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CLERK OF THE BOARD OF
SUPERVISORS OF THE CITY
AND COUNTY OF SAN
FRANCISCO

(Exempt from Recording Fees
Pursuant to Government Code
Section 27383)

AND WHEN RECORDED
RETURN TO:

Angela Calvillo
Clerk of the Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94105

Space Above Reserved for Recorder's Use

SECOND AMENDMENT TO DEVELOPMENT AGREEMENT

by and between

LAUREL HEIGHTS PARTNERS, LLC,
a Delaware limited liability company,

and

THE CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

BLOCK 1032, LOT 003

SECOND AMENDMENT TO DEVELOPMENT AGREEMENT

This SECOND AMENDMENT TO DEVELOPMENT AGREEMENT (this "**Second Amendment**") is made as of _____, 2024 (the "**Effective Date**") by and among LAUREL HEIGHTS PARTNERS, LLC, a Delaware limited liability company (the "**Developer**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "**City**"), operating by and through its Planning Department, pursuant to the authority of Section 65864 *et seq*. of the California Government Code and Chapter 56 of the Administrative Code, with reference to the following facts:

R E C I T A L S

A. The City, acting by and through its Planning Department, and Developer entered into a Development Agreement dated as of September 11, 2020, and recorded in the Official Records on September 11, 2020, as Document No. 2020015925 (the "**Original Development Agreement**"), and a Memorandum of Minor Modification of Development Agreement (Amendment No. 1) dated as of June 5, 2024, and recorded in the Official Records on June 26, 2024, as Document No. 2024048267 ("**Amendment No. 1**"). The Original Development Agreement, as modified by Amendment No. 1, shall be referred to in this Second Amendment as the "**Development Agreement**". All initially capitalized terms used but not defined in this Second Amendment shall have the meaning given to such terms in the Development Agreement.

B. The Development Agreement relates to the Project Site, as more particularly described in the attached Exhibit A, and authorizes the construction of the Project (as more particularly described in the Development Agreement).

C. Subsequent to the execution of the Development Agreement, the City has, through the enactment of City Resolution No. [___-24] and Ordinance No. [___-24], pursued the establishment of San Francisco Enhanced Infrastructure Financing District No. [__](3333/3700 California Street)(the **Laurel Heights EIFD**"). As set forth in the findings of Ordinance No. [___-24], the Laurel Heights EIFD would provide financing for the Project's public infrastructure, affordable housing, and other facilities of community wide significance, such as publicly accessible open space.

D. The Parties now wish to execute and record this Second Amendment to set forth certain modifications to the Development Agreement to implement the Laurel Heights EIFD and other measures in order to increase Project feasibility and maximize the probability and speed of construction and delivery of the Project.

A G R E E M E N T S

NOW, THEREFORE, in consideration of the foregoing Recitals, the covenants and agreements set forth in this Second Amendment and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Developer and the City hereby agree as follows:

1. DEFINITIONS

A. New Defined Terms. Article 1 of the Development Agreement is hereby amended to add the following defined terms:

"**Amendment No. 1**" is defined in Recital A of this Second Amendment.

"**CC&Rs**" is defined in Section 12 of Exhibit C-3.

"**CFD**" has the meaning given to it in the Financing Plan.

"**CFD Acquisition Agreement**" is defined in the Financing Plan.

"**CFD Act**" has the meaning given to it in the Financing Plan.

"**EIFD**" is defined in the Financing Plan.

"**EIFD Acquisition Agreement**" is defined in the Financing Plan.

"**EIFD Funding Sources**" is defined in the Financing Plan.

"**EIFD Law**" is defined in the Financing Plan.

"**Financing Plan**" means the Financing Plan attached to the Development Agreement at Exhibit O.

"**IFP**" is defined in the Financing Plan.

"**Laurel Heights EIFD**" is defined in Recital C of this Second Amendment.

"**Original Development Agreement**" is defined in Recital A of this Second Amendment.

"**Project Special Taxes**" is defined in the Financing Plan.

"**Second Amendment**" means that certain Second Amendment to Development Agreement entered into between Developer and the City, encumbering the Project Site and recorded in the Official Records.

B. Modifications to Existing Definitions. Article 1 of the Original Development Agreement is hereby amended by substituting the following defined terms for such terms as they are set forth in the Original Development Agreement:

"**Development Agreement**" means the Original Development Agreement, as amended by the Amendment No. 1, the Second Amendment, and any other amendments thereto, together with the Exhibits and Schedules that have been expressly incorporated therein.

2. AMENDED TERMS AND CONDITIONS

A. Amendments Related to the New Affordable Housing Plan and Other Changes to the Original Development Agreement. The Original Development Agreement is hereby amended as follows:

i. Recital B. The second sentence of Recital B of the Original Development Agreement is hereby deleted in its entirety and replaced with the following:

> Specifically, the Project includes (i) up to approximately 744 residential units consisting of a mix of market rate and on-site BMR Units, including 124 on-site senior affordable housing units with one (1) manager's unit, (ii) approximately 38,094 square feet for retail/restaurant/commercial use, (iii) four (4) below-grade parking garages with ten (10) car share spaces and no more than 820 parking spaces, (iv) an approximately 13,933 square foot space for child care use, and (v) approximately 233,676 square feet of landscaped or open space, which includes approximately 127,966 square feet of privately owned, public open space, more than 73,658 square feet of which is in excess of the open space requirements under the Code, all as more particularly described on Exhibit B.

ii. Term; Deadlines. The Original Development Agreement is hereby amended as follows: (i) the fifteen (15) year Term of the Development Agreement shall be extended eight (8) years and expire at 5:00 p.m. Pacific Time on September 11, 2043; (ii) the last day of the five (5) year deadline by which Developer must commence construction under Section 11.2 (Early Termination Rights) of the Development Agreement shall be extended three (3) years to September 11, 2028; and (iii) the Outside Date shall be extended four (4) years to September 11, 2036. The foregoing dates shall be subject to any additional extensions that may be applicable during the Term pursuant to the Development Agreement.

iii. Twenty-Five Percent (25%). Recital E of the Original Agreement references a twenty-five percent (25%) percentage for the Project's affordable housing. That reference, and any other reference to a twenty-five percent (25%) percentage of affordable housing in the Original Agreement, is hereby modified to be sixteen and 87/100 percent (16.87%).

iv. 386 Market Rate Units. The references to the number three hundred eighty-six (386) in Section 6 of the Original Development Agreement and Paragraph 8 (Child Care Program) of Schedule I (Community Benefits Linkages and Impact Fees Schedule) of the Original Development Agreement are deleted and replaced with the following number: "four hundred eighty-one (481)".

v. Impact Fees and Exactions. Section 5.7.2 of the Original Development Agreement is hereby deleted in its entirety and replaced with the following language:

> "5.7.2 Impact Fees and Exactions. During the Term, as extended by any Litigation Extensions, no Impact Fees and Exactions shall apply to the Project or components thereof except for (i) those Impact Fees and Exactions specifically set forth on

Schedule 1, Schedule 2, Exhibit D and Exhibit L, (ii) the SFPUC Capacity Charges, (iii) New City Laws that do not conflict with this Agreement as set forth in Section 5.6, and (iv) as expressly set forth below in this Section. The Impact Fees and Exactions and SFPUC Capacity Charges shall be calculated and determined at the time payable in accordance with the City requirements on that date, and the parties acknowledge and agree that the Impact Fees and Exactions shall be subject to the Planning Department's final confirmation once the applicable final land uses and Gross Floor Area are determined. Accordingly, Developer shall be subject to any increase or decrease in the fee amount payable and any changes in methodology of calculation (e.g., use of a different index to calculate annual increases) but will not be subject to any new types of Impact Fees and Exactions or modification to existing Impact Fees and Exactions after the Effective Date except as described in Section 5.6 and this Section.

Developer agrees that any new or reduced Impact Fees and Exactions enacted after the Effective Date that (i) are of City-Wide applicability (e.g., applies to all retail development in the City), (ii) do not pertain to affordable housing, open space or community improvements (for which this Agreement reflects the required Developer contributions), and (iii) would otherwise apply to the Project, shall apply to the Project or the applicable portion thereof. Notwithstanding the foregoing or anything to the contrary in this Agreement, Developer shall have the right, at its discretion, to utilize any Laws that defer or exempt Impact Fees and Exactions for the development of projects and become effective after the date of the Second Amendment, have City-Wide applicability, do not pertain to affordable housing, open space or community improvements (for which this Agreement reflects the required Developer contributions), and would otherwise apply to the Project."

B. Amendments Related to the EIFD and Financing Plan.

i. A new Section 3.3 of the Development Agreement is hereby added as follows:

3.3 Financing Districts.

3.3.1. CFD and EIFD. The City shall take all actions reasonably necessary, and Developer shall cooperate reasonably, to establish and implement the CFD under the CFD Act and the EIFD under the EIFD Law, all in accordance with the Financing Plan. Any and all costs incurred by the City in forming the CFD and the EIFD shall be City Costs. The terms and conditions of the CFD and EIFD must be consistent with the specifications in the Financing Plan, including, as relates to the EIFD, the IFP. Developer shall not, at any time, contest, protest, or otherwise challenge (i) the formation of the CFD or EIFD, (ii) the issuance of bonds or other financing secured by Project Special Taxes (as defined in the Financing Plan) or EIFD Funding Sources, or (iii) the application of bond proceeds, Project Special Taxes or EIFD Funding Sources to the extent consistent with the Financing Plan, CFD Acquisition Agreement, EIFD Acquisition Agreement, or other document governing the application of such proceeds. Developer acknowledges

the provisions of Section 2.6(b) of the Financing Plan, and further acknowledges that section 9 of article I of the California Constitution and California Government Code Section 5854 restrict the Developer's ability to repeal or reduce the Project Special Taxes. Once established, Developer shall not institute, or cooperate in any manner with, proceedings to repeal or reduce the Contingent Services Special Taxes (as defined in the Financing Plan). The provisions of this Section 3.3 shall survive the expiration of this Agreement, and Developer shall include the requirements of this Section 3.3 in the CC&Rs (or, if the CC&Rs have not yet been created and recorded, in the sale documents for any sale of all or part of the Project Site).

3.3.2 Limitation on New Districts. Other than the CFD and EIFD created or to be created pursuant to the Financing Plan or any business improvement districts or community benefit districts formed by a vote of the affected property owners, the City shall not form any new financing or assessment district over any portion of the Project Site unless the new district applies to similarly-situated property City-Wide or Developer gives its prior written consent to or requests the proceedings.

3.3.3 Permitted Assessments. Nothing in this Agreement limits the City's ability to impose new or increased taxes or special assessments, any equivalent or substitute tax or assessment, or assessments for the benefit of business improvement districts or community benefit districts, in any event formed by a vote of the affected property owners.

ii. Section 5.12 of the Development Agreement is hereby deleted in its entirety and replaced with the following:

5.12 Taxes. Nothing in this Agreement limits the City's ability to impose new or increased taxes or special assessments, or any equivalent or substitute tax or assessment, provided (i) the City shall not institute, on its own initiative, proceedings for any new or increased special tax or special assessment for a land-secured financing district (including special taxes under the CFD Act but not including the Project Special Taxes under the CFD Act contemplated in the Financing Plan or any new or increased taxes or special assessments, any equivalent or substitute tax or assessment, or assessments for the benefit of business improvement districts or community benefit districts formed by a vote of the affected property owners) that includes the Project Site unless the new district is City-Wide or Developer gives its prior written consent to or requests such proceedings, (ii) Developer and the City shall not take any other action that is inconsistent with the Financing Plan without the other Party's consent, and (iii) no such tax or assessment shall be targeted or directed at the Project, including, without limitation, any tax or assessment targeted solely at all or any part of the Project Site. Nothing in the foregoing prevents the City from imposing any tax or assessment against the Project Site, or any portion thereof, that is enacted in accordance with Law and applies to all similarly-situated property on a City-Wide basis.

iii. The second paragraph in Section 12 of Exhibit C-3 to the Development Agreement is hereby deleted in its entirety and replaced with the following:

> However, in order to ensure that, once constructed, the Publicly Accessible Private Improvements are maintained in a clean, good and workerlike condition, Declarant shall record, when authorized to so record by the State of California's Department of Real Estate, a declaration of covenants, conditions, and restrictions against the portion of the Project Site on which the Publicly Accessible Private Improvement(s) is(are) or will be located ("CC&Rs"), that include a requirement that the Master Association provide all necessary and ongoing maintenance and repairs to the Publicly Accessible Private Improvements, and any required services, at no cost to the City (other than any public financing set forth in the Financing Plan), with appropriate homeowners' assessments to provide for such maintenance and services. The Declarant intends to develop the Project Site in phases, and the CC&Rs therefore may be recorded and/or implemented (such as by means of a declaration of annexation) against portions of the Project Site in phases.

iv. Section 5.6.1 of the Development Agreement. Section 5.6.1 of the Development Agreement is hereby amended to add subsection (m):

> (m) materially change, impede, control or delay any rights or obligations under, or the implementation or enforcement of, the Financing Plan, EIFD Acquisition and Financing Agreement or Acquisition and Reimbursement Agreement (as defined in the Financing Plan), including related to the issuance of bonds or reimbursement of Developer.

v. Survival. Section 14.9 of the Development Agreement is hereby deleted and amended and restated in its entirety as follows:

> Section 14.9 Survival. Following expiration of the Term, this Agreement shall be deemed terminated and of no further force and effect, except for any provision that, by its express terms, survives the expiration or termination of this Agreement. The rights and obligations under the Financing Plan, including the CFD, the EIFD, and Developer's right to receive reimbursements, shall survive the expiration or termination of this Agreement and expire or terminate solely as described therein.

vi. Exhibit L. Exhibit L (Child Care Program) of the Development Agreement is hereby amended by deleting all references therein to "Walnut Building" and replacing them with "Walnut Affordable Housing Building".

3. AMENDED AND RESTATED EXHIBITS AND SCHEDULES; NEW EXHIBIT

A. Amended and Restated Exhibits and Schedules. The original Exhibit B (Project Description), Exhibit C (Project Open Space), Exhibit D (Affordable Housing Program), Exhibit

E (List of Approvals), and Schedule 1 (Community Benefits Linkages and Impact Fees Schedule) attached to the Original Development Agreement are hereby deleted in their entirety and replaced with the new forms of exhibits attached hereto: Exhibit B - Project Description; Exhibit C - Project Open Space; Exhibit D - Affordable Housing Program; Exhibit E - List of Approvals; and Schedule 1 - Community Benefits Linkages and Impact Fees Schedule. The parties acknowledge that Amendment No. 1 includes certain exhibits which replace, amend and restate Exhibits attached to the Original Development Agreement, including: Exhibit B-1 (Site Plan); Exhibit C-1 – (Open Space Plan); Exhibit B-1 (Description of Buildings) to Exhibit C-3; Exhibit B-2 (Depiction of Buildings and Publicly Accessible Private Improvements) to Exhibit C-3; and Exhibit C (Completion Schedule) to Exhibit C-3. The foregoing exhibits are hereby deleted in their entirety and replaced with the new forms of exhibits attached hereto: Exhibit B-1 (Site Plan), Exhibit C-1 (Open Space Plan); Exhibit B-1 (Description of Buildings) to Exhibit C-3; Exhibit B-2 (Depiction of Buildings and Publicly Accessible Private Improvements) to Exhibit C-3; and Exhibit C – (Completion Schedule) to Exhibit C-3.

B. EIFD Financing Plan. A new "Exhibit O - Financing Plan", in the form attached hereto, is hereby added to the Development Agreement.

4. NOTICE ADDRESSES

A. New Notice Addresses Under Section 14.10. The Parties hereby include a statement of the current addresses of the Parties for purposes of notices delivered in accordance with Section 14.10 of the Development Agreement:

To the City:

San Francisco Planning Department
49 South Van Ness Avenue
San Francisco, California 94103
Attn: Rich Hillis, Director of Planning

with a copy to:

David Chiu, Esq.
City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Real Estate/Finance, 3333 California Project

To Developer:

Laurel Heights Partners, LLC
c/o The Prado Group, Inc.
150 Post Street, Suite 250
San Francisco, California 94108
Attn: Daniel Safier

5. NO OTHER MODIFICATIONS

Except as expressly provided in this Second Amendment, the terms and provisions of the Development Agreement are unmodified.

6. COUNTERPARTS

This Second Amendment may be signed in counterparts, each of which shall be an original and all of which together shall constitute one instrument.

[signatures on following page]

IN WITNESS WHEREOF, the Parties hereto have executed this Second Amendment as of the Effective Date.

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Rich Hillis
Director of Planning

Approved on _____, 2024
Board of Supervisors Ordinance No.

Approved:

By: _____
Carmen Chu, City Administrator

By: _____
Carla Short, Director of Public Works

Approved as to form:

David Chiu, City Attorney

By: _____
Carol Wong, Deputy City Attorney

DEVELOPER:

LAUREL HEIGHTS PARTNERS LLC,
a Delaware limited liability company

By: 3333 California LP,
a Delaware limited partnership,
its Manager

By: PSKS LH LLC,
a Delaware limited liability company,
its General Partner

By: Prado LH LLC,
a California limited liability company,
its Manager

By: _____
Name: Daniel Safier
Title: Manager

NOTARY ACKNOWLEDGMENT

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

STATE OF _____)SS
COUNTY OF _____)

On _____

before me, _____, a Notary Public, personally appeared

_____

_____

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

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

WITNESS my hand and official seal.

_____
Signature of Notary Public

NOTARY ACKNOWLEDGMENT

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

STATE OF _____)SS
COUNTY OF _____)

On _____

before me, _____, a Notary Public, personally appeared

_____

_____

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

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

WITNESS my hand and official seal.

_____
Signature of Notary Public

Exhibit A

Project Site Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, IN THE COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

BEGINNING at a point on the Southerly line of California Street, said point being the Easterly extremity of the curve with a 15 foot radius joining the Easterly line of Laurel Street with the Southerly line of California Street, as shown on "Map of Laurel Heights, filed July 28, 1947, in Map Book "P", at Pages 55 and 56, Official Records of the City and County of San Francisco; running thence North 80°54' East 707.375 feet along the Southerly line of California Street to the Southwesterly boundary of the property of the Standard Oil Company of California; thence South 52°36' 29.74 seconds East along said boundary 232.860 feet; thence Southwesterly along the arc of a curve to the right whose tangent deflects 54°14' 30.74 seconds to the right from the preceding course, radius 425 feet, central angle 34°15'59", a distance of 254.176 feet; thence South 35°54' West tangent to the preceding curve 380.066 feet; thence Southwesterly along the arc of a curve to the right, tangent to the preceding course, radius 65 feet, central angle 37°18' a distance of 42.316 feet to tangency with the Northwesterly line of Euclid Avenue; thence South 73°12' West along said line of Euclid Avenue 312.934 feet; thence leaving said line of Euclid Avenue, and running Southwesterly, Westerly, and Northwesterly along the arc of a curve to the right, tangent to the preceding course, radius 20 feet, central angle 100°48' 01.51", a distance of 35.186 feet; thence Northwesterly along the arc of a reverse curve to the left, parallel to and concentric with and radially distant 6 feet Northeasterly from the Northeasterly line of Laurel Street, as shown on said map of Laurel Heights, radius 4033 feet, central angle 5°31' 20.27", a distance of 388.710 feet; thence Northwesterly along the arc of a compound curve to the left, radius 120 feet, central angle 71°12' 55.45", a distance of 149.153 feet; thence Northwesterly along the arc of a reverse curve to the right, radius 60 feet, central angle 73°38' 14.21', a distance of 77.113 feet to tangency with the Easterly line of Laurel Street; thence North 9°06' West along said line of Laurel Street 127.290 feet to the beginning of the above mentioned curve joining the Easterly line of Laurel Street with Southerly line of California Street; thence Northwesterly, Northerly, and Northeasterly along the arc of a curve to the right, radius 15 feet 90°00', a distance of 23.562 feet to tangency with the Southerly line of California Street and the point of beginning.

APN: **Lot 003, Block 1032**

Exhibit B

Project Description

The Project Site is an approximately 446,490-square-foot, or 10.25-acre, parcel bounded by California Street to the north, Presidio Avenue to the east, Masonic Avenue to southeast, Euclid Avenue to the south, and Laurel Street/Mayfair Drive to the west, at the southern edge of San Francisco's Presidio Heights neighborhood in the northwest portion of San Francisco. The project sponsor, Laurel Heights Partners, LLC, owns the site and temporarily leases it to the Regents of the University of California, which uses the Project Site for its University of California San Francisco (UCSF) Laurel Heights Campus. The Project Site does not include the San Francisco Fireman's Credit Union (now called the SF Fire Credit Union) at the southwest corner of California Street and Presidio Avenue, which is on a separate parcel.

The Project Site is currently used as office and related research, child care, and parking. It is developed with a four-story, approximately 455,000-gross-square-foot office building including a three-level, 212-space, an approximately 93,000-gross-square-foot partially below-grade parking garage at the center of the site; a one-story, approximately 14,000-gross-square-foot annex building at the corner of California and Laurel streets; three surface parking lots with a total of 331 spaces connected by internal roadways; two circular garage ramp structures leading to below-grade parking levels; and landscaping or landscaped open space for the USCF Laurel Heights Campus occupants.

The proposed project includes approximately **1,440,254** gross square feet of new and rehabilitated space, comprising approximately **1,025,488** gross square feet of residential floor area with approximately **744** dwelling units; approximately **38,094** gross square feet of retail floor area; and an approximately **13,933** gross-square-foot child care center use. The proposed project would provide approximately **10** car share spaces and no more than **820** parking spaces, approximately **762** Class One bicycle spaces, and **77** Class Two bicycle spaces. These proposed uses would be located in 13 new buildings (known as Plaza A, Plaza B, Walnut, Walnut Affordable, Mayfair, Laurel Townhomes, Euclid and Masonic) and the two Center A and Center B buildings from the adaptive reuse of the existing office building, which would be divided into two separate buildings and converted to residential use.

16.87% of the proposed project's units will be deed-restricted, on-site affordable units designated for low-income senior households. These affordable units will be located in the proposed Walnut Affordable Housing Building on California Street and consist of 124 studios and 1-bedrooms for seniors plus one (1) on-site manager's unit. The Walnut Affordable Housing Building would also include an approximately **175-seat child care facility**, including a contiguous outdoor activity

area. The project includes approximately **38,094 square feet of neighborhood-serving retail** located in the buildings fronting onto California Street (Plaza A, Plaza B and the Walnut Affordable Housing Building). This retail corridor is aligned with the existing Laurel Village shopping center on California Street and will be designed to enhance the retail offerings for the neighborhood.

The proposed project would contain approximately 52 percent of the overall lot area (approximately 236,000 square feet – excluding green roofs) as open area, with portions to be developed with a combination of public open space, common open space (some of which would be open to the public) and private open space for residents. The proposed project would include **2.87 acres of publicly accessible landscaped open space** with multi-purpose plazas, lawns, pathways and streetscape improvements as further described in Exhibit C, which will provide the public with new open space amenities and improve pedestrian connectivity and safety through the neighborhood.

The Project's circulation and open space plan includes multiple new public entrances into and through the Site in order to integrate the Site with the surrounding neighborhood and street network The proposed north-south pedestrian connection (Walnut Walk) and the proposed east-west pedestrian connection (Mayfair Walk) would be open to the public and would provide the primary points of access to other publicly accessible common open spaces, plazas, squares, and vista points within the Project Site. The proposed Walnut Walk would align with Walnut Street to the north and the intersection of Euclid and Masonic to the south, incorporating the site into the surrounding street grid.

