File No. 180639 Committee Item No. 3
Board Item No.

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight **Date:** July 18, 2018
Board of Supervisors Meeting: **Date:**

Cmte	Board	
☐	☐	**Motion**
☒	☐	**Resolution**
☐	☐	**Ordinance**
☐	☐	**Legislative Digest**
☐	☐	**Budget and Legislative Analyst Report**
☐	☐	**Youth Commission Report**
☐	☐	**Introduction Form**
☐	☐	**Department/Agency Cover Letter and/or Report**
☐	☐	**MOU**
☐	☐	**Grant Information Form**
☐	☐	**Grant Budget**
☐	☐	**Subcontract Budget**
☒	☐	**Contract/Agreement**
☒	☐	**Form 126 – Ethics Commission**
☐	☐	**Award Letter**
☐	☐	**Application**
☐	☐	**Public Correspondence**

OTHER

☒	☐	Summary Appraisal Report - January 25, 2018
☒	☐	Mountain View CEQA Neg Declaration - August 1, 2017
☒	☐	Mountain View City Council Reso No. 18191 - August 9, 1983
☒	☐	SFPUC Reso No. 18-0079 - May 8, 2018
☒	☐	SFPUC Reso No. 11-0008 - January 11, 2011
☒	☐	SFPUC Reso No. 80-0085 - February 26, 1980
☒	☐	BOS Reso No. 424-80 - March 24, 1980
☐	☐	
☐	☐	

Prepared by: John Carroll **Date:** July 13, 2018
Prepared by: John Carroll **Date:**

[Real Property Lease - MP Shoreline Associates Limited Partnership and MP Shorebreeze Associates, L.P. - 460 N. Shoreline Boulevard, Mountain View, California - $100,874 Annual Base Rent]

Resolution authorizing the lease of property from the City and County of San Francisco, to MP Shoreline Associates Limited Partnership and MP Shorebreeze Associates, L.P., each a California limited partnership, for a term of approximately 60 years, with the base rent of $100,874 per year with an increase every five years in predetermined increments, and with a 3% annual inflation factor, to commence following Board approval; and authorizing the Director of Property and/or the San Francisco Public Utilities Commission General Manager to execute documents, make certain modifications, and take certain actions in furtherance of this Resolution, as defined herein.

WHEREAS, The City and County of San Francisco (City) owns certain real property presently under the San Francisco Public Utilities Commission (SFPUC), consisting of approximately 1.96 acres of SFPUC Parcel No. 201-A in Mountain View, California (Premises); and

WHEREAS, The City, acting through the SFPUC, entered into a 51-year ground lease with Mountain View Apartments Limited Partnership dated February 26, 1980, (Original Lease) for use of the Premises for parking and landscaping, ingress and egress, and emergency vehicle access to serve the adjacent affordable housing complex (Shorebreeze Apartments) serving low-income families and seniors; and

WHEREAS, The Original Lease was approved by SFPUC Resolution No. 80-0085 dated February 26, 1980, and Board of Supervisors Resolution No. 242-80 dated March 24, 1980; and

WHEREAS, The MidPen Housing Corporation (MidPen Housing), a California nonprofit corporation and nonprofit affordable housing developer, is Mountain View Apartments Limited Partnership's successor-in-interest under the Original Lease; and

WHEREAS, In response to the regional housing crisis in the San Francisco Bay Area, MidPen Housing and the City of Mountain View decided in 2014 to rehabilitate and expand the Shorebreeze Apartments; and

WHEREAS, On January 30, 2018, the City of Mountain View approved an amendment to its Precise Plan to add 50 new affordable housing units (Project) at the Shorebreeze Apartments (Redevelopment Plan); and

WHEREAS, MidPen Housing identified certain funding sources for the Redevelopment Plan including project-based vouchers from the County of Santa Clara Housing Authority, $7.32 million from the City of Mountain View, $500,000 from the Housing Trust Silicon Valley, $13.9 million of tax credit equity financing allocated by the State of California, and $1.9 million of contributed developer fees earmarked for the creation of affordable housing in the City of Mountain View (Funding Partners); and

WHEREAS, The Funding Partners require a lease with a minimum 60-year term and a predetermined ground lease rent payment schedule over the 60-year term to meet regulatory financing requirements for federal tax credits and local funding; and

WHEREAS, The Original Lease has only approximately 13 years of term remaining until the Original Lease is due to expire on March 31, 2031; and

WHEREAS, MidPen Housing desires to obtain a new 60-year lease (New Lease) for use of the Premises for parking, landscaping, and temporary staging (Improvements) on the Premises to serve the adjacent Shorebreeze Apartments; and

WHEREAS, To facilitate the project financing, MidPen Housing created a limited partnership/corporate general partner ownership structure to serve as the tenant under

the New Lease, and MP Shoreline Associates Limited Partnership and MP Shorebreeze Associates, L.P. (each a Co-tenant and collectively, "Tenant") under the New Lease are affiliates of MidPen Housing, and the corporate general partners of the Co-Tenants are IRS Section 501(c)(3) charitable organizations wholly owned and controlled by MidPen Housing; and

WHEREAS, In 2011, the SFPUC adopted the Community Benefits Program by its Resolution No. 11-0008, which seeks to serve and foster partnership with communities in SFPUC service areas and to ensure public benefits are shared across all communities; and

WHEREAS, Tenant is controlled by a nonprofit organization with a charitable purpose and its affordable housing programs are considered an important community benefit to residents in Mountain View and other SFPUC service areas; and

WHEREAS, To meet the Funding Partners' regulatory requirements for a lease with a predetermined ground lease rent payment schedule over the 60-year term, the New Lease provides that the base rent be set at $100,874 per year and shall increase every five years in predetermined increments during the term, and reflects an imputed 3% annual inflation factor; and

WHEREAS, The stepped rent schedule is derived from the current fair market rent as determined by a MAI appraisal performed by Clifford Advisory, LLC dated January 25, 2018 (Clifford Appraisal), discounted at 50% of the value of the land adjusted by a 5.5% yield rate, a present value analysis, and a 3% internal rate of return, as approved by SFPUC Resolution No. 18-0079 dated May 8, 2018; and

WHEREAS, The Clifford Appraisal was deemed reasonable by a MAI appraisal review performed by R. Blum and Associates dated March 22, 2018; and

WHEREAS, The New Lease benefits the SFPUC's primary utility purposes by eliminating SFPUC maintenance costs for the surface of the Premises and by requiring Tenant to pay property taxes; and

WHEREAS, On January 27, 2018, acting as the lead agency, the City of Mountain View adopted a Negative Declaration for the Shorebreeze Apartment Project pursuant to the provisions of the California Environmental Quality Act (CEQA) Guidelines; and

WHEREAS, The City of Mountain View's adoption of the Negative Declaration and approval of the Project and other materials that are part of the record of this approval are available for public review at the SFPUC offices, Real Estate Services Division, 525 Golden Gate Avenue, 10th Floor, San Francisco, CA; and

WHEREAS, Since the City of Mountain View approved the Project, there have been no substantial changes in the Project or changes in Project circumstances that would result in significant adverse effects, and there is no new information of substantial importance that would change the conclusions set forth in the Negative Declaration; and

WHEREAS, The Board of Supervisors has reviewed the Negative Declaration and has determined that the City's issuance of a lease to carry out the portion of the Project that requires the use of the SFPUC ROW is within the scope of the Project's CEQA approval, and that these documents are adequate for the City's use in approving the lease renewal for the Project; and

WHEREAS, Pursuant to Section 23.03 of the San Francisco Administrative Code, the SFPUC, through the Director of Property, has obtained an appraisal of the Premises that concluded that the annual fair market rental value of the Premises is $316,000; and

WHEREAS, Section 23.03 of the San Francisco Administrative Code provides that the Board of Supervisors may authorize the lease of City real property for a lesser sum

than fair market rent if the Board of Supervisors finds that such a lease will further a proper public purpose; and

WHEREAS, On May 8, 2018, by SFPUC Resolution No. 18-0079 (SFPUC Resolution), a copy of which is on file with the Clerk of the Board of Supervisors under File No. 180639, which is incorporated herein by this reference, the SFPUC approved the New Lease, and authorized the SFPUC General Manager and/or the Director of Property to undertake the process to, following Board of Supervisors approval of the New Lease, accept and execute the New Lease and any other related documents necessary to consummate the transactions contemplated therein, in the form approved by the City Attorney; and

WHEREAS, San Francisco Charter, Section 8B.121 (a) grants the SFPUC Commission the exclusive charge of the real property assets under the Commission's jurisdiction, and Charter, Section 9.118(c) requires that any City lease of real property having a term of ten or more years or anticipated revenue to the City of $1,000,000 or more be approved by resolution of the Board of Supervisors; and

WHEREAS, The New Lease, and SFPUC Resolution (Project File) have been made available for review by the Board of Supervisors and the public, and those files are considered part of the record before this Board; and

WHEREAS, The Board of Supervisors has reviewed and considered the information contained in Project File; now, therefore, be it

RESOLVED, The Board of Supervisors, having reviewed and considered the Project File, finds that the proposed New Lease is in the best interest of the City, does not materially increase the obligations or liabilities of the City; and is in compliance with all applicable laws, including the City Charter; and, be it

FURTHER RESOLVED, That in accordance with the recommendations of the SFPUC General Manager and the Director of Property, the Board of Supervisors hereby approves the New Lease and the transaction contemplated thereby in substantially the form of such instrument presented to this Board; and, be it

FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of Property and/or the SFPUC's General Manager to enter into any additions, amendments, or other modifications to the New Lease that the Director of Property and/or the SFPUC's General Manager determines are in the best interest of the City, do not materially increase the obligations or liabilities of the City or materially diminish the benefits to the City, and are necessary or advisable to complete the transaction contemplated in the New Lease and effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Director of Property or the SFPUC's General Manager of the New Lease and any amendments thereto; and, be it

FURTHER RESOLVED, That the Director of Property and/or the General Manager of the SFPUC are hereby authorized and urged, in the name and on behalf of the City and County, to execute and deliver the New Lease with Tenant, in substantially the form of such instrument presented to this Board, and to take any and all steps (including, but not limited to, the execution and delivery of any and all certificates, agreements, notices, consents, and other instruments or documents) as the Director of Property or the SFPUC General Manager deems necessary or appropriate in order to consummate the New Lease, or to otherwise effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Director of Property or SFPUC General Manager of any such documents.

FURTHER RESOLVED, That within thirty (30) days of the contract being fully executed by all parties, the San Francisco Public Utilities Commission and/or the Real Estate Department shall provide the final contract to the Clerk of the Board for inclusion into the official file.

RECOMMENDED:

Director of Property
Real Estate Division

RECOMMENDED:

General Manager
San Francisco Public Utilities Commission

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

MARK FARRELL, MAYOR

GROUND LEASE
among

the CITY AND COUNTY OF SAN FRANCISCO,
as Landlord

and

MP SHORELINE ASSOCIATES LIMITED PARTNERSHIP,
a California limited partnership, and

MP SHOREBREEZE ASSOCIATES, L.P.,
a California limited partnership, collectively as Tenant

for the lease of
SFPUC Parcel 201A, Mountain View, California
_____, 2018

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Ike Kwon - President
Vince Courtney - Vice President
Ann Moller Caen – Commissioner
Francesca Vietor – Commissioner
Anson B. Moran – Commissioner

Harlan L. Kelly, Jr.
General Manager of San Francisco Public Utilities Commission

TABLE OF CONTENTS **PAGE**

LIST OF EXHIBITS

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

GROUND LEASE

THIS GROUND LEASE (this "**Lease**") dated for reference purposes only as of _____, 2018, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**"), acting by and through its Public Utilities Commission ("**SFPUC**"), MP Shoreline Associates Limited Partnership, a California limited partnership and MP Shorebreeze Associates, L.P., a California limited partnership, as joint tenants (each, a "**Co-Tenant**" and collectively, "**Tenant**").

City and Tenant hereby agree as follows:

1. BASIC LEASE INFORMATION

The following is a summary of basic lease information (the "**Basic Lease Information**"). Each item below shall be deemed to incorporate all of the terms set forth in this Lease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision shall control.

Lease Reference Date:	_____, 2018
Landlord:	CITY AND COUNTY OF SAN FRANCISCO, acting by and through its Public Utilities Commission
Tenant/Co-Tenant:	MP SHORELINE ASSOCIATES LIMITED PARTNERSHIP, a California limited partnership and MP SHOREBREEZE ASSOCIATES, L.P., a California limited partnership
Premises (**Section 3.1**):	That real property located in Mountain View, California, as more particularly described in the attached **Exhibit A** and shown in the attached **Exhibit B**, together with any appurtenances.
Term (**Section 4.1**):	Approximately sixty (60) years Commencement Date: Lease Term Expiration Date: [_____]

Base Rent (**Section 5.1**):

Lease Years	**Base Rent (Annual)**
1 - 5	$100,874.00
6 - 10	$116,940.00
11-15	$135,566.00
16 - 20	$157,158.00
21 - 25	$182,189.00
26 - 30	$211,207.00
31-35	$244,847.00
36 - 40	$283,844.00
41 - 45	$329,053.00
46 - 50	$381,463.00

	51 - 55	$442,220.00
	56 - 60	$512,655.00

Adjustment Dates (**Section 5.2**):	First (1st) day of the fifth Lease Year, the first day of each subsequent fifth Lease Year thereafter, the first day of any Holdover, the yearly anniversary of such date during any Holdover and, at City's election, the effective date of a Transfer
Use (**Section 7.1**):	Parking, landscaping, and Temporary Staging and Improvements for the Adjacent Housing Complex and for no other purpose whatsoever.
Security Deposit (**Section 24**):	None
Tenant's Share of Property Taxes (**Section 6.1**):	One Hundred Percent (100%)
Notice Address of City (**Section 25.1**):	Real Estate Services Division San Francisco Public Utilities Commission 525 Golden Gate Avenue, 10th Floor San Francisco, California 94102 Attn: Real Estate Director Re: L3888A - Mid-Peninsula Shorebreeze Apartments
with a copy to:	Office of the City Attorney City and County of San Francisco 1 Dr. Carlton B. Goodlett Place, Room 234 San Francisco, California 94102-4682 Attn: Real Estate & Finance Team Re: Mid-Peninsula Shorebreeze Apartments
Key Contact for City:	Real Estate Director
Telephone No.:	(415) 487-5210
Notice Address of Tenant (**Section 25.1**):	MP Shoreline Associates Limited Partnership c/o MidPen Housing Corporation 303 Vintage Park Drive, Suite 250 Foster City, California 94404 Attn: Asset Management Re: SFPUC Shorebreeze Apartments
And	MP Shorebreeze Associates, L.P., c/o MidPen Housing Corporation 303 Vintage Park Drive, Suite 250 Foster City, California 94404 Attn: Asset Management Re: SFPUC Shorebreeze Apartments

Key Contact for Tenant:	MidPen Housing Corporation 303 Vintage Park Drive, Suite 250 Foster City, California 94404 Attn: Asset Management Re: SFPUC Shorebreeze Apartments
Telephone No.:	(650) 356-2900
Email Address:	pmreports@midpen-housing.org
Brokers (**Section 25.8**):	N/A

2. DEFINITIONS

For purposes of this Lease, initially capitalized terms shall have the meanings ascribed to them in this Section:

"**Additional Charges**" means any and all real and personal property taxes, possessory interest taxes, and other costs, impositions, and expenses described in **Section 6** (Taxes, Assessments, and Other Expenses) or otherwise payable by Tenant under this Lease.

"**Adjacent Housing Complex**" means the following two developments, located at 460 North Shoreline Boulevard, Mountain View, California, including the buildings and other improvements owned by Tenant and located on Tenant's property adjacent to the Premises:(1) the existing 120-unit low-income housing development; and (2) the proposed construction of the Expansion Phase (which, when complete, will add an additional 50 new units). Each development is owned separately by one of the Co-Tenants. All of the Adjacent Housing Complex units are "rent restricted" with one onsite manager unit in each development (as defined in Internal Revenue Code §42(g)(2)). The Adjacent Housing Complex, occupied by individuals whose income is eighty percent (80%) or less than the area median gross income for the City of Mountain View, California, is commonly known as the Shorebreeze Apartments.

"**Adjustment Date**" means the annual date for adjusting the Monthly Base Rent as specified in Basic Lease Information and **Section 5.2** (Adjustments to Base Rent).

"**Agents**" means, when used with reference to either Party to this Lease, the officers, directors, employees, agents, and contractors of such Party, and their respective heirs, legal representatives, successors, and assigns.

"**Alterations**" means any Improvements, as defined below, including, without limitation, Temporary Staging and Improvements, as defined below, made, constructed or installed on, over or under the Premises by or on behalf of Tenant during the Term of this Lease or the term of the Existing Lease, including any modifications of pre-existing Improvements.

"**Assignment**" has the meaning given in **Section 16.1** (Restriction on Assignment and Subletting).

"**Award**" means all compensation, sums, or value paid, awarded, or received for a Taking, whether pursuant to judgment, agreement, settlement, or otherwise.

"**Basic Lease Information**" means the information with respect to this Lease summarized in **Section 1** (Basic Lease Information).

"**Base Rent**" means the annual Base Rent specified in the Basic Lease Information and described in **Section 5.1** (Base Rent), as adjusted from time to time in accordance with **Sections 5.2** (Adjustments to Base Rent) and **5.3** (Fair Market Rent Adjustments to Base Rent).

"**City**" means the City and County of San Francisco, a municipal corporation.

"**CMD**" means the San Francisco Contract Monitoring Division (formerly known as the San Francisco Human Rights Commission).

"**Commencement Date**" is the date set forth in the Basic Lease Information as the Commencement Date. In this Lease, the Commencement Date is the same date as the Effective Date, as defined in **Section 4.4**.

"**Co-Tenant**" shall refer to each Tenant individually.

"**Date of Taking**" means the earlier of **(i)** the date upon which title to the portion of the Premises taken passes to and vests in the condemnor or **(ii)** the date on which Tenant is dispossessed.

"**Effective Date**" means the date on which this Agreement becomes effective pursuant to **Section 4.4** (Effective Date).

"**Encumber**" means create any Encumbrance; "**Encumbrance**" means any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance.

"**Encumbrancer**" means a mortgagee, beneficiary of a deed of trust, or other holder of an Encumbrance.

"**Environmental Laws**" means any present or future federal, state, or local Laws or policies relating to Hazardous Material (including its use, handling, transportation, production, disposal, discharge, or storage) or to human health and safety, industrial hygiene, or environmental conditions in, on, under or about the Premises (including any permitted Alterations) and any other property, including soil, air, and groundwater conditions.

"**Event of Default**" means any one of the events of default described in **Section 17.1** (Events of Default).

"**Existing Lease**" means that certain Right of Way Lease dated as of February 26, 1980 by and between City and Mountain View Apartments, a limited partnership, as subsequently assigned on September 28, 1984 to Mountain View Associates Limited Partnership, a District of Columbia limited partnership, and as subsequently assigned on July 24, 1997 to MidPen Housing Corporation (formerly known as Mid-Peninsula Housing Coalition), a California nonprofit benefit corporation ("**Existing Tenant**"). Tenant is the same entity as the Existing Tenant under the Existing Lease.

"**Expansion Phase**" means the development of 50 new apartment units, comprising the expansion of the Adjacent Housing Complex and the related Alterations as described herein. .

"**Expiration Date**" means the date on which the Term will expire, unless terminated earlier pursuant to the terms of this Lease. If this Lease does not terminate early, the Expiration

Date will be the date specified in the Basic Lease Information as the Initial Term Expiration Date.

"**Fair Market Rent**" has the meaning given in **Section 5.3**.

"**General Manager**" means the General Manager of the SFPUC.

"**Hazardous Material**" means any material that, because of its quantity, concentration, or physical or chemical characteristics, is deemed by any federal, state, or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes any material or substance defined as a "hazardous substance," "pollutant," or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA," also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Land, any Alterations constructed on the Land by or on behalf of Tenant, or are naturally occurring substances on, in, or about the Land; and petroleum, including crude oil or any crude-oil fraction, and natural gas or natural gas liquids.

"**Hazardous Material Claims**" means any and all enforcement, Investigation, Remediation, or other governmental or regulatory actions, agreements, or orders threatened, instituted, or completed pursuant to any Environmental Laws, together with any and all Losses made or threatened by any third party against City, the SFPUC, their respective Agents, or the Premises or any Alterations, relating to damage, contribution, cost recovery compensation, loss, or injury resulting from the presence, release, or discharge of any Hazardous Material, including Losses based in common law. Hazardous Material Claims include Investigation and Remediation costs, fines, natural resource damages, damages for decrease in value of the Premises or any Improvements, the loss or restriction of the use or any amenity of the Premises or any Improvements, attorneys' fees and costs, consultants' fees and costs, and experts' fees and costs.

"**Holdover**" means any period after the expiration of the Lease during which the Premises continue to be used or occupied by or on behalf of Tenant (whether with or without City's consent).

"**Improvements**" means any and all buildings, structures, fixtures, and other improvements to the Premises (including Alterations and the Temporary Staging and Improvements) made, constructed, installed or placed on, over or under the Premises, by or on behalf of Tenant only with prior written SFPUC consent pursuant to this Lease or the Existing Lease, including signs, billboards, or other advertising materials, roads, trails, driveways, parking areas, curbs, walks, fences, walls, stairs, poles, plantings, utility infrastructure, and landscaping. "Improvements" includes any trailers, mobile homes, and permanent tent facilities that are affixed to the Premises so that they cannot be removed without structural or other material damage to the Premises.

"**Indemnify**" means indemnify, protect, defend, and hold harmless forever.

"**Indemnified Parties**" means City, including, but not limited to, all of its boards, commissions, departments, agencies, and other subdivisions, including its SFPUC, and all of its and their respective Agents, and their respective heirs, legal representatives, successors, and assigns, and each of them.

"**Initial Lease Term**" means the period commencing on the Commencement Date and expiring on the Expiration Date set forth in the Basic Lease Information.

"**Investigation**" when used with reference to Hazardous Material means any activity undertaken to determine the nature and extent of Hazardous Material that may be located in, on, under, or about any portion of the Premises or any Alterations or that have been, are being, or threaten to be Released into the environment. Investigation shall include preparation of site history reports and sampling and analysis of environmental conditions in, on, under, or about the Premises or any Alterations.

"**Invitees**" when used with respect to Tenant means Tenant's clients, customers, invitees, guests, members, licensees, assignees, and subtenants.

"**Land**" means the real property described in the attached **Exhibit A**.

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

"**Law**" means any law, statute, ordinance, resolution, regulation, proclamation, order, or decree of any municipal, county, state, or federal government or other governmental or regulatory authority with jurisdiction over any portion of the Premises, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties.

"**Lease**" means this Lease as it may be amended in accordance with its terms.

"**Lease Year**" means each twelve (12)-month period following the Commencement Date, except that (i) if the Commencement Date occurs on a day other than the first day of the calendar month, the first Lease Year shall begin on the Commencement Date and end on the last day of the twelfth (12th) full calendar month thereafter, and (ii) the final Lease Year shall end on the day this Lease expires or terminates, even if less than twelve (12) full months.

"**Leasehold Mortgage**" means any mortgage, deed of trust, or other security instrument and any obligation relating thereto, which secures Tenant's repayment of any loan to, and associated obligations of, Tenant, and in which all or any part of the security consists of an encumbrance on the leasehold estate created by this Lease, the Improvements, Tenant's fixtures on the Premises, or Tenant's equipment or other personal property used on or about the Premises.

"**Losses**" means any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits, and other proceedings, judgments and awards, and costs and expenses, including reasonable attorneys' and consultants' and experts' fees and costs.

"**Market Adjustment Date**" has the meaning given in **Section 5.3.**

"**Official Records**" means the recorded real property records maintained by the Office of the Clerk Recorder of the County of Santa Clara, California.

"**Party**" means City or Tenant; "**Parties**" means both City and Tenant.

"**Project**" means the improvement of the Premises for parking, circulation, and landscaping uses, including access by current and future residents and guests of the Adjacent Housing Complex.

"**Premises**" has the meaning given in **Section 3.1** (Leased Premises). The Premises shall include any Improvements existing on the Premises and owned by City. However,

notwithstanding anything to the contrary in this Lease, the Premises do not include (i) the SFPUC Facilities, (ii) any water, water rights, riparian rights, water stock, mineral rights, or timber rights relating to the Premises, or (iii) any Alterations except to the extent SFPUC's General Manager or his or her designee states in writing that an Alteration shall remain on and become part of the Premises.

"**Release**" when used with respect to Hazardous Material means any actual or imminent spilling, leaking, migrating, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside any existing Improvements or any Alterations, or in, on, under, or about any portion of the Premises or any of the SFPUC Facilities.

"**Remediation**" when used with reference to Hazardous Material means any activities undertaken to clean up, remove, contain, treat, stabilize, monitor, or otherwise control any Hazardous Material located in, on, under, or about the Premises or the SFPUC Facilities or that have been, are being, or threaten to be Released into the environment. Remediate includes those actions included within the definition of "remedy" or "remedial action" in California Health and Safety Code Section 25322 and "remove" or "removal" in California Health and Safety Code Section 25323.

"**Rent**" means the Base Rent, as adjusted from time-to-time pursuant to the provisions of **Sections 5.2** (Adjustments to Base Rent) and **5.3** (Fair Market Rent Adjustments to Base Rent), together with any and all Additional Charges.

"**SFPUC**" means the Public Utilities Commission of the City and County of San Francisco.

"**SFPUC Facilities**" means any and all water pipelines, drainage pipelines, hatch covers, wells, electrical or telecommunications lines or conduits, and any other overhead, surface and subsurface facilities of any kind owned by City or the SFPUC and now or later located in, under, on, or about the Premises for the conveyance, transmission, storage, transportation, or distribution of water, power, or telecommunication, together with all associated appurtenances and monuments.

"**Sublease**" has the meaning given in **Section 16.1** (Restriction on Assignment and Subletting).

"**Taking**" means a taking or damaging, including severance damage, by eminent domain, inverse condemnation, or for any public or quasi-public use under Law. A Taking may occur pursuant to the recording of a final order of condemnation, by voluntary sale or conveyance in lieu of condemnation, or in settlement of a condemnation action.

"**Temporary Staging and Improvements**" means the installation of construction materials, and equipment, made, constructed, installed or placed on, over or under the Premises for the temporary construction staging area on the Premises in connection with the development of the Adjacent Housing Complex. Temporary Staging and Improvements may include placement of a trailer and construction vehicles on the Premises, and the construction of a temporary road on the Premises to transfer materials and equipment to the Adjacent Housing Complex, all to be made, constructed, installed and placed in accordance with the terms and conditions of Tenant's Staging Plans, as approved by Landlord in advance in writing, and this Lease. No trailer, vehicle or heavy equipment may be placed directly on top of a SFPUC water transmission pipeline or within 20 feet of the edge of a water transmission pipeline.

"**Tenant**" means, collectively, the Party identified as Tenant in the Basic Lease Information and at the beginning of this Lease. Except when immediately followed by the word "itself," the term Tenant shall also refer to the successors and assigns of Tenant's interests under

this Lease, including but not limited to any permitted subtenants, provided that the rights and obligations of Tenant's successors and assigns shall be limited to only those rights and obligations that this Lease permits to be transferred and that have been transferred in accordance with this Lease.

"**Tenant's Personal Property**" means the personal property of Tenant described in **Section 8.3** (Tenant's Personal Property).

"**Term**" means the term of this Lease as determined under **Section 4.1** (Term of Lease).

"**Transfer**" means an Assignment or Sublease.

"**Transferee**" means an assignee under an Assignment or a subtenant under a Sublease, as described in **Section 16** (Assignment and Subletting).

"**Unmatured Event of Default**" means any default by Tenant under this Lease that, with the giving of notice or the passage of time, or both, would constitute an Event of Default under this Lease.

3. PREMISES; ACCESSIBILITY DISCLOSURES; AS IS CONDITION

3.1 Leased Premises

Subject to the terms, covenants, and conditions of this Lease, City leases to Tenant and Tenant leases from City the real property described in the attached **Exhibit A**, together with those Improvements (but not Alterations or SFPUC Facilities) existing on the Premises and owned by City as of the Commencement Date (the "**Premises**"), excluding from such lease and reserving during the Term unto City and its successors and assigns the rights described in **Section 3.2** (Rights Reserved to City). The Premises are shown generally on the attached **Exhibit B**. Any acreage stated in this Lease with respect to the Premises is an estimate only, and City does not warrant it to be correct. For all purposes of this Lease, however, the Parties agree that any such acreage shall be deemed to be correct. Nothing in this Lease is intended to grant Tenant any right whatsoever to possess, use, or operate any portion of the SFPUC Facilities. City and Tenant hereby acknowledge and agree that each Co-Tenant shall have the same rights to lease the Premises as joint tenants.

3.2 Rights Reserved to City

Notwithstanding anything to the contrary in this Lease, City reserves and retains all of the following rights relating to the Premises:

(a) Any and all water and water rights, including, but not limited to (i) any and all surface water and surface water rights, including riparian rights and appropriative water rights to surface streams and the underflow of streams, and (ii) any and all groundwater and subterranean water rights, including the right to export percolating groundwater for use by City or its water customers;

(b) Any and all timber and timber rights, including all standing trees and downed timber;

(c) Any and all minerals and mineral rights of every kind and character now known to exist or hereafter discovered in, on, or under the Premises, including, but not limited to, oil and gas and rights, together with the sole, exclusive, and perpetual right to explore for, remove, and dispose of those minerals by any means or methods suitable to City or its successors and assigns, but without entering upon or using the surface of the lands of the Premises and in

such manner as not to damage the surface of the Premises or to interfere with the permitted use of the Premises by Tenant, without Tenant's prior written consent;

(d) All rights to use, operate, maintain, repair, enlarge, modify, expand, replace, and reconstruct the SFPUC Facilities;

(e) The right to grant future easements and rights-of-way over, across, under, in, and upon the Premises as City determines to be in the public interest, provided that any such easement or right-of-way shall not interfere materially with Tenant's permitted use of the Premises as authorized by this Lease, and provided that any such easement or right-of-way shall be conditioned upon the grantee's assumption of liability to Tenant for damage to its property that Tenant may sustain as a result of the grantee's use of such easement or right-of-way;

(f) Without limiting the generality of Subsection (e) above, the right to grant future easements, rights-of-way, permits, and/or licenses over, across, under, in, and upon the Premises for the installation, operation, maintenance, repair, and removal of (i) equipment for furnishing cellular telephone, radio, or other telecommunications services, including antennas, radio, devices, cables, and other equipment associated with a telecommunications cell site, and (ii) commercial billboards, signs, and/or advertising kiosks, provided that any such easement or right-of-way shall not materially interfere with Tenant's permitted use of the Premises as authorized by this Lease, and provided further that the grant of any such easement or right-of-way shall be conditioned upon the grantee's assumption of liability to Tenant for damage to its property that Tenant may sustain as a result of the grantee's use of such easement or right-of-way; and

(g) All rights of access provided for in **Section 20** (Access by City).

3.3 Subject to Municipal Uses

Tenant acknowledges that the property of which the Premises are a part constitutes a portion of City's right-of-way for the SFPUC Facilities or the SFPUC water, power, or wastewater enterprise, which City holds for the purposes of transporting and distributing water and/or power or for other uses. Tenant's rights under this Lease are subject to City's use of the Premises for such purposes and for other City uses. So long as there is no Event of Default or Unmatured Event of Default on the part of Tenant outstanding under this Lease, and subject to the terms and conditions of this Lease, City shall use reasonable efforts to avoid interfering with Tenant's quiet use and enjoyment of the Premises. The use of the term "right-of-way" or similar terms in this Lease shall not be deemed to imply that City holds less than fee title to the Premises or otherwise call into question the nature of City's title to any of its property. City shall in no way be liable for any damage to or destruction of Tenant's property and/or Alterations resulting from any pipeline break or other malfunction with respect to the SFPUC Facilities or from any construction, alteration, repair or maintenance activities with respect to the SFPUC Facilities. At City's request, Tenant shall remove immediately any of Tenant's Personal Property or Alterations on the Premises to allow City's access to the SFPUC Facilities. In addition, Tenant shall also remove or cause to be removed from the Premises all personal property of Tenant's tenants and other occupants in the Adjacent Housing Complex. If City deems it necessary, at City's sole discretion, City may remove any such property or improvements and City shall not be responsible for restoring or returning the same to its prior condition; provided, however, that City shall use reasonable efforts to minimize damage to such property or Improvements made by Tenant.

3.4 Accessibility Disclosures

California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist

("**CASp**") to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Tenant is hereby advised that the Premises have not been inspected by a CASp.

3.5 As Is Condition of Premises

(a) Inspection of Premises

Tenant represents and warrants that Tenant is in possession of the Premises under the Existing Lease and is familiar with all aspects of the Premises, and Tenant has had the opportunity to conduct a thorough and diligent inspection and investigation, either independently or through Agents of Tenant's own choosing, of the Premises and the suitability of the Premises for Tenant's intended use. Tenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses.

(b) As Is; Disclaimer of Representations

Tenant acknowledges and agrees that the Premises are being leased and accepted strictly in their "**AS IS, WITH ALL FAULTS**" condition, without representation or warranty of any kind, and subject to all applicable Laws governing the use, occupancy, management, operation and possession of the Premises. Without limiting the foregoing, this Lease is made subject to any and all covenants, conditions, restrictions, easements, and other title matters affecting any portion of the Premises, whether or not of record. Tenant acknowledges and agrees that neither City, SFPUC, nor any of their Agents have made, and City hereby disclaims, any representations or warranties, express or implied, concerning: **(i)** title or survey matters affecting the Premises, **(ii)** the physical, geological, seismological, or environmental condition of the Premises, **(iii)** the quality, nature, or adequacy of any utilities serving the Premises, **(iv)** the present or future suitability of the Premises for Tenant's business and intended uses, **(v)** the feasibility, cost, or legality of constructing any Alterations on the Premises if required for Tenant's use and permitted under this Lease, or **(vi)** any other matter whatsoever relating to the Premises or their use, including any implied warranties of merchantability or fitness for a particular purpose.

4. TERM

4.1 Term of Lease

The Premises are leased for a term (the "**Term**") commencing on the date specified in the Basic Lease Information as the Commencement Date, subject to this Lease becoming effective pursuant to **Section 4.4** (Effective Date). The Term shall end on the Initial Lease Term Expiration Date specified in the Basic Lease Information, unless sooner terminated or extended pursuant to the provisions of this Lease. If Tenant properly exercises any Extension Option, "**Term**" as used in this Lease, shall include the applicable Extension Term, and "**Expiration Date**" shall mean the date the last such Extension Term expires.

4.2 Commencement Date and Expiration Date

The dates on which the Term commences and expires pursuant to this Lease are referred to respectively as the "**Commencement Date**" and the "**Expiration Date**." Such dates are further defined in **Section 2**. If the Commencement Date occurs on a date other than the Commencement Date specified in the Basic Lease Information, then promptly following the actual Commencement Date, Tenant shall deliver to City a written notice substantially in the form attached as **Exhibit C**, confirming the actual Commencement Date, but Tenant's failure to do so shall not affect the commencement of the Term.

4.3 Termination of Existing Lease

The Existing Lease shall terminate automatically upon commencement of the Term of this Lease, and all rights and duties of the parties under the Existing Lease shall end effective as of that date, except that (i) any covenants that are expressly stated in such lease to survive expiration or sooner termination of the Existing Lease shall survive, and (ii) Tenant's obligation to Indemnify City and the other Indemnified Parties contained in the Existing Lease shall survive the termination of the Existing Lease with respect to all Losses incurred or arising from or connected with circumstances, actions or omissions that occurred prior to the termination of the Existing Lease.

4.4 Effective Date

This Lease shall become effective on the last to occur of the following (the "**Effective Date**"): **(a)** the date SFPUC adopts a resolution approving this Lease, **(b)** the effective date of a Board of Supervisors resolution or ordinance approving this Lease, and **(c)** the date the Parties have duly executed and delivered this Lease.

5. RENT

5.1 Base Rent

Beginning on the Commencement Date and throughout the Term, Tenant shall pay to City the monthly Base Rent specified in the Basic Lease Information (the "**Base Rent**"), subject to periodic adjustment as provided in **Sections 5.2** and **5.3**. The Base Rent shall be payable in monthly installments on or before the first day of each month, in advance, at the San Francisco Public Utilities Commission, Customer Service Bureau, Attention: Real Estate Billing, 525 Golden Gate Avenue, 3rd Floor, San Francisco, California 94102, ref: L3888A, or such other place as City may designate in writing. If the Commencement Date occurs on a day other than the first day of a calendar month, or if the Lease expires or terminates on a day other than the last day of a calendar month, then the monthly payment of the Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

5.2 Annual Adjustments to Base Rent

Base Rent shall be paid as set forth in **Section 1** (Basic Lease Information); provided , however, in the event of a Market Adjustment as defined in **Section 5.3(a)** below, the monthly Base Rent payable during the Lease Year (or Holdover period, as the case may be) shall immediately increase to an amount equal to one hundred and four percent (104%) of the Base Rent that was payable each month during the immediately preceding Lease Year or Holdover period, as applicable, immediately preceding such Adjustment Date (disregarding any temporary abatement of rent that may have been in effect during such preceding Lease Year or Holdover).

5.3 Fair Market Rent Adjustments to Base Rent

(a) Fair Market Rent Adjustments. In addition to the adjustments to Base Rent set forth in **Section 5.2,** the Base Rent payable by Tenant shall be adjusted to the "**Fair Market Rent**" (as determined below) effective (i) as of the date of an Adjacent Housing Complex Change in Use as described in **Section 7.4(r)** below; (ii) as of the date of a Change in 501(c)(3) Status as described in **Section 7.4(s)** below; and (iii) as of any Transfer Adjustment Date, as defined in **Section 16.3**. Each such adjustment shall be referred to herein as a "**Market Adjustment**" and each such adjustment date may be referred to herein as a "**Market Adjustment Date**."

During the thirty (30) days following either (i) City's receipt of Tenant's written notice of a Market Adjustment Date or (ii) City's written notice to Tenant of a Market Adjustment, the Parties shall attempt in good faith to meet no less than two (2) times, at a mutually agreeable time and place, to negotiate the Fair Market Rent for the Premises. The Parties may, by an instrument in writing, mutually agree to extend such thirty (30) day period for a reasonable number of days to resolve their disagreement if the Parties are negotiating in good faith and would be unable to resolve their differences within such thirty (30) day period. Tenant shall continue to pay Base Rent in the amounts required pursuant to this Lease until the Fair Market Rent has been finally determined pursuant to this Section, at which time Tenant shall pay the shortage amount to City.

Notwithstanding the foregoing, in no event shall the Base Rent after a Market Adjustment as of any Market Adjustment Date be less than one hundred four percent (104%) of the Base Rent in effect immediately prior to such Market Adjustment Date (disregarding any temporary abatement of rent that may then have been in effect), except that if a Transfer Adjustment Date is a date other than any of the dates described in items (i) and (ii) above, the Base Rent after the Market Adjustment shall in no event be less than the Base Rent in effect immediately prior to such Transfer Adjustment Date (disregarding any temporary abatement of rent that may then have been in effect).

The new Base Rent shall thereafter continue to be subject to the annual adjustments pursuant to **Section 5.2** and Market Adjustments pursuant to this **Section 5.3.**

Notwithstanding anything to the contrary in this **Section 5.3**, the increase in Base Rent to the Fair Market Rent shall not be conditioned upon notice of the Market Adjustment Date being given by either Party to the other, it being understood and agreed that the increase in Base Rent to the Fair Market Rent shall occur and be effective as of each Market Adjustment Date, even if the Fair Market Rent is later determined retroactively to the Market Adjustment Date.

(b) Payments Prior to Fair Market Rent Determination. If the Fair Market Rent has not been finally determined pursuant to this Section 5.3 by the Market Adjustment Date, then Tenant shall continue to pay the then current Base Rent, as adjusted in accordance with Section 5.2 above, until such time as the Fair Market Rent is finally determined, at which time Tenant shall pay any unpaid shortfall to City.

(c) Fair Market Rent. As used herein, "Fair Market Rent" for the Premises shall be determined in accordance with the following procedures, definitions, and requirements:

(i) The Parties acknowledge that the Premises provide parking and landscaping. Given these facts, the fair market value of the fee interest in the Premises shall be determined as follows: The fair market value of the Premises shall be determined on an average per square foot or per acre basis, as appropriate, based on the highest and best use of the land. The fair market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold, on the effective date of the valuation, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to sell or buy, giving due consideration to all available economic uses of the property at the time of the valuation. The fair market value shall be (i) determined based on sales of comparable property within Santa Clara County (the "Market Area"), and/or (ii) derived from ground rental rates for comparable property within the Market Area, by dividing the ground rental rate by an appropriate capitalization rate for the comparable property. For this purpose, "comparable property" means land within the Market Area (whether or not currently improved), comparable to the land underlying the Premises in size, location, current zoning, and suitability

for parking, landscaping, and emergency vehicle access in connection with the Adjacent Housing Complex.

(ii) The per square foot or per acre fee value determined above shall be discounted by ten percent (10%) to account for the actual diminution in market value of the Premises as a result of City's retained rights described in Section 3.2 and the existence of the SFPUC Facilities, as defined in Section 2.

