to the limitations set forth in Section 2.7(d).

"**Development Costs**" means all Hard Costs, Soft Costs, and Pre-Development Costs, except to the extent specifically excluded under the Conveyance Agreement and specifically excluding any costs, fees or charges related to debt financing that are not also Permissible Financing Costs.

"**Encumbered Parcels**" is defined in Section 3.7(a)(i).

"**Entitlement**" is defined in the Conveyance Agreement.

"**Estimated Maintenance Cost**" means the estimated costs of the Ongoing Park Maintenance for a Maintenance Period, as determined pursuant to Section 2.7(a).

"**Event of Default**" is defined in the DDA.

"**Excess Land Appreciation Structure**" is defined in the Conveyance Agreement.

"**Exempt Parcel**" means the Public Property. Exempt Parcel does not include an assessor's parcel that, immediately prior to the acquisition by City, Authority, or other Governmental Entity, was a Taxable Parcel that Authority, City, or any other Governmental Entity acquires by gift, devise, negotiated transaction, or foreclosure (including by way of credit bidding), or an assessor's parcel that, immediately prior to the acquisition by Authority, was a Taxable Parcel that Authority acquires under its right of reverter under the DDA.

"**Final Conveyance Agreement IRR**" is defined in Section 1.3(e)(i).

"**Final Conveyance Agreement IRR Statement**" is defined in Section 1.3(e)(i).

"**Final IRR**" is defined in Section 1.3(f).

"**Final IRR Statement**" is defined in Section 1.3(f).

"**Financial Obligations**" is defined in the DDA.

"**Financing Plan**" means this Financing Plan.

"**First Tier Compensation**" is defined in Section 1.3(c)(ii).

"**First Tier Payment**" is defined in Section 1.3(c)(ii).

"**First Tranche**" means, calculated separately for each CFD, one or more series of CFD Bonds (including refunding bonds) issued prior to the applicable CFD Conversion Date and secured by the levy of Project Special Taxes in such CFD, the proceeds of which City is obligated under this Financing Plan to use to finance Qualified Project Costs.

"**Fiscal Agent**" means the fiscal agent or trustee under an Indenture.

"**Fiscal Year**" means the period commencing on July 1 of any year and ending on the following June 30.

"**FOST Parcel**" is defined in the Conveyance Agreement.

"**Funding Goals**" is defined in Section 1.1(a).

"**Funding Sources**" is defined in Section 1.2(a).

"**Future Sea Level Rise Improvements**" is defined in Section 2.8(e).

"**GAAP**" means generally accepted accounting principles.

"**Governmental Entity**" is defined in the DDA.

"**Gross Revenues**" means, for any period, all cash revenues received by Developer from any source whatsoever, and whether collected through or outside of escrow in connection with all or any part of the Project, in each case for such period, which shall include, the gross proceeds of sale or transfer of the Lots or any portion thereof, rents or other payments paid to Developer as the master landlord under any ground lease or as a property manager under an interim management agreement with Authority for existing facilities and open space, including any of Authority's revenues assigned to Developer pursuant to the DDA (which assignment may exclude revenues of Authority that are used to pay for Authority's costs and expenses that are not included in Authority Cost Payment pursuant to the DDA); proceeds from the first sale of ground leases or refinancing intended to capitalize ground value; any damage recoveries, insurance payments or condemnation proceeds payable to Developer with respect to the Project to the extent not otherwise used for repair or reconstruction of the Property, all revenues derived from agreements to which Developer is a party pursuant to which Developer participates in the proceeds of the operation or sale of any portion of the Property sold to a Vertical Builder, amounts paid to Developer from the proceeds of any assessment or special tax districts formed for purposes of providing funds for costs associated with the Project, and amounts paid to Developer from tax increment financing or other public financing, and grants and tax credits to reimburse Developer for Infrastructure and Stormwater Management Controls or other qualifying costs. Gross Revenues shall specifically exclude the proceeds of any capital contributed to Developer by its partners or members or the proceeds of any loan made to

Developer. Gross Revenues includes Net Interim Lease Revenues to the extent provided in Section 6.1(a)(iii).

"**Hard Costs**" is defined in the Conveyance Agreement.

"**High IRR Period**" means the time period (i) commencing on the date that an IRR Statement shows that Developer has achieved a cumulative IRR in excess of 15% as of the end of the final Quarter of the applicable Reporting Period considering all First Tier Payments, Second Tier Payments, and Authority Second Tier Payments and (ii) ending on the date that a subsequent IRR Statement shows that Developer's cumulative IRR as of the end of the final Quarter of the applicable Reporting Period, considering all First Tier Payments, Second Tier Payments, and Authority Second Tier Payments, is 15% or below.

"**Higher IRR Period**" means the time period (i) commencing on the date that an IRR Statement shows that Developer has achieved a cumulative IRR in excess of 25% as of the end of the final Quarter of the applicable Reporting Period considering all First Tier Payments, Second Tier Payments, and Authority Second Tier Payments and (ii) ending on the date that a subsequent IRR Statement shows that Developer's cumulative IRR as of the end of the final Quarter of the applicable Reporting Period, considering all First Tier Payments, Second Tier Payments, and Authority Second Tier Payments, is 25% or below.

"**Housing Amounts**" means the amounts transferred to Authority for purposes of paying the Housing Costs under Section 3.6.

"**Housing Costs**" means the costs incurred by Authority to increase, improve, and preserve the City's supply of housing for persons and families of very low-, low-, or moderate-income pursuant to the Housing Plan.

"**Housing Fund**" means a fund created by Authority for holding the Housing Amounts and applying such Housing Amounts on Housing Costs.

"**Housing Percentage**" means, for each IFD, 17.5%.

"**Housing Plan**" is defined in the DDA.

"**IFD**" means (i) an infrastructure financing district formed over all or any part of the Project Site that is established under the IFD Act to finance Qualified Project Costs, or (ii) if authorized under the IFD Act, a Project Area within an infrastructure financing district formed over all or any part of the Project Site, which Project Area has been designated under the IFD Act to finance Qualified Project Costs.

"**IFD Act**" means the Infrastructure and Revitalization Financing District Act (Government Code § 53369 et seq.), as amended from time to time.

"**IFD Debt**" means any bonded indebtedness that an IFD or other Governmental Entity incurs to finance Qualified Project Costs that is secured by a pledge of Net Available Increment, but not including CFD Bonds.

"**IFD Debt Project Account**" means the funds or accounts, however denominated, held by the Fiscal Agent under an Indenture containing the net proceeds of IFD Debt to be used to finance Qualified Project Costs.

"**IFD Proceedings**" is defined in Section 6.4.

"**IFD Proceeds**" means, in any Fiscal Year, for an IFD, the cumulative amount of (i) the proceeds of IFD Debt for such IFD and (ii) the Net Available Increment generated in such Fiscal Year that are not used to (A) pay debt service on and replenish debt service reserve funds for any IFD Debt for such IFD, (B) repay the City for any Conditional City Increment used to pay IFD Debt for such IFD in the manner set forth in Section 3.5(d) and to the extent set forth in Section 3.3(e), (C) except to the extent IFD Proceeds are used for the purposes provided in Section 3.6, fund the Stage 2 Contribution as set forth in this Financing Plan, (D) pay amounts due under the Subordinate Pledge; and (E) pay administrative expenses of the IFD.

"**IFP**" means an infrastructure financing plan required for each IFD under the IFD Act.

"**Improvement Area**" means an improvement area within a community facilities district designated pursuant to section 53350 of the CFD Act.

"**Improvements**" is defined in the DDA.

"**Inclusionary Units**" is defined in the Housing Plan.

"**Increment**" means, within an IFD, the tax increment revenues generated from the property within such IFD from and after the base year established for such IFD.

"**Indenture**" means one or more indentures, trust agreements, fiscal agent agreements, financing agreements, or other documents containing the terms of any indebtedness that is secured by a pledge of and to be paid from Net Available Increment or Project Special Taxes.

"**Index**" is defined in the DDA.

"**Infrastructure**" is defined in the DDA.

"**Infrastructure Plan**" is defined in the DDA.

"**Initial Closing**" means the date on which the first conveyance of the FOST Parcel by Quitclaim Deed from the Navy to Authority occurs in accordance with Article 3 of the Conveyance Agreement.

"**Initial Consideration Term**" means a term of ten (10) years (as such term may be extended pursuant to Section 4.2.2 of the Conveyance Agreement).

"**Initial Major Phase**" is defined in the DDA.

"**Initial Major Phase Application**" is defined in the DDA.

"**Initial Navy Consideration**" means the initial consideration to the Navy for acquisition of the Project Site, including the principal amount of $55 million and all interest payable to the Navy on the unpaid principal amount.

"**Installment Payment**" is defined in the Conveyance Agreement.

"**Interagency Cooperation Agreement**" means that certain Interagency Cooperation Agreement, by and between the City and Authority, as amended from time to time.

"**Interest Rate**" is defined in the Conveyance Agreement.

"**Interim Lease Revenues"** means all cash, notes, or other monetary consideration of any kind paid to the Authority under the Interim Leases.

"**Interim Leases"** means leases under which Authority is the lessor encumbering land in the Project Site during the time such land is leased to or owned by Authority.

"**IRR**" means the internal rate of return, annualized, calculated on the Project's Net Cash Flow by the Excel 2007 "IRR" function using quarterly Net Cash Flows. The Project's Net Cash Flow shall be adjusted to show all costs incurred in the quarter paid and all revenues in the quarter received, provided that Pre-Development Costs are applied as of the Initial Closing. An example of the IRR calculation is attached to the Conveyance Agreement as Exhibit DD.

"**IRR Statement**" is defined in Section 1.3(b).

"**Island Wide Costs**" shall mean the Qualified Project Costs that benefit the Project Site as a whole; for illustration purposes, the categories of Qualified Project Costs that the parties anticipate will constitute Island Wide Costs (further due diligence is required before it will be possible to precisely define Qualified Project Costs; the parties have agreed in Section 3.8(e) to define the categories of Qualified Project Costs that constitute Island Wide Costs) are listed in Attachment B hereto.

"**Liquidated Pre-Agreement Costs**" is defined in Section 3.8(c)(ii).

"**Lot**" is defined in the DDA.

"**Maintenance Account Balance**" is defined in Section 2.7(e).

"**Maintenance Budget**" is defined in Section 2.7(b).

"**Maintenance Commencement Date**" means the date that the first park owned by the Authority is completed and open to the public.

"**Maintenance Default**" is defined in Section 2.7(f).

"**Maintenance Period**" means, in each year, the one-year period commencing July 1 and ending on June 30.

"**Major Phase**" is defined in the DDA.

"**Major Phase Approval**" is defined in the DDA.

"**Marina Revenues**" is defined in the DDA.

"**Market Rate Lots**" is defined in the Conveyance Agreement.

"**Market Rate Unit**" is defined in the Housing Plan.

"**Material Breach**" is defined in the DDA.

"**Maximum Annual Developer Contribution**" is defined in Section 2.7(d).

"**Maximum Annual Stage 2 Lease Payment**" means, as of the date of calculation, the sum of (i) the maximum annual lease payments evidenced by the Certificates of Participation after the execution and delivery of the final tranche of the Certificates of Participation that are due in a Fiscal Year and (ii) the estimated annual fees related to the Certificates of Participation that are due in a Fiscal Year and appropriated by the City from the General Fund along with annual lease payments related to the Certificates of Participation, including, but not limited to, the costs of insuring the leased asset and trustee fees.

"**Maximum Project Special Tax Rate**" is defined in Section 2.3(g).

"**Minimum Affordable Percentage**" is defined in the Housing Plan.

"**Navy**" is defined in the DDA.

"**Navy Payment Escrow**" means an escrow created by Authority to hold Interim Lease Revenues to be used solely to pay Installment Payments (principal plus interest at the Interest Rate).

"**Navy Promissory Note**" is described in Section 4.2.6 of the Conveyance Agreement.

"**Net Available Increment**" means, for each IFD, $0.567 of every dollar of Increment (which amount will come from Increment that would have otherwise been allocated to City). Net Available Increment does not include Conditional City Increment.

"**Net Cash Flow**" means Gross Revenues received by Developer from the Project less Development Costs paid by Developer.

"**Net CFD Proceeds**" means the proceeds of CFD Bonds that are available or used to pay for Qualified Project Costs directly or by reimbursements to Developer and, when authorized pursuant to Section 2.8, to pay for the costs of Additional Community Facilities.

"**Net Interim Lease Revenues**" is defined in Section 6.1(a)(iv).

"**Net Sale Proceeds**" means the proceeds from the sale of Unconveyed Property by Authority or the compensation paid to Authority with respect to the sale of such Unconveyed Property, less the costs of the Authority associated with the marketing and sale of such Unconveyed Property.

"**Non-Developer Property**" means, collectively, the property in the Project Site (i) that was never acquired by Developer from Authority or (ii) that was reacquired by Authority through reverter.

"**Official Records**" is defined in the DDA.

"**Ongoing Maintenance Account**" means a separate account created by Authority and maintained by Authority to hold all Remainder Taxes transferred from the Remainder Taxes Holding Account pursuant to Section 2.7 to be used for financing Ongoing Park Maintenance during the applicable Maintenance Period.

"**Ongoing Park Maintenance**" means the costs of operating and maintaining Improvements constructed pursuant to the Parks and Open Space Plan within the Project Site, including installing landscaping, all personnel or third-party maintenance costs, costs of maintaining irrigation systems and other equipment directly related to maintenance, maintenance or replacement as needed of landscape areas, water features, bathrooms, trash receptacles, park benches, planting containers, picnic tables, and other equipment or fixtures installed in areas to be maintained, insurance costs, and any other related overhead costs, along with Authority personnel, administrative, and overhead costs related to maintenance or to contracting for and managing third-party maintenance.

"**Original Financing Plan**" is defined in Section 6.4.

"**Other Developer**" is defined in Section 1.4(a)(i).

"**Other Taxing Agencies**" means governmental taxing agencies or other entities that receive Increment and are authorized by the IFD Act or such other law to allocate or subordinate increment to an IFD.

"**Parks and Open Space Plan**" is defined in the DDA.

"**Payment Request**" is defined in the Acquisition and Reimbursement Agreement.

"**Permissible Financing Cost**" is defined in the Conveyance Agreement.

"**Person**" is defined in the DDA.

"**Pre-Development Costs**" is defined in the Conveyance Agreement.

"**Principal Payment Date**" means, (i) if CFD Bonds have not yet been issued for a CFD, September 1 of each year, and (ii) if CFD Bonds have been issued for a CFD, the calendar date on which principal or sinking fund payments on such CFD Bonds are, in any year, payable (for example, if the principal amount of CFD Bonds are payable on September 1, the Principal Payment Date shall be September 1, regardless of whether principal payments are actually due in any particular year).

"**Project**" is defined in the DDA.

"**Project Account**" is defined in Section 1.1(c)(i).

"**Project Area**" means a separately designated project area within the boundaries of an IFD, as permitted by the IFD Act.

"**Project Costs**" means, without duplication: (a) Development Costs; (b) Initial Navy Consideration; (c) Pre-Development Costs; and (d) any other amounts specifically identified in the DDA as a Project Cost.

"**Project Grants**" means State and federal funding.

"**Project Site**" is defined in the DDA.

"**Project Special Taxes**" means special taxes authorized to be levied in a CFD under the CFD Act, including all delinquent Project Special Taxes collected at any time by payment or through foreclosure proceeds.

"**Promissory Note**" is defined in the Conveyance Agreement.

"**Public Financing**" means, individually or collectively as the context requires, CFD Bonds, IFD Debt, and Alternative Financing.

"**Public Property**" is defined in the DDA.

"**Public Trust Parcels**" is defined in the DDA.

"**Qualified**" when used in reference to Project Costs, Pre-Development Costs, and other capital public facility costs, means: (a) with respect to a CFD, the Project Costs, the Pre-Development Costs (excluding any return on such Pre-Development Costs), and other authorized capital public facility costs, each to the extent authorized to be financed under the CFD Act, Tax Laws (if applicable), and this Financing Plan; (b) with respect to financing from Net Available Increment or IFD Debt, the Project Costs and the Pre-Development Costs (excluding any return on such Pre-Development Costs), each to the extent authorized to be financed under the IFD Act, Tax Laws (if applicable), and this Financing Plan; (c) with respect to an Alternative Financing, the Project Costs and the Pre-Development Costs (excluding any return on such Pre-Development Costs), each to the extent authorized to be financed under the laws governing the Alternative Financing, Tax Laws (if applicable), and this Financing Plan; (d) with respect to Project Grants, the Project Costs, the Pre-Development Costs (excluding any return on such Pre-Development Costs), and other authorized capital public facility costs, each to the extent authorized to be financed under the terms of the Project Grant and this Financing Plan; and (e) with respect to Net Interim Lease Revenues, the Project Costs not including any Pre-Development Costs.

"**Quarter"** means a three-month period commencing on the first day of the Initial Closing and continuing until the Termination Date of the Conveyance Agreement.

"**Reassessment**" is defined in Section 3.7(a)(i).

"**Records**" is defined in Section 1.6(b).

"**Redesign Costs**" means the anticipated costs necessary to prepare, entitle and implement the Redesign Plan.

"**Redesign Plan**" means an Authority plan to re-entitle, redesign and rebuild portions of the Project.

"**Reference Date**" means the "Original Reference Date" as defined in the DDA.

"**Remainder Taxes**" means, in each year, as of the day following the Principal Payment Date for a CFD, all Project Special Taxes collected prior to such date in such CFD in excess of the total of: (a) debt service on the outstanding CFD Bonds for the applicable CFD due in the current calendar year, if any; (b) priority and any other reasonable administrative costs for the applicable CFD payable in that Fiscal Year; and (c) amounts levied to replenish the applicable reserve fund as of the Principal Payment Date, including amounts reserved for reasonable anticipated delinquencies, if any.

"**Remainder Taxes Holding Account**" is a separate single account created by Authority to hold and apply all transfers of Remainder Taxes pursuant to Section 2.7.

"**Remainder Taxes Project Account**" is a separate account created by City for each CFD and maintained by City to hold all Remainder Taxes for the corresponding CFD to be used for financing Ongoing Park Maintenance, Qualified Project Costs, or Additional Community Facilities in the manner set forth in this Financing Plan.

"**Reporting Period**" is defined in Section 1.3(b).

"**Required Improvements**" is defined in the DDA.

"**RMA**" means the rate and method of apportionment of Project Special Taxes for a CFD, adopted in accordance with applicable law.

"**Schedule of Performance**" is defined in the DDA.

"**Second Tier Participation**" means the consideration paid to the Navy of Net Cash Flow generated by the Project in excess of a Developer 22.5% IRR, as described in Section 1.3.

"**Second Tier Payment**" is defined in Section 1.3(c)(iii).

"**Second Tranche**" means, calculated separately for each CFD, one or more series of CFD Bonds issued after the CFD Conversion Date and secured by the levy of Project Special Taxes in such CFD to be used by City to finance Additional Community Facilities or for any other purpose authorized by the CFD Act.

"**Selected Default**" means an Event of Default under sections 16.2.1(a) and 16.2.3(d) of the DDA.

"Soft Costs" is defined in the Conveyance Agreement.

"**Special Tax Requirement**" is defined in Section 2.3(i).

"**Stage 2**" is defined in Section 4.1(d).

"**Stage 2 Alternative Financing**" is defined in Section 4.1(d).

"**Stage 2 Qualified Project Costs**" is defined in Section 4.1(d).

"**Stage 2 Contribution**" means, beginning in the first Fiscal Year in which in the initial tranche of Certificates of Participation is executed and delivered and continuing through the Fiscal Year in which the Stage 2 Contribution Termination Date occurs, an annual amount equal to $550,000 that is payable from a combination of Remainder Taxes and Net Available Increment as set forth in this Financing Plan. The City will use the Stage 2 Contribution, in its discretion, either (i) to pay lease payments related to the Certificates of Participation, or (ii) with respect to any portion of the Stage 2 Contribution funded from Net Available Increment, to pay debt service on IFD Debt or (iii) with respect to any portion of the Stage 2 Contribution funded from Remainder Special Taxes, to pay debt service on CFD Bonds.

"Stage 2 Contribution Termination Date" means the earlier of (i) the final maturity date of the Certificates of Participation and (ii) the date on which the aggregate Stage 2 Contributions are equal to the Maximum Annual Stage 2 Lease Payment.

"**State**" is defined in the DDA.

"**Statement of Indebtedness**" means the report an IFD may file for each Fiscal Year to properly evidence the indebtedness of such IFD, whether or not required by the IFD Act.

"**Stormwater Management Controls**" is defined in the DDA, but is applicable in this Financing Plan only to the extent such facilities will be dedicated to the City.

"**Subordinated Pledge**" is defined in Section 3.4(a).

"**Subordination Request**" means a set of documents that include (i) a written request to Other Taxing Agencies to subordinate the receipt of such Other Taxing Agencies' tax revenues to the payment of debt service on any IFD Debt secured by Net Available Increment, and (ii) calculations, explanations, and other substantial evidence showing that the tax revenues expected from the property in the IFD are expected to be available to pay both the debt service on the IFD Debt and the payments to the Other Taxing Agencies.

"**Sub-Phase**" is defined in the DDA.

"**Sub-Phase Approval**" is defined in the DDA.

"**Subsequent Owner Property**" means any Undeveloped Property within a CFD owned by a Person other than Developer.

"**Tax Laws**" means the Internal Revenue Code of 1986, as amended, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Internal Revenue Code.

"**Taxable Parcel**" means an assessor's parcel of real property or other assessor's parcel of property (e.g., a condominium parcel) within a CFD that is not an Exempt Parcel.

"**Taxable Residential Unit**" means: (a) Market Rate Units; and (b) Inclusionary Units.

"**Term**" is defined in the Conveyance Agreement.

"**Termination Date**" is defined in the Conveyance Agreement.

"**Termination Notice**" means a written notice from the Authority providing notice that the DDA has been terminated with respect to Developer for a portion of the Project Site.

"**Termination Proceeds**" is defined in Section 3.8(c)(ii).

"**Total Installment Payments**" means the total amount of the Installment Payments payable under the Conveyance Agreement (principal plus interest at the Interest Rate).

"**Total Tax Obligation**" means, with respect to a Taxable Residential Unit at the time of calculation, the sum of: (a) the ad valorem taxes actually levied or projected to be levied if the Taxable Residential Unit were developed at the time of calculation; (b) the Assigned Project Special Tax Rates levied or projected to be levied if the Taxable Residential Unit were developed at the time of calculation; (c) all installments of special assessments if the Taxable Residential Unit were developed at the time of calculation; and (d) all other special taxes (based on assigned special tax rates) or assessments secured by a lien on the Taxable Residential Unit levied or projected to be levied if the Taxable Residential Unit were developed at the time of calculation.

"**Transferee**" is defined in the DDA.

"**2% Limitation**" is defined in Section 2.3(e).

"**Unconveyed Property**" is defined in Section 6.3(a).

"**Underwriter**" is defined in Section 4.4(b)(v).

"**Underwriter Force Majeure**" is defined in Section 4.4(b)(v).

"**Undeveloped Property**" means, in any Fiscal Year, Taxable Parcels in a CFD that are not Developed Property.

"**Vertical Builder**" is defined in the Conveyance Agreement.

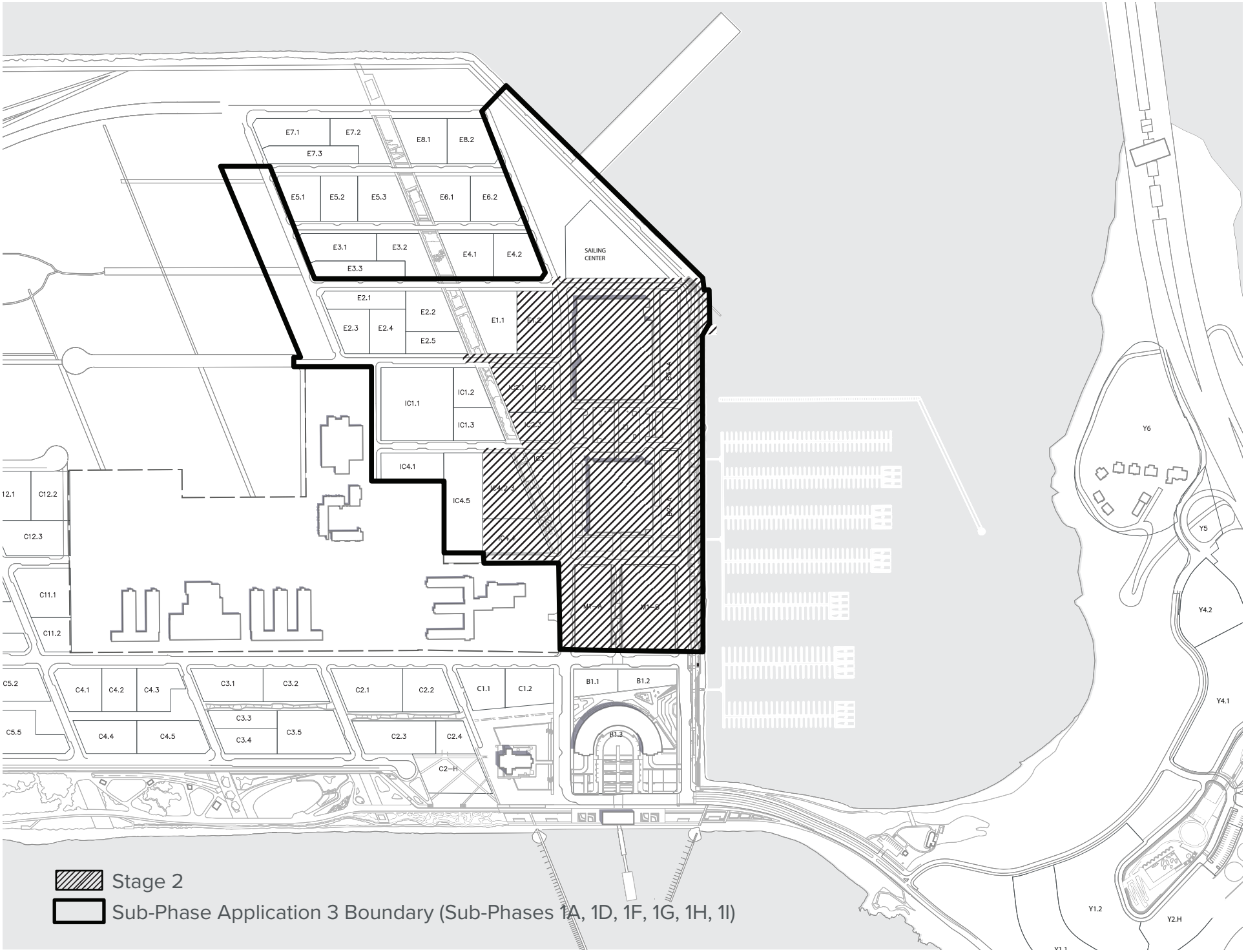
"**Vertical Developer**" is defined in the DDA.

"**Work Program**" a work program for a Redesign Plan submitted by Authority to the Navy.

Schedule 4.1(d)

Map of Stage 2

[ATTACHED]



SCHEDULE 4.1(d)

Attachment A

Form of Acquisition and Reimbursement Agreement

[TO COME]

Attachment B

Expected Categories of Island Wide Costs

[TO COME]

106473065.23

EXHIBIT FF

Infrastructure Plan

[Attached]

CITY & COUNTY OF SAN FRANCISCO

TREASURE ISLAND DEVELOPMENT AUTHORITY
ONE AVENUE OF THE PALMS,
2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFTREASUREISLAND.ORG

LONDON N. BREED
MAYOR

ROBERT BECK
TREASURE ISLAND DIRECTOR

May 29, 2020

Interagency Cooperation Agreement (Treasure Island/Yerba Buena Island) Signatories:

By this letter and pursuant to the Interagency Cooperation Agreement (Treasure Island/Yerba Buena Island) ("ICA"),[1] the Treasure Island Development Authority ("TIDA") approves changes to the Treasure Island Infrastructure Plan ("Infrastructure Plan"),[2] shown in the attached amended Infrastructure Plan ("the Infrastructure Plan Amendments"), based on its determination that the Infrastructure Plan Amendments are not material.

The ICA provides an amendment process for the Infrastructure Plan. TIDA may make non-material changes to the Plan that do not increase any obligations of or lessen the primary benefits accruing to the City. ICA § 8.4(b). However, the Mayor must first determine that proposed changes are not material. *Id.* This determination requires the approval of the Municipal Transportation Agency of the City and County of San Francisco ("SFMTA"), the San Francisco Public Utilities Commission ("SFPUC"), and/or the Fire Department of the City and County of San Francisco ("SFFD") *if* the proposed changes affect these agencies. *Id.* § 8.4(a), (b). The Infrastructure Plan Amendments would affect all three City agencies.

By letter, on May 4, 2020, TIDA provided Mayor London Breed with the required approvals from SFMTA, SFPUC, and SFFD and asked that Mayor Breed agree with TIDA's determination that the Infrastructure Plan Amendments are not material and would not increase any obligations of or lessen the primary benefits accruing to the City.

On May 12, 2020, by countersigning that letter, Mayor Breed agreed with TIDA's determinations.

Now by this letter, TIDA approves the Infrastructure Plan Amendments. The Infrastructure Plan as amended and attached to this letter hereby replaces any previous version.

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[1] The ICA is dated as of June 28, 2011 and was executed by and between the City and County of San Francisco and TIDA. The ICA provides for cooperation between TIDA and the City to administer "the control and approval of subdivisions, and all other land use, development, construction, improvement, infrastructure, occupancy, and use requirements applicable to the Project." ICA Recital H.

[2] The Infrastructure Plan was included as Exhibit FF to the Disposition and Development Agreement.

TREASURE ISLAND DEVELOPMENT AUTHORITY

Date: 5/29/2020

By: _____
Robert Beck
Treasure Island Director

ICA Signatories:

City and County of San Francisco
Approving Signatures by:
1. Mayor
2. Clerk of the Board of Supervisors
3. City Controller
4. City Administrator
5. Director of Public Works

City Agencies: SFMTA, SFPUC, and SFFD
Consenting Signatures by:
1. SFMTA Executive Director
2. SFPUC General Manager
3. SFFD Fire Chief and Fire Marshall

Developer
Consenting Signatures by:
1. Treasure Island Community Development, LLC

Attachments:
1. Amended Infrastructure Plan (May 2020)
2. May 4, 2020 Letter to Mayor Breed, Countersigned by Mayor Breed on May 12, 2020 (attachments omitted)

Attachment 1

TREASURE ISLAND INFRASTRUCTURE PLAN

June 28, 2011
Revised March 12, 2020

March 12, 2020 Revisions Approved May 2020

TABLE OF CONTENTS

FIGURES

1. INTRODUCTION / PROJECT DESCRIPTION

1.1 Purpose

This Infrastructure Plan is an attachment to the Disposition and Development Agreement (DDA) between the Treasure Island Development Authority, a public body, corporate, and politic of the State of California, together with any successor public agency, (the Authority) and Treasure Island Community Development, a California limited liability corporation, together with its successors (Developer), and is an exhibit to the Interagency Cooperation Agreement (ICA) between the City and County of San Francisco (City) and the Authority. This Infrastructure Plan defines the Public Infrastructure for those portions of Naval Station Treasure Island (NSTI) that are being redeveloped pursuant to the DDA (the Development Plan Area). For the purposes of this report, "Treasure Island" will refer to both Treasure Island and Yerba Buena Island, collectively, and "TI" or "YBI" will be used when referring to a specific Island. Capitalized terms used but not otherwise defined shall have those meanings set forth in the DDA.

The overall Project description, location, and the nature of the Development within the Development Plan Area are described fully in the DDA. For convenience, a summary of land uses that will be served by the Infrastructure to be developed on Treasure Island is provided here. Not all of these uses are part of the Project, as some are existing uses to remain or be developed separately.

The definitions of development-related terms as defined in the DDA shall apply to this Infrastructure Plan.

1.2 Land Use Program for the Infrastructure Plan

The following land use table is used to determine infrastructure demands in this document only. These numbers do not represent the final land use program and may be adjusted in the future. Adjustments will not significantly change the utility demands.

LAND USE	LOCATION / DESCRIPTION	PROGRAM
Residential	Treasure Island	7,700 – 7,850 units
	Yerba Buena Island	150 - 300 units
	Residential Totals	**Up to 8,000 units**
Hotel	Treasure Island	450 rooms
	Yerba Buena Island	50 rooms
	Hotel Totals	Up to 500 rooms
Office	Treasure Island	**100,000 s.f.**
New Construction Retail	Neighborhood Serving	45,000 s.f.
	Other Retail	95,000 s.f.
	New Construction Retail Totals	**Up to 140,000 s.f.**
Adaptive Reuse*	Building 1	76,000 s.f.
	Building 2	85,000 s.f.
	Building 3	150,000 s.f.
	Adaptive Reuse Totals	**311,000 s.f.**
Parking Structures		**2,479,750 s.f.**
Open Space		**300 acres**
Miscellaneous Structures	YBI Historic / Open Space Structures	**75,000 s.f.**
Marina		**400 slips**
Community / Civic Facilities	Treasure Island School	105,000 s.f.
	Police/Fire	30,000 s.f.
	Misc. small community facilities	13,500 s.f.
	Pier 1 community center	35,000 s.f.
	TI Sailing Center	15,000 s.f.
	Museum	75,000 s.f.
	Community / Civic Total	**273,500 s.f.**
Job Corps		**777,029 s.f.**
Coast Guard Facility		Existing Square Feet to Remain
Utility Facilities	Wastewater Treatment Plant	10,000 s.f.
	Corporation Yard Buildings at Treatment Plant and Water Tanks	4,000 s.f.
	Utility Facility Buildings Totals	14,000 s.f.

* Of this 311,000 SF total, 67,000 is proposed for retail use.

1.3 Infrastructure Plan Overview

This Infrastructure Plan will govern the construction and development of Infrastructure in the Development Plan Area and site work needed to support the Project. This Infrastructure Plan may be modified to the extent such additional Infrastructure is mutually agreed to by the Authority and the Developer consistent with the terms of the DDA and the ICA.

This Infrastructure Plan defines Infrastructure improvements to be provided by the Developer for the Development Plan Area, as well as off-site and on-site work that may be provided to support development of the Development Plan Area by the San Francisco Public Utilities Commission (SFPUC). While some Infrastructure improvements to be provided by City Agencies and other governmental agencies are described, their inclusion herein is not intended to be inclusive of all improvements to be provided by City Agencies and other governmental agencies.

This Infrastructure Plan and the Treasure Island / Yerba Buena Island Subdivision Regulations (to be developed separately) will establish the design standards, criteria and specifications of Infrastructure in the Project, including streets, potable water, recycled water (including back-up firefighting source), supplementary bay water hydrants and fireboat manifolds for firefighting, joint trench, street lighting, street furniture, separated storm and sewer systems, storm water treatment features, open space parcels, and other Infrastructure. During subdivision processing and approval by the City, including the review and approval of subdivision improvement plans, the final design of Infrastructure will be consistent with this Infrastructure Plan and the other regulations and agreements applicable to Treasure Island.

This Infrastructure Plan focuses on the Infrastructure required to build the Project as described in the Project Environmental Impact Report (EIR). The EIR also includes a number of Project variants, which may or may not be implemented; these variants are also described, but are not required components of the Infrastructure.

1.4 Property Acquisition, Dedication, and Easements

The Mapping, Street Vacations, property acquisition, dedication and acceptance of streets and other Infrastructure improvements will occur through the Subdivision Map process in accordance with the Treasure Island / Yerba Buena Island Subdivision Code and Subdivision Regulations. Except as otherwise noted, all Infrastructure described in this Infrastructure Plan shall be constructed within

the public right-of-way or dedicated easements to provide for access and maintenance of Infrastructure facilities. In the event property necessary to provide the rights-of-way or easements for construction of improvements shown herein cannot be acquired by the Authority or Developer, alternate Infrastructure designs will be submitted by the Developer for consideration by the City.

Public Service Easements will be allowed within the Project as may be necessary to service the Project. Utilities in these areas will be installed in accordance with the standards in this Infrastructure Plan and applicable City Regulations for public acquisition and acceptance within public utility easement areas, including provisions for maintenance access; however, such areas shall not be required to be dedicated as public right-of-ways or improved to public right-of-way standards.

1.5 Project Datum

All elevations referred to herein are based on North American Vertical Datum of 1988 (NAVD 88).

1.6 Technical Memoranda

The Technical Memorandums that have been submitted separately to the City provide additional technical requirements for the each Infrastructure system. These Technical Memoranda form the basis of the conceptual plans developed for this Infrastructure Plan and Major Phase applications. Approval of this Infrastructure Plan does not imply approval of the respective utility system Technical Memoranda. Refinements to the Technical Memoranda are not anticipated to substantially change the descriptions in the Infrastructure Plan. Revisions to the Infrastructure Plan based on the changes to the Technical Memoranda will be made upon mutual agreement between the Authority, City, and the Developer. The Technical Memoranda will be finalized prior to the approval of the first Sub-Phase Application.

1.7 Conformance with EIR & Entitlements

This Infrastructure Plan has been developed to be consistent with Project mitigation measures required by the Environmental Impact Report (EIR) and other entitlement documents. Regardless of the status of their inclusion in this Infrastructure Plan, all mitigation measures of the EIR shall apply to the Project.

1.8 Interagency Cooperation Agreement

Under California Community Redevelopment Law Section 33220(e), certain public bodies, including the City, are authorized to aid and cooperate in the planning, undertaking, construction, or operation of redevelopment projects. To promote development in accordance with the objectives and purposes of the Treasure Island/Yerba Buena Redevelopment Plan and the Disposition and Development Agreement, the City and the Authority are entering into an Interagency Cooperation Agreement (ICA) to provide for the City's cooperation in administering the control and approval of subdivisions, and all other land use, development, construction, improvement, infrastructure, occupancy, and use requirements applicable to the Project, in accordance with this Infrastructure Plan and the other Redevelopment Documents. Signatories to the ICA include the Mayor, the Clerk of the Board of Supervisors, the Controller, the City Administrator, and the Director of Public Works. City Agencies consenting to the ICA and the Infrastructure Plan include the SFPUC, the Planning Commission and Department the Department of Building Inspection, the Arts Commission, and the San Francisco Fire Department. City Permits reviewed and issued by applicable City Agencies will require conformance with this Infrastructure Plan and the other Redevelopment Documents.

1.9 Applicability of Uniform Codes and Infrastructure Standards

Future modifications to this Infrastructure Plan and/or existing City Standards, Guidelines, and Codes are subject to the provisions of sections 2.4.3 and 2.4.4 of the Development Agreement.

1.10 Project Phasing

It is anticipated that the Project will be developed in 4 or 5 Major Phases. Each Major Phase will be further divided into Sub-Phases. The Developer will submit an application for the development of each Major Phase. Major Phase applications will include illustrative concept plans for utilities and transportation improvements within the Major Phase and the infrastructure required to serve the Major Phase that may be outside of the Major Phase limit. Following a Major Phase application, the Developer may submit applications for one or more Sub-Phases. The information provided with each Major Phase and Sub-Phase application will be consistent with the Design Review and Document Approval Procedure (DRDAP).

1.11 Phases of Infrastructure Construction

The infrastructure improvements for Treasure Island will be constructed in phases in accordance with approved Major Phase and Sub-Phase applications.

Each phase of infrastructure construction will provide the new infrastructure necessary to serve the associated Sub- Phases. The amount of the existing infrastructure systems replaced with each Sub-Phase will be the minimum necessary to serve the Sub-Phase. The new Sub-Phases will connect to the existing infrastructure systems as close to the edge of the new Sub-Phase as possible with permanent and/or temporary systems while maintaining the integrity of the existing system for the remainder of the Islands. Any existing land uses remaining during each Sub-Phase will continue to utilize the existing infrastructure systems with temporary connections to the new systems where required to maintain the existing service until the existing uses are demolished. The conceptual limits of the existing infrastructure to be demolished as well as conceptual layouts of the permanent and/or temporary infrastructure systems for each Major Phase will be provided with the Major Phase application. As defined by the DRDAP, 50% plans for the permanent and/or temporary infrastructure systems for each Sub-Phase as well as the capacities and conditions of the existing infrastructure to remain that will serve the Sub-phase will be submitted with the Sub-Phase application. Repairs and/or replacement of the existing facilities necessary to serve the sub-phase will be designed and constructed by the Developer.

The Authority or the City will be responsible for maintenance of existing infrastructure facilities until demolished by the Developer. The City will be responsible for the new facilities once construction of the Sub-Phase or the new facility is complete and accepted by the City.

All stormwater treatment facilities necessary to comply with the current SFPUC stormwater management requirements will be operational at the time of completion of each Sub-Phase, prior to City acceptance of the Sub-Phase. All planted stormwater treatment systems will be established and functional at the time of connection.

2. SUSTAINABILITY

2.1 Sustainable Infrastructure

A key component of Treasure Island's redevelopment is its sustainable infrastructure. This Infrastructure Plan incorporates various strategies that support the long term sustainable vision for this new urban community. Innovative street designs, efficient land planning, and modern efficiently-sized infrastructure serve as the cornerstones for this new sustainable community.

A summary of the key sustainable strategies that are to be incorporated into the infrastructure to be installed on Treasure Island are as follows:

Section 3 - Environmental Remediation

- Environmental remediation and clean up of Treasure Island to satisfy all applicable statutory and regulatory requirements for redevelopment uses

Section 4 - Demolition and Deconstruction

- Deconstruction and abatement of unusable and dilapidated structures
- Rehabilitation and re-use of historic structures
- Demolition of sub-standard utility infrastructure
- Re-use of recycled materials on-site where feasible

Section 5 – Sea Level Rise and Adaptive Management Strategy

- Initial grading and utility infrastructure designs to provide long term protection and adaptability for sea level rise
- Sea level rise adaptation plan put in place to allow monitoring and adaptation
- Financing mechanism put in place to fund future monitoring and improvements to adapt to varying amounts of sea level rise

Section 6 – Geotechnical Conditions

- Geotechnical improvements to significantly improve seismic stability of Treasure Island and provide for stable development platform

Section 7 – Site Grading and Drainage

- Grading plans designed to remove the new proposed development areas from existing FEMA flood plain designation
- Initial grading and drainage designs to provide long term protection and future adaptability to accommodate potential sea level rise
- Grading design to minimize the need to import soil to Treasure Island from offsite locations while accommodating grades adjacent to existing historic structures and minimizing the impact to natural environment on YBI
- Erosion and sedimentation control measures during construction will be utilized consistent with an approved Storm Water Pollution Prevention Plan for the site.

Section 8 – Transportation and Street Design

- New infrastructure to support alternative transit modes such as bicycles, busses, and a new ferry system.
- Innovative new street grid designed to provide solar and wind benefits
- Walkable community designed to optimize the pedestrian experiences throughout the island and intermodal transit hub
- New public bicycle and pedestrian paths to provide connection to open spaces and the new East Span of the Bay Bridge

Section 9 – Potable Water System

- New reliable, robust and efficient potable water system including expanded on-island storage
- Use of state of the art water conservation fixtures to reduce potable water demands

Section 10 – Wastewater System

- New wastewater collection system to reduce the amount of groundwater intrusion and chance for system overflow
- New and/or upgraded on-site wastewater treatment facility
- New low flow fixtures generating reduced discharge into the wastewater system

Section 11 – Recycled Water System

- New Recycled Water Treatment Facility will provide recycled water to Title 22 standards for unrestricted use
- All non-potable demands intended to be met with recycled water. Will reduce potable demand by over 420,000 gallons per day
- All new recycled water distribution system (except on YBI)
- Recycled water also used for backup fire water source in case of emergency conditions

Section 12 - Stormwater System

- New stormwater collection system designed for long term protection from flooding and adaptability for sea level rise
- Designed to provide stormwater treatment prior to outfall to the Bay
- Innovative Low Impact Development (LID) system wide designs and treatment wetlands included in street designs and open spaces

Section 13 – Dry Utility Systems

- New power, gas and communication systems to serve the development
- Project will generate 5% of peak energy demand on-site
- Use of energy efficient fixtures to reduce energy demands

Section 14 - Project Infrastructure Variants

- Project has also been designed with enough flexibility to consider the addition of the following large scale sustainable facilities into the infrastructure program for the development;
    - District heating/cooling
    - Automated waste collection systems
    - Additional on-site energy generation (solar farms)

All of the features above are intended to support achieving a Gold certification level under the United States Green Building Councils LEED (Leadership in Energy & Environmental Design) for Neighborhood Development (ND) rating system. (July 2010 version).

3. ENVIRONMENTAL REMEDIATION

3.1 Background

NSTI was selected for closure under the Base Closure and Realignment ("BRAC") program in 1993, and was subsequently decommissioned in 1997. Prior to operational closure, a base wide environmental baseline survey ("EBS") was completed in 1994, which was required as part of the BRAC program. The EBS is a broad evaluation of all known and suspected hazardous materials that were handled, stored, or potentially released into the environment from base operations. The results of the EBS confirmed that portions of the Development Plan Area contain soil and groundwater that have been impacted by hazardous materials.

Since first identified for base closure, a substantial amount of work has been performed by the Navy regarding the identification and cleanup of subsurface contamination. A Finding of Suitability for Transfer (FOST) has been completed for approximately 170 acres of the former naval base. The Navy is continuing to conduct remedial actions, the goal of which is to eliminate the contamination, reduce it to acceptable levels, or, if residual contamination is left in place, to limit exposure pathways that may pose a risk to human health and the environment.

3.2 Status of Land at Transfer from Navy to TIDA

The Navy will transfer NSTI to the Authority, under the terms of an Economic Development Conveyance Agreement ("EDC Agreement"). The EDC Agreement contemplates that the Navy will satisfy all applicable statutory and regulatory requirements for its remediation responsibilities, and issue a FOST, or multiple FOSTs, prior to conveyance of the property.

Sites will be transferred from the Navy to the Authority as FOSTs are issued. The Authority will subsequently transfer the land in phases to the Developer, in accordance with the terms of the DDA.

3.3 Developer Obligations

The Developer will be responsible for completing any additional remediation work that may be required after the Navy's completion of its obligations in accordance with applicable regulatory requirements. Generally, the following types of additional work are currently anticipated:

- *Removal of any Hazardous Building Materials.* Where the Project requires demolition or renovation of structures containing hazardous building materials such as lead-based paint or asbestos, additional remediation would be required.

- *Compliance with, Alteration, or Removal of a Land Use Covenant.* There may be areas where land use controls on the property are imposed by covenant as part of the Navy's remediation process, and such land use controls are inconsistent with the final reuse. For these areas, the Developer and the Authority will need to obtain approval for the proposed land use from the appropriate regulatory agencies.

3.4 Potential Additional Scope of Work

While the EDC Agreement presumes that all sites will be transferred by the Navy to the Authority following a FOST, the EDC Agreement does allow the Navy and the Authority to enter into negotiations for an Early Transfer (also known as a Finding of Suitability for Early Transfer, or FOSET) for any individual parcel. A FOSET documents the remediation that has not been completed at the time of transfer and the protections to human health and the environment that will be implemented until all action necessary to protect human health and the environment have been taken. Under a FOSET, the Navy would not complete the full remediation prior to transfer and the Authority and Navy would coordinate to complete the remediation in accordance with applicable regulatory requirements.

In addition, the EDC Agreement also provides an election for the Navy and the Authority to enter into a Lease in Furtherance of Conveyance ("LIFOC") for any parcel. In this case, the Navy would continue to retain responsibility for environmental remediation, unless the Navy and the Authority were to agree otherwise, and the land would be leased from the Navy to the Authority until such time that a FOST was issued and land was suitable for transfer.

In the event of either a FOSET or a LIFOC where the Authority assumed some of the Navy's remediation responsibilities, the Authority and Developer would meet and confer to discuss which of those responsibilities, if any, would be carried out by Developer.

4. DEMOLITION AND DECONSTRUCTION

4.1 Scope of Demolition

The Developer will be responsible for the demolition and deconstruction of all non-retained existing buildings and infrastructure features. This includes all non-historic buildings not intended for long-term reuse, site structures (retaining walls, utility buildings), streets and pavements, existing utilities, relocation of existing utilities as needed subject to SFPUC approval, and landscape elements that are unable to be included in the proposed design.

The buildings to be demolished or deconstructed are primarily of wood and concrete construction and were formerly used for administration, storage, classrooms, shops, dormitories, housing and a variety of other purposes. To the extent practical, existing structures will be "deconstructed", allowing for maximum re-use of materials. The feasibility of materials reused or recycled may be limited by the requirements for abatement of hazardous materials and the potential value of the recycled material.

Building demolition and deconstruction will start with the abatement of hazardous materials including lead paint, asbestos and other materials identified as part of a building survey. Hazardous materials will be removed pursuant to a work plan agreed to by the Developer, the Authority, and Federal, State, and local regulators. In addition to hazardous material removal, appropriate methods of vector control will be used to mitigate any possible vermin infestations from the existing buildings.

In addition to the demolition and deconstruction of structures as addressed above, all existing pavements, underground utilities, and overhead utilities in the demolition and deconstruction areas will be abandoned in place, removed or, subject to SFPUC approval, relocated (permanently or temporarily) by the Developer. Where feasible, concrete and asphalt pavements will be recycled and used on site or made available for use elsewhere. This could be accomplished by setting up a concrete/asphalt crushing plant operation on TI. The location of the plant will consider the need for efficiency throughout the construction phases and the need to minimize the impact on existing residents and business. The recycled concrete/asphalt materials will be allowed for pavement and

structural slab sub-base material, utility trench backfill, and, where feasible, concrete and asphalt mixes, as approved by the City.

Utility materials, primarily metals, will be recycled as feasible. Where transite pipe (asbestos-cement pipe) is encountered, appropriate abatement methods will be used to satisfy applicable regulatory agency requirements.

As part of a standard vegetation grubbing and clearing operation, trees and other plant materials will be protected in place, relocated, or removed as needed from future grading areas. All trees and plants to be removed will be recycled by composting for on-site uses associated with replanting and erosion control to the extent feasible.

4.2 Phases of Demolition/Deconstruction

The demolition will occur in phases to match the Sub-Phases of the Project. The amount of demolition will be the minimum necessary for the Sub-Phase. The demolition of smaller areas will allow the existing utility services, vehicular access areas, and vegetation to remain in place as long as possible in order to reduce disruption of existing uses on the Islands.

5. SEA LEVEL RISE AND ADAPTIVE MANAGEMENT STRATEGY

5.1 Sea Level Rise (SLR)

The State of California's 2009 Draft Climate Adaptation Strategy Report includes guidance to State agencies addressing climate change adaptation. In addition, BCDC has proposed Bay Plan amendment language, which includes guidance for addressing future SLR scenarios associated with planning and permitting development in potentially susceptible areas. Both recommend using the following SLR forecast for planning purposes:

- 16 inches by 2050
- 55 inches by 2100

SLR has the potential to increase flooding along shoreline areas as the 100-year high tide (Base Flood Elevation) increases over time. The Project will be built to protect against a reasonable amount of SLR and designed to accommodate higher SLR through an Adaptive Management approach that allows the Project infrastructure to be adjusted over time in response.

5.2 Adaptive Management Approach

Because the actual rate of future SLR is uncertain, the Adaptive Management approach will embrace a pro-active adaptive management strategy that can respond to changes that will come about in the future as a result of additional scientific study and monitoring of SLR conditions.

The Adaptive Management plan will include four basic fundamentals:

1. Initial infrastructure designs to accommodate reasonable SLR scenarios
2. Infrastructure designs that can easily be adjusted in the future in response to actual SLR
3. Monitoring of scientific updates and actual SLR data
4. Funding mechanism to implement the necessary improvements

The following is a description of how the Project will implement these four basic fundamentals.

5.3 Initial Infrastructure Design

5.3.1 **Grading** (refer to Section 7 for more detailed information)

The FEMA requirements for setting coastal flooding elevations include two components; 1) perimeter shoreline areas, and 2) inland areas. The flood elevations for the perimeter shoreline areas are dictated by the still water, 100-year tide elevation (Base Flood Elevation), plus the potential for wave run-up. The potential wave heights and geometry of the perimeter shoreline will dictate the horizontal extent of the area considered to be "shoreline". Because the inland

areas are protected from wave run-up by the perimeter shoreline, the flood elevations for the inland areas are dictated by the Base Flood Elevation (BFE) only.

Figure 5.1 shows the perimeter area and inland areas for Treasure Island. Descriptions of the different areas are as follows.

5.3.1.1 Perimeter Protection

The perimeter shoreline area of TI will function as a berm to protect the interior of the Island from wave run-up. The height of the existing perimeter will be adjusted such that there is only a 1% chance of wave overtopping due to a combination of high tides, swell, wind, waves, tsunami, and shoreline geometry. The elevation and types of perimeter protection designs will vary around the Island based on the orientation of the shoreline (i.e. wave heights) and the proposed adjacent land plan. The designs in each location will be based on the current tide conditions to meet the FEMA wave protection standards plus an additional 16-inches to accommodate the potential 2050 SLR estimates.

As described below, the proposed building areas on TI will be raised to accommodate 36-inches of potential SLR. Therefore, the perimeter of the island will not be considered a levee under current BFE conditions, and would not be in the future unless more than 36-inches of SLR occur.

5.3.1.2 Development Area Grading

As described above, the perimeter designs will protect the development areas from wave run-up and, therefore, the designs for the interior development areas will be based on the BFE.

There are three different types of development areas located on TI; 1) proposed new building and roadway areas, 2) open space areas, and 3) remaining historic buildings and Job Corps. A description of the proposed grading for each of these conditions is as follows:

5.3.1.2.1 Proposed Building and Roadway Areas

The finished floors and garage entrances for all new structures will be built a minimum of 42-inches above the current Base Flood Elevation (BFE). This will accommodate up to 36-inches of SLR while maintaining 6-inches of freeboard to the new structures.

The minimum roadway elevations will be designed to meet the freeboard requirements for the Hydraulic Grade Line (HGL) of the storm drain system as described in Section 12.

5.3.1.2.2 Open Space Areas

The minimum elevations for the open space areas will be built at the existing BFE. The lowest points in the open space areas may experience minimal amounts of rainwater ponding during large rainstorms occurring simultaneously with 100-year tides, depending on their locations and watershed area. The depth of rainwater ponding during these infrequent events will be minimal for the peak high tide duration (approximately 2 hours) and will drain once the tide subsides. As described below, the stormwater system will be constructed with tide gates at the outfall structures so bay water does not enter the on-site system during high tide events. The horizontal limits and depth of ponding in the open space areas will be developed in coordination with the SFPUC prior to approval of the Major Phase and Sub-Phase applications as consistent with the DRDAP.

5.3.1.2.3 Historic Buildings, School Site, and Job Corps Structures to Remain

Historic Buildings 1, 2, and 3, as well as the Job Corps buildings and School buildings will remain on TI. The existing finished floor elevations for these structures range from elevation 8.5 to 13.2. These finished floors as well as the ground adjacent to the buildings will not be raised as part of the Project. The new street improvements adjacent to these facilities will be constructed to grades of 12 to 15. The grade difference between the lower areas of the existing buildings and proposed improvements will be mitigated by grading transition areas or with low walls, ramps, stairs and/or planters. These improvements will be designed with grades to protect the lower finished floor areas from the current BFE plus 16-inches of SLR. Local storm drain systems will be installed for these lower areas with small pump stations to connect to the main systems within the streets. The Developer will be responsible for the design and installation of the grading transition and pumps, if required. Ownership and maintenance of the local stormwater system on public land will be by SFPUC or TIDA.

5.3.1.2.4 Wastewater Treatment Plant

The existing grades for the existing wastewater treatment plant vary from approximately 10.4 to 12.6. The proposed surrounding grades of the open space area will be lower than

the WWTP area. The existing grades of the facility will remain until the WWTP is upgraded/replaced by the SFPUC.

5.3.2 Stormwater System (refer to Section 12 for more detailed information)

The existing storm drainage collection system on Treasure Island will be replaced in phases that correspond to the Sub-Phases of the Project. The new stormwater system will be designed to accommodate the 100-year storm during the 100-year tide with a maximum of ponding to top of curb at low points in the streets. The system will be constructed with tide gates at the outfall structures so bay water does not enter the on-site system. The system will be designed to gravity flow to the outfalls. New inline lift stations may be required at certain locations due to the depth of the stormwater system or crossing conflicts with other utilities.

5.4 Infrastructure Adjustments for Future SLR

5.4.1 Grading

5.4.1.1 Perimeter Protection

As described above, the perimeter protection will be designed to accommodate up to 16-inches of SLR. The perimeter designs will also provide the ability to make future changes to the perimeter if more than 16-inches of SLR occurs and over topping of the perimeter becomes a nuisance or hazardous at some locations. The appropriate type of adjustments will be determined through the decision making framework described below. If more than 36-inches of SLR occurs, the perimeter area will need to be improved to FEMA levee standards.

5.4.1.2 Development Area Grading

5.4.1.2.1 Proposed Building and Roadway Areas

As described above, the finished floors and garage entrances of the new structures will be set at elevations to accommodate up to 36-inches of SLR and maintain a 6-inch freeboard. SLR beyond 36-inches will require perimeter and stormwater system improvements to protect the structures.

The roadway grading will be designed to limit ponding to the top of curb elevation during the 100-year storm, 100-year tide, and up to 16-inches of SLR. Stormwater system improvements will be required if more than 16-inches of SLR occurs.

5.4.1.2.2 Open Space Areas

As described above, the minimum grade in the open space areas will be the current BFE. Future SLR will increase the amount of rainwater ponding during high tides and larger rain events but will not impact the building areas. As described below, the pump stations added to the stormwater outfalls after 16-inches of SLR will reduce the ponding in the open space areas to levels and durations equal to the current BFE conditions described above. The horizontal limits and depth of ponding in the open space areas will be developed in coordination with the SFPUC prior to approval of the Major Phase and Sub-Phase applications as consistent with the DRDAP.

5.4.1.2.3 Historic Buildings, School Site, and Job Corps Structures to Remain

As described above, the elevations of the historic building, school site buildings, and Job Corps structures will not be adjusted. Grading transitions and other improvements will be installed around the lower finished floor areas to protect these buildings from the current BFE with 16-inches of SLR. As described below, the pump stations added to the stormwater outfalls after 16-inches of SLR will continue to protect these structures from flooding. Additional improvements may be required around these structures if the 100-year high tide becomes higher than the existing finished floors due to SLR.

A summary of the Adaptive Management approach for grading to accommodate SLR scenarios on TI is show in Table 5.1.

5.4.1.2.4 Wastewater Treatment Plant

The wastewater treatment plant is intended to be updated/replaced by the SFPUC, subject to future negotiation and agreement. The SFPUC will adjust the grades of the new/upgraded facility or protect the plant from flooding through the use of local storm drainage improvements.

5.4.2 Stormwater System

The new stormwater system will also be designed to accommodate modifications in the future for SLR. Modifications will include the addition of pump stations near the development area outfalls to maintain flows during larger storms and high tide events. Details of the new stormwater system and outfalls are described in Section 12.

A summary of the stormwater system design criteria for current tides and potential SLR scenarios is shown in Table 5.2.

5.5 SLR Monitoring Program

As part of the proposed Project, the Authority will create a monitoring program to review and synthesize SLR estimates prepared for San Francisco Bay by the National Oceanic Atmospheric Administration and/or a State agency. The Authority will also conduct a periodic review of scientific literature for updated SLR estimates.

5.5.1 Decision-Making Framework

If the data from the monitoring program demonstrate that SLR in San Francisco Bay has exceeded (or will soon exceed) the allowances designed for in the initial improvements, or if flooding issues on Treasure Island due to SLR occur on a regular basis, a range of additional improvements can be made to protect the island from flooding and periodic wave overtopping. Decisions on which improvements to make will be made by the Authority at the time improvements are required. The decision as to which solutions to implement would likely depend on a variety of factors, including, but not limited to;

- Consultation with the SFPUC and other local agencies
- Any new local, State, or Federal requirements about how to address SLR
- Available technology and industry best practices at the time
- Both the observed rate of actual SLR and updated estimates of future SLR.

5.5.2 Sea Level Rise Monitoring and Implementation Report

The Authority will be responsible for periodically preparing a report on the progress of the adaptive management strategy. The report will be prepared no less than every 5 years, or more frequently if required by regulators. The report will include:

- The publication of the data collected and literature reviewed under the monitoring program.
- A review of any changes in the local, State, or Federal regulatory environment related to SLR, and a discussion of how the Project is complying with any applicable new regulatory requirements.
- A discussion of the improvements recommended to be made if sea levels reach the anticipated thresholds identified above in “Decision-Making Framework” within the next 5 years.
- A report of the funds collected for implementation of the adaptive management strategy, and a projection of funds anticipated to be available in the future.

5.5.3 Funding Mechanism

The Project's Financing Plan includes a mechanism to create project-generated funding that will be dedicated to paying for the flood protection improvements necessary to implement the Adaptive Management plan.

5.6 Yerba Buena Island

Because of natural topography on YBI, the site grades for the proposed buildings, as well as the existing grades for the historic structures, are significantly above both the BFE and SLR allowances.

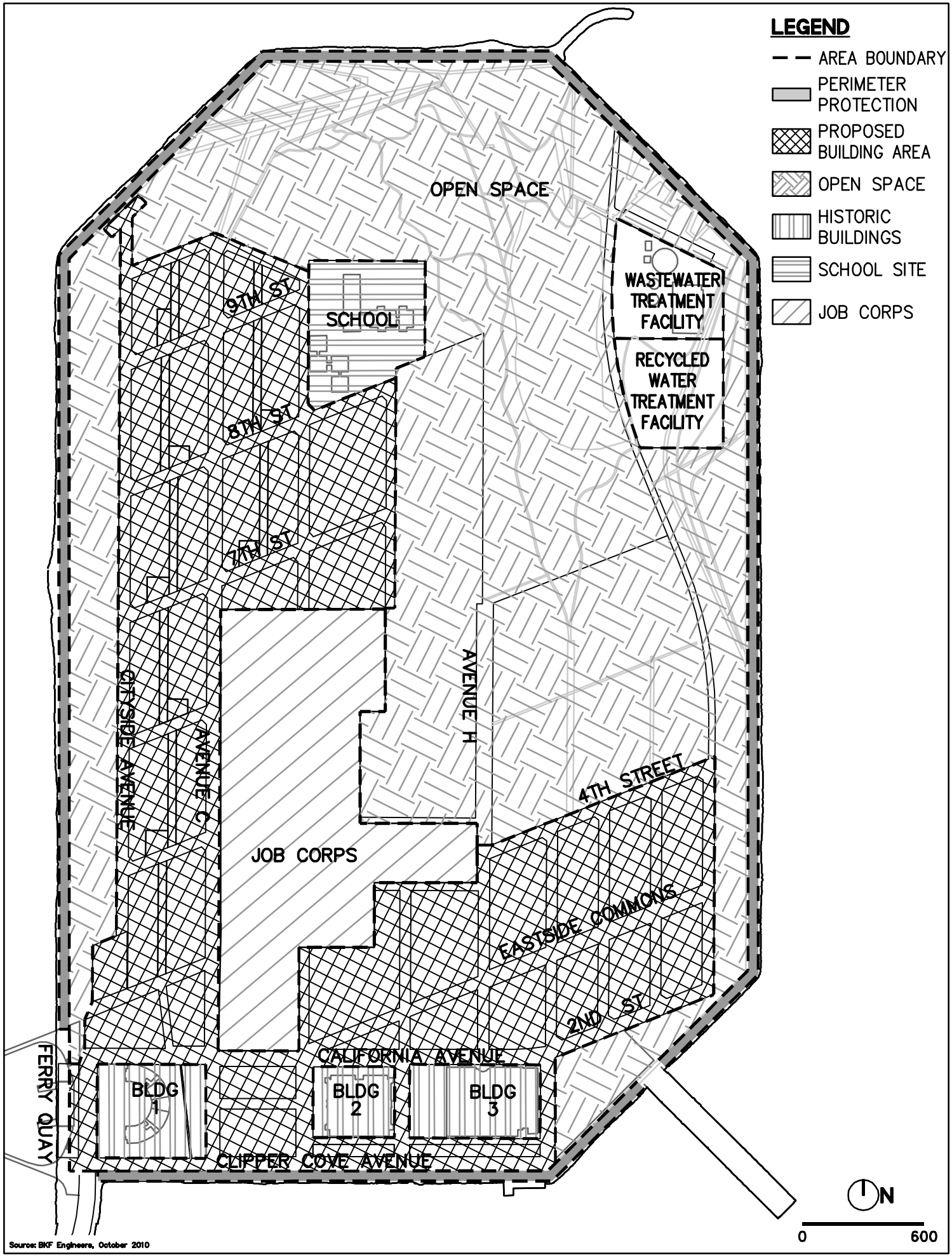
Table 5.1 – Adaptive Management Approach for Grading on TI

		Minimum Design Criteria				
	Tide/SLR Condition	**Perimeter Shoreline**	**Parks & Open Space**	**New Finished Floor**	**Existing Buildings**	**New Roads**
Initial Design	**Current Tide Condition** **100 year high tide: 9.2-feet NAVD 88** (Determined in 2009 Coastal Flooding Study)	Accommodate current 1% chance of flooding + SLR (16-inches)	Minimum Elevation:9.2' (NAVD 88) Current 100-year high tide (ponding allowed during large rain and high tide events)	Minimum Elevation:12.7' (NAVD 88) Current 100-year high tide + SLR (36-inches) + 6-inches of freeboard	No change to Finished Floor. Retaining walls and/or landscape berms, and local storm drainage improvements may be required to protect against flooding.	Minimum Elevation: Minimum elevation that meets stormwater system freeboard criteria.
Adjustments for Future SLR	**SLR Condition: up to 16-inches** **100 year high tide: 9.2-feet + 16- inches = 10.53-feet NAVD 88** (Estimated to occur by 2050)	No change needed	No change needed	No change needed	No change needed	No change needed
	SLR Condition: 16-inches to 36-inches **100 year high tide: 9.2-feet + 36-inches = 12.2-feet NAVD 88** (Estimated to occur between 2050 and 2100)	***Adaptive Management Strategy: adjust perimeter to address wave overtopping.*** Accommodate 1% chance of flooding at that time + SLR (guidance at that time)	No change needed	No change needed	No change needed	***Adaptive Management Strategy: When SLR Monitoring Report (Section 5.5.2) determines 16-inches of SLR (mean sea level 3.29-feet + 16-inches = 4.62-feet NAVD 88) has occurred implement modifications to storm drainage system.***
	SLR Condition: greater than 36-inches **100 year high tide: 9.2-feet + 36-inches = 12.2-feet NAVD 88** (Estimated to occur after 2100)	***Adaptive Management Strategy: implement modifications to perimeter protection zone when 100-year tide projection is greater than project's lowest finished floor. (12.7 NAVD 88)*** Accommodate 1% chance of flooding at that time + SLR (guidance at that time)	No change needed	No change needed	No change needed	No change needed. Adaptive Management strategy implemented at 16-inches SLR.

Note: SLR conditions based on current Treasure Island mean sea level of 3.29 feet (NAVD 88) documented in the 2009 Coastal Flooding Study

Table 5.2 – Adaptive Management Approach for Stormwater System on TI

		Minimum Design Criteria	
Infrastructure Design	Tide/SLR Condition	Stormwater System	
		5-year storm	5 to 100-year storm
	Current Tide Condition Mean sea level: 3.29-feet NAVD 88 (Determined in 2009 Coastal Flooding Study)	Flow in Pipes Design Storm: 5-year event Design Tide: Current 100-year high tide Minimum Freeboard (Streets): 2.67-feet Minimum Freeboard (parks/open space): Ponding allowed	Overland Flow Design Storm: 5 to 100-year event Design Tide: Current 100-year high tide Minimum Freeboard (Streets): Allowed to flow in street, 6-inches of ponding depth Minimum Freeboard (parks/open space): Ponding allowed
Infrastructure Adjustments for Future SLR	**SLR Condition: up to 16-inches Mean sea level: 3.29-feet + 16- inches = 4.62-feet NAVD 88 (Estimated to occur by 2050)**	***Adaptive Management Strategy: reduce freeboard allowance***	***Adaptive Management Strategy: reduce freeboard allowance***
		Flow in Pipes Design Storm: 5-year event Design Tide: Current 100-year high tide + SLR (16-inches) = 10.53 NAVD 88 Minimum Freeboard (Streets): 16-inches Minimum Freeboard (parks/open space): Ponding allowed	Overland Flow Design Storm: 5 to 100-year event Design Tide: Current 100-year high tide + SLR (16-inches) = 10.53 NAVD 88 Minimum Freeboard (Streets): Allowed to flow in street, 6-inches of ponding depth Minimum Freeboard (parks/open space): Ponding allowed
	SLR Condition: 16-inches to 36-inches Mean sea level: 3.29-feet + 36-inches = 6.29-feet NAVD 88 (Estimated to occur between 2050 and 2100.)	***Adaptive Management Strategy: When SLR Monitoring Report (Section 5.5.2) determines 16-inches of SLR has occurred implement modifications to storm drainage system.***	***Adaptive Management Strategy: When SLR Monitoring Report (Section 5.5.2) determines 16-inches of SLR has occurred implement modifications to storm drainage system.***
		Flow in Pipes Design Storm: 5-year event Design Tide: 100-year high tide at that time + SLR (guidance at that time) Minimum Freeboard (streets): 2.67-feet Minimum Freeboard (parks/open space): Ponding allowed	Overland Flow Design Storm: 5 to 100-year event Design Tide: 100-year high tide at that time + SLR (guidance at that time) Minimum Freeboard (streets): Allowed to flow in street, 6-inches of ponding depth Minimum Freeboard (parks/open space): Ponding allowed
	SLR Condition: greater than 36-inches Mean sea level: 3.29-feet + 36-inches = 6.29-feet NAVD 88 (Estimated to occur after 2100.)	***Adaptive Management Strategy: When SLR Monitoring Report (Section 5.5.2) determines 16-inches of SLR has occurred implement modifications to storm drainage system.***	***Adaptive Management Strategy: when freeboard violates minimum allowance 8-inches, implement modifications to storm drainage system.***
		Flow in Pipes Design Storm: 5-year event Design Tide: 100-year high tide at that time + SLR (guidance at that time) Minimum Freeboard (streets): 2.67-feetMinimum Freeboard (parks/open space): Ponding allowed	Overland Flow Design Storm: 5 to 100-year event Design Tide: 100-year high tide at that time + SLR (guidance at that time) Minimum Freeboard (streets): Allowed to flow in street, 6-inches of ponding depth Minimum Freeboard (parks/open space): Ponding allowed



Treasure Island Infrastructure Plan

Figure 5.1: TI Perimeter and Inland Areas

6. GEOTECHNICAL CONDITIONS

The information presented in this chapter includes two sections, one on TI and one on YBI, as the two Islands present different geotechnical conditions and require different solutions.

The information presented on TI is based on the Engeo "Geotechnical Conceptual Design Report, Treasure Island, San Francisco, CA" dated February 2009. This report is based on a review of existing geotechnical data and preliminary geotechnical analyses conducted by ENGEO Incorporated in collaboration with BKF Engineers, Moffat and Nichol, SMWM, SOM, and Treadwell & Rollo. The draft findings of the report were reviewed by an Independent Review Panel (IRP) composed of four world-renowned experts in geotechnical engineering:

Professor Izzat M. Idriss, Phd - University of California, Davis (Emeritus)
Professor Raymond B. Seed, Phd - University of California, Berkeley
Professor James K. Mitchell, Phd - Virginia Tech (Emeritus)
Professor Ross W. Boulanger, Phd - University of California, Davis

The IRP evaluated the proposed alternative solutions for the geotechnical constraints involved in developing TI, and their input has been incorporated in the final geotechnical conceptual design report. In addition, review comments provided by URS Corporation on behalf of the City and County of San Francisco (CCSF) were incorporated in the report.

The section on YBI is based on the Engeo "Geotechnical Conceptual Design Report, Yerba Buena Island, San Francisco, CA" dated November 2008, which includes a description of the existing conditions at YBI, a summary of the geological and geotechnical conditions at the site, and potential solutions for the geotechnical challenges that face the proposed development. The YBI report is based on a review of existing geotechnical data and a preliminary geotechnical reconnaissance conducted by ENGEO Incorporated. The intent of this report is to provide preliminary geotechnical guidance for project planning; it is not intended as a design document.

6.1 Treasure Island (TI)

TI was constructed in the late 1930s by placing approximately 30 million cubic yards of dredged sand fill over a sand shoal located north of YBI. From a geotechnical perspective, there are three primary issues for any new development at TI.

- Liquefaction/Settlement of Sand Layers. The combined thickness of the sand shoal and the dredged sand fill ranges from about 30 to 50 feet. These sands are at best medium dense and

are thus subject to liquefaction and settlement during earthquakes. Liquefaction is a phenomenon where saturated, cohesionless soil (such as sand) experiences a temporary reduction in strength during the cyclic loading of an earthquake. The result is immediate settlement and possibly lateral movement of the sand material.

- Settlement of Young Bay Mud. Beneath the sand layers is a layer of compressible Young Bay Mud that ranges in thickness across the site from 20 to 120 feet. The rate of settlement of the Young Bay Mud from the load of the dredged sand fill is now very small, but any further increase in loads, whether due to placement of new fill or the construction of buildings, will initiate a new cycle of consolidation settlements. The Young Bay Mud is underlain by firmer soils that do not pose significant geotechnical challenges.
- Seismic Stability of Perimeter and Causeway. The stability of the perimeter of the island and the causeway connecting TI to YBI may be affected by earthquake-induced liquefaction or a deep-seated failure in the underlying Young Bay Mud layer. Additionally, the perimeter of the island and the causeway may be subject to cumulative damage over time due to slumping and erosion under the combined effects of storm and earthquake loadings.

Without mitigation, the above factors may make it difficult to maintain the grades necessary to prevent flooding due to extreme storms or global sea-level rise. However, a variety of proven soil improvement techniques are available to mitigate all three of these concerns and enable the Project to maintain grades above flood levels over time.

6.1.1 Overall Geotechnical Approach

The geotechnical approach for the current development plan has been developed based on the need to elevate the interior of the island in anticipation of sea-level rise and the desire to reduce damage to surface and subsurface improvements during seismic events.

The approach consists of three parts:

(1) The sands will be densified throughout the development area to minimize liquefaction and earthquake-induced settlements, creating a long-term stable platform for development;

(2) Additional fill will be added to compensate for the loss of elevation caused by densification and to raise the site grades in developed areas above the expected flood level, taking an allowance for long-term sea level rise into account; Settlement of the compressible young

Bay Mud deposits triggered by the additional fill will be accelerated by the use of surcharging, thereby allowing future settlement to occur prior to construction of new improvements; and

(3) The perimeter will be similarly improved to be seismically stable and to provide protection against overtopping under extreme combinations of tide and storm activity.

(4) Utility corridors for critical utilities outside of the new development footprint area will be similarly improved for seismic stability and to reduce long term settlement. The final location and width of the utility corridors to be stabilized will be developed in conjunction with the SFPUC during the Major Phase and Sub Phase application process. It is anticipated the utility corridors will include water, recycled water, sanitary sewer, gas, electric, and stormwater main lines and will be located within/near Eastside Avenue and potentially a connection from the western neighborhood to the Wastewater Treatment Plant.

6.1.1.1 Creation of a Long-Term Stable Platform

The purpose of densification is to improve the sand fill within the planned development area to serve as a long-term stable platform for buildings, roads, and utilities. A variety of proven techniques are available for densification; the most likely to be used on TI are deep dynamic compaction (DDC), which consists of repeatedly dropping a large weight onto the soil, and vibro-compaction, in which a vibrating probe is repeatedly inserted into the soil. With either of these techniques, the objective is to take the medium-dense sands and transform them into dense sands that are no longer susceptible to significant liquefaction and seismic settlement. Since the entire development area of approximately 100 acres will be densified, roads, utilities, and buildings will benefit, the expected differential settlement between these systems will be minimized and the expected damage after earthquakes will be significantly reduced. The final techniques for densification will be selected after conducting field tests of the alternatives to confirm the effectiveness of each, and to optimize production.

6.1.1.2 Elevation of the Ground Surface as Long-Term Protection Against Flooding

Densification of the sands throughout the development area will cause a lowering of the current ground surface. Fill will be needed to compensate for this loss and to bring the ground surface elevation of the developed areas to a level that provides long-term protection

against flooding and sea-level rise. On a block-by-block basis, design finished floor elevations will be increased to allow for long-term site settlement that results from any residual primary consolidation, from secondary compression and from any remaining settlements that might result from earthquake loadings. The depth of the new fill will vary across TI, with smaller amounts on the southern side of the island and the greatest thicknesses required in the northwest corner. To minimize the impact of gradual settlement resulting from new fill, the development areas will likely be surcharged with temporary fill, supplemented by the installation of pre-fabricated vertical (wick) drains in order to speed the settlement. Fill will be obtained from excavation of basements, grading of undeveloped portions of the island and from off-site sources.

6.1.1.3 Strengthening of the Perimeter Berm and Causeway

The sands underlying the perimeter of the island may also be densified by proven densification techniques such as vibro-compaction or DDC, in order to minimize deformation of the perimeter berm in earthquakes. The potential for a deeper-seated slope failure through the underlying Young Bay Mud, especially in the northwest corner of the island where the Young Bay Mud is as much as 120 feet thick will be evaluated by conducting a study involving field work, laboratory testing and analysis. Should the deep-seated stability of the perimeter be shown to be a concern, it can be addressed either by placing a surcharge fill to increase the strength of the Young Bay Mud, or by using deep soil mixing or jet grout techniques to create vertical soil-cement columns within the Young Bay Mud.

Most of the existing Young Bay Mud was removed from under the causeway during construction; however, the sand fill of which it is composed will require densification in order to provide a reliable access route and minimal damage to lifeline utilities following a major earthquake.

From a flood-control standpoint, if final design grades for the development area are high enough to accommodate extreme tide levels and sea-level rise, structures are set back far enough from the Bay's edge, and adequate drainage is provided along the shoreline to accommodate infrequent wave overtopping, the perimeter need only be high enough to limit overtopping to extreme wave events, eliminating the need to treat the perimeter berms as FEMA-certified levees. The perimeter elevation will be set based on an analysis of tides,

storm surges, waves and other factors; however, it is likely that the perimeter will need to be raised on the north and west sides of the island. The perimeter berm height can also be increased in the future if necessary in response to increased wave heights coupled with sea-level rise. Conceptual berm heights for the perimeter adjacent to each Major-Phase will be identified with each Major-Phase Application. Final berm heights and geotechnical stabilization techniques for perimeter adjacent to each Sub-Phase will be provided with the Sub-Phase application.

6.1.2 Building Foundations

As noted above, to minimize the amount of long-term settlement triggered by raising grades, much of the developed area will also be surcharged, or pre-loaded. In addition, it would be beneficial for new building loads to be mostly compensated (or off-set) by excavating full basements for all buildings, except possibly for lighter townhome structures. Based on engineering calculations, when the site is surcharged, the magnitude of differential settlements will generally be within acceptable tolerances for buildings up to 8 to 10 stories on shallow foundations with full basements. In general, buildings greater than 10 stories will need to be pile supported and provided with basements. These basements will be necessary to reduce downdrag forces on the piles and provide lateral support during seismic events. Additionally, for high-rise buildings of 22 stories or greater, at least two basement levels may be required to help resist lateral and overturning loads. Any differential settlements between the pile-supported buildings and adjacent improvements can be accommodated by separating them and using flexible utility connections and transition slabs.

When constructing basements, a generalized interpretation of the groundwater conditions at TI indicates that (1) construction dewatering will be required during full basement excavations throughout the development area, and for half-level basement excavations depending on location, and (2) waterproofing should be provided for all basements assuming full hydrostatic conditions. Dewatering practices will comply with the current Stormwater Pollution Prevention Program at the time of construction.

6.2 Yerba Buena Island (YBI)

Yerba Buena Island has a long history of past development dating to the late 1800s. Site access from the San Francisco Bay Bridge is provided by Macalla Road and Treasure Island Road. Much

of Treasure Island Road is elevated on viaduct structures that also carry utilities from the San Francisco Bay Bridge to Treasure Island. Other existing improvements include access roads and utilities serving approximately 80 existing residential units and the Coast Guard's facilities. Past development has created a series of graded benches bounded by hillside cuts and fills. Site topography is moderately steep to steep, with elevations ranging from 350 feet to sea level. The island perimeter is bounded by steep (1.5:1 to 1:1) natural slopes extending up from the wave-cut shoreline as high as 240 feet.

The geology of the island can be characterized as a bedrock ridge whose flanks are mantled with unconsolidated sandy soils thought to be windblown sand and alluvium. The thickest soil deposits are located on the western, northern and eastern slopes. The thickness of the unconsolidated sandy deposits ranges across the island; the sands reach a maximum depth of greater than 90 feet under Macalla Road on the northern side of the island. Existing fill associated with roads and building pads appear to consist of sandy or rocky material excavated from adjacent cuts.

The proposed development at YBI will consist primarily of two- to four-story townhomes and apartments located generally in areas of current residences. Current plans also include an option for a multi-unit 7-story structure with one level of below grade parking, located in a relatively flat area on the eastern side of the island. Several historic structures located on the northeastern corner of the island will remain in place to be reused for commercial and/or visitor uses. Development plans include lodging and hotel facilities at the southwestern corner of the development area. YBI infrastructure improvements will include: (i) new water tanks, (ii) streets generally following the existing roadway alignment, (iii) open space, including a hilltop park and pocket parks within residential blocks, (iv) pedestrian walks and pathways providing access to a hilltop park.

The proposed redevelopment of YBI must recognize the nature of the island, while at the same time providing a well-engineered framework for new improvements. Development constraints include historic structures, existing vegetation, site topography, and planning and circulation considerations. Geotechnical considerations include:

1. Foundation design issues associated with existing cut slopes and hillside fills.
2. Existing retaining walls.
3. Slope stability issues associated with the steep perimeter slopes, especially along the existing alignments of Macalla Road.
4. Treasure Island Road Viaduct.

6.2.1 Foundation Design

Successful site development will require engineering design and project construction methods that account for the existing soil conditions. Construction on existing fills may require deepened foundations or re-grading to remove weak soils.

The major considerations in foundation design for the structures proposed at YBI include the effects of potential differential movement of on-site soils as a result of their shrink-swell characteristics, settlement associated with deep fills, and the distance of the proposed structures from the top of slopes. Proposed two- to four-story wood-frame buildings located sufficiently back from the tops of slopes or located in areas with less than 10 feet differential fill can generally be supported on one of the following foundation systems: (i) conventionally reinforced structural mat, (ii) stiffened ribbed mat, (ii) post-tensioned slab, (iv) shallow continuous spread footing with slab on grade, or (v) drilled piers with raised floors.

The proposed multi-unit 7 story structure is located in an area of the YBI where Dune Sand and Terrace deposits of various thicknesses are underlain by Franciscan rock. The building structure can generally be supported on one of the following foundation systems: (i) footings bearing in bedrock with slabs on grade, (ii) shallow footings bearing in bedrock combined with footings supported on drilled piers extending into bedrock, or (iii) thickened mat foundation.

6.2.2 Existing Retaining Walls

Existing retaining walls typically consist of cast-in-place concrete or concrete crib walls. Most retaining walls appear to be visibly in serviceable condition, although many existing concrete walls show evidence of past water seepage at the face, indicating that they may be nearing the end of their design life.

It is anticipated that several of the existing retaining walls within the proposed development footprint will be modified or rebuilt due to grade changes and road realignment. The condition of retaining walls proposed to remain in place will be evaluated on a case-by-case basis during final design. These walls may be seismically retrofitted or replaced to comply with City and County of San Francisco and CBC codes and the design-level geotechnical report.

6.2.3 Perimeter Slopes

The island perimeter slopes are mantled with sandy colluvium and landslide deposits. Historic slope instabilities have typically consisted of relatively shallow debris flows, on the order of less than ten feet in depth that have reportedly been triggered by a combination of rainfall and utility leaks.

The highest and most continuous area of steep perimeter slopes occurs along Macalla Road. The presence of a deep deposit of unconsolidated sandy soil adjacent to the existing steep (1.5:1) slope, presents a potential slope stability hazard to existing or proposed buildings close to the top of the slope. Potential slope-stability hazards along Macalla Road can be addressed by limiting construction of new buildings to at least 100 feet from the existing top of slope. Conceptual improvement setbacks from top of slope will be identified in the Major Phase submittals. Final setbacks will be provided with the Sub-Phase applications.

6.2.4 Strengthening of the Viaduct

The Viaduct structures are part of the vehicular access routes on YBI connecting TI to YBI, and by extension to San Francisco and the Greater Bay Area. The Viaduct structure extends from the San Francisco-Oakland Bay Bridge, along the western edge of YBI, and terminates at the start of the causeway. In addition to being part of the primary vehicular access route, the Viaduct also contains utility mains (domestic/fire water and telecommunications) serving TI via the Causeway.

Improvements to the viaduct structures are currently being studied by the City and will be carried out separately from the Project.

6.3 Phase of Geotechnical Stabilization

Geotechnical stabilization will occur in phases to match the Sub-Phases of the Project. The amount of stabilization will be the minimum necessary for the Sub-Phase. The stabilization of smaller areas will allow the existing utility services and vehicular access areas to remain in place as long as possible in order to reduce disruption of existing uses on the Islands.

6.4 Schedule for Additional Geotechnical Studies

The Conceptual Design reports described above will be submitted with the Major Phase applications. Conceptual setbacks required for the stabilization activity to protect the existing structures and utility systems scheduled to remain will be identified with the Major Phase application.

The Developer will complete the necessary site testing to confirm the geotechnical approach described above for each Sub-Phase area during the Sub-Phase application process. The Developer will then prepare Final Geotechnical Reports for each Sub-Phase. The Final Reports will be submitted with each Sub-Phase application. Final Reports are not expected to substantially change the approach described here. The Final Geotechnical Reports for each Sub-Phase will identify the required setbacks for the stabilization activity to protect the existing structures and utility systems scheduled to remain.

7. SITE GRADING AND DRAINAGE

7.1 Existing Site Conditions

7.1.1 Existing Site Elevations

The existing grades on TI are relatively flat from end to end. The ground elevations range from approximately 6 (NAVD 88) in the northwestern edge of the island to approximately 14 (NAVD 88) near the southern edge. The existing perimeter shoreline area around TI generally ranges from elevation 10 to 14 (NAVD 88).

The existing grades on YBI vary dramatically across the island. The ground elevations range from 0 (NAVD 88) near the water's edge up to 340 (NAVD 88) at the peak near the middle of YBI.

7.1.2 Existing FEMA Flood Plain Areas

The Federal Emergency Management Agency (FEMA) prepared preliminary Flood Insurance Rate Maps ("FIRMs") for the City, including Treasure Island, in September 2007. The preliminary FIRM for Treasure Island identified existing special flood hazard areas described as "Zone V" (perimeter shoreline areas subject to additional hazards that accompany wave action) and "Zone A" (inland areas subject to 100-year flood). Figure 7.1 shows the approximate extent of the existing 100-year special flood hazard area, which are likely to be adopted by FEMA.

As shown in Figure 7.1, Yerba Buena Island is located outside of the proposed 100-year special flood hazard zone.

7.2 Proposed Grading Requirements

The FEMA requirements for setting coastal flooding elevations include two components; 1) perimeter shoreline areas, and 2) inland areas. The flood elevations for the perimeter shoreline areas are dictated by the still water 100-year tide elevation (Base Flood Elevation) plus the potential for wave run-up. The potential wave heights and geometry of the perimeter shoreline will dictate the horizontal extent of the area considered to be "shoreline". Because the inland areas are protected from wave run-up by the perimeter shoreline, the flood elevations for the inland areas are dictated by the Base Flood Elevation (BFE) only.

Figure 5.1 shows the perimeter area and inland areas for TI.

7.2.1 100-Year Design Tide Elevations (Base Flood Elevation)

Based on FEMAs standard, the 100-year design tide elevation, or Base Flood Elevation (BFE) is based on a combination of coincident events including tides, storm surges, and waves that result in a 1% annual chance of flooding. Moffatt & Nichol completed an Extreme High Water Level Analysis to determine the BFE as part of their April 2009 "Coastal Flooding Study for Treasure Island". Based on their review of the historic tide data for the San Francisco Bay the BFE for Treasure Island is 9.2 (NAVD 88) under current tide conditions.

7.2.2 Potential Sea Level Rise

The potential for sea level rise induced by global warming could increase the BFE in the future. The State of California's 2009 Draft Climate Adaptation Strategy Report includes guidance to State agencies addressing climate change adaptation, and BCDC has proposed Bay Plan amendment language, which includes guidance for addressing future sea level rise (SLR) scenarios associated with planning and permitting development in potentially susceptible areas. Both recommend using the following SLR forecast for planning purposes:

- 16 inches by 2050
- 55 inches by 2100

A description of Sea Level Rise and the Adaptive Management strategy proposed for the Treasure Island grading design is included in Section 5.

7.2.3 Long Term Settlement

As described in Section 6, geotechnical stabilization techniques will be utilized to create a stable platform for the proposed development. The stabilization techniques will mitigate the potential for settlement due to liquefaction in the sandy soils and compression of the bay mud below the site. The final grading plans will be developed to accommodate the additional minimal amounts of long term settlement anticipated due to secondary compression of the soils or minimal amounts of remaining liquefaction due to seismic events.

7.3 Site Grading Designs

The Developer will be responsible for the design and construction of the proposed grading plan for Treasure Island. A description of the grading design for the different areas of the Island is included

below. The conceptual grading plans for TI and YBI are shown on Figures 7.2 and 7.3, respectively.

7.3.1 TI Perimeter Wave Protection

As described below, the minimum internal site grades will assure that the new structures within the development area are at least 36-inches plus 6-inches of freeboard above the current BFE. Therefore, the perimeter shoreline is not considered a levee under current tide conditions, and would not be in the future until more than 36 inches of sea level rise occurs. Instead, the perimeter area will function as a berm to protect the interior of the Island from wave run-up.

The final elevations for the perimeter shoreline areas will be set such that there is only a 1% chance of wave overtopping due to a combination of high tides, swell, wind waves, tsunami, and shoreline conditions. The final design heights and types of shoreline protection designs at each location along the perimeter will depend on the orientation of the shoreline (i.e. wave heights) and the proposed adjacent land plan. The perimeter designs in each location will be based on the current tide conditions to meet the FEMA wave protection standards plus 16-inches to accommodate the potential 2050 sea level rise estimates, plus additional elevation to accommodate minor long term settlement amounts. In addition, the perimeter designs will provide the ability to make future changes to adjust the height of the perimeter, and/or convert it to a levee, if merited because of sea level rise.

7.3.2 Proposed Building and Roadway Areas

As described above, the minimum grades for the site beyond the perimeter shoreline areas are only influenced by the BFE and are not affected by wave run-up. According to the FEMA requirements, in order for the proposed building areas to be above the Zone A flood plain, the proposed finished floor elevations and below grade garage entrance elevations must remain above the BFE (elevation 9.2). While FEMA does not require an allowance for sea level rise, the building elevations will be set to accommodate up to 36-inches of sea level rise as well as an additional 6-inches of freeboard. Therefore, the minimum finished floor elevations and garage entrances for the proposed buildings will be set at 12.7 (9.2 BFE + 36” SLR + 6” freeboard) plus additional elevation to accommodate minor long term settlement amounts where applicable. In general, the final building finished floor elevations and garage entrances will increase as they

move away from the shoreline. The grades will vary between 12.7 and 14.5 (NAVD 88) in order to provide overland release to the perimeter of the island.

7.3.2.1 Saw Tooth Grading Scheme for Streets

To minimize the amount of fill required for TI, the streets will be graded in a "saw tooth" fashion with a minimum 0.5% slope between grade breaks. Sawtoothed grading alternates between high and low points creating a "saw" like grading pattern. This pattern allows for positive drainage in the streets while maintaining minimal elevation differences between the high and low points.

The "saw tooth" grading plan will be developed in conjunction with the design of the stormwater system. The runoff from a 100-year storm during a 100-year tide with 16-inches of SLR will be stored within the street curb lines. The stormwater runoff during these extreme events will be allowed to pond to a maximum depth equal to top of curb at low point and then flow into the piped system as capacity becomes available.

The "saw tooth" grading plan will provide overland release paths by increasing the elevation of the high points at a slope of approximately 0.2% away from the shoreline/open space towards the center of the Island. Low points will be placed in between the high points so that the downstream high point elevation is equal to or lower than the top of curb elevation at the upstream low point. The downstream high point may be raised to the back of walk/right of way line if an acceptable wastewater vent trap detail, backwater valve, or other alternate design solution is approved by the SFPUC. This overland release design will protect the new building finished floors from storms/tides larger than the 100-year event or system maintenance issue such as blocked catch basins or pipes. During either of these unlikely events, stormwater may pond up to the top of curb (or back of walk/right of way if approved by SFPUC) elevation before releasing to the downstream drainage basins. This will continue through the downstream basins until there is capacity in the storm system or storm water is released to the open space. The new building finish floor elevations will be above the back of walk/right of way elevation and therefore protected from flooding. The ponding depth and overland release occurrence for various storm events are summarized below. The typical

sawcut grading profile is shown on Figure 7.5 and the potential ponding at catch basins is shown on Figure 7.6.

Table 7.1: Street Ponding Depth and Overland Release Summary

Storm Event	Ponding Depth for:		
	Current Tide	16-inches SLR	Maintenance Concerns
Treatment	No Ponding (0 inches)	No Ponding (0 inches)	Up to Top of Curb
5-Year	No Ponding (0 inches)	No Ponding (0 inches)	Up to Top of Curb
100-Year	Top of Curb (6- inches)	Top of Curb (6- inches)	Up to Top of Curb

7.3.3 Open Space Areas

The minimum elevations for the open space areas will be set at the existing BFE (elevation 9.2) plus additional elevation to accommodate minor long term settlement amounts where applicable. The open spaces will be graded to support the open space vision and program for the Project. Lower portions of the open space areas may experience minimal amounts of ponding during large rainstorms occurring simultaneously with 100-year tides, depending on their locations and rain watershed area. The depth of ponding during these events will be minimal for the peak high tide duration (approximately 2 hours) and will drain once the tide subsides. Future sea level rise will increase the amount of ponding during the larger rain events and high tides but will not impact the building areas. As described in Section 12, the pump stations added to the storm water outfalls after 16-inches of sea level rise will reduce the ponding in the open space areas to levels and durations equal to the existing BFE conditions. The horizontal limits and depth of ponding in the open space areas will be developed in coordination with the SFPUC prior to approval of the Major Phase and Sub-Phase applications.

The open space areas may include localized landscape mounding to create wind breaks and overlook areas. These landforms may range in height above surrounding grades from a few feet to 35 feet at their highest points.

7.3.4 Historic Buildings, School Site, and Job Corps Structures to Remain

Historic Buildings 1, 2, and 3, as well as the Job Corps buildings and School buildings will remain on TI. The existing finished floor elevations for these structures range from elevation 8.5 to 13.2. These finished floors as well as the ground adjacent to the buildings will not be raised as part of the Project. The new street improvements adjacent to these facilities will be constructed to grades of 12.0 to 15. The grade difference between the existing buildings and proposed improvements will be mitigated by grading transition areas or with low walls, ramps, stairs and/or planters. The Developer will design and install the grading transition and pumps, if required. Ownership and maintenance of the local stormwater system on public lands will be by SFPUC or TIDA.

7.3.5 Wastewater Treatment Plant

The existing grades for the existing wastewater treatment plant vary from approximately 10.4 to 12.6. The proposed surrounding grades of the open space area will be lower than the WWTP area. The existing grades of the facility will remain until the WWTP is upgraded/replaced by the SFPUC.

7.3.6 YBI Site Grading

Because of the natural topography on YBI, the site grades for the proposed buildings, as well as the existing grades for the historic structures, are significantly above both the BFE and sea level rise allowances. Grading on YBI is instead influenced by construction, maintenance, and access. The grading improvements for YBI will include demolition of existing structures, reshaping portions of the roads for better access, regrading of development pads, and reshaping portions of hillsides for erosion control and landscaping. Retaining walls and grading operations associated with street improvements will be minimized as much as possible, in an effort to retain existing topography. The conceptual grading plan for YBI is shown on Figure 7.3 and the approximate total area for grading activity on YBI is shown on Figure 7.4.

