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OF THE CITY AND COUNTY OF SAN FRANCISCO

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Pursuant to Government Code
Section 27383)

AND WHEN RECORDED MAIL TO:

Angela Calvillo
Clerk of the Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

DEVELOPMENT AGREEMENT
RELATING TO THE CONSTRUCTION AND RECONSTRUCTION
OF HEALTHCARE FACILITIES IN FURTHERANCE OF THE CALIFORNIA
PACIFIC MEDICAL CENTER LONG RANGE DEVELOPMENT PLAN
BY AND BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO
AND SUTTER WEST BAY HOSPITALS

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AND SUTTER WEST BAY HOSPITALS**

THIS DEVELOPMENT AGREEMENT (this "**Agreement**") dated for reference purposes only as of this ____ day of _____, 2013, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a political subdivision and municipal corporation of the State of California (the "**City**"), acting by and through its Planning Department, and SUTTER WEST BAY HOSPITALS, a California nonprofit public benefit corporation doing business as California Pacific Medical Center ("**CPMC**"), pursuant to the authority of Section 65864 *et seq.* of the California Government Code and Chapter 56 of the San Francisco Administrative Code. The City and CPMC are also sometimes referred to individually as a "**Party**" and together as the "**Parties**". Capitalized terms not defined when introduced shall have the meanings given in Section 1 below.

RECITALS

This Agreement is made with reference to the following facts:

A. CPMC presently operates medical facilities in San Francisco. The four existing CPMC medical campuses are known as the St. Luke's Campus, the Davies Campus, the Pacific Campus, and the California Campus.

B. Through its operation of its medical facilities, CPMC provides substantial direct and indirect economic benefits to the City. It provides essential health services to people of all ages from diverse ethnic, cultural, geographic, educational and socioeconomic backgrounds. Approximately two-thirds of CPMC's patients live in San Francisco, and CPMC provides healthcare service in connection with approximately 30% of the hospitalizations in San Francisco. CPMC is San Francisco's second largest non-public employer, and fourth largest employer overall, with over 6,000 employees.

C. CPMC must meet certain State seismic safety requirements for hospitals (the "Hospital Seismic Safety Laws", as defined in Section 1 below) in order to continue providing acute-care services in certain of its facilities.

D. CPMC has developed a plan to provide an integrated, modern system of healthcare with medical facilities that would comply with Hospital Seismic Safety Laws on five campuses, including a new campus on Van Ness Avenue known as the Cathedral Hill Campus. CPMC's proposed city-wide system of care would include three state-of-the-art acute care hospitals, increase the number of earthquake safe hospital beds in San Francisco, create 1,500 construction jobs, require expenditures of over \$2 billion in total development costs (including

Section 10.4, subject to any conditions expressly set forth in this Agreement for the benefit of CPMC.

4.2 Public Benefits.

4.2.1 Construction and Licensure of Hospital at the St. Luke's Campus and Hospital at the Cathedral Hill Campus. CPMC shall provide the following public benefits (collectively, the "**Hospital Commitment**"):

(a) If CPMC Commences Construction of the Cathedral Hill Campus Hospital, then CPMC shall Commence Construction of the St. Luke's Campus Hospital as and to the extent necessary to meet the Milestones and the Completion Deadline for the St. Luke's Campus Hospital.

(b) If CPMC Commences Construction of the St. Luke's Campus Hospital, then for so long as CPMC is pursuing the Completion of Construction of the Cathedral Hill Campus Hospital, CPMC shall diligently pursue the Completion of Construction of the St. Luke's Campus Hospital as and to the extent necessary to meet the Milestones and the Completion Deadline for the St. Luke's Campus Hospital.

(c) If CPMC Completes Construction of the Cathedral Hill Campus Hospital, then CPMC shall Complete Construction of the St. Luke's Campus Hospital. The Completion of Construction of the St. Luke's Campus Hospital shall occur as and when required to meet the St. Luke's Campus Hospital Opening Deadline (the "**Completion Deadline for the St. Luke's Campus Hospital**").

(d) If CPMC completes and satisfies the GACH Licensing Requirements for the Cathedral Hill Campus Hospital, then CPMC shall complete and satisfy the GACH Licensing Requirements for the St. Luke's Campus Hospital. As and when required to meet the St. Luke's Opening Deadline, CPMC shall promptly file all necessary applications required for GACH Licensure of the St. Luke's Campus Hospital, and thereafter diligently pursue GACH Licensure of the St. Luke's Campus Hospital. If CPMC Opens the Cathedral Hill Campus Hospital, it shall Open the St. Luke's Campus Hospital (the "**St. Luke's Campus Hospital Opening Obligation**") on or before the date that is twenty-four (24) months from the day CPMC opens the Cathedral Hill Campus Hospital (the "**St. Luke's Campus Hospital Opening Deadline**"). Without limiting the foregoing, CPMC shall pay to the City the following payments (the "**Delay Payments**") for the period starting on the date that is twelve (12) months from the day CPMC Opens the Cathedral Hill Campus Hospital, subject to extension for any Excusable Delay affecting the Opening of the St. Luke's Campus Hospital prior to CPMC incurring any Delay Payments, and ending on the earlier of the date that CPMC Opens the St. Luke's Campus Hospital or the St. Luke's Campus Hospital Opening Deadline: Two Thousand Five Hundred Dollars (\$2,500) per day for the first five (5) months, and Five Thousand Dollars (\$5,000) per day for the next seven (7) months. The Delay Payments shall be made monthly, in arrears, within five (5) days following the start of each calendar month, and shall in no event exceed twelve (12) months of payments.

4. 2. 2 Time of Essence. The Parties understand and agree that time is of the essence and that satisfaction of the Completion Deadline for the St. Luke's Campus Hospital, the St. Luke's Campus Hospital Opening Deadline and the demolition/construction work described in Section 4.2.1 are a material part of this Agreement, of the utmost importance to the both the City and CPMC, and that the City would not be willing to enter into this Agreement without the commitments as set forth in this Section 4.2. The Parties also understand and agree that CPMC will incur substantial additional costs in connection with delays in the commencement and completion of construction of the St. Luke's Campus Hospital and Hospital at the Cathedral Hill Campus, and that CPMC would not be willing to enter into this Agreement without the assurances and commitments given by the City in this Agreement.

4. 2. 3 Milestones for Completion. In order to keep the City reasonably informed of CPMC's progress in satisfying the Hospital Commitment, CPMC shall periodically report to the City on the timing and progress of the construction of the St. Luke's Campus Hospital and the Cathedral Hill Campus Hospital and promptly provide to the City such information as may be reasonably requested by the City from time to time. In connection with this reporting obligation, CPMC shall provide the City with reasonably detailed project schedules for the St. Luke's Campus Hospital and the Cathedral Hill Campus Hospital before the start of construction, including any change to the Schedule and Phasing Plan, and shall update such project schedules on not less than a quarterly basis. Within thirty (30) days following the completion of each milestone listed in the Schedule and Phasing Plan (each, a "**Milestone**"), CPMC shall provide notice to the City (the "**Milestone Completion Notice**") from CPMC's project manager(s) for the construction of the St. Luke's Campus Hospital and the Cathedral Hill Campus Hospital, which shall, to the best of such individual's knowledge following reasonable due diligence: (i) confirm the completion of the Milestone, (ii) update the construction schedule for each and describe any material changes to the schedule and the reasons therefor, (iii) describe any existing or anticipated material delays in meeting the Milestones that follow, and (iv) confirm CPMC's expectation to satisfy the St. Luke's Campus Hospital Opening Deadline. If a Milestone Completion Notice describes an existing or anticipated delay in meeting the Milestones that follow, CPMC shall provide a reasonably detailed work program and schedule to show how CPMC intends to meet the Milestones that follow as required to satisfy the Completion Deadline for the St. Luke's Campus Hospital and the St. Luke's Campus Hospital Opening Deadline (the "**Revised Work Plan**"). In any Revised Work Plan, CPMC may extend the dates for completion of any Milestone, but shall not have the right to revise the definition of a Milestone or extend the St. Luke's Campus Hospital Opening Deadline. After receipt of a Milestone Completion Notice, CPMC shall meet with the City, promptly after a City request, to discuss any material delays from the Milestone timing set forth in the Schedule and Phasing Plan, and, if applicable, the Revised Work Plan. CPMC's failure solely to meet the Milestone timing set forth in the Schedule and Phasing Plan, in and of itself, shall not be a Default, though failure to comply with the commitments in Section 4.2.1 or the reporting provisions of this Section 4.2.3 shall, following the meet and confer process in Section 9.2 (as applicable) and the notice and cure provisions in Section 9.3, be a Default by CPMC. CPMC shall send a Milestone Completion Notice for each milestone and upon the Opening of the St. Luke's Campus Hospital and the Cathedral Hill Campus Hospital.