(iii) The discounted per square foot or per acre fee value shall be multiplied by the total square footage or acreage of the Premises, and the resulting product shall be multiplied by the then-prevailing market yield for ground leases of property located in the Market Area to determine the annual Fair Market Rent for the Premises as of a Market Adjustment Date.

(d) Process for Determination of Fair Market Rent and Arbitration. If the Parties have not agreed on the Fair Market Rent determination within any of the thirty (30)-day time periods set forth in **Sections 5.4, 5.5** and **5.6** below, then Tenant and City will each appoint an appraiser who meets the qualifications set forth below to act on its behalf and the two appraisers shall independently determine the Fair Market Rent by written appraisal in strict compliance with the terms of this **Section 5.3**, within thirty (30) days after the appointment of the last of such appraisers (**"Appraisal Period"**). If one Party fails to designate an appraiser who meets the qualifications set forth below within ten (10) business days after receipt of a second (2nd) written request to do so by the other Party, then the determination of Fair Market Rent of the one appraiser will be binding on both Parties. Tenant shall advise City via electronic notice, as specified in the Basic Lease Information (as such electronic notice address may be changed from time to time by notice given by City to Tenant), of Tenant's designated appraiser (**"Tenant's Designated Appraiser"**) and City shall endeavor to promptly respond to Tenant via electronic notice, as specified in the Basic Lease Information (as such electronic notice address may be changed from time to time by notice given by Tenant to City) and advise Tenant of City's designated appraiser (**"City's Designated Appraiser"**). Each appraiser will make an independent determination of the Prevailing Market Rate. The 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 Rent. Neither of the 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 appraiser appointed by the other party regarding the instructions contained in this Section before the appraisers complete their appraisals. If either appraiser has questions regarding the instructions in this Section or the interpretation of the Lease, such 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 appraiser. There shall not be any arbitration or adjudication of the instructions to the appraisers contained in this Lease. Each appraiser shall complete, sign and submit its written appraisal setting forth its determination of Fair Market Rent to both Parties in writing during the Appraisal Period. If the difference between the two determinations is ten percent (10%) or less of the higher appraisal, then the average of the two determinations shall be the Base Rent for the Premises effective as of the applicable Market Adjustment Date.

(e) If the difference between Tenant's Designated Appraiser's and City's Designated Appraiser's Fair Market Rent value conclusion is greater than ten percent (10%) of the higher appraisal, then within ten (10) business days following expiration of the Appraisal Period, City and Tenant shall appoint a third appraiser who meets the qualifications set forth below (the "Joint Appraiser") and the three appraisers shall meet and confer (either in person, via telephone or by other reasonable method) and agree on the Fair Market Rent in strict compliance with the terms of this **Section 5.3** within twenty (20) days following appointment of the Joint

Appraiser. The agreement of a majority of the appraisers on the Fair Market Rent shall be binding upon the Parties.

(f) If the Parties are unable to agree on a Joint Appraiser, then City's Designated Appraiser shall have fifteen (15) business days following the expiration of the Appraisal Period in which to prepare a list of four (4) qualified appraisers (the **"City's Designated Appraiser's List"**) and submit the City's Designated Appraiser's List to the Tenant's Designated Appraiser. The Tenant's Designated Appraiser shall have fifteen (15) business days following the expiration of the Appraisal Period in which to prepare a list of four (4) qualified appraisers (the "Tenant's Designated Appraiser's List") and submit the Tenant's Designated Appraiser List to the City's Designated Appraiser. The City's Designated Appraiser List and the Tenant's Designated Appraiser List shall be collectively known as the "Designated Appraiser Lists". City's Designated Appraiser shall have ten (10) business days from receipt of the Tenant's Designated Appraiser List in which to strike up to two (2) names from the Tenant's Designated Appraiser List. The Tenant's Designated Appraiser shall have ten (10) business days from receipt of the City's Designated Appraiser List in which to strike up to two (2) names from the City's Designated Appraiser List. The remaining names on the Designated Appraiser Lists shall comprise the joint appraiser list (the "**Joint List**"). If a Party's Designated Appraiser fails to submit a Designated Appraiser List within the time specified, such Designated Appraiser List shall not be considered in compiling the Joint List. Tenant and City shall have ten (10) business days from receipt of such Joint List in which to agree on the Joint Appraiser. If Tenant and City are unable to find a mutually agreeable appraiser on the Joint List, then an appraiser on the Joint List shall be chosen randomly using a method mutually agreeable to the Parties.

(g) Each of the appraisers specified herein shall be a member of the Appraisal Institute (MAI) with not less than five (5) continuous years of recent experience appraising commercial properties with experience in San Francisco and Santa Clara Counties, shall have significant experience with ground leases and shall be impartial and competent. All appraisals prepared hereunder shall be in conformity with the Uniform Standards of Professional Appraisal Practice, Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

(h) City and Tenant shall each pay the costs of its appointed appraiser and one-half of the cost of the Joint Appraiser, if any, plus one-half of any other costs incurred in the arbitration (excluding such party's own attorneys' fees and experts' costs), notwithstanding the provisions of **Section 25.12** (Attorneys' Fees).

(i) The Parties shall have the right to deliver to the appraisers any opinions of value, appraisals or other relevant written information concerning the Fair Market Rent such Party wishes to provide. Neither of the first two (2) appraisers nor the third appraiser shall have any power to modify any of the provisions of this Lease and all must base their decision on the definitions, standards, assumptions, instructions and other provisions contained in this Lease. Subject to the provisions of this Section, the parties will cooperate to provide all appropriate information to the appraisers and the third appraiser. The first two appraisers (but not the Joint Appraiser) can utilize the services of special experts, including experts to determine such things as property condition, market rates, leasing commissions, renovation costs and similar matters.

(j) 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 Rent by the foregoing process shall be conclusive, final and binding on the Parties.

(k) Waiver. Each Party waives any claims against the appraiser appointed by the other Party, and against the third appraiser, for negligence, malpractice or similar claims in the performance of the appraisals or arbitration contemplated by this Section.

5.4 Base Rent Increase Due to Adjacent Housing Complex Change in Use (Section 7.4(r))

The Parties recognize and agree that City agreed to the below market Base Rent under this Lease based in part on the Premises being used to benefit the existing low-income Adjacent Housing Complex. Therefore, in the event that all or a portion of the Adjacent Housing Complex or any future redevelopment or replacement of the Adjacent Housing Complex ceases to be used or operated as low income or affordable housing under applicable Laws (an "**Apartment Complex Change in Use**"), Tenant shall immediately notify City. Upon an Apartment Complex Change in Use, the Base Rent shall be recalculated to an amount equal to one hundred percent (100%) of the Fair Market Rent of the Premises, as Fair Market Rent is defined and determined under **Subsections 5.3(c)-(f)** above and this **Section 5.4** or such lesser amount as determined by the City in its sole discretion, and the new Base Rent shall be effective as of the date on which Tenant first offers a unit in the Apartment Complex for rent, use or sale at or around a fair market rent or sale price (the "**Apartment Complex Change Effective Date**"). Nothing in this **Section 5.4** shall be construed as a waiver of **Section 7.1.**

5.5 Base Rent Increase Due to Change in 501(c)(3) Status (Section 7.4(s))

The Parties recognize and agree that City agreed to the below market Base Rent under this Lease based in part on Tenant's status as a nonprofit entity. On or before January 15th of each year during the Term, Tenant shall furnish a written statement to City, certified as true by Tenant's President or Chief Financial Officer that Tenant remains a nonprofit entity. If there is a change in Tenant's organizational status, Tenant shall promptly provide notice to City certifying the current name, type of entity and jurisdiction of formation of Tenant. In the event of a reorganization or Transfer to a Transferee that is not a nonprofit entity, the Base Rent of the Premises shall be adjusted to be equal to one hundred percent (100%) of the then Fair Market Rent of the Premises, as Fair Market Rent is defined and determined under **Subsections 5.3(c)-(f)** above and this **Section 5.5** or such lesser amount as determined by the City in its sole discretion, and the new Base Rent shall be effective as of the effective date of the reorganization or other Transfer. Nothing in this **Section 5.5** shall be construed as a waiver by City of the provisions of **Section 16**.

5.6 Base Rent Increase Due to Assignment or Sublease (Section 16.3)

In the event of an Assignment or Sublease as set forth in **Section 16.3** below, except for a Permitted Transfer (as defined in **Section 16.7** below), the Fair Market Rent of the Premises shall be determined in accordance with this **Section 5.6** and **Section 5.3** above. On the date that City receives Tenant's Notice of Proposed Transfer, the Base Rent thereafter owed by Tenant shall be at a rate equal to two hundred percent (200%) of the Base Rent in effect on the date that Tenant's Notice of Proposed Transfer is received by City until the Fair Market Rent has been finally determined pursuant to this Section, at which time Tenant shall pay any shortage amount to City. Notwithstanding anything to the contrary in this **Section 5.6** or **Section 16.3** below, the increase in Base Rent due to an Assignment or Sublease shall not be conditioned upon notice of the Assignment or Sublease being given by Tenant to City, it being understood and agreed that the increase in Base Rent to the Fair Market Rent shall automatically occur and be effective as of the Assignment/Sublease Effective Date (as defined in **Section 16.3** below).

If the Parties have not agreed on the Fair Market Rent within the thirty (30) day-period (or extended period) set forth above in this Section, then Fair Market Rent shall be determined in accordance with the procedures set forth in **Section 5.3(d)** above.

5.7 Late Charge

If Tenant fails to pay any Rent within five (5) business days (excluding holidays) after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. This late payment charge has been agreed upon by City and Tenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that City will incur as a result of any such failure by Tenant, the actual costs of any such failure being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate City for its damages resulting from such failure to pay and Tenant shall promptly pay such charge to City, together with such unpaid amount.

5.8 Default Interest

If any Rent is not paid within five (5) business days (excluding holidays) following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of ten percent (10%) per year or, if a higher rate is legally permissible, at the highest rate City is permitted to charge under Law. Interest shall not be payable on late charges incurred by Tenant nor on any amounts on which late charges are paid by Tenant, however, to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest pursuant to this Section shall not excuse or cure any default by Tenant.

5.9 Net Lease

This Lease is a "**net lease**." Accordingly, Tenant shall pay to City the Base Rent, Additional Charges, and any other payments required by this Lease, without prior demand and without abatement, deduction, counterclaim, or setoff. Under no circumstances, whether now existing or subsequently arising, and whether or not beyond the present contemplation of the Parties, shall City be expected or required to make any payment of any kind whatsoever with respect to Tenant's use or occupancy of the Premises and any permitted Alterations or this Lease, except as may otherwise be expressly set forth in this Lease. Without limiting the foregoing, Tenant shall be solely responsible for paying each item of cost or expense of every kind and nature whatsoever, the payment of which City otherwise would be or could become liable by reason of its estate or interests in the Premises and any Alterations, any rights or interests of City in or under this Lease, or the ownership, leasing, operation, management, maintenance, repair, rebuilding, remodeling, renovation, use, or occupancy of any portion of the Premises or any permitted Alterations. Except as may be specifically and expressly provided otherwise in this Lease, no occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall relieve Tenant from its liability to pay all of the sums required by any of the provisions of this Lease, or otherwise relieve Tenant from any of its obligations under this Lease, or give Tenant any right to terminate this Lease in whole or in part. Tenant waives any rights now or subsequently conferred upon it by any existing or future Law to terminate this Lease or to receive any abatement, diminution, reduction, or suspension of payment of such sums on account of any such occurrence or situation.

5.10 Processing Fee and Other Fees

Upon execution of this Lease, Tenant shall pay SFPUC the sum of Five Thousand and No/100 Dollars ($5,000.00) as a fee for processing this Lease. Tenant shall also reimburse City for all fees and costs, including attorney's fees and costs, incurred by City in seeking the approvals necessary to enter into this Lease, including completion of environmental reviews and review and approval of this Lease by the Commissioners of the SFPUC, the San Francisco Board of Supervisors, and the Mayor of San Francisco, as applicable, within thirty (30) days following

the date of City's invoice. Tenant shall also reimburse City for all fees and costs, including attorney's fees and costs, incurred by City in (i) negotiating, preparing, drafting and obtaining any estoppel certificates requested by Tenant pursuant to **Section 21** below; (ii) seeking any consents requested by Tenant under the terms of this Lease; and (iii) preparing and obtaining any other documents required by City or requested by Tenant under the terms of this Lease.

6. TAXES, ASSESSMENTS, AND OTHER EXPENSES

6.1 Taxes and Assessments, Licenses, Permit Fees, and Liens

(a) Payment Responsibility

Tenant shall pay any and all real and personal property taxes, general and special assessments, excises, licenses, permit fees, and other charges and impositions of every description levied on or assessed against all or any part of the Premises, any Alterations, Tenant's Personal Property, the leasehold estate, or any subleasehold estate, or Tenant's use of the Premises or any Alterations. Tenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days before delinquency, subject to Tenant's right to contest the validity of such charge pursuant to Subsection (c) below. With respect to real property taxes and assessments levied on or assessed against the Premises for which City receives the tax bill directly from the taxing authority, however, Tenant shall reimburse City for payment of such sums immediately upon demand.

(b) Taxability of Possessory Interest

Without limiting the foregoing, Tenant recognizes and agrees that this Lease may create a possessory interest subject to property taxation and that Tenant may be subject to the payment of property taxes levied on such interest.

(c) No Liens

Tenant shall not allow or suffer a lien for any taxes payable by Tenant pursuant to this Lease to be imposed upon the Premises or upon any equipment or other property located on the Premises without promptly discharging the same. Tenant may have a reasonable opportunity to contest the validity of any such taxes provided Tenant, before commencement of any proceeding or contest, furnishes to City a surety bond issued by a surety company qualified to do business in California and acceptable to City's Controller. The amount of such bond shall be equal to one hundred twenty-five percent (125%) of the amount of taxes in dispute and shall be in such form as approved by the City Attorney of the City and County of San Francisco ("**City Attorney**"). The bond shall insure payment of any judgment that may be rendered should Tenant be unsuccessful in any such contest. Tenant shall Indemnify City, the other Indemnified Parties, and the Premises from and against any Losses arising out of any such proceeding or contest. The foregoing Indemnity shall not be limited by the amount of the bond.

(d) Reporting Requirement

Tenant agrees to provide such information as City may request to enable City to comply with any tax reporting requirements applicable to this Lease. Each Lease Year unless and until an Adjacent Housing Complex Change in Use has occurred, Tenant shall annually file with the Santa Clara County Tax Accessor's Office claim form BOE-236, Exemption of Leased Property Used Exclusively for Low-Income Housing, and form BOE-236-A, Supplemental

Affidavit for BOE-236, Housing—Lower-Income Households, and Tenant shall send Landlord copies of such filed forms within ten (10) business days after filing.

6.2 Other Expenses

Tenant shall be responsible for any and all other charges, costs, and expenses related to its use, occupancy, operation, or enjoyment of the Premises or any Alterations permitted by this Lease, including the cost of any utilities or services necessary for Tenant's permitted use of the Premises.

6.3 Evidence of Payment

Upon City's request, Tenant shall furnish to City, within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to City, evidencing payment of such charges.

7. USE; COVENANTS TO PROTECT PREMISES AND SFPUC FACILITIESTenant's Permitted Use

Tenant may use the Premises and any Alterations permitted by this Lease only for the use specified in the Basic Lease Information, and for no other purpose.

7.1 Temporary Construction Staging and Improvements

Tenant may install on and use the Premises for certain Temporary Staging and Improvements until the date that the Expansion Phase is complete, provided that the terms and conditions of this Lease shall apply to such use, including, without limitation, **Sections 3.3, 7.5** and **8.1**. Not less than 120 days prior to the placement and installation of the Temporary Staging and Improvements on the Premises, Tenant shall submit to City, for City's review and approval in its sole discretion, plans and specifications identifying the precise location of the electrical lines and temporary road on the Premises ("**Tenant's Staging Plans**"), and such plans shall also be subject to the review and approval of other governmental authorities as required. Tenant shall reimburse City, upon demand, for any fees and costs incurred by City for review of Tenant's Staging Plans or any other documents or requests pertaining to the Temporary Staging and Improvements, including without limitation, the fees and costs of City's third party consultants and attorneys. Tenant's Staging Plans shall contain sufficient level of detail as required by City in its sole discretion, such detail to include, without limitation, showing all proposed sub-surface disturbances and improvements. As a condition to approval of Tenant's Staging Plans, City may impose requirements and/or require modifications as determined by City in its reasonable discretion, in which case Tenant shall modify its plans and resubmit the plans for City's final approval. Once Tenant's Staging Plans have been approved by City, such plans shall not be modified without the prior written consent of City, which may be granted or withheld in City's sole and absolute discretion. City's approval of the Temporary Staging and Improvements and Tenant's Staging Plans shall not (i) constitute the approval by any other governmental authority that is required for the Temporary Staging and Improvements, (ii) waive, affect or limit any provisions of this Lease, including without limitation, **Sections 3.3** and **7.5**, which permit City to remove Alterations (including, without limitation, the Temporary Staging and Improvements) if City deems it necessary at City's sole discretion, and/or (iii) be interpreted as City's approval of any other future Alterations to the Premises.

City or City's representative may, at any time, review and inspect the Temporary Staging and Improvements. Any damage to the Premises caused by Tenant, its contractors, subcontractors, or Agents pertaining to the Temporary Staging and Improvements shall be promptly repaired by Tenant, at Tenant's sole expense, in a good and workmanlike manner satisfactory to City. In furtherance of the foregoing, Tenant shall perform, at Tenant's sole cost, any Remediation that is required as a result of the Temporary Staging and Improvements. Tenant shall Indemnify City, the other Indemnified Parties and the Premises against any and all Losses arising out of, occasioned by, or in any way attributable to the Temporary Staging and Improvements, except to the extent caused solely and directly by the gross negligence or willful misconduct of City or its Agents. Upon completion of the Expansion Phase, the Temporary Staging and Improvements shall be promptly removed by Tenant in accordance with **Section 22.1** (Surrender of the Premises).

Tenant expressly acknowledges and agrees that pursuant to **Sections 3.3** and **7.5**, City may itself remove or require that Tenant, its contractors or subcontractors remove the Temporary Staging and Improvements and Tenant, its contractors and/or its subcontractors may incur Losses as a result of such removal. Tenant is hereby advised to take such right granted to City and the possible Losses which may result if such right is exercised by City into consideration when designing and locating the Temporary Staging Improvements. City shall in no event be liable to Tenant, its contractors or its subcontractors for any Losses pertaining to the Temporary Staging and Improvements, including, without limitation, any Losses resulting from a casualty or condemnation or any Losses resulting from the removal of the Temporary Staging and Improvements in accordance with **Sections 3.3** and/or **7.5**, and no such Losses shall entitle Tenant to any abatement in Rent or to terminate this Lease. In no event shall City be required to construct, install and/or replace any of the Temporary Staging and Improvements.

The contractors and subcontractors engaged by Tenant to perform the Expansion Phase shall execute an agreement in favor of City in a form acceptable to City in its sole and absolute discretion, whereby the contractors and subcontractors expressly acknowledge and agree (i) to be bound by the provisions in this Lease applicable to such contractors and subcontractors, including without limitation, **Section 3.3** (Subject to Municipal Uses), **Section 7.5** (Covenants Regarding Use), **Section 18** (Waiver of Claims; Indemnification) and **Section 19** (Insurance), (ii) that pursuant to **Sections 3.3** and **7.5**, City may remove, or require that the contractors or subcontractors remove, the Temporary Staging and Improvements at any time and the contractors and subcontractors may incur Losses as a result of such removal, and (iii) City shall in no event be liable to contractors or subcontractors or any third party for any Losses incurred pertaining to the Temporary Staging and Equipment , including, without limitation, any Losses resulting from the Temporary Staging and Equipment having to being removed in accordance with **Sections 3.3** and/or **7.5**.

7.2 Reserved

7.3 Expansion Phase

Tenant intends to build 50 net new units (after the demolition of 12 townhomes on site), of family housing in accordance with City of Mountain View requirements (the "**Expansion**

Phase"). The proposed Expansion Phase will be subject to development review and any building or other permit required by the Mountain View Municipal Code.

7.4 Covenants Regarding Use

As a material inducement to City to enter into this Lease, Tenant covenants with City as follows:

(a) No Unlawful Uses or Nuisances

Tenant shall not use or occupy any of the Premises or any Alterations, or permit their use or occupancy, in any unlawful manner or for any illegal purpose, or permit to be carried on any offensive, immoral, noisy, or hazardous use or any use in violation of the conditions of any certificate of occupancy. Tenant shall take all precautions to eliminate immediately any nuisances or hazards relating to its activities on or about the Premises or any Alterations permitted by this Lease.

(b) Covenant Against Waste

Tenant shall not cause or permit any waste, damage, or injury to the Premises.

(c) Covenant to Protect SFPUC Facilities

At all times during the Term, Tenant shall use extreme care to protect the SFPUC Facilities from any damage, injury, or disturbance. Tenant shall mark at its own expense the location of City's water transmission pipelines within the Premises. If Tenant or any of its Agents or Invitees damages, injures, or disturbs any portion of the SFPUC Facilities (including monuments), Tenant shall immediately notify City of that occurrence. Without limiting any of its other rights under this Lease or at Law or equity, City may take all actions it deems proper to repair such SFPUC Facilities (including relocation of monuments) at Tenant's sole expense. Upon City's request, Tenant shall promptly remove or alter to City's satisfaction and at Tenant's sole cost, any Alterations, including, without limitation, the Temporary Staging and Improvements or Tenant's Personal Property placed on the Premises by or on behalf of Tenant as necessary to avoid interference with City's use of the Premises for municipal utility purposes. Alternatively, subject to the General Manager's approval at his or her sole discretion, Tenant must pay City for the costs determined by the General Manager that City will incur as a result of such interference.

City may adopt from time to time such rules and regulations with regard to Tenant's facilities and operations placed upon, or occurring on or about, the Premises, including, without limitation, the Temporary Staging and Improvements, as City may determine are necessary or appropriate to protect the SFPUC Facilities or prevent or safeguard against the corrosion or failure of the SFPUC Facilities. Upon receipt of a copy of such rules and regulations, Tenant shall fully comply with them.

(d) Covenant to Protect Water Courses

Tenant shall not cause any ponding on the Premises or any flooding on adjacent land. Tenant shall not engage in any activity that causes any change, disturbance, fill, alteration, or impairment to the bed, bank, or channel of any natural water course, wetland, or other body of water on, in, under, or about the Premises, nor shall Tenant engage in any activity that would pollute or degrade any surface or subsurface waters or result in the diminution or drainage of such waters.

(e) Covenant Against Dumping

Tenant shall not cause or permit the dumping or other disposal on, under, or about the Premises of landfill, refuse, Hazardous Material, or other materials that are unsightly or could pose a hazard to human health or safety, native vegetation or wildlife, or the environment.

(f) Covenant to Protect Trees or Other Native Vegetation

Tenant shall not engage in or permit the cutting, removal, or destruction of trees or any other native vegetation on the Premises, without the SFPUC's prior, written approval.

(g) No Tree Planting

Tenant shall not plant any trees on the Premises, nor plant any other vegetation on the Premises except as otherwise expressly provided in this Lease.

(h) Covenant Against Hunting or Fishing

Tenant shall not engage in or permit any hunting, trapping, or fishing on or about the Premises, except for hunting or trapping for the purpose of controlling predators or problem animals by the appropriate use of selective control techniques approved in advance by SFPUC and provided such hunting and trapping is done in strict accordance with all applicable Laws. Whenever possible, all measures used for such control shall be limited in their application to the specific predator or problem animals. Tenant shall not use poison bait, cyanide guns, traps, or other similar non-selective control techniques. In no event may Tenant use any prophylactic predator control measures. The restrictions of this Section applicable to the identification and control of predators and problem animals shall not apply to commensal rodents.

(i) Integrated Vegetation Management Policy

Tenant shall not perform any landscaping of the Premises or plant any plantings without first obtaining SFPUC's written consent pursuant to **Section 8.1(a)**. Any landscaping and plantings on the Premises must comply with SFPUC's Right of Way Integrated Vegetation Management Policy.

(j) Restrictions on Use of Pesticides

Chapter 3 of the San Francisco Environment Code (the Integrated Pest Management Program Ordinance or "**IPM Ordinance**") describes an integrated pest management ("**IPM**") policy to be implemented by all City departments. Tenant shall not use or apply or allow the use or application of any pesticides on the Premises or contract with any party to provide pest abatement or control services to the Premises without first receiving City's written approval of an IPM plan that **(i)** lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the term of this Lease, **(ii)** describes the steps Tenant will take to meet the City's IPM Policy described in Section 300 of the IPM Ordinance, and **(iii)** identifies, by name, title, address and telephone number, an individual to act as Tenant's primary IPM contact person with the City. Tenant shall comply, and shall require all of Tenant's contractors to comply, with the IPM plan approved by the City and shall comply with the requirements of Sections 300(d), 302, 304, 305(f), 305(g), and 306 of the IPM Ordinance, as if Tenant were a City department. Among other matters, such provisions of the IPM Ordinance: **(a)** provide for the use of pesticides only as a last resort, **(b)** prohibit the use or application of pesticides on property owned by the City, except for pesticides granted an exemption under Section 303 of the IPM Ordinance (including pesticides

included on the most current Reduced Risk Pesticide List compiled by City's Department of the Environment), **(c)** impose certain notice requirements, and **(d)** require Tenant to keep certain records and to report to City all pesticide use at the Premises by Tenant's staff or contractors.

If Tenant or Tenant's contractor will apply pesticides to outdoor areas at the Premises, Tenant must first obtain a written recommendation from a person holding a valid Agricultural Pest Control Advisor license issued by the California Department of Pesticide Regulation ("**CDPR**") and any such pesticide application shall be made only by or under the supervision of a person holding a valid, CDPR-issued Qualified Applicator certificate or Qualified Applicator license. City's current Reduced Risk Pesticide List and additional details about pest management on City property can be found at the San Francisco Department of the Environment website, http://sfenvironment.org/ipm.Weed Control.

(k) Weed Control

Tenant shall not introduce any noxious weeds on or about the Premises. Tenant shall control noxious weeds, provided that Tenant may use chemical herbicides only if such use complies with the requirements of **Subsection (j)** above.

(l) Maintenance of Roads

Tenant shall keep all roads on the Premises open and in the same condition as such roads are now in, ordinary wear and tear excepted, and shall not interfere with any travel on such roads.

(m) Covenant Against Burning

Tenant shall not burn any weeds, debris, or other substances on or about the Premises.

(n) No Off-Road Vehicles

Tenant shall not use or permit the use of off-road vehicles on any portion of the Premises except on existing roads and in the manner for which such roads are intended.

(o) Restrictions on Heavy Equipment and Vehicles

To prevent damage to any subterranean SFPUC Facilities installed on or about the Premises, Tenant shall strictly adhere to the following restrictions when using, or allowing the use of, vehicles and equipment, including, without limitation, the Temporary Staging and Improvements, within twenty feet (20') of any subterranean SFPUC Facilities:

(i) The depth of soil cover over the tops of any subterranean SFPUC Facilities must be at least three feet (3') for steel cylinder pipe and four feet (4') for reinforced pre-stressed concrete cylinder pipe to accommodate the loading as defined below in Subsection (ii) below. If any equipment with axle loading exceeds the weight stated in Subsection (ii) below or if the depth of soil cover is less than stated above, Tenant shall submit to SFPUC for review and approval, engineering calculations prepared by a registered civil engineer to provide adequate protection of subterranean SFPUC Facilities showing that the subterranean SFPUC Facilities will not be adversely affected.

(ii) The effects of vehicle and equipment loads to subterranean SFPUC Facilities must not exceed the effects of the "AASHTO Standard H-10 Loading." H-10 loading

is defined as loading caused by a two-axle truck with a gross weight of ten tons (20,000 lbs.), axles fourteen feet (14') apart, and rear axle carrying eight tons (16,000 lbs.). Tenant shall be responsible to provide SFPUC adequate evidence that Tenant's equipment and vehicles meet the foregoing requirements.

(iii) Tenant shall not use any pick, plow or other sharp tool over or near the SFPUC Facilities nor use any vibrating compaction equipment unless it first obtains SFPUC's prior written approval.

(iv) If the depth of the soil cover over any subterranean SFPUC Facilities (determined by potholing or other proof procedure) is less than the minimum stated in Subsection (i) above, unless SFPUC approves an alternate method, all excavation and grading over the subterranean SFPUC Facilities shall be performed manually. For any machinery equipment excavation and grading over and within twenty feet (20') on each side of the centerline of the subterranean SFPUC Facilities (measured on the surface), Tenant shall first submit a written proposal together with all supporting calculations and data to SFPUC for review and approval. In any case, the two feet (2') of soil around the subterranean SFPUC Facilities shall be removed manually or by other methods approved by SFPUC with due care as provided above.

(p) Watershed Management Plan

Tenant shall comply with any and all other regulations or requirements resulting from City's development of a watershed management plan, and any modifications or additions to such plan, provided that such regulations or requirements do not unreasonably interfere with Tenant's use and enjoyment of the Premises as contemplated by this Lease.

(q) Emergency Vehicle Access

In order to avoid overburdening the emergency vehicle ingress and egress ("**EVA**") route on the Premises, Tenant agrees that, in connection with any new development, redevelopment, reconstruction or remodeling of the Adjacent Housing Complex during the Term of this Lease, including, without limitation, the Expansion Phase, in the event that Tenant receives written notice from City that City did not receive approvals from City of Mountain View, its fire marshal and its city attorney, SFPUC's risk management and any other approvals that City deems necessary in City's sole and absolute discretion (collectively referred to hereafter as the "**EVA Approvals**") that a second means of EVA to serve and benefit the Adjacent Housing Complex shall not be required, Tenant shall install on the Adjacent Housing Complex property at no cost to City, a second means of EVA to serve and benefit the Adjacent Housing Complex in accordance with City's requirements. Nothing herein shall be construed as a requirement that (i) City maintain an EVA route on the Premises to serve and benefit the Adjacent Housing Complex, or (ii) City obtain the EVA Approvals. Tenant hereby waives all claims for any damage or liability arising out of (a) Tenant's use or inability to use City's EVA route on the Premises, (b) the inability of City to obtain the EVA Approvals, and (c) the requirement that Tenant install a second means of EVA as may be obligated herein. In the event Tenant fails to install on the Adjacent Housing Complex property a second means of EVA if required pursuant to this **Section 7.5(q)**, City shall have the right to deny Tenant's use of City's EVA on the Premises until such time as Tenant installs such second EVA.

(r) Change in Adjacent Housing Complex

Tenant recognizes and agrees that City agreed to the below market Base Rent under this Lease based in part on the Premises being used in connection with the existing Adjacent Housing Complex, which operates as low income affordable housing under applicable Law. Therefore, if less than one hundred percent (100%) of the residential units in the Adjacent

Housing Complex are "rent restricted" (as defined in Internal Revenue Code §42(g)(2)) and occupied by individuals whose income is eighty percent (80%) or less than the area median gross income (an "**Adjacent Housing Complex Change in Use**"), Tenant shall immediately notify City. On the first day of each Lease Year, Tenant shall deliver to Landlord a certification executed by Tenant's Chief Financial Officer certifying that an Adjacent Housing Complex Change in Use has not occurred. Upon an Adjacent Housing Complex Change in Use, City shall recalculate the Base Rent to an amount equal to one hundred percent (100%) of the Fair Market Rent of the Premises determined pursuant to the procedure set forth in **Section 5.4** above or such lesser amount as determined by the City in its sole discretion, and the new Base Rent shall be effective as of the date on which the Adjacent Housing Complex Change in Use occurred (the "**Adjacent Housing Complex Change Effective Date**"); provided, however, in no event shall the Base Rent after the recalculation to Fair Market Rent be less than the Base Rent in effect immediately prior to the Adjacent Housing Complex Change Effective Date.

(s) Change in 501(c)(3) Status

Tenant recognizes and agrees that City agreed to the below market Base Rent under this Lease based in part on Tenant being a non-profit organization that is tax exempt under Section 501(c)3 of the Internal Revenue Code (a "**501(c)(3) Entity**"). Therefore, if at any time Tenant ceases to qualify as a 501(c)(3) Entity under applicable Law (a "**Change in 501(c)(3) Status**"), Tenant shall immediately notify City. On the first day of each Lease Year Tenant shall deliver a certification to Landlord executed by the Chief Financial Officer of Tenant certifying that a Change in 501(c)(3) Status has not occurred. Upon a Change in 501(c)(3) Status, City shall recalculate the Base Rent to an amount equal to one hundred percent (100%) of the Fair Market Rent of the Premises determined pursuant to the procedure set forth in **Section 5.5** above or such lesser amount as determined by the City in its sole discretion, and the new Base Rent shall be effective as of the date on which the Change in 501(c)(3) Status occurred (the "**Change in 501(c)(3) Status Effective Date**"). For the purposes of this **Section 7.5(s)** and the obligations described herein, references to Section 501(c)(3) of the Internal Revenue Code shall be deemed to include any future Internal Revenue Code statute that is substantially similar to and the functional equivalent of Section 501(c)(3). Notwithstanding anything in this **Section 7.5(s)** to the contrary, City acknowledges and agrees that each Co-Tenant qualifies as a 501(c)(3) entity for so long as each Co-Tenant's general partner or managing member, as applicable, is an Affiliate (as hereinafter defined) of MidPen Housing Corporation, Mid-Peninsula The Farm, Inc. or MV Central Park Apartments, Inc.

(t) Adjacent Housing

Tenant shall not use the Premises to fulfill any open space, setback, parking or third party development requirements, including the requirements of any governmental authority in connection with obtaining entitlements, permits, licenses or other approvals for or in connection with any improvements or redevelopment to Adjacent Housing Complex. City acknowledges and agrees that Tenant may use the Premises to provide supplemental parking for the Adjacent Housing Complex. Tenant shall Indemnify City, the other Indemnified Parties and Premises against any and all Losses arising out of Tenant's failure to comply with the foregoing provision. Within thirty (30) days following the date of City's invoice, Tenant shall reimburse City for any costs, fees and expenses, including attorney's fees and costs, incurred by City in monitoring compliance with and enforcing this paragraph, including reviewing and commenting on any environmental review documents, development plans and permit applications.

8. IMPROVEMENTS AND ALTERATIONS

8.1 Construction of Alterations

(a) Conditions and Requirements for Alterations

Tenant shall not construct, install or permit any Alterations (including modifying any existing Improvements and including the Temporary Staging and Improvements) in, to, or about the Premises, without City's prior written consent in each instance, which City may give or withhold at its reasonable discretion. Subject to City's consent as provided above, any permitted Alterations shall be done at Tenant's sole expense **(i)** in strict accordance with plans and specifications approved in advance by City in writing, **(ii)** by duly licensed and bonded contractors or mechanics approved by City, **(iii)** in a good and professional manner, **(iv)** in strict compliance with all applicable Laws, including, without limitation, applicable Environmental Laws, and **(v)** subject to all other conditions that City may reasonably impose, including provision of such completion security as is acceptable to City. In no event shall the making, construction or installation of any such Alterations impair the use or operation of any portion of the SFPUC Facilities, or City's access to the Premises or the SFPUC Facilities. Before the commencement of any work on the Premises to make any permitted Alterations, at its sole expense, Tenant shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to City. No material change from the plans and specifications approved by City may be made without City's prior, written consent. City and its Agents may observe and inspect the course of such construction at all times. Upon completion of such Alterations, Tenant shall furnish City with a complete set of final as-built plans and specifications. Tenant shall require from each contractor and subcontractor performing any work on or about the Premises insurance as specified in **Section 19** (Insurance).

(b) Local Hiring Requirements

If the estimated cost of an Alteration exceeds Seven Hundred Fifty Thousand Dollars ($750,000), unless otherwise exempt, Tenant shall comply with the Local Hiring Policy set forth in San Francisco Administrative Code Section 6.22(G) (the "**Local Hiring Policy**") in the construction or performance of the Alteration. Before starting any such Alteration, Tenant shall contact City's Office of Economic Workforce and Development ("**OEWD**") to verify the Local Hiring Policy requirements that apply to the Alteration, and Tenant shall comply with all such requirements. Failure to comply shall be deemed a breach of this Lease, and may subject Tenant to penalties as set forth in the Local Hiring Policy.

Any capitalized term used in this Section that is not defined will have the meaning given to such term in the Local Hiring Policy.

8.2 Ownership of Alterations

Any Alterations constructed on or affixed to the Premises by or on behalf of Tenant pursuant to the terms and limitations of **Section 8.1** (Construction of Alterations) shall be and remain Tenant's property during the Term. Before the Expiration Date or immediately upon any earlier termination of this Lease, Tenant shall remove all such Alterations from the Premises in accordance with the provisions of **Section 22.1** (Surrender of the Premises), unless City, at its sole option and without limiting any of the provisions of **Section 8.1**, requires as a condition to approval of any such Alterations that such Alterations remain on the Premises at the expiration or termination of this Lease or unless City, as a condition of such approval, reserves the right to elect by notice to Tenant not less than thirty (30) days before the end of the Term to have such Alterations remain on the Premises.

8.3 Tenant's Personal Property

All furniture, furnishings, equipment and other articles of movable personal property (including any trailer or mobile home) installed in the Premises by or for the account of Tenant that can be removed without structural or other material damage to the Premises (all of which are referred to in this Lease as "**Tenant's Personal Property**") shall be and remain the property of Tenant and may be removed by it subject to the provisions of **Section 22.1** (Surrender of the Premises). At least ten (10) days before delinquency, Tenant shall pay all taxes levied or assessed upon Tenant's Personal Property and shall deliver to City satisfactory evidence of such payment.

9. REPAIRS AND MAINTENANCE

9.1 Tenant Responsible for Maintenance and Repair

Tenant assumes full and sole responsibility for the condition, operation, repair, maintenance, and management of the Premises and any Alterations from and after the Commencement Date. City shall not under any circumstances be responsible for the performance of any repairs, changes, or alterations to the Premises or any adjoining property (including access roads, utilities, and other infrastructure serving the Premises), nor shall City be liable for any portion of the cost of any such repairs, changes, or alterations. Tenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, that may be necessary to maintain the Premises including the existing Improvements and any permitted Alterations at all times in clean, safe, attractive, and sanitary condition and in good order and repair, to City's reasonable satisfaction and so that the Premises shall be at least equal in quality, value, and utility to the Premises as it exists on the Commencement Date. If any portion of the Premises or any of City's property located on or about the Premises is damaged by any of the activities conducted by Tenant or its Agents or Invitees under or pursuant to this Lease, at its sole cost, Tenant shall immediately repair any and all such damage and restore the Premises or City's property to its previous condition.

9.2 Utilities

Except for the SFPUC Facilities, City has no responsibility or liability of any kind with respect to any utilities that may be on or about the Premises. With respect to the use of the Premises by or on behalf of Tenant, its Agents, and its Invitees, Tenant has the sole responsibility to locate any utility facilities and protect them from damage. All electricity necessary for operations in or on the Premises shall be purchased from the SFPUC at the SFPUC's standard rates charged to third parties unless the SFPUC determines, in its sole judgment, that it is not feasible to provide such service to the Premises. With respect to services needed for Tenant's operations at the Premises, Tenant shall make all arrangements directly with the utility companies for, and shall pay for, any and all utilities and services furnished to or used by it, including gas, electricity, water, sewage, telephone service, trash collection, and janitorial service, and for all deposits, connection, and installation charges. Tenant shall be responsible for installation and maintenance of all facilities required in connection with such utility services. All electricity necessary for operations in the Premises shall be purchased from SFPUC, at SFPUC's standard rates charged to third parties, unless SFPUC determines, in its sole judgment, that it is not feasible to provide such service to the Premises. SFPUC is the provider of electric services to City property, and the Interconnection Services Department of SFPUC's Power Enterprise coordinates with Pacific Gas and Electric Company and others to implement this service. To arrange for electric service to the Premises, Tenant shall contact the Interconnection Services Department in the Power Enterprise of the SFPUC. Any and all utility improvements shall be subject to the provisions of **Section 8.1** (Construction of Alterations) and such improvements shall be deemed Alterations. During the Term, Tenant shall be obligated to repair and maintain

any and all utility systems and improvements located on or within the Premises (except for the SFPUC Facilities) in good operating condition. City shall not be liable for any failure or interruption of any utility service furnished to the Premises, and no such failure or interruption shall entitle Tenant to any abatement in Rent or to terminate this Lease.

9.3 Maintenance of Fences

Tenant shall maintain in good condition and repair at its expense any existing fences along or about the property line of the Premises.

9.4 No Right to Repair and Deduct

Tenant expressly waives the benefit of any existing or future Law or judicial or administrative decision that would otherwise permit Tenant to make repairs or replacements at City's expense, or to terminate this Lease because of City's failure to keep any part of the Premises or any adjoining property (including access roads, utilities, and other infrastructure serving the Premises) in good order, condition, or repair, or to abate or reduce any of Tenant's obligations under this Lease on account of any part of the Premises or any adjoining property (including access roads, utilities, and other infrastructure serving any part of the Premises) being in need of repair or replacement. Without limiting the foregoing, Tenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 and any similar Laws with respect to any right of Tenant to terminate this Lease and with respect to any obligations of City for tenantability of the Premises and any right of Tenant to make repairs or replacements and deduct the cost of any such repairs or replacements from Rent.