7.4 Cut/Fill Quantities

The combination of the geotechnical stabilization described in Section 6, the site grade elevations for TI based on the approach described above, and landscape mounding in the open space, will require approximately 400,000 cubic yards (cy) of cut and 2-million cy of fill. In addition, basement excavations for the new buildings will generate approximately 500,000 cy of soil that can be used as

fill. Therefore, for the purposes of this Infrastructure Plan, the Project is estimated to require approximately 1.1-million cubic yards of net soil import to complete the grading activity.

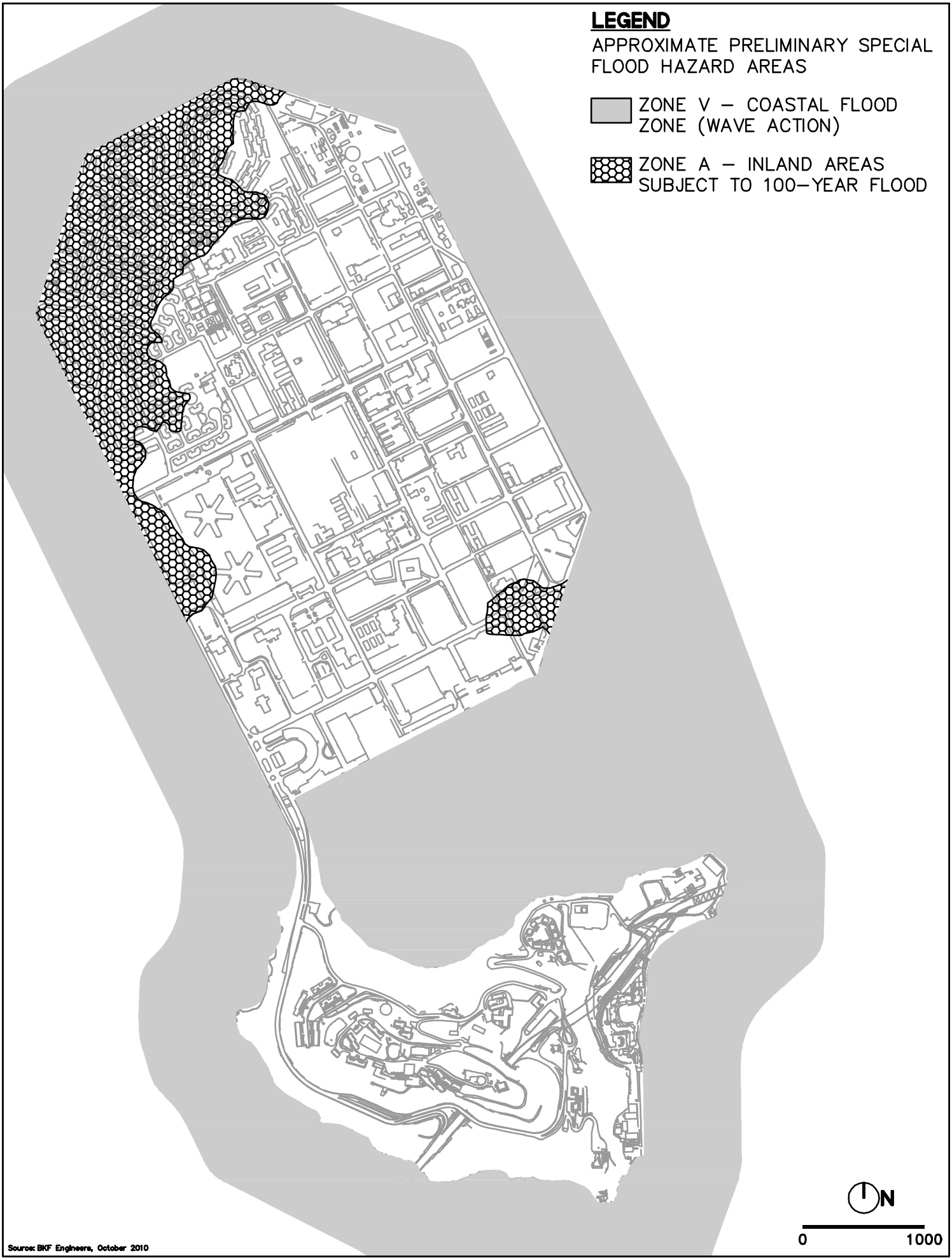
The import soil required may be barged and/or trucked to TI. The barges anticipated to be used can move up to 1,000 cubic yards of dirt. Therefore, approximately 1,110 barge round trips would be required to complete the total import operation, if used solely. Trucks can typically carry approximately 10 to 15 cubic yards in one load. Therefore, approximately 110,000 truck trips will be required to complete the total import operation, if used solely. The Project anticipates a combination of barges and trucks. The final number of trips for each mode will depend on the location of the soil source and will be spread over the construction period of the Project.

The grading activity on YBI will be a combination of cuts and fills to develop the proposed roadway alignments and building pads. The grading activity on YBI will yield approximately 80,000 to 100,000 cubic yards of export. This material will be trucked to TI and used as fill.

7.5 Proposed Phases of Grading and Drainage Construction

The geotechnical stabilization and the proposed grading will be completed in phases to match the Sub-Phases of the Project. The amount of grading will be the minimum necessary for the Sub-Phase. The phasing of grading will allow the Project to minimize the disruption to the existing uses on Treasure Island and to limit the amount of import needed for any given phase.

Impacts to improvements installed with previous Phases of development do to the designs of the new Phase will be the responsibility of the Developer and addressed prior to approval of the construction drawings for the new Phase.

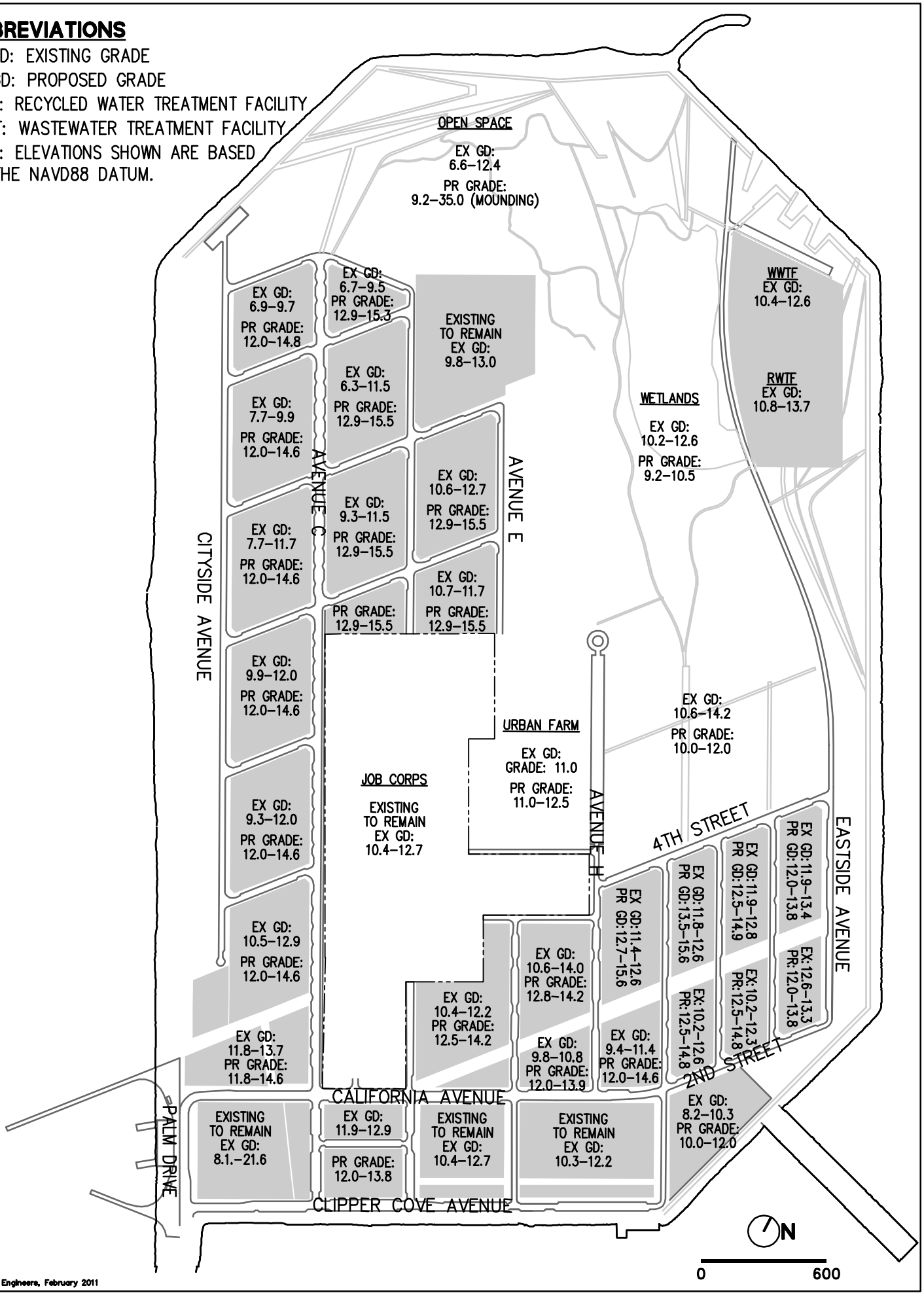


Treasure Island Infrastructure Plan

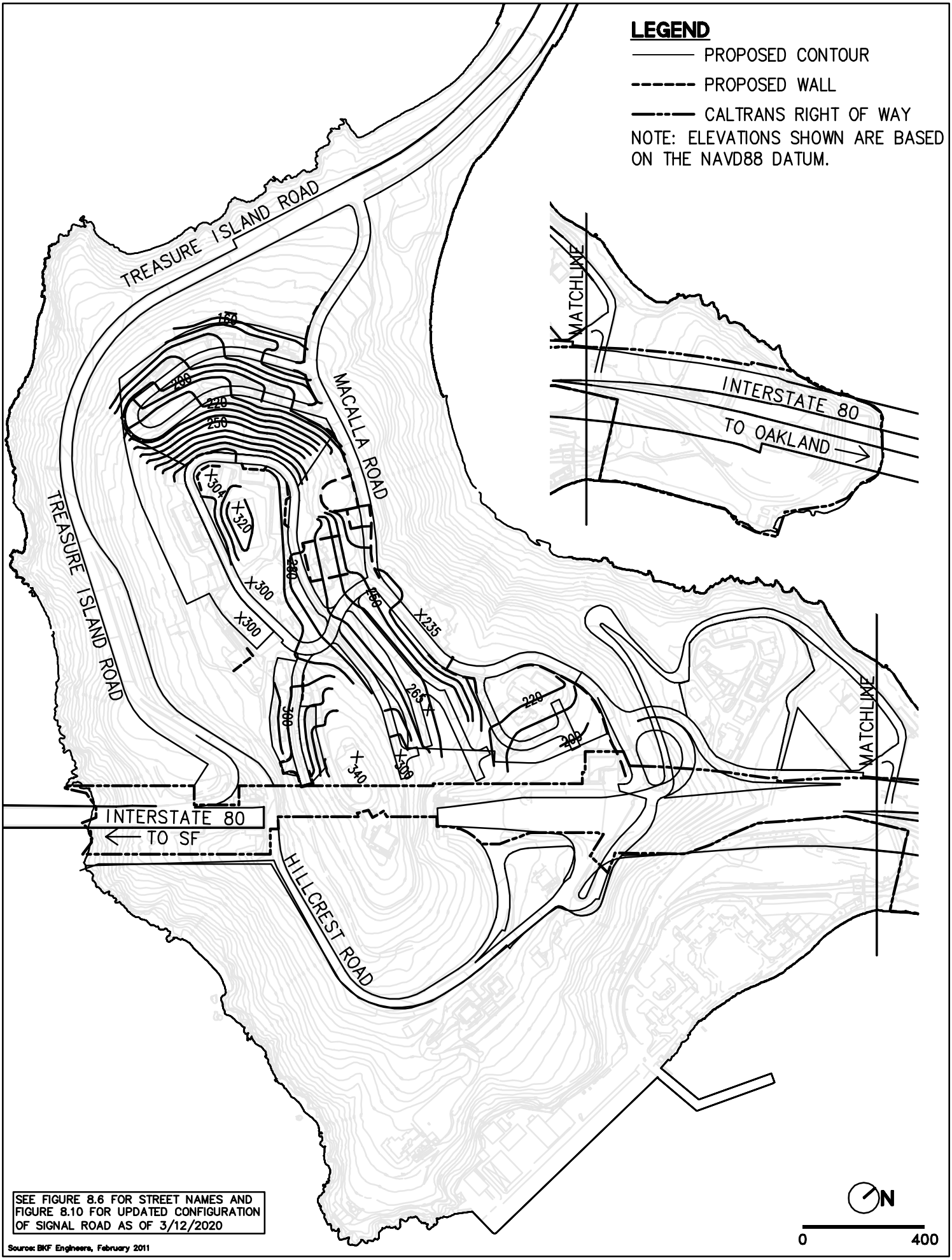
Figure 7.1: FEMA Preliminary 100-Year Special Flood Hazard Area

ABBREVIATIONS

EX GD: EXISTING GRADE
PR GD: PROPOSED GRADE
RWTF: RECYCLED WATER TREATMENT FACILITY
WWTF: WASTEWATER TREATMENT FACILITY
NOTE: ELEVATIONS SHOWN ARE BASED ON THE NAVD88 DATUM.



Source: BKF Engineers, February 2011


LEGEND
PROPOSED CONTOUR
PROPOSED WALL
CALTRANS RIGHT OF WAY
NOTE: ELEVATIONS SHOWN ARE BASED ON THE NAVD88 DATUM.
TREASURE ISLAND ROAD
MACALLA ROAD
TREASURE ISLAND ROAD
MATCHLINE
INTERSTATE 80
TO OAKLAND
MATCHLINE
INTERSTATE 80
TO SF
HILLCREST ROAD
SEE FIGURE 8.6 FOR STREET NAMES AND FIGURE 8.10 FOR UPDATED CONFIGURATION OF SIGNAL ROAD AS OF 3/12/2020
N
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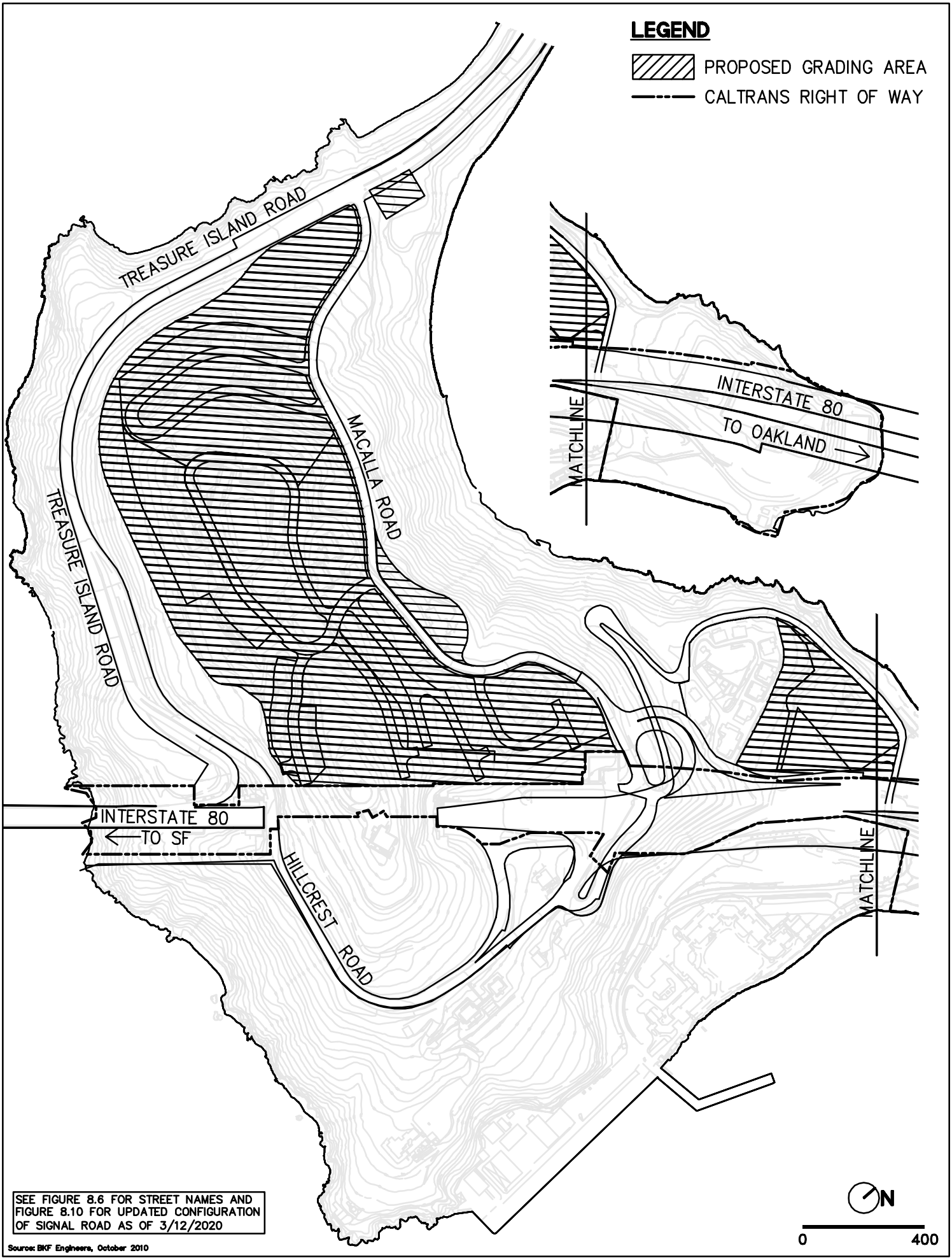
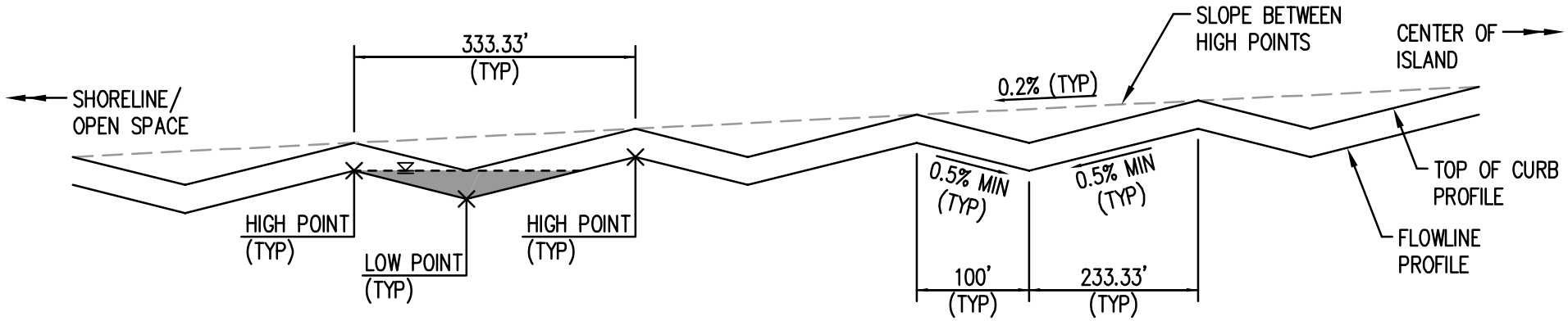
Source: BKF Engineers, February 2011



Source: BKF Engineers, October 2010

Figure 7.4: Approximate Area of Grading Activity on YBI

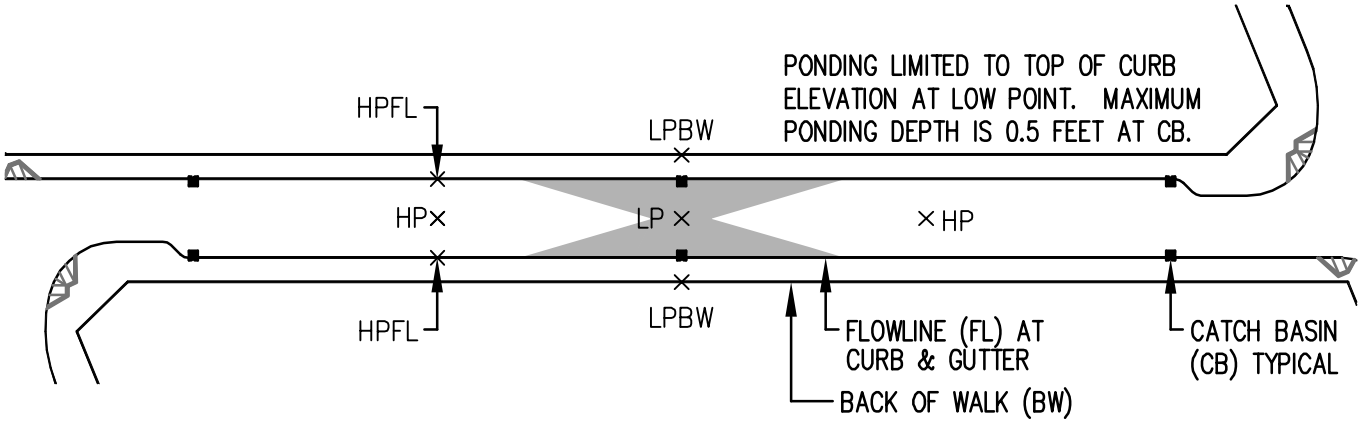
Source: BKF Engineers, February 2011



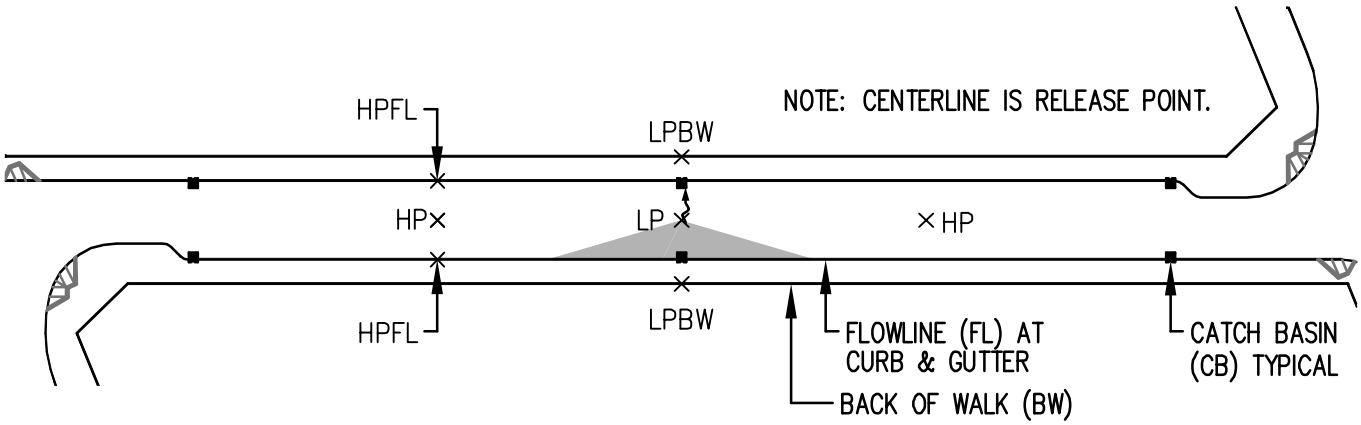
NOTE: HIGH POINT ELEVATIONS ARE LOWER THAN THE TOP OF CURB ELEVATIONS AT THE UPSTREAM LOW POINT.

SCHEMATIC PROFILE OF TYPICAL "SAWTOOTH" GRADING

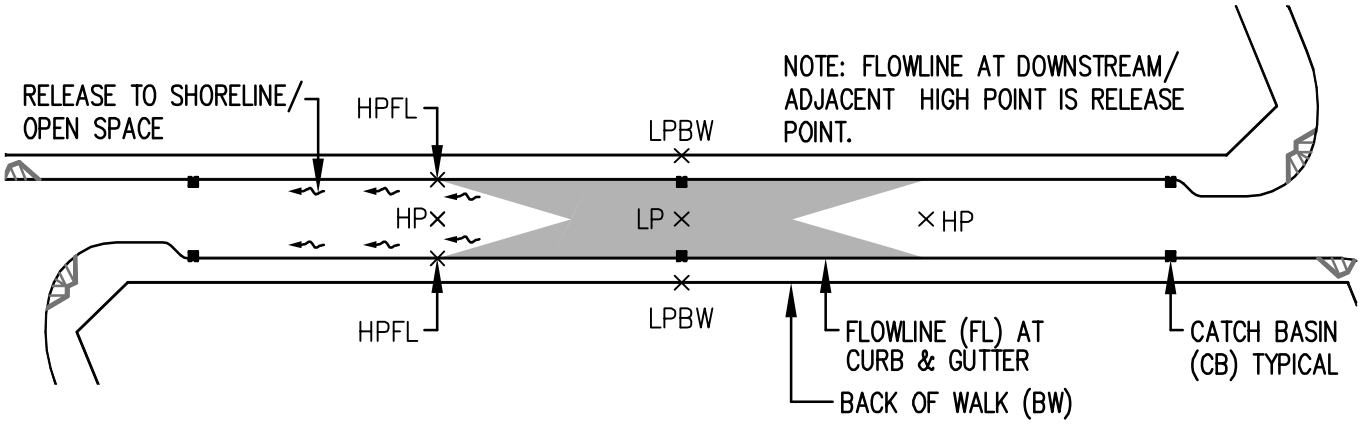
Figure 7.5: Typical Sawcut Grading



MAXIMUM PONDING FOR 100-YEAR STORM DURING 100-YEAR TIDE WITH 16" SLR



ONE BLOCKED CATCH BASIN OR PIPE (MAINTENANCE ISSUE)



TWO BLOCKED CATCH BASINS OR PIPE (MAINTENANCE ISSUE)

LEGEND:
HPFL = FLOWLINE ELEVATION AT HIGH POINT
LPBW = BACK OF WALK ELEVATION AT LOW POINT

NOTE: MAX HPFL ELEVATION IS EQUAL TO LOW POINT TOP OF CURB ELEVATION.

Source: BKF Engineers, February 2011

8. TRANSPORTATION AND STREETS DESIGN

The transportation program relies on the use of alternative transit modes (buses and ferries) for off-Island trips and shuttle/pedestrian/bike facilities for on-Island travel. One of the key elements of the transportation program is the construction of a new ferry quay and terminal on the western shore of TI in front of historic Building One. Immediately adjacent to the ferry quay is a new bus transit facility. These two uses anchor the "Transit Hub". The Land Use Plan for TI is centered on this Transit Hub and Building One with the new street system radiating out to the surrounding neighborhoods and open space.

8.1 Transit System

The Ferry Terminal and bus transit facility will be key elements of the Island's Intermodal Transit Hub, providing a focus for ticket sales, travel and tourist information. Bus stops and facilities for East Bay and San Francisco bus service providers, shuttle service stops, bicycle parking, a pool of shared bicycles ("Bicycle Library"), a car share pod, and administration/office space for the new Treasure Island Transportation Management Agency ("TITMA") would be located at or near the Transit Hub.

8.1.1 Bus Service

Buses from San Francisco and the East Bay would arrive and depart from the Transit Hub. Figure 8.1 shows the proposed SFMUNI and AC Transit bus routes from the Bay Bridge to Treasure Island and the potential future bus routes around TI. Figure 8.2 shows the Transit Hub area with the dedicated bus route and bus services (stops, layovers, etc.). Upon completion of the proposed westbound on/off ramps on the eastern side of YBI, the existing west bound on ramp to San Francisco on the western side of the YBI tunnel will be restricted to buses only.

8.1.2 Island Shuttle Service

The Project will include a fleet of up to four electric or alternative fuel shuttles for circulation around the Islands. The shuttles would be free to all users and would serve residential, commercial, and open space areas on TI and YBI. The shuttles would operate primarily on three routes: one would serve the west side of TI, another would serve the east side of TI, and the third would serve YBI. The proposed routes are shown on Figure 8.3.

8.1.3 Ferry Service

Ferry service between the west side of Treasure Island and the San Francisco Ferry Building is proposed as part of the Project. This Plan makes a basic distinction between "landside" and "waterside" functions of the ferry terminal and service. "Landside" includes all the functions of ferry service and multi-modal exchange that will occur over stable land which is not subject to fluctuations and movement due to the tides and wave action of the bay. "Waterside" includes all the functions of ferry service that will occur on or over the water and that are subject to the fluctuations and movement due to the tides and wave action of the bay. Generally the passenger waiting area, passenger services, staff facilities and light maintenance are considered "landside", while any gangways, transfer spans, floats, piles, seawall, breakwater and vessels are considered "waterside".

8.1.3.1 Waterside Improvements

The Developer will be responsible for the design and initial construction of the ferry quay, docks, breakwaters, and basin.

The ferry quay will include two ferry slips for side-loading ferries. The design will allow for the side-loading slips to be replaced with bow-loading slips in the future, but the improvements made by Developer will not address this shift.

The ferry slips would be in a basin protected by angled breakwaters made of precast concrete sheet piles. The basin would have a generally trapezoidal shape created by the angled breakwaters, with a waterside entry about 200 to 300 feet wide. The breakwaters would be asymmetrical, with the longer one on the north side of the basin and the opening directed slightly southward (see Figure 8.4).

The ferry improvements would be constructed in two phases. The first phase would construct the northern, longer breakwater first, along with the ferry slips and passenger facilities. The southern breakwater would be constructed several years later, depending on a range of factors including desired frequency of service and routine maintenance dredging requirements.

Navigation lights would be provided on the breakwaters to mark the harbor entrance. The southern breakwater would have additional lighting for safety and accessibility if it is open to

public access. Public access on the northern breakwater is not proposed, as it could occasionally be overtopped by high waves.

To construct the basin, about 4.9 acres (about 227,000 sq. ft.) would have to be dredged to a depth of about 16-feet at the basin shoreline.

The two angled concrete sheet pile breakwaters, about 350 and 800 feet long, would be constructed, and riprap would be installed along the shore of the basin and the shore ends of the breakwaters for wave suppression. Piles for hydraulic supports for the two transfer spans and aprons leading to each ferry would be installed, as would guide piles to support the boarding float. Additional piles for wingwalls and guide piles, with mooring dolphins or fender walls, would also be installed. The transfer spans would be constructed and installed. In addition, the shoreline would be improved and some existing riprap would be replaced. The total area of embankment affected by this shoreline treatment (from the Bay floor to the mean high water level) would be about 1.12 acres.

8.1.3.2 Landside Improvements

The Developer will be responsible for the design and initial construction of the landside improvements. Interim improvements will be provided with initial ferry operations and be sufficient to support basic passenger needs. The permanent improvements will be designed in accordance with the Design for Development and with TIDA approval. Final permanent improvements will be provided with the second phase of the waterside improvements, construction of the southern breakwater.

Interim improvements will include the following elements:

- **Landscape/Hardscape/Streetscape**. Asphalt hardscape areas, including the waiting areas for the shuttle and transbay bus services and initial bicycle storage and bicycle library facilities.
- **Passenger Waiting Areas.** Weather protected shelter for up to 199 passengers.
- **Gangways.** The gangways should be constructed of materials which are inherently resistant to rust and decay from exposure to the salt water environment. The gangways should accommodate multiple railing/queuing configurations to accommodate normal and special event use.

Permanent improvements will include the following elements:

- **Landscape/Hardscape/Streetscape**. The hardscape should be abuse resistant, allow for easy maintenance and if necessary allow removal to access changing or evolving program requirements for utilities and future modifications. This area would accommodate non-ferry transit and transportation connections, including the waiting areas for the shuttle and transbay bus services, bicycle storage, the bicycle library, and kiss-and-ride facilities.
- **Passenger Waiting Areas.** *(15,000-20,000 SF)* The passenger waiting areas should provide shelter from the elements, primarily rain and wind. Seating and other amenities for passenger waiting to board the ferry should be designed easy to clean, abuse resistant materials. Includes primary passenger waiting areas, overflow waiting areas, and circulation requirements.
- **Passenger Services.** *(approximately 750 SF)* Ticket Vendors, Newspaper, ATM and other vending equipment should be collected at areas along primary circulation routes.
- **Staff Facilities and Maintenance/Operations Area.** *(1,000 – 1,500 SF)* Staff facilities would include a security office and storage for crew and general operations. Staff restrooms could be provided either in the terminal building or in Building 1. Staff parking would not be provided; staff needing parking would use other Island parking facilities. The operations areas should be located adjacent to service vehicular access points with direct routes to the float and vessels. Operations functions include maintenance storage, mechanical equipment, and trash/janitorial.
- **Gangways.** The gangways should be constructed of materials which are inherently resistant to rust and decay from exposure to the salt water environment. The gangways should accommodate multiple railing/queuing configurations to accommodate normal and special event use.

8.2 Public Street System

The Developer will be responsible for the design and construction of the public streets shown on Figure 8.5. Improvements will generally include the following:

- pavement section
- concrete curbs/gutters
- concrete sidewalk and curb ramps
- traffic control signs and striping

- traffic signals
- street lighting
- street landscaping and trees
- stormwater treatment facilities
- street furnishings (includes, but are not limited to, benches, trash cans, bike support facilities and pedestrian scale lighting)

8.2.1 Street and Block Numbers

A system of street and block numbers has been created to facilitate planning and design coordination, see Figure 8.6. Most street names on YBI are current names and are expected to remain in use. Almost all street names on TI are considered temporary and solely for planning use. Final names will be selected in the future.

8.2.2 Roadway Dimensions

The vehicular lane widths are dictated by the proposed bus routes (see Figure 8.1). Vehicular lanes will be 12-feet wide for street segments where buses travel in two directions past each other, 11-feet where buses travel in one direction and do not pass, and 10-feet for streets with no SFMUNI or AC Transit service. Lane widths are measured from face of curbs and center line of lane striping.

The minimum vehicular travel way dimension will be 20-feet to accommodate fire truck access. The minimum 20-feet will not include parking on any of the streets including the Shared Public Way, but will include bike lanes on the one-way portion of Macalla Road.

Class II bike lanes will be 5-feet wide measured from face of curb to the center line of lane striping.

Parallel parking stalls within the street right of way will be 7-feet wide when adjacent to vehicular travel ways and 8-feet wide when adjacent to Class II bike lanes.

Planting areas and pedestrian sidewalks will vary depending on location.

8.2.3 TI Public Street System

The proposed public street network for TI is shown on Figure 8.7. Typical cross sections for these streets are included on Figure 8.8. There are four major classifications for the proposed public street system. A typical description for each type of street follows:

Major Arterial Streets (Primary Access)

Major Arterial streets will comprise the main west/east and north/south streets on TI, which will provide access between the new neighborhoods and open space and the intermodal transit hub adjacent to the Ferry Terminal, as well as to the Causeway and the Bay Bridge.

Secondary Arterial Streets (Primary Access)

Secondary Arterial Streets will comprise the remaining bus routes around TI. This includes the bus route around the Transit Hub and the potential future bus routes along the western and southern edges of TI.

Collector Streets (Neighborhood Access)

Collector streets will comprise the second level of roadways. They provide circulation loops to facilitate movement through and around the urban core, developed neighborhoods, Job Corps campus, and to the island's open space zones including access to the island's perimeter.

Shared Public Way (Pedestrian Focused)

Shared Public Ways are proposed for TI within both the Cityside and Island Center neighborhoods that will prioritize pedestrian use of the entire right-of-way while allowing occasional slow-moving vehicles to access local land uses and parking (both on-street and off-street but never within the 20-foot emergency vehicle access path) and provide necessary services. Working collaboratively with City Departments like Department of Public Works, Municipal Transportation Agency and the Mayor's Office of Disability to adopt the Shared Public Way as a "Dedicated Public Street" in the City's Subdivision code, this right-of-way is designed from property line to property line as a single surface between street and sidewalk areas that gives pedestrians priority and shares space among pedestrians, bicycles, occasional slow-moving vehicles, and public space uses. Shared

Public Ways may be designed with special paving, a variety of amenities, landscaping, and seating, and pockets of on-street parking, to create an environment that encourages public space use and slows occasional vehicles.

8.2.4 Angled Intersections on TI

The Project utilizes angled streets to maximize access to sunlight and views while minimizing the effects of wind on neighborhood public spaces. Where angled intersections occur, the east/west streets will cross the north/south streets at a 68-degree angle as shown in Figure 8.9. The angled intersections will be designed to provide the required vehicular site distance triangles as defined by the American Association of State Highway and Transportation Officials (AASHTO).

8.2.5 YBI Public Street System

The street locations on YBI will generally remain in existing locations with improvements for improved fire truck access and added connections for pedestrian and bicycle paths to the new east span of the Bay Bridge and TI. The proposed public street network for YBI is shown on Figure 8.10. Typical cross sections for these streets are included on Figure 8.11. Similar to TI, there are four main levels for the hierarchy of streets on YBI. A typical description for each type of street follows:

Major Arterial Streets (Primary Access)

Major Arterial streets on YBI will comprise the access from the Bay Bridge down to TI. On the western side of YBI this will include Treasure Island Road. On the eastern side this will include the one way Macalla Road.

Secondary Arterial Streets (Primary Access)

The Secondary Arterial Street on YBI will be the two-way Yerba Buena Road up to the central development area and open space at the top of the island.

Collector Streets (Neighborhood Access)

The Collector Streets on YBI will be a one-way section of Yerba Buena Road starting at the hotel and traveling around the western side of the island and the two-way Signal Road providing access to Hilltop Park.

Private Streets

The primary access to homes within the main western and eastern residential districts will be private streets.

8.2.6 YBI Private Street System

The primary access to homes within the main western and eastern residential districts on YBI will be private streets. The private streets will be designed and developed in concert with the private development. Final locations and configuration of the private streets will be developed in conjunction with detailed development plans for these residential districts. Public Service Easements (PSE) will be recorded over these private streets for the public utilities needed to serve the units.

8.2.7 North Gate Road

The improvements to North Gate Drive will be limited to a 2-inch overlay from Macalla to the Coast Guard entrance once all of the utility systems have been installed.

8.2.8 Retaining Walls within Public Street Right of Way

The construction of the Public Right of Ways may require retaining walls. As described in Section 6.2.2, it is anticipated that several of the existing retaining walls within the proposed development footprint will be modified or rebuilt due to grade changes and road realignment. The condition of retaining walls proposed to remain in place will be evaluated on a case-by-case basis during final design. These walls may be seismically retrofitted or replaced to comply with City and County of San Francisco and CBC codes and the design-level geotechnical report.

8.3 Fire Department Access

The primary fire department access streets are shown on Figure 8.12. Fire trucks will utilize the entire travel way for turning movements at intersections. Intersections will be designed to provide 7-feet clear when fire trucks enter on-coming travel lanes as shown on Figure 8.13.

Fire truck turnaround locations will be coordinated with the SFFD and constructed consistent with the Fire Code at dead-end street locations.

The final street layouts and cross sections will be developed during the Major Phase and Sub Phase applications. The final configurations will be reviewed by the SFFD for conformance to the Fire Code.

8.4 Structural Street Sections

The structural cross section for all new on-grade roadways will comply with the requirements of the San Francisco Subdivision Code. Roadway cross sections will consists of eight inches of Portland Cement Concrete and a two-inch asphalt concrete wearing surface for Collector Streets, and a three-inch asphalt concrete wearing surface for Arterials. Alternative cross sections such as asphalt concrete wearing surface over Class 2 aggregate base, porous paving, and decorative pavement (patterned concrete, patterned asphalt, paving stones, etc.) may be used if approved by SFDPW.

8.5 Traffic Signals and Street Lights

The Developer will design and construct four traffic signals along California Avenue and Palm Avenue as shown in Figure 8.2. One additional pedestrian crossing signal may be constructed at a mid-block pedestrian crossing on California Avenue if required. A traffic signal may also be constructed at the intersection of Hillcrest and South Gate Road. Where possible, the electrical service for the Traffic signals will be located within the joint trench (refer to Section 13). All traffic signals shall be designed and constructed to the specifications and approvals of the San Francisco Municipal Transportation Agency (SFMTA).

The Developer will design and construct street lights. Street lighting shall comply with City of San Francisco standards for light levels and acceptable fixtures. Alternative street light fixtures will be allowed as approved by the SFPUC and SFDPW. Where possible, the electrical service for the street lights will be located within the joint trench (refer to Section 13).

The Developer will design and construct all street and traffic signs as well as pavement markings to the specifications and approvals of the SFMTA.

8.6 Public Bike and Pedestrian Paths

The Developer will design and construct public bike and pedestrian paths throughout Treasure Island. The conceptual location of bike and pedestrian paths are shown on Figure 8.14.

8.7 Bay Bridge Access

As part of the new eastern span of the Bay Bridge, Caltrans will be constructing a new east-bound on-ramp on the eastern side of the YBI tunnel. The east-bound off-ramp at this location will remain in substantially the same existing configuration upon completion of the new bridge.
The City and Caltrans are currently designing replacement westbound on- and off-ramps on the eastern side of the YBI tunnel. This Infrastructure Plan assumes that these new ramps will be completed as part of the construction of the new eastern span of the Bay Bridge.

On the western side of the YBI tunnel, the exiting east-bound off-ramp and west-bound on-ramp will remain. Upon completion of the new west-bound on-ramp on the eastern side of the tunnel, the existing west-bound on-ramp on the western side of the tunnel will be dedicated to SF MUNI bus only, providing a means of queue-jumping for the busses.

8.8 Acceptance and Maintenance of Public Street Improvements

The Authority or SFDPW will be responsible for maintenance of the existing roadways until replaced by the Developer.

Upon acceptance of the new and/or improved public streets by San Francisco Department of Public Works (SFDPW), responsibility for the operation and maintenance of the roadway, streetscape elements, and retaining walls will be designated as defined in the various City of San Francisco Municipal Codes. Responsibility for accepted street improvements for streets within the Public Trust, as shown in Figure 8.15, will be determined separately.

Upon acceptance of the private streets by SFDPW, responsibility for the operation and maintenance will be by the neighborhood homeowners association.

8.9 Acceptance of Public Bike and Pedestrian Paths

Upon acceptance of the public bike and pedestrian paths by SFDPW, responsibility for the operation and maintenance of the paths will be designated as defined in the various City of San Francisco Municipal Codes. Responsibility for accepted path improvements for paths within the Public Trust, as shown in Figure 8.15, will be determined separately.

8.10 Coast Guard and Job Corps

The Developer will not replace the roadways within the Coast Guard and Job Corps properties. The Developer will construct the new roadway systems up to the boundary of these two property owners and connect to their existing roadway network to maintain the existing access points.

8.11 Phasing of New Roadway Construction

The Developer will construct the new roadway system in phases to match the Sub-Phases of the Project. The amount of the existing roadway repaired and/or replaced will be the minimum necessary to serve the Sub-Phase. The Sub-Phase will connect to the existing roadways as close to the edge of the Sub-Phase area as possible while maintaining safe access to the new development and the remainder of the Island. The existing land uses on Treasure Island will continue to utilize the existing roadways until the existing uses are demolished. Repairs and/or replacement of the existing facilities necessary to serve the sub-phase will be designed and constructed by the Developer. Fire truck turnaround areas will be coordinated with the SFFD and constructed by the Developer consistent with the Fire Code.

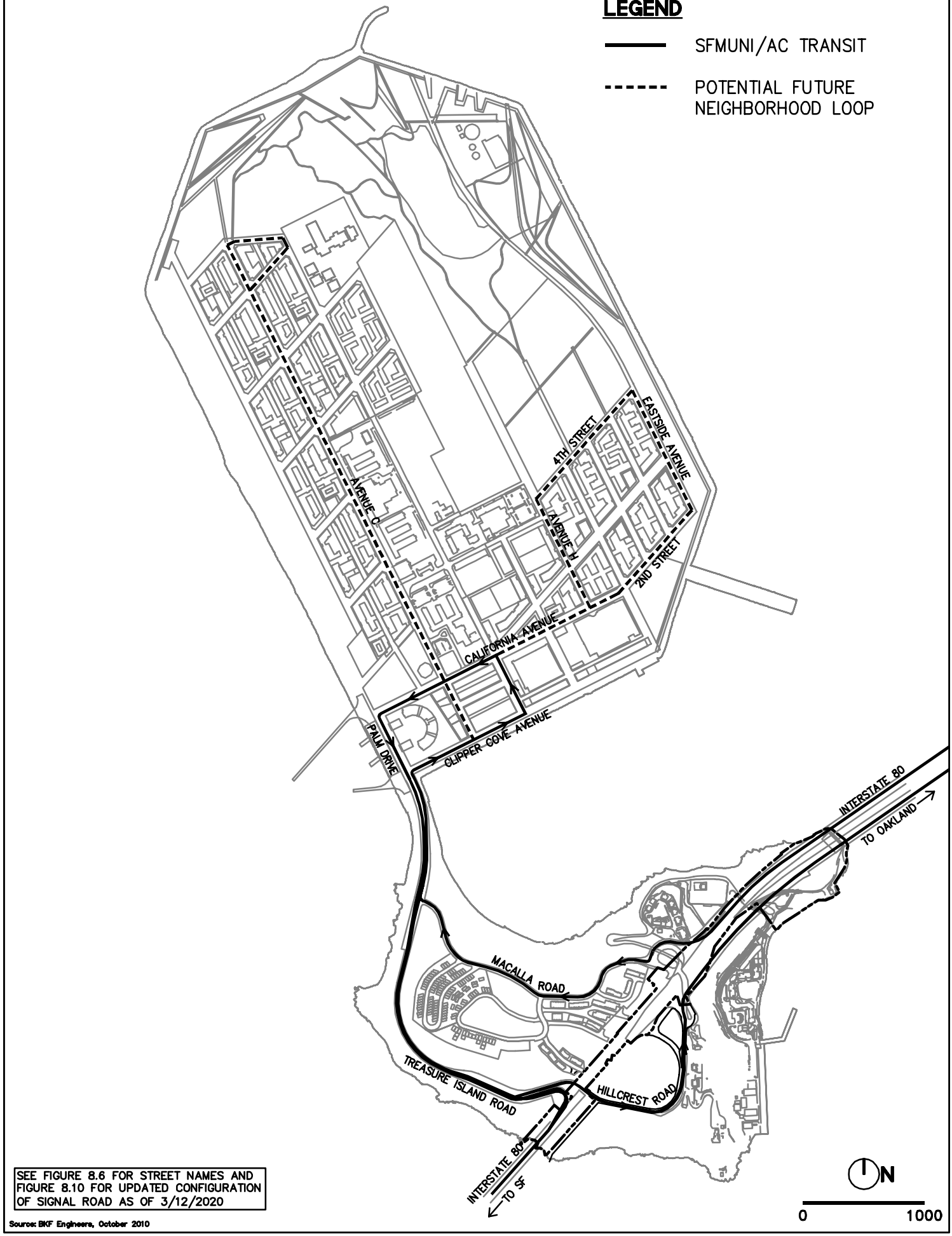
The Developer will provide an existing conditions report for the existing streets scheduled to remain adjacent to the Sub-Phase prior to the geotechnical mitigation activity. The report will include the conditions of the original street system on TI as well as the new system constructed with previous phases adjacent to the new Phase. The report will be updated at the end of the geotechnical mitigation activity and again at the end of the construction of the Sub-Phase. The limit of the report and how the conditions of the systems are determined will be coordinated with the SFPUC and/or SFDPW. The Developer will be responsible for damage to the existing streets, and/or newly installed streets on previous phases, due to geotechnical mitigation activity and/or construction of the proposed improvements. The Developer will make the necessary repairs as required and be responsible for any permit violations due to the damage.

The Authority or SFDPW will be responsible for maintenance of existing roadways until replaced by the Developer. The SFDPW will be responsible for the new roadways once construction of the Sub-Phase or new roadway facility is complete and accepted by the SFDPW.

8.12 SFMTA Infrastructure

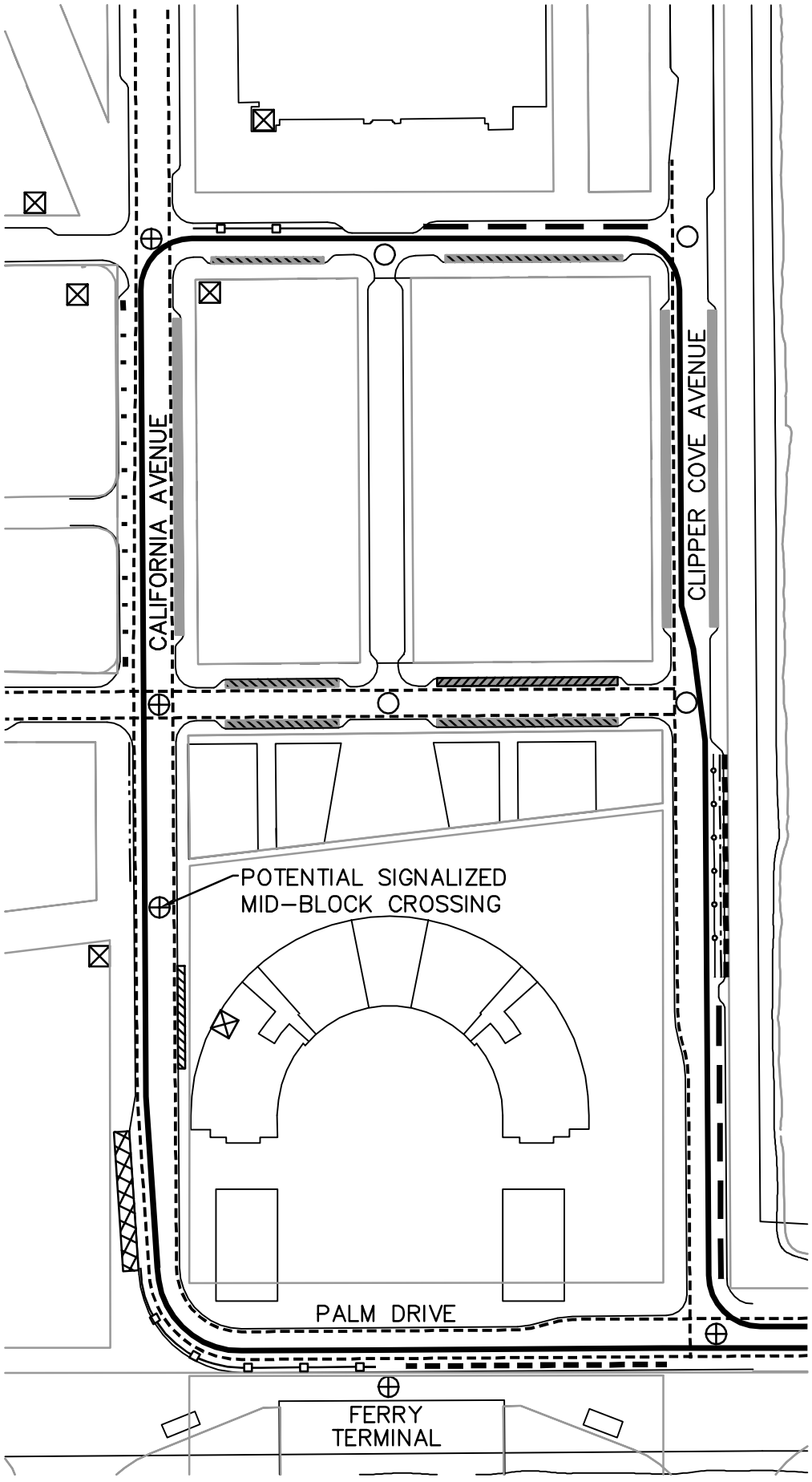
SFMTA Infrastructure is defined as:

- Security monitors and cameras
- Signals and Signal Interconnects
- TPS signal preempt detectors
- Conduit containing TPS signal cables
- Shelters (with Vendor)
- Paint – poles and asphalt delineating coach stops
- Asphalt painting for transit lanes
- Departure prediction (“NextBus”) monitors and related communications equipment
- Bicycle racks
- Crosswalk striping
- Bike lane and facility striping
- APS/Pedestrian crossing signals
- Street Signs"



Source: BKF Engineers, October 2010

Figure 8.1: SFMUNI/AC Transit Bus Routes



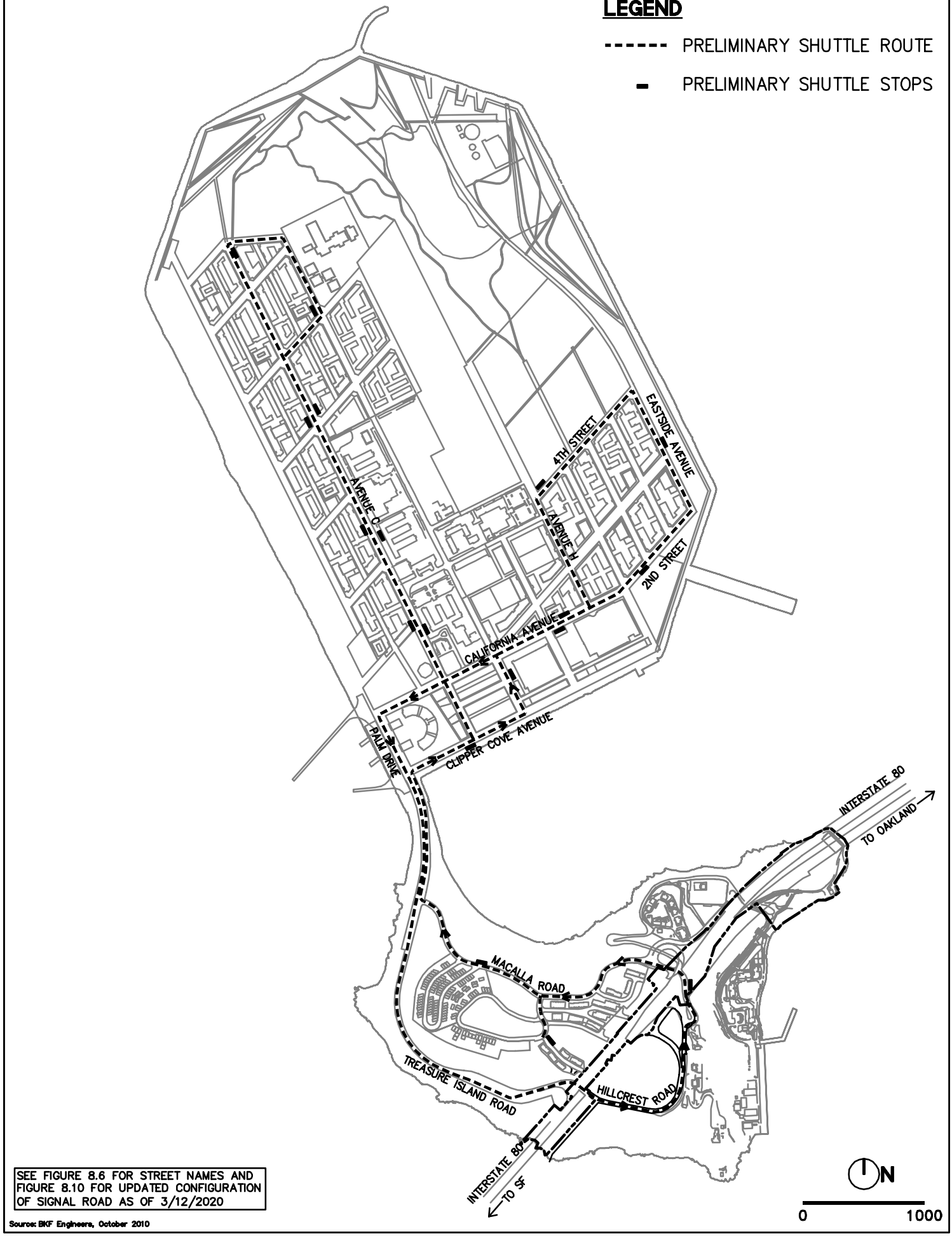
LEGEND

- INTERMODAL BUS LANE
- PARALLEL STREET PARKING
- POTENTIAL RETAIL LOADING/PARALLEL PARKING
- POTENTIAL RETAIL LOADING AREA
- POTENTIAL RETAIL LOADING/PARKING/ TOUR BUS STOP
- BUS STOP – DROP OFF ONLY
- BUS STOP – PICK UP ONLY
- BUS STOP LAYOVER AREA
- 6' BUS FLEX LANE
- SHUTTLE STOP
- 5' CLASS II BIKE LANE
- POTENTIAL TOUR BUS LOADING
- SIGNALIZED INTERSECTION/ CROSSWALK
- PEDESTRIAN CROSSWALK
- POTENTIAL MUNI FACILITY LOCATION
- "KISS AND RIDE"

N

0 150

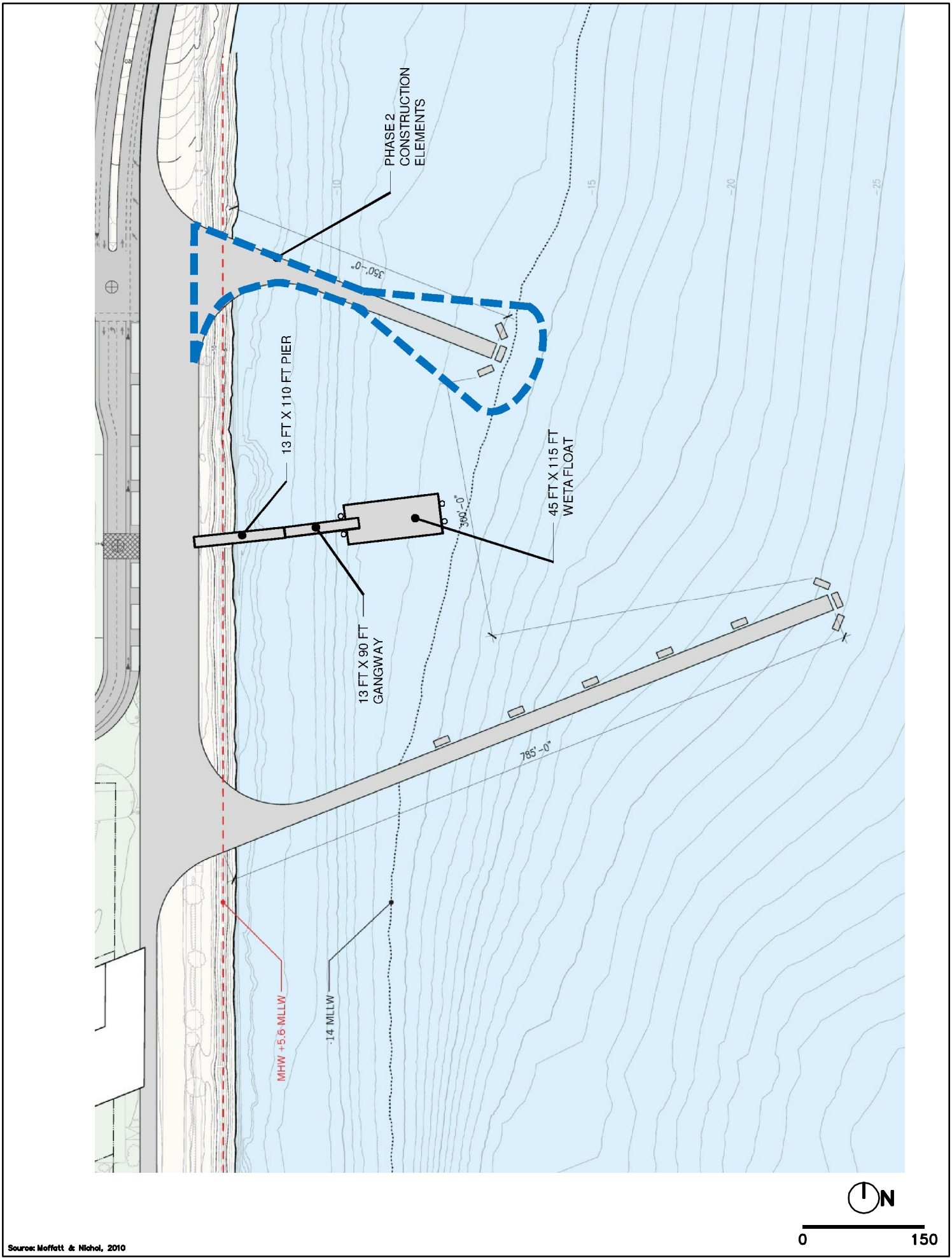
Source: BKF Engineers, October 2010



SEE FIGURE 8.6 FOR STREET NAMES AND FIGURE 8.10 FOR UPDATED CONFIGURATION OF SIGNAL ROAD AS OF 3/12/2020

Source: BKF Engineers, October 2010

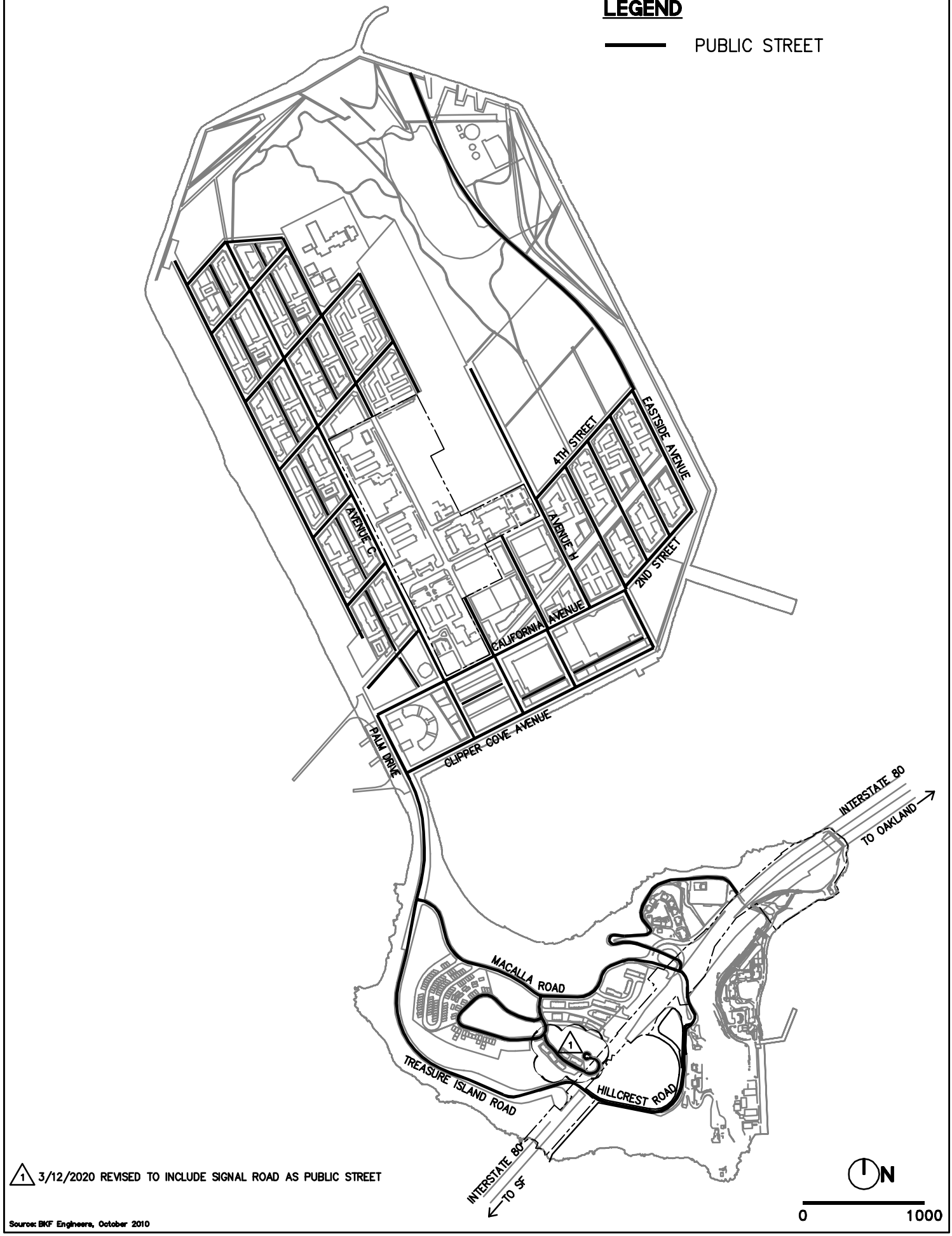
Figure 8.3: Shuttle Service Routes



Source: Moffatt & Nichol, 2010

Treasure Island Infrastructure Plan

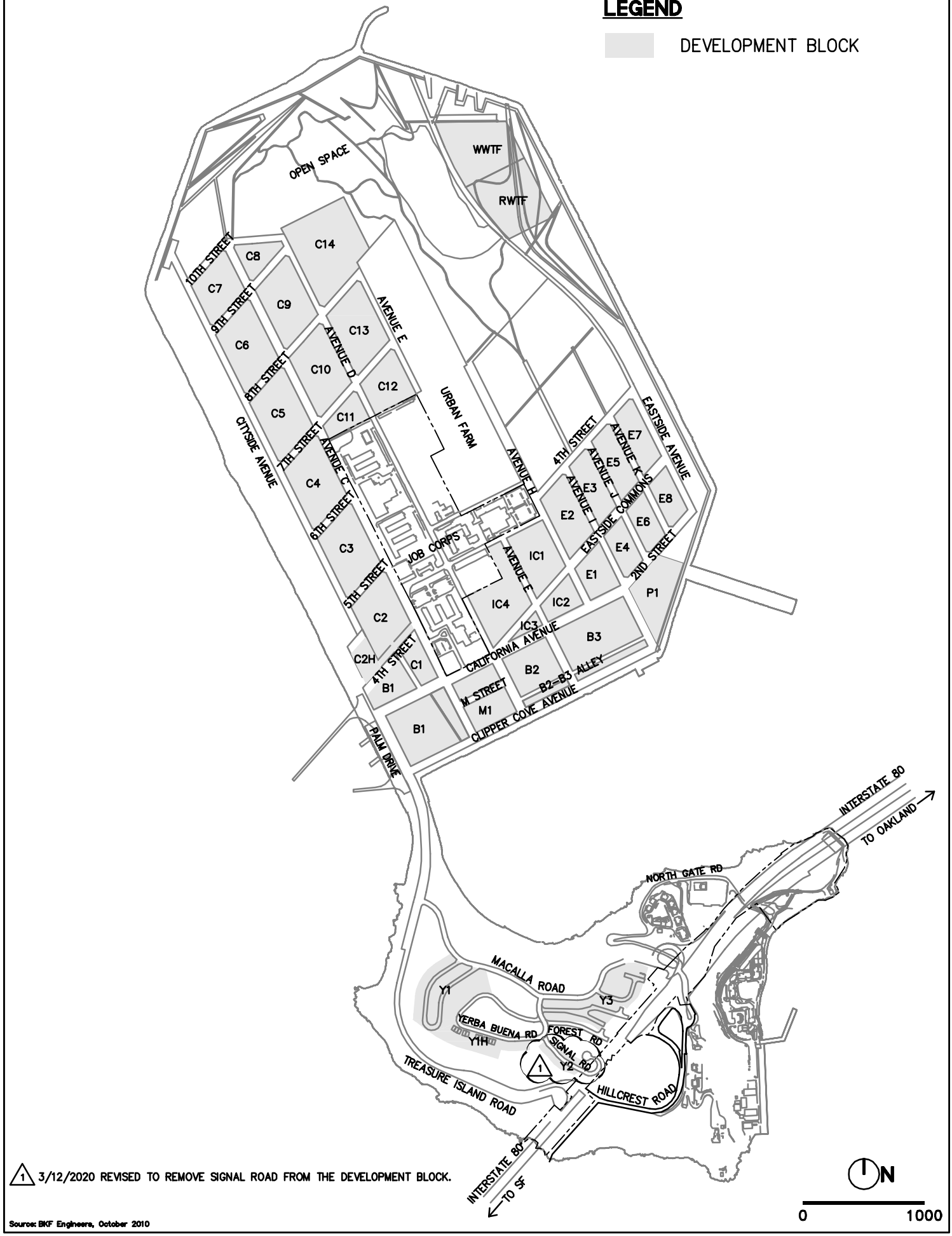
Figure 8.4: Ferry Basin



Source: BKF Engineers, October 2010

Treasure Island Infrastructure Plan

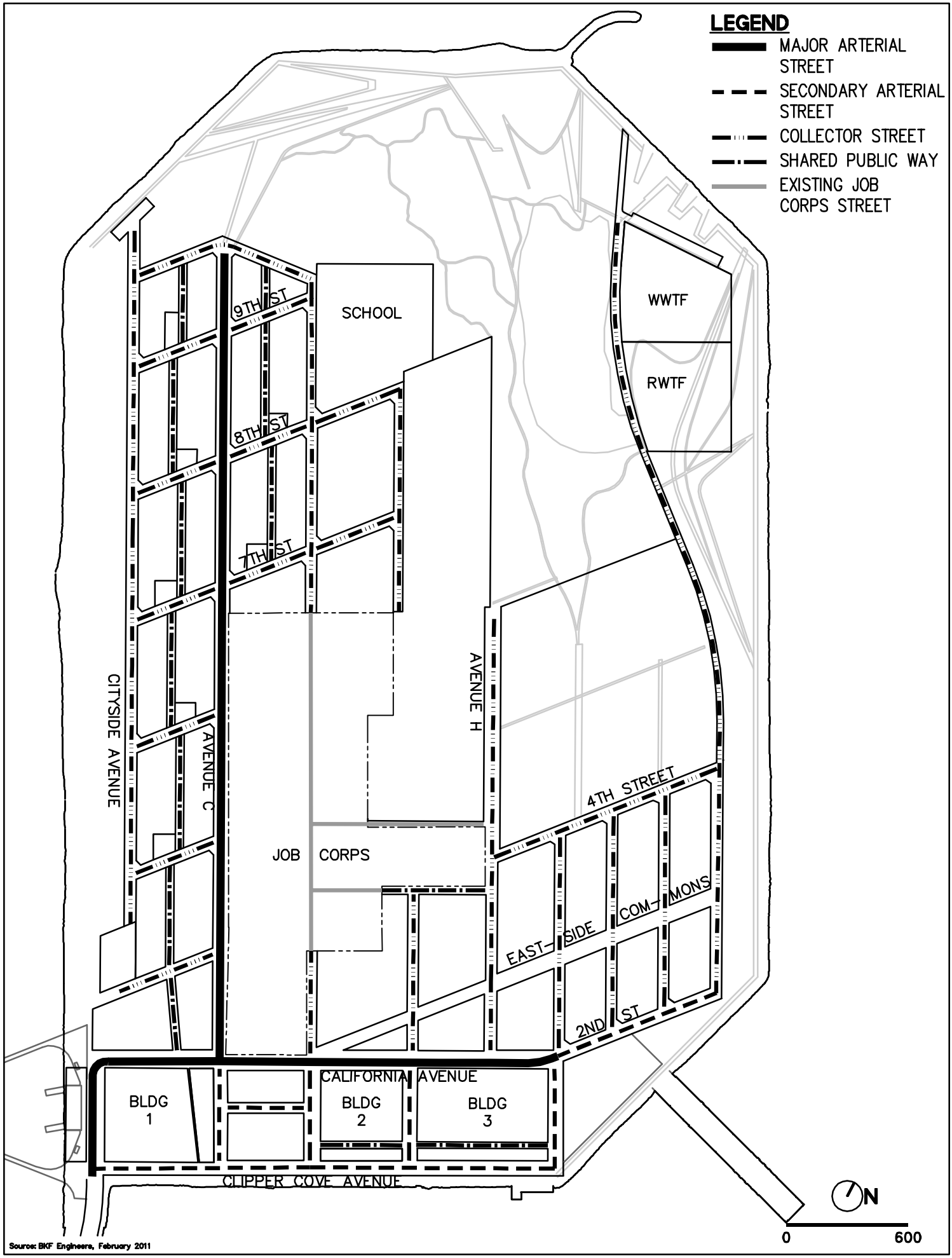
Figure 8.5: Public Streets



Source: BKF Engineers, October 2010

Treasure Island Infrastructure Plan

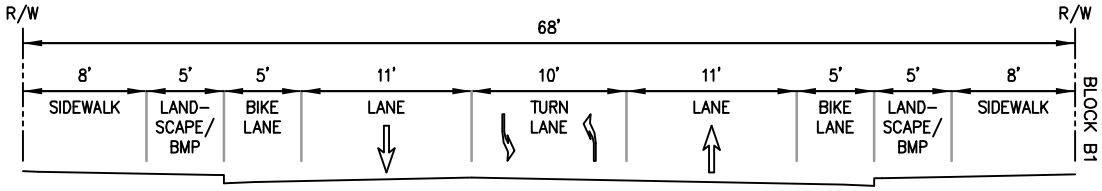
Figure 8.6: Street Names and Block Numbers



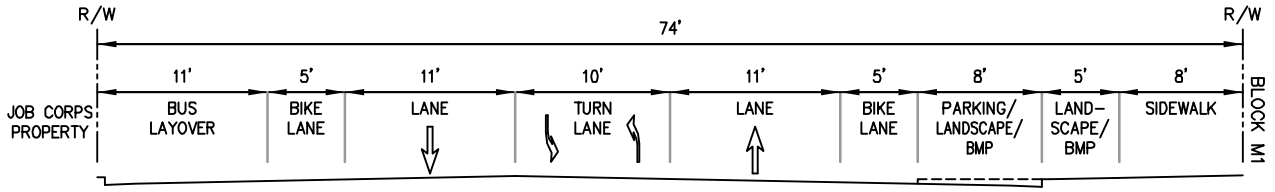
Source: BKF Engineers, February 2011

Treasure Island Infrastructure Plan

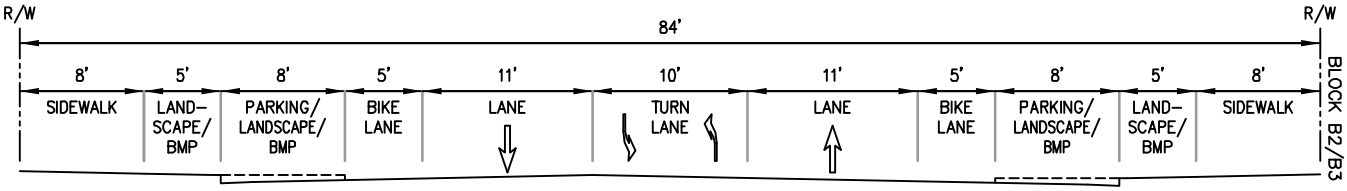
Figure 8.7: TI Street Plan



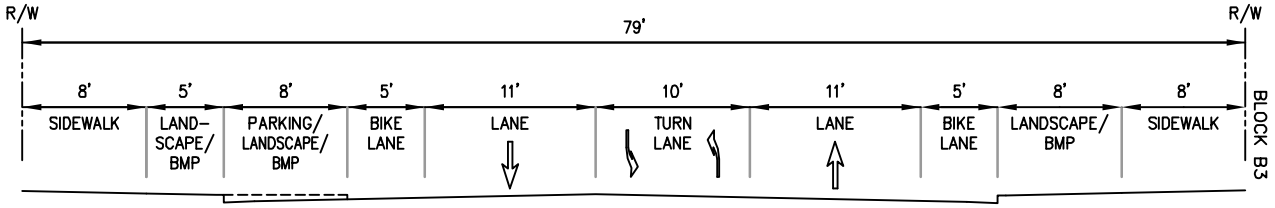
CALIFORNIA AVENUE (B1 BLOCK)



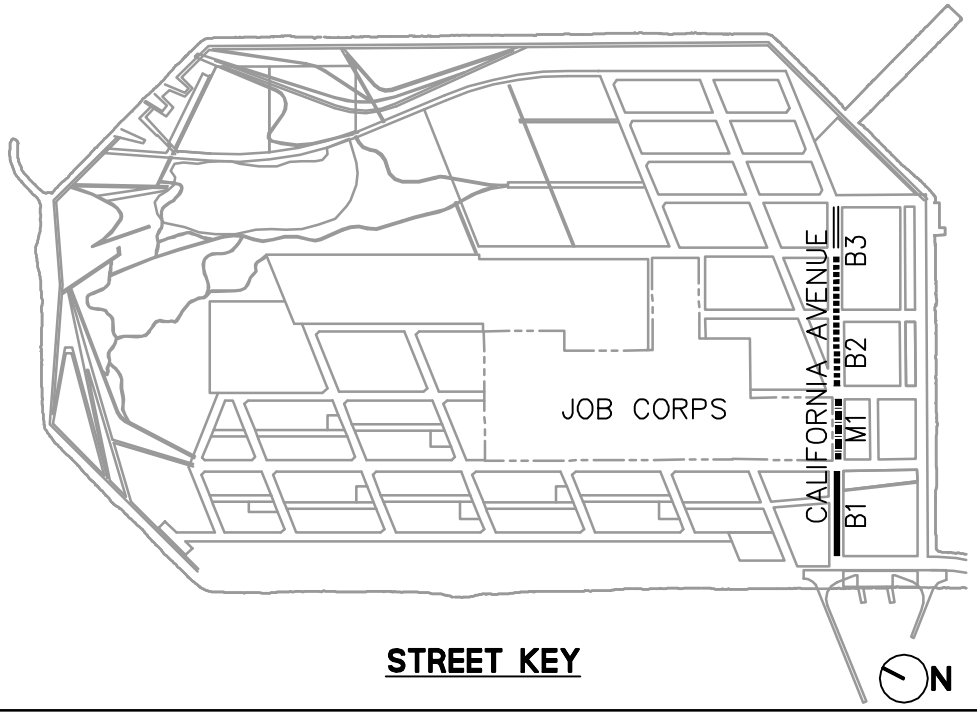
CALIFORNIA AVENUE (M1 BLOCK)



CALIFORNIA AVENUE (B2/B3 BLOCK)

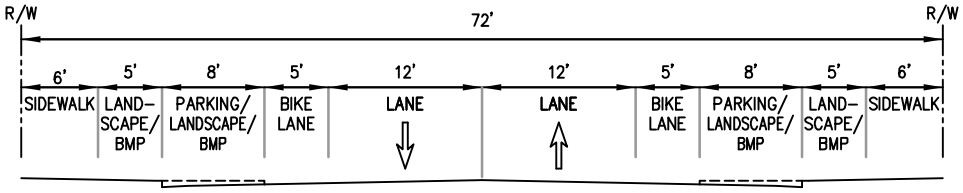


CALIFORNIA AVENUE (B3 BLOCK)

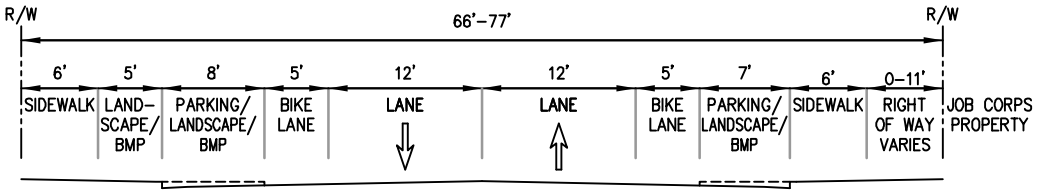


STREET KEY

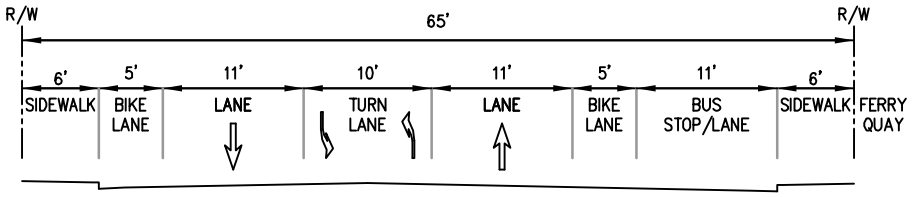
Source: BKF Engineers, February 2011



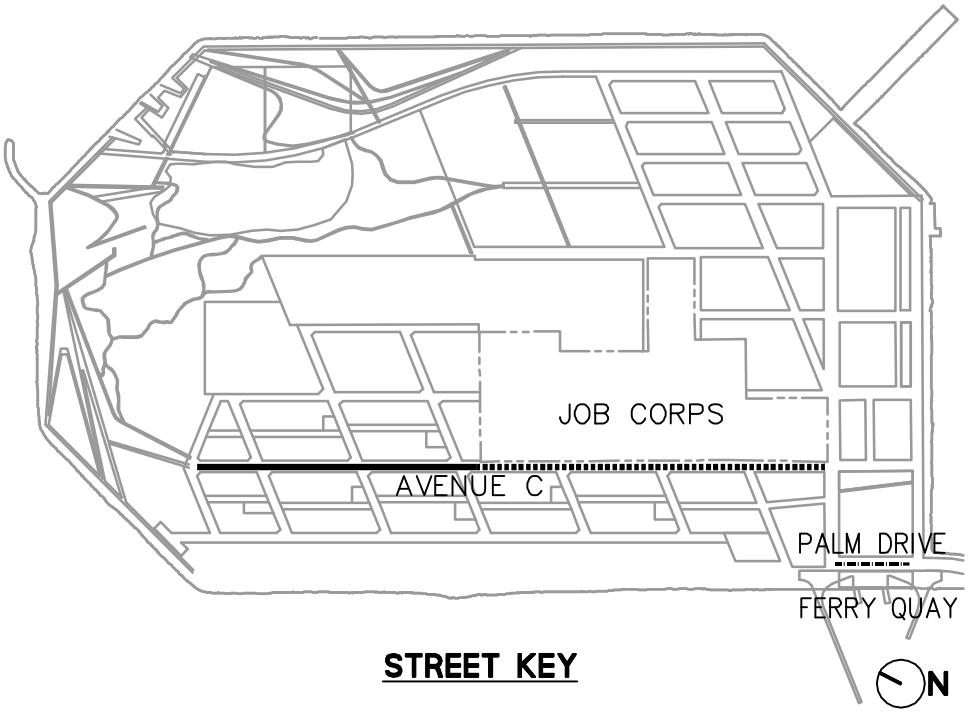
AVENUE C (NORTH)



AVENUE C (ADJACENT TO JOB CORPS)



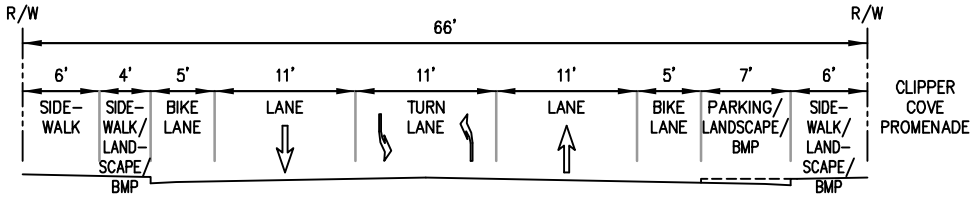
PALM DRIVE (ADJACENT TO FERRY QUAY)



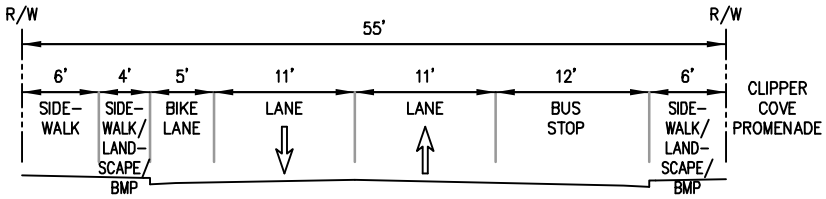
STREET KEY

Source: BKF Engineers, February 2011

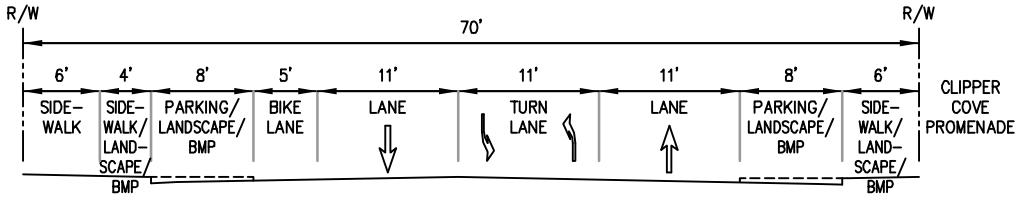
Figure 8.8.1.B: Major Arterial Street - Avenue C and Palm Drive



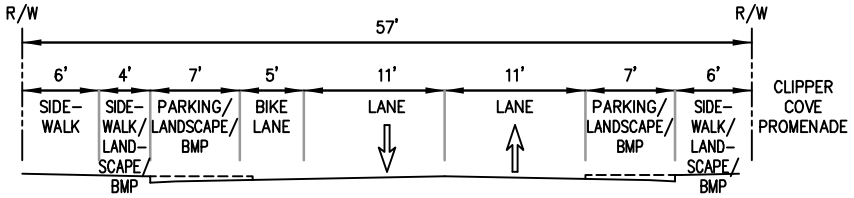
CLIPPER COVE AVENUE (B1 BLOCK - WEST)



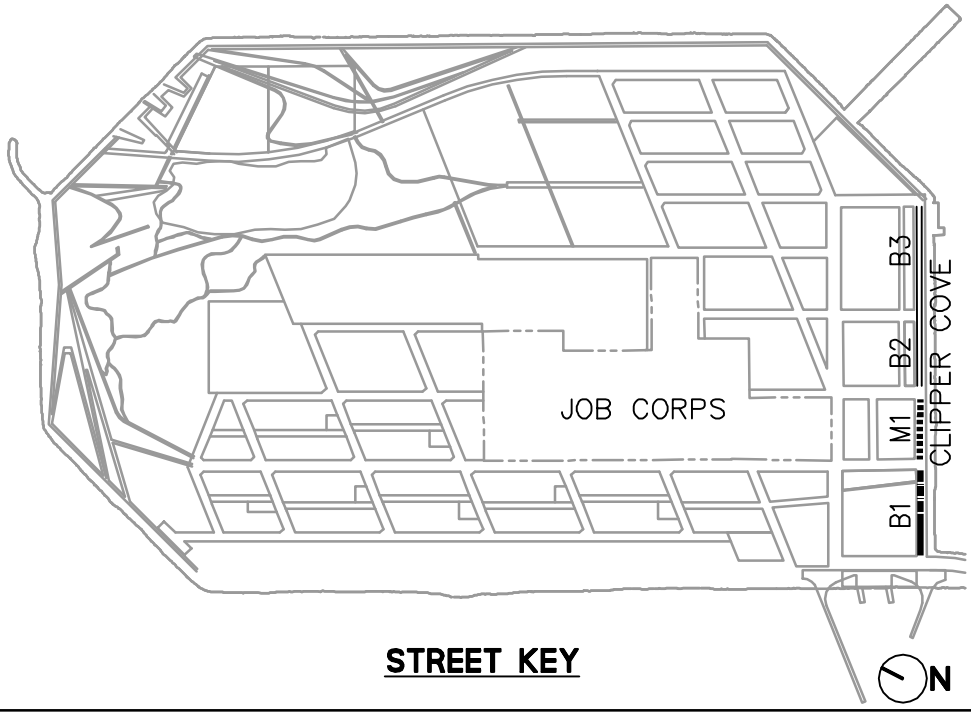
CLIPPER COVE AVENUE (B1 BLOCK - EAST)



CLIPPER COVE AVENUE (M1 BLOCK)

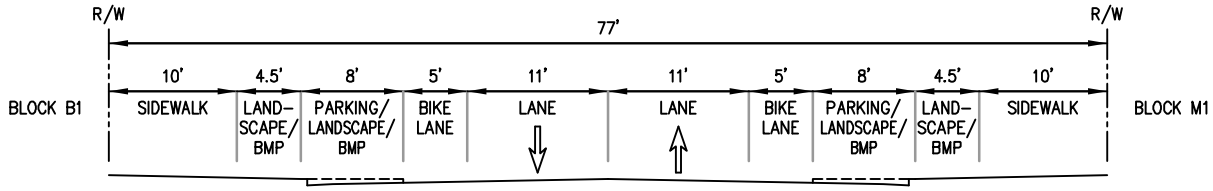


CLIPPER COVE AVENUE (B2 & B3 BLOCKS)

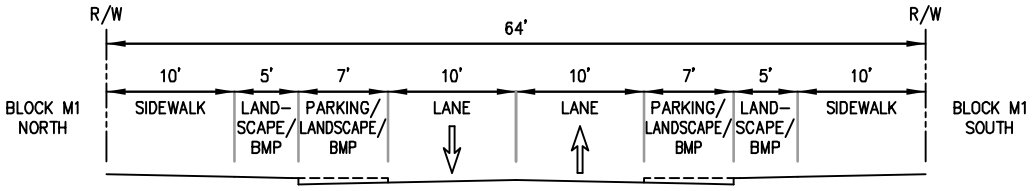


STREET KEY

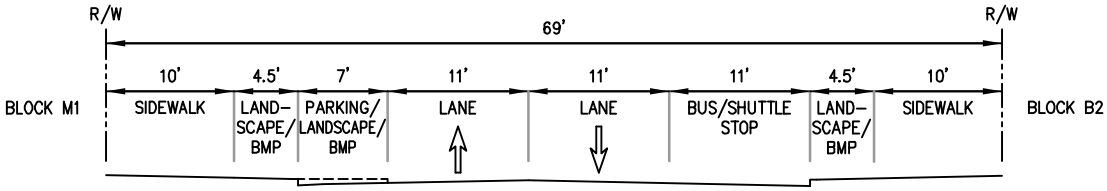
Source: BKF Engineers, February 2011



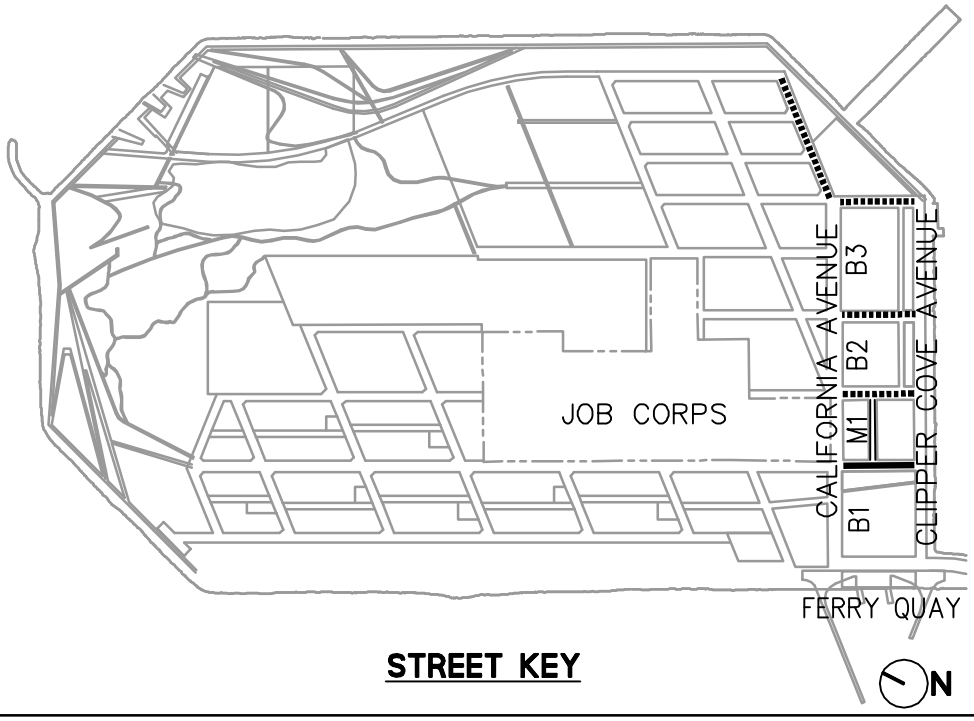
RETAIL STREET (BETWEEN B1 & M1)



RETAIL STREET (MID-BLOCK M1)

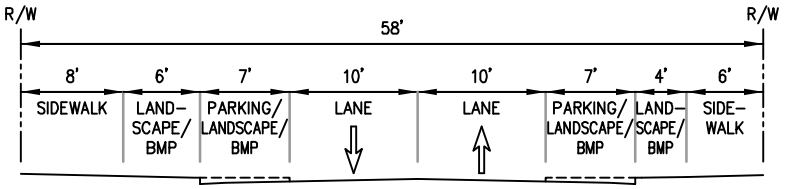


SECONDARY ARTERIAL

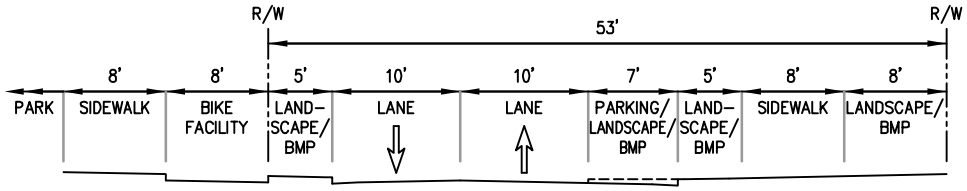


STREET KEY

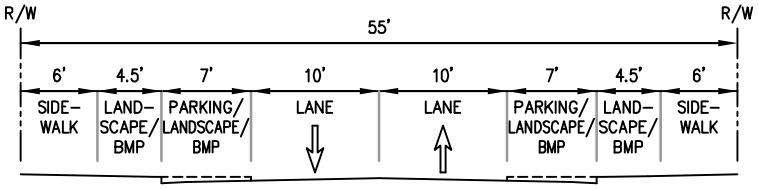
Source: BKF Engineers, February 2011



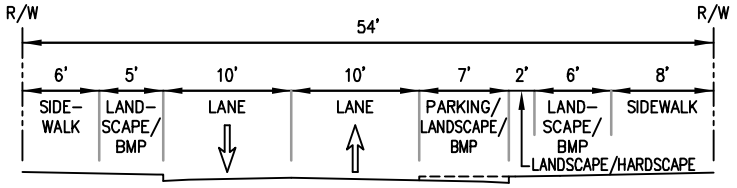
WINDROW STREETS



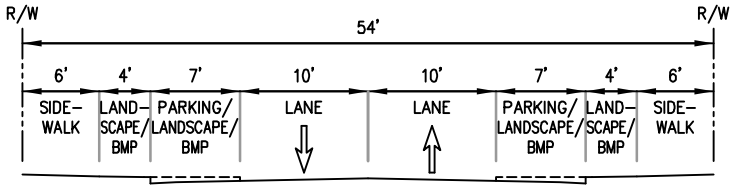
CITYSIDE & EASTSIDE AVENUE



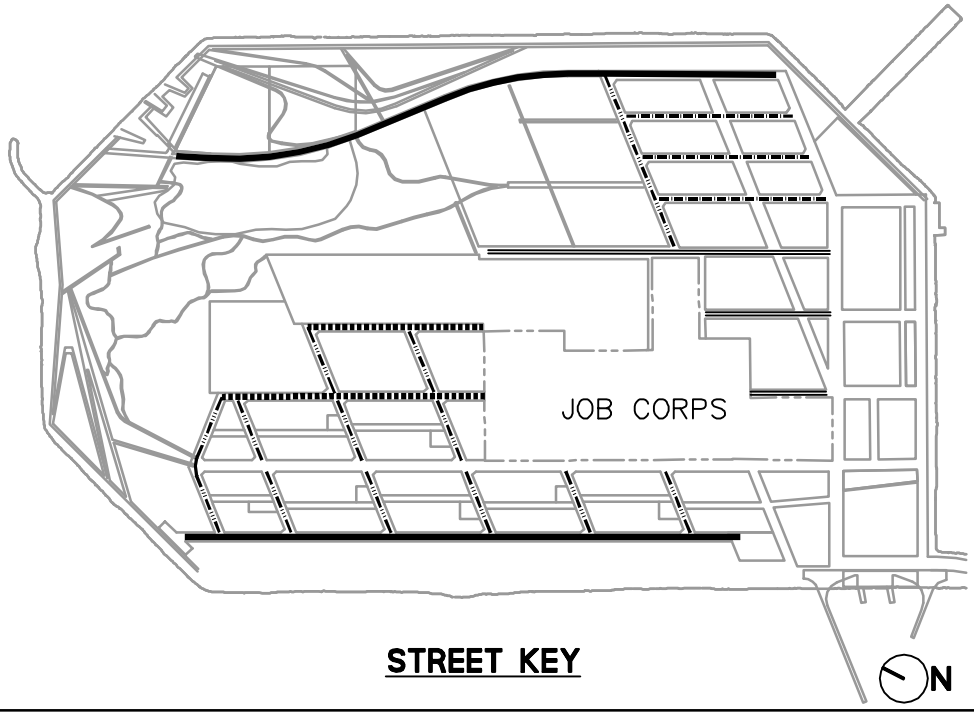
CITYSIDE NEIGHBORHOOD STREETS



EASTSIDE NEIGHBORHOOD STREETS

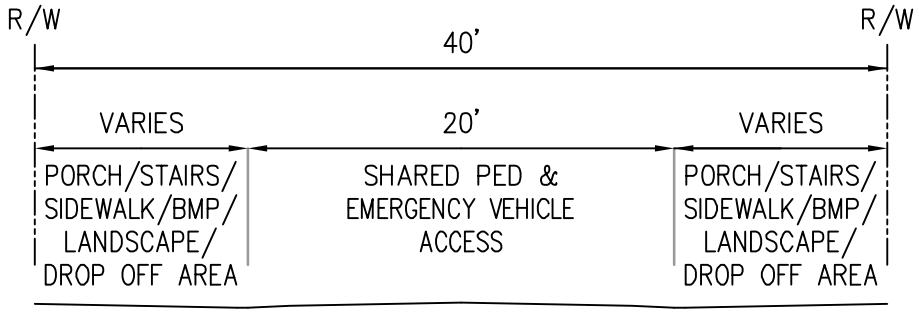


ISLAND CORE STREETS



STREET KEY

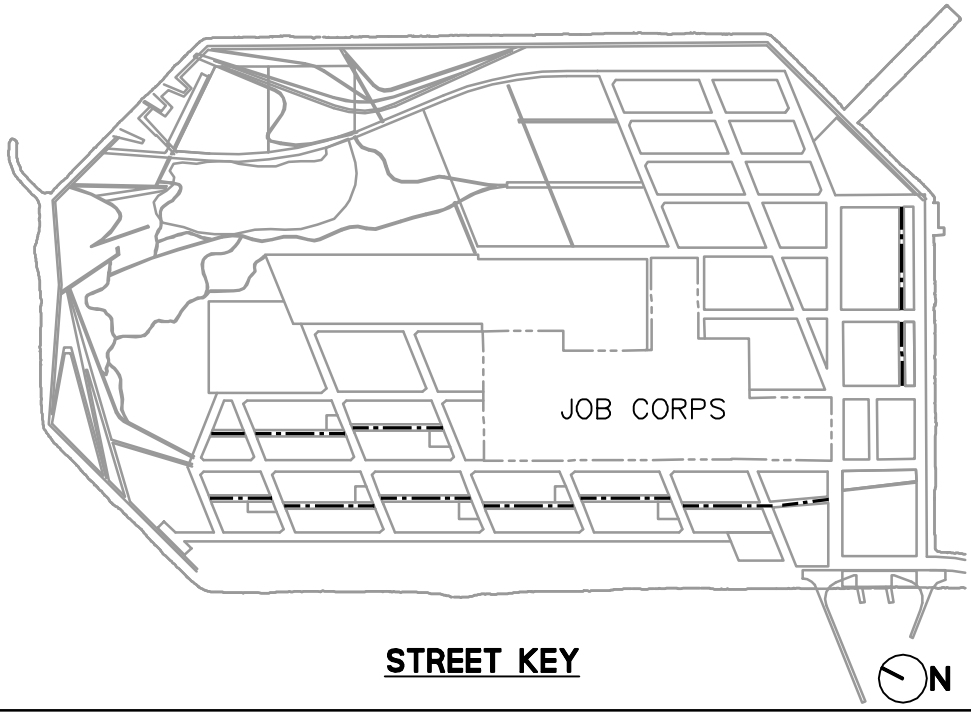
Source: BKF Engineers, February 2011



SHARED PUBLIC WAY

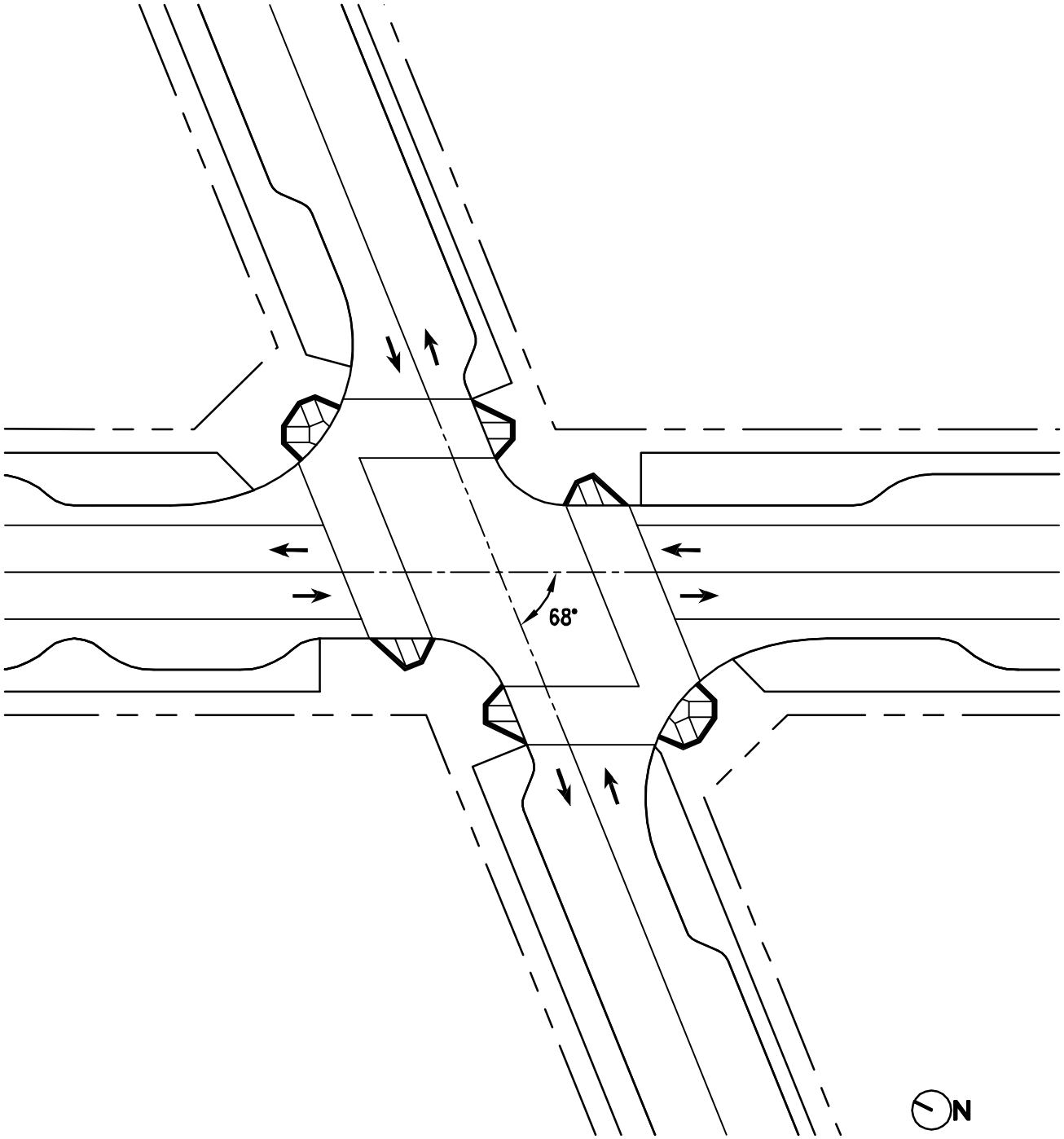
SHARED PUBLIC WAY (PEDESTRIAN FOCUSED)

The Shared Public Way is a new street typology for the City of San Francisco being implemented on Treasure Island. It is meant to favor pedestrian activity with limited vehicular access and low vehicle speeds. Shared Public Ways prioritize pedestrian use of the entire right-of-way while allowing occasional slow-moving vehicles to access local land uses and parking, and provide necessary services. Treasure Island Shared Public Ways will be designed with special paving, a variety of amenities, landscaping, seating, and pockets of on-street loading (not parking), to create an environment that encourages public space use and slows occasional vehicles.