4. 2. 4 Performance of Community Commitments. In addition to the significant public benefits arising from the Hospital Commitment, CPMC shall provide the

with (i) the Hospital Commitment, (ii) each of the Community Commitments, including the Healthcare Compliance Report as set forth in Exhibit F and (iii) the provisions of this Agreement regarding reimbursement of City Costs (the "**Compliance Statement**"). CPMC shall concurrently deliver a copy of the Healthcare Compliance Report to the Director of Public Health, and shall continue to send the Healthcare Compliance Report to the Director of Public Health until the expiration or termination of all of the Healthcare Obligations. The Compliance Statement shall satisfy the requirements for and be submitted in lieu of any Update otherwise required pursuant to Planning Code Section 304.5(b); provided, however, that if there are significant revisions (as defined therein) to the information contained in the IMP, then the Zoning Administrator shall be notified to determine whether a new Institutional Master Plan is required. The Compliance Statement and this Agreement shall also satisfy the requirements of Health Commission Resolution No. 02-10.

8.2.2 City Report. Promptly upon receipt, (i) the Planning Director shall post the Compliance Statement on the Planning Department's website and the DPH Director shall post the Healthcare Compliance Report portion thereof on the Department of Public Health's website, and (ii) the Planning Director and DPH Director shall also, when completed in accordance with this Agreement, post on their websites the independent third party audit verifying the number of Unduplicated Patients cared for and the costs incurred for the Baseline Expenditure Commitment, as set forth in Section 13 of Exhibit F. The Planning Department and the Department of Public Health shall receive public comments for thirty (30) days after the posting of the Compliance Statement (including the Healthcare Compliance Report) regarding CPMC's compliance with the Community Commitments, including the Healthcare Obligations. After the 30 day comment period the Planning Director, in consultation with the DPH Director and other City agencies (including the MTA with regard to traffic issues and OEWD with regard to workforce issues), shall, within forty-five (45) days thereafter, prepare a report as to whether CPMC is in compliance with this Agreement based upon all of the information received (the "City Report"). The City Report shall be posted on the Planning Department and Health Department websites. All evidence submitted to the City, including any agency reports and staff reports and backup documentation shall be provided to CPMC upon request.

The City Report shall address each of the following Community Commitments (as applicable):

Healthcare Compliance (DPH for Health Commission)

- o St. Luke's Campus Hospital Opening Obligation and St. Luke's Campus Hospital Opening Deadline
- o Baseline Commitment
- o New Medi-Cal Beneficiaries Commitment
- o Innovation Fund commitments
- o Centers of Excellence in Community Health and in Senior Health

Other Community Commitments (Planning, with OEWD, MTA, DPW, MOH, for Planning Commission)

- o Workforce, 30% local hire for all construction jobs, 50% local hire for entry-level construction jobs and 40% local hire for end-use jobs

- o Transportation commitments, including implementation of CPMC's TDM, and Clipper Card programs
- o Submission of payments in accordance with the Payment Schedule
- o Performance of Public Improvements commitments as and when required

The Planning Director and the Director of DPH shall promptly schedule a duly-noticed public hearing in front of their respective Commissions to review the Compliance Statement and City Report. Thereafter, based on the Compliance Statement and such other substantial evidence presented, the Planning Director shall determine CPMC's compliance with all elements of this Agreement except for the Healthcare Obligations, and the DPH Director shall determine CPMC's compliance with the Healthcare Obligations (including following the expiration of the Term for the surviving Healthcare Obligations).

If the Planning Director finds that CPMC is in material compliance with this Agreement (other than the Healthcare Obligations) and the DPH Director finds that CPMC is material compliance with the Healthcare Obligations, then the Planning Director shall issue a Certificate of Compliance to CPMC. If the Planning Director or DPH Director finds that CPMC is not in material compliance, then the Planning Director and DPH Director shall immediately notify the City Attorney for consideration and pursuit of appropriate action in accordance with Chapter 56 and this Agreement, which may include, following notice to CPMC, specific performance, termination, the application of liquidated damages, and other remedies as set forth in Article 9.

The Planning Department shall maintain a list of individuals and community groups that are interested in CPMC's performance under this Agreement (the "CPMC List"), which shall include (i) the community advisory groups formed in accordance with the conditional use authorizations for the Project, and (ii) San Franciscans for Healthcare, Housing, Jobs and Justice, as well as any other individuals or community groups that request inclusion on the CPMC List. The Planning Department shall send notice to each individual or community group on the CPMC List by email or, if the individual or community group prefers, by U.S. Mail, at the time of (A) each posting of the Compliance Statement on the Planning Department's website (which notice shall include reference to the comment period, the forthcoming City Report and the annual review process set forth in this Section 8.2.2), and (B) other public hearings before the Planning Commission related to this Agreement, including but not limited to public hearings to consider any potential amendment to this Agreement.

To inform the Board of Supervisors as to the status of compliance, the Planning Director and the DPH Director shall forward the City Report and their compliance findings together with all supporting documentation to an independent third party monitor, Mr. Lou Giraudo, or if Mr. Giraudo is no longer able or willing to serve, then to such alternative monitor as may be agreed to by CPMC and the City (or, if unable to agree on a third party monitor, then to a monitor appointed by JAMS generally in accordance with the procedures set forth in Section 9.4.5) (the "Third Party Monitor"). The Third Party Monitor shall review the findings and evidence presented, and send a letter to the Board of Supervisors within thirty (30) days, with a copy to the Planning Director and the DPH Director, stating whether he or she concurs with the findings. If the Third Party Monitor does not concur with the findings, then he or she shall indicate the basis for disagreement. The Board of Supervisors may elect to hold a hearing at any time and,

consistent with this Agreement, Chapter 56 and Charter section 6.102, adopt a resolution directing the City Attorney to pursue appropriate remedies in the event of non-compliance. The Third Party Monitor is for the benefit of the City, and the City's right to pursue any remedy under this Agreement is not conditioned upon a determination by the Third Party Monitor that CPMC has not complied with this Agreement.

The City's failure to initiate or timely complete the annual review shall not be a Default and shall not be a waiver of the City's right to do so at a later date. The issuance of a Certificate of Compliance shall not constitute an estoppel or waiver of the City's rights based on the results of a later completed by third-party audit, including the audits of the Healthcare Compliance matters required under Exhibit F, or based on the results of the Third Party Monitor review.

All costs incurred by the City under this Section 8 shall be included in the City Costs, provided that public meeting and public review process costs as set forth in this Section 8 that exceed those provided under Chapter 56 shall not exceed Twelve Thousand Dollars (\$12,000) per year.