10. LIENS

Tenant shall keep the Premises and all of City's property free (including the SFPUC Facilities) from any liens arising out of any work performed, material furnished, or obligations incurred by or for Tenant. If, within five (5) days following the imposition of any such lien, Tenant does not cause the lien to be released of record by payment or posting of a proper bond, in addition to all other remedies provided under this Lease and by Law or equity, City shall have the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by City and all expenses it incurs in connection therewith (including reasonable attorneys' fees) shall be payable to City by Tenant upon demand. At all times, City may post and keep posted on the Premises any notices permitted or required by Law or that City deems proper for its protection and protection of the Premises and City's property, from mechanics' and material supplier's liens. Tenant shall give City at least fifteen (15) days' prior, written notice of the commencement of any repair or construction on any of the Premises. Notwithstanding the foregoing, upon posting of an adequate bond or other security acceptable to City, Tenant may contest any such lien, and, in such case, City shall not seek to satisfy or discharge such lien unless Tenant has failed to do so within ten (10) days after final determination of the validity of such lien. Tenant shall Indemnify City, the other Indemnified Parties, and the Premises against any and all Losses arising out of any such contest.

11. COMPLIANCE WITH LAWS

11.1 Compliance with Laws

At no cost to City, Tenant shall maintain the Premises and any Alterations, and conduct its use and operations on and about the Premises, in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary. Such Laws shall include all Laws relating to health and safety and disabled accessibility including the Americans with Disabilities Act, 42 U.S.C. Sections 12101 et seq. and Title 24 of the California

Code of Regulations, all present and future Environmental Laws (as defined in this Lease below), and all present and future life safety, fire sprinkler, seismic retrofit, and other building code requirements. The Parties acknowledge and agree that Tenant's obligation to comply with all laws as provided in this Lease is a material part of the bargained-for consideration under this Lease. Tenant's obligation under this Section shall include Tenant's responsibility to make substantial or structural repairs and alterations to the Premises (including any Improvements), regardless of, among other factors, the relationship of the cost of curative action to the Rent under this Lease, the length of the then remaining Term, the relative benefit of the repairs to Tenant or City, the degree to which the curative action may interfere with Tenant's use or enjoyment of the Premises, the likelihood that the parties contemplated the particular Law involved, and whether the Law involved is related to Tenant's particular use of the Premises. Without limiting **Section 5.9** (Net Lease), no occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall relieve Tenant from its obligations under this Lease, or shall give Tenant any right to terminate this Lease in whole or in part or to otherwise seek redress against City. Tenant waives any rights now or hereafter conferred upon it by any existing or future Law to terminate this Lease, to receive any abatement, diminution, reduction, or suspension of payment of Rent, or to compel City to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

11.2 Regulatory Approvals

(a) Responsible Party

Tenant understands and agrees that Tenant's use of the Premises may require authorizations, approvals, or permits from governmental regulatory agencies with jurisdiction over the Premises. Tenant shall be solely responsible for obtaining any and all such regulatory approvals. Tenant shall not seek any regulatory approval without first obtaining City's written consent. Tenant shall bear all costs associated with applying for, obtaining, and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Tenant shall pay and discharge immediately any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval and City shall have no liability, monetary or otherwise, for any such fines or penalties. Tenant shall Indemnify City and the other Indemnified Parties against all Losses arising in connection with Tenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

(b) City Acting as Owner of Real Property

Tenant acknowledges that City, acting by and through its SFPUC, is entering into this Lease in its capacity as a property owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Nothing in this Lease shall limit in any way Tenant's obligation to obtain any required approvals from any governmental authority or agency (including City departments, boards, or commissions) having jurisdiction over the Premises. By entering into this Lease, City is in no way modifying or limiting Tenant's obligation to cause the Premises and any permitted Alterations to be used and occupied in accordance with all applicable Laws, as provided further above.

11.3 Compliance with City's Risk Management Requirements

Tenant shall not do anything, or permit anything to be done, in or about the Premises or any Alterations permitted under this Lease that would create any unusual fire risk, and shall take commercially reasonable steps to protect City from any potential premises liability. At its expense, Tenant shall faithfully observe any and all reasonable requirements of City's Risk Manager with respect to such obligations and with the requirements of any policies of public

liability, fire, or other policies of insurance at any time in force with respect to the Premises and any Alterations as required by this Lease.

11.4 Reports

Tenant shall submit a report and provide such documentation to City as City may from time to time request regarding Tenant's operations and evidencing compliance with this Lease and all Laws.

12. FINANCING; ENCUMBRANCES; SUBORDINATION

12.1 Encumbrance of City's Fee Interest

The following provisions shall apply notwithstanding anything to the contrary contained in this Lease.

(a) Encumbrance by City

To the extent permitted by applicable Law, City may at any time sell or otherwise transfer or encumber its fee estate in any portion of the Premises provided that **(i)** any such sale or Encumbrance shall be subject and subordinate to all of the terms of this Lease and the leasehold estate created hereby, **(ii)** the right of possession of Tenant to the Premises shall not be affected or disturbed by any such sale or Encumbrance, or by the exercise of any rights or remedies by any purchaser or Encumbrancer arising out of any instrument reflecting such sale or Encumbrance, so long as no Event of Default or Unmatured Event of Default is outstanding under this Lease.

(b) Encumbrance By Tenant

Tenant shall not under any circumstances whatsoever Encumber in any manner any portion of: the Premises, the SFPUC Facilities, City's estate in the Premises or City's interest under this Lease, and Tenant shall have no right to require City to Encumber any such estate or interest.

12.2 Leasehold Encumbrances

12.2.1 Tenant's Right to Encumber Leasehold. Tenant shall, upon the prior written consent of the City, which consent shall not be unreasonably withheld, have the right from time to time to enter into a Leasehold Mortgage subject to the terms and conditions of this **Section 12.2**. However, Tenant's rights to enter into a Leasehold Mortgage shall be suspended as long as Tenant is in default hereunder and has received written notice of such default from City.

Tenant shall promptly provide City with a fully executed complete copy of each Leasehold Mortgage, and all related loan documents (including copies of all appraisals), and any and all amendments thereto.

12.2.2. Lender's Rights During Term of Leasehold Mortgage. For the express benefit of City and as a condition to Lender's rights under this **Section 12.2.2**, all secured parties under a Leasehold Mortgage (hereinafter referred to as "**Lender**") shall provide to City contemporaneously with service on or delivery to Tenant copies of all notices of default and notices of foreclosure and sale under the Leasehold Mortgage and all notices and documents pertaining to obtaining title in lieu of foreclosure.

For the express benefit of Lender, the parties agree as follows during the term of any Leasehold Mortgage:

(a) Not a Violation or Assumption of Lease. The execution of any Leasehold Mortgage, or the foreclosure thereof or any sale thereunder or conveyance by Tenant to Lender, or the exercise of any right, power or privilege reserved therein, in accordance with the requirements of this Section 12.2, shall not constitute a violation of any of the Lease terms or conditions, or any assumption by Lender, personally, of Tenant's obligations hereunder except as otherwise provided in subsection (c) below.

(b) Reserved.

(c) Lender's Right to Record and Enforce Leasehold Mortgage. City agrees that Lender may record any such Leasehold Mortgage and may enforce it and upon foreclosure sell and assign Tenant's interest in this Lease and the Improvements, if any, to another, provided that City must consent in writing to any such sale and assignment in accordance with the provisions of Section 16 (Assignment and Subletting). Furthermore, Lender may acquire title to the leasehold estate hereunder and Tenant's interest, if any, in the Improvements in any lawful way. If Lender acquires Tenant's leasehold estate hereunder by foreclosure or other appropriate proceedings or by a proper conveyance from Tenant, Lender shall take subject to all of the provisions of this Lease, including but not limited to the provisions set forth in **Section 7.5 (r)** (Adjacent Housing Complex Change in Use), **Section 7.5(s)** (Change in 501(c)(3) Status) and **Section 16** (Assignment and Subletting), and shall assume personally all of the obligations of Tenant hereunder.

(d) Succession to Tenant's Interest. If Lender acquires Tenant's leasehold estate hereunder by foreclosure or other appropriate proceedings or by a conveyance from Tenant in lieu of foreclosure, Lender shall attorn to City, and Lender may assign, upon written notice to the City, Tenant's leasehold estate hereunder by sale or otherwise. Following any such assignment by Lender, the assignee shall be subject to all the terms and conditions of this Lease, including but not limited to the provisions set forth in **Section 16** [Assignment and Subletting] below, and City shall recognize the assignee as Tenant hereunder; provided, however, that City's recognition as Tenant of any foreclosure sale Purchaser, or assignee from Lender after Lender acquires Tenant's leasehold estate is conditioned on duplicate copies of all written notices and documents given to and served on Tenant having been provided to City as required by this **Section 12.2.2**, Lender's having performed Tenant's obligations that accrued during the period that Lender held the leasehold estate, and such Purchaser or assignee agreeing in writing (in form and substance acceptable to City) to attorn to City and assume and perform all of Tenant's obligations under this Lease from and after such purchase or assignment. In the event Lender becomes Tenant under this Lease, Lender shall not be liable for Tenant's obligations that arise after Lender has transferred and assigned the Lease to another party in accordance with the terms and conditions of this Lease except for obligations that accrue after Lender acquired Tenant's interest and prior to the assignee's written assumption of Tenant's obligations.

(e) No Release of Tenant's Liability. No such foreclosure or other transfer of Tenant's leasehold estate nor the acceptance of any Rent by the City from another shall relieve, release or in any manner affect Tenant's liability hereunder.

(f) Right to Cure.

(i) Lender's Conditional Right to Notice. A Lender shall not be entitled to any notice or copy of any notice from City to Tenant under this Lease, unless such Lender shall have provided written notice to City, in accordance with **Section 25.1**, of the Lender address or addresses to which such notice, copy of such notice, and/or request for

consent shall be sent ("**Lender's Notice Address**"), which address or addresses may be changed by such Lender from time to time by written notice to City. The cure periods that would otherwise apply to a Tenant default under **Section 17.1** shall be extended for Lender's benefit under the following provisions of this **Section 12.2.2(f)** only if Lender shall have furnished City with notice of Lender's Notice Address prior to expiration of the cure period specified in City's notice of such default to Tenant. Nothing in this **Section 12.2.2(f)** shall require City to forebear from exercising City's right to exercise self-help to remedy an Event of Default for Tenant's account and at Tenant's expense pursuant to **Section 17.3**, provided that Tenant's failure to timely reimburse City pursuant to **Section 17.3** shall be considered a monetary default subject to **Section 12.2.2(f)(ii)**.

(ii) Monetary Default. If an event of default under **Section 17.1(a)** occurs, Lender shall have the right, but not the obligation, to remedy such default within thirty (30) days after City delivers written notice to Lender's Notice Address specifying Tenant's default.

(iii) Nonmonetary Default. In the event of a non-monetary default of Tenant, Lender shall have the right, but not the obligation, to cure such default within thirty (30) days after City delivers written notice to Lender's Notice Address specifying Tenant's default, or, if within such 30-day period such default cannot reasonably be cured, if Lender shall have commenced to cure such non-monetary default within such thirty (30) day period and is diligently prosecuting the same, Lender shall have a reasonable time beyond thirty (30) days within which to cure such non-monetary default, but in no event more than ninety (90) days after delivery to Lender's Notice Address of City's notice specifying the default.

(iv) Cures Requiring Possession. Notwithstanding **Section 12.2.2(f)(iii)** to the contrary, in the event of a nonmonetary default that cannot be cured without possession of the Premises, the time allowed Lender to cure such default shall be deemed extended as provided in this subparagraph, provided the Lender (A) initiates foreclosure or other appropriate proceedings to obtain possession or control of the Premises within sixty (60) days after City delivers written notice to Lender's Notice Address specifying Tenant's default, (B) cures all other defaults reasonably capable of cure within such 60-day period (except that all monetary defaults must be cured within thirty (30) days after City delivers written notice to Lender's Notice Address specifying the monetary default(s)), and (C) complies with all other covenants and conditions of this Lease reasonably capable of compliance by Lender, within the timeframes set forth in this Lease. If Lender satisfies the foregoing conditions, the time allowed Lender to cure such nonmonetary default shall be extended to include the reasonable period of time required by Lender or a purchaser of the leasehold at a foreclosure sale ("**Purchaser**") to obtain possession of the Premises with due diligence, but in no event more than one hundred twenty (120) days after City delivers written notice to Lender's Notice Address specifying Tenant's default. In those instances in which Lender is prohibited by any process or injunction or any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the time allowed the Lender to prosecute such foreclosure or other proceeding shall be extended for the period of such prohibition, provided that Lender uses due diligence in attempting to remove such prohibition. Lender shall not be required to continue such possession or continue such foreclosure proceedings if the default that prompted the service of such a notice has been cured.

(v) No Obligation to Cure. Lender shall have no obligation to cure any default of Tenant, but City shall have no obligation to forbear from exercising its remedies during an extended cure period under **Section 12.2.2(f)(ii), (iii)** or **(iv)** above unless Lender shall have provided City with advance notice of Lender's Notice Address in accordance with **Section 12.2.2(f)(i)** and satisfied the conditions in the applicable subparagraph(s).

(vi) City's Acceptance of Performance by Lender or Purchaser. City agrees to accept performance by the Lender or Purchaser of all cures, conditions and covenants as though performed by Tenant, and agrees to permit the Lender or Purchaser access to the Premises to take all such actions as may be necessary or useful to perform any condition or covenants of the Lease or to cure any default of Tenant, reserving, however, the right to require Lender or Purchaser to provide reasonable evidence of its legal right to enter the Premises. City's obligation to recognize Lender or Purchaser as Tenant is subject to **Subsection 12.2.2(d)** above.

(vii) Tolling or Waiver of Certain Defaults. So long as Lender is diligently and timely proceeding with a foreclosure or other exercise of its remedies under the Leasehold Mortgage in accordance with **Section 12.2.2(f)(iv)**, City shall not exercise its remedies to terminate the Lease or terminate Tenant's right to possession on account of: any Default Not Susceptible of Lender Cure, as defined below, or any Junior Lien Default, as defined below. However, during the pendency of a Default Not Susceptible of Lender Cure or Junior Lien Default, City shall be entitled to exercise its remedies with respect to other defaults, subject to Lender's cure rights under **Sections 12.2.2(f)(i)-(iv)**. Once Lender or a Purchaser lawfully obtains title to Tenant's leasehold interest and possession of the Premises, such pending Default Not Susceptible of Lender Cure or such Junior Lien Default, as applicable, shall be deemed waived. A "**Default Not Susceptible of Lender Cure**" is any nonmonetary default that is personal to Tenant and consequently not susceptible of cure by Lender, such as a bankruptcy proceeding affecting Tenant, a prohibited Transfer, or a failure to deliver financial information within Tenant's control. A "**Junior Lien Default**" is any default under this Lease that consists of Tenant's failure to satisfy or discharge any lien, charge, or encumbrance that (A) attaches to the leasehold estate but not the fee estate; and (B) is junior to the Leasehold Mortgage, and (C) this Lease prohibits.

(g) Notice of Lender's Interest; Request for Notice of Default and Notice of Sale. Lender shall give written notice in accordance with **Section 25.1** to the City of Lender's Notice Address and the existence and nature of its security interest. Failure to give such notice shall constitute a waiver of Lender's rights hereunder. Immediately after a Leasehold Mortgage on all or a portion of the leasehold estate is recorded, Tenant, at its own expense, shall cause to be recorded in the Official Records a request that the City receive written notice of any default and/or notice of sale under the Leasehold Mortgage. In addition, Tenant shall furnish to the City complete copies of the Leasehold Mortgage and the note or other obligation secured thereby and any modifications, amendments or extensions thereto.

(h) City's Consent to Transfer of Leasehold Interest. Except as set forth above to the contrary with respect to an initial transfer by Lender, no transfer of Tenant's leasehold interest hereunder shall occur, whether by written instrument or otherwise, unless the City shall first consent in writing

(i) Leasehold Provision Regarding Insurance. The Leasehold Mortgage shall provide that any proceeds from fire or extended coverage insurance shall be used for repair of the Premises, if required hereunder, before repaying all or part of the outstanding Leasehold Mortgage.

(j) Tenant's Reimbursement of City's Review Costs. Tenant shall reimburse the City for any costs incurred by the City in connection with the review and approval of any proposed Leasehold Mortgage, or any transactions related thereto.

(k) No Encumbrance of City's Estate. Notwithstanding any other provisions of this Lease, Tenant shall not under any circumstances encumber the City's estate or interest in the Premises. Any such attempted encumbrance shall be void and shall constitute a material default under this Lease.

(l) Notice of Modification, Amendment, Early Cancellation or Surrender. As long as there exists a Leasehold Mortgage on Tenant's leasehold estate, there shall be no amendment, modification, early cancellation or surrender of the Lease by joint action of City and Tenant without City or Tenant first delivering to Lender's Notice Address not less than thirty (30) days prior written notice of such amendment, modification, cancellation or surrender.

(m) New Lease. If this Lease terminates before its stated expiration date due to Tenant's bankruptcy, then City shall, within ten (10) business days, give notice of such termination to each Lender's Notice Address of which City has received notice, together with a statement of any and all sums which would at that time be due under this Lease but for such termination, and of all other defaults, if any, under this Lease then known to City. Upon a Lender's request given within ten (10) business days after receipt of such notice, the City shall enter into a new lease ("**New Lease**") with the most senior Lender making such request. The New Lease shall be effective as of the date of termination of this Lease, and shall be for the remainder of the Term of this Lease and at the Rent and upon all the agreements, terms, covenants and conditions hereof, including any applicable rights of renewal and in the same form as this Lease. The New Lease shall require the Lender to perform any unfulfilled obligation of Tenant under this Lease which is reasonably susceptible of being performed by such Lender. Upon the execution of the New Lease, the Lender shall pay all reasonable expenses, including attorneys' fees and costs incurred by the City, in connection with the default and termination, the recovery of possession of the Premises, and the preparation of the New Lease.

(n) No Merger. Subject to City's termination rights under this Lease, so long as the Lender holds a Leasehold Mortgage encumbering Tenant's interest under this Lease, the fee title to the Premises and the estate created by this Lease, shall not merge unless the Lender expressly consents to the merger in writing. This provision shall apply even if Tenant or Landlord or any third party acquires both the fee title and this Lease.

(o) Lender's Limited Liability for Tenant's Obligations. The Lender shall not be liable to perform Tenant's obligations under this Lease, unless and until the Lender succeeds to Tenant's interest under this Lease or enters into a New Lease, but City shall have no obligation to forbear from exercising its remedies during an extended cure period under **Section 12.2.2(f)(ii), (iii) or (iv)** above unless Lender shall have provided City with advance notice of Lender's Notice Address in accordance with **Section 12.2.2(f)(i)** and satisfied the conditions in the applicable subparagraph(s). The Lender shall not be liable for any obligations accruing under this Lease following the effective date of its assignment of its interest to an assignee as provided in **Section 12.2.2(d)** and such assignee's written assumption of the obligations of Tenant, or for any obligations accruing under this Lease prior to the date Lender forecloses.

13. DAMAGE OR DESTRUCTION

13.1 Damage to or Destruction of the Improvements

In the case of damage to or destruction of the Premises by fire or any other casualty, whether insured or uninsured, at its sole cost and with reasonable promptness and diligence, Tenant shall, unless otherwise authorized by City in writing, restore, repair, replace, or rebuild the Premises as nearly as possible to the same condition, quality, and class the Premises were in immediately before such damage or destruction, unless such damage or destruction was caused solely and directly by the gross negligence or willful misconduct of City or its Agents, in which case the City shall restore the Premises. With respect to any damage to or destruction by fire or any other casualty to any Alterations permitted by this Lease made by or on behalf of Tenant during the Term, at its option and at its sole cost, Tenant may restore, repair, replace, or rebuild such Alterations to the condition such Alterations were in before such damage or destruction,

subject to any changes made in strict accordance with the requirements of **Section 8.1** (Construction of Alterations). If Tenant does not notify City in writing within thirty (30) days after the date of such damage or destruction of Tenant's election to restore, repair, replace, or rebuild any such damaged or destroyed Alterations as provided above, however, at its sole cost, Tenant shall promptly demolish such Alterations and remove them (including all debris) from the Premises in compliance with the provisions of **Section 22.1** (Surrender of the Premises).

13.2 Abatement in Rent

In the event of any damage or destruction to the Premises or any permitted Alterations, there shall be no abatement in the Base Rent or Additional Charges payable pursuant to this Lease except if such damage or destruction was caused solely and directly by the gross negligence or willful misconduct of City or its Agents.

13.3 Waiver

The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or any permitted Alterations), and City and Tenant each hereby waives and releases any right to terminate this Lease in whole or in part under Sections 1932.2 and 1933.4 of the California Civil Code or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions of this Lease.

14. INTENTIONALLY OMITTED

15. EMINENT DOMAIN

15.1 General

If during the Term or during the period between the execution of this Lease and the Commencement Date, any Taking of all or any part of the Premises or any interest in this Lease occurs, the rights and obligations of the Parties shall be determined pursuant to this Section. City and Tenant intend that the provisions hereof govern fully in the event of a Taking and accordingly, each Party hereby waives any right to terminate this Lease in whole or in part under Sections 1265.120 and 1265.130 of the California Code of Civil Procedure or under any similar Law now or hereafter in effect.

15.2 Total Taking; Automatic Termination

If a total Taking of the Premises occurs, then this Lease shall terminate as of the Date of Taking.

15.3 Partial Taking; Election to Terminate

(a) If a Taking of any portion (but less than all) of the Premises occurs, then this Lease shall terminate in its entirety under either of the following circumstances: (i) if all of the following exist: (A) the partial Taking renders the remaining portion of the Premises untenantable or unsuitable for continued use by Tenant, (B) the condition rendering the Premises untenantable or unsuitable either is not curable or is curable but City is unwilling or unable to cure such condition, and (C) Tenant elects to terminate; or (ii) if City elects to terminate, except that this Lease shall not terminate if Tenant agrees to, and does, continue to pay full Rent and Additional Charges, without abatement, and otherwise agrees to, and does, fully perform all of its obligations under this Lease.

(b) If a partial Taking of a substantial portion of the SFPUC Facilities or any of City's adjoining real property, but not the Premises, occurs, City may terminate this Lease in its entirety.

(c) Either Party electing to terminate under the provisions of this Section shall do so by giving written notice to the other Party before or within thirty (30) days after the Date of Taking, and thereafter this Lease shall terminate upon the later of the thirtieth (30th) day after such written notice is given or the Date of Taking.

15.4 Termination of Lease; Rent and Award

Upon termination of this Lease in its entirety pursuant to **Section 15.2** (Total Taking; Automatic Termination), or pursuant to an election under **Section 15.3** (Partial Taking; Election to Terminate), then: **(a)** Tenant's obligation to pay Rent shall continue up until the date of termination and thereafter shall cease, and **(b)** City shall be entitled to the entire Award in connection therewith (including, but not limited to, any portion of the Award made for the value of the leasehold estate created by this Lease), and Tenant shall have no claim against City for the value of any period that constitutes the unexpired Term. However, Tenant may make a separate claim, and may receive any Award made specifically to Tenant, for Tenant's relocation expenses or the interruption of or damage to Tenant's business or damage to Tenant's Personal Property.

15.5 Partial Taking; Continuation of Lease

If a partial Taking of the Premises occurs and this Lease is not terminated in its entirety under **Section 15.3** (Partial Taking; Election to Terminate), then this Lease shall terminate as to the portion of the Premises so taken, but shall remain in full force and effect as to the portion not taken, and the rights and obligations of the Parties shall be as follows: **(a)** Base Rent shall be reduced by an amount that is in the same ratio to the Base Rent as the area of the Premises taken bears to the area of the Premises before the Date of Taking, and **(b)** City shall be entitled to the entire Award in connection with such Taking (including, but not limited to, any portion of the Award made for the value of the leasehold estate created by this Lease). Tenant shall have no claim against City for the value of any period that constitutes the unexpired Term. However, Tenant may make a separate claim, and may retain any Award made specifically to Tenant, for Tenant's relocation expenses or the interruption of or damage to Tenant's business or damage to Tenant's Personal Property.

15.6 Temporary Takings

Notwithstanding anything to contrary in this Section, if a Taking occurs with respect to all or any part of the Premises for a limited period of time not in excess of sixty (60) consecutive days, this Lease shall remain unaffected by such Taking, and Tenant shall continue to pay Rent and to perform all of the terms, conditions, and covenants of this Lease. In the event of such temporary Taking, Tenant shall be entitled to receive that portion of any Award representing compensation for the use or occupancy of the Premises during the Term up to the total Rent owing by Tenant for the period of the Taking, and City shall be entitled to receive the balance of any Award.

16. ASSIGNMENT AND SUBLETTING

16.1 Restriction on Assignment and Subletting

Except as expressly set forth herein, Tenant shall not directly or indirectly (including by merger, acquisition, sale, withdrawal of any general partner or other transfer of any controlling interest in Tenant or any entity controlling Tenant), voluntarily or by operation of Law, sell,

assign, encumber, pledge, or otherwise transfer any part of its interest in or rights with respect to the Premises, the business conducted on the Premises, any Alterations, or its leasehold estate created by this Lease (each, an "**Assignment**"), or permit any portion of the Premises or any Alterations to be occupied by anyone other than itself, or sublet any portion of the Premises or any Alterations on the Premises (each, a "**Sublease**"), without City's prior, written consent in each instance, which City may withhold at its sole discretion. Any Assignment or Sublease, without City's prior written consent, shall be voidable at City's option at its sole and absolute discretion; and the General Manager may terminate this Lease immediately by sending written notice to Tenant. For purposes of this **Section 16**, "control" or a "controlling interest" shall mean direct or indirect ownership of 50% or more of all of the voting stock of a corporation or 50% or more of the legal or equitable interest in any other business entity, or the power to direct the operations of any entity (by equity ownership, contract or otherwise).

Tenant further agrees and understands that the intent and purpose of this Lease is to allow for use or uses as provided in the Basic Lease Information, and not for the purpose of creating an investment in property, or obtaining a profit or income, including without limitation a profit from the operation of the Adjacent Housing Complex, provided that notwithstanding the foregoing, Tenant shall be permitted to receive nominal income from renting reserved parking spaces on the Premises. Therefore, while Tenant may charge to a City-approved assignee or sublessee an amount in excess of that rent which is at the time being charged by City to Tenant, all rental income or other consideration received by Tenant that is attributable to the value of the leasehold estate created by this Lease over and above that Rent charged to Tenant by City shall be paid directly to City with no profit, direct or indirect, to Tenant attributable to the value of the leasehold estate created by this Lease.

16.2 Notice of Proposed Transfer

If Tenant desires to enter into an Assignment or a Sublease, then it shall give written notice (a "**Notice of Proposed Transfer**") to City of its intention to do so. The Notice of Proposed Transfer shall include a copy of the proposed Assignment or Sublease (or, in the case of a merger or other change of control, a detailed description of the proposed change), identify the proposed Transferee, and state the terms and conditions under which Tenant is willing to enter into such proposed Assignment or Sublease, including a copy of the proposed Assignment or Sublease agreement. Tenant shall provide City with financial statements for the proposed Transferee and such additional information regarding the proposed Transfer as City may reasonably request.

16.3 City's Response

Within twenty (20) business days after City's receipt of the Notice of Proposed Transfer and any such additional information requested by City (the "**Response Period**"), by written notice to Tenant, City may elect to: **(a)** sublease the portion of the Premises specified in the Notice of Proposed Transfer on the terms and conditions set forth in such notice, except as otherwise provided in **Section 16.4** (Sublease or Recapture Premises), or **(b)** terminate this Lease as to the portion (including all) of the Premises that is specified in the Notice of Proposed Transfer, with a proportionate reduction in Base Rent (a "**Recapture**"). If City does not elect option (b), City may elect, by notice to Tenant within the Response Period, to adjust the Base Rent to the then current Fair Market Rent in accordance with the procedure and requirements set forth in **Section 5.6**, as a condition of approval of the proposed Transfer. If City elects such adjustment, then effective commencing on the effective date of the Transfer to the eligible Transferee (the "**Transfer Adjustment Date**"), the Base Rent shall be adjusted to the Fair Market Rent, but in no event less than the Base Rent in effect immediately prior to the Transfer Adjustment Date (disregarding any temporary abatement of rent then in effect). If the Fair Market Rent has not been finally determined by the effective date of the Transfer, the Transferee shall continue to pay the Base Rent in effect immediately prior to the Transfer until such time as

the Fair Market Rent is finally determined, at which time the Transferee shall pay any shortage to City.

If City declines to exercise either of the options provided in clauses (a) and (b) above, then, for a period of ninety (90) days following the earlier of City's notice that it will not elect either such option or the expiration of the Response Period, Tenant may enter into such Assignment or Sublease, subject to City's prior, written approval of the proposed Transferee and the terms and conditions of the proposed Transfer. The Parties recognize and agree that the purpose of this Lease is to allow for the permitted uses and not to create an investment in property, and, therefore, City may condition its consent to any Assignment or Sublease on the receipt of some or all of the consideration realized by Tenant under any such Assignment or Sublease (or the amount of such consideration attributable to the Premises if the transaction includes other properties) in excess of the Base Rent and Additional Charges payable pursuant to this Lease, after deducting the proportionate share of any reasonable broker's commissions or transaction costs incurred by Tenant. Tenant shall provide City with such information regarding the proposed Transferee and the proposed Assignment or Sublease as City may reasonably request. The Parties also recognize and agree that City agreed to a below market Base Rent in this Lease for the originally named Tenant entity only. Therefore, City shall have the right to condition its consent to any Assignment or Sublease on Tenant's agreement to recalculate the Base Rent to an amount equal to one hundred percent (100%) of the Fair Market Rent of the Premises determined pursuant to the procedure set forth in **Section 5.6** above. The recalculated Base Rent shall commence on the effective date of such Assignment or Sublease (the "**Assignment/Sublease Effective Date**"); provided, however, in no event shall the Base Rent after the recalculation to Fair Market Rent be less than the Base Rent in effect immediately prior to the Assignment/Sublease Effective Date.

Notwithstanding the foregoing, if following City's decline to exercise the foregoing options, Tenant desires to enter into such Assignment or Sublease on terms and conditions materially more favorable to Tenant than those contained in the Notice of Proposed Transfer, then Tenant shall give City a new Notice of Proposed Transfer, which notice shall state the terms and conditions of such Assignment or Sublease and identify the proposed Transferee, and City shall again be entitled to elect one of the options provided in clauses (a) and (b) above at any time within fifteen (15) business days after City's receipt of such new Notice of Proposed Transfer.

If City elects either of the options provided in clauses (a) or (b) above, at its sole option, City may enter into a lease, sublease, or assignment agreement with respect to the Premises (or portion of the Premises specified in such new Notice of Proposed Transfer) with the proposed Transferee identified in Tenant's notice.

Notwithstanding the foregoing, if any Event of Default or Unmatured Event of Default by Tenant exists at the time of Tenant's Notice of Proposed Transfer, then City may elect by notice to Tenant to refuse to consent to Tenant's proposed Transfer and pursue any of its rights or remedies pursuant to this Lease or at Law or in equity.

16.4 Sublease or Recapture Premises

If City elects to Sublease or Recapture from Tenant as provided in **Section 16.3** (City's Response), the following shall apply:

(a) Sublease

In the case of a Sublease, **(i)** City may use the portion of the Premises covered by the Notice of Proposed Transfer (the "**Sublease Premises**") for any legal purpose, **(ii)** the rent payable by City to Tenant shall be the lesser of that set forth in the Notice of Proposed Transfer

or the Rent payable by Tenant under this Lease at the time of the Sublease (or the amount of such Rent proportionate to the Sublease Premises if for less than the entire Premises), **(iii)** City may make alterations and improvements to the Sublease Premises as it may elect, and City may remove any such alterations or improvements, in whole or in part, before or upon the expiration of the Sublease, provided that City shall repair any damage or injury to the Sublease Premises caused by such removal, **(iv)** City may further sublease or assign the Sublease Premises to any party, without Tenant's consent, and **(v)** Tenant shall pay to City on demand any costs incurred by City in physically separating the Sublease Premises (if less than the entire Premises) from the balance of the Premises and in complying with any applicable Laws relating to such separation.

(b) Recapture

In the case of Recapture, **(i)** the portion of the Premises subject to the Recapture (the "**Recapture Premises**") shall be deleted from the Premises for all purposes under this Lease, and Tenant and City shall be relieved of all of their rights and obligations under this Lease with respect to the Recapture Premises except to the extent the same would survive the Expiration Date or other termination of this Lease pursuant to its terms, and **(ii)** City shall pay any cost incurred in physically separating the Recapture Premises (if less than the entire Premises) from the balance of the Premises and in complying with any applicable governmental Laws relating to such separation.

16.5 Effect of Transfer

No Sublease or Assignment by Tenant, nor any City consent to a Sublease or Assignment, shall relieve Tenant, or any guarantor, of any obligation to be performed by Tenant under this Lease. At its sole and absolute discretion, City may determine that any Sublease or Assignment that does not comply with this Section is void and, at City's option, shall constitute a material Event of Default by Tenant under this Lease. City's acceptance of any Rent or other payments from a proposed Transferee shall not constitute City's consent to such Sublease or Assignment or its recognition of any Transferee, or its waiver of any failure of Tenant or other transferor to comply with this Section.

16.6 Assumption by Transferee

Each authorized Transferee shall assume all of Tenant's obligations under this Lease and shall be and remain liable jointly and severally with the assignor or sublessor for the payment of Rent, and for the performance of all of the terms, covenants, and conditions to be performed by Tenant under this Lease. No Assignment shall be binding on City unless Tenant or Transferee shall deliver to City a copy of the fully executed Assignment and an executed instrument that contains a covenant of assumption by such Transferee satisfactory in substance and form to City, and consistent with the requirements of this Section. A Transferee's failure or refusal to execute such instrument of assumption, however, shall not release such Transferee from its liability as set forth above. Tenant shall reimburse City on demand for any of City's reasonable costs incurred in connection with any proposed Transfer, including the costs of making investigations as to the acceptability of the proposed Transferee and legal costs incurred in connection with the granting of any requested consent.

16.7 Permitted Transfer

Notwithstanding anything to the contrary contained in this Article 16, provided that no Event of Default or Unmatured Event of Default by Tenant exists at the time of the effective date of the Permitted Transfer (as defined below), the prohibition set forth in **Section 16.1** shall not apply, and consequently Landlord's consent need not be sought, in connection with (i) the assignment or sublease of this Lease to a partnership or limited liability company whose general partner or managing member, as applicable, is an Affiliate (as hereinafter defined) of MidPen

Housing Corporation, Mid-Peninsula The Farm, Inc. or MV Central Park Apartments, Inc.; (ii) the assignment or sublease of this Lease to MidPen Housing Corporation, Mid-Peninsula The Farm, Inc., or MV Central Park Apartments, Inc. (or an Affiliate thereof); or (iii) withdrawal or removal of a Co-Tenant's general partner (such assignment a "**Permitted Transfer**"); provided that in any of such events:

(a) the Tenant Successor (as hereinafter defined), in Landlord's reasonable judgment, is a reputable entity and has a net worth computed in accordance with generally accepted accounting principles consistently applied at least equal to the net worth of Tenant immediately before the Permitted Transfer, or the net worth of Tenant upon the execution of this Lease, whichever is greater;

(b) at least thirty (30) business days before the effective date of the Permitted Transfer, Tenant notifies Landlord of such Permitted Transfer and delivers to Landlord any documents or information reasonably requested by Landlord relating thereto, including, without limitation, proof reasonably satisfactory to Landlord of such net worth and reputation;

(c) The Tenant Successor agrees, by written instrument in form reasonably satisfactory to Landlord, to be bound by all the terms and conditions of this Lease and the obligations of Tenant hereunder from and after the effective date of the assignment, including, without limitation, the covenant against further assignment and subletting except in accordance with Article 16;

(d) Such assignment shall be for a good business purpose and not principally for the purpose of transferring this Lease; and

(e) If an Adjacent Housing Complex Change in Use occurs as a result of the Permitted Transfer then **Section 5.4** (Base Rent Increase Due to Adjacent Housing Complex Change in Use (**Section 7.5**(r)) shall apply; and

(f) If a Change in 501(c)(3) Status occurs as a result of the Permitted Transfer, then **Section 5.5** (Base Rent Increase Due to Change in 501(c)(3) Status (Section 7.4(s)) shall apply.

For all purposes hereof, if there is an assignment or sublease of this Lease or a removal of Co-Tenant's general partner as described in this **Section 16.7** such entity thereafter holding Tenant's interest under this Lease shall be herein defined as the "**Tenant Successor**." "**Affiliate**" as used in this **Section 16.7** means any person or entity which directly or indirectly, through one or more intermediaries, controls, is controlled by or is under the common control with, MidPen Housing Corporation, Mid-Peninsula The Farm, Inc., or MV Central Park Apartments, Inc. .

No Permitted Transfer by Tenant shall relieve Tenant, or any guarantor, of any obligation to be performed by Tenant under this Lease. At its sole and absolute discretion, City may determine that any Permitted Transfer that does not comply with this Section is void and, at City's option, shall constitute a material Event of Default by Tenant under this Lease. City's acceptance of any Rent or other payments from a Tenant Successor shall not constitute City's recognition of any Tenant Successor or its waiver of any failure of Tenant or Tenant Successor to comply with this Section.

Each authorized Tenant Successor shall assume all of Tenant's obligations under this Lease and shall be and remain liable jointly and severally with Tenant for the payment of Rent, and for the performance of all of the terms, covenants, and conditions to be performed by Tenant under this Lease. Tenant shall reimburse City on demand for any of City's reasonable costs

incurred in connection with any Permitted Transfer, including reasonably attorney's fees and the costs of making investigations as to the acceptability of the Tenant Successor.

In addition, notwithstanding anything to the contrary contained herein, transfers of a Co-Tenant's limited partner interests shall be a Permitted Transfer without any of the required conditions described above.

16.8 Indemnity for Relocation Benefits

Without limiting **Section 16.6** (Assumption by Transferee) and **Section 16.7** (Permitted Transfer), Tenant shall cause any Transferee and Tenant Successor to waive in writing any entitlement to any and all relocation assistance and benefits in connection with this Lease. Tenant shall Indemnify City and the other Indemnified Parties for any and all Losses arising out of any relocation assistance or benefits payable to any Transferee and Tenant Successor.

16.9 IPM Plan and Form CMD-12B-101

As a condition to any Assignment, Sublease or Permitted Transfer, the approved Transferee or Tenant Successor, as applicable, shall execute Form CMD 12B-101 (as such term is defined in **Section 25.22** (Non Discrimination in City Contracts and Benefits Ordinance)) with supporting documentation and secure the CMD's approval of such form. As a condition to any Assignment, Sublease or Permitted Transfer, the approved Transferee or Tenant Successor, as applicable, shall assume the IPM plan of Tenant or submit a new IPM plan in accordance with the requirements of **Section 7.5(i)** (Pesticides Prohibition) or obtain an exemption, through SFPUC. Any transferee or successor must also comply with all other provisions of this Lease, including but not limited to the insurance provisions.

17. DEFAULT; REMEDIES

17.1 Events of Default

Tenant shall be held jointly and severally liable for all obligations under this Lease. Any of the following shall constitute an event of default ("**Event of Default**") by Tenant under this Lease:

(a) Rent

Any failure to pay any Rent or other sums as and when due, provided Tenant shall have a period of three (3) days from the effective date of City's written notice of such failure within which to cure any default in the payment of Rent or other sums; provided, however, that City shall not be required to provide such notice regarding Tenant's failure to make such payments when due more than twice during any calendar year, and any such failure by Tenant after Tenant has received two such notices in any calendar year from City shall constitute a default by Tenant under this Lease without any requirement on the part of City to give Tenant notice of such failure or an opportunity to cure except as may be required by Section 1161 of the California Code of Civil Procedure;

(b) Covenants, Conditions, and Representations

Any failure to perform or comply with any other covenant, condition, or representation made under this Lease, provided Tenant shall have a period of fifteen (15) days from the effective date of City's written notice of such failure within which to cure such default under this Lease, or, if such default is not capable of cure within such 15-day period, Tenant shall have a reasonable period to complete such cure if Tenant promptly undertakes action to cure such default within such 15-day period and thereafter diligently prosecutes the same to

completion and Tenant uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from City; provided, however, that upon the occurrence during the Term of two defaults of the same obligation City shall not be required to provide any notice regarding Tenant's failure to perform such obligation, and any subsequent failure by Tenant after Tenant has received two such notices shall constitute a default by Tenant under this Lease without any requirement on the part of City to give Tenant notice of such failure or an opportunity to cure;

(c) Vacation or Abandonment

Any vacation or abandonment of the Premises for more than fourteen (14) consecutive days; and

(d) Bankruptcy

The appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization, moratorium, or other debtor relief act or statute, whether now existing or hereafter amended or enacted, if any such receiver, assignment, or action is not released, discharged, dismissed, or vacated within sixty (60) days.

17.2 Remedies

Upon the occurrence of an Event of Default by Tenant, City shall have the following rights and remedies, in addition to all other rights and remedies available to City at Law or in equity:

(a) Terminate Lease and Recover Damages

The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Tenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Base Rent and Additional Charges for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. City's efforts to mitigate the damages caused by Tenant's breach of this Lease shall not constitute a waiver of City's rights to recover damages upon termination.