Exhibit B-1

Site Plan

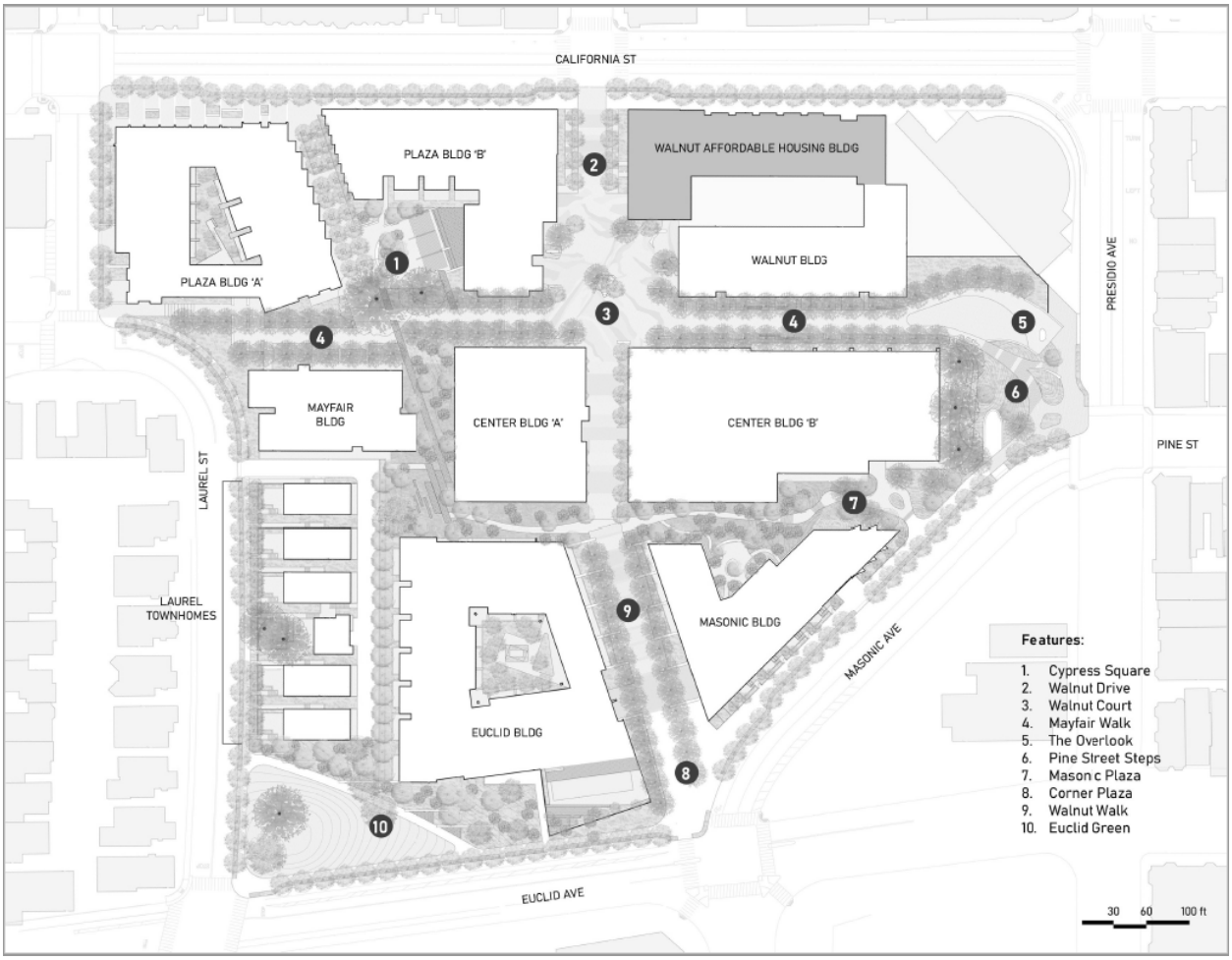

Exhibit C

Project Open Space

The Project would provide the following open space, substantially in accordance with Attachment C-1, Attachment C-2, Attachment C-3, and Schedule 1 to the Agreement:

1. Publicly Accessible Private Improvements. The Project would include the construction, operation, and maintenance of the Publicly Accessible Private Improvements, which is comprised of approximately 2.87 acres of open space (1.63 acres of which exceed the Planning Code open space requirements that would otherwise apply for the Project) developed as follows:
    a. California Plaza: An approximately 3,599 square foot plaza adjacent to California Street and the Plaza A and B retail uses. California Plaza will be improved with a combination of quality hardscape, planters and seating elements adjacent to the City sidewalk and designed to comply with the City's Better Streets policies.
    b. Cypress Square and Stairs: Cypress Stairs (approximately 982 sq. ft.) are one of several pedestrian access points into the Project and would connect pedestrians from California Street to Cypress Square and the network of internal public open spaces throughout the Project Site. There will also be ADA access from California Street to Cypress Square adjacent to the Cypress Stairs. Cypress Square would be an approximately 12,717 square foot south-facing plaza that would retain the existing mature and healthy Cypress trees identified in the landscape plan. It would include hardscaped walkways and a central, paved open plaza area with wood decking, seating and landscaping.
    c. Mayfair Walk: Mayfair Walk (approximately 25,135 sq. ft.) is the Project's main east-west pedestrian connector that will stitch the site back into the adjacent neighborhood's urban fabric with publicly-accessible landscaped pathways. The Walk includes a connection to Mayfair Drive/Laurel Street to the west with seating, stairs and landscaping, including the retention of existing mature and healthy oak trees and the addition of new trees as identified in the landscape plan. The Walk would include a hardscape pathway with landscaped borders and access to ground floor residential units. The Walk would connect with the ADA-accessible Pine Street Stairs to Presidio Avenue to the east.
    d. Presidio Overlook: At the east side of the Project Site atop Pine Street Stairs, the Presidio Overlook will provide scenic views of downtown San Francisco for the public and ADA and stair access to Presidio Avenue. The Overlook will consist of approximately 9,376 square feet of open space and would include a large terrace with trees, planters and seating. The Overlook would act as an interconnection and scenic area between the east portion of the Mayfair Walk and the Pine Street Stairs.

e. Pine Street Steps: The Pine Street Steps would be approximately 13,067 square feet and are inspired by California's indigenous biodiversity and include a grove of mature existing and new Redwood trees. They have been designed to provide the public with an ADA-accessible connection from the east side of the Project Site to the west.

f. Walnut Walk North and Walnut Walk South: Walnut Walk would consist of a total of approximately 24,314 square feet of open space and will be the Project's main north-south public pedestrian access. Walnut Walk would run through the center of the Project Site from California Street (via Walnut Court) to the Masonic and Euclid Avenue intersection, helping to stitch the site back into the neighborhood's urban fabric. Walnut Walk would be a pedestrian pathway with a network of landscaped open spaces and seating.

g. Walnut Drive and Walnut Court: Walnut Drive and Walnut Court would consist of approximately 16,818 square feet of open space and would include tree-lined hardscape pedestrian walkways on either side of Walnut Drive leading into Walnut Court, which would include a tree-lined vehicular turnaround plaza with a tree feature at the center. The drive and court areas would provide direct access to California Street, Mayfair Walk and Walnut Walk.

h. Euclid Green: The new green lawn at the corner of Euclid and Laurel would provide the public with views of downtown San Francisco to the east, and views of the Golden Gate Bridge to the northwest. Euclid Green will consist of approximately 21,958 square feet of open space at the southwest corner of the Project at Laurel Street and Euclid Avenue. The existing green lawn will be renovated and maintained as a large, naturally sloping lawn with plantings and a direct access to the sidewalks on Euclid Avenue and Laurel Street.

The Publicly Accessible Private Improvements will be privately owned but accessible to the public on the terms described in Attachment C-2 and Attachment C-3. The Publicly Accessible Private Improvements would be provided substantially as depicted in Attachment C-1, constructed in accordance with the terms of Attachment C-2 and Schedule 1, and operated and maintained on the terms of Attachment C-2 and Attachment C-3.

2. Streetscape Improvements. The Project would include the streetscape improvements depicted in Attachment C-1 to enhance the safety of, and strengthen the network of, existing sidewalks and street crossings that abut the Project Site including Presidio Avenue, Masonic Avenue, Euclid Avenue, Laurel Street, Mayfair Street and California Street.

3. Provision of Required Open Space. The amount and phasing of private and/or common usable open space for the residential uses on the Project shall be governed by the Approvals.

Exhibit C-1

Open Space Plan

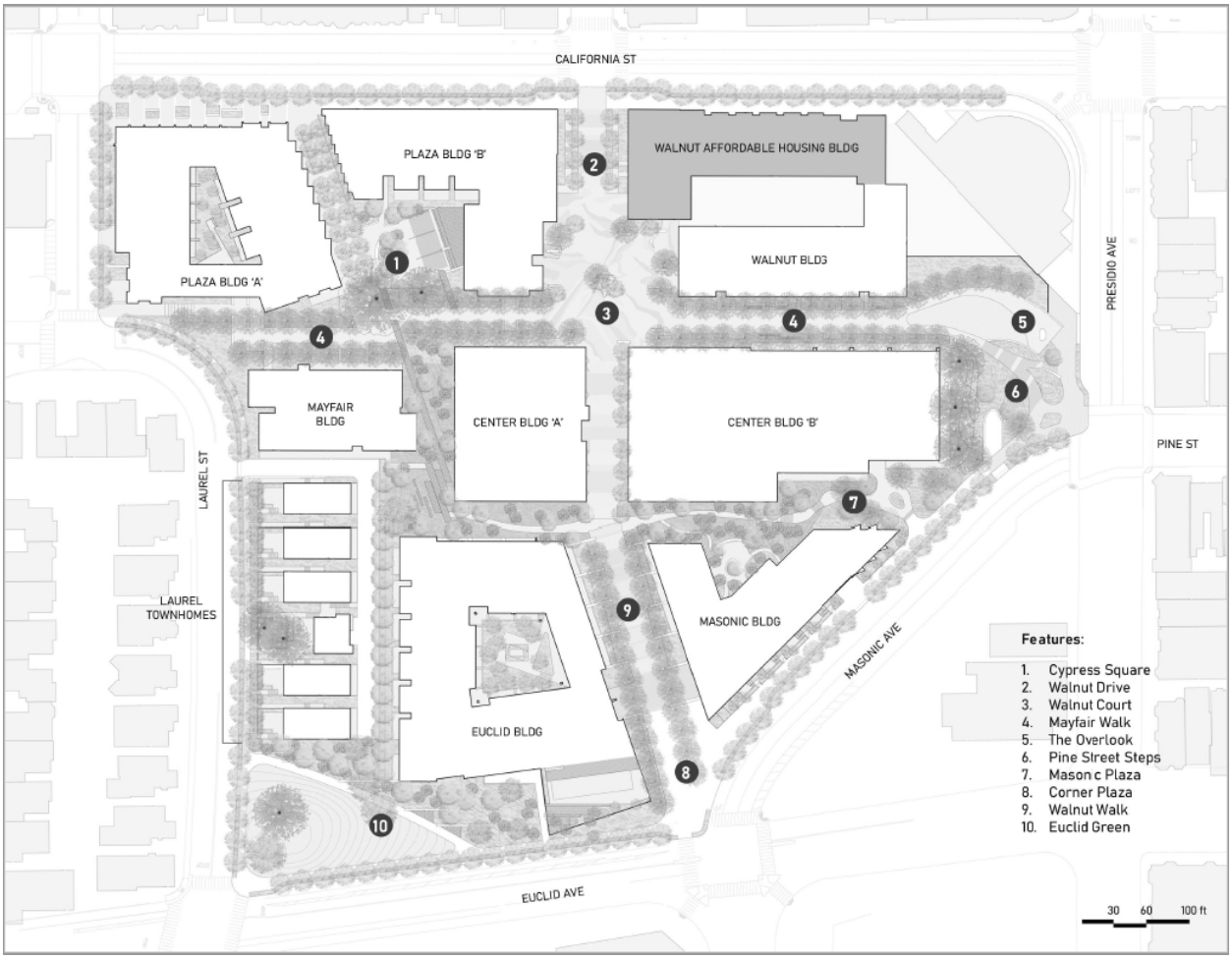

Exhibit B-1
(to Exhibit C-3)

Description of Buildings

Plaza A and B:
These buildings are located on the northwest corner of the site along California Street between Laurel Street and the Project entrance aligned with Walnut Street to the north. Plaza A is 69 residential units and 13,594 GSF of retail space. Plaza B is 69 residential units and 16,034 GSF of retail space. Both buildings sit atop the California Street Garage which contains its required residential and retail parking and associated building accessory and utility spaces. The California Street Garage also sits below the Walnut Building and the Walnut Affordable Housing Building (see descriptions below). The California Street Garage includes some of the required parking and associated building accessory and utility spaces for the Center A and B buildings (see their description below).

Walnut Building:
This building is located near the northeast corner of the site, to the south of the Walnut Affordable Housing Building and immediately west of the Firemen's Credit Union (triangular lot at the corner of California Street and Presidio Avenue which is not part of the Project or site). The Walnut Building includes 60 residential units. As described above, this building sits atop the California Street Garage which contains its required residential parking and associated building accessory and utility spaces.

Walnut Affordable Housing Building:

This building is located near the northeast corner of the site along California Street between the Project entrance aligned with Walnut Street to the north and the Firemen's Credit Union (triangular lot at the corner of California Street and Presidio Avenue which is not part of the Project or site). The Walnut Affordable Housing Building includes 124 affordable senior units and one manager's unit, and would be located atop 8,467 GSF for retail space and a 13,933 GSF child care use. As described above, this building sits atop the California Street Garage which contains its required residential, retail and childcare parking and associated building accessory and utility spaces.

Center A and B:
Center A and B are located in the existing office building. This existing building will be partially demolished and reused for residential use. The building is located approximately in the middle of the site with frontages on Presidio and Masonic Avenue. Center A includes 48 residential units and Center B includes 104 residential units. There is a small existing garage below Center B that includes a portion of its required residential parking. The remaining Center B parking is located within the California Street Garage. The required residential parking for Center A is located within the Masonic Garage. The California Street and Masonic Garages will also include associated building accessory and utility spaces for these two buildings.

Masonic and Euclid Buildings:
These buildings are located on the south side of the site along Masonic and Euclid Avenues, Masonic to the east and Euclid to the west. Masonic is 58 residential units and Euclid is 169 residential units. Both buildings sit atop the Masonic Garage which contains their required residential parking and associated building accessory and utility spaces. The Masonic Garage includes some of the required parking and associated building accessory and utility spaces for the Center A and B Buildings (see their description above).

Mayfair Building:
The Mayfair Building is located on the west side of the site along Laurel Street between Plaza A and the Laurel Duplexes. It contains 30 residential units and sits atop its own garage containing its parking, accessory and utility spaces. Mayfair shares a common driveway off Laurel Street with the Laurel Duplexes.

Laurel Duplexes:
The Laurel Duplexes are comprised of six independent structures each housing two residential units for a total of 12 residential units. All six buildings face Laurel Street on the west side of the site between the Mayfair Building and Euclid Green. The parking for these buildings is located at their lowest level and accessed off a shared driveway with the Mayfair Building.

Exhibit B-2
(to Exhibit C-3)

Depiction of Buildings and Publicly Accessible Private Improvements

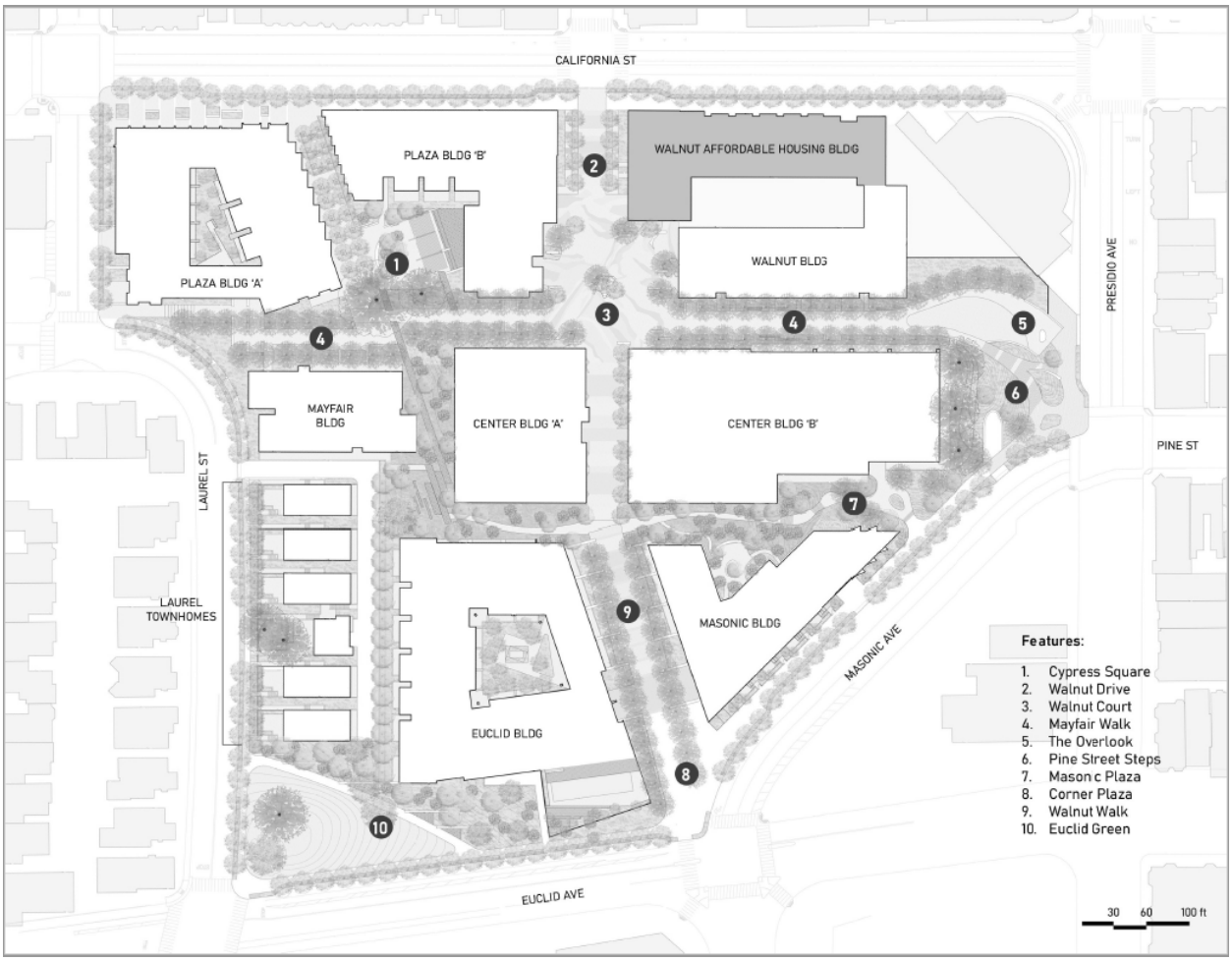

Exhibit C
(to Exhibit C-3)

Completion Schedule

Declarant's obligation to construct a Publicly Accessible Private Improvement (as defined below) shall be as follows:

1. Description of Publicly Accessible Private Improvements. Each of the following shall be a "**Publicly Accessible Private Improvement**" and shall collectively be the "**Publicly Accessible Private Improvements**":

a. California Plaza: An approximately 3,599 square foot plaza adjacent to California Street, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of a combination of quality hardscape, planters and seating elements that are adjacent to the abutting public sidewalk and designed to comply with the City's Better Streets policies.

b. Cypress Square: An approximately 12,717 square foot south-facing plaza that will connect to Cypress Stairs and Mayfair Walk, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of the existing mature and healthy Cypress trees identified on Sheet L.201 of the Conceptual Plans (the "**Landscape Plan**"), hardscaped walkways, and a central, paved open plaza area with wood decking, seating and landscaping.

c. Cypress Stairs: An approximately 982 square foot pedestrian walkway that will connect pedestrians from California Street to Cypress Square, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of stairs with landscaped planters along the edges.

d. Euclid Green: An approximately 21,958 square foot open space with direct access to the sidewalks on Euclid Avenue and Laurel Street, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of a large, naturally sloping lawn with plantings.

e. Mayfair Walk: An approximately 25,135 square foot east-west pedestrian connector that will connect to Mayfair Drive/Laurel Street to the west and the ADA-accessible Pine Street Stairs to Presidio Avenue to the east, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of an approximately twenty foot (20') wide hardscape pathway with landscaped borders and access to ground floor residential units, seating, stairs, landscaping, and the retained mature and healthy oak trees and new trees identified in the Landscape Plan.

f. Presidio Overlook: An approximately 9,376 square foot open space atop Pine Street Stairs that will be an interconnection and scenic area between the east portion of the Mayfair Walk and the Pine Street Stairs, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of a terrace with trees, planters, and seating.

g. Pine Street Steps: An approximately 13,067 square foot pedestrian walkway that will connect the Presidio Overlook to Pine Street and Masonic Avenue, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of stairs with landscaped planters and green areas along the edges.

h. Walnut Drive and Walnut Court: Approximately 16,818 square feet of open space that will provide direct access to California Street, Mayfair Walk and Walnut Walk, located in the general area depicted in the attached Exhibit B-2. The Walnut Drive improvements will consist of a hardscaped roadway with tree-lined hardscape pedestrian walkways on either side of the paved area, and the Walnut Court improvements will consist of a tree-lined hardscaped vehicular turnaround plaza with a tree feature at the center.

i. Walnut Walk North: Approximately 5,717 square feet of open space that will run through the center of the Project Site from Walnut Court to the southern boundary of the future legal parcels created for Plaza Building A and Plaza Building B, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of an approximately twenty foot (20') wide hardscaped pedestrian pathway with a network of landscaped open spaces and seating. Once Walnut Walk North and Walnut Walk South are completed, they will collectively create the main north-south public pedestrian connection through the Project Site between Masonic and Euclid Avenue to Walnut Court.

j. Walnut Walk South: Approximately 18,597 square feet of open space that will run through the center of the Project Site from the southern boundary of the future legal parcels created for Plaza Building A and Plaza Building B and the intersection at Masonic Avenue and Euclid Avenue, located in the general area depicted in the attached Exhibit B-2. The improvements will consist of an approximately twenty foot (20') wide hardscaped pedestrian pathway with a network of landscaped open spaces and seating. Once Walnut Walk North and Walnut Walk South are completed, they will collectively create the main north-south public pedestrian connection through the Project Site between Masonic and Euclid Avenue to Walnut Court.

k. Alternative Pedestrian Access Paths: Any path constructed under Section 4 below.

2. Installation Schedule. An "**Occupancy Certificate**" means a certificate of occupancy, including any temporary certificate of occupancy. Subject to Section 3 below, Declarant shall complete the construction of the Publicly Accessible Private Improvements as follows:

a. California Plaza. Declarant shall complete construction of California Plaza before the issuance of an Occupancy Certificate for any non-retail portion of the Plaza A Building, which is described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2. Once completed, California Plaza shall be associated with the Plaza A Building.

b. Cypress Square. Declarant shall complete construction of Cypress Square before the issuance of an Occupancy Certificate for any non-retail portion of the Plaza B Building, which is described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2. Once completed, Cypress Square shall be associated with the Plaza B Building.

c. Cypress Stairs. Declarant shall complete construction of the Cypress Stairs before the issuance of an Occupancy Certificate for any non-retail portion of the later of the Plaza A Building or the Plaza B Building. Once completed, Cypress Stairs shall be associated with the Plaza A Building and the Plaza B Building.

d. Euclid Green. Declarant shall complete construction of Euclid Green before the issuance of an Occupancy Certificate for the Project's final Building; provided, however, that if the Declarant receives an Occupancy Certificate for any Building without completing all proposed Buildings during the DA Term, then Euclid Green shall be completed by the end of the DA Term. Once completed, Euclid Green shall be associated with the Euclid Building or, if the Euclid Building has not been constructed, it shall be associated with the legal parcel of the constructed multi-unit Building (excluding the Mayfair Building and the Townhomes) that is closest to Euclid Green on the expiration of the DA Term.

e. Mayfair Walk. Declarant shall complete construction of Mayfair Walk in the following segments:

i. The segment adjacent to the Mayfair Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2) and the Plaza A Building must be completed before the issuance of an Occupancy Certificate for any non-retail portion of the later of Mayfair Building or the Plaza A Building. Once completed, such segment shall be associated with the Mayfair Building and the Plaza A Building.

ii. The segment adjacent to the Mayfair Building and the Plaza A Building must be completed before the issuance of an Occupancy Certificate for any non-retail portion of the later of Mayfair Building or Plaza A Building. Once completed, such segment shall be associated with the Mayfair Building and the Plaza A Building.

iii. The segment adjacent to the Plaza B Building and the Center A Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2) must be completed before the issuance of an the Occupancy Certificate for any non-retail portion of the later of the Plaza B Building or the Center A Building, and the completion of the Center B Building, as applicable. Once completed, such segment shall be associated with the Plaza B Building and the Center A Building.

f. Pine Street Steps. Declarant shall complete construction of the Pine Street Steps before the issuance of an Occupancy Certificate for any non-retail portion of the Center Building B. Once completed, the Pine Street Steps shall be associated with Center Building B.

g. Presidio Overlook. Declarant shall complete construction of the Presidio Overlook before the issuance of an Occupancy Certificate for any non-retail portion of the Center Building B. Once completed, Presidio Overlook shall be associated with Center Building B.

h. Walnut Drive and Walnut Court. Declarant shall complete construction of Walnut Drive and Walnut Court before the later to occur of the issuance of an Occupancy Certificate for

any non-retail portion of the Plaza B Building or the Walnut Affordable Housing Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2). Once completed, Walnut Drive and Walnut Court shall be associated with the Plaza B Building and the Walnut Affordable Housing Building.

i. Walnut Walk North. Declarant shall complete construction of Walnut Walk North before the later to occur of the issuance of an Occupancy Certificate for any non-retail portion of the Center A Building or the Center B Building. Once completed, Walnut Walk North shall be associated with the Center A Building and the Center B Building

j. Walnut Walk South. Declarant shall complete construction of Walnut Walk South before the later to occur of the issuance of an Occupancy Certificate for any non-retail portion of the Euclid Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2) or the Masonic Building (described on the attached Exhibit B-1 and depicted on the attached Exhibit B-2). Once completed, Walnut Walk South shall be associated with the Euclid Building and the Masonic Building.