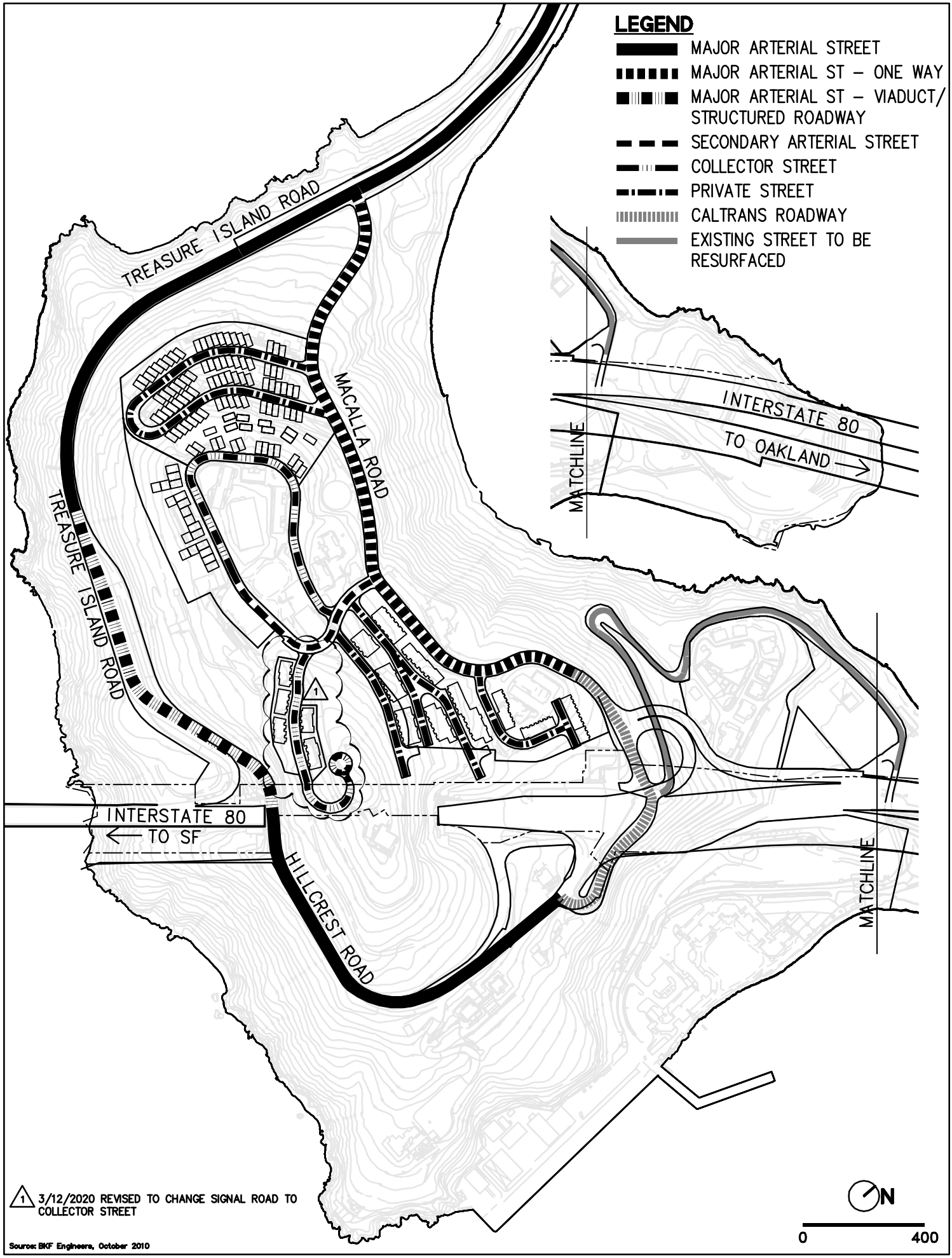
STREET KEY

Source: BKF Engineers, February 2011



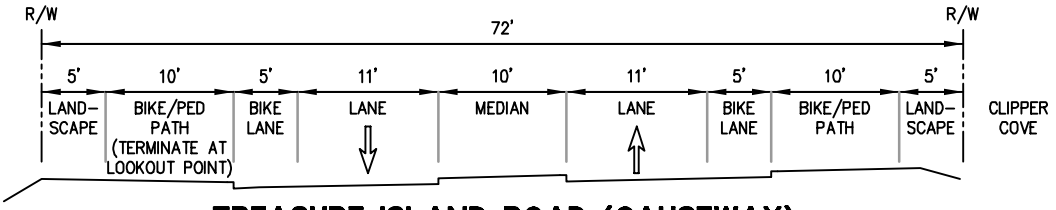
ANGLED INTERSECTION

Source: BKF Engineers, 2010

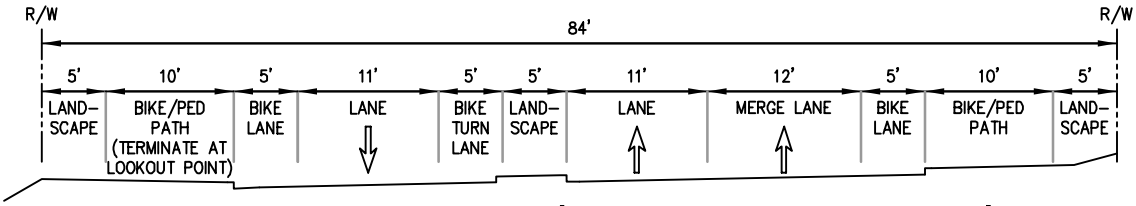


Treasure Island Infrastructure Plan

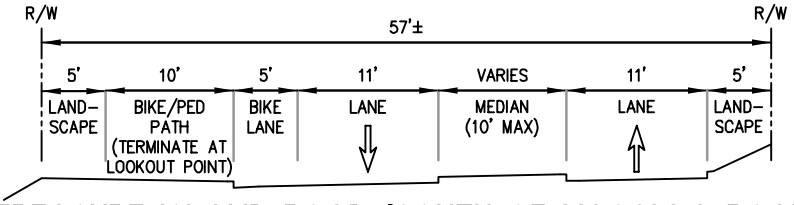
Figure 8.10: YBI Street Plan



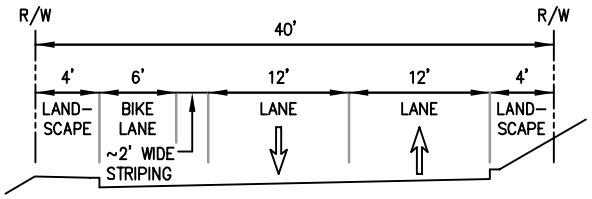
TREASURE ISLAND ROAD (CAUSEWAY)



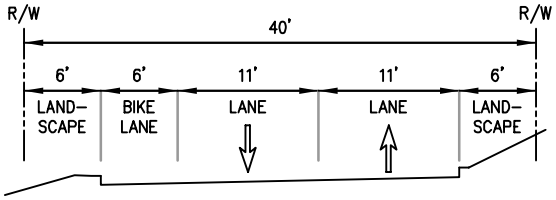
TREASURE ISLAND ROAD (NORTH OF MACALLA ROAD)



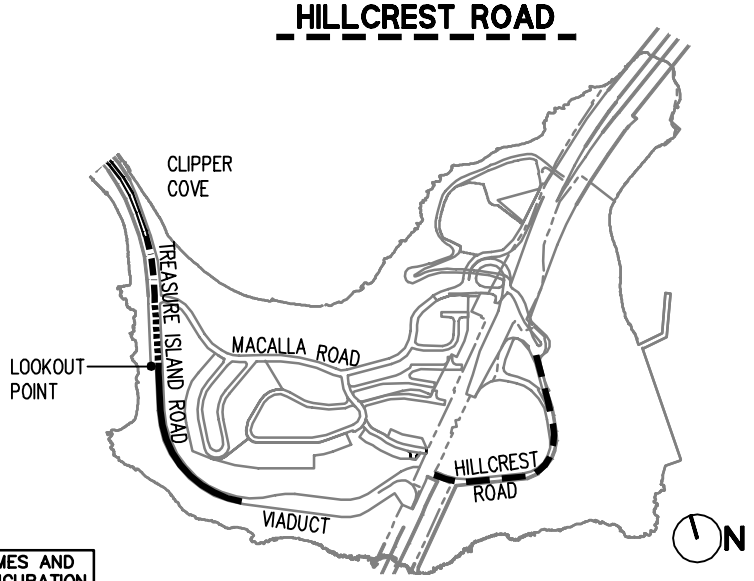
TREASURE ISLAND ROAD (SOUTH OF MACALLA ROAD)



TREASURE ISLAND ROAD (NORTH OF VIADUCT)



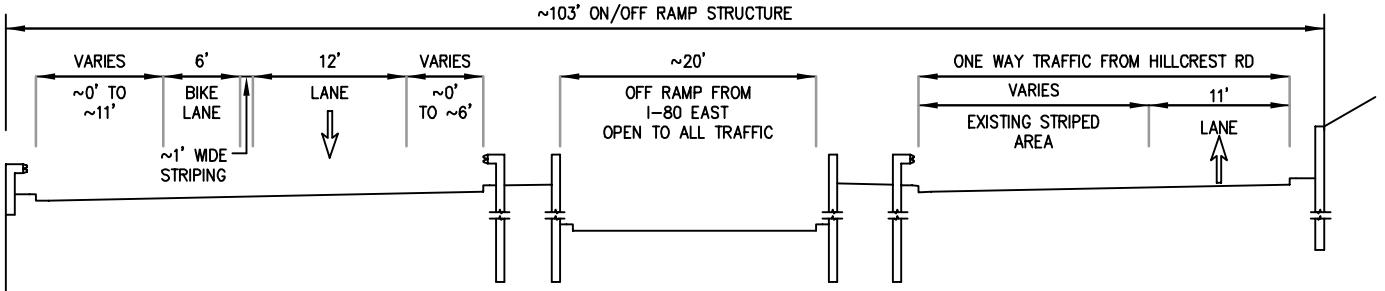
HILLCREST ROAD



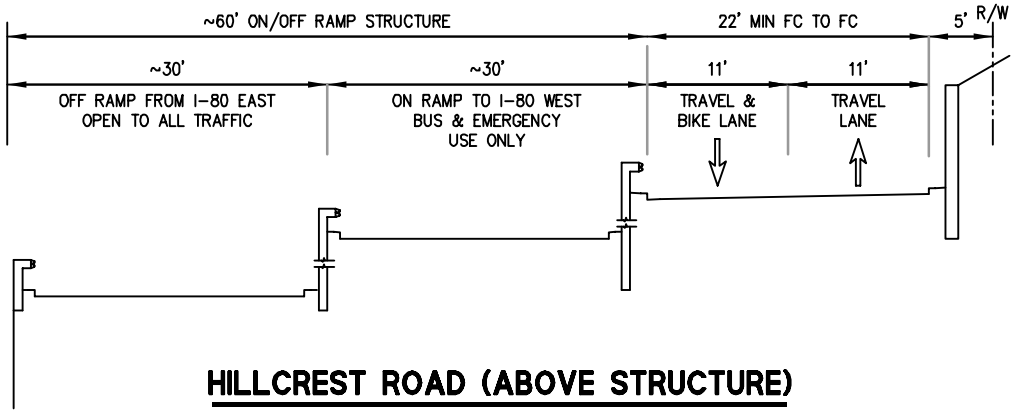
SEE FIGURE 8.6 FOR STREET NAMES AND FIGURE 8.10 FOR UPDATED CONFIGURATION OF SIGNAL ROAD AS OF 3/12/2020

STREET KEY

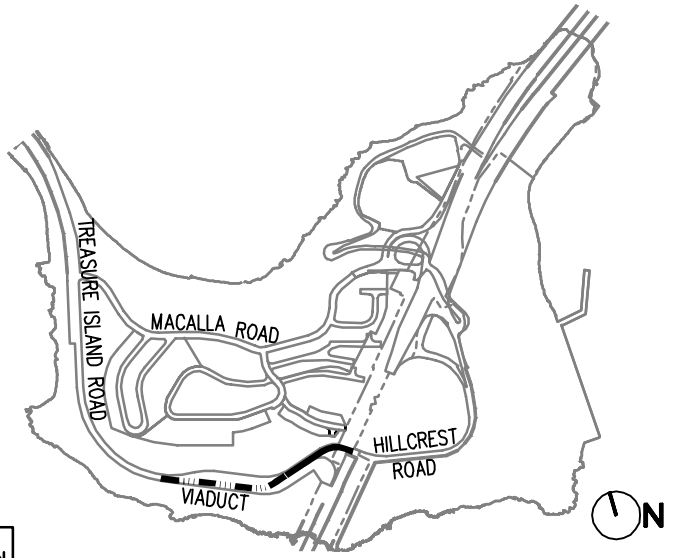
Source: BKF Engineers, February 2011



TREASURE ISLAND ROAD (VIADUCT)



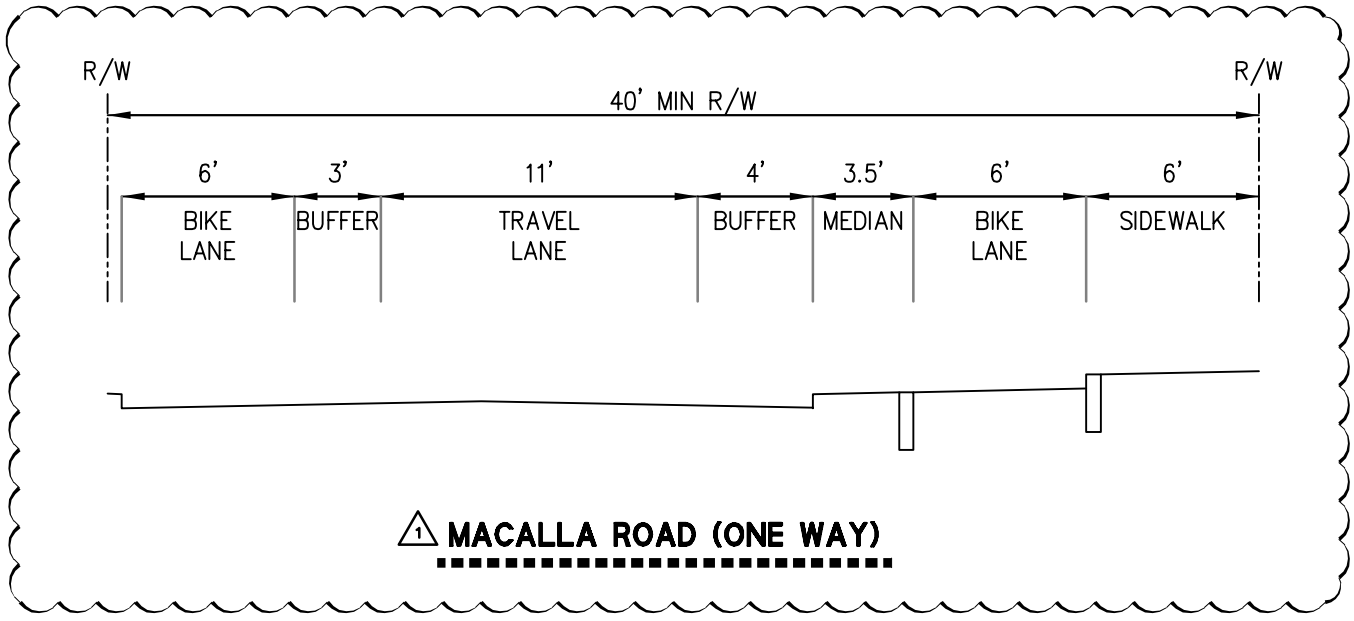
HILLCREST ROAD (ABOVE STRUCTURE)



SEE FIGURE 8.6 FOR STREET NAMES AND FIGURE 8.10 FOR UPDATED CONFIGURATION OF SIGNAL ROAD AS OF 3/12/2020

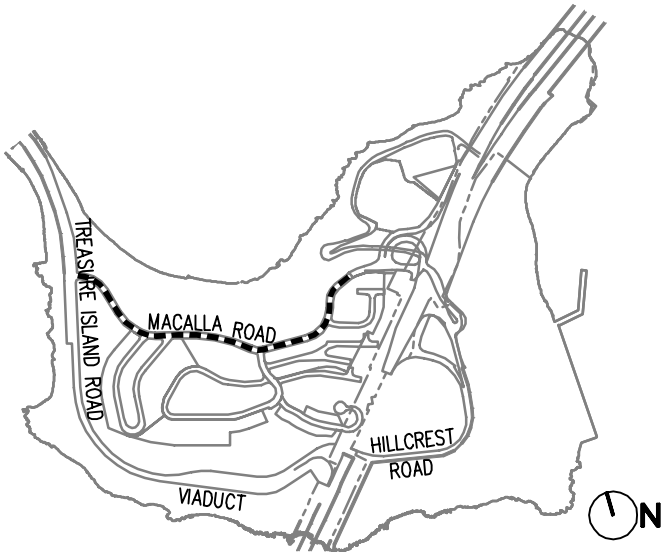
STREET KEY

Source: BKF Engineers, October 2010



1 MACALLA ROAD (ONE WAY)

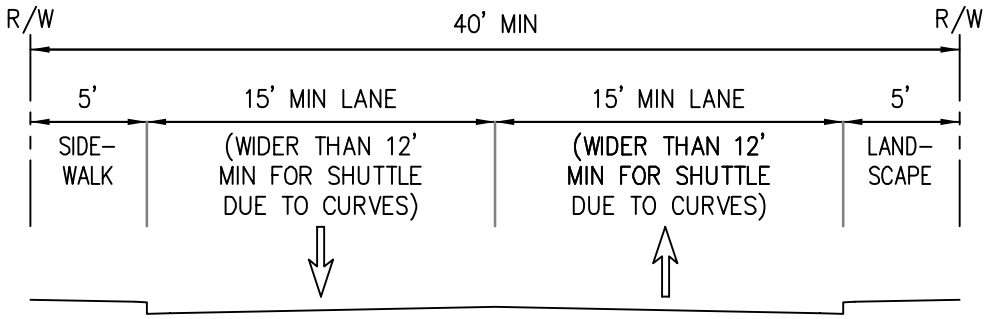
1 3/12/2020 REVISED TO UPDATE MACALLA ROAD SECTION TO MATCH CURRENT YBI STREET IMPROVEMENT PERMITS



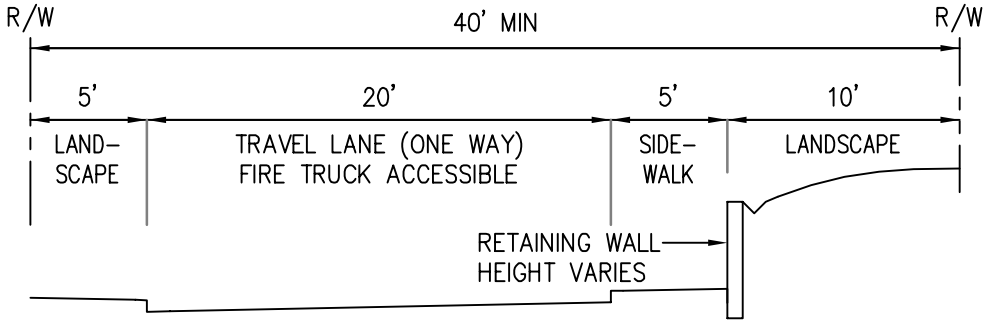
STREET KEY

Source: BKF Engineers, October 2010

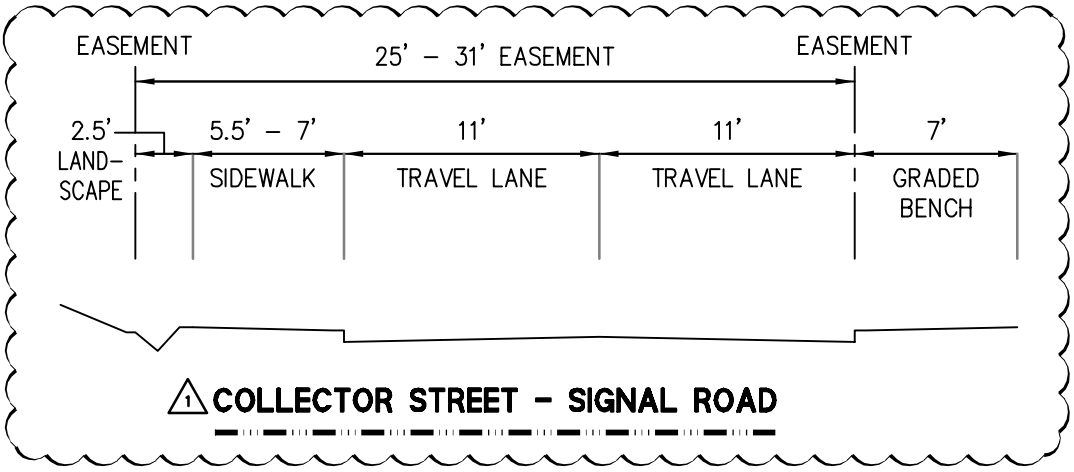
Figure 8.11.1.C: Major Arterial Street - One Way - Macalla Road



SECONDARY ARTERIAL STREET - YERBA BUENA ROAD

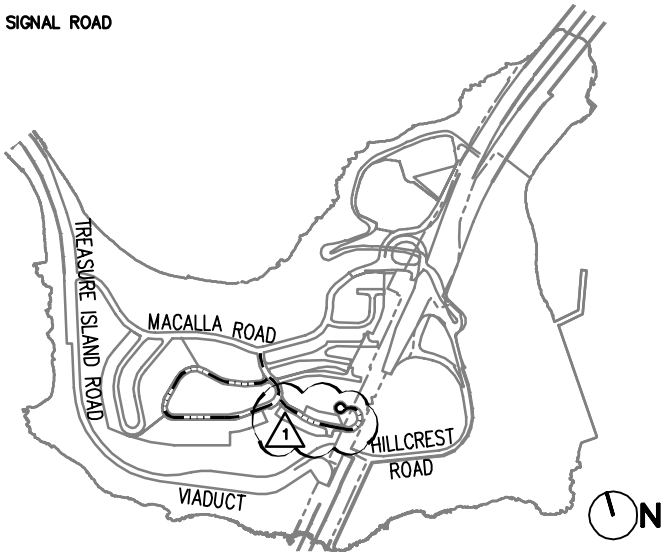


COLLECTOR STREET - YERBA BUENA ROAD



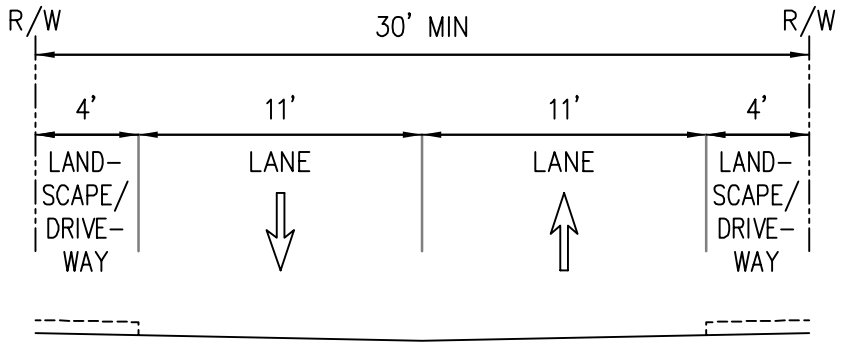
1 COLLECTOR STREET - SIGNAL ROAD

1 3/12/2020 REVISED TO ADD SECTION FOR SIGNAL ROAD

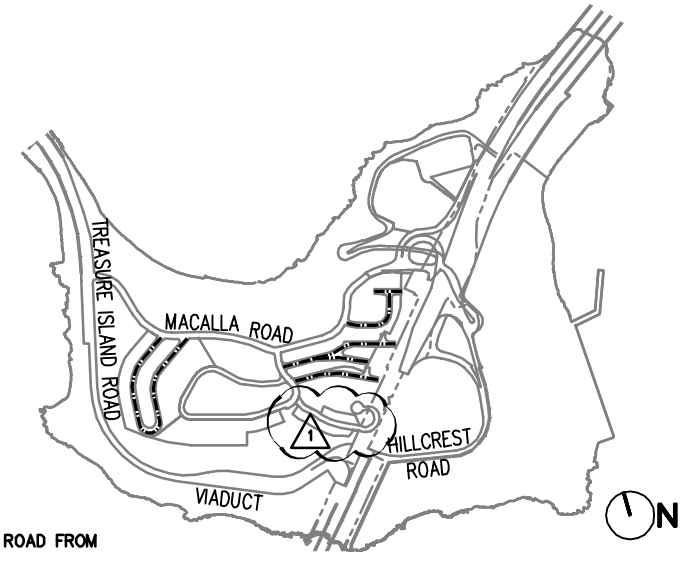


STREET KEY

Source: BKF Engineers, February 2011



PRIVATE STREET



1 3/12/2020 REVISED TO REMOVE SIGNAL ROAD FROM PRIVATE STREETS

STREET KEY

Source: BKF Engineers, October 2010

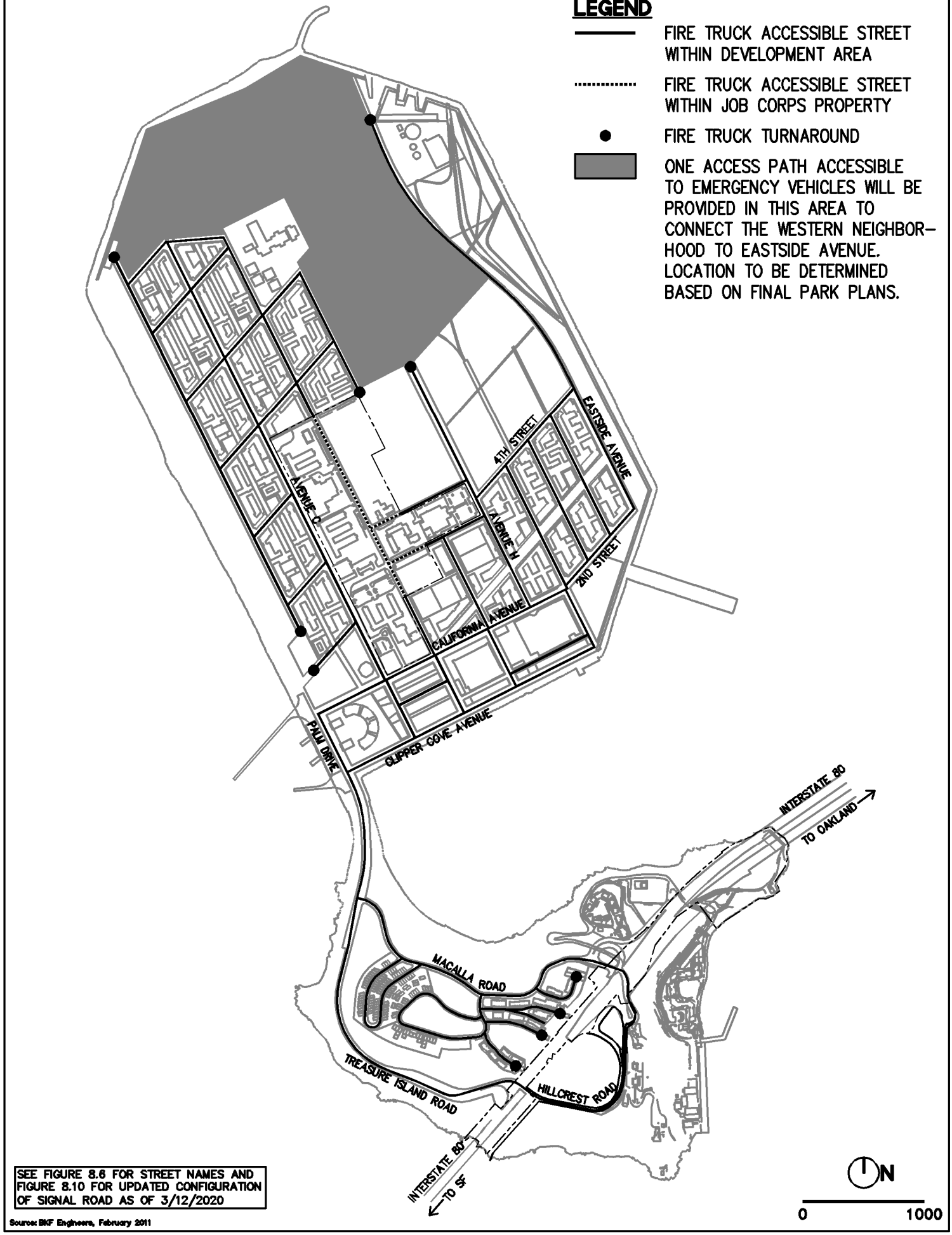
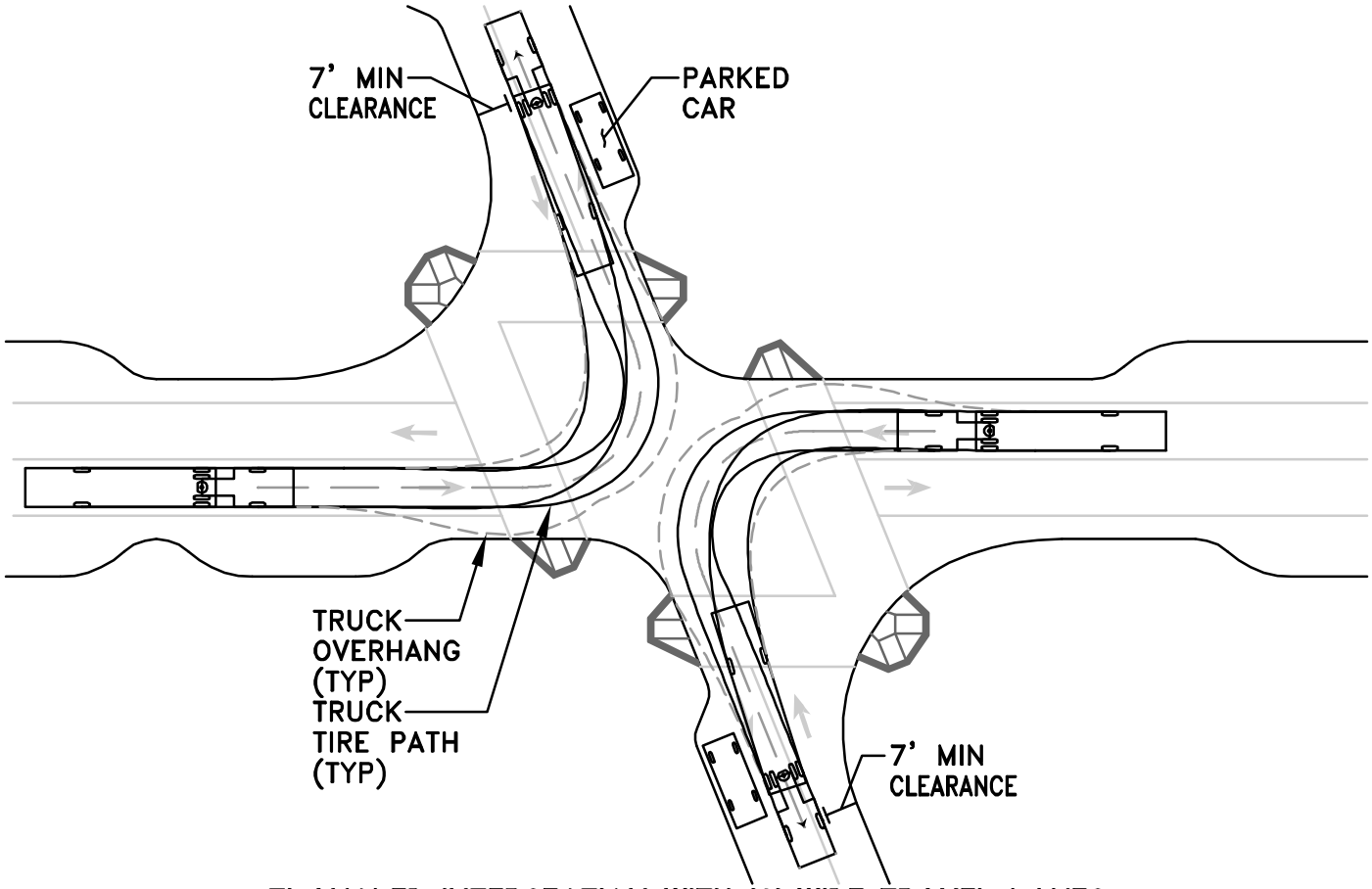
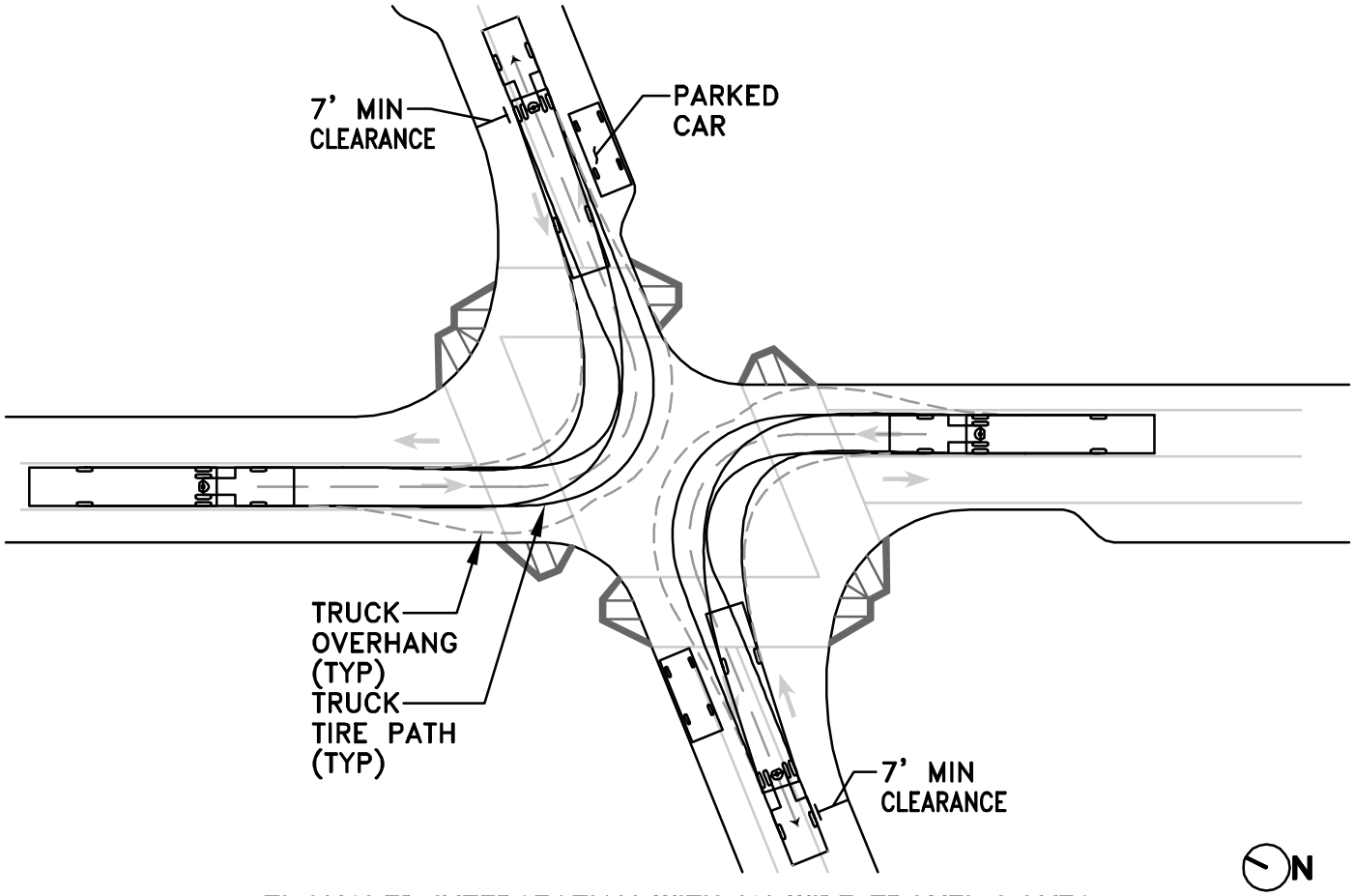


Figure 8.12: Primary Fire Department Access



TI ANGLED INTERSECTION WITH 12' WIDE TRAVEL LANES



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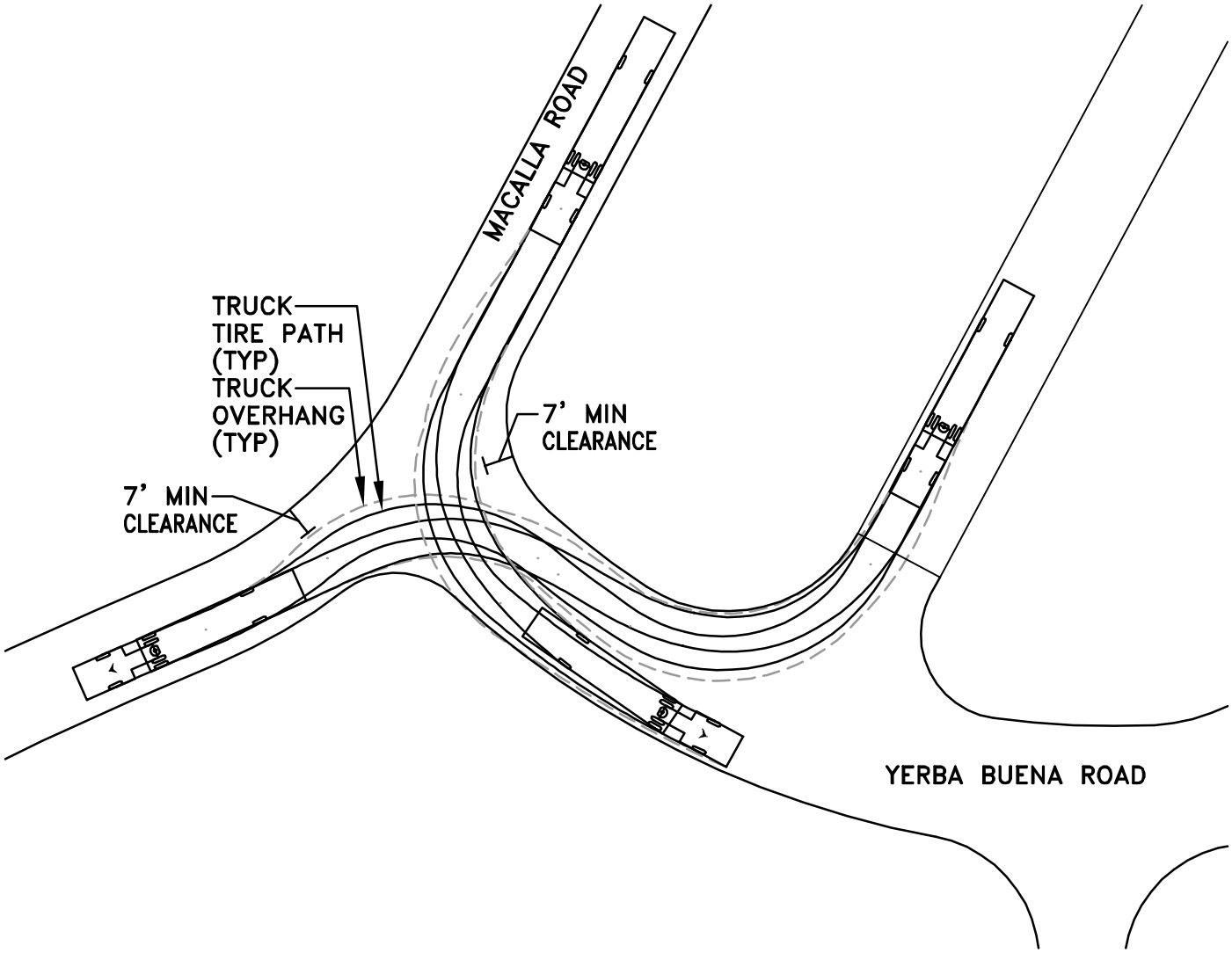
Source: BKF Engineers, October 2010

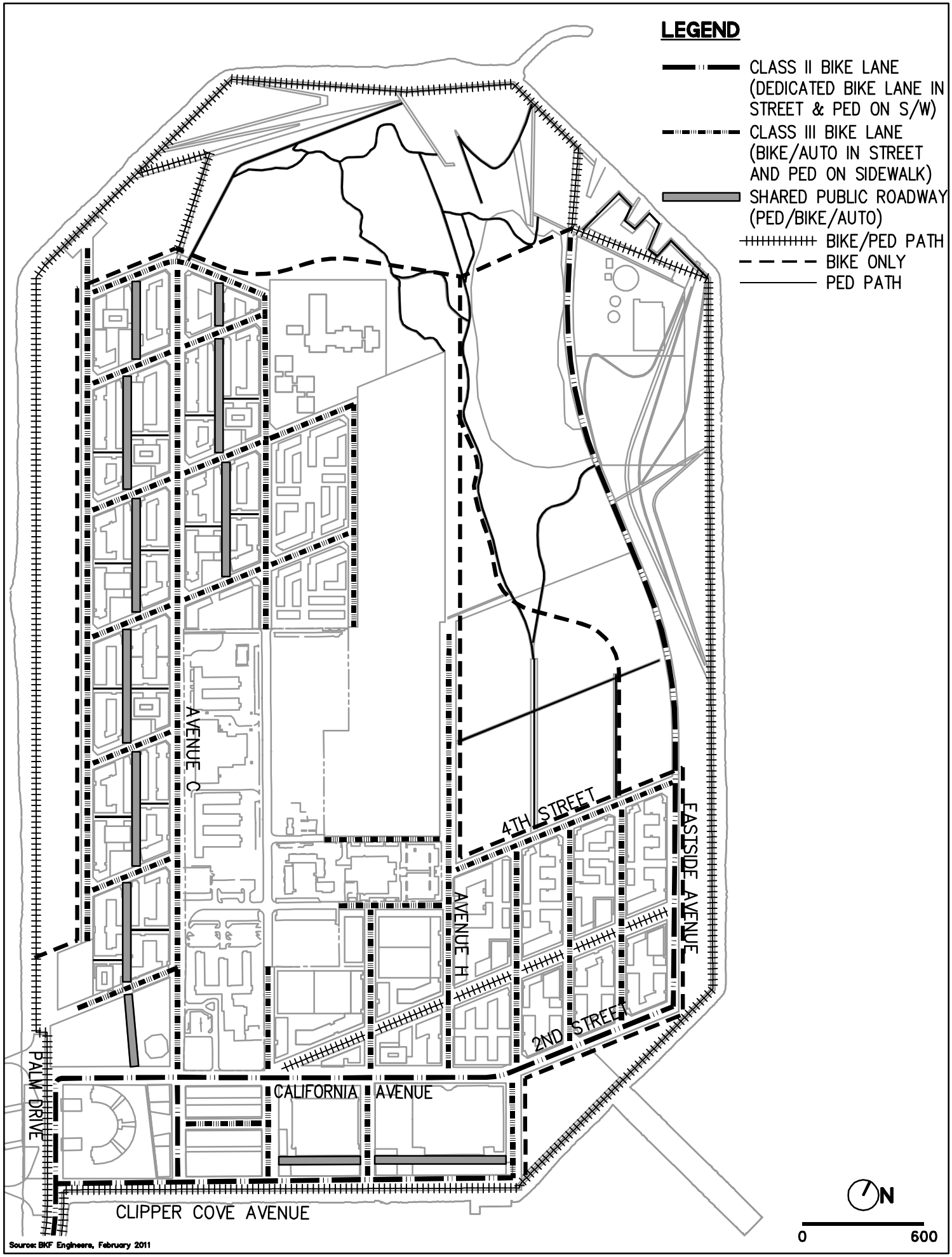


INTERSECTION AT MACALLA RD AND YERBA BUENA ROAD ON YBI

N

0 40

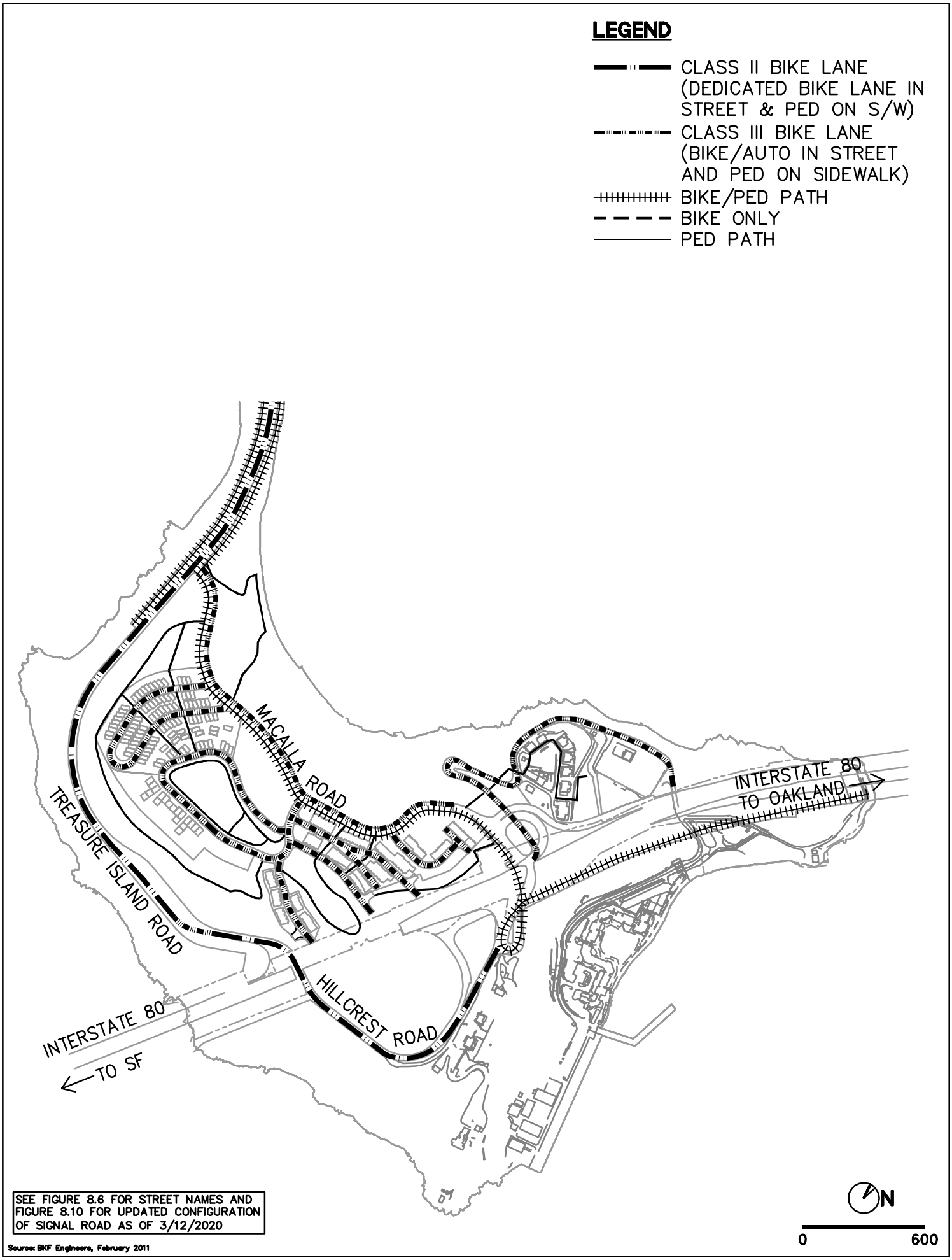
Source: BKF Engineers, October 2010



Source: BKF Engineers, February 2011

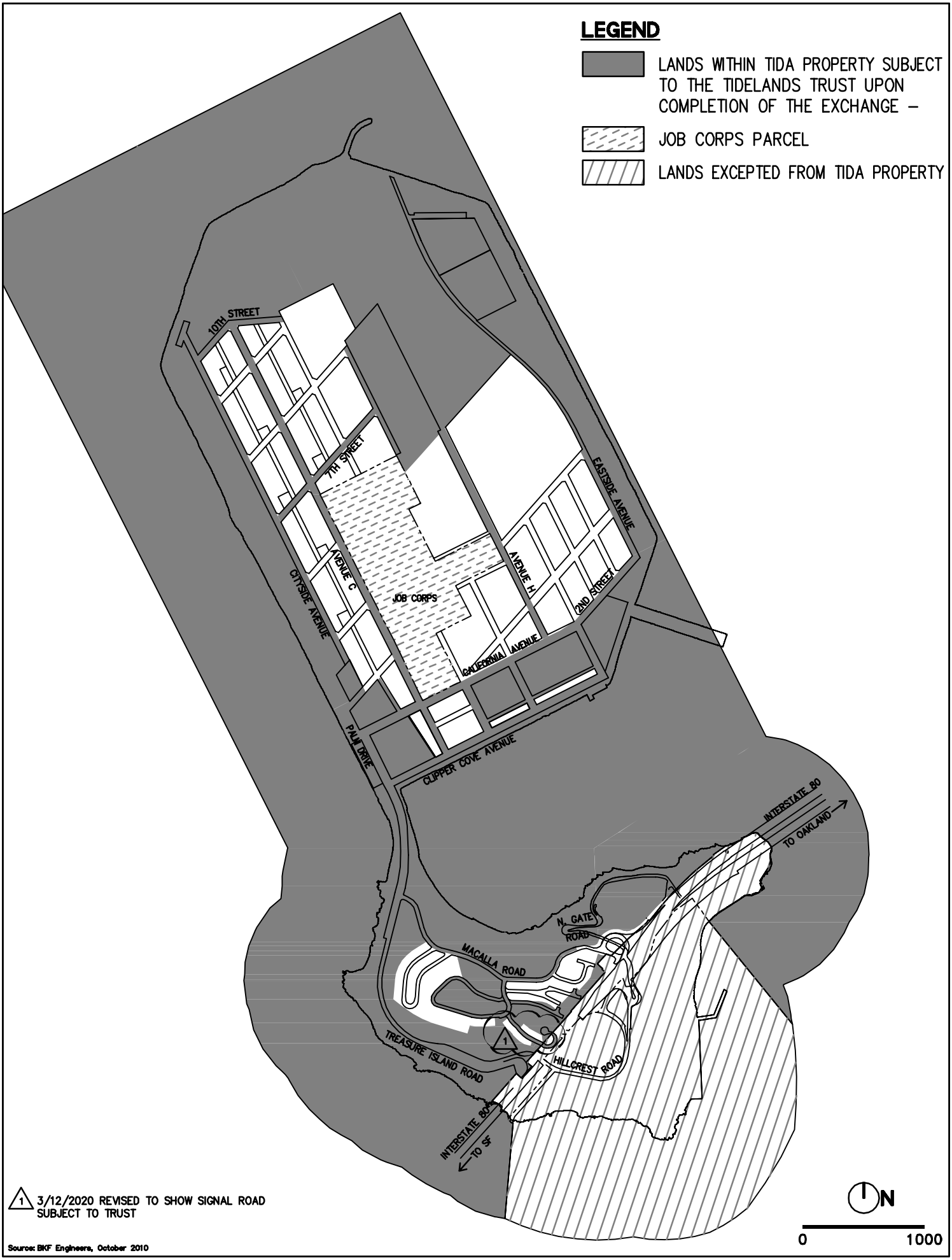
Treasure Island Infrastructure Plan

Figure 8.14.1: Treasure Island Bicycle and Pedestrian Paths



Treasure Island Infrastructure Plan

Figure 8.14.2: Yerba Buena Island Bicycle and Pedestrian Paths



Treasure Island Infrastructure Plan

Figure 8.15: Streets and Paths within Public Trust Areas

9. POTABLE WATER SYSTEM

9.1 Existing System

9.1.1 Existing Water Supply

There are two existing sources of water supply serving Treasure Island. The primary supply is provided by the San Francisco Public Utilities Commission (SFPUC) through an existing 10-inch diameter steel pipe attached to the western span of the Bay Bridge. Water is pumped across the bridge by a pumping station located at 475 Spear Street in San Francisco. The station contains four pumps each rated at 900 gallons per minute (gpm). The station can run a maximum of two pumps at a time for a maximum station output of 1,800 gpm.

The East Bay Municipal Utility District (EBMUD) provides the existing emergency supply of water. The Navy's emergency water line begins at an EBMUD meter located in Beach Street in Emeryville. From the EBMUD meter location, the Navy's 12-inch diameter ductile iron main runs to an existing pump station located at Pier E23 of the existing Bay Bridge in Oakland. Water is then pumped through a 12-inch diameter steel pipe attached to the eastern span of the Bay Bridge. This water supply charges the fire hydrants on the Bridge and is connected to the existing water tanks on YBI for an emergency backup water supply. The maximum flow rate for this system is reported to be 1,500 gpm. There is currently an agreement in place between EBMUD and the Navy that limits the average annual flow 61 gallons per minute to maintain water quality in the line on the bridge. Actual average annual flows are well below that limit, at approximately 35 gpm. The SFPUC will provide emergency water supply services to the Project. The Navy's emergency water line is intended to be transferred first to the Authority and ultimately to the SFPUC, subject to future negotiation and agreement. Once transferred the SFPUC will be responsible for the ownership and maintenance of the line and the agreement with EBMUD, as well as other improvements as necessary to provide emergency water supply services to the Project.

9.1.2 Existing Water Storage

There are currently four existing concrete reservoirs on Yerba Buena Island that service both Yerba Buena Island and Treasure Island. Combined they have a total design capacity of approximately 6.5 million gallons to serve as both the potable and fire protection water supplies for Treasure Island and Yerba Buena Island. However, all of the tanks are in varying states of disrepair and cannot operate to their full design capacity. The actual operating storage capacity

is approximately 1.9 million gallons with another 0.5 million gallons dedicated for fire protection. The design capacities, operating capacities, and operating elevations of the existing reservoirs are shown in Table 9.1.

Table 9.1 – Existing Reservoir Data

Reservoir Number	Design Capacity (million gallons)	Current Operating Capacity (million gallons)	Operating Elevation Range (NAVD88)	Primary Service
227	3.0	0.0	252.5 to 255.5	TI
162	2.0	1.3	322.0 to 327.0	YBI
168	0.5	0.5	356.0 to 359.0	Fire Reserve
242	1.0	0.6	247.0 to 251.0	TI/YBI

The elevations of the existing reservoirs provide an operating pressure of approximately 100-115 pounds per square inch (psi) on TI and 80 psi on YBI (pressures at the higher areas of YBI are achieved with booster pumps).

The existing operational water storage tanks will be utilized on an interim basis during the initial phases of the Project but will be replaced by the Developer before projected demands exceed the existing capacity.

9.1.3 Existing Water Distribution System

The two original piping systems for potable water and fire protection for the Islands was constructed in 1939 out of copper, galvanized steel, and asbestos cement pipe. In 1990, the Navy combined the two systems and replaced the pipe material with PVC pipe. Many of the individual building services and irrigation services originally constructed out of galvanized steel, however, have not been replaced. The relatively new PVC pipe system will be utilized on an interim basis during the initial phases of the Project, but will eventually be replaced at the full build out of the project.

9.2 Proposed Potable Water System

9.2.1 Proposed Water Demands

The potable water demand factors used for the Projects various land uses are shown in Table 9.2. The potable demands account for the use of water conserving fixtures in all buildings, the use of

recycled water for toilet flushing and other non potable water uses in commercial buildings, and the use of recycled water for irrigation uses where appropriate. The project will also use recycled water for appropriate plumbing fixtures in residential buildings to the extent permitted at the time of construction. Therefore two residential demand factors have been included; 1) without recycled water for toilet flushing in residential buildings, and 2) with recycled water for toilet flushing in residential buildings.

The total estimated water demands for the Project land uses are shown on Table 9.3 (without recycled water use in residential units for toilet flushing) and Table 9.4 (with recycled water use in residential units for toilet flushing). These tables include the demands for the Project as well as the existing demands for the Department of Labor and the Coast Guard.

Table 9.5 includes a summary of the average daily demands and maximum day demands for potable water with, and without, the use of recycled water in the residential units. Because of the size of the proposed Project, the relatively homogeneous use, and the use of recycled water for the irrigation needs, the project will use a maximum day demand factor of 1.2 times the average daily demand.

Table 9.2 – Treasure Island Project Potable Water Demand Factors

Land Use	Potable Water Demand Factor	Notes
Residential (w/o recycled water)	116.5 gallons per day per unit (50 gallons per resident per day * 2.33 residents per unit)	SFPUC 2030 water conserving projections Resident./unit based on SFPUC Demands Report
Residential (w/ recycled water)	101.6 gallons per day per unit (additional 14.9 gpd/u of rec. water for toilet flushing) (43.6 gallons per resident per day * 2.33 residents per unit)	SFPUC 2030 water conserving projections Resident/unit based on SFPUC Demands Report
Hotel	265 gallons per day per room (additional 7gpd/room of rec. water for toilet flushing)	AWWA Standard
Office / Retail / Commercial	0.07 gallons per day per square feet (additional 0.0344 gpd/sf of recycled water) ((30 persons per acre * 100 gallons per person per day) / (43,560 square feet per acre))	
Adaptive Reuse	0.07 gallons per day per square feet (additional 0.0344 gpd/sf of recycled water) ((30 persons per acre * 100 gallons per person per day) / 43,560 square feet per acre))	
Open Space	100 gallons per day per acre (additional 180,000 gpd for irrigation demand)	Includes misc. drinking fountains, bathrooms, etc.
Misc. Structures	0.07 gallons per day per square feet (additional 0.025 gpd/sf of recycled water) (1 person per 200 square feet * 15 gallons per person per day)	Includes miscellaneous structures in open space, and YBI historic structures
Marina	50 gallons per day per slip	Day use only (no live-aboard)
School	0.20 gallons per day per square feet (1 student per 100 square feet * 20 gallons per student per day)	
Police/Fire Station	0.13 gallons per day per square feet (additional 0.067 gpd/sf of recycled water) (400 persons per day for 30,000 square feet * 10 gallons per person per day)	
Misc. Small Community Facilities	0.07 gallons per day per square feet (additional 0.0344 gpd of recycled water) ((30 persons per acre * 100 gallons per person per day) / (43,560 square feet per acre))	
Pier 1 Community Center	0.07 gallons per day per square feet (additional 0.034 gpd/sf of recycled water) ((30 persons per acre * 100 gallons per person per day) / (43,560 square feet per acre))	
Sailing Center	0.07 gallons per day per square feet (additional 0.034 gpd/sf of recycled water) ((30 persons per acre * 100 gallons per person per day) / (43,560 square feet per acre))	
Museum	0.07 gallons per day per square feet (additional 0.034 gpd/sf of recycled water) ((30 persons per acre * 100 gallons per person per day) / (43,560 square feet per acre))	
Department of Labor	111,254 gallons per day (Based on actual demands provided by SFPUC)	
Coast Guard Facility	17,000 gallons per day (Based on actual demands provided by SFPUC)	
Utility Facilities	0.07 gallons per day per square feet (additional 0.034 gpd/sf of recycled water) ((30 persons per acre * 100 gallons per person per day) / (43,560 square feet per acre))	
Urban Farm	100 gallons per day per acre	

Table 9.3 - Treasure Island Project Water Demand (without recycled water for residential toilet flushing)

DESCRIPTION OF USE			POTABLE WATER DEMAND			RECYCLED WATER DEMAND	
Land Use	No.	Unit	Average Daily Demand (gpd)	Average Daily Demand (gpm)	Maximum Daily Demand (gpm)	Average Daily Irrigation Demand (gpd)	Average Daily Building Demand (gpd)
Residential	8,000	Units	932,000	647	777	30,000	0
Hotel	500	Rooms	132,500	92	110		3,500
Office	100,000	sf	7,000	5	6		3,500
Retail	140,000	sf	9,800	7	8		4,900
Adaptive Reuse, General	244,000	sf	17,080	12	14		8,540
Adaptive Reuse, Retail	67,000	sf	4,690	3	4		2,345
Open Space	300	ac	30,000	21	25	180,000	0
Miscellaneous Structures	75,000	sf	5,625	4	5		1,875
Marina	400	Slips	20,000	14	17		0
Treasure Island School	105,000	sf	21,000	15	18		0
Police/Fire	30,000	sf	4,000	3	3		2,000
Misc. Small Community Facilities	13,500	sf	945	1	1		473
Pier 1 Community Center	35,000	sf	2,450	2	2		1,225
TI Sailing Center	15,000	sf	1,050	1	1		525
Museum	75,000	sf	5,250	4	4		2,625
Department of Labor (DOL)			111,542	77	93		0
Coast Guard Facility			17,000	12	14		0
Utility Facilities	14,000	sf	980	1	1		490
Urban Farm	20	ac	2,000	1	2	60,000	0
Totals			**1,324,912**	**920**	**1,104**	**270,000**	**31,998**

Table 9.4 - Treasure Island Project Water Demand (with recycled water for residential toilet flushing)

DESCRIPTION OF USE			POTABLE WATER DEMAND			RECYCLED WATER DEMAND	
Land Use	No.	Unit	Average Daily Demand (gpd)	Average Daily Demand (gpm)	Maximum Daily Demand (gpm)	Average Daily Irrigation Demand (gpd)	Average Daily Building Demand (gpd)
Residential (with toilet recycled water)	8,000	Units	812,704	564	677	30,000	119,296
Hotel	500	Rooms	132,500	92	110		3,500
Office	100,000	sf	7,000	5	6		3,500
Retail	140,000	sf	9,800	7	8		4,900
Adaptive Reuse, General	244,000	sf	17,080	12	14		8,540
Adaptive Reuse, Retail	67,000	sf	4,690	3	4		2,345
Open Space	300	ac	30,000	21	25	180,000	0
Miscellaneous Structures	75,000	sf	5,625	4	5		1,875
Marina	400	Slips	20,000	14	17		0
Treasure Island School	105,000	sf	21,000	15	18		0
Police/Fire	30,000	sf	4,000	3	3		2,000
Misc. Small Community Facilities	13,500	sf	945	1	1		473
Pier 1 Community Center	35,000	sf	2,450	2	2		1,225
TI Sailing Center	15,000	sf	1,050	1	1		525
Museum	75,000	sf	5,250	4	4		2,625
Department of Labor (DOL)			111,542	77	93		0
Coast Guard Facility			17,000	12	14		0
Utility Facilities	14,000	sf	980	1	1		490
Urban Farm	20	ac	2,000	1	2	60,000	0
Totals			**1,205,616**	**837**	**1,005**	**270,000**	**151,294**

Table 9.5 Summary of Average and Maximum Daily Potable Water Demands

Description of Demand	w/o Recycled Water in Residential Units mgd (gpm)	w/ Recycled Water in Residential Units mgd (gpm)
Average Daily Demand	1.32 (920)	1.21 (837)
Maximum Daily Demand	1.59 (1,104)	1.45 (1,005)

9.2.2 Proposed Water Supply

9.2.2.1 Primary Water Supply

The existing SFPUC pump station in San Francisco and 10-inch line on the western span of the Bay Bridge are adequate to provide the required water supply to the project at full build out and will continue to be the primary supply of water to Treasure Island. As with other water systems in the City, the SFPUC will continue to monitor the condition of this system and perform routine maintenance and repairs to ensure reliable service to the islands.

9.2.2.2 Emergency Water Supply

The emergency water supply to Treasure Island will continue to be from the EBMUD service in Oakland. Caltrans' construction of the new eastern span of the Bay Bridge, the Eastern Span Seismic Safety Project (ESSSP), is requiring modifications to the EBMUD service near the bridge abutment in Oakland and across the bridge. The new improvements will include:

- Relocation of the water main to the new Bay Bridge abutment.
- New pump station near the new Bay Bridge abutment in Oakland.
- New 12-inch diameter water line on the new Bay Bridge
- New stub and shut off valve on YBI near column W-2 of the new Bay Bridge structure.

The SFPUC will provide emergency water supply services to the Project. Subject to future negotiation and agreement, it is intended that the SFPUC will construct, or reimburse Caltrans, for all of these items separately and they are not considered part of this project. The Developer will construct the extension of the emergency water line from column W-2 to the water tanks on YBI.

The EBMUD emergency system will be capable of delivering approximately 1,800 gpm during emergency conditions. The system will continue to operate within the existing limit of 61 gpm in average annual flow. This modest routine use is needed to maintain the water quality in the line across the Bay Bridge. If transferred to the City, the

SFPUC will continue to monitor the condition of this system and perform routine maintenance and repairs to ensure reliable service to the Islands.

9.2.3 Proposed Potable Water Storage

For the following discussion, all tank volumes described refer to "operational storage" that can be drawn from the tank at any given time. All tanks will require an additional amount of "dead storage" that cannot be accessed under normal operations.

The storage volume requirement for Treasure Island will be 2 days of maximum daily demand plus 4 hours of fire flow. The existing water storage tanks will be utilized on an interim basis during the initial phases of the Project but will eventually be replaced by the Developer before the project storage requirements exceed the existing volume available. The new water storage tanks will be sized to serve both the proposed new uses, as well as the existing uses that will remain.

Based on the maximum daily demand of 1.59 mgd and a fire flow of 3,500 gpm, the total water storage required for the full build out of the project is 4.02 million gallons. This volume assumes recycled water will not be allowed in the residential buildings. If recycled water is allowed within the residential buildings at the time the water tanks are constructed, the total volume will be reduced to 3.73 million gallons (1.45 mgd maximum daily demand plus 4 hours of fire flow).

In addition to the normal storage requirements described above, the storage design will also need the ability to accommodate the maintenance of storage tanks. During maintenance, one tank, or portions of a tank, will need to taken out of service. During these regularly scheduled maintenance periods the SFPUC requires the Treasure Island project to maintain a minimum storage of 1 day maximum daily demand plus 4 hours of fire storage, or approximately 2.43 million gallons of storage, at all times.

In order to meet the emergency and maintenance storage requirements, the Developer will design and construct two tanks on YBI pursuant to SFPUC standards. The proposed tank locations are shown on Figure 9.1. The existing 1.0 million gallon, circular, steel water storage tank adjacent to Macalla Road will be replaced with a new 1.0 million gallon, above grade, circular, steel water storage tank in the existing location. The remainder of the storage will be in a 3.02 million

gallon water storage tank located at a higher elevation on YBI. Two locations are being considered for this tank as shown on Figure 9.1. The final location of this tank will be determined with the Sub-Phase application that requires the addition of the tank. The 3.02 million gallon tank will be divided into two 1.51 million gallon cells to accommodate maintenance and provide a minimum of 2.51 million gallons of storage at all times during maintenance. Together, the two tanks will provide 4.02 million gallons of storage.

The upper storage tank (3.02 million gallons) will be supplied by water pumped directly from the 10-inch supply line from San Francisco, and the back up supply from EBMUD during emergencies. Supply to the lower, 1.0 million gallon tank will flow from the 3.02 million gallon tank by gravity. Because of the elevation of the 1.0 million gallon tank, it is likely that there will need to be a pressure-reducing valve between the tank and the Treasure Island service area. The upper storage tank is not high enough to provide service with adequate pressure to the upper portions of YBI. Therefore, the Developer will design and construct a booster pump station with redundant pumps, alarm system, emergency generator, and hydropneumatic tank near the upper tank to provide fire flow and potable demands to these YBI areas.

9.2.4 Proposed Potable Water Distribution System

The Developer will be responsible for the design and construction of the proposed potable water distribution system. The California Code of Regulations, Title 22, requires that the water distribution system be capable of delivering the maximum daily demand coincident with the required fire flow. Based on the demand calculations described above, the proposed water system will be designed to deliver the maximum daily demand of 1,104 gpm (assumes no recycled water for toilet flushing in residential units) along with the design fire flow of 3,500 gpm with a minimum residual pressure of 20 pounds per square inch at the fire hydrant outlets on the Island. Because of the elevations of the water tanks on YBI, the distribution system will include pressure-reducing valves at strategic locations to control the pressures at the lower elevations.

The Developer will replace the existing water distribution system in phases with a new water system. The pipe material for the new mains will meet the SFPUC standards but alternative pipe materials such as High Density Polyethylene (HDPE) or polyvinyl chloride (PVC) may be used if approved by the SFPUC. A conceptual layout of the proposed potable water distribution

system is shown on Figure 9.2.

Flexible connections or other flexible system designs will be utilized where differential settlement may be of concern due to long term settlement anticipated due to secondary compression of the soils or minimal amounts of remaining liquefaction due to seismic events. Final designs to be reviewed by SFPUC.

9.2.4.1 Location of Distribution System within New Streets

Figure 9.3 shows the typical alignment of the new water system within the proposed streets.

9.2.4.2 Potable Water System Design Criteria

The design criteria used for the development of the potable water system is based upon established industry operations and regulatory agency requirements described in the Treasure Island Potable Water Technical Memorandum submitted by the Developer. In subdivision processing, including the review and approval of subdivision improvements plans, the precise location and final design of the potable water system will be generally consistent with this Infrastructure Plan and the Potable Water Technical Memorandum.

9.3 Potable Water Fire Protection

The potable water system will be the primary fire water supply for the Island. The recycled water system will provide a supplemental fire water supply as described in Section 11.

The potable water system will be designed to provide the maximum daily demand plus a design fire flow of 3,500 gpm. The 3,500 gpm fire flow will provide adequate fire protection for the new construction. The existing historical structures to remain will be retrofitted with appropriate fire protection systems when they are remodeled for commercial use and will be designed based on the 3,500 gpm flow available. The 3,500 gpm fire flow is more than the existing system provides to the Job Corps and Coast Guard. Upgrades to existing building systems on the Job Corps and Coast Guard campus are not part of this project.

The Developer will coordinate with the SFFD for the final location of potable water fire hydrants around the Project.

9.4 Coast Guard and Job Corps

The Developer will not replace the water facilities within the Coast Guard and Job Corps properties. The Developer will construct the new systems, including connection and/or transition facilities, up to the boundary of these two property owners and connect to their existing systems to maintain the existing water services.

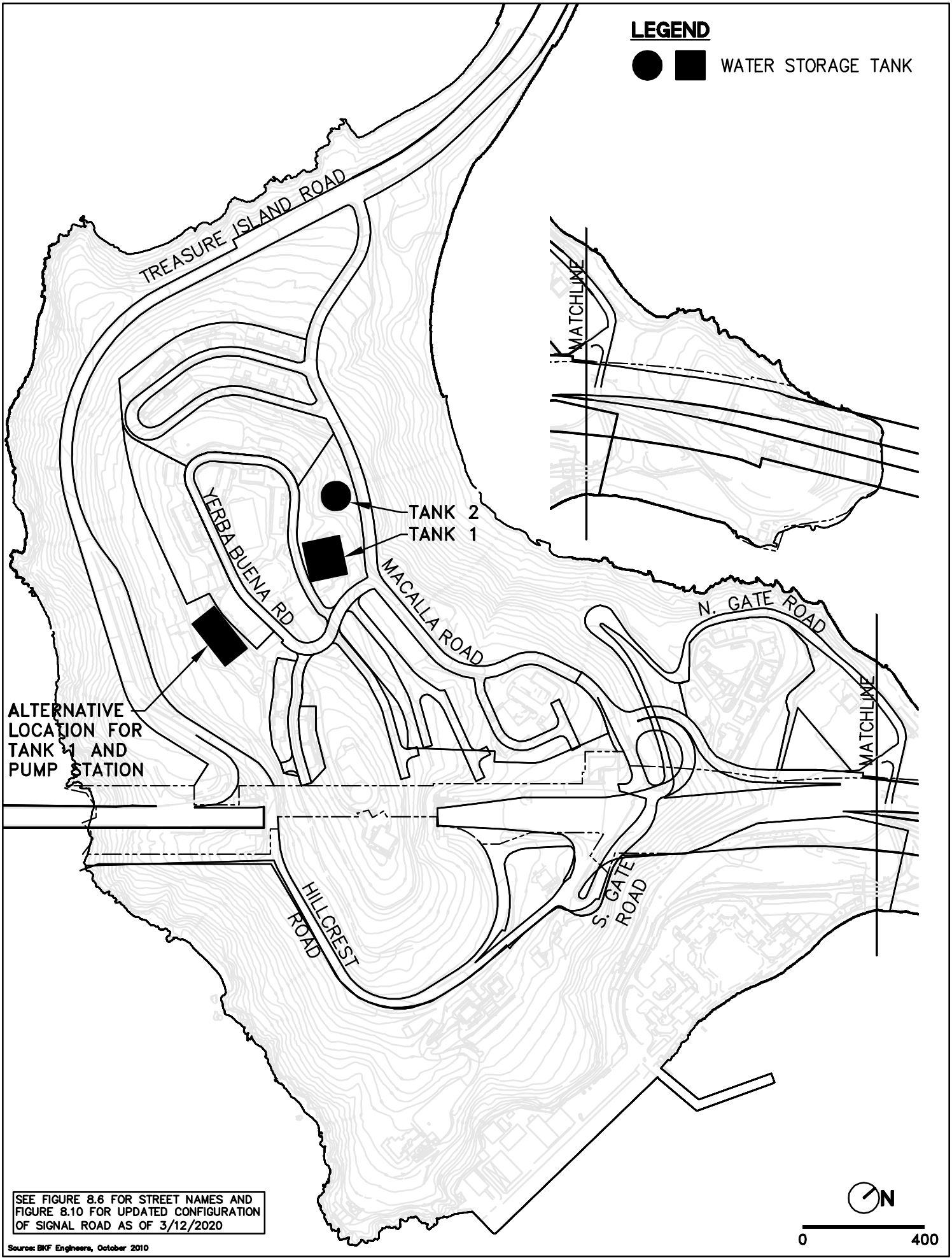
9.5 Phases for Potable Water System Construction

The Developer will design and install the new potable water system in phases to match the Sub-Phase of the Project. The amount of the existing system replaced with each Sub-Phase will be the minimum necessary to serve the Sub-Phase. The new Sub-Phase will connect to the existing systems as close to the edge of the Sub-Phase area as possible while maintaining the integrity of the existing system for the remainder of the Island. The existing land uses on Treasure Island will continue to utilize the existing water distribution system with interim connections to the new system where required to maintain the existing service until the existing uses are demolished. Repairs and/or replacement of the existing facilities necessary to serve the sub-phase will be designed and constructed by the Developer.

The existing operational water storage tanks will be utilized during initial phases of the Project. The Developer will replace and/or add storage tanks to meet the projected demand before the phases of the Project result in water demand that exceeds the operational capacity of the existing storage tanks. The Authority or the SFPUC will be responsible for maintenance of existing potable water facilities until replaced by the Developer. The SFPUC will be responsible for the new potable water facilities once construction of the Sub-Phase or new potable water facility is complete and accepted by the SFPUC.

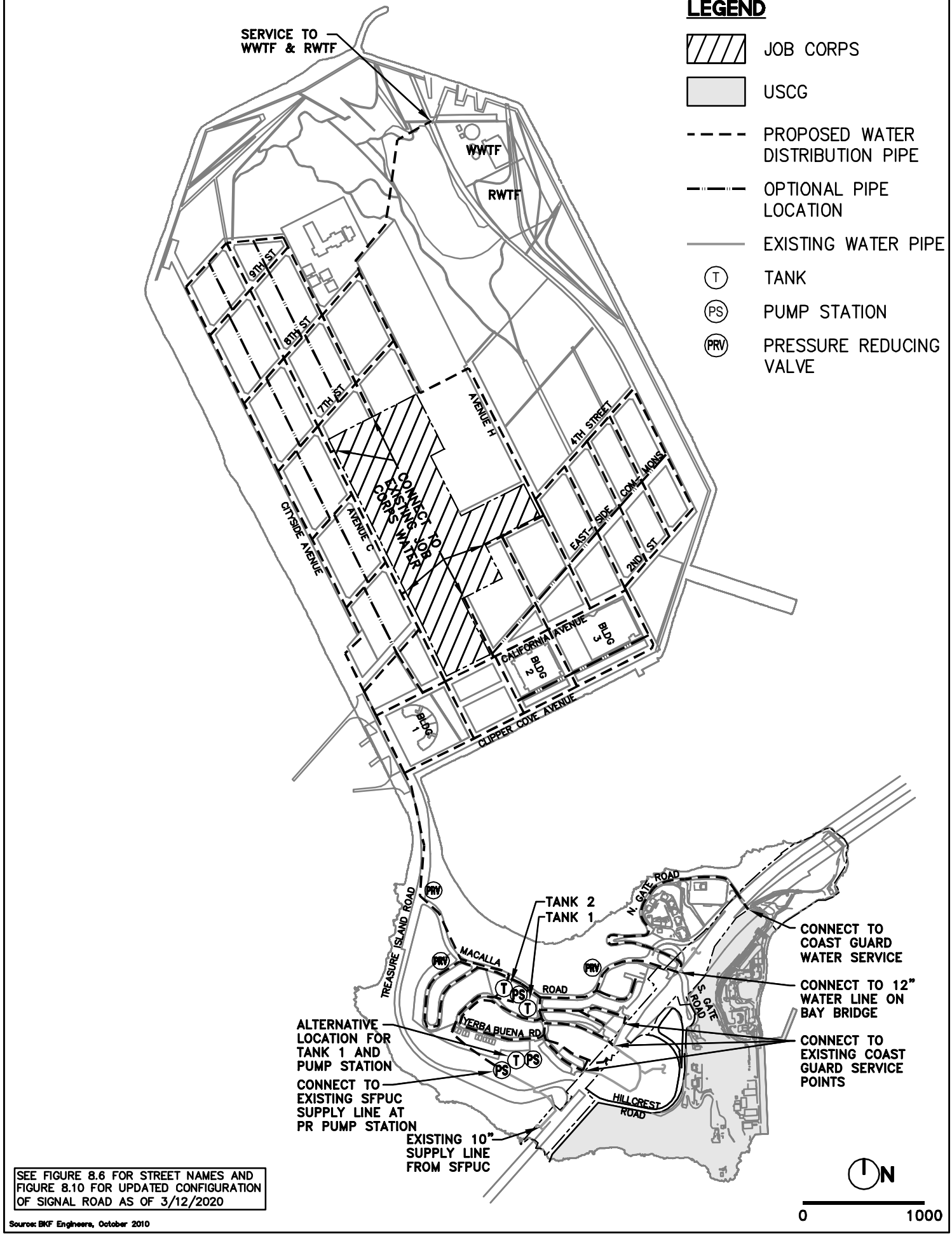
The Developer will provide an existing conditions report for the existing water mains scheduled to remain adjacent to the Sub-Phase prior to the geotechnical mitigation activity. The report will include the conditions of the original system on TI as well as the new system constructed with previous phases adjacent to the new Phase. The report will be updated at the end of the geotechnical mitigation activity and again at the end of the construction of the Sub-Phase. The limit of the report and how the conditions of the systems are determined will be coordinated with the SFPUC. The Developer will be responsible for damage to the original water mains, and/or newly installed water

mains on previous phases, due to geotechnical mitigation activity and/or construction of the proposed improvements. The Developer will make the necessary repairs as required and be responsible for any permit violations due to the damage.



Source: BKF Engineers, October 2010

Figure 9.1: Proposed Water Tank Locations



Treasure Island Infrastructure Plan

Figure 9.2: Proposed Potable Water Distribution System

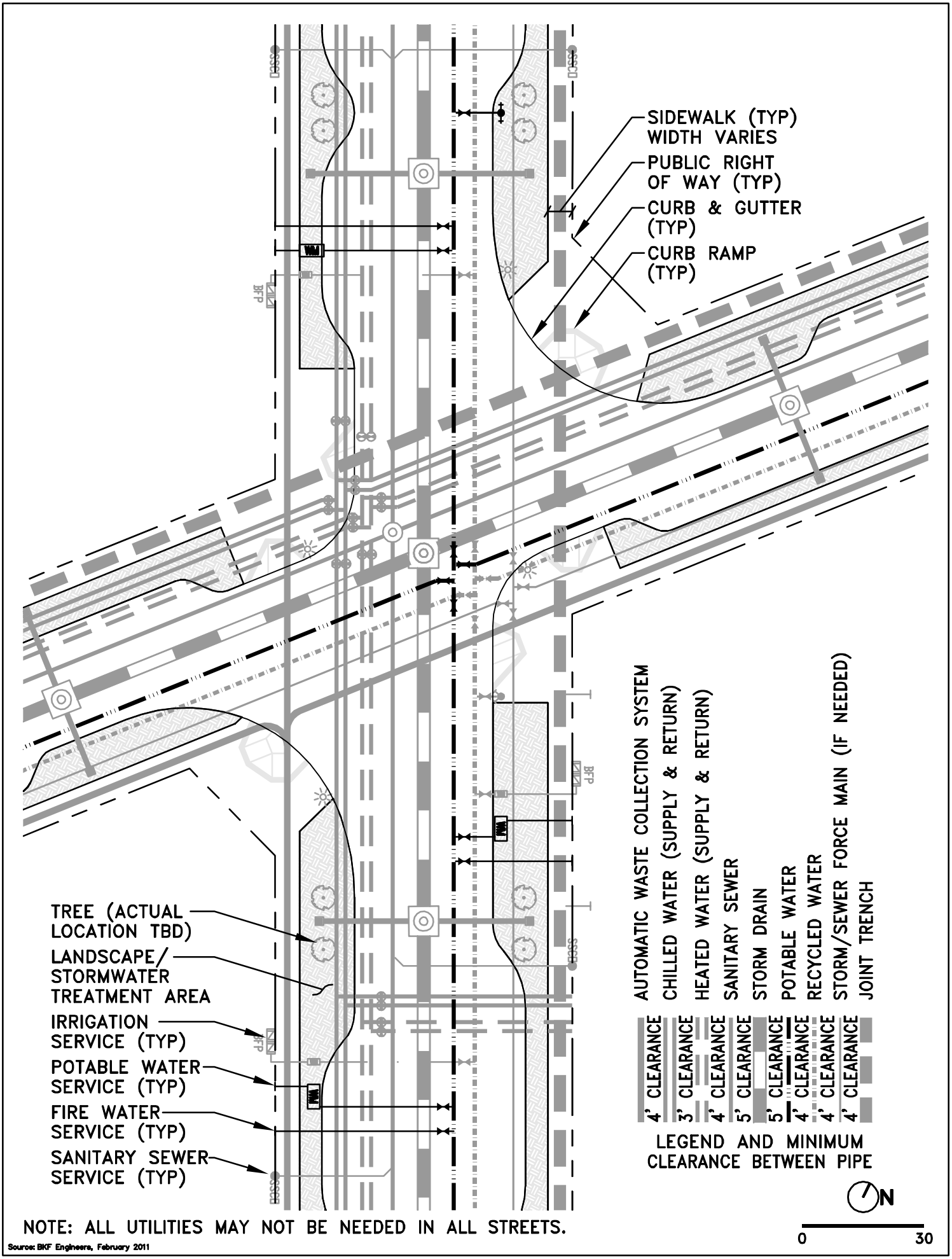
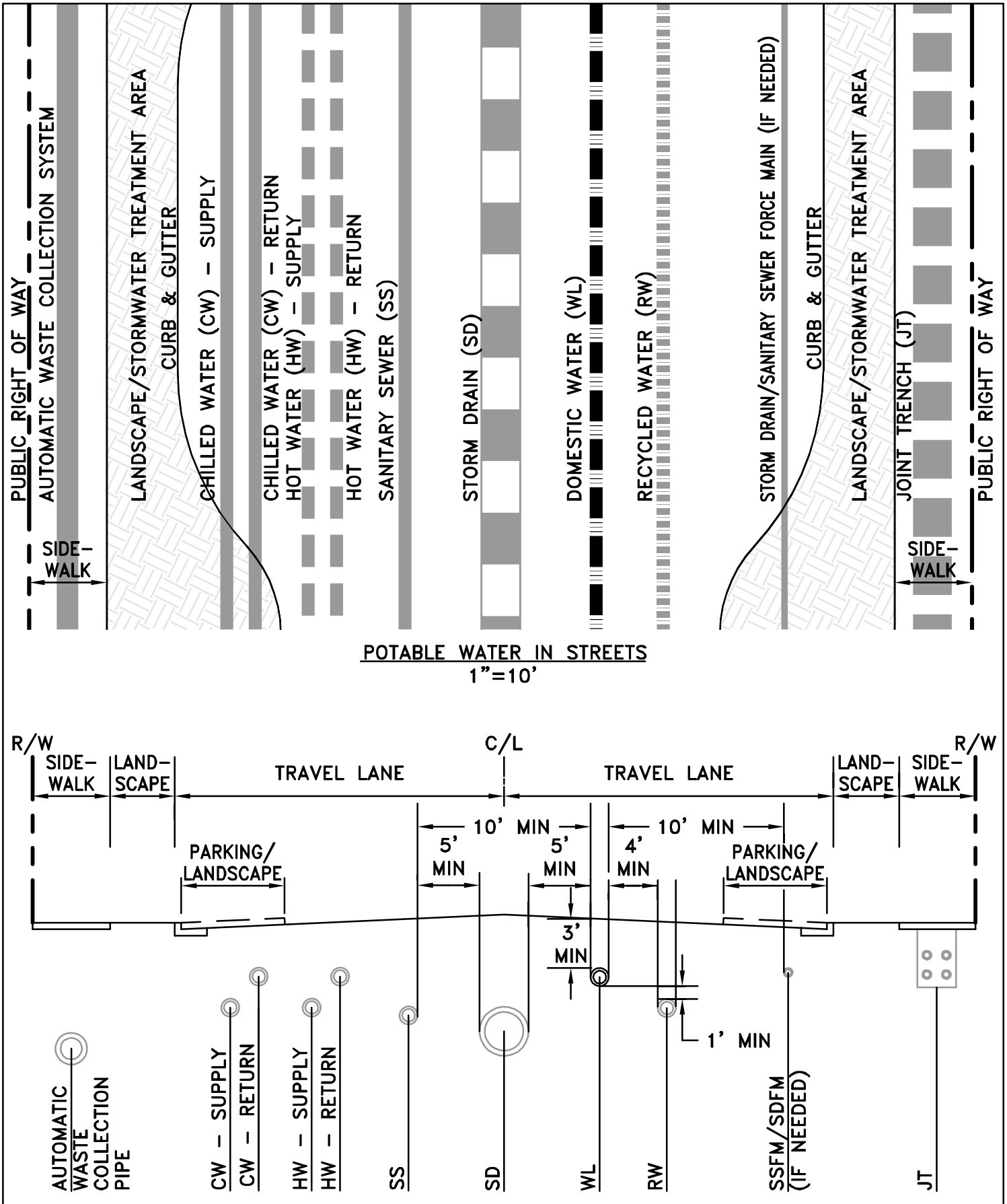


Figure 9.3.1: Detail of Potable Water System Location in Streets



Source: BKF Engineers, February 2011

Figure 9.3.2: Detail of Potable Water System Location in Streets

10. WASTEWATER SYSTEM

10.1 Existing Wastewater System

10.1.1 Existing Wastewater Collection System

Unlike most of San Francisco, the existing wastewater system on Treasure Island is a separate system from the storm drain system. The existing wastewater collection system for the Island consists of 4-inch to 12-inch diameter gravity lines, approximately 29 sewage pump/lift stations, and force mains ranging from 6- to 16-inch diameter. Pipe materials include PVC, asbestos cement, cast iron, steel, and vitrified clay. The pump/lift stations consist of both dry well and wet well systems.

The existing wastewater system on TI consists of 11 main drainage areas that pump into one force main trunk line. In general, each of these main drainage areas includes a combination gravity/lift station system that directs flow to its own central pump station. These pump stations then connect to the existing main trunk line that delivers the wastewater flow to the existing wastewater treatment facility located at the northeast corner of TI. The existing main trunk line begins in the southwest corner of TI near the Officers Club and follows California Avenue to the east and Avenue M to the north until it connects to the existing treatment facility. The total length of the main trunk line is approximately 5,300 feet and consists of 6- to 16-inch asbestos cement pipe.