(b) Continue Lease and Enforce Rights

The rights and remedies provided by California Civil Code Section 1951.4 (continuation of lease after breach and abandonment), which allows City to continue this Lease in effect and to enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due, for so long as City does not terminate Tenant's right to possession, if Tenant has the right to sublet or assign, subject only to reasonable limitations. For purposes of this Lease, none of the following shall constitute a termination of Tenant's right of possession: acts of maintenance or preservation; efforts to relet the Premises, the appointment of a receiver upon City's initiative to protect its interest under this Lease; or withholding consent to an Assignment or Sublease, or terminating an Assignment or Sublease if the withholding or termination does not violate the rights of Tenant specified in subdivision (b) of California Civil Code Section 1951.4. If City exercises its remedy under California Civil Code Section 1951.4, from time to time, City may sublet any part of the Premises for such term or terms (which may extend beyond the Term) and at such rent and upon such other terms as City may deem advisable at its sole discretion, with the right to make alterations and repairs to the Premises. Upon each

such subletting, in addition to Base Rent and Additional Charges due under this Lease, Tenant shall be immediately liable for payment to City of the cost of such subletting and such alterations and repairs incurred by City and the amount, if any, by which the Base Rent and Additional Charges owing under this Lease for the period of such subletting (to the extent such period does not exceed the Term) exceeds the amount to be paid as Base Rent and Additional Charges for the Premises for such period pursuant to such subletting. No action taken by City pursuant to this Subsection shall be deemed a waiver of any Tenant default and, notwithstanding any such subletting without termination, at any time thereafter, City may elect to terminate this Lease for such previous default.

(c) Appointment of Receiver

The right to have a receiver appointed for Tenant upon application by City to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to City pursuant to this Lease.

17.3 City's Right to Cure Tenant's Defaults

If Tenant defaults in the performance of any of its obligations under this Lease, then, at any time thereafter, City may remedy such Event of Default for Tenant's account and at Tenant's expense by giving Tenant at least three (3) days' prior oral or written notice (except in the event of an emergency as determined by City, when no such notice shall be required). Promptly upon demand, Tenant shall pay to City, as Additional Rent, all sums expended by City, or other costs, damages, expenses, or liabilities incurred by City, including reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Tenant's obligations under this Section shall survive the termination of this Lease. Nothing in this Lease shall imply any duty of City to do any act that Tenant is obligated to perform under any provision of this Lease, and City's cure or attempted cure of Tenant's Event of Default shall not constitute a waiver of Tenant's Event of Default or any of City's rights or remedies on account of such Event of Default.

17.4 Special Administrative Charges

Without limiting City's other rights and remedies set forth in this Lease, at law, or in equity, if Tenant **(i)** constructs or installs any Alteration without City's written approval as required by **Section 8** (Improvements and Alterations) of this Lease, **(ii)** fails to make a repair required by **Section 9** (Repairs and Maintenance) on a timely basis, or **(iii)** fails to provide evidence of the required insurance coverage described in **Section 19** (Insurance) below on a timely basis, then, upon City's written notice of such failure or unauthorized action, Tenant shall pay, as Additional Charges, the respective amount specified in the table below in consideration of City's administrative cost and expense in providing notice or performing inspections. If Tenant fails to remove the unauthorized Alteration and restore the Premises or perform the necessary repair or provide the necessary document, as applicable, within the time period set forth in such notice and City delivers to Tenant additional written notice requesting such document or evidence of such repair, or performs additional inspections to verify compliance, then Tenant shall pay to City, as Additional Charges, the respective amount specified in the table below for each additional written notice City delivers to Tenant requesting such corrective action.

Violation	Lease Section	Initial inspection and/or notice	Follow up inspection and/or notice
Construction of Alterations that are not approved by City	8	$700.00	$800.00
Failure to make required repairs	9	$600.00	$700.00
Failure to obtain/maintain insurance	19	$600.00	$700.00

Such administrative fees shall be due and payable as Additional Rent. The parties agree that the charges set forth in this Section represent a fair and reasonable estimate of the administrative cost and expense that City will incur in connection with providing notices or performing inspections as set forth above and that City's right to impose the foregoing charges shall be in addition to and not in lieu of any and all other rights under this Lease, at law or in equity. City shall have the right to adjust such administrative charges on an annual basis upon sixty (60) days' prior notice to Tenant; provided that failure by City to provide such notice shall be of no effect.

17.5 Co-Tenant and Limited Partner Right to Notice and Cure.

Notwithstanding anything to the contrary contained herein, each Co-Tenant's limited partner shall have the right, but not the obligation, to cure any Tenant default hereunder. In addition, upon providing written notice to City in accordance with **Section 25.1**, such limited partner shall have the right to receive notice from the City of any Tenant default hereunder, concurrently with the written notice of default provided to Tenant. In addition, each Co-Tenant and its limited partner shall have the right to cure any default by the other Co-Tenant hereunder.

18. WAIVER OF CLAIMS; INDEMNIFICATION

18.1 Waiver of Claims

Tenant covenants and agrees that City shall not be responsible for, or liable to Tenant for, and, to the fullest extent allowed by Law, Tenant hereby waives all rights against City and its Agents and releases City and its Agents from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident, or death of any person or loss or damage to any property, in or about the Premises or any other City property, from any cause whatsoever. Nothing in this Lease shall relieve City from liability to the extent that such loss or damage was caused solely and directly by the gross negligence or willful misconduct of City or its Agents, but City shall not be liable under any circumstances for any consequential, incidental, or punitive damages. Without limiting the foregoing:

(a) Tenant expressly acknowledges and agrees that the Rent payable under this Lease does not take into account any potential liability of City for any consequential or incidental damages including lost profits arising out of disruption to any Improvements or Tenant's uses of the Premises pursuant to this Lease. City would not be willing to enter into this Lease in the absence of a complete waiver of liability for consequential or incidental damages resulting from the acts or omissions of City or its Agents, and Tenant expressly assumes the risk with respect to such acts or omissions. Accordingly, without limiting any of Tenant's indemnification obligations or other waivers contained in this Lease and as a material part of the consideration for this Lease, Tenant fully RELEASES, WAIVES, AND DISCHARGES forever any and all claims, demands, rights, and causes of action against City for consequential and incidental damages (including lost profits), and covenants not to sue for such damages City, its departments, commissions, officers, directors, and employees, and all persons acting by, through or under each of them, arising out of this Lease or the uses authorized by this Lease, including

any interference with uses conducted by Tenant pursuant to this Lease regardless of the cause, and whether or not due to the negligence or gross negligence of City or its Agents.

(b) In connection with the foregoing releases, Tenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

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

Tenant acknowledges that the releases contained in this Lease include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Tenant realizes and acknowledges that it has agreed upon this Lease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of California Civil Code Section 1542, or any statute or other similar law now or later in effect. Tenant's releases contained in this Lease shall survive any termination of this Lease.

18.2 Tenant's Indemnity

On behalf of itself and its successors and assigns, Tenant shall Indemnify City and the other Indemnified Parties from and against any and all Losses incurred in connection with or arising directly or indirectly, in whole or in part, out of: **(a)** any accident, injury to, or death of a person, including Tenant's Agents and Invitees, or loss of or damage to property (including the SFPUC Facilities) howsoever or by whomsoever caused, occurring in or on the Premises; **(b)** any default by Tenant in the observation or performance of any of the terms, covenants, or conditions of this Lease to be observed or performed on Tenant's part; **(c)** the use, occupancy, conduct, or management, or manner of use, occupancy, conduct, or management by Tenant, its Agents, or its Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; **(d)** the condition of the Premises or any Alterations; **(e)** any construction or other work undertaken by Tenant on or about the Premises or any Alterations whether before or during the Term; or **(f)** any acts, omissions, or negligence of Tenant, its Agents, or it Invitees, or of any trespassers, in, on, or about the Premises or any Alterations; all regardless of the sole negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that such Indemnity is void or otherwise unenforceable under applicable Law in effect on or validly retroactive to the date of this Lease and further except only such Losses as are caused exclusively by the gross negligence and intentional wrongful acts and omissions of the Indemnified Parties. The foregoing Indemnity shall include reasonable fees of attorneys, consultants, and experts and related costs and City's costs of investigating any Loss. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend City and the other Indemnified Parties from any claim that actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent, or false, which obligation arises at the time such claim is tendered to Tenant by City and continues at all times thereafter. Tenant's obligations under this Section shall survive the expiration or sooner termination of the Lease.

19. INSURANCE

19.1 Tenant's Insurance

Tenant shall procure and maintain throughout the Term of this Lease, and pay the cost of, insurance in the following amounts and coverages:

(a) Property Insurance

Property insurance, on an all-risk form, including earthquake and flood, for one hundred percent (100%) of the full insurable value of the Premises and the permitted Improvements, with any deductible not to exceed Ten Thousand Dollars ($10,000) each occurrence. Such insurance shall include Tenant and City as named insureds as their respective interests may appear. With respect to City's interest, such insurance shall, include rental interruption coverage in an amount equal to twelve months Base Rent. "Full insurable value" shall mean the actual replacement cost of the Improvements and the existing improvements; which are included in the Premises (excluding foundation and excavation costs but without deduction for physical depreciation). It shall be determined at inception and each renewal by Insurer selected and paid by Tenant and reasonably acceptable to City; provided, however, that City shall have the right, at any time, to ascertain the full insurable value at its own expense, except that in the event such full insurance value exceeds the value of the then existing amount of insurance coverage procured by Tenant, Tenant shall pay the expense of determining the full insurable value.

(b) Commercial General Liability Insurance

Tenant shall procure and maintain and cause any contractor performing work on the Premises to procure and maintain commercial general liability insurance with limits not less than Two Million Dollars ($2,000,000) each occurrence combined single limit for bodily injury and broad-form all perils property damage, including contractual liability, independent contractors, liquor liability, personal injury, products, and completed operations, and no exclusion for explosion, collapse and underground (XCU).

(c) Builder's Risk Insurance

During construction of Alterations, Tenant shall procure and maintain or cause its contractor to procure and maintain builder's risk insurance on an all-risk form, including earthquake and flood, for one hundred percent (100%) of the completed value of any Alterations, including materials in transit and storage off-site, if such construction is beyond the scope of the coverage for remodeling or renovation in Tenant's property policy. Such policy shall include as named insureds Tenant, City, any contractor in connection with such construction and subcontractors of all tiers, with any deductible not to exceed Ten Thousand Dollars ($10,000) each occurrence.

(d) Worker's Compensation Insurance

Tenant shall procure and maintain and cause any contractor performing work on the Premises to procure and maintain workers' compensation insurance in statutory amounts, with employer's liability coverage not less than One Million Dollars ($1,000,000) each accident. Regarding workers' compensation, Tenant waives subrogation which any insurer of Tenant may acquire from Tenant by virtue of the payment of any loss. Any contract between Tenant and a contractor for work to be performed on the Premises shall include a provision by which the contractor waives subrogation which any insurer of the contractor may acquire from the contractor by virtue of the payment of any workers' compensation loss. Each workers' compensation policy shall be endorsed with a waiver of subrogation in favor of City for all work performed by Tenant and its Agents related to this Lease or the Premises.

(e) Business Automobile Liability

Tenant shall procure and maintain and cause any contractor performing work on the Premises to procure and maintain business automobile liability insurance with limits not less than One Million Dollars ($1,000,000) each occurrence combined single limit for bodily injury

and property damage, including owned, non-owned, and hired vehicles as applicable, if Tenant or the contractor uses or causes to be used any vehicles in connection with its use of the Premises.

(f) Environmental Pollution Liability

If Tenant intends to or is required to perform any Hazardous Material Remediation on or about the Premises, then Tenant shall first notify City of the proposed work and, following City's approval, Tenant or its contractor shall maintain in force, throughout the performance and completion of the Remediation, environmental pollution liability insurance with limits not less than $1,000,000 each occurrence combined single limit (true occurrence form), including coverages for on-site or off-site third party claims for bodily injury and property damage, or such higher limits as may be reasonably required by City's Risk Manager based upon the scope of work.

(g) Other Insurance

City reserves the right to change amounts and types of insurance as permitted use of the property may change from time to time.

19.2 General Requirements

All insurance provided for under this Lease shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by City.

(a) Should any of the required insurance be provided under a claims-made form, Tenant shall maintain such coverage continuously throughout the Term and, without lapse, for a period of three (3) years beyond the expiration or termination of this Lease, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Lease, such claims shall be covered by such claims-made policies.

(b) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall be double the occurrence or claims limits specified above.

(c) All liability insurance policies required by this Lease shall be endorsed to provide the following:

(i) Name City, its officers, agents, and employees, as additional insureds, as their respective interests may appear with respect to the Premises or under this Lease.

(ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Lease, and that insurance applies separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limit of liability.

(d) Each insurance policy required pursuant to this Lease shall be issued by an insurance company licensed in the State of California and with a general policyholders' rating of "A-" or better and a financial size ranking of "Class VIII" or higher in the most recent edition of Best's Insurance Guide.

(e) All insurance policies required to be maintained by Tenant under this Lease shall be endorsed to provide written notice of cancellation, material reduction in

coverage, or material depletion of insurance limits for any reason, including intent not to renew or to reduce coverage to both Tenant and City. Tenant shall also provide a copy of any notice of intent to cancel or materially reduce, or cancellation, material reduction, or depletion of, its required coverage to City within one business day of Tenant's receipt and take prompt action to prevent cancellation, material reduction, or depletion of coverage, reinstate or replenish the cancelled, reduced, or depleted coverage, or obtain the full coverage required by **Section 19.1** from a different insurer meeting the qualifications of this Section.

19.3 Proof of Insurance

On or before the Commencement Date, Tenant shall deliver to City certificates of insurance and additional insured policy endorsements from insurers evidencing the coverages required by this Lease in a form satisfactory to City, together with complete copies of the policies promptly upon City's request, and Tenant shall provide City with certificates thereafter at least ten (10) days before the expiration dates of expiring policies. Tenant and its contractors shall submit or cause their respective insurance brokers to submit requested information through the Exigis insurance verification program designated by City or any replacement program used by City for verification of tenant and contractor insurance coverage. If Tenant or its contractor fails to procure such required insurance, or to deliver such information, policies or certificates, at its option, City may procure the same for Tenant's account, and Tenant shall pay City the resulting cost within five (5) days after delivery to Tenant of invoices reflecting the amounts so paid by City. At City's request, Tenant shall promptly provide City with either (at Tenant's option): (i) complete copies of the policies, or (ii) copies, certified by the insurance carrier, of all relevant portions of Tenant's insurance policies pertaining to the coverage required to be carried by Tenant under this Lease and all relevant portions of the policies pertaining to the process and requirements for filing claims.

19.4 Review of Insurance Requirements

Tenant and City shall periodically review the limits and types of insurance carried pursuant to **Section 19.1** (Tenant's Insurance). If the general commercial practice in City and County of San Francisco is to carry liability insurance in an amount or coverage materially greater than the amount or coverage then being carried by Tenant with respect to risks comparable to those associated with the Premises, then, at City's option, Tenant shall increase at its sole cost the amounts or coverages carried by Tenant to conform to such general commercial practice.

19.5 No Limitation on Indemnities

Tenant's compliance with the provisions of this Section shall not relieve or decrease in any way Tenant's indemnification obligations under **Sections 18.2** (Tenant's Indemnity) and **23.2** (Tenant's Environmental Indemnity), or any of Tenant's other obligations or liabilities under this Lease.

19.6 Lapse of Insurance

Notwithstanding anything to the contrary in this Lease, at City's sole and absolute discretion, City may elect to terminate this Lease upon the lapse of any required insurance coverage by written notice to Tenant.

19.7 Tenant's Personal Property

Tenant may insure Tenant's Personal Property at its expense.

19.8 City's Self Insurance

Tenant acknowledges that City self-insures against casualty, property damage and public liability risks and agrees that City may at its sole election, but shall not be required to, carry any third party insurance with respect to the Premises or otherwise.

19.9 Waiver of Subrogation

Notwithstanding anything to the contrary in this Lease, City and Tenant (each a "**Waiving Party**") each hereby waives any right of recovery against the other Party for any loss or damage relating to the Premises or any operations or contents in or on the Premises, whether or not such loss is caused by the fault or negligence of such other Party, to the extent such loss or damage is covered by third-party insurance that is required to be purchased by the Waiving Party under this Lease or is actually covered by insurance held by the Waiving Party or its agents. Each Waiving Party agrees to obtain a waiver of subrogation rights endorsement from applicable insurance carriers issuing policies relating to the Premises; provided, the failure to obtain any such endorsement shall not affect the above waiver.

20. ACCESS BY CITY

20.1 Access to Premises by City

(a) General Access

City reserves for itself and its designated Agents the right to enter any portion of the Premises at all reasonable times upon not less than forty-eight (48) hours' written notice to Tenant (except in the event of an emergency) for any purpose. For nonemergency, noninvasive inspections of SFPUC Facilities, City may give such advance notice by telephone or email, to Tenant's Key Contact.

(b) Emergency Access

In the event of any emergency, as determined by City, at its sole option and without notice, City may enter the Premises and alter or remove Tenant's Personal Property and any Improvements, including any Alterations, on or about the Premises. City may use any and all means City considers appropriate to gain access to any portion of the Premises in an emergency. In such case, City shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Tenant from any portion of the Premises.

(c) No Liability

City shall not be liable in any manner, and Tenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of City's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of City or its Agents and not contributed to by the acts, omissions, or negligence of Tenant, its Agents, or its Invitees.

(d) No Abatement

Tenant shall not be entitled to any abatement in Rent if City exercises any rights reserved in this Section.

(e) Minimize Disruption

Subject to the terms and conditions of this Lease, City shall use its reasonable good faith efforts to conduct any activities on the Premises allowed under this Section in a manner that, to the extent practicable, will minimize any disruption to Tenant's use of the Premises pursuant to this Lease.

20.2 Pipeline and Utility Installations

Without limiting **Section 20.1** (Access to Premises by City), at all times, City may enter the Premises upon forty-eight (48) hours' advance, written or oral notice (except in cases of emergency as determined by City where no such notice is required), to inspect, use, install, maintain, operate, and remove SFPUC Facilities or any other public utility facilities; provided that City shall provide Tenant ninety (90) days prior written notice for any nonemergency activity that may disrupt Tenant's use of the Premises. For such nonemergency, noninvasive inspections of SFPUC Facilities, City may give such advance notice by written correspondence or email, to Tenant's Key Contact. City shall bear the expense of any such City activities, unless the need is occasioned by the acts, omissions, or negligence of Tenant, its Agents, subtenants, clients, customers or its Invitees. City shall not be responsible for any temporary loss or disruption of Tenant's use of the Premises occasioned by any such facility installations or other activities. Subject to the terms and conditions of this Lease, City shall use its reasonable good faith efforts to conduct any activities on the Premises allowed under this Section in a manner that, to the extent practicable, will minimize any disruption to Tenant's use of the Premises pursuant to this Lease, provided that such efforts do not materially increase the cost to City for such installations or activities

Further, should City's right for utility installation, as provided for in this Lease, necessitate relocation of Tenant's parking area on all or a portion of the Premises, Tenant agrees to provide at Tenant's cost and expense as a specific condition of this Lease, a temporary alternate parking area on Tenant's property adjacent to the Premises. In addition to those responsibilities already specified in this Section, Tenant shall assume full responsibility, including reimbursement to the City for any environmental or administrative proceedings, community protests, or other delays which arise due to Tenant's removal and/or relocation of parking facilities located on the Premises. This financial responsibility shall not extend to delays related to City's submittal of an environmental impact report insofar as it concerns actual installation of a pipeline by City, but shall extend to any costs resulting from Tenant's removal and/or relocation of parking facilities on the Premises. Without limiting City's rights under this Lease, if Tenant's use of the Premises is interrupted or disrupted for any reason, including without limitation, in connection with any utility installation, Tenant acknowledges and agrees that, at its sole cost, Tenant shall be responsible for: **(i)** any and all costs of alteration, removal, and/or restoration of Tenant's facilities or other improvements to a condition similar to that which existed prior to such interruption, disruption, alteration, or removal, and **(ii)** the implementation or satisfaction of any mitigation measures or obligations that may arise under any applicable Laws, including without limitation, the California Environmental Quality Act ("**CEQA**"), related to any interruption or disruption of Tenant's use of the Premises. City shall not be responsible for mitigation of any potential recreational use impacts or other impacts associated with any interruption or disruption of use of the Premises, or any related costs. If Tenant fails to perform its obligations under this Section promptly, at its sole option, City may elect to terminate this Lease by written notice, or to exercise any and all other rights or remedies available to SFPUC under this Lease or at law.

City would not be willing to enter into this Lease in the absence of Tenant's assurances under this **Section 20.2**, and Tenant expressly assumes any and all liability and/or obligations that may arise under this **Section 20.2**.

20.3 Roadways

City and its Agents may enter upon and pass through and across the Premises on any existing or future roadways and as City otherwise determines necessary or appropriate for purposes related to the inspection, operation, construction, maintenance, repair, or replacement of the SFPUC Facilities.

21. ESTOPPEL CERTIFICATES

From time to time during the Term, but not more than twice during any 12-month period, upon not less than twenty (20) days' prior, written request from a Party, the other Party shall execute, acknowledge, and deliver to the requesting Party, or such persons or entities designated by such requesting Party, a statement in writing certifying: **(a)** the Expiration Date of this Lease; **(b)** that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications); **(c)** that there are no known defaults under this Lease (or if so, specifying the same); and **(d)** the dates, if any, to which the Rent has been paid. Any such certificate shall be in one of the forms attached as **Exhibit C**, and may be relied upon by the requesting Party or any prospective purchaser or Encumbrancer of its estate. The General Manager shall be authorized to execute, acknowledge, and deliver any such certificates requested of City. Tenant shall reimburse City for all costs, including staff time and attorney fees, reasonably incurred by City in responding to a Tenant or Lender request for an estoppel certificate, within thirty (30) days after City delivers to Tenant an invoice for such costs.

22. SURRENDER

22.1 Surrender of the Premises

Upon the Expiration Date or any earlier termination of this Lease pursuant to its terms, Tenant shall surrender to City the Premises, in good condition, order, and repair, free from debris and hazards, and free and clear of all liens, easements, and other Encumbrances created or suffered by, through, or under Tenant. On or before the Expiration Date or any earlier termination of this Lease, at its sole cost, Tenant shall remove any and all of Tenant's Personal Property from the Premises and demolish and remove any and all Alterations, including, without limitation, the Temporary Construction Staging and Improvements, from the Premises (except for the improvements existing prior to commencement of the Existing Lease and any other Improvements or Alterations that City agrees are to remain part of the Premises pursuant to the provisions of **Section 8.2** (Ownership of Alterations)). In addition, at its sole expense, Tenant shall repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any such Alterations. In connection with any such repair, Tenant shall obtain any and all necessary permits and approvals, including any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal, or restoration work required by this Lease. Tenant's obligations under this Section shall survive the expiration or other termination of this Lease. At City's option, any items of Tenant's Personal Property remaining on or about the Premises after the Expiration Date or sooner termination of this Lease may be deemed abandoned and, in such case, City may assume ownership of such property or dispose of such property in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by Law.

If Tenant fails to surrender the Premises to City on the Expiration Date or earlier termination of the Term as required by this Section, Tenant shall Indemnify City against all resulting Losses, including Losses incurred by a succeeding tenant resulting from Tenant's failure to surrender the Premises as required by this Section.

Tenant hereby waives any and all rights, benefits, or privileges of the California Relocation Assistance Law, California Government Code Sections 7260 et seq., the Uniform Relocation Assistance and Real Property Acquisition Policies Act, 42 U.S.C. Sections 4601 et seq., or under any similar Law now or hereafter in effect, except as provided in **Section 15** (Eminent Domain).

22.2 Automatic Reversion

Upon the Expiration Date or earlier termination of this Lease, the Premises shall automatically, and without further act or conveyance on the part of Tenant or City, become City's property, free and clear of all liens and Encumbrances and without payment therefor by City and shall be surrendered to City upon such date. Upon or at any time after the date of termination of this Lease, if requested by City, Tenant shall promptly deliver to City, without charge, a quitclaim deed to the Premises suitable for recordation and any other instrument reasonably requested by City to evidence or otherwise effect the termination of Tenant's leasehold estate under this Lease and to effect such transfer or vesting of title to the Premises or any permitted Alterations that City agrees are to remain part of the Premises pursuant to the provisions of **Section 8.2** (Ownership of Alterations).

23. HAZARDOUS MATERIALS

23.1 No Hazardous Materials

Tenant covenants and agrees that neither Tenant nor any of its Agents or Invitees shall cause or permit any Hazardous Material to be brought upon, kept, used, stored, generated, or disposed of in, on, or about the Premises or any Alterations or transported to or from the Premises or any Alterations. Notwithstanding the foregoing, Tenant is permitted to bring onto the Premises (i) motorized automobiles and construction vehicles, containing fuel in the fuel tanks and motor oil, on those portions of the Premises improved for parking and driveway purposes in accordance with this Lease, and (ii) materials and products that may contain material considered hazardous, to the extent necessary and customarily used for installation, maintenance, operation or repair of permitted landscaping, parking area improvements, walkways and driveways, provided that any such products and materials shall be used with due care, in compliance with all applicable Legal Requirements, including Environmental Laws, all applicable provisions of this Agreement (including Section 7.2(j) [Restrictions on Use of Pesticides]), and SFPUC's reasonable requirements, and such products and materials are stored offsite when not in use. However, in no event shall Tenant permit any usage of such materials and substances in a manner that may cause the Premises or City's adjacent real property to be contaminated by any Hazardous Material. From time to time, City may request that Tenant provide adequate information for City to determine that any Hazardous Material permitted by this Lease is being handled in compliance with all applicable Environmental Laws, and Tenant shall promptly provide all such information. Tenant shall immediately notify City if and when Tenant learns or has reason to believe there has been any Release of Hazardous Material in, on, or about the Premises or any Alterations. Without limiting **Section 20** (Access by City), City and its Agents may inspect the Premises for Hazardous Material and compliance with the provisions of this Lease at all reasonable times upon reasonable, advance, oral or written notice to Tenant (except in the event of an emergency).

23.2 Tenant's Environmental Indemnity

If Tenant breaches any of its obligations contained in **Section 23.1** (No Hazardous Materials), or, if any act, omission, or negligence of Tenant or any of its Agents or Invitees results in any Release of Hazardous Material in, on, under, or about the Premises (including any existing Improvements on the Premises), any Alterations, or any other City property, without limiting Tenant's general Indemnity contained in **Section 18.2** (Tenant's Indemnity), Tenant, on

behalf of itself and its successors and assigns, shall Indemnify City and the Indemnified Parties, and each of them, from and against all Hazardous Material Claims asserted during or after the Term and relating to such Release. The foregoing Indemnity includes all costs associated with the Investigation and Remediation of Hazardous Material and with the restoration of the Premises or any other City property to its prior condition including fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other City property. Without limiting the foregoing, if Tenant or any of Tenant's Agents or Invitees, causes or permits the Release of any Hazardous Materials in, on, under, or about the Premises or any other City property, immediately and at no expense to City, Tenant shall take any and all appropriate actions to return the Premises or other City property affected thereby to the condition existing prior to such Release and otherwise Investigate and Remediate the Release in accordance with all Environmental Laws as it relates to any environmental hazards generated by direct action of the Tenant or Subtenants during the Lease Term. Tenant shall provide City with written notice of, and afford City a full opportunity to participate in, any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

24. SECURITY DEPOSIT

Upon execution of this Lease, Tenant shall pay to City the sum specified for the security deposit in the Basic Lease Information as security for the faithful performance of all terms, covenants, and conditions of this Lease. City may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises or SFPUC Facilities caused by Tenant, its Agents, or its Invitees to pay any fines assessed against Tenant under this Lease, or for any other failure of Tenant to perform any other terms, covenants, or conditions contained in this Lease, without waiving any of City's other rights and remedies under this Lease, at Law, or in equity. Should City use any portion of the security deposit to cure any Event of Default by Tenant or pay any fine of Tenant, then Tenant shall immediately replenish the security deposit to the original amount, and Tenant's failure to do so within five (5) days of City's request shall constitute a material Event of Default under this Lease. City's obligations with respect to the security deposit are solely that of debtor and not trustee. City shall not be required to keep the security deposit separate from its general funds, and Tenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Tenant's liability for the performance of any of its obligations under this Lease.

25. GENERAL PROVISIONS

25.1 Notices

Except as otherwise expressly provided in this Lease, any notice, consent, request, or approval given under or pursuant to this Lease shall be effective only if in writing and given by delivering such notice, consent, request, or approval in person or by sending it first-class or certified mail with a return receipt requested or via reliable commercial overnight courier, return receipt requested, with postage prepaid, to: **(a)** Tenant **(i)** at Tenant's address(es) set forth in the Basic Lease Information, if sent before Tenant's taking possession of the Premises, or **(ii)** at the Premises if sent on or subsequent to Tenant's taking possession of the Premises, or **(iii)** at any place where Tenant or any Agent of Tenant may be found if sent subsequent to Tenant's vacating, abandoning, or surrendering the Premises; or **(b)** City at City's address set forth in the Basic Lease Information; or **(c)** to such other address as either City or Tenant may designate as its new address for such purpose by notice given to the other Party in accordance with the provisions of this Section at least ten (10) days before the effective date of such change. A properly addressed notice, consent, request, or approval transmitted by one of the foregoing methods shall be deemed received upon the confirmed date of delivery, attempted delivery, or rejected delivery, whichever occurs first. Any facsimile numbers provided are for convenience

of communication and neither Party may give an official or binding notice, consent, request, or approval by facsimile. The effective time of a notice, consent, request, or approval shall not be affected by the receipt, prior to receipt of the original, of a telefacsimile copy of the notice, consent, request, or approval.

25.2 No Implied Waiver

No failure by City to insist upon the strict performance of any Tenant obligation under this Lease or to exercise any right, power, or remedy arising out of a breach, irrespective of the length of time for which such failure continues, no acceptance of full or partial Base Rent or Additional Charges during the continuance of any such breach, or possession of the Premises before the expiration of the Term by any Agent of City, shall constitute a waiver of such breach or of City's right to demand strict compliance with such term, covenant, or condition or operate as a surrender of this Lease. No express written waiver of any default or the performance of any provision of this Lease shall affect any other default or performance, or cover any other period of time, other than the default, performance, or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision of this Lease shall not be deemed to be a waiver of a subsequent default or performance. City's consent given in any instance under the provisions of this Lease shall not relieve Tenant of any obligation to secure City's consent in any other or future instance under this Lease.

25.3 Amendments

Neither this Lease, nor any term or provision of this Lease, may be changed, waived, discharged, or terminated, except by a written instrument signed by the Parties.

25.4 Authority

If Tenant signs as a corporation, partnership, or limited liability company, each of the persons executing this Lease on behalf of Tenant does hereby covenant and warrant that Tenant is a duly authorized and existing entity, that Tenant has done and is qualified to do business in California, that Tenant has full right and authority to enter into this Lease, and that each and all of the persons signing on behalf of Tenant are authorized to do so. Upon City's request, Tenant shall provide City with evidence reasonably satisfactory to City confirming the foregoing representations and warranties.

25.5 Joint and Several Obligations

The word "**Tenant**" as used in this Lease shall include the plural as well as the singular. If there is more than one Tenant, the obligations and liabilities under this Lease imposed on Tenant shall be joint and several.

25.6 Interpretation of Lease

The captions preceding the sections and subsections of this Lease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Lease. This Lease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with in this Lease and has been drafted through a cooperative effort of both Parties, with both Parties having the opportunity to have the Lease reviewed and revised by legal counsel. Accordingly, neither Party shall be considered the drafter of this Lease, and this Lease shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the Party responsible for drafting any part of this Lease. Provisions in this Lease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period

to give notice, reply to a notice, or to undertake any other action occurs on a Saturday, Sunday, or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "**including**" or similar words shall not be construed to limit any general term, statement, or other matter in this Lease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided in this Lease, whenever City's consent is required to be obtained by Tenant pursuant to this Lease, City may give or withhold such consent at its sole and absolute discretion.

25.7 Successors and Assigns

Subject to the provisions of **Section 16** (Assignment and Subletting), the terms, covenants, and conditions contained in this Lease shall bind and inure to the benefit of City and Tenant and, except as otherwise provided in this Lease, their personal representatives and successors and assigns; provided, however, that upon any sale, assignment, or transfer by City (or by any subsequent landlord) of its interest in the Premises as owner or lessor, including any transfer by operation of Law, City (or any subsequent landlord) shall be relieved from all subsequent obligations and liabilities arising under this Lease subsequent to such sale, assignment, or transfer.

25.8 Brokers

Except as identified in the Basic Lease Information, neither Party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection with the leasing of the Premises, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with this Lease. Accordingly, any such commission or finder's fee, if due, shall be paid pursuant to a separate written agreement between such broker and the Party through which such broker contracted. If any other broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings, or communication, the Party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other Party from any and all Losses incurred by the indemnified Party in defending against the same. The provisions of this Section shall survive any termination of this Lease.

25.9 Severability

If any provision of this Lease or the application of such provision to any person, entity, or circumstance shall be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities, or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the fullest extent permitted by Law, except to the extent that enforcement of this Lease without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Lease.

25.10 Governing Law

This Lease shall be construed and enforced in accordance with the Laws of the State of California and City's Charter.

25.11 Entire Agreement

This instrument (including all attached exhibits referenced in this instrument, which are made a part of this Lease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings, and agreements. The Parties

further intend that this Lease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts and any changes from such drafts) may be introduced in any judicial, administrative, or other legal proceeding involving this Lease. Tenant hereby acknowledges that neither City nor City's Agents have made any representations or warranties with respect to the Premises or this Lease except as expressly set forth in this Lease, and no rights, easements, or licenses are or shall be acquired by Tenant by implication or otherwise unless expressly set forth in this Lease.

25.12 Attorneys' Fees

If either City or Tenant fails to perform any of its obligations under this Lease or if a dispute arises concerning the meaning or interpretation of any provision of this Lease, the defaulting Party or the non-prevailing Party in such dispute, as the case may be, shall pay the prevailing Party reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing Party in connection with the prosecution or defense of such action and enforcing or establishing its rights under this Lease (whether or not such action is prosecuted to a judgment). For purposes of this Lease, reasonable attorneys' fees of the City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. The term "attorneys' fees" shall also include all such fees incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees were incurred. The term "**costs**" shall mean the costs and expenses of counsel to the Parties, which may include printing, duplicating, and other expenses, air freight charges, hiring of experts and consultants, and fees billed for law clerks, paralegals, and others not admitted to the bar but performing services under the supervision of an attorney.

25.13 Holding Over

Any holding over after the expiration of the Term with City's express consent shall be construed to automatically extend the Term on a month-to-month basis with ongoing adjustments in Base Rent on each Adjustment Date as set forth in **Section 5.2** (Annual Adjustments to Base Rent) or at such other Base Rent as determined by City as part of its consent, and shall otherwise be on the terms and conditions specified in this Lease so far as applicable (except for those pertaining to the Term). Any holding over without City's consent shall constitute a default by Tenant, shall be at a Base Rent equal to 150% of the Base Rent in effect at the start of the Holdover, and shall entitle City to exercise any or all of its remedies as provided in this Lease, notwithstanding that City may elect to accept one or more payments of Rent.

25.14 Time of Essence

Time is of the essence with respect to all provisions of this Lease in which a definite time for performance is specified.

25.15 Cumulative Remedies

All rights and remedies of either Party set forth in this Lease shall be cumulative, except as may otherwise be provided in this Lease.

25.16 Survival of Indemnities

Termination of this Lease shall not affect the right of either Party to enforce any and all indemnities and representations and warranties given or made to the other Party under this Lease, nor shall it affect any provision of this Lease that expressly states it shall survive termination of this Lease. Tenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Lease, Tenant has an immediate and independent obligation to defend City and the other Indemnified Parties from any claim that actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent, or false, which obligation arises at the time such claim is tendered to Tenant by City and continues at all times thereafter.

25.17 Relationship of Parties

City is not a partner in Tenant's business, or joint venturer or member in any joint enterprise with Tenant, and none of the provisions in this Lease shall be deemed to render City as such a partner, joint venturer, or member. Neither Party shall act as the agent of the other Party in any respect with regard to this Lease, and, except as specifically provided in this Lease, neither Party shall have any authority to commit or bind the other Party without such Party's consent as provided in this Lease. This Lease is not intended nor shall it be construed to create any third-party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Lease by City does not constitute City's authorization or approval of any activity conducted by Tenant on, in, or relating to the Premises.

25.18 Transfer by City

If City sells or otherwise transfers the Premises, City shall be released from its obligations under this Lease arising on or after the date of such sale or transfer and Tenant shall look solely to City's successor-in-interest with respect to the Premises. Upon City's sale of the Premises, Tenant shall attorn to the purchaser or transferee, such attornment to be effective and self-operative without the execution of any further instruments on the part of the parties to this Lease. This Lease shall not be deemed to constitute any commitment by City, or create any priority or right in favor of Tenant, with regard to any future sale or other disposition of all or any part of the Premises.

25.19 Recording

Tenant shall not record this Lease nor any memorandum or short form of this Lease in the Official Records.

25.20 Non-Liability of City Officials, Employees, and Agents

No elective or appointive board, commission, member, officer, employee, or other Agent of City shall be personally liable to Tenant or its successors and assigns for any City default or breach or for any amount that may become due to Tenant or its successors and assigns, or for any obligation of City under this Lease.

25.21 Wages and Working Conditions

Tenant acknowledges that any person performing labor in connection with any Alterations at the Premises that constitute a "public work or improvement" or "public work" as defined under San Francisco Administrative Code Section 6.22(E) or California Labor Code Section 1720 et seq. (which includes certain construction, alteration, demolition, installation, and repair work if paid for by public funds or the equivalent of public funds) shall be paid not less

than the highest prevailing rate of wages consistent with the requirements of Section 6.22(E) of the San Francisco Administrative Code, and shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco County. Tenant shall include in any contract for construction of such Alterations a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Tenant shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing such labor at the Premises.

25.22 Non-Discrimination in City Contracts and Benefits Ordinance

(a) Covenant Not to Discriminate

In the performance of this Lease, Tenant agrees not to discriminate against any Tenant employee, any City employee working with Tenant. or any applicant for employment with Tenant, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subleases and Other Subcontracts

Tenant shall include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such Subtenant or other subcontractor in substantially the form of Subsection (a) above. In addition, Tenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all Subtenants and other subcontractors to comply with such provisions. Tenant's failure to comply with the obligations in this Subsection shall constitute a material breach of this Lease.

(c) Non-Discrimination in Benefits

As of the date of this Lease, Tenant does not, and will not during the Term, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for City, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) CMD Form

As a condition to this Lease, Tenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the CMD. Tenant hereby represents that prior to execution of this Lease, **(i)** Tenant executed and submitted to the CMD Form CMD-12B-101 with supporting documentation, and **(ii)** the CMD approved such form.

(e) Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth in this Lease. Tenant shall comply fully with and be bound by all of the provisions that apply to this Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Tenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of $50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Tenant and/or deducted from any payments due Tenant.

25.23 Requiring Health Benefits for Covered Employees

Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("**HCAO**"), as set forth in San Francisco Administrative Code Chapter 12Q ("**Chapter 12Q**"), including the implementing regulations, as the same may be amended or updated from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Lease as though fully set forth in this Lease. The text of the HCAO is currently available on the web at http://www.sfgov.org/olse/hcao. Capitalized terms used in this Section and not defined in this Lease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Tenant shall provide the applicable health benefit set forth in Section 12Q.3 of the HCAO. If Tenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if Tenant meets the requirements of a "small business" as described in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection (a) above.

(c) Tenant's failure to comply with the requirements of the HCAO shall constitute a material breach by Tenant of this Lease. If, within thirty (30) days after receiving City's written notice of a breach of this Lease for violating the HCAO, Tenant fails to cure such breach or, if such breach cannot reasonably be cured within such thirty (30)-day period, Tenant fails to commence efforts to cure within such period, or thereafter fails to diligently pursue such cure to completion, City shall have the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

(d) Any Sublease or Contract regarding services to be performed on the Premises entered into by Tenant shall require the Subtenant or Contractor and Subcontractors, as applicable, to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Tenant shall notify the Purchasing Department when it enters into such a Sublease or Contract and shall certify to the Purchasing Department that it has notified the Subtenant or Contractor of the obligations under the HCAO and has imposed the requirements of the HCAO on the Subtenant or Contractor through written agreement with such Subtenant or Contractor. Tenant shall be responsible for ensuring compliance with the HCAO by each Subtenant, Contractor and Subcontractor performing services on the Premises. If any Subtenant, Contractor, or Subcontractor fails to comply, City may pursue the remedies set forth in this Section against Tenant based on the Subtenant's, Contractor's, or Subcontractor's failure to comply, provided that the Contracting Department has first provided Tenant with notice and an opportunity to cure the violation.

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

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

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

(h) Upon City's request, Tenant shall provide reports to City in accordance with any reporting standards promulgated by City under the HCAO, including reports on Subtenants, Contractors, and Subcontractors.

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

25.24 Notification of Limitations on Contributions

By its execution of this Lease, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with City for the selling or leasing of any land or building to or from City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that City elective officer serves, from making any campaign contribution to **(a)** City elective officer, **(b)** a candidate for the office held by such individual, or **(c)** a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Tenant acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Tenant further acknowledges that the prohibition on contributions applies to each entity constituting Tenant; each member of Tenant's board of directors, and Tenant's chief executive officer, chief financial officer, and chief operating officer; any person with an ownership interest of more than twenty percent (20%) in Tenant; any subcontractor listed in the contract with City; and any committee that is sponsored or controlled by Tenant. Additionally, Tenant acknowledges that Tenant must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Tenant shall provide City with the names of each person, entity, or committee described above.