3. Delayed Completion. Notwithstanding anything to the contrary in Section 2 above, if Declarant wishes to receive the first Occupancy Certificate for the non-retail portion of any of the buildings described in Section 2 above before completing its associated Publicly Accessible Private Improvement, Declarant may complete that associated Publicly Accessible Private Improvement at a later time by providing to the City, prior to issuance of the first Occupancy Certificate for any non-retail portion of that building, a surety performance bond or other security in form acceptable to the City and in an amount equal to 100% of the reasonably estimated cost to complete that Publicly Accessible Private Improvement as required in this Declaration, and shall diligently and continuously pursue that Publicly Accessible Private Improvement to completion following which such bond will be released.

4. Alternative Pedestrian Access. If Declarant receives an Occupancy Certificate for any Building without completing all proposed Buildings during the DA Term that would otherwise require the completion of Walnut Walk North, Walnut Walk South, and Mayfair Walk as described above, then Declarant, in conjunction with the Planning Department, shall design an alternative plan for pedestrian access that seeks to achieve similar pedestrian access and widths as Walnut Walk North, Walnut Walk South, and Mayfair Walk, but takes into account then then-current on-site conditions, including locations of improvements and the Project Site's topography, and the Declarant shall construct such alternative plan improvements prior to the end of the DA Term. On their substantial completion, such alternative plan improvements shall be a Publicly Accessible Private Improvement and the portion of the Project Site improved with such alternative plan improvements shall be a Publicly Accessible Private Improvement.

Exhibit D

Affordable Housing Program

This Exhibit D describes the affordable housing program for the Project (the "**Housing Plan**"). All initially-capitalized, undefined terms used in this Exhibit D shall have the meanings given to them in the Development Agreement (as defined below).

Recognizing the City's pressing need for housing – market rate and affordable - the Developer has agreed to (1) increase the total number of residential units for the Project from the 558 residential units initially proposed to 744 residential units; (2) construct a 125 unit affordable housing building consisting of 124 studio and one-bedroom affordable residential units for Senior Households (the "**BMR Units**") and one Manager Unit (as defined below) at the Project Site in order to make 17% of the Project's residential units affordable; and (3) fund all predevelopment costs and gap financing required to complete the BMR Units.

Subject to any modifications pursuant to this Housing Plan, the BMR Units will be deed-restricted to be affordable to Senior Households (as defined below) with incomes below 80% of MOHCD AMI (as defined below), with an overall average of not more than 59% of MOHCD AMI.

1. Definitions.

"**Adjustment Date**" means each anniversary of the Effective Date.

"**Affordable Housing Developer**" means Mercy Housing California, a non-profit California corporation, or any other non-profit affordable housing developer with experience developing and operating affordable housing in San Francisco.

"**Affordable Rent**" means a monthly rental charge for a BMR Unit (including the Utility Allowance applicable to the Household Size of such BMR Unit but excluding parking charges if a parking space is allocated to such BMR Unit) that does not exceed thirty percent (30%) of the maximum MOHCD AMI permitted for such BMR Unit, based on Household Size; provided, however, that if the MOHCD Director (or his, her, or their designee) modifies the MOHCD AMI for the BMR Units pursuant to Section 2.C below, then the Affordable Rent shall not exceed the lower of (i) twenty percent (20%) below the market-rate rents in the neighborhood (as determined pursuant to the MOHCD Manual), and (b) thirty percent (30%) of the maximum MOHCD AMI permitted for such BMR Unit, based on Household Size.

"**Approved Legal Description**" means a legal description of the Walnut Land that substantially conforms to the depiction attached as Exhibit D-1 and is approved by the City's Director of Property and the MOHCD Director, or their respective designees.

"**CofO**" means a first certificate of occupancy issued by City's Department of Building Inspection, including any temporary certificate of occupancy.

"**CPI Increase**" means, for the first Adjustment Date, the difference between the published CPI Index in effect at the time of the first Adjustment Date and the published CPI Index in effect at the time of the Effective Date. For each following Adjustment Date, the "CPI Increase" means the difference between the published CPI Index in effect at the time of an applicable Adjustment Date and the published CPI Index in effect at the time of the immediately-preceding Adjustment Date.

"**CPI Index**" means the Consumer Price Index for All Urban Consumers (base years 1982-1984 = 100) for the San Francisco-Oakland-San Jose area, published by the United States Department of Labor, Bureau of Labor Statistics or, if the Consumer Price Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Consumer Price Index had not been discontinued or revised.

"**Deed of Trust**" is defined in Section 4.D.

"**Development Agreement**" shall mean the Development Agreement, dated as of September 11, 2020, and recorded in the Official Records as Doc. No. 2020015925 on September 11, 2020, as amended by a Memorandum of Minor Modification of Development Agreement (Amendment No. 1) dated June 5, 2024, and recorded in the Official Records as Doc. No. 2024048267 on June 26, 2024, and Second Amendment to Development Agreement, dated _____, 2024, and subsequently recorded in the Official Records.

"**Development Fee Deferral Surcharge Rate**" means an amount determined by DBI under Building Code Section 107A.13.3.2.

"**Effective Date**" has the meaning set forth in Section 2.1 of the Development Agreement.

"**Final Building Design**" means the final design of a Building, as set forth in the applicable building permit drawings, that establishes the final number of the Market Rate Units for that Building, which may differ slightly from the number of Market Rate Units originally described for that Building in the Development Agreement.

"**First Construction Document**" shall be as defined in San Francisco Building Code Section 107A.13.1(a)(8).

"**Fair Market Value**" shall have the meaning given such term in Exhibit D-2.

"**Gap Fee**" means an amount equal to (i) the Gross Floor Area (as defined in Planning Code Section 401) for an applicable Market Rate Unit multiplied by (ii) an amount equal to, at the time of calculation, (A) $199.50 per square foot of such Gross Floor Area (the fee amount will be adjusted each anniversary of the Effective Date by the CPI Increase) multiplied by (B)(1) sixteen and 4/10 percent (16.4%) or (2) the applicable percentage under any Applicable Laws that become effective after the date of the Second Amendment to the Development Agreement, whichever percentage under the preceding clauses (B)(1) and (B)(2) is lower.

"**General Construction Closing**" means the close of escrow for the construction loan and all other financing needed to commence and complete the construction of the Walnut Affordable Housing Building.

"**Household**" means one or more related or unrelated individuals who live together or intend to live together in a BMR Unit as their primary dwelling.

"**Household Size**" means the number of persons in a Household as calculated under the MOHCD Manual.

"**Housing Entity**" means a limited partnership with the Affordable Housing Developer (or a subsidiary entity owned or controlled by Affordable Housing Developer) as the general partner.

"**HUD**" means the United States Department of Housing and Urban Development, or any successor agency.

"**LIHTC**" means the federal low income housing tax credit 4% program.

"**Manager Unit**" means the 2-bedroom unit for the Walnut Affordable Housing Building manager and is one of the 125 units to be constructed in such building.

"**Market Rate Unit**" means any Project Site residential unit that is not a BMR Unit or the Manager's Unit.

"**MOHCD AMI**" means median income as published annually by MOHCD, which is derived, in part, from the income limits determined by HUD for the San Francisco area, adjusted solely for household size but not high housing cost area. If HUD ceases to publish such data for 18 or more months, MOHCD and the Housing Entity will make good faith efforts to agree on other publicly available and credible substitute data for MOHCD AMI.

"**MOHCD Director**" means the Director of the Mayor's Office of Housing and Community Development.

"**MOHCD Manual**" means the City and County of San Francisco Inclusionary Affordable Housing Program Monitoring and Procedures Manual, as published by MOHCD and as updated from time to time.

"**Outside Date**" means the 16th anniversary of the Effective Date.

"**Property Covenants**" is defined in Section 2.A.

"**Second Amendment to the Development Agreement**" means the Second Amendment to the Development Agreement entered into between Developer and City and to which this amended and restated Exhibit D is attached.

"**Section 415**" means the City's Inclusionary Affordable Housing Program (Planning Code Sections 415, 415.1 through 415.11), as amended from time to time.

"**Senior Households**" means a household that is 62 years old or older, or as otherwise defined by the requirements of any funding source used to construct or operate the Walnut Affordable Housing Building.

"**Tax Credit Construction Closing**" means the later date to occur of (i) the close of escrow for the construction loan and all other financing needed to commence and complete the construction of the Walnut Affordable Housing Building, and (ii) the date the regulatory agreement for the tax-exempt bonds issued for the construction of the Walnut Affordable Housing Building is recorded in the Official Records of the City and County of San Francisco and encumbers the Walnut Housing Parcel.

"**Title Policy**" is defined in Section 4.F.

"**Utility Allowance**" means a dollar amount determined in a manner acceptable to the California Tax Credit Allocation Committee, which may include an amount published periodically by the San Francisco Housing Authority or successor based on standards established by HUD, for the cost of basic utilities for households, adjusted for Household Size. If both the San Francisco Housing Authority and HUD cease publishing a Utility Allowance, then Developer may use another publicly available and credible dollar amount approved by MOHCD.

"**Walnut Affordable Housing Building**" is defined in Section 2.A.

"**Walnut Child Care Parcel**" is defined in Section 2.A.

"**Walnut Construction Closing**" means either (i) the Tax Credit Construction Closing if there is an allocation of LIHTC for the Walnut Affordable Housing Building, or (ii) the General Construction Closing if there is not an allocation of LIHTC for the Walnut Affordable Housing Building.

"**Walnut Garage Parcel**" is defined in Section 2.A.

"**Walnut Housing Parcel**" is defined in Section 2.A.

"**Walnut Market Rate Parcel**" is defined in Section 2.A.

"**Walnut Retail Parcel**" is defined in Section 2.A.

"**Walnut Land**" is defined in Section 2.A.

2. Walnut Affordable Housing Building

A. Description. The 124 BMR Units and the one Manager Unit will all be located in a single residential building (the "**Walnut Affordable Housing Building**") that will be located within a condominium parcel, or other vertical subdivision parcel (the "**Walnut Housing Parcel**") on, or which includes, the portion of the Project Site depicted as the "Walnut Land" on Exhibit D-1 (the "**Walnut Land**"). The Walnut Affordable Housing Building will be comprised only of 125 units, consisting of BMR Units and the Manager Unit (which shall only be occupied by the Walnut Affordable Housing Building manager or, to the extent permitted under law, other

property management staff), and the common and parking areas for the BMR Units and Manager Unit. Developer will create condominium parcels, or other vertical subdivision parcels, for the garage (the "**Walnut Garage Parcel**"), retail uses (the "**Walnut Retail Parcel**"), child care uses (the "**Walnut Child Care Parcel**"), and the market rate residential building (the "**Walnut Market Rate Parcel**") which will also be located on portions of the Walnut Land. The Walnut Housing Parcel, the Walnut Garage Parcel, the Walnut Retail Parcel, and the Walnut Child Care Parcel will be created through a final map prepared under the Tentative Map as required in the Subdivision Map. The Parties acknowledge and agree that the legal description for the Walnut Land currently set forth on Exhibit D-1 will change as Developer revises the Tentative Map to reflect the changes to the Project described in the Second Amendment to the Development Agreement and as vertical air rights parcels are created.

Developer shall (i) obtain legal descriptions for the Walnut Housing Parcel and the Walnut Child Care Parcel, and a revised legal description for the Walnut Land, that are reasonably acceptable to City, (ii) cause the Walnut Land to be made a separate legal parcel, (iii) record a declaration of restrictions (in a form approved by City and using such approved legal descriptions) that (A) encumbers the Walnut Land, (B) limits the use of (1) the Walnut Housing Parcel to the construction and operation of the Walnut Affordable Housing Building and (2) the Walnut Child Care Parcel to the construction and operation of a child care facility and (C) limits off-street parking spaces for the Walnut Affordable Housing Building to a rate of no more than 0.5 parking spaces per unit, and (iv) grant the Affordable Housing Developer or the Housing Entity a Site Control Document (as defined below) subject to the foregoing declaration of restrictions and the Deed of Trust. Developer shall fulfill the obligations in the foregoing sentence before the earlier to occur of (1) the date on which the Affordable Housing Developer reasonably requires the Walnut Housing Parcel and Walnut Land legal descriptions and a Site Control Document, as described herein below, and (2) obtaining a First Construction Document for the two hundred seventieth (270th) Market Rate Unit. If Developer determines that the 270 Market Rate Unit cap set forth in the foregoing sentence needs to be increased as a result of a Final Building Design, then Developer may request an increase. The Planning Director, or the Planning Director's designee, shall have the right to approve an increase of up to five percent (5%) of the number of Market Rate Units above the 270 Market Rate Unit cap and such approval shall be handled administratively. Thereafter, references to 270 Market Rate Units in this Housing Plan shall mean references to the increased number of Market Rate Units. Any increase of more than five (5%) percent shall constitute a Material Change. Developer anticipates that the Affordable Housing Developer will require the following in order to demonstrate sufficient site control prior to the date on which the Affordable Housing Developer submits its LIHTC application: (A) creation of the legal descriptions for the Walnut Housing Parcel and Walnut Land and (B) one of the following (each, a "Site Control Document"): an executed (i) option to acquire the Walnut Housing Parcel, or (ii) purchase and sale agreement for the Walnut Housing Parcel, or (iii) long-term lease of the Walnut Housing Parcel.

In connection with the development of the Project, Developer shall have the right to enter into commercially reasonable licenses, easements, covenants, conditions and restrictions, reciprocal easement agreements, and similar agreements that affect the Walnut Housing Parcel to the extent necessary for the use or operation of any portion of the Walnut Housing Parcel or the common areas shared by the Walnut Housing Parcel (each, a "**Property Covenant**"); provided, however, that (i) Developer shall deliver the final version of each proposed Property Covenant to

the MOHCD Director, or the MOHCD Director's designee, at least thirty (30) days before it is fully executed or recorded in the Official Records of San Francisco County and (ii) all maintenance, repair, replacement and installation costs to be paid under a Property Covenant for the common area benefitting the Walnut Garage Parcel, the Walnut Retail Parcel, the Walnut Housing Parcel, the Walnut Child Care Parcel, and the Walnut Market Rate Parcel shall be proportionately allocated to the owners of the Walnut Garage Parcel, the Walnut Retail Parcel, the Walnut Housing Parcel, the Walnut Child Care Parcel, and the Walnut Market Rate Parcel based on the relative size of their respective parcel or any other commercially reasonable allocation that is approved in advance by the MOHCD Director or the MOHCD Director's designee, which approval shall not be unreasonably withheld.

B. Housing Entity. Developer and the Affordable Housing Developer will form the Housing Entity, and the Developer will contribute the Walnut Housing Parcel (subject to the requirements of the Development Agreement) to the Housing Entity, prior to the date on which the Affordable Housing Developer reasonably requires the obligations to be fulfilled. Developer anticipates that it will need to fulfill such obligations prior to the date on which the Affordable Housing Developer receives an allocation of any LIHTC pursuant to its California low-income housing tax credit application(s) for the Walnut Affordable Housing Building. The Housing Entity must operate the Walnut Affordable Housing Building to only serve Senior Households with incomes below 80% of MOHCD AMI, with an overall average of not more than 59% of MOHCD AMI.

C. Financing. Developer, the Affordable Housing Developer, and the Housing Entity will structure equity and debt financing for the construction and operation of the Walnut Affordable Housing Building and the Affordable Housing Developer will seek LIHTC and City-issued tax-exempt bond financing for the construction of the Walnut Affordable Housing Building; provided, however, that the Developer will fund all predevelopment costs and gap financing required to complete the construction of the Walnut Affordable Housing Building.

Developer, the Affordable Housing Developer, and the Housing Entity may apply to the following state funding programs for constructing the Walnut Affordable Housing Building without the City's prior written consent: the Multifamily Housing Program (MHP) and the Infill Infrastructure Grant Program (IIG). At the time of such application, the applying party shall provide the MOHCD Director, or the MOHCD Director's designee, with written notification of such application and a commitment that the award of such funding would lower the average MOHCD AMI for the Walnut Affordable Housing Building. Neither the Developer nor the Housing Entity can seek other federal or other state resources for constructing the Walnut Affordable Housing Building without the prior written consent of the MOHCD Director (or the MOHCD Director's designee), which consent may be withheld if the award of such funding would not result in a lower average MOHCD AMI for the Walnut Affordable Housing Building or applying for the proposed funding would compete with the application of a MOHCD-supported project. Subject to the paragraph immediately below, a failure to obtain LIHTC, MHP, IIG, or non-competitive federal or state resources for constructing the Walnut Affordable Housing Building shall not decrease the Developer's affordable housing or other obligations under the Development Agreement. City has no obligation to provide any funding for the Walnut Affordable Housing Building. Developer may collaborate with other entities to obtain additional

funding sources to the extent that those sources contribute to the feasibility, production speed, or increase the affordability of the Walnut Affordable Housing Building.

Notwithstanding the requirements that the Walnut Affordable Housing Building only serve Senior Households with incomes below 80% of MOHCD AMI (with an overall average of not more than 59% of MOHCD AMI) in this Housing Plan and the Development Agreement, if, after diligent pursuit and submittal of three (3) complete applications for LIHTC allocations, the Developer, Affordable Housing Developer, or the Housing Entity is unable to receive an allocation of LIHTC in the full amount requested in the applicable LIHTC application, then the MOHCD Director or the MOHCD Director's designee shall have the right, in his, her, or their sole discretion, to (i) adjust the allowable MOHCD AMI for the BMR Units with the intent being to achieve an average of 100% MOHCD AMI (no more than 120% MOHCD AMI for rental units or 150% MOHCD AMI for ownership units), and (ii) modify the target population for the Walnut Affordable Housing Building.

If the (i) MOHCD AMI or (ii) target population for the BMR Units, or both, are so modified, then Developer may proceed with development of the Walnut Affordable Housing Building as so modified, including creation of the Housing Entity that may include an Affordable Housing Developer, receipt and use of funds in the Escrow Account, and applying for state and federal grants and resources for the Walnut Affordable Housing Building, pursuant to the terms of this Housing Plan. City agrees that Developer may elect to proceed with development of the Walnut Affordable Housing Building as so modified without an Affordable Housing Developer if Developer desires to construct the Walnut Affordable Building without the assistance of an Affordable Housing Developer. City agrees that if development of the Walnut Affordable Housing Building as so modified proceeds, then (a) references in this Housing Plan and the Development Agreement to the Walnut Affordable Housing Building and the BMR Units shall mean such building and units as modified pursuant to this paragraph, and (b) if Developer desires to construct the Walnut Affordable Building without the assistance of an Affordable Housing Developer, then references in this Housing Plan to the Affordable Housing Developer shall mean the Developer and references to the Housing Entity shall mean the entity that Developer forms to develop and manage the modified Affordable Housing Building and BMR Units. The modifications described in this paragraph shall not constitute Material Changes.

D. Project Phasing. The Developer will not commence construction of more than four hundred eighty-one (481) Market Rate Units unless the Walnut Construction Closing has occurred and the funds in the Escrow Account are disbursed, or are available to be disbursed, to the Affordable Housing Developer. Developer shall remain obligated to fund any remaining gap in the cost of constructing the Walnut Affordable Housing Building, including any amounts in excess of the amounts provided under the foregoing clause (ii), as such gap-funding obligation is more specifically set forth in this Housing Plan.

If Developer determines that the 481 Market Rate Unit cap set forth above needs to be increased as a result of a Final Building Design, then Developer may request an increase. The Planning Director, or the Planning Director's designee, shall have the right to approve an increase of up to five percent (5%) of the number of Market Rate Units above the 481 Market Rate Unit cap and such approval shall be handled administratively. Thereafter, references to 481

Market Rate Units in this Housing Plan shall mean references to the increased number of Market Rate Units. Any increase of more than five (5%) percent shall constitute a Material Change.

E. Equivalency. The Walnut Affordable Housing Building shall be substantially equivalent to the Project's other multi-unit residential buildings in exterior appearance and overall quality of construction. All BMR Units must be wired for telephone, cable, and internet access and have substantially equivalent interior features and amenities (e.g., balconies, outdoor patios, number of bathrooms) as the studio and 1-bedroom rental Market Rate Units. Equivalency shall be guided by the MOHCD Manual as applicable to this Housing Plan, except that the terms set forth in the Development Agreement (including this Housing Plan) shall prevail (including the Parties' agreement that all BMR Units will be studio or 1-bedroom residential units located in the Walnut Affordable Housing Building).

F. Rental; Affordability. The initial rental and re-rental of the BMR Units shall comply with the lottery preferences and other provisions utilized by MOHCD under the MOHCD's Housing Preferences and Lottery Procedures Manual, as published by MOHCD and as each may be updated from time to time, to the extent permitted by law, and the reporting and monitoring requirements of the MOHCD Manual, to the extent permitted by law. The BMR Units must be provided at Affordable Rents and in accordance with the rent requirements in the MOHCD Manual and MOHCD's Hold Harmless Policy for MOHCD's Income Limits and Maximum Rents, effective as of May 3, 2019, as may be updated from time to time. The Developer or the Housing Entity shall record affordability and leasing restrictions that are senior to any financing documents and remain in effect for the life of the Walnut Affordable Housing Building against each of the BMR Units, in a form and priority approved by MOHCD, before their occupancy. The Housing Entity shall carry appropriate insurance to allow for the reconstruction of the Walnut Affordable Housing Building if there is any damage or casualty.

G. Outreach. Given the Project's Site's location, the Parties desire that, to the greatest extent permitted by MOHCD's then-applicable policies and procedures, pre-marketing and marketing programs for BMR Units target residents of Supervisorial District 2 and/or residents residing within three-quarter (0.75) miles of the Project Site. In addition, the Parties desire that residents of District 2 and residents residing within three-quarter (0.75) miles of the Project Site be given the maximum neighborhood preference for leasing of BMR Units permitted under MOHCD's then-applicable policies and procedures.

H. Planning Code Section 415. Except for Planning Code Section 415.6(a)-(f), (h) and (i), the Parties shall implement affordable housing requirements for the Walnut Affordable Housing Building that incorporate the provisions of Planning Code Section 415 and the MOHCD Manual. The following changes shall be deemed to conflict with the Development Agreement and therefore shall not apply to the Project: (i) any increase in the required number or percentage of affordable housing units beyond what is required by the Development Agreement; and (ii) any change in the minimum or maximum AMI percentage levels for the affordable housing pricing or income eligibility. The Parties acknowledge and agree that MOHCD will monitor and enforce the requirements applicable to BMR Units under this Housing Plan in accordance with Planning Code Section 415.9, except that all references to Section 415 will be deemed to refer to the requirements under this Housing Plan. To the extent there are implementation issues that have

not been addressed in this Housing Plan, then the provisions of Section 415 and the MOHCD Manual shall govern and control such issues.

3. Fees. Before obtaining a First Construction Document for the two hundred seventieth (270th) Market Rate Unit, the Parties shall select a mutually-agreeable third-party escrow (the "**Escrow Account**") to hold and disburse the Gap Fees under the requirements of this Housing Plan. Subject to the last paragraph of this Section, starting with the 270th Market Rate Unit and each Market Rate Unit thereafter until the earliest to occur of the date on which (i) DBI issues a CofO for the Walnut Affordable Housing Building; or (ii) the Walnut Construction Closing has occurred and the funds in the Escrow Account are disbursed, or are available to be disbursed, to the Affordable Housing Developer, Developer or to City, as applicable (the "**Gap Fee End Date**"), the Developer shall deposit an amount equal to the Gap Fee for each of those Market Rate Units into the Escrow Account at the time the in-lieu affordable housing fee would otherwise be payable under the Planning Code and the Building Code for those Market Rate Units. Developer shall remain obligated to fund any remaining gap in the cost of constructing the Walnut Affordable Housing Building, including any amounts in excess of the amounts provided under the foregoing clause (ii), as such gap-funding obligation is more specifically set forth in this Housing Plan.

If Developer determines that the 270 Market Rate Unit threshold set forth in the preceding paragraph needs to be increased as a result of a Final Building Design, then Developer may request an increase. The Planning Director, or the Planning Director's designee, shall have the right to approve an increase of up to five percent (5%) of the number of Market Rate Units above the 270 Market Rate Unit threshold and such approval shall be handled administratively. Thereafter, references to 270 Market Rate Units in this Housing Plan shall mean references to the increased number of Market Rate Units. Any increase of more than five (5%) percent shall constitute a Material Change.