The existing wastewater service on YBI is split into two systems. The eastern side of the Island, including the Coast Guard base, gravity drains to an existing pump station located under the Bay Bridge at the eastern tip of the Island. This pump station delivers the wastewater to the southern shore of TI via a 6-inch submarine force main. The western side of YBI gravity drains across the Causeway and connects to the TI system near the main entrance to TI.

10.1.2 Existing Wastewater Treatment Facility (WWTF)

The existing WWTF is located at the northeastern corner of TI and treats wastewater from the existing development on Treasure Island. The WWTF was constructed in 1961 to provide primary treatment, and was upgraded to secondary treatment in 1969. A second upgrade came in 1989 to bring the WWTF to its current treatment capacity of 2.0 million gallons per day (mgd) average dry weather flow, with a peak wet weather capacity of 8.0 mgd. The SFPUC will

monitor the existing facility and upgrade/replace the system as necessary to meet the existing demands and increasing Project demands.

The discharge from the existing WWTF is governed by NPDES Permit No. CA0110116, Order No. R2-2010-001, issued by the California Regional Water Quality Control Board. The permit/order was adopted on January 10, 2010, became effective on March 1, 2010, and expires February 28, 2015. The permit allows a discharge of 2.0 mgd with a permitted peak flow, providing secondary treatment under west weather conditions of 4.4 mgd.

The permit was issued to the Navy as the owner and discharger. The WWTF is currently operated by the SFPUC Wastewater Enterprise, under an agreement with the Navy. The Authority and SFPUC will negotiate a separate utilities memorandum of understanding that will provide for the SFPUC to continue its activities as a contract provider of utility services during the interim period between the conveyance of the Project Site to the Authority and the installation of new utility infrastructure, including but not limited to the WWTF and its permit.

10.2 Proposed Wastewater System

10.2.1 Proposed Wastewater Demands

The total estimated wastewater demands for the Project land uses are shown on Table 10.1 (without recycled water use in residential units for toilet flushing) and Table 10.2 (with recycled water use in residential units for toilet flushing). The wastewater demands are based on 95% of the potable water demands plus 100% of the recycled water used for non-irrigation purposes.

Table 10.3 includes a summary of the Average Dry Weather Flow (ADWF), Peak Dry Weather Flow (PDWF), and Peak Wet Weather Flow (PWWF), for the Project with, and without, the use of recycled water in the residential units.

The PDWF is 1.8 times the ADWF.

The PWWF is the PDWF plus an allowance for groundwater infiltration. The assumed infiltration rate required by the SFPUC is 0.003 cfs (1,925.36 gpd) per acre for the development area. The Project development area where wastewater lines will be installed is approximately 300-acres (including the developed portions of TI, Department of Labor, YBI development area, and Coast Guard) for a total infiltration volume of 577,608 gpd.

Table 10.1 - Treasure Island Project Wastewater Demand (without recycled water for residential toilet flushing)

DESCRIPTION OF USE			POTABLE WATER DEMAND	RECYCLED WATER DEMAND	SEWER DEMAND
Land Use	**No.**	**Unit**	**Average Daily Demand (gpd)**	**Average Daily Building Demand (gpd)**	**Average Daily Demand (gpd)**
Residential	8,000	Units	932,000		885,400
Hotel	500	Rooms	132,500	3,500	129,375
Office	100,000	sf	7,000	3,500	10,150
Retail	140,000	sf	9,800	4,900	14,210
Adaptive Reuse, General	244,000	sf	17,080	8,540	24,766
Adaptive Reuse, Retail	67,000	sf	4,690	2,345	6,801
Open Space	300	ac	30,000		28,500
Miscellaneous Structures	75,000	sf	5,625	1,875	7,219
Marina	400	Slips	20,000	0	19,000
Treasure Island School	105,000	sf	21,000	0	19,950
Police/Fire	30,000	sf	4,000	2,000	5,800
Misc. Small Community Facilities	13,500	sf	945	473	1,370
Pier 1 Community Center	35,000	sf	2,450	1,225	3,553
TI Sailing Center	15,000	sf	1,050	525	1,523
Museum	75,000	sf	5,250	2,625	7,613
Department of Labor (DOL)			111,542	0	105,965
Coast Guard Facility			17,000	0	16,150
Utility Facilities	14,000	sf	980	490	1,421
Urban Farm	20	ac	2,000		1,900
Totals			**1,324,912**	**31,998**	**1,290,664**

Table 10.2 - Treasure Island Project Wastewater Demand (with recycled water for residential toilet flushing)

DESCRIPTION OF USE			POTABLE WATER DEMAND	RECYCLED WATER DEMAND	SEWER DEMAND
Land Use	**No.**	**Unit**	**Average Daily Demand (gpd)**	**Average Daily Building Demand (gpd)**	**Average Daily Demand (gpd)**
Residential (with toilet recycled water)	8,000	Units	782,880	149,120	892,856
Hotel	500	Rooms	132,500	3,500	129,375
Office	100,000	sf	7,000	3,500	10,150
Retail	140,000	sf	9,800	4,900	14,210
Adaptive Reuse, General	244,000	sf	17,080	8,540	24,766
Adaptive Reuse, Retail	67,000	sf	4,690	2,345	6,801
Open Space	300	ac	30,000	0	28,500
Miscellaneous Structures	75,000	sf	5,625	1,875	7,219
Marina	400	Slips	20,000	0	19,000
Treasure Island School	105,000	sf	21,000	0	19,950
Police/Fire	30,000	sf	4,000	2,000	5,800
Misc. Small Community Facilities	13,500	sf	945	473	1,370
Pier 1 Community Center	35,000	sf	2,450	1,225	3,553
TI Sailing Center	15,000	sf	1,050	525	1,523
Museum	75,000	sf	5,250	2,625	7,613
Department of Labor (DOL)			111,542	0	105,965
Coast Guard Facility			17,000	0	16,150
Utility Facilities	14,000	sf	980	490	1,421
Urban Farm	20	ac	2,000	0	1,900
Totals			**1,175,792**	**181,118**	**1,298,120**

Table 10.3 - Treasure Island Total Project Wastewater Demand Summary

Description of Flow	w/o Recycled Water in Residential Unit (gpd)	w/ Recycled Water in Residential Unit (gpd)
ADWF	1,290,664	1,298,120
PDWF	2,323,195	2,336,616
PWWF	2,900,803	2,914,224

10.2.2 Proposed Wastewater Collection System

The Developer will be responsible for the design and construction of the proposed wastewater collection system. The pipe material for the new system will meet the SFPUC standards but alternative pipe materials such as High Density Polyethylene (HDPE) or polyvinyl chloride (PVC) may be used if approved by the SFPUC. All of the existing pump/lift stations will be removed or replaced with new stations in phases designed to SFPUC standards as needed to serve the Project. The pump stations will include redundant pumps, alarm systems and emergency backup power supplies to run the pump stations when the power is out.

For YBI, the proposed wastewater collection system for the eastern side of the Island will designed and constructed to flow by gravity to the existing pump station located under the Bay Bridge near the Coast Guard facility. This existing pump station currently serves the eastern side of YBI and the Coast Guard. The Developer will coordinate with the SFPUC to evaluate the existing pump station and determine if it needs to be repaired or replaced. There are two alternative routes from the discharge of this pump station; 1) the station will pump wastewater up to the top of the YBI into a structure (manhole or vault) where it will transition from a force main to a gravity system and flow down to the TI system, or 2) the station will pump flows to the existing submarine force main that currently serves the eastern side of YBI and connect to the TI gravity sewer system. The Developer will coordinate with the SFPUC to determine the preferred route during the Sub-Phase Application process. The western half of YBI will utilize a gravity system to serve the residential units and connect to the TI system within the Causeway.

A conceptual layout of the proposed wastewater collection system is shown on Figure 10.1. The final designs shall optimize wastewater flows to ensure maximization of efficiency, and minimization and consolidation of required pump stations. The final number of pump stations will be based on a system layout that follows reasonable engineering standards and is economically feasible. Concurrent with each Major Phase Application, the overall design will be evaluated by the SFPUC to determine if additional feasible opportunities to increase efficiency or reduce the reliance on pump stations exist.

The gravity system will be designed to accommodate long term settlement anticipated due to secondary compression of the soils or minimal amounts of remaining liquefaction due to seismic events. Final designs to be reviewed by the SFPUC.

10.2.2.1 Location of Wastewater System within New Streets

Figure 10.2 shows the typical alignment of the new wastewater system within the proposed streets.

The angled orientation of the streets on TI will result in wastewater to flow in and out (through) manholes at a 68-degree reverse angle at many intersections. (see Figure 10.1).

10.2.2.2 Wastewater System Design Criteria

The design criteria used for the development of the wastewater system is based upon established industry operations and regulatory agency requirements described in the Treasure Island Wastewater Technical Memorandum submitted by the Developer. In subdivision processing, including the review and approval of subdivision improvements plans, the precise location and final design of the wastewater system will be generally consistent with this Infrastructure Plan and the Wastewater Technical Memorandum. The wastewater system shall be designed to SFPUC design standards and regulation, as modified in this Infrastructure Plan, with exceptions to case-by-case scenarios as approved by the SFPUC.

The following design criteria will be used to design the new stormwater collection system:

1. Velocity: Wastewater system velocity will be not less than 2 feet per second when flowing half full.
2. Minimum Depth of Cover: Minimum depth of cover shall be 4.0 feet. 3.0 feet minimum cover may be approved by SFPUC on a case-by-case basis.

10.2.2.3 Sanitary Sewer Overflow Mitigations

The State of California has recently adopted a Sanitary Sewer Overflow (SSO) Policy to eliminate, to the extent possible, the potential for sewer overflows into the San Francisco Bay. The potential for SSO occurs when pump stations fail, or if lines become plugged and the sewer flows enter the storm drainage system. To prevent potential SSOs, the pump stations proposed for the Project will include redundant pumps, alarm systems and emergency backup power supplies to run the pump stations when the power is out. In addition, the Developer will coordinate with the SFPUC and prepare an evaluation of the

need for diverting stormwater first flush volumes to the sewer system for review and approval by the SFPUC prior to the approval of the first Major Phase application.

The elevations for the service lateral sewer vents will be above the 100-year storm event HGL.

10.3 Proposed Wastewater Treatment Facility (WWTF)

The SFPUC will provide wastewater treatment services to the Project. Subject to future negotiation and agreement between the Authority and the SFPUC on the provisions and terms upon which the SFPUC will provide such services it is intended that the SFPUC may finance, design, build, own, and operate a new Wastewater Treatment Facility (WWTF) on Treasure Island or provide for other improvements and/or agreements as necessary to provide wastewater treatment services to the Project. The existing WWTF would be upgraded and its capacity increased in order to meet projected demands in each Major Phase as the Project progresses. The new or upgraded WWTF would have the capacity to treat the estimated average dry-weather build out flow of 1.3 mgd (based on 95 percent of potable water demand and all of the recycled water demand except that used for irrigation) and the estimated peak wet-weather flow of 2.9 mgd (based on SFPUC standard peaking factors and inflow and infiltration allowance).

The treatment process will start with primary and secondary treatment. The specifics of these processes will be determined by the SFPUC. The volume of effluent needed for recycled water would then undergo further treatment to meet the requirements for use as recycled water in appropriate plumbing fixtures and for irrigation.

Two variants in the wastewater treatment process, each involving wetlands, are under consideration by the SFPUC. These wetlands, if constructed, would be separate from the 10-15 acre wetland proposed to treat stormwater before discharge to the Bay (see Section 12).

Under the first variant, treated effluent to be used for recycled water would be discharged to a wetlands designed and constructed for tertiary treatment before additional treatment to meet the recycled water quality standards. The wetlands would occupy about 5-acres and would include both open water areas and planted areas, with the water depth varying from 1.5 to 4 feet.

Under the second variant, effluent would undergo treatment to meet recycled water standards and then would be discharged to constructed wetlands prior to being discharged through the outfall. The

recycled water needed for the Project, however, would not pass through these wetlands. These wetlands would occupy about 2 to 4 acres of land, with water depth varying from 1.5 to 4-feet.

10.3.1 Revisions to Existing NPDES Permit

If the SFPUC agrees to construct and operate the new WWTF, the SFPUC will process amendments to the existing NPDES permit described above for the new/upgraded WWTF. The new permit will reflect the treatment processes that will be constructed, and the projected/permitted flows.

10.4 Coast Guard and Job Corps

The Developer will not replace the wastewater facilities within the Coast Guard and Job Corps properties. The Developer will construct new systems, including connection and/or transition facilities, up to the boundary of these two property owners and connect to their existing systems to maintain the existing wastewater collection services.

10.5 Phases for Wastewater System Construction

The Developer will design and install the new wastewater collection system to match the Sub-Phases of the Project. The amount of the existing system replaced with each Sub-Phase will be the minimum necessary to serve the Sub-Phase. The new Sub-Phases will connect to the existing systems as close to the edge of the new Sub-Phase as possible while maintaining the integrity of the existing system for the remainder of the Island. The existing land uses on Treasure Island will continue to utilize the existing wastewater collection system with interim connections to the new system where required to maintain the existing service until the existing uses are demolished. The existing wastewater pump/lift stations will continue to be used during the initial Sub-Phases of the Project. The existing pump/lift stations located within each Sub-Phase will be removed or replaced with that Sub-Phase. Repairs and/or replacement of the existing facilities necessary to serve the sub-phase will be designed and constructed by the Developer.

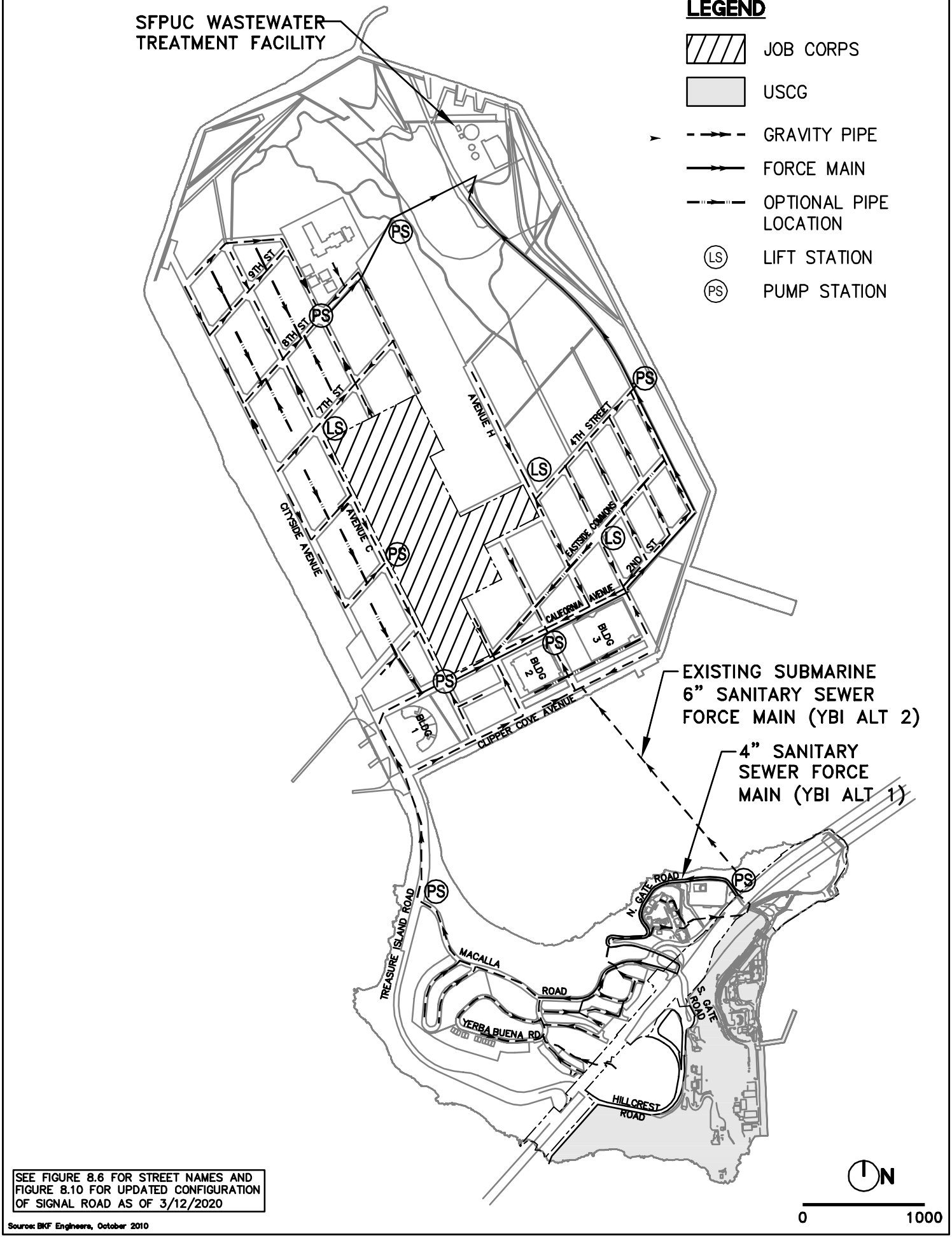
Subject to negotiating a separate utilities interim operations memorandum of understanding between the Authority or the SFPUC, either the Authority or the SFPUC will be responsible for maintenance

of existing collection facilities until replaced by the Developer. The SFPUC will be responsible for the new wastewater collection facilities once construction of the Sub-Phase or new wastewater collection facility is complete and accepted by the SFPUC.

The Developer will provide an existing conditions report for the existing wastewater mains scheduled to remain adjacent to the Sub-Phase prior to the geotechnical mitigation activity. The report will include the conditions of the original system on TI as well as the new system constructed with previous phases adjacent to the new Phase. The report will be updated at the end of the geotechnical mitigation activity and again at the end of the construction of the Sub-Phase. The limit of the report and how the conditions of the systems are determined will be coordinated with the SFPUC. The Developer will be responsible for damage to the original wastewater mains, and/or newly installed wastewater mains on previous phases, due to geotechnical mitigation activity and/or construction of the proposed improvements. The Developer will make the necessary repairs as required and be responsible for any permit violations due to the damage.

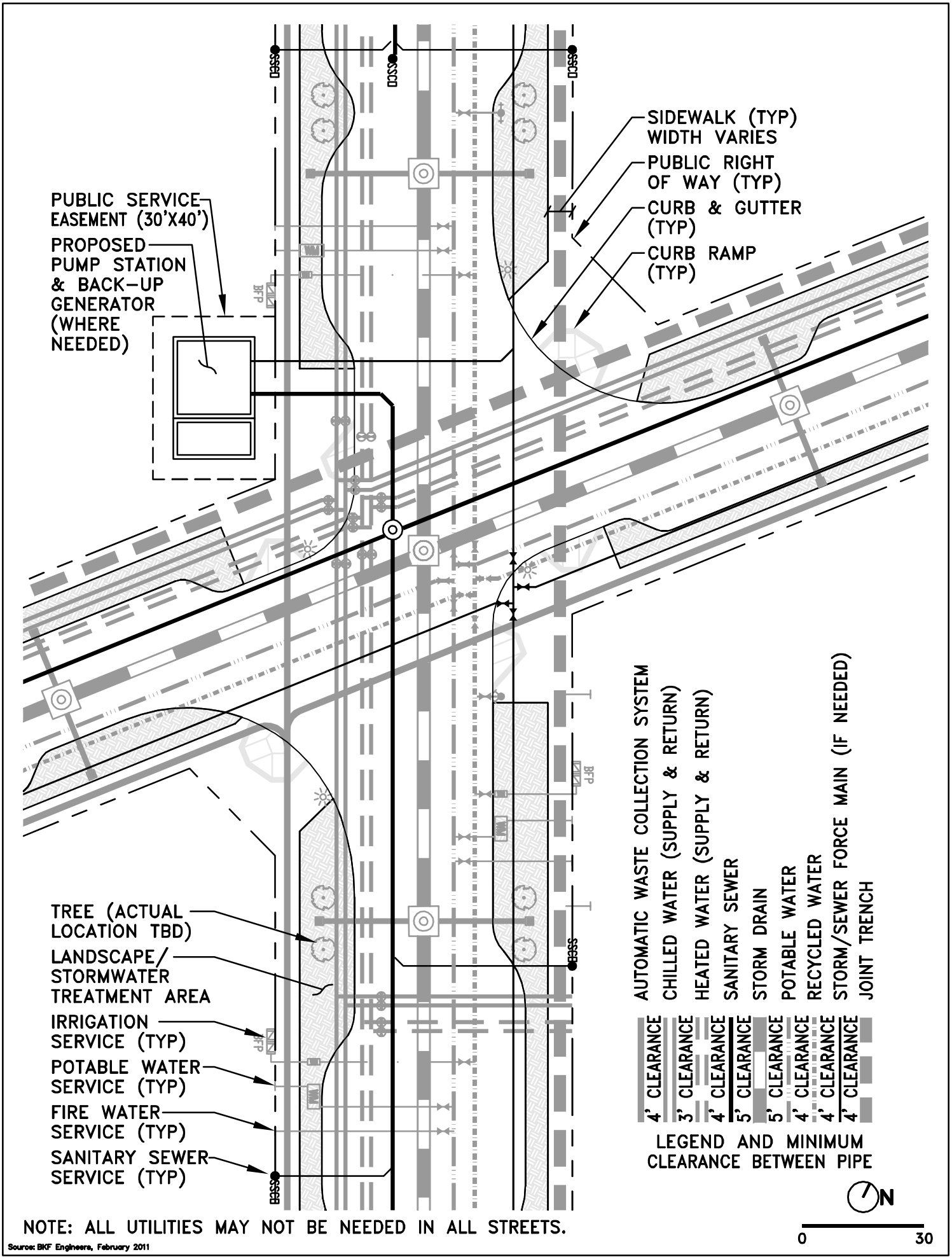
Subject to negotiating a separate utilities interim operations memorandum of understanding between the Authority and the SFPUC, either the Authority or the SFPUC will be responsible for operating and maintaining the existing WWTF.

The SFPUC will provide on-going wastewater treatment services to the Project. Subject to future negotiation and agreement between the Authority and the SFPUC on the provisions and terms upon which the SFPUC will provide such services, it is intended that the SFPUC will maintain, upgrade, design, replace and/or construct wastewater treatment facilities by the SFPUC during each phase of the Project to meet the ongoing and increasing flow requirements of the Project. The Developer will provide the Authority and the SFPUC with the anticipated Sub-Phase schedule and wastewater demands.



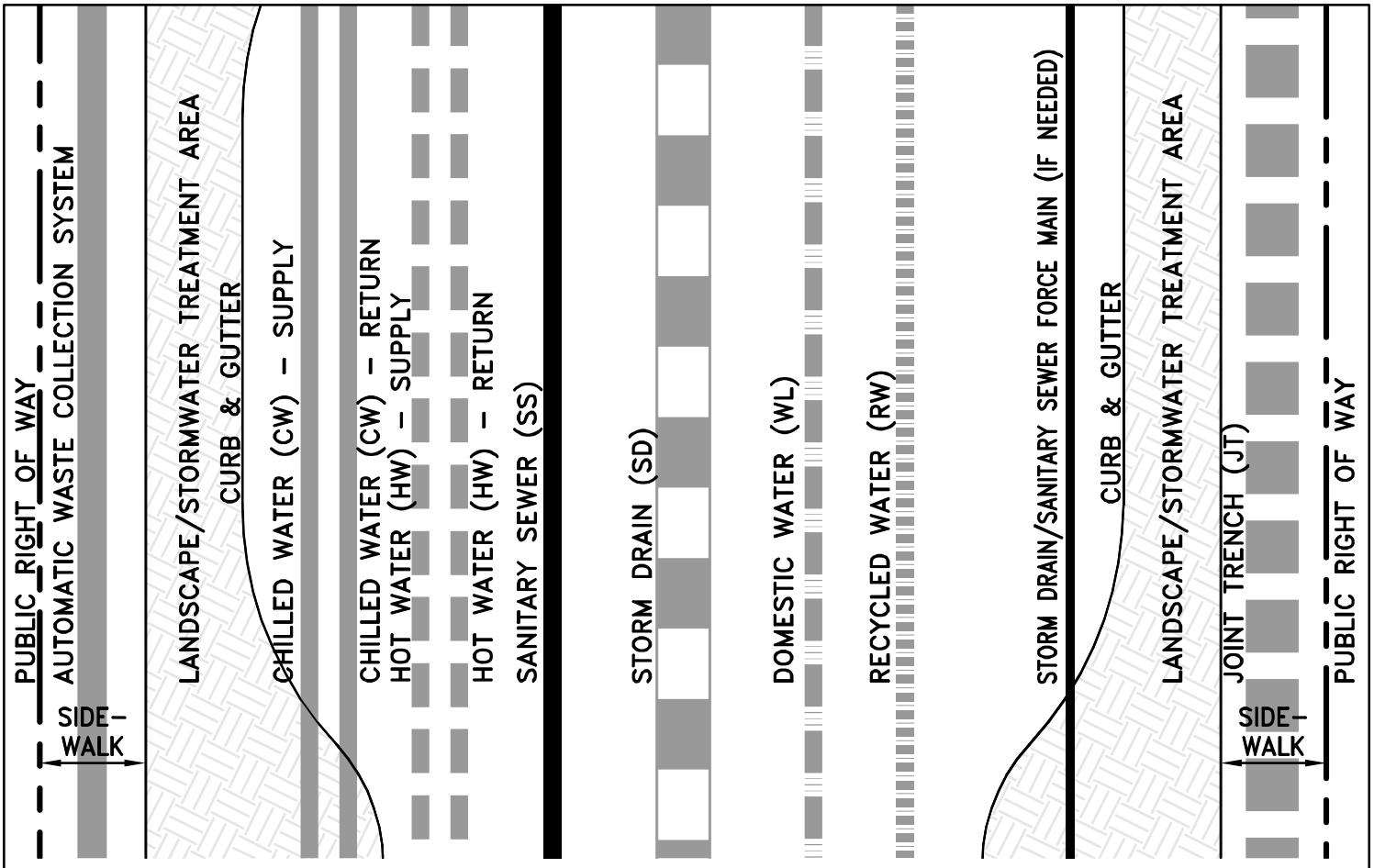
Treasure Island Infrastructure Plan

Figure 10.1: Proposed Wastewater Collection System

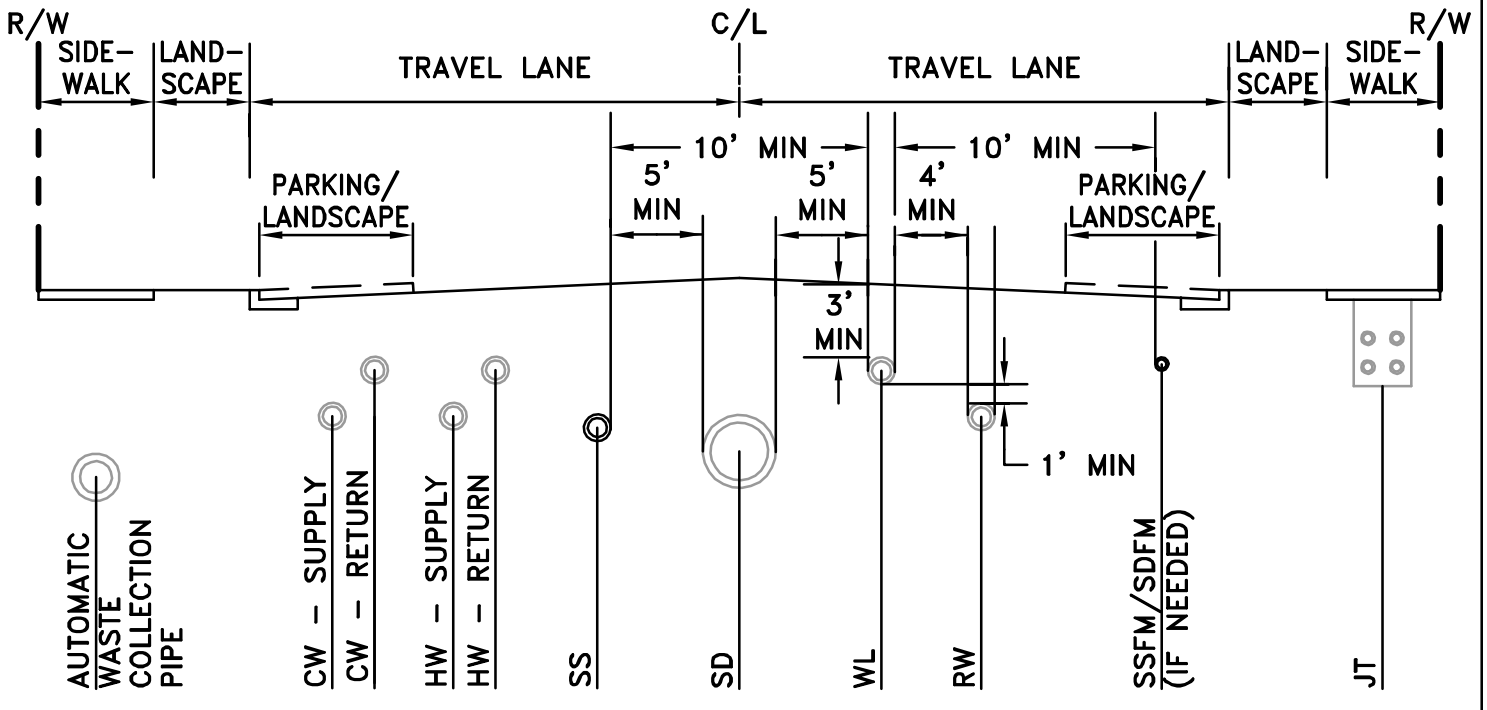


Treasure Island Infrastructure Plan

Figure 10.2.1: Detail of Wastewater Collection System in Streets



WASTEWATER IN STREETS
1"=10'



TYPICAL UTILITY CROSS SECTION
1"=10'

Source: BKF Engineers, February 2011

Figure 10.2.2: Detail of Wastewater Collection System in Streets

11. RECYCLED WATER SYSTEM

11.1 Existing System

Treasure Island does not currently have a recycled water system.

11.2 Proposed Recycled Water System

11.2.1 Proposed Recycled Water Demands

Recycled water will be used on TI for irrigation of the open space areas, urban farm, roadside planter areas, landscape water features, and appropriate plumbing fixtures within commercial buildings. Recycled water may also be used to maintain water levels in the stormwater treatment wetlands during the dry season. In addition, recycled water will be used on TI for appropriate plumbing fixtures in residential buildings to the extent permitted at the time of construction. Recycled water will not be used on YBI due to its distance from the recycled treatment plant and the pumping that would be required to meet the elevation change.

The recycled water demands for the various uses are shown in Table 11.1. Two residential demand factors have been included; 1) without recycled water for residential toilet flushing, and 2) with recycled water for residential toilet flushing. The total estimated demands are shown on Table 11.2 (without recycled water use in residential units for toilet flushing) and Table 11.3 (with recycled water use in residential units for toilet flushing).

11.2.2 Supplemental Source for Fire Protection

In addition to the recycled water demands described above, the recycled water system will also provide a supplemental source of water for fire protection in case of emergency. Fire protection will not increase the average daily demand for recycled water but will increase the storage requirements and require a more robust distribution system as described below.

In addition to the recycled water system for a supplemental source of fire protection, the Developer will install two fire boat manifolds (one near the new Ferry Quay and one near Pier 1) and two wharf hydrants (one near each historic hangar building). These items will allow the SFFD to draw bay water on to TI in case of emergency. The locations of these facilities are shown on Figure 11.1.

11.2.3 Proposed Recycled Water Treatment Facility (RWTF)

The SFPUC will provide recycled water treatment and/or delivery services to the Project. Subject to future negotiation and agreement between the Authority and the SFPUC on the provisions and terms upon which the SFPUC will provide such services, it is intended that the SFPUC will finance, design, build, own, and operate the new Recycled Water Treatment Facility (RWTF). The RWTF would be sized to meet the average long-term recycled water demand of 0.42 million gallons per day (mgd) and would provide recycled water treated to meet the requirements for use as recycled water in appropriate plumbing fixtures and irrigation as well as the stormwater wetlands to maintain seasonal flows.

If the recycled water demand exceeds the recycled water supply during the first Sub-Phases of the Project, the excess demand will be provided by the potable water system. A permanent potable water connection to the recycled water tanks will be provided and will include a backflow prevention device approved by the SFPUC. This permanent connection will provide a supplemental supply of water to the recycled system if needed during the initial phases of the project or in the future during maintenance of the recycled water tanks or if the production of recycled water is interrupted.

Table 11.1 – Recycled Water Demand Factors

Land Use	Recycled Water Demand Factor	Notes
Residential (w/o recycled water)	0 gallons per day per unit for toilet flushing 30,000 gpd total for irrigation within the development area	
Residential (w/ recycled water)	14.9 gpd/u of recycled water for toilet flushing 30,000 gpd total for irrigation within the development area	SFPUC 2030 water conserving projections Resident/unit based on SFPUC Demands Report
Hotel	7 gpd/room of rec. water for toilet flushing Assumes no grounds around the hotel for irrigation demand	AWWA Standard
Office / Retail / Commercial	0.035 gpd/sf of recycled water for appropriate plumbing fixtures	
Adaptive Reuse	0.035 gpd/sf of recycled water for appropriate plumbing fixtures	
Wetlands	30,000 gpd to maintain water level	
Open Space	150,000 gpd for irrigation demand	
Misc. Structures	0.025 gpd/sf of recycled water for appropriate plumbing fixtures	Includes miscellaneous structures in open space, and YBI historic structures
Marina	0 gallons per day	
School	0 gallons per day	
Police/Fire Station	0.067 gpd/sf of recycled water for appropriate plumbing fixtures	
Misc. Small Community Facilities	0.035 gpd of recycled water for appropriate plumbing fixtures	
Pier 1 Community Center	0.035 gpd/sf of recycled water for appropriate plumbing fixtures	
Sailing Center	0.035 gpd/sf of recycled water for appropriate plumbing fixtures	
Museum	0.035 gpd/sf of recycled water for appropriate plumbing fixtures	
Department of Labor	0 gallons per day	
Coast Guard Facility	0 gallons per day	
Utility Facilities	0.035 gpd/sf of recycled water for appropriate plumbing fixtures	
Urban Farm	60,000 gpd for irrigation demand.	

Table 11.2 - Treasure Island Project Recycled Water Demand (without recycled water for residential toilet flushing)

DESCRIPTION OF USE			RECYCLED WATER DEMAND	
Land Use	**No.**	**Unit**	**Average Daily Irrigation (Seasonal) Demand (gpd)**	**Average Daily Building (Year Round) Demand (gpd)**
Residential (with toilet recycled water)	8,000	Units	30,000	0
Hotel	500	Rooms		3,500
Office	100,000	sf		3,500
Retail	140,000	sf		4,900
Adaptive Reuse, General	244,000	sf		8,540
Adaptive Reuse, Retail	67,000	sf		2,345
Wetlands	15	ac	30,000	0
Open Space	285	ac	150,000	0
Miscellaneous Structures	75,000	sf		1,875
Marina	400	Slips		0
Treasure Island School	105,000	sf		0
Police/Fire	30,000	sf		2,000
Misc. Small Community Facilities	13,500	sf		473
Pier 1 Community Center	35,000	sf		1,225
TI Sailing Center	15,000	sf		525
Museum	75,000	sf		2,625
Department of Labor (DOL)				0
Coast Guard Facility				0
Utility Facilities	14,000	sf		490
Urban Farm	20	ac	60,000	0
Totals			**270,000**	**31,998**

Table 11.3 - Treasure Island Project Recycled Water Demand (with recycled water for residential toilet flushing)

DESCRIPTION OF USE			RECYCLED WATER DEMAND	
Land Use	**No.**	**Unit**	**Average Daily Irrigation (Seasonal) Demand (gpd)**	**Average Daily Building (Year Round) Demand (gpd)**
Residential (with toilet recycled water)	8,000	Units	30,000	119,296
Hotel	500	Rooms		3,500
Office	100,000	sf		3,500
Retail	140,000	sf		4,900
Adaptive Reuse, General	244,000	sf		8,540
Adaptive Reuse, Retail	67,000	sf		2,345
Wetlands	15	ac	30,000	0
Open Space	285	ac	150,000	0
Miscellaneous Structures	75,000	sf		1,875
Marina	400	Slips		0
Treasure Island School	105,000	sf		0
Police/Fire	30,000	sf		2,000
Misc. Small Community Facilities	13,500	sf		473
Pier 1 Community Center	35,000	sf		1,225
TI Sailing Center	15,000	sf		525
Museum	75,000	sf		2,625
Department of Labor (DOL)				0
Coast Guard Facility				0
Utility Facilities	14,000	sf		490
Urban Farm	20	ac	60,000	0
Totals			**270,000**	**151,294**

11.2.4 Proposed Recycled Water Storage and Pumps

For the following discussion, all tank volumes described refer to "operational storage" that can be drawn from the tank at any given time. All tanks will require an additional amount of "dead storage" that cannot be accessed under normal operations.

Storage tanks for the recycled water system will be constructed near the RWTF.

The storage volume requirement for recycled water will be 1 day of average daily demand plus 4 hours of fire flow. Based on the average daily demand of 0.42 mgd and the required fire flow of 3,500 gpm, the total recycled water storage for full build out is 1.26 million gallons. Multiple tanks may be used to separate the fire demand from the average daily demand, or to accommodate the phased Project schedule.

The recycled water tank designs will include the ability to supplement the recycled water supply with the potable water supply if the recycled supply is interrupted or for scheduled maintenance on the recycled storage tanks.

A pump station capable of delivering the recycled demand through the distribution system will be constructed adjacent to the recycled water storage tanks. The pump station design will include redundant pumps, alarm system, emergency backup power and a hydropneumatic tank.

The Developer will finance, design, build, and own the recycled water tanks and pump station.

11.2.5 Proposed Recycled Water Distribution

The Developer will be responsible for the design and construction of the proposed recycled water distribution system. The recycled water distribution system will be designed to deliver the average daily demand coincident with the required fire flow of 3,500 gpm with a minimum residual pressure of 20 pounds per square inch to the recycled water fire hydrants on TI.

The Developer will install the recycled water system in phases to match the Project phasing. Alternative pipe materials such as High Density Polyethylene (HDPE) or polyvinyl chloride (PVC) may be used if approved by the SFPUC. A conceptual layout of the proposed recycled water system is shown on Figure 11.1.

Flexible connections or other flexible system designs will be utilized where differential settlement may be of concern due to long term settlement anticipated due to secondary compression of the soils or minimal amounts of remaining liquefaction due to seismic events. Final designs to be reviewed by SFPUC.

11.2.5.1 Location of Distribution System within New Streets

Figure 11.2 shows the typical alignment of the new recycled water system within the proposed streets. The Developer will coordinate with the SFFD for the final location of the fire hydrants.

11.2.5.2 Recycled Water System Design Criteria

The design criteria used for the development of the recycled water system is based upon established industry operations and regulatory agency requirements described in the Treasure Island Recycled Water Technical Memorandum submitted by the Developer. In subdivision processing, including the review and approval of subdivision improvements plans, the precise location and final design of the recycled water system will be generally consistent with this Infrastructure Plan and the Recycled Water Technical Memorandum.

11.3 Recycled Water Fire Protection

The recycled water system will be used for a supplemental source of water for fire protection in case of emergency. As described above, the recycled distribution system will be sized to deliver the average daily demand coincident with the required fire flow of 3,500 gpm with a minimum residual pressure of 20 pounds per square inch to the recycled water fire hydrant outlets on TI. The conceptual location of the recycled water hydrants are shown on Figure 11.1. The hydrants are spaced around TI to provide approximately 750-foot hose lengths along the street from the recycled hydrant to the farthest building. The conceptual location of the hydrants will be coordinated with the SFFD prior to approval of the Major Phase Applications.

11.4 Coast Guard and Job Corps

The Developer will not construct the recycled water system on the Coast Guard or Jobs Corps property.

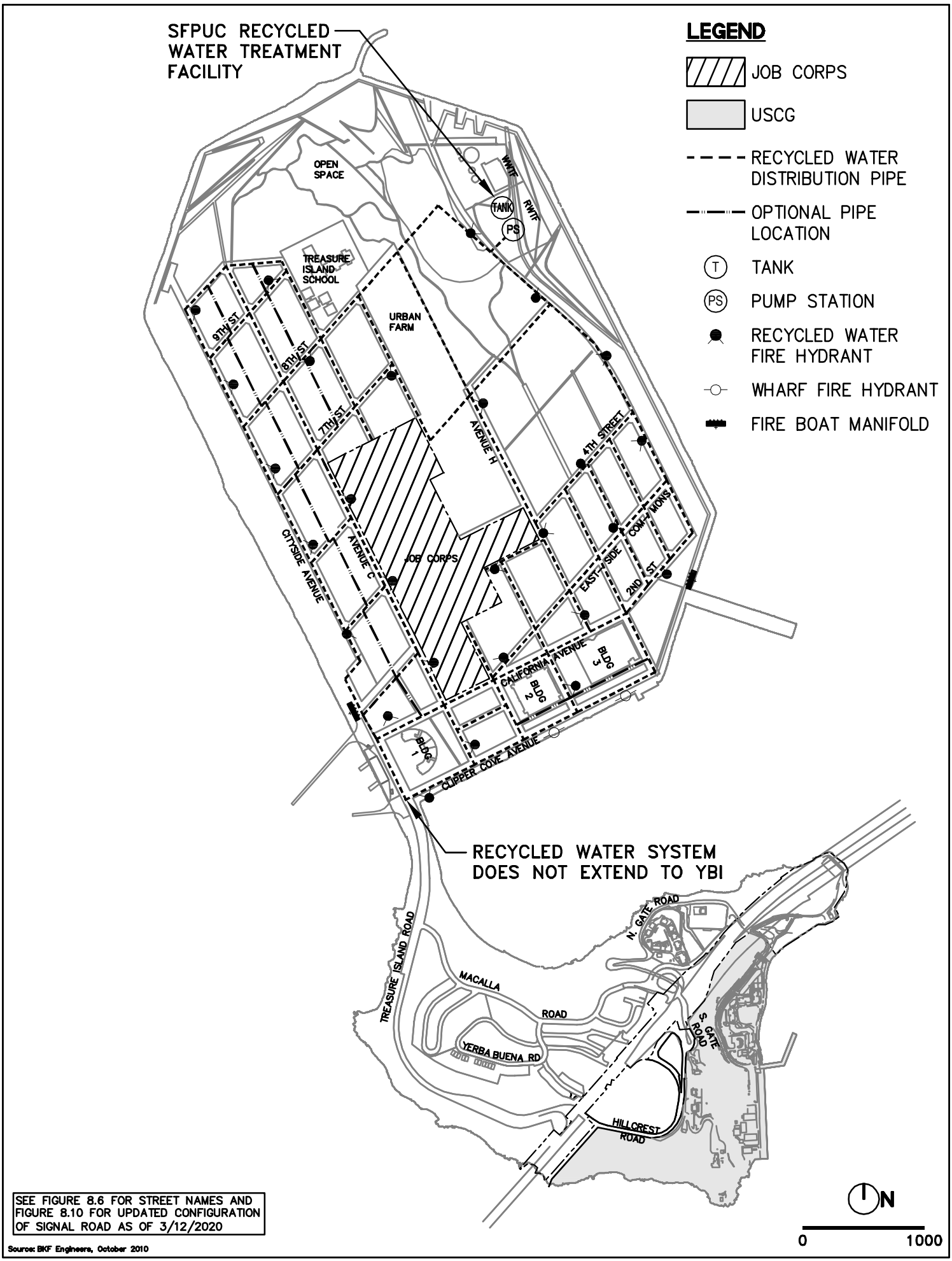
11.5 Phases for Recycled Water System Construction

The Developer will design and install the new recycled water distribution system in phases to match the recycled water use demands of each Sub-Phase of the Project. The amount of the system constructed with each Sub-Phase will be the minimum necessary to serve the Sub-Phase.

The Developer will construct the recycled water storage tanks and pump station in phases to meet the Sub-Phase requirements. If the recycled water demand exceeds the recycled water supply during the first phases of the Project, the excess demand will be provided by the potable water system. A permanent potable water connection to the recycled water tanks will be provided and will include a backflow prevention device approved by the SFPUC. This permanent connection will provide a supplemental supply of water to the recycled system if needed during the initial phases of the project or in the future during maintenance of the recycled water tanks or if the production of recycled water is interrupted.

The SFPUC will be responsible for the recycled water system once the Sub-Phase or new recycled water system is complete and accepted by the SFPUC.

The Developer will provide an existing conditions report for the newly installed recycled water mains adjacent to the new Sub-Phase prior to the geotechnical mitigation activity. The report will be updated at the end of the geotechnical mitigation activity and again at the end of the construction of the Sub-Phase. The limit of the report and how the conditions of the system are determined will be coordinated with the SFPUC. The Developer will be responsible for damage to the newly installed recycled water mains on previous phases, due to geotechnical mitigation activity and/or construction of the proposed improvements. The Developer will make the necessary repairs as required and be responsible for any permit violations due to the damage.



Treasure Island Infrastructure Plan

Figure 11.1: Proposed Recycled Water Distribution System

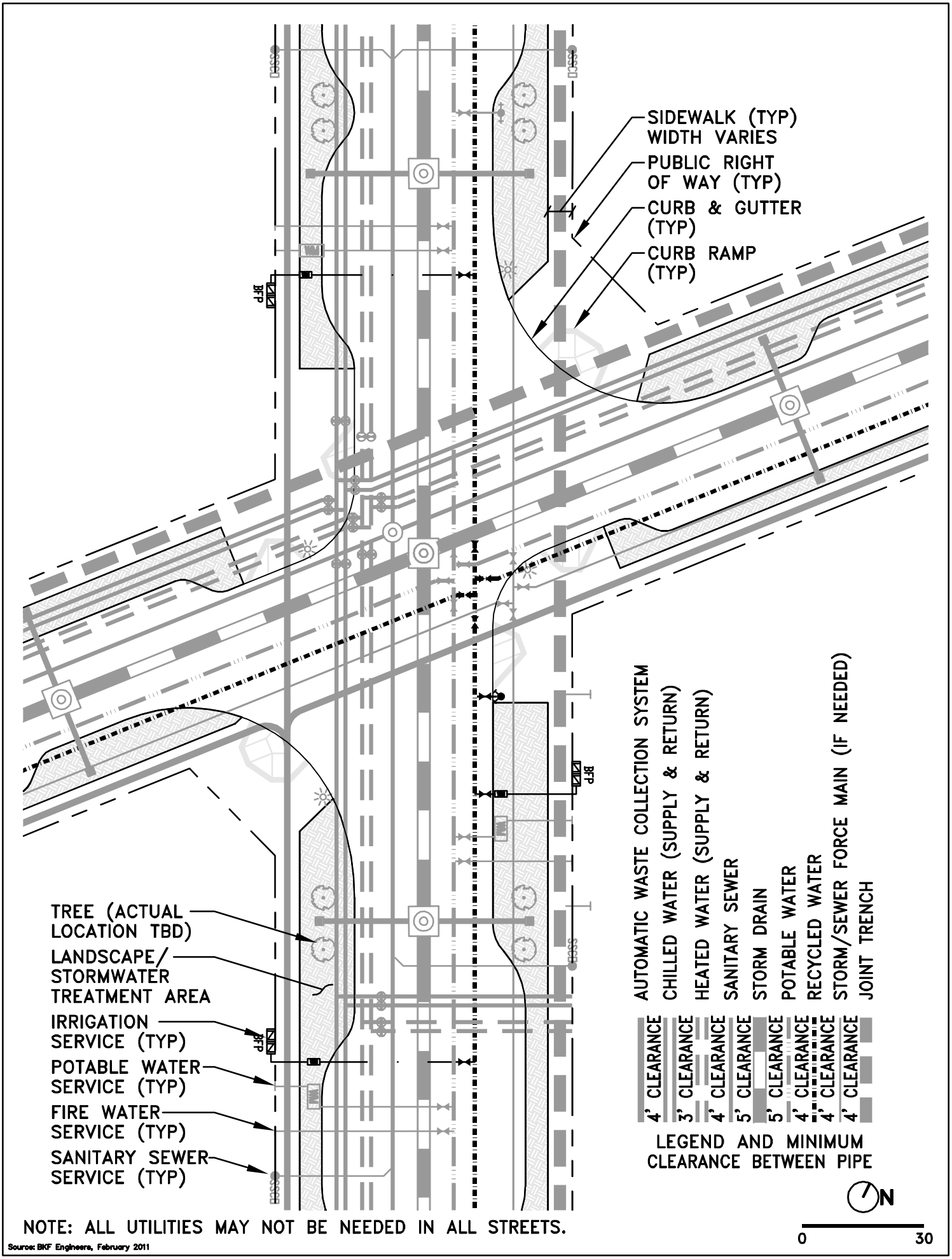
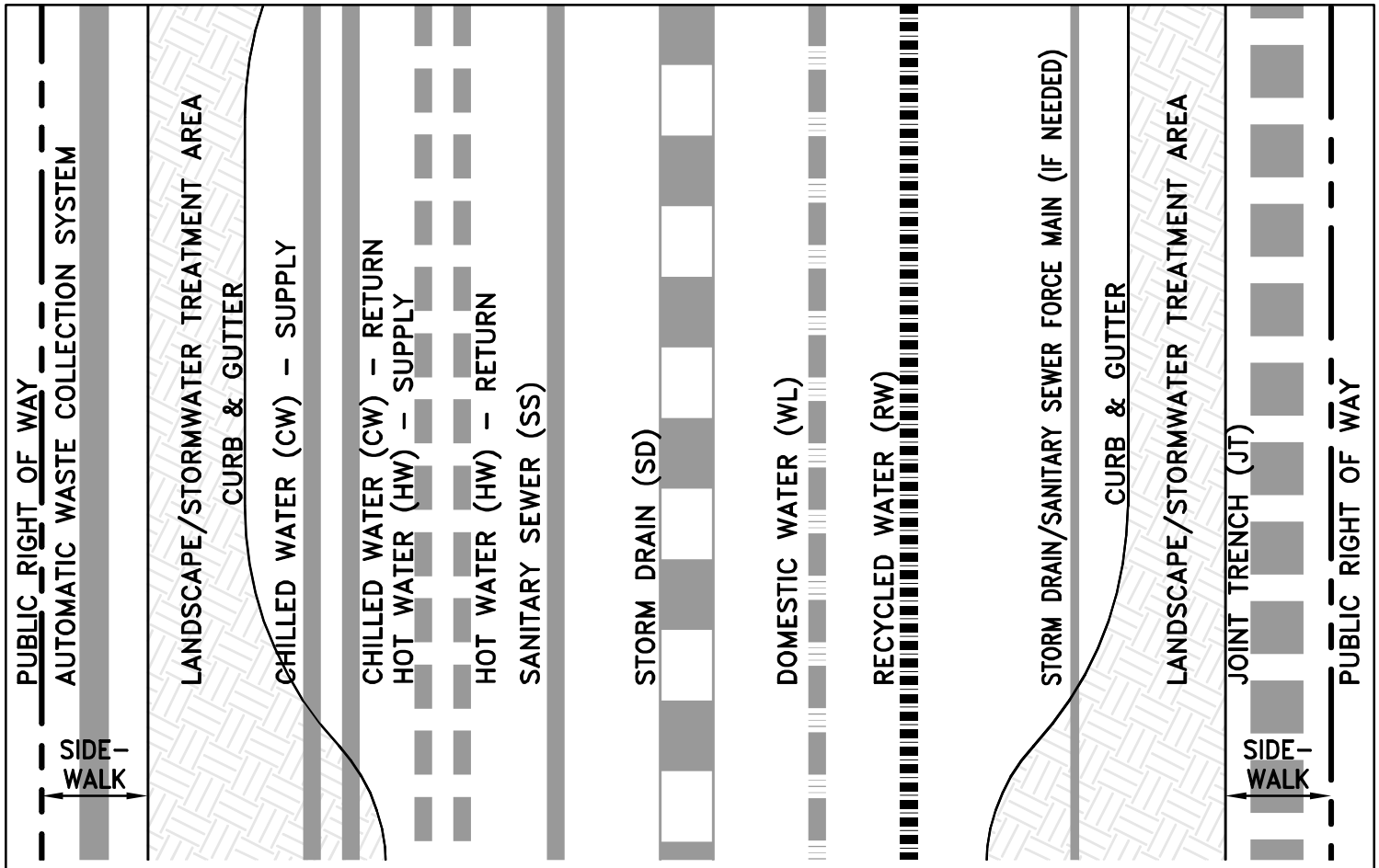
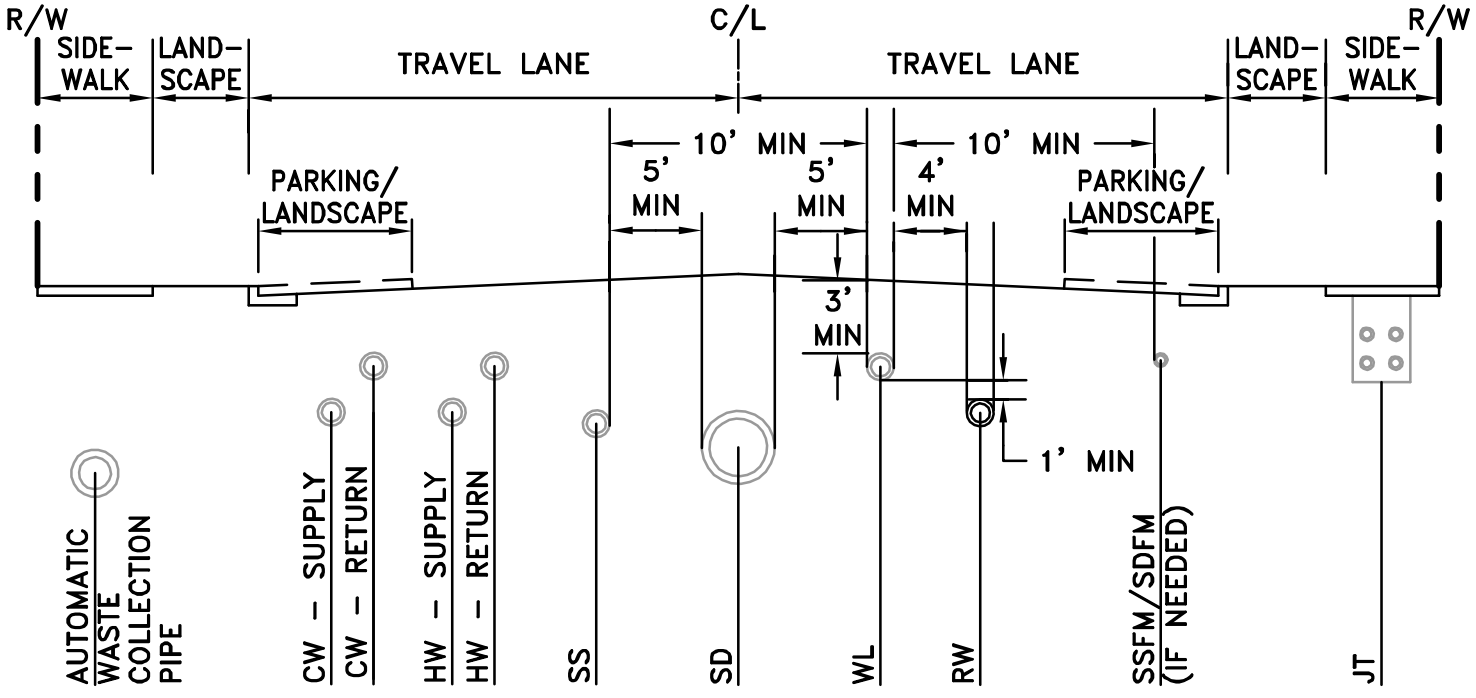


Figure 11.2.1: Detail of Recycled Water System Location in Streets



RECYCLED WATER IN STREETS
1"=10'



TYPICAL UTILITY CROSS SECTION
1"=10'

Source: BKF Engineers, February 2011

Figure 11.2.2: Detail of Recycled Water System Location in Streets

12. STORMWATER SYSTEM

12.1 Existing Stormwater Collection System

The existing stormwater system on Treasure Island is separated from the wastewater collection and treatment system. The existing stormwater system for the two islands consists of 6- to 42-inch diameter gravity pipes and lift stations with various-sized outfalls along the perimeter of the Islands that discharge directly into the San Francisco Bay. Existing pipe materials include PVC, asbestos cement, VCP, RCP and steel. There are approximately 31 existing outfalls on TI and approximately 32 outfalls on YBI.

12.1.1 Existing Stormwater Treatment Systems

There is currently no treatment of stormwater prior to discharge to the Bay.

12.2 Proposed Stormwater System

12.2.1 Proposed Stormwater Collection System

The Developer will be responsible for the design and construction of the proposed stormwater collection system. The proposed stormwater system will be a combination of gravity lines, lift stations, pump stations and outfalls to the Bay. The pipe material for the new system will meet the SFPUC standards but alternative pipe materials such as High Density Polyethylene (HDPE) or polyvinyl chloride (PVC) may be used if approved by the SFPUC. All of the existing pump/lift stations will be removed or replaced with new stations in phases designed to SFPUC standards as needed to serve the Project. Pump stations required to convey the 5-year storm event will include redundant pumps, alarm system, and emergency power if needed to prevent flooding beyond the depths described in Table 12.1. Pump stations required to deliver treatment flows to the treatment areas will not include redundant pumps or emergency power but will include an alarm system to notify if the pump station requires maintenance.

A conceptual layout of the proposed stormwater collection system is shown on Figure 12.1. The final designs shall optimize stormwater flows to ensure maximization of efficiency, and minimization and consolidation of required pump stations, including the potential wetland pump station. The final number of pump stations will be based on a system layout that follows reasonable engineering standards and is economically feasible. Concurrent with each Major Phase Application, the overall design will be evaluated by the SFPUC to determine if additional feasible opportunities to increase efficiency or reduce the reliance on pump stations exist.

The gravity system will be designed to accommodate long term settlement anticipated due to secondary compression of the soils or minimal amounts of remaining liquefaction due to seismic events. Final designs to be reviewed by the SFPUC.

12.2.1.1 Location of Stormwater System within New Streets

Figure 12.2 shows the typical alignment of the new stormwater system within the proposed streets.

The angled orientation of the streets on TI will result in stormwater flow in and out (through) manholes at a 68-degree reverse angle at many intersections. (see Figure 12.1).

12.2.1.2 Stormwater System Design Criteria

The design criteria used for the development of the stormwater system is based upon established industry operations and regulatory agency requirements described in the Treasure Island Stormwater Technical Memorandum submitted by the Developer. In subdivision processing, including the review and approval of subdivision improvements plans, the precise location and final design of the stormwater system will be generally consistent with this Infrastructure Plan and the Stormwater Technical Memorandum. The stormwater system shall be designed to SFPUC design standards and regulation, as modified in this Infrastructure Plan, with exceptions to case-by-case scenarios as approved by the SFPUC.

The following design criteria will be used to design the new stormwater collection system:

1. Design Storm Frequency:
   A 5-year rain event as defined by the "San Francisco Rainfall Rate Table 1941 Plan I-3903.4" will be maintained within the stormwater system. Storm frequency larger than 5-years will be allowed to run in the streets as overland flow.

2. Design Tide:
   The stormwater collection system will be designed to accommodate 100-year tide elevations. Moffatt & Nichol has completed an Extreme High Water Level Analysis to determine the 100-year high tide as part of their April, 2009 "Treasure Island

Coastal Flooding Study". Based on their review of the historic tide data for the San Francisco Bay the 100-year high tide, or Base Flood Elevation (BFE), for Treasure Island is 9.2 (NAVD88).

A description of the Adaptive Management strategy for SLR is included in Section 5.

3. Hydraulic Grade Line:
   The hydraulic grade line criteria will be based on the City of San Francisco Subdivision Code;

   > "Sewer sizes shall be selected so that the hydraulic grade line shall, in general, be four feet below the pavement or ground surface, and at no point less than two feet. The tidal elevation to be used in hydraulic computations, where applicable, shall be -3.5, City datum"

   The tidal elevation of -3.5 City Datum is equal to 7.81 NAVD 88 Datum. The design tide for this infrastructure plan will be the current 100-year high tide of 9.2 NAVD 88. Therefore the City of San Francisco Subdivision Code requirement for depth of hydraulic grade line below pavement surface will by adjusted by 1.39 feet (9.2-7.81=1.39) to 2.61 feet below the pavement surface. Hydraulic grade line criteria does not supersede the Minimum Depth of Cover.

   The minimum hydraulic grade line for the different tide events, locations around the Island, and SLR are described in Table 12.2.

4. Velocity:
   The velocity in the stormwater system shall not be less than 3 feet per second flowing by gravity and discharging against mean high tide with 16-inches of sea level rise (elevation 4.62-feet NAVD 88).

5. Minimum Depth of Cover:
   Minimum depth of cover shall be 4.0 feet. 3.0 feet minimum cover may be approved by SFPUC on a case-by-case basis.

A hydrologic model (SWMM or equivalent) for all of the development will be developed prior to approval of the Major Phase and Sub-Phase applications in coordination with the SFPUC consistent with the DRDAP.

12.2.1.3 Stormwater System Performance in New Development Area

The Hydraulic Requirements listed in Table 12.2 are the minimum performance criteria for the project. The TI grading plan and stormwater system within the new development area, however, will be designed to accommodate the 100-year storm during the 100-year tide with 16-inches of sea level rise (SLR) without relying on flow within the streets. Instead, during these extreme events, the stormwater runoff will pond in the street to a maximum depth equal to the top of curb at the low point and then flow into the piped system as capacity becomes available.

This overland release grading design described in Section 7 will protect the new building finished floors from storms larger than the 100-year event or system maintenance issue such as blocked catch basins or pipes. During either of these unlikely events, stormwater may pond up to the top of curb (or back of walk/right of way if approved by the SFPUC) elevation before releasing to the downstream drainage basins. This will continue through the downstream basins until there is capacity in the storm system or storm water is released to

the open space. The new building finish floor elevations will be above the back of walk/right of way elevation and therefore protected from flooding. The ponding depth and overland release occurrence for various storm events are summarized below.

Table 12.1: Street Ponding Depth and Overland Release Summary

Storm Event	Ponding Depth for:		
	Current Tide	16-inches SLR	Maintenance Concerns
Treatment	No Ponding (0 inches)	No Ponding (0 inches)	Up to Top of Curb
5-Year	No Ponding (0 inches)	No Ponding (0 inches)	Up to Top of Curb
100-Year	Top of Curb (6- inches)	Top of Curb (6- inches)	Up to Top of Curb

12.2.1.4 Sanitary Sewer Overflow Mitigations

The State of California has recently adopted a Sanitary Sewer Overflow (SSO) Policy to eliminate, to the extent possible, the potential for sewer overflows into the San Francisco Bay. The potential for SSO occurs when pump stations fail, or if lines become plugged and the sewer flows enter the storm drainage system. To prevent potential SSOs, the sewer pump stations proposed for the Project will include redundant pumps, alarm systems and emergency backup power supplies to run the pump stations when the power is out.

12.2.2 Proposed Outfall Structures

The stormwater outfall structures will be located at the perimeter of the Island and discharge to the Bay. See Figure 12.1 for approximate locations. The outfall structure will include the combination of an inlet sized to accommodate the 100-year overland release flows from the development area, a structure containing a "Tideflex" device that will keep the Bay water from backing up into the Island system during high tides, and the outfall structure in the Bay. The outfall elements will be sized to accommodate the 100-year storm flow volumes plus anticipated wave overtopping. See Figure 12.3 for a conceptual plan view and section of the outfall structures.

Table 12.2-Hydraulic Requirements

		Minimum Design Criteria	
	Tide/SLR Condition	Stormwater System	
		5-year storm	5 to 100-year storm
Initial Infrastructure Design	**Current Tide Condition Mean sea level: 3.29-feet NAVD 88 (Determined in 2009 Coastal Flooding Study)**	Flow in Pipes Design Storm: 5-year event Design Tide: Current 100-year high tide Minimum Freeboard (Streets): 2.67-feet Minimum Freeboard (parks/open space): Ponding allowed	Overland Flow Design Storm: 5 to 100-year event Design Tide: Current 100-year high tide Minimum Freeboard (Streets): Allowed to flow within street, 6-inch of ponding depth Minimum Freeboard (parks/open space): Ponding allowed
Infrastructure Adjustments for Future SLR	**SLR Condition: up to 16-inches Mean sea level: 3.29-feet + 16-inches = 4.62-feet NAVD 88 (Estimated to occur by 2050)**	***Adaptive Management Strategy: reduce freeboard allowance***	***Adaptive Management Strategy: reduce freeboard allowance***
		Flow in Pipes Design Storm: 5-year event Design Tide: Current 100-year high tide + SLR (16-inches)=10.53 NAVD 88 Minimum Freeboard (Streets): 16-inches Minimum Freeboard (parks/open space): Ponding allowed	Overland Flow Design Storm: 5 to 100-year event Design Tide: Current 100-year high tide + SLR (16-inches)=10.53 NAVD 88 Minimum Freeboard (Streets): Allowed to flow in street, 6-inches of ponding depth Minimum Freeboard (parks/open space): Ponding allowed
	SLR Condition: 16-inches to 36-inches Mean sea level: 3.29-feet + 36-inches = 6.29-feet NAVD 88 (Estimated to occur between 2050 and 2100.)	***Adaptive Management Strategy: When SLR Monitoring Report (Section 5.5.2) determines 16-inches of SLR has occurred implement modifications to storm drainage system.***	***Adaptive Management Strategy: When SLR Monitoring Report (Section 5.5.2) determines 16-inches of SLR has occurred implement modifications to storm drainage system.***
		Flow in Pipes Design Storm: 5-year event Design Tide: 100-year high tide at that time + SLR (guidance at that time) Minimum Freeboard (streets): 2.67-feet Minimum Freeboard (parks/open space): Ponding allowed	Overland Flow Design Storm: 5 to 100-year event Design Tide: 100-year high tide at that time + SLR (guidance at that time) Minimum Freeboard (streets): Allowed to flow in street, 6-inches of ponding depth Minimum Freeboard (parks/open space): Ponding allowed
	SLR Condition: greater than 36-inches Mean sea level: 3.29-feet + 36-inches = 6.29-feet NAVD 88 (Estimated to occur after 2100.)	***Adaptive Management Strategy: When SLR Monitoring Report (Section 5.5.2) determines 16-inches of SLR has occurred .***	***Adaptive Management Strategy: When SLR Monitoring Report (Section 5.5.2) determines 16-inches of SLR has occurred implement modifications to storm drainage system.***
		Flow in Pipes Design Storm: 5-year event Design Tide: 100-year high tide at that time + SLR (guidance at that time) Minimum Freeboard (streets): 2.67-feet Minimum Freeboard (parks/open space): Ponding allowed	Overland Flow Design Storm: 5 to 100-year event Design Tide: 100-year high tide at that time + SLR (guidance at that time) Minimum Freeboard (streets): Allowed to flow in street, 6-inches of ponding depth Minimum Freeboard (parks/open space): Ponding allowed

Note: SLR conditions based on current Treasure Island mean sea level 3.29 feet (NAVD 88) documented in the 2009 Coastal Flooding Study

12.3 Proposed Stormwater Treatment System

The project treatment BMPs described below will be designed to comply with the San Francisco Stormwater Design Guidelines. Upon review, the SFPUC may accept either a volume-based or acceptable flow-based calculation method to provide compliance with the Stormwater Design Guidelines.

In addition, the Developer will coordinate with the SFPUC and prepare an evaluation of the need for diverting stormwater first flush volumes to the sewer system for review and approval by the SFPUC prior to the approval of the first Major Phase application.

Figure 12.4 shows the different approximate water shed areas for Treasure Island. A description of the stormwater treatment for each of the watershed is as follows:

12.3.1 Treasure Island Stormwater Treatment Areas

Watershed Area A & B

These watershed areas will utilize outfall structures into Clipper Cove to discharge runoff. These areas will utilize Low Impact Development (LID) type measures for the treatment of runoff. BMPs in this area could include such things as:

- Bioretention Planters
- Street Planters
- Swales
- Subgrade Infiltration Areas
- Permeable Paving

The development parcels within this watershed area will be responsible for treating their storm water runoff prior to discharging their runoff into the public stormwater system.

Watershed Area C & D

These watershed areas will utilize outfall structures located along the western shoreline to discharge runoff. The combined treatment areas for these watersheds will be located within the City Side Park prior to the outfall. The treatment flows from these watershed areas will be split off from the larger flows near the outfall and pumped up to the treatment area. Stormwater treatment BMPs will be integrated with

the park design to ensure aesthetic and programmatic consistency. The BMPs in the City Side Park could include:

- Bio-retention Planters
- Street Planters
- Raingardens
- Swales

The stormwater runoff from the public streets within these watershed areas will be pre-treated with bio-retention/infiltration planters or bio-swales within the landscape strips along the roadway section. The street flows will then be treated again in the combined treatment area.

The development parcels within these watershed areas will not be required to pre-treat their storm water runoff prior to discharging to the public stormwater system.

Watershed Area D2

This watershed area will utilize an outfall structure located along northwestern shoreline to discharge runoff. The combined treatment area for this watershed will be located in the northwestern open space area. Stormwater treatment BMPs will be integrated with the park design to ensure aesthetic and programmatic consistency. The treatment flow from this watershed will be split off from the larger flows near the outfall and pumped up to the treatment area. The BMPs could include:

- Bio-retention Planters
- Street Planters
- Seasonal Wetland
- Swales

The stormwater runoff from the public streets within this watershed area will be pre-treated with bio-retention/infiltration planters or bio-swales within the landscape strips along the roadway section. The street flows will then be treated again in the combined treatment area.

The development parcels within this watershed area will not be required to pre-treat their storm water runoff prior to discharging to the public stormwater system.

Watershed Area E

The Authority will construct, own and maintain a seasonal and/or perennial stormwater treatment wetland system shall be located in the open space area west of the WWTF. The stormwater treatment wetland shall be integrated with both the Wilds area (refer to Open Space plan) and the WWTF layout. The wetland shall be 10-15 acres in size. The wetlands shall include retention and flow control structures as required to regulate stormwater flows and ensure slope stability and erosion control. Watershed Area E will utilize outfall structures into the wetland area. The wetland area will then discharge through an outfall located along the eastern shoreline near the WWTF. The wetland area will be designed to meet regulated treatment standards for the runoff prior to discharging to the Bay. The wetland area will include seasonal and/or perennial stormwater treatment areas.

The stormwater runoff from the public streets within this watershed area will be pre-treated with bio-retention/infiltration planters or bio-swales within the landscape strips along the roadway section. The street flows will then be treated again in the combined treatment area.

The development parcels within this watershed area will not be required to pre-treat their storm water runoff prior to discharging to the public stormwater system.

Watershed Area E2

The SFPUC will be responsible for the construction of the WWTF in this watershed area. The WWTF area will utilize an outfall structure into the wetland area or an outfall along the eastern shoreline. Portions of treatment flows may be directed to the wetland area for treatment. The other areas will emphasize Low Impact Development (LID) type measures for the treatment of runoff. BMPs in this area will be selected by the SFPUC as part of the design of the treatment facility. The stormwater treatment wetland will be constructed by the Developer.

Watershed Area F

This watershed area will utilize outfall structures along the eastern shoreline or the wetland area. The urban farm and sports fields have been identified as specific treatment areas to address specific pollutants of concern associated with

garden/farming activities and field maintenance. Appropriate BMPs will be incorporated within these areas to address these concerns.

Watershed Area G & H

Watershed H will be combined with G and will utilize an outfall structure located along eastern shoreline to discharge runoff. The combined treatment area for these watersheds will be located along the northern edge of Watershed G near the recreation fields. The treatment flow from these watersheds will be split off from the larger flows near the outfall and pumped up to the treatment area. Stormwater treatment BMPs will be integrated with the park design to ensure aesthetic and programmatic consistency. The BMPs could include:

- Bio-retention Planters
- Street Planters
- Swales

The stormwater runoff from the public streets within these watershed areas will be pre-treated with bio-retention/infiltration planters or bio-swales within the landscape strips along the roadway section. The street flows will then be treated again in the combined treatment area.

The development parcels within these watershed areas will not be required to pre-treat their storm water runoff prior to discharging to the public stormwater system.

Existing School Site

As a distinct use with ample open space adjacent to buildings this area will be treated as a discrete treatment area. BMPs will be selected with an emphasis on ecological and educational opportunities associated with the green schoolyard concept. Selected BMPs may include Bioretention/Infiltration Planters, Raingardens, Swales, Subgrade Infiltration Areas and/or Permeable Paving. The outfall for the school site will be directed towards the wetland area.

Centralized Treatment Areas

Many of the watershed areas included centralized treatment areas where a single treatment feature treats stormwater from the entire watershed including private parcels and TIDA controlled property. Private vertical development and TIDA controlled property will not be required to implement any stormwater treatment measures on their parcels if the stormwater treatment is provided in designated off-parcel, centralized treatment areas as approved by the SFPUC. Stormwater Control Plans will be submitted as per the DRDAP.

12.3.2 Yerba Buena Stormwater Treatment Areas

Watershed Area Y1

This watershed area will utilize an outfall located near the intersection of Macalla Road and Treasure Island Road. The treatment areas for this watershed will be a combination of areas along Macalla Road. The treatment flow from this watershed will be split off from the larger flows and directed to the treatment areas with gravity diversion structures where possible or with pump stations prior to the outfall. Stormwater treatment BMPs will be integrated with the YBI Habitat Plan and open space design. The BMPs could include:

- Bio-retention/Infiltration Planters
- Raingardens
- Swales

The development parcels within these watershed areas will not be required to pre-treat their storm water runoff prior to discharging to the public stormwater system.

Watershed Area Y2

This watershed area will utilize an outfall located on the northern shoreline of YBI at the lower elevations below the Great White historic buildings. The treatment area for this watershed will be located in the open space area below the Great Whites. The treatment flow from this watershed will be split off from the larger flows and directed to the treatment areas with gravity diversion structures where possible or with pump stations prior to the outfall. Stormwater treatment BMPs will be integrated with the YBI Habitat Plan and open space design. The BMPs could include:

- Bio-retention/Infiltration Planters,
- Raingardens
- Swales

The development parcels within these watershed areas will not be required to pre-treat their storm water runoff prior to discharging to the public stormwater system.

Centralized Treatment Areas

Many of the watershed areas included centralized treatment areas where a single treatment feature treats stormwater from the entire watershed including private parcels and TIDA controlled property. Private vertical development and TIDA controlled property will not be required to implement any stormwater treatment measures on their parcels if the stormwater treatment is provided in designated off-parcel, centralized treatment areas as approved by the SFPUC. Stormwater Control Plans will be submitted as per the DRDAP.

Typical treatment cross sections for the street planters and bio-retention planters are shown on Figure 12.5. These BMPs will be designed to meet the stormwater control requirements of the Stormwater Design Guidelines at all times during the treatment storm at Mean Higher High Water (MHHW) conditions, with 16-inches of SLR. Stormwater treatment BMPs required to meet the Stormwater Design Guidelines shall be designed such that the system hydraulic grade line during the treatment storm, at MHHW (6.22 NAVD 88) conditions, with 16-inches of SLR shall have a 6-inch clearance below the bottom of the treatment and/or storage zones, unless approved by the SFPUC on a case-by-case scenario. The final sizing and elevations of the stormwater treatment devices will be developed in coordination with the SFPUC prior to approval of the Major Phase and Sub Phase applications and will meet the San Francisco Stormwater Design Guidelines treatment requirements.

Maintenance of the Stormwater Management Controls for Treasure Island / Yerba Buena Island Development Project will be as follows:

Homeowners Association or TIDA: The development homeowners association or TIDA will maintain all Stormwater Management Controls required to meet SFPUC stormwater management

requirements to treat runoff from private development (buildings, courtyards, parks and open space, private alleys, etc.) or TIDA controlled property (TIDA owned trust streets, TIDA owned facilities, etc.) as defined within the property legal descriptions. At no time will this runoff discharge to stormwater management controls located within the public right of way. This maintenance obligation includes all necessary stormwater lift stations and other ancillary infrastructure required for the Stormwater Management Controls to properly function.

SFPUC or other City Agency: The SFPUC or other City Agency will be responsible for maintenance of Stormwater Management Controls within the public right of way designed to only treat runoff from the public right of way. This maintenance obligation includes all infrastructure required for the Stormwater Management Controls located in the public right-of-way to properly function.

"Stormwater Management Controls" means the facilities, both those to remain privately-owned and those to be dedicated to the City, that comprise the infrastructure and landscape system that is intended to manage the stormwater runoff associated with the Project, as required by the San Francisco stormwater management standards, the applicable NPDES permit, and/or state and federal law, and as described in this Infrastructure Plan. Stormwater Management Controls include but are not limited to: (i) swales and bio-swales (including plants and soils), (ii) bio-retention and bio-filtration systems (including plants and soils), (iii) constructed ponds and/or wetlands (vi) permeable paving systems, and (v) other facilities performing a stormwater control function constructed to comply with the San Francisco stormwater management standards, the applicable NPDES permit, and/or state and federal law. Stormwater Management Controls shall not mean Infrastructure that is part of the traditional collection system such as catch basins, stormwater pipes, stormwater pump stations, outfalls, etc, that are located in the public right-of-way.

12.4 Coast Guard and Job Corps

The Developer will not replace the stormwater facilities within the Coast Guard and Job Corps properties.

The Coast Guard facility is a separate system on YBI and no connections to the new system are required.

The existing Job Corps stormwater system crosses their property line at several locations along their western and southern property line and connects to the existing TI system. The Project will coordinate with the Job Corps and re-connect their system at one location on Avenue C. The Project

will then provide one of the following two alternatives for connecting the Job Corps stormwater system to the existing outfall along the western shoreline that currently serves the Job Corps site:

1. Install a new gravity line from the Job Corps connection point on Avenue C to the existing outfall. The gravity line would be sized to match the existing drainage conditions on the Job Corps campus.
2. Install a new pump station at the connection point and provide a dedicated force main to the existing outfall. The pump station and force main would be designed to match the existing drainage conditions on the Job Corps campus.

No improvements to the existing outfall are proposed and the Job Corps will be responsible for any required storm water treatment on their site.

12.5 Phases for Stormwater System Construction

The Developer will design and install the new stormwater collection and treatment systems to match the Sub-Phases of the Project. The amount of the existing system replaced with each Sub-Phase will be the minimum necessary to serve the Sub-Phase. The existing land areas on Treasure Island will continue to utilize the existing stormwater collection system with interim connections to the new system where required to maintain the existing service until the existing areas are demolished. The existing stormwater pump/lift stations will continue to be used for the existing land areas to remain during the initial Sub-Phases of the Project. The existing pump/lift stations located within each Sub-Phase will be removed or replaced with that Sub-Phase. Repairs and/or replacement of the existing facilities necessary to serve the sub-phase will be designed and constructed by the Developer.

Subject to negotiating a separate utilities interim operations memorandum of understanding between the Authority and the SFPUC, either the Authority or the SFPUC will be responsible for maintenance of existing collection facilities until replaced by the Developer. Once construction of

the Sub-Phase or new collection/treatment facilities are complete and accepted by the SFPUC, the SFPUC will be responsible for the new public stormwater collection system, including pump stations, located in public right of way areas. The Authority will be responsible for the stormwater treatment facilities in public areas. Private stormwater systems, including pump stations and treatment areas, located on private property will be maintained by the property owner.

The Developer will provide an existing conditions report for the existing stormwater system scheduled to remain adjacent to the Sub-Phase prior to the geotechnical mitigation activity. The report will include the conditions of the original system on TI as well as the new system constructed with previous phases adjacent to the new Phase. The report will be updated at the end of the

geotechnical mitigation activity and again at the end of the construction of the Sub-Phase. The limit of the report and how the conditions of the systems are determined will be coordinated with the SFPUC. The Developer will be responsible for damage to the original stormwater system, and/or newly installed stormwater mains on previous phases, due to geotechnical mitigation activity and/or construction of the proposed improvements. The Developer will make the necessary repairs as required and be responsible for any permit violations due to the damage.

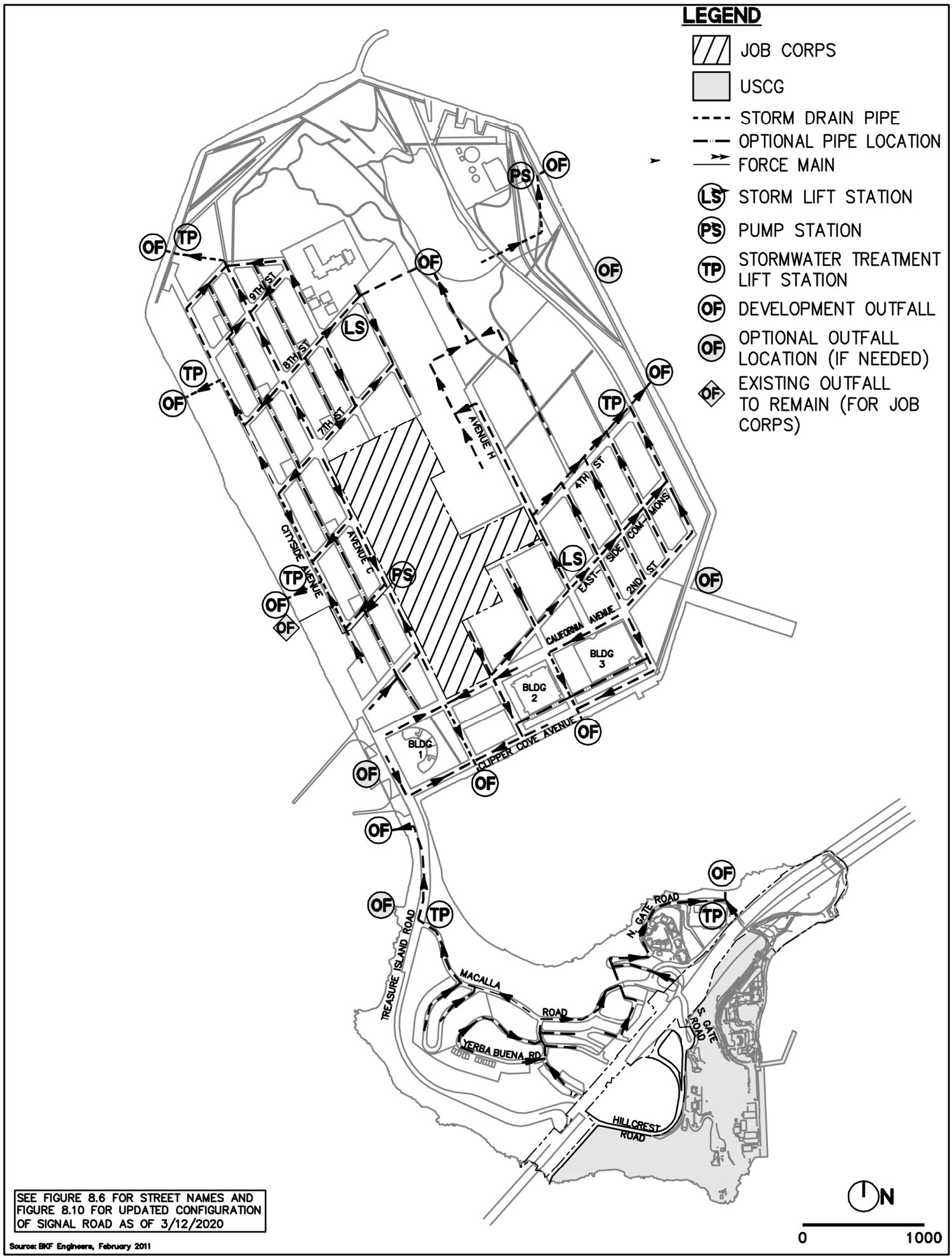
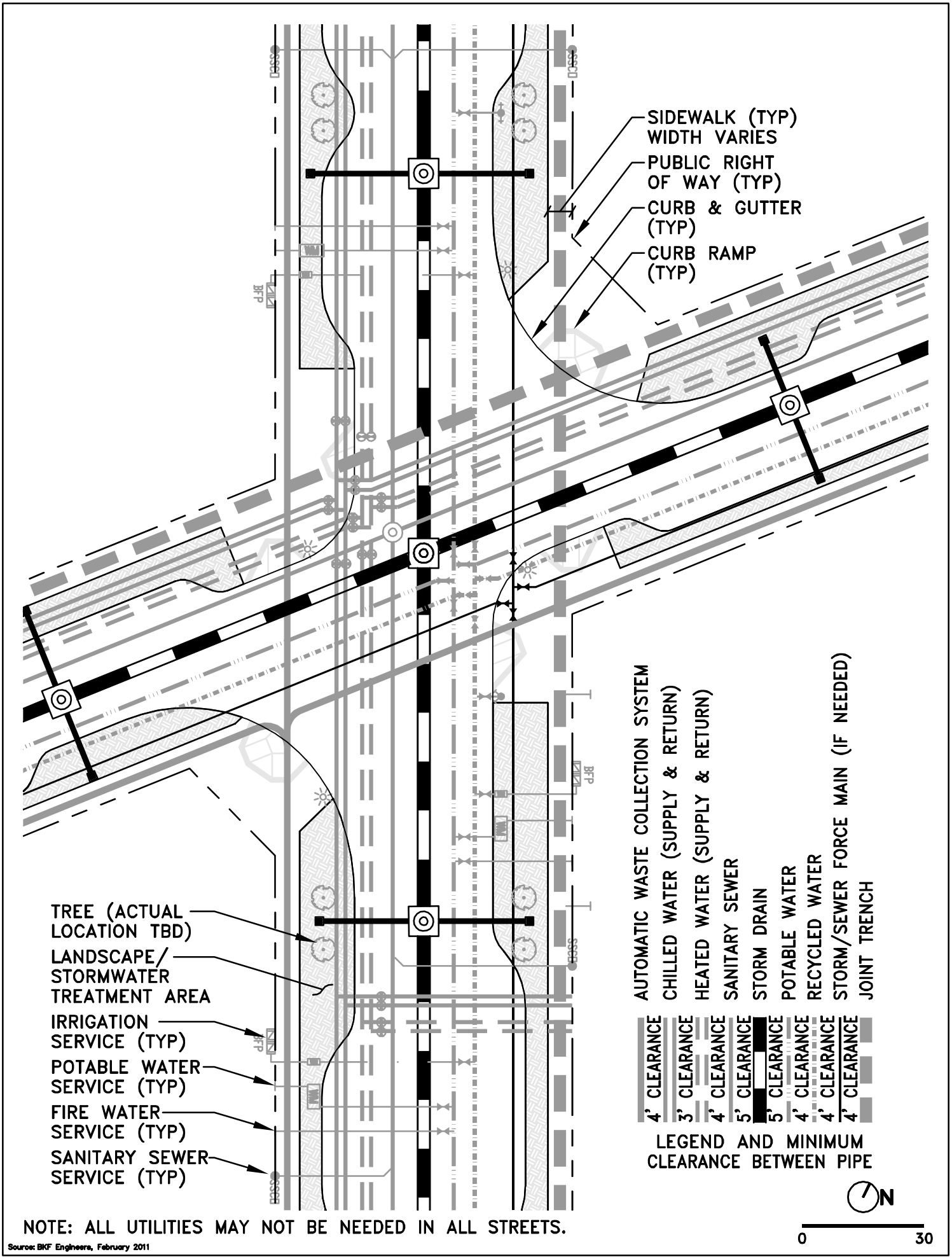
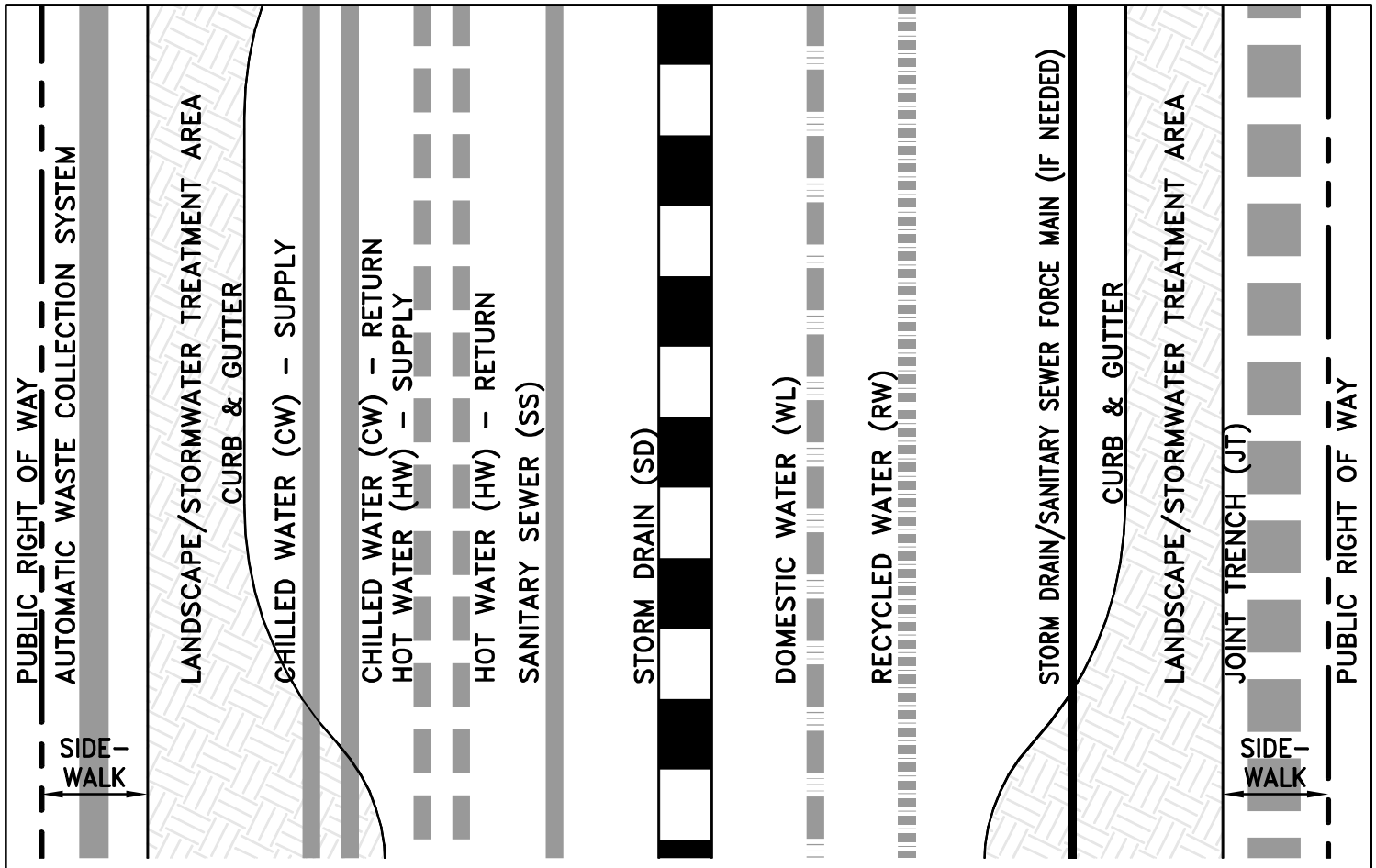


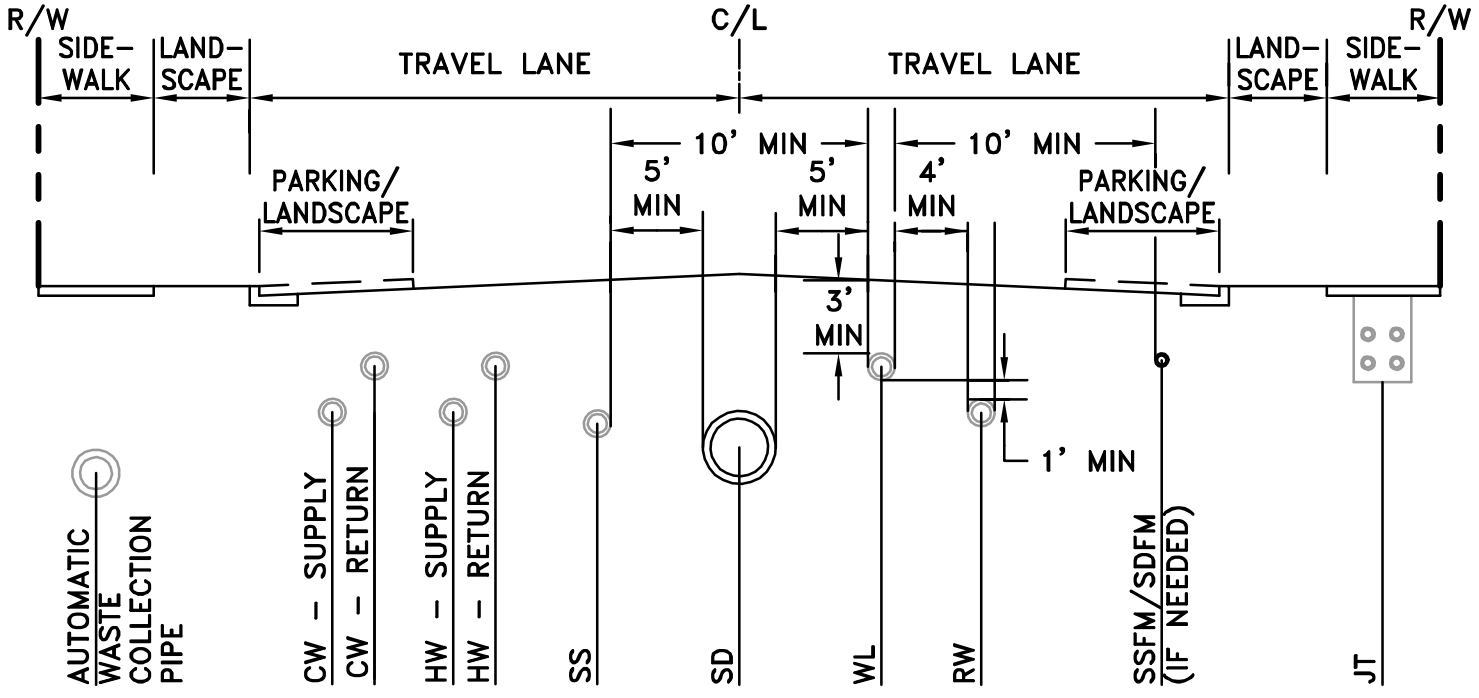
Figure 12.1: Proposed Stormwater Collection System



Treasure Island Infrastructure Plan **Figure 12.2.1: Detail of Stormwater Collection System Location in Streets**