25.25 No Relocation Assistance; Waiver of Claims

Tenant acknowledges that it will not be a displaced person at the time this Lease is terminated or expires by its own terms, and Tenant fully RELEASES, WAIVES, AND DISCHARGES forever any and all claims, demands, rights, and causes of action (including consequential and incidental damages) against, and covenants not to sue, City, its departments, commissions, officers, directors, and employees, and all persons acting by, through, or under each of them, under any Laws, including any and all claims for relocation benefits or assistance from City under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Lease with respect to a Taking.

25.26 MacBride Principles - Northern Ireland

City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. City also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Tenant acknowledges that it has read and understands the above statement of City concerning doing business in Northern Ireland.

25.27 Conflicts of Interest

Through its execution of this Lease, Tenant acknowledges that it is familiar with the provisions of **(a)** San Francisco Charter Section 15.103; **(b)** Article III, San Francisco Campaign and Governmental Conduct Code, Chapter 2; and **(c)** California Government Code Sections 87100 et seq. and Sections 1090 et seq. and certifies that it does not know of any facts that would constitute a violation of said provisions, and agrees that if Tenant becomes aware of any such fact during the Term, Tenant shall immediately notify City.

25.28 Intentionally Omitted

25.29 Tropical Hardwood and Virgin Redwood Ban

City urges companies not to import, purchase, obtain, or use for any purpose any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Tenant shall not provide any items to the construction of any Alterations, or otherwise in the performance of this Lease that are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. If Tenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Tenant shall be liable for liquidated damages for each violation in any amount equal to Tenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

25.30 Prohibition of Tobacco Sales and Advertising

Tenant acknowledges and agrees that no advertising or sale of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing, selling, or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to **(a)** communicate the health hazards of cigarettes and tobacco products, or **(b)** encourage people not to smoke or to stop smoking.

25.31 Prohibition of Alcoholic Beverage Advertising

Tenant acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Premises. For purposes of this Section, "alcoholic beverage" shall be defined as set forth in California Business and Professions Code Section 23004, and shall not include cleaning solutions, medical supplies, and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing, selling, or distributing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit, or other entity designed to **(a)** communicate the health hazards of

alcoholic beverages, (**b**) encourage people not to drink alcohol or to stop drinking alcohol, or (**c**) provide or publicize drug or alcohol treatment or rehabilitation services.

25.32 Consents, Approvals, Elections, and Options

Whenever this Lease requires or permits the giving, making or exercising by City or SFPUC of any consent, approval, election or option, the General Manager of SFPUC, or his or her designee, shall be authorized to give, make or exercise such consent, approval, election or option, except as otherwise provided by applicable law, including City's Charter, or by SFPUC's Real Estate Guidelines.

25.33 Disclosure

Tenant understands and agrees that City's Sunshine Ordinance (San Francisco Administrative Code Chapter 67) and the State Public Records Law (California Gov't Code Section 6250 et seq.), apply to this Lease and any and all records, information, and materials submitted to City in connection with this Lease. Accordingly, any and all such records, information, and materials may be subject to public disclosure in accordance with City's Sunshine Ordinance and the State Public Records Law. Tenant hereby authorizes City to disclose any records, information, and materials submitted to City in connection with this Lease.

25.34 Food Service Waste Reduction

Tenant agrees to comply fully with and be bound by all of the applicable provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided in that statute, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated in this Lease by reference and made a part of this Lease as though fully set forth in this Lease. Accordingly, Tenant acknowledges that City contractors and lessees may not use Disposable Food Service Ware that contains Polystyrene Foam in City Facilities and while performing under a City contract or lease, and shall instead use suitable Biodegradable/Compostable or Recyclable Disposable Food Service Ware. This provision is a material term of this Lease.

25.35 Bottled Drinking Water

Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative fines, remedies, and implementing regulations provided in that statute, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated by reference and made a part of this Lease as though fully set forth.

25.36 Preservative-Treated Wood Containing Arsenic

As of July 1, 2003, Tenant may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Tenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Tenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a

pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

25.37 Criminal History in Hiring and Employment Decisions

(a) Unless exempt, Tenant agrees to comply with and be bound by all of the provisions of San Francisco Administrative Code Chapter 12T (Criminal History in Hiring and Employment Decisions; "Chapter 12 T"), which are hereby incorporated as may be amended from time to time, with respect to applicants and employees of Tenant who would be or are performing work at the Premises.

(b) Tenant shall incorporate by reference the provisions of Chapter 12T in all subleases of some or all of the Premises, and shall require all Subtenants to comply with such provisions. Tenant's failure to comply with the obligations in this Subsection shall constitute a material breach of this Lease.

(c) Tenant and any Subtenants shall not inquire about, require disclosure of, or if such information is received, base an Adverse Action on an applicant's or potential applicant for employment, or employee's: (i) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (ii) participation in or completion of a diversion or a deferral of judgment program; (iii) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (iv) a Conviction or any other adjudication in the juvenile justice system; (v) a Conviction that is more than seven years old, from the date of sentencing; or (vi) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

(d) Tenant and any Subtenants shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in Subsection (c) above. Tenant and Subtenants shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(e) Tenant and any Subtenants shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Tenant or subtenant at the Premises, that Tenant or subtenant will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(f) Tenant and any Subtenants shall post the notice prepared by the Office of Labor Standards Enforcement ("**OLSE**"), available on OLSE's website, in a conspicuous place at the Premises and at other workplaces within San Francisco where interviews for job opportunities at the Premises occur. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Premises or other workplace at which it is posted.

(g) Tenant and any Subtenants understand and agree that upon any failure to comply with the requirements of Chapter 12T, City may pursue any rights or remedies available under Chapter 12T or this Lease, including but not limited to a penalty of $50 for a second violation and $100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Lease.

(h) If Tenant has any questions about the applicability of Chapter 12T, it may contact City's Real Estate Division for additional information. City's Real Estate Division may consult with the Director of City's Office of Contract Administration who may also grant a waiver, as set forth in Section 12T.8.

25.38 Counterparts

This Lease may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

25.39 Intent of this Lease

The Parties hereby expressly agree that it is the intent of the Parties that the agreement set forth herein shall always be construed as a lease between City and Tenant and there is no intent, implied or express, to create an easement under the terms of this Lease or by operation of law. Tenant expressly waives the benefit of any existing or future law or judicial or administrative decision that would otherwise create an implied or express easement due to the length of the Term of this Lease or otherwise.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS LEASE UNLESS AND UNTIL A RESOLUTION OF THE SFPUC AND OF CITY'S BOARD OF SUPERVISORS SHALL HAVE BEEN DULY PASSED APPROVING THIS LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY AND THE MAYOR APPROVES THE SAME. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY UNDER AND PURSUANT TO THIS LEASE ARE CONTINGENT UPON PASSAGE OF SUCH RESOLUTIONS, AND THIS LEASE SHALL NOT BE EFFECTIVE UNLESS AND UNTIL THE SFPUC AND THE BOARD OF SUPERVISORS APPROVE THIS LEASE, EACH AT THEIR SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS.

[SIGNATURES ON FOLLOWING PAGES]

City and Tenant have executed this Lease in triplicate as of the date first written above.

CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____

HARLAN L. KELLY, JR.
General Manager
San Francisco Public Utilities Commission

TENANT:

TENANT:

MP SHORELINE ASSOCIATES LIMITED PARTNERSHIP,
a California limited partnership

By: _____

Its: _____

By: _____

Its: _____

MP SHOREBREEZE ASSOCIATES, L.P.,
a California limited partnership

By: _____

Its: _____

By: _____

Its: _____

AUTHORIZED BY

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Resolution No. _____
Adopted: _____

Attested: _____
Secretary

SAN FRANCISCO BOARD OF SUPERVISORS

Resolution No. _____
Adopted _____

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____

Deputy City Attorney

EXHIBIT A

DESCRIPTION OF PREMISES

All that certain real property located in County of Santa Clara, California, described as follows:

A portion of the Bay Division Pipelines Nos. 3 and 4 right of way, known as SFPUC Parcel 201-A, consisting of approximately 1.96 acres more or less, according to SFPUC records, and as shown on the drawing attached as Exhibit B.

EXHIBIT B

SFPUC DRAWING OF PREMISES

(See Attached)

EXHIBIT C

FORMS OF ESTOPPEL CERTIFICATE

LANDLORD ESTOPPEL CERTIFICATE

[ADDRESS]

Re: Lease, dated _____, 20__ (the "**Lease**"), by and between City and County of San Francisco, a municipal corporation, acting by and through its Public Utilities Commission ("**City**"), as landlord, and _____, a _____ ("**Tenant**"), as tenant, relating to certain property located in the County of _____, California (the "**Premises**")

Ladies and Gentlemen:

The undersigned hereby confirms, represents and warrants to Tenant that:

1. Attached is a true and correct copy of the Lease;

2. The Expiration Date of the Lease is _____;

3. The Lease is in full force and effect and, except as shown in the attachments to this Certificate, has not been assigned, modified, supplemented, or amended in any way;

4. The Lease represents the entire agreement between Tenant and City with respect to the Premises;

5. To City's knowledge, on this date, there are no known defaults under this Lease and no event has occurred, which with the giving of notice, the passage of time, or both, would constitute a default by City or Tenant under the Lease [except as set forth in Schedule A attached to this Certificate];

6 All rent amounts due and owing to date have been paid, and no rental, other than for the current month, has been paid in advance [except as set forth in Schedule A to this Certificate];

7. The undersigned executing this estoppel certificate represents and warrants that he or she is duly authorized to execute this certificate on behalf of City.

The truth and accuracy of the certifications contained in this Certificate may be relied upon by Tenant and the addressee set forth above, and their successors and assigns.

Very truly yours

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, acting through its Public Utilities Commission

By:_____
Name:
Title:
Date: _____

TENANT ESTOPPEL CERTIFICATE

[ADDRESS]

Re: Lease, dated _____, 20__ (the "**Lease**"), by and between City and County of San Francisco, a municipal corporation, acting by and through its Public Utilities Commission ("**City**"), as landlord, and _____, a _____ ("**Tenant**"), as tenant, relating to certain property located in _____ County, California (the "**Premises**")

Ladies and Gentlemen:

The undersigned hereby confirms, represents and warrants to City that:

1. Attached is a true and correct copy of the Lease;

2. Tenant has accepted possession of the Premises under the Lease;

3. [Pursuant to Section 4.2 of the Lease, the Commencement Date of the Lease is _____ _____ and] [T]he current Expiration Date of the Lease is _____;

4. The Lease is in full force and effect and, except as shown in the attachments to this Certificate, has not been assigned, modified, supplemented, or amended in any way;

5. The Lease represents the entire agreement between Tenant and City with respect to the Premises;

6. To Tenant's knowledge, on this date, there are no known defaults under this Lease and no event has occurred, which with the giving of notice, the passage of time, or both, would constitute a default by City or Tenant under the Lease [except as set forth in Schedule A attached to this Certificate];

7 All rent amounts due and owing to date have been paid, and no rental, other than for the current month, has been paid in advance [except as set forth in Schedule A to this Certificate];

8. The undersigned executing this estoppel certificate represents and warrants that he or she is duly authorized to execute this certificate on behalf of Tenant.

The truth and accuracy of the certifications contained in this Certificate may be relied upon by City and the addressee set forth above, and their successors and assigns.

Very truly yours

[SIGNATURE BLOCK FOR TENANT]

(5)

First American Title Guaranty Co
Escrow No. 512772

RECORDING REQUESTED AND
WHEN RECORDED MAIL TO:

SF Public Utilities Commission
1155 Market Street, 5th Floor
San Francisco, CA 94102
Attn: Commercial Land Manager

DOCUMENT: 13802139

00138021394

Titles: 1 / Pages: 6

Fees....	22.00
Taxes...	
Copies..	
AMT PAID	22.00

BRENDA DAVIS
SANTA CLARA COUNTY RECORDER
Recorded at the request of
First American Title Company

RDE # 101
8/06/1997
8:00 AM

152-24-21

CONSENT TO ASSIGNMENT,
SUBLEASE AND DEEDS OF TRUST

THIS CONSENT TO ASSIGNMENT AND ASSUMPTION, SUBLEASE AND DEEDS OF TRUST (this "Consent") is executed by and between THE CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, acting by and through its Public Utilities Commission ("**City**"), MOUNTAIN VIEW ASSOCIATES LIMITED PARTNERSHIP, a District of Columbia limited partnership doing business in the State of California as California-Mountain View Associates Limited Partnership ("**Assignor**"), and MID-PENINSULA HOUSING COALITION, a California nonprofit public benefit corporation ("**Assignee**"), and MP SHORELINE ASSOCIATES LIMITED PARTNERSHIP, a California limited partnership ("**Subtenant**").

RECITALS

A. City currently leases for parking purposes approximately 1.96 acres of land (the "Premises") to Assignor pursuant to a fifty-one (51) year ground lease dated as of February 26, 1980 (the "Lease"), which Lease expires March 31, 2031. The Lease was recorded in the Official Records of Santa Clara County on March 31, 1980 at Book F237, Page 595.

B. In connection with the sale of Assignor's low-income housing complex adjacent to the Premises to Assignee (the "Adjacent Housing Complex"), Assignor, Assignee and Subtenant have requested City's consent to: (i) an assignment of Assignor's interest in the Lease to Assignee (the "Assignment"); (ii) Assignee's sublet of the premises to Subtenant (the "Sublet"); (iii) the encumbrance of the Assignee's interest in the Lease and Subtenant's interest in

the sublease with a first priority $6,786,733 deed of trust in favor of Comerica Bank - California, a California banking corporation (the "First Deed of Trust"); and (iv) the encumbrance of the Assignee's interest in the Lease with second and third priority deeds of trust ($747,134 and $320,031 respectively) in favor of the City of Mountain View, a municipal corporation (collectively with the First Deed of Trust, the "Deeds of Trust"). Comerica Bank - California and the City of Mountain View are collectively referred to herein as the "Lenders".

C. City is willing to consent to the above items subject to the terms and conditions set forth below.

CONSENT

1. City hereby consents to the Assignment, Sublet and Deeds of Trust, subject to the following conditions which are agreed to by Assignor, Assignee, and Subtenant: (i) Assignor shall not be released or discharged from any existing liability under the Lease, and Assignor shall remain liable for the performance of each and every obligation under the Lease prior to the effective date of the Assignment; (ii) this Consent shall not be deemed a consent to any subsequent assignment, sublet or encumbrance, but rather any subsequent assignment, sublet or encumbrance shall require the prior written consent of City; (iii) nothing in this Consent or in the Assignment, Sublet or Deed of Trust documents shall be construed to modify, amend, waive, terminate or affect any of the provisions, covenants or conditions in the Lease, or to waive any past, present or future breach or default under the Lease; (iv) in the event that City terminates the Lease, City shall have no liability to Subtenant and no obligation to enter into a new lease with Subtenant or to permit Subtenant to remain on the Premises; (v) under no circumstances shall Assignee or Subtenant permit any lien or encumbrance on the Landlord's fee interest in the Premises in connection with any financing or otherwise; (vi) City shall not subordinate its interest in the Premises to any leasehold mortgagee or beneficiary, including but not limited to the Lenders; (vii) all rights acquired by a mortgagee or beneficiary under the Deeds of Trust, or any purchaser at a foreclosure sale, shall be subject to each and all of the covenants, conditions and restrictions set forth in the Lease

(including the assignment and subletting restrictions) and to all rights of City under the Lease - none of such covenants, conditions and restrictions shall be waived by City by virtue of a foreclosure under the Deeds of Trust; (viii) the execution of the Deeds of Trust shall not give the Lenders or any foreclosure purchaser any greater rights than those granted to the tenant under the Lease; (ix) a mortgagee or purchaser at foreclosure sale, upon acquiring Assignor's interest in the Lease, shall be required to promptly cure any and all defaults existing under the Lease; and (x) in the event of any conflict between the terms of this Consent and the terms contained in the Assignment, Sublet or Deed of Trust Documents, the terms of this Consent shall prevail.

2. Assignor's interest under the Lease cannot be transferred without a simultaneous transfer of the Adjacent Housing Complex. Accordingly, Lenders agree that there can be no foreclosure under the Deeds of Trust without a simultaneous foreclosure of the Lenders' interest in the Adjacent Housing Complex. Any attempted transfer of Assignor's interest in the Lease without a simultaneous transfer to the same entity of the fee ownership in the Adjacent Housing Complex shall be null and void.

3. Each of the parties hereto represents and warrants that it has the full power and authority to execute this Consent, and that such execution has been duly authorized.

IN WITNESS WHEREOF, the parties hereto have executed this Consent as of July 24, 1997.

CITY

THE CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
General Manager
Public Utilities Commission
ANSON B. MORAN

APPROVED AS TO FORM:

LOUISE H. RENNE
City Attorney

_____
Deputy City Attorney

ASSIGNOR

MOUNTAIN VIEW ASSOCIATES LIMITED PARTNERSHIP, a District of Columbia limited partnership doing business in the State of California as California-Mountain View Associates Limited Partnership

By: The John Stewart Company, a California corporation, its General partner

By: _____

Its: _____

Name: John Kenneth Stewart, Jr.

ASSIGNEE

MID-PENINSULA HOUSING COALITION, a California nonprofit public benefit corporation

By: _____

Its: Ex. Director

Name: Fran wagstaff

SUBTENANT:

MP SHORELINE ASSOCIATES LIMITED PARTNERSHIP, a California limited partnership

By: _____

Its: Ex Director

Name: Fran Wagstaff

AUTHORIZED BY PUBLIC UTILITIES COMMISSION

Resolution No. 97-0218

Adopted July 25, 1997

Attest Lorraine A. Baldridge
Secretary
Public Utilities Commission

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

County of SAN FRANCISCO

On JULY 25, 1997 (Date) before me, LEE HARTGRAVE, NOTARY PUBLIC (Name and Title of Officer (e.g., "Jane Doe, Notary Public"))

personally appeared ANJON B. MORAN (Name(s) of Signer(s))

☒ personally known to me – OR – ☒ 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.

LEE HARTGRAVE
COMM. # 1042542
Notary Public — California
SAN FRANCISCO COUNTY
My Comm. Expires DEC 26, 1998

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: CONSENT TO ASSIGNMENT, SUBLEASE AND BOOK OF THE ST

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Individual	☐ Individual
☐ Corporate Officer Title(s): _____	☐ Corporate Officer Title(s): _____
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact	☐ Attorney-in-Fact
☐ Trustee	☐ Trustee
☐ Guardian or Conservator	☐ Guardian or Conservator
☐ Other: _____	☐ Other: _____
_____	_____
Signer Is Representing:	Signer Is Representing:
_____	_____
_____	_____
RIGHT THUMBPRINT OF SIGNER Top of thumb here	RIGHT THUMBPRINT OF SIGNER Top of thumb here

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

County of SAN FRANCISCO

On JULY 22, 1997 (Date) before me, CAROLYN R. ANTONIO (Name and Title of Officer (e.g., "Jane Doe, Notary Public")),

personally appeared FRAN WAGSTAFF + JOHN KENNETH STEWART, JR. (Name(s) of Signer(s)),

☐ personally known to me – **OR** – ☑ 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.

CAROLYN R. ANTONIO
Commission # 1093968
Notary Public — California
San Francisco County
My Comm. Expires Apr 7, 2000

WITNESS my hand and official seal.

Carolyn R. Antonio
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing:

_____

_____

Signer's Name: _____

☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing:

_____

_____

Declaration
San Francisco Administrative Code Chapter 12B
Nondiscrimination in Contracts

A. What is Chapter 12B of the Administrative Code?

Chapter 12B of the S.F. Administrative Code is entitled "Nondiscrimination in Contracts," and requires companies providing products or services to, or acquiring a real property interest from, City government to agree not to discriminate against specified groups for specified reasons, and to include a similar provision in subcontracts and other agreements. Those provisions are the subject of this form. The text of Chapter 12B is posted on the Web at: www.sfhumanrights.org/lgbth.

If you cannot fulfill all the requirements of Chapter 12B, the City cannot do business with you, except under very limited circumstances. (See Sec. 12B.5-1.)

Chapter 12B also requires contractors to submit workforce reports and affirmative action plans to the City for review. Those documents, however, are not related to this Information Sheet or Declaration and are considered separately on a bid-by-bid basis.

The Human Rights Commission is the City department responsible for enforcing the provisions of Chapter 12B.

B. What City contracts are covered by Chapter 12B?

- Contracts where the City purchases products, services or construction.
- Leases of property owned by the City. In these cases, the City is the landlord.
- Concessions or franchisees granted by the City.

C. What are the specified groups?

You may not discriminate against:

- your employees
- an applicant for employment
- any employee of City government
- a member of the public having contact with you.

D. What are the prohibited types of discrimination?

You may not discriminate against the specified groups for the following reasons (see Question 1a on reverse):

- race
- color
- creed
- national origin
- ancestry
- age
- sex
- disability
- sexual orientation
- gender identity (transgender status)
- HIV status
- in the provision of benefits, discriminating between employees with spouses and employees with domestic partners, or between the spouses and domestic partners of employees, subject to the conditions listed in F.2 below.

E. How are subcontracts affected?

For any subcontract, sublease, or other subordinate agreement you enter into which is related to a contract you have with the City, you must include a nondiscrimination provision as required by Sec. 12B.1(a) and 12B.2. (See Question 1b on reverse.) The subcontracting provision need not include nondiscrimination in benefits as part of the nondiscrimination requirements. If you're unsure whether a contract qualifies as a subcontract, contact the City department administering the (prime) contract. "Subcontract" also includes any subcontract of your subcontractor for performance of 10% or more of the subcontract.

F. Nondiscrimination in benefits for spouses and domestic partners

1. Who are domestic partners?

If your employee and another person are currently registered as domestic partners with a state, county or city which authorizes such registration, then those two people are domestic partners. It doesn't matter where the domestic partners now live, or whether they are a same-sex couple or an opposite-sex couple.

2. What is nondiscrimination in benefits?

You must provide the same benefits to employees with spouses and employees with domestic partners, and to spouses and domestic partners of employees, subject to the following qualifications (see Question 2c on reverse):

- If your cost of providing a benefit for an employee with a domestic partner exceeds that of providing it for an employee with a spouse, or vice versa, you may require the employee to pay the excess cost.
- If you are unable to end discrimination in benefits, despite taking all reasonable measures to do so, you must provide the employee with a cash equivalent. This qualification is intended to address situations where your benefits provider will not provide equal benefits and you are unable to find an alternative source. (See Question 2d on reverse.)
- The law does not require any benefits be offered to spouses or domestic partners. It does require, however, that whatever benefits are offered to spouses be offered equally to domestic partners, and vice versa.

3. Examples of benefits

The law is intended to apply to all benefits offered to employees with spouses and employees with domestic partners. A sample list appears in Question 2c on reverse.

G. Form required

Complete the other side of this form to tell the City whether you comply with Chapter 12B's nondiscrimination requirements. After June 1, 1997, when a contract is amended or when a new contract is awarded, the City will require you to complete the form. All parties to a Joint Venture must submit separate Declarations.

Please submit an original of the Declaration and keep a copy for your records. If a City department should ask you to complete the form again, you may submit a copy of the form you originally submitted, unless you are advised otherwise.

H. Attachments

If you provide equal benefits, as indicated by your answers to Question 2c on reverse, **YOU MUST ATTACH DOCUMENTATION TO THIS FORM**, unless documentation does not exist. See item 3, "Documentation for Nondiscrimination in Benefits," on reverse. If documentation does not exist, attach an explanation (e.g., some of your policies are informal and unwritten).

I. If your answers change

If, after you submit the Declaration, your company's nondiscrimination policy or benefits change such that the information you provided to the City is no longer accurate, you must advise the City promptly by submitting a new Declaration.

Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits

1. Nondiscrimination—Protected Classes	Yes	No
a. Is it your company's policy that you will not discriminate against your employees, applicants for employment, employees of the City, or members of the public for the following reasons:		
• race	✓	
• sex	✓	
• color	✓	
• creed	✓	
• national origin	✓	
• ancestry	✓	
• age	✓	
• disability	✓	
• sexual orientation	✓	
• gender identity (transgender status)	✓	
• HIV status	✓	
b. Do you agree to insert a similar nondiscrimination provision in any subcontract you enter into for the performance of a substantial portion of the contract you have with the City?	✓	

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

Item 2 does not apply to subcontracts or subcontractors.

2. Nondiscrimination—Spousal and Domestic Partner Benefits	Yes	No
a. Do you provide, or offer access to, any benefits to employees with spouses or to spouses of employees?	✓	
b. Do you provide, or offer access to, any benefits to employees with domestic partners (DPs) or to domestic partners of employees?		✓

If you answered "no" to both 2a and 2b, skip 2c and 2d, and sign, date and return the form. If you answered "yes" to 2a or 2b, continue to 2c.

c. If "yes," please indicate which ones. This list is not intended to be exhaustive. Please list any other benefits you provide.

	Yes, for Spouses	Yes, for DPs	No
Medical (health, dental, vision)	✓		
Pension			✓
Bereavement			✓
Family leave			✓
Parental leave			✓
Employee assistance programs	✓		
Relocation and travel			✓
Company discounts, facilities, events	✓		
Credit union	✓		
Child care			✓
Other _____			
_____			

d. If you answered "yes" to 2a or 2b, and in 2c indicated that you do not provide equal benefits, you may still comply with Chapter 12B if you have taken all reasonable measures to end discrimination in benefits, have been unable to do so, and now provide employees with a cash equivalent.

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

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

If you answered "yes" to any part of Question 2c or to Question 2d, you must attach to this form those provisions of insurance policies, personnel policies, or other documents you have which verify your compliance with Question 2c or 2d. Please include the policy sections which list the benefits for which you indicated "yes" in Question 2c. If documentation does not exist, attach an explanation, e.g., some of your personnel policies are informal and unwritten. If you answered "yes" to Question 2d(1), complete and attach form HRC-12B-102, "Nondiscrimination in Benefits—Documentation of Reasonable Measures," available from the Human Rights Commission. You need not document your "yes" answer to Question 1a or 1b.

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

Executed this 16 day of JULY, 19 97, at REDWOOD CITY (City), CALIFORNIA (State)

MID-PENINSULA HOUSING COALITION
Name of Company (please print)

[signature]
Signature

FRAN WAGSTAFF
Name of Signatory (please print)

EXECUTIVE DIRECTOR
Title

415 299-8000
Telephone Number

Gen'l Address: 1658 BAIR ISLAND RD #300
Mailing Address for General Corresp., Orders, etc.
REDWOOD CITY, CA 94063
City, State, ZIP

Remit Address: _____
Remittance Address, if different
_____
City, State, ZIP

23-7089977
Federal ID or Social Security Number

_____
Vendor Number (if known)

Approx. number of employees in the U.S.: 120

☐ Check here if your address has changed.

☒ Check here if your organization is nonprofit.

Return this form to: HRC, 25 Van Ness Ave., Suite 800, San Francisco 94102-6033, or to the department which sent the form to you if the department so requests.

Mid-Peninsula Housing Coalition
658 Bair Island Road, Suite 300
Redwood City, California 94063
Tel. [415] 299-8000
Fax [415] 299-8010

Question 2c documentation

Medical (health, dental, vision)

Mid-Peninsula Housing Coalition (MPHC) offers employess working 30 hours or more per week medical, drug, vision and dental insurance. Employees may choose from an HMO or a Point of Service Plan. The total cost of employee health insurance is paid for by MPHC.

Regarding spouse and other dependent insurance, if an employee chooses to insure her/his spouse (and dependents) through the company program, MPHC will pay 25% of the additional insurance premium.

For registered Domestic Partners (DP) of employees, MPHC will pay 25% of the monthly health insurance premium. As with other employees, this benefit is received only if the DP has health insurance that is otherwise paid for by the employee.

Other Areas

For the other three benefit areas checked--employee assistance programs; company disctounts, facilities, events; and credit union--MPHC has no written policies. Spouses have participated in such programs, and DP's are welcome as well (i.e., workshops, company picnic, a joint credit union account). (The DP column in these benefit areas was incorrectly not checked in our original submission. This has been changed.)

July 18, 1997

EMPLOYEE PREMIUM COSTS

FHP/TAKECARE

HMO	Med/Drug/Vision	Dental	Life/AD&D
Single (EE)	154.06	29.61	5.55
Two Party	319.68	59.12	-
Family	424.35	88.33	-
POS	**Med/Drug/Vision**	**Dental**	**Life/AD&D**
Single (EE)	173.89	29.61	5.55
Two Party	361.03	59.12	-
Family	479.93	88.33	-

* EE COST / PPP	
146.34	$73.17
246.75	$123.38

* EE COST / PPP	
162.48	$81.24
273.57	$136.79

**Employee cost reflects 25% contribution from MPHMC*
PPP- per pay period

Dental coverage includes orthodontia coverage.

COBRA participants, add 2% administration fee to total.

City and County of San Francisco

Willie Lewis Brown, Jr.
Mayor

Human Rights Commission

Contract Compliance
Dispute Resolution/Fair Housing
Minority/Women/Local Business Enterprise
Lesbian Gay Bisexual Transgender & HIV Discrimination

Marivic S. Bamba
Executive Director

Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits
REASONABLE MEASURES AFFIDAVIT

This form, and supporting documentation, should be submitted to the Human Rights Commission (along with Form HRC-12B-101) by entities contracting with or bidding on contracts with the City and County of San Francisco who (see definitions on back):

a. Have taken all reasonable measures to end discrimination in benefits; and
b. Are unable to do so; and
c. Intend to offer a cash equivalent to employees for whom equal benefits are not available.

Please attach the following information and submit it with this form:

1. The names, contact persons and telephone numbers of benefits providers contacted for the purpose of acquiring nondiscriminatory benefits;
2. The dates on which such benefits providers were contacted;
3. Copies of any written response(s) you received from such benefits providers, and if written responses are unavailable, summaries of oral responses; and
4. Any other information you feel is relevant to documenting your inability to end discrimination in benefits, including, but not limited to, reference to federal or state laws which preclude the ending of discrimination in benefits.

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

MID-PENINSULA HOUSING COALITION	658 Bair Island Rd #300
Name of Company (please print)	Mailing Address of Company
[signature]	REDWOOD CITY, CA 94063
Signature	City, State, Zip
FRAN WAGSTAFF	(415) 299-8000
Name of Signatory (please print)	Telephone Number
EXECUTIVE DIRECTOR	21 JULY 1997
Title	Vendor Number / Date

Form HRC-12B-102 (5/97)

Mid-Peninsula Housing Coalition
658 Bair Island Road, Suite 300
Redwood City, California 94063
Tel. [415] 299-8000
Fax [415] 299-8010

Reasonable Measures Affadavit

1. In May, 1997, Mid-Peninsula Housing Coalition (MPHC) hired Patricia Watson as the Director of Human Resources. One of Ms. Watson's first priorities was to explore the possibility of offering health insurance to domestic partners (DP's) of employees.

Ms. Watson has spoken monthly with MPHC's insurance broker, Javier J. Mier of the Mier Financial Group, 50 Francisco Street, Suite 100, San Francisco, CA 94133 415.391.1690, ext. 255. The goal of these conversations is to find a carrier which can offer DP insurance during the next open enrollment period--October 1997.

2. Ms. Watson has spoken with Mr. Mier in May, and June 1997, and on July 15, 1997.

3. We have as yet received no response from Mr. Mier regarding coverage which maintains current benefit levels at approximately equivalent cost while including DP benefits. Mr. Mier has said that he is looking into new carriers with DP coverage who will offer competitive rates to a non-profit organization. It is MPHC's intention to offer such coverage during the next open enrollment period.

4. MPHC offered partial dependent benefits for the first time beginning in November, 1996. MPHC is doing what it can to expand these benefits to all family members of MPHC employees.

July 18, 1997

ORIGINAL

ASSIGNMENT OF LEASE

FOR VALUE RECEIVED by the undersigned, the receipt whereof is hereby acknowledged, the undersigned, Mountain View Apartments, a limited partnership, Jack Baskin, General Partner, hereinafter referred to as "Assignor", and effective as of September 28, 1984 does hereby grant, transfer, assign and set over to Mountain View Associates Limited Partnership, a District of Columbia limited partnership,*hereinafter referred to as "Assignee", all of Assignor's right, title and interest of whatsoever nature or kind in and to that certain RIGHT OF WAY LEASE (the "Lease") made by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, (the "City") by and through City's Public Utilities Commission (the "Commission") as lessor, and said Assignor, as lessee, dated February 26, 1980 and recorded on March 31, 1980 as Instrument No. 6690495 in Santa Clara County records, covering a term expiring March 31, 2031 which lease is hereby referred to and by such reference incorporated herein with the same force and effect as though fully set forth at length herein, and leasing that certain property described in said Lease and further described in Exhibit "A" attached hereto and made a part hereof, with the understanding that said lessor in consenting to this assignment, is insisting that the undersigned remain liable under the terms of said Lease for and during the entire term thereof.

Said assignment of said Lease to said Assignee is upon the express understanding and agreement that said Assignee will faithfully perform all of the terms, covenants and provisions of said Lease, including the payment of rental on the part of the lessee therein reserved at the time and in manner therein provided.

Any further assignment of said Lease by the Assignee herein, with the consent of the lessor, shall not release the undersigned from liability under the terms of said Lease, whether or not the undersigned is notified of such assignment or consents thereto, and whether or not the terms of said Lease are changed or modified. The liability of the undersigned, however shall not extend beyond the term of said Lease nor be for an amount in excess of the rental therein presently provided.

Dated this 28th day of September, 1984 at San Francisco, California.

Mountain View Apartments,
a California limited partnership,

By: Jack Baskin
Jack Baskin, General Partner

*doing business in California as California - Mountain View Associates Limited Partnership

ACCEPTANCE OF ASSIGNMENT

Effective as of September 28, 1984, the undersigned, Mountain View Associates Limited Partnership, a District of Columbia limited partnership,*the Assignee above referred to, does hereby accept the foregoing assignment of said Lease hereinabove specifically mentioned and set forth in said Assignment of Lease, covering a term terminating March 31, 2031, and does hereby agree to be bound by and shall perform all the terms, covenants and provisions contained in said Lease; and further agrees to and shall make all rental payments promptly as specified thereunder, for the balance of the term of said Lease expiring March 31, 2031 and lastly, the undersigned agrees to and shall save the Assignor free and harmless from any liability arising under or pursuant to said Lease.

Executed by and on behalf of the undersigned through its duly authorized general partner this 28th day of September, 1984.

Mountain View Associates Limited Partnership, a District of Columbia limited partnership*

By: _____
(General Partner)
VICE PRESIDENT of Potomac Real Estate Group, Inc

*doing business in California as California - Mountain View Associates Limited Partnership

CONSENT TO ASSIGNMENT BY LESSOR

Effective as of September 28, 1984, the undersigned, the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, by and through its Public Utilities Commission does hereby consent to the above and foregoing assignment of said Lease from Mountain View Apartments, a California limited partnership, to Mountain View Associates Limited Partnership, a District of Columbia limited partnership,*all as above set forth in the foregoing Assignment of Lease and Acceptance of Assignment it being understood and agreed that the within consent to said assignment is subject to all the terms, covenants and conditions in said Lease contained ~~as modified~~, and with the specific understanding: (1) that this consent is not a consent to any future assignment of said Lease; and (2) that the original lessee, to wit, the foregoing Assignor, Mountain View Apartments, is not released from any liability thereunder notwithstanding said assignment, or any future assignment of said Lease until the termination of such Lease on March 31, 2031.

10/25/84

CITY AND COUNTY OF SAN FRANCISCO,
PUBLIC UTILITIES COMMISSION

By: _____
RUDOLF NOTHENBERG
General Manager of Public Utilities

*doing business in California as California - Mountain View Associates Limited Partnership

APPROVED AS TO FORM:

GEORGE AGNOST
City Attorney

By JAMES B. BRASIL
McMorris M. Dow
Utilities General Counsel

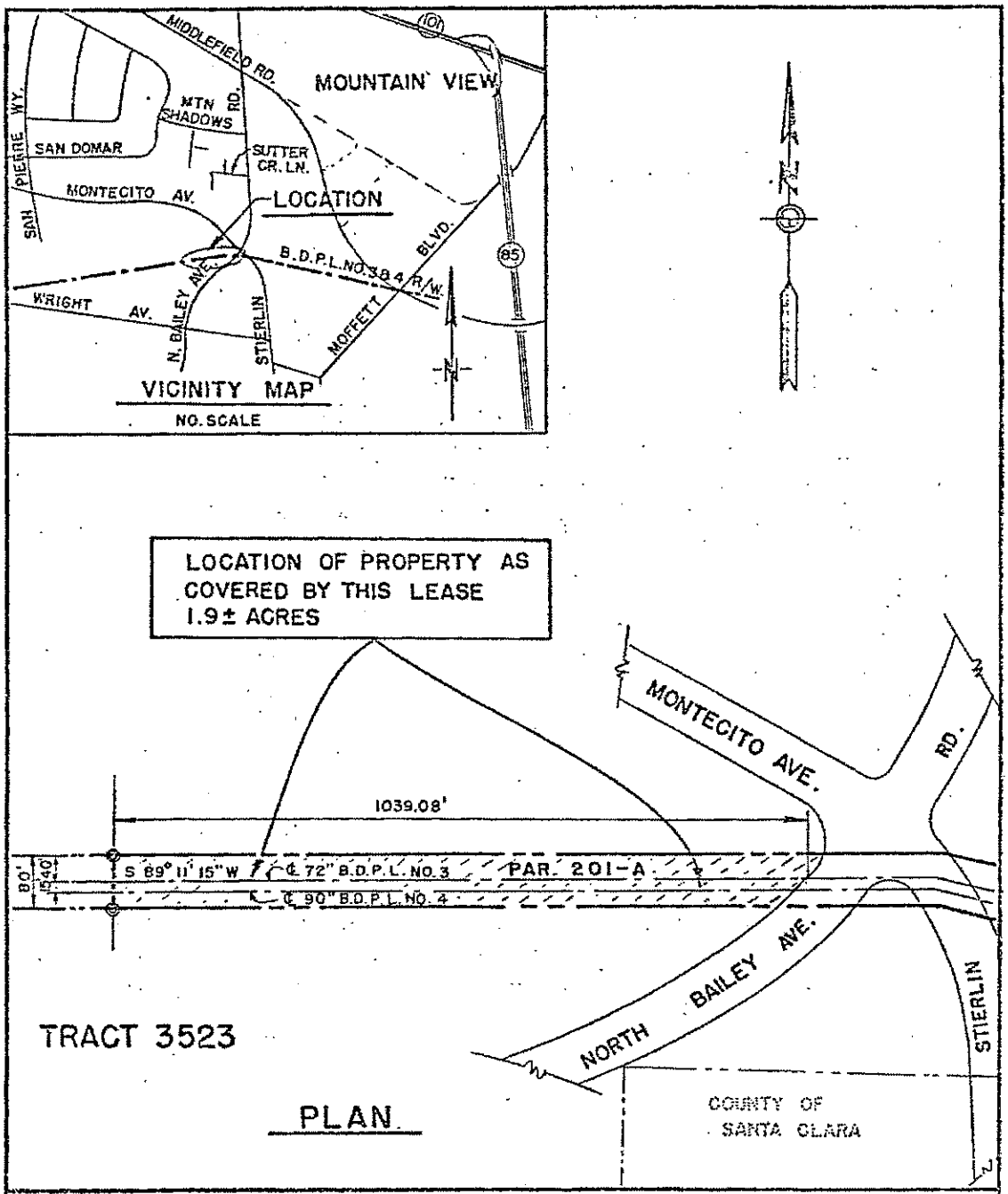
Authorized by Public Utilities Commission

Resolution No. 84-0470

Adopted: SEP 25 1984

Attest:

Gail Johnson
Romaine A. Boldridge
Secretary



CITY AND COUNTY OF SAN FRANCISCO
PUBLIC UTILITIES COMMISSION
SAN FRANCISCO WATER DEPARTMENT

LEASE TO MOUNTAIN VIEW APTS.
FOR PARKING & LANDSCAPING
B.D.P.L. No. 3 & 4 R/W, PAR. 201-A TRACT 3523 S.C.CO.