At any time within thirty (30) days after Developer's written request (accompanied by reasonable supporting materials), City shall authorize the release of funds from the Escrow Account to reimburse Developer for reasonable and customary Walnut Affordable Housing Building pre-development costs incurred prior to the Walnut Construction Closing, such as, but not limited to, design drawings, schematic drawings, and commercially reasonable costs for financing that expedites the construction of the Walnut Affordable Housing Building. If the Walnut Construction Closing occurs, all remaining funds in the Escrow Account needed to finance the construction of the Walnut Affordable Housing Building shall be disbursed to pay construction and development costs that are approved by the Walnut Affordable Housing Building construction lender at the time such costs are due and payable. If the Developer provides reasonable documentation to City that there are excess Escrow Account funds that are not required to finance the construction of the Walnut Affordable Housing Building, such excess Escrow Account funds shall be disbursed to the Developer.

If the Walnut Construction Closing does not occur by the Outside Date, subject to extension for any applicable Excusable Delay, then City shall have the right to receive the Escrow Account funds by delivering written notice to the Escrow Account holder any time after the Outside Date for deposit in City's Citywide Affordable Housing Fund established in San Francisco Administrative Code Section 10.100-49. Within three (3) business days of receiving

such written notice, the Escrow Account holder shall deliver the funds to the address specified by the MOHCD Director or the MOHCD Director's designee.

4. Transfer of Walnut Land to City.

A. Transfer Notice. If (a) the Walnut Construction Closing does not occur by the Outside Date, subject to extension for any applicable Excusable Delay, and (b) construction of any Building occurs during the Term pursuant to the Approvals, then City shall have the right to acquire, and Developer agrees to transfer to the City, fee ownership of the Walnut Land pursuant to the form of grant deed (the "**Grant Deed**") attached as Exhibit D-3, with the Approved Legal Description attached to it as Exhibit A. City shall have the right to exercise its right to acquire the Walnut Land by giving Developer, between the Outside Date and the last day of the Term, written notice of the City's request to acquire the Walnut Land pursuant to this Section (the "**Transfer Notice**"). If City receives the Walnut Land pursuant to this Section, and Developer later obtains all financing needed to commence and complete construction of retail improvements on the Walnut Retail Parcel, child care improvements on the Walnut Child Care Parcel and garage on the Walnut Garage Parcel prior to City's receipt of a First Construction Document for the Walnut Affordable Housing Building, City shall transfer fee ownership of the Walnut Garage Parcel, the Walnut Retail Parcel, and the Walnut Child Care Parcel to Developer within ten (10) business days of Developer's receipt of a First Construction Document for such improvements. If DBI has issued a CofO for the improvements (the garage on the Walnut Garage Parcel, the childcare facility on the Walnut Child Care Parcel and the Walnut retail space on the Walnut Retail Parcel) on which the Walnut Affordable Housing Building is to be built before City delivers the Transfer Notice to Developer, then the City agrees that all references to the Walnut Land being conveyed to City shall mean the Walnut Housing Parcel. If Developer has only Commenced Construction of those improvements at the time that City delivers the Transfer Notice to Developer, then the MOHCD Director or the MOHCD Director's designee shall have the right, in his, her, or their sole discretion, to only require the conveyance of the Walnut Housing Parcel to City as long as Developer provides a completion guaranty for the those improvements in a form approved by the MOHCD Director in consultation with the City Attorney's Office.

B. Developer's Representations. Developer represents that it has the full right to make the commitments set forth in this Section without the consent or approval of any third party (or, if required, Developer has obtained all necessary consents and approvals).

C. Subordination; Condition of Title. The rights of any Mortgagee secured by a Mortgage that encumbers all or part of the Walnut Land shall be subordinate to the City's rights under this Housing Plan. The City accepts the condition of the Walnut Land's title subject only to the matters described on the attached Exhibit D-4, any additional matter that is approved in writing by the MOHCD Director (or the MOHCD Director's designee) in his, her or their sole and absolute discretion, and any Property Covenant that complies with the requirements of Section 2.A above. Developer further agrees to deliver the Walnut Land to the City generally in the condition that it is in on the Effective Date, provided it shall be free of all tenants and occupants. The Developer agrees that all contracts entered into by the Developer relating to the Walnut Land shall be terminated by Developer, at no cost to City, on or before the transfer unless the City agrees to assume the same.

D. Cooperation. The Developer agrees to cooperate with City and to take all such actions as may be needed to promptly transfer the Walnut Land to City as set forth in this Section. To secure the Developer's obligations under this Section, before the earlier of transferring the Walnut Land or the Walnut Housing Parcel to the Housing Entity and the first Construction Document for the two hundred seventieth (270th) Market Rate Unit, the Developer shall deliver a duly executed and acknowledged deed of trust to the City in substantially the form attached as Exhibit D-5, with the Approved Legal Description attached to it as Exhibit A ("**Deed of Trust**"). City shall have the right to record the Deed of Trust in the Official Records of San Francisco County. There will be no conditions or City obligations relative to the Developer's transfer of the Walnut Land to City, and the form of any other transfer documents other than the Grant Deed needed to transfer fee ownership of the Walnut Land to City in the manner contemplated in this Section (collectively, the "**Transfer Documents**") will be subject to the reasonable approval of the Director of Property and the MOHCD Director or their respective designees, following consultation with the City Attorney's Office. By approving the Development Agreement, the City's Board of Supervisors authorizes the City's Director of Property and the MOHCD Director (and their respective designees) to enter into the Transfer Documents, if any, without additional action by City's Board of Supervisors as long as the Transfer Documents are consistent with the terms outlined in this Section.

E. Costs and Fees. The Developer shall pay (1) all actual costs incurred by the City relating to the negotiation of Transfer Documents, if any, and all transfer taxes, recording fees, and escrow fees, and (2) the premium for the CLTA Title Policy. The Developer shall further indemnify the City for all costs and losses, including reasonable attorney's fees and costs, resulting from (i) any claim with respect to the Walnut Land relating to the period before the transfer of the Walnut Land to City, (ii) any contest to the Developer's right to transfer the Walnut Land as contemplated by this Section, and (iii) any failure by the Developer to satisfy the requirements of this Section. This indemnification shall survive the transfer of the Walnut Land to City.

F. Closing. The Developer shall have a period of 60 days after Developer's receipt of the Transfer Notice (the "**Closing Period**") to (i) provide to City a CLTA policy of title insurance, insuring City's fee interest in the Walnut Land in an amount equal to the fair market value of the Walnut Land, as reasonably determined by City, with only the exceptions permitted under Section 4.C above (the "**Title Policy**"), and (ii) to execute and deliver the Grant Deed and the Transfer Documents, if any, to City. Within 7 days after the City's receipt of the Title Policy, the duly executed and acknowledged Grant Deed, and, if any, the Transfer Documents, duly executed and acknowledged as applicable, City shall execute and return one (1) fully executed original of any Transfer Document to the Developer.

G. City's Remedies. If the Developer fails to transfer the Walnut Land to City in accordance with this Section, then City shall have the right to specific performance to compel the transfer of the Walnut Land to City in accordance with this Section or to exercise its rights under the Deed of Trust to foreclose and take title to the Walnut Land. Following any specific performance to transfer the Walnut Land to City or any foreclosure of the Walnut Land by City under the Deed of Trust, Developer's obligations under this Section shall be satisfied; provided if

the Developer is not able to transfer the Walnut Land to City in the condition required by this Section (a "**Condition Preventing Transfer**"), then City, as its sole remedy for a Condition Preventing Transfer, shall instead accept an in lieu payment in the amount of Fair Market Value. City's exercise of its remedy for a Condition Preventing Transfer shall be by delivering written notice of such exercise to Developer, with a statement explaining the basis for the determination that the Walnut Land cannot be transferred in accordance with this Section. If City delivers such notice, the Developer shall pay City an in lieu payment in the amount of Fair Market Value made within 60 days following the determination of the Fair Market Value. Any failure by Developer to make such in lieu payment when due shall accrue interest at 10% per annum from the date it is due until paid.

H. Fulfillment of Developer's Obligations. On City's receipt of (i) (a) fee ownership of the Walnut Land through (1) Developer's transfer of title to City, (2) an action for specific performance (3) foreclosure under the Deed of Trust or (b) a payment of an in lieu payment due to a Condition Preventing Transfer, and (ii) the funds deposited in the Escrow Account as required in Section 3 above, City shall have no further rights or remedies under the Development Agreement resulting from the failure to timely commence or complete construction of the Walnut Affordable Housing Building. If the Developer obtains a First Construction Document for any Market Rate Unit after the Outside Date, nothing in the foregoing sentence shall limit the Developer's obligation to pay the fee calculated under Section 415.5 for such Market Rate Unit.

5. Costa-Hawkins Rental Housing Act

A. Non-Applicability of Costa-Hawkins Act. Chapter 4.3 of the California Government Code directs public agencies to grant concessions and incentives to private developers for the production of housing for lower income households. The Costa-Hawkins Rental Housing Act, California Civil Code Sections 1954.50 et seq. (the "**Costa-Hawkins Act**"), provides for no limitations on the establishment of the initial and all subsequent rental rates for a dwelling unit with a certificate of occupancy issued after February 1, 1995, with exceptions, including an exception for dwelling units constructed pursuant to a contract with a public agency in consideration for a direct financial contribution or any other form of assistance specified in Chapter 4.3 of the California Government Code (Section 1954.52(b)). The Parties agree that the Costa-Hawkins Act does not and in no way shall limit or otherwise affect the restriction of rental charges for the BMR Units. The Development Agreement falls within the express exception to the Costa-Hawkins Act, Section 1954.52(b) because the Development Agreement is a contract with a public entity in consideration for contributions and other forms of assistance specified in Chapter 4.3 (commencing with Section 65919 of Division 1 of Title 7 of the California Government Code). The City and Developer would not be willing to enter into the Development Agreement without the understanding and agreement that Costa-Hawkins Act provisions set forth in California Civil Code Section 1954.52(a) do not apply to the BMR Units as a result of the exemption set forth in California Civil Code Section 1954.52(b) for the reasons specified above.

B. General Waiver. Developer, on behalf of itself and all of its successors and assigns of all or any portion of the Project Site, agrees not to challenge and expressly waives, now and forever, any and all rights to challenge the requirements of the Development Agreement related to the establishment of the BMR Units under the Costa-Hawkins Act (as the Costa-

Hawkins Act may be amended or supplanted from time to time). If and to the extent such general covenants and waivers are not enforceable under Law, the Parties acknowledge and that they are important elements of the consideration for the Development Agreement and the Parties should not have the benefits of the Development Agreement without the burdens of the Development Agreement. Accordingly, if Developer challenges the application of this covenant and waiver, then such breach will be an Event of Default and City shall have the right to terminate the Development Agreement in its entirety.

C. Notification. Developer shall notify any potential buyer of all or part of the Project Site of the provisions of this Housing Plan. By acquiring any interest in the Project Site, a buyer agrees to these provisions, and agrees to the specific waiver, releases and indemnifications set forth herein. If Developer fails to notify a buyer of these provisions and a buyer alleges that it is not subject to the requirements of this Housing Plan because it was not made aware of these provisions before it acquired an interest in the Project Site, the Developer shall indemnify and defend the City against any and all claims or losses resulting from such allegation.

6. Nondiscrimination Based on Section 8, Household Size, or Source of Income

For all housing units within the Project Site, Developer shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act (42 U.S.C. §1437 et. seq.), or any successor program or similar federal, state or local governmental assistance program. Developer shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. Developer shall not collect security deposits or other deposits from Section 8 certificate or voucher holders in excess of that allowed under the Section 8 program. Developer shall not discriminate against tenant applicants on the basis of legal source of income (e.g., TANF, Section 8 or SSI), and Developer shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (i.e., ability to pay shall be demonstrated if such a tenant can show that the same percentage or more of the tenant's income has been consistently paid on time for rent in the past as will be required to be paid for the rent applicable to the unit to be occupied, provided that such tenant's expenses have not increased materially).

Exhibit D-1

Depiction of Walnut Land

Lot 3 as shown on Sheets C4.3 through C4.5 of the 3333 California Tentative Final Parcel Map 9956, Proposed Lot Plan, prepared by BKF, dated 03/25/2019, Job No. 20147087-12

Exhibit D-2

Appraisal Process

1. Arbitration for Fair Market Value.

1.1 Appointment. Each Party shall appoint one (1) Appraiser (as defined below) within thirty (30) days after City delivers written notice to Developer that the arbitration provisions of this Exhibit have been invoked (the "Initial Selection Period"). Upon selecting its Appraiser, a Party shall promptly notify the other Party in writing of the name of that Appraiser. Each Appraiser selected by a Party under this Section shall be an "Initial Appraiser".

An "Appraiser" shall mean a competent and licensed appraiser who is qualified by training and experience in the City and County of San Francisco and a member in good standing of the Appraisal Institute and designated as a MAI, or, if the Appraisal Institute no longer exists, shall hold the senior professional designation awarded by the most prominent organization of appraisal professionals then awarding such professional designations. An Appraiser may have a prior working relationship with either or both of the Parties, provided that such working relationship shall be disclosed to both Parties. Without limiting the foregoing, an Appraiser shall have at least ten (10) years' experience valuing multi-family residential real estate that is in the City and County of San Francisco and substantially similar product-type to the Walnut Affordable Housing Building (i.e., affordable senior housing and condominium airspace interests or similar property interests such as ground leases) required for the Walnut Affordable Housing Building. If a Party fails to appoint its Appraiser within the Initial Selection Period, the Initial Appraiser appointed by the other Party shall individually determine the Fair Market Value in accordance with the provisions hereof.

1.2 Instruction and Completion. The term "Fair Market Value" shall mean the then current fair market value of the Walnut Land, as determined pursuant to this Exhibit. Each Initial Appraiser will make an independent determination of the Fair Market Value. The following instructions shall govern the preparation and delivery of each appraisal report giving the respective Initial Appraiser's opinion of the Fair Market Value. The Parties may supplement or modify these instructions upon mutual agreement. Each final opinion of value will be stated in a self-contained[1] appraisal report based on a comprehensive study and analysis and setting forth, in detail, all data, analysis, and conclusions necessary and typical of a complete, self-contained appraisal report in compliance with the current version of the Uniform Standards of Professional Appraisal Practice ("USPAP"). The appraisal report will include the Initial Appraiser's final opinion of the Fair Market Value stated as a specific dollar figure. The Walnut Land shall be appraised based on the actual residential project that it is entitled for at the time of Appraisal consistent with the zoning and all conditions on the Walnut Land and assuming that the following apply to the Walnut Land: (i) the Approvals (as such term is defined in the

[1] As of 2014, USPAP replaced the terminology of "Restricted Use, Summary and Self Contained", and replaced the report content types with two types, "Appraisal Report" and "Restricted Appraisal Report." The reference to "Self Contained" in V, Appraisal Standards, refers to the meaning it had prior to 2014. Also, the reference to "Complete" appraisal has the meaning that it did prior this term being removed officially from USPAP, i.e. essentially that no relevant and applicable valuation approaches or methodologies may be excluded (and the rationale for any approach excluded be provided).

Development Agreement), including, without limitation, the applicable conditions of approval and any notices of special restrictions, (ii) the Development Agreement (subject to the eventual expiration thereof), (iii) permitted exceptions to title, (iv) the final subdivision map, (v) covenants, conditions and restrictions, reciprocal easement agreements and similar agreements regarding operation and use of condominium airspace parcels on the Walnut Land, regardless of whether such agreements are then in effect, it being agreed that the Walnut Land will be subject to such agreements in a commercially reasonable form, (v) applicable zoning, (vi) applicable development impact fees, (vii) its then-current "as-is", "where-is" condition, provided the only exceptions to title will be those described in Section 4.C of Exhibit D to the Development Agreement, and (viii) such other documents and restrictions that the Parties mutually agree to present to the Initial Appraisers (or the Initial Appraiser if there is only one) during the appraisal process. The Fair Market Value will be determined as if the Walnut Land were served by streets and utilities but otherwise vacant and unimproved by any structures, buildings, improvements, fixtures, additions, alterations, and betterments of whatsoever nature or description. For clarity, it is understood that the Walnut Land valuation shall take into consideration the actual costs and expenses necessary for the improvements to specifically serve the Walnut Land. Each Initial Appraiser will use sales comparisons to estimate value, presented in individual write-up sheets. Each Initial Appraiser shall adhere to USPAP direction pertaining to comparable sales requiring extraordinary verification and weighting considerations. If there is more than one Initial Appraiser, the Initial Appraisers may share and have access to objective information in preparing their appraisals, but they will independently analyze the information in their determination of the Fair Market Value, and neither of the Initial Appraisers shall have access to the appraisal of the other (except for the sharing of objective information contained in such appraisals) until both of the appraisals are submitted in accordance with the provisions of this Section. Neither Party shall communicate with the Initial Appraiser selected by the other Party regarding the instructions contained in this Section before the Initial Appraisers complete their appraisals. If an Initial Appraiser has questions regarding the instructions in this Section, such Initial Appraiser shall use his or her own professional judgment and shall make clear all assumptions upon which his or her professional conclusions are based, including any supplemental instructions or interpretative guidance received from the Party appointing such Initial Appraiser. There shall not be any arbitration or adjudication of the instructions to the Initial Appraisers contained in this Section. Each Initial Appraiser shall complete, sign and submit its written appraisal setting forth the Fair Market Value to the Parties within sixty (60) days after the appointment of the last of the Initial Appraisers (or if only one Initial Appraiser is selected, within sixty (60) days after the expiration of the Initial Selection Period).

If only one Initial Appraiser is selected during the Initial Selection Period, then the Fair Market Value shall be the figure in such Initial Appraiser's appraisal. If two Initial Appraisers are selected during the Initial Selection Period, and the higher appraised Fair Market Value is not more than one hundred ten percent (110%) of the lower appraised Fair Market Value, then the Fair Market Value shall be the average of such two (2) Fair Market Value figures.

1.3 Potential Third Appraiser. If two Initial Appraisers are selected during the Initial Selection Period, and the higher appraised Fair Market Value is more than one hundred ten percent (110%) of the lower appraised Fair Market Value, then the Initial Appraisers shall agree upon and appoint an independent third Appraiser meeting the requirements for an Appraiser

specified in Section 1.2 within thirty (30) days after the appraisals of both of the Initial Appraisers have been submitted to the Parties in accordance with the following procedure. The Initial Appraisers shall inform the Parties of their appointment of the proposed third Appraiser at or before the end of such thirty (30)-day appointment period. Each Party shall have the opportunity to question the proposed third Appraiser, in writing only, as to his or her qualifications, experience, past working relationships with the Parties, and any other matters relevant to the appraisal. Either Party may, by written notice (given within three (3) business days after receiving notice of the selection of the third proposed Appraiser) to the other Party and the Initial Appraisers, raise a good faith objection to the selection of the third proposed Appraiser based on his or her failure to meet the requirements for an Appraiser specified in Section 1.2. In such event, if the Initial Appraisers determine that the objection was made in good faith, the Initial Appraisers shall promptly select another third proposed Appraiser, subject again to the same process for the raising of objections. If neither Party raises a good faith objection to the appointment of the third proposed Appraiser within three (3) business days after receiving notice of his or her appointment, each such Party shall be deemed to have waived any issues or questions relating to the qualifications or independence of the third Appraiser or any other matter relating to the selection of the third Appraiser under this Exhibit. If for any reason the Initial Appraisers do not appoint a third proposed Appraiser within such thirty (30)-day appointment period (or within a ten (10) business days thereafter), then either Party may apply to the Writs and Receivers Department of the Superior Court of the State of California in and for the County of San Francisco for appointment of a third Appraiser meeting the requirements for an Appraiser specified in Section 1.2. If the Court denies or otherwise refuses to act upon such application within sixty (60) days from the date on which the Party first applies to the Court for appointment of the third Appraiser, either Party may apply to the American Arbitration Association, or any similar provider of professional commercial arbitration services, for appointment in accordance with the rules and procedures of such organization of an independent third Appraiser meeting the foregoing qualifications. An Appraiser appointed pursuant to this Section shall be the "Third Appraiser".

1.4 Baseball Appraisal. The Third Appraiser, if any, shall consider the appraisals submitted by the Initial Appraisers, as well as any other relevant written evidence the Third Appraiser may request of either or both of the Initial Appraisers. If either of the Initial Appraisers submits any such evidence to the Third Appraiser, it shall do so only at the request of the Third Appraiser and shall deliver a complete and accurate copy to the other Party and the Initial Appraiser such Party selected, at the same time it submits the same to the Third Appraiser. Neither Party, nor the Initial Appraisers they appoint, shall conduct any ex parte communications with the Third Appraiser regarding the subject matter of the appraisal. Within thirty (30) days after his or her appointment, the Third Appraiser shall select the Fair Market Value determined by one or the other of the Initial Appraisers that is the closer, in the opinion of the Third Appraiser, to the actual Fair Market Value. The determination of the Third Appraiser shall be limited solely to the issue of deciding which of the determinations of the two Initial Appraisers is closest to the actual Fair Market Value. The Third Appraiser shall have no right to propose a middle ground or to modify either of the two appraisals or any provision of this Exhibit.

1.5 Conclusive Determination. Except as provided in California Code of Civil Procedure Section 1286.2 (as the same may be amended from time to time), the determination of

the Fair Market Value by the accepted appraisal shall be conclusive, final and binding on the Parties. No Appraiser selected or appointed pursuant to this Exhibit shall have any power to modify any of the provisions of this Exhibit and must base his or her decision on the definitions, standards, assumptions, instructions and other provisions contained in this Exhibit. Subject to the provisions of this Section, the Parties will cooperate to provide all appropriate information to each Appraiser selected or appointed under this Exhibit. The Appraisers selected or appointed under the provisions of this Exhibit will each produce their determination in writing, supported by the reasons for the determination.

1.6 Fees and Costs; Waiver. Each Party shall bear the fees, costs and expenses of the Initial Appraiser it selects. The fees, costs and expenses of the Third Appraiser, including the fees, costs and expenses in his or her appointment pursuant to this Exhibit, shall be shared equally by the City and Developer.

Exhibit D-3

Form of Grant Deed

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO: Director of Property Real Estate Division City and County of San Francisco 25 Van Ness Avenue, Suite 400 San Francisco, California 94102 The undersigned hereby declares this instrument to be exempt from Recording Fees (CA Govt. Code § 27383) and Documentary Transfer Tax (CA Rev. & Tax Code § 11922 and S.F. Bus. & Tax Reg. Code § 1105)	

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

GRANT DEED

(Lot No. ____ Block No. ___)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, LAUREL HEIGHTS PARTNERS, LLC, a Delaware limited liability company ("Grantor"), hereby grants to the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the real property located in the City and County of San Francisco, State of California, described on Exhibit A attached hereto and made a part hereof (the "Property"), together with any and all rights, privileges and easements incidental or appurtenant to the Property, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Property, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Property, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the land and all of Grantor's right, title and interest in and to any and all roads and alleys adjoining or servicing the Property, and subject to the exceptions set forth on Exhibit B attached hereto and made a part hereof.

Executed as of this _____ day of _____, 20___.

LAUREL HEIGHTS PARTNERS, LLC
a Delaware limited liability company

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

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

State of California)
)
County of San Francisco)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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

State of California)
)
County of San Francisco)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the foregoing Grant Deed to the City and County of San Francisco, a municipal corporation, is hereby accepted pursuant to Board of Supervisors' Ordinance No. Ordinance 276-19 (File No. 190845), approved November 27, 2019, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

Director of Property

EXHIBIT A

Legal Description of Property

EXHIBIT B

List of Exceptions

1. The lien of real property taxes not yet due or payable at the time City acquires fee title to the Walnut Land

2. The lien of any taxes for Mello Roos Community Facilities District No. 90-1 not yet due or payable at the time City acquires fee title to the Walnut Land

3. Water rights, claims or title to water, whether or not disclosed by the public records

4. The declaration of public access covenants and restrictions attached as Exhibit C-3 to the Development Agreement

5. The notice of special restrictions for a child care facility to be recorded under Exhibit L to the Development Agreement

Exhibit D-4

Accepted Conditions of Title

1. The lien of real property taxes not yet due or payable at the time City acquires fee title to the Walnut Land

2. The lien of any taxes for Mello Roos Community Facilities District No. 90-1 not yet due or payable at the time City acquires fee title to the Walnut Land

3. Water rights, claims or title to water, whether or not disclosed by the public records

4. The declaration of public access covenants and restrictions attached as Exhibit C-3 to the Development Agreement

5. The notice of special restrictions for a child care facility to be recorded under Exhibit L to the Development Agreement

Exhibit D-5
Deed of Trust

RECORDING REQUESTED BY CLERK OF THE
BOARD OF SUPERVISORS OF THE CITY AND
COUNTY OF SAN FRANCISCO AND WHEN
RECORDED MAIL TO:

Office of the City Attorney
City Hall Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Land Use Team

Exempt from Recording Fees (CA Govt. Code §27383) and
Documentary Transfer Tax (CA Rev. & Tax Code §11922
and S.F. Bus. & Tax Reg. Code §1105)

APN: Block ____ Lot _____
Street Address:

DEED OF TRUST

This DEED OF TRUST (this "Deed of Trust") is made as of _____, 2020, among LAUREL HEIGHTS PARTNERS, LLC, a Delaware limited liability company ("Trustor"), whose address is _____, [_____], ("Trustee"), whose address is _____, and THE CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Beneficiary"), whose address is _____, Trustor irrevocably grants, transfers and assigns to Trustee in trust, with power of sale, all of Trustor's right, title and interest in and to that certain property located in the City and County of San Francisco, California, more particularly described in Exhibit A attached hereto and incorporated by reference herein (the "Land"), including, without limitation, all improvements located on the Land ("Improvements"), subject, however, to the termination, re-conveyance and subordination provisions of Section E.6 below. The Land and the Improvements shall be collectively referred to in this Deed of Trust as the "Property". Capitalized terms that are used but not defined herein shall have the meanings given such terms in that certain Development Agreement by and between the City and County of San Francisco and Laurel Heights Partners, LLC, dated _____, 2020, and recorded in the Official Records of San Francisco County as Document No. _____ on _____, 20__ (the "DA").