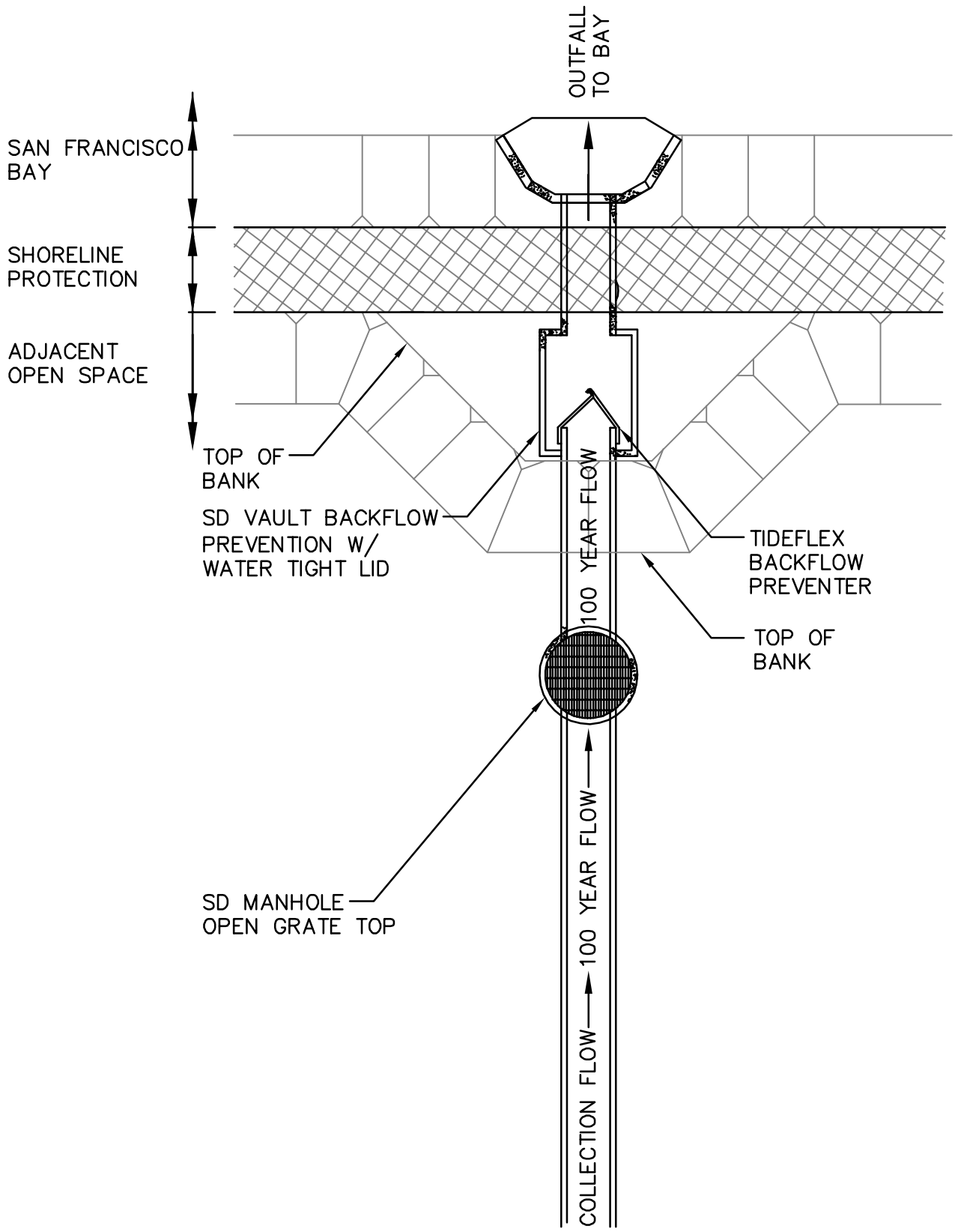
STORMWATER SYSTEM IN STREETS
1"=10'



TYPICAL UTILITY CROSS SECTION
1"=10'

Source: BKF Engineers, February 2011

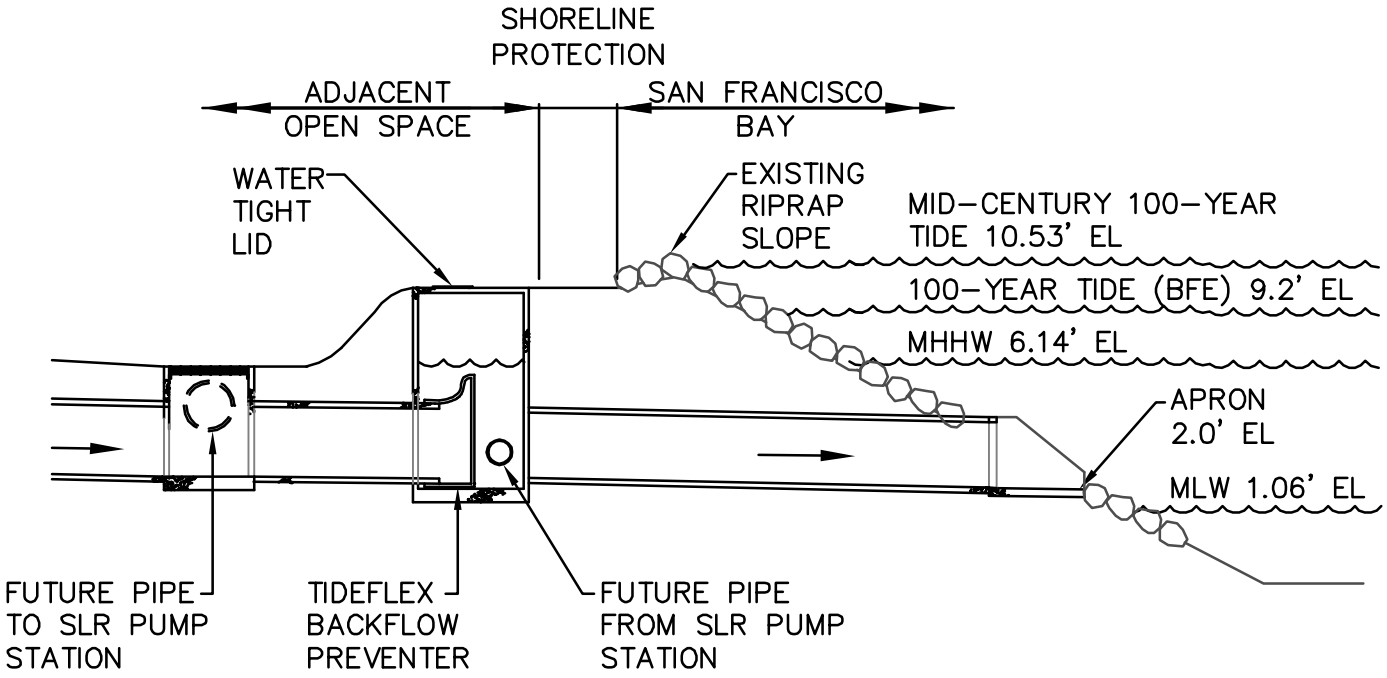
Figure 12.2.2: Detail of Stormwater Collection System in Streets



STORM DRAIN OUTFALL AT CONSTRUCTION

NOT TO SCALE

Source: BKF Engineers, 2010



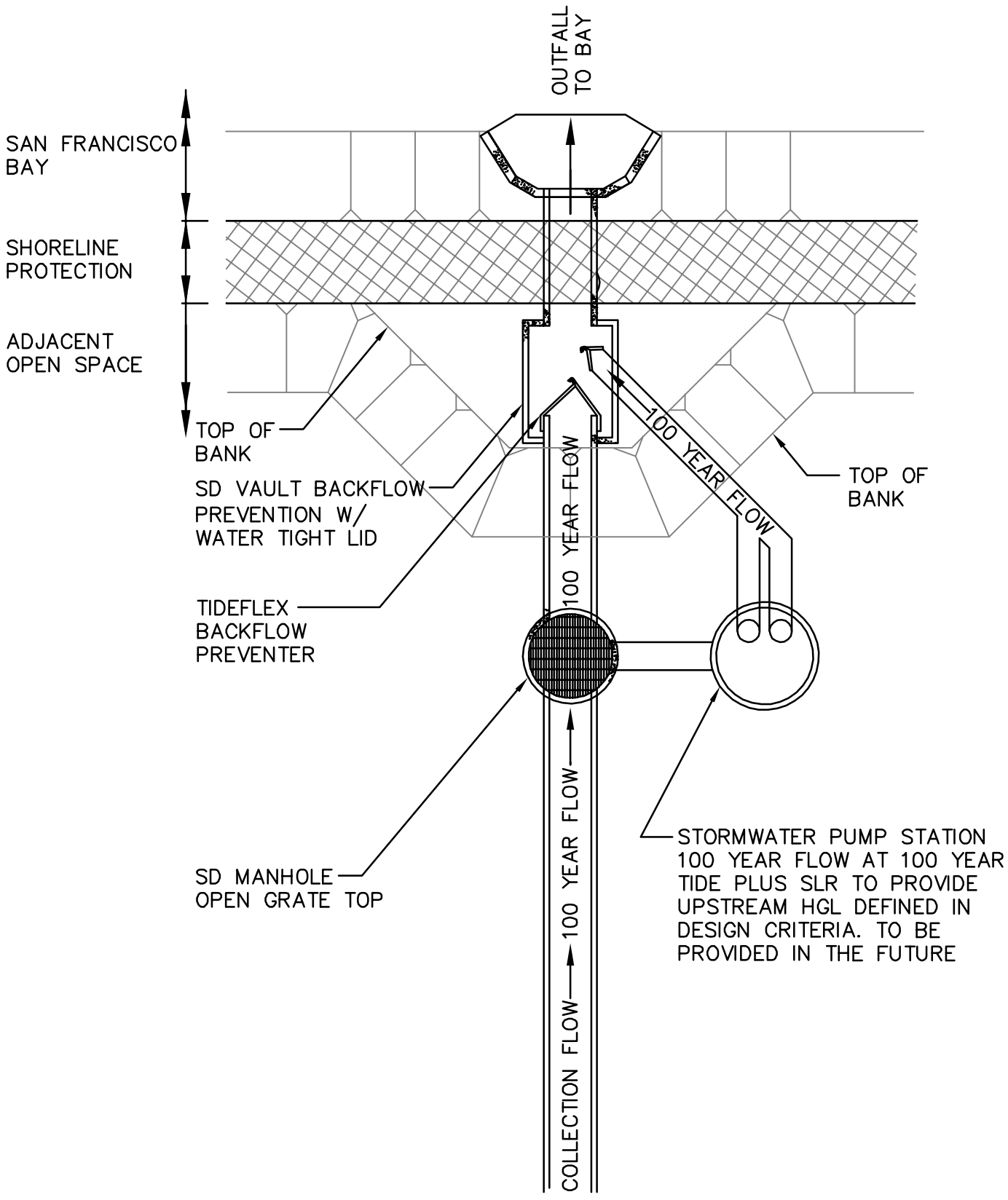
STORM DRAIN OUTFALL - SECTION

NOT TO SCALE

PROJECTED TIDE ELEVATIONS WITH SEA LEVEL RISE

TIDE BENCHMARK	SLR	100-YR	MLW	MHHW
CURRENT	–	9.20'	1.06'	6.14'
MID-CENTURY (~2050)	16"	10.53'	2.39'	7.47'
3/4 CENTURY (~2075)	36"	12.20'	4.06'	9.14'
END CENTURY (~2100)	55"	13.78'	5.64'	10.72'

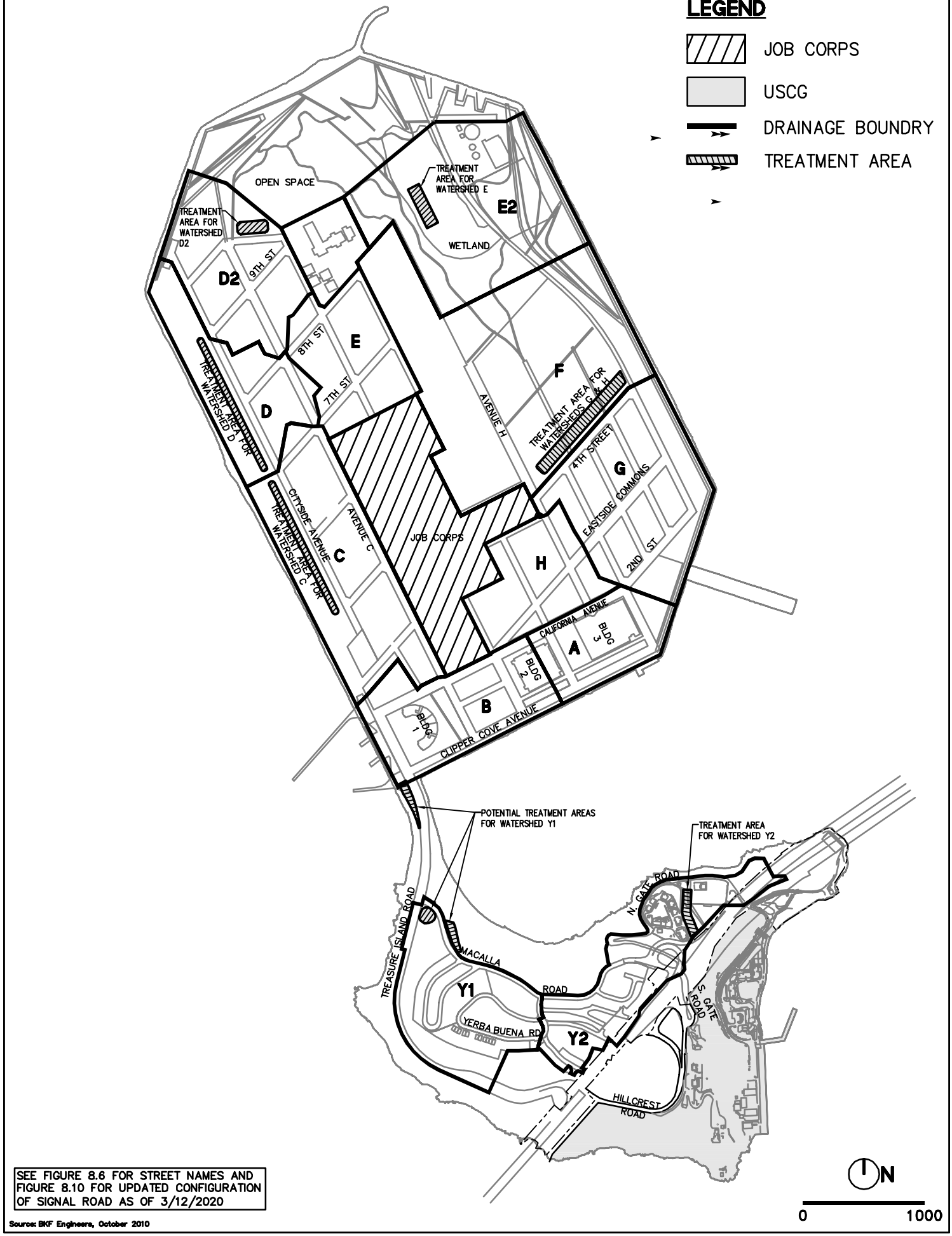
Source: BKF Engineers, February 2011



STORM DRAIN OUTFALL WITH SLR

NOT TO SCALE

Source: BKF Engineers, 2010



Source: BKF Engineers, October 2010

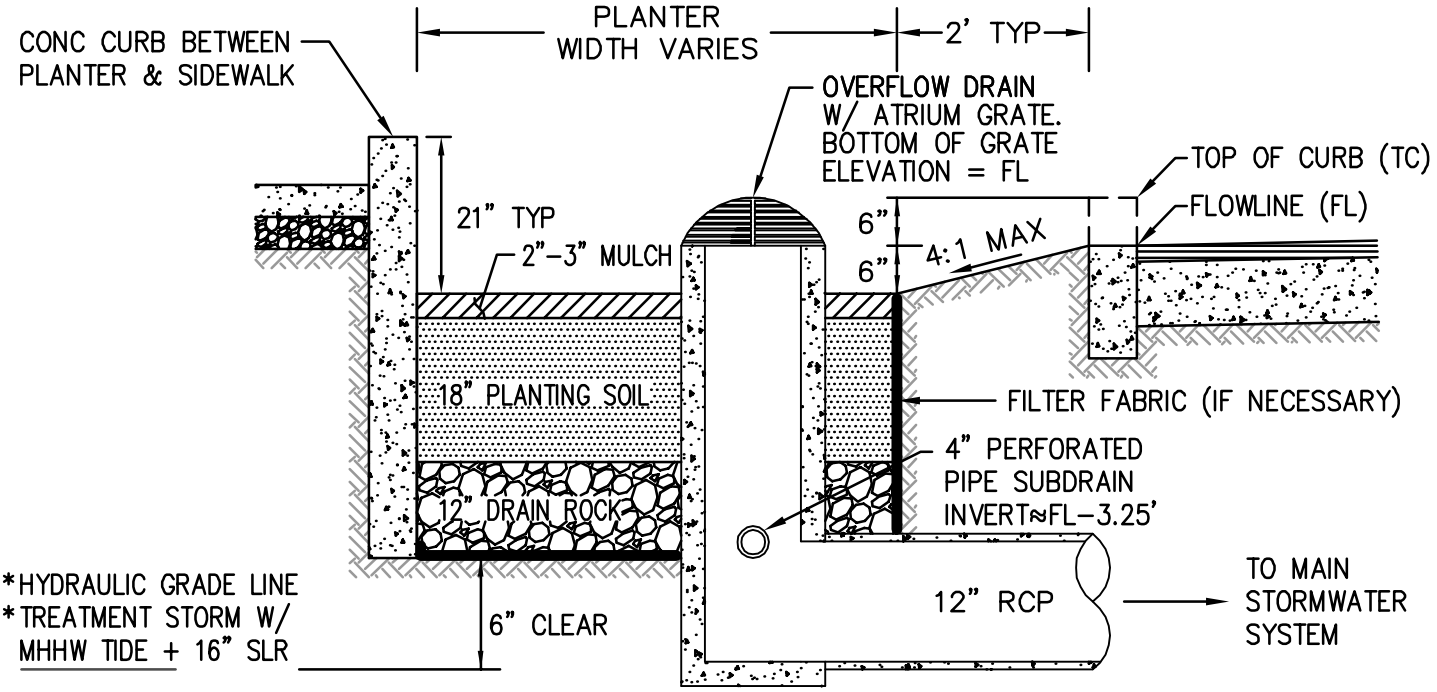
Treasure Island Infrastructure Plan

Figure 12.4: Watershed and Treatment Areas

Source: BKF Engineers, February 2011

Treasure Island Infrastructure Plan

Figure 12.5.1: Typical Stormwater Path

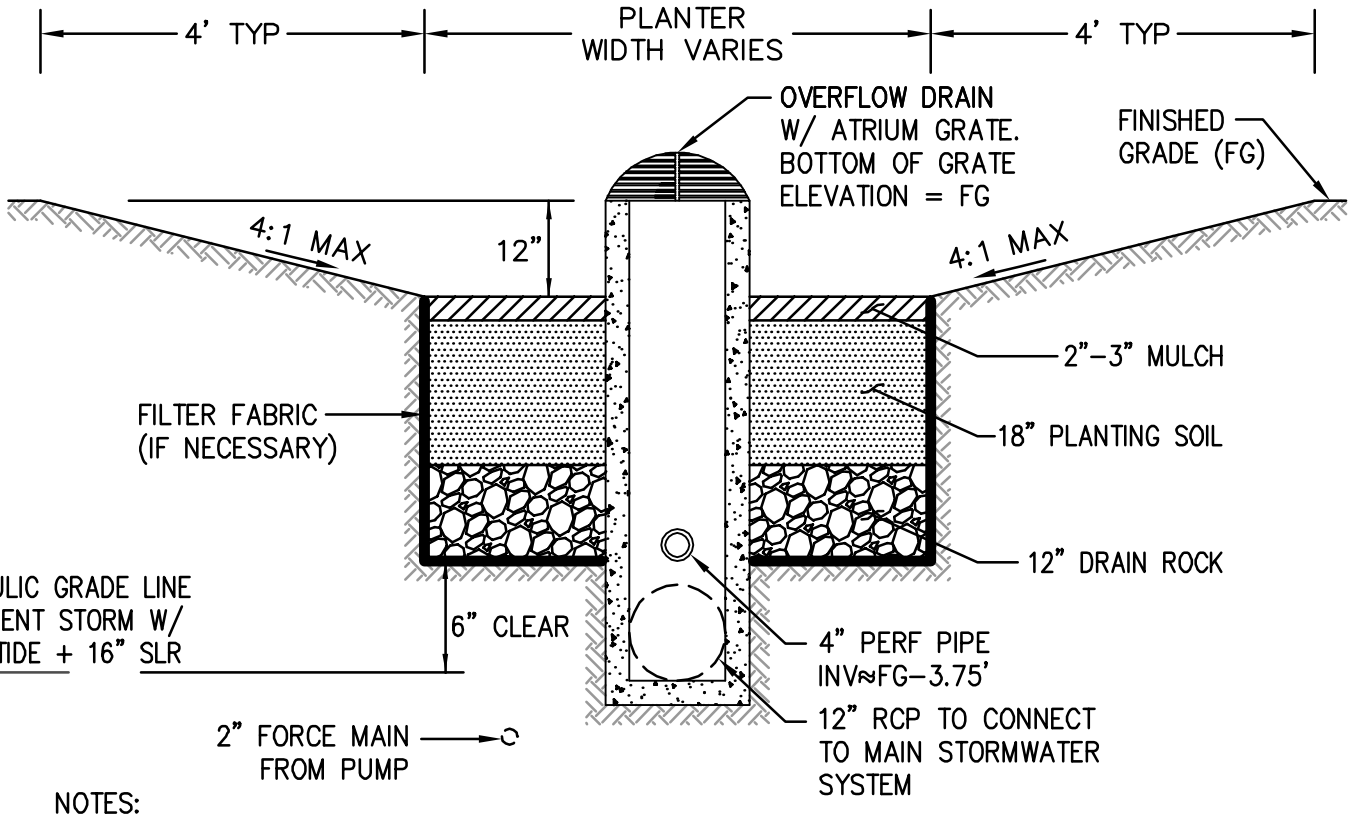


*INDICATES THE HYDRAULIC GRADE LINE (HGL) OF THE STORM EVENT AND TIDE CONDITION (STORM EVENT/TIDE CONDITION) ASSUMING PLANTER LOCATED AT MOST UPSTREAM DRAINAGE STRUCTURE AND FL = 12.0 (NAVD 88).

TYPICAL STREET PLANTER

NOT TO SCALE

Source: BKF Engineers, February 2011



NOTES:

1. *INDICATES THE HYDRAULIC GRADE LINE (HGL) OF THE STORM EVENT AND TIDE CONDITION (STORM EVENT/TIDE CONDITION) ASSUMING PLANTER LOCATED IN SHORELINE PARK JUST UPSTREAM OF TIDEFLEX STRUCTURE AND FG = 12.0 (NAVD 88).

TYPICAL BIORETENTION TREATMENT PLANTER

NOT TO SCALE

Source: BKF Engineers, February 2011

13. DRY UTILITY SYSTEMS

Dry utilities on Treasure Island include electrical, natural gas, cable TV and telecommunications services.

13.1 Electrical System

13.1.1 Existing Electrical Service to Treasure Island

TIDA, or the Power Provider will own, operate, and maintain the existing electrical system once the Navy transfer is complete. They will be responsible for updating/executing/maintaining all related agreements for the continued electrical service to Treasure Island.

13.1.2 Existing Electrical System on Treasure Island

The existing submarine cables from Oakland land on TI near the end of 3rd Street. These lines connect to a series of existing 15kV switches located within Building 3. The existing switches provide sectionalizing capability to various parts of the Island. The existing distribution system on Treasure Island is a mix of underground cables and overhead lines. The rated capacities of the existing systems on Treasure Island are unknown. YBI is served by an existing 12 kV submarine cable running from Treasure Island to Yerba Buena Island under Clipper Cove.

To provide redundant power in case of emergency, the SFPUC owns two portable, diesel-fueled 2 MW generators that serve Treasure Island. The generators are kept outside of Building 3 and connect to the main 12 kV switchgear at TI. In the event of a power outage from an off-Island event, the power is manually switched to the portable generators. The portable generators are currently tested every other week. Each unit has a double-contained storage tank that holds approximately 2,100 gallons of diesel fuel that is adequate to run each generator at 70 percent load for about 20 hours.

13.1.3 Proposed Electrical System

13.1.3.1 Proposed Electrical Demand

The Project's estimated electrical peak demand is 11.4 MW and annual electrical energy consumption is 58,500 Megawatt-hours (MWh). This includes the proposed land uses, existing facilities to remain, infrastructure demands, and the WWTF.

13.1.3.1.1 Proposed Renewable Energy Generation

The Developer will provide 5 percent of peak electric demand with on-site renewable sources. The Project is anticipated to include photovoltaic panels to meet the goal. This would include the ability to provide roof-mounted photovoltaic systems on all buildings, including historic Buildings 1, 2, and 3.

13.1.3.2 Proposed Treasure Island Electrical Distribution System

The Developer will be responsible for the design and construction of the proposed electrical distribution system. The existing electrical distribution will be replaced in phases as the Project builds out. . The new system will be designed and constructed to PG&E standards. The on-island system will include new 15kV class switchgear (outdoor gear in a fenced enclosure) located near the southeast corner of the Project with bus and breakers for protection and sectionalizing load on the island. The submarine cables will be connected to this new switchgear through separate breakers, providing a redundant supply to the Island. The switchgear will include connection points for the two existing trailer mounted generators (to be relocated in close proximity to the switchgear yard) to provide additional redundancy. The distribution system throughout the Project will consist of a looped 600 amp, 12kV, main underground feeder system with fuses to protect radial and looped 200 amp circuits feeding transformers and service cables to residential and commercial developments. Distribution equipment will be installed subsurface or pad mounted as approved by the Power Provider. The existing 12kV submarine cable to YBI will remain and will be reused to provide service to the existing uses on YBI.

The new permanent electric distribution system will be underground in a joint or common trench which shall include gas, communication, and cable TV facilities as described below. The joint trench will also include electrical service for other infrastructure items such as street lights, traffic signals, and pump stations.

13.1.3.2.1 Location of Electrical Distribution System within New Streets

Figure 13.1 shows a conceptual layout of the joint trench system. Figure 13.2 shows the typical alignment of the joint trench system within the proposed streets.

13.1.3.3 Phases for Electrical System Construction

The Developer will design and install the new electrical system in phases to match the Sub-Phases of the Project. The amount of the existing system replaced with each Sub-Phase will be the minimum necessary to serve the Sub-Phase. The Sub-Phase will connect to the existing systems as close to the edge of the new Sub-Phase as possible while maintaining the integrity of the existing system for the remainder of the Island. Repairs and/or replacement of the existing facilities necessary to serve the Sub-Phase will be designed and constructed by the Developer.

The existing land uses on Treasure Island will continue to utilize the existing electrical distribution system with interim connections to the new system where required to maintain the existing service until the existing uses are demolished. These interim connections may be on overhead pole lines to facilitate ease of relocation to accommodate construction. The Power Provider will be responsible for maintenance of existing facilities until replaced by the Developer and will be responsible for the new power facilities once the Sub-Phase or new power facility is complete and accepted by the Utility Provider.

The Developer will provide an existing conditions report for the existing electrical system scheduled to remain adjacent to the Sub-Phase prior to the geotechnical mitigation activity. The report will include the conditions of the original system on TI as well as the new system constructed with previous phases adjacent to the new Phase. The report will be updated at the end of the geotechnical mitigation activity and again at the end of the construction of the Sub-Phase. The limit of the report and how the conditions of the systems are determined will be coordinated with the SFPUC. The Developer will be responsible for damage to the original electrical system, and/or newly installed electrical system on previous phases, due to geotechnical mitigation activity and/or construction of the proposed improvements. The Developer will make the necessary repairs as required and be responsible for any permit violations due to the damage.

13.2 Natural Gas System

13.2.1 Existing Natural Gas Demand

The existing natural gas demand at the Islands, including the Job Corps campus and the Coast Guard, is roughly 1.5 million therms per year.

13.2.2 Existing Natural Gas Distribution System

The SFPUC provides the existing natural gas supply to Treasure Island through a contract with the State of California Department of General Services ("DGS"). DGS has a contract with PG&E to use its distribution system and convey natural gas to TI through its 10" diameter submarine pipeline from Oakland. A portion of the existing pipe was recently replaced by Caltrans and PG&E due to conflicts with the construction of the new East Span of the Bay Bridge. There is no existing back-up gas supply.

The existing PG&E submarine gas line lands on the southeast corner TI. This line terminates at a large PG&E meter. Service lines radiate out from this meter to serve the uses on TI and YBI. The existing natural gas distribution system on the Island consists of 10 psi distribution lines using multiple types of pipe, including PVC and steel. The Gas Provider will own, operate, and maintain the existing natural gas service lines after the existing PG&E meter once the Navy transfer is complete.

13.2.3 Proposed Natural Gas System

13.2.3.1 Proposed Natural Gas Demand

The Project’s peak natural gas demand is estimated at 42.6 million British Thermal Units per hour (Btu/hr) and annual gas consumption at approximately 1.3 million therms per year.

13.2.3.2 Proposed Natural Gas Distribution

The Developer will be responsible for the design and construction of the proposed gas distribution system. The new gas distribution system on Treasure Island will be constructed to PG&E standards and owned and maintained by the Gas Provider. The new distribution lines will be included in the joint trench facility shown in Figure 13.1 and 13.2.

13.2.3.3 Phases for Natural Gas System Construction

The Developer will install the new natural gas system in phases to match the Sub-Phases of the Project. The amount of the existing gas system replaced with each Sub-Phase will be the minimum necessary to serve the Sub-Phase. The new Sub-Phases will connect to the existing systems as close to the edge of the new Sub-Phase as possible while maintaining the integrity of the existing system for the remainder of the Island. Repairs and/or replacement of the existing facilities necessary to serve the sub-phase will be designed and constructed by the Developer.

The existing land uses on Treasure Island will continue to utilize the existing gas distribution system with interim connections to the new system where required to maintain the existing service until the existing uses are demolished. The Gas Provider will be responsible for maintenance of existing facilities until replaced by the Developer. The new gas system will be owned, operated and maintained by Gas Provider.

The Developer will provide an existing conditions report for the existing gas system scheduled to remain adjacent to the Sub-Phase prior to the geotechnical mitigation activity. The report will include the conditions of the original system on TI as well as the new system constructed with previous phases adjacent to the new Phase. The report will be updated at the end of the geotechnical mitigation activity and again at the end of the construction of the Sub-Phase. The limit of the report and how the conditions of the systems are determined will be coordinated with the SFPUC. The Developer will be responsible for damage to the original gas system, and/or newly installed gas system on previous phases, due to geotechnical mitigation activity and/or construction of the proposed improvements. The Developer will make the necessary repairs as required and be responsible for any permit violations due to the damage.

13.3 Telecommunications and Cable TV

The existing telecommunication facilities and cable TV on Treasure Island are outdated and in a poor state of repair. The entire system will need to be replaced with the Project.

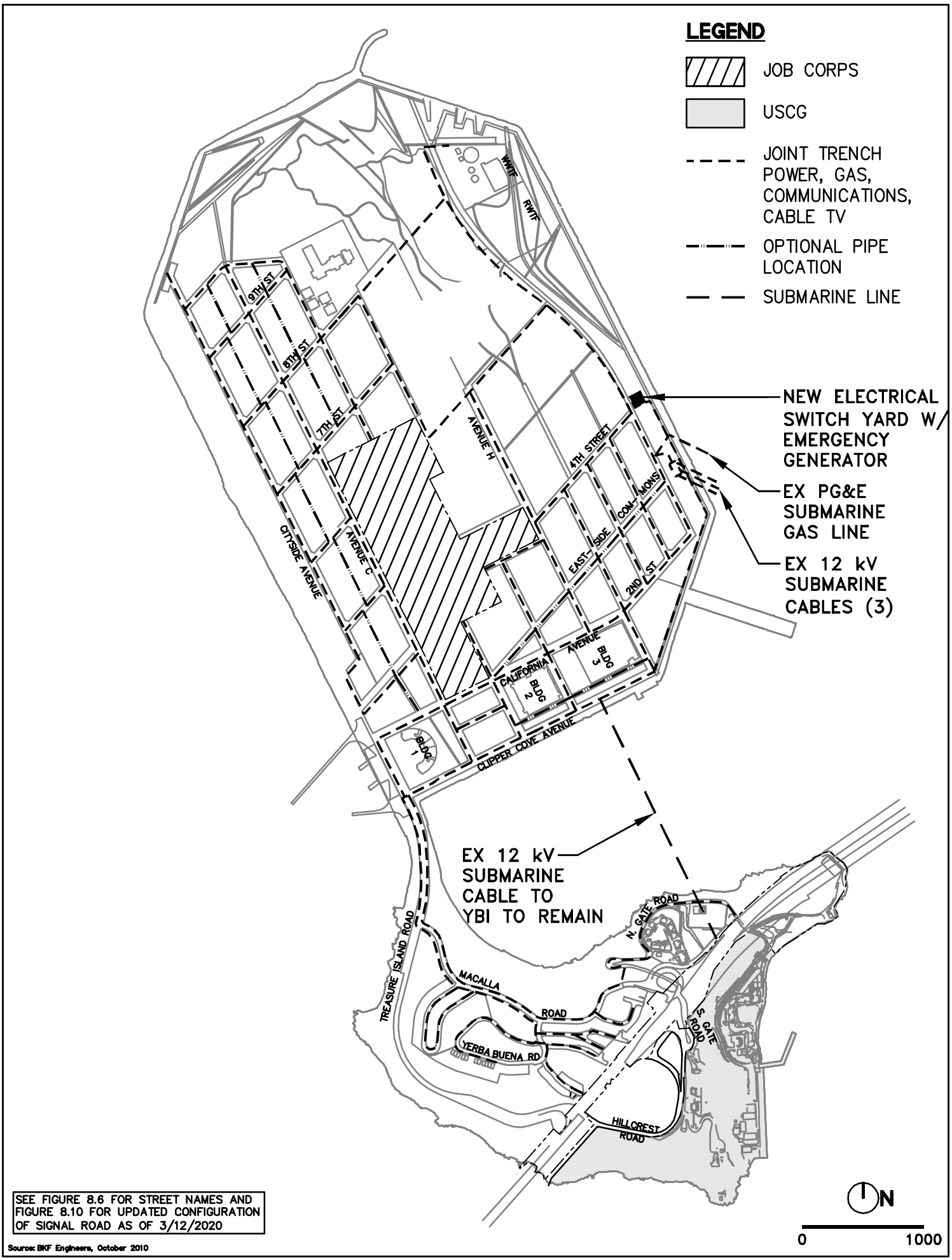
The Developer will be responsible for the design and construction of the new services for the Project. The new services will be constructed in phases. The amount of the existing systems

replaced with each Sub-Phase will be the minimum necessary to serve the Phase. The Sub-Phase will connect to the existing systems as close to the edge of the Sub-Phase as possible while maintaining the integrity of the existing system for the remainder of the Island. The existing land uses on Treasure Island will continue to utilize the existing system with interim connections to the new system where required to maintain the existing service until the existing uses are demolished.

The new system will be included in the joint trench facility shown in Figure 13.1 and 13.2.

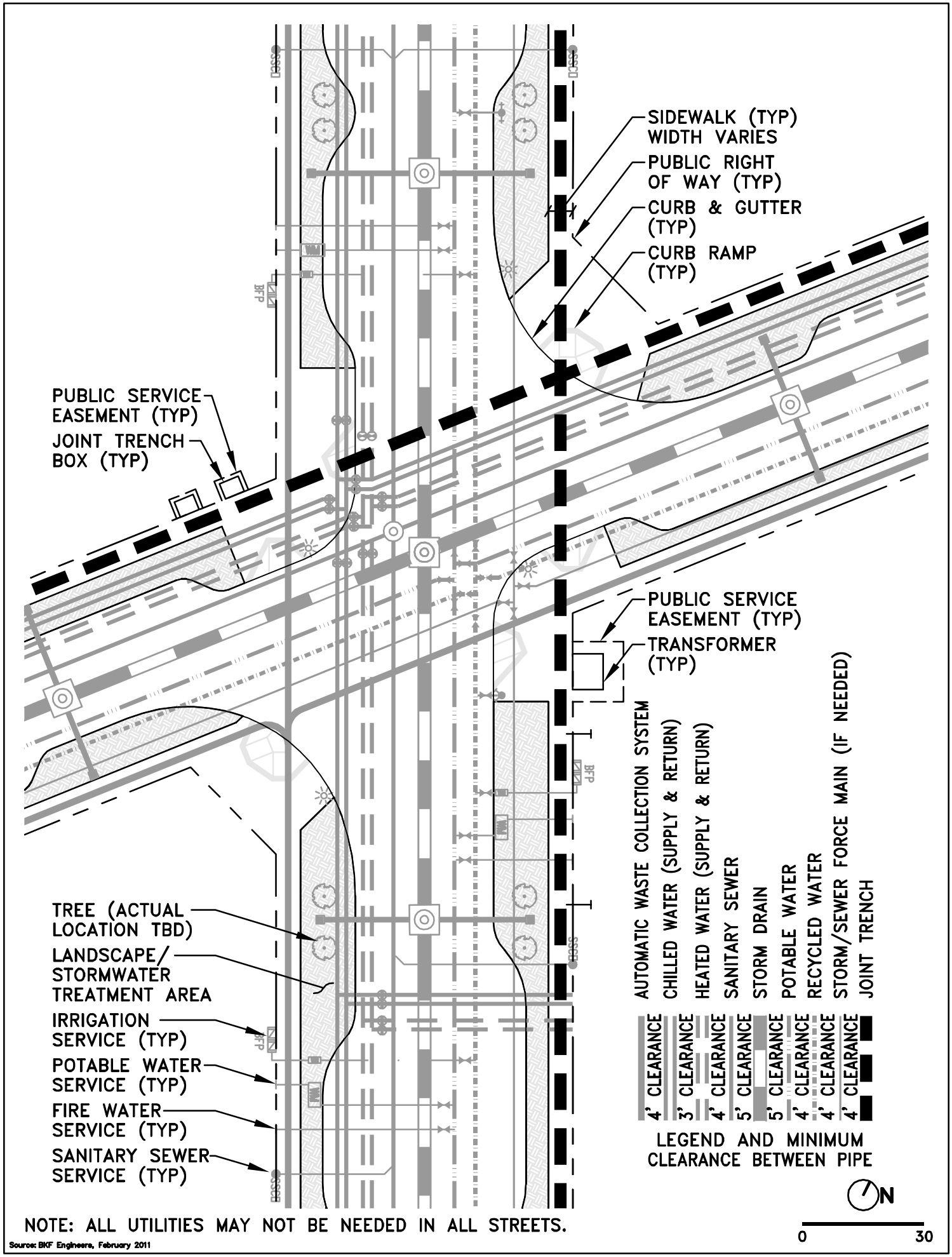
13.4 Coast Guard and Job Corps

The Developer will not replace the dry utility facilities within the Coast Guard and Job Corps properties. The Developer will construct the new systems, including connection and/or transition facilities, up to the boundary of these two property owners and connect to their existing systems to maintain the existing services.



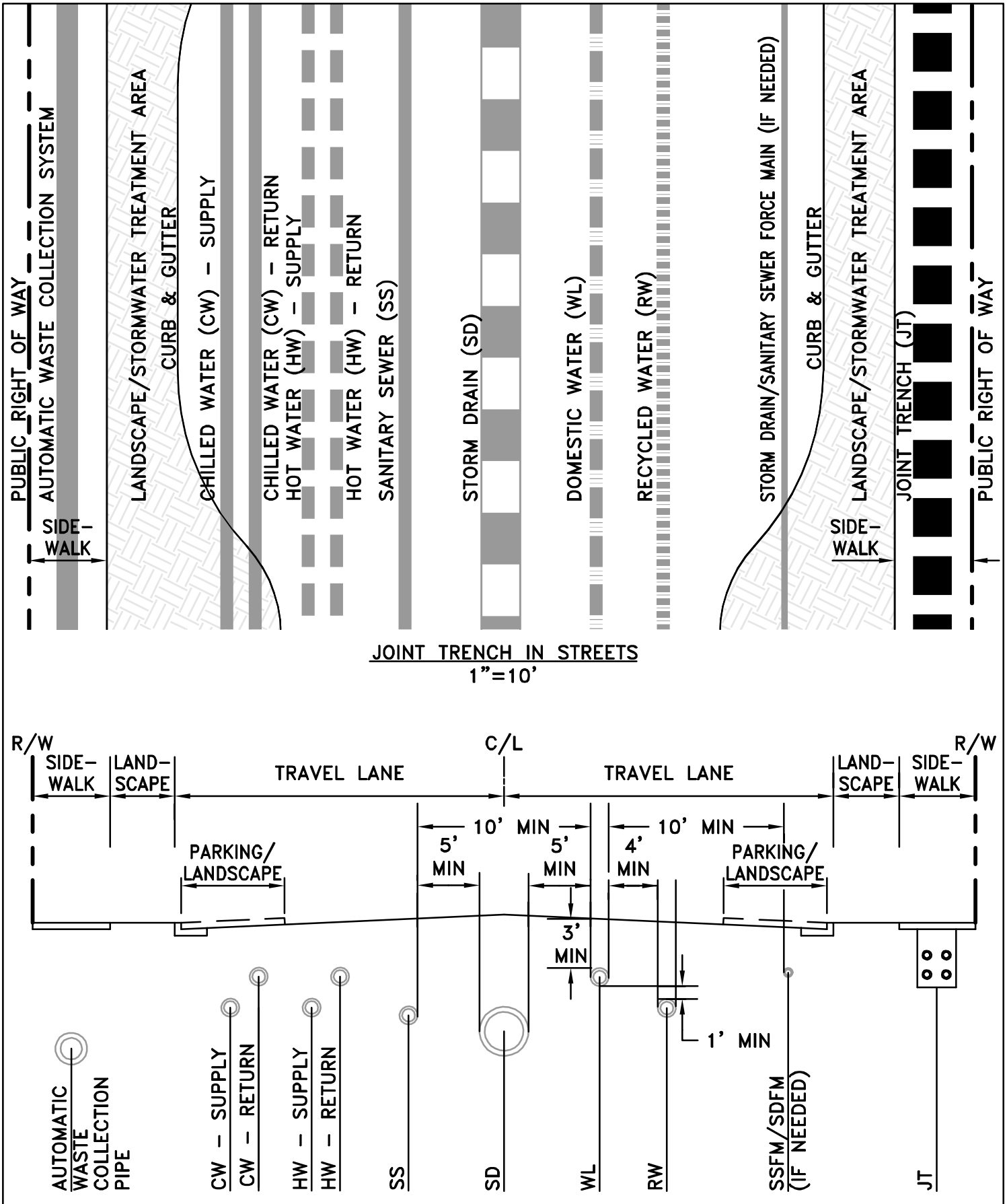
Treasure Island Infrastructure Plan

Figure 13.1: Proposed Joint Trench Distribution System



Treasure Island Infrastructure Plan

Figure 13.2.1: Detail of Joint Trench System Location in Streets



Source: BKF Engineers, February 2011

Figure 13.2.2: Detail of Joint Trench System Location in Streets

14. PROJECT INFRASTRUCTURE VARIANTS

A number of alternative infrastructure utilities have been considered as variants in the EIR for the project, including district heating and cooling, automated waste collection, and on-site renewable energy generation. These systems have been evaluated for use on the project, but have not been confirmed for implementation as of the date of this Infrastructure Plan. Upon mutual agreement between the City and the Developer, future implementation of any of these systems could be integrated into the project design as project approvals progress. Implementation and maintenance of these systems may be by the SFPUC, the Authority, or third party providers, or in combination between such parties. The infrastructure presented in this Infrastructure Plan would not preclude the future implementation of any of these systems.

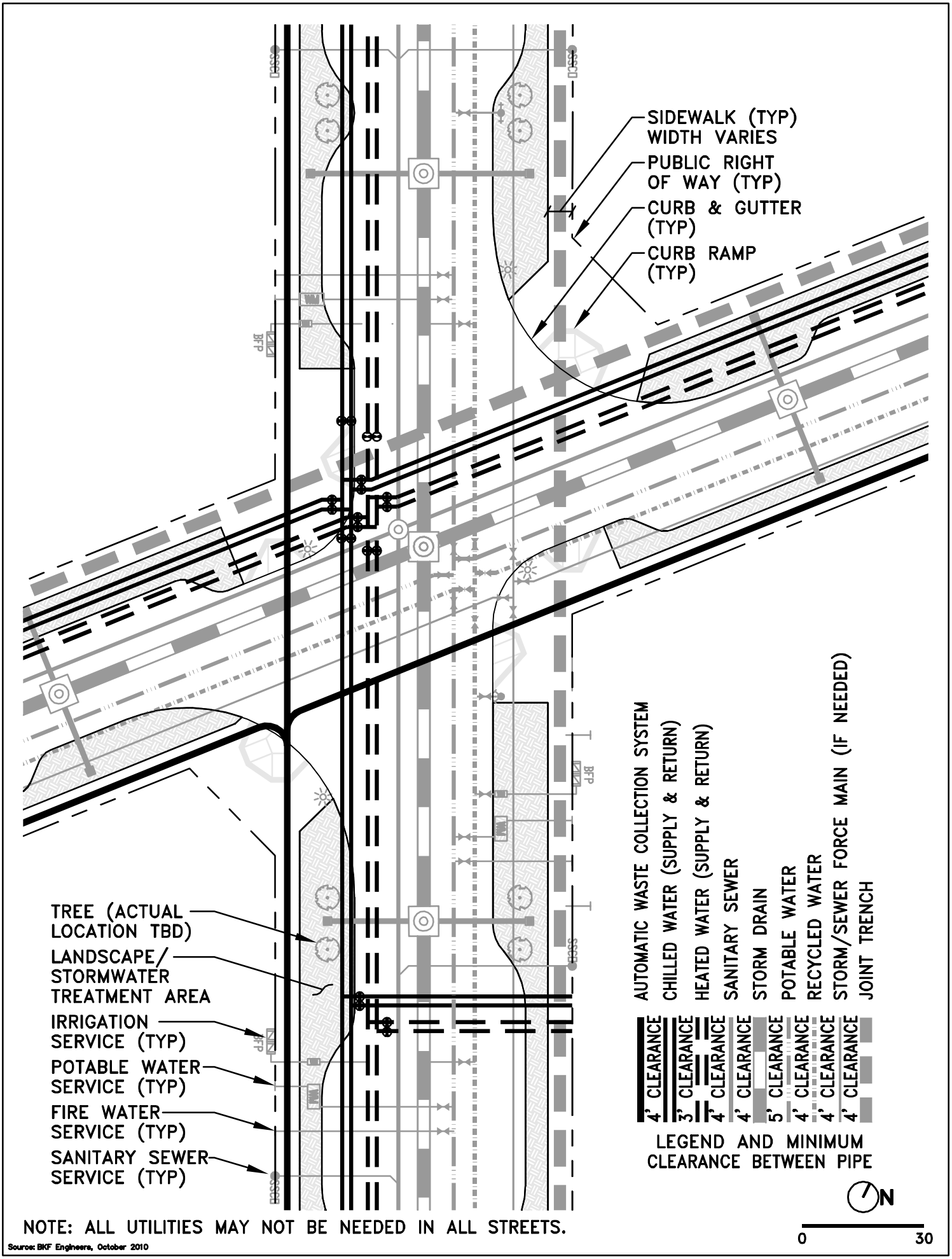
14.1 Location of Alternative Utilities

Figure 14.1 shows the potential pipe locations within the public street sections for the district heating and cooling, and automated waste collection systems.

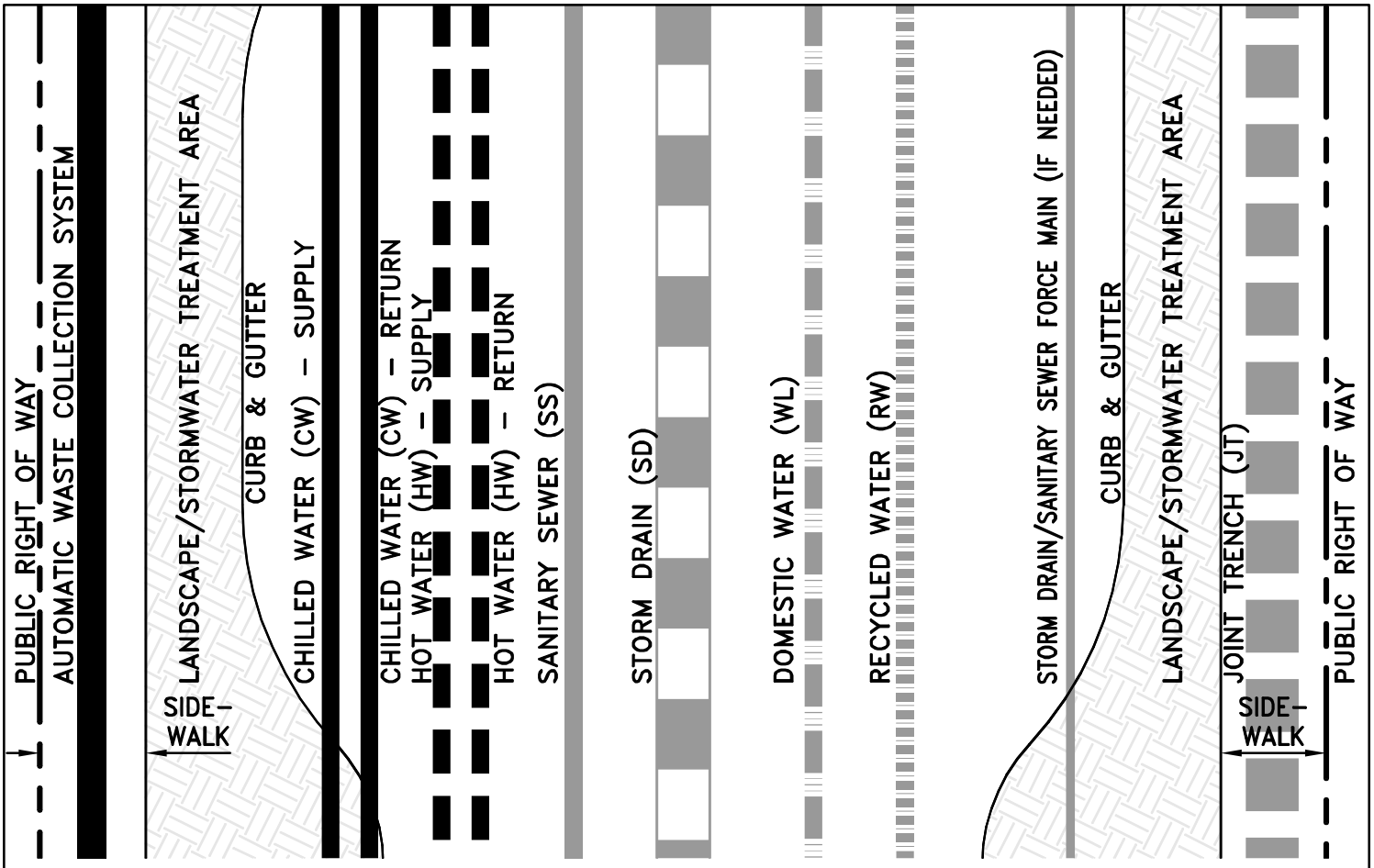
14.2 Phasing

Any such alternative infrastructure utilities selected for implementation will be developed in conjunction with the phased buildout of the project. In cooperation with the Authority and the party responsible for implementation of such system(s), the Developer shall coordinate the submittal of design plans as part of the applicable Major Phase or Sub Phase Application.

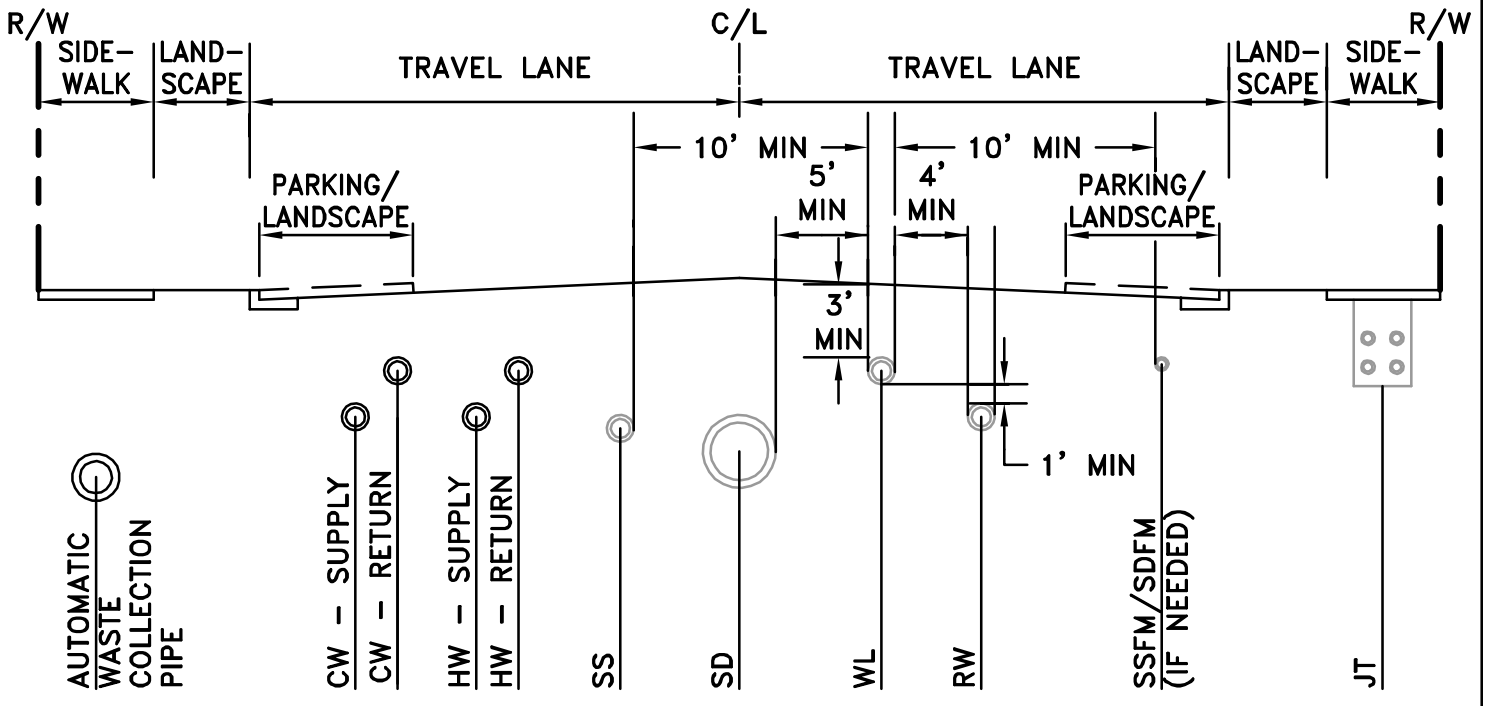
Impacts to improvements installed with previous Phases of development do to the designs of the new Phase will be the responsibility of the Authority/System Operator/Developer and addressed prior to approval of the construction drawings for the new Phase.



Treasure Island Infrastructure Plan **Figure 14.1.1: Detail of Heating/Cololing & Automated Waste System in Streets**



POTABLE WATER IN STREETS
1"=10'



TYPICAL UTILITY CROSS SECTION
1"=10'

Source: BKF Engineers, October 2010

Figure 14.1.2: Detail of Heating/Cololing & Automated Waste System in Streets

Attachment 2

CITY & COUNTY OF SAN FRANCISCO

TREASURE ISLAND DEVELOPMENT AUTHORITY
ONE AVENUE OF THE PALMS,
2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFTREASUREISLAND.ORG

LONDON N. BREED
MAYOR

ROBERT BECK
TREASURE ISLAND DIRECTOR

May 4, 2020

Dear Mayor Breed:

By this letter and pursuant to the Interagency Cooperation Agreement (Treasure Island/Yerba Buena Island) ("ICA"),[1] the Treasure Island Development Authority ("TIDA") requests that you determine that TIDA's proposed changes to the Treasure Island Infrastructure Plan ("Infrastructure Plan)[2] are not material.

The Infrastructure Plan defines the public infrastructure for the portions of Naval Station Treasure Island, including Yerba Buena Island ("Project"), that are being redeveloped pursuant to the Disposition and Development Agreement, executed by and between TIDA and Treasure Island Community Development, LLC, dated June 28, 2011. As you are aware, the Project is a housing priority project pursuant to Mayoral Executive Directive 17-02. The Infrastructure Plan governs the construction, development, and site work related to infrastructure required by the Project.

The ICA provides an amendment process for the Infrastructure Plan. TIDA may make non-material changes to the Plan that do not increase any obligations of or lessen the primary benefits accruing to the City. ICA § 8.4(b). However, the Mayor must first determine that proposed changes are not material. *Id.* This determination requires the approval of the Municipal Transportation Agency of the City and County of San Francisco ("SFMTA"), the San Francisco Public Utilities Commission ("SFPUC"), and/or the Fire Department of the City and County of San Francisco ("SFFD") *if* the proposed changes affect these agencies. *Id.* § 8.4(a), (b).

In this case, all three City agencies approved the proposed Infrastructure Plan amendment changes to Macalla Road, discussed below, through their review of the Street Improvement Permit No. 18IE-003 that Public Works approved on May 31, 2018.[3] The proposed amendments

---

[1] The ICA is dated as of June 28, 2011 and was executed by and between the City and County of San Francisco and TIDA. The ICA provides for cooperation between TIDA and the City to administer "the control and approval of subdivisions, and all other land use, development, construction, improvement, infrastructure, occupancy, and use requirements applicable to the Project." ICA Recital H.

[2] The Infrastructure Plan was included as Exhibit FF to the Disposition and Development Agreement.

[3] For reference, the cover sheet to this permit, stamped with Public Works' approval, is attached and may be reviewed in its entirety in Public Works' file for Project No. 20140015-12.

related to Signal Road do not require the approval of SFMTA or SFFD for the reasons explained below, and the SFPUC has approved them, as conveyed in the attached letter.

TIDA's proposed Infrastructure Plan amendment changes account for updated engineering and design solutions negotiated by TIDA, the Project developer, and City agencies over the last several years. The updated Infrastructure Plan is attached to this letter. The proposed changes and the status of City agency approvals are as follows:

Macalla Road: The Infrastructure Plan designates Macalla Road as a one-way major arterial street. This road will remain one-way, but the planned dimensions of the roadway have been changed to match Street Improvement Permit No. 18IE-003 approved by Public Works in 2018 after review by SFPUC, SFMTA, SFFD and other relevant City agencies. The amended Infrastructure Plan retrospectively updates the Macalla Road engineering cross section to reflect these approved changes which were initiated at the request of City agencies.

Signal Road: The Infrastructure Plan currently designates Signal Road as a private road. Following negotiations with the Project developer, Public Works, the SFPUC, and the City Attorney, all parties now agree that Signal Road will be dedicated as a public road and subject to City jurisdiction, allowing the City to manage and issue permits for utilities in the road. TIDA will retain maintenance and liability responsibility for the roadway surface unless and until the City, through Board of Supervisors action, accepts it. The proposed changes in the Infrastructure Plan update the road's designation.

SFPUC has submitted the attached letter pursuant to Section 8.4 of the ICA approving the amendments to the Infrastructure Plan which memorialize certain exceptions to the Treasure Island / Yerba Buena Island Subdivision Code along Signal Road and convert Signal Road to a public street.

Additionally, Signal Road's designation as a public street will not affect SFMTA or SFFD. First, the redesignation of Signal Road from private to public will not change how the road functions for vehicular (SFMTA) and emergency vehicle (SFFD) access. Signal Road meets the minimum standards imposed by SFMTA and SFFD, including a minimum 20' width and, for SFMTA, two lanes of traffic, one in each direction. The road width and lane direction are memorialized in the updated Infrastructure Plan. Additionally, SFFD is unaffected by this change because the Subdivision Regulations for Treasure Island and Yerba Buena Island (Appendix D, Section IIC.3.c) place restrictions on the vertical buildings constructed along the road to accommodate SFFD operation requirements. Any future development will be required to comply with these restrictions. Because the road will meet these design standards, the Infrastructure Plan revision designating Signal Road as public affects neither SFFD nor SFMTA.

As described above, these proposed changes are not material, and no additional approvals from SFMTA, SFFD, or SFPUC are needed. TIDA requests that you countersign this letter to reflect your determination that these proposed changes are not material and that you agree with TIDA's

determination that these amendments do not increase any obligations of or lessen the primary benefits accruing to the City. This approval is necessary to facilitate the approval of the first phased final map for Yerba Buena Island, which includes 189 new homes.

TREASURE ISLAND DEVELOPMENT AUTHORITY

Date: 5/4/2020

By: _____
Robert Beck
Treasure Island Director

CITY AND COUNTY OF SAN FRANCISCO

Countersigned:

Date: 5/12/2020

By: _____
London Breed
Mayor of City and County of San Francisco

Attachments:

1. Amendments to Infrastructure Plan
2. Treasure Island Infrastructure Plan (June 28, 2011)
3. Cover Sheet to Street Improvement Permit No. 18IE-003 (approved May 31, 2018)
4. Letter from SFPUC Approving Changes to the Infrastructure Plan re Signal Road

1225305.12

EXHIBIT GG

Parks and Open Space Plan

[To Be Attached]

[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT HH

Permit to Enter

[To Be Attached]

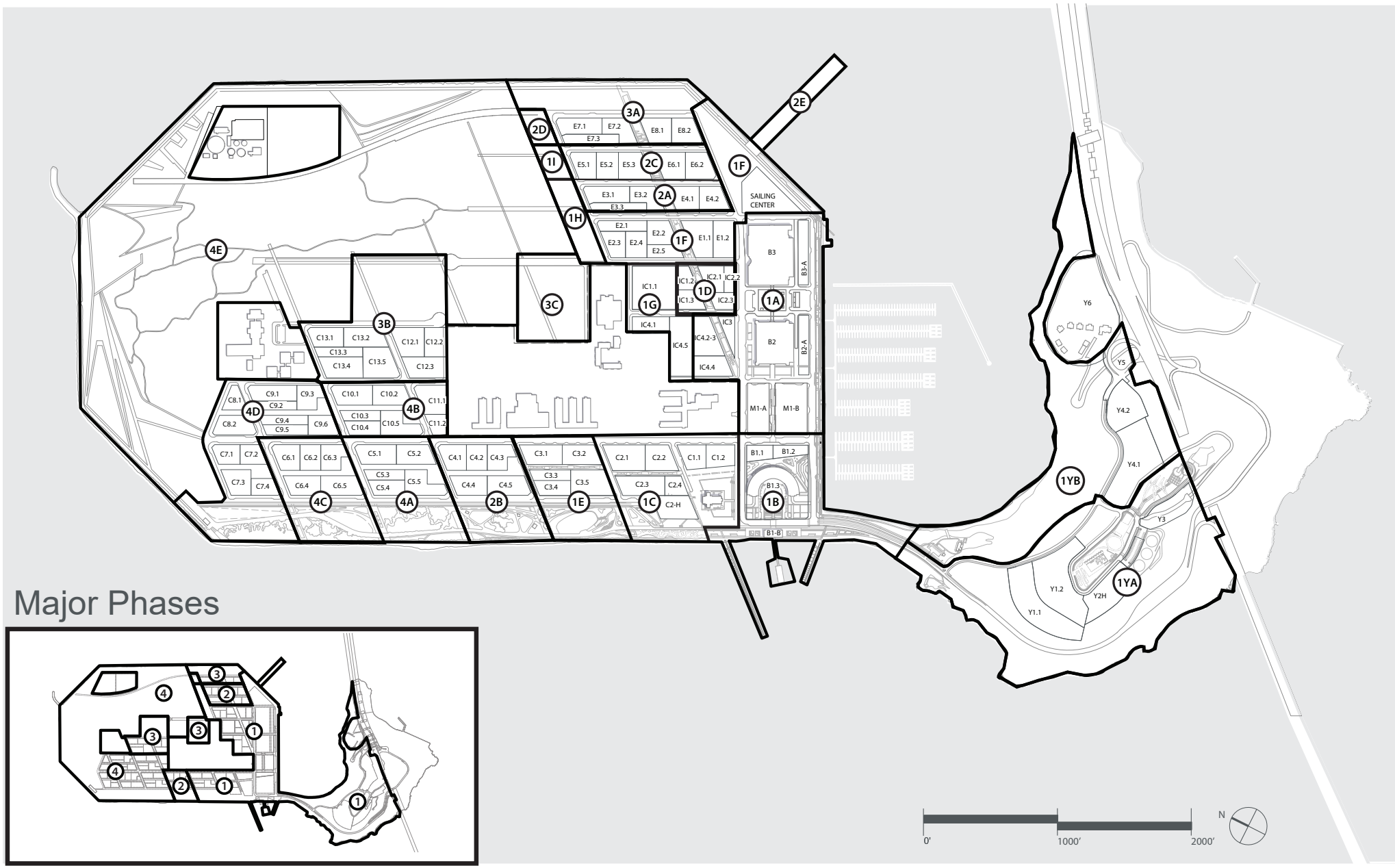
[No change from exhibit attached to the DDA dated for reference purposes as of June 28, 2011, and recorded on August 10, 2011 as Document No. 2011-J235239.]

EXHIBIT II

Phasing Plan

[Attached]

Exhibit II : Phasing Plan



Major Phases

EXHIBIT JJ

Schedule of Performance

[Attached]

EXHIBIT JJ
SCHEDULE OF PERFORMANCE

Major Phase	Sub- Phase	Block	Parks & Open Space [1]	Application Outside Date [2]	Commencement Outside Date [2]	Completion Outside Date [2]
1				**2015**	**2017**	**2032**
	1-A	**B2-B3-M1-IC3-IC4**		**2019**	**2021**	**2030**
			Eastside Commons 1		2029	2030
			Clipper Cove Promenade 2		2030	2031
			Clipper Cove Promenade 3		2030	2031
			Sailing Center Pad		2028	2030
			Eastern Shoreline Park 1		2030	2031
	1-B	**B1**		**2016**	**2018**	**2023**
			Building 1 Plaza		2035	2037
			Marina Plaza		2035	2037
			Clipper Cove Promenade 1		2026	2027
	1-C	**C1-C2**			**2017**	**2023**
			Cityside Waterfront Park 1		2024	2026
			Cultural Park		2024	2026
	1-D	**IC1-IC2**		**2019**	**2028**	**2032**
			Eastside Commons 2		2031	2032
	1-E	**C3**		**2019**	**2021**	**2025**
			Cityside Waterfront Park 2		2024	2026
	1-F	**E1-E2**			**2028**	**2032**
			Eastside Commons 3		2031	2032
	1G	**IC1-IC4**			**2028**	**2032**
2				**2026**	**2029**	**2036**
	2-A	**E3-E4**		2026	2028	2030
			Eastside Park 2		2031	2032
			Eastside Commons 4		2031	2032
	2-B	**C4**		2028	2029	2031
			Cityside Waterfront Park 3		2032	2033
	2-C	**E5-E6**		2028	2030	2032
			Eastside Park 3		2033	2034
			Eastside Commons 5		2033	2034
			Eastern Shoreline Park 2		2033	2034
			Pier 1		2034	2035
3				**2029**	**2031**	**2042**
	3-A	**E7-E8**		2029	2031	2033
			Eastside Park 4		2031	2035
			Eastside Commons 6		2034	2035
			Eastern Shoreline Park 3		2034	2035
	3-B	**C12-C13**		2032	2034	2042
			Urban Farm 2			
	3-C	**IC1-IC4**		2031	2033	2038
			Urban Farm 1		2033	2038
4				**2032**	**2034**	**2042**
	4-A	**C5**		2032	2034	2036
			Cityside Waterfront Park 4		2036	2038
			Sports Park		2037	2038
	4-B	**C10-C11**		2033	2035	2037
			Urban Farm 3		2039	2040
	4-C	**C6**		2034	2036	2038
			Cityside Waterfront Park 5		2038	2040
			Urban Farm 4		2040	2041
	4-D	**C7-C8-C9**		2035	2037	2039
			Cityside Waterfront Park 6		2040	2041
			Northern Shoreline Park / The Wilds / Environmental Center Pad		2041	2042

[1] Horizontal obligations only, no vertical improvement or rehabilitation except as defined in Open Space Plan.
[2] All dates are subject to Navy's environmental remediation efforts provided in the Navy MOA and land transfers from Navy and TIDA.

Community Facility	Obligation	Building Permit / Trigger [3]	Application Outside Date [4]	Commencement Outside Date [4]	Completion Outside Date [4]
		A	B	C	D
Waterfront Plaza / Ferry Terminal Phase 1	Facility	100 du	+6mo	+12mo	+36mo
Retail - Interim Grocery Store (5,000 sf) [5]	Facility	1,000 du	+6mo	+12mo	+36mo
Police / Fire Station	Facility	4,000 du	+24mo	+12mo	+24mo
Retail - Final Grocery Store (15,000 sf)	Facility	5,000 du	+6mo	+12mo	+24mo
Ferry Terminal Phase 2	Facility	As mutually agreed by WETA, Developer, and TIDA, after engaging in a meet and confer process described in the MOU between TIDA and WETA.			
WWTP / Recycled Water Plant / PUC 4-6 acres	Developable Pad	See PUC / TIDA WWTP MOA for timing of pad delivery. As of the A&R Reference Date, the Wastewater Treatment Facility Lot has been transferred to the SFPUC and is under construction, and Developer has fully satisfied this obligation.			
Sailing Center Pad	Developable Pad	Developer shall use commercially reasonable efforts to provide the Sailing Center Pad earlier if the Authority requests it and if the Treasure Island Sailing Center provides reasonable evidence that it will be ready to proceed with construction of the Sailing Center building at that earlier date.			
Environmental Center Pad	Developable Pad	Developer shall deliver the Environmental Center Pad commensurate with improvements for The Northern Shoreline Park and The Wilds			
Pier 1 / Eastern Shoreline Park 2	Improvements	Construction of these improvements may be deferred if the area is still needed for barging operations related to importing material for the site. In no case will the Completion Outside Date for these improvements be later than the Completion Outside Date of the last Sub-Phase.			
Bicycle Lending Library	Rolling Stock	Purchase of bicycles and equipment to establish the bicycle lending library up to a maximum expenditure of $110,000. Must be completed no later than the occupancy of the 1,000 residential unit.			

[3] Community Facility obligation is triggered by number of total building permits issued for residential dwelling units (shown in table above).

[4] Timeframes are additive: Completion Outside Date = Date of Trigger (A) + (B) + (C) + (D).

[5] As of the A&R Reference Date, Developer has fully satisfied the interim grocery store obligation.

Financial Obligation	Obligation	Mechanism
Open Space Annual O&M Subsidy	$14.3 MM (NPV)	Max $1.5 mil first 5 yrs, $3 mil per yr from Yr 6, subject to need per annual operating budget. See Financing Plan for amounts and schedule.
Annual Transportation Subsidy	$30 MM (NPV)	Max $4 mil per year, subject to need per annual operating budget. See DDA Section 13.3.2(a) for amounts and schedule.
Additional Transportation Subsidy	$5 MM max	Five annual consecutive installments (max $1 mil per year) after the first certificate of occupancy (whether temp or final) has been issued for the 4,000th dwelling unit on the Project Site, payable within 90 days after request of SFCTA if transit report shows residential transit mode share is 50% or less. See DDA Section 13.3.2(d).
SFMTA Subsidy	$1.8 MM (NPV)	Used to purchase up to six (6) busses. Per-bus subsidy: the lesser of 20% of the cost of a Muni bus, or $300,000. See DDA Section 13.3.2(b).
Transportation Capital Contribution Subsidy	$13,900,000 (NPV)	Used for capital costs of transportation projects necessary to serve the Project. See DDA Section 13.3.2(c) for amounts and schedule.
Community Facilities Subsidy (Excluding Childcare Facility)	$9.5 MM (NPV)	Space or subsidy determination made at Major Phase Approval. Max $2.375 mil each Major Phase - subject to approved budget and program description.
Childcare Facility Portion of Community Facilities Subsidy	$2.5M (NPV)	Space or funding no later than the first approved Sub-Phase within Major Phase Three or 18 months before the existing facility is no longer operational due to development activity, whichever comes first.
Developer Housing Subsidy	$98 MM max; $73.5 MM baseline	$17,500 per market rate unit at each lot sale. True-ups at 50% of TI land acreage make-up to 2,100 units and at 4,200 units land sales, credit for any payment made at 2,100 unit true-up. See Housing Plan for amounts and schedule.
School Subsidy	$5 MM (NPV)	$1 mil due at completion of 30% design development drawings for the building that will provide the K-5 or K-8 school, with the balance due at the start of refurbishment work on such building. See DDA for amounts and schedule.
Ramps Subsidy	$11,171,359	Annual schedule of payments. See TIDA / SFCTA MOA 3rd Amendment for amounts and schedule. As of the A&R Reference Date, Developer has fully paid the Ramps Subsidy.
Fill Removal Subsidy	$1 MM	Payment due upon removal from stockpile at rate of $3.50 per CY or for any remaining in stockpile after 12/31/2015 in 3 equal annual installments. See TIDA / D.A. McCosker Agreement. As of the A&R Reference Date, Developer has fully paid the fill removal subsidy.

EXHIBIT KK

Status of Subsidies as of A&R Reference Date

[Attached]

Exhibit KK

Status of Subsidies as of A&R Reference Date [1]

Open Space Annual Subsidy	
Balance	$20,568,086
Annual Transportation Subsidy	
Balance	$43,089,566
SFMTA Subsidy	
Balance	$2,585,374
Transportation Capital Contribution Subsidy	
Balance	$13,900,000
Additional Transportation Subsidy [2]	
Balance	-
Community Facilities Subsidy	
Child Care	
Balance	$3,590,797
Community Center	
Balance	$13,645,029
Developer Housing Subsidy (Affordable Housing)	
Balance	$13,813,123
School Subsidy	
Balance	$7,181,594
Ramps / Viaduct Subsidy	
Balance	PAID IN FULL
Fill Payment	
Balance	PAID IN FULL
TIHDI Job Broker Costs	
Balance	$2,283,106

(1) Annual Inflation Index: CPI for All Urban Consumers (CPI-U) in the San Francisco-Oakland-San Jose region. Increase shall not be less than 2% per annum or greater than 5% per annum. Interest accruals are credited as of July 1 of each fiscal year, and reflect interest through 7/1/2023.

(2) Applicability as described in Section 13.3.2(d)

EXHIBIT LL

Approved Form of Master CC&Rs

[To be attached upon agreement of the Parties in accordance with terms of Section 28.38 of the DDA.]

Treasure Island and Yerba Buena Island Development Project

BUDGET & FINANCE COMMITTEE | APRIL 17, 2024

Bob Beck | TIDA
Director

AnMarie Rodgers | TIDA
Deputy Director

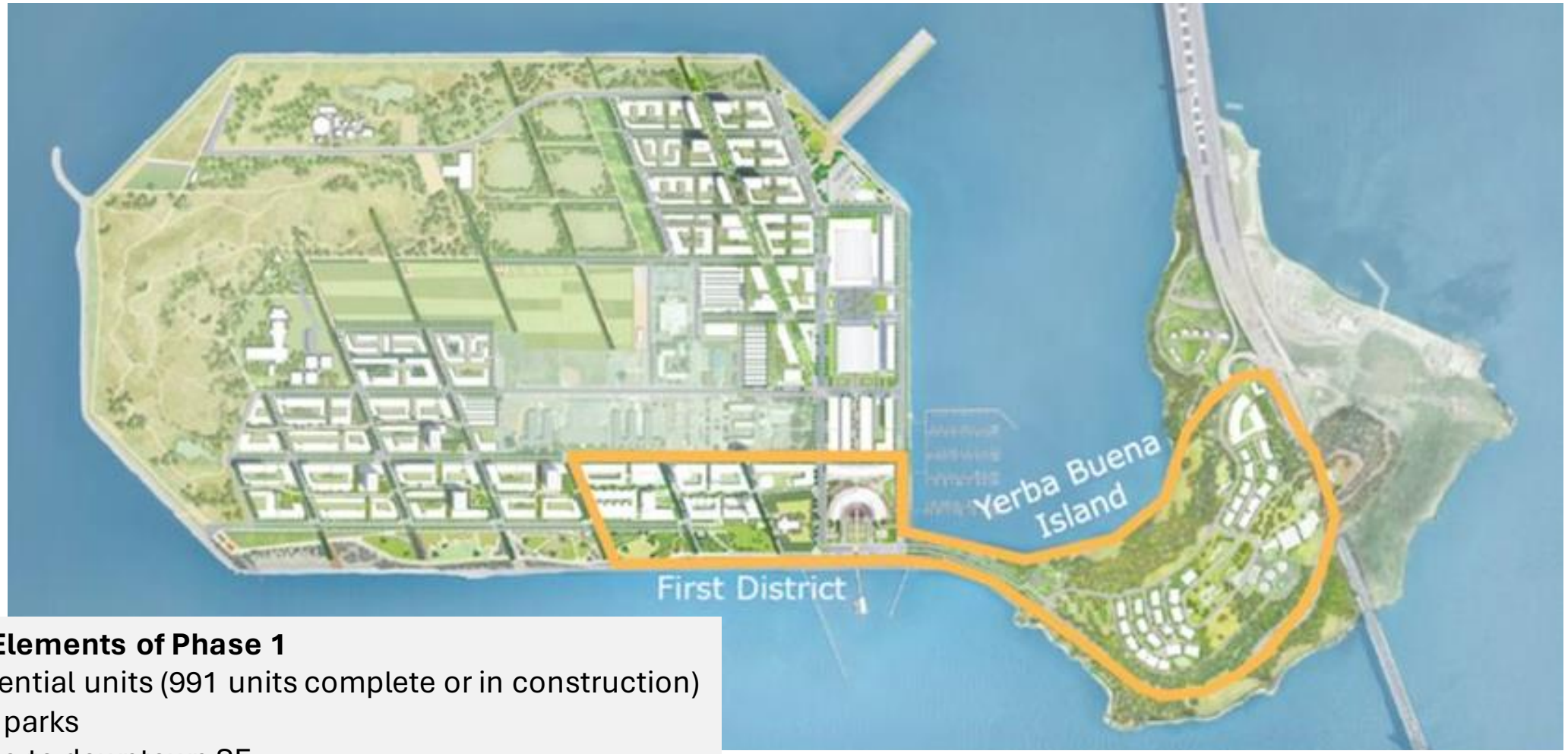
Jamie Querubin | TIDA
Finance Manager

Leigh Lutenski | OEWD
Deputy Director, Joint Development

Maintaining Momentum and Building on Success

Treasure Island/Yerba Buena Project

Building Phase I



Key Program Elements of Phase 1

- 2,000 residential units (991 units complete or in construction)
- 16 acres of parks
- Ferry service to downtown SF
- Marina and water access
- 10,000 square feet of retail space

Infrastructure

$2.5B Total Project Cost

- Geotechnical improvements
- New roadways, utilities, reservoirs
- New Utility Infrastructure
- Geotechnical Improvements
- Sea Level Rise Adaptation
- Community facility, transit, and housing subsidies

Housing Production

229 units complete
+ 745 units under construction now, complete by 2025
1,000 units!!

Treasure Island

- **Maceo May, 105 units affordable housing, complete & occupied**
- Starview Court, 138-unit affordable housing, anticipated June 2024
- Isle House, 250-units, anticipated completion July 2024
- Hawkins, 178-units, anticipated completion late 2024
- Parcel C3.4, 148-unit under construction, completion Q1 2025

Yerba Buena Island

- **The Bristol, 124 units, complete & occupied**
- Phase I townhomes and flats, 31 units, anticipated April 2024

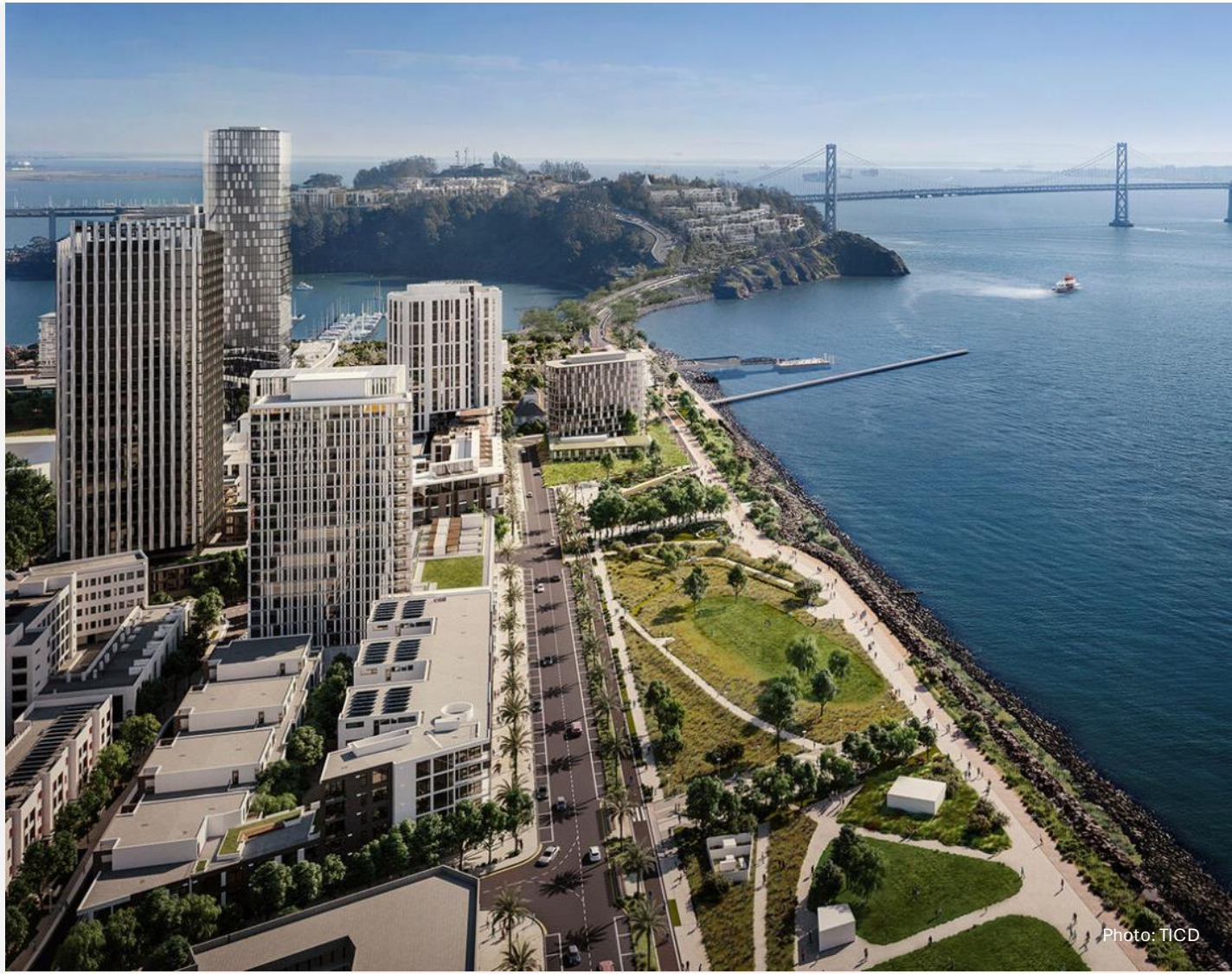
Parks

Treasure Island & Yerba Buena Island will add the most parkland to SF since Golden Gate Park. Of the 300 acres planned:

- The Rocks Dog Park, OPEN!
- Clipper Cove Beach, OPEN!
- Panorama Park, City Accepted Grand Opening on May 11
- Signal Park, , City Accepted Grand Opening In May
- Cityside Park's Waterfront Landing is nearly complete & expected to open this summer
- Cultural Park & Chapel construction to start this year

Guiding Policy Objectives for Amendments

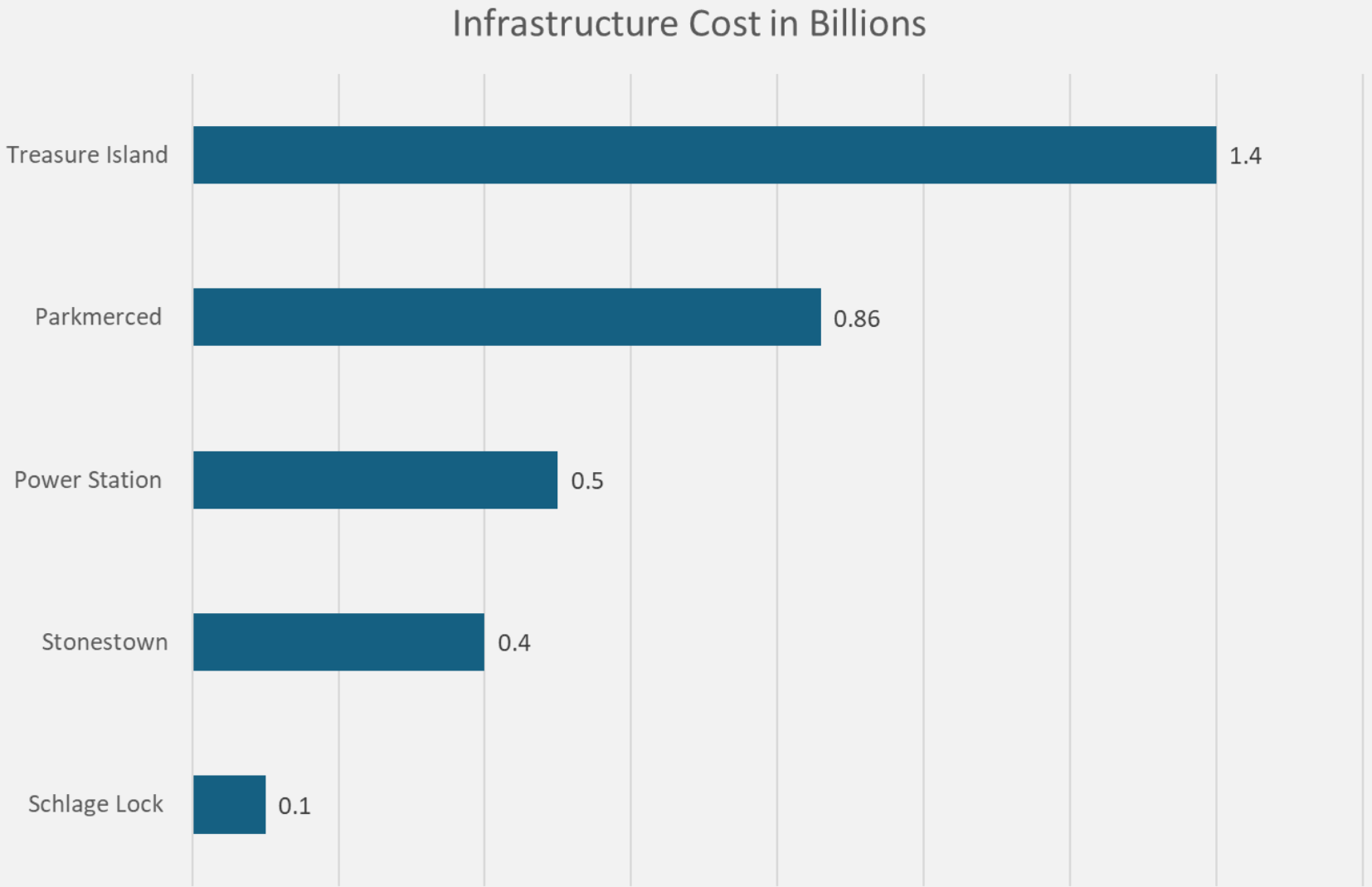
- Keep the existing public benefits
- Keep existing affordable housing plan (27.2%)
- Defer costs where possible to improve financial feasibility (w/o change to public benefits)
- Modernize sections/provisions in the DDA that are not comparable to other DAs and do not align with the project's current schedule
- Accelerate Treasure Island-generated revenues to finance the project through challenging economic period



DISPOSITION AND DEVELOPMENT AGREEMENT (DDA) AMENDMENT

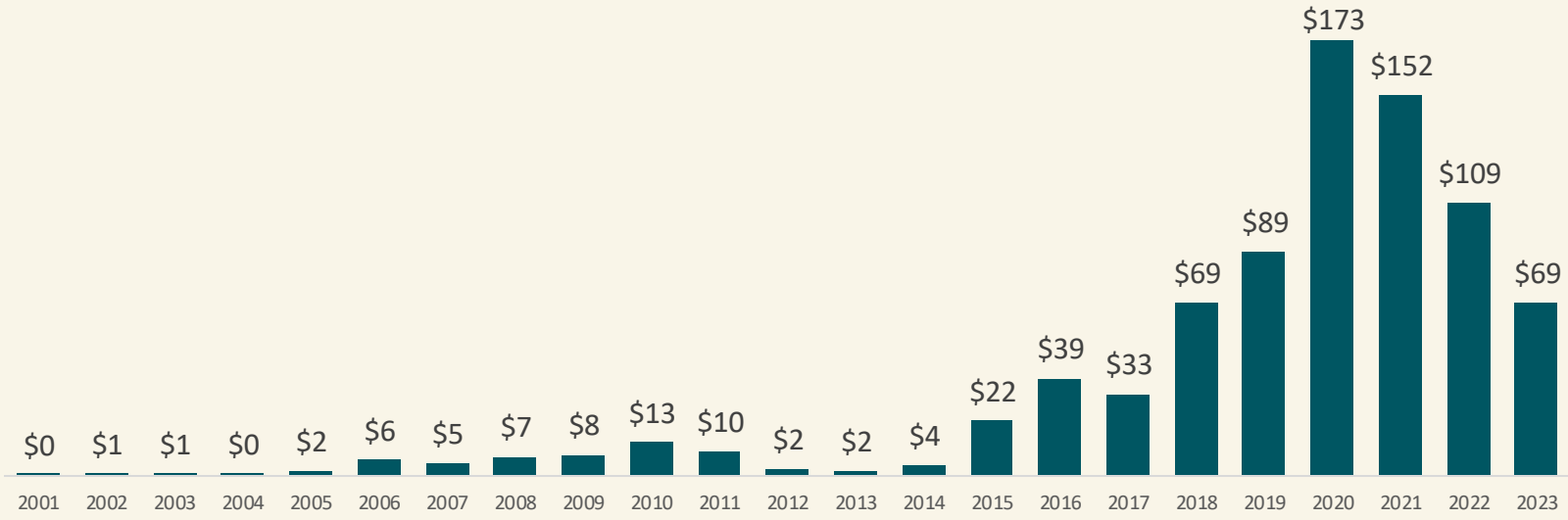
Investing in Treasure Island

Large Project Infrastructure Costs



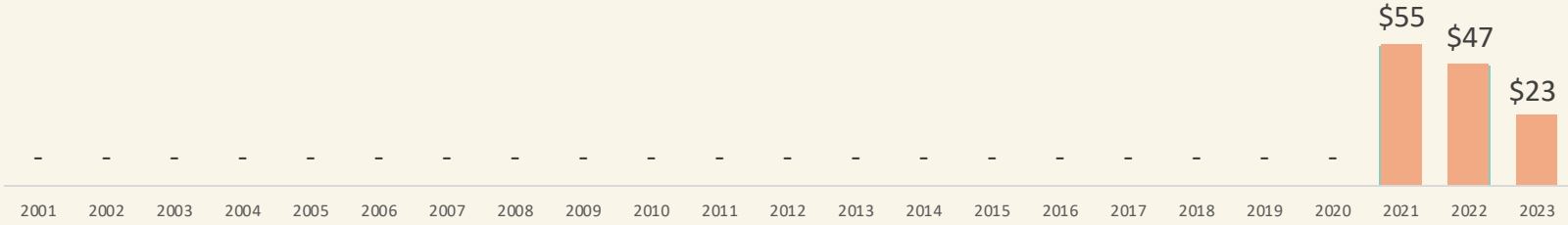
Infrastructure Investment vs. Reimbursement

Project Costs Eligible for Public Financing in Millions
(includes $50M of Financing Costs)



$814 M
as of 2023

Municipal Bond Proceeds In Millions



$125 M
as of 2023


Stage 2
Treasure Island
Total units: ~1,300
Stage 1
Treasure Island + YBI
Total units: ~2,000
Units built or under construction: ~1,000

DDA Financing Plan Amendment

- Accelerate $115M of public financing in the form of Certificates of Participation (COPs) to fund required developer reimbursements for Stage 2 infrastructure costs. The total cost for Stage 2 is $204M.
- COPs would be issued more quickly and expedite developer reimbursement in lieu of the project's other public financing sources, the Treasure Island special taxes or tax increment.
- The proposed Treasure Island COPs would be advanced in three separate issuances (FY 25-27), all of which would be appropriated in separate actions by the Board of Supervisors.
- TIDA completed a fiscal impact analysis to demonstrate that future tax growth generated by the Treasure Island development will provide sufficient revenues to fund COP payments over time.
- This strategy will enable the mobilization and construction resources from Stage 1 to move into work on Stage 2 next year.

DDA Financing Plan Amendment

Risk Mitigation Strategies

- Stage 2 Contribution: Residual property tax increment from the IRFD and residual special taxes from the CFD in the amount of $550,000 per year will be redirected to offset lease payments paid by the General Fund.

- Required Reinvestment: All developer revenues from land sales and reimbursements from the IRFD/CFD districts must be dedicated to funding Project Costs, including funding for Stage 2, until the Stage 2 infrastructure is complete. This ensures that all developer revenues are being reinvested into completing Stage 2 or reserved for funding future stages.

- One-Time Use: The agreement states that this use of COPs is one-time only and will not be authorized for any subsequent development phase or sub-phase.

- Profit Participation: The project's existing profit participation terms between TIDA, the Navy, and the developer will continue to apply through this period.

Actions

- **Amended and Restated Disposition and Development Agreement approval** (Board File 240202)

- **Development Agreement approval** (Board File 240198)


Thank you !

(1)

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

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

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

CTC Accom #20110000-TK
Treasure Island / Yerba Buena Island
APN Blk. 1939 Lots 1 and 2

San Francisco Assessor-Recorder
Phil Ting, Assessor-Recorder
DOC- 2011-J235239-00
Acct 25-NO CHARGE DOCUMENT
Wednesday, AUG 10, 2011 08:00:00
Ttl Pd $0.00 Rcpt # 0004205985
REEL K457 IMAGE 0142
ota/TD/1-747

47

Recorder's Stamp

DISPOSITION AND DEVELOPMENT AGREEMENT

(TREASURE ISLAND/YERBA BUENA ISLAND)

by and between

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

and

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

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LIST OF EXHIBITS

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

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

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

LIST OF ATTACHMENTS

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

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

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

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

RECITALS

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

Overview

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AGREEMENT

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

1. The Project.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Project Phasing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Vertical DDA and Vertical LDDAs; Vertical Approvals.

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

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

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

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

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

4.2.1 Major Phase Applications Parking Data.

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

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

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

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

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

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

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

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

4.2.3 Vertical Development.

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

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

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

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

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

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

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

5. Reserved.

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

6.1 Trust Exchange.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.2.5 Redesign Trigger Event.

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

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

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

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

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

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

7. Construction of Infrastructure.

7.1 Related Infrastructure; Unrelated Infrastructure.

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

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

7.2 Transferable Infrastructure.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. Construction of Vertical Improvements/Required Improvements.

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

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

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

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

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

9.1 Authorizations.

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

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

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

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

9.2 Issuance of Certificates of Completion.

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Terms for Conveyances to Developer.

10.1 General.

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

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

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

10.2 Escrow and Title.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10.4 Close of Escrow.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11. Property Condition.

11.1 As Is.

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

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

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

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

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT

TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

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

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

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

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

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

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

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

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

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

11.2 Hazardous Substance Indemnification.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13.1.1 the Financing Plan

13.1.2 the Housing Plan;

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

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

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

13.1.6 the Infrastructure Plan; and

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

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

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

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

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

13.3.2 Transportation Subsidies:

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

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

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

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

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

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

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

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

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

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

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

13.3.3 Community Facilities Subsidy:

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

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

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

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

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

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

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

13.3.5 School Improvement Payment:

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

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

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

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

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

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

14. [Reserved].

15. Resolution of Certain Disputes.

15.1 Arbitration Matters and Expedited Issues.

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

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

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

15.2 Good Faith Meet and Confer Requirement.

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

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

15.3 Dispute Resolution Procedures.

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

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

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

15.3.3 Non-Binding Arbitration Process for Other Disputes.

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

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

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

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

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

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

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

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

15.3.4 Additional Provisions Governing Non-binding Arbitration of Disputes.

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

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

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

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

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

16. Event of Default; Remedies.

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

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

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

16.2 Particular Breaches by the Parties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

following the Authority's receipt of notice from Developer (and, for a failure that is not susceptible of cure within thirty (30) days, if the Authority fails to promptly commence such cure within thirty (30) days following its receipt of such notice and thereafter diligently prosecute the same to completion);

(b) the Authority fails to perform its obligations under the Financing Plan or any Acquisition and Reimbursement Agreement, including but not limited to a failure to make payments owing to Developer from the Funding Sources in accordance with the terms of the Financing Plan or any Acquisition and Reimbursement Agreement, and such failure continues for a period of thirty (30) days following the Authority's receipt of notice from Developer (and, for a failure that is not susceptible of cure within thirty (30) days, if the Authority fails to promptly commence such cure within thirty (30) days following its receipt of such notice and thereafter diligently prosecutes the same to completion);

(c) the Authority defaults under any agreement attached to this DDA to which it is a party (including the Interagency Cooperation Agreement or any of the Land Acquisition Agreements), and fails to cure such default within thirty (30) days following the receipt of notice from Developer that the time given for cure in such agreement has expired, or if such default is not susceptible of cure within thirty (30) days, the Authority fails to promptly commence such cure within thirty (30) days following its receipt of such notice and thereafter diligently prosecutes the same to completion; or

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

16.2.3 Material Breach. "**Material Breach**" means:

(a) for the Authority, an Event of Default that materially adversely affects Developer's or a Vertical Developer's ability to proceed timely with the Project or any significant portion thereof without substantially increased costs, including an Event of Default by the Authority arising from the failure to make payments from the Funding Sources in accordance with the Financing Plan or any Acquisition and Reimbursement Agreement;

(b) for Developer, an Event of Default under Section 16.2.1(a) [Unpermitted Transfers], or Section 16.2.1(b) [Infrastructure], or Section 16.2.1(j) (Required Improvements);

(c) for the Authority and Developer**,** an Event of Default that culminates in an arbitration or judicial action that results in a final judgment for payment or performance (beyond any applicable appeal period), and the Party against whom the judgment was made fails to make the required payment or perform the required action in accordance with

the judgment within sixty (60) days following the final, unappealable judgment or any longer period as may be specified in the judgment itself; and

(d) for the Developer, the failure to pay any Financial Obligations and Indemnification obligations as and when such payments are due and such failure continues for a period of thirty (30) days following receipt of notice of such non-payment from the Authority to Developer. The Parties acknowledge and agree that the Authority shall not be required to obtain a final judgment for a Material Breach under this Section 16.2.3(d) as a condition to pursuing remedies under 16.3.3(e).