APPROVED	SCALE 1"=200'-0"	BY K.Y.CHIU	DR. P.S	DRAWING NO.
APPROVED		REVIEWED	CH.	B-4159
GENERAL MANAGER AND CHIEF ENGINEER		DATE 12-2-1979	REVISED	

EXHIBIT "A"

EXHIBIT A

DESCRIPTION OF THE LANDS OWNED BY THE
CITY & COUNTY OF SAN FRANCISCO

Parcel 2

All that portion of land that lies between Block 3 and Block 4, as shown on that certain map entitled, "Tract No. 3523" which Map was filed for record in the office of the Recorder of the County of Santa Clara, State of Claifornia on June 20, 1963 in Book 162 of Maps, at pages 53, 54, and 55, and being an amended Subdivision Map of Tract No. 2282, Bailey Park Plaza, Mountain View, Santa Clara County, California, bounded and more particularly described as follows:

Beginning at a point in the Westerly line of Bailey Avenue and the Southerly line of those said lands of the City and County of San Francisco, said point also being the Northeast corner of Lot 1, Block 3 of the hereinabove referred to Map; thence South 88° 45' 14" West, 1019.86 feet along the Northerly line of Lots 1, 2, 3, and 5 of said Block 3; thence North 0° 25' 00" West, 80.01 feet to a point on the Southerly line of Lot 2, Block 4 of said Map hereinabove referred to; thence South 88° 45' 14" West, 1085.11 feet to a point on the Westerly line of Bailey Avenue; thence along a curve concave to the West whose radial line bears North 75° 22' 12" West, Southwesterly 35.18 feet through an angle of 26° 52' 44" having a radius of 75.00 feet to a point of compound curvature whose radial line bears North 48° 29' 28" West; thence Southwesterly 69.99 feet along a curve concave to the Northwest having a radius of 955.00 feet through an angle of 2° 11' 56" to the point of beginning.

PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION No. 84-0170

WHEREAS, pursuant to Public Utilities Resolution No. 80-0085 adopted February 26, 1980, Mountain View Apartments, a limited partnership, Lessee, leased from the City and County of San Francisco for fifty one (51) years, a portion of Water Department's pipeline right-of-way lands located in Mountain View, California, for parking and landscaping purposes; and

WHEREAS, Lessee desires to assign the remainder period of said Lease to Mountain View Associates, a limited partnership, who have agreed to accept the assignment upon written consent of Commission in accordance with Section 18 of said Lease; now therefore be it

RESOLVED, That this Commission consents to the assignment of said right of way lease from Mountain View Apartments, a limited partnership, to Mountain View Associates, a limited partnership, for the remainder term of said lease, subject, but not limited, to the requirement that the assignee assume all of the covenants, conditions, duties and obligations contained therein, and that it comply with the surety bond and insurance requirements set forth in said lease; and be it further

RESOLVED, That this Commission in consenting to this assignment, has required that Mountain View Apartments, a limited partnership, the lessee/assignor shall remain liable under the terms of said Lease for and during the entire term thereof.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of SEPTEMBER 25 1984

Lonaine A. Bilbridge
Secretary, Public Utilities Commission

CITY AND COUNTY OF SAN FRANCISCO

DIANNE FEINSTEIN, MAYOR

WE HEREBY CERTIFY THIS TO BE A TRUE AND CORRECT COPY OF THE ORIGINAL

Copy

RECORDED 3/31/80 UNDER RECORDER'S INSTRUMENT NUMBER 69649S OFFICIAL RECORDS Santa Clara COUNTY.

TITLE INSURANCE COMPANY OF MINNESOTA

BY FOUNDERS TITLE COMPANY

AUTHORIZED OFFICER

RIGHT OF WAY LEASE

SANTA CLARA COUNTY

CALIFORNIA

MOUNTAIN VIEW APARTMENTS A LIMITED PARTNERSHIP

Jack Baskin, General Partner

PUBLIC UTILITIES COMMISSION

Peter McCrea, President
John M. Sanger, Vice-President
Claire C. Pilcher, Commissioner
W. Welton Flynn, Commissioner
John H. Henning, Jr., Commissioner

General Manager of Public Utilities

Richard Sklar

SAN FRANCISCO WATER DEPARTMENT

General Manager and Chief Engineer

Eugene J. Kelleher

1980

INDEX

SAN FRANCISCO WATER DEPARTMENT

RIGHT OF WAY LEASE

THIS INDENTURE OF LEASE, made and entered into in the City and County of San Francisco this 26th day of February, 19 80 by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (hereinafter referred to as "City"), by and through City's PUBLIC UTILITIES COMMISSION (hereinafter referred to as "Commission"), Lessor, and MOUNTAIN VIEW APARTMENTS, a Limited Partnership, JACK BASKIN, General Partner, (hereinafter referred to as "Lessee"), Lessee,

W I T N E S S E T H :

WHEREAS, City owns the hereinafter described real property situated in the County of Santa Clara, State of California, which is subject to certain conditions and covenants contained in a deed wherein City is Grantee and THOMAS SOUZA and LAURA E. SOUZA are Grantors, said deed having been recorded August 30, 1950, in Book 2094 of Official Records at Page 624 in the Office of the Recorder of the County of Santa Clara; and in a deed having been recorded January 14, 1958, in Book 3982 of Official Records at Page 575 in the Office of the Recorder of the County of Santa Clara.

WHEREAS, it is the intent of this agreement to formulate and adopt mutual covenants under which right of way lands are to be operated by Lessee under the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the covenants and agreements herein contained and the payment of money by Lessee as hereinafter required, the parties hereto mutually agree as follows:

1. PREMISES

City hereby leases to Lessee, and Lessee hereby hires and takes from City for purposes of parking and landscaping upon the terms and conditions hereinafter set forth, the following described real property situated in the City of Mountain View, County of Santa Clara.

State of California: A portion of Bay Division Pipeline No. 3 and 4 right of way being portions of Parcels 201-A and 202-A according to Water Department Records; said portion being as shown on San Francisco Water Department Drawing B-4159 attached hereto and made a part hereof and legally described in Attachment A hereto, consisting of 1.96 acres, more or less. Excepting therefrom and reserving to City and all pipeline and other installations on said premises used by City in the conduct of its business.

2. TERM

The term of this lease shall be for a period of fifty-one (51) years from and including the 1st day of April, 1980 to and including the 31st day of March, 2031.

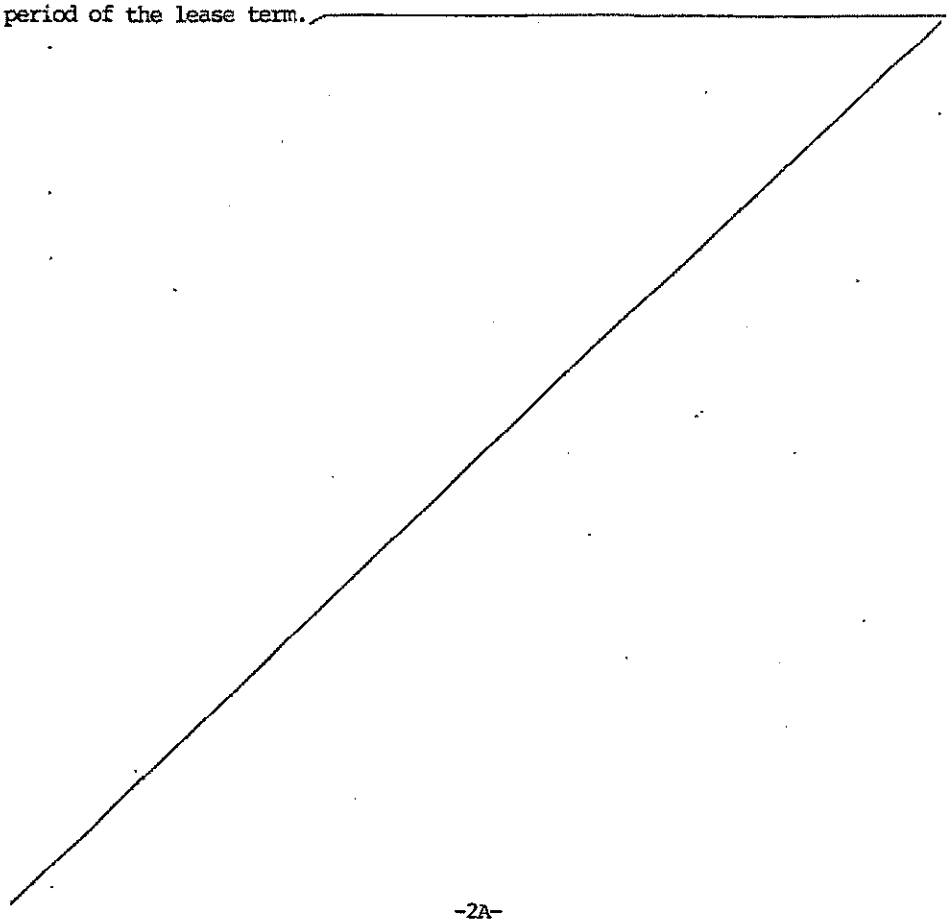
3. RENTAL

Lessee promises and agrees to pay to City and City will accept as rental for the demised premises during the initial three (3) years of the lease term hereof the sum of ELEVEN THOUSAND ONE HUNDRED AND SEVENTY FIVE DOLLARS ($11,175.00) per annum, payable in monthly installments of NINE HUNDRED AND THIRTY ONE and 25/100 DOLLARS ($931.25) in advance, on or before the first day of each month, commencing April 1, 1980.

Commencing with each three (3) year period thereafter, the agreed to monthly rental shall be adjusted for each successive three (3) year period to reflect the increase or decrease, if any, in the Project Gross Income. The total anticipated gross income of the project, $663,036.00 per annum, shall be the base used to set the initial rent, $11,175.00 per annum. The adjusted rental shall not exceed 1.6854% of the Project Gross Income, and in no event shall said annual rent be less than the base rental of $11,175.00 per annum. "Project Gross Income" shall mean the annual amount collected by the project from all sources including Tenant-paid or HUD-subsidized rent, laundry income and other commission payments, less refunds.

In the event that the City shall enter upon its property for the purpose of installing a new pipeline or replacing an existing pipeline, said monthly rental shall be prorated to the extent said parking facilities are unusable as such for such time as the City shall remain on the parking lot in a manner which restricts its use as parking facilities.

On or before the thirty first (31st) day of March in each year of Lessee's operations and ending with March 31st of the calendar year following the date of expiration of the term of this lease or any extension thereof, Lessee shall deliver to City a statement, signed by a responsible accounting officer of Lessee and audited at Lessee's expense by an independent certified public accountant or firm of certified public accountants attached thereto (herein called the "Annual Statement of Revenue"), setting forth in reasonable detail the information required to denote the gross receipts and the payments due the City and County of San Francisco for the preceding calendar year. In the event such Annual Statement of Revenue for the preceding year shall show that an additional amount of rental is payable to City, Lessee shall increase his rental payments during the succeeding three (3) year period of the lease term. In the event that such Annual Statement of Revenue for the preceding year shall show that a lesser amount of rental is payable to City, Lessee shall decrease his rental payments during the succeeding three (3) year period of the lease term.



All rents shall be paid to City by mailing or delivering a valid check therfor to the Office of the Chief Accountant, San Francisco Water Department, 425 Mason Street, San Francisco, California 94101.

4. TAXES AND ASSESSMENTS

Lessee shall reimburse City for taxes and assessments on the demised premises, and Lessee recognizes and understands that this Lease may create a possessory interest subject to property taxation and the Lessee may be subject to the payment of property taxes levied on such interest.

5. LIENS

Lessee agrees not to suffer any lien to be imposed upon said premises or upon any equipment or personal property located thereon without promptly discharging the same, provided that Lessee, if so desiring, may have reasonable opportunity to contest the legal validity of the same.

6. OPERATION OF DEMISED PREMISES

Lessee shall keep and maintain, at its own expense, the demised premises in good condition; i.e., the parking area and driveway shall be properly paved and suitably landscaped. All improvements and landscaping made on the demised premises shall be in accordance with the drawings prepared by Royston, Hanamoto, Alley and Abey, Landscape Architects, Sheet Nos. L-1 to L-4 entitled "Mountain View Apartments Landscape Development Plan", Job No. 26077, and dated January 30, 1980. A copy of said drawing is on file with the San Francisco Water Department. All other improvements and landscaping not contained in said drawing shall have prior written approval of the General Manager and Chief Engineer of the San Francisco Water Department (hereinafter referred to as "Manager").

Any gardening or landscaping shall be limited to low growing shrubs, grass or plants. Planting of trees on the demised premises is expressly not permitted.

7. ERECTION OF BUILDINGS

Lessee shall not erect buildings or install structures of any kind on the demised premises.

8. NOTICES OF NONRESPONSIBILITY

City reserves the right to post notices of nonresponsibility and Lessee agrees to save City free and harmless from claims or liens of every kind and nature in connection with any improvements by Lessee upon the demised premises.

In the event Lessee makes any improvements upon the demised premises, it shall,not later than ten (10) days prior to the commencement of work upon any such improvements, notify Manager, in writing, so that City may install and maintain upon the demised premises notices of nonresponsibility.

9. COMPLIANCE WITH LAWS AND REGULATIONS

Lessee agrees to keep the premises herein demised, and all fixtures and equipment clean, neat, safe, sanitary and in good order at all times.

Lessee agrees that the operations conducted under this agreement will be operated in strict compliance with all laws of the United States, the State of California, applicable laws of Santa Clara County or any legal authority having jurisdiction over same, and all rules and regulations issued pursuant to the laws of the sovereignties or agencies hereinabove mentioned. Lessee further agrees to submit a report or reports or convey such information regarding its operations as Manager may require at any time.

10. WASTE

Lessee shall not commit any waste on the demised premises nor suffer any waste to be committed thereon.

11. PIPELINES AND MONUMENTS

Lessee shall be liable for the adequate protection to the satisfaction of Manager of pipeline appurtenances and City's monuments located on the demised premises. Monuments and pipeline

appurtenances damaged or disturbed by Lessee shall be repaired and/or relocated by City at Lessee's expense.

Lessee shall use extreme care to protect City's water transmission mains at all times, and shall mark at its own expense the location of City's water transmission mains within the right of way. Lessee shall not use any pick, plow or other sharp tool over or near said water mains, or operate heavy construction equipment directly over City's pipelines.

Lessee shall, on receipt of notice so to do, and within such reasonable time limit as may be fixed in said notice, alter or remove at its expense any property or installation covered by this lease to such extent as may be necessary to avoid interference with any pipe, pipelines, power lines or other structures now or hereafter to be constructed by City, or with any operations of City or with any use by City of the land affected hereby, or, if so agreed by Manager and Lessee, Lessee may pay to City the amount of any expense to which City may be put as a result of such interference.

12. UTILITY INSTALLATIONS

City shall have the right at all times, without unreasonably or unduly interfering with Lessee's use of the demised premises, to enter upon said demised premises to install, construct, repair, maintain, operate and remove water pipes, drainage pipes and any other utility facilities. The expense of such operations shall be borne by City, unless due to the fault of Lessee.

In the event of any excavation upon the demised premises for any of said purposes, Lessee shall be responsible for the removal and restoration, at its own expense, for any and all of its improvements including, but not limited to, landscaping curbs and gutter, and all surface pavement.

Further, should City's right for utility installation, as provided for in this section necessitate relocation of Lessee's parking area on all or a portion of the demised premises, Lessee agrees to provide at its own cost and expense as a specific condition of the lease, a temporary alternate parking area on Lessee's own adjacent property in accordance with "Proposed Emergency Parking Plan" drawing prepared by Royston, Hanamoto, Alley and Abey, Landscape Architects and Planners, dated October 31, 1979, a copy of said drawing is on file with San Francisco Water Department.

13. RESPONSIBILITY FOR DISPLACEMENT OF PARKING FACILITIES

In addition to those responsibilities already specified in Paragraph 12 of this Lease, Lessee shall assume full responsibility, including reimbursement to the City for any environmental or administrative proceedings, community protests, or other delays which arise due to the Lessee's removal and/or relocation of parking facilities located on the City's right-of-way. This financial responsibility shall not extend to delays related to the submittal of an Environmental Impact Report by the City insofar as it concerns actual installation of a pipeline by the City, but shall extend to any costs resulting from the Lessee's removal and/or relocation of parking facilities located on said right-of-way.

14. ROADWAYS: INGRESS AND EGRESS

City and its employees shall have the right to enter upon and pass through or across said premises or any part thereof at any and all times, providing said use does not unreasonably or unduly interfere with Lessee's use thereof.

15. DEFAULT BY LESSEE: REMEDIES OF CITY ON DEFAULT

A. Lessee's Default

The occurrence of any of the following shall constitute a default by Lessee:

1. Failure to pay rent when due.
2. Abandonment and vacation of the premises.
3. Failure to perform any other provision of this lease.

B. Remedies

City shall have the following remedies if Lessee commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law:

City can terminate Lessee's right to possession of the premises at any time. No act by City other than giving notice to Lessee shall terminate this lease. Acts of maintenance, efforts to relet the premises, or the appointment of a receiver on City's initiative to protect City's interest under this lease shall not constitute a termination of Lessee's right to possession. On termination, City has the right to recover from Lessee:

1. The worth, at the time of the award of the unpaid rent that had been earned at the time of termination of this lease;

2. The worth, at the time of the award of the amount by which the unpaid rent that would have been earned after the date of termination of this lease until the time of award exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided;

3. The worth, at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided; and

4. Any other amount and court costs, necessary to compensate City for all detriment proximately caused by Lessee's default.

"The worth, at the time of the award," as used in 1 and 2 of this paragraph, is to be computed by allowing interest at the rate of 10% per annum. "The worth, at the time of the award," as referred to in 3 of this paragraph, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus 1%.

City, at any time after Lessee commits a default, can cure the default at Lessee's cost. If City at any time, by reason of Lessee's default, pays any sum or does any act that requires the payment of any sum, payment to City shall be due immediately from Lessee to City at the time the sum is paid, and if paid at a later date shall bear interest at the rate of 10% per annum from the date the sum paid by City until City is reimbursed by Lessee. The sum, together with interest on it, shall be additional rent.

Rent not paid when due shall bear interest at the rate of 10% per annum from the date due until paid.

16. NO WAIVER OF BREACH BY CITY

The failure of City at any time to insist upon a strict performance of any terms, conditions and covenants herein shall not be deemed a waiver of any subsequent breach or default in the terms, conditions and convenants herein contained.

The subsequent acceptance of rent hereunder by City shall not be deemed a waiver of any preceding breach by Lessee of any term, covenant or condition of this lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such rent.

17. LESSEE AS INDEPENDENT CONTRACTOR

Lessee enteres into this agreement as an independent contractor and not as an agent or employee of City, as the word "employee" is defined in the Workmen's Compensation Act of the State of California. Lessee shall indemnify and hold City and Commission, and all of their officers, representatives and employees, free and harmless against all claims of whatsoever nature, whether liens of mechanics or others, or claims under the Workmen's Compensation Act of the State of California, or damage of any kind to individuals or property due directly or indirectly to Lessee's use of the demised premises.

18. ASSIGNMENT OR SUBLETTING

Lessee shall not assign this lease or any interest therein and shall not sublet the demised premises or any part thereof, or any right or privilege appurtenant thereto, or mortgage or encumber any leasehold interest as security for any funds borrowed, or to extend or renew any loan for purposes of construction, or in connection with fixtures and equipment, or to serve as operating capital, or for any other purpose, without the written consent of Commission first had and obtained. Any such assignment, subletting or encumbrance without such consent shall be void and shall, at the option of City, terminate this lease, and a consent to one assignment, subletting, encumbrance, occupation or use by another person shall not be deemed a consent to any subsequent assignment, subletting, encumbrance, occupation or use by another person. Nor shall this lease, or any interest therein, be assignable as to the interest of Lessee by operation of law, without written consent of the City.

If Lessee is a corporation, any dissolution, merger, consolidation, or other reorganization of Lessee, or the sale or other transfer of a controlling percentage of the capital stock of Lessee, or the sale of 51% of the value of the assets of Lessee, shall be deemed a voluntary assignment. The phrase, "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 51% of the total combined voting power of all classes of Lessee's capital stock issued, outstanding, and entitled to vote for the election of directors. This paragraph shall not apply to corporations, the stock of which is traded through an exchange or over the counter.

19. FINANCIAL RESPONSIBILITY

Lessee further agrees that if within 51 years from the effective date of this lease any general partner of Lessee sells, conveys, assigns or transfers, or contracts to sell, convey, assign or transfer, in whole or in part, his or its general partnership interest in the Lessee company, Lessee agrees that City shall consider and may so hold said partner as still bound by any liability arising or accruing hereunder and that such a sale, conveyance, assignment or transfer may, at the option of the City constitute sufficient grounds for the termination of this lease, and must, in any case, meet the requirements as further set out below, provided, however, that notwithstanding the foregoing, in the event of the physical incapacity or death of any general partner, a sale, conveyance, assignment or transfer, in whole or in part, of his general partnership in lessee company to a person who shall meet the requirement as further set out below, will not constitute sufficient grounds for termination of this lease.

Any sale, conveyance, assignment or transfer of the interest, in whole or in part, of a general partner shall be to a person, firm or corporation capable of assuming full financial responsibility and other duties of said general partner. The General Manager of the Public Utilities Commission shall have a subsequent right of refusal should said assuming partner fail to meet the above criteria. To aid in the evaluation of said assuming partner, the General Manager may require financial statements and other such references that may be deemed necessary. Such right of refusal shall be exercised within thrity days of receipt of such financial statements and/or

other references from the proposed transferee. In the event the Federal Housing Commissioner (FHC) shall acquire the premises on default under the loan it is to insure for improvements thereon, then HUD shall take free of necessity for General Manager approval; and, should FHC dispose of the premises, these requirements shall be deemed satisfied if when the proposed successor to HUD submits its financial statements and references to HUD it shall thereafter submit to the General Manager any financial statements or references as requested by General Manager, who shall have the thirty day refusal right described in the preceding sentence.

20. SURRENDER OF POSSESSION

Lessee agrees to yield and deliver to the City possession of the demised premises at the termination, expiration or cancellation of this agreement, or as otherwise herein provided, in good condition and in accordance with the express obligations hereunder, and shall execute and deliver to City a good and sufficient document of relinquishment, if and when requested.

21. LESSOR TO BE HELD HARMLESS

This lease is made upon the express condition that City is to be free from all liability and claims for damages by reason of any injury to any person or persons, including lessee, or property of any kind whatsoever and to whomsoever belonging, including lessee, from any cause or causes whatsoever while in, upon, or in any way connected with the demised premises during the term of this lease or any extension hereof or any occupancy hereunder. Lessee hereby covenants and agrees to defend, indemnity and save harmless the City and County of San Francisco, the members of the Public Utilities Commission, and all of City's servants, agents and employees from and against all liability, loss, cost and obligations of any kind arising out of any such injuries or losses however occurring. Lessee specifically agrees that its duty to defend, indemnify and save harmless shall apply whether or not such injuries or losses, are, or are alleged to be, caused by the negligence of City of its officers, servants, agents or employees.

22. INSOLVENCY: RECEIVER

No interest of Lessee in this lease shall be assignable by operation of law, including, without limitation, the transfer of this lease by testacy or intestacy. The FHC may exercise his right to acquire the leasehold if he indemnifies the City for any rents unpaid by Leassee. Each of the following acts or events shall be considered such an involuntary assignment:

If Lessee files a proceeding under federal laws for financial relief as a farmer, or if Lessee shall file a voluntary petition in bankruptcy, or if proceedings in bankruptcy shall be instituted against Lessee and Lessee is thereafter adjudicated bankrupt pursuant to such proceedings, or if a court shall take jurisdiction of Lessee and his assets pursuant to proceedings brought under the provisions of any federal reorganization act, or if a receiver of Lessee's assets shall be appointed, or if Lessee executes an assignment for the benefit of his creditors, or if the leasehold be levied or under execution. Should any of the above listed acts or events occur,the City shall have the option to terminate this lease. If said option is exercised, the termination shall be deemed to occur upon the happening of any of said events and from thenceforth Lessee shall have no rights in or to the demised premies or to any of the privileges herein conferred.

23. CONDEMNATION

A. Definitions

1. "Condemnation" means (a) the exercise of any governmental power, whether by legal proceedings or otherwise, by a condemnor; and (b) a voluntary sale or transfer by City to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

2. "Date of taking" means the date the condemnor has the right to possession of the property being condemned.

3. "Award" means all compensation, sums, or anything of value awarded, paid, or received on a total or partial condemnation.

4. "Condemnor" means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

B. Parties' Rights and Obligations to be Governed by Lease

If, during the term or during the period of time between the execution of this lease and the term commences there is any taking of all or any part of the property or any interest in this lease by condemnation, the rights and obligations of the parties shall be determined pursuant to the provisions set forth herein.

C. Total Taking

If the premises are totally taken by condemnation, this lease shall terminate on the date of taking.

D. Partial Taking

If any portion of the premises is taken by condemnation, this lease shall remain in effect, except that Lessee may elect to terminate this lease if 50% or more of the total number of acres leased herein is taken. If Lessee elects to terminate this lease, it must exercise its right to terminate pursuant to this paragraph by giving notice within sixty days after the nature and the extent of the taking have been finally determined. If Lessee elects to terminate this lease as provided in this paragraph, it also shall give notice of the date of termination, which date shall not be earlier than thirty days nor later than ninety days after it has notified the City of its election to terminate; except that this lease shall terminate on a date before the date of termination as designated by such notice. If Lessee does not terminate this lease within the sixty-day period, this lease shall continue in full force and effect, except that minimum monthly rent shall be reduced pursuant to subparagraph F.

E. Effect on Rent

If any portion of the premises is taken by condemnation and this lease remaining in full force and effect, on the date of taking the minimum monthly rent shall be reduced by an amount that is in the same ration to minimum monthly rent as the total number of acres taken bears to the total number of acres subject to this lease immediately before the date of taking.

F. Award - Distribution

The award shall belong to and be paid to City. Lessee

waivers, surrenders and assigns to City any right against condemnor or City to compensation in said condemnation proceeding.

24. PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE

Lessee shall, throughout the period of this Lease, or any extension thereof, at his own cost and expense, procure and maintain in full force and effect an insurance policy or policies insuring City and Commission, and all of their officers, servants, agents and employees, in a company or companies approved by the Controller of the City and in form satisfactory to the City Attorney of City, indemnifying said parties against loss or liability for damages for bodily injury, death or property damage occasioned by reason of the operations of Leasee upon the demised premises, including operation of motor vehicles on or off the premises with minimum liability limits of $1,000,000 for bodily injury or death or any one person, or for bodily injury or death of two or more persons in any one accident or event, or for damage to property resulting from any one accident. Said policy or policies shall contain a severability of interests endorsement in form satisfactory to the City Attorney and a provision that written notice of cancellation or of any material change in said policy shall be delivered to Manager thirty (30) days in advance of the effective dates thereof. Certified duplicate policies of said insurance shall be filed with Commission at the date of execution of this lease. Lessee agrees to increase forthwith the aforesaid liability limits and amounts to those determined and if demanded in writing by Commission, but said increases must be reasonable and justifiable by Commission. In the event that the proposed housing development is acquired or managed by the Department of Housing and Urban Development or any successor agency of the United States Government which is self-insured, no public liability or property damage insurance will be required.

25. FAITHFUL PERFORMANCE BOND

Lessee agrees that prior to the commencement of the term of this lease he will, at his own expense, obtain and deliver to Manager a valid surety bond or bonds, in a sum equal to six months'

rent, issued by a surety company acceptable to the Controller of City and in such form as approved by the City Attorney of City, which surety bond or bonds shall be kept at Lessee's own expense in full force and effect during the complete term of this lease or as may be hereafter extended, to insure faithful performances by Lessee of all the covenants, terms and conditions of this lease, inclusive of, but not restricted to, the payment of all rent. Said bond shall provide that thirty (30) days' written notice of cancellation or material change of said bond shall be delivered to Manager.

In lieu of the bond hereinabove provided, Lessee may deposit with City cash, United States Government Bonds or a bank passbook assigned to City in a sum equal to six months rent. Lessee agrees to increase forthwith the aforesaid bond amount to that determined and if demanded in writing by Commission, but said increase must be reasonable and justifiable by Commission.

26. CONFLICT OF INTEREST

Lessee hereby states that he is familiar with the provisions of Sections 8.105 and 8.106 of the San Francisco Charter and certifies that he knows of no facts which constitute a violation of said sections; he further certifies that he has made a complete disclosure to Commission of all facts bearing upon any possible interest, direct or indirect, which he believes any member of Commission, or other officer or employee of the City and County of San Francisco presently has or will have in this contract or in the performance thereof, or in any portion of the profits thereof. Willful failure to make such disclosure, if any, shall constitute grounds for termination of this lease by City.

27. HOLDING OVER

Any holding over of the term hereby created shall be a tenancy from month to month only, at a minimum monthly rental equal to one-twelfth(1/12) of the annual cash rental specified in Section 3 of this lease, and otherwise on the same terms and conditions set forth in this agreement.

28. NOTICES

All notices to be given to Lessee may be served personally

in the manner provided by law or sent by registered or certified mail, addressed to Lessee at the demised premises, whether or not Lessee has vacated or abandoned the same. A further copy of any notice to Lessee shall be mailed to him at an address to be designated in writing by Lessee.

All notices required to be given to City shall be sent by registered or certified mail addressed to General Manager, San Francisco Water Department, 425 Mason Street, San Francisco, CA. 94101 or at any other address to be designated in writing by City.

29. CHARTER PROVISIONS

All terms of this lease shall be operated by and be subject to the provisions of the Charter of the City and County of San Francisco.

30. AGREEMENT MADE IN CALIFORNIA

This agreement shall be deemed to be made in and shall be construed in accordance with the laws of the State of California.

31. SUCCESSORS AND ASSIGNS

Subject to the provisions hereof relating to assignment, this lease shall bind and inure to the successors and assigns of the parties hereto.

32. SECTION HEADING

The section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provisions of this lease.

33. TIME

Time is of the essence of this lease.

34. NON-DISCRIMINATION PROVISIONS

See Exhibit "A", entiled "Addendum to all City and County of San Francisco Contracts" attached hereto and by reference made a part hereof.

35. INCONSISTENCIES WITH HUD PROVISIONS

In the event that there shall exist a conflict or inconsistency between the provisions of this lease and the provisions of the HUD "Rider" attached hereto and incorporated into this lease; the provisions of the HUD "Rider" shall be controlling, and any conflicts shall be resolved in favor of said HUD "Rider".

IN WITNESS WHEREOF, the parties hereto have caused this lease to be executed in triplicate as of the day and year first hereinabove written.

L E S S O R

CITY AND COUNTY OF SAN FRANCISCO
a municipal corporation

PUBLIC UTILITIES COMMISSION

Richard Sklar
General Manager of Public Utilities

APPROVED AS TO FORM:

George Agnost
City Attorney

By McMorris M. Dow
McMorris M. Dow
Utilities General Counsel

Authorized by Public Utilities Commission:

Resolution No. 80-0085

Adopted: February 26, 1980

Attest:

Romaine A. Smith
Romaine A. Smith
Secretary

L E S S E E

MOUNTAIN VIEW APARTMENTS
a limited partnership

By: Jack Baskin, General Partner

ATTACHMENT A

DESCRIPTION OF THE LANDS OWNED BY THE
CITY & COUNTY OF SAN FRANCISCO

Parcel 2

All that portion of land that lies between Block 3 and Block 4, as shown on that certain map entitled, "Tract No. 3523" which Map was filed for record in the office of the Recorder of the County of Santa Clara, State of Claifornia on June 20, 1963 in Book 162 of Maps, at pages 53, 54, and 55, and being an amended Subdivision Map of Tract No. 2282, Bailey Park Plaza, Mountain View, Santa Clara County, California, bounded and more particularly described as follows:

Beginning at a point in the Westerly line of Bailey Avenue and the Southerly line of those said lines of the City and County of San Francisco, said point also being the Northeast corner of Lot 1, Block 3 of the hereinabove referred to Map; thence South 88° 45' 14" West, 1083.65 feet along the Northerly line of Lots 1, 2, 3, and 5 of said Block 3; thence North 0° 25' 00" West, 80.01 feet to a point on the Southerly line of Lot 2, Block 4 of said Map hereinabove referred to; thence South 88° 45' 14" West, 1085.11 feet to a point on the Westerly line of Bailey Avenue; thence along a curve concave to the West whose radial line bears North 75° 22' 12" West, Southwesterly 35.18 feet through an angle of 26° 52' 44" having a radius of 75.00 feet to a point of compound curvature whose radial line bears North 48° 29' 28" West; thence Southwesterly 69.99 feet along a curve concave to the Northwest having a radius of 955.00 feet through an angle of 2° 11' 56" to the point of beginning.

LEASEHOLD 207 PROJECT

Notwithstanding any other provisions of this lease, if and so long as this leasehold is subject to a mortgage insured, reinsured, or held by the Federal Housing Commissioner or given to the Commissioner in connection with a resale, or the demised premises are acquired and held by him because of a default under said mortgage:

1. The tenant is authorized to obtain a loan, the repayment of which is to be insured by the Federal Housing Commissioner and secured by a mortgage on this leasehold estate. Tenant is further authorized to execute a mortgage on this leasehold and otherwise to comply with the requirements of the Federal Housing Commissioner for obtaining such an insured mortgage loan.

2. If approved by the Federal Housing Commissioner and the San Francisco Public Utilities Commission, lessee may assign his interest in the demised premises.

3. (a) Insurance policies shall be in an amount, and in such company or companies and in such form, and against such risks and hazards, as shall be approved by such mortgagee, the Federal Housing Commissioner and the City of San Francisco as per Provision Number 24 of this Right-of-Way Lease.

   (b) The Landlord shall not take out separate insurance concurrent in form or contributing in the event of loss with that specifically required to be furnished by the Tenant to the mortgagee. The Landlord may at its own expense, however, take out separate insurance which is not concurrent in form or not contributing in the event of loss with that specifically required to be furnished by the Tenant.

4. (a) If all or any part of the demised premises shall be taken by condemnation that portion of any award attributable to the improvements or damage to the improvements shall be paid to the mortgagee or otherwise disposed of as may be provided in the insured mortgage. Any portion of the award attributable solely to the taking of land shall be paid to the Landlord. After the date of taking, the annual ground rent shall be reduced ratably by the proportion which the award paid to the Landlord bears to the total value of the land. The calculation of the total value of the land established in the condemnation process, if a total value is established, shall be "the total value of the land" for this purpose.

(b) In the event of a negotiated sale of all or a portion of demised premises in lieu of condemnation, the proceeds shall be distributed and ground rents reduced as provided in cases of condemnation, but the approval of the Commissioner and the mortgagee shall be required as to the amount and division of the payment to be received.

5. Nothing in this lease contained shall require the Tenant to pay any franchise, estate, inheritance, succession, capital levy or transfer tax of the Landlord, or any income, excess profits or revenue tax or any other tax, assessment, charge or levy upon the rent payable by the Tenant under this lease. It is understood that the Tenant shall be responsible for all taxes and assessments levied upon the value of the land of the City-owned right of way, pursuant to Paragraph 4 of the Right of Way Lease.
Tenant recognizes and understands that this lease may create a Possessory Interest subject to Property Taxation and that the Tenant may be subject to the payment of Property Taxes levied on such interest.

6. The Landlord agrees that, within ten (10) days after receipt of written request from Tenant, it will join in any and all applications for permits, licenses or other authorizations required by any governmental or other body claiming jurisdiction in connection with any work which the Tenant may do hereunder pertaining to the parking lot. Lessor will also join in any grants for easements for overhead electric and telephone utilities reasonably necessary in the operation of the property to be insured by the Federal Housing Commissioner.

7. Upon any default under this lease which authorizes the cancellation thereof by the Landlord, Landlord shall give notice to the mortgagee and the Federal Housing Commissioner, and the mortgagee and the Federal Housing Commissioner, their successors and assigns, shall have the right within any time within six (6) months from the date of such notice to correct the default and reinstate the lease unless Landlord has first terminated the lease as provided herein.

At any time after two (2) months from the date a notice of default is given to the mortgagee and the Commissioner, the Landlord may elect to terminate the lease and acquire possession of the demised premises. Upon acquiring possession of the demised premises Landlord shall notify Commissioner and mortgagee. Mortgagee and Commissioner shall have six (6) months from the date of such notice of acquisition to elect to take a new lease on the demised premises. Such new lease shall have a term equal to the unexpired portion of the term of this lease and shall be on the same terms and conditions as contained in this lease, except that the mortgagee's and Commissioner's liability for ground rent shall not extend beyond their occupancy under such lease. The Landlord shall tender such new lease to the mortgagee or Commissioner within thirty (30) days after a request for such lease and shall

deliver possession of the demised premises immediately upon execution of the new lease. Upon executing a new lease the mortgagee or Commissioner shall pay to Landlord any unpaid ground rentals due or that would have become due under this lease to the date of the execution of the new lease, including any taxes which were liens on demised premises and which were paid by Landlord, less any net rentals or other income which Landlord may have received on account of this property since the date of default under this lease.

8. All notices, demands and requests which are required to be given by the Landlord, the Tenant, the Mortgagee or the Commissioner shall be in writing and shall be sent by registered or certified mail, postage prepaid, and addressed to the address of the party as given in this instrument unless a request for a change in this address has been sent to the party giving the notice by registered or certified mail prior to the time when such notice is given.

9. This lease shall not be modified without the consent of the Federal Housing Commissioner and the San Francisco Public Utilities Commission.

CLIFFORD ADVISORY LLC

Real Estate Valuation ■ Arbitration

SUMMARY
APPRAISAL REPORT
Complete Appraisal

Market Rent
Valuation
for
Hetch Hetchy Parcel
Pipeline BDPL #3 & #4
Portion of SFPUC Parcel 201-A
Mountain View, CA

Prepared For

San Francisco Public Utility Commission

January 2018

John C. Clifford, MAI

CLIFFORD
ADVISORY
LLC
Real Estate Valuation

January 25, 2018

Mr. Anthony Bardo
San Francisco Public Utilities Commission
Real Estate Services Division
525 Golden Gate Avenue, 10th Floor
San Francisco, CA 94102

RE: Appraisal Report
Market Rent Valuation
Hetch Hetchy Parcel
Pipeline BDPL #3 & #4 - Portion of SFPUC Parcel 201-A
Mountain View, CA

Mr. Bardo,

Subsequent to your request and authorization, I have completed an appraisal to estimate the Market Rental Value for the Hetch Hetchy Pipeline Parcel BDPL #3 & #4 (Portion of SFPUC Parcel 201-A) in Mountain View, CA.

The Parcel 201-A contains 1.96-acres and supports two uses. It serves as a utility right of way improved with underground distribution water pipes linking the Hetch-Hetchy reservoir to the City of San Francisco. Parcel 201-A is also integrated in the development of the Shorebreeze Apartment Complex at 460 N. Shoreline Boulevard in Mountain View, California. Parcel 201-A was incorporated into the 1980 design of a combined site area of 5.32-acre to serve a 120-unit multi-family rental project now operated by MidPen Housing. Parcel 201-A provides essential ingress from Shoreline Boulevard, required parking, landscaping and emergency vehicle access for the project. The precise boundary between Parcel 201-A and APN 150-26-006 appears to delineate that the subject provides approximately 80 parking spaces that serve the 120-unit multi-family project, and as well provides essential access from Shoreline Boulevard. The use of the subject to satisfy development criteria and compliance with approvals has a material affect on the determination of the subject's highest and best use - an essential component part of the larger Shorebreeze Apartments project area.

The subject site has served the project under a long-term 51-year lease agreement beginning in April 1980 and extending through March 2031. Following the assignment of the lease to Mid-Peninsula Housing Coalition and its sublease to MP Shoreline Associates Limited Partnership (as subtenant), the parties are contemplating entering into a new 60-year lease.

In order to appraise the property, I have completed an inspection of the subject property, and observed trends of land uses in the area. In addition, the appraiser investigated comparable land sales, and yield rates for ground lease transactions. Based on the analysis presented herein the appraiser concludes a final estimate of annual net market rental value for the subject property at **$316,000 / YEAR.** In addition to the base rental rate, the analysis assumes that an annual rent escalation will be calculated based upon changes in the CPI.