For the purpose of securing only (1) Trustor's obligation to transfer the Property in accordance with Section 4 of Exhibit D to the DA (the "Transfer Section") as and when required under the Transfer Section, and (2) the performance of each agreement of Trustor incorporated by reference or contained herein or reciting it is so secured (items (1) and (2) above are referred

to herein as the "Secured Obligations"). Other than such transfer obligation under the Transfer Section, no other provision of the DA is secured by this Deed of Trust.

A. To protect and maintain the security of this Deed of Trust, Trustor agrees:

1. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any suit brought by Beneficiary to foreclose this Deed of Trust.

2. To pay all costs, fees and expenses of this Deed of Trust.

3. To pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to the provisions hereof, with interest from date of expenditure at the maximum rate allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed that:

1. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his or her right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

2. At any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust, and without affecting the personal liability, if any, of any person for payment of the indebtedness secured hereby, Trustee has the right to reconvey any part of the Property, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

3. Upon written request of Beneficiary stating that all actions required under the Transfer Section have been performed, all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

C. The occurrence of any of the following events shall constitute an event of default (a "Default") under this Deed of Trust:

1. Trustor (i) transfers its interest in the Property, or any part of thereof, or any interest in the Property, in any manner other than (a) a transfer to the Housing Entity (as defined in the DA), (b) the grant of a deed of trust or mortgage to any Mortgagee (as defined in the DA) that is subordinate to this Deed of Trust and encumbers all or part of Trustor's interest in the Property, (c) leases entered into in the ordinary course, or (d) Property Covenants (as defined in

Section 2.A of Exhibit D of the DA) in accordance with Section 2.A of Exhibit D of the DA or (ii) is divested of its title or any interest in the Property in any manner or way, whether voluntarily or involuntarily, in each case without the Beneficiary's prior written consent (which consent shall not be unreasonably withheld).

2. Trustor's failure to perform any covenant or obligation of Trustor contained herein, as and when performance is due, and the continuance of such failure for a period of thirty (30) days following written notice thereof from Beneficiary to Trustor; provided, however, that if such failure is not reasonably susceptible of cure within such thirty (30) day period, then, so long as Trustor commences to cure such failure within such thirty (30) day period and continually and diligently pursues such cure and completes such cure within a reasonable period, such failure shall not be a Default.

3. Trustor becomes insolvent, makes an assignment for the benefit of creditors, or commences or becomes subject to any proceeding under the federal Bankruptcy Code or any other insolvency, receivership, reorganization, arrangement of debt, liquidation or debtor's relief law wherein the Trustor is the debtor.

4. Trustor fails to transfer the Property in accordance with the Transfer Section, as and when required under the Transfer Section.

D. If any Default occurs, and as long any such Default exists, Beneficiary shall have the right to declare all indebtedness secured hereby to be immediately due and payable, and all such indebtedness shall thereupon become immediately due and payable, without any presentment, demand, protest or notice of any kind, all of which are expressly waived by Trustor, and Beneficiary shall have the following remedies:

1. Beneficiary shall have the right, either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of the security, to enter upon and take possession of the Property, or any part thereof, in its own name or in the name of Trustee, and do any acts which Beneficiary deems necessary or desirable to preserve the value, marketability or rentability of the Property or increase the income therefrom or protect the security hereof, and, with or without taking possession of the Property, to sue for or otherwise collect the rents and profits of the Property, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any indebtedness secured hereby, all in such order as Beneficiary may determine.

2. Beneficiary shall have the right to commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof.

3. Beneficiary shall have the right to deliver to Trustee a written declaration of default and demand for sale pursuant to the power of sale in this Deed of Trust. If Beneficiary elects to foreclose this Deed of Trust by exercise of the power of sale in this Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee such written notice of default and election to sell and such receipts or evidence of expenditures made and secured hereby as Trustee may require. After the lapse of such time as may then be required by law following the

recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by Trustee in said notice of sale, as a whole, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee shall have the right to postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter shall have the right to postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

4. After deducting all costs, fees and expenses of Trustee and of the trust created under this Deed of Trust ("Trust"), including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

5. Every right, power and remedy granted to Trustee or Beneficiary in this Deed of Trust shall be cumulative and not exclusive, and in addition to all rights, powers and remedies granted at law or in equity or by statute, and each such right, power and remedy may be exercised from time to time and as often and in such order as may be deemed expedient by Trustee or Beneficiary, and the exercise of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy.

6. Trustor hereby requests that a copy of any notice of default and of any notice of sale under this Deed of Trust be mailed to Trustor at the address of Trustor set forth in this Deed of Trust as required by applicable law.

E. It is further mutually agreed that:

1. Beneficiary, or any successor in its rights under the Transfer Section or ownership of any indebtedness secured hereby, has the right to, from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

2. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine or the neuter, and the singular number includes the plural.

3. The Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

4. A copy of any notice of default and any notice of sale hereunder shall be mailed to Trustor at his address hereinbefore set forth.

5. Trustor shall have no personal liability under this Deed of Trust, and Beneficiary's only recourse against Trustor for the satisfaction of the Secured Obligations shall be Beneficiary's exercise of its rights and remedies with respect to the Property.

6. Immediately prior to the earlier to occur of (i) the Tax Credit Closing (as defined in Exhibit D to the DA) or (ii) the payment of the amounts under subsection G of the Transfer Section following City's election to take such payment, this Deed of Trust automatically shall become null and void without the need for further action by Trustor, Trustee or Beneficiary, and Beneficiary shall cause to be recorded, in the Official Records of the City and County of San Francisco, with respect to the Property a standard form of re-conveyance of deed of trust with respect to this Deed of Trust.

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

[*Remainder of Page Intentionally Blank. Signature on Following Page.*]

IN WITNESS WHEREOF, the undersigned has caused this Deed of Trust to be executed and delivered under seal as of the day and year first above written.

LAUREL HEIGHTS PARTNERS, LLC, a
Delaware limited liability company

By: _____

Name: _____

Title: _____

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

State of California)
County of San Francisco)

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

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

WITNESS my hand and official seal.

Signature _____

Exhibit A

Legal Description of Land

Exhibit E

List of Approvals

Final approval actions by the City and County of San Francisco Board of Supervisors

1. Ordinance 276-19 (File No. 190845): (1) Approving a Development Agreement between the City and County of San Francisco and Laurel Heights Partners LLC; (2) waiving or modifying certain provisions of the Administrative Code and Planning Code, and approving specific development impact fees; and (3) adopting findings under the California Environmental Quality Act and findings of consistency with the General Plan and Planning Code priority policies.
2. Ordinance 275-19 (File No. 190844): Amending the Planning Code, the Zoning Map, and the Height Map to add the 3333 California Project Special Use District and adopting findings under the California Environmental Quality Act and findings of consistency with the General Plan and Planning Code priority policies.
3. Ordinance 278-19 (File No. 190947): Approving Major Encroachment Permit to Laurel Heights Partners LLC for improvements on Presidio Avenue, Masonic Avenue, and Pine Street; Euclid Avenue and Masonic Avenue; and Mayfair Drive and Laurel Street adjacent to 3333 California Street.
4. Ordinance ___-24 (File No. 24____): Approving the Second Amendment to Development Agreement between the City and Laurel Heights Partners LLC.

Final and Related Approval Actions of City and County of San Francisco Planning Commission (referenced by Motion Number "M No." or Resolution Number "R No.")

1. M No. 20512: Certifying the Final Environmental Impact Report for the 3333 California Mixed-Use District Project.
2. M No. 20513: Adopting Findings and Statement of Overriding Considerations under the California Environmental Quality Act.
3. M No. 20516: Approving a Conditional Use Authorization/Planned Unit Development for the 3333 California Project.
4. R No. 20514: Recommending to the Board of Supervisors approval of amendments to the Planning Code to establish the 3333 California Project Special Use District and approval of amendments to Sectional Maps SU03 to refer to the 3333 California Project Special Use District and HT03 of the Zoning Map.
5. R No. 20515: Recommending to the Board of Supervisors approval of a Development Agreement between the City and Laurel Heights Partners LLC.
6. R No. _____ Recommending to the Board of Supervisors approval of the Second Amendment to Development Agreement between the City and Laurel Heights Partners LLC.

Final and Related Approval Actions of City and County of San Francisco Municipal Transportation Agency Board of Directors

1. Resolution Number 191001-125 consenting to a Development Agreement between the City and Laurel Heights Partners LLC, including the Transportation Exhibit.

Final and Related Approval Actions of City and County of San Francisco Public Utilities Commission

1. Resolution Number 19-0226 consenting to the AWSS Schedule in the Development Agreement between the City and Laurel Heights Partners LLC.

Final and Related Approval Actions by San Francisco Public Works

1. Approval of Tentative Map

Exhibit O

Financing Plan

This FINANCING PLAN (this "**Financing Plan**") implements and is part of the 3333 California Street Development Agreement (as defined herein) to which this Financing Plan is attached and of which it is made a part. Capitalized terms used but not otherwise defined in this Financing Plan shall have meanings given to them in the 3333 California Street Development Agreement.

The City approved the 3333 California Street Development Agreement of which this Financing Plan is a part pursuant to Ordinance No. 276-19, adopted by the Board of Supervisors on November 19, 2019, which was signed by the Mayor on November 27, 2019, and Resolution No. _____, adopted by the Board of Supervisors on _____, 2024, which was signed by the Mayor on _____, 2024.

Notwithstanding anything in the 3333 California Street Development Agreement to the contrary, and except as provided in this Financing Plan, the rights and obligations of the 3333 California Street Developer with respect to the CFD and the EIFD (as set forth in part in this Financing Plan) shall not be deemed assigned to a Transferee through the Assignment and Assumption Agreement. After an Assignment and Assumption Agreement is executed by a Transferee, all rights and obligations of the 3333 California Street Developer with respect to the CFD and the EIFD (as set forth in part in this Financing Plan) shall remain those of the 3333 California Street Developer unless all or some portion of such rights and obligations are specifically assigned to the Transferee through a Public Financing Assignment and then only to the extent of such specific assignments set forth in the Public Financing Assignment.

This Financing Plan also describes the relationship of the 3333 California Street Project and the EIFD to the 3700 California Street Project, including the EIFD Acquisition Agreement.

1. OVERVIEW

1.1 CFD Financing Plan Purposes

(a) Purpose of Financing Plan for CFD. The purpose of this Financing Plan is to establish the contractual framework for mutual cooperation between the City and 3333 California Street Developer necessary to implement the 3333 California Street Project. Except as otherwise agreed to by 3333 California Street Developer and City, the City shall take all actions reasonably necessary, subject to Board of Supervisors' approval, and 3333 California Street Developer shall cooperate reasonably, to do all of the following related to and in furtherance of the development and operation of the 3333 California Street Project and all as more particularly described herein: (i) establish the Services CFD to finance Contingent Service Costs, approve each RMA with a Contingent Services Special Tax, and upon the Trigger Event, levy Contingent Services

Special Taxes within the Services CFD; and (ii) if the 3333 California Street Developer determines, in its discretion, to form a Facilities CFD to finance Qualified Project Costs, establish the Facilities CFD (which may be combined with the Services CFD to finance Contingent Service Costs), approve each RMA with a Facilities Special Tax, levy Facilities Special Taxes, execute the CFD Acquisition Agreement, apply Remainder Taxes, and issue CFD Bonds.

(b) Structure of Services CFD. The Services CFD shall be formed over the entirety of the 3333 California Street Project Site prior to issuance of a Final Map for the 3333 California Street Project. The 3333 California Street Developer shall initiate formation of the Services CFD by submitting to the Board of Supervisors an executed Petition that conforms with California Government Code Section 53319. The City and the 3333 California Street Developer agree that, subject to the Board of Supervisors' approval, the formation of the Services CFD shall be completed as a result of the recordation in the real property records of the City of a notice of special tax lien pursuant to Government Code Section 53328.3 prior to or concurrently with formation of the Facilities CFD.

(c) Structure of Facilities CFD. This Financing Plan is designed to provide flexibility to the 3333 California Street Developer to determine whether to form the Facilities CFD and, if so, to tailor the Facilities CFD to the phasing, build-out, and marketing of the 3333 California Street Project Site, including the option to employ an Offset (as defined in Section 2.6(n). Accordingly, if requested, 3333 California Street Developer shall have the flexibility to request that (i) the Facilities CFD be formed initially over the entirety of the 3333 California Street Project Site, or (ii) the Facilities CFD be formed initially over one or more phases of the 3333 California Street Project Site in an Improvement Area, with the remainder of the 3333 California Street Project Site (and, in either case, possibly including other property outside the 3333 California Street Project Site, but not including the 3700 California Street Project Site) being identified as Future Annexation Area. If 3333 California Street Developer requests an initial Improvement Area with Future Annexation Area, 3333 California Street Developer may also request the further flexibility to annex the property identified as the Future Annexation Area into the initial Improvement Area or into a newly-created Improvement Area. The Future Annexation Area property shall be annexed from time to time upon the submission of a unanimous written approval to the City of the property owner of the property to be annexed pursuant to the CFD Act according to the procedures established by the Board of Supervisors in the Facilities CFD formation proceedings.

1.2 EIFD Financing Plan Purposes

(a) Purpose of Financing Plan for EIFD. As stated above, the purpose of this Financing Plan is to establish the contractual framework for mutual cooperation between the City and 3333 California Street Developer necessary to implement the 3333 California Street Project by financing public improvements and other projects of community-wide significance associated with the 3333 California Street Project and the 3700 California Street Project. Accordingly, the City shall take all actions reasonably necessary, and 3333 California Street Developer shall cooperate reasonably, to do all

of the following, all related to and in furtherance of the development and operation of the 3333 California Street Project and all as more particularly described herein: (i) request the Public Financing Authority to form, and cooperate with the Public Financing Authority in connection with the formation of, the EIFD; (ii) if the fiscal impact analysis of the 3333 California Street Project, the 3700 California Street Project and the EIFD in the IFP demonstrates that the City's General Fund will receive a net fiscal benefit from the 3333 California Street Project Site and the 3700 California Street Project Site after formation of the EIFD, approve the IFP, and request the Public Financing Authority to approve the IFP, that contains, among other requirements, the provisions described herein; (iii) if the fiscal impact analysis of the 3333 California Street Project, the 3700 California Street Project and the EIFD in the IFP demonstrates that the City's General Fund will not receive a net fiscal benefit from the 3333 California Street Project Site and the 3700 California Street Project Site after formation of the EIFD but would receive a net benefit if the 3700 California Street Project Site was removed from the EIFD, take steps to remove the 3700 California Street Project Site from the EIFD and approve the IFP, and request the Public Financing Authority to approve the IFP, that contains, among other requirements, the provisions described herein; (iv) cooperate with the 3333 California Street Developer, the 3700 California Street Developer and the EIFD to execute the EIFD Acquisition Agreement; (v) allocate the Allocated Tax Revenue and conditionally allocate the Conditional Tax Revenue to the EIFD; and (vi) request the Public Financing Authority to issue EIFD Bonds and utilize the proceeds of the EIFD Bonds to acquire and/or reimburse the 3333 California Street Developer and the 3700 California Street Developer for Qualified EIFD Improvements. In the event that the 3700 California Street Project Site is removed from the EIFD as described above, all references in this Financing Plan to the 3700 California Street Project being part of the EIFD shall have no further force or effect.

(b) Structure of EIFD. In connection with the formation of the EIFD, the City and the 3333 California Street Developer agree to discuss the phasing and marketing of the Projects and the creation of Project Areas. The 3333 California Street Developer and the 3700 California Street Developer have informed the City that they wish to establish Project Areas that, with limited exceptions, are anticipated to conform to the expected phasing of the Projects. The City has informed the 3333 California Street Developer and the 3700 California Street Developer that the City wishes to minimize the administrative complexity associated with Project Areas. The City and the 3333 California Street Developer agree that the EIFD shall include six project areas to align with the anticipated phases of the Projects unless the City and the 3333 California Street Developer agree on fewer than six project areas.

1.3 Deposit and Reimbursement Agreement. Concurrently with formation of the EIFD, the City and the 3333 California Street Developer will execute a deposit and reimbursement agreement pursuant to which the 3333 California Street Developer will agree, from time to time, to provide the City with a deposit sufficient to pay the costs incurred by the City in connection with formation of the Services CFD, the Facilities CFD (if the 3333 California Street Developer elects to form the Facilities CFD), and the EIFD.

1.4 Financing Temporarily Excused – EIFD Bonds.

(a) As a general matter, there shall be no cross-defaulting between the 3333 California Street Project and the 3700 California Street Project, and the default by one project that could temporarily excuse the issuance of EIFD Bonds that are sized based on Allocated Revenue from the defaulting project shall not prevent the issuance of EIFD Bonds sized based on Allocated Revenue from the non-defaulting project, as set forth below.

(b) The City and the EIFD will be authorized to temporarily suspend the issuance of any EIFD Bonds sized based on Allocated Tax Revenue generated from the 3333 California Street Project Site during the time in which:

(i) 3333 California Street Developer is in default in the payment of any ad valorem tax levied on any Taxable Parcel it then owns in the 3333 California Street Project Site;

(ii) 3333 California Street Developer is in Default under the 3333 California Street Development Agreement;

(iii) 3333 California Street Developer fails to cooperate reasonably with the EIFD or the City as necessary to implement the issuance of EIFD Bonds consistent with this Financing Plan; or

(iv) in the judgment of the City or the EIFD, after consultation with 3333 California Street Developer, and based upon the purposes of the Financing Plan and advice of EIFD or City staff and consultants, market conditions or conditions affecting the property in the 3333 California Street Project Site (such as tax delinquencies, assessment appeals, damage or destruction of improvements, litigation or proceedings, inquiries or investigations, at law or in equity, or by or before any court, governmental agency, public board or body) make it fiscally imprudent or infeasible to incur the requested indebtedness sized based on Allocated Revenue from the 3333 California Street Project at the time.

(c) The City and the EIFD will be authorized to temporarily suspend the issuance of any EIFD Bonds sized based on the Allocated Tax Revenue generated from the 3700 California Street Project Site during the time in which:

(i) 3700 California Street Developer is in default in the payment of any ad valorem tax levied on any Taxable Parcel it then owns in the 3700 California Street Project Site;

(ii) 3700 California Street Developer fails to cooperate reasonably with the EIFD or the City as necessary to implement the issuance of EIFD Bonds consistent with this Financing Plan; or

(iii) in the judgment of the City or the EIFD, after consultation with 3700 California Street Developer, and based upon the purposes of the Financing Plan

and advice of EIFD or City staff and consultants, market conditions or conditions affecting the property in the 3700 California Street Project Site (such as tax delinquencies, assessment appeals, damage or destruction of improvements, litigation or proceedings, inquiries or investigations, at law or in equity, or by or before any court, governmental agency, public board or body) make it fiscally imprudent or infeasible to incur the requested indebtedness sized based on the Allocated Tax Revenue from the 3700 California Street Project at the time.

(d) For both the 3333 California Street Project and the 3700 California Street Project, the City and the EIFD will be authorized to temporarily suspend the issuance of any EIFD Bonds during the time in which:

(i) there is an action, suit, proceeding, inquiry or investigation, at law or in equity, or by or before any court, governmental agency, public board or body, pending or threatened against the EIFD: (i) wherein an unfavorable decision, ruling or finding would adversely affect the existence of the EIFD or the title of any official of the EIFD to such person's office; (ii) seeking to restrain or enjoin the issuance, sale or delivery of the EIFD Bonds, or the assignment by the EIFD of its rights under the Indenture; (iii) in any way contesting or affecting the validity or enforceability of the applicable Indenture or the EIFD Bonds; (iv) contesting in any way the completeness or accuracy of the Official Statement relating to the EIFD Bonds; or (v) contesting the power of the City or EIFD or its authority with respect to the EIFD Bonds or the applicable Indenture, or there is any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Indenture or the authorization, execution, delivery or performance by the EIFD of the EIFD Bonds or the Indenture; or

(ii) the underwriter for any issue of EIFD Bonds exercises any right to cancel its obligation to purchase the EIFD Bonds during the occurrence and continuation of events specified in its bond purchase agreement ("**Underwriter Force Majeure**").

1.5 Financing Temporarily Excused – CFD Bonds. City will be authorized to temporarily suspend the issuance of any CFD Bonds during the time in which:

(a) 3333 California Street Developer is in default in the payment of any Project Special Taxes levied on any Taxable Parcel it then owns in the Facilities CFD;

(b) 3333 California Street Developer is in Default under the 3333 California Street Development Agreement;

(c) 3333 California Street Developer fails to cooperate reasonably with the City as necessary to implement the issuance of CFD Bonds consistent with this Financing Plan;

(d) in the judgment of the City, after consultation with 3333 California Street Developer, and based upon the purposes of the Financing Plan and advice of City staff and consultants, market conditions or conditions affecting the property in the

Facilities CFD (such as tax delinquencies, assessment appeals, damage or destruction of improvements, litigation or proceedings, inquiries or investigations, at law or in equity, or by or before any court, governmental agency, public board or body) make it fiscally imprudent or infeasible to incur the requested indebtedness at the time;

(e) there is an action, suit, proceeding, inquiry or investigation, at law or in equity, or by or before any court, governmental agency, public board or body, pending or threatened against the Facilities CFD: (i) wherein an unfavorable decision, ruling or finding would adversely affect the existence of the Facilities CFD or the title of any official of the Facilities CFD to such person's office; (ii) seeking to restrain or enjoin the issuance, sale or delivery of the CFD Bonds, or the assignment by the Facilities CFD of its rights under the Indenture; (iii) in any way contesting or affecting the validity or enforceability of the applicable Indenture or the CFD Bonds; (iv) contesting in any way the completeness or accuracy of the Official Statement; or (v) contesting the power of the District or its authority with respect to the CFD Bonds or the applicable Indenture, or there is any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Indenture or the authorization, execution, delivery or performance by the Facilities CFD of the CFD Bonds or the Indenture; or

(f) the underwriter for any issue of CFD Bonds exercises any right to cancel its obligation to purchase the CFD Bonds during the occurrence and continuation of Underwriter Force Majeure event.

2. COMMUNITY FACILITIES DISTRICT FINANCING

2.1 Formation of CFD

(a) Formation of Services CFD. Except as otherwise specifically agreed to in writing by 3333 California Street Developer and City, and within the time frame described in Section 1.1(b), the 3333 California Street Developer shall submit a Petition to City under the CFD Act for formation of the Services CFD to finance Contingent Service Costs by levying the Contingent Services Special Tax on Taxable Parcels that are within the boundaries of the Services CFD. Following City's receipt of a Petition, 3333 California Street Developer and City will meet with City's public financing consultants to determine reasonable and appropriate terms of the proposed Services CFD that are consistent with this Financing Plan.

(b) Formation of Facilities CFD. In addition, in 3333 California Street Developer's sole discretion, the 3333 California Street Developer may submit a Petition to City under the CFD Act for formation of a Facilities CFD to finance Qualified Project Costs by levying the Facilities Special Tax on Taxable Parcels that are within the boundaries of the Facilities CFD. Should the 3333 California Street Developer submit a Petition to form a Facilities CFD, the 3333 California Street Developer shall have the discretion to propose Facilities Special Tax rates, subject to compliance with Section 2.3(e) and Section 2.3(f) and may include proposed specifications for the Facilities CFD, including any proposed Improvement Areas. Following City's receipt of a Petition, 3333

California Street Developer and City will meet with City's public financing consultants to determine reasonable and appropriate terms of the proposed Facilities CFD as set forth in 3333 California Street Developer's Petition to the extent consistent with this Financing Plan.