8.2.3 Within forty-five (45) days after CPMC submits the Compliance Statement, the Planning Director, in consultation with the Department of Public Health and other City agencies as appropriate, shall review the Compliance Statement and all other substantial evidence regarding CPMC's compliance with this Agreement. All substantial evidence including final staff reports shall, upon receipt by the City, be made available expeditiously to CPMC. Based on the Compliance Statement and such other substantial evidence, the Planning Director shall determine CPMC's compliance with all elements of this Agreement except for the Healthcare Obligations. CPMC's compliance with the Healthcare Obligations shall be determined (including following the expiration of the Term for the surviving Healthcare Obligations) by the Director of DPH. If the Planning Director finds that CPMC is in material compliance with this Agreement other than the Healthcare Obligations, then Planning Director shall issue a Certificate of Compliance to CPMC. If the Planning Director finds CPMC not in material compliance, then the Planning Director shall proceed in the manner provided in Chapter 56 for any proposed termination of this Agreement. If the Director of DPH finds that CPMC is not in compliance with the Healthcare Obligations, then the Director of DPH shall consult with the City Attorney for appropriate action in accordance with this Agreement. The City's failure to initiate or timely complete the annual review shall not be a Default and shall not be a waiver of the City's right to do so at a later date. All costs incurred by the City under this Section 8 shall be included in the City Costs.

9. ENFORCEMENT OF AGREEMENT; DEFAULT; REMEDIES

9.1 Enforcement. The only Parties to this Agreement are the City and CPMC (and any successors and Transferees). This Agreement is not intended, and shall not be construed, to benefit or be enforceable by any other person or entity whatsoever.

9.2 Meet and Confer Process. Before sending a notice of default in accordance with Section 9.3, the Party which may assert that the other Party has failed to perform or fulfill its obligations under this Agreement shall first attempt to meet and confer with the other Party to discuss the alleged failure and shall permit such Party a reasonable period, but not less

Licensure and Open the Cathedral Hill Campus Hospital notwithstanding the Completion Deadline for the St. Luke's Campus Hospital and the St. Luke's Campus Hospital Opening Deadline and (ii) the City would not be entitled to liquidated damages under Section 9.4.4 for the period of the Excusable Delay; provided, however, CPMC may not rely on Excusable Delay to delay the ~~Completion Deadline for the St. Luke's Campus Hospital or the Opening Deadline Hospital at the St. Luke's Campus~~ if the act or thing that is the cause of the Excusable Delay applies to both the Cathedral Hill Campus and the St. Luke's Campus and CPMC devotes efforts or resources disproportionately to the Cathedral Hill Campus in its efforts to resolve the Excusable Delay.

11. TRANSFER OR ASSIGNMENT; RELEASE; CONSTRUCTIVE NOTICE

11.1 Permitted Transfer of this Agreement. At any time, CPMC shall have the right to convey, assign or transfer all or any part of its right, title, and interest in and to the Project Sites without the City's consent, provided that it also transfers any applicable portion of its interest, rights or obligations under this Agreement (a "**Transfer**") with respect to such portion of the Project Sites to a third party (the "**Transferee**") acquiring an interest in that portion of the Project Sites (the "**Transferred Property**"). For purposes of the foregoing, all of the Public Benefits will apply to, connect and run with the land that is the Cathedral Hill Hospital Site, except for (i) the St. Luke's Campus Hospital Opening Obligation and the St. Luke's MOB Commitment, the St. Luke's Health Care Center, the St. Luke's Center of Excellence in Community Health and the St. Luke's Center of Excellence in Senior Health, all as described in this Agreement (including Exhibit F), which apply to, connect and run with the land that is the St. Luke's Campus, (ii) CPMC's obligations in the Workforce Agreement, which apply to, connect and run with the land on which the applicable Workforce Project (as defined in Exhibit E) is to be constructed, and (iii) the STLD Improvements, as described in Exhibit H, which apply to the land that is the St. Luke's Campus and the Davies Campus, respectively. Accordingly, if CPMC conveys or transfers some but not all of the Project Site such that there are separate owners of one or more of the Project Sites, the obligation to perform and complete the Public Benefits shall be separated in the manner set forth above and described in the applicable Assignment and Assumption Agreement. The obligation to undertake the Community Visioning Plans referenced in Section 4.4 shall be the responsibility of the owner of each applicable campus.

11.2 Notice of Transfer. With regard to any proposed Transfer of its interests, rights and obligations under this Agreement, CPMC shall provide not less than ninety (90) days' notice to the City before any such Transfer. CPMC shall provide, with such notice, a copy of the assignment and assumption agreement that CPMC proposes to enter into, with a detailed description of what obligations are to be assigned to and assumed by the Transferee and what obligations will be retained by CPMC, and a description of the Transferred Property (each, an "**Assignment and Assumption Agreement**"). Each Assignment and Assumption Agreement shall be in recordable form, in substantially the form attached as Exhibit M, and shall include, among other terms: (i) an agreement and covenant by the Transferee not to challenge the enforceability of any of the provisions or requirements of this Agreement; (ii) a description of the obligations under this Agreement that will be assigned to and assumed by the Transferee and from which CPMC will be released, except to the extent that Exhibit F, Exhibit H or Section 11.7 provide otherwise; (iii) a covenant not to sue the City for any and all disputes solely

EXHIBIT C¹**Schedule and Phasing Plan²****DATE³****MILESTONE****On or before May 11, 2016****Milestone⁴:** Completion of San Jose Avenue City project**On or before the later of February 1, 2015 or 18 months from the Effective Date****Milestone⁴:** Submit St. Luke's Increment 1 to OSPHD for the St. Luke's Campus Hospital**On or before twelve (12) months after submission of Increment 1 to OSHPD for the St. Luke's Campus Hospital****Milestone⁴:** Commencement of construction of the San Jose Avenue CPMC Project**On or before eighteen (18) months after submission of Increment 1 to OSHPD for the St. Luke's Campus Hospital****Milestone⁴:** Receipt of Increment 1 permit from OSHPD for the St. Luke's Campus Hospital**On or before three (3) months after receipt of Increment 1 permit from OSHPD for the St. Luke's Campus Hospital****Milestone⁴:** Commencement of Shoring/Excavation Work for the St. Luke's Campus Hospital**On or before Twenty (20) months from Commencement of Shoring/Excavation Work for the St. Luke's Campus Hospital****Milestone⁴:** Completion of Exterior Work for the St. Luke's Campus Hospital**On or before forty-two (42) months from receipt of Increment 1 permit from OSHPD for the St. Luke's Campus Hospital****Milestone⁴:** Notice of Completion of Construction of the St. Luke's Campus Hospital provided to the City**St. Luke's Campus Hospital Opening Deadline:
On or before twenty four (24) months from the Opening of the Cathedral Hill Campus Hospital****Milestone⁴:**—Notice of Opening of the St. Luke's Campus Hospital provided to the City

¹ Initially capitalized terms are as defined in the Agreement. In the event of a conflict between this Schedule and Phasing Plan and the Agreement, the Agreement shall prevail.

² The obligations reflected in this Exhibit terminate upon the expiration or early termination of the Agreement as provided in §10.4 therein.

³ Dates are those currently anticipated and may be revised in the manner provided for in the Agreement.

⁴ The Milestones are intended to keep the City reasonably informed on CPMC's progress in satisfying the Hospital Commitment, and may be adjusted from time to time as provided in the Agreement §4.2.3.

EXHIBIT E

Workforce Agreement

City and County of San Francisco

First Source Hiring Program



Edwin M. Lee, Mayor

Office of Economic and Workforce Development
Workforce Development Division

This Workforce Agreement (this "**Agreement**") is entered into as of _____, _____, 20____, by and between the City and County of San Francisco (the "**City**") through its First Source Hiring Administration ("**FSHA**"), and Sutter West Bay Hospitals, a California nonprofit public corporation doing business as California Pacific Medical Center ("**CPMC**").