The summary narrative report contains 27 pages, plus the addenda. The valuation stated herein is subject to the conditions and assumptions stated on the following pages. The valuation and report is intended to conform to the Uniform Standards of Professional Appraisal Practice (USPAP). Further, the appraisal is

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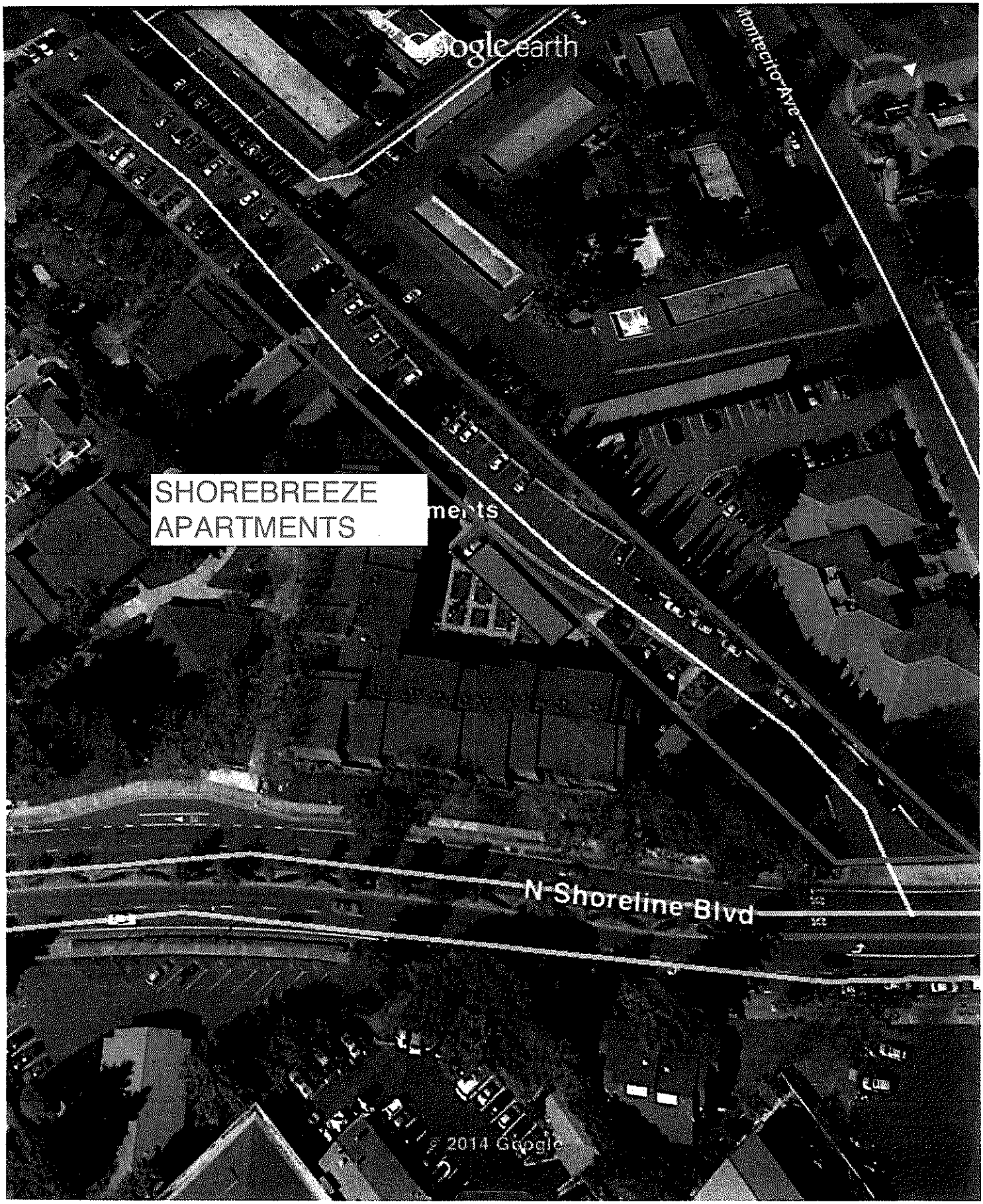
john.clifford@cliffordadvisory.com

subject to the requirements of the Code of Ethics and the Standards of Professional Conduct of the Appraisal Institute.

Respectfully submitted,

CLIFFORD ADVISORY, LLC

John C. Clifford, MAI
SCGREA Certificate No. AG007177


SHOREBREEZE
APARTMENTS
N Shoreline Blvd
Montecito Ave
© 2014 Google

I. INTRODUCTION

A. Appraisal Problem

The purpose of the valuation presented herein is to determine a market rent for the continued use a portion of the Bay Division Pipeline No. 3 and 4 right of way being Parcel 201-A. The Parcel 201-A contains 1.96-acres and supports two uses. It serves as a utility right of way improved with underground distribution water pipes linking the Hetch-Hetchy reservoir to the City of San Francisco. Parcel 201-A is also integrated in the development of the Shorebreeze Apartment Complex at 460 N. Shoreline Boulevard in Mountain View, California. Parcel 201-A was incorporated into the 1980 design of a combined site area of 5.32-acre to serve a 120-unit multi-family rental project now operated by MidPen Housing. Parcel 201-A provides essential ingress from Shoreline Boulevard, required parking, surplus parking, landscaping and emergency vehicle access for the project. It has served the project under a long-term 51-year lease agreement beginning in April 1980 and extending through March 2031. Following the assignment of the lease to Mid-Peninsula Housing Coalition and its sublease to MP Shoreline Associates Limited Partnership (as subtenant), the parties are contemplating entering into a new 60-year lease.

The determination of the market rental value for the (proposed) new lease is the intended use of the appraisal. Among all factors pertinent to the valuation, the valuation of the fee simple title to the property is to be based on the **highest fair market value** of the site based on its **highest and best use**. Further, the instructions stipulate the appraiser shall use methodologies generally accepted by appraisers as necessary to produce credible appraisals and shall **take into account any covenants, conditions, and restrictions** or easements benefitting or burdening the Property an any unusual characteristics of the Property. The instructions set forth important elements for the subject's valuation. They are summarized as follows.

- The first is the "highest" fair market value that varies from the "most probable" price found in the definition of fair market value.

- Next is the basis for highest and best use that is deemed to support the existing multi-family development as reflected by prevailing market trends and the requirement it provide essential parking when the subject and the adjoining parcel was approved for development that was completed in 1980.

- Finally, the requirement to take into account any covenants, conditions, and restrictions or easements benefitting or burdening the Property and any unusual characteristics of the Property. For these conditions two sub-factors are considered.

    - The analysis must take into consideration of the terms of the proposed 60-year lease and the PUC reserved rights under the historical and proposed ground lease (access to maintain underground pipelines).

    - The analysis must consider occupancy by qualified residents set for in the 1978 Mountain View Precise Development Plan, and for a variable number of units subject to the regulatory agreements with the State of California Tax Credit Allocation Committee (TCAC) and ABAG Finance Authority for Non-Profit Corporations (ABAG) and summarized on Exhibits C, D and E. The term of compliance required under the TCAC regulatory agreement (provided for this analysis) appears to have expired in 2017, but is stated otherwise (as 2027) in a summary of regulatory controls provided by MidPen. The term of compliance required under the ABAG regulatory agreement expired in 2012. Once the TCAC regulatory provisions mature in approximately 10 years, the below market rate affordable pricing set forth in the Precise Development Plan may apply (but does not specify if it would beyond 20 years @ 1999) or at what level of AMI limits apply.

- The analysis excludes any further parking requirement provided by the subject based on the proposed 50-unit expansion now under review by the City of Mountain View (based on documentation from Zoning Administrator).

These issues are further discussed in the report that follows.

Based on a review of City of Mountain View planning file documents, the **project plans** approved for development and the initial **Lease,** indicate the integration of the subject inextricably links it to the value of the larger parcel, a 5.32 acre development area. A partial set of plans were found in the City of Mountain View Planning Department files. The project's development application and landscape plan identifies the Hetch-Hetchy parcel as part of the multi-family project area. The subject's use supports various site improvements as mentioned previously. The precise boundary between Parcel 201-A and APN 150-26-006 appears to delineate that the subject provides approximately 80 parking spaces that serve the 120-unit multi-family project, and as well provides essential access from Shoreline Boulevard.

The use of the subject to satisfy development criteria or compliance with approvals has a material affect on the determination of the subject's highest and best use - an essential component part of the larger Shorebreeze Apartments project area.

Other factors included in the market rental value for the subject property are based on the age, quality, condition and size of surrounding development. The surrounding land use patterns are an important factor in several ways. These factors are summarized as follows:

1. Typical multi-family development patterns are controlled by criteria such as setbacks, landscaping, height limits, floor area limits, parking and appropriate access. Suburban development relies upon site planning that orients parking and landscaping in perimeter areas that otherwise also satisfies setback requirements. Each of these criteria, but most importantly parking is essential as it is directly linked to the scale of development any site can support – and for all forms of development parking represents an integral component. That is to say the value of development land is equally dependent on the land that provides required parking (and provides equal value), as it is for the footprint of a site that supports vertical construction.

   Notwithstanding the above comments, it is noted the current owner of the Shorebreeze Apartment Complex (Mid Pen Corporation) is proposing to demolish 12 existing units and newly develop 62 units resulting in an increase in the project size from 120 units to 170 units (120-12+62). For this analysis, the appraiser relies upon a letter issued by the City of Mountain View Community Development Director and interviewed the proposed expansion project planner and Zoning Administrator to confirm the subject property is not required to serve any greater number of units than the existing 120 unit density. Therefore, based on the aforementioned documentation and by agreement with the client, the highest and best use and valuation of the subject property is based on the subject's contribution to the project site supporting 120 units.

2. Representatives for the San Francisco PUC confirmed they are nearing completion of a maintenance program that could have required invoking its rights to enter similar leased parcels, and temporarily interrupt use or cancel occupancy, when they did not.

In summary the continued use of the subject to provide required and competitive parking is anticipated to continue for a long-term period. Thus, it is unlikely that no other alternative use of the subject property is contemplated over the next 60 years, and it will likely continue to be an essential functional component of the Shorebreeze Apartment complex.

B. Scope of Appraisal Development and Reporting Process

In preparing this appraisal, the appraiser inspected the subject site and surrounding land uses. The appraiser gathered and confirmed competitive market area data for land sale and ground lease transactions. The data set is used to establish valuation factors and conclusions in a Sales Comparison Approach and Income Approach to value. In addition, recent ground lease transactions were investigated and analyzed to support an opinion of rental value for the subject.

This is a narrative appraisal report that intends to comply with the requirements under Uniform Standards of Professional Appraisal Practice (USPAP). The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

C. Competency Provision

The appraiser possesses the knowledge and required ability to appraise the subject property, and has appraised this property type before both within its competitive market area and in other San Francisco Bay Area locations. Please refer to the Addenda for a summary of the appraiser's experience.

D. Intended Use and Users of the Appraisal Report

The contents and conclusions presented in this report are prepared for the exclusive use of the City and County of San Francisco ("City"). The purpose of the valuation presented herein is to establish a market rent for a 50-year license agreement to continue the use of the subject property, reflecting its Highest and Best Use (i.e. most probable use). It is the client's responsibility to read this report and to inform the appraiser of any errors or omissions of which the client is aware prior to utilizing this report or making it available to any third party. No duplication is permitted without the written authorization of John C. Clifford, MAI. Distribution of this report is the sole prerogative of the client and no distribution is allowed without specific direction of the client. Please refer to Item 18 of the Assumptions and Standard Limiting Conditions for further clarification.

E. Appraisal Standards

The appraiser shall complete the appraisal in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Professional Ethics of the Appraisal Institute of which the appraiser is a member.

F. Definition of Market Value and Market Rent

Two definitions are presented to understand the methodology and conclusions set forth herein.

Market Value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by federal financial institutions in the United States of America is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in the definition is the consummation of a sale of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and each acting in what they consider their own best interest.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.

The price represents a normal consideration for the property sold unaffected by special financing or creative financing or sales concessions granted by anyone associated with the sale.

Source: (OCC 12 CFR 34.42 (g)) (OTS 12 CFR, Part 564.2 (g))

Market Rent is the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of a specified (and hypothetical) lease agreement including term, rent amount, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations.

II. SAN FRANCISCO BAY AREA REGIONAL DESCRIPTION

A. State of California

The subject property is located in San Francisco, California. California is ranked as the world's eighth largest economy with an estimated Gross State Product in excess of $1.6 trillion. Its 37.0 million people and 12.0 million households make California by far the nation's largest state economy, producing 13% of the gross domestic product. Its economy exceeds other world powers including England, France and South Korea.

The state of California is divided geographically and economically into three regions, each with a semi-autonomous economy. They include the urban Northern California region, the urban industrial Southern California region, and the Agrarian Central Valley area. The Northern California region includes the greater San Francisco Bay Area, Sacramento and San Jose areas where the economy is dominated by high tech research/manufacturing, financial services, bio-technology, multimedia production and governmental operations. California is the nation's leader in foreign trade, manufacturing, venture capital, agriculture and tourism not only in terms of size, but also in terms of innovation and new products. As of the effective date of the appraisal, economic growth and prosperity in California are linked to national trends. Those national trends appear to be improving with each economic report as business capital spending rose 11.2% over the last 12 months. These trends add up to strong prospects for future capital purchases and new hiring.

In conclusion, the State of California is experiencing a healthy economic cycle given its economic diversity and strategic geographic location within an expanding global economy.

B. The San Francisco Bay Area

Typically separated into six distinct areas, the real estate markets in the Bay Area include Alameda County, San Francisco, Silicon Valley, San Mateo County, Contra Costa County, and the North Bay.

San Francisco leads the region as the financial and cultural center, corporate headquarters location for major global companies and magnet for tourism. San Francisco is the hub of Bay Area finance, design, film, fashion, accounting, consulting, and advertising activities. It also offers a world-class amenity base, outstanding city and bay views, and convenient access to the entire Bay Area. Major regional transit systems are routed through San Francisco.

As the epicenter for the technological boom of the past two decades, Silicon Valley in Santa Clara County led or leads the world in the evolution of the knowledge-based economy with an innovative and entrepreneurial spirit. Industry leaders in semiconductors, software, computer hardware, telecommunications, the Internet, and defense call Silicon Valley home. Its capital, San Jose (California's third-largest city), includes a diverse mix of financial and technological firms.

San Mateo County is a diverse economy with special strengths in biotechnology, communications, software development, electronics, agriculture, and finance. Located between Silicon Valley and San Francisco, San Mateo houses the largest concentration of venture capital firms in the world and shares with Silicon Valley the advantages of its proximity to Stanford University and the University of California at Berkeley. San Francisco International Airport is located in San Mateo County.

The subject supports two uses. It serves as a utility right of way improved with underground distribution water pipes linking the Hetch-Hetchy reservoir to the City of San Francisco. Parcel 201-A is also integrated in the development of the Shorebreeze Apartment Complex at 460 N. Shoreline Boulevard in Mountain View, California. Parcel 201-A was incorporated into the 1980 design of a combined site area of 5.32-acre to serve a 120-unit multi-family rental project now operated by MidPen Housing. Parcel 201-A provides essential ingress from Shoreline Boulevard, required parking, landscaping and emergency vehicle access for the project. It has served the project under a long-term 51-year lease agreement beginning in April 1980 and extending through March 2031. However, a new lease is proposed that would extend for another 60-years until 2078.

The subject site supports a multi-family project identified as the Shorebreeze Family and Senior Housing Apartments. The It was developed in 1980 and was acquired by Mid Pen Housing in 1997. The project unit mix includes (72) 1 BR units ranging in size from 610-650 SF, (36) 2 BR units ranging in size from 850 – 890 SF, and (12) 3 BR units containing 1,390 SF. The project appears to be served by approximately 140 parking spaces. According to parking regulations presented on **Exhibit C**, the 120 unit count would appear to require 174 parking spaces[1], notwithstanding allowances for senior occupancy and age of construction.

The Shorebreeze Family and Senior Housing Apartments have operated as an affordable housing project under various requirements that are noteworthy in terms of the contributory value of the site that is so encumbered, including the subject property. Effectively, there are three regulatory factors to consider.

1. The existing project was developed under historical zoning, i.e. the 1979 Precise Development Plan. Excerpts from the Precise Development Plan are presented on **Exhibit C** that illustrates the essential contribution the subject property provides, and identifies the plan's goal to provide housing for families or senior residents. The plan indicates the affordable requirement continues for a minimum period of 20 years, or approximately the year **2000**.

2. Next, the affordable housing requirement was subsequently linked by Regulatory Agreements and Declaration of Restrictive Covenants with the ABAG Finance Authority For Nonprofit Corporations as presented on **Exhibit D**. Based on the excerpts it appears the regulatory low-income housing requirement matured in **2012**.

3. Finally, the affordable housing requirement is further linked by use of low income housing tax credit financing as set forth in the Regulatory agreement with the State of California Tax Credit Allocation Committee (TCAC). Excerpts from the TCAC agreement are presented on **Exhibit E**. Based on the above excerpts it appears the regulatory low-income housing requirement matures in **2027**, or 10 years following the effective date of value.

Based on a review of City of Mountain View planning file documents, the **project plans** approved for development and the **Lease**, indicate the integration of the subject inextricably links it to the value of the larger parcel, a 5.32 acre development area. Only a partial set of plans were retained in the file, but the development application and landscape plan identifies the Hetch-Hetchy parcel as part of the multi-family project area. The precise boundary between Parcel 201-A and APN 150-26-006 appears to delineate that the subject provides approximately 80 parking spaces that serve the 120-unit multi-family project, and as well provides essential access from Shoreline Boulevard.

The property provides required surface parking and landscaping improvements (paved, striped, landscaped and lighted spaces) and provides on-site circulation that is used by the multi-family project and for emergency vehicle access.

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[1] According to Paula Bradley, City of Mountain View Planner, who indicates 28 guest parking spaces are required along with 118 for family units and 28 for seniors based on the 1.5 and .35 factors, respectively.

460 SHORELINE BOULEVARD PRECISE PLAN
MAY 1979
PROPERTY DEVELOPMENT GUIDELINES
FOR THE P (PLANNED COMMUNITY) DISTRICT

EXHIBIT C

I. Property Description

The site consists of a total of 5.32+ acres, 3.37 acres of City-owned land, and 1.95 acres of land owned by the City of San Francisco (Hetch-Hetchy Aqueduct). The General Plan designates the area for mixed-density residential use. The 1.95 acres of Hetch-Hetchy land cannot be used for buildings but may be used for landscaping, parking and access. The odd configuration of the property makes development difficult. A land swap with adjoining properties to "square off" the parcels would be advantageous to both parcels and is encouraged.

II. Development Concept

The area is to be developed with a residential complex designed for either a mix of families and senior citizens or exclusively for senior citizens. The residential location, proximity to shopping services and central location in the City all lend themselves to this unique and needed use. Planned Community District procedures should be utilized to ensure high-quality development and harmonious integration of uses with adjacent properties. A substantial proportion of the entire parcel shall be retained for landscape and open space.

Alternative—Mix of Seniors and Family Housing

Up to 125 units of housing with a minimum of 50 percent devoted to seniors may be developed. The unusual qualities of senior citizen housing (e.g., small units, common facilities, small family size, need for low-cost housing and low automobile use) justify development at higher densities. One hundred twenty-five units represent approximately 37 du/acre net area, or 24 du/acre including the Hetch-Hetchy lands.

2. Affordability:

Housing must be made available at substantially below-market prices. Federal, State or private assistance programs must be utilized to guarantee affordable housing for families and senior citizens for a minimum period of 20 years.

3. Parking:

The minimum parking ratio should be .35 spaces per senior unit and 1-1/2 spaces per family unit. Special attention should be given in the site layout for additional, convenient guest parking facilities. Special attention shall also be given to parking for the disabled, minimization of paving, screening parking from Shoreline Boulevard and safe and efficient automobile access to and from the site. At least half of the required spaces must be covered.

EXHIBIT D

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the "Regulatory Agreement") is made and entered into as of July 1, 1997, by and among the ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the type contemplated by the Indenture (as herein defined), with a corporate trust office in San Francisco, California (the "Trustee"), and MP SHORELINE ASSOCIATES LIMITED PARTNERSHIP, a California limited partnership (the "Borrower").

"Affordable Rent" or "Rents" means monthly rent (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to tenants or on behalf of the applicable Very Low Income Units) not in excess of thirty percent (30%) of one twelfth of sixty percent (60%) of the Median Income for the Area, based upon the following assumed household sizes for the following sizes of residential units in the Project:

"Qualified Project Period" means the period beginning on the Issue Date, and ending on the later of (a) the date which is 15 years after the Issue Date, (b) the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United State Housing Act of 1937 terminates. For purposes of clause (b), the term "private activity bond" has the meaning contemplated in Section 142(d)(2)(A)(i) of the Code.

"Regulatory Agreement" means this Regulatory Agreement and Declaration of Restrictive Covenants, dated as of July 1, 1997, among the Authority, the Trustee and the Borrower.

Regulatory agreements and household income and rent restrictions applicable to Shorebreeze are as follows:

1. **TCAC (Federal Credits/Tax-Exempt Bond)** – Monitored by CTCAC for 30 Years (2027). NOTE: Maturity date of 2027 conflicts with TCAC 20-year term expiring in 2017.

Regulatory Summary	
Unit Specific	No
Bedroom Specific	No
Rent Calculation	1.5/Bed
Income Limit Table	MTSP
HERA/Hold Harmless	YES
Recert Requirements	Annually
Preferences	None
Total Restricted	119
Total Un-Restricted	1
Miscellaneous	None

Layering Requirements	
60% AMI	119

Manager	1

2. **CDBG** – Monitored by City of Mountain View for 30 years(2027)

Regulatory Summary	
Unit Specific	No
Bedroom Specific	No
Rent Calculation	#BD + 1
Income Limit Table	Section 8
HERA/Hold Harmless	Yes
Recert Requirements	Annually
Preferences	None
Total Restricted	119
Total Un-Restricted	1
Miscellaneous	None

Layering Requirements	
45% AMI	119

**In post-Sec. 8 periods, income layer keeps @ 45% median income. 69 units will continue to be used as senior housing.

Manager	1

3. **HOME-FLOATING** – Monitored by City of Mountain View for 30 Years(2027)

Regulatory Summary	
Unit Specific	No
Bedroom Specific	No
Rent Calculation	HOME
Income Limit Table	HUD
HERA/Hold Harmless	N/A
Recert Requirements	Annually
Preferences	None
Total Restricted	5
Total Un-Restricted	115
Miscellaneous	None

Layering Requirements			
AMI	1BD	2BD	3BD
50%	3	1	1

HOME LO RENT

Manager	1

4. **MHRB (Bonds)** – Monitored by ABAG Finance Authority for 30 Years (2027)

Regulatory Summary	
Unit Specific	No
Bedroom Specific	No
Rent Calculation	#BD + 1
Income Limit Table	MTSP
HERA/Hold Harmless	Yes
Recert Requirements	Annually
Preferences	None
Total Restricted	48
Total Un-Restricted	72
Miscellaneous	None

Layering Requirements	
60% AMI	48 (40% of units)

Manager	1

3. **Project Based Section 8 HAP** – Monitored by the CAHI, Original Contract 03/26/1980, Renewed for 15 Years effective 03/01/2011 (2026)

Regulatory Summary	
Unit Specific	No
Bedroom Specific	No
Rent Calculation	#BD +1
Income Limit Table	Section 8
HERA/Hold Harmless	N/A
Recert Requirements	Annually
Preferences	None
Total Restricted	119
Total Un-Restricted	1
Miscellaneous	None

Layering Requirements	
30% AMI	48 *
50% AMI	71
80% AMI	Depending

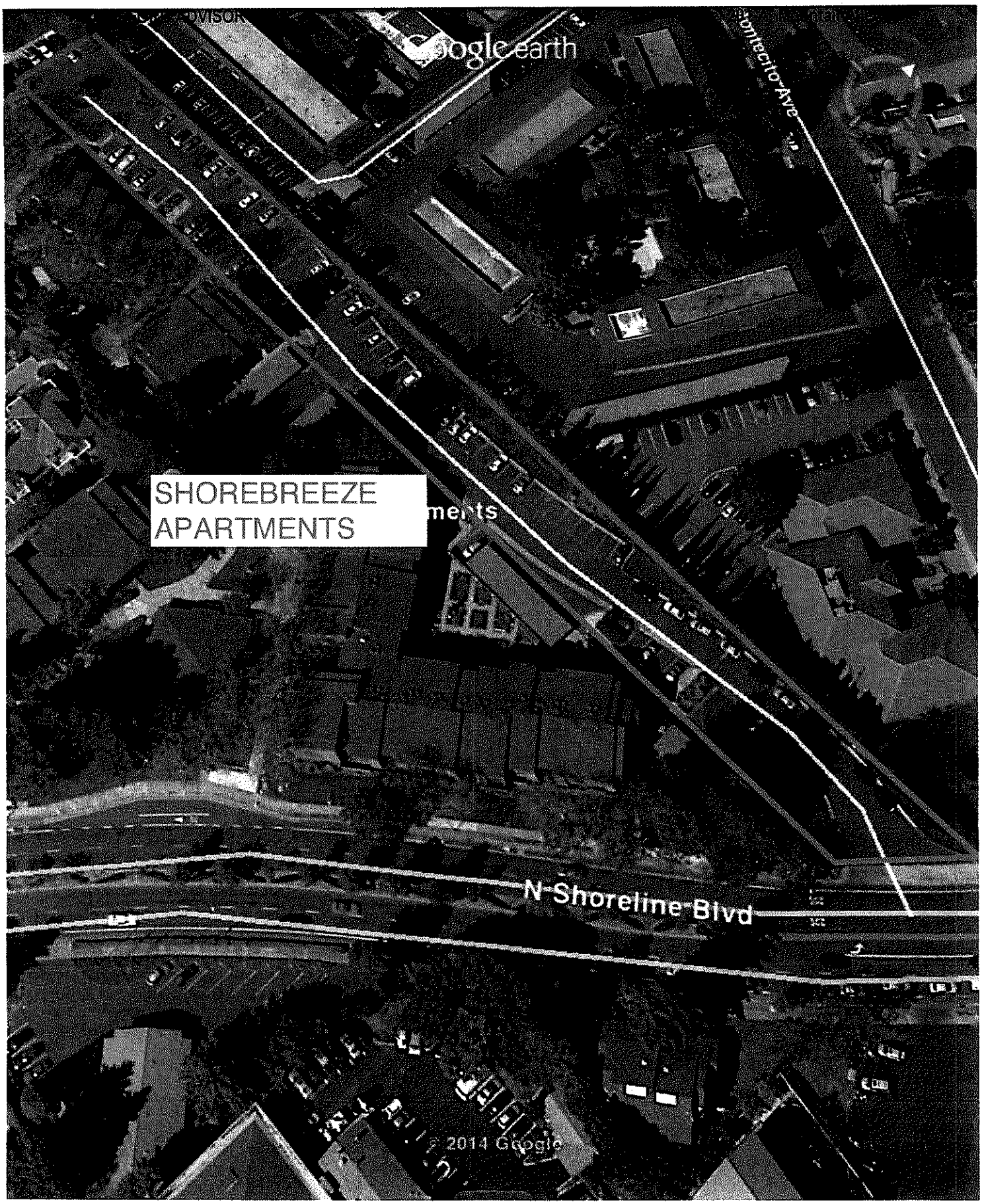
*30%AMI units will be increased as "income-targeting" rule be followed.

Manager	1

* Based on "Income-Targeting" rule in HUD 4350.3—"For each project assisted under a contract for project-based Section 8 assistance, the owner must lease not less than 40% of the dwelling units that become available for occupancy in any project fiscal year to extremely low-income families".

** Original Contract targets to lower income (80%AMI), based on current BP setup and "income targeting" rule, we will keep the current setup as 3 layers—30%, 50%, and 80%AMI.

* 69 Senior Units must have one household member, head, co-head or spouse age 62 or over.

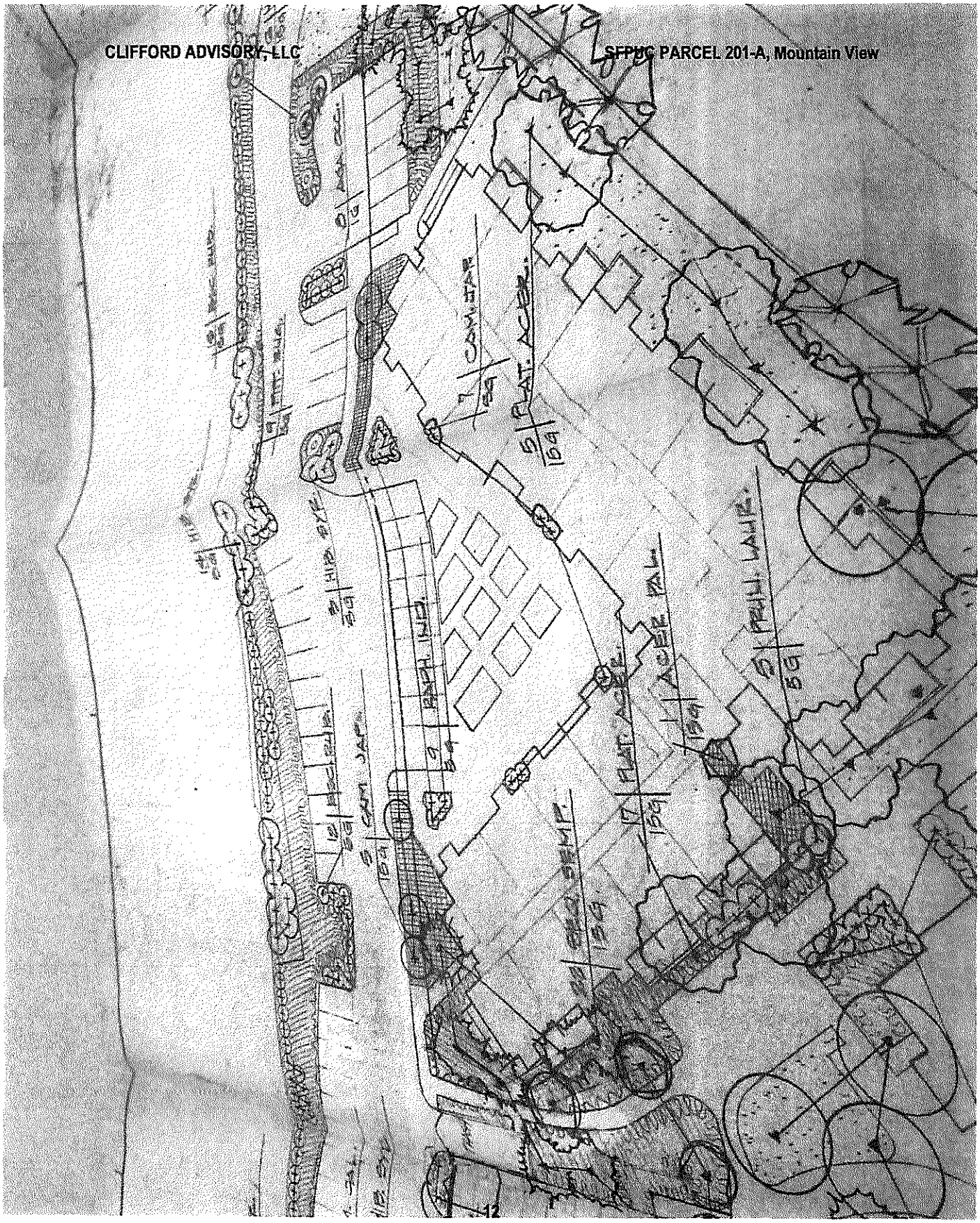

SHOREBREEZE
APARTMENTS
N Shoreline Blvd
© 2014 Google

CLIFFORD ADVISORY, LLC

ARCHITECTURAL LANDSCAPE PLANS FOR APPROVAL THAT ILLUSTRATE INTEGRATION OF SUBJECT SITE INTO PROJECT AREA TO PROVIDE ACCESS, PARKING, LANDSCAPING

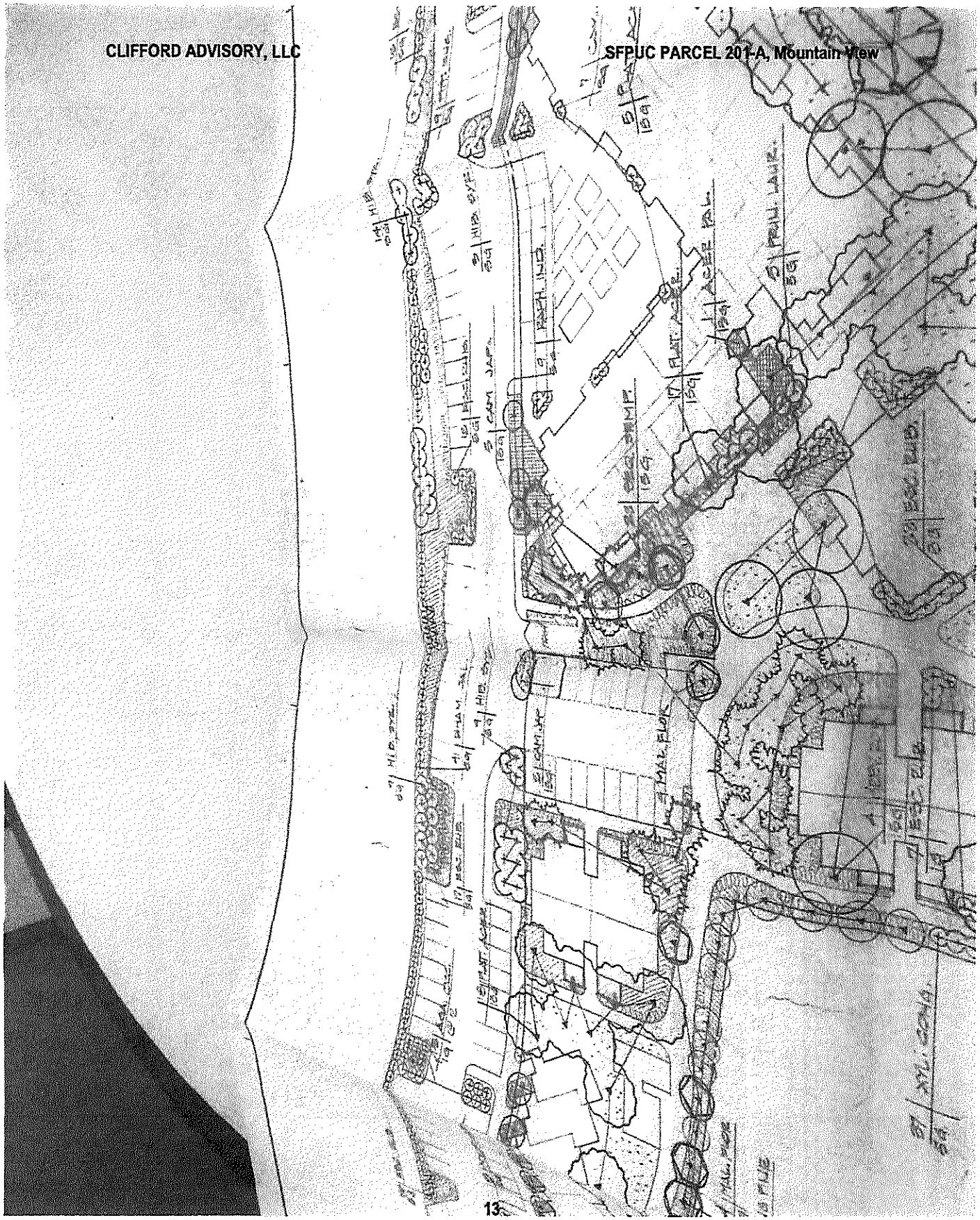
SFPUC PARCEL 201-A, Mountain View

Parcel 201-A, Mountain View


CLIFFORD ADVISORY, LLC
SFPUC PARCEL 201-A, Mountain View

CLIFFORD ADVISORY, LLC

SFPUC PARCEL 201-A, Mountain View



13

CLIFFORD ADVISORY, LLC

west side of Bailey Avenue, ...
200 feet north of Wright Avenue, from the
existing O (Administrative ...
Office)Dist. to the R3-2* (Multiple-
family Residential) Dist.
PC 7/2/69

7-2-69 Recommend approval to C.C.
4/0

450 BAILEY AVENUE 224-6

8/30/78 Request initiated by the EPC to rezone
5.32± acres of land including portions of
the Hetch-Hetchy right-of-way, on the west
side of Bailey Avenue, south of Montecito
Avenue from the present R3-1.5*, R3-2*,
R3-3* and CN Districts to the P District
and to consider adoption of a precise plan
to govern development of the property
with up to 200 units of senior citizen
housing. EPC 9/6/78

9/6/78 Forwarded to Council

9/11/78 Set for hearing 10/9/78

10/9/78 Continued to 10/16/78

10/16/78 Introduced P zoning.
Second reading 10/30/78.
Resol. 12287 adopting
precise plan. #2 change
"apartments" to "residential"

10/30/78 Ordinance # 38.78 adopted
for P zoning

450-490 BAILEY AVENUE

14

In order to determine the highest and best use of the subject property, many factors have been evaluated that include identifying the most probable user of the subject property, along with land use controls, zoning, and use or development criteria that impact how the utility of the subject property contributes to the adjoining property.

Typical multi-family development patterns are controlled by criteria such as setbacks, landscaping, height limits, floor area limits, parking and appropriate access. Suburban development relies upon site planning that orients parking and landscaping in perimeter areas that otherwise also satisfies setback requirements. Each of these criteria, but most importantly parking is essential as it is directly linked to the scale of development any site can support – and for all forms of development parking represents an integral component. That is to say the value of development land is equally dependent on the land that provides required parking (and provides equal value), as it is for the footprint of a site that supports vertical construction.

Notwithstanding the above comments, it is noted the current owner of the Shorebreeze Apartment Complex (Mid Pen Corporation) is proposing to demolish 12 existing units and newly develop 62 units resulting in an increase in the project size from 120 units to 170 units (120-12+62). For this analysis, the appraiser relies upon a letter issued by the City of Mountain View Community Development Director and interviewed the proposed expansion project planner and Zoning Administrator to confirm the subject property is not required to serve any greater number of units than the existing 120 unit density. Therefore, based on the aforementioned documentation and by agreement with the client, the highest and best use and valuation of the subject property is based on the subject's contribution to the project site supporting 120 units.

E. Ownership History

Ownership of the subject property is vested in the name of the City and County of San Francisco. No known ownership transfers have occurred in the past three years. Use of the subject property that provides access, parking and landscape improvements is conveyed under a long-term lease and will continue under the new modified lease.

F. Title and Legal

For the purposes of this analysis, no title report was provided or reviewed. It is assumed there exists no adverse easements or encumbrances that would have a detrimental affect on the utility, marketability or value of the subject property, as outlined herein. Unless otherwise noted, it is assumed no conditions of title exist which would have a detrimental affect on the utility, marketability or value of the subject property. Please refer to Item 2 of the appraisal Assumptions and Limiting Conditions.

G. Legal Description

A legal description for the subject properties is presented in the addenda.

H. Taxes & Assessments

Since passage of Proposition 13 (Jarvis Gann Initiative) in 1978, Article XIII A of the California State Constitution, requires that real property taxes are limited to 1% of Market Value, as of a specified base year. The base year valuation is the Assessor's 1975 Market Value estimate, unless there is a transfer of ownership (sale), new construction, or the property is leased on a long-term basis. Whenever this occurs, the property is reassessed at full Market Value. If a reassessment is not triggered, the assessed value is trended upward at a maximum of 2% annually. Furthermore, Proposition 13 limits annual taxes to 1%, plus an amortized amount for voter approved bonded indebtedness, of the assessed value. Taxes are levied annually for each fiscal year from July through June. They are paid in semi-annual installments being delinquent in December and April, respectively. Accordingly, under the premise of market value, assuming a transfer of ownership, the subject property may be reassessed to its market value.

III. Highest And Best Use

1. Definition

According to the revised edition of Real Estate Appraisal Terminology, a publication of the Appraisal Institute, the Highest and Best Use is defined as follows:

That reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.

The definition differs somewhat for improved property and vacant property; however, four criteria must, in effect, be met for both. The Highest and Best Use must (1) be physically possible, (2) be legally permitted, (3) be feasible, and (4) produce the highest return or value.

The Highest and Best Use is that use which is most likely to produce the greatest return over a given period of time. Net return refers to the residual of gross yield after all costs are met. Only those uses that are natural, probable, and legally permissible may be properly considered tenable. Thus, it may be defined as the available use and program of future utilization that produces the highest present value to the land.

2. Highest and Best Use As If Vacant

Physically Possible

The subject's size and shape and location and use impact its physical characteristics for determination of highest and best use.

The subject property comprises a level elongated rectangular parcel under the ownership of the City and County of San Francisco (PUC). The subject contains 85,378 SF (1.96 acres) measuring approximately 80' by approximately 1,084' in length. Exhibit C and the aerial photographs are intended to illustrate the location, orientation and size of the subject property.

Parcel 201-A supports two uses. It serves as a utility right of way improved with underground distribution water pipes linking the Hetch Hetchy reservoir to the City of San Francisco. Vertical development is restricted due to its use as a utility right of way improved with underground distribution water pipes. However, Parcel 201-A is also integrated in the development of the Shorebreeze Apartment Complex. The subject site is utilized to support the multi-family project site's development capacity when it was incorporated into the 1980 design of a combined site area of 5.32-acre to serve a 120-unit multi-family rental project.

It has served the project under a long-term 51-year lease agreement beginning in April 1980 and extending through March 2031. Following the assignment of the lease to Mid-Peninsula Housing Coalition and its sublease to MP Shoreline Associates Limited Partnership (as subtenant), the parties are contemplating entering into a new 60-year lease.

Legally Permissible

The Highest and Best Use of vacant land is typically that use or uses permitted by the existing zoning ordinance. One exception is when a zone change or use variance can likely be obtained.

The existing project was developed under historical zoning, i.e. the 1979 Precise Development Plan. Excerpts from the Precise Development Plan are presented on **Exhibit C** that illustrates the essential contribution the subject property provides, and identifies the plan's goal to provide housing for families or senior residents. Please refer to the discussion of the subject Property Description section of the report for more detail. No factors exist that are considered to diminish the subject's most probable continued parking, landscaping and circulation use and their contribution to highest and best use.

However, the use of the subject property so encumbered by the aforementioned affordable housing covenants represents other legal considerations that impact the value of the subject (that represents an essential portion of the site supporting multi-family development).

Typically, such low-income units do not generate sufficient net revenue to provide any significant return to support positive land value, especially under current market conditions when new construction costs are elevated. This cost-income return is less imbalanced given the contributory value of existing improvements. However, the aforementioned affordable housing covenants have, or are soon, to mature. The Precise Plan set forth a minimum period of 20 years during which time affordable units were to be made available to families and seniors. The Plan cites no other term requirement, or if any, at what AMI income level. The period of that covenant matured in approximately 2000, some 17 years ago. The ABAG financing low-income covenant matured in 2012. Only the TCAC covenant remains active but it matures in 2027, enforceable for another 10 years. However, the remaining 10 years only constitute a minor portion of the proposed 60-year ground lease term.