(c) Goals and Policies. City shall establish a CFD pursuant to this Financing Plan promptly following submission by 3333 California Street Developer of a Petition and compliance with Section 53318(d) of the Mello-Roos Act. City and 3333 California Street Developer intend that the provisions of this Financing Plan be consistent with and authorized by the CFD Goals; accordingly, at the time a CFD is formed, City may waive any provisions in its CFD Goals that are inconsistent with this Financing Plan, subject to the restrictions set forth in Section 2.6(g). A Services CFD may include separate tax zones and a Facilities CFD may include separate Improvement Areas.

(d) Taxable Parcels. 3333 California Street Developer and City intend that Project Special Taxes will be levied against the applicable Taxable Parcels for the purposes and in the manner described in this Financing Plan and agree that any Exempt Parcels will be exempt from Project Special Taxes.

(e) Transferees. 3333 California Street Developer shall obligate each Transferee in the Assignment and Assumption Agreement to cooperate in the formation of the Services CFD.

(f) Purposes of CFDs. Except as otherwise agreed to by 3333 California Street Developer and City, 3333 California Street Developer shall be required to Petition the City under the CFD Act to establish the Services CFD as set forth in Section 1.1(a) and Section 1.1(b) only after the EIFD has been created pursuant to Article 3. The Services CFD shall be authorized to levy the Contingent Services Special Taxes to finance the Contingent Services Costs upon the occurrence of a Trigger Event. If the 3333 California Street Developer petitions to form a Facilities CFD, the Facilities CFD (and each Improvement Area) shall be authorized to finance Qualified Project Costs, irrespective of the geographic location of the Improvements financed.

(g) Joint Community Facilities Agreements. If the 3333 California Street Developer petitions to form a Facilities CFD, then 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 authorized Improvements. City and 3333 California Street Developer agree that to the extent required for compliance with the CFD Act they will take all steps reasonably necessary to procure the authorization and execution of any required joint community facilities agreement with a Governmental Entity other than City before the issuance of any CFD Bonds that will finance authorized Improvements that will be owned or operated by such Governmental Entity other than City. This paragraph is applicable only if the 3333 California Street Developer determines to form the Facilities CFD to finance facilities, and shall not apply to the Services CFD.

(h) Notice of Special Tax Lien. Upon formation of the Services CFD, the Contingent Services Special Taxes will be secured by recordation in the Official Records of continuing liens against all Taxable Parcels that are within the Services CFD at the time of formation of the Services CFD and through amendments to the notice of special tax lien upon annexation of additional property into the Services CFD. If the 3333 California Street Developer petitions to form a Facilities CFD, then upon formation of the Facilities CFD, the Facilities Special Taxes will be secured by recordation in the Official Records of continuing liens against all applicable Taxable Parcels that are within the Facilities CFD at the time of formation of the Facilities CFD and through amendments to the notice of special tax lien upon annexation of additional property into the Facilities CFD.

2.2 Scope of CFD-Financed Costs

(a) Authorized Costs. The Services CFD shall be authorized to levy the Contingent Services Special Taxes to finance only the Contingent Services Costs solely upon the occurrence of a Trigger Event. The Facilities CFD, if formed at the discretion of the 3333 California Street Developer, may finance only Qualified Project Costs that: (i) are financeable under the CFD Act; and (ii) on a taxable or tax-exempt basis as determined by Tax Laws.

2.3 Parameters of CFD Formation

(a) Cooperation. 3333 California Street 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 and the respective 3333 California Street Developer's Petition. 3333 California Street 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 timely to the other, any information reasonably necessary to develop each RMA, such as legal boundaries of the property to be included and 3333 California Street Developer's plans for the types, sizes, numbers, and timing for development, within the applicable CFD.

(b) RMA Consultants and Approval. An RMA for each CFD will be: (i) developed by City's special tax consultant, in consultation with 3333 California Street Developer and City's staff and other consultants; (ii) consistent with 3333 California Street 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 for the applicable CFD. 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 3333 California Street Developer.

(c) Priority Administrative Costs. In determining coverage requirements for any reason (e.g., bond sizing, parity bonds, etc.), City shall prioritize the payment of administrative costs for such CFD.

(d) Special Taxes.

(i) The RMA for the Services CFD shall create the Contingent Services Special Taxes that shall be levied only upon Developed Property. The Contingent Services Special Taxes shall be established such that the aggregate Contingent Services Special Taxes within the Services CFD are sufficient to finance the Contingent Services Costs, and shall be levied only upon the occurrence of a Trigger Event.

(ii) Each RMA for the Facilities CFD, if any, may create the Facilities Special Tax and shall specify rates for Developed Property and Undeveloped Property. Facilities Special Tax rates for Developed Property may vary based on sizes, densities, types of buildings to be constructed, and other relevant factors if the Facilities CFD is formed. Each RMA will establish Facilities Special Tax rates assuming that any CFD Bonds issued will have a debt service coverage-ratio of one hundred ten percent (110%), unless City and 3333 California Street Developer approve a higher ratio for establishing the Facilities Special Tax rates to market the CFD Bonds effectively. Each RMA shall also establish Facilities Special Tax rates for Undeveloped Property. In each RMA, the Facilities Special Tax rates will be set so that the Total Tax Obligation on any Taxable Residential Unit within each Improvement Area of the CFD will not exceed two percent (2%) of the 3333 California Street projected sales price of that Taxable Residential Unit calculated at the time the Improvement Area is designated (the "**2% Limitation**"). If an RMA is modified to increase the Facilities Special Tax rates, the Facilities Special Tax rates will be modified so that the Total Tax Obligation on any Taxable Residential Unit within an Improvement Area of the Facilities 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.

(e) Escalation of Special Tax Rates. For the Contingent Services Special Taxes, the RMA shall provide for annual increases that shall be the lesser of (i) the percentage change in CPI or some other index approved by the City and 3333 California Street Developer, and (ii) 5%. If a Facilities CFD is formed, then for the Facilities Special Tax, at the 3333 California Street Developer's discretion, each RMA will provide for annual increases in the Facilities Special Tax rates of up to 2% annually.

(f) Priority for Annual Levy of Facilities Special Taxes. This subsection (g) does not apply to the Services CFD and applies only to a Facilities CFD if the 3333 California Street Developer, in its discretion, determines to Petition to form the Facilities CFD and the Facilities CFD is formed. Each RMA will provide for the levy of Facilities Special Taxes on Developed Property (as defined in each RMA) at the maximum Facilities Special Tax rate beginning in the initial year of the levy and continuing for a period of time not exceeding ten (10) years from the initial levy of Facilities Special Taxes in the Facilities CFD to create Remainder Taxes (in accordance with Section 2.3(h)) to finance Qualified Project Costs. If Improvement Areas are designated, the 10-year period shall apply separately to each Improvement Area. Thereafter, City shall levy Facilities Special Taxes each remaining year of the Facilities CFD's or Improvement Area's (as applicable) term to fund debt service (not including capitalized interest), administrative costs and Qualified Project Costs, to be financed by the Facilities CFD (collectively, the "**Facilities Special Tax Requirement**") according to the priorities set

forth in the Indenture, until the Facilities Special Tax Requirement is fully satisfied. Each RMA must reflect the priorities set forth below:

(i) First, Facilities Special Taxes will be levied on each Taxable Parcel of Developed Property at the maximum Facilities 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 Facilities Special Tax Requirement in full after application of any capitalized interest, Facilities Special Taxes will be levied proportionately on each Taxable Parcel of Undeveloped Property, up to one hundred percent (100%) of the applicable maximum Facilities Special Tax rate established in the applicable RMA until the Facilities Special Tax Requirement is satisfied.

(g) Use of Remainder Taxes. This subsection (h) does not apply to the Services CFD and applies only to a Facilities CFD if the 3333 California Street Developer, in its discretion, determines to Petition to form the Facilities CFD and the Facilities CFD is formed.

(i) Developer and City contemplate that, within each Improvement Area of the Facilities CFD, Qualified Project Costs will be paid from Remainder Taxes collected in such Improvement Area both before and after the issuance of CFD Bonds for such Improvement Area, subject to the 10-year limitation described in Section 2.3(g) above. Accordingly, each RMA will provide that Remainder Taxes may be used to finance Qualified Project Costs. Annually, on or before October 1 of each year, City shall deposit Remainder Taxes in the applicable Remainder Taxes Project Account for the Facilities CFD.

(ii) Amounts on deposit in the Remainder Taxes Project Account shall be applied to pay Qualified Project Costs.

(iii) Remainder Taxes deposited in the Remainder Taxes Project Account will not be deemed or construed to be pledged for payment of debt service on any CFD Bonds, and neither 3333 California Street Developer nor any other person will have the right to demand or require that City or Fiscal Agent, as applicable, use funds in the Remainder Taxes Project Account to pay debt service.

(h) Prepayment. The Contingent Services Special Taxes may not be prepaid. If a Facilities CFD is formed, then each RMA will include provisions allowing a property owner within the related Improvement Area that is not in default of its obligation to pay Facilities Special Taxes to prepay Facilities Special Taxes based on a formula that will require payment of the property owner's anticipated total Facilities Special Tax obligation. Prepaid Facilities Special Taxes will be placed in a segregated account in accordance with the applicable Indenture, and each RMA and the applicable Indenture will specify the use of prepaid Facilities Special Taxes.

(i) Amendment to RMA. Each RMA must be consistent with this Financing Plan, except as agreed by City and 3333 California Street Developer. Nothing in this Financing Plan will prevent an amendment of an RMA for the CFD under its terms or under Change Proceedings as described in this Financing Plan.

(j) Reducing Facilities Special Tax Rates Before Issuance of First CFD Bonds. This subsection (k) does not apply to the Services CFD and applies only to a Facilities CFD if the 3333 California Street Developer, in its discretion, determines to Petition to form the Facilities CFD. Each RMA shall contain a provision that allows 3333 California Street Developer to request that the Facilities Special Tax rates be reduced for the applicable Improvement Area before any CFD Bonds are issued. If expressly permitted and defined in an RMA, any such reduction of the Facilities Special Tax rates in the applicable Improvement Area may be done administratively without the vote of the qualified electors of such Improvement Area before CFD Bonds for the applicable Improvement Area are issued. If expressly permitted and defined in an 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 such RMA). If the maximum Facilities Special Tax rate is permanently reduced, City will record timely an appropriate instrument in the Official Records.

(k) Affordable Housing and Other Facilities. Notwithstanding anything to the contrary contained herein and in the CFD Act, each RMA shall (i) include provisions exempting parcels that contain 100% Affordable Units, (ii) establish reduced Project Special Tax rates for Inclusionary Units as approved by 3333 California Street Developer and the City, and (iii) establish reduced Project Special Tax rates for childcare and community facilities.

2.4 Issuance of CFD Bonds. This Section 2.4 does not apply to the Services CFD and applies only to a Facilities CFD if the 3333 California Street Developer, in its discretion, determines to Petition to form the Facilities CFD and the Facilities CFD is formed.

(a) Issuance. Subject to approval of the Board of Supervisors, City, on behalf of the Facilities CFD, intends to issue CFD Bonds within each Improvement Area for purposes of this Financing Plan, but only upon the written request of 3333 California Street Developer. 3333 California Street Developer may submit written requests that City issue CFD Bonds, specifying requested issuance dates, amounts, and main financing terms. Following 3333 California Street Developer's request, 3333 California Street 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 this Financing Plan, sound municipal finance practices and Section 2.4(g).

(b) Payment Dates. So that Remainder Taxes may be calculated on the same date for all 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 CFD Bond issue will be three to one (3:1), unless otherwise required by the CFD Act, recommended by the City's underwriter or financial advisor or mutually agreed by the 3333 California Street Developer and City.

(d) Coverage Ratio. All CFD Bonds will have a debt service coverage-ratio of one hundred ten percent (110%), unless otherwise recommended by the City's underwriter or financial advisor or agreed to by City and 3333 California Street Developer.

(e) Term. CFD Bonds will have a term of not less than thirty (30) years and not more than forty (40) years unless 3333 California Street Developer and City agree otherwise.

(f) Office of Public Finance. All City decisions regarding the issuance of CFD Bonds shall be made following consultation with the Controller's Office of Public Finance.

(g) City Funding Goal. The City and the 3333 California Street Developer agree that it is one of the purposes of this Financing Plan to implement sound and prudent public fiscal policies that protect the City's General Fund and the City's financial standings and fiduciary obligations, while operating within the constraints of this Financing Plan and, as applicable, the CFD Act, the CFD Goals, and Tax Laws.

2.5 Use of Proceeds. This Section 2.5 does not apply to the Services CFD and applies only to a Facilities CFD if the 3333 California Street Developer, in its discretion, determines to Petition to form the Facilities CFD and the Facilities CFD is formed.

(a) CFD Bond Proceeds. Subject to Tax Laws, the CFD Act, and the CFD Goals, 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 is requested by 3333 California Street Developer; and (iii) to pay Qualified Project Costs. Any CFD Bond proceeds remaining after the deposits required by the preceding clauses (i) and (ii) will be deposited into the CFD Bonds Project Account as designated in the applicable Indenture.

(b) Qualified Project Costs. By this Financing Plan, and subject to Tax Laws, City agrees to use the proceeds of CFD Bonds on deposit in each CFD Bonds Project Account or as otherwise provided in the applicable Indenture and, subject to Sections 2.3(h), all Remainder Taxes on deposit in the Remainder Taxes Project Account to finance Qualified Project Costs. In furtherance of this Financing Plan, City shall levy Facilities Special Taxes in each Fiscal Year in strict accordance with the RMA and this Financing Plan.

2.6 Miscellaneous CFD Provisions

(a) Change Proceedings. This Section 2.6(a) does not apply to the Services CFD and applies only to a Facilities CFD if the 3333 California Street Developer, in its discretion, determines to Petition to form the Facilities CFD and the Facilities CFD is formed. Subject to the limitations in this Financing Plan, Tax Laws and the CFD Act, City will not reject unreasonably 3333 California Street Developer's request to conduct Change Proceedings under the CFD Act to: (i) make any changes to the RMA, including amending the rates and method of apportionment of Facilities Special Taxes; (ii) increase or decrease the authorized bonded indebtedness limit within the CFD or any Improvement Area; (iii) annex property that was not identified as Future Annexation Area into the CFD (or any Improvement Area therein); (iv) add additional public capital facilities for the 3333 California Street Project; or (v) take other actions reasonably requested by 3333 California Street Developer.

(b) Maintaining Levy of CFD Financing. Under section 3 of article XIIIC 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, Section 9 of article I of the California Constitution prohibits the passage of a law resulting in an impairment of contract. The purpose of this Section 2.6(b) is to give notice that: (i) the Agreement (including this Financing Plan) is a contract between 3333 California Street Developer and City; (ii) the financing of the Qualified Project Costs through the application of CFD Bond proceeds (which are secured by Facilities Special Taxes) and Remainder Taxes is an essential part of the consideration for the Agreement; (iii) the financing of the Contingent Services Costs through the application of Contingent Services Special Taxes is an essential part of the consideration for the Agreement; and (iv) any reduction in City's ability to levy and collect Facilities Special Taxes and Contingent Services Special Taxes would materially impair the Agreement. To further preserve the Agreement, City agrees that: (y) until all CFD Bonds have been repaid in full or defeased before maturity for any reason other than a refunding, and except as otherwise provided in this Financing Plan, it will not initiate or conduct proceedings under the CFD Act to reduce the Facilities Special Tax rates without 3333 California Street Developer's written consent or if not otherwise 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 XIIIC of the California Constitution that purports to reduce, repeal, or otherwise alter the Facilities Special Tax rates before all CFD Bonds have been repaid in full or defeased before maturity for any reason other than a refunding, City will meet and confer with 3333 California Street Developer to consider commencing and pursuing reasonable legal action to preserve City's ability to comply with this Financing Plan.

(c) Covenant to Foreclose. This Section 2.6(c) does not apply to the Services CFD and applies only to a Facilities CFD if the 3333 California Street Developer, in its discretion, determines to Petition to form the Facilities CFD and the Facilities CFD is formed. City will covenant with the owners of CFD Bonds to foreclose the lien of delinquent Facilities Special Taxes on both the underlying fee in the case of privately-owned Taxable Parcels or on the leasehold interests in the case of public

property that is leased to private owners, in each case 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 Bonds and other consultants, subject to applicable laws.

(d) Reserve Fund Earnings. This Section 2.6(d) does not apply to the Services CFD and applies only to a Facilities CFD if the 3333 California Street Developer, in its discretion, determines to Petition to form the Facilities CFD and the Facilities CFD is formed. Subject to Tax Laws, the Indenture for each issue of 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 the debt service fund held by the Fiscal Agent under such Indenture.

(e) Authorization of Reimbursements. This Section 2.6(e) does not apply to the Services CFD and applies only to a Facilities CFD if the 3333 California Street Developer, in its discretion, determines to Petition to form the Facilities CFD and the Facilities CFD is formed. City will take all actions necessary to satisfy section 53314.9 of the Government Code or any similar statute subsequently enacted to use CFD Bond proceeds and Remainder Taxes to reimburse 3333 California Street Developer for: (i) CFD formation and 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 date of the Agreement make CFD Bonds or Facilities Special Taxes unavailable or severely impair their use as a source for financing the Qualified Project Costs, or make Contingent Services Special Taxes unavailable or severely impair their use as a source of financing Contingent Services Costs, City and 3333 California Street Developer will negotiate in good faith as to a substitute public financing program equivalent in nature and function to CFDs.

(g) CFD Goals. Following formation of the Facilities CFD, the City shall not change or amend the CFD Goals as they apply to the Facilities CFD if such changes or amendments could adversely impact the 3333 California Street Project or are inconsistent with this Financing Plan or conflict with the 3333 California Street Development Agreement unless such changes or amendments are required under the Mello-Roos Act or other controlling State or federal law or, with respect to the Facilities CFD, as otherwise approved by 3333 California Street Developer in its sole discretion.

(h) Private Placement of CFD Bonds. This Section 2.6(h) does not apply to the Services CFD and applies only to a Facilities CFD if the 3333 California Street Developer, in its discretion, determines to Petition to form the Facilities CFD and the Facilities CFD is formed. Subject to Board of Supervisors approval, upon 3333 California Street Developer's written request, City shall consider selling CFD Bonds in a private placement to a small number of investors (which may include 3333 California Street Developer and its affiliates). In connection with any such private placement, City, the 3333 California Street Developer and the investors may agree upon terms regarding

the security of the CFD Bonds. Consistent with the CFD Goals, City will consider the appropriate categories of investors for any such CFD Bonds.

(i) No Credit Enhancement. This Section 2.6(i) does not apply to the Services CFD and applies only to a Facilities CFD if the 3333 California Street Developer, in its discretion, determines to Petition to form the Facilities CFD and the Facilities CFD is formed. City shall not, under any circumstances, require 3333 California Street Developer or any property owner in the Facilities CFD (or any Improvement Area therein) to provide a letter of credit or other credit enhancement as security for the payment of the Facilities Special Taxes in the Facilities CFD (or any Improvement Area therein) in connection with the issuance of CFD Bonds or otherwise. The City and the 3333 California Street Developer agree that this subsection shall not prohibit the City from structuring an issue of CFD Bonds to include one or more debt service reserve accounts funded by proceeds of the CFD Bonds or Facilities Special Taxes if recommended by the City's underwriter or financial advisor.

(j) CFD Acquisition Agreement. This Section 2.6(j) does not apply to the Services CFD and applies only to a Facilities CFD if the 3333 California Street Developer, in its discretion, determines to Petition to form the Facilities CFD and the Facilities CFD is formed. Contemporaneously with the formation of the Facilities CFD, 3333 California Street Developer and City will enter into the CFD Acquisition Agreement that will apply to the construction and acquisition or reimbursement of the Qualified Project Costs of the authorized Improvements for the Facilities CFD. The CFD Acquisition Agreement shall be structured so that it is automatically applicable to any financing by special taxes levied in, or CFD Bonds issued for, all phases of the 3333 California Street Project, without requiring any modifications to the CFD Acquisition Agreement or any further approvals by City. The CFD Acquisition Agreement shall contain an acknowledgment by City and 3333 California Street Developer as to the following:

(i) 3333 California Street Developer may be constructing authorized Improvements before CFD Bond proceeds and Remainder Taxes (herein, "**CFD Funding Sources**") that will be used to acquire them or reimburse their Qualified Project Costs are available;

(ii) For Improvements to be owned by the City, the City will inspect such Improvements and process payment requests even if CFD Funding Sources for the amount of pending payment requests are not then sufficient to satisfy them in full;

(iii) Authorized Improvements may be conveyed to and accepted by City or other Governmental Entity before the applicable payment requests are paid in full;

(iv) If City or other Governmental Entity accepts authorized Improvements before the applicable payment requests are paid in full, the unpaid balance will be paid when sufficient CFD Funding Sources become available, and the CFD Acquisition Agreement will provide that the applicable payment requests for such

Improvements accepted by City or other Governmental Entity may be paid: (A) in any number of installments as CFD Funding Sources become available; (B) irrespective of the length of time payment is deferred; and (C) except with respect to the final payment for any Improvement, prior to formal acceptance by the Governmental Entity or private entity of the Improvements that are the subject of such payment requests;

(v) 3333 California Street Developer's conveyance or dedication of authorized Improvements to City or other Governmental Entity before the availability of CFD Funding Sources to acquire such Improvements is not a dedication or gift, or a waiver of 3333 California Street Developer's right to payment of such Improvements under this Financing Plan or the CFD Acquisition Agreement; and

(vi) 3333 California Street Developer's conveyance or dedication of authorized Improvements to a private entity before the availability of CFD Funding Sources to reimburse the Qualified Project Costs of such Improvements is not a dedication or gift, or a waiver of 3333 California Street Developer's right to payment of such Improvements under this Financing Plan or the CFD Acquisition Agreement.

(k) No Other Land-Secured Financings. Except to the extent permitted under the Agreement, City shall not initiate the formation of any land-secured financing district involving the levy of special taxes or assessments on property in the 3333 California Street Project. Financing by the EIFD shall not constitute land-secured financings within the meaning of this section.

(l) Annexation of Future Annexation Property to Services CFD. Property identified in the boundary map for the Services CFD as "Future Annexation Area" may be annexed into the Services CFD into the initial tax zone or into a separate tax zone, in any case upon submission of a unanimous written approval of the property owner(s) of the property to be annexed. The Future Annexation Area property shall be annexed from time to time upon the submission of the unanimous written approval of the property owner(s) of the property to be annexed pursuant to the CFD Act according to the procedures established by the Board of Supervisors in the Services CFD formation proceedings and Section 1.1(b). The timing of any such annexation shall comply with Section 1.1(b).

(m) Annexation of Future Annexation Property to Facilities CFD. Property identified in the boundary map for the Facilities CFD as "Future Annexation Area" may be annexed into the Facilities CFD into the initial Improvement Area, into another previously existing Improvement Area that was created after the formation of the Facilities CFD, or into a new Improvement Area, in any case upon submission of a unanimous written approval of the property owner(s) of the property to be annexed. The Future Annexation Area property shall be annexed from time to time upon the submission of the unanimous written approval of the property owner(s) of the property to be annexed pursuant to the CFD Act according to the procedures established by the Board of Supervisors in the Facilities CFD formation proceedings. The timing of any such annexation shall comply with Section 1.1(c).

(n) Using Allocated Tax Revenues to Pay Debt Service. Upon the written request of the 3333 California Street Developer indicating that it would like to structure the Facilities CFD to issue early CFD Bonds and have the Allocated Tax Revenues from the EIFD used to pay debt service on the CFD Bonds, the City and the 3333 California Street Developer shall cooperate in good faith to structure the Facilities CFD and the RMA to allow for the payment of some or all of the debt service on the CFD Bonds from the Allocated Tax Revenues in the EIFD (the "**Offset**"). .

2.7 Contingent Services Costs

(a) After a Trigger Event, the CFD may levy the Contingent Services Special Taxes on the Taxable Parcels to pay the Contingent Services Costs.

(b) The Contingent Services Costs from which the maximum Contingent Services Special Taxes will be derived will be determined by 3333 California Street Developer in consultation with the City and will be based on a maintenance budget reasonably approved by the City and the 3333 California Street Developer prior to formation of the Services CFD that is based on a third-party consultant study verifying a reasonably-anticipated initial and full "build-out" budget. As used in this Financing Plan, "maintenance" includes repair, replacement and the creating and funding of a reserve fund to pay for repair and replacement.

2.8 CFD Limitations. This Section 2.8 does not apply to the Services CFD and applies only to a Facilities CFD if the 3333 California Street Developer, in its discretion, determines to Petition to form the Facilities CFD and the Facilities CFD is formed.