All references in this Agreement to the "**Development Agreement**" shall refer to the Development Agreement Relating to the Construction and Reconstruction of Medical Facilities in Furtherance of the California Pacific Medical Center Long Range Development Plan by and between the City and County of San Francisco and Sutter West Bay Hospitals dated _____. All references in this Agreement to the "City" shall mean the City acting by and through FSHA unless otherwise specified. Any capitalized term used in this Agreement that is not defined shall have the meaning given to such term in the Development Agreement. In the case of a conflict between the terms of this Agreement and the Development Agreement, this Agreement shall prevail.

RECITALS

WHEREAS, CPMC, as owner, proposes to construct new healthcare facilities at multiple locations within the City and County of San Francisco, which will include certain activities as follows: (i) a new hospital building on the west side of Van Ness Avenue at the intersection of Van Ness Avenue and Geary Boulevard and a new medical office building at the Cathedral Hill Campus on the east side of Van Ness Avenue at the intersection of Van Ness Avenue and Geary Street, (ii) a new Neuroscience Institute medical office building at the Davies Campus, and (iii) a new replacement hospital building and medical office building at the St. Luke's Campus (each, a "**Workforce Project**," and collectively, for purposes of this Agreement, the "**Workforce Projects**"); and

WHEREAS, CPMC is undertaking the Workforce Projects in order to comply with the requirements of California Senate Bill 1953 and of the California Office of Statewide Health Planning and Development to construct modern, seismically safe hospital facilities that would remain operational in the event of a major disaster, both to serve CPMC's patients and to play an important role in San Francisco's disaster response and preparedness system; and

WHEREAS, the Administrative Code of the City provides at Chapter 83 for a "First Source Hiring Program" which has as its purpose the creation of employment opportunities for Qualified Economically Disadvantaged Individuals (as defined herein); and

provide feedback intended to enhance the hiring of, and satisfactory job performance by, the System Referrals. This feedback shall be general in nature and shall not be focused on specific individuals.

e. ~~Deemed Compliance.~~ CPMC will be deemed to have met its obligation under this Agreement provided that it has hired at least forty (40) System Referrals in each consecutive 12-month period for the five (5) years following the Effective Date. ~~[intentionally deleted]~~

f. Record-Keeping Obligations. CPMC shall use reasonable efforts to obtain and keep records of the number of System Referrals interviewed for Available Entry-level Positions and those eventually hired by CPMC.

g. Reporting Obligations. CPMC shall cause the information gathered pursuant to Section f, above, to be reported to the HCA every six (6) months and include aggregated information on the zip codes of hired System Referrals.

5. CPMC Retains Discretion Regarding Hiring Decisions. CPMC shall have the sole discretion to make all hiring decisions, including determining whether a System Referral shall be interviewed for an Available Entry Level Position, or is qualified for that position. The parties agree and acknowledge that every individual considered by CPMC for employment in a particular job category must pass an employment test to be placed into the Qualified Pool for that job category, and that Candidates who fail to pass a drug test, a background check, and/or any other nondiscriminatory pre-employment conditions that CPMC establishes from time to time in its sole discretion, will not be hired by CPMC. Any System Referral who is hired by CPMC shall have the same rights and obligations as all other employees in similar positions. CPMC shall not discriminate against any employees on the basis of participation in the First Source Hiring Program. Employment with CPMC is not for a specified term and is at the mutual consent of the employee and CPMC, and the employment relationship may be terminated with or without cause, and with or without prior notice, by either the employee or CPMC. Nothing in this Agreement is intended to alter the "at-will" nature of an individual's employment with CPMC.

a. No Modification of CPMC Hiring Practices. Nothing in this Agreement shall require CPMC to (a) modify in any manner its hiring practices including, without limitation, any computerized application system, background checks, drug tests, and skills tests; or (b) to violate any court order, consent decree, law or statute.

b. Exception for Essential Functions. Nothing in this Agreement shall preclude CPMC from using temporary or reassigned existing employees to perform essential functions of its operation; provided, however, CPMC's obligation to use good faith efforts to meet the hiring goals set forth in Section 3 shall remain in effect. For these purposes, "essential functions" means those functions necessary to meet business obligations.

6. FSHA's Obligations. Pursuant to this Agreement, the HCA shall:

a. Provide for City sponsored pre-employment screening, employment training, and support services programs. HCA anticipates that the majority of the System Referrals will be from the Western Addition, Tenderloin, Mission/SOMA, Outer Mission/Excelsior, Chinatown and Southeastern neighborhoods.

b. Follow up with CPMC on the outcomes of System Referrals, and initiate corrective action as necessary to maintain an effective employment training and delivery system;

c. Provide CPMC with reporting forms, consistent with the reporting obligations set forth in Section 4(f), above, for monitoring the requirements of this Agreement; and

d. Monitor the performance of the Agreement by examination of records of CPMC hiring activities as submitted in accordance with the requirements of this Agreement.

7. Report Delivery. Notwithstanding any notice provision to the contrary in this Agreement, any reports required of CPMC under this Agreement (collectively, "**CPMC Reports**") shall be delivered to the address of the HCA pursuant to this Section via first class mail, postage paid, and such CPMC Reports shall be deemed delivered two (2) business days after deposit in the mail in accordance with this Subsection.

8. Tenant First Source Hiring. CPMC and FSHA shall work together in good faith to identify and implement an appropriate program for first source hiring for CPMC's tenants pursuant to Administrative Code Chapter 83, based on the FSHA's standard requirements and procedures with respect to commercial tenants.

D. WORKFORCE TRAINING PAYMENT

CPMC shall provide the sum of Four Million Dollars (~~\$4,000,000.00~~4,000,000) to the City as a contribution to the City's programs that provide workforce training to economically disadvantaged residents. Such payments shall be payable by CPMC as follows: One Million Dollars (~~\$1,000,000.00~~1,000,000) paid to OEWD within thirty (30) days after the Effective Date, ~~with the and managed by OEWD/CityBuild. The remainder of Three Million Dollars (\$3,000,000) shall be paid annually to the San Francisco Foundation~~ in accordance with Exhibit N (Payment Schedule); until the total sum is paid. ~~The funds shall be paid to, and managed by OEWD~~the San Francisco Foundation in accordance with the Workforce Fund Agreement attached hereto as Attachment 3 in consultation with OEWD and CPMC. ~~OEWD shall use the~~The funds paid by CPMC shall be used for workforce training purposes only and shall ~~target such funds~~ shall be targeted to educational institutions and non-profit organizations with an existing track record of working in the impacted communities (such as Western Addition, Tenderloin, Mission/SOMA, Outer Mission/Excelsior, Chinatown and Southeastern neighborhoods) and in providing barrier removal and job training for the employment opportunities created by the ~~project~~Project and identified in the workforce agreement.

E. ENFORCEMENT AND REMEDIES

CPMC shall use commercially reasonable good faith efforts to enforce the Contractors' and tenants' obligations pursuant to the terms of this Agreement. OEWD shall (1) advise CPMC, in writing, of any alleged breach on the part of the Workforce Projects' Contractors with regard to participation in the First Source Hiring Program at the Workforce Projects, and (2) work with Contractor and Subcontractors, as applicable, to create a corrective action plan to address First Source violations prior to seeking an assessment of liquidated damages pursuant to Section 83.12 of the Administrative Code.

This Agreement is an approved "First Source Hiring Agreement" as referenced in Section 83.11 of the Administrative Code. So long as CPMC fulfills its mandatory First Source Hiring Program obligations under Sections A and C of this Agreement that pertain to requirements of Chapter 83 of the Administrative Code, CPMC shall be deemed to have fulfilled its obligations under that Chapter with respect to the Near-Term Projects.