Beyond 2027, there exists no affordable housing covenant that so encumbers the site. That is not to say, the current non-profit owner may elect to continue operating the project as affordable. However, the ownership of the subject property is under no such obligation or mission, at least at the low-income levels once stipulated. The use of the property therefore could revert to a competitive market rental project, or alternatively, target moderate income households that generate rent levels not so adverse to providing a return on underlying land value, especially when the AMI in Santa Clara County is the highest in the Bay Area and the state of California. These factors are discussed later in the valuation section of the report.

Based on a review of City of Mountain View planning file documents, the **project plans** approved for development and the **Lease**, indicate the integration of the subject inextricably links it to the value of the larger parcel, a 5.32 acre development area. Only a partial set of plans were retained in the file, but the development application and landscape plan identifies the Hetch-Hetchy parcel as part of the multi-family project area. The subject's use support various site improvements as mentioned previously.

The project appears to be served by approximately 140 parking spaces. According to parking regulations presented on **Exhibit C**, the 120 unit count would appear to require 174 parking spaces, notwithstanding allowances for senior occupancy and age of construction. The precise boundary between Parcel 201-A and APN 150-26-006 appears to delineate that the subject provides approximately 80 parking spaces that serve the 120-unit multi-family project, and as well provides essential access from Shoreline Boulevard.

The use of the subject to satisfy development criteria or compliance with approvals has a material affect on the determination of the subject's highest and best use - an essential component part of the larger Shorebreeze Apartments project area.

The subject site is utilized to support the multi-family project site's development capacity when it was incorporated into the 1980 design of a combined site area of 5.32-acre to serve a 120-unit multi-family rental project. Parcel 201-A provides essential ingress from Shoreline Boulevard, required parking, landscaping and emergency vehicle access for the project. It has served the project under a long-term 51-year lease agreement beginning in April 1980 and extending through March 2031. Following the assignment of the lease to Mid-Peninsula Housing Coalition and its sublease to MP Shoreline Associates Limited Partnership (as subtenant), the parties are contemplating entering into a new 60-year lease.

While vertical development of the subject is restricted due to its use as a utility right of way improved with underground distribution water pipes linking the Hetch Hetchy reservoir to the City of San Francisco, the subject has shown to be capable of providing essential parking, landscaping and access that are required to support vertical development, that is as essential as that portion of a site that supports vertical development. An examination of virtually any municipal code indicates that parking is one of the most important criteria in determining the development capacity of any project. In the case of the subject itself, there is historical, current and future mandates that the subject continue its function to insure the adjoining property is in compliance for its development and occupancy.

Economically Feasible

The land sales uncovered during the investigative phase of the appraisal indicate that comparable sites are primarily being developed, or in some cases redeveloped, with multi-family uses. The supply and demand analysis reveals that unsatisfied demand for such space exists, and such uses are considered to be economically feasible at this time.

Maximally Productive

The subject property could be developed to contribute to the densities permitted in the zoning ordinance, or as otherwise required under the development approval for what is now identified as the Shorebreeze Family and Senior Housing Complex. Demand for multi-family uses appears strong. Based upon this analysis, it is the appraiser's opinion that the subject's use to support multi-family development at its maximum density level, reasonably permitted, is the most profitable and productive use of the site.

Conclusion

The Highest and Best Use of the subject property is for its parking, landscaping and circulation use and required functional contribution to its integrated multi-family use.

IV. VALUATION

1. Methodology

The condition and highest and best use of the subject property dictates the valuation methodology employed to determine the market rental value for the subject property. The Highest and Best Use of the subject property is for its parking, landscaping and circulation use contribution to the adjoining use.

The methodology for the Market Rental valuation of the subject property under the proposed 50-year license agreement is to analyze the appropriate rental amount that will provide the owner a competitive rate of return on the value of the underlying asset. The rental return on asset value is hereafter referred to by its acronym RRAV.

The RRAV **methodology** for the Market Rental valuation of the subject property requires the analysis of several inputs based on market factors. These include 1) land value, 2) site improvement costs, and 3) competitive rates of return. In the appraisal report to follow, each of these factors is presented.

The first step is to estimate the market value of the subject property as it contributes to the utility and function of the adjoining property, as it is mandated to do so under the project's development approval. Like for the subject jurisdiction, an examination of virtually any municipal code indicates that parking is one of the most important criteria in determining the development capacity of any project site. A parking (or landscaping or access) use that is required to support vertical development is as essential as that portion of a site that supports or serves as the footprint of vertical development. When a development site is acquired, there is no market distinction between the contributory value of that portion of the site that supports the building footprint and the requisite parking area that serves it. Therefore, to establish the market value of the site, the *Sales Comparison Approach* is a method of comparing recent sales of similar properties. This is the primary approach relied upon in the marketplace and is based on the principle that the prudent investor would pay no more for a property than the cost of acquiring a satisfactory alternative property that possesses physical, economic and financial comparability.

The second step is to estimate the market rental value of the subject property. The market rental valuation may be defined as a monthly or annual rent payment that provides a competitive return on the market value of the underlying asset. The market rent valuation must then consider an appropriate rate of return, depending on the term and escalation of the rent schedule, and as well the reversion value of the improvements, if any. The market rental value is calculated by multiplying the market value by an appropriate rate of return.

2. Market Analysis

Demand for well-located development land in the San Francisco Bay Area generally remains healthy as the national and regional economy has rebounded. This is especially true both in San Francisco and Silicon Valley where the technology sector has led the recovery and there exists a scarcity of available sites. For sites that are so well linked to the areas infrastructure system as well as leading industries, and cultural and recreational assets, demand appears strong. Recently several large technology corporations are developing new or expanding existing office campuses and facilities. These include Google, Apple, Yahoo, Facebook, LinkedIn, Samsung, Dell, Amazon, Nvidia and others. Other institutional and commercial retail development interests have acquired or developed sites such as Kaiser and Lowes. The appraiser presents excerpts from the Marcus & Millichap 1Q18 apartment market report that reveals strengthened market conditions with rent levels climbing to levels that support new construction and high demand for available land.

CLIFFORD ADVISORY, LLC

Marcus & Millichap

Multifamily Research

Parcel 201-A, Mountain View

2018 INVESTMENT FORECAST

San Jose Metro Area

Tech Firms Drive Local Demand for Talent; Slower Development to Trim Vacancy

Moderating development schedule set to boost multifamily operations. Led by numerous tech and professional firms, unemployment has fallen substantially in the San Jose metro and is driving significant housing demand. The high cost of single-family homes, coupled with a shortage of available apartments, triggered the largest number of multifamily completions in two decades in 2016. Although vacancy ticked up moderately last year, the pipeline will thin substantially this year, allowing vacancy to stabilize as recently built units are filled. While this process involved some rent discounting during lease-up as construction peaked, continued growth in high-paying skill positions will create sufficient demand to improve NOIs as rents reaccelerate. This past year, rent control gained some traction in the metro. In San Jose, a 5 percent limit on annual rent hikes with allowances passed, along with annual rent increases limited to between 2 and 5 percent in Mountain View.

Suburban assets near corporate campuses in high demand; land constraints figure heavily into investment thesis. Low interest rates and consistent job growth are motivating investors to deploy capital in the San Jose metro. While an increase in completions pushed vacancy up temporarily, a slower pace of construction in the year ahead could lead to even greater investment volume as buyers position to realize additional performance upside. Well-located complexes near corporate campuses will be an institutional favorite, while private parties and syndicates scour for value-add opportunities to capture potentially higher returns. Metrowide, cap rates will begin in the low-4 percent range and extend into the high-4 percent band on average, although assets can close up to 50 basis points on either side of the average. Merchant builders wishing to exit newly developed properties will provide additional investment opportunities, particularly as listings remain limited.

2018 Market Forecast

Employment up 0.7% — The lowest unemployment rate in 17 years leads hiring to 8,000 new jobs this year, increasing by 0.7 percent. Last year, 12,000 workers were hired, a 1.1 percent gain.

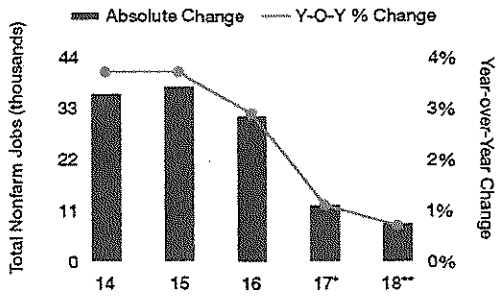
Construction 3,150 units — Development activity cools modestly, sliding to 3,150 units from 2017's total of 3,950 rentals. Deliveries will remain concentrated in Central San Jose and Milpitas.

Vacancy up 30 bps — Vacancy ticks up 30 basis points to 4.2 percent as construction weighs on overall results. Last year, vacancy rose 10 basis points as supply outpaced net absorption.

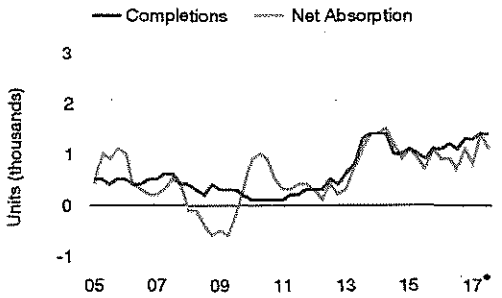
Rent up 4.6% — The average effective rent rises 4.6 percent to $2,750 per month as higher incentives weigh on top-line growth. In 2017, average effective rent tacked on 7.6 percent.

Investment — Deal flow remains dependent on willing sellers amid constant rent growth. Owners of fully valued assets may choose to list in order to diversify portfolios, while institutions have been selling based on planned rates of return and fund life cycles.

Employment Trends



Quarterly Completions vs. Absorption*



Vacancy and Rents

* Estimate; ** Forecast; ❖ Through 3Q; ✱ Trailing 12-month average
Sources: CoStar Group, Inc.; MPF Research; Real Capital Analytics

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3. Site Valuation by Sales Comparison Approach

The Market Value of the subject site is estimated by the Sales Comparison Approach, utilizing sales of similar sites that can be compared to the subject. The *Sales Comparison Approach* is a method of comparing recent sales of similar properties. It reflects the primary approach relied upon in the marketplace and is based on the principle that the prudent investor would pay no more for a property than the cost of acquiring a satisfactory alternative property that possesses physical, economic and financial comparability. A summary table for those sales that provide the most meaningful comparison is presented on **Table 1**.

The value of vacant land is measured by size (SF or acreage) and expressed as the unit price per square foot ($/SF) and when known a $/unit as shown **Table 1**. In comparing market data to the subject property, adjustments are typically required for property rights conveyed, financing terms, condition of sale, date of sale, location, physical and other characteristics.

For the analysis of the subject project area, the selection of comparables must be distinguished between those sites that were approved for development prior to the sale and those sales that yet face the entitlement process. This important element is imbedded in the Property Rights appraised. Thus, for the land sales conveyed with approvals reflect unit prices that lack uncertainty or risk associated with obtaining a development entitlement, as well as the time and costs associated with the expertise and consulting analyses required to document and process development approval. In the case of the subject it reflects a multi-family use that is approved (as it exists to support 120 multi-family units). However, it is noted that it reflects a typical density of development, generally commensurate with the level of scrutiny and conditions of approval associated with multi-family uses. The typical unit of comparison is expressed as the sales price square foot of land area and when known the sales price per unit.

As discussed previously, the valuation analysis for the subject property requires an atypical consideration, not directly evident by the comparable sales, due to PUC rights reserved and the expired or expiring affordable housing use covenants. The adjustment is based on an analysis of the time or duration the operating performance of the project may not provide sufficient yield to the project's underlying land value. Only the TCAC covenant continues for another 10 years (of the 60 year ground lease). Beyond that period it appears the project could operating at a market rate level, or as a conservative measure do so at moderate income level. Consequently the appraiser addresses appropriate adjustments for typical salient differences between the comparables and subject to conclude a unit value for the subject before any consideration is given to the affordable housing covenant. Then as a final adjustment the impact of the remaining short-term covenant is addressed as well as any potential the City of Mountain View may require some form or level of affordability be required beyond 2027 when the TCAC covenant expires.

The 11 tabulated transactions indicate an unadjusted range of value from approximately **$70/SF to $604/SF**, and alternatively approximately **$118,000**/unit to **$812,500**/unit. These transactions occurred between 2013 – 2017 conveying sites ranging in size from .26 acre to 9.95 acres. Six of the eleven transactions represent sites with development approval and support development density ranging from 11 – 35 units / acre. Five of the eleven transactions are located in Mountain View while the others are located in various Peninsula communities ranging from Daly City in North San Mateo County to Saratoga in southern Santa Clara County. The appraiser acknowledges the vast array of locations and indicated unit values, but this is in part due to the scarcity of available development land throughout Silicon Valley, and for the most part a trend where new or redevelopment project sites are designed to support multi-story townhouse development than stacked flats.

Excluding **Sale 2** that represents a small site slated for 9 units and appears to be an outlier among the comparable set. **Sale 11** is excludes as well that represents a site supporting smaller scale low density in Saratoga, a superior residential location. Excluding these two transactions, the aforementioned range of values narrows for nearby projects from approximately **$70/SF to $200/SF**, and alternatively approximately **$118,000**/unit to **$330,769,438**/unit.

Land Sales

TABLE 1

Comp No	Address	Zoning	No of Units	ID	Res Density	Approval	Size SF	Sale Date	Sale Price	$/SF	Total $/Unit
1	277 Fairchild APN 160-07-013,-012, -011	P32	30	1272	16.77	Yes	67,518	9/18/15	$8,600,000	$127.37	**$286,667**
		Site is approved to support 26 units and 4 detached SFR's.									
2	231 Hope APN 158-22-021 Mountain View	P(19)	9	1273	34.6	Yes	11,260	3/24/17	$6,800,000	$603.91	**$755,556**
		Site was in process of obtaining approvals to develop 9-unit apartment project.									
3	111 Fairchild Avenue Mountain View	P32	35	1113	35	No	43,638	4/11/14	$3,700,000	$84.79	**$105,714**
		Level rectangular shaped parcel in Moffet/Whisman plan area. Site improved with (6) SFR's and (5) industrial buildings slated for redevelopment of multi-family units. Planning application seeks approval of 35 rowhouse units or 35 units/acre.									
4	2624 Fayette Mountain View	CRA - Mixed Use	28	1110	16	No	50,000	11/18/13	$5,400,000	$108.00	**$192,857**
		Level irregular shaped parcel in San Antonio plan area. Site improved with industrial building and SFR slated for redevelopment of multi-family units. Planning application seeks approval of 28 units or 24 units/acre.									
5	1978 Montecito Mountain View	R3-22	16	1112	17	No	40,337	4/22/13	$3,495,000	$86.65	**$218,438**
		Level rectangular shaped parcel in Monta Loma/ Farley/Rock plan area. Site improved with (4) SFR's slated for redevelopment of multi-family units. Planning application seeks approval of 16 units or 17 units/acre. Broker reported multipe offers including purchasers at $505,000 above asking price.									
6	1632 Edgeworth APN 006-344-200,-210, -220 Daly City		25	1288	14.5	Yes	74,923	7/14/16	$13,320,000	$177.78	**$532,800**
		Approved medium density site in North San Mateo County supporting 25 condominium units. Project site sold in March 2015 for $5.56 million ($120,870/unit) but did not have approvals at the time of sale.									
7	2820 S. El Camino Real San Mateo	C3-1/R4	N/A	1114	N/A	No	21,890	8/25/14	$2,000,000	$91.37	?
		Level L-shaped parcel in San Mateo. Site was excess land sold by AT&T. Buyer was adjoining property owner who proposed multi-family residential project that may require nominal retail component.									
8	3101 Middlefield APN 060-059-350 Redwood City	CH00C2		1289	N/A	No	12,179	3/31/17	$1,100,000	$90.32	
		Site is located at NEC of 3rd Avenue and Middlefield Rd. The site has no approvals.									
9	166 Saratoga APN 294-38-001 Santa Clara	R16LE	33	1271	19	Yes	75,359	5/21/15	$7,325,000	$97.20	**$221,970**
		Site is approved to develop 33 unit townhome project.									
10	1600 Nantucket APN 097-05-105 Santa Clara	ML	256	1270	25	Yes	433,422	3/1/16	$30,190,000	$69.65	**$117,930**
		Transaction reflects the purchase of the leased fee interest in the land beneath the 256 unit Nantucket project from the City of Santa Clara.									
11	12262 Saratoga Sunnyvale Rd 386-30-035 Saratoga	CV	12	1268	10.7	Yes	48,700	6/29/15	$9,750,000	$200.21	**$812,500**
		Site approved for development of 12 townhome units.									

Sale 1 is located in the Moffett/Whisman plan area of Mountain View. It comprises a mid-size site among those recently sold that is approved for development of 26 units. The proposed density is comparatively low at 16 units/acre and includes 4 SFR detached units along with 22 townhomes. Its sale price of $8.6 million reflects a unit price of **$127/SF** and approximately **$330,769/unit**. It requires an upward adjustment for date of sale as market conditions have improved since its transfer in the Fall 2015, but is offset by downward adjustments due to its smaller size and lower density including a higher revenue component associated with SFR detached units. Finally, a downward adjustment is warranted for the rights reserved under the PUC lease.

Sale 3 is located in the Moffett/Whisman plan area of Mountain View. It comprises a mid-size sites that is slated for development of 35 units, but was not yet approved at the time of sale. The site was developed with 6 single-family homes and older industrial buildings. An application for development review is planned for early 2015 that reflect a density of 35 units/acre. Its sale price of $3.7 million reflects a unit price of **$85/SF** and approximately **$106,000/unit**. It requires an upward adjustment for date of sale as market conditions have improved since its transfer in early 2014, lack of approval, but is partly offset by its smaller size and higher density of development potential. Finally, a downward adjustment is warranted for the rights reserved under the PUC lease.

Sale 4 is located in the San Antonio plan area of Mountain View. It comprises one of the larger sites among those sold that is slated for development of 28 units within a 4-story project, and potentially generating interim income. An application for development was filed in May 2014 that reflects a density of 24 units/acre. It too lies adjacent to a Hetch-Hetchy parcel but that is not incorporated into the development site. Its sale price of $5.4 million reflects a unit price of **$108/SF** and approximately **$193,000/unit**. It requires an upward adjustment for date of sale as market conditions have improved since its transfer in 2013, and lack of approval but is partly offset by its smaller size. However, it reflects a similar density of development potential. Finally, a downward adjustment is warranted for the rights reserved under the PUC lease.

Sale 5 is located in the Monta Loma/Farley/Rock plan area of Mountain View. It comprises one of the larger sites among those sold that is slated for development of 16 units. The site was developed with 3 apartment units and a single-family residence. Townhome development is proposed but utilizing underground parking. An application for development was filed in September 2014 that reflects a density of 17 units/acre. Its sale price of $3.495 million reflects a unit price of **$87/SF** and approximately **$218,000**/unit. It requires an upward adjustment for date of sale as market conditions have improved since its transfer in early 2013, lack of approval, lower density, but is partly offset by its smaller size. Finally, a downward adjustment is warranted for the rights reserved under the PUC lease.

Sales 7 – 10 are located in other Peninsula locations that generally indicate unit values ranging from approximately **$70/SF to $97/SF**. The low end of the range involves **Sale 10** that involves the purchase of a leased fee interest of a developed site supporting a large 256 unit site.

Sale 7 is located in the City of San Mateo in San Mateo County. It comprises a relatively small site among those sold. The buyer has not identified a proposed unit count, other than the intent to design a project within a 5-story envelope that may include a small component of ground floor retail area. Its sale price of $2.0 million reflects a unit price of **$91/SF**. It requires an upward adjustment for its inferior location, and lack of approval and probable higher density. **Sale 8** requires similar adjustments to its unit value indication of **$97/SF**. Finally, a downward adjustment is warranted for the rights reserved under the PUC lease.

Primary consideration is given to the local Mountain View transactions but is otherwise supported by several other Peninsula transactions. The most recent Mountain View transaction reflects an unadjusted unit price of **$127**/SF, however, it too requires upward adjustments for its date of sale but also reflects value associated with development approval. It is superior, however, in terms of its lower density design supporting townhouses and four detached SFR units that requires a downward adjustment to the indicated unit price of **$330,679**/unit.

In the final analysis, the selection of an appropriate unit value is based on the subject's highest and best use conclusion for the 1.96 acre subject property (85,378 SF), that is deemed to be an integral part of a larger 5.32 acre project area that is developed as a 120-unit multi-family project.

231,739 SF X **$100**/SF = $23,173,900

120 units X **$200,000**/unit = $24,000,000

Expressed as a single value estimated, the appraiser selects a mid-point estimate of **$23,500,000**

The subject's 85,378 SF square footage represents 37% of the total site area, and contributes to a pro-rated density of approximately 44 units (37% X 120 units). Using these metrics, a baseline[2] value of the subject property can be estimated as follows:

$23,500,000 X 37% = 8,700,000

However, to conclude a final value estimate for the subject, one other factor is considered - the actual and potential affordable housing covenant. As noted previously, typically, such low-income units do not generate sufficient net revenue to provide any significant return to support positive land value, especially under current market conditions when new construction costs are elevated. This cost-income return is less imbalanced given the contributory value of existing improvements.

The aforementioned affordable housing covenants have, or are soon, to mature.

> The Precise Plan set forth a minimum period of 20 years during which time affordable units were to be made available to families and seniors. The Plan cites no other term requirement, or if any, at what AMI income level. The period of that covenant matured in approximately 2000, some 17 years ago.
>
> The ABAG financing low-income covenant matured in 2012.
>
> The TCAC covenant remains active but it matures in 2027, enforceable for another 10 years. However, the remaining 10 years only constitute a minor portion of the proposed 60-year ground lease term. Beyond 2027, there exists no affordable housing covenant that so encumbers the site. That is not to say, the current non-profit owner may elect to continue operating the project as affordable. However, the ownership of the subject property is under no such obligation or mission, at least at the low-income levels once stipulated. The use of the property therefore could revert to a competitive market rental project, or alternatively, target moderate income households that generate rent levels not so adverse to providing a return on underlying land value, especially when the AMI in Santa Clara County is the highest in the Bay Area and the state of California.

For the TCAC covenant that extends 10 years of the proposed 60 year term when very low and low income occupancy is required, no positive land value is associated with the subject site. Thus, a 17% adjustment is applied to reflect the percentage of value over the 10-year period of encumbrance in comparison to the 60 year term (10/160). For the remaining 50 year period of the 60 year term, the appraiser concludes that the project site may be required to serve as an affordable housing resource but a variable limits up as high as a moderate level generally identifying an 80% AMI level (20% less than a 100% AMI level). Thus, a 17% adjustment is applied to reflect the percentage of value over the encumbered 50-year period of the 60 year term (50/60 X 20%).

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[2] Baseline value is established for the subject as it serves an essential parking and access function, It also reflects the condition the subject property serves as a utility right of way improved with large (up to 80"), water transmission lines located underground where access to it must be preserved.

Thus, the aggregate downward adjustment is 34%, or - $2,958,000, that when applied results in a land value for the subject at:

+ $8,700,000
- $2,958,000
+5,742,000

4. Market Rental Value

For the intended use of the appraisal, the estimated market rent amount for the subject property should provide a competitive return on the market value of the underlying asset. The market rental value is calculated by multiplying the market value of the asset by an appropriate rate of return.

The market value of the underlying asset is established in the preceding section of the report. It is concluded the market value of the asset is **$5.74 million**. The market rent valuation must then consider an appropriate rate of return, depending on the term and escalation of the rent schedule, and as well the reversion value of the improvements, if any.

Rate of Return

In order to establish a competitive Rental Value for the subject, it is deemed appropriate (and compliant with lease terms) that it provide an appropriate return on the asset value. Typically a competitive rate of return reflects a measure of demand and risk that is associated with the development and operation of the asset, as well as the contract terms of the permit.

For this analysis, several factors must be considered. Among them, the 60-year remaining lease term must be considered along with the assumption the permit represents an unsubordinated obligation for well-located properties that are developed with a competitive facility.

The 60-year remaining term appears typical.

Historically, ground lease rates of return vary dependent upon the economic cycle where lower rates prevail during a recessionary economy and higher rates during an expansionary cycle. Depending on the relative quality and appeal of the location for the site, ground lease rates up to 8 – 10% have been reported. However, these transactions tend to reflect older agreements conveying use for mid-long term periods that insulate the parties from inflation and market volatility and are also impacted by periodic adjustments, if any.

For this analysis, given the relative safety of the unsubordinated short term obligation, prevailing long term US bond yields are considered, along with the perceived risk and prevailing yield rates associated with other ground lease investments.

Currently prevailing 30-year US bond yields range from approximately 2.5% to 4%.

Next the appraiser has completed a survey of yield rates indicated by the purchase of ground lease assets. The results of the survey are presented on **Table 2**. Ground leases acquired as investments reveal yields that range from 2.27% to 5.52%[3]. Comparable 3 is not an acquisition but rather a lease rate reported to set rent based on land value.

Comparable 1 involves the historic Mark Hopkins hotel site atop San Francisco's Nob Hill, a prominent location. The competitively bid price yields a rate of 5.52% and it is noted the lease remains level but for one adjustment

[3] For Comparables 1 and 4, the range is indicative of both the acquisition date and the yield rate that is indexed to the prevailing 30 year Treasure bond rate at the time of the ground lease.

SUMMARY OF GROUND LEASE TRANSACTIONS

TABLE 2

Comp #	Property Location	Sale Date	Sale Price $ $/SF	Land Area (AC)	Annual Ground Rent	Term Adjustments	Capitalization Rate	Seller	Buyer	Comments
1	Mark Hopkins Hotel One Nob Hill San Francisco APN 0255-002	5 / 2010	$22,650,000 $399.98	1.3 56,715	$1,250,000 $1,500,000	52 years 2019 renewal 2062 expiration Average	**5.52%** **6.62%** **6.43%**	Lurie Mark Hopkins	SF MH Acquisition LLC	Improved with historic Mark Hopkins hotel 380 units (40 suites) Purchase was by RFR to Intercontinental but set by competitive bids
		Cap rate in comparison to 30 Yr Treasure TIPS at time of Sale >>>>>>>>>>>>					**1.80%**			
		Cap rate in comparison to 30 Yr Treasure Nominal at time of Sale >>>>>>>>>					**4.30%**			
2	Google - Charleston East Site NWC Charleston & N. Shoreline Blvd Mountain View APN 116-21-51	4 / 2011 signed 6 / 2011 COE	$30,500,000 $74	9.48 412,949	$693,610	Annual 3 % Reappraised every 10 yrs with 165% cap	**2.27%**	City of Mountain View	Google	Maximum FAR is 285,000 SF Google began negotiating ground lease with City of MV in 2009 based on 7% return on $24/SF land value - City conceded land value was below market. Google then prepaid lease at $30.5 million.
3	Google at NASA Research Park Parcels 1, 2 and 4 Mountain View	5 /2008	N/A See comments	41.28 1,798,157	$3,660,000	CPI every 5 yrs not to exceed 15% Reappraised every 10 years with capped increase at 216%	**7.0%**	**Lessor** NASA	**Lessee** Google	Tenant has right to construct 1,205,000 SF of office, R&D and a maximum of 105,000 SF housing Tenant incurs significant site work and receives land value credit.
4	Aqua Via Apartments 47590 Lincoln Marina Del Rey APN 4224-014-017	8 / 2010	$40,760,000 $235.11	3.98 173,369	$1,564,800	Base or 12% gross income	**3.8%**	Marina Terrace Associates	BRE Properties	500 unit aparment project built in 2001 - buyer owned leasehold improvements
		Cap rate in comparison to 30 Yr Treasure TIPS at time of Sale >>>>>>>>>>>>					**1.80%**			
		Cap rate in comparison to 30 Yr Treasure Nominal at time of Sale >>>>>>>>>					**3.80%**			
5	775 Ridder Park San Jose	4 / 2011	$30,500,000 $60.67	11.54 502,682	 $1,950,000 $2,145,000 $2,359,500 $2,595,450 $2,854,995 $3,140,495 $3,454,544 $3,799,998 $4,179,998	50 years Yrs 1 - 10 Yrs 11 - 15 Yrs 16 - 20 Yrs 21 - 25 Yrs 26 - 30 Yrs 31 - 35 Yrs 36 - 40 Yrs 41 - 45 Yrs 46 - 50	 **6.39%** **7.03%** **7.74%** **8.51%** **9.36%** **10.30%** **11.33%** **12.46%** **13.70%**	Sand Hill Property Co.		Improved with 141,100 SF plus garden center Lowes HIP, lease guaranteed by Lowes Inc. Lease began 12/2008 20 Yr lease with (5) 5 Yr renewal options flat 10 years, then 10% each 5 yrs

in 2019. The limited rent escalation schedule is typical of older ground lease transactions. Comparable 2 involves a Google development site in Mountain View. Consummated in 2011, it relies upon a more frequent escalation schedule. The rate of 2.7% is indicative of the quality and low risk associated with this high quality tenant. Comparable 3 is again Google but it is noted the lease was transacted in 2008 when lease rates began to drop in response to current economic conditions. Comparable 4 involves a well-located apartment project site acquired by BRE an active REIT that acquired the land beneath its leasehold improvements. The indicated rate of 3.8% is indicative of the influence of potential annual rent increases as the ground rent is tied to a 12% share of gross rental income. Comparable 5 involves the land beneath a newly built Lowe's Home Improvement Center that calls for annual rent increases. However, the bulk retail improvement on this property is of lower quality and caliber than the other and the occupancy by Lowe's is potentially only set for shorter a 20 year term that is deemed higher risk that impacts the indicated 6.39% cap rate.

Before selecting the appropriate rate of return, the analysis requires a determination of a rent adjustment schedule. Comparable 1 reflects mostly a fixed rent schedule with only one adjustment in the next 52 years. The rate at 5.52% is relatively low for this fixed schedule but is considered to reflect the landmark location of this asset. In contrast Comparable 2 requires an annual adjustment indicating a lower yield is required in exchange. The rate at 2.27% is considered to reflect the extraordinarily high quality of this tenant. Comparable 3 requires a less frequent adjustment every 5 years and correspondingly requires a higher yield. Comparable 4, at 3.8%, provides for the potential to realize a rent increase every year tied to an annual income based performance. Similar to Comparable 3, Comparable 5 at 6.4% requires periodic adjustments every 5 years.

The appraiser concludes that recent transactions tend to require annual or periodic rent adjustments. The impact on the frequency of adjustment serves to lower the required yield as it is better protected against inflation or market cycles. For this analysis, the appraiser projects an annual rent increase tied to a 3% CPI assumption, and land value escalating at 3% per year. Under this projection a market rent is derived by use of a 5.5% rate of return. This rate is above the risk free Treasury rates, and above the 2.27% and 3.8% indications reflected by Comparable 2 and 4. These indications are mitigated by the tenant quality of Google and the potential marriage value of BRE's purchase of the land underlying their leasehold improvement. The 5.5% rate is similar to Comparable 1 at 5.52% that has a fixed schedule but again is impacted by its unique location. Use of a 5.5% rate of return yields an annual rent of **$316,000/year** ($5,742,000 X 5.5%). The aforementioned conclusion otherwise reflects a rental value of approximately $219/unit/mo ($296,000 / 12 / 120).

V. ADDENDA

Certificate of Appraisal EXHIBIT A

The undersigned does hereby certify as follows:

I have inspected the subject property.

I have the knowledge and experience to complete the appraisal assignment and have appraised this property type before. Please refer to the Addenda for a summary of the appraiser's experience.

I have no present or prospective future interest in the real estate that is the subject of this appraisal report.

I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.

To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

This appraisal report sets forth all of the limiting conditions imposed by the terms of the assignment affecting the analyses, opinions, and conclusions contained in this report.

This appraisal report containing my analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute.

The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

The undersigned hereby acknowledges that he has the appropriate education and experience to complete the assignment in a competent manner. The reader is referred to the appraiser's Statement of Qualifications.

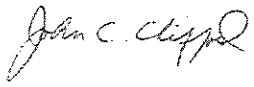
The appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

No one other than the undersigned prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this appraisal report.

I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAI's who meet the minimum standards of this program are awarded periodic educational certification. As of the date of this report, John C. Clifford, MAI, has completed the requirements of the continuing education program, and is currently certified under this program.

CLIFFORD ADVISORY, LLC



John C. Clifford, MAI

SCGREA Certificate No. AG007177

Assumptions and Standard Limiting Conditions EXHIBIT B

This appraisal is subject to the following limiting conditions.

1. The legal description and area dimensions furnished the appraiser is assumed to be correct. No survey of the boundaries of the property was completed.
2. No responsibility for matters legal in character is assumed, nor is any opinion as to title rendered, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, except where noted, and the property is appraised as though free and clear, under responsible ownership and competent management. It is specifically noted the appraisal assumes the property will be competently managed, leased and maintained by financially sound owners over a reasonable period of ownership.
3. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
4. No opinion is intended to be expressed on matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.
5. The exhibits in this report are included to assist the reader in visualizing the property. No survey of the property has been made and no responsibility in connection with such matters is assumed.
6. The distribution or allocation, if any, of the total valuation of this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.
7. The statements of value and all conclusions shall apply as of the date shown herein.
8. No responsibility for economic or physical factors is assumed which may affect the opinions herein stated, which may be present or occur at some date after the date of value.
9. An inspection, as far as possible, by observation, the land has been made; however, it was impossible to personally inspect conditions beneath the soil; therefore, no representations are made as to these matters unless specifically considered in the appraisal. Further, no opinion is expressed as to the value of sub-surface oil, gas, or mineral rights, or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.
10. This appraisal is predicated on the assumption that the existence of hazardous material, which may or may not be present in, on or near the property, was not observed by the appraiser, unless otherwise stated. The appraiser has no knowledge of the existence of such materials in, on or near the property. The appraiser, however, is not qualified to detect such substances, and assumes no responsibility for such conditions, or for engineering or other inspections which might be required to discover such factors. The presence of asbestos or other potentially hazardous materials may affect the value of the property. The value estimate herein is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such condition, or for any expertise or knowledge required to discover them.
11. No engineering survey has been made by us. Except as specifically stated, data relative to size and area were taken from sources considered reliable. Furthermore, no warranty is implied with regard to physical or structural or operational deficiencies which are not disclosed to the appraiser and noted herein.
12. The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. The appraiser assumes that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report. The appraiser assumes that all required licenses, certificates of occupancy, consents or other legislative or

administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

13. Information, estimates, and opinions contained in this report are obtained from sources considered reliable and where feasible, has been verified. However, no liability can be assumed for information supplied by others.

14. The right to make such adjustments to the valuation herein reported is reserved, as may be required by the consideration of additional data or more reliable data that may become available.

15. All projections of income and expenses in this report are estimates of current market expectations, not predictions of the future. No warranty or representation is made that these projections will materialize. Where Discounted Cash Flow Analyses have been completed, the discount rates utilized to bring forecast future revenues back to estimates of present value, reflect both the appraiser's market investigations of yield anticipations and judgement as to the risks and uncertainties in the subject property and the consequential rates of return required to attract an investor under such risk conditions.

16. The appraiser may not be required to give testimony or to appear in court or any governmental or other hearing by reason of this appraisal, unless prior arrangements have been made.

17. The liability of John C. Clifford, MAI and Clifford Advisory, LLC is limited to the Client only and to the amount of fee actually paid for services rendered, as liquidated damages, if any related dispute arises. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of any one other than the Client, the Client shall make such party aware of all assumptions and limiting conditions of the assignment and related discussions. John C. Clifford, MAI and Clifford Advisory, LLC is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property, physical, financially and/or legally. Any claims or damages made against the Appraiser by the Client will be limited to the amount paid by the Client to the Appraiser for the appraisal report or services. Client waives all other claims to consequential or special damages arising from the use of the report, and agrees to hold harmless Clifford Advisory, LLC from any liability, loss, or expense incurred by the client in such action, regardless of its outcome.

18. The appraiser has no present or contemplated future interest in the property which is not specifically disclosed in this report.

19. This report shall be used for its intended purpose only and by the parties to whom it is addressed as of the current date of valuation. Possession of this report does not carry with it the right of publication, or duplication. One of the signatories of this appraisal is a member of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member or candidate to control the use and distribution of each appraisal signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal was prepared may distribute copies of this report, in its entirety, to such third parties as may be selected by the party for whom this report was prepared; however, selected portions of this appraisal shall not be given to third parties without the prior written consent of the signatories of this report. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the author. This applies particularly to value conclusions, the identity of the appraiser or firm with which is connected, and any reference to the Appraisal Institute, or MAI designation.

20. Information regarding any earthquake and flood hazard zones for the subject property was provided by outside sources. Accurately reading flood hazard and earthquake maps, as well as tracking constant changes in the zone designations, is a specialized skill and outside the scope of the services provided by this appraisal assignment. No responsibility is assumed by the appraisers in the misinterpretation of these maps. It is strongly recommended that any lending institution reverify earthquake and flood hazard locations for any property for which they are providing a mortgage loan.

CITY OF MOUNTAIN VIEW

COMMUNITY DEVELOPMENT DEPARTMENT • PLANNING DIVISION
500 Castro Street • Post Office Box 7540 • Mountain View, California 94039-7540
650-903-6306 • FAX 650-962-8501

November 8, 2017

Rosanna S. Russell
Real Estate Director
San Francisco Public Utilities Commission Real Estate Services Division, 10th Floor
525 Golden Gate Avenue
San Francisco, CA 94102

Re: 460 N. Shoreline Blvd.
Shorebreeze Apartments
Affordable Housing Project

Dear Ms. Russell:

This letter is to confirm that the San Francisco Public Utilities Commission's property (APN 150-26-005), located adjacent to the proposed project for the demolition of 12 units and the construction of 62 units at the existing Shorebreeze Apartments, is not required for the project entitlements or the project's Building Permit.

If you have any questions or would like to discuss this matter, please contact Stephanie Williams, Acting Zoning Administrator, at 650-903-6306 or by email at Stephanie.Williams@mountainview.gov.

Sincerely,

Randy Tsuda
Community Development Director

EXHIBIT A
to Regulatory Agreement

Description of the real property
on which the Project is located

Location:

460 North Shoreline Blvd.
Mountain View, CA 94043

Legal Description:

The real property referred to in this Lease as the Fee Property is situated in the City of Mountain View, County of Santa Clara, State of California, and is legally described as follows:

All of Lots 1, 2, 3, 4, and 5 in Block 3, as shown on that certain Map entitled Tract No. 3523, which Map was filed for record in the office of the Recorder of the County of Santa Clara, State of California on June 20, 1963, in Book 162 of Maps page(s) 53, 54 and 55, and being an amended Subdivision Map of Tract No. 2282, Bailey Park Plaza.

APN: 150-26-006

Project Size Description:

5 Buildings
119 Low-Income Units; 1 Manager's Unit
72 1-Bedroom; 36 2-Bedroom;
12 3-Bedroom; 0 4-Bedroom;
0 5-Bedroom

CITY OF MOUNTAIN VIEW
RESOLUTION NO. 12780
SERIES 1979

A RESOLUTION CONDITIONALLY APPROVING A PLANNED COMMUNITY PERMIT

WHEREAS, an application was received from Jack Baskin and Mountain View Apartments for a Planned Community Permit to allow construction of a 120-unit assisted housing complex for elderly and family occupancy at 460 North Bailey Avenue in the P District; and

WHEREAS, the Zoning Administrator held a public hearing on said application and has recommended that the Planned Community Permit be granted subject to the conditions set forth on his August 28, 1979 Findings Report and the amended conditions made at the September 17, 1979 Council meeting; and

WHEREAS, on September 17, 1979, the City Council held a public hearing on said application and received and considered all evidence presented at said hearing, including a August 31, 1979 report from the Zoning Administrator; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Mountain View that said application is hereby approved and a Planned Community Permit for said project is hereby granted subject to the developer's fulfillment of each and all of the conditions which are attached hereto as Exhibit "A" and incorporated herein by reference, (including an amended Condition 31 to require a minimum front yard of 25 feet, and an added Condition 44).

BE IT FURTHER RESOLVED that the City Council hereby finds that the establishment, maintenance, and operation of the uses applied for will not, under the circumstances of this particular case, be detrimental to the health, safety, peace, morals or general welfare of persons residing or working in the neighborhood of said proposed use, or be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the City;

BE IT FURTHER RESOLVED that as findings of fact in support of its decision in this matter, this body incorporates, by reference, the Zoning Administrator's August 31, 1979 report, the Zoning Administrator's August 28, 1979 Findings Report, and the approved minutes of this body's public hearing of September 17, 1979, when this matter was considered.

- - - - - - - - - - - -

The foregoing Resolution was regularly introduced and adopted at an Adjourned Regular meeting of the City Council of the City of Mountain View, duly held on the 17th day of September 1979 by the following vote:

AYES: Councilmembers Allen, Figueroa, Moss, Perry, Wilmuth, and Mayor Nichols.

NOES: Councilmember Frosolone.

ABSENT: None.

NOT VOTING: None.

ATTEST:

ALICE ROYLANCE
CITY CLERK

APPROVED:

LESLIE C. NICHOLS
MAYOR

X-17-816-17

CLIFFORD ADVISORY, LLC SFPUC PARCEL 201-A Mountain View

201909 ajm

6.60

D E E D

THOMAS SOUZA and LAURA E. SOUZA, his wife, the first parties, hereinafter referred to as the Grantors, hereby grant to CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the second party, hereinafter referred to as the City, the following described real property situated in the County of Santa Clara, State of California:

BOOK