(a) City and 3333 California Street Developer agree that the Facilities CFD will be formed so that the proceeds of CFD Bonds and Remainder Taxes may be applied to accomplish, as applicable, the following goal in the manner set forth in this Financing Plan: to finance Qualified Project Costs. To accomplish this goal, and subject to the limitations set forth in this Section 2.8, and in light of the CFD Goals:

(i) the Facilities CFD (and each Improvement Area) will be authorized to finance the Qualified Project Costs;

(ii) City and 3333 California Street Developer will mutually determine the term for levying Facilities Special Taxes; and

(iii) the amount of authorized bonded indebtedness will be established to allow the issuance of the CFD Bonds to finance Qualified Project Costs.

(b) CFD Bonds will be issued exclusively to finance Qualified Project Costs unless 3333 California Street Developer and City mutually agree to the issuance of CFD Bonds for the Facilities CFD to finance other facilities.

2.9 Perpetual Tax. In the Services CFD, once levied following the Trigger Event, the Contingent Services Special Taxes will be levied in perpetuity.

3. ENHANCED INFRASTRUCTURE FINANCING DISTRICT FINANCING

3.1 Formation of the EIFD

(a) The City agrees (i) to submit to the Board of Supervisors for approval a resolution of intention to establish the EIFD over the 3333 California Street Project Site and the 3700 California Street Project Site that is consistent with the terms set forth in this Financing Plan and (ii) when applicable, and under the circumstances described in this Financing Plan, to hold the required public hearing and submit to the Board of Supervisors for approval a resolution approving the IFP to the extent it is consistent with the terms set forth in this Financing Plan.

(b) The City and the 3333 California Street Developer have determined that the boundaries of proposed EIFD will not overlap with the boundaries of any redevelopment project areas.

(c) The City will use good faith efforts to cause the Public Financing Authority to establish the EIFD under the EIFD Law.

(d) The EIFD will be governed by the Public Financing Authority.

(e) The City will submit the IFP to the Board of Supervisors for approval only if it allocates the Allocated Tax Revenue and conditionally allocates the Conditional Tax Revenue to the EIFD for the maximum term allowed under EIFD Law, subject to any redevelopment enforceable obligations, as set forth in the EIFD Law, and subject to the provisions of this Financing Plan. The City will submit the IFP to the Board of Supervisors for approval only if it provides that (i) the Allocated Tax Revenue will be used solely for the financing of Qualified EIFD Improvements for the Projects and other authorized purposes, as set forth in this Financing Plan and (ii) the Conditional Tax Revenue will be used to provide additional debt service coverage for each issue of EIFD Bonds and, if necessary, pay debt service on EIFD Bonds and replenish any reserve funds for the EIFD Bonds, as set forth in this Financing Plan.

(f) The City and the 3333 California Street Developer agree that the resolution of intention and the IFP submitted to the Board of Supervisors for approval shall each provide for the Project Areas as described in Section 1.2(b). The IFP submitted for approval to the Board of Supervisors shall provide that each Project Area (i) has separate and unique time limits associated with the Allocated Tax Revenue and Conditional Tax Revenue for each Project Area, and (ii) will generate Allocated Tax Revenue and Conditional Tax Revenue that will be allocated by the City to the EIFD commencing (A) no earlier than the fiscal year that begins after the legal parcels in the Project Area have been subdivided so as to conform to the boundaries of the Project Area and the Board of Equalization has approved an application for a tax rate area for such Project Area and (B) on the first day of the fiscal year in which the EIFD has actually received one hundred thousand dollars ($100,000) in Allocated Tax Revenue from that Project Area, and continuing for 45 years from the commencement date for such Project Area. The IFP also will provide that the allocation of Allocated Tax Revenue

and Conditional Tax Revenue to the EIFD will not result in the total amount of the Allocated Tax Revenue and the Conditional Tax Revenue for a tax year exceeding the amount determined pursuant to Section 53398.75(a)(2) for such tax year. The 3333 California Street Developer and the City agree that the ability to implement Project Areas will be subject to the approval of the Public Financing Authority.

(g) The City shall cooperate with the 3333 California Street Developer, the 3700 California Street Developer and the EIFD to execute the EIFD Acquisition Agreement. The EIFD Acquisition Agreement shall contain, among other things, (i) provisions regarding the process for the construction, inspection, and acceptance of Qualified EIFD Improvements by the City, (ii) provisions regarding the process for requisitioning the payment of, or reimbursement for, Qualified EIFD Improvements from the EIFD Funding Sources, (iii) covenants by the EIFD to apply the EIFD Funding Sources in accordance with the IFP and the EIFD Acquisition Agreement, (iv) parameters for the issuance of EIFD Bonds, (v) covenants by the EIFD to timely conduct reports and audits required by the EIFD Law, and (vi) enforcement provisions that the City, the 3700 California Street Developer and the 3333 California Street Developer may exercise to ensure the financing of the Projects pursuant to the IFP, as described in subsections (h), (i), and (j) below.

(h) The EIFD Acquisition Agreement and the IFP submitted for approval to the Board of Supervisors (i) shall provide that in the event that the EIFD defaults under its obligations under the EIFD Acquisition Agreement, and an Event of Default (as defined in the EIFD Acquisition Agreement) occurs, the City, the 3700 California Street Developer and the 3333 California Street Developer may exercise all legal and equitable remedies available, including but not limited to, filing proceedings to compel injunctive relief or specific performance of the IFP and the EIFD Acquisition Agreement, (ii) shall include an acknowledgement and agreement by the EIFD that a failure of the EIFD to timely perform any duty, obligation, or covenant under the IFP, including the application of the Allocated Tax Revenue and Conditional Tax Revenue in accordance with the IFP and the application of such Allocated Tax Revenue to fund the Projects in accordance with the EIFD Acquisition Agreement, will cause irreparable harm to the 3333 California Street Developer and the 3700 California Street Developer that cannot be fully compensated by monetary damages and shall entitle the 3333 California Street Developer and the 3700 California Street Developer to seek injunctive relief or specific performance from the EIFD and (iii) shall entitle the City to all legal and equitable remedies, including, but not limited to, injunctive relief to compel the EIFD to perform its duties, obligations, or covenants under the IFP and the EIFD Acquisition Agreement.

(i) The EIFD Acquisition Agreement submitted for approval to the Board of Supervisors shall provide that, due to the unique nature of the IFP and the Projects and because time is of the essence in the performance of obligations under the IFP, the City and the EIFD waive the procedural protections of the Government Claims Act, California Gov't Code Section 810 et seq, in connection with any dispute related to or arising out of the IFP or the EIFD Acquisition Agreement, including those procedures requiring the filing of an administrative claim within the applicable statute of limitation.

(j) The EIFD Acquisition Agreement submitted for approval to the Board of Supervisors shall provide that except as expressly limited by the IFP or the EIFD Acquisition Agreement, the rights and remedies of the parties to the EIFD Acquisition Agreement regarding the enforcement of the Public Financing Authority's obligations to implement the IFP 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 the EIFD Acquisition Agreement for the same breach by the applicable party.

(k) The EIFD Acquisition Agreement submitted for approval to the Board of Supervisors shall provide that the 3333 California Street Developer and the 3700 California Street Developer shall not be entitled to receive payment or reimbursement thereunder unless the 3700 California Street Developer has executed and the City has caused to be recorded in the real property records a waiver that is substantively similar to the waiver of the 3333 California Street Developer set forth in Section 3.6 of this Financing Plan. Should the City determine, based upon the advice of bond counsel, that the provisions of the 3700 California Street Developer's waiver could cause the interest on an issue of EIFD Bonds to be subject to federal income taxation, the City, the 3700 California Street Developer and the 3333 California Street Developer shall meet and confer to discuss bond counsel's advice and thereafter, the City may either, in its discretion (i) ask the Public Financing Authority to issue such proposed EIFD Bonds as federally taxable bonds or (ii) (A) release the 3700 California Street Developer from its obligations under such waiver, and the waiver will be deemed to have been discharged and (B) ask the Public Financing Authority to structure any proposed EIFD Bonds in accordance with Section 3.4(c) of the Financing Plan after taking into account the release of the 3700 California Street Developer's obligations under such waiver.

(l) The following sources, as available, shall be applied to finance Qualified EIFD Improvements (together, "**EIFD Funding Sources**"): Allocated Tax Revenue and the proceeds of EIFD Bonds.

(m) The EIFD Acquisition Agreement submitted for approval to the Board of Supervisors shall provide for all of the following:

(i) For Qualified EIFD Improvements to be owned by the City, the City shall inspect such Qualified EIFD Improvements and the City and the EIFD shall process payment requests even if EIFD Funding Sources for the amount of pending payment requests are not then sufficient to satisfy them in full;

(ii) Qualified EIFD Improvements may be constructed and conveyed (including to the City or other Governmental Entity or private entity) before the applicable payment requests are paid in full;

(iii) The unpaid balance of applicable payment requests shall be paid when sufficient EIFD Funding Sources become available, and such payments may be made: (A) in any number of installments as EIFD Funding Sources become available; (B) irrespective of the length of time payment is deferred; and (C) except with respect to

the final payment for any EIFD Improvement, prior to formal acceptance by the applicable public or private entity (including the City or other Governmental Entity) of the Qualified EIFD Improvements that are the subject of such payment requests; and

(iv) 3333 California Street Developer or 3700 California Street Developer's conveyance or dedication of Qualified EIFD Improvements to the applicable public or private entity (including the City or other Governmental Entity) before the availability of EIFD Funding Sources to acquire such improvements is not a dedication or gift or a waiver of 3333 California Street Developer or 3700 California Street Developer's right to payment of such Qualified EIFD Improvements under this Financing Plan or the EIFD Acquisition Agreement.

3.2 Allocated Tax Revenue; Conditional Tax Revenue

(a) The IFP and the EIFD Acquisition Agreement submitted for approval to the Board of Supervisors will provide the following prioritization of use of the Allocated Tax Revenue, and the City will not approve any amendments to the IFP that would alter such prioritization without the 3333 California Street Developer and the 3700 California Street Developer's prior written approval:

(i) first, to pay EIFD administrative costs;

(ii) second, to pay debt service on EIFD Bonds and to replenish any reserve funds associated with EIFD Bonds;

(iii) third, to repay the City for any Conditional Tax Revenue actually used to pay debt service on EIFD Bonds or replenish debt service reserve funds for the EIFD Bonds in an amount equal to the Conditional Tax Revenue actually used to pay debt service on the EIFD Bonds or replenish debt service reserve funds for the EIFD Bonds plus interest through the date of repayment at an annual interest rate equal to the rate of interest on the United States Treasury bond with a 10-year maturity on the date of the first use of Conditional Tax Revenue plus 300 basis points, and such interest rate shall remain fixed for the remainder of the term of the IFP; and

(iv) fourth, to accumulate over time and, from time to time at the 3333 California Street Developer's or the 3700 California Street Developer's request, to pay directly or reimburse the 3333 California Street Developer or the 3700 California Street Developer for the Qualified EIFD Improvements as set forth in the EIFD Acquisition Agreement.

(b) The IFP submitted for approval to the Board of Supervisors will include a conditional allocation of Conditional Tax Revenue to the EIFD, and will provide that the Conditional Tax Revenue may only be used to (i) provide additional debt service coverage on the EIFD Bonds, (ii) pay debt service on EIFD Bonds, and (iii) replenish debt service reserve funds for such EIFD Bonds to the extent that Allocated Tax Revenue is not available for those purposes. The Indenture for any EIFD Bonds shall provide that on an annual basis, once it has been determined that all or a portion of the Conditional Tax Revenue for a tax year is not needed for the purposes described in

clauses (ii) and (iii) of the preceding sentence for the applicable calendar year because of the availability of Allocated Tax Revenue, such unneeded Conditional Tax Revenue shall be transferred to the City for deposit in the General Fund. The City will not approve any amendments to the IFP that would alter the use of the Conditional Tax Revenue without 3333 California Street Developer's and 3700 California Street Developer's prior written approval. Conditional Tax Revenue shall be used to provide additional debt service coverage on all EIFD Bonds regardless of whether amounts have previously been expended on debt service or reserve fund replenishment for EIFD Bonds.

3.3 The IFP

(a) The IFP submitted for approval to the Board of Supervisors shall provide that all Allocated Tax Revenue available after paying EIFD administrative costs shall be utilized for the maximum term allowed under EIFD Law solely for the financing of the Qualified EIFD Improvements for the Projects, either through payment of debt service and replenishment of reserve funds for EIFD Bonds or directly on a pay-as-you-go basis, as set forth in this Financing Plan.

(b) The IFP submitted for approval to the Board of Supervisors shall contain the provisions described in Section 3.4.

(c) The IFP submitted for approval to the Board of Supervisors shall contain the enforcement mechanisms described in Sections 3.1(g), 3.1(h), and 3.1(i).

(d) The IFP submitted for approval to the Board of Supervisors may provide for amendments to the boundaries of the Project Areas that can be accomplished without further hearings or approvals (including the approval of the Board of Supervisors, although prior written notice to the Board of Supervisors may be required). Such amendments may include (i) replacement of certain initial Project Areas with new Project Areas upon the subdivision of property in the initial Project Areas and (ii) changes to the boundaries of one or more Project Areas to conform the Project Areas to the final development parcels established by recordation of one or more final subdivision maps.

3.4 Issuance of EIFD Bonds

(a) The City will not approve any amendments of the IFP that would alter the following principles related to the issuance of EIFD Bonds: (i) the EIFD will issue EIFD Bonds in compliance with the EIFD Law and the IFP to finance the Qualified EIFD Improvements, (ii) the EIFD Bonds will not be issued except upon the written request of the 3333 California Street Developer and with the prior approval of the Board of Supervisors, and (iii) other than paying EIFD administrative costs, and costs of issuance and funding capitalized interest and debt service reserve funds, the proceeds of the EIFD Bonds shall be used to finance Qualified EIFD Improvements.

(b) The IFP and the EIFD Acquisition Agreement submitted for approval to the Board of Supervisors will provide that the EIFD shall issue EIFD Bonds upon the

written request of the 3333 California Street Developer and the 3700 California Street Developer made to the EIFD and the City, subject to the provisions of this Section 3.4.

(c) The IFP and the EIFD Acquisition Agreement submitted for approval to the Board of Supervisors will provide that any issue of EIFD Bonds will be structured with a debt service coverage ratio that maximizes the proceeds of the EIFD Bonds provided (i) such EIFD Bonds are issued consistent with sound municipal financing practices and Section 3.4(g) after consultation with the Controller's Office of Public Finance, and (ii) the City is assured, to its reasonable satisfaction, based on actual and projected reasonably foreseeable economic conditions that could have an impact on the assessed value of the property in the EIFD, that the EIFD Bonds are structured in a manner that (A) mitigates any potential material risk that the EIFD could default in the payment of debt service on the EIFD Bonds and (B) provides reasonable assurance to the City that that the Conditional Tax Revenue would likely be available to the City's General Fund and unlikely to be needed to pay debt service on the EIFD Bonds or replenish debt service reserve funds for the EIFD Bonds. The City may implement other bond structure elements that it determines are consistent with sound municipal financing practices and Section 3.4(g), including requiring one or more debt service reserve funds.

(d) Prior to requesting the issuance of EIFD Bonds, 3333 California Street Developer will consult with the City's Controller (or the Controller's designee). The Controller will recommend that the Board of Supervisors approve such requested issue of EIFD Bonds if the Controller has determined that (1) the issue will meet the standards set forth in Section 3.4(c) and (2) the issue will be consistent with the EIFD Law, the IFP, and this Financing Plan. If the Controller recommends disapproval, the Controller shall specify in writing the reasons for such recommendation.

(e) The Board of Supervisors shall consider all requests to approve the issuance of EIFD Bonds in accordance with its customary practices based on the record before it, which shall include the Controller's recommendation and a description of the requirements and purposes of this Financing Plan.

(f) The IFP and the EIFD Acquisition Agreement submitted for approval to the Board of Supervisors will provide that at the written request of the 3333 California Street Developer made to the EIFD and the City, the EIFD shall consider the issuance of one or more series of federally taxable Bonds to finance the Actual Cost (as defined in the EIFD Acquisition Agreement) of Qualified EIFD Improvements that cannot be financed on a federally tax-exempt basis.

(g) The City, the 3700 California Street Developer and the 3333 California Street Developer agree that it is one of the purposes of this Financing Plan to implement sound and prudent public fiscal policies that protect the City's General Fund and the City's financial standings and fiduciary obligations, while operating within the constraints of this Financing Plan and, as applicable, the EIFD Law and Tax Laws.

(h) Notwithstanding any other provision of this Financing Plan, the IFP submitted for approval to the Board of Supervisors will provide that the EIFD will not issue any EIFD Bonds until, for each Taxable Parcel that the Underwriter has utilized for purposes of sizing the EIFD Bonds, (i) the Developer has exhausted all of its appeal rights with respect to the Baseline Assessed Value or (ii) the Developer has notified the City and the EIFD in writing that, with respect to the Taxable Parcel, (A) the Developer is aware of its right to appeal the Taxable Parcel's Baseline Assessed Value that was established following the Taxable Parcel's recent improvement/sale, (B) the Developer has either availed itself of that right or decided not pursue any further appeals with respect to the Baseline Assessed Value arising out of the recent improvement/sale and (C) the Developer does not waive any right to appeal future assessed valuations of the Taxable Parcel. The written notice submitted by the Developer pursuant to the previous sentence shall be satisfactory in form and substance to the City's Controller and the Executive Director of the EIFD.

3.5 Termination of Allocated Tax Revenue. The parties hereby agree and the IFP submitted for approval to the Board of Supervisors shall provide that prior to the issuance of any EIFD Bonds by the EIFD, and notwithstanding any other provision of the IFP or this Financing Plan, the allocation of Allocated Tax Revenue and Conditional Tax Revenue under the IFP may be permanently terminated by the adoption by the Board of Supervisors of a termination resolution if the first tax increment-producing building in the EIFD that was constructed, or caused to be constructed, by the 3333 California Street Developer or the 3700 California Street Developer (regardless of Project Area) has not received a certificate of occupancy for new construction or expansion of a building constituting permanent new development (not including rehabilitation, relocation, or other work that does not constitute permanent new development) before the tenth anniversary of the adoption by the Public Financing Authority of the resolution establishing the EIFD (herein, the "**Optional Termination for Cause**"). For purposes of this paragraph, "certificate of occupancy" means the first certificate, including any temporary certificate of occupancy, issued by the City to confirm that a building or a portion of a building has met all of the building codes and can be occupied for residential or non-residential use. To provide clarity, the Optional Termination for Cause provisions set forth above shall no longer be applicable upon the first to occur of the (i) date that the first tax increment-producing building in any Project Area of the EIFD that was constructed or caused to be constructed by the 3333 California Street Developer or the 3700 California Street Developer receives a certificate of occupancy for new construction or expansion of a building constituting permanent new development (not including rehabilitation, relocation, or other work that does not constitute permanent new development) or (ii) date of the first issuance of EIFD Bonds by the EIFD. Within sixty (60) days of the occurrence of either (i) or (ii) in the preceding sentence, the Director of the Controller's Office of Public Finance shall confirm in writing to the 3333 California Street Developer and the 3700 California Street Developer that the Optional Termination for Cause provisions set forth in this Section 3.5 are no longer applicable to the EIFD and that the allocation of Allocated Tax Revenue and Conditional Tax Revenue under the IFP is no longer subject to Optional Termination for Cause pursuant to this Section 3.5.

The IFP submitted for approval to the Board of Supervisors shall provide that any Allocated Tax Revenue received by the EIFD prior to the earlier of (i) the Optional Termination for Cause or (ii) the Director of the Controller's Office of Public Finance written confirmation to the 3333 California Street Developer and the 3700 California Street Developer that the Optional Termination For Cause provisions are no longer applicable to the EIFD as described in the previous paragraph, shall accumulate and may be used by the Public Financing Authority exclusively to pay administrative expenses and for no other purpose. If the Director of the Controller's Office of Public Finance provides written confirmation to the 3333 California Street Developer and the 3700 California Street Developer that the Optional Termination For Cause provisions are no longer applicable to the EIFD, any accumulated Allocated Tax Revenue received by the EIFD that was not used for administrative expenses shall be available to the 3333 California Street Developer and the 3700 California Street Developer for financing Qualified EIFD Improvements.

The IFP submitted for approval to the Board of Supervisors shall provide that if the Optional Termination for Cause occurs, any accumulated Allocated Tax Revenue received by the EIFD that was not used for administrative expenses, shall be returned by the Public Financing Authority to the City.

3.6 Reassessments.

(a) In consideration of the City entering into this Financing Plan, 3333 California Street Developer agrees as follows with respect to parcels that it owns in the boundaries of the EIFD.

(b) From and after the Commencement Date (as defined in the IFP) for a Project Area, 3333 California Street Developer may initiate a Reassessment in connection with the determination of the Baseline Assessed Value of any parcel within such Project Area, but may not and hereby waives its right to initiate a Reassessment of the Subsequent Assessed Value of that parcel within such Project Area until the earlier of (i) the date on which (A) there are no authorized uses under the IFP of the Allocated Tax Increment or the Conditional Tax Increment generated in such Project Area and neither the 3333 California Street Developer nor the City expects there to be any further such authorized uses and (B) the City has been repaid for the use of Conditional Tax Revenue in accordance with the IFP or (ii) the EIFD Termination Date with respect to such Project Area. For the avoidance of doubt, this Section 3.6(b) does not restrict the ability of the 3333 California Street Developer to initiate a Reassessment on any parcel in a Project Area prior to either the date of the initial certificate of occupancy or the Commencement Date for such Project Area.

(c) 3333 California Street Developer agrees to include a provision substantially similar to this Section in any Assignment and Assumption Agreement.

(d) 3333 California Street Developer understands that the City would not be willing to enter into this Financing Plan without this Section. 3333 California Street Developer has knowingly, willingly and voluntarily agreed to this Section 3.6 with

awareness of the likely consequences, after consulting with legal counsel. The City and 3333 California Street Developer agree that there are no alternative means to achieve the purposes of this Section 3.6. Nothing in this Section 3.6 is intended to limit the San Francisco Assessor's independent duty to value property in accordance with Section 2(b) of California Constitution Article XIII A and California Revenue and Taxation Code Section 51.

(e) Should the City determine, based upon the advice of bond counsel, that the provisions of subsection (b) above could cause the interest on an issue of EIFD Bonds to be subject to federal income taxation, the City, the 3700 California Street Developer and the 3333 California Street Developer shall meet and confer to discuss bond counsel's advice and thereafter, the City may either, in its discretion (i) ask the Public Financing Authority to issue such proposed EIFD Bonds as federally taxable bonds or (ii) (A) release 3333 California Street Developer from its obligations under this Section 3.6, and this Section 3.6 will be deemed severed from this Financing Plan and (B) ask the Public Financing Authority to structure any proposed EIFD Bonds in accordance with Section 3.4(c) after taking into account the release of the 3333 California Street Developer's obligations under this Section 3.6.

3.7 Validation

(a) 3333 California Street Developer is aware that the EIFD will file a judicial validation action relating to the formation of EIFD and actions authorized under the IFP and agrees to pay the reasonable costs of such validation action.

4. INTERPRETATION; DEFINITIONS

4.1 Interpretation of Agreement

(a) Development Agreement. This Financing Plan (including its Attachments, as updated from time to time) is a part of the 3333 California Street Development Agreement and is subject to all of its general terms, including the definitions, rules of interpretation and section ____ thereof (related to approvals).

(b) Inconsistent Provisions. 3333 California Street Developer and the City intend for this Financing Plan to prevail over any inconsistent provisions relating to the financing structure for the 3333 California Street Project and their respective financing-related obligations in any other agreement between them related to the 3333 California Street Project, including other provisions of the 3333 California Street Development Agreement.

4.2 Defined Terms

(a) Definitions. The following terms have the meanings given to them below or are defined where indicated. Capitalized terms not defined herein have the meanings given such terms in the Development Agreement.

"**2% Limitation**" is defined in Section 2.3(e) herein.

"**Allocated Tax Revenue**" means ___ percent (___%) of the City Share of Increment.

"**Assignment and Assumption Agreement**" is defined in the 3333 California Street Development Agreement.

"**Base Year**" means, for each Project Area, the fiscal year in which the assessed value of taxable property in such Project Area was last equalized prior to the effective date of the resolution adopted pursuant to Section 53398.69 of the EIFD Law to create the EIFD. The Base Year will be set forth in the IFP.

"**Baseline Assessed Value**" means, as applicable, (1) the initial assessed value of a parcel in the EIFD in the first Fiscal Year in which the assessed value reflects the full cash value of the initial improvements constructed on the parcel for which the City has issued an initial certificate of occupancy, or (2) the initial assessed value of a parcel in the EIFD in the first Fiscal Year in which the assessed value reflects any change in ownership or later improvements.