The sole remedies and enforcement process for violation of the requirements of Sections A and C of this Agreement are as provided in Section 83.12 of the Administrative Code. As stated in Section

Please fax, email, or mail this form SIGNED to:

(415) 581-2317

erik.ward@sfgov.org

Attn: Erik Ward
Business Services Manager
OEWD
50 Van Ness Avenue

San Francisco, CA 94102

EXHIBIT F

Community Healthcare Program

CPMC's Community Healthcare Program includes a range of contributions and other commitments for: (1) health care for vulnerable populations; (2) community healthcare clinics; (3) sub-acute care services; (4) construction and Opening of a new 120-bed St. Luke's Campus Hospital; (5) services at the St. Luke's Campus Hospital and elsewhere on the St. Luke's Campus; (6) construction of a new medical office building at the St. Luke's Campus; (7) integration of St. Luke's medical staff and patient quality outcomes; (8) participation in community benefits partnerships; (9) service agreement with Chinese Hospital; (10) culturally and linguistically appropriate services; and (11) City Health Services System. All initially capitalized terms have the meaning given in the Definition Section of the Agreement unless otherwise defined in this Exhibit F.

Subject to the provisions of this Exhibit F and the Agreement, CPMC will, from the earlier of the commencement dates specified in the applicable sections below or, if applicable, upon CPMC's notice to the City of an earlier actual commencement (which commencement will occur on the date of CPMC's notice to the City, but in no event earlier than the Effective Date), continuously perform all obligations in this Exhibit F for ten (10) years.

1. **Baseline Commitment.**

- a. **Baseline Commitment.** Commencing on the date the Approvals are Finally Granted, CPMC shall in each fiscal year¹ (1) care for a total of not less than [28,000] Unduplicated Patients in San Francisco (the "**Unduplicated Patient Commitment**"), and (2) spend at least Eight Million Dollars (\$8,000,000) for Community Benefits in San Francisco (the "**Baseline Expenditure Commitment**"; together with the Unduplicated Patient Commitment, the "**Baseline Commitment**"). The amount of the Baseline Commitment for any partial year during the first fiscal year and the last fiscal year shall be prorated on a per calendar day basis.

"**Unduplicated Patient**" means a patient who receives a service from any CPMC facility or clinic in the City during the calendar year as a Medi-Cal or Charity Care patient, who has not previously received a service as a Medi-Cal or Charity Care patient from a CPMC facility or clinic in San Francisco during that calendar year.

¹ All references in this Exhibit F to "**fiscal**" or "**calendar**" or "**other year**" means CPMC fiscal years, i.e., January 1 through December 31, unless subsequently modified by CPMC throughout its network. No change in fiscal year shall shorten or lengthen any of CPMC's obligations under this Exhibit F, and the parties will make the appropriate adjustments in reporting as needed to maintain the existing obligations as described in this Exhibit F in accordance with generally accepted accounting principles.

- (G) Insurance, indemnity, default and remedies provisions would be consistent with industry standard provisions for ground leases for medical buildings in the San Francisco Bay Area.
- (H) Tenants of the building shall include physicians and other healthcare professionals who have admitting privileges at the St. Luke's Campus Hospital, and City shall not discriminate against any such persons in leasing opportunities for the St. Luke's Campus MOB. The City shall offer available spaces in the St. Luke's Campus MOB first to physicians and other healthcare professionals who have admitting privileges at the St. Luke's Campus Hospital; next to CPMC, Sutter Health and their affiliates; and thereafter, to the extent vacancies remain, to other physicians and healthcare professionals. Neither the City nor any tenant or occupant of the building shall use any space within the building for a birthing center, computerized tomography (CT), radiation therapy, MRI or other future imaging modalities, a laboratory (including a pathology laboratory or a clinical laboratory), physical therapy, respiratory therapy, inpatient or outpatient surgeries, or other services that compete with services then-provided by the St. Luke's Campus Hospital or elsewhere on the St. Luke's Campus, without the prior written consent of CPMC. Notwithstanding the foregoing if any such use is incidental to and routinely performed as part of a physician's primary medical practice for the physician's patients, the foregoing restrictions shall not apply. The foregoing restrictions shall not apply to any lease of space within the building to CPMC or any Affiliate of CPMC, or any subtenant or licensee of CPMC or any Affiliate of CPMC. City may lease space within the building for childcare, incidental retail or coffee shop purposes and other uses incidental to a medical office building.

7. **Integration of St. Luke's medical staff and Patient Quality Outcomes.** CPMC shall continue its good faith efforts at the clinical integration of medical staffs at the St. Luke's Campus, with the medical staff at its Pacific Campus, California Campus and Davies Campus (and, upon Completion of the Cathedral Hill Campus Hospital and the Cathedral Hill Campus), and on quality improvement initiatives for the purpose of improving patient quality of care at all of the CPMC Campuses.
8. **Participation in the Community Benefits Partnership.** CPMC shall continue to actively participate in the "**Community Benefits Partnership**" (an outgrowth of the Building a Healthier San Francisco needs assessment process and the Charity Care Project) or its successor, of San Francisco private non-profit hospitals, SFDPH, Human Services, community clinics, health plans, non-profit providers and advocacy groups, to prepare a community benefit plan, as defined in Health and Safety Code Section 127355,

- f. CPMC will provide reasonable access to City representatives to be included in related wellness and quality initiatives that impact HSS Members that participate in these types of programs administered or supported by CPMC ("**ACO Program**").
- g. CPMC and the City shall, if requested by the City within one year of the end of the applicable fiscal year, jointly engage an independent third party actuary acceptable to all parties (the "**Independent Actuary**"), with not less than ten (10) years' experience, to verify for the prior fiscal year, whether CPMC has satisfied the Annual Rate Increase commitment outlined in Section 11.c above and verify the Non-Participating Provider Rates were applied as agreed in Section 12.e above; provided however, the applicable City Insurer has also consented to such actuarial review and CPMC has a contract with that City Insurer to participate in at least one HSS member product/network. The Independent Actuary shall be a "**disinterested person**", which is someone who is not now, and within the preceding five (5) years has not been, employed or hired by, or had a business relationship with, either Party or any entity owned or controlled in whole or in part by either Party unless the Director of DPH and CPMC otherwise agree, and engagement by the parties under this Agreement in one year will not preclude such engagement in future years. CPMC and the City shall hire through a mutually agreed upon work program the Independent Actuary using a standard contracting form approved by all the Parties, with confidentiality required of all of the Parties for all information reviewed by the Independent Actuary. CPMC and the City shall pay one-half of the cost of the contract, although CPMC shall reimburse the City for its share as a City Cost under the Agreement (and the Independent Actuary shall not be informed of CPMC's reimbursement obligation). Because the City is not paying for the Independent Actuary, the City's contracting provisions in the San Francisco Administrative Code will not apply. The Independent Actuary shall determine and inform the Parties, in a writing delivered jointly to CPMC and the City, whether CPMC has satisfied the Annual Rate Increase commitment and the Non-Participating Provider Rate commitment. The determination of the Independent Actuary shall be final and binding on the Parties. If CPMC exceeded the permitted Annual Rate Increase or the Non-Participating Provider Rate commitment, then CPMC shall pay to the HSS Trust Fund within thirty (30) days of receipt of the Independent Actuary's determination, for its non-performance and as liquidated damages, the amount of the difference between the amount paid by the applicable City Insurer to CPMC and the amount payable to CPMC by City Insurers consistent with those commitments as determined by the Independent Actuary. The information reviewed by the Independent Actuary shall remain confidential.
- h. While CPMC must limit Annual Rate Increases as described above, nothing in this Exhibit shall limit a City Insurers' right or willingness to accept or reject any proposed Annual Rate Increase, or to negotiate a lower Annual Rate Increase, in

compliance (the "**Healthcare Compliance Report**"). Each Healthcare Compliance Report shall include a certification that it is true, accurate and complete, after reasonable inquiry, and complies with the terms of this Exhibit F. The City and CPMC shall cooperate with one another to develop a reporting format that satisfies the reasonable informational needs of the City in verifying compliance with this Exhibit F without requiring the disclosure of any CPMC confidential proprietary or trade secret information. CPMC shall provide or make available such additional supporting documentation as the DPH Director may reasonably request from time to time to verify CPMC's compliance with the Healthcare Obligations.