16.3 Remedies.

16.3.1 Specific Performance. Upon an Event of Default, the aggrieved Party may institute proceedings to compel injunctive relief or specific performance to the extent permitted by law (except as otherwise limited by or provided in this DDA) by the Party in breach of its obligations, including without limitation, seeking an order to compel payment of amounts due under this DDA (including under the Financing Plan, the Housing Plan, the Community Facilities Obligations, the Transportation Plan Obligations, the Parks and Open Space Plan, the Infrastructure Plan, the Schedule of Performance and Article 19). Nothing in this Section 16.3.1 shall require a Party to postpone instituting any injunctive proceeding if it believes in good faith that such postponement will cause irreparable harm to such Party.

16.3.2 Limited Damages. The Parties have determined that except as set forth in this Section 16.3.2, (i) monetary damages are generally inappropriate, (ii) it would be extremely difficult and impractical to fix or determine the actual damages suffered by any Party as a result of a breach hereunder and (iii) equitable remedies and remedies at law not including damages are particularly appropriate remedies for enforcement of this DDA. Except as otherwise expressly provided below to the contrary (and then only to the extent of actual damages and not consequential, punitive or special damages, each of which is hereby waived by the Parties), no Party would have entered into or become a Party to this DDA if it were to be liable in damages under this DDA. Consequently, the Parties agree that no Party shall be liable in damages to any other Party by reason of the provisions of this DDA, and each covenants not to sue the other for or claim any damages under this DDA and expressly waives its right to recover damages under this DDA, except as follows: actual damages only shall be available as to breaches that arise out of (a) the failure to pay sums as and when due (1) under this DDA (including under the Financing Plan, the Housing Plan, the Transition Housing Rules and Regulations, Community Facilities Obligations, the Transportation Plan Obligations, the Parks and Open Space Plan, the Infrastructure Plan, the Schedule of Performance and Article 19), but subject to any express conditions for such payment set forth in this DDA or (2) under any Acquisition and Reimbursement Agreement, but subject to any express conditions for such payment as set forth therein, (b) the failure to make payment due under any indemnity in this DDA, (c) the requirement to pay attorneys' fees and costs as set forth in Section 28.5, or when required by a arbitrator or a court with jurisdiction, and (d) to the extent damages are expressly permitted under any agreement among or between any of the Parties other than this DDA, including but not limited to any Permit to Enter. For purposes of the foregoing, "actual damages" shall mean the actual amount of the sum due and owing under this DDA, with interest

as provided by law, together with such judgment collection activities as may be ordered by the judgment, and no additional sums.

16.3.3 Certain Exclusive Remedies. The exclusive remedy:

(a) for the failure to submit any Substantially Complete Major Phase Application or any Substantially Complete Sub-Phase Application, or to obtain any Major Phase Approval or Sub-Phase Approval, shall be the remedies of the Authority set forth in Sections 3.8.1, 3.8.2 and 3.8.3;

(b) for the failure to Commence Infrastructure and Stormwater Management Controls or to provide Adequate Security upon such Commencement, shall be the remedy of the Authority set forth in Section 16.4 or Section 16.5;

(c) for the failure to Complete Infrastructure and Stormwater Management Controls that has been Commenced, shall be (1) first, an action on the Adequate Security for that Infrastructure and those Stormwater Management Controls to the extent still available, and (2) thereafter, if the Authority is unable to recover upon such Adequate Security within a reasonable time (including by causing the obligor of any Adequate Security to Commence and Substantially Complete such Infrastructure and Stormwater Management Controls), the remedies in Sections 16.4 and 16.5 (and the Authority shall return any unused portion of the Adequate Security relating to such Infrastructure and Stormwater Management Controls following the Authority's exercise of its remedies under Sections 16.4 and 16.5);

(d) for the failure to pay money (other than the Financial Obligations, which failure shall be subject to Section 16.3.3(e)), shall be a judgment (in arbitration or a competent court) to pay such money (with interest as provided by law), together with such costs of collection as are awarded by the judge or arbitrator, subject to Section 16.2.3(c); and

(e) for the failure to pay Financial Obligations, the Developer must make payments under protest while the Parties are pursuing mediation, arbitration or judicial resolution of the dispute. If Developer fails to pay any such amounts under protest as required under this Section 16.3.3(e), the Authority shall have the remedies in Sections 16.4 and 16.5, in addition to any remedies provided under the Financing Plan for such Material Breach.

16.4 Termination. Upon the occurrence of a Material Breach by Developer or an Affiliate of Developer, the Authority may, subject to the last sentence of Section 16.1, terminate this DDA in whole or in part as to Developer and/or one or more Affiliates of Developer upon an Authority Board determination to terminate following a public meeting. Upon the occurrence of a Material Breach by the Authority, Developer, or an Affiliate of Developer, as the case may be, may terminate this DDA as to the terminating Party only. The Party alleging a Material Breach shall provide a Notice of Termination to the breaching Party, which Notice of Termination shall state the Material Breach, the portions of the real property covered by this DDA (or the Major Phases and Sub-Phases) to be terminated, and the effective date of the termination (which shall, in no event, be sooner than ninety (90) days from the date of delivery of the Notice of Termination); provided, that the Authority Director may give this

Notice of Termination before the date of the Authority Board action on the proposed termination so that the Authority termination notice period may run simultaneously with the public notice period for the Authority Board action. If such termination occurs, neither the breaching Party nor the Notifying Party shall have any further rights against or liabilities to the other under this DDA as to the terminated portions of this DDA except as set forth in Section 28.29. By way of illustration of the foregoing sentence, if on the date of termination by the Authority Developer is constructing Infrastructure and Stormwater Management Controls in a Sub-Phase and the Material Breach is not related to that Sub-Phase, then Developer shall have the right to Complete such Infrastructure and Stormwater Management Controls and to hold and sell the Lots in the Sub-Phase to which such Infrastructure and Stormwater Management Controls relates in accordance with the terms of this DDA.

16.5 Authority's Exercise of Reversion Right upon Failure to Substantially Complete Infrastructure; Release of Rights of Reverter.

16.5.1 A condition precedent to the Authority's obligation to close Escrow for the conveyance of fee title to or a ground leasehold interest in real property from the Authority to Developer after Sub-Phase Approval shall be Developer's execution and delivery to the Title Company of a recordable quitclaim deed in the form attached hereto as Exhibit R (with only such changes as may be Approved by Developer and the Authority Director, the "**Reversionary Quitclaim Deed**") conveying fee title to or the ground leasehold interest in, the applicable property from Developer to the Authority. The Reversionary Quitclaim Deed shall be delivered with irrevocable instructions from Developer to the Title Company, in a form Approved by the Authority, directing the Title Company to comply with the Authority's direction to record the Reversionary Quitclaim Deed upon receipt of the Reversionary Recordation Notice and releasing and indemnifying the Title Company from any and all liability resulting from the Title Company's compliance with such instructions. Notwithstanding the foregoing, if prior to close of Escrow for a Sub-Phase, Developer increases the amount of Adequate Security for the applicable Sub-Phase to meet the requirements of Section 16.5.4 hereof, then Developer shall have no obligation to deliver a Reversionary Quitclaim Deed for the applicable Sub-Phase and such delivery shall not be a condition precedent to Authority's obligation to convey fee title to or the ground leasehold interest in, the applicable property.

(a) The Authority's right to exercise the right of reverter remedy contained in this Section 16.5 (the "**Right of Reverter**") shall be as follows:

(i) shall be limited to an Event of Default under Sections 16.2.1(b), 16.2.1(j) and 16.2.3(d) (a "**Reversionary Default**");

(ii) shall not become operative until the Authority has delivered notice (the "**Reversionary Cure Notice**" which may be coupled with a Notice of Termination) to Developer and all affected Mortgagees, as the case may be, or their successors for whom the Authority has been provided an address, detailing the facts and circumstances of the Reversionary Default and providing all such Persons with a concurrent period of ninety (90) days from the delivery of such notice to commence to cure, or cause Developer to cure, the Reversionary Default; provided, that the Authority may not direct the Title Company to record the Reversionary Quitclaim Deed if Developer or such Persons commence the cure within the

ninety (90) day period specified above and continue to diligently prosecute the cure without interruption to Substantial Completion (provided, that the Authority may exercise such right if the Reversionary Default is not cured within one hundred eighty (180) days following the date on which the Reversionary Cure Notice was sent by the Authority);

(iii) shall be subject to the provisions of Article 20, although any cure periods provided in Article 20 shall run concurrently with the ninety (90) day cure period provided above;

(iv) shall be subject to Section 16.5.4 regarding the Developer's right to cause a release of the Right of Reverter; and

(v) with respect to a Reversionary Default under Section 16.2.1(b) or Section 16.2.1(j) shall automatically and without further documentation terminate upon the earliest to occur of:

(A) Substantial Completion of the applicable Infrastructure and Stormwater Management Controls or Required Improvement;

(B) issuance of the applicable Certificate of Completion;

(C) as provided in paragraph (b) below; and

(D) as provided in paragraph (c) below.

(b) With respect to a Reversionary Default under Section 16.2.1(b) or Section 16.2.1(j) , the Authority Director shall have the right, in his or her sole discretion, to release a Reversionary Quitclaim Deed and terminate the Authority's rights under this Section 16.5 upon (i) the Completion of a significant portion of the Infrastructure and Stormwater Management Controls or the Required Improvements, as applicable, within the real property described in the Reversionary Quitclaim Deed, as determined by the Authority Director following receipt of appropriate backup information from Developer, including a certificate from the Engineer or DBI with respect to the Required Improvements confirming the degree of Completion, or (ii) the Authority holding Adequate Security for the Completion of the applicable Infrastructure and Stormwater Management Controls or Required Improvements, in form and content satisfactory to the Authority Director and consistent with the requirements of Section 16.5.4.

(c) Notwithstanding any other provision of this Article 16, following a Reversionary Default, the Authority shall not be entitled to cause the Reversionary Quitclaim Deed to be recorded if (1) the Authority recovers the cost of causing the Infrastructure and Stormwater Management Controls or the Required Improvements to be Completed from the Adequate Security provided by Developer for that purpose or (2) the obligor of any Adequate Security Commences to cure the Reversionary Default within sixty (60) days following demand by the Authority and such Infrastructure and Stormwater Management Controls or Required Improvements, as applicable, is diligently prosecuted and Substantially Completed within a reasonable time thereafter. In the event that the Authority elects not to pursue such Adequate

Security or pursues such Adequate Security but is unable, in the normal course and utilizing good faith efforts, to achieve the results in clause (1) or clause (2) above within a reasonable time, then the Authority may record the Reversionary Quitclaim Deed in accordance with this Section 16.5 and the Authority shall thereafter release and return the unused portion of any Adequate Security upon the expiration of the Reversionary Contest Period (if there has been no challenge or contest to such recordation) or upon or in accordance with a final, unappealable judicial determination (if there has been such a challenge or contest to the Authority's recordation of the Reversionary Quitclaim Deed).

(d) Subject to paragraph (a) above, if the Authority believes that it is entitled to exercise the right to direct the Title Company to record the Reversionary Quitclaim Deed, then, with the Approval of the Authority Board following a public meeting (which meeting may be the same as an Authority Board meeting for declaring a Material Breach and authorizing a Notice of Termination), the Authority may send to the Title Company a notice that Developer has committed a Reversionary Default for the property in question, with a copy to Developer and to any Mortgagee that has requested notice as set forth in Section 20.4, and direct the Title Company to record the appropriate Reversionary Quitclaim Deed and provide a conformed copy of such recorded Reversionary Quitclaim Deed to the Authority, such Mortgagee and Developer (such notice, the "**Reversionary Recordation Notice**").

(e) If the Authority's right to direct the Title Company to record a Reversionary Quitclaim Deed terminates for any reason, then the Authority shall, upon Developer's request, promptly instruct the Title Company to return the Reversionary Quitclaim Deed to Developer.

(f) The Title Company's recordation of the Reversionary Quitclaim Deed shall not affect in any manner the rights of any Mortgagee or Developer to contest the Authority's right to exercise the remedy contained in this Section 16.5. No Mortgagee or Developer shall have any rights against the Title Company for recording the Reversionary Quitclaim Deed following receipt of the Reversionary Recordation Notice. However, Developer or any affected Mortgagee must bring any action contesting the Authority's right to exercise the remedy contained in this Section 16.5 (f) in any judicial proceeding concerning such recordation initiated by the Authority prior to the recordation, if Developer and the affected Mortgagee (if it requested notice under Section 20.4) receive notice of such action as set forth in Section 20.4 (i.e., any Mortgagee that fails to request notice under Section 20.4 cannot complain about its failure to receive notice, and shall be treated as if it had received notice for purposes of this Section 16.5), or (ii) if no such action is initiated by the Authority, then within sixty (60) days following recordation of the Reversionary Quitclaim Deed (in either case, the "**Reversionary Contest Period**"); otherwise, Developer and the affected Mortgagees shall be precluded from challenging the Authority's action. In the event that the Authority's recordation of the Reversionary Quitclaim Deed is denied through legal proceedings initiated by Developer or any Mortgagee, (1) the Authority shall promptly take corrective action to abrogate the effect of the Reversionary Quitclaim Deed, (2) the Schedule of Performance shall be equitably adjusted, (3) Developer or the Mortgagee shall thereafter prosecute to Completion the applicable Infrastructure and Stormwater Management Controls or Required Improvements in accordance with the terms of this DDA and the Vertical DDA/LDDA applicable to the Infrastructure and Stormwater Management Controls and Required Improvements, and (4) the

Authority's right to cause the recordation of the Reversionary Quitclaim Deed shall terminate upon Substantial Completion of the Infrastructure and Stormwater Management Controls or the Required Improvements, as applicable, as set forth in paragraph (a) above, provided that such termination shall not diminish the Authority's right to exercise any and all other remedies available to the Authority hereunder, including, without limitation, looking to the Adequate Security, if Developer fails to Complete the applicable Infrastructure and Stormwater Management Controls or Required Improvements.

16.5.2 Payment of Special Taxes Following Recordation of Reversionary Quitclaim Deed. Following the recordation of any Reversionary Quitclaim Deed, the property covered thereby shall remain a Taxable Parcel, notwithstanding the Authority's ownership of such property, and the Authority shall pay any ad valorem taxes, Project Special Taxes, or other taxes or fees used to secure or pledged for payment of debt service with respect to any Public Financing as and when such taxes are due for such property or would have been due but for the Authority's recordation of the Reversionary Quitclaim Deed.

16.5.3 Resale of Property Following Recordation of Reversionary Quitclaim Deed. Following recordation of a Reversionary Quitclaim Deed and either (i) the expiration of the Reversionary Contest Period without Developer or any affected Mortgagee having contested the Authority's right to record the Reversionary Quitclaim Deed or (ii) if such contest is filed, the entry of a final, non-appealable judgment upholding such recordation or the expiration of any relevant appeal periods without an appeal having been filed, the Authority shall diligently market and sell the property acquired pursuant to the Reversionary Quitclaim Deed to any Qualified Buyer for not less than the fair market value of such property, as determined by the Authority Director after due inquiry. The proceeds of any such sale shall be distributed in the following order of priority: (1) to the Authority to the extent of its actual costs and expenses incurred in connection with the Reversionary Default and marketing of the property; (2) to pay any Project Special Taxes and other taxes or fees due and owing with respect to such property, up to the date of sale; (3) to repay the amounts due under each Mortgage applicable to such property in the priority of their liens on such property before the recordation of the Reversionary Quitclaim Deed; (4) to the Authority to the extent of any unpaid Authority Costs; (5) to Developer in accordance with the formula set forth in Section 6.3 of the Financing Plan, if applicable; and (6) the remainder, if any, to the Authority for use within the Project Site. This Section 16.5.3 shall survive the termination of this DDA until all proceeds of sale have been distributed in accordance herewith.

16.5.4 Release of Right of Reverter. At any time prior to the occurrence of a Reversionary Default, Developer shall have the right to cause the Authority to release the Right of Reverter as to any Sub-Phase by increasing the Secured Amount of the Adequate Security as follows: (i) if securing an obligation to pay money, one hundred twenty-five percent (125%) of the amount of such secured payment, and (ii) if securing an obligation to construct, one hundred twenty-five percent (125%) of the estimated cost of Completion of such construction as such cost is Approved by the Authority Director and Developer with reference to the applicable construction contracts entered into by Developer providing additional Adequate Security for the Sub-Phase (the "**Increased Adequate Security**"). Developer shall be relieved of its obligation to provide the Reversionary Quitclaim Deed for a particular Sub-Phase if Developer provides the Increased Adequate Security prior to close of Escrow for that Sub-Phase.

Developer shall also have the right to cause the Authority to release the Right of Reverter as to any Sub-Phase upon a showing that the amount of Adequate Security held by Authority for that Sub-Phase equals at least one hundred twenty-five percent (125%) of the remaining construction costs and monetary obligations within the Sub-Phase. For example, if the Secured Amount for Developer's obligations within a Sub-Phase were $12,500,000 and Authority held Adequate Security for $12,500,000, then Developer shall have the right to cause the Authority to release the Right of Reverter as to that Sub-Phase upon Substantial Completion and payment of $2,500,000 of the obligations secured by the Adequate Security, so long as the Adequate Security of $12,500,000 remained in place. If Developer elects to cause the Right of Reverter to be released in accordance with this Section 16.5.4, Developer shall deliver to the Authority the increased Adequate Security for the Sub-Phase or evidence reasonably satisfactory to Authority that the Adequate Security held by Authority equals at least one hundred twenty-five percent (125%) of the remaining cost of the secured obligations. Upon such delivery, the Authority shall send to the Title Company, with a copy to the Developer, a notice that Developer has complied with the provisions of this Section 16.5.4, together with an executed and recordable Release of Rights of Reverter (the "**Reverter Release**") releasing the Authority's Right of Reverter as to the Sub-Phase for which the Increased Adequate Security has been provided. The notice shall direct the Title Company to record the appropriate Reverter Release and provide a conformed copy of such recorded Reverter Release to the Authority, any Mortgagee requested by Developer, and Developer (such notice, the "**Reverter Release Recordation Notice**").

16.6 Independence of Major Phases, Sub-Phases and Vertical Improvements. Subject to the Authority's termination rights as set forth in Sections 3.8.1, 3.8.2, 3.8.3, 16.3.3 and 16.4, the Parties expressly recognize and agree that (i) an Event of Default as to one Sub-Phase shall not by itself be the basis for an Event of Default for other Sub-Phases for which Developer or an Affiliate of Developer has obtained a Sub-Phase Approval and (ii) an Event of Default for a Vertical Developer shall not be an Event of Default for Developer, an Affiliate of Developer or other Vertical Developers. Notwithstanding the foregoing, an Event of Default pertaining to the failure to Commence or to Complete Infrastructure and Stormwater Management Controls or Required Improvements in a Major Phase or Sub-Phase will be deemed an Event of Default for all future Major Phases for which there has not been a Major Phase Approval and all Sub-Phases for which there has not been a Sub-Phase Approval, provided, that this sentence shall not apply to a Major Phase that has been Transferred to a Third Party pursuant to an Assignment and Assumption Agreement that was Approved by the Authority Director. Nothing in this Article 16 shall be deemed to supersede or preclude the rights and remedies of the City or the Authority to require compliance with any Approval, Authorization, or other entitlement granted for the development or use of the Major Phase, Sub-Phase or Vertical Improvement, which rights and remedies shall be in addition to the rights and remedies under this Article 16.

16.7 Reserved.

16.8 Rights and Remedies Cumulative. Except as expressly limited by this DDA (such as in Sections 16.3.2 and 16.3.3), the rights and remedies of the Parties contained in this DDA shall be cumulative, and the exercise by any Party of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other remedies contained in this DDA for the same breach by the applicable Party. In addition, the remedies provided in this DDA do not limit the remedies provided in other agreements and

documents. Otherwise, except as provided in this Section 16.8, neither Party shall have any remedies for a breach of this DDA by the other Party except to the extent such remedy is expressly provided for in this DDA.

16.9 No Implied Waiver. No waiver made by a Party for the performance or manner or time of performance (including an extension of time for performance) of any obligations of the other Party or any condition to its obligations under this DDA shall be considered a waiver of the rights of the Party making the waiver for a particular obligation of the other Party or condition to its own obligation beyond those expressly waived in writing.

17. Transfer and Development of Lots.

17.1 In General. Developer will Transfer Lots to Vertical Developers (including Affiliates of Developer, when acting as a Vertical Developer) who will construct Vertical Improvements on such Lots in accordance with the terms of the Vertical DDA or LDDA. Developer will be entitled to Transfer Lots to Vertical Developers prior to issuance of a Certificate of Completion for the Infrastructure and Stormwater Management Controls, so long as Developer retains ultimate responsibility for Completion of the Infrastructure and Stormwater Management Controls in accordance with the Schedule of Performance and Authority holds Adequate Security therefore. The Parties acknowledge that except as otherwise provided for certain Commercial Lots described in Section 17.2 hereof, and Required Improvements, there shall be no Outside Date for the Transfer or Vertical Development of Market Rate Lots and Commercial Lots.

17.2 Commercial Lots. Certain Lots designated for commercial use or development in the Land Use Plan (collectively, the "**Commercial Lots**") will be divided into two groups. The first group (the "**Critical Commercial Lots**"), consists of Blocks M-1A and M-1B and Buildings 1, 2 and 3 identified on the Land Use Plan. The second group **(**the "**Non-Critical Commercial Lots**") consists of Blocks C2-H, Y1-H and the Senior Officers Quarters Historic District ("**SOQHD**") identified on the Land Use Plan, and any of the Critical Commercial Lots that Developer elects not to develop under Section 17.2.1.

17.2.1 Developer Rights and Timing for Development of Critical Commercial Lots. Developer by itself or in joint ventures with other development partners ("**Developer Commercial JVs**"**)** shall have the right, but not the obligation, to develop the Critical Commercial Lots, subject to the timing set forth in this Section 17.2.1; provided, Developer shall have the obligation to develop the Required Improvements in accordance with the Schedule of Performance. Except as may otherwise be provided under the Schedule of Performance for Required Improvements, there shall be no Outside Date for development or Transfer of Blocks M-1A and M-1B; provided, however, that if Developer elects not to develop Block M-1A or M-1B, then it shall Auction the Lot in accordance with Section 17.2.6 and enter into a Vertical DDA with the successful bidder. For Buildings 1, 2 or 3, except as may otherwise be provided under the Schedule of Performance for Required Improvements and the Community Facilities Obligations, Developer shall have entered into an LDDA and Ground Lease with Authority for uses consistent with the Development Requirements including this DDA within ten (10) years for Buildings 1 and 2, and fifteen (15) years for Building 3, after the Major Phase Approval is granted for the Major Phase in which the Critical Commercial Lot is located, or if it

has elected not to develop the applicable Lot, shall have Auctioned the LDDA and Ground Lease opportunity within the same time periods in accordance with Section 17.2.6. Failure to meet the timeframes established in this Section 17.2.1 (excluding timeframes set forth in the Schedule of Performance for Required Improvements or Community Facilities Obligations) shall not be a default under this DDA, but Authority shall thereafter have the right to develop or market and ground lease the applicable Critical Commercial Lot to third parties for development, subject to the restrictions on use set forth in Section 21.12, and Developer shall no longer have any rights to such applicable Critical Commercial Lots under this Agreement.

17.2.2 Development and Timing of Non-Critical Commercial Lots. Developer shall Auction the vertical development and ground lease rights to Block C2-H in accordance with Section 17.2.6 at such time as is deemed appropriate by Developer, in its sole discretion. Developer shall Auction the vertical development and ground lease rights to Block Y1-H and the SOQHD in accordance with Section 17.2.6 no later than five (5) years after the Outside Date in the Schedule of Performance for Completion of Infrastructure and Stormwater Management Controls related to the applicable Lot (or at such earlier time as is provided in the following sentence with respect to the SOQHD, or at such earlier or later time as is mutually agreed-upon by the Parties, each in their sole discretion). If Developer has not offered Block Y1-H or the SOQHD for Auction within the time required hereunder, or with respect to the SOQHD, prior to such date the Authority identifies an economically viable user that will renovate all or a portion of the SOQHD in accordance with the Secretary of Interior Standards, then Authority shall thereafter have the right to develop or market and ground lease the applicable Non-Critical Commercial Lot to third parties for development, subject to the restrictions on use set forth in Section 21.12, and Developer shall no longer have any rights to such applicable Critical Commercial Lot under this Agreement.

17.2.3 Transfer of Non-Critical Commercial Lots. Developer shall Transfer by Auction in accordance with Section 17.2.6 any Non-Critical Commercial Lot through a Vertical DDA, or with respect to a Non-Critical Commercial Lot on Public Trust property, a Vertical LDDA. The Authority shall enter into a Vertical DDA or LDDA with the Developer, provided the Authority has not exercised it right to develop or market and ground lease such Lot in accordance with Section 17.2.1 or Section 17.2.2 above, and the successful bidder for the applicable Non-Critical Commercial Lot, which Vertical DDA or Vertical LDDA shall include such additional terms and conditions, including a scope of development, that reflect the uses and financial offer negotiated with the successful bidder, which terms shall be Approved by Authority and Developer. The applicable Non-Critical Commercial Lots on Public Trust property shall be ground leased directly by the Authority to the Vertical Developers.

17.2.4 Revenues from Critical Commercial Lots. If Developer by itself or through a Developer Commercial JV develops the Critical Commercial Lots, the sales price or capitalized ground lease rent (as the case may be) for the Critical Commercial Lots purchased by or ground leased to Developer or the Developer Commercial JVs (the "**Critical Commercial Lots Payment**") shall be derived from the Proforma (including the financial model of any Vertical Development that requires subsidy) prepared by Developer and Approved by the Authority in connection with the Approval of the Sub-Phase Application that contains the applicable Critical Commercial Lot, showing reasonable detail of projected revenues, expenses, subsidies and/or target returns associated with the Critical Commercial Lots, acknowledging that

to the extent that the Critical Commercial Lots require subsidy for development as reasonably determined by Developer, which determination must be supported by the independent appraiser letter report described below, the Critical Commercial Lots Payment may be zero dollars ($0.00). Developer will provide this information derived from the Proforma to an independent appraiser having at least ten (10) years experience in the San Francisco retail leasing market mutually agreed upon by Developer and the Authority, and shall provide to the Navy and the Authority a letter report confirming the appropriateness of Developer's assumptions related to the Critical Commercial Lots. No potential or actual investor or lender shall be prohibited by an exclusivity agreement between the Developer and other investors or lenders from participating in any financing of any Commercial Lot or any other commercial product type developed by parties other than Developer.

17.2.5 Transfer by Developer of Developed Critical Commercial Lots. Developer or a Developer Commercial JV may, in its sole discretion, subsequently convey any of the developed Critical Commercial Lots (the "**Developed Critical Commercial Lots**") to a third party; provided, however, that any and all revenues received by Developer or a Developer Commercial JV arising from or associated with the conveyance of the Developed Commercial Lots shall be included in Gross Revenues. Transfer of the Developed Critical Commercial Lots shall be by sale, or by sub-Ground Lease or assignment of Ground Lease in accordance with the terms thereof, provided, however, with respect to the first transfer of a Ground Lease by Developer or a Developer Commercial JV, the transferee shall be required to pay a transfer price based upon the fair market value for the right to occupy the applicable Developed Critical Commercial Lot on the terms and conditions of the Ground Lease, including the ground rent under the Ground Lease of zero dollars ($0.00), if applicable. If Developer elects to transfer a Developed Critical Commercial Lot to a Developer Commercial JV, the transfer price shall be determined in accordance with the Appraisal Process described in Section 17.4 hereof. If Developer or a Developer Commercial JV elects to transfer a Developed Critical Commercial Lot to a non-Affiliated third-party entity (such parcel, a "**Non-Developer Critical Commercial Lot**"), the transfer price shall be determined by Auction pursuant to the Auction process applicable to Commercial Lots, as set forth in Section 17.2.6 below.

17.2.6 Auction Process for Commercial Lots. The Auction for any Non-Critical Commercial Lot to the extent required hereunder shall require a mutually agreed upon minimum bid price based on the Proforma prepared by the Developer and Approved by the Authority in connection with the Approval of the Sub-Phase Application that contains the applicable Non-Critical Commercial Lot. The minimum bid price shall be set and confirmed by an independent appraiser letter according to the process described in Section 17.2.4 no sooner than three (3) months prior to the commencement of the Auction period. The Non-Critical Commercial Lot subject to the Auction will be submitted for offer for a reasonable period of time, as determined by Developer and the Authority, through licensed commercial real estate brokers having at least five (5) years experience in Bay Area commercial real estate selected by Developer. The pool of qualified bidders in the Auction of any Non-Critical Commercial Lots or any Non-Developer Critical Commercial Lots shall be determined by the Authority and Developer prior to the applicable Auction based on the Auction Bidder Selection Guidelines applicable to Commercial Lots (attached hereto as Exhibit T). The pool of qualified bidders in the Auction of any Non-Critical Commercial Lot or any Non-Developer Critical Commercial Lot and the minimum bid price for the Auction of the Non-Developer Critical Commercial Lots shall

be provided to the Navy and the Authority at least ten (10) days prior to the applicable Auction. If no minimum bids from qualified bidders are received for the Non-Critical Commercial Lots at the close of the Auction period, Developer and/or its Affiliates will have the option, to be exercised by written notice within sixty (60) days after the close of the Auction period, to purchase such Non-Critical Commercial Lots based upon an appraisal in accordance with Section 17.4 hereof. If Developer does not timely exercise the option to purchase unsold Non-Critical Commercial Lots, the Authority and Developer shall within one hundred twenty (120) days after the expiration of the Auction period, mutually agree upon a new minimum bid price to be used in a new Auction, which may take the form of adjustment to the Proforma minimum bid price or an appraisal. If the Parties are unable to agree on a new minimum bid price within the allotted time, the matter shall be submitted to the dispute resolution procedure of Section 15.3.2 (Expedited Dispute Resolution Procedure). Within six (6) months after establishment of the new minimum bid price, Developer shall re-bid the Non-Critical Commercial Lot. If no qualified bids are received for the Non-Developer Critical Commercial Lots that are acceptable to Developer, Developer shall reserve the right to withdraw the Non-Developer Critical Commercial Lot from sale and re-bid the Non-Developer Critical Commercial Lot at such future time as Developer's deems appropriate in its reasonable judgment, but in no event later than two (2) years after the prior Auction.

17.3 Sale of Market Rate Lots. Developer has the right to purchase Market Rate Lots for up to sixty percent (60%) of the Market Rate Units (the "**Developer Lots**"), at a purchase price established by the Appraisal Process described in Section 17.4. Market Rate Lots for approximately twenty percent (20%) of the Market Rate Units shall be available for purchase at a purchase price established by the Appraisal Process by joint ventures in which the Developer or its Affiliates have no more than a fifty percent (50%) ownership interest and under which a non-Affiliated joint venture partner exercises management control as the "managing partner" (or member, as the case may be) of the joint venture entity (collectively, the "**JV Lots**"). In order to ensure that the Developer Lots and JV Lots are sold at fair market value, Market Rate Lots for approximately twenty percent (20%) of the Market Rate Units will be offered for sale via Auction (collectively, the "**Residential Auction Lots**") in accordance with Section 17.5. No potential or actual investor or lender shall be prohibited by an exclusivity agreement between the Developer and other investors or lenders from participating in any financing of any Market Rate Lot or any other residential product type developed by parties other than Developer.

17.3.1 Developer Lots. Unless otherwise agreed upon by the Parties in their reasonable discretion, no more than one-third of the Developer Lots (which also equals 20% of the Market Rate Lots) can be sold directly to Developer, and the balance of the Developer Lots may be sold to an entity or entities comprised of some or all of the same partners as Developer, but having a materially different capital structure than Developer, in accordance with the Appraisal Process. Concurrent with the sale of any Developer Lot to an entity or entities comprised of some or all of the same partners as Developer, but having a materially different capital structure than Developer, a duly authorized officer of Developer shall provide the Authority and the Navy with a certified statement that the prospective purchaser has a materially different capital structure than Developer. For purposes hereof, an entity having a "materially different capital structure" means an entity comprised of some or all of the same partners as Developer but one in which there has been a cumulative change of at least 25% in the capital positions of all the partners, and at least one of the partners has changed its capital

position by at least 15%. Before the close of escrow for any Sub-Phase, the Developer will provide to the Authority and the Navy a list of equity investors for that Sub-Phase. During the implementation of any Sub-Phase, Developer will provide to the Authority and the Navy immediately prior to the sale of any parcels to an Affiliate of Developer or the equity investors of that Major Phase, a notice of such Affiliate sale which notice shall describe why the sale is permitted under the terms of this Agreement. Prior to the close of any sale directly to Developer, Developer shall provide to the Authority and the Navy a letter from a real estate broker or licensed real estate professional familiar with the Bay Area market who is not an Affiliate of Developer and has no equity investment in Developer in such Sub-Phase, finding that the acquisition and development of the Market Rate Lot by Developer is appropriate in the context of then-existing market conditions. The basis of such findings could include, but is not limited to, establishing a new product type, initiating or establishing a new product type, initiating or establishing the development of a new phase in the Project, responding to changes in market conditions, or other similar market-based factors. Any disputes arising out of this Section 17.3.1 shall be referred to the arbitration process for Expedited Arbitration Matters set forth in Section 15.3.2 hereof.

17.4 Appraisal Process. The process described in this Section 17.4 (the "**Appraisal Process**") shall apply to the Developer Lots, the JV Lots, those Developed Critical Commercial Lots for which an appraisal is required under Section 17.2.5, and those Non-Critical Commercial Lots for which an appraisal is required under Section 17.2.6. The Authority and Developer shall confer and select an appraiser from the Qualified Appraiser Pool for each such Developed Critical Commercial Lot, Non-Critical Commercial Lot, Developer Lot or JV Lot to be appraised. An appraisal used for the purpose of determining the parcel sale price (or Ground Lease rent, if applicable) shall be updated if a sales contract (or Ground Lease) for such parcel has not been executed within one (1) year from the date of the appraisal.

17.4.1 Qualified Appraiser Pool. Appraisals of any Developed Critical Commercial Lots required to be appraised by Section 17.2.5, Non-Critical Commercial Lots for which an appraisal is required under Section 17.2.6, the Developer Lots and JV Lots shall be conducted by a qualified appraiser, which for purposes of this DDA shall be defined as an appraiser (i) licensed in the State of California as a Certified General Appraiser and holding the MAI designation from the Appraisal Institute, (ii) practicing or working for at least ten (10) years in either a national firm, or regional firm based in California, (iii) who is not an Affiliate of the Developer and has no equity investment in the Developer or the Project investors, (iv) who has particular experience with coastal California real property transactions involving the Product Type that is the subject of the appraisal, and (v) who has no conflict of interest as evidenced by contractual relationships with Developer either existing or in the immediately prior twenty-four (24) months, unless a conflict waiver is obtained from the Authority (and, if required under the Conveyance Agreement, the Navy). The Parties have agreed upon a list of pre-qualified appraisers, which list is attached hereto as Exhibit U (the "**Qualified Appraiser Pool**"). From time to time, either Party may propose in writing to add or subtract additional persons meeting the above qualifications. If the Parties disagree on a proposed addition or subtraction, then the Parties shall follow the dispute resolution procedure for Expedited Arbitration Matters set forth in Section 15.3.2.

17.4.2 Appraisal Instructions. The selected appraiser shall appraise the applicable Developer Lot, JV Lot, Developed Critical Commercial Lot (to the extent subject to appraisal by Section 17.2.5), or Non-Critical Commercial Lot (to the extent subject to appraisal by Section 17.2.6) utilizing appraisal instructions substantially in the form of those attached hereto as Exhibit V, as the Parties hereto may agree to amend from time to time which agreement shall not be unreasonably withheld, conditioned or delayed. If an Excess Land Appreciation Structure is established in a Major Phase by Product Type, such structure will be deemed to apply to all Market Rate Lots of that Product Type in the applicable Major Phase, and the appraisal instructions shall incorporate such terms. If an Excess Land Appreciation Structure established for a Major Phase is later revised in connection with a Sub-Phase Approval in accordance with Section 6.2.3(d) hereof, then such structure will be deemed to apply to all Market Rate Lots in the applicable Sub-Phase and the appraisal instructions shall incorporate such terms. If material changes are proposed to appraisal instructions, including assumptions, special assumptions, limiting conditions, hypothetical conditions, and other special instructions, the requesting Party shall propose such amendment in writing, and, if the Parties disagree, they shall follow the dispute resolution procedure for Expedited Arbitration Matters set forth in Section 15.3.2.

17.4.3 Notification of Appraisal. Developer, on behalf of the Authority, shall provide to the Navy, with a copy to the Authority, documentation of appraiser selection and appraisal instructions prior to the commencement of an appraisal, and shall provide a copy of the complete appraisal promptly following completion of such appraisal.

17.5 Auction Process for Residential Auction Lots. The Authority and Developer prior to the approval of any Major Phase Application, shall jointly determine the pool of qualified bidders for each Auction of a Residential Auction Lot based on the Auction Bidder Selection Guidelines for Residential Auction Lots (attached hereto as Exhibit W) set forth for each Product Type, as agreed upon by the Parties. In the event no qualified third party bids are received at or above the minimum bid price for the Residential Auction Lots (as determined in the Major Phase Decisions described in Section 6.2.3), Developer and/or its Affiliates will have the option by written notice within sixty (60) days after the close of the Auction period to purchase such Residential Auction Lots at the minimum bid price and any Residential Auction Lots so acquired by Developer shall not be deemed to apply against the percentage limits otherwise applicable to the Developer Lots or the JV Lots. If Developer does not timely exercise the option to purchase unsold Residential Auction Lots, then the Authority and Developer shall within one hundred twenty (120) days after the expiration of the Auction period mutually agree upon a new minimum bid price to be used in a new Auction (the "**Re-Setting of the Minimum Bid Price**"). If the Parties are unable to agree on a new minimum bid price within the allotted time, the matter shall be submitted to the dispute resolution procedure for Expedited Arbitration Matters set forth in Section 15.3.2. The Re-Setting of the Minimum Bid Price may take the form of adjustment to the Proforma minimum bid price or an appraisal.

17.5.1 Timing of Residential Auction Lots Selection. The Residential Auction Lots will be selected by mutual agreement by the Authority and the Developer prior to approval of each Major Phase Application, as such selection may be revised in a subsequent approved Sub-Phase Application. The Residential Auction Lots will be offered for sale at such time as reasonably deemed appropriate by Developer in light of then-current market conditions

and such sale shall be subject to Completion of Infrastructure and Stormwater Management Controls serving the applicable Residential Auction Lot.

17.5.2 Residential Auction Lots as Benchmarks. The Residential Auction Lot sales prices, as deemed appropriate by the appraisers, and other relevant market data shall be used as comparables in the appraisal process for the Developer Lots and the JV Lots. The mix of Product Types of the Market Rate Lots subject to Auction shall roughly mirror that of the Market Rate Lots to be allocated and sold in that Major Phase, with a goal of selecting at least one representative parcel for each Market Rate Lot Product Type offered in that Major Phase. For the purposes of this DDA, "**Product Types**" are defined as a residential building with a typical unit count and building typology that allows general assumptions of construction costs. Examples of such Product Types are townhomes; low rise (up to 70' in height); mid rise (above 70' and up to 125' in height); and towers (above 125' in height).

17.5.3 Guidelines for Residential Auction Lots Selection. The distribution and selection of the Residential Auction Lots shall be based on a principle of nondiscrimination. The selected Residential Auction Lots shall be generally representative of the average advantages and disadvantages of the Market Rate Lots to be developed in that Major Phase. Factors to be considered in such selection include, but are not limited to, parcel size, views, proximity to parks, proximity to the transit center, proximity to the Job Corps site, proximity to the Bay Bridge, proximity to the retail core and exposure to wind (collectively, the "**Guidelines for Residential Auction Lot Selection**"), attached hereto as Exhibit X.

17.5.4 Conveyance Agreement Exhibits. Exhibits Q, T, U, V, W and X referenced in this Article 17 are also exhibits to the Conveyance Agreement and, subject to Section 28.38 hereof, will be attached to this DDA in the form attached to the executed version of the Conveyance Agreement.

18. Mitigation Measures.

18.1 Mitigation Measures. Developer and the Authority agree that the construction and subsequent operation of the Infrastructure and Stormwater Management Controls, Vertical Improvements and Required Improvements, if applicable, shall be in accordance with the mitigation measures identified in the Project MMRP (the "**Mitigation Measures**"). Developer shall comply with and perform the Mitigation Measures as and when required by the Project MMRP except for those Mitigation Measures or portions of Mitigation Measures for which the performance obligations are expressly obligations of the Authority, the City or another Governmental Entity. The responsibility to implement applicable Mitigation Measures shall be incorporated by Developer or the Authority, as applicable, into any applicable contract or subcontract for the construction or operation of the Improvements, including the Vertical DDA/LDDAs. The Authority shall comply with and perform the Mitigation Measures or portions of Mitigation Measures that are the obligation of the Authority as and when required, and shall use good faith efforts, consistent with the Interagency Cooperation Agreement, to cause the necessary City Agencies to comply with and perform the Mitigation Measures or portions of Mitigation Measures that are the obligations of the City as and when required.

19. Authority Costs.

19.1 Authority Costs and Revenues.

19.1.1 "**Authority Costs**" means all costs and expenses actually incurred and paid by the Authority in accordance with the Authority's annual budget approved by the Authority Board and the Board of Supervisors (the "**Annual Authority Budget**"), including costs and expenses relating to performing the Authority's obligations under this DDA, other Authority contracts and grants, and the Conversion Act.

19.1.2 "**Authority Revenues**" means all revenues payable to Authority for each applicable year, including projected Interim Lease Revenues, Marina Revenues and any other sources of revenue received by Authority from any sources whatsoever other than Developer or Vertical Developers.

19.1.3 The Parties acknowledge that the Annual Authority Budget shall comply with applicable requirements of the Conversion Act, the Public Trust, the Conveyance Agreement and the City's Charter.

19.2 Annual Budget. Within ninety (90) days after the Effective Date, the Authority and Master Developer shall meet and confer to create a base line budget ("**Base Line Budget**") that includes projected Authority Costs and Authority Revenues. On or before May 1 with respect to Fiscal Year 2012-13 and each subsequent Authority Fiscal Year during the term of this DDA, the Authority and Master Developer shall meet and confer regarding the Authority Costs reasonably expected to be incurred and Authority Revenues reasonably expected to be received during that succeeding Authority Fiscal Year. Prior to such meetings, the Authority shall prepare a preliminary budget (the "**Annual Preliminary Budget**") estimating the anticipated Authority Cost and Authority Revenues. The preliminary budget of Authority Costs shall include (i) the staff positions for all Authority staff, (ii) a general description of the duties of each such staff person relative to the Project, (iii) an identification of each third-party professional expected to be paid by the Authority during such year together with a description of the expected duties of such professional, the method of compensation and the expected total cost of such professional for such year, (iv) a general description of the costs and expenses related to the operation and maintenance of NSTI, including compliance with the terms of the TIHDI Agreement to provide assistance to TIHDI and TIHDI Member Organizations, subject to Section 19.3 below, and (v) a general description of the costs and expenses related to the management and implementation of the Project. The Annual Preliminary Budget shall include a projection of anticipated revenues payable to Authority for the year, including projected Authority Revenues. Based on such meetings and other relevant information available to the Authority, the Authority shall update such Annual Preliminary Budget for Authority Costs for such Authority Fiscal Year, broken down by fiscal quarter and including the information set forth in clauses (i) through (v) above (an "**Annual Authority Draft Budget**") and deliver the same to Master Developer. The Parties acknowledge that the Annual Authority Draft Budget is subject to review and approval by the Authority Board and the Board of Supervisors in their sole and absolute discretion. The Parties further acknowledge and agree that the Annual Authority Budget may need to be modified by the Authority and the Board of Supervisors from time to time during the Authority Fiscal Year.

19.3 Community Service Costs. The Parties acknowledge that the Base Line Budget will include certain line items to provide community services consistent with the amounts and types of Authority's existing practice on NSTI. If Authority proposes in any Authority Fiscal Year to make any material increase to the scope or funding levels of such services, prior to including any such material changes in the Annual Authority Draft Budget, the Authority shall provide Master Developer with a list of all changes, including types and amounts of funding proposed, with a written justification describing the need, the amount, the benefit to the community and an explanation as to why such need is unlikely to be met without the amount of additional funding requested. Authority shall meet and confer with Master Developer to discuss the proposed increase.

19.4 Reporting. Within ninety (90) days following the end of each calendar quarter during the term of this DDA, the Authority Director shall deliver to Developer a summary of Authority Costs and Revenues incurred during such quarter together with a comparison of the Authority Costs and Revenues incurred with those set forth in the relevant Annual Authority Budget (an "**Authority Costs and Revenue Report**"). Each Authority Costs and Revenue Report shall contain a certification by the Authority Director that such Authority Costs and Revenue Report, to his or her knowledge, is complete and complies with the terms of this Article 19. The summary shall be in a reasonably detailed form and shall include (i) a general description of the services performed and Authority Costs incurred, (ii) the fees and costs incurred and paid by the Authority under the Interagency Cooperation Agreement, (iii) the fees and costs of third-party professionals and copies of invoices from such third-party professionals; and (iv) all other costs and expenses of Authority in carrying out its duties. The Authority shall provide such additional information and supporting documentation as Developer may reasonably request regarding Authority Costs incurred. The Authority and Developer shall cooperate with one another to develop a reporting format that satisfies the reasonable informational needs of Developer without divulging any privileged or confidential information of the Authority, the City, or their respective contractors. The Authority Costs and Revenue Report shall be binding on Developer in the absence of error demonstrated by Developer within six (6) months of Developer's receipt of the same.

19.5 Payment of Authority Costs. The Authority may from time to time establish a fee for service mechanism for Authority Costs incurred by it pursuant to this DDA, although such mechanism may not result in higher Authority Costs than if the system outlined in Section 19.2 were observed. Any such fees collected shall be shown in the Authority Costs and Revenue Report for purposes of determining the Authority Costs due and owing from Developer under this DDA.

19.6 Payment for Shortfall in Authority Costs. In each calendar quarter, Authority shall apply all Authority Revenues against all Authority Costs described in each Authority Costs and Revenues Report in accordance with the requirements of applicable laws, including the Conversion Act and the City's Charter. Developer shall reimburse Authority for the amount by which the Authority Costs exceed Authority Revenues and reasonable reserves for that quarter, as shown in the Authority Costs and Revenues Report, no later than sixty (60) days after the receipt of the Authority Costs and Revenue Report from the Authority. The Parties shall meet and confer in good faith to resolve any disputes regarding an Authority Costs and Revenue Report. In addition to the other remedies provided in this DDA, the Authority shall

have the right to terminate or suspend any work for a Party under this DDA upon such Party's failure to pay amounts due and owing hereunder, and continuing until such Party makes payment in full to the Authority. No such failure to pay by a Party shall affect the Authority's obligations to any other Party under this DDA.

19.7 Interim Lease Revenues. The Authority shall collect and distribute Interim Lease Revenues in accordance with the priority set forth in Section 6.1 of the Financing Plan.

19.8 Payment of City Costs and Ramps Payment. Under the Development Agreement and the Interagency Cooperation Agreement, City Agencies must submit quarterly invoices for all City Costs incurred by the City Agency for reimbursement under the Development Agreement, which invoices shall be gathered by Authority. Authority shall gather all such invoices so as to submit one combined City bill to Developer each quarter. As described in the Development Agreement and the Interagency Cooperation Agreement, Developer shall pay City for all City Costs during the Term within thirty (30) days following receipt of a written invoice. Developer shall not be obligated for the payment of any City Cost that is not invoiced to Developer within twelve (12) months from the date the City Cost was incurred. Amounts due for the Ramps Subsidy in accordance with the SFCTA MOA, as amended (as more particularly described in Section 13.3.6 hereof), shall be invoiced within thirty (30) days prior to each due date thereunder, and shall be payable as a City Cost to the SFCTA or the Authority, as directed.

20. Financing; Rights of Mortgagees.

20.1 Right to Mortgage. Developer and any Person to whom any of them Transfers its respective interest in this DDA, as permitted under this DDA (collectively and individually, as the case may be, a "**Mortgagor**") shall have the right, at any time and from time to time during the term of this DDA, to grant a mortgage, deed of trust or other security instrument (each a "**Mortgage**") encumbering all or a portion of such Mortgagor's respective ownership interest in all or a portion of the Project Site, together with such Mortgagor's interest in any Project Accounts relating to such portions of the Project Site (including the right to receive payments from the Funding Sources or other revenue emanating from the Project Site) for the benefit of any Person (together with its successors in interest, a "**Mortgagee**") as security for one or more loans related to the Project Site made by such Mortgagee to the Mortgagor to pay or reimburse costs incurred in connection with obligations under this DDA, subject to the terms and conditions contained in this Article 20. Without limiting the foregoing, no Mortgage shall be granted to secure obligations unrelated to the Project Site or to provide compensation or rights to a Mortgagee in return for matters unrelated to the Project Site. A Mortgagee may Transfer all or any part of or interest in any Mortgage without the consent of or notice to any Party; provided, however, that the Authority shall have no obligations under this DDA to a Mortgagee unless the Authority is notified of such Mortgagee. Furthermore, the Authority's receipt of notice of a Mortgagee following the Authority's delivery of a notice or demand to Developer or to one or more Mortgagees under Section 20.4 shall not result in an extension of any of the time periods in this Article 20, including the cure periods specified in Section 20.5.

20.2 Certain Assurances. The Authority agrees to cooperate reasonably with each Mortgagor or prospective Mortgagor in confirming or verifying the rights and obligations of the Mortgagee.

20.3 Mortgagee Not Obligated to Construct. Notwithstanding any other provision of this DDA, including those that are or are intended to be covenants running with the land, a Mortgagee, including any Person who obtains title to all or any portion of or any interest in the Project Site as a result of foreclosure proceedings, or conveyance or other action in lieu thereof, or other remedial action, including (a) any other Person who obtains title to real property in the Project Site or such portion from or through such Mortgagee or (b) any other purchaser at foreclosure sale, shall in no way be obligated by the provisions of this DDA, to Commence or Complete Infrastructure and Stormwater Management Controls or Required Improvements or to provide any form of Adequate Security for such Commencement or Completion. Nothing in this Section 20.3 or any other Section or provision of this DDA, shall be deemed or construed to permit or authorize any Mortgagee or any other Person to devote all or any portion of the Project Site to any uses, or to construct any improvements, other than uses or Improvements consistent with the Development Requirements.

20.4 Copy of Notice of Default and Notice of Failure to Cure to Mortgagee. Whenever the Authority shall deliver any notice or demand to a Mortgagor for any breach or default by such Mortgagor in its obligations or covenants under this DDA, the Authority shall at the same time forward a copy of such notice or demand to each Mortgagee having a Mortgage on the portion of the Project Site or any interest in the revenues therefrom or related thereto that is the subject of the breach or default who has previously made a written request to the Authority for a copy of any such notices. The Authority's notice shall be sent to the address specified by such Mortgagee in its most recent notice to the Authority. In addition, if such breach or default remains after any cure period permitted under this DDA, as applicable, has expired, the Authority shall deliver a notice of such failure to cure such breach or default to each such Mortgagee at such applicable address. A delay or failure by the Authority to provide such notice required by this Section 20.4 shall extend, for the number of days until notice is given, the time allowed to the Mortgagee for cure.

20.5 Mortgagee's Option to Cure Defaults. Before or after receiving any notice of failure to cure referred to in Section 20.4, each Mortgagee that has received interest in real property shall have the right (but not the obligation), at its option, to commence within the same period as Developer to cure or cause to be cured any Event of Default, plus an additional period of (a) thirty (30) days to cure a monetary Event of Default and (b) sixty (60) days to cure a non-monetary Event of Default that is susceptible of cure by the Mortgagee without obtaining title to the applicable real property. If an Event of Default is not cured within the applicable cure period (or cannot be cured by the Mortgagee without obtaining title to the applicable real property), the Authority nonetheless shall refrain from exercising any of its remedies for the Event of Default and shall permit the cure by Mortgagee of such Event of Default if, within the Mortgagee's applicable cure period: (i) the Mortgagee has a recorded security interest in the applicable real property and notifies the Authority in writing that the Mortgagee intends to proceed with due diligence to foreclose the Mortgage or otherwise obtain title to the subject real property; (ii) the Mortgagee commences foreclosure proceedings within sixty (60) days after giving such notice, and diligently pursues such foreclosure to completion; and (iii) after obtaining title, the

Mortgagee diligently proceeds to cure those Events of Default: (A) that are susceptible of cure by the Mortgagee; and (B) of which the Mortgagee has been given written notice by the Authority under Section 20.4 or thereafter. Notwithstanding the foregoing, no Mortgagee shall be required to cure any Event of Default that is personal to the Mortgagor (by way of example and not limitation, such Mortgagor's bankruptcy, failure to submit required information in the possession of such Mortgagor), and the completion of a foreclosure and acquisition of title to the applicable real property by the Mortgagor shall be deemed to be a cure of such Events of Default. Although no Mortgagee is obligated to do so, any Mortgagee that directly or indirectly obtains title and that properly Completes the Infrastructure and Stormwater Management Controls or Improvements relating to the applicable portion of Project Site in accordance with this DDA shall be entitled, upon written request made to the Authority, to a Certificate of Completion.

20.6 Mortgagee's Obligations with Respect to the Property. Except as set forth in this Article 20, no Mortgagee shall have any obligations or other liabilities under this DDA unless and until it acquires title by any method to all or some portion of or interest in the Project Site (referred to as "**Foreclosed Property**") and expressly assumes Developer's rights and obligations under this DDA in writing. A Mortgagee (or its designee) that acquires title to any Foreclosed Property (a "**Mortgagee Acquisition**") shall take title subject to all of the terms and conditions of this DDA to the extent applicable to the Foreclosed Property, including any claims for payment or performance of obligations that are due as a condition to enjoying the benefits under this DDA from and after the Mortgagee Acquisition. Upon completion of a Mortgagee Acquisition and written assumption of Developer's rights and obligations under this DDA, the Authority shall recognize the Mortgagee as the Developer under this DDA. The Authority shall have no right to enforce any obligation under this DDA personally against any Mortgagee unless such Mortgagee expressly assumes and agrees to be bound by this DDA in a form Approved by the Authority. However, the Authority shall have the right to (i) terminate this DDA with respect to the Foreclosed Property if the Mortgagee does not agree to assume the rights and obligations of Developer relating to the Foreclosed Property in writing within ninety (90) days following a Mortgagee's acquisition of title to the Foreclosed Property, and (ii) exercise its rights under Section 16.5 with respect to Foreclosed Property (regardless of whether there has been a foreclosure) in the event that a Mortgagee does not cure a Reversionary Default within the time permitted for cure herein. If a Mortgagee or any Person who acquires title to real property in the Project Site from a Mortgagee assumes obligations to construct Improvements under this DDA, the Schedule of Performance with respect to the Foreclosed Property shall be extended as needed to permit such construction.

20.7 No Impairment of Mortgage. No default by a Mortgagor under this DDA shall invalidate or defeat the lien of any Mortgagee. Neither a breach of any obligation secured by any Mortgage or other lien against the mortgaged interest nor a foreclosure under any Mortgage shall defeat, diminish, render invalid or unenforceable or otherwise impair Developer's rights or obligations or constitute, by itself, a default under this DDA.

20.8 Multiple Mortgages. If at any time there is more than one Mortgage constituting a lien on a single portion of the Project Site or any interest therein, the lien of the Mortgagee prior in time to all others on that portion of the mortgaged property shall be vested with the rights under this Article 20 to the exclusion of the holder of any other Mortgage;

provided, however, that if the holder of a senior Mortgage fails to exercise the rights set forth in this Article 20, each holder of a junior Mortgage shall succeed to the rights set forth in this Article 20 only if the holders of all Mortgages senior to it have failed to exercise the rights set forth in this Article 20 and holders of junior Mortgages have provided written notice to the Authority under Section 20.4. No failure by the senior Mortgagee to exercise its rights under this Article 20 and no delay in the response of any Mortgagee to any notice by the Authority shall extend any cure period or Developer's or any Mortgagee's rights under this Article 20. For purposes of this Section 20.8, in the absence of an order of a court of competent jurisdiction that is served on the Authority, a title report prepared by a reputable title company licensed to do business in the State and having an office in City, setting forth the order of priorities of the liens of Mortgages on real property may be relied upon by the Authority as conclusive evidence of priority.

20.9 Cured Defaults. Upon the curing of any Event of Default by a Mortgagee within the time provided in Section 20.5, the Authority's right to pursue any remedies for the cured Event of Default shall terminate.

21. Transfers and Assignment.

21.1 Developer's Right to Transfer Major Phases and Sub-Phases. Developer shall have the right to Transfer to a Transferee, in each case upon compliance with the provisions of this Section 21.1: (i) the right to submit Major Phase Applications for one or more Major Phases, excluding the Initial Major Phase; (ii) the right to submit Sub-Phase Applications within any Major Phase(s), excluding the Initial Sub-Phases within the Initial Major Phase; (iii) the right to develop any Major Phases for which a Major Phase Approval has been obtained, excluding the Initial Major Phase; and (iv) the right to develop any Sub-Phase within a Major Phase for which a Sub-Phase Approval has been obtained, excluding the Initial Sub-Phases within the Initial Major Phase. The Authority Board's Approval shall be required for a Transfer pursuant to this Section 21.1. Such Approval will not be unreasonably withheld, delayed or conditioned if the Transferee or Persons Controlling the Transferee:

(a) have experience acting as the developer of projects similar in size and complexity to the development opportunity being Transferred (the "**Experience Requirement**"), as determined by the Authority Board in its reasonable discretion;

(b) satisfy the Net Worth Requirement;

(c) if the Transfer is under clause (i) or clause (ii) above, commit to submit a Major Phase Application and all Sub-Phase Applications for the development opportunity being Transferred, no later than the Outside Date for submission of the Major Phase Application or Sub-Phase Application, as applicable, or (B) ninety (90) days following the Authority's Approval of the proposed Transfer if the Authority's Approval occurs within the ninety (90) day period before the Outside Date for submission of the Major Phase Application or Sub-Phase Application, as applicable;

(d) enter into an Approved Assignment and Assumption Agreement, as set forth in Section 21.6, provided that (i) for a Transfer under clause (ii) or (iv) the Approved

Assignment and Assumption Agreement does not release Developer of its obligations hereunder as to the applicable Sub-Phase, and (ii) as to a Transfer under clause (i) or (iii), the Approved Assignment and Assumption Agreement does not release Master Developer of its obligations under Section 1.5 as Master Developer;

(e) provide Base Security and any Adequate Security as and to the extent required under Article 26, which shall apply to the obligations assumed by the Transferee unless replacement Base Security or Adequate Security is provided by the Transferee and Approved by the Authority Director; and

(f) have not been suspended, disciplined, debarred or prohibited from contracting with the City or the Authority.

Developer and any proposed Transferee shall provide detailed information to the Authority to demonstrate the Transferee's satisfaction of the above requirements, a proposed Assignment and Assumption Agreement, and such additional documents and materials as are reasonably requested by the Authority Director. Upon the Authority Director's receipt of the foregoing, the Authority Director shall submit the proposed Transfer to the Authority Board at the next regularly-scheduled meeting of the Authority Board for which an agenda has not yet been finalized and for which the Authority can prepare and submit a staff report in keeping with Authority standard practices. The Authority Board shall Approve or disapprove a request for Transfer. The consideration, if any, paid by the Transferee to Developer in connection with the proposed Transfer shall be treated as Gross Revenues.

21.2 Developer's Right to Transfer Lots. Subject to satisfaction of the conditions set forth in Section 10.7, Developer (and any Transferee) shall have the right without separate Approval of Authority pursuant to this Article 21 to Transfer Lots to Vertical Developers in accordance with the requirements of this DDA, including Article 17.

21.3 Developer Affiliate Transfers; Reorganizations. Developer shall have the right at any time to Transfer all or a portion of its rights and corresponding obligations under this DDA without the Approval of the Authority (except as set forth in this Section 21.3) if (i) Developer is not then in Material Breach, (ii) the Transferee is Controlled by Developer or by a Person that Controls Developer, or the Transferee is Approved by the Authority Director if the Transferee is an Affiliate of Developer that is not Controlled by Developer or by a Person that Controls Developer, and (iii) the Transferee or Persons Controlling the Transferee satisfy the Experience Requirement. Any such Transfer may be effected by the consolidation or merger of Developer into or with any other business organization whether or not Developer is the surviving entity under applicable law if the foregoing requirements are otherwise met. Any Transferee under this Section 21.3 shall be deemed an Affiliate of Developer, and therefore a Developer Party, under this DDA, and accordingly, (A) Developer's Base Security and any Adequate Security shall apply to the obligations assumed by the Transferee unless replacement Base Security or Adequate Security is provided by the Transferee and Approved by the Authority Director, and (B) the cross-default provisions set forth in Sections 3.8, 16.1 and 16.4 shall apply to Events of Default by Developer and the Transferee. Notwithstanding the foregoing, Developer may request that the cross-default provisions of this DDA not apply as between Developer and the Transferee in connection with any Transfer to an Affiliate under this Section

21.3, provided, that any such request shall be subject to review and Approval by the Authority Board in its sole discretion.

21.4 One Developer Retains Responsibility for All Infrastructure Within Each Major Phase. Before the receipt of a Major Phase Approval, Developer may Transfer all of its rights and obligations as Developer (but not as Master Developer) under this DDA for the entirety of a Major Phase (other than the Initial Major Phase) to a Transferee subject to the Authority Board's Approval as set forth in Section 21.1. Following a Major Phase Approval, Developer (or a Transferee, if applicable) shall have the right to Transfer the obligation for submitting all Sub-Phase Applications (other than the Initial Sub-Phases in the Initial Major Phase) and Completing any or all Infrastructure and Stormwater Management Controls for Sub-Phases within that Major Phase (other than the Initial Sub-Phases in the Initial Major Phase and excluding any Transferable Infrastructure within a Lot that is to be constructed by a Vertical Developer), to a Transferee subject to the Authority Board's Approval as set forth in Section 21.1, provided, however, that Developer and the Transferee of that Major Phase, if applicable shall not be released from the obligations hereunder to submit Sub-Phase Applications and to Complete all Infrastructure and Stormwater Management Controls within that Major Phase, and shall remain ultimately responsible for Completion of all Infrastructure and Stormwater Management Controls within that Major Phase. Developer may enter into construction contracts and similar agreements with third parties as may be needed to assist Developer or the Transferee of that Major Phase, as applicable, in satisfying the foregoing obligations, which contracts or agreements shall not be subject to Approval by the Authority under Section 21.1 or 21.5, provided, however, that no such contract or agreement shall serve to release Developer from its obligations to submit Sub-Phase Applications and to Complete all Infrastructure and Stormwater Management Controls within that Major Phase.

21.5 Authority's Approval of a Transfer. In addition to the Transfers permitted by Sections 21.1 through 21.3, Developer may Transfer some or all of its interest in this DDA with the Approval of the Authority Board, which the Authority Board may give or withhold in its sole discretion. Developer may also Transfer a portion of its interest in this DDA that is less than an entire Major Phase but includes the remainder of an entire Major Phase, together with the corresponding rights and obligations of Developer under this DDA, if the Authority Board Approves the proposed Transferee and the proposed Assignment and Assumption Agreement, which Approval shall not be unreasonably withheld if the Transferee, or Persons Controlling the Transferee, satisfy the Net Worth Requirement and the Experience Requirement, and the Assignment and Assumption Agreement meets the applicable requirements of Section 21.6.

21.6 Assignment and Assumption Agreement; Release.

21.6.1 Any Transfer described in Sections 21.1 and 21.3 through 21.5 (other than a transfer of the obligation to complete Transferable Infrastructure in accordance with Section 7.2) shall be under an Assignment and Assumption Agreement that includes: (a) a legal description of any real property being Transferred; (b) a detailed description of the rights and obligations under this DDA to be assigned to and assumed by Transferee, which must include all of the Indemnifications and releases by Developer in this DDA and in the Developer consent attached to the Interagency Cooperation Agreement and shall expressly recite any obligations of Developer that will not be Transferred (e.g., the Parties understand and agree that upon any such

assignment and assumption, all references to Developer in this DDA, excluding references in Sections 1.5 and 21.13 shall include the Transferee except as expressly noted in the Assignment and Assumption Agreement); (c) the obligations under this DDA that are assumed by the Transferee; (d) the Transferee's obligations under the Housing Plan, and an acknowledgement of the Authority's rights if Inclusionary Milestones under the Housing Plan are not satisfied with respect to the Project as a whole; (e) an agreement and covenant by the Transferee not to challenge the enforceability of any of the provisions or requirements of this DDA, including, if such Lots will contain a Residential Project, an agreement and covenant by the Transferee for the benefit of the Authority and Developer regarding the non-applicability of the Costa-Hawkins Act as set forth in Section 10 of the Housing Plan; (f) if the Infrastructure and Stormwater Management Controls for any adjoining real property is not Completed, an assumption of the risk of non-Completion and a waiver and release for the benefit of the Authority and the City regarding any failure to Complete the Infrastructure and Stormwater Management Controls; and (g) such other matters as are deemed appropriate by Developer and are Approved by the Authority Director. Each such Assignment and Assumption Agreement must be in recordable form and Approved by the Authority Director, although the Authority Director may elect, in his or her sole discretion, not to Approve any Assignment and Assumption Agreement (i) that does not include the items listed above, or (ii) if Developer is then in Material Breach of its obligations under this DDA.

21.6.2 Upon the consummation of any Transfer described in Sections 21.1(i), 21.1(iii), 21.3, or 21.5, including receipt of the Approved Assignment and Assumption Agreement, the Authority shall provide to Developer or other transferor a written release from any obligations under this DDA that are permitted to be released under this DDA and are expressly Transferred to and assumed by the Transferee under the Approved Assignment and Assumption Agreement (subject to the terms of approval by Authority), including in such release any obligations of Developer that accrued before the date of the Transfer to the extent the same are expressly assumed by the Transferee in the Assignment and Assumption Agreement. The release shall be provided within thirty (30) days after the effective date of such Transfer in a form prepared and Approved by the Authority, consistent with this Section 21.6.2. Except as provided in Sections 16.1 and 16.6 and as may otherwise be contained in an Assignment and Assumption Agreement Approved by the Authority Board, nothing in this Section 21.6 shall limit the Authority's right to take action against all Affiliates of Developer upon an Event of Default by an Affiliate of Developer as set forth in this DDA.

21.7 Exceptions. The provisions of this Article 21 shall not be deemed to prohibit or otherwise restrict Developer's (i) grant of easements, leases, subleases, licenses or permits to facilitate the development, operation and use of the Project Site, in whole or in part, (ii) grant or creation of a Mortgage permitted under Article 20, (iii) sale or transfer of all or any portion of the Project Site or any interest in the Project Site pursuant to a foreclosure or the exercise of a power of sale contained in such a Mortgage or any other remedial action in connection with the Mortgage, or a conveyance or transfer in lieu of foreclosure or exercise of such power of sale, or (iv) any Transfer to the Authority, the City, or any other Governmental Entity contemplated by this DDA. In addition, nothing in this Article 21 shall require the Authority to Approve any Transfer (excluding a Transfer of Lots subject to the satisfaction of the conditions set forth in Section 10.7 of this DDA) by Developer if Developer is in Material Breach.

21.8 Notice of Transfer. For any Transfer permitted under this Article 21 (but not including under Section 21.2) without the Approval of the Authority, Developer shall provide the Authority with notice of any Transfer not less than thirty (30) days before the effective date of the Transfer (unless a shorter period is Approved by the Authority Director in his or her sole discretion). Developer shall include with such notice the identity, address, contact person and telephone number of the proposed Transferee, the proposed Assignment and Assumption Agreement, including a clear statement of the assumed obligations of Developer under this DDA and satisfactory evidence that the proposed Transferee possesses the required qualifications. Developer shall also provide any additional information and materials reasonably requested by the Authority Director. This provision shall not create any obligation on or duty of a Mortgagee other than as set forth in Article 20.

21.9 Transfer of DDA Obligations and Interests in Property. Other than with respect to a Mortgagee whose security does not include real property, (i) Developer's rights and obligations under this DDA may be Transferred only in conjunction with the Transfer of the portion of the real property (or the right to acquire such real property on the terms of this DDA) to which the rights and obligations apply and (ii) the Transferee shall succeed to all of Developer's rights (including without limitation the right to Transfer) and obligations under this DDA that relate to the property or development opportunity Transferred. Developer may effectuate a Transfer of real property through a ground lease transaction, subject to the Authority Director's Approval in his or her sole discretion. Nothing herein shall prohibit Developer from Transferring its rights and obligations for a Sub-Phase separately from Developer's rights to Vertical Development within such Sub-Phase, subject to compliance with the terms and conditions hereof.

21.10 Liability for Default/Step-in Meet and Confer.

21.10.1 Liability for Default. No Third Party Transferee shall be liable for the default by Developer or another Transferee in the performance of its respective obligations under this DDA, and Developer shall not be liable for the default by any Third Party Transferee in the performance of its respective obligations; provided, that the foregoing provision shall not (i) be applicable to either a Transferee or Developer to the extent either has assumed such obligation under the terms of the applicable Assignment and Assumption Agreement or retained such obligation in accordance with Section 21.4 of this DDA, or (ii) limit the Authority's right to proceed against Developer and Affiliates of Developer upon an Event of Default by Developer or any Affiliate of Developer. Except as provided in this Section 21.10 and in Sections 3.8 and 16.4, a failure to submit an Application or an Event of Default by Developer or a Transferee shall not entitle the Authority to terminate this DDA, or otherwise affect any rights under this DDA, for any portion of the Project Site that is not owned or Controlled by the Person that is in default.

21.10.2 Step-in Meet and Confer. If a Transferee of a Major Phase commits a Material Breach hereunder that results in the termination of the Major Phase, Developer may notify the Authority that Developer is willing to step-in and proceed with the applicable Major Phase and any Sub-Phases within that Major Phase that have not been previously conveyed. Upon such request, the Parties shall meet and confer on the terms of an Assumption Agreement whereby Developer would assume all obligations of Developer for that

Major Phase and any remaining Sub-Phases of the Major Phase, including proposed changes to the Schedule of Performance. Notwithstanding the foregoing, Authority shall not be obligated to negotiate exclusively with Developer, shall have no obligation to enter into an Assignment and Assumption Agreement for the applicable Major Phase with Developer and may Transfer the applicable Major Phase to a Third Party Transferee at any time.Restrictions on Speculation. No Sub-Phase or Lot may be Transferred by Developer until Developer (or the Transferee in accordance with Sections 21.1(e) or 21.4) has provided, and continues to maintain, Adequate Security for the performance of its obligations to Complete the Infrastructure and Stormwater Management Controls in that Sub-Phase until Completion of such Infrastructure and Stormwater Management Controls.

21.12 Restrictions on Transfer by the Authority. The Parties acknowledge that pursuant to the terms of the Conversion Act, the City and County of San Francisco and the San Francisco Port Commission (the "**Port**") may succeed to certain interests of the Authority in the event of the dissolution of the Authority. Developer agrees to be bound by all of the terms of this Agreement should the City and/or the Port succeed to the interest of Authority by operation of law or otherwise, and it is the intent of the Parties hereto that this Agreement shall continue to be of full force and effect and binding on both Developer and any successor to the Authority by operation of law or otherwise in accordance with all of its terms and conditions. Except as may be expressly permitted by the foregoing during the Term, the Authority shall not Transfer any portion of the Project Site to any Person where such Transfer would materially adversely impair Developer's performance under this DDA or the uses, densities, rights or intensity of development contemplated under this DDA. The foregoing shall not preclude the grant of easements, leases, subleases, licenses or permits to facilitate the development, operation and use of the Project Site as contemplated by this DDA or the Marina Term Sheet. The Authority may Transfer the Authority Housing Lots only to Qualified Housing Developers and only for the development of Authority Housing Projects as set forth in the Housing Plan. Prior to the issuance of the final Certificate of Completion for all Improvements contemplated hereunder, except as otherwise provided herein, the Authority shall retain all Public Property designated for parks or open space. The Authority shall have the right to Transfer all or any portion of NSTI that is not included in the Project Site, and any of the Authority's rights and obligations under this DDA by operation of law, without the Approval of Developer; provided, however, that Authority shall provide under the terms of any such Transfer that development of such area is performed consistent with the Development Requirements. In addition, so long as TICD remains the Master Developer, the Authority shall further provide under the terms of any such Transfer that development of the Transferred area comply with zoning and development standards equal to or more stringent than those applicable to the Project Site under the SUD and the Design for Development as of the Effective Date hereof.

21.13 Certain Recordkeeping. Developer and its Transferees are treated as one for purposes of the sharing of Net Cash Flow under Section 1.3 of the Financing Plan. Developer shall require each Transferee to create and maintain, with respect to its development at the Project Site (excluding any Vertical Improvements), the same reports, records and information that Developer is required to create and maintain with respect to its development at the Project Site. Developer shall gather and compile all such information and prepare an integrated Annual Report for purposes of all accounting and record keeping under the Financing Plan, including but not limited to maintaining records of the Project Accounts, Project Costs,

Distributions and Funding Sources in accordance with Section 1.6 of the Financing Plan. The Authority shall have the same audit rights against all Transferees as the Authority has against Developer, and all applicable reports, records and information of Transferees shall be made available to the Authority at its request in accordance with the Financing Plan.

22. General Developer and Vertical Developer Indemnification; Insurance.

22.1 General Developer Indemnification. Developer shall Indemnify the Authority and the City and their respective commissioners, supervisors, officers, employees, attorneys, contractors and agents (each, a "**City Party**") from and against all claims, demands, losses, liabilities, damage, liens, obligations, interest, injuries, penalties, fines, lawsuits or other proceedings, judgments and awards and costs and expenses (including reasonable attorneys' fees and costs, consultant fees and costs and court costs) of whatever kind or nature, known or unknown, contingent or otherwise, including the reasonable costs to the Authority of carrying out the terms of any judgment, settlement, consent, decree, stipulated judgment or other partial or complete termination of an action or procedure that requires the Authority to take any action (collectively "**Losses**") arising from or as a result of, except to the extent such Losses are directly or indirectly caused by the act or omission of a City Party, (a) the non-compliance of the Infrastructure and Stormwater Management Controls constructed by or on behalf of Developer with any federal, State or local laws or regulations, including those relating to access, or any patent or latent defects therein, (b) during the period of time that Developer holds title to any portion of the Project Site, the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in such portion of the Project Site and (c) the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in or around the Project Site to the extent caused by the act or omission of Developer or its agents, servants, employees or contractors.

In addition to the foregoing, Developer shall Indemnify the City Parties from and against all Losses (if a City Party has been named in any action or other legal proceeding) and all Authority Costs incurred by a City Party (if the City Party has not been named in the action or legal proceeding) arising directly or indirectly out of or connected with contracts or agreements (i) to which no City Party is a party and (ii) entered into by Developer in connection with its performance under this DDA, any Assignment and Assumption Agreement and any dispute between parties relating to who is responsible for performing certain obligations under this DDA (including any record keeping or allocation under the Financing Plan), except to the extent such Losses were caused by the act or omission of a City Party. For purposes of the foregoing sentence, no City Party shall be deemed to be a "party" to a contract solely by virtue of having Approved the contract under this DDA (e.g., an Assignment and Assumption Agreement).

22.2 General Vertical Developer Indemnification. The Vertical DDA and Vertical LDDA will require each Vertical Developer to Indemnify the City Parties from and against all Losses, except to the extent such Losses are caused by the act or omission of a City Party, arising from or resulting from (a) the non-compliance of the Vertical Improvements and any Infrastructure and Stormwater Management Controls constructed by Vertical Developer with any federal, State or local laws or regulations, including those relating to access, or any patent or latent defects therein, (b) during the period of time that Vertical Developer holds title to any

portion of the Project Site, the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in such portion of the Project Site and (c) the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person in and around the Project Site to the extent caused by the act or omission of Vertical Developer or its agents, servants, employees or contractors.

22.3 Other Remedies. The agreements to Indemnify set forth in Sections 22.1 and 22.2 are in addition to, and in no way shall be construed to limit or replace, any other obligations or liabilities that Developer may have to the Authority under this DDA, except as may be limited by the provisions of Article 16.

22.4 Defense of Claims. The Authority agrees to give prompt notice to Developer or Vertical Developer (as the case may be, the "**Indemnifying Party**") with respect to any suit filed or claim made against the Authority (or, upon the Authority's discovery thereof, against any City Party that the Authority believes in good faith is covered by any Indemnification given by Developer or Vertical Developer under this DDA) no later than the earlier of (a) ten (10) days after valid service of process as to any filed suit or (b) fifteen (15) days after receiving notification of the assertion of such claim, which the Authority has good reason to believe is likely to give rise to a claim for Indemnification hereunder by the Indemnifying Party. The failure of the Authority to give such notice within such timeframes shall not affect the rights of the Authority or obligations of the Indemnifying Party under this DDA except to the extent that the Indemnifying Party is prejudiced by such failure. The Indemnifying Party shall, at its option but subject to Approval by the Authority, be entitled to control the defense, compromise or settlement of any such matter through counsel of the Indemnifying Party's choice; provided, that in all cases the Authority shall be entitled to participate in such defense, compromise or settlement at its own expense. If the Indemnifying Party shall fail, however, in the Authority's reasonable judgment, within a reasonable time following notice from the Authority alleging such failure, to take reasonable and appropriate action to defend, compromise or settle such suit or claim, the Authority shall have the right promptly to hire counsel to carry out such defense, compromise or settlement, and the reasonable expense of the Authority in so doing shall be due and payable to the Authority within fifteen (15) days after receipt by the Indemnifying Party of a properly detailed invoice for such expense.

22.5 Limitations of Liability. It is understood and agreed that no commissioners, members, officers, agents, or employees of the Authority (or of its successors or assigns) shall be personally liable to Developer or any Vertical Developer, nor shall any direct or indirect partners, members or shareholders of Developer or Vertical Developer or its or their respective officers, directors, agents or employees (or of their successors or assigns) be personally liable to the Authority, in the event of any default or breach of this DDA by the Authority, Developer or any Vertical Developer or for any amount that may become due to Developer, any Vertical Developer or the Authority or any obligations under the terms of this DDA; provided, that the foregoing shall not release obligations of a Person that otherwise has liability for such obligations, such as (i) the general partner of a partnership that, itself, has liability for the obligation or (ii) the obligor under any Adequate Security covering such obligation. Further, notwithstanding anything to the contrary set forth in this Article 22, the Indemnifications by Developer in Article 22 shall exclude any Losses relating to Hazardous

Substances, which shall be instead governed by the Land Acquisition Agreements, Permits to Enter and Article 11.

22.6 Insurance Requirements. As a part of each Major Phase Application, Developer shall propose the form, amount, type, terms and conditions of insurance coverages required of Developer in connection with such Major Phase, including those required under Section 11.3, and the final insurance requirements shall be included in each Major Phase Approval (the "**Insurance Requirements**").

23. Authority Indemnification.

23.1 Indemnification. The Authority shall Indemnify Developer and its owners and the members, directors, officers, partners, employees, agents, successors and assigns of each of them from and against all Losses arising from or as a result of Authority's non-compliance with applicable Replacement Housing Obligations, except to the extent that such Losses are directly or indirectly caused by the negligent or willful act of Developer, including Developer's failure to comply with its obligations under the Housing Plan.

23.2 Other Remedies. The agreement to Indemnify set forth in Section 23.1 is in addition to, and in no way shall be construed to limit or replace, any other obligations or liabilities that the Authority may have to Developer under this DDA, except as may be limited by the provisions of Article 16.

24. Excusable Delay; Extension of Times of Performance.

24.1 Excusable Delay. In addition to the specific provisions of this DDA, a Party shall not be deemed to be in default under this DDA, including all Exhibits, on account in any delay in such Party's performance to the extent the delay results from any of the following (each, "**Excusable Delay**"):

24.1.1 "**Force Majeure**", which means: war; acts of terrorism; insurrection; strikes or lock-outs not caused by, or outside the reasonable control of, the Party claiming an extension; riots; floods; earthquakes; fires; casualties; acts of nature; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation not caused by, or outside the reasonable control of, the Party claiming an extension; failure or delay in delivery of utilities serving the Project Site not caused by, or outside the reasonable control of, the Party claiming an extension, existing environmental conditions affecting the Project Site that are not the responsibility of Developer under a Remediation Agreement, and previously unknown environmental conditions discovered on or affecting the Project Site or any portion thereof, in each case including any delay caused or resulting from the investigation or remediation of such conditions; existing unknown or newly discovered geotechnical conditions affecting the Project Site, including any delay caused or resulting from the investigation or remediation of such conditions, or litigation that enjoins construction or other work on the Project Site or any portion thereof, causes a lender to refuse to fund, disburse or accelerate payment on a loan, or prevents or suspends construction work on the Project Site except to the extent caused by the Party claiming an extension; unusually severe weather; inability to secure necessary labor, materials or tools (provided that the Party claiming Force Majeure has taken

reasonable action to obtain such materials or substitute materials on a timely basis); a development moratorium, as defined in Section 66452.6(f) of the California Government Code, extending the expiration date of a tentative subdivision map; the occurrence of a Conflicting Law; a breach of Authority's Title Covenant, including any delay caused or resulting from the ensuing time necessary for Authority or Developer to remove such title exception, including litigation arising therefrom; and any other causes beyond the reasonable control and without the fault of the Party claiming an extension of time to perform.

24.1.2 "**Economic Delay**", means either (1) any period of time in which Developable Lots that are Market Rate Lots ("**Developable Market Rate Lots**") containing thirty percent (30%) or more of the number of Market Rate Units as set forth in the Housing Data Table approved for any given Sub-Phase remain unsold at or above the Minimum Bid Price(s) set forth in the Proforma submitted by Developer at the commencement of the applicable Major Phase (as such Proforma may be updated at a subsequent Sub-Phase in accordance with this DDA), for a period of no less than four (4) months after the last Market Rate Developable Lot in the Sub-Phase has been completed, notwithstanding commercially reasonable and diligent efforts by Developer to market and sell such Developable Market Rate Lots (a "**Sub-Phase Event**"); or (2) any period of time in which Developable Market Rate Lots containing thirty percent (30%) or more of the number of Market Rate Units as set forth in the Housing Data Tables for all Sub-Phases approved to date remain unsold at or above the Minimum Bid Price(s) set forth in the Proforma submitted by Developer at the commencement of the most recent Major Phase (as such Proforma may be updated at a subsequent Sub-Phase in accordance with this DDA), for a period of no less than four (4) months after the last Developable Market Rate Lot in the applicable Sub-Phase has been completed, notwithstanding commercially reasonable and diligent efforts by Developer to market and sell such Developable Market Rate Lots (a "**Cumulative Sub-Phase Event**"). The foregoing notwithstanding, Developable Market Rate Lots designated in the Housing Data Table approved at the commencement of any given Sub-Phase to accommodate buildings over 240 feet in height (each, a "**High Rise Lot**") and realized land sales attributable to those Developable Market Rate Lots shall be excluded from calculations of both a Sub-Phase Event and a Cumulative Sub-Phase Event for a period of time equal to the first six (6) years after the date of approval of the first Sub-Phase Application in the Initial Major Phase. From and after the sixth anniversary of the date of approval of the first Sub-Phase Application in the Initial Major Phase, all Developable Market Rate Lots in any given Sub-Phase, including High Rise Lots, shall be included in any calculations determining a Cumulative Sub-Phase Event, but shall not be included in any calculations for determining a Sub-Phase Event. Notwithstanding the foregoing, if the sole reason for Economic Delay is due to the inclusion of unsold High Rise Lots in a Cumulative Sub-Phase Event and such condition remains for more than four (4) years, the Developer, at its option, shall either waive the Economic Delay or, if it elects not to waive the Economic Delay, Developer may deliver a Requested Change Notice regarding a redesign of the High Rise Lots as necessary to reposition the Project for market acceptance.

24.1.3 "**Administrative Delay**", which means: (i) any Governmental Entity's failure to act within a reasonable time, in keeping with standard practices for such Governmental Entity, or within the time contemplated in the Interagency Cooperation Agreement, the Development Agreement, any of the Land Acquisition Agreements, any Acquisition and Reimbursement Agreement or this DDA (after a timely request to act or when a duty to act arises); (ii) the taking of any action, or the failure to act, by any Governmental Entity

where such action or failure to act is challenged by Developer or a Vertical Developer and the Governmental Entity's act or failure to act is determined to be wrong or improper; provided, that delays caused by an applicant's failure to submit Complete Applications or provide required information shall not, by itself, be an Administrative Delay; and (iii) any delay that by the express terms of this DDA is an Administrative Delay. Without limiting the foregoing, Administrative Delay shall include the period of delay, if any, between the anticipated date for Initial Closing as set forth in the Conveyance Agreement approved by the Authority and the City as of the Reference Date and the actual date for the Initial Closing as set forth in the fully executed final Conveyance Agreement.

24.1.4 "**CEQA Delay**", which means: (i) such period as may be required to complete any additional environmental review required under CEQA after the certification of the Project EIR by the Planning Commission and the Authority Board and the filing of a notice of determination following approval of the Project by the Board of Supervisors; (ii) any time during which there are litigation or other legal proceedings pending involving the certification or sufficiency of the Project EIR or any other additional environmental review, regardless of whether development activities are subject to a stay, injunction or other prohibition on development action; (iii) any time required to comply with any Mitigation Measures imposed on the Project relating to previously unknown conditions or conditions that could not have been reasonably anticipated and that, by their nature require a delay or stoppage in work, including investigation and remediation activities required thereby, provided that the Party claiming delay is taking such required actions and resolving the issues causing delay in a timely and diligent manner; and (iv) any time required by the Authority or City to prepare additional environmental documents in response to a pending Application or other request for an Approval by the City or the Authority that requires additional environmental review; provided that the Party claiming delay has timely taken reasonable actions to obtain any such Approval or action.

Notwithstanding anything to the contrary in this Section 24.1, the following shall not be Excusable Delay: (1) the lack of credit or financing, unless such lack is the result of Economic Delay; or (2) the appointment of a receiver to take possession of the assets of Developer, an assignment by Developer for the benefit of creditors, or any other action taken or suffered by Developer**,** under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute.

24.2 Period of Excusable Delay. The period of an Excusable Delay shall commence to run from the time of the commencement of the cause. Except for CEQA Delay, the Party claiming Excusable Delay shall provide notice to the other applicable Parties of such Excusable Delay within a reasonable time following the commencement of the cause. If, however, notice by the Party claiming such extension is sent to the other Parties more than sixty (60) days after the commencement of the cause, the period shall commence to run only sixty (60) days before the giving of such notice, provided that the Party claiming the extension gives notice within a reasonable time following the commencement of the cause.

24.2.1 Each extension for Excusable Delay shall cause all future dates in the Schedule of Performance, or other date for performance occurring after the date of the notice, to be extended (in each case as they may otherwise be extended), although Developer shall not be entitled (A) to abandon any portion of the Project Site that it owns or where it has

Commenced Infrastructure and Stormwater Management Controls without first taking appropriate measures to leave the property in good and safe condition, (B) to extend the Outside Dates for the Completion of Infrastructure and Stormwater Management Controls or other Improvements that have Commenced to the extent that Excusable Delay is not related to such activities, (C) to cease paying taxes or assessments on any real property it owns within the Project Site, (D) to avoid the obligation to maintain in effect Adequate Security or other financial assurances, (E) to avoid or delay its obligations to construct the Required Improvements, except to the extent an Excusable Delay relates to Developer's obligations for such construction, or (F) to avoid or delay its Financial Obligations (except to the extent such payments are tied to the dates for the Completion of Improvements). In addition, Developer shall not be entitled to an Economic Delay extension to extend the date for Completion of the Infrastructure and Stormwater Management Controls for the Authority Housing Lot designated for satisfaction of the Replacement Housing Obligation related to demolition of the existing Yerba Buena Island units.

24.2.2 Times of performance under this DDA may also be extended in writing by the Authority and Developer for the Infrastructure and Stormwater Management Controls and the other obligations of Developer or the Authority hereunder, each acting in its respective sole and absolute discretion.

24.3 Developer Extension.

24.3.1 Upon receipt of each of the first three Major Phase Approvals, Developer shall obtain a "**Developer Extension**" equal to two (2) years. Upon receipt of the fourth Major Phase Approval, Developer shall obtain a Developer Extension equal to three (3) years. On any occasion in its sole discretion, Developer shall have the right to apply the Developer Extension subject to the following limitations and procedures: (i) Developer may apply the Developer Extension only by notifying the Authority to such effect, specifying the duration of such extension; (ii) by notice to the Authority Developer may extend the duration of the extension, so long as it remains within the then unused Developer Extension, and may reduce the duration of the extension upon notification that there is an applicable Excusable Delay and Developer intends to rely on the Excusable Delay instead of the Developer Extension; (iii) subject to the limitations in Section 24.3.2 below, each extension notice shall have the effect of extending (or reducing, as the case may be) all of the Outside Dates in the Schedule of Performance or other date for performance occurring after the date of the notice (in each case as they may otherwise be extended) by the duration of such extension (or reduction); (v) no such extension may be for a period longer than the unused portion of the then current Developer Extension; and (vi) any unused portion of a Developer Extension obtained upon a Major Phase Approval shall expire upon Completion of the Infrastructure and Stormwater Management Controls for that Major Phase. Extensions pursuant to this Section 24.3 are independent of Excusable Delay and any other ground for extension permitted in this DDA.

24.3.2 A Developer Extension shall cause all future dates in the Schedule of Performance, or other date for performance occurring after the date of the notice, to be extended (in each case as they may otherwise be extended), although Developer shall not be entitled (A) to abandon any portion of the Project Site that it owns or where it has Commenced Infrastructure and Stormwater Management Controls without first taking appropriate measures to

leave the property in good and safe condition, (B) to cease paying taxes or assessments on any real property it owns within the Project Site, (C) to avoid the obligation to maintain in effect Adequate Security or other financial assurances, (D) to extend the dates for performance for the Required Improvements, (E) to extend the date for Completion of the Infrastructure and Stormwater Management Controls for the Authority Housing Lot designated for satisfaction of the Replacement Housing Obligation related to demolition of the existing YBI units, or (F) to avoid or delay its Financial Obligations (except to the extent such payments are tied to the dates for the Completion of Improvements).

24.4 Park Extension. Developer and the Authority wish to avoid damaging the Improvements to the parks and open space during construction of adjacent Improvements, and to avoid the Completion of such parks and open space Improvements before the Completion of the Infrastructure and Stormwater Management Controls serving the parks and open space. Accordingly, subject to compliance with the Mitigation Measures, Developer shall have the right to apply for an extension of the applicable Outside Date for a specified parks and open space by one (1) year (the "**Park Extension**") by submitting request for such extension to the Authority on or before the applicable Outside Date. Approval for such extension shall not be unreasonably withheld if Developer satisfactorily demonstrates that such extension is necessary to avoid damaging the Improvements to the parks and open space during construction of adjacent Improvements, and to avoid the Completion of such parks and open space Improvements before the Completion of the Infrastructure and Stormwater Management Controls serving the parks and open space.

24.5 Limitations. In the event that an Excusable Delay exceeds twelve (12) months (except as set forth in the last sentence of this Section 24.5), the Parties shall meet and confer in good faith on mutually acceptable changes to the Project that will allow development of the Project to proceed to the extent possible notwithstanding the event or events causing such Excusable Delay. Notwithstanding anything to the contrary in this DDA, in no event shall an Excusable Delay extend for a period greater than (i) for litigation, three (3) months after a final, non-appealable judgment is issued or affirmed and (ii) for all other events other than Administrative Delay, CEQA Delay, Economic Delay or Force Majeure triggered by earthquake or flood, forty-eight (48) months after the start of the Excusable Delay. There shall be no cutoff date for an Administrative Delay, new environmental conditions, CEQA Delay (except as provided in clause (i) above), Economic Delay (except as provided in Section 24.1.2) or Force Majeure triggered by earthquake or flood.

24.6 Extensions for Delay under Land Acquisition Agreements. The Parties acknowledge and agree that the Navy's schedule for the phased conveyances of the Project Site to the Authority is revised from time to time by the Navy to reflect the Navy's progress in remediating such property. Upon Developer's request, the Authority Director will consider, in his or her reasonable discretion, changes to the Schedule of Performance to extend the applicable Outside Dates so as to avoid having Applications submitted significantly in advance of when necessary based upon the anticipated date of conveyances by the Navy (or other parties under other Land Acquisition Agreements), but still far enough in advance to permit Developer to Commence Infrastructure and Stormwater Management Controls when the applicable real property will be available; provided, this potential extension of the Schedule of Performance

shall not be used or applied for delays under the Land Acquisition Agreements caused by Developer.

25. Cooperation and Assistance.

25.1 Interagency Cooperation Agreement. The Authority shall perform its obligations under the Interagency Cooperation Agreement and shall use commercially reasonable efforts to cause the City Agencies to perform their respective obligations under the Interagency Cooperation Agreement**.**

25.2 Authority and Developer Rights and Obligations Under Land Acquisition Agreements. As a part of the land acquisition required or contemplated for the Project, the Authority plans to enter into the Conveyance Agreement and the Public Trust Exchange Agreement (collectively, the "**Land Acquisition Agreements**"). In furtherance of the foregoing, the Authority shall, to the extent Developer continues to have rights under this DDA with respect to the affected real property: (a) use good faith efforts to include Developer in any meetings between the Authority and any of the parties to the Land Acquisition Agreements with respect to the subject matter thereof, and deliver to Developer a copy of any material written notice sent or received by the Authority under any of the Land Acquisition Agreements; (b) consult with Developer regarding any material written notice that the Authority desires to deliver under any Land Acquisition Agreement; (c) not send any material written notice that the Authority desires to deliver under any Land Acquisition Agreement without the Approval of Developer; (d) coordinate with Developer regarding any closing or other material actions under any of the Land Acquisition Agreements; (e) closely coordinate with Developer in connection with any dispute resolution process under the Conveyance Agreement; and (e) not take any actions under any of the Land Acquisition Agreements that would materially adversely impact Developer without the Approval by Developer (unless the failure to take such action would result in an Authority breach of the Land Acquisition Agreement), including any termination or material amendment of a Land Acquisition Agreement. The Authority shall make available to Developer upon written request any written notices or third-party communications, and any non-privileged materials, in the Authority's possession regarding the Land Acquisition Agreements. Developer agrees to reasonably cooperate with the Authority and to perform all acts required of Developer in order to effectuate the closings contemplated by the Land Acquisitions Agreements.