"**Board of Supervisors**" means the Board of Supervisors of the City and County of San Francisco.

"**CFD**" means, as the context requires, the Services CFD and/or the Facilities CFD.

"**CFD Acquisition Agreement**" means, for the Facilities CFD only, the agreement between 3333 California Street Developer and the City governing the terms of the City's acquisition of authorized improvements and reimbursement of Qualified Project Costs and any other cost paid by 3333 California Street Developer and authorized to be financed by the Facilities CFD under this Financing Plan to the extent Qualified, as the same may be modified or amended from time to time.

"**CFD Act**" means the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X), which incorporates the Mello-Roos Act, as amended from time to time.

"**CFD Bonds**" means, for the Facilities CFD only, one or more series of bonds (including refunding bonds) secured by the levy of Facilities Special Taxes within an Improvement Area.

"**CFD Bonds Project Account**" means, for the Facilities CFD only, the funds or accounts, however denominated, held by the Fiscal Agent under an Indenture containing the CFD Bond proceeds to be used to finance Qualified Project Costs, and other authorized uses as set forth in this Financing Plan.

"**CFD Funding Sources**" is defined in Section 2.6(j)(i).

"**CFD Goals**" means the Local Goals and Policies for Community Facilities Districts, approved by Board of Supervisors Resolution No. 414-13 in effect on the date a CFD is formed, and, subject to Section 2.6(g), as amended from time to time.

"**CFD Notice of Special Tax Lien**"' is defined in Section 1.1(b).

"**Change Proceedings**" means proceedings under section 53332 of the Mello-Roos Act initiated by 3333 California Street Developer's Petition.

"**City**" means the City and County of San Francisco.

"**City Share of Increment**" means 64.588206% of Gross Tax Increment.

"**Conditional Tax Revenue**" means ___ percent (___%) of the City Share of Increment, which the City will allocate on a conditional basis to the EIFD for the purposes described in Section 3.4(e).

"**Contingent Services**" means the maintenance, repair, and replacement of the privately-maintained portions of the Publicly Accessible Private Improvements and Streetscape Improvements (both as defined in the 3333 California Development Agreement) located within the 3333 California Street Project from the Contingent Services Special Taxes.

"**Contingent Services Costs**" means the costs of the Contingent Services, all to the extent that they are Qualified.

"**Contingent Services Special Taxes**" means a special tax levied under an RMA for the Services CFD that will be used to finance the Contingent Services, including all delinquent Contingent Services Special Taxes collected at any time by payment or through foreclosure proceedings.

"**CPI**" means the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-Hayward region (base years 1982-1984=100) published by the United States Department of Labor's Bureau of Labor Statistics or if such index is no longer published, some other index approved by the City and 3333 California Street Developer.

"**Developed Property**" means, as will be set forth in each RMA, for the Facilities Special Tax (if any) and the Contingent Services Special Tax, in any Fiscal Year, a Taxable Parcel on which there will be new development under the 3333 California Street Development Agreement for which a certificate of occupancy has been issued on or before June 30 of the preceding Fiscal Year. A certificate of occupancy means the first certificate, including any temporary certificate of occupancy, issued by the City confirming that all or a portion of a building can be occupied for residential or non-residential use. A certificate of occupancy following rehabilitation, relocation, or other work not constituting permanent new development under the 3333 California Street Development Agreement

shall not be included.

"**EIFD**" means an Enhanced Infrastructure Financing District created pursuant to the EIFD Law, to be known as San Francisco Enhanced Infrastructure Financing District No. ___ (3333/3700 California Street).

"**EIFD Acquisition Agreement**" means the agreement between 3333 California Street Developer, the 3700 California Street Developer, the City, and the EIFD governing the terms of the City's acquisition, construction, and reimbursement of Qualified EIFD Improvements and any other cost paid by 3333 California Street Developer or the 3700 California Street Developer and authorized to be financed by the EIFD under the EIFD Law and the IFP to the extent Qualified, as the same may be modified or amended from time to time.

"**EIFD Bonds**" means one or more series of bonds (including refunding bonds) secured by Allocated Tax Revenue and the Conditional Tax Revenue generated from property in the EIFD.

"**EIFD Funding Sources**" means Allocated Tax Revenue and the proceeds of EIFD Bonds.

"**EIFD Improvements**" means the Improvements described in Exhibit A to the EIFD Acquisition Agreement to the extent consistent with the IFP (as such exhibit may be amended or supplemented from time to time in accordance with the EIFD Acquisition Agreement and the EIFD Law). The IFP and the EIFD Acquisition Agreement shall provide that the EIFD will not finance the ongoing or capitalized costs to maintain public capital facilities financed in whole or in part by the EIFD.

"**EIFD Law**" means Chapter 2.99 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53398.50.

"**Exempt Parcel**" means with respect to the CFD (i) any property identified by the 3333 California Street Developer in its Petition as property that is exempt from Contingent Services Special Taxes or Facilities Special Taxes, as applicable, including parking structures, child care centers, and senior center facilities; (ii) real property owned by the City or any other Governmental Entity, (iii) parcels described in the second sentence of Section 53340(c), and (iv) parks, open space, landscaping, and streets, whether publicly or privately owned. Exempt Parcel does not include an assessor's parcel that, immediately prior to the acquisition by the City or other Governmental Entity, was a Taxable Parcel that 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 the City, was a Taxable Parcel that City acquires under any right of reverter.

"**EIFD Termination Date**" means, for each Project Area in the EIFD, the date on which all allocations to the EIFD of Allocated Tax Revenue and Conditional Tax Revenue from that Project Area ends under the IFP.

"**Facilities CFD**" means a community facilities district formed under the CFD Act to finance Qualified Project Costs, all to the extent provided in the proceedings for the Facilities CFD and this Financing Plan. If the Facilities CFD has designated Improvement Areas, then the term "Facilities CFD" shall mean, individually, an Improvement Area or, collectively, all Improvement Areas, as the context requires.

"**Facilities Special Tax**" means a special tax levied under an RMA for the Facilities CFD that will be used to finance Project Costs as set forth in this Financing Plan, including all delinquent Facilities Special Taxes collected at any time by payment or through foreclosure proceedings.

"**Facilities Special Tax Requirement**" means, as set forth in each RMA for the Facilities CFD, the amount of Facilities Special Taxes required in any Fiscal Year to fund (i) debt service on CFD Bonds (not including capitalized interest), (ii) replenishment of the reserve fund, (iii) administrative costs and (iv) to the extent that it does not increase the Facilities Special Taxes levied against Undeveloped Property, costs authorized to be financed by this Financing Plan.

"**Financing Plan**" is defined in the preamble.

"**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.

"**Future Annexation Area**" means the geographic area designated at CFD formation as an area for future annexation to the CFD, as provided in the Mello-Roos Act.

"**Governmental Entity**" means a Federal, State, or local governmental agency, including the City.

"**Gross Tax Increment**" means, for each Project Area, 100% of the revenue produced by the application of the 1% ad valorem tax rate to the Incremental Assessed Property Value of the property within the 3333 California Street Project Area.

"**HOA**" means the homeowners' or property owners' association that encumbers all or a portion of the property in the 3333 California Street Project Site.

"**IFP**" means the Infrastructure Financing Plan for the EIFD required to be prepared and approved under the EIFD Law.

"**Improvement Area**" means, for the Facilities CFD only, an improvement area within the Facilities CFD designated pursuant to section 53350 of the Mello-Roos Act. Any reference in this Financing Plan to an Improvement Area shall be deemed references

to the Facilities CFD as a whole if the Facilities CFD is formed without Improvement Areas.

"**Improvements**" means public or private improvements constructed, or caused to be constructed, in connection with the development of the 3333 California Street Project and that are authorized to be financed under the EIFD Law or CFD Act, as applicable.

"**Incremental Assessed Property Value**" means, in any Fiscal Year, for each Project Area, the difference between the assessed value of the taxable property within the Project Area for that Fiscal Year and the assessed value of the taxable property within the Project Area in the Base Year, to the extent that the difference is a positive number.

"**Indenture**" means one or more indentures, trust agreements, fiscal agent agreements, financing agreements, or other documents containing the terms of any CFD Bonds or EIFD Bonds.

"**Mello-Roos Act**" means the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code §§ 53311-53368), as amended from time to time.

"**Official Records**" is defined in the 3333 California Street Development Agreement.

"**Offset**" is defined in Section 2.6(n).

"**Permitted 3333 Assigns**" means a Transferee that (i) has executed an Assignment and Assumption Agreement with respect to the 3333 California Street Development Agreement and (ii) has executed a Public Financing Assignment with respect to some or all of the rights set forth in this Financing Plan. A Transferee that has executed an Assignment and Assumption Agreement with respect to the 3333 California Street Development Agreement but that was not assigned any rights and obligations under this Financing Plan through a Public Financing Assignment shall not be considered a Permitted 3333 Assign of the 3333 California Street Developer under this Financing Plan notwithstanding that such Transferee shall be considered a "3333 California Street Developer" under the 3333 California Street Development Agreement.

"**Permitted 3700 Assigns**" means a transferee of the 3700 California Street Project Site that has executed a Public Financing Assignment with respect to some or all of the rights set forth in this Financing Plan and the EIFD Acquisition Agreement. A transferee that has not been assigned any rights and obligations under this Financing Plan and the EIFD Acquisition Agreement through a Public Financing Assignment shall not be considered a Permitted 3700 Assign of the 3700 California Street Developer under this Financing Plan notwithstanding that such transferee owns all or part of the 3700 California Street Project Site.

"**Petition**" means a petition required by the CFD Act to initiate formation of, or conduct change proceedings under, a CFD.

"**Potential Trigger Event**" means any of the following: (i) the HOA is dissolved; (ii) the HOA votes to terminate providing the Contingent Services; or (iii) the HOA fails to adhere to the maintenance requirements of the Declaration of Public Access Covenants and Restrictions dated ___, 20__executed by the 3333 California Street Developer in favor of the City and recorded in the Official Records of San Francisco County as Instrument No. _____ on _____. or the Encroachment Permit and Maintenance Agreement, dated ___, 20__, between the 3333 California Street Developer and the City and recorded in the Official Records of San Francisco County as Instrument No. _____ on _____.

"**Principal Payment Date**" means, for the Facilities CFD only, (i) if CFD Bonds have not yet been issued, September 1 of each year, and (ii) if CFD Bonds have been issued, the calendar date on which principal or sinking fund payments on the 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 Areas**" means one or more project areas of the EIFD.

"**Project Costs**" means the hard and soft costs of developing the 3333 California Street Project or the 3700 California Street Project, as applicable, that are eligible for financing by the EIFD Law or CFD Act, including Improvements.

"**Project Special Taxes**" means, collectively, (i) the Facilities Special Taxes (if any) in each Improvement Area of the Facilities CFD, and (ii) the Contingent Services Special Taxes in the Services CFD.

"**Projects**" means the 3333 California Street Project and the 3700 California Street Project.

"**Public Financing Assignment**" means (A) for the 3333 California Street Developer, a written assignment signed by the 3333 California Street Developer and the Transferee of some or all of the rights and obligations of the CFD and/or EIFD to a Transferee, which assignment (i) shall be contained in the partial or whole assignment of the rights and obligations of the CFD Acquisition Agreement (with respect to the CFD) or the EIFD Acquisition Agreement (with respect to the EIFD), as the case may be, and (ii) must be separate and distinct from the Assignment and Assumption Agreement associated with the 3333 California Street Development Agreement and (B) for the 3700 California Street Developer, a written assignment signed by the 3700 California Street Developer and the transferee of some or all of the rights and obligations of the EIFD to a transferee, which assignment (i) shall be contained in the partial or whole assignment of the rights and obligations of the EIFD Acquisition Agreement, and (ii) must be separate and distinct from any general assignment of rights and obligations associated with the transfer of property.

"**Public Financing Authority**" means the Enhanced Infrastructure Financing District Public Financing Authority No. ___, established by the City to provide for the financing of Qualified EIFD Improvements related to the 3333 California Street Project and the 3700 California Street Project.

"**Qualified**" means, with reference to any costs (including EIFD Improvements, Project Costs, and Contingent Services Costs), that they are authorized to be financed under the CFD Act, the EIFD Law, the Tax Laws (if applicable), and/or this Financing Plan, as applicable. For the avoidance of doubt, costs may be Qualified under Tax Laws on a tax-exempt or taxable basis.

"**Reassessment**" means a proceeding that a taxpayer initiates under the California Revenue and Taxation Code that results in a Value Reduction.

"**Remainder Taxes**" means, for the Facilities CFD only, as calculated between September 1st and December 31st of any Fiscal Year, all Facilities Special Taxes that were collected in an Improvement Area in the prior Fiscal Year and were not needed to pay: (a) debt service on the outstanding CFD Bonds for such Improvement Area, as applicable, due in the calendar year that begins in the Fiscal Year in which the Remainder Special Taxes were levied, if any; (b) administrative costs for such Improvement Area payable in that Fiscal Year; (c) amounts levied to replenish the applicable reserve fund as of the Principal Payment Date, including amounts reserved for reasonable anticipated delinquencies, if any; and (d) amounts needed to pay periodic costs on CFD Bonds for such Improvement Area, including liquidity support and rebate payments on CFD Bonds for such Improvement Area.

"**Remainder Taxes Project Account**" means, for the Facilities CFD only, a separate account created by or on behalf of City for each Improvement Area of the Facilities CFD and maintained by or on behalf of City to hold all Remainder Taxes generated from such Improvement Area, to be used as set forth in this Financing Plan.

"**RMA**" means the applicable rate and method of apportionment of special taxes for (i) the Services CFD as approved in accordance with the CFD Act and (ii) if formed, for each Improvement Area of the Facilities CFD, as approved in accordance with the CFD Act.

"**Services CFD**" means a community facilities district formed under the CFD Act to finance Contingent Services Costs, all to the extent provided in the proceedings for the CFD and this Financing Plan.

"**State**" means the State of California.

"**Subsequent Assessed Value**" means the assessed value of a parcel in the EIFD in any Fiscal Year after the most recent Baseline Assessed Value was established.

"**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, all as of the date of determination.

"**Taxable Parcel**" means, depending on the context, (i) with respect to the Services CFD, and as determined by the RMA for the Services CFD, a lot or parcel that is, as of the date of determination, within the Services CFD and that is not an Exempt Parcel, (ii) with respect to the Facilities CFD, if any, and as determined by the applicable RMA for the Facilities CFD, a lot or parcel that is, as of the date of determination, within the Facilities CFD or an Improvement Area within the Facilities CFD and that is not an Exempt Parcel, and (iii) with respect to the EIFD, a parcel that is subject to the ad valorem property tax within the boundaries of a Project Area.

"**Taxable Residential Unit**" means, for the Facilities CFD only, a residential unit within the Facilities CFD.

"**Total Tax Obligation**" means, for the Facilities CFD only, with respect to a Taxable Parcel at the time of calculation, the sum of: (a) the ad valorem taxes, charges and fees actually levied or projected to be levied on the County tax roll if the Taxable Parcel were developed at the time of calculation; (b) the Facilities Special Tax rates (but not the Contingent Services Special Tax rates) levied or projected to be levied if the Taxable Parcel were developed at the time of calculation; (c) all installments of special assessments secured by a lien on the Taxable Parcel if the Taxable Parcel were developed at the time of calculation; and (d) all other special taxes (based on assigned special tax rates), including the Contingent Services Special Taxes, or assessments secured by a lien on the Taxable Parcel levied or projected to be levied if the Taxable Parcel were developed at the time of calculation.

"**Transferee**" is defined in the 3333 California Street Development Agreement.

"**Trigger Event**" means the date following both (i) the written notice to the 3333 California Street Developer of a Potential Trigger Event and (ii) the failure of the 3333 California Street Developer to remedy the default described in the notice after having been provided a reasonable opportunity to cure such default. The Parties agree that a reasonable opportunity to cure such default includes 180 days (i.e., 90 days for the Developer and owners of Taxable Parcels to cure, with an additional 90 days for lenders secured by Taxable Parcels to cure the default).

"**Underwriter**" means the underwriter for any issue of CFD Bonds or EIFD Bonds.

"**Underwriter Force Majeure"** is defined in Section 1.4.

"**Undeveloped Property**" means, for the Facilities CFD only, in any Fiscal Year, Taxable Parcels in the Facilities CFD or an Improvement Area that are not Developed Property, as defined in the applicable RMA.

"**Value Reduction**" means a reduction in assessed value of a parcel obtained through a proceeding that the pertinent taxpayer initiates under the California Revenue &

Taxation Code.

"**3333 California Street Developer**" means Laurel Heights Partners, LLC a Delaware limited liability company, its successors, and its Permitted 3333 Assigns.

"**3333 California Street Development Agreement**" means a Development Agreement between City and the 3333 California Street Developer, recorded in the Official Records of San Francisco County on September 11, 2020, as Document No. 2020015925, as modified by a Memorandum of Minor Modification of Development Agreement (Amendment No. 1, recorded in the Official Records of San Francisco County on _____, 2024, as Document No. _____, and a First Amendment to Development Agreement, dated as of _____, 2024, and to recorded in the Official Records of San Francisco County**,** as amended from time to time.

"**3333 California Street Project**" has the meaning given to the term Project in the 3333 California Street Development Agreement.

"**3333 California Street Project Site**" has the meaning given to the term Project Site in the 3333 California Street Development Agreement.

"**3700 California Street Developer**" means California 3700 LLC, a Delaware limited liability company, its successors, and its Permitted 3700 Assigns.

"**3700 California Street Project**" means **[to come]**.

"**3333 California Street Project Site**" means **[to come]**.

Schedule 1

Community Benefits Linkages and Impact Fees Schedule

Pursuant to Section 4.1 of the Agreement, the Developer's Community Benefits obligations are tied to specific Buildings or number of Market Rate Units (as defined in Exhibit D) that will be developed over the course of the Project and during the Term of the Agreement. The linkages between the specific Community Benefits and the associated Buildings or Market Rate Units are detailed below, as well as within any referenced exhibits. The development impact fees that apply to the Project are detailed below.

COMMUNITY BENEFITS

1. **Publicly Accessible Private Improvements**. The Developer shall complete the Publicly Accessible Private Improvements described in Exhibit C and generally depicted in Attachment C-1 prior to obtaining a first certificate of occupancy (including any temporary certificate of occupancy) for any non-retail portion, if any, of specific Buildings as described below (or, in the case of Publicly Accessible Private Improvements to be delivered only after completion of more than one Building, then prior to obtaining the first certificate of occupancy for the later Building); provided, however, that if Developer wishes to receive a first certificate of occupancy (or the equivalent thereof) for a Building (or later Building, as applicable) before completing its associated Publicly Accessible Private Improvement, then, notwithstanding anything to the contrary in this Schedule, Developer may complete this obligation after that certificate of occupancy for the associated Building (or later Building, as applicable) by providing to the City, prior to issuance of the first certificate of occupancy for that Building (or later Building, as applicable), a surety performance bond or other security in form acceptable to the City and in an amount equal to 100% of the reasonably estimated cost to complete that Publicly Accessible Private Improvement, and shall diligently and continuously pursue that Publicly Accessible Private Improvement to completion following which such bond will be released.
    a. California Plaza – with the completion of Plaza A Building
    b. Cypress Square – with the completion of Plaza B Building
    c. Cypress Stairs – with the later completion of either Plaza A Building or Plaza B Building
    d. Mayfair Walk – the Mayfair Walk extends the entire width of the Project Site and shall be completed in segments tied to the completion of the adjacent Buildings as depicted in Attachment C-1 (the later of Mayfair Building or Plaza A Building, the later of Plaza B Building or Center A Building, and the completion of Center B Building)

e. Presidio Overlook – with the completion of Center Building B
f. Pine Street Steps – with the completion of Center Building B
g. Walnut Walk North – with the later completion of Center A Building or Center B Building
h. Walnut Walk South – with the later completion of the Euclid Building or Masonic Building
i. Walnut Drive and Walnut Court – with the later completion of Plaza B Building or Walnut Affordable Housing Building (as defined in Exhibit D)
j. Euclid Green – with the completion of the Project's final Building; provided, however, that if the Developer receives a first certificate of occupancy (including any temporary certificate of occupancy) for any Building(s) without completing all proposed Buildings during the Term, then Euclid Green shall be completed by the end of the Term.
k. Pedestrian Access – if Developer receives a first certificate of occupancy (including any temporary certificate of occupancy) for any Building(s) without completing all proposed Buildings during the Term that would otherwise require the completion of Walnut Walk North, Walnut Walk South, and Mayfair Walk as described above, then Developer, in conjunction with the Planning Department, shall design an alternative plan for pedestrian access that seeks to achieve similar pedestrian access and widths as Walnut Walk North, Walnut Walk South, and Mayfair Walk, but takes into account then then-current on-site conditions, including locations of improvements and the Project Site's topography, and the Developer shall construct such alternative plan improvements prior to the end of the Term.

2. **Streetscape Improvements**. The Developer shall complete each of the Streetscape Improvements described in Exhibit C and generally depicted in Attachment C-1 (and as will be more specifically set forth in the building permit application for the Streetscape Improvements associated with the applicable Building) before obtaining any first certificate of occupancy (including any temporary certificate of occupancy) for the applicable Building (or later of adjacent Buildings, if applicable) for such Streetscape Improvement as depicted in Attachment C-1; provided, however, that if Developer wishes to receive a first certificate of occupancy for a Building before completing its associated Streetscape Improvement, then, notwithstanding anything to the contrary in this Schedule, Developer may complete its associated Streetscape Improvement after that certificate of occupancy by providing a surety performance bond or other security to City, prior to issuance of the first certificate of occupancy for that Building, in form acceptable to the City and in an amount equal to 100% of the reasonably estimated cost to complete that Streetscape Improvement, and the Developer shall diligently and continuously pursue that Streetscape Improvement to completion following which the bond shall be released. Such requirement shall be in addition to any security or bonding requirements required under

the street improvement permit issued by City's Department of Public Works for the performance of such Streetscape Improvement.

3. **Maintenance and Operation.** The Developer shall cause the appropriate party (e.g., a master association) to enter into agreements for the ongoing operation, maintenance and repair of the Publicly Accessible Private Improvements to the standards described in Attachment C-2 and Attachment C-3.

4. **Housing Plan.** The Project's BMR Units shall be complete as set forth in Exhibit D, the Affordable Housing Program.

5. **AWSS Community Benefit Fee.** The Project's AWSS Community Benefit Fee shall be paid as set forth in Schedule 2.

6. **Workforce Agreement.** The workforce requirements will apply to the Project as set forth in Exhibit I, the Workforce Program.

7. **Transportation Demand Management.** The Transportation Demand Management Plan shall be implemented as set forth in Exhibit J, the Transportation Exhibit, and the Approvals described in Exhibit E.

8. **Child Care Program.** The Developer shall have constructed the child care facility to warm shell condition, as described in Exhibit L, on the Walnut Child Care Parcel (as defined in Exhibit D) by the earlier of receiving a first certificate of occupancy (including any temporary certificate of occupancy) for the Walnut Affordable Housing Building (as defined in Exhibit D) and obtaining a first certificate of occupancy (including any temporary certificate of occupancy) for more than four hundred eighty-one (481) Market Rate Units (as defined in Exhibit D). In addition, if the Developer receives a first certificate of occupancy (or a temporary certificate of occupancy) for any Building, the Developer must obtain a first certificate of occupancy (or a temporary certificate of occupancy) for the child care facility before the expiration of the Term. The child care facility shall be operated on the terms described in Exhibit L.

9. **Construction Period Enhancement Measures.** Developer shall comply with the construction period enhancement measures described in Exhibit N during the initial construction of any portion of the Project.

DEVELOPMENT IMPACT FEES

The following development impact fees apply to the Project: Transportation Sustainability Fee (Planning Code Section 411A) and Jobs Housing Linkage Fee (Section 413). The Residential Child Care Impact Fee (Planning Code Section 414A) and the Affordable Housing Fee (Planning Code Section 415) have been waived in consideration of the on-site provision of a child care facility and affordable housing as described in Exhibit L and Exhibit D, respectively.

As provided in Planning Code section 403 and Section 107A.13.3 of the San Francisco Building Code, the Project is eligible for the Fee Deferral Program. Notwithstanding anything to the contrary in Planning Code section 403, the Project also will be eligible for reduction of the Transportation Sustainability Fee pursuant to Planning Code section 403 for any Building that has received a site permit on or before November 1, 2026, subject to extension for periods of Excusable Delay, and then receives a First Construction Document within thirty (30) months of site permit approval. If Planning Code section 403 is amended to extend either the November 1, 2026 date by which the fee must be assessed or the timeline within which a First Construction Document must be obtained to be eligible for the fee reduction, then such extended timelines shall apply to the Project.