- b. The number of Unduplicated Patients cared for and the costs incurred for the Baseline Expenditure Commitment each fiscal year by CPMC shall be verified by an independent third party auditor ~~retained jointly through a work program mutually approved~~ by City and CPMC, and paid for by CPMC (using the same process as set forth above in Section 11.g, but with an independent auditor instead of an actuary). Such annual review shall be completed ~~within ninety (90) days following the CPMC's delivery of~~ and delivered on or before the Healthcare Compliance Report for that year.

14. Notices.

All notices under this Exhibit F shall be delivered in accordance with Section 13.11 of the Agreement, provided that any notice to the City shall also be made to the DPH at the following address, or such other address as may be substituted by the City from time to time:

DPH Director
101 Grove Street
San Francisco, CA 94102-4593

EXHIBIT I-2**Pacific Campus Community Visioning Plan**

This Exhibit I-2 describes the community visioning plan for the Long-Term Projects at the Pacific Campus. The text in Sections 1 and 2 is provided for context only and summarizes the primary activities that CPMC is currently contemplating at the Pacific Campus. All initially capitalized terms have the meaning given in the Definitions section of the Agreement unless otherwise defined in this Exhibit I-2.

1. Planning Context.

The Pacific Campus, original home to Stanford Hospital and then Pacific Presbyterian, has housed medical facilities since 1858, and a hospital since 1895. CPMC's Near-Term Projects include construction of two state-of-the-art acute care hospitals, one at the St. Luke's Campus and the other at the new Cathedral Hill Campus, and a major renovation at the Davies Campus. As part of the Near-Term Project implementation, after completion of the proposed Cathedral Hill Campus Hospital in approximately the end of ~~2017~~2018, all of the inpatient acute-care and Emergency Department functions at the existing 2333 Buchanan Street Hospital will be transferred to the Cathedral Hill Campus Hospital. This transfer will permit the renovation and reuse of the 2333 Buchanan Street Hospital as the Ambulatory Care Center (ACC). In approximately ~~2019~~2020, when the ACC is expected to be substantially complete, CPMC will relocate other uses on the Pacific and California Campuses to the ACC. The ACC uses could include, by way of example only, outpatient care, diagnostic and treatment services, Alzheimer's residential care, medical support services, hospital administration and a cafeteria.

2. Long-Term Projects

After uses have been transferred to the ACC, the Stanford Building and the 2324 Sacramento Clinic are proposed to be demolished to accommodate the proposed Webster Street/Sacramento Street Underground Parking Garage and ACC Addition. The Underground Parking Garage will be constructed first, and then in approximately 2020, CPMC will commence construction of the ACC Addition on the central portion of the campus, immediately west of the ACC building. ACC Addition uses could include, by way of example only, educational and conference space, outpatient space, support space, diagnostic and treatment space, medical offices and outpatient care.

In a similar timeframe as the ACC Addition, CPMC proposes to demolish the Annex MOB and Gerbode Research Building and the Clay Street Tunnel, and begin construction of the North-of-Clay Aboveground Parking Garage. The vacant building at 2018 Webster Street is proposed to be used as administrative offices.

Several new or relocated access points are proposed for the Pacific Campus's existing and new buildings and parking garages via California, Buchanan, Sacramento, Webster, and Clay Streets. Detailed streetscape and landscape plans will be developed as the design for the buildings advances.

EXHIBIT I-3**California Campus Community Visioning Plan**

This Exhibit I-3 describes the community visioning plan for the California Campus. The text in Section 1 is provided for context only and summarizes the primary activities that CPMC is currently contemplating at the California Campus. All initially capitalized terms have the meaning given in the Definitions section of the Agreement unless otherwise defined in this Exhibit I-3.

1. Planning Context.

The 4.9 acre California Campus borders the Presidio Heights, Laurel Heights and Jordan Park neighborhoods. Medical services have been provided at this location for over 120 years. There are nine buildings on the California Campus, with the most prominent being the six-story 3700 California Street Hospital. CPMC's Near-Term Projects include construction of two state-of-the-art acute care hospitals, one at the St. Luke's Campus and the other at Van Ness and Geary Streets (Cathedral Hill Campus), and a major renovation at the Davies Campus. The California Campus will play an important role during the transition phase by allowing medical services to continue while other facilities are built and renovated. Once work on the Near-Term Projects is complete at approximately the end of ~~2017~~2018, acute care services from the 3700 California Street building will be transferred to the Cathedral Hill Campus. In early ~~2019~~2020, as part of the Near-Term Project implementation activities, CPMC plans to transfer other current California Campus services to that building, including but not limited to Alzheimer's residential care and medical support services such as pre-and post-ambulatory surgery, outpatient laboratory services, and physical and occupational therapy.

As part of the Long-Term Projects in approximately ~~2019~~2020, CPMC will begin construction of the ACC Addition on the Pacific Campus. In approximately ~~2021~~2024, when the ACC Addition is complete, CPMC plans to transfer substantially all of its remaining current California Campus functions, which could include but are not limited to, the Breast Health Center, MRI, imaging services and pathology and additional laboratory space, to the Pacific Campus.

2. California Campus Visioning Advisory Committee.

Future uses are currently unknown. Community members, including neighbors and businesses from the surrounding area, have expressed interest in being part of the planning process for the transition and reuse of the California Campus, and ensuring that it includes uses that are compatible with the neighborhood. To facilitate early community input, CPMC will establish a California Campus Visioning Advisory Committee ("Cal VAC") as described below.

a. Purpose and Functions. The Cal VAC is the community advisory group that will assist CPMC with community outreach, information dissemination and public education efforts regarding the visioning process for eventual reuse of the California Campus. CPMC is beginning a series of early educational meetings and presentations with California Campus

the City's obligation to review and critique future proposals for the California Campus and to conduct meetings and notifications in accordance with the Planning Code and CEQA.

- a. Phase I: Early Education, Engagement and Presentations (initiated in early 2011; ongoing through approximately ~~early 2012~~ through present day). CPMC will conduct community outreach to interested individuals and groups in and around the California Campus neighborhoods, explain the Near-Term and Long-Term Projects, and communicate general goals and opportunities for the visioning process.
- b. Phase II: Research and Stakeholder Interviews (approximately early ~~2012~~2014 through late ~~2012~~mid-2014). CPMC will retain a third party consultant to develop survey questions and conduct interviews with up to fifty community stakeholders (such as but not limited to merchants, neighbors, local faith leaders, neighborhood schools and educators in the site's relative proximity and others from neighboring institutions, City representatives and others with relevant subject matter expertise such as urban planning, architecture and/or transportation) to seek input regarding the California Campus' future reuse. CPMC will use the information obtained from the interviews to develop a more detailed Phases III-IV scope of work (described generally below). CPMC will consult with the district Supervisor as part of this process.
- c. Phase III: Cal VAC Formation and Activation (timing consistent with Section 2b, anticipated mid-late ~~2012~~2014). CPMC will form the Cal VAC in accordance with Section 2b. CPMC and the Cal VAC will discuss the goals and purposes of the Cal VAC, review the results of the third party interviews and undertake comprehensive outreach and notice for the charrette/vision workshop process described below.
- d. Phase IV: Vision Workshops (approximately early ~~2013~~2015-late ~~2013~~2015). CPMC, in consultation with the Cal VAC and the District Supervisor, will retain a third party consultant to facilitate a series of charrettes/vision workshops with the community as follows:
 - Workshop 1: Evening community meeting to discuss visioning goals and meet participants and the District Supervisor. Consultant provides overview of existing zoning (RM-2/RH-2), neighborhood context and planning opportunities and constraints.
 - Workshop 2: Working in small groups, participants from the community will identify common themes and goals for reuse of the California Campus. Each group displays the ideas and presents back to the larger group.
 - Workshop 3: CPMC and the consultant synthesize community ideas and identify common themes. Following the workshop, CPMC and the consultant begin a series of conversations with the Cal VAC and others as necessary to seek additional input, leading to preparation of several alternative concept plans.
 - Workshop 4: CPMC and the consultant host an open house to review results of the visioning process. The Cal VAC assists with outreach and notice. Participants