25.3 Cooperation Regarding Land Acquisition Agreements. The Authority will use commercially reasonable efforts to enforce its rights under the Land Acquisition Agreements; provided, that the Authority shall not be required to spend funds for such efforts unless Approved by the Authority Board and, if applicable, the Board of Supervisors. Developer will reasonably cooperate with the Authority in such efforts, including by providing access to the Authority, the Navy and their designated representatives and promptly delivering to the Authority any non-privileged materials in Developer's possession that may be required under the Land Acquisition Agreements.

26. Adequate Security

26.1 Certain Definitions. As used herein:

"**Adequate Security**" means any security provided by Developer in accordance with this DDA that (i) secures the faithful performance or payment of the obligation secured thereby, (ii) is issued by a Person Approved by the Authority Director (and that meets the Guarantor Net Worth Requirement, if applicable), (iii) provides that the maximum liability of the obligor thereunder shall be equal to the Secured Amount plus the costs of enforcing such Adequate Security, and (iv) is in a form determined by Developer and Approved by the Authority Director, including, but not limited to a Guaranty, bonds, letters of credit, certificates of deposit or any other form that provides reasonable assurances regarding the obligations secured thereby. Any Adequate Security required by the TI/YBI Subdivision Code in connection with a final subdivision map shall conform to the requirements of the TI/YBI Subdivision Code.

"**Guaranty**" means a guaranty in the form attached hereto as Exhibit Y-1 or Y-2, as applicable, with only such changes as may be Approved by Developer and the Authority Director in their respective sole and absolute discretion that is executed by a Person(s) (i) with a Net Worth greater than the Secured Amount, and in no event less than Fifty Million Dollars ($50,000,000) (such $50,000,000 amount to be increased, automatically, by ten percent (10%) on each five (5) year anniversary of the Effective Date) (the "**Guarantor Net Worth Requirement**") and (ii) that is otherwise Approved by the Authority Director (each, a "**Guarantor**").

"**Secured Amount**" means, unless otherwise specifically provided in this DDA, including Section 16.5.4, (i) if securing an obligation to pay money, one hundred percent (100%) of the amount of such secured payment and (ii) if securing an obligation to construct, one hundred percent (100%) of the estimated cost of Completion of such construction as such cost is Approved by the Authority Director and Developer with reference to the applicable construction contracts entered into by Developer.

26.2 Base Security.

26.2.1 Base Security. Developer shall provide one or more Guaranties or other Adequate Security for (i) the payment of Financial Obligations, (ii) the payment and performance of Indemnifications under this DDA, including Indemnification obligations set forth in Section 22.1 hereof relating to the construction of Infrastructure, Stormwater Management Controls, Associated Public Benefits and Required Improvements and in Section 11.2 relating to Hazardous Substances, and (iii) all obligations secured under the Original Project Guaranty (the "**Base Security**"). The Base Security shall include a cap on the obligors' liability covered by all Base Security in the aggregate amount of Ten Million Dollars ($10,000,000), provided such amount shall be increased automatically by ten percent (10%) on each five (5) year anniversary of the Reference Date (the "**Base Security Cap**").

26.2.2 Effect of Transfer. Unless otherwise Approved by the Authority Board in its sole discretion in connection with its Approval of a Transfer, a Transfer by Developer to a Transferee under this DDA (and the provision of Base Security from more than one Person) shall not decrease the Base Security Cap under Base Security previously provided to the Authority.

26.2.3 Delivery by Developer. Within sixty (60) days after the Reference Date, (i) Developer shall provide up to two separate Guaranties, substantially in the form attached hereto as Exhibit Y-1 (or other form of Adequate Security), each from a Guarantor that meets the Guarantor Net Worth Requirement, in the aggregate amount of the Base Security Cap, with only such changes as may be mutually Approved by the Authority Director and Developer, and such Adequate Security shall be, collectively, Developer's Base Security. Promptly following the full execution and delivery of such Base Security, the Authority shall release and return the Original Project Guaranty to Developer. If requested by Developer or the applicable obligor, the Authority shall provide a written confirmation of such release and return. If more than one (1) form of Base Security is provided, the Adequate Security shall not be cross-defaulted and liability thereunder shall be several and not joint, but such Guaranties shall be subject to the replenishment requirement under Section 26.2.5. In the event that a claim or demand may be made against more than one instrument of Base Security, the Authority shall have the right to proceed against all such Base Security instruments simultaneously or in such order as may be determined by the Authority in its sole discretion. Notwithstanding the foregoing, if a CEQA Delay has occurred within sixty (60) days after the Reference Date, then the Guaranties provided shall add up to a collective total of Five Million Dollars ($5,000,000), and shall be replaced by Guaranties meeting the requirements of this Section 26.2.2 adding up to a collective total of the Base Security Cap upon the earlier of (i) sixty days after the expiration of the CEQA Delay; or (ii) the Initial Closing of the FOST Parcel under the Conveyance Agreement. Concurrently with the execution and delivery of such replacement Guaranties, the Authority shall release and return the prior Guaranty Agreement(s) to the applicable Guarantor.

26.2.4 Delivery by Transferees. No later than the effective date of a Transfer by Developer under Article 21, either (i) Developer and the obligor(s) under Developer's Base Security shall confirm in a manner acceptable to the Authority Director that Developer's Base Security secures all obligations of the Transferee described in Section 26.2.1, or (ii) the Transferee shall provide to the Authority new Base Security that secures all obligations of the Transferee as described in Section 26.2.1 and is Approved by the Authority Director. The effectiveness of the Authority Board's Approval of any Transfer under Article 21 shall be conditioned upon the Authority's receipt of such Base Security or such confirmation.

26.2.5 Replenishment. No payment or performance made by the obligor under any Base Security shall reduce or eliminate the requirement that Developer provide and maintain Base Security at all times during this DDA until the applicable Base Security Termination Date. Accordingly, upon any payment or performance by an obligor under Base Security, Developer shall provide, within thirty (30) days following such payment or performance, either replacement Base Security or an amendment to the applicable existing Base Security (in each case meeting all of the requirements for the Base Security as set forth in this DDA) to confirm that the Base Security Cap under all Base Security remains, collectively, Ten Million Dollars ($10,000,000), as increased by ten percent (10%) on each five (5) year anniversary of the Reference Date (plus the costs of enforcing the Base Security).

26.2.6 Release. The Authority shall promptly release and return any unused portion of any Base Security five (5) years following the earliest to occur of the following events: (i) the issuance of the last Certificate of Completion for all Infrastructure and Stormwater Management Controls to be Completed by all of the Parties whose obligations are

secured thereby and the payment of all Financial Obligations and accrued Indemnification obligations that are to be paid by all of the Parties whose obligations are secured thereby; or (ii) the expiration or termination of both this DDA and the ENA with respect to such Parties (the "**Base Security Termination Date**") and, if requested by Developer or the applicable obligor, provide a written confirmation of such release and return.

26.3 Net Worth Requirement/Significant Change/Substitute SecurityNet Worth Requirement. Each Guaranty shall provide that the Guarantor thereunder shall, at the Authority's request to such Guarantor and Developer from time to time, provide reasonably satisfactory evidence to the Authority that such Guarantor satisfies the Guarantor Net Worth Requirement as of the date of such request; provided that the Authority shall not make such request more than once in any calendar year unless the Authority reasonably believes that the Guarantor Net Worth Requirement is not then being satisfied. Any such evidence shall include a copy of the most recent audit of such Person, which audit must be dated no more than thirteen (13) months before the date of the Authority's request and must have been performed by an independent third-party auditor and must include the opinion of the auditor indicating that the financial statements are fairly stated in all material respects. If such Guarantor or Developer does not or is unable to provide such evidence within twenty (20) days following such request, Developer shall within another twenty (20) days deliver to the Authority a new Guaranty (or other Adequate Security) that satisfies the requirements of this Article 26 from a Person who satisfies the Guarantor Net Worth Requirement.

26.3.2 Significant Change to Guarantor. Any of the following shall be considered a "**Significant Change to Guarantor**" under the Guaranty: (i) Guarantor files a petition for bankruptcy, or makes a general assignment for the benefit of its creditors, (ii) a receiver is appointed on account of Guarantor's insolvency, (iii) a writ of execution or attachment or any similar process is issued or levied against any bank accounts of Guarantor, or against any property or assets of Guarantor being used or required for use in the development of the Infrastructure, Stormwater Management Controls, Associated Public Benefits and Required Improvements or against any substantial portion of any other property or assets of Guarantor, (iv) a final non-appealable judgment is entered against Guarantor in an amount in excess of ten percent of the Guarantor's Net Worth and Guarantor does not satisfy or bond the judgment or (v) without the consent of Guarantor, an application for relief is filed against Guarantor under any federal or state bankruptcy law, unless the application is dismissed within ninety (90) days. If a Significant Change to Guarantor occurs, Developer shall notify the Authority as soon as reasonably practicable and within twenty (20) days after the occurrence of the Significant Change to Guarantor, deliver to the Authority a new Guaranty (or other Adequate Security) that satisfies the requirements of this Article 26 from a Person who satisfies the Guarantor Net Worth Requirement and would not be within the definition of a Significant Change to Guarantor.

26.4 Requirement for Adequate Security Prior to Sub-Phases.

26.4.1 Delivery; Secured Amount. As set forth in the DRDAP, Developer shall provide with each Sub-Phase Application one or more forms of Guaranty or other forms of Adequate Security that, collectively, secure all of Developer's obligations with respect to that Sub-Phase (the "**Sub-Phase Security**"), including Developer's obligation to Complete all of the Infrastructure, Stormwater Management Controls, Required Improvements

and Associated Public Benefits associated with that Sub-Phase, which obligations include but are not limited to all hard and soft costs relating to construction of such Infrastructure, Stormwater Management Controls, Required Improvements and Associated Public Benefits, and all work required to be performed by Developer to Complete such Infrastructure, Stormwater Management Controls, Required Improvements and Associated Public Benefits such as land assembly, mapping, and performance under the Land Acquisition Agreements (collectively, the "**Sub-Phase Construction Obligations**"), but excluding the payment of the Financial Obligations and all Indemnification obligations, each of which are secured by the applicable Base Security. The Sub-Phase Security shall provide that the maximum liability of the obligor(s) for the Sub-Phase Construction Obligations shall be, collectively, one hundred percent (100%), or to the extent Developer has provided Increased Adequate Security under Section 16.5.4, one hundred twenty-five percent (125%), of the estimated cost of Completion of the applicable Sub-Phase Construction Obligations as such cost is Approved by the Authority Director, with reference to any construction contracts entered into by Developer on or before the date of issuance of the Sub-Phase Security (the "**Sub-Phase Construction Secured Amount**") plus the costs of enforcing such Sub-Phase Security. Developer shall provide fully effective Sub-Phase Security in the form(s) as set forth in its Sub-Phase Application and the applicable Sub-Phase Approval no later than thirty (30) days after the Authority Director grants the applicable Sub-Phase Approval. The effectiveness of any Sub-Phase Approval shall be conditioned upon the Authority's receipt of such fully effective Sub-Phase Security.

26.4.2 Relationship Between Multiple Sub-Phase Security Instruments. If more than one instrument of Sub-Phase Security is provided for a Sub-Phase, then such Sub-Phase Security shall not be cross-defaulted and liability thereunder shall be several and not joint. In the event that a claim or demand may be made against more than one instrument of Sub-Phase Security, the Authority shall have the right to proceed against any or all of such Sub-Phase Security instruments simultaneously or in such order as may be determined by the Authority in its sole discretion.

26.4.3 Relationship with Base Security. The Parties acknowledge and agree that Developer's Indemnification obligations and obligations for payment of Financial Obligations under this DDA that arise out of a Sub-Phase are secured by Developer's Base Security and not by the applicable Sub-Phase Security. If the Authority pursues a claim or demand against any Adequate Security for payment and performance of Developer's Indemnification obligations or obligations for payment of Financial Obligations under this DDA that arise out of a Sub-Phase, it shall only pursue such claim or demand under the applicable Base Security.

26.5 Reduction, Return and Release of Sub-Phase Security. Any Sub-Phase Security provided by Developer in accordance with this DDA shall be proportionately reduced upon partial satisfaction of the Sub-Phase Construction Obligations secured thereby, to the extent Approved by the Authority or provided in such Sub-Phase Security, or upon notice by Developer in accordance with Section 16.5.4, be retained by the Authority to the extent necessary to satisfy the requirements for recordation of the Reverter Release. Except as may otherwise be required to support the Reverter Release under Section 16.5.4, any Sub-Phase Security shall be released upon the complete satisfaction of the obligation secured thereby, as evidenced by the issuance of Developer's last Certificate of Completion with respect to such Sub-Phase; provided that if the

Authority terminates this DDA with respect to such Sub-Phase before the issuance of Developer's last Certificate of Completion for that Sub-Phase, the Sub-Phase Security shall be released when the Sub-Phase Construction Obligations that relate to the period before such termination have been Completed (or, if applicable, upon and in accordance with a final, unappealable judicial determination). Notwithstanding anything to the contrary set forth in this DDA, to the extent that any Sub-Phase Security provided herein is given in accordance with the TI/YBI Subdivision Code for the purpose of securing Sub-Phase Construction Obligations required under an approved Subdivision Map, such Sub-Phase Security shall be reduced and released by the City in accordance with the TI/YBI Subdivision Code. Upon any release of any Sub-Phase Security under this DDA, the Authority shall promptly (and in any event within thirty (30) days following such release) return such released Sub-Phase Security and, if requested by Developer or the applicable obligor, provide a written confirmation of such release and return.

26.6 Substitution of Adequate SecurityDeveloper shall have the right to substitute any Adequate Security (including any Base Security) provided to the Authority hereunder, or any portion thereof, for another form of Adequate Security that meets all of the requirements or Approvals needed for it to be Adequate Security as defined in this DDA. Without limiting the generality of the foregoing, upon providing any security in the form required pursuant to the TI/YBI Subdivision Code for Infrastructure and Stormwater Management Controls as and when required thereby, any prior Sub-Phase Security provided by Developer for that Infrastructure and Stormwater Management Controls obligation shall be released or reduced to the extent of such required security.

27. Special Provisions. The following Ordinances of the City and County of San Francisco, as the same are in effect as of the Effective Date of the DDA and as amended or updated to the extent permitted under the Development Agreement, apply to the Project and the Work.

27.1 Non-Discrimination in City Contracts and Benefits Ordinance.

(a) Covenant Not to Discriminate. In the performance of this Agreement, Developer covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), weight, height, association with members of classes protected under this chapter or in retaliation for opposition to any practices forbidden under Chapter 12 of the San Francisco Administrative Code against any employee of Developer or any City and County employee working with Developer, any applicant for employment with Developer, or any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Developer in the City and County of San Francisco.

(b) Subleases and Other Contracts. Developer shall include in all subleases and other contracts relating to the Project Site to which Developer is a signing party a non-discrimination clause applicable to such subtenant or other contractor in substantially the form of Section 27.1(a) above. In addition, Developer shall incorporate by reference in all Subleases and other contracts the provisions of Sections 12B.2 (a), 12B.2 (c)-(k) and 12C.3 of

the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Developer's failure to comply with the obligations in this Section 27.1(b) shall constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Developer does not as of the Reference Date and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits (collectively "**Core Benefits**") as well as any benefits other than the Core Benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local Law authorizing such registration, subject to the conditions set forth in Section 12B.2 of the San Francisco Administrative Code.

(d) HRC Form. On or prior to the Effective Date, Developer shall execute and deliver to the Authority the "Nondiscrimination in Contracts and Benefits" form approved by the San Francisco Human Rights Commission.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Developer shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Developer understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of $50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Developer and/or deducted from any payments due Developer.

27.2 Jobs and Equal Opportunity Program. Developer shall comply with the Jobs EOP, including the requirements relating to Developer's compliance with the City's First Source Hiring Program (San Francisco Administrative Code Section 83.1 et. seq.).

27.3 Labor Representation (Card Check). San Francisco Administrative Code Chapter 23, Article VI shall apply to (i) hotel and restaurant operators that employ more than fifty (50) employees on the Project Site, and (ii) grocery operators that employ more than fifty (50) employees on the Project Site. Hotel operators shall also be required to utilize the TIHDI Job Broker for job referrals as described in and consistent with the Jobs EOP.

27.4 Wages and Working Conditions. Developer agrees that any person performing Construction Work (as defined in the Jobs EOP) shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Developer shall include in any contract for Construction Work a

requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Developer shall require any Construction Contractor to provide, and shall deliver to the Authority and City upon request, certified payroll reports with respect to all persons performing labor in connection with the construction.

27.5 Requiring Health Benefits for Covered Employees. Unless exempt, Developer agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("**HCAO**"), as set forth in San Francisco Administrative Code Chapter 12Q (Chapter 12Q), including the implementing regulations as the same may be amended or updated from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is currently available on the web at www.sfgov.org. Capitalized terms used in this Section 27.5 and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee Developer shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO.

(b) Notwithstanding the above, if Developer meets the requirements of a "small business" by the City pursuant to Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Section 27.8(a) above.

(c) Developer understands and agrees that the failure to comply with the requirements of the HCAO shall constitute a material breach by Developer of this Agreement.

(d) If, within 30 days after receiving written notice of a breach of this Agreement for violating the HCAO, Developer fails to cure such breach or, if such breach cannot reasonably be cured within such 30-day period, Developer fails to commence efforts to cure within such period, or thereafter fails to diligently pursue such cure to completion, the City shall have the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City and the Authority.

(e) Any sublease or contract regarding services to be performed on the Project Site entered into by Developer shall require the subtenant or contractor and subcontractors, as applicable, to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in Chapter 12Q of the Administrative Code. Developer shall notify the City's Purchasing Department when it enters into such a sublease or contract and shall certify to the Purchasing Department that it has notified the subtenant or contractor of the obligations under the HCAO and has imposed the requirements of the HCAO on the subtenant or contractor through written agreement with such subtenant or contractor. Developer shall be responsible for ensuring compliance with the HCAO for each subtenant, contractor and subcontractor performing services on the Project Site. If any subtenant, contractor or subcontractor fails to comply, the City or the Authority may pursue the remedies set forth in Section 12Q.5 of the Administrative Code against Developer based on the

subtenant's, contractor's, or subcontractor's failure to comply, provided that the Authority has first provided Developer with notice and an opportunity to cure the violation.

(f) Developer shall not discharge, reprimand, penalize, reduce the compensation of, or otherwise discriminate against, any employee for notifying the City of any issue relating to the HCAO, for opposing any practice proscribed by the HCAO, for participating in any proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(g) Developer represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the requirements of the HCAO.

(h) Developer shall keep itself informed of the requirements of the HCAO, as they may change from time to time.

(i) Upon request, Developer shall provide reports to the City and the Authority in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subtenants, contractors, and subcontractors.

(j) Within five (5) business days of any request, Developer shall provide the City and the Authority with access to pertinent records relating to any Developer's compliance with the HCAO. In addition, the City and its agents may conduct random audits of Developer at any time during the Term. Developer agrees to cooperate with City and the Authority in connection with any such audit.

(k) If a contractor or subcontractor is exempt from the HCAO because the amount payable to such contractor or subcontractor under all of its contracts with the City or relating to City-owned property is less than $25,000.00 (or $50,000.00 for nonprofits) in that fiscal year, but such contractor or subcontractor later enters into one or more agreements with the City or relating to City-owned property that cause the payments to such contractor or subcontractor to equal or exceed $75,000.00 in that fiscal year, then all of the contractor's or subcontractor's contracts with the City and relating to City-owned property shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements to equal or exceed $75,000.00 in the fiscal year.

27.6 Developer Conflicts of Interest. Through its execution of this Agreement, Developer acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, certifies that it knows of no facts which would constitute a violation of such provisions and agrees that if Developer becomes aware of any such fact during the Term Developer shall immediately notify the Authority. Developer further certifies that it has made a complete disclosure to the Authority of all facts bearing on any possible interests, direct or indirect, which Developer believes any officer or employee of the City or the Authority presently has or will have in this Agreement or in the performance thereof or in any portion of the profits thereof. Willful failure by Developer to make such disclosure, if any, shall constitute grounds for the Authority's termination and cancellation of this Agreement.

27.7 Prohibition of Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, no funds appropriated by the Authority for this Agreement may be expended for organizing, creating, funding, participating in, supporting, or attempting to influence any political campaign for a candidate or for a ballot measure (collectively, "**Political Activity**"). The terms of San Francisco Administrative Code Chapter 12.G are incorporated herein by this reference. Accordingly, an employee working in any position funded under this Agreement shall not engage in any Political Activity during the work hours funded hereunder, nor shall any equipment or resource funded by this Agreement be used for any Political Activity. In the event Developer, or any staff member in association with Developer, engages in any Political Activity, then (i) Developer shall keep and maintain appropriate records to evidence compliance with this section, and (ii) Developer shall have the burden to prove that no funding from this Agreement has been used for such Political Activity. Developer agrees to cooperate with any audit by the Authority, the City or its designee in order to ensure compliance with this section. In the event Developer violates the provisions of this section, the City or the Authority may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement and any other agreements between Developer and the Authority, (ii) prohibit Developer from bidding on or receiving any new City or Authority contract for a period of two (2) years, and (iii) obtain reimbursement of all funds previously disbursed to Developer under this Agreement.

27.8 Notification of Limitations on Contributions. Through its execution of this Agreement, Developer acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code (the "**Conduct Code**") which prohibits or a state agency on whose board an appointee of a City elective officer serves, for the selling or leasing of any land or building to or from the City or a state agency on whose board an appointee of a City elective officer serves, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six (6) months after the date the contract is approved. Developer acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Developer further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Developer's board of directors; Developer's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Developer; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Developer. Additionally, Developer acknowledges that Developer must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Developer further agrees to provide the Authority the name of each person, entity or committee described above.

27.9 Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between the Authority and persons or firms seeking contracts will be open to inspection immediately after a contract has

been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

27.10 MacBride Principles - Northern Ireland. The City and the Authority urge companies doing business in Northern Ireland to move towards resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and the Authority also urge San Francisco companies to do business with corporations that abide by the MacBride Principles. Developer acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

27.11 Tropical Hardwood and Virgin Redwood Ban. The City and the Authority urge companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood wood product, or any virgin redwood or virgin redwood wood product. Developer agrees that, except as permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Developer shall not use or incorporate any tropical hardwood or virgin redwood in the construction of the Improvements. Developer shall not provide any items to the construction of the Project, or otherwise in the performance of this Agreement which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Developer fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Developer shall be liable for liquidated damages for each violation in any amount equal to the contractor's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

27.12 Resource-Efficient Facilities and Green Building Requirements. Developer acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 710 relating to resource-efficient buildings and green building design requirements. Developer hereby agrees it shall comply with the applicable provisions of such code sections.

27.13 Tobacco Product Advertising Prohibition. Developer acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the City or the Authority, including the Project Site. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product, or on any sign. The foregoing prohibition shall not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

27.14 Drug-Free Workplace. Developer acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1988 (41 U.S.C. Sections 701 et. seq.), the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City or Authority premises. Developer and its agents or assigns shall comply with all terms

and provisions of such Act and the rules and regulations promulgated thereunder. Developer agrees that any violation of this prohibition by Developer, its agents or assigns shall be deemed a material breach of this Agreement.

27.15 Pesticide Ordinance. Developer shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "**Pesticide Ordinance**") which (i) prohibit the use of certain pesticides on City or Authority property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Developer to submit to the Authority an integrated pest management ("**IPM**") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Developer may need to apply to the Project Site during the Term, (b) describes the steps Developer will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance, and (c) identifies, by name, title, address and telephone number, an individual to act as Developer's primary IPM contact person with the City or the Authority. In addition, Developer shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Through the Authority, Developer may seek a determination from the City's Commission on the Environment that Developer is exempt from complying with certain portions of the Pesticide Ordinance with respect to this Agreement, as provided in Section 307 of the Pesticide Ordinance. The Authority shall reasonably cooperate with Developer, at Developer's sole cost and expense, if Developer seeks in good faith an exemption under the Pesticide Ordinance.

27.16 Preservative Treated Wood Containing Arsenic. Developer may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Developer may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Developer from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

27.17 Compliance with Disabled Access Laws. Developer acknowledges that, pursuant to the Disabled Access Laws, programs, services and other activities provided by a public entity to the public, whether directly or through Developer or contractor, must be accessible to the disabled public. Developer shall not discriminate against any person protected under the Disabled Access Laws in connection with the use of all or any portion of the Property and shall comply at all times with the provisions of the Disabled Access Laws.

27.18 Protection of Private Information. Developer agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "**Protection of Information Ordinance**"), including the remedies provided therein. The provisions of the Protection of Private Information Ordinance are incorporated herein by

reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this Section 27.18 and not defined in this Agreement shall have the meanings assigned to such terms in the Protection of Private Information Ordinance. Consistent with the requirements of the Protection of Private Information Ordinance, Developer agrees to all of the following:

(a) Neither Developer nor any of its contractors or subcontractors who receive Private Information from the City or the Authority in the performance of a contract may disclose that information to a subcontractor or any other person or entity, unless one of the following is true:

(i) The disclosure is authorized by this Agreement;

(ii) Developer received advance written approval from the Authority to disclose the information; or

(iii) The disclosure is required by judicial order.

(b) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement or the Authority's approval and shall not be used except as necessary in the performance of the obligations under the contract. Any disclosure or use of Private Information authorized by the Authority shall be in accordance with any conditions or restrictions stated in the approval.

(c) "**Private Information**" shall mean any information that (1) could be used to identify an individual, including without limitation name, address, social security number, medical information, financial information, date and location of birth, and names of relative; or (2) the law forbids any person from disclosing.

(d) Any failure of Developer to comply with the Protection of Private Information Ordinance shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the Authority may terminate this Agreement, debar Developer, or bring a false claim action against Developer.

27.19 Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the Authority's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

Developer shall remove all graffiti from any real property owned or leased by Developer in the City and County of San Francisco within forty-eight (48) hours of the earlier of Developer's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti

from the Department of Public Works or the Authority. This Section 27.19 is not intended to require Developer to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code, or the San Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of Developer to comply with this Section 27.19 shall constitute a Developer Event of Default.

27.20 Food Service Waste Reduction Ordinance. Developer agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. This provision is a material term of this Agreement. By entering into this Agreement, Developer agrees that if it breaches this provision, the Authority and City will suffer actual damages that will be impractical or extremely difficult to determine; further, Developer agrees that the sum of one hundred dollars ($100.00) liquidated damages for the first breach, two hundred dollars ($200.00) liquidated damages for the second breach in the same year, and five hundred dollars ($500.00) liquidated damages for-subsequent breaches in the same year is a reasonable estimate of the damage that the Authority and City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by the Authority and City because of Developer's failure to comply with this provision.

27.21 Charter Provisions. This Agreement is governed by and subject to the provisions of the Charter of the City and County of San Francisco, including the budgetary and fiscal provisions of the City's Charter. Notwithstanding anything to the contrary contained in this Agreement, there shall be no obligation for the payment or expenditure of money by the Authority or City under this Agreement unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the City's Charter, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Developer acknowledges that in no event shall the City’s General Fund have any liability for any of the Authority’s obligations under this Agreement.

27.22 Incorporation. Each and every provision of the San Francisco Administrative Code or any other San Francisco Code specifically described or referenced in this

Agreement is hereby incorporated by reference, as it exists on the Effective Date as though fully set forth herein.

28. Miscellaneous Provisions.

28.1 Incorporation of Exhibits and Attachments. Each Exhibit is hereby incorporated into and made a part of this DDA. Each Attachment is attached for reference and the convenience of the Parties.

28.2 Notices. Any notice or other communication given under this DDA by a Party must be given or delivered (i) by hand, (ii) by registered or certified mail, postage prepaid and return receipt requested, or (iii) by a recognized overnight carrier, such as Federal Express, in any case addressed as follows:

28.2.1 in the case of a notice or communication to the Authority,

Treasure Island Development Authority
c/o Office of Economic and Workforce Development
City Hall, Rm. 448
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Treasure Island Project Director

and

Office of the City Attorney
City Hall, Rm. 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Real Estate/Finance

28.2.2 in the case of a notice or communication to Developer,

Treasure Island Community Development, LLC
c/o UST Lennar HW Scala SF Joint Venture
One California Street, Suite 2700
San Francisco, CA 94111
Attn: Kofi Bonner

and

Gibson Dunn & Crutcher LLP
555 Mission Street, Suite 3000
San Francisco, CA 94105
Attn: Mary G. Murphy

To be effective, every notice given to a Party under the terms of this DDA must be in writing and must state (or must be accompanied by a cover letter that states) substantially the following:

(a) the Section of this DDA under which the notice is given;

(b) if applicable, the action or response required;

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

(d) if applicable, the period of time within which the recipient of the notice must cure an alleged breach;

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

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

(g) if a notice of a disapproval or an objection that requires reasonableness, shall specify with particularity the reasons for the disapproval or objection.

Any mailing address may be changed by a Party at any time by giving notice of such change in the manner provided above, and any such change shall be effective ten (10) days thereafter (or such later date as is set forth in such notice). All notices under this DDA shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

28.3 Time of Performance.

28.3.1 All performance (including cure) dates expire at 5:00 p.m. on a Business Day (San Francisco, California time) on the applicable date for performance (including cure), as such date may be extended pursuant to the effect of Article 24 or any other extension of time permitted in this DDA.

28.3.2 Where the Outside Date (or other date set forth in this DDA) set forth in the Schedule of Performance is a calendar month without reference to a specific day in such month, or a year without reference to a specific month in such year, then the Outside Date shall be the last day in such month or year, as applicable.

28.3.3 Time is of the essence in the performance of all the terms and conditions of this DDA.

28.4 Extensions of Time.

28.4.1 The Authority or Developer may extend the time for the performance of any term, covenant or condition of this DDA by a Party owing performance to the extending party, or permit the curing of any related default, upon such terms and conditions as it determines appropriate; provided, however, any such extension or permissive curing of any particular default shall not operate to release any of the obligations of the Party receiving the extension or cure rights or constitute a waiver of the granting Party's rights with respect to any other term, covenant or condition of this DDA or any other default in, or breach of, this DDA.

28.4.2 In addition to matters set forth in Section 28.4.1, the Parties may extend the time for performance by any of them of any term, covenant or condition of this DDA by a written instrument signed by authorized representatives of such Parties without the execution of a formal recorded amendment to this DDA, and any such written instrument shall have the same force and effect and impart the same notice to third parties as a formal recorded amendment to this DDA.

28.5 Attorneys' Fees.

28.5.1 Should any Party institute any action or proceeding in court or other dispute resolution mechanism permitted or required under this DDA, the prevailing party shall be entitled to receive from the losing party the prevailing party's reasonable costs and expenses incurred including, without limitation, expert witness fees, document copying expenses, exhibit preparation costs, carrier expenses and postage and communication expenses, and such amount as may be awarded to be reasonable attorneys' fees and costs for the services rendered the prevailing party in such action or proceeding. Attorneys' fees under this Section 28.5.1 shall include attorneys' fees on any appeal.

28.5.2 For purposes of this DDA, reasonable fees of attorneys and any in-house counsel shall be based on the average fees regularly charged by private attorneys with an equivalent number of years of professional experience in the subject matter area of the law for which the in-house counsel's services were rendered who practice in the City in law firms with approximately the same number of attorneys as employed by the City.

28.6 Eminent Domain. The exercise by the Authority of its eminent domain power, if applicable, with regard to any portion of the Project Site owned by Developer or any Vertical Developer in a manner that precludes or substantially impairs performance by Developer or any Vertical Developer of any of its material obligations (or would otherwise give rise to a default by Developer) hereunder shall constitute a Material Breach by the Authority.

28.7 Successors and Assigns; No Third-Party Beneficiary. Subject to the provisions of Article 21, this DDA shall be binding upon and inure to the benefit of the Mortgagees and transferees of Developer and any transferee of the Authority, including, without limitation, the San Francisco Port Commission and the City and County of San Francisco, if applicable. This DDA is made and entered into only for the protection and benefit of the Parties and their successors and assigns. No other Person shall have or acquire any right or action of

any kind based upon the provisions of this DDA except as explicitly provided to the contrary in this DDA.

28.8 Estoppel Certificates. Any Party, within twenty (20) days after notice from any other Party, shall execute and deliver to the requesting Party and, if requested, any Mortgagee or prospective Mortgagee, an estoppel certificate stating:

28.8.1 whether or not this DDA is unmodified and in full force and effect. If there has been a modification of this DDA, the certificate shall state that this DDA is in full force and effect as modified, and shall set forth the modification, and if this DDA is not in full force and effect, the certificate shall so state; and

28.8.2 whether or not the responding Party is aware of any Event of Default (or event which, with notice or the passage of time or both, could be an Event of Default) by any other Party under this DDA in any respect and, if so, describing the same in detail.

28.9 Counterparts. This DDA may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same instrument. Such counterparts may be delivered by facsimile, electronic mail or other similar means of transmission.

28.10 Authority and Enforceability. Developer and the Authority each represents and warrants that the execution and delivery of this DDA, and the performance of its obligations hereunder, have been duly authorized by all necessary action, and will not conflict with, result in any violation of, or constitute a default under, any provision of any agreement or other instrument binding upon or applicable to it, or any present law or governmental regulation or court decree.

28.11 References. Wherever in this DDA the context requires, references to the masculine shall be deemed to include the feminine and the neuter and vice-versa, and references to the singular shall be deemed to include the plural and vice versa.

28.12 Correction of Technical Errors. If by reason of inadvertence, and contrary to the intention of Developer and the Authority, errors are made in this DDA in the identification or characterization of any title exception, in a legal description or the reference to or within any Exhibit with respect to a legal description, in the boundaries of any parcel (provided such boundary adjustments are relatively minor and do not result in a material change as determined by the Authority's counsel), in any map or drawing which is an Exhibit, or in the typing of this DDA or any of its Exhibits, Developer and the Authority by mutual agreement may correct such error by memorandum executed by both of them and replacing the appropriate pages of this DDA, and no such memorandum or page replacement shall be deemed an amendment of this DDA.

28.13 Brokers. Developer and the Authority each represents to the other that it has not employed a broker or a finder in connection with the execution and delivery of this DDA, and agrees to Indemnify the other from the claims of any broker or finder asserted through such Party.

28.14 Governing Law. This DDA shall be governed by and construed in accordance with the laws of the State of California. All references in this DDA to California or federal laws and statutes shall mean such laws, regulations and statues as they may be amended from time to time, except to the extent a contrary intent is stated.

28.15 Effect on Other Party's Obligation. If Developer's or the Authority's performance is excused or the time for its performance is extended under Article 24, the performance of the other Party that is conditioned on such excused or extended performance is excused or extended to the same extent.

28.16 Table of Contents; Headings. The Table of Contents is for the purpose of convenience of reference only and is not to be deemed as a part of this DDA or as supplemental hereto. Section and other headings are for the purpose of convenience of reference only and are not intended to, nor shall they, modify or be used to interpret the provisions of this DDA.

28.17 Numbers.

(a) Generally. For purposes of calculating a number under this DDA, any fraction equal to or greater than one half (1/2) shall be rounded up to the nearest whole number and any fraction less than one half (1/2) shall be rounded down to the nearest whole number.

(b) Number of Days. References in this DDA to days shall be to calendar days, unless otherwise specified; provided, that if the last day of any period to give notice, reply to a notice, meet a deadline or to undertake any other action occurs on a day that is not a Business Day, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding Business Day.

28.18 No Gift or Dedication. Except as otherwise specified in this DDA, this DDA shall not be deemed to be a gift or dedication of any portion of the Project Site to the general public, for the general public, or for any public use or purpose whatsoever. Developer shall have the right to prevent or prohibit the use of any portion of the property owned by it, including common areas and buildings and improvements, by any Persons for any purpose inimical to the operation of a private, integrated mixed-use project as contemplated by this DDA. Any dedication must be evidenced by an express written offer of dedication to and written acceptance by the Authority, the City, the SFPUC, CFD or other Governmental Entity, as applicable, for such purposes by a recorded instrument executed by the owner of the property dedicated.

28.19 Severability. Except as is otherwise specifically provided for in this DDA for Conflicting Laws, invalidation of any provision of this DDA, or of its application to any Person, by judgment or court order shall not affect any other provision of this DDA or its application to any other Person or circumstance, and the remaining portions of this DDA shall continue in full force and effect, except to the extent that enforcement of this DDA as invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate a fundamental purpose of this DDA.

28.20 Entire Agreement. This DDA contains all of the representations and warranties and the entire agreement between the Parties with respect to the subject matter of this DDA. Any prior correspondence, memoranda, agreements, warranties or representations between the parties relating to such subject matter are incorporated into and superseded in total by this DDA. Notwithstanding the foregoing, this DDA shall not supersede the ENA, which shall remain in full force and effect according to its terms; provided, however, that so long as the DDA is in full force and effect, the terms of the DDA shall control in the event of any inconsistency. No prior drafts of this DDA or changes from those drafts to the executed version of this DDA shall be introduced as evidence in any litigation or other dispute resolution proceeding by Developer, the Authority or any other Person, and no court or other body shall consider those drafts in interpreting this DDA.

28.21 No Party Drafter; Captions. Although certain provisions of this DDA were drawn by the Authority and certain provisions were drawn by Developer, (i) the provisions of this DDA shall be construed as a whole according to their common meaning and not strictly for or against any Party in order to achieve the objectives and purposes of the Parties, and (ii) no Party nor its counsel shall be deemed to be the drafter of any provision of this DDA.

28.22 Conduct; Covenant of Good Faith and Fair Dealing. In all situations arising out of this DDA, subject to the provisions of Article 16, Developer and the Authority shall each attempt to avoid and minimize the damages resulting from the conduct of the other and shall take all reasonably necessary measures to achieve the provisions of this DDA. This DDA is subject to the covenant of good faith and fair dealing applicable under California law.

28.23 Further Assurances. Each of Developer and the Authority covenants, on behalf of itself and its successors, heirs and assigns, to take all actions and to do all things, and to execute, with acknowledgment or affidavit if required, any and all documents and writings that may be necessary or proper to achieve the purposes and objectives of this DDA. The Authority Director is authorized to execute and deliver on behalf of the Authority any closing or similar documents and any contracts, agreements, memoranda or similar documents with State, regional and local entities or enter into any tolling agreement with any Person if the Authority Director determines that such execution and delivery are necessary or proper to achieve the purposes and objectives of this DDA and in the Authority's best interests.

28.24 Approvals.

(a) As used herein, "**Approval**" and any variation thereof (such as "**Approved**" or "**Approve**") refers to the prior written consent of the applicable Party or other Person. When used with reference to a Governmental Entity such terms are intended to refer to the particular form of consent or approval required from such Governmental Entity in order to obtain the Authorization being sought.

(b) Whenever Approval is required of Developer, the Authority, the Authority Board or the Authority Director under this DDA, it shall not be unreasonably withheld, conditioned or delayed unless the Approval is explicitly stated in this DDA to be within the "sole discretion" (or words of similar import) of the Party whose Approval is sought. The reasons for failing to grant Approval, or for giving a conditional Approval, shall be stated in reasonable

detail in writing, except by the Authority Board, which as a public body will grant or deny Approval in open session at a duly held and noticed public meeting in accordance with applicable public meeting laws. Approval by Developer or the Authority to or of any act or request by the other shall not be deemed to waive or render unnecessary Approval to or of any similar or subsequent acts or requests. The requirements for Approvals under this DDA shall extend to and bind the partners, officers, directors, shareholders, trustees, beneficiaries, agents, elective or appointive boards, commissions, employees and other authorized representatives of Developer and the Authority, and each such Person shall make or enter into, or take any action in connection with, any Approval in accordance with these requirements. In determining whether to give an Approval, no Party shall require changes from or impose conditions inconsistent with (i) the Development Requirements or (ii) matters it has previously Approved with respect to the matter at issue.

(c) Unless otherwise provided in this DDA, whenever Approval or any other action is required by the Authority Board, the Authority Director shall upon the request of Developer submit such matter to the Authority Board at the next regularly-scheduled meeting of the Authority Board for which an agenda has not yet been finalized and for which the Authority can prepare and submit a staff report in keeping with Authority standard practices.

(d) Unless otherwise provided in this DDA, Approvals or other actions of the Authority (as opposed to the Authority Director or the Authority Board) will be given or undertaken, as applicable, by the Authority Director.

(e) Developer shall from time to time by notice to the Authority designate the Persons who may act as its "**Developer Representative**". Approvals or other actions of Developer shall be given or undertaken, as applicable, by Developer's Representative or such other Person that provides evidence reasonably acceptable to the Authority Director that such Person is duly authorized to act on behalf of Developer.

28.25 Cooperation and Non-Interference. Developer and the Authority shall each refrain from doing anything that would render its performance under this DDA impossible, and subject to Article 16 each shall do everything which this DDA contemplates that the Party shall do to accomplish the objectives and purposes of this DDA.

28.26 Interpretation. Unless otherwise specified, whenever in this DDA, including its Exhibits, reference is made to the Table of Contents, any Article, Section, Exhibit, Attachment or any defined term, the reference shall be deemed to refer to the Table of Contents, Article, Section, Exhibit, Attachment or defined term of this DDA. Any reference to an Article or a Section includes all subsections and subparagraphs of that Article or Section. The use in this DDA of the words "including", "such as" or words of similar import when following any general term, statement or matter shall not be construed to limit such statement, term or matter to the specific statements, terms or matters, whether or not language of non-limitation, such as "without limitation" or "but not limited to", or words of similar import, is used with reference thereto. In the event of a conflict between the Recitals and the remaining provisions of this DDA, the remaining provisions shall prevail.

28.27 Legal Representation. Developer and the Authority each acknowledges, warrants and represents that it has been fully informed with respect to, and represented by counsel of its choice in connection with the rights and remedies of and waivers by it contained in this DDA and after such advice and consultation has presently and actually intended, with full knowledge of its rights and remedies otherwise available at law or in equity, to waive and relinquish those rights and remedies to the extent specified in this DDA, and to rely solely on the remedies provided for in this DDA with respect to any breach of this DDA by the other, or any other right that either Developer or the Authority seeks to exercise.

28.28 Recordation; Run with the Land. It is understood and agreed by Developer and the Authority that after execution by Developer and the Authority, this DDA will be recorded by the Authority; provided that the recordation shall affect only Developer's and the Authority's interest in the Project Site (including any real property acquired by either of them after the Effective Date). If this DDA is terminated in accordance with its terms, Developer or the Authority may record a Notice of Termination as provided in Section 28.36. Before any such termination of this DDA by the terms hereof, and subject to release of the lien of this Agreement in accordance with Section 2 hereof, the covenants and agreements of Developer and the Authority contained herein shall be covenants running with any land conveyed from the Authority to Developer shall bind every Person having any interest in such real property, and shall be binding upon and inure to the benefit and burden of Developer and the Authority and their respective heirs, successors and assigns. This DDA shall not burden or bind any other property in the Project Site that is not acquired by the Authority or Developer under this DDA.

28.29 Survival. Termination of this DDA shall not affect (i) the right of any Party to enforce any and all Indemnifications or Adequate Security (including any Guaranty) to the extent they relate to the period before termination, (ii) any provision of this DDA that, by its express term, is intended to survive the expiration or termination of this DDA, or (iii) the rights and obligations under the Financing Plan or under any Acquisition and Reimbursement Agreement, including Developer's right to receive reimbursements, to the extent they relate to the period before termination or are intended to survive the expiration or termination of the Financing Plan or Acquisition and Reimbursement Agreement, as applicable. Notwithstanding the foregoing, all Indemnification obligations under this DDA shall expire five (5) years after the earlier to occur of (a) the Authority's issuance of a Certificate of Completion with respect to the Improvements for which the Certificate of Completion was issued or (b) the termination of this DDA with respect to the portion of the Project Site to such termination relates; provided, that the foregoing expiration shall not apply as to (i) any Indemnification obligation under Section 11.2, which shall expire as set forth in Section 11.2, (ii) any Indemnification obligation as to which the Authority has given notice in accordance with the first sentence of Section 22.4 on or before the date of such expiration, and (iii) any Indemnification Obligation under Sections 22.1(b), 22.1(c), 22.2(b) and 22.2(c), which shall expire five (5) years after Developer Transfers the applicable portion of the Project Site. No termination under Section 3.8.1 shall (1) affect Developer's rights under this DDA for any then-existing Sub-Phase Approval or (2) prevent the Authority, in its sole discretion, from later accepting and/or Approving any Major Phase Application or Sub-Phase Application from Developer.

28.30 Nondiscrimination.

28.30.1 There shall be no discrimination against or segregation of any person or group of persons on any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, or on the basis of age, race, color, creed, sex, sexual orientation, gender identity, marital or domestic partner status, disabilities (including AIDS or HIV status), religion, national origin or ancestry by Developer or any occupant or user of the Project Site in the sale, lease, rental, sublease, transfer, use, occupancy, tenure or enjoyment of the Project Site, or any portion thereof. Neither Developer itself (nor any person or entity claiming under or through it), nor any occupant or user of the Project Site or any Transferee, successor, assign or holder of any interest in the Project Site or any person or entity claiming under or through such Transferee, successor, assign or holder, shall establish or permit any such practice or practices of discrimination or segregation in connection with the Project Site, including without limitation, with reference to the selection, location, number, use or occupancy of buyers, tenants, vendees or others. But Developer shall not be in default of its obligations under this Section 28.30 where there is a judicial action or arbitration involving a bona fide dispute over whether Developer is engaged in discriminatory practices and Developer promptly acts to satisfy any judgment or award against Developer.

28.30.2 Any Transferee, successor, assign, or holder of any interest in the Project Site, or any occupant or user thereof, whether by contract, lease, rental, sublease, license, deed, deed of trust, Mortgage or otherwise, and whether or not any written instrument or oral agreement contains the above prohibitions against discrimination, shall be bound by, and shall not violate in whole or in part, directly or indirectly, the nondiscrimination requirements set forth above. The covenants in this Section 28.30 shall be covenants running with the land and they shall be: (i) binding for the benefit and in favor of the Authority, as beneficiary, and the City and the owner of any other land or of any interest in any land in the Project Site (as long as such land remains subject to the land use requirements and restrictions of the SUD and the Design for Development), as beneficiary, and their respective successors and assigns; and (ii) binding against Developer, its successors and assigns to or of the Project Site and any improvements thereon or any portion thereof or any interest therein, and any party in possession or occupancy of the Project Site or the improvements thereon or any portion thereof.

28.30.3 In amplification, and not in restriction, of the provisions of Sections 28.30.1 and 28.30.2, the Authority, the City and their respective successors and assigns, as to the covenants provided in this Section 28.30 of which they are stated to be beneficiaries, shall be beneficiaries both for and in their own right and also for the purposes of protecting the interest of NSTI and other parties, public or private, and without regard to whether the Authority or the City has at any time been, remains, or is an owner of any land or interest therein to which, or in favor of which, such covenants relate. The Authority, the City and their respective successors and assigns shall have the right, as to any and all of such covenants of which they are stated to be beneficiaries, to exercise all the rights and remedies, and to maintain, any actions at law or suits in equity or other proper proceedings, to enforce such covenants to which it or any other beneficiaries of such covenants may be entitled including without limitation, restraining orders, injunctions and/or specific enforcement, judicial or administrative.

28.31 Lead-Based Paint Prohibition. Developer shall comply with the regulations issued by the Secretary of HUD set forth in 37 C.F.R. 22732-3 and all applicable rules and orders prohibiting the use of lead-based paint in residential structures undergoing federally-assisted construction or rehabilitation and requiring the elimination of lead-based paint hazards.

28.32 Modifications; Waiver. Any modification or waiver of any provision of this DDA must be in writing and signed by a Person having authority to do so, on behalf of both the Authority and Developer. Material Modifications to this DDA shall require the approval of the Board of Supervisors, which the Board of Supervisors may give or withhold in its sole and absolute discretion.

28.33 Relationship of the Parties. The Authority is not, and none of the provisions in this DDA shall be deemed to render the Authority, a partner in Developer's or any Vertical Developer's business, or a joint venturer or member in any joint enterprise with Developer or any Vertical Developer. No Party shall have the right to act as the agent of any other Party in any respect hereunder.

28.34 ENA. After the Reference Date and before the expiration or termination of the ENA in accordance with its terms, in the event of a conflict between the ENA and this DDA, the provisions of this DDA shall prevail. Notwithstanding the foregoing, with respect to conflicts between the DDA and the ENA relating to Authority's Transaction Costs as defined in the ENA as further described in Section 3.2(b) thereof, the terms of Section 3.2(b) of the ENA shall control.

28.35 Plans on Record with Authority. The most recent versions of the Exhibits to this DDA, as such Exhibits may be amended or supplemented from time to time in accordance with this DDA or the terms of such Exhibits, shall not be required to be recorded but shall be kept on file with the Authority. In addition, as of the Reference Date the Proforma is on file with the Authority and upon each submittal of a Major Phase Application and Sub-Phase Application in accordance with the DRDAP, the updated Proforma as Approved by Developer and the Authority shall be similarly kept on file with the Authority. The Authority Director and Developer shall update or supplement the Schedule of Performance from time to time to reflect changes to the same as permitted in this DDA. Full color copies of all recorded documents are also on file with the Authority. All documents on file with the Authority shall be made available to members of the public at reasonable times in keeping with the Authority's standard practices.

28.36 Notice of Termination. In the event of any termination of this DDA in whole or in part in accordance with the terms of this DDA, the terminating Party shall provide the other Parties and any applicable Mortgagee with a copy of any proposed Notice of Termination at least fifteen (15) days before recording the same. After the expiration of such fifteen (15) days, the terminating Party may cause the Title Company to record such Notice of Termination in the Official Records. Any "**Notice of Termination**" shall be in recordable form and describe the portion of the Project Site to which such termination pertains. Following the recordation of any Notice of Termination, the terminating Party shall promptly provide a conformed copy of such recorded Notice of Termination to the Authority, Developer, and any applicable Mortgagee, and any applicable Vertical Developer. The recordation of a Notice of

Termination shall not affect in any manner the rights of the Authority, Developer, or any applicable Mortgagee, or Vertical Developer to contest the terminating Party's right to cause such recordation.

28.37 Developer Termination Rights. Developer shall have the right to terminate this DDA, together with the ENA, if a lawsuit is initiated to challenge the Authority's approval of this DDA or the Project, and Developer elects to not continue to reimburse the Authority for all of Authority's Costs and City Costs relating to such lawsuit; provided that any such termination shall not release Developer for the Authority's Costs and City Costs (including any attorney's fees that may be awarded to the initiator of the lawsuit) for the period before such termination.

28.38 Execution of Certain Attachments and Exhibits. The Parties acknowledge and agree that as of the Reference Date Attachment 1 (Public Trust Exchange Agreement), Attachment 2 (Conveyance Agreement) and Exhibit Q (Pre-Approved Arbiters List), Exhibit T (Auction Bidder Selection Guidelines for Commercial Lots), Exhibit U (Qualified Appraisal Pool), Exhibit V (Appraisal Instructions by Appropriate Product Type), Exhibit W (Auction Bidder Selection Guidelines for Residential Auction Lots) and Exhibit X (Guidelines for Residential Auction Lots), have not been completed and, in certain cases, Approved by the applicable Governmental Entities or executed and delivered by the Parties thereto. Accordingly, the Parties have attached drafts of such Attachments and Exhibits. Upon completion or Approval of such Attachments and Exhibits, Developer and the Authority shall substitute the final Attachments and Exhibits for such drafts and confirm such substitution in writing. Upon completion, Exhibit H (Approved Vertical DDA Form), Exhibit I (Approved Vertical LDDA Form) and Exhibit M (Ground Lease) shall be appended to this Agreement in accordance with Section 4.1 hereof and Developer and the Authority shall confirm such addition in writing.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Authority and Developer have each caused this DDA to be duly executed on its behalf as of the Reference Date.

"AUTHORITY"

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

By: _____
Name: Rich Hillis
Its: Treasure Island Project Director

Approved as to form:

DENNIS J. HERRERA,
City Attorney

By: _____
Name: Eileen M. Malley
Deputy City Attorney

Authorized by Authority Resolution No. 11-18-04/21
adopted April 21, 2011

Authorized by Board of Supervisors Resolution No. 241-11
Adopted June 7, 2011

"DEVELOPER" AND "MASTER DEVELOPER"

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

By: UST Lennar HW Scala SF Joint Venture,
a Delaware general partnership
its co-Managing Member

By: _____
Name: Kofi Bonner
Its: Authorized Representative

IN WITNESS WHEREOF, the Authority and Developer have each caused this DDA to be duly executed on its behalf as of the Reference Date.

"AUTHORITY"

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

By:_____
Name: Rich Hillis
Its: Treasure Island Project Director

Approved as to form:

DENNIS J. HERRERA,
City Attorney

By: _____
Name: _____
Deputy City Attorney

Authorized by Authority Resolution No. 11-18-04/21
adopted April 21, 2011

Authorized by Board of Supervisors Resolution No. 241-11
Adopted June 7, 2011

"DEVELOPER" AND "MASTER DEVELOPER"

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

By: UST Lennar HW Scala SF Joint Venture,
a Delaware general partnership
its co-Managing Member

By: _____
Name: Kofi Bonner
Its: Authorized Representative

By: KSWM Treasure Island, LLC,
a California limited liability company
its co-Managing Member

By: WMS Treasure Island Development I, LLC,
a Delaware limited liability company
its Member

By: Wilson Meany Sullivan LLC,
a California limited liability company
its Sole Member and Manager

By: _____
Name: Christopher Meany
Title: Managing Member

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

On June 29, 2011, before me, Christine M. Silva, Notary Public, personally appeared Rich Hillis, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Christine M Silva
Notary Public

(Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

State of California

County of San Francisco

On June 28, 2011 (Date) before me, Michael J. P. Mercado (Here Insert Name and Title of the Officer),

personally appeared Kofi Sampaney Bonner (Name(s) of Signer(s)),

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

MICHAEL J.P. MERCADO
Commission # 1914059
Notary Public - California
San Francisco County
My Comm. Expires Nov 21, 2014

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

WITNESS my hand and official seal.

Signature: _____ (Signature of Notary Public)

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Corporate Officer — Title(s): _____

☐ Individual

☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: _____

☐ Corporate Officer — Title(s): _____

☐ Individual

☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

On June 28, 2011, before me, Jane Robertson, Notary Public, personally appeared Christopher Meany, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Jane Robertson
Notary Public

JANE LEE ROBERTSON
COMM. # 1794200
NOTARY PUBLIC - CALIFORNIA
SAN MATEO COUNTY
MY COMM. EXP. MAR. 23, 2012

(Seal)

Click on this page to view the entirety of Exhibits A through Z of the original DDA

EXHIBIT A
DEFINITIONS

"**2006 Development Plan**" shall have the meaning set forth in Recital K of the DDA.

"**Acquisition and Reimbursement Agreement**" shall have the meaning set forth in the Financing Plan.

"**Additional Transportation Subsidy**" shall have the meaning set forth in Section 13.3.2(g) of the DDA.

"**Adequate Security**" shall have the meaning set forth in Section 26.1 of the DDA.

"**Administrative Delay**" shall have the meaning set forth in Section 24.1.3 of the DDA.

"**Affiliate**" means any Person that directly or indirectly Controls, is Controlled by or is under Common Control with, a Party (or a partner or managing or other member of a Party, as the case may be).

"**Affordable Housing Units**" shall have the meaning set forth in the Housing Plan.

"**Agreement**" shall have the meaning set forth in the Introductory Paragraph of the DDA.

"**Allocated Parking**" shall have the meaning set forth in Section 4.2.1(a)(ii) of the DDA.

"**Amendment Action**" shall have the meaning set forth in Section 12 of the DDA.

"**Annual Authority Budget**" shall have the meaning set forth in Section 19.1.1 of the DDA.

"**Annual Authority Draft Budget**" shall have the meaning set forth in Section 19.2 of the DDA.

"**Annual Preliminary Budget**" shall have the meaning set forth in Section 19.2 of the DDA.

"**Annual Transportation Subsidy**" shall have the meaning set forth in Section 13.3.2(a) of the DDA.

"**Annual Transportation Subsidy Maximum Amount**" shall have the meaning set forth in Section 13.3.2(b) of the DDA.

Click on this page to view the entirety of Exhibits AA through JJ of the original DDA

EXHIBIT AA

Form of Authority Quitclaim Deed

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

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

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

Recorder's Stamp

Authority Quitclaim Deed

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California nonprofit public benefit corporation (the "**Authority**"), does hereby quitclaim to TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC, a California limited liability company ("**Developer**"), all of the Authority's right, title and interest in and to all of that real property located in the City and County of San Francisco, California described in Exhibit AA-1 attached hereto.

FINAL ENVIRONMENTAL IMPACT REPORT

Click on this page to view the entirety of this voluminous document

TREASURE ISLAND / YERBA BUENA ISLAND REDEVELOPMENT PROJECT

Volume 1 – Chapters I-IV.H

CITY AND COUNTY OF SAN FRANCISCO
PLANNING DEPARTMENT
CASE NO. 2007.0903E

STATE CLEARINGHOUSE NO. 2008012105

DRAFT EIR PUBLICATION DATE: JULY 12, 2010

DRAFT EIR PUBLIC HEARING DATE: AUGUST 12, 2010

DRAFT EIR PUBLIC COMMENT PERIOD: JULY 12, 2010 - AUGUST 26, 2010
(EXTENDED TO SEPTEMBER 10, 2010)

COMMENTS AND RESPONSES PUBLICATION DATE: MARCH 10, 2011

FINAL EIR CERTIFICATION DATE: APRIL 21, 2011

FINAL ENVIRONMENTAL IMPACT REPORT

Click on this page to view the entirety of this voluminous document

TREASURE ISLAND / YERBA BUENA ISLAND REDEVELOPMENT PROJECT

Volume 2 – Chapters IV.I-VIII

CITY AND COUNTY OF SAN FRANCISCO
PLANNING DEPARTMENT
CASE NO. 2007.0903E

STATE CLEARINGHOUSE NO. 2008012105

DRAFT EIR PUBLICATION DATE: JULY 12, 2010

DRAFT EIR PUBLIC HEARING DATE: AUGUST 12, 2010

DRAFT EIR PUBLIC COMMENT PERIOD: JULY 12, 2010 - AUGUST 26, 2010
(EXTENDED TO SEPTEMBER 10, 2010)

COMMENTS AND RESPONSES PUBLICATION DATE: MARCH 10, 2011

FINAL EIR CERTIFICATION DATE: APRIL 21, 2011

FINAL ENVIRONMENTAL IMPACT REPORT

Click on this page to view the entirety of this voluminous document

TREASURE ISLAND / YERBA BUENA ISLAND REDEVELOPMENT PROJECT

Volume 3 – Chapter IX

CITY AND COUNTY OF SAN FRANCISCO
PLANNING DEPARTMENT
CASE NO. 2007.0903E

STATE CLEARINGHOUSE NO. 2008012105

DRAFT EIR PUBLICATION DATE: JULY 12, 2010

DRAFT EIR PUBLIC HEARING DATE: AUGUST 12, 2010

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COMMENTS AND RESPONSES PUBLICATION DATE: MARCH 10, 2011

FINAL EIR CERTIFICATION DATE: APRIL 21, 2011

FINAL ENVIRONMENTAL IMPACT REPORT

Click on this page to view the entirety of this voluminous document

TREASURE ISLAND / YERBA BUENA ISLAND REDEVELOPMENT PROJECT

Volume 4 – Appendices A-C

CITY AND COUNTY OF SAN FRANCISCO
PLANNING DEPARTMENT
CASE NO. 2007.0903E

STATE CLEARINGHOUSE NO. 2008012105

DRAFT EIR PUBLICATION DATE: JULY 12, 2010

DRAFT EIR PUBLIC HEARING DATE: AUGUST 12, 2010

DRAFT EIR PUBLIC COMMENT PERIOD: JULY 12, 2010 - AUGUST 26, 2010
(EXTENDED TO SEPTEMBER 10, 2010)

COMMENTS AND RESPONSES PUBLICATION DATE: MARCH 10, 2011

FINAL EIR CERTIFICATION DATE: APRIL 21, 2011

FINAL ENVIRONMENTAL IMPACT REPORT

Click on this page to view the entirety of this voluminous document

TREASURE ISLAND / YERBA BUENA ISLAND REDEVELOPMENT PROJECT

Volume 5 – Appendices D-I

CITY AND COUNTY OF SAN FRANCISCO
PLANNING DEPARTMENT
CASE NO. 2007.0903E

STATE CLEARINGHOUSE NO. 2008012105

DRAFT EIR PUBLICATION DATE: JULY 12, 2010

DRAFT EIR PUBLIC HEARING DATE: AUGUST 12, 2010

DRAFT EIR PUBLIC COMMENT PERIOD: JULY 12, 2010 - AUGUST 26, 2010
(EXTENDED TO SEPTEMBER 10, 2010)

COMMENTS AND RESPONSES PUBLICATION DATE: MARCH 10, 2011

FINAL EIR CERTIFICATION DATE: APRIL 21, 2011

FINAL ENVIRONMENTAL IMPACT REPORT

Click on this page to view the entirety of this voluminous document

TREASURE ISLAND / YERBA BUENA ISLAND REDEVELOPMENT PROJECT

Volume 6 – Appendices J-K

CITY AND COUNTY OF SAN FRANCISCO
PLANNING DEPARTMENT
CASE NO. 2007.0903E

STATE CLEARINGHOUSE NO. 2008012105

DRAFT EIR PUBLICATION DATE: JULY 12, 2010

DRAFT EIR PUBLIC HEARING DATE: AUGUST 12, 2010

DRAFT EIR PUBLIC COMMENT PERIOD: JULY 12, 2010 - AUGUST 26, 2010
(EXTENDED TO SEPTEMBER 10, 2010)

COMMENTS AND RESPONSES PUBLICATION DATE: MARCH 10, 2011

FINAL EIR CERTIFICATION DATE: APRIL 21, 2011

49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103
628.652.7600
www.sfplanning.org

Addendum to the Environmental Impact Report

Date of Publication of Addendum:	March 6, 2024
Date of EIR Certification:	April 7, 2011
EIR Case No.	**2007.0903E**
EIR Title:	Treasure Island/Yerba Buena Island Project
Project Case No.	2007.0903GEN-05
Project Title:	Treasure Island/Yerba Buena Island Project
Project Address:	Treasure Island/Yerba Buena Island
Project Sponsor:	Charles Shin Treasure Island Community Development, LLC (TICD) (415) 905-5300
Lead Agency:	San Francisco Planning Department
Staff Contact:	Rachel Schuett – (628) 652-7546 Rachel.Schuett@sfgov.org

REMARKS

Background

Treasure Island and Yerba Buena Island (collectively, "the Islands") are in the San Francisco Bay, about halfway between the San Francisco mainland and the City of Oakland; together the Islands comprise approximately 550 acres. The Islands are the site of the former Naval Station Treasure Island ("NSTI"), which the United States Navy owned prior to its closure on September 20, 1997. The closure was part of the United States Department of Defense's Base Realignment and Closure III program. The Islands also include a U.S. Coast Guard Station, the Job Corps site, which is under the management of the U.S. Department of Labor, and land occupied by the San Francisco-Oakland Bay Bridge and tunnel structures.[1]

A final environmental impact report ("FEIR") for the subject project, file number 2007.0903E was certified on April 7, 2011.[2] The project analyzed in the FEIR is the Treasure Island and Yerba Buena Island Area Plan ("Area Plan") which provides the basis for redevelopment of most of the Islands from a primarily low-

[1] No changes to the Job Corps site, the Coast Guard Station and/or the land occupied by the San Francisco-Oakland Bay Bridge and tunnel structures were contemplated as part of the redevelopment of the Islands. These areas are not considered part of the project site delineated for environmental review purposes.

[2] San Francisco Planning Department, *Treasure Island/Yerba Buena Island Redevelopment Project Final Environmental Impact Report*, Planning Department Case No. 2007.0903E, State Clearinghouse No. 2008012105, certified April 7, 2011. Available online at: https://sfplanning.org/environmental-review, accessed February 21, 2024.

density residential area with vacant and underutilized nonresidential structures to a new mixed-use community with a retail center, open space and recreational opportunities, on-site infrastructure, and public and community services, as described in more detail below.

The Area Plan was added to the *San Francisco General Plan* on April 5, 2011. The Area Plan contains objectives and policies to guide development on the Islands; it includes sections on Land Use, Community Design and Built Form, Transportation and Circulation, Economic Development, Recreation and Open Space, Sustainability, and Infrastructure.

In addition, a Treasure Island/Yerba Buena Island Special Use District ("SUD") was added to the San Francisco Planning Code as planning code section 259.52, along with Zoning Map amendments (Sectional Map HT14).

The SUD implements the objectives and policies of the Area Plan. It includes new zoning controls for the Islands, a list of permitted uses, provisions for the continuation and termination of non-conforming uses, building standards (including height, bulk, massing, separation of towers, and setbacks), maximum parking standards, and review and approval standards. It also establishes a Tidelands Trust Overlay Zone.

The SUD provides the framework for review and approval by the Planning Commission and Planning Department of vertical development (structures) and uses on Treasure Island and Yerba Buena Island on property that is not subject to the Tidelands Trust, and identifies TIDA as the entity with primary jurisdiction over horizontal development (streets, pathways, flood improvements, etc.) throughout the Islands and over vertical development and uses within the Tidelands Trust Overlay Zone, subject to applicable permitting requirements.

The SUD also includes references to the proposed *Design for Development,* which contains the standards and guidelines for development on the Islands; these comprise the basis for the development controls promulgated in the SUD.

The development program analyzed in the EIR included approximately 8,000 residential units (of which up to 2,000 units would be affordable)[3,4], 140,000 square feet of commercial and retail space, 100,000 square feet of office space, up to 500 hotel rooms, and 300 acres of parks and open space.

Development of the Islands also includes new transportation, bicycle and pedestrian facilities, a ferry terminal and a transit hub, public and community services, and new and upgraded utilities infrastructure. Other development activities include supplemental remediation to allow the proposed uses, geotechnical stabilization, and renovation and adaptive re-use of existing historic structures.

To date, significant progress has been made in the first stage of horizontal and vertical construction. Redevelopment activities have included new streets and new and upgraded utilities infrastructure, the

[3] Subsequent to the publication of the Comments and Responses document for the Environmental Impact Report (EIR) and prior to the certification of the final EIR the main financing mechanism for the project shifted from tax increment financing to an infrastructure financing district mechanism. An indirect result of this change was that the number of affordable housing units was reduced from approximately 2,400 as discussed in the EIR to approximately 2,000 units.

[4] San Francisco Planning Department, *Memo to the Planning Commission RE: Treasure Island/Yerba Buena Island - Case No. 2007.0903E*. April 12, 2011.

creation of new parks, installation of public art, and the initiation of ferry service. In addition, nearly 1,000 housing units are at or near completion.

Proposed Revisions to Project

This addendum analyzes project revisions proposed after the certification of the FEIR. The overarching intent of the proposed revisions is to defer costs where possible to improve the overall financial feasibility of the project, while maintaining the public benefits package included in the current Disposition and Development Agreement ("DDA"), approved by the San Francisco Planning Commission on April 21, 2011.[5]

The proposed revisions to the project include amendments to the Disposition and Development Agreement ("DDA"), the Development Agreement ("DA"), the Design for Development ("D for D") document, and to the Treasure Island SUD, as follows:

Disposition and Development Agreement ("DDA"). The DDA is the agreement between TIDA and the developer, Treasure Island Community Development, LLC ("TICD"). The revisions to the DDA include changes to the housing plan, the developer subsidies and schedule of performance for the delivery of public services and benefits, and to the details of the fiscal (including the Financing Plan attached as an exhibit to the DDA) and contractual agreements. Changes to the housing plan would involve an exchange of one parcel designated for market rate housing with another parcel designated for affordable housing and the reallocation of the development of 27 inclusionary affordable units from the next phase of development (Stage 2) to a future stage(s). These changes would not reduce the overall affordable housing requirement of 27.2 percent. Changes to the Financing Plan are proposed to accelerate reimbursement of eligible project costs through public financing of the next phase of development, Stage 2.

Proposed changes to the developer subsidy obligations would reconfirm the subsidies that TICD has already fulfilled and those it is still obligated to fulfill and would build in more flexibility regarding the eligible uses for monies within TICD's Transportation Operating and Transit Capital subsidies. There would be no change to the total value of subsidy payments. Moreover, there would be no change to the Treasure Island Mobility Management Agency's ("TIMMA's") transportation program.

Proposed changes to the housing plan, the developer subsidies and to the fiscal and contractual agreements between TIDA and TICD would not affect the program of development or the delivery of public benefits. As such, no physical impacts to the environment would occur and these changes are not discussed further in this addendum.

The project analyzed in the FEIR ("original project") included development of an approximately 30,000-square-foot joint Police-Fire station near the center of Treasure Island. The revised project envisions construction of the same facility at the same location but pushes back the timing to coincide with the delivery of about 4,000 dwelling units, rather than 2,500 dwelling units under the original project. Changes to the timing of construction of the joint Police-Fire station are discussed under "Public Services", below.

[5] Planning Commission Motion No. 18326. Hearing Date: April 21, 2011.

The original project included rehabilitation or reconstruction of the existing school facilities on Treasure Island by the San Francisco Unified School District ("SFUSD") to provide a K-5 or K-8 school. Under the revised project the SFUSD would still rehabilitate or reconstruct the existing school facilities. However, the SFUSD would have more flexibility in the grades served by the school which could include pre-school; transitional-kindergarten; elementary grades; and/or K-8 grades.

Under the revised project, the SFUSD would be required to obtain a building permit for the school campus to coincide with the delivery of about 4,000 dwelling units, rather than 2,500 dwelling units under the original project. Changes to the delivery of and programming for the school facilities are discussed under "Public Services", below. The TICD school subsidy date would be pushed out by the same metric but would allow for a portion of the subsidy to be paid earlier, upon 30 percent design development; however, this change would not result in any impacts to the environment and is not discussed further in this addendum.

Lastly, the schedule of performance dates to deliver two parks, Building 1 Plaza and Marina Plaza would be shifted from Stage 1 under the original project to Stage 2 under the revised project. Specifically, the outside date for commencement of construction would shift from 2028 to 2035 and the outside date for completion of construction would shift from 2030 to 2037. These proposed changes are discussed under "Recreation", below.

Development Agreement ("DA"). The DA is the contractual agreement between the developer and the City; it includes the project's Financing Plan attached as an exhibit to the DA and the DDA. The only proposed changes to the DA are changes to the Financing Plan. These changes are proposed to accelerate reimbursement of eligible project costs through public financing of the next phase of development of the Islands (Stage 2). These changes would not affect the program of development or the delivery of public benefits. As such, no physical impacts to the environment would occur and these proposed changes are not discussed further in this addendum.

Treasure Island/Yerba Buena Island Special Use District ("SUD") and Design for Development ("D for D"). Amendments to the SUD and D for D include amendments to provide additional circumstances to invoke "minor modification" to the standards in the SUD and D for D, to provide some flexibility as the project gets built. In addition, they include minor changes to building form controls. These changes largely respond to Fire and Building Code changes that have occurred since certification of the FEIR and approval of the project in 2011, as well as adjustments made based on lessons learned from the first development subphase. Most of these changes would not result in any change to building form or massing and none would result in an increase to the overall development program for the Islands. The following four proposed changes in building form controls could result in physical impacts to the environment:

(1) Five-foot height increases on certain parcels to allow for gracious ceiling to floor heights, without adding floors (see attached Figures A.1 and A.2);

(2) Increase in allowances for rooftop appurtenances such as elevator overruns for modern elevators, mechanical screening and windscreens;

(3) Reduced fenestration requirements for narrow mid-block easements (i.e. less than 20 feet wide) to provide flexibility toward compliance with the D for D intersectional with California Building Code limitations on exterior wall unprotected openings; and

(4) A minor change to the floor plate calculation for buildings between 181 and 240 feet tall which increases the maximum floor plate from 10,500 square feet to 10,600 square feet to regain net square footage lost due to changes to the Fire Code between 2007 and 2023. No changes to maximum plan length, apparent face, and/or diagonal dimensions are proposed (see attached Figure 6).

These changes are discussed under "Wind and Shadow", below.

Section 31.19(c)(1) of the San Francisco Administrative Code states that a modified project must be reevaluated and that, "If, on the basis of such reevaluation, the Environmental Review Officer determines, based on the requirements of CEQA, that no additional environmental review is necessary, this determination and the reasons therefor shall be noted in writing in the case record, and no further evaluation shall be required by this Chapter."

Analysis of Potential Environmental Effects

This addendum evaluates whether the environmental impacts of the revised project were addressed in the FEIR that was certified on April 7, 2011. As shown in the analysis below, the revised project, which is the subject of this addendum, would not result in new environmental impacts, substantially increase the severity of the previously identified environmental impacts, or require new mitigation measures, compared to the original project that was studied in the FEIR. Additionally, no new information has emerged that would materially change the analyses or conclusions set forth in the FEIR. Therefore, as discussed in more detail below, the revised project would not change the analysis or conclusions reached in the FEIR, and no supplemental or subsequent environmental impact report is required.

As described above, the minor modifications to the building form could result in some slight changes in building height, massing and/or rooftop appurtenances. Other project revisions would shift the schedule for the delivery of two parks, an elementary school and the joint Police-Fire station to a later phase of development than analyzed in the FEIR. These are the only project revisions that could have a physical effect on the environment. There would be no change to the overall program of development, including the provision of public services and facilities. A detailed discussion of potential wind and shadow, recreation and public services-related impacts is included below, followed by a summary of all other environmental topics.

Wind and Shadow

Wind. Treasure Island and Yerba Buena Island are fully exposed to strong storm winds from every direction. The Islands' direct exposure to the Golden Gate, approximately 6 miles to the west, also places the Islands in the path of regular strong afternoon winds; winds generated by a combination of the large-scale climatic,

meteorological, and topographic conditions in the Bay Area. The EIR found that wind speeds exceeding the wind hazard criterion are ubiquitous across Treasure Island in the existing condition[6,7,8] and that the number of wind hazard exceedances would be significantly reduced upon full buildout of the proposed vertical development, should that occur. Vertical development would occur in phases over a 15-to-20-year period and could include the construction of up to 450-foot towers on an island that is exposed to considerable winds. As such, the FEIR found that the phased development of the original project could temporarily result in the creation of new wind hazard exceedance locations, an increase in the number of hours of exceedances, or an increase in the area that is subjected to wind hazards.

Further, although the number of wind hazard exceedance locations and overall duration of the wind hazards are expected to be reduced upon full build-out of the proposed vertical development, it is uncertain whether full build-out would occur. In addition, changes in the design, height, location, and orientation of individual buildings could result in wind hazards that were not identified when the representative height and massing model was tunnel tested. As such, the FEIR found that the original project could result in permanent wind hazard exceedances, as well.

The FEIR found that both impacts would remain significant and unavoidable, individually, and cumulatively,[9] even with the implementation of mitigation measure **M-WS-3: Identification of Interim Hazardous Wind Impacts**, which would apply to the revised project.

The revised project includes minor changes to building form controls including five-foot increases in height limits on certain parcels, increased allowances for rooftop appurtenances, and a 100-square-foot increase to the floor plate calculation for buildings between 181 and 240 feet tall.[10] However, these increases are so slight compared to the overall massing, that they would be virtually imperceptible and wind impacts under the revised project would remain the same as they were for the original project and would be significant and unavoidable with mitigation.

[6] The wind analysis in the EIR was based on a wind tunnel test. To establish the existing condition, wind speeds were recorded at 29 test point locations across Treasure Island. Given the relatively uniform development pattern and wind field across the Island these 29 locations were judged to sufficiently characterize the existing wind environment. For the existing plus project condition, a three-dimensional model of the representative height and massing diagram for the proposed vertical development on Treasure Island was constructed and tested in the wind tunnel; wind speeds were recorded at 200 test point locations.

[7] The topography and dense vegetative cover of Yerba Buena Island determine ground level wind conditions in response to winds primarily felt on the windward side of the Island. Although the original project included vertical development on Yerba Buena Island, the changes in pedestrian level wind conditions were generally expected to be both relatively small in magnitude and highly localized to individual building sites; as such, wind tunnel testing was not performed for Yerba Buena Island.

[8] The San Francisco Planning Code includes wind controls for developments in the Downtown Commercial (C3), Van Ness SUD, Folsom and Main Residential/Commercial SUD, DTR (Downtown Residential), and Central SoMa SUD districts. These Planning Code sections do not apply to properties on Treasure Island and Yerba Buena Island, and development there would not be subject to these sections of the Planning Code. As such, the wind analysis was conducted only for the purposes of environmental review under CEQA.

[9] The cumulative development projects considered in the EIR were (1) the construction and operation of a 400-berth marina in Clipper Cove; and (2) the replacement of the existing on- and off-ramps from the Bay Bridge to the east side of Yerba Buena Island and the ongoing construction of the new east span of the Bay Bridge, now completed.

[10] Increased flexibility for mid-block fenestration would not affect wind flows around new buildings.

Shadow. The FEIR found that development of the original project would incrementally increase the amount of shadow on existing open spaces[11,12] over the course of the year, but not to the extent that their usability would be adversely affected; as such, shadow impacts would be less than significant both individually and cumulatively.[13,14]

The revised project includes minor changes to building form controls including five-foot increases in height limits on certain parcels, increased allowances for rooftop appurtenances, and a 100-square-foot increase to the floor plate calculation for buildings between 181 and 240 feet tall.[15] Although these changes *could* result in slight increases to the overall building massing and shadow casting elements for a select number of buildings on the Islands, this increased shading on existing opens spaces would be virtually imperceptible and shadow impacts under the revised project would be the same as under the original project and would be less than significant.

Recreation

At the time that the EIR was published, there were about 170 acres of recreation and open space lands on the Islands. Based on a population of 1,820 people this resulted in a resident to acres of open space ratio of 94 acres per 1,000 residents. This far exceeded the Citywide ratio of 8 acres per 1,000 residents. The original project included the construction of approximately 300 acres of new parks, recreation facilities, and open spaces; about 216 acres on Treasure Island and about 84 acres on Yerba Buena Island.[16] The following two public open spaces would be constructed on Treasure Island:

- **Building 1 Plaza**. The approximately 3-acre Building 1 Plaza would be a gateway plaza with three distinct levels and varied formal seating options that would be oriented to maximum views of the City.
- **Marina Plaza**. The approximately 1.5-acre Marina Plaza would be located and designed to connect to the Cityside and Eastside Districts with the retail core, the Ferry Terminal complex, and Clipper Cove.

Since construction of the proposed parks and recreational facilities on the Islands would be phased over a 20-year period, the FEIR found that impacts related to the construction of these facilities would be temporary and would not be geographically concentrated, and that individual and cumulative impacts would be less than significant.

[11] At the time of EIR publication there were only two existing open spaces on Treasure Island, one on the elementary school campus and one on the Job Corps campus, that would remain under the original project.
[12] There are no properties under the jurisdiction of, or designated to be acquired by, the Recreation and Park Commission on the Islands. Further, all proposed parks, open spaces, and recreation areas on the Islands would be owned and maintained by the Treasure Island Development Authority; therefore, Planning Code Section 295 does not apply. In addition, Treasure Island and Yerba Buena Island are not within zoning districts that are subject to the provisions of Planning Code sections 146 and 147. As such, the shadow analysis was conducted only for the purposes of environmental review under CEQA.
[13] The shadow analysis in the EIR was based on a digital three-dimensional model wherein the representative height and massing diagram of proposed vertical development was placed on top of a topographic model of Treasure Island.
[14] The shadow model did not include Yerba Buena Island because the shadow patterns on the island are largely due to the island's steep topography. Further, the proposed development on Yerba Buena Island was envisioned to largely follow the locations and heights of existing buildings.
[15] Increased flexibility for mid-block fenestration under the revised project would not result in increased building heights or massing and would not affect the shadow casting elements of new buildings.
[16] The recreational facilities, parks, and open spaces would be owned by Treasure Island Development Authority, and would be maintained by, or on behalf of TIDA.

At buildout, the 300 acres of parks, recreational facilities, and open spaces would further increase the resident to acres of open space ratio on the Islands and Citywide. However, in the short term, the ratio could temporarily decrease as existing recreational areas and open space would be removed, replaced, and/or improved. Ultimately, the FEIR found that this impact would be less than significant.

Delivery of the Building 1 Plaza and Marina Plaza would be shifted from Stage 1 under the original project to Stage 2 under the revised project. Under the original project construction of the plazas would commence in 2028 and be completed in 2030. Under the revised project construction of the plazas would commence in 2035 and be completed in 2037. This minor shift in the delivery date for the plazas could contribute to a temporary decrease in the resident-to-open-space ratio. However, given the abundance of open space on the Islands compared to existing and future populations, impacts would remain the same as under the original project and would be less than significant.[17]

Public Services

The original project included development of an approximately 30,000-square-foot joint Police-Fire station near the center of Treasure Island, on block IC4. Under the original project, the joint Police-Fire station would be constructed in Phase 2, along with initial development of about 2,500 dwelling units, retail and hotel uses, and the renovation of Building 2 on Treasure Island. The revised project envisions construction of the same joint Police-Fire facility at the same location but pushes back the timing to coincide with the delivery of 4,000 dwelling units, rather than 2,500 dwelling units under the original project.

Under the original project the San Francisco Unified School District (SFUSD) would renovate and expand or construct a new school (up to 105,000 square feet) on the site of the existing 30,000-square-foot Treasure Island School to provide a K-5 or K-8 school for students who live on the Islands. Under the revised project the SFUSD would still provide the same school facilities. However, the SFUSD would have more flexibility in the grades served by the school which could include pre-school; transitional-kindergarten; elementary grades; and/or K-8 grades.

Similar to the joint Police-Fire facility, the revised project pushes back the timing for SFUSD to obtain a building permit to coincide with the building permit for the 4,000th dwelling unit, rather than 2,500th dwelling unit under the original project.

Police. There is one existing police station on the Islands, located in Building 1 on Treasure Island. The Treasure Island Station handles all calls for service on the Islands and most calls involving the San Francisco – Oakland Bay Bridge. As mentioned in the FEIR, the City and County of San Francisco has not formally adopted significance thresholds for impacts related to police services and the San Francisco Police Department does not have an adopted standard for the ratio of officers to population or developed acres of land. Instead, department staffing levels are based on the number of calls received and the types of incidents. The FEIR found impacts to police services to be less than significant. San Francisco Police Department staff confirmed that delaying the construction of the joint Police-Fire station to meet the

[17] The EIR also addressed a potential impact related to the use of synthetic turf fields, a less than significant impact. This impact is not discussed for the revised project because the Building 1 and Marina plazas would not include synthetic turf fields.

4,000th-dwelling-unit benchmark would not impact their ability to maintain adequate service levels.[18] As such impacts to police services under the revised project would remain the same as under the original project and would be less than significant.

Fire. The San Francisco Fire Department (SFFD) is responsible for protecting life and property from fires, natural disasters, and hazardous materials incidents. SFFD also provides unified emergency medical services. There is one existing fire station on the Islands. Station 48 is located in Building 157, Avenue D, and 10th Street on Treasure Island. As mentioned in the FEIR, the City and County of San Francisco has not formally adopted significance thresholds for impacts related to fire protection and emergency medical services.

The San Francisco Fire Department target response time goals are as follow:

- **Code 1** (non-emergency): 8 minutes
- **Code 2** (non-life-threatening fire and medical emergencies): 20 minutes
- **Code 3** (life-threatening fire and medical emergencies): 5 minutes

The FEIR found impacts to fire and emergency medical services to be less than significant under the original project. As mentioned above, under the revised project the same 30,000-square-foot joint Police-Fire station would be provided but pushes back the timing to coincide with the delivery of 4,000 dwelling units, rather than 2,500 dwelling units under the original project. San Francisco Fire Department staff confirmed that delaying the construction of the joint Police-Fire station to meet the 4,000th-dwelling-unit benchmark would not impact their ability to maintain adequate service levels.[19] As such, impacts to fire services under the revised project would remain the same as under the original project and would be less than significant.

Schools. Treasure Island and Yerba Buena Island are within the San Francisco Unified School District (SFUSD). The SFUSD oversees the public school system (grades K-12) in San Francisco. There are no public schools operated by SFUSD on the Islands. Treasure Island School, located at 13th and E streets, was formerly owned by the Navy and operated by the SFUSD until its closure in 2005; to date the majority of the school site has been transferred to TIDA. As mentioned in the FEIR, a significant impact would occur if the rebuilt or renovated Treasure Island School could not accommodate the additional elementary school students generated by development of the Islands. The FEIR found impacts to schools to be less than significant under the original project.

As mentioned above, under the revised project the same school facility would be provided but SFUSD would be required to obtain a building permit for the school campus once a building permit has been pulled for the 4,000th dwelling unit, rather than for the 2,500th dwelling under the original project. San Francisco Unified School District staff confirmed that this change in timing would not impact their ability to accommodate additional students.[20] As such, impacts to schools under the revised project would remain the same as under the original project and would be less than significant.

[18] *San Francisco Police Department, email to Treasure Island Development Authority*. December 27, 2023.
[19] *Treasure Island Development Authority letter to San Francisco Fire Department*. January 4, 2024.
[20] *Treasure Island Development Authority email communication with San Francisco Unified School District (SFUSD).* February 2024.

Other Environmental Topics

The FEIR found that the implementation of the Treasure Island/Yerba Buena Island Project would have:

- significant and unavoidable transportation, noise, and air quality impacts during project construction and operations even with implementation of mitigation measures;
- less-than-significant impacts to cultural (including historical) and paleontological resources, biological resources, geology and soils, hydrology and water quality, and hazards and hazardous materials with implementation of mitigation measures; and
- less-than-significant land use and planning, population and housing, greenhouse gas emissions, utilities and service systems, public services, mineral resources and energy, and agriculture and forest resources impacts.

The changes to the original project would not increase the program or change the pattern of development on the Islands. The revised project would include the same infrastructure, government facilities and public services and would not increase the residential or service population on the Islands beyond the original project. In addition, although the revised project proposes some changes to the timing of construction for the joint Police-Fire station and renovation or reconstruction of the Treasure Island School, as described above, no changes to the major phases of project buildout or the construction methods are proposed. For those reasons, the impacts of the revised project regarding all other CEQA topics would remain the same as the impacts identified in the FEIR for the original project.

In addition, no new mitigation measures would be required for the revised project. The revised project would not change the analysis or conclusions reached in the FEIR.

Conclusion

Based on the foregoing, the department concludes that the analyses conducted, and the conclusions reached in the FEIR adopted and issued on April 7, 2011 remain valid and that no supplemental or subsequent environmental review is required. The proposed revisions to the project would not cause new significant impacts not identified in the EIR, and no new mitigation measures would be necessary to reduce significant impacts. No changes have occurred with respect to circumstances surrounding the proposed project that would cause significant environmental impacts to which the project would contribute considerably, and no new information has become available that shows that the project would cause significant environmental impacts. Therefore, no supplemental or subsequent environmental review is required beyond this addendum.

I do hereby certify that the above determination has been made pursuant to State and local requirements.

Devyani Jain for Lisa Gibson
Lisa Gibson
Environmental Review Officer

March 6, 2024
Date of Determination:

cc: Treasure Island Community Development, LLC
Jessica Look, San Francisco Planning Department
San Francisco Planning Commission
San Francisco Board of Supervisors
Treasure Island Development Authority
Bulletin Board/Master Decision File
Distribution List

Attachments:

Attachment 1: Figures A.1 and A.2
Attachment 2: Figure 6

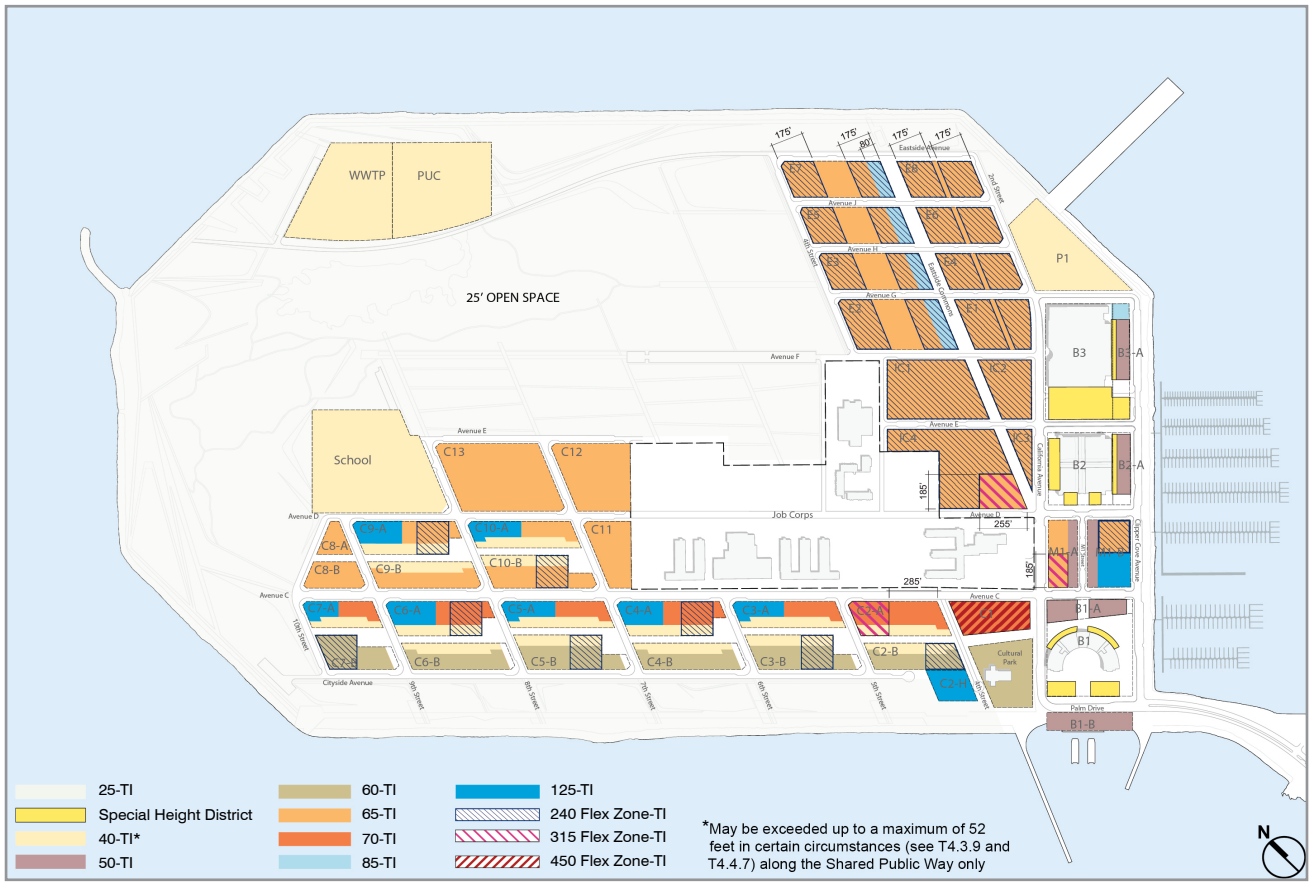


Figure A.1 Treasure Island - Existing Height Limits/Zoning Map HT14

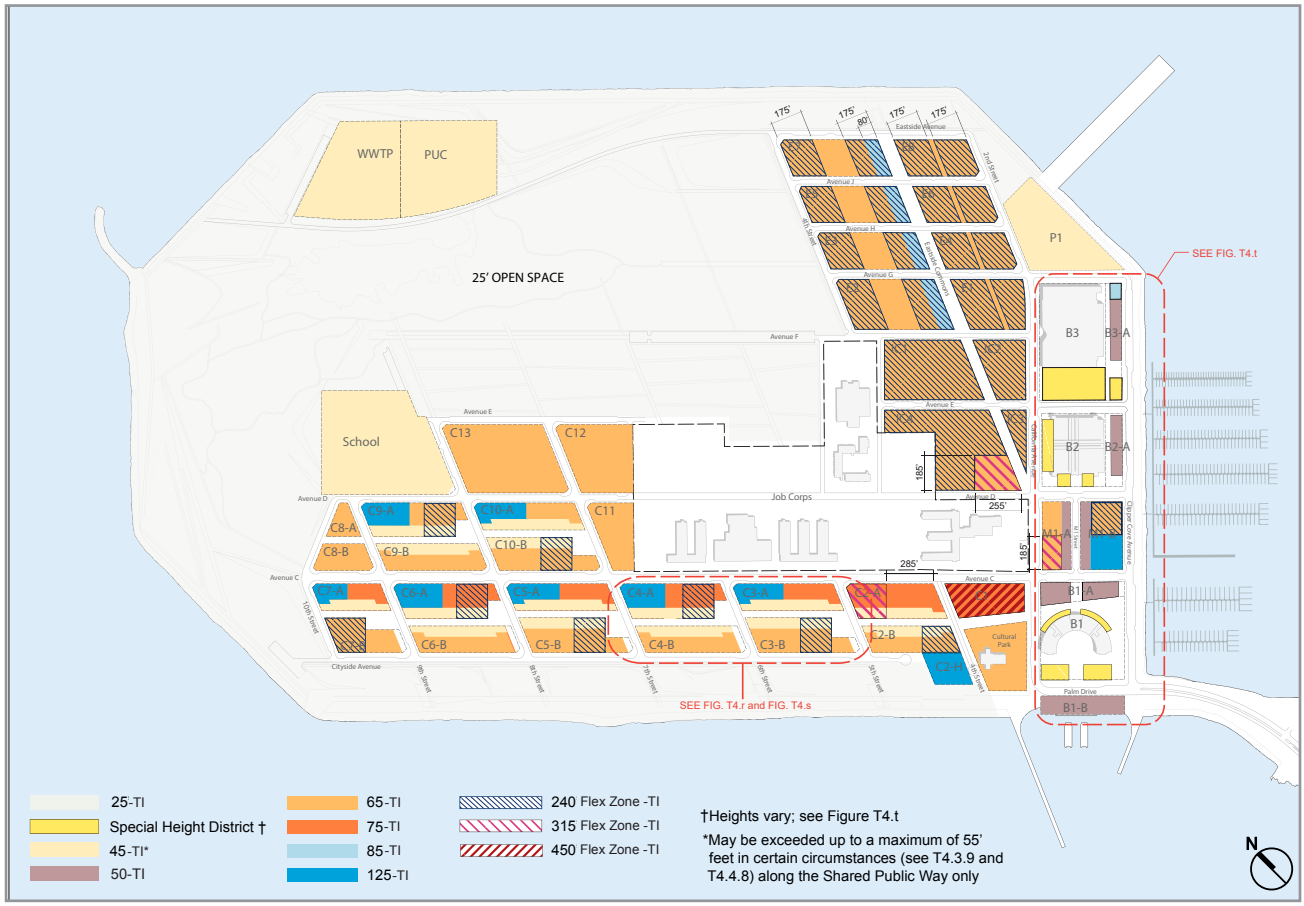
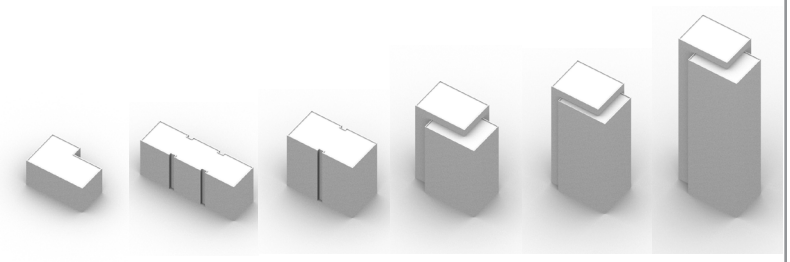
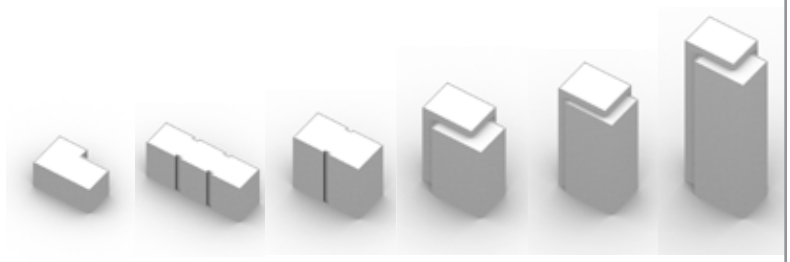


Figure A.2 Treasure Island - Proposed Height Limits/Zoning Map HT14



BUILDING HEIGHT	Up to 60 ft	61-85 ft	86-125 ft	126-180 ft*	181-240 ft*	241-450 ft
MAX FLOOR PLATE	NA	NA	10,500 sf	12,000 sf	10,500 sf	12,000 sf
MAX PLAN LENGTH	NA	200 ft	140 ft	140 ft*	140 ft*	140 ft
MAX APPARENT FACE	120 ft Typical 25-30 ft Shared Public Way	75	100 ft	105 ft*	100 ft*	105 ft
MAX DIAGONAL	NA	NA	NA	170 ft	160 ft	170 ft
CHANGE IN APPARENT FACE	Two feet (2') deep X three foot (3') wide Notch, two foot (2') setback of building massing or major change in fenestration pattern and / or material.	Five feet (5') deep X ten foot (10') wide notch, five foot (5') setback of building massing in combination with a major change in fenestration pattern and / or material.		Ten feet (10') deep X ten foot (10') wide notch, ten foot (10') setback of building massing in combination with a major change in fenestration pattern and / or material.		

Sec. 249.52 Figure 6: Treasure Island Bulk & Massing - Existing



BUILDING HEIGHT	Up to 60 ft	61-85 ft	86-125 ft	126-180 ft*	181-240 ft*	241-450 ft
MAX FLOOR PLATE	NA	NA	10,500 sf	12,000 sf	10,600 sf	12,000 sf
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MAX APPARENT FACE	120 ft Typical 25-30 ft Shared Public Way	75	100 ft	105 ft*	100 ft*	105 ft
MAX DIAGONAL	NA	NA	NA	170 ft	160 ft	170 ft
CHANGE IN APPARENT FACE	Two feet (2') deep X three foot (3') wide Notch, two foot (2') setback of building massing or major change in fenestration pattern and / or material.	Five feet (5') deep X ten foot (10') wide notch, five foot (5') setback of building massing in combination with a major change in fenestration pattern and / or material.		Ten feet (10') deep X ten foot (10') wide notch, ten foot (10') setback of building massing in combination with a major change in fenestration pattern and / or material.		

Sec. 249.52 Figure 6: Treasure Island Bulk & Massing - Proposed

[Environmental Impact Report Certification]

Resolution certifying a final Environmental Impact Report for the Treasure Island/Yerba Buena Island Project.

WHEREAS, The City and County of San Francisco, acting through the Planning Department and Treasure Island Development Authority staff (hereinafter "Department and Authority Staff") fulfilled all procedural requirements of the California Environmental Quality Act (Cal. Pub. Res. Code Sections 21000 *et seq.*, hereinafter "CEQA"), the State CEQA Guidelines (Cal. Admin. Code Title 14, Sections 15000 *et seq.*, (hereinafter "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code (hereinafter "Chapter 31") in regard to the Final Environmental Impact Report identified as Planning Department Case No. 2007.0903E (hereinafter "FEIR") for the proposed Treasure Island/Yerba Buena Island Project ("Project"); and,

WHEREAS, The Department and Authority Staff determined that an Environmental Impact Report (hereinafter "EIR") was required and provided public notice of that determination by publication in a newspaper of general circulation on January 26, 2008; and,

WHEREAS, On July 12, 2010, the Department and Authority Staff published the Draft Environmental Impact Report (hereinafter "DEIR") and provided public notice in a newspaper of general circulation of the availability of the DEIR for public review and comment and of the date and time of the Planning Commission public hearing on the DEIR; this notice was mailed to the Department's list of persons requesting such notice; and,

WHEREAS, Notices of availability of the DEIR and of the date and time of the public hearing were posted near the project site by Department and Authority Staff on July 12, 2010; and,

WHEREAS, On July 12, 2010, copies of the DEIR were mailed or otherwise delivered to a list of persons requesting it, to those noted on the distribution list in the DEIR, to adjacent

property owners, and to government agencies, the latter both directly and through the State Clearinghouse; and,

WHEREAS, The Notice of Completion was filed with the State Secretary of Resources via the State Clearinghouse on July 12, 2010; and,

WHEREAS, The Treasure Island Development Authority Board of Directors (hereinafter "Authority Board") and Planning Commission held a duly advertised joint public hearing on said DEIR on August 12, 2010, at which time opportunity for public comment was given, and public comment was received on the DEIR. The period for acceptance of written comments ended on September 10, 2010; and,

WHEREAS, The Department and Authority Staff prepared responses to comments on environmental issues received at the public hearing and in writing during the 59-day public review period for the DEIR, prepared revisions to the text of the DEIR in response to comments received or based on additional information that became available during the public review period, and corrected errors in the DEIR. This material was presented in a Comments and Responses document, published on March 10, 2011, distributed to the Authority Board and all parties who commented on the DEIR, and made available to others upon request at the Department; and,

WHEREAS, A Final Environmental Impact Report has been prepared by the Department and Authority Staff, consisting of the Draft Environmental Impact Report, any consultations and comments received during the review process, any additional information that became available, and the Comments and Responses document all as required by law ("FEIR"); and,

WHEREAS, Following publication of the Environmental Impact Report, the Project's structure and financing were changed from a Redevelopment Plan and financing mechanism to an Area Plan to be included within the San Francisco General Plan and partial financing

through an Infrastructure Financing District. These changes in turn result in the amount of affordable housing units to be reduced from approximately 2,400 units to 2,000 units. The Department and Authority Staff prepared a memorandum describing these changes and other minor Project changes since publication of the FEIR. The memorandum evaluates these changes and presents minor amendments to the text of the EIR to reflect the changes. The memorandum demonstrates and concludes that the revisions to the Project would not substantially change the analysis and conclusions of the EIR. No new significant impacts or substantial increase in the severity of already identified significant impacts, no new mitigation measures, and no new alternatives result from these changes. Thus, recirculation of the EIR for public review and comment is not required; and,

WHEREAS, The FIER and its related files have been made available for review by the Authority Board, the Commission, and the public. These files are available for public review at the Department at 1650 Mission Street, and are part of the record before the Authority Board; and,

WHEREAS, On April 21, 2011, the Authority Board at a joint hearing with the Planning Commission reviewed and considered the FEIR; and,

WHEREAS, The Authority Board hereby does find that the Project described in the Environmental Impact Report:

- Will result in the following significant and unavoidable project-specific environmental impacts:
  - Alteration of scenic vistas of San Francisco and San Francisco Bay from public vantage points along the eastern shoreline of San Francisco, Telegraph Hill, the East Bay shoreline, and from the Bay Bridge east span.

- Impairment of the significance of an historical resource by demolition of the Damage Control Trainer.
- Construction impacts on the transportation and circulation network, including increased delay and congestion on the Bay Bridge near the ramps during the peak periods, and disruption to transit, pedestrian, bicycle, and vehicular traffic on the Islands due to roadway closures.
- Significant contribution to existing LOS E operating conditions during the weekday PM peak hour and during the Saturday peak hour at the eastbound off-ramp on the west side of Yerba Buena Island.
- Under conditions without the TI/YBI Ramps Project, traffic impacts at the two westbound on-ramps.
- Under conditions with the Ramps Project, traffic impacts during the AM and PM peak hours at the ramp meter at the westbound on-ramp on the east side of Yerba Buena Island.
- Queuing at the Bay Bridge toll plaza during the weekday AM peak hour, with and without the TI/YBI Ramps Project.
- Queuing on San Francisco streets approaching Bay Bridge during the weekday PM peak hour with and without the TI/YBI Ramps Project.
- Traffic impact at the following nine intersections:
  - Intersection of First/Market;
  - Intersection of First/Mission;
  - Intersection of First/Folsom;
  - Intersection of First/Harrison/I-80 Eastbound On-Ramp;
  - Intersection of Bryant/Fifth/I-80 Eastbound On-Ramp; and
  - Intersection of Fifth/Harrison/I-80 Westbound Off-Ramp

- Intersection of Folsom/Essex;
- Intersection of Bryant/Sterling; and
- Intersection of Second/Folsom.

- Exceedance of the available transit capacity of Muni's 108-Treasure Island bus line serving the Islands during the AM, PM and Saturday peak hours.
- AC Transit operations on Hillcrest Road between Treasure Island and the eastbound on-ramp to the Bay Bridge without the Ramps Project.
- AC Transit operations on Treasure Island Road and Hillcrest Road between Treasure Island and the eastbound on-ramp to the Bay Bridge with the Ramps Project.
- Traffic congestion in downtown San Francisco, which would increase travel time and would impact operations of the following three bus lines:
  - Muni 27-Bryant;
  - Muni 30X-Marina Express; and
  - Muni 47-Van Ness bus line.
- Exceedance of the capacity utilization standard on Muni's 108-Treasure Island bus line serving the Islands from a shift from auto to transit modes, resulting from parking shortfall on the Islands and leading to an increase in transit travel demand during the peak hours.
- Construction noise levels above existing ambient conditions.
- Exposure of persons and structures to excessive ground-borne vibration or ground-borne noise levels during construction from on-shore pile "impact activities," such as pile driving and deep dynamic compaction, and vibro-compaction.

- Increase in ambient noise levels in the project vicinity above existing ambient noise levels from project-related traffic and ferry noise.
- Violation of air quality standards.
- Exposure of sensitive receptors to substantial levels of toxic air contaminants.
- Exposure of sensitive receptors to substantial levels of PM2.5.
- Violation of air quality standards during project operations.
- Exposure of sensitive receptors to substantial pollutant concentrations.
- Potential conflict with adopted plans related to air quality.
- Temporary wind hazard impacts during phased construction.
- Potential exposure of publicly accessible locations within the Project Site to wind hazards
- Potential adverse impacts on movement of rafting waterfowl from ferry operations; now, therefore be it

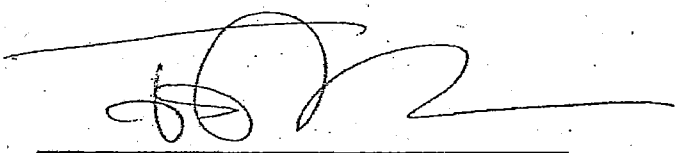
RESOLVED, The Authority Board hereby does find that the contents of the FEIR and the procedures through which the FEIR was prepared, publicized, and reviewed comply with the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code; and, be it

FURTHER RESOLVED, The Authority Board hereby does find that the FEIR (Planning Department File No. 2007.0903E) reflects the independent judgment and analysis of the Authority Board, is adequate, accurate and objective, and that the Comments and Responses document contains no significant revisions to the DEIR; and, be it

FURTHER RESOLVED, The Authority Board hereby does CERTIFY THE COMPLETION of said FEIR in compliance with CEQA, the CEQA Guidelines, and Chapter 31.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on April 21, 2011.



Jean-Paul Samaha, Secretary

[Disposition and Development Agreement]

Resolution approving a Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for certain real property located on Treasure Island and Yerba Buena Island.

WHEREAS, Former Naval Station Treasure Island (the "Base" or "Treasure Island") is a former military base consisting of approximately 550 acres on Treasure Island and Yerba Buena Island, and is currently owned by the United States of America, acting by and through the Department of the Navy (the "Navy"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments, and the Base ceased operations in 1997; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997 (AB 699), which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968, the State Legislature (i) granted to the Board of Supervisors the authority to designate the Treasure Island Development Authority ("TIDA") as a redevelopment agency under California Community Redevelopment Law with authority over the Base; and (ii) with respect to those portions of the Base that are subject to the public trust for commerce, navigation and fisheries (the "Public Trust"), vested in TIDA the authority to administer the Public Trust as to such property; and,

WHEREAS, Under the Conversion Act and TIDA's Articles of Incorporation and Bylaws, TIDA, acting by and through its Board of Directors (the "TIDA Board"), has the power, subject to applicable laws, to sell, lease, exchange, transfer, convey or otherwise grant interests in or rights to use or occupy all or any portion of the Base; and,

WHEREAS, In 1994, the Treasure Island/Yerba Buena Island Citizens Advisory Board ("CAB") was formed to (1) review reuse planning efforts for Treasure Island by the San

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

WHEREAS, After completion of a competitive master developer selection process, in 2003, TIDA and Treasure Island Community Development, LLC ("Developer") entered into an Exclusive Negotiating Agreement ("ENA") with respect to portions of Treasure Island and Yerba Buena Island to facilitate the planning for the reuse and development of the Base (the "Project"); and,

WHEREAS, The ENA and its subsequent amendments set forth the terms and conditions under which TIDA and the Developer have been negotiating a Disposition and Development Agreement and other transaction documents for the conveyance, management and reuse and redevelopment of portions of the Base described as the "Project Site" in the Disposition and Development Agreement, including a schedule of performance for major milestones; and,

WHEREAS, One of the key milestones in the ENA was the completion of a comprehensive Term Sheet summarizing the key policy goals, basic development guidelines, financial framework and other key terms and conditions that formed the basis for the negotiation and completion of the Disposition and Development Agreement and final transaction documents; and,

WHEREAS, In 2006, the Board of Supervisors by Resolution No. 699-06 endorsed a Development Plan and Term Sheet for the Project that set forth the proposed terms of the Project; and,

WHEREAS, In May of 2010, the Board of Supervisors endorsed a package of legislation that included an update to the Development Plan and Term Sheet, terms of an Economic Development Conveyance Memorandum of Agreement for the conveyance of the site from the Navy to the TIDA, and a Term Sheet between TIDA and the Treasure Island

Homeless Development Initiative ("TIHDI") in Resolution Nos. 242-10, 243-10 and 249-10; and,

WHEREAS, The Navy and TIDA have negotiated an Economic Development Conveyance Memorandum of Agreement (the "Conveyance Agreement") that governs the terms and conditions for the transfer of the Base from the Navy to TIDA, which is concurrently being considered by the TIDA Board; and,

WHEREAS, TIDA, the City and the CAB have been working for more than a decade to plan for the reuse and development of Treasure Island, and as a result of this community-based planning process, TIDA and the Developer have negotiated the Disposition and Development Agreement, the purpose of which is to govern the disposition and subsequent development of the Project after the Navy's transfer of Treasure Island to TIDA in accordance with the Conveyance Agreement; and,

WHEREAS, Under the Disposition and Development Agreement and other transaction documents, the Project is anticipated to include (1) up to 8,000 new residential units, at least 25 percent of which (2,000 units) will be made affordable to a broad range of very-low to moderate income households, including 435 units to be developed by TIHDI and its member organizations, (2) adaptive reuse of approximately 311,000 square feet of historic structures, (3) up to 140,000 square feet of new retail uses and 100,000 square feet of commercial office space, (4) approximately 300 acres of parks and open space, (5) new and/or upgraded public facilities, including a joint police/fire station, a school, facilities for the Treasure Island Sailing Center and other community facilities, (6) a 400-500 room hotel, (7) a new 400 slip marina, and (8) transportation infrastructure, including a ferry quay/intermodal transit center; and,

WHEREAS, The Disposition and Development Agreement governs the Developer's right to develop the Project in a series of Major Phases and Sub-Phases and to sell or ground

lease developable lots to vertical developers for development, all in accordance with the applicable governing land use and entitlement documents; and,

WHEREAS, The Disposition and Development Agreement also governs the Developer's obligations with respect to the Project and requires the Developer to invest hundreds of millions of dollars of private capital in the initial construction of public infrastructure, affordable housing and community benefits and payment of the Navy payments under the Conveyance Agreement; and,

WHEREAS, The Financing Plan attached to the Disposition and Development Agreement provides that TIDA and the City will incur financial obligations to finance certain costs of the Project, including the formation of one or more infrastructure financing districts ("IFDs") under applicable provisions of the California Government Code (the "IFD Act") to finance acquisition and construction of certain public infrastructure facilities described in the Financing Plan and replacement housing to the extent required by the IFD Act; and,

WHEREAS, The Disposition and Development Agreement includes a Schedule of Performance that includes outside dates for the completion of public infrastructure, public parks and open space, community facilities, and payment of subsidies for affordable housing, transportation, communities facilities, and open space operations and maintenance; and,

WHEREAS, The Disposition and Development Agreement provides TIDA with remedies in the event that the Developer does not meet its obligations under the Schedule of Performance or other provisions of the Disposition and Development Agreement, these remedies include, but are not limited to, specific performance, liquidated damages, termination and a right of reverter; and,

WHEREAS, The Disposition and Development Agreement was presented to the CAB at a duly noticed public meeting on March 8, 2011, and on April 19, 2011 the CAB voted to recommend the Disposition and Development Agreement; and,

WHEREAS, On April 21, 2011, the Planning Commission by Motion No. 18325 and the TIDA Board by Resolution No. 11-14-04/21, as co-lead agencies, certified the completion of the Final Environmental Impact Report for the Project, of which the Disposition and Development Agreement forms a part; and,

WHEREAS, On April 21, 2011, the TIDA Board, by Resolution No. 11-15-04/21, adopted environmental findings pursuant to the California Environmental Quality Act with respect to approval of the Project, including a mitigation monitoring and reporting program and a statement of overriding considerations; now, therefore, be it

RESOLVED, That the TIDA Board determines that the Project proposed under the Disposition and Development Agreement is in the best interests of TIDA, the City, and the health, safety, morals and welfare of its residents, and is in accordance with the public purposes and provisions of applicable federal, state an local laws and requirements; and, be it

FURTHER RESOLVED, That the TIDA Board hereby approves and authorizes the Treasure Island Project Director ("Director") to execute, subject to obtaining Board of Supervisors approval, the Disposition and Development Agreement between TIDA and the Developer; and, be it

FURTHER RESOLVED, That the TIDA Board authorizes the Director, prior to execution of the Disposition and Development Agreement, to make changes and take any and all steps, including but not limited to, the attachment of exhibits and the making of corrections, as the Director determines, in consultation with the City Attorney, are necessary or appropriate to consummate the Disposition and Development Agreement in accordance with this Resolution; provided, however, that such changes and steps do not materially decrease the benefits to or materially increase the obligations or liabilities of TIDA, and are in compliance with all applicable laws; and, be it

FURTHER RESOLVED, That all actions heretofore taken by TIDA and its officers, employees, and agents with respect to the Disposition and Development Agreement are hereby approved, confirmed and ratified; and, be it

FURTHER RESOLVED, That the TIDA Board authorizes and urges all officers, employees, and agents of TIDA and the City to take any and all steps as they deem necessary or appropriate, to the extent permitted by applicable law, in order to consummate the Disposition and Development Agreement in accordance with this Resolution, including execution of subsequent documents, or to otherwise effectuate the purpose and intent of this Resolution and TIDA's performance under the Disposition and Development Agreement; and, be it

FURTHER RESOLVED, That the TIDA Board authorizes the Director to enter into any amendments or modifications to the Disposition and Development Agreement that the Director determines, in consultation with the City Attorney, are in the best interest of TIDA, do not materially decrease the benefits to or materially increase the obligations or liabilities of TIDA, and are in compliance with all applicable laws.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on April 21, 2011.

Jean-Paul Samaha, Secretary

RESOLUTION NO. 24-10-0313

[Approval of Amended and Restated Disposition and Development Agreement with Treasure Island Community Development, LLC and- Amendments to Treasure Island and Yerba Buena Island Design for Development]

Resolution (1) Approving an Amended and Restated Disposition and Development Agreement Between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for Certain Real Property Located on Treasure Island and Yerba Buena Island, Including Changes to the Attached Financing Plan, and Making Findings Under the California Environmental Quality Act; and (2) Approving Proposed Amendments to the Treasure Island and Yerba Buena Island Design for Development.

WHEREAS, In 1997, the City created the Treasure Island Development Authority (the "Authority" or "TIDA") to serve as the entity responsible for the reuse and development of former Naval Station Treasure Island consisting of approximately 550 acres on Treasure Island and Yerba Buena Island; and

WHEREAS, In 2003, the Authority Board of Directors selected Treasure Island Community Development, LLC ("TICD" or "Developer") as the master developer for portions of Treasure Island and Yerba Buena Island; and

WHEREAS, The Developer proposed developing the Treasure Island/Yerba Buena Island Project ("Project"), which anticipated (1) up to 8,000 new residential units, at least 25% of which (2,000 units) would be made affordable to a broad range of very-low to moderate income households, (2) adaptive reuse of approximately 311,000 square feet of historic structures, (3) up to approximately 140,000 square feet of new retail uses and 100,000 square feet of commercial office space, (4) approximately 300 acres of parks and open space, (5) new and/or upgraded public facilities, including a joint police/fire station, a school, facilities for the Treasure Island Sailing Center and other community facilities, (6) up to 500 hotel

rooms across 2-3 sites, (7) landside improvements for a new 400 slip marina, and (8) transportation infrastructure, including a ferry/quay intermodal transit center; and

WHEREAS, On June 7, 2011, pursuant to Resolution No. 241-11, which the Mayor signed on June 13, 2011, the Board of Supervisors unanimously approved the Disposition and Development Agreement ("2011 DDA") and other transaction documents; and

WHEREAS, On June 14, 2011 pursuant to Ordinance No. 95-11, the Board of Supervisors approved the Development Agreement (the "DA") for the Project between the City and County of San Francisco (the "City") and Developer, which the parties executed on June 28, 2011; and

WHEREAS, Transforming Treasure Island and Yerba Buena Island into a new San Francisco neighborhood has required a staggering amount of upfront engineering work to geotechnically transform the land and install new infrastructure and utilities; and

WHEREAS, Since 2011, the Developer has invested over $800 Million into the Project which has resulted in significant progress towards completion of the first stage of construction with nearly 1,000 new homes along with completed public parks and utilities, public art, new streets and regular ferry service; and

WHEREAS, Over 100 units of new affordable housing attributable to the Project are open and occupied on Treasure Island, with another approximately 200 units currently under construction; and

WHEREAS, The progress on Treasure Island and Yerba Buena Island is a reflection of a public-private partnership spanning more than twenty years committed to the vision for a new Treasure Island; and

WHEREAS, Continuing the Project is more important now than ever as Treasure Island's 8,000 planned housing units represent one-tenth of the City's housing production goals established under its Housing Element 2022 Update of the General Plan and the

Mayor's Housing for All implementation strategy, and the Treasure Island Project is the City's largest project underway in a moment when there is a tremendous push to build new housing in San Francisco; and

WHEREAS, Various factors such as increases in construction and labor costs, a worldwide pandemic, rising interest rates and a slowing of the real estate market have put unanticipated pressures on the Project that could delay construction of the next phase without near-term accelerated public financing; and

WHEREAS, The Developer has shared economic projections demonstrating the financial constraints facing the Project, including the inability to secure traditional financing for the construction of Stage 2 infrastructure; and

WHEREAS, TIDA, the Developer, and the Office of Economic and Workforce Development ("OEWD") have been in conversation with the City since early 2023 to identify areas of possible change that could improve the delivery, financial feasibility, and sustainability of the Project; and

WHEREAS, OEWD has lead an effort with TIDA, the Developer, the City Administrator's Office, Controller's Office, Mayor's Office, and the Planning Department to re-open certain areas of the 2011 DDA, the DA, and the Planning Code, Zoning Map, and Design for Development as they relate to the Treasure Island/Yerba Buena Island Special Use District, to improve the feasibility and delivery of the Project as well as reaffirm certain existing provisions; and

WHEREAS, TIDA, the City, and the Developer are committed to ensuring that the Project does not lose momentum, particularly as the island and its services become more integrated into the city fabric as a result of the new housing units, parks, utilities, public art, ferry terminal and streets that have been completed to date; and

WHEREAS, The proposed amendments to certain terms of the existing transaction documents for the Project will, among other things, (1) accelerate reimbursement of eligible project costs through public financing for the next construction phase, called Stage 2, which phase will include infrastructure necessary to allow for the construction of new parks and shoreline improvements, and market rate and affordable housing parcels for approximately 1,300 units of new housing; (2) retain the existing public benefits package as approved in the 2011 DDA, such as the overall affordable housing requirement of 27.2% and delivery of parks and open space; (3) defer accrual of costs where possible to improve financial feasibility such as extending the completion dates for certain facilities and reallocating a limited number of inclusionary units to future phases; (4) increase flexibility on timing of Developer subsidies and how they can be used; (5) increase the DDA term to 40 years; (6) increase flexibility on how certain parcel lots may be sold to allow for earlier additional funds into the Project; and (7) update the 2011 DDA to reflect current City practice, such as any public art fee be paid to the Department of Building Inspection instead of TIDA; and

WHEREAS, The proposed amendments will not change the general framework of the 2011 DDA whereby the Developer will continue to (1) be obligated to invest hundreds of millions of dollars of private capital in the initial construction of public infrastructure, affordable housing and community benefits, and (2) have the right to develop the Project in a series of major phases and sub-phases and to sell or ground lease developable lots to vertical developers for development, all in accordance with all of the governing land use and entitlement documents; and

WHEREAS, The proposed amendments will be set forth in an Amended and Restated Disposition and Development Agreement ("A&R DDA"), which A&R DDA includes, among certain exhibits, the Financing Plan and Housing Plan, all of which are on file with the Authority Board Secretary and incorporated herein by reference; and

WHEREAS, Stage 2 includes two planned affordable housing buildings with approximately 250 units total and a 240-bed behavioral health building project to be delivered by the Department of Public Health; and

WHEREAS, The amendments to the Financing Plan describe the City's intent to accelerate up to a maximum of $115 million of general fund-backed public financing into the Project ("Stage 2 Alternative Financing"), expected to be structured as one or more lease certificates of participation, with the City reserving the discretion to structure the Stage 2 Alternative Financing through other public financing vehicles that are not secured by a pledge of Project special taxes or net available increment, to support continued construction of Stage 2 infrastructure necessary to allow for the development of new parks and shoreline improvements, and market rate and affordable housing parcels for approximately 1,300 units of new housing anticipated to occur within the next 3-5 years, by reimbursing the Developer for eligible Stage 2 qualified project costs sooner than they otherwise would be reimbursed through the existing public financing structure; and

WHEREAS, The Stage 2 Alternative Financing is anticipated to be structured over the next 3-5 years, tied to the expected capital expenditures for the Stage 2 infrastructure, and the Developer would be reimbursed after the Developer has satisfied various conditions for issuance of such public financing and reimbursement from such proceeds; and

WHEREAS, A fiscal impact study was completed by City fiscal consultant Keyser Marston Associates and projects that Treasure Island and Yerba Buena Island will generate an average of approximately $4.4 million per year in ongoing net recurring general fund revenues from fiscal year 2025 thru fiscal year 2030, with an additional approximately $10 million per year in transfer taxes and one-time construction related revenues contingent on assumed land sales and unit sales in this time period, and that by fiscal year 2040, the net recurring revenues generated from Treasure Island and Yerba Buena Island (not including

transfer taxes or one-time construction related revenues) are projected to exceed annual required debt service payments for up to $115 million of Stage 2 Alternative Financing; and

WHEREAS, If the proposed changes to the Financing Plan are approved by the Authority Board and the Board of Supervisors, the DA will need to be amended as the amended Financing Plan will need to replace the existing Financing Plan exhibit to the DA; and

WHEREAS, If the proposed amendments to the 2011 DDA and DA are approved authorizing the Stage 2 Alternative Financing, Authority and Controller's Office staff will return at a future date to request Authority Board's authorization and recommendation to the Board of Supervisors to proceed with the Project specific Stage 2 Alternative Financing; and

WHEREAS, On March 5, 2024, Mayor London Breed and Supervisor Matt Dorsey co-sponsored and introduced legislation at the Board of Supervisors to approve the A&R DDA, an amendment to the DA, and amendments to the Planning Code and Zoning Map;

WHEREAS, The Developer has proposed amendments to the Design for Development based on lessons learned during implementation of phase one of the Project that affect only vertical improvements, and the proposed amendments and a summary of the proposed amendments are on file with the Authority Board Secretary; and

WHEREAS, The Planning Department and TIDA prepared an Environmental Impact Report for the Project under the California Environmental Quality Act ("CEQA," Public Resources Code Sections 21,000 et. seq;) and the CEQA Guidelines (14 Cal. Code Regs. Sections 15,000 et seq,); and

WHEREAS, On April 21, 2011 pursuant to Authority Board Resolution Nos. 11-1404/21 and 11-18-04/21 and Planning Commission Motion No. 18325, the Planning Commission and the Authority Board in a joint session unanimously approved a series of entitlement and transaction documents for the Project; and

WHEREAS, On June 7, 2011, pursuant to Resolution No. 246-11, the Board of Supervisors unanimously confirmed certification of the Final Environmental Impact Report ("FEIR") for the Project, and made certain environmental findings under CEQA, including adoption of a Mitigation Monitoring and Reporting Program and a Statement of Overriding Considerations, which resolution is on file with the Clerk of the Board of Supervisors in File No. 110328 and is incorporated herein by reference; and

WHEREAS, CEQA mandates that "when an environmental impact report has been prepared for a project, no subsequent or supplemental environmental impact report shall be required by the lead agency", unless the lead agency determines, on the basis of substantial evidence that the project or its circumstances have changed, or there is new information, and that those changes or new information would cause new significant impacts, or a substantial increase in the severity of previously identified impacts (CEQA Section 21166; CEQA Guidelines Section 15162); and

WHEREAS, CEQA authorizes lead agencies to prepare addenda to previously-prepared environmental documents when they consider adopting a revised project, and the conditions for requiring additional environmental review are not met (CEQA Guidelines Section 15164); and

WHEREAS, The Planning Department prepared an Addendum to the FEIR to analyze the impacts of the A&R DDA (including changes to the Financing Plan and the Housing Plan, both of which are exhibits to the A&R DDA) and concurrent changes proposed to the Development Agreement and Planning Code and Zoning Map controls for the Project; and

WHEREAS, The addendum concluded that no supplemental or subsequent environmental review is required for the A&R DDA (including changes to the Financing Plan and the Housing Plan, both of which are exhibits to the A&R DDA) and concurrent changes proposed to the DA and Planning Code and Zoning Map controls for the Project, because the

environmental impacts of these actions were adequately identified and analyzed under CEQA in the FEIR, and the A&R DDA (including changes to the Financing Plan and the Housing Plan, both of which are exhibits to the A&R DDA) and concurrent changes proposed to the DA and Planning Code and Zoning Map controls for the Project would not result in any new or more severe environmental impacts than were identified previously; and, therefore, be it

RESOLVED, The Authority Board has reviewed and considered the addendum and the FEIR, and concurs with the Planning Department analysis and conclusions, finding that the addendum adequately identified and analyzed the environmental impacts of the proposed amendments, and that no additional environmental review is required under CEQA Section 21166 and CEQA Guidelines Sections 15162-15164, for the following reasons:

(A) The Project with the proposed amendments will not have any new significant environmental effects or a substantial increase in the severity of previously identified significant impacts, beyond what was analyzed in the FEIR; and,

(B) No substantial changes have occurred with respect to the circumstances under which the Project with the proposed amendments would be carried out that would lead to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR; and,

(C) No new information of substantial importance to the Project analyzed in the FEIR has become available, which would indicate that (i) the Project with the proposed amendments will have significant effects not discussed in the FEIR; (ii) significant environmental effects identified in the FEIR will be substantially more severe; (iii) mitigation measures or alternatives found not feasible, which would reduce one or more significant effects, have become feasible but the City and TIDA refuse to implement them; or (iv) mitigation measures or alternatives, which are considerably different from those in the

FEIR, will substantially reduce one or more significant effects, but the City and TIDA refuse to implement them; and, be it

FURTHER RESOLVED, That the Authority Board hereby approves the A&R DDA and directs the Director of the Treasure Island Development Authority ("Director") to forward the A&R DDA to the Board of Supervisors for their approval; and, be it

FURTHER RESOLVED, Upon Board of Supervisors approval of the A&R DDA, the Director is authorized to execute the A&R DDA between TIDA and the Developer, with all exhibits to the A&R DDA, including, but not limited to the Financing Plan and the Housing Plan in substantially the form filed with the Authority Board Secretary, and any additions, amendments or other modifications to such agreements (including, without limitation, its exhibits) that the Director, on behalf of TIDA, determines, in consultation with the City Attorney, are in the best interests of TIDA and the City, do not otherwise materially increase the obligations or liabilities of TIDA or the City or materially decrease the benefits to TIDA or the City, and are necessary or advisable to effectuate the purpose and intent of this Resolution; and, be it

FURTHER RESOLVED, That to the extent that implementation of the A&R DDA involves the execution and delivery of additional agreements, notices, consents and other instruments or documents by TIDA that have a term in excess of 10 years or anticipated revenues of $1 million or more, including, without limitation, instruments conveying developable lots to vertical developers (including, without limitation, vertical disposition and development agreements, ground leases, lease disposition and development agreements, assignment and assumption agreements and permits to enter) (collectively, "Subsidiary Agreements"), and the Board of Supervisors has authorized TIDA to enter into such Subsidiary Agreements without additional authorization, the Director, in consultation with the City Attorney, is hereby authorized to enter into all such Subsidiary Agreements so long as the

transactions governed by such Subsidiary Agreements are contemplated in the A&R DDA, do not otherwise materially increase the obligations or liabilities of TIDA, and are necessary and advisable to effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by such person or persons of any such documents; and, be it

FURTHER RESOLVED, The Authority Board recommends that the Planning Commission approve the proposed amendments to the Design for Development in substantially the form filed with the Authority Board Secretary; and, be it

FURTHER RESOLVED, That the Director is authorized to approve any additions, amendments or other modifications to the proposed amendments to the Design for Development before they are adopted by the Planning Commission that the Director determines, in consultation with the City Attorney, are in the best interests of TIDA, do not otherwise materially increase the obligations or liabilities of TIDA or materially decrease the benefits to TIDA, and are necessary or advisable to effectuate the purpose and intent of this Resolution.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on March 13, 2024.

DocuSigned by:
Jeanette Howard
974540452282437...

Jeanette Howard, Secretary

SAN FRANCISCO
PLANNING DEPARTMENT

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Planning Commission Motion No 18325
ENVIRONMENTAL IMPACT REPORT CERTIFICATION

Hearing Date:	April 21, 2011
Case No.:	2007.0903E
Project Address:	Treasure Island and Yerba Buena Island
Zoning:	P (Public) 40-X Height and Bulk District
Block/Lot:	1939/001 and 002
Project Sponsors:	Treasure Island Development Authority Rich Hillis, Director of Development City Hall, Room 448 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94111 and Treasure Island Community Development, LLC Alexandra Galovich Wilson Meany Sullivan Four Embarcadero Center, Suite 3300 San Francisco, CA 94102
Staff Contact:	Rick Cooper – (415) 575-9027 Rick.cooper@sfgov.org

ADOPTING FINDINGS RELATED TO THE CERTIFICATION OF A FINAL ENVIRONMENTAL IMPACT REPORT FOR THE PROPOSED TREASURE ISLAND/YERBA BUENA ISLAND PROJECT.

MOVED, that the San Francisco Planning Commission (hereinafter "Commission") hereby CERTIFIES the Final Environmental Impact Report identified as Case No. 2007.0903E (hereinafter "Project"), based upon the following findings:

1. The City and County of San Francisco, acting through the Planning Department (hereinafter "Department") fulfilled all procedural requirements of the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 *et seq.*, hereinafter "CEQA"), the State CEQA Guidelines (Cal. Admin. Code Title 14, Section 15000 *et seq.*, (hereinafter "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code (hereinafter "Chapter 31").

   A. The Department determined that an Environmental Impact Report (hereinafter "EIR") was required and provided public notice of that determination by publication in a newspaper of general circulation on January 26, 2008.

   B. On July 12, 2010, the Department published the Draft Environmental Impact Report (hereinafter "DEIR") and provided public notice in a newspaper of general circulation of

the availability of the DEIR for public review and comment and of the date and time of the Planning Commission public hearing on the DEIR; this notice was mailed to the Department's list of persons requesting such notice.

C. Notices of availability of the DEIR and of the date and time of the public hearing were posted near the project site by Department staff on July 12, 2010.

D. On July 12, 2010, copies of the DEIR were mailed or otherwise delivered to a list of persons requesting it, to those noted on the distribution list in the DEIR, to adjacent property owners, and to government agencies, the latter both directly and through the State Clearinghouse.

E. Notice of Completion was filed with the State Secretary of Resources via the State Clearinghouse on July 12, 2010.

2. The Commission held a duly advertised public hearing on said DEIR on August 12, 2010, at which opportunity for public comment was given, and public comment was received on the DEIR. The period for acceptance of written comments ended on September 10, 2010.

3. The Department prepared responses to comments on environmental issues received at the public hearing and in writing during the 59-day public review period for the DEIR, prepared revisions to the text of the DEIR in response to comments received or based on additional information that became available during the public review period, and corrected errors in the DEIR. This material was presented in a Comments and Responses document, published on March 10, 2011, distributed to the Commission and all parties who commented on the DEIR, and made available to others upon request at the Department.

4. A Final Environmental Impact Report has been prepared by the Department, consisting of the Draft Environmental Impact Report, any consultations and comments received during the review process, any additional information that became available, and the Comments and Responses document all as required by law.

5. Following publication of the Environmental Impact Report, the Project's structure and financing were changed from a Redevelopment Plan and financing mechanism to an Area Plan to be included within the San Francisco General Plan and partial financing through an Infrastructure Financing District. These changes in turn result in the amount of affordable housing units to be reduced from approximately 2,400 units to 2,000 units. A memorandum describing these changes and other minor Project changes since publication of the EIR has been prepared and distributed by the Department which describes and evaluates these changes and presents minor amendments to the text of the EIR to reflect the changes. The memorandum demonstrates and concludes that the revisions to the Project would not substantially change the analysis and conclusions of the EIR. No new significant impacts or substantial increase in the severity of already identified significant impacts, no new mitigation measures, and no new alternatives result from these changes. Thus recirculation of the EIR for public review and comment is not required.

6. Project Environmental Impact Report files have been made available for review by the Commission and the public. These files are available for public review at the Department at 1650 Mission Street, and are part of the record before the Commission.

7. On April 21, 2011, the Commission reviewed and considered the Final Environmental Impact Report and hereby does find that the contents of said report and the procedures through which the Final Environmental Impact Report was prepared, publicized, and reviewed comply with the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.

8. The Planning Commission hereby does find that the Final Environmental Impact Report concerning File No. 2007.0903E reflects the independent judgment and analysis of the City and County of San Francisco, is adequate, accurate and objective, and that the Comments and Responses document contains no significant revisions to the DEIR, and hereby does CERTIFY THE COMPLETION of said Final Environmental Impact Report in compliance with CEQA and the CEQA Guidelines.

9. The Commission, in certifying the completion of said Final Environmental Impact Report, hereby does find that the project described in the Environmental Impact Report:

   A. Will result in the following significant and unavoidable project-specific environmental impacts:

   1) Alteration of scenic vistas of San Francisco and San Francisco Bay from public vantage points along the eastern shoreline of San Francisco, Telegraph Hill, the East Bay shoreline, and from the Bay Bridge east span.

   2) Impairment of the significance of an historical resource by demolition of the Damage Control Trainer.

   3) Construction impacts on the transportation and circulation network, including increased delay and congestion on the Bay Bridge near the ramps during the peak periods, and disruption to transit, pedestrian, bicycle, and vehicular traffic on the Islands due to roadway closures.

   4) Significant contribution to existing LOS E operating conditions during the weekday PM peak hour and during the Saturday peak hour at the eastbound off-ramp on the west side of Yerba Buena Island.

   5) Under conditions without the TI/YBI Ramps Project, traffic impacts at the two westbound on-ramps.

   6) Under conditions with the Ramps Project, traffic impacts during the AM and PM peak hours at the ramp meter at the westbound on-ramp on the east side of Yerba Buena Island.

7) Queuing at the Bay Bridge toll plaza during the weekday AM peak hour, with and without the TI/YBI Ramps Project.

8) Queuing on San Francisco streets approaching Bay Bridge during the weekday PM peak hour with and without the TI/YBI Ramps Project.

9) Traffic impact at the following nine intersections:

- Intersection of First/Market;
- Intersection of First/Mission;
- Intersection of First/Folsom;
- Intersection of First/Harrison/I-80 Eastbound On-Ramp;
- Intersection of Bryant/Fifth/I-80 Eastbound On-Ramp; and
- Intersection of Fifth/Harrison/I-80 Westbound Off-Ramp
- Intersection of Folsom/Essex;
- Intersection of Bryant/Sterling; and
- Intersection of Second/Folsom.

10) Exceedance of the available transit capacity of Muni's 108-Treasure Island bus line serving the Islands during the AM, PM and Saturday peak hours.

11) AC Transit operations on Hillcrest Road between Treasure Island and the eastbound on-ramp to the Bay Bridge without the Ramps Project.

12) AC Transit operations on Treasure Island Road and Hillcrest Road between Treasure Island and the eastbound on-ramp to the Bay Bridge with the Ramps Project.

13) Traffic congestion in downtown San Francisco, which would increase travel time and would impact operations of the following three bus lines:

- Muni 27-Bryant;
- Muni 30X-Marina Express; and
- Muni 47-Van Ness bus line.

14) Exceedance of the capacity utilization standard on Muni's 108-Treasure Island bus line serving the Islands from a shift from auto to transit modes, resulting from parking

shortfall on the Islands and leading to an increase in transit travel demand during the peak hours.

15) Construction noise levels above existing ambient conditions.

16) Exposure of persons and structures to excessive ground-borne vibration or ground-borne noise levels during construction from on-shore pile "impact activities," such as pile driving and deep dynamic compaction, and vibro-compaction.

17) Increase in ambient noise levels in the project vicinity above existing ambient noise levels from project-related traffic and ferry noise.

18) Violation of air quality standards.

19) Exposure of sensitive receptors to substantial levels of toxic air contaminants.

20) Exposure of sensitive receptors to substantial levels of PM2.5.

21) Violation of air quality standards during project operations.

22) Exposure of sensitive receptors to substantial pollutant concentrations.

23) Potential conflict with adopted plans related to air quality.

24) Temporary wind hazard impacts during phased construction.

25) Potential exposure of publicly accessible locations within the Project Site to wind hazards

26) Potential adverse impacts on movement of rafting waterfowl from ferry operations.

B. Will contribute considerably to the following cumulative environmental impacts:

1) Potential cumulative construction-related traffic impacts in the project vicinity.

2) Cumulative traffic impacts at the eastbound off-ramp on the west side of Yerba Buena Island.

3) Under conditions without the Ramps Project, cumulative traffic impacts at the two westbound on-ramps.

4) Under conditions with the Ramps Project, cumulative traffic impacts during the AM and PM peak hours at the ramp meter at the westbound on-ramp on the east side of Yerba Buena Island.

5) Cumulative queuing impacts at the Bay Bridge toll plaza during the AM and PM peak hours.

6) Cumulative queuing impacts on San Francisco streets approaching the Bay Bridge during the weekday AM and PM and Saturday peak hours.

7) Traffic impact at the following nine intersections:

- Intersection of First/Market;
- Intersection of First/Mission;
- Intersection of First/Folsom;
- Intersection of First/Harrison/I-80 Eastbound On-Ramp;
- Intersection of Bryant/Fifth/I-80 Eastbound On-Ramp;
- Intersection of Fifth/Harrison/I-80 Westbound Off-Ramp
- Intersection of Folsom/Essex;
- Intersection of Bryant/Sterling; and
- Intersection of Second/Folsom.

8) Cumulative traffic congestion in downtown San Francisco, which would increase travel time and would impact operations of the following four bus lines:

- Muni 27-Bryant bus line;
- Muni 30X-Marina Express bus line;
- Muni 47-Van Ness bus line; and
- Muni 10-Townsend bus line.

9) Cumulative construction noise impacts from other cumulative development in the area, including the Clipper Cove Marina and the Yerba Buena Island Ramps Improvement Project, which could have construction activities that occur simultaneously with those of the Project.

10) Increases in traffic from the project in combination with other development would result in cumulative traffic noise impacts.

11) Cumulative air quality impacts.

11) The Project, when combined with other cumulative projects, could result in exposure of publicly accessible locations within the Project Site to wind hazards.

12) Potential cumulative impacts on rafting waterfowl.

I hereby certify that the foregoing Motion was ADOPTED by the Planning Commission at its regular meeting of April 21, 2011.

FOR

Linda Avery
Commission Secretary

AYES: Commissioners Antonini, Borden, Fong, Miguel

NOES: Commissioners Olague, Moore, Sugaya

ABSENT: None

ADOPTED: April 21, 2011

From:	Carroll, John (BOS)
To:	Sherry Williams
Cc:	Jalipa, Brent (BOS); Board of Supervisors (BOS)
Subject:	RE: Letter of Support for TI Amendments - BOS File Nos. 240198, 240199, 240202, and 240207
Date:	Wednesday, April 10, 2024 11:06:00 AM
Attachments:	image001.png BOS Letter of Support DDA Amendments One TI 04 09 2024 -edit (002).pdf

Thank you for your comment letter.

By copy of this message to the board.of.supervisors@sfgov.org email address, your comments will be forwarded to the full membership of the Board of Supervisors. We will include your comments in the file for these legislative matters.

I invite you to review the entire matter on our Legislative Research Center by following the links below:

-

Board of Supervisors File No. 240198 – [Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island]

Board of Supervisors File No. 240199 – [Planning Code, Zoning Map - Treasure Island/Yerba Buena Island]

Board of Supervisors File No. 240202 – [Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island]

Board of Supervisors File No. 240207 – [Endorsing the Aspirational Statement for Treasure Island and Yerba Buena Island]

John Carroll
Assistant Clerk
Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415)554-4445

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From: Sherry Williams <swilliams@onetreasureisland.org>
Sent: Wednesday, April 10, 2024 10:02 AM
To: Carroll, John (BOS) <john.carroll@sfgov.org>; Jalipa, Brent (BOS) <brent.jalipa@sfgov.org>
Subject: Letter of Support for TI Amendments

For Land Use (04/15) and Budget and Finance Committees (04/17)—

Please see attached. Thank You.

Sherry Williams (she,her)
Co-Executive Director
One Treasure Island
(415) 274-0311 x305
www.onetreasureisland.org

1 Avenue of the Palms, Room 166, San Francisco, CA 94130 • ph: 415.274.0311 • OneTreasureIsland.org

April 9, 2024

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

Sent via email to Committee Clerks John.Carroll@sfgov.org and Brent.Jalipa@sfgov.org

Dear Chairs Myrna Melgar and Connie Chan:

We are writing in support of the amendments to the Disposition and Development Agreement, Development Agreement, the Design for Development, and the Planning Code and Zoning Map for Treasure Island being considered by the Board of Supervisors.

One Treasure Island (One TI) was formed in 1994 to develop the homeless assistance plan for the Treasure Island civilian reuse plan and has been a champion of developing a thriving, diverse, equitable, mixed income neighborhood on Treasure Island ever since. We are dedicated to creating housing, jobs and services to homeless and low-income San Franciscans as an integral part of Treasure Island's long-term development.

One TI is a collaboration of community-based organizations. Our housing member agencies include: Catholic Charities, HealthRIGHT360, Swords to Plowshares. Mercy Housing California, Chinatown Community Development Center and the John Stewart Company. *All of our members are in strong support of these amendments.*

One TI serves hundreds of additional low-income island residents, and our member agencies also include Rubicon Programs (landscape maintenance job training), Toolworks (janitorial job training for people with disabilities) and, the YMCA (programs for youth, fitness and general recreation).

We have been involved with the base reuse planning process for almost 30 years and have worked closely with the Treasure Island Development Authority and Treasure Island Community Development to both create plans such as the ones for affordable housing, jobs and community facilities and to implement them. Our members renovated and occupied 260 units of the original Navy units and now, after waiting almost 25 years, the replacement and expansion of these interim units are finally underway. The proposed amendments are crucial to keep this critically needed housing development moving forward.

Last year we saw the move in of 105 new affordable units for homeless veterans and this year we will see 135 units of affordable housing for families come online. In the pipeline are more units for homeless and low-income families, low-income seniors and an incredible opportunity to create a behavioral health building with substance abuse treatment and step-down beds. All of these units are at risk of not being developed if these amendments are not passed as proposed. And vitally needed development funding will be jeopardized and lost.

In addition to providing much needed housing, this project has also created hundreds of construction jobs. As part of the Jobs and Equal Opportunity Plan for the island, economically disadvantaged San Franciscans and those with significant barriers to employment have received training and placement in union, living wage jobs. If the project stalls, so will these opportunities for economic stability and advancement.

We have an opportunity to grow and create a real equitable and inclusive San Francisco neighborhood while providing greatly needed affordable homes and treatment beds. Without these amendments, this opportunity will be delayed indefinitely. We sincerely hope you will support the proposed amendments for the Treasure Island Development Agreement.

Sincerely,

Sherry Williams
Co-Executive Director
One Treasure Island

Nella Goncalves
Co-Executive Director
One Treasure Island

CC: Land Use and Budget and Finance Committee Members
President Aaron Peskin
Supervisor Dean Preston
Supervisor Rafael Mandelman

From:	Carroll, John (BOS)
To:	Elizabeth Kuwada; Board of Supervisors (BOS)
Cc:	Doug Shoemaker; Peskin, Aaron (BOS); Preston, Dean (BOS); Mandelman, Rafael (BOS); Jalipa, Brent (BOS)
Subject:	RE: Mercy Housing Letter of Support - Treasure Island Amendments - BOS File Nos. 240198, 240199, 240202, and 240207
Date:	Monday, April 8, 2024 1:00:00 PM
Attachments:	image009.png image010.png image015.png Mercy Housing_Treasure Island Letter of Support_BOS_Apr 2024.pdf

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Thank you for your comment letter.

By copy of this message to the board.of.supervisors@sfgov.org email address, your comments will be forwarded to the full membership of the Board of Supervisors. We will include your comments in the file for these legislative matters.

I invite you to review the entire matter on our Legislative Research Center by following the links below:

-

Board of Supervisors File No. 240198 – [Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island]

Board of Supervisors File No. 240199 – [Planning Code, Zoning Map - Treasure Island/Yerba Buena Island]

Board of Supervisors File No. 240202 – [Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island]

Board of Supervisors File No. 240207 – [Endorsing the Aspirational Statement for Treasure Island and Yerba Buena Island]

John Carroll
Assistant Clerk
Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415)554-4445

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a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

From: Elizabeth Kuwada <Elizabeth.Kuwada@mercyhousing.org>
Sent: Monday, April 8, 2024 11:19 AM
To: Carroll, John (BOS) <john.carroll@sfgov.org>; Jalipa, Brent (BOS) <brent.jalipa@sfgov.org>
Cc: Doug Shoemaker <DShoemaker@mercyhousing.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Preston, Dean (BOS) <dean.preston@sfgov.org>; Mandelman, Rafael (BOS) <rafael.mandelman@sfgov.org>
Subject: Mercy Housing Letter of Support - Treasure Island Amendments

Hello, Please see the attached letter of support from Mercy Housing for the Treasure Island Development Agreement amendments, the Design for Development amendments, and the Planning Code and Zoning Map amendments items being considered by the Board of Supervisors next week and in early May.

Thank you,
Elizabeth

Elizabeth Kuwada
DIRECTOR | Real Estate Development
she/her/hers

SINCE 1981

mercy HOUSING
Mercy Housing California
1256 Market Street | San Francisco, CA 94102
t|415.355.7133 | mercyhousing.org

**Please note that Mercy Housing offices close at 2 PM on Fridays.*

April 8, 2024

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

Sent via email to Committee Clerks John.Carroll@sfgov.org and Brent.Jalipa@sfgov.org

To Chairs Myrna Melgar and Connie Chan,

We are writing in support of the amendments to the Disposition and Development Agreement, Development Agreement, the Design for Development, and the Planning Code and Zoning Map for Treasure Island being considered by the Board of Supervisors.

Mercy Housing is a leading affordable housing organization with many affordable housing communities completed and in development throughout San Francisco. We are proud to be a partner with the Mayor's Office of Housing and Community Development, Treasure Island Development Agency and Treasure Island Community Development in delivering much needed affordable housing to the City. We are particularly proud to participate in developing the first several hundred units on Treasure Island at Star View Court. Star View Court will complete construction next month and will provide homes for 138 households, the majority of which are for existing families currently living on the Island. We also have a funded project planned for Stage 2 to deliver another 120 units in partnership with the Department of Public Health and are working on a third project on the Island to provide over 100 units of affordable senior housing. In addition to using committed City funds for these projects, we are working to leverage state and federal funding sources and site readiness is crucial to our ability to receive these competitive fundings awards. The City's investment in Stage 2 will help ensure we can stay on schedule to build these units.

We continue to be excited by the future of Treasure Island as a vibrant, inclusive San Francisco community, and we hope you'll support these amendments to build on the project's momentum.

Sincerely,

Doug Shoemaker
President
Mercy Housing California

cc:

President Aaron Peskin
Supervisor Dean Preston
Supervisor Rafael Mandelman

Mercy Housing California
1256 Market Street, San Francisco, California 94102 o | 415-355-7100 f | 415-355-7101
mercyhousing.org
Mercy Housing is sponsored by communities of Catholic Sisters

From:	Carroll, John (BOS)
To:	Daniel Gregg; Board of Supervisors (BOS)
Cc:	Jalipa, Brent (BOS)
Subject:	RE: Letter of Support / Treasure Island-Yerba Buena Island Project Amendments - BOS File Nos. 240198, 240199, 240202, and 240207
Date:	Monday, April 8, 2024 1:00:00 PM
Attachments:	image001.png image002.png image003.png image004.png image005.png image006.png Executed_Letter of Support_BoS_Committees_Treasure Island_Yerba Buena Project_SF_4_3_2024.pdf

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Thank you for your comment letter.

By copy of this message to the board.of.supervisors@sfgov.org email address, your comments will be forwarded to the full membership of the Board of Supervisors. We will include your comments in the file for these legislative matters.

I invite you to review the entire matter on our Legislative Research Center by following the links below:

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Board of Supervisors File No. 240198 – [Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island]

Board of Supervisors File No. 240199 – [Planning Code, Zoning Map - Treasure Island/Yerba Buena Island]

Board of Supervisors File No. 240202 – [Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island]

Board of Supervisors File No. 240207 – [Endorsing the Aspirational Statement for Treasure Island and Yerba Buena Island]

John Carroll
Assistant Clerk
Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415)554-4445

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From: Daniel Gregg <dgregg@nccrc.org>
Sent: Thursday, April 4, 2024 8:06 AM
To: Carroll, John (BOS) <john.carroll@sfgov.org>; Jalipa, Brent (BOS) <brent.jalipa@sfgov.org>
Subject: Letter of Support / Treasure Island-Yerba Buena Island Project Amendments

Please see attached a Letter of Support for the Treasure Island/Yerba Buena Island Project Amendments from Carpenters Union Local 22. Please add this to the packet for the Budget and Land Use committees, as well as the Board of Supervisors.

Thank you!

Regards,

Daniel Gregg
Senior Organizer
Nor Cal Carpenters Union

(510) 703-9018
dgregg@nccrc.org
https://norcalcarpenters.org

United Brotherhood of Carpenters and Joiners of America

LOCAL UNION NO. 22

April 3, 2024

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

Sent via email to Committee Clerks John.Carroll@sfgov.org and Brent.Jalipa@sfgov.org

RE: Support of the amendments to the Disposition and Development Agreement, Development Agreement, the Design for Development, and the Planning Code and Zoning Map for Treasure Island being considered by the Board of Supervisors

Dear Chairs Myrna Melgar and Connie Chan,

The members of Nor Cal Carpenters Union Local 22 in San Francisco and the surrounding Bay Area strongly support the proposed amendments to the Treasure Island/Yerba Buena Island Project. Carpenters Local Union 22 was initially chartered in 1882 and has been an integral part of San Francisco culture, community, and the construction of this beautiful city for over a century. The Treasure Island/Yerba Buena Island Project has created severely needed Union construction jobs that pay living wages and benefits and provide opportunity for local apprentices, including women and minorities, to begin or continue their career in the construction industry. Approval of the proposed amendments will allow the development to continue and sustain these benefits to the community, the city and labor.

San Francisco has become increasingly unaffordable to newcomers and long-time residents alike through a long-term trend of creating insufficient quantities of housing. Stage 1 of the Treasure Island/Yerba Buena Island Project has already generated nearly 1,000 units with over 250 at below market rate. Once stage 1 is complete, the development will include 2,000 units with 300 at below market rate. Stage 2 will provide the infrastructure necessary to build the next phase of the development. Though completion of the Treasure Island/Yerba Buena development will not fully alleviate the current housing crisis, it is a very large step in the right direction.

Right now, we are emerging from a global pandemic and a significant downturn in the economy. Construction is the second largest industry in the world, behind healthcare. It is important that we support developments like the Treasure Island/Yerba Buena Project that in turn supports labor and the community. Nor Cal Carpenters Union Local 22 is excited by the future of Treasure Island as a vibrant San Francisco community and we ask that the Board support these proposed amendments today. Thank you for your time and service in moving this project forward.

Sincerely,

Daniel Gregg
Senior Field Representative

cc: President Aaron Peskin
Supervisor Dean Preston
Supervisor Rafael Mandelman

sko/opeiu29/afl-cio

2085 3RD STREET • SAN FRANCISCO, CA 94107
TELEPHONE: (415) 355-1322 • FAX: (415) 355-1422

From:	Carroll, John (BOS)
To:	Katherine Keicher Gillespie; Board of Supervisors (BOS)
Cc:	kath@sfll.org; Jalipa, Brent (BOS)
Subject:	RE: San Francisco Little League, Letter of Support for Treasure Island Development - BOS File Nos. 240198, 240199, 240202, and 240207
Date:	Wednesday, April 3, 2024 1:51:00 PM
Attachments:	image001.png SFLL-Treasue Island Letter of Support_Board of Supervisors_20240202.pdf

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Thank you for your comment letter.

By copy of this message to the board.of.supervisors@sfgov.org email address, your comments will be forwarded to the full membership of the Board of Supervisors. We will include your comments in the file for these legislative matters.

I invite you to review the entire matter on our Legislative Research Center by following the links below:

-

Board of Supervisors File No. 240198 – [Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island]

Board of Supervisors File No. 240199 – [Planning Code, Zoning Map - Treasure Island/Yerba Buena Island]

Board of Supervisors File No. 240202 – [Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island]

Board of Supervisors File No. 240207 – [Endorsing the Aspirational Statement for Treasure Island and Yerba Buena Island]

John Carroll
Assistant Clerk
Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415)554-4445

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hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

From: Katherine Keicher Gillespie <kathkg415@gmail.com>
Sent: Tuesday, April 2, 2024 5:17 PM
To: Carroll, John (BOS) <john.carroll@sfgov.org>; Jalipa, Brent (BOS) <brent.jalipa@sfgov.org>
Cc: kath@sfll.org
Subject: San Francisco Little League, Letter of Support for Treasure Island Development

Good afternoon,

To the San Francisco Board of Supervisor Chairs Myrna Melgar and Connie Chan, care of Committee Clerks, John Carroll and Brent Jalipa:

I write to you on behalf of San Francisco Little League, and very much appreciate your time and consideration of the attached letter in support of the Treasure Island development amendments being considered by the Board of Supervisors.

Please do not hesitate to reach out if I may address any questions or otherwise serve the Board in any way.

With gratitude,

Katherine Gillespie
President, San Francisco Little League

Katherine Gillespie
President

San Francisco Little League
P.O. Box 16187
San Francisco, CA 94116-0187

415-812-7099 voice+sms

kathkg415@gmail.com | kath@sfll.org
Pronouns: she, her

www.sfll.org

SFLL is an all-volunteer, registered 501(c)3 non-profit organization serving the youth of San Francisco since 1996.

SAN FRANCISCO LITTLE LEAGUE

San Francisco Little League
P.O. Box 16187
San Francisco, CA 94116-0187
WWW.SFLL.ORG

April 2, 2024

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

Sent via email to Committee Clerks, ***John.Carroll@sfgov.org*** *and* ***Brent.Jalipa@sfgov.org***

To Chairs Myrna Melgar and Connie Chan,

We are writing in support of the amendments to the Disposition and Development Agreement, Development Agreement, the Design for Development, and the Planning Code and Zoning Map for Treasure Island being considered by the Board of Supervisors.

San Francisco Little League (SFLL) is a registered nonprofit chartered by National Little League Baseball®. Since its founding in 1996, SFLL has impacted more than 25,000 players and their families through its baseball and softball programs. Today, our inclusive, year-round programming welcomes over 1,500 San Franciscan youth annually, from every demographic, of all abilities, and from all over the city to come and play in our league. Our programs are made possible through the hard work of over 300 volunteers, led by an all-volunteer Board of Directors; and with the financial support of our sponsors and partners including local small businesses, public and private corporations, as well as the many families who sign up for our programming year after year.

SFLL has a robust scholarship program and provides financial support to families in need with registration and equipment assistance. Our program offerings include a youth umpire program, and an adaptive baseball division that serves over 50 disabled youth and young adults every spring. Our unified coaching approach is rooted in the philosophy that kids learn best when they are taught through positive coaching methods and we partner closely with the Positive Coaching Alliance, a national youth sports organization to educate our players, coaches, parents and board on these principles. SFLL has seen alumni players achieve their goals of playing on elite high school, college and even Major League teams. A former SFLL player pitched in the 2023 World Series!

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
April 2, 2024

San Francisco Little League's decades of success have deep roots on Treasure Island. In 2001, after several years of failed attempts to develop fields in San Francisco, SFLL found a home on Treasure Island when it was granted permission to develop and operate four fields on an indefinite basis. While two fields were closed in 2018 to make way for the Treasure Island development, our remaining two fields, Tepper and Ketcham, continue to host hundreds of San Francisco's youth athletes for games and baseball activities year-round, including special events like SFLL Championship games, the Little League Baseball® All-Stars tournament, the T-Mobile Little League Home Run Derby, and the Major League Baseball Pitch Hit & Run competition.

SFLL is proud to be one of the existing field users included in the original Disposition and Development Agreement and we continue to be excited for the future of Treasure Island. With the addition of permanent baseball and softball fields, SFLL can continue our mission to serve and benefit the residents of San Francisco and contribute to the vision of a vibrant Treasure Island and San Francisco community for decades to come. Our active and engaged parent and donor base stands ready to be a part of the next phases of development, and we hope you'll support these amendments to build on the project's momentum.

Thank you for your consideration.

Sincerely,

Katherine Gillespie, President
San Francisco Little League

cc:
President Aaron Peskin
Supervisor Dean Preston
Supervisor Rafael Mandelman

From:	Carroll, John (BOS)
To:	Edwin Chen; Board of Supervisors (BOS)
Cc:	Jalipa, Brent (BOS)
Subject:	RE: Letter of support for Treasure Island amendments - BOS File Nos. 240198, 240199, 240202, and 240207
Date:	Wednesday, April 3, 2024 1:51:00 PM
Attachments:	Letter of Support.pdf image001.png

Thank you for your comment letter.

By copy of this message to the board.of.supervisors@sfgov.org email address, your comments will be forwarded to the full membership of the Board of Supervisors. We will include your comments in the file for these legislative matters.

I invite you to review the entire matter on our Legislative Research Center by following the links below:

-

Board of Supervisors File No. 240198 – [Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island]

Board of Supervisors File No. 240199 – [Planning Code, Zoning Map - Treasure Island/Yerba Buena Island]

Board of Supervisors File No. 240202 – [Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island]

Board of Supervisors File No. 240207 – [Endorsing the Aspirational Statement for Treasure Island and Yerba Buena Island]

John Carroll
Assistant Clerk
Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415)554-4445


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From: Edwin Chen <edwin.chen@chinatowncdc.org>
Sent: Tuesday, April 2, 2024 4:45 PM
To: Carroll, John (BOS) <john.carroll@sfgov.org>; Jalipa, Brent (BOS) <brent.jalipa@sfgov.org>
Subject: Letter of support for Treasure Island amendments

Hello John and Brent,

Please find attached a letter of support for the Treasure Island amendments being considered by the Board of Supervisors.

Thanks,

Edwin Chen

Executive Assistant | Executive

Pronouns: *he/him/his*

Chinatown Community Development Center
615 Grant Avenue | San Francisco, CA | 94108

Office: 415-984-1167

www.chinatowncdc.org | Join us: Careers at CCDC
Twitter | Facebook | LinkedIn

Chinatown Community Development Center
華協中心

615 Grant Avenue
San Francisco, CA 94108
TEL 415.984.1450
FAX 415.362.7992
TTY 415.984.9910
www.chinatowncdc.org

April 2, 2024

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

To Chairs Myrna Melgar and Connie Chan,

We are writing in support of the amendments to the Disposition and Development Agreement, Development Agreement, the Design for Development, and the Planning Code and Zoning Map for Treasure Island being considered by the Board of Supervisors.

Chinatown Community Development Center is a community development organization with many roles - as neighborhood advocates, organizers, and planners, and as developers and managers of affordable housing. We believe in a comprehensive vision of community, a quality environment, a healthy neighborhood economy, and active voluntary associations.

We are proud to be a partner with the Mayors Office of Housing and Community Development, Treasure Island Development Agency and the Treasure Island Development Group in delivering much needed affordable housing to the City.

We developed Maceo May Apartments, 105 apartments for formerly homeless veterans, which was the first residential building to open on the island, in 2023. We have seen firsthand the transformative impact that living on Treasure Island can have on unhoused San Franciscans and appreciate that this plan maintains the critical affordable housing investments that will make this new neighborhood a success.

We continue to be excited by the future of Treasure Island as a vibrant San Francisco community, and we hope you'll support these amendments to build on the project's momentum.

Sincerely,

Malcolm Yeung
Executive Director
Chinatown Community Development Center

From:	Carroll, John (BOS)
To:	Board of Supervisors (BOS); elliott@goldbarwhiskey.com
Cc:	Jalipa, Brent (BOS)
Subject:	FW: Letter to the San Francisco Board of Supervisors - BOS File Nos. 240198, 240199, 240202, and 240207
Date:	Tuesday, April 2, 2024 11:42:00 AM
Attachments:	Letter John.Carroll@sfgov.org.pdf image001.png

Thank you for your comment letter.

By copy of this message to the board.of.supervisors@sfgov.org email address, your comments will be forwarded to the full membership of the Board of Supervisors. We will include your comments in the file for these legislative matters.

I invite you to review the entire matter on our Legislative Research Center by following the links below:

-

Board of Supervisors File No. 240198 – [Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island]

Board of Supervisors File No. 240199 – [Planning Code, Zoning Map - Treasure Island/Yerba Buena Island]

Board of Supervisors File No. 240202 – [Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island]

Board of Supervisors File No. 240207 – [Endorsing the Aspirational Statement for Treasure Island and Yerba Buena Island]

John Carroll
Assistant Clerk
Board of Supervisors
San Francisco City Hall, Room 244
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from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

From: Elliott Gillespie <elliott@goldbarwhiskey.com>
Sent: Tuesday, April 2, 2024 11:32 AM
To: Carroll, John (BOS) <john.carroll@sfgov.org>; Jalipa, Brent (BOS) <brent.jalipa@sfgov.org>
Subject: Letter to the San Francisco Board of Supervisors

Dear John, Brent,

Please kindly find attached.

Thank you,
Elliott

Elliott Gillespie
President
The Gold Bar Spirits Company
San Francisco, California
415.234.0399
www.goldbarwhiskey.com

DOUBLE GOLD San Francisco World Spirits Competition
GOLD MEDAL SIP Awards International Consumer Tasting
GOLD MEDAL San Francisco World Spirits Competition
BEST IN SHOW Denver International Spirits Competition
93 Points New York International Spirits Competition
GOLD MEDAL San Diego Spirits Festival

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April 2, 2024

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

Sent via email to Committee Clerks John.Carroll@sfgov.org and Brent.Jalipa@sfgov.org

To Chairs Myrna Melgar and Connie Chan,

We are writing in support of the amendments to the Disposition and Development Agreement, Development Agreement, the Design for Development, and the Planning Code and Zoning Map for Treasure Island being considered by the Board of Supervisors.

My company is The Gold Bar Spirits Company Inc. We have been doing business on Treasure Island since 2015. We are a craft distillery. From the island we export to over 25 countries around the world. We employ approximately 40 people and support a broad group of local suppliers. We recently opened our Visitor Center & Tasting Room on the island in Building 1, that welcomes residents and guests to the island seven days a week.

We have been long-term believers in the island's development. The development of the island and the continued growth in the residency base will be instrumental in supporting the growth of our local business. The new residents to the island, the opening of the ferry, the improved road infrastructure, the beautiful new park on Yerba Buena and the beautified waterfront area in front of the ferry terminal has already helped our business. We are encouraged and enthusiastic about the continued economic activity that the development will bring.

We continue to be excited by the future of Treasure Island as a vibrant San Francisco community, and we hope you'll support these amendments to build on the project's momentum.

Sincerely,

Elliott Gillespie

President, The Gold Bar Spirits Company

cc:

1 AVENUE OF THE PALMS
TREASURE ISLAND
SAN FRANCISCO, CA 94130
GOLDBARWHISKEY.COM

THE GOLD BAR SPIRITS COMPANY INC.

President Aaron Peskin
Supervisor Dean Preston
Supervisor Rafael Mandelman

1 AVENUE OF THE PALMS
TREASURE ISLAND
SAN FRANCISCO, CA 94130
GOLDBARWHISKEY.COM

BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

NOTICE OF PUBLIC HEARING
BUDGET AND FINANCE COMMITTEE
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco's Budget and Finance Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

Date: **Wednesday, April 17, 2024**

Time: **10:00 a.m.**

Location: **Legislative Chamber, Room 250, located at City Hall**
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

Subject: **File No. 240198.** Ordinance amending a Development Agreement between the City and County of San Francisco and Treasure Island Community Development, LLC, a California limited liability company, for the Treasure Island project and to amend the Financing Plan; making findings under the California Environmental Quality Act; making findings of consistency with the General Plan, and with the eight priority policies of Planning Code, Section 101.1(b); and making findings of public necessity, convenience, and welfare under Planning Code, Section 302.

File No. 240202. Resolution approving an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for certain real property located on Treasure Island and Yerba Buena Island, including changes to the attached Financing Plan; making findings under the California Environmental Quality Act; and affirming findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

DATED/POSTED: April 5, 2024
PUBLISHED: April 5, 2024

- The City and County of San Francisco (the "City") created the Treasure Island Development Authority (the "Authority") in 1997 to serve as the entity responsible for the reuse and development of Naval Station Treasure Island, which encompasses Treasure Island (also referred to as "TI") and portions of Yerba Buena Island (also referred to as "YBI").

- On June 28, 2011, the Authority and Treasure Island Community Development, LLC ("Developer") entered a Disposition and Development Agreement (the "Treasure Island/Yerba Buena Island DDA" or "DDA"). On the same date, the City and Developer entered a Development Agreement (the "DA").

- The parties now propose to amend the Development Agreement to revise Exhibit D, the Financing Plan, to make certain changes consistent with those changes being made to the Financing Plan as attached to the DDA, to describe the City's intent to accelerate revenues into the Project for the purpose of ensuring Stage 2 of the Project is financially feasible and proceeds and which changes to the DDA, through an amendment to the DDA (the "DDA Amendment"), in addition to other changes, are being considered by the Board of Supervisors concurrently with the consideration of this Ordinance.

- The parties also propose certain other changes to DA Exhibit A, Project Site, to reflect revisions to the Marina lease boundaries; DA Exhibit B, Legal Description, to reflect revisions to the Marina lease boundaries; and, DA Exhibit C, Project Approvals, to reflect revisions to the Project Approvals consistent with amendments to certain documents as included in the DDA Amendment being considered concurrently with the consideration of this Ordinance.

- The Project has undergone environmental review pursuant to the California Environmental Quality Act (CEQA).

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments prior to the time the hearing begins. These comments will be made as part of the official public record in this matter and shall be brought to the attention of the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA, 94102 or sent via email (board.of.supervisors@sfgov.org). Information relating to this matter is available in the Office of the Clerk of the Board or the Board of Supervisors' Legislative Research Center (https://sfbos.org/legislative-research-center-lrc). Agenda information relating to this matter will be available for public review on Friday, April 12, 2024.

DATED/POSTED: April 5, 2024
PUBLISHED: April 5, 2024

For any questions about this hearing, please contact the Assistant Clerk for the Budget and Finance Committee:

Brent Jalipa (Brent.Jalipa@sfgov.org - (415) 554-7712)

Angela Calvillo
Clerk of the Board of Supervisors
City and County of San Francisco

bjj:jec:ams

DATED/POSTED/PUBLISHED: April 5, 2024

CALIFORNIA NEWSPAPER SERVICE BUREAU

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BRENT JALIPA
CCSF BD OF SUPERVISORS (OFFICIAL NOTICES)
1 DR CARLTON B GOODLETT PL #244
SAN FRANCISCO, CA 94102

EXM# 3800600

COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE

Ad Description
BJJ - 240198-240202 - Treasure Island DA-DDA Amend 4/17/24

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO EXAMINER. Thank you for using our newspaper. Please read this notice carefully and call us with ny corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

04/05/2024

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an invoice.

Publication	$982.80
Total	$982.80

NOTICE OF PUBLIC HEARING
BUDGET AND FINANCE COMMITTEE
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO
WEDNESDAY, APRIL 17, 2024 - 10:00 AM
LEGISLATIVE CHAMBER, ROOM 250, CITY HALL
1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA 94102

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco's Budget and Finance Committee will hold a public hearing to consider the following proposals and said public hearing will be held as follows, at which time all interested parties may attend and be heard: **File No. 240198.** Ordinance amending a Development Agreement between the City and County of San Francisco and Treasure Island Community Development, LLC, a California limited liability company, for the Treasure Island project and to amend the Financing Plan; making findings under the California Environmental Quality Act; making findings of consistency with the General Plan, and with the eight priority policies of Planning Code, Section 101.1(b); and making findings of public necessity, convenience, and welfare under Planning Code, Section 302. **File No. 240202.** Resolution approving an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for certain real property located on Treasure Island and Yerba Buena Island, including changes to the attached Financing Plan; making findings under the California Environmental Quality Act; and affirming findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b). The City and County of San Francisco (the "City") created the Treasure Island Development Authority (the "Authority") in 1997 to serve as the entity responsible for the reuse and development of Naval Station Treasure Island, which encompasses Treasure Island (also referred to as "TI") and portions of Yerba Buena Island (also referred to as "YBI"). On June 28, 2011, the Authority and Treasure Island Community Development, LLC ("Developer") entered a Disposition and Development Agreement (the "Treasure Island/Yerba Buena Island DDA" or "DDA"). On the same date, the City and Developer entered a Development Agreement (the "DA"). The parties now propose to amend the Development Agreement to revise Exhibit D, the Financing Plan, to make certain changes consistent with those changes being made to the Financing Plan as attached to the DDA, to describe the City's intent to accelerate revenues into the Project for the purpose of ensuring Stage 2 of the Project is financially feasible and proceeds and which changes to the DDA, through an amendment to the DDA (the "DDA Amendment"), in addition to other changes, are being considered by the Board of Supervisors concurrently with the consideration of this Ordinance. The parties also propose certain other changes to DA Exhibit A, Project Site, to reflect revisions to the Marina lease boundaries; DA Exhibit B, Legal Description, to reflect revisions to the Marina lease boundaries; and, DA Exhibit C, Project Approvals, to reflect revisions to the Project Approvals consistent with amendments to certain documents as included in the DDA Amendment being considered concurrently with the consideration of this Ordinance. The Project has undergone environmental review pursuant to the California Environmental Quality Act (CEQA). In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments prior to the time the hearing begins. These comments will be made as part of the official public record in this matter and shall be brought to the attention of the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA, 94102 or sent via email (board.of.supervisors@sfgov.org). Information relating to this matter is available in the Office of the Clerk of the Board or the Board of Supervisors' Legislative Research Center (https://sfbos.org/legislative-research-center-lrc). Agenda

* A 0 0 0 0 0 6 7 3 0 8 6 1 *

information relating to this matter will be available for public review on Friday, April 12, 2024. For any questions about this hearing, please contact the Assistant Clerk for the Budget and Finance Committee: Brent Jalipa (Brent.Jalipa@sfgov.org – (415) 554-7712) - Angela Calvillo, Clerk of the Board of Supervisors - City and County of San Francisco

EXM-3800600#

San Francisco Examiner

PUBLIC NOTICES

San Mateo County: 650-556-1556 • E-mail: smlegals@sfmediaco.com
San Francisco: 415-314-1835 • E-mail: sflegals@sfmediaco.com

San Francisco Examiner • Daly City Independent • San Mateo Weekly • Redwood City Tribune • Enquirer - Bulletin • Foster City Progress • Millbrae - San Bruno Sun • Boutique & Villager • Examiner - So. San Francisco • Examiner - San Bruno

NOTICE OF PUBLIC AUCTION OF TAX-DEFAULTED PROPERTY FOR DELINQUENT TAXES
MONDAY APRIL 22, 2024 THROUGH THURSDAY APRIL 25, 2024
(Made pursuant to Section 3692, Revenue and Taxation Code)

On February 27, 2024, I, David Augustine, City and County of San Francisco Tax Collector, was directed to conduct a public auction sale by the Board of Supervisors of the City and County of San Francisco, California. The tax defaulted properties listed on this notice are subject to the Tax Collector's power of sale and have been approved for sale by a resolution dated February 27, 2024 of the City and County of San Francisco board of supervisors.

The sale will be conducted at sanfrancisco.mytaxsale.com from Monday, April 22, 2024 at 8:00 AM (PT) through Thursday, April 25, 2024 at 7:00 PM (PT), as a public auction to the highest bidder for not less than the minimum bid as shown on this notice. Any parcel remaining may be reoffered within a 90-day period and any new parties of interest shall be notified in accordance with Revenue and Taxation Code section 3701. The Tax Collector has tentative plans to reoffer unsold parcels at sanfrancisco.mytaxsale.com on Monday, May 20, 2024 at 8:00 AM (PT) through Thursday, May 23, 2024 at 7:00 PM (PT).

Bidders are required to conduct any research or due diligence they wish to conduct prior to submitting a bid. A bid is an irrevocable offer to purchase a property. A bid accepted is a binding contract. A bidder is legally and financially responsible for all properties bid upon whether representing one's self or acting as an agent. The City and County of San Francisco, Office of the Treasurer & Tax Collector, reserves the right to pursue all available legal remedies against a non-paying bidder.

Only bids submitted via the Internet will be accepted. Pre-registration is required. Bidders must register on-line at sanfrancisco.mytaxsale.com and submit a refundable deposit of $5,000 along with a non-refundable $35 processing fee by Friday, April 12, 2024 at 5:00 PM (PT). All unsuccessful bidders will receive a refund of their deposit within ten (10) business days after the close of the auction. The deposits of the successful bidders will be applied to the purchase price. Full payment and deed information indicating how title should be vested is required within 5 business days after the end of the sale. **Payment must be in the form of cash, cashier's check, money order or bank wire.** Transfer taxes will be added to and collected with the purchase price.

The right of redemption will cease on Friday, April 19, 2024, at 5:00 p.m. (PT), at the close of business and properties not redeemed will be offered for sale. If the parcel is not sold, the right of redemption will revive and continue up to the close of business on the last business day prior to the next scheduled sale. The right of redemption will revive for any property purchased by a credit transaction if payment in full is not received by the close of business on the date specified by the Tax Collector.

The County and its employees are not liable for the failure of any electronic equipment that may prevent a person from participating in the sale.

If the properties are sold, parties of interest as defined in California Revenue and Taxation Code section 4675, have a right to file a claim with the county for any excess proceeds from the sale. Excess proceeds are the amount of the highest bid in excess of the liens and costs of the sale that are required to be paid from the sale proceeds. Notice will be given to parties of interest, pursuant to California Revenue and Taxation Code section 3692(e), if excess proceeds result from the sale.

Additional information regarding the public auction may be obtained by visiting our website at sftreasurer.org/property/public-auction or by calling a customer service representative at (415) 701-2311.

I certify (or declare), under penalty of perjury, that the foregoing is true and correct.

David Augustine, San Francisco County Tax Collector
State of California

Executed at City and County of San Francisco, California, on March 25, 2024

Published in the San Francisco Examiner on, 3/29/2024, 4/5/2024 and 4/12/2024

PARCEL NUMBERING SYSTEM EXPLANATION

The Assessor's Parcel Number (APN), when used to describe property in this list, refers to the assessor's map book, the map page, the block on the map (if applicable), and the individual parcel on the map page or in the block. The assessor's maps and further explanation of the parcel numbering system are available at http://propertymap.sfplanning.org/ and in the Assessor's Office in City Hall Room 190.

VOL	BLOCK	LOT	SITUS	CURRENT ASSESSEE	MINIMUM BID AMOUNT
01	0026T	077A	2655 HYDE ST	FOPPIANO PETER C	$824.41
01	0026T	080B	2655 HYDE ST	BATEMAN DANIEL	$874.69
01	0026T	094B	2655 HYDE ST	HRB HOTEL GROUP INC	$965.05
01	0026T	133A	2655 HYDE ST 107	BATEMAN DANIEL	$874.69
01	0026T	208B	2655 HYDE ST	HBR HOTEL GROUP INC	$965.05
01	0026T	244B	2655 HYDE ST 105	HEIDENREICH JOAN V.	$851.85
01	0026T	323B	2655 HYDE ST 301	DUMAS M. SUE	$965.05
03	0253T	015C	1000 PINE ST 15C	LEWIS HOWARD W & JANE E	$1,872.77
03	0253T	049H	1000 PINE ST 49H	WELSH DARYL A	$1,779.11
03	0253T	087N	1000 PINE 87N ST 10870	PATRICIA E DUPLAN FAMILY TRUST DUPLAN PATRICIA E,TRUSTEE	$1,606.13
03	0253T	093H	1000 PINE ST 93H	PATRICIA E DUPLAN FAMILY TRUST DUPLAN PATRICIA E,TRUSTEE	$1,947.67
03	0253T	164N	1000 PINE ST 164N	WU CINDY	$1,210.03
03	0253T	178N	1000 PINE ST 178N	LIM LARRY	$1,415.92
03	0253T	295N	1000 PINE 295N ST 12950	BRIGGS JOEL & PATRICIA S	$1,455.51
06	0792T	093O	327-329 FULTON ST 33B-43	PARKS TONY	$1,240.53
25	3768	144	403 MAIN ST 106N	CHUCK BETTY K H	$104,106.31
29	4587	022	101 CUSTER AVE	WALKER, AMALIA C FIRST INTERST RE TAX A 26	$9,708.63
29	4598	001	INDIA ST	OROURKE JOHN	$101,970.41
29	4598	002	EVANS AVE	BATEMAN DANIEL	$7,418.41
29	4871	001	ALVORD ST	CHUNG ERIC	$13,149.18
29	4871	002	ALVORD ST	CHUNG ERIC	$13,149.18
29	4871	003	ALVORD ST	CHUNG ERIC	$13,149.18
29	4871	004	ALVORD ST	CHUNG ERIC	$12,991.19
29	4871	005	CARROLL AVE	CHUNG ERIC	$13,149.18
29	4871	006	CARROLL AVE	CHUNG ERIC	$13,149.18
29	4871	007	CARROLL AVE	CHUNG ERIC	$12,991.19
29	4871	008	CARROLL AVE	CHUNG ERIC	$13,150.19
29	4871	009	CARROLL AVE	CHUNG ERIC	$12,798.59
29	4871	010	CARROLL AVE	CHUNG ERIC	$12,798.59
29	4871	011	CARROLL AVE	CHUNG ERIC	$12,798.59
29	4871	012	CARROLL AVE	CHUNG ERIC	$13,282.62
29	4871	017	BANCROFT AVE	CHUNG ERIC	$12,798.59
29	4871	018	BANCROFT AVE	CHUNG ERIC	$12,798.59
29	4871	019	BANCROFT AVE	CHUNG ERIC	$12,798.59
29	4871	020	BANCROFT AVE	CHUNG ERIC	$12,798.59
29	4871	021	BANCROFT AVE	CHUNG ERIC	$13,150.19
29	4871	022	BANCROFT AVE	CHUNG ERIC	$13,149.18
29	4871	023	BANCROFT AVE	CHUNG ERIC	$13,149.18
29	4871	024	BANCROFT AVE	CHUNG ERIC	$13,149.18
30	4894	007	DONNER AVE	KOSEWIC JOHN J	$8,406.33
30	4894	008	DONNER AVE	KOSEWIC JOHN J	$8,406.33
30	4894	009	DONNER AVE	MEDINA MARGARET C & LAWRENCE D C/O MUFG UNION BANK, NA	$10,137.51
30	4894	021	CARROLL AVE	MCCORMICK THOMAS E & ROSEMARY CHARLENE MILAT	$7,098.34
30	4894	022	CARROLL AVE	MCCORMICK THOMAS E & MCCOMICK VICTOR&GEORGETTE HERTZBERG	$7,098.34
30	4898	001	VON SCHMIDT ST	MEDINA MARGARET C & LAWRENCE D C/O MUFG UNION BANK, NA	$16,022.53
30	4899	013	DOCK ST	STEVENTON ROBERT M	$7,204.59
30	4899	014	DOCK ST	STEVENTON ROBERT M	$7,204.59
30	4899	015	DOCK ST	MILDRED LANNING FMLY TR OF 2003 M GARY AND RONALD D LANNING, TRUSTEES	$9,618.93
30	4899	016	DONNER AVE	MILDRED LANNING FMLY TR OF 2003 M GARY AND RONALD D LANNING, TRUSTEES	$9,618.93
30	4902	007	630 EGBERT AVE	BRANDT JOHANNA LLOYD J COSGROVE	$10,321.43
30	4902	009	650 EGBERT AVE	BRANDT JOHANNA LLOYD J COSGROVE	$10,321.43
30	4902	011	670 EGBERT AVE	BRANDT JOHANNA LLOYD J COSGROVE	$10,321.43
30	4902	019	661 DONNER AVE	BRANDT JOHANNA LLOYD J COSGROVE	$10,133.27
30	4902	023	621 DONNER AVE	EMIL CORPORATION DINAH BOGART EGEL, CONSERVATOR	$9,295.55
30	4921	002	EGBERT AVE	POULSEN NORMAN L	$10,215.91
30	4922	001	SHIP ST	LAIL ROBIN D TRUST ROBIN D LAIL	$10,248.83
30	5046	001	101 PULASKI AVE	COWAN LEROY A & CLIFFORD A WIL	$9,337.69
30	5046	002	105 PULASKI AVE	COWAN LEROY A & CLIFFORD A WIL	$9,340.55
30	5046	003	91 QUEBEC AVE	COWAN LEROY A & CLIFFORD A WIL	$9,339.29
30	5046	016	111 PULASKI AVE	COWAN LEROY A & CLIFFORD A WIL	$9,384.91
30	5046	017	107 PULASKI AVE	COWAN LEROY A & CLIFFORD A WIL	$9,384.89

CNSB #3797446

GOVERNMENT

NOTICE OF PUBLIC HEARING
BUDGET AND FINANCE COMMITTEE
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO
WEDNESDAY, APRIL 17, 2024 - 10:00 AM

LEGISLATIVE CHAMBER, ROOM 250, CITY HALL
1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA 94102

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco's Budget and Finance Committee will hold a public hearing to consider the following proposals and said public hearing will be held as follows, at which time all interested parties may attend and be heard: **File No. 240198.** Ordinance amending a Development Agreement between the City and County of San Francisco and Treasure Island Community Development, LLC, a California limited liability company, for the Treasure Island project and to amend the Financing Plan; making findings under the California Environmental Quality Act; making findings of consistency with the General Plan, and with the eight priority policies of Planning Code, Section 101.1(b); and making findings of public necessity, convenience, and welfare under Planning Code, Section 302. **File No. 240202.** Resolution approving an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for certain real property located on Treasure Island and Yerba Buena Island, including changes to the attached Financing Plan; making findings under the California Environmental Quality Act; and affirming findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b). The City and County of San Francisco (the "City") created the Treasure Island Development Authority (the "Authority") in 1997 to serve as the entity responsible for the reuse and development of Naval Station Treasure Island, which encompasses Treasure Island (also referred to as "TI") and portions of Yerba Buena Island (also referred to as "YBI"). On June 28, 2011, the Authority and Treasure Island Community Development, LLC ("Developer") entered a Disposition and Development Agreement (the "Treasure Island/Yerba Buena Island DDA" or "DDA"). On the same date, the City and Developer entered a Development Agreement (the "DA"). The parties now propose to amend the Development Agreement to revise Exhibit D, the Financing Plan, to make certain changes consistent with those changes being made to the Financing Plan as attached to the DDA, to describe the City's intent to accelerate revenues into the Project for the purpose of ensuring Stage 2 of the Project is financially feasible and proceeds and which changes to the DDA, through an amendment to the DDA (the "DDA Amendment"), in addition to other changes, are being considered by the Board of Supervisors concurrently with the consideration of this Ordinance. The parties also propose certain other changes to DA Exhibit A, Project Site, to reflect revisions to the Marina lease boundaries; DA Exhibit B, Legal Description, to reflect revisions to the Marina lease boundaries; and, DA Exhibit C, Project Approvals, to reflect revisions to the Project Approvals consistent with amendments to certain documents as included in the DDA Amendment being considered concurrently with the consideration of this Ordinance. The Project has undergone environmental review pursuant to the California Environmental Quality Act (CEQA). In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments prior to the time the hearing begins. These comments will be made as part of the official public record in this matter and shall be brought to the attention of the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA, 94102 or sent via email (board.of.supervisors@sfgov.org). Information relating to this matter is available in the Office of the Clerk of the Board or the Board of Supervisors' Legislative Research Center (https://sfbos.org/legislative-research-center-lrc). Agenda information relating to this matter will be available for public review on Friday, April 12, 2024. For any questions about this hearing, please contact the Assistant Clerk for the Budget and Finance Committee: Brent Jalipa (Brent.Jalipa@sfgov.org – (415) 554-7712) - Angela Calvillo, Clerk of the Board of Supervisors - City and County of San Francisco

EXM-3800600#

NOTICE OF PUBLIC HEARING BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO LAND USE AND TRANSPORTATION COMMITTEE MONDAY APRIL 15, 2024 - 1:30 PM
Legislative Chamber, Room 250, City Hall 1 Dr. Carlton B. Goodlett Place, San Francisco. CA 94102

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco's Land Use and Transportation Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard: **File No. 240199.** Ordinance amending the Planning Code to revise the Treasure Island/Yerba Buena Island Special Use District (SUD), to update the Treasure Island Bulk and Massing figure, to make the process for amendments to the Design for Development document more flexible, and to provide for additional circumstances that may authorize Minor Modifications to the standards in the SUD and Design for Development; revising the Zoning Map to change height districts in Treasure Island, to provide for five additional feet in certain areas, and to remove the "Special Height District" designation from two easements adjacent to Buildings 2 and 3; making findings under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments prior to the time the hearing begins. These comments will be added to the official public record in this matter and shall be brought to the attention of the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA, 94102 or sent via email (bos@sfgov.org). Information relating to this matter is available with the Office of the Clerk of the Board or the Board of Supervisors' Legislative Research Center (https://sfbos.org/legislative-research-center-lrc).

Agenda information relating to this matter will be available for public review on Friday, April 12, 2024.

EXM-3800513#

BULK SALES

NOTICE TO CREDITORS OF BULK SALE
(Division 6 of the Commercial Code)
Escrow No. 2148-SS

Notice is hereby given to creditors of the within named Seller that a bulk sale is about to be made of the assets described below.

The name(s) and business address(es) of the seller(s) are: MOSCINI PIZZA, INC.-1797 LOS ALTOS DRIVE, SAN MATEO, CA 94402

The location in California of the chief executive office of the Seller is: SAME AS ABOVE

As listed by the Seller, all other business names and addresses used by the seller within three years before the date such list was sent or delivered to the Buyer are: MOUNTAIN MIKES PIZZA-3121 JEFFERSON AVENUE, REDWOOD CITY, CA 94062; MOUNTAIN MIKES PIZZA-1001 EL CAMINO REAL, MENLO PARK, CA 94025; MOUNTAIN MIKES PIZZA-301 E. HAMILTON AVENUE, CAMPBELL, CA 95008

The name(s) and business

BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

PROOF OF MAILING

Legislative File Nos. 240198 and 240202

Description of Items: 82 Addresses

- 240198 - Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island
- 240202 - Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island

I, Brent Jalipa , an employee of the City and County of San Francisco, mailed the above described document(s) by depositing the sealed items with the United States Postal Service (USPS) with the postage fully prepaid as follows:

Date: 4/5/2024

Time: 8:00 AM

USPS Location: Repro Pick-up Box in the Clerk of the Board's Office (Rm 244)

Mailbox/Mailslot Pick-Up Times (if applicable): N/A

Signature:

Instructions: Upon completion, original must be filed in the above referenced file.

San Francisco Ethics Commission
25 Van Ness Avenue, Suite 220, San Francisco, CA 94102
Phone: 415.252.3100 . Fax: 415.252.3112
ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 240202

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4
(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)
A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of $100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: https://sfethics.org/compliance/city-officers/contract-approval-city-officers

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (*for amendment only*)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	**EMAIL**
Office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Leigh Lutenski	415 554-6679
FULL DEPARTMENT NAME	**DEPARTMENT CONTACT EMAIL**
ECN Office of Economic and Workforce Develo	leigh.lutenski@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR Treasure Island Community Development, LLC	**TELEPHONE NUMBER** 415 905-5300
STREET ADDRESS (including City, State and Zip Code) 615 Battery St. Fl. 6, San Francisco, CA 94111	**EMAIL** charles.shin@tisf.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	**ORIGINAL BID/RFP NUMBER**	**FILE NUMBER (*If applicable*)** 240202
DESCRIPTION OF AMOUNT OF CONTRACT n/a		
NATURE OF THE CONTRACT *(Please describe)* Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development (TICD), LLC, for certain real property located on Treasure Island and Yerba Buena Island, including changes to the attached Financing Plan		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
☐	**THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM**
☐	**A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES**
☐	**THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS**

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	TICD, LLC		Shareholder
2	TreasureIsland Series1 LLC		Shareholder
3	TreasureIsland Series2 LLC		Shareholder
4	TreasureIsland Series3 LLC		Shareholder
5	TreasureIsland Holdings LL		Shareholder
6	KSWM Treasure Island LLC		Shareholder
7	StockbridgeTI Co-Investors		Shareholder
8	Jaffe	Jonathan	Other Principal Officer
9	Goldberg	Sandy	Other Principal Officer
10	Olin	Brian	Other Principal Officer
11	Sheaff	Thomas	Other Principal Officer
12	Jasso	Greg	Other Principal Officer
13	Fancher	Terry	Other Principal Officer
14	Renaudin	Kristin	Other Principal Officer
15	Drake	Darren	Other Principal Officer
16	Meany	Christopher	Other Principal Officer
17	Galovich	Alexandra	Other Principal Officer
18			
19			

9. AFFILIATES AND SUBCONTRACTORS			
List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.			
#	**LAST NAME/ENTITY/SUBCONTRACTOR**	**FIRST NAME**	**TYPE**
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#	**LAST NAME/ENTITY/SUBCONTRACTOR**	**FIRST NAME**	**TYPE**
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☐	Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.		

10. VERIFICATION	
I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete. **I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**	
SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK BOS Clerk of the Board	**DATE SIGNED**

From:	Trejo, Sara (MYR)
To:	BOS Legislation, (BOS)
Cc:	Paulino, Tom (MYR); Lutenski, Leigh (ECN); Tam, Madison (BOS); RUIZ-ESQUIDE, ANDREA (CAT); PARK, GRACE (CAT); GEWERTZ, HEIDI (CAT)
Subject:	Mayor -- Resolution -- Treasure Island Amended and Restated DDA
Date:	Tuesday, March 5, 2024 2:48:55 PM
Attachments:	RESO. BOS DDA & Fin Plan--01741051.docx TI Amended and Restated DDA 3-5-24.pdf

Hello Clerks,

Attached is a Resolution approving an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for certain real property located on Treasure Island and Yerba Buena Island, including changes to the attached Financing Plan; making findings under the California Environmental Quality Act; and affirming findings of conformity with the General Plan, and with the eight priority policies of Planning Code Section 101.1(b).

Please note Supervisor Dorsey is a cosponsor of this item.

Best regards,

Sara Trejo
Legislative Aide
Office of the Mayor
City and County of San Francisco
415.554.6141 | sara.trejo@sfgov.org