ATTACHMENT ~~13~~
TO
EXHIBIT ~~FE~~

InnovationWorkforce Fund Grant Agreement

This ~~InnovationWorkforce~~ Fund Grant Agreement ("**InnovationWorkforce Fund Agreement**") is entered into between Sutter West Bay Hospitals, a California nonprofit public benefit corporation, doing business as California Pacific Medical Center ("**CPMC**") and {San Francisco Foundation} ("**Grantee**"), and is further agreed to and accepted by the City and County of San Francisco. Capitalized terms have the meaning set forth in paragraph 1 or as otherwise indicated in this ~~InnovationWorkforce~~ Fund Agreement.

1. Definitions.

(a) Allowable Costs: The costs of Grantee allocable to the ~~InnovationWorkforce~~ Fund, as set forth in paragraph 9.

(b) City: The City and County of San Francisco, California, a municipal corporation organized and existing under the laws of the State of California.

(c) Committee: The committee of fund advisers described in paragraph 5 of this ~~InnovationWorkforce~~ Fund Agreement.

(d) ~~InnovationWorkforce~~ Fund: The amount contributed by CPMC pursuant to paragraph 3.

(e) ~~InnovationWorkforce~~ Fund Balance: The amount equal to the ~~InnovationWorkforce~~ Fund adjusted to reflect (i) increases by investment earnings, and (ii) decreases by investment losses, disbursements to healthcare providers/recipients pursuant to this ~~InnovationWorkforce~~ Fund Agreement ("**Disbursements**"), and Allowable Costs.

(f) Development Agreement: That certain Development Agreement Relating to the Construction and Reconstruction of Health Facilities in Furtherance of the California Pacific Medical Center Long Range Development Plan By and Between the City and Sutter West Bay Hospitals dated _____, ~~2012~~2013.

~~(g) Project: The CPMC project as contemplated by the CPMC Long Range Development Plan and as generally described in Exhibits B-1 to B-5 of the Development Agreement.~~

(g) Workforce Projects: The Workforce Projects as described in the Workforce Agreement, Exhibit E to the Development Agreement.

2. Purpose. The contributions made to Grantee pursuant to this Innovation Workforce Fund Agreement shall be used as a designated fund to enhance the performance and improve the sustainability of community based service providers in the City for workforce training purposes and such funds shall be targeted to educational institutions and non-profit organizations with an existing track record of working in the impacted communities (such as Western Addition, Tenderloin, Mission/SOMA, Outer Mission/Excelsior, Chinatown and Southeastern neighborhoods) and in providing barrier removal and job training for the employment opportunities created by the Project in accordance with the terms set forth in this Innovation Workforce Fund Agreement.

3. Innovation Workforce Fund. Subject to the conditions set forth below and provided that the Development Agreement has not previously been terminated, CPMC shall contribute to the Grantee the total amount of Twenty Three Million Dollars (\$20,000,000/3,000,000) in two (2) installments to be held as a designated fund by Grantee. The Innovation Workforce Fund contributions shall be made as follows: Three Two Million Five Hundred Thousand Dollars (\$3,500,000/2,000,000) within thirty (30) days of the Effective Date, earlier of the date Approvals are Finally Granted or the date the Cathedral Hill Hospital Commences Construction, both as defined in the Development Agreement, and Sixteen Million Five Hundred Thousand Dollars (\$16,500,000), within thirty (30) days of the date Approvals are Finally Granted, as defined in the remainder on the first anniversary of the first payment, in accordance with Exhibit N (Payment Schedule) to the Development Agreement. Notwithstanding the foregoing, nothing in this Innovation Workforce Fund Agreement shall be construed as a binding pledge to Grantee enforceable by Grantee.

4. Investment Instructions. The Innovation Workforce Fund and Innovation Workforce Fund Balance shall be invested with a ten five (105) year horizon for Disbursements as described in paragraph 6(b). Grantee shall exercise final control of the investment of the Innovation Workforce Fund Balance pursuant to Grantee's investment policy and the provisions of this paragraph 4.

5. Committee of Fund Advisors.

(a) There shall be a committee of Innovation Workforce Fund advisors (the "**Committee**"). The Committee shall consist of three members: (i) one representative of OEWD on behalf of the City, (ii) one representative of CPMC, and (iii) one representative of Grantee. The Committee shall have the duties specified in this Innovation Workforce Fund Agreement and shall provide to the Grantee advice regarding the Disbursements to be made from the Innovation Workforce Fund, including the rate, schedule and allocation of Disbursements and the terms, goals and purposes thereof, without liability of any kind or character to any person on account of such advice. Every effort will be made to reach a consensus on any such advice from the members of the Committee and Grantee. If a consensus is not reached, the City and CPMC shall, through the Committee, nevertheless provide a single report to the Grantee conveying the view of each of the Committee members their views, and Grantee shall have the authority to make final Disbursement decisions after considering such report. Subject to the foregoing right of the Committee to provide advice regarding Disbursements, Grantee shall exercise final control of the Disbursement of the Innovation Workforce Fund Balance pursuant to the terms of this Innovation Workforce Fund Agreement. Except where in this Innovation Workforce Fund

Agreement notice is specified to be provided by a specific party, Grantee may rely on a written instruction or notice from City or CPMC, as members of the Committee, and shall have no obligation to investigate whether any such written instruction or notice is agreed to by any other member of the Committee, or is consistent with the obligations of CPMC or the City to any party other than Grantee. All Disbursements must be approved by the Board of Trustees of the San Francisco Foundation.

(b) Each year, no less than sixty (60) days after the close of Grantee's annual accounting period, Grantee shall prepare and provide to each member of the Committee, a written accounting of the ~~Innovation~~Workforce Fund Balance, principal and earnings of the ~~Innovation~~Workforce Fund for the preceding year, and ~~Innovation~~Workforce Fund Disbursements.

(c) Grantee shall maintain records as part of its accounting system to account for all Disbursements, costs and expenses for a period of not less than four (4) years following the date of such Disbursements, costs or other expenditures, and annually make records available to City and CPMC as provided herein and upon request.

6. Annual Disbursements.

(a) Grantee shall annually distribute a portion of the Designated Fund Balance to third-party ~~health care providers~~educational institutions and non-profit recipients and others through a grant application process approved by CPMC and City, in an amount and for such purposes as are consistent with the purposes of the ~~Innovation~~Workforce Fund as described herein.

(b) The annual grant Disbursements shall be scheduled and allocated in such manner so as to maintain sufficient ~~Innovation~~Workforce Fund Balance so that Disbursements may be provided for ~~ten~~five (405) years. The first Disbursements shall be made within one (1) year of the ~~first contribution of to the~~ first contribution of to the ~~Innovation~~Workforce Fund, as determined by the Committee and Grantee as provided above.

(c) Grantee shall confer with the Committee and obtain Disbursement advice from CPMC and City through the Committee prior to making a Disbursement commitment in accordance with Section 5(a); above. Grantee shall impose restrictions and/or conditions on grant Disbursements as necessary to ensure accountability for use of funds and to monitor effectiveness.

(d) City and CPMC shall have no right to challenge the appropriateness or the amount of any Disbursement provided it is consistent with the procedures and purposes identified herein.

~~7. Initial Program Goals and Allocation. The initial program goals and Innovation-Fund allocation guidelines for Disbursements are as follows:~~

~~(a) Support and improve the capacity of community clinics to increase their participation in managed Medi-Cal programs, including, but not exclusive to, the creation of a new MSO or expansion of existing MSOs, development of care management capabilities,~~

~~implementation and integration of evidence-based chronic disease management and team-based care models, investment in electronic medical records, participation in the San Francisco Health Information Exchange and developing organizational partnerships between CPMC and existing community clinics and support for provision of specialty medical services (approximately 75%); and~~

~~(b) Provide infrastructure support for community-based health and human services providers, with a specific focus on Tenderloin, Mission, Western Addition, South of Market, Bayview and Chinatown neighborhoods, including community-based behavioral health care service providers (approximately 25%).~~

7. Initial Program Goals and Allocation. ~~In implementation of the program goals related to MSO purposes described in Section 2 above, the Committee will~~shall ~~consult with third-party subject matter experts, in health care workforce training delivery in a managed care environment, as necessary, to evaluate the feasibility, cost-effectiveness, and sustainability of grant proposals; and. The program purposes and allocations may be adjusted as determined in accordance with Section 5 above.~~

~~These initial program goals and allocation guidelines are subject to change as determined in accordance with Section 5, above.~~

8. Termination of This Innovation Workforce Fund Agreement.

(a) Termination by Grantee. If at any time Grantee (i) fails to qualify as an organization described in Internal Revenue Code Section 501(c)(3), (ii) ceases to exist, or (iii) determines, in its sole judgment, that any restriction or condition in this Innovation Workforce Fund Agreement has become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served, then Grantee shall provide notice to CPMC and City and then transfer the entire Innovation Workforce Fund Balance within forty-five (45) days to a successor nonprofit charitable trust, fund, foundation or corporation which has established its tax-exempt status under Internal Revenue Code Section 501(c)(3) and that meets with the approval of CPMC and City.

(b) Termination of Development Agreement. CPMC or City shall notify Grantee no later than ten (10) days after any termination of the Development Agreement between CPMC and City prior to the expiration of its Term. In such event, CPMC shall cease to be a member of the advising Committee, and Grantee shall continue to administer the Innovation Workforce Fund Balance in accordance with this Agreement.

9. Allowable Costs. The costs of establishing the Innovation Workforce Fund, investment expenses, management fees for professional managers and advisors (whether the Innovation Workforce Fund Balance is separately managed or co-mingled with an endowment pool containing other funds) plus [___ %] [TBP] for overhead costs of Grantee, shall be charged against the Innovation Workforce Fund. If co-mingled, the Innovation Workforce Fund Balance shall bear not more than its proportionate share of the fees and costs.

10. Notice.

(a) Procedure. All formal notices to a party shall be in writing and given by delivering the same to such party in person or by sending the same by registered or certified mail, or Express Mail, return receipt requested, with postage prepaid, or by overnight courier delivery, to such party's mailing address. The respective mailing addresses of the parties are, until changed as hereinafter provided, the following:

GRANTOR:

Grant Davies
Executive Vice President
California Pacific Medical Center
2351 Clay Street, 7th Floor
San Francisco, CA 94115

with a copy to:

Michael Duncheon
VP & Regional Counsel
West Bay Region Office of the General Counsel
Sutter Health
633 Folsom Street, Seventh Floor
San Francisco, CA 94107

GRANTEE:

†San Francisco Foundation
225 Bush Street, Suite 500
San Francisco, CA 94104
Attention _____ †

CITY:

Director
Office of Economic and Workforce Development
Workforce Development Division
One South Van Ness Avenue, Fifth Floor
San Francisco, CA 94102

(b) Notices and communications to members of the Committee shall be given in the manner provided herein at the addresses above, unless otherwise provided by each such member.

(c) Notices and communications with respect to technical matters in the routine performance and administration of this ~~Innovation~~ Workforce Fund Agreement shall be given by or to the appropriate representative of a party by such means as may be appropriate to

ensure adequate communication of the information, including written confirmation of such communication where necessary or appropriate. All formal notices under this Innovation Workforce Fund Agreement shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed or sent by courier, on the delivery date or attempted delivery date shown on the return receipt or courier records. Any notice which a party desires to be a formal notice hereunder and binding as such on the other party must be given in writing and served in accordance with this paragraph.

(d) Change of Notice Address. A party or member of the Committee may change its, his or her mailing address at any time by giving formal written notice of such change to the other party (or both parties in the case of a member of the Committee) and each member of the Committee in the manner provided in this paragraph at least ten (10) days prior to the date such change is effected.

11. Obligations of Grantee.

(a) In addition to any other reports or notices required by this Innovation Workforce Fund Agreement, and until otherwise notified by CPMC or City that the requirement has or will be satisfied by the accounting provided pursuant to Section 5(b) above, Grantee shall submit to CPMC and City full and complete annual reports on the manner in which the principal and income (if any) arising from the Innovation Workforce Fund Balance have been allocated or Disbursed, and such annual reports shall be due no later than 60 days after the close of Grantee's annual accounting period.

(b) Grantee shall maintain records of receipts and expenditures and shall make its books and records relating to this Innovation Workforce Fund available to CPMC and City at reasonable times.

(c) Grantee shall not use any portion or proceeds from the Innovation Workforce Fund:

(1) to carry on propaganda, or otherwise to attempt to influence legislation (within the meaning of Internal Revenue Code Section 4945(d)(1)),

(2) to influence the outcome of any specific public election of any candidate for public office, or to carry on, directly or indirectly, any voter registration drive (within the meaning of Internal Revenue Code Section 4945(d)(2)),

(3) to make any grant to an individual or to another organization unless such grant shall be specifically described in paragraph 6, 7 or 8 hereof,

(4) to undertake any activity for any purpose other than one specified in Internal Revenue Code Section 170(c)(2)(B).

(d) Grantee shall notify CPMC and City of any organizational changes during the term of the grant, including, but not limited to, any changes in the office of President or CEO and Treasurer or CFO, changes in the Grantee's tax-exempt status, and any event that is a disqualification event described in Section 8(a).

12. Miscellaneous. This InnovationWorkforce Fund Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts entered into between California residents and wholly to be performed in California. This InnovationWorkforce Fund Agreement constitutes the entire agreement between the parties and supersedes any prior agreements between the parties. This InnovationWorkforce Fund Agreement may not be modified, and no provision waived, without the prior written consent of the party against whom enforcement of the amendment or waiver is sought.

13. Time. Time is of the essence of this InnovationWorkforce Fund Agreement and of each and every term and condition hereof. "Days" shall mean calendar days. In the event that any period of time to perform an obligation or notice period under this InnovationWorkforce Fund Agreement ends on a Saturday, Sunday or state or national holiday, the applicable time period shall be extended to the next business day.

IN WITNESS WHEREOF, the undersigned have executed this InnovationWorkforce Fund Agreement on the dates indicated.

CPMC

Sutter West Bay Hospitals,
a California nonprofit public benefit
corporation, dba CPMC

By: _____

Its: _____

Dated: _____

GRANTEE

{San Francisco Foundation},
a California nonprofit public benefit
corporation

By: _____

Its: _____

Dated: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA,
City Attorney

By: _____
Deputy City Attorney
City and County of San Francisco

AGREED AND ACCEPTED:

CITY AND COUNTY OF SAN FRANCISCO

By: _____

Its: _____

Dated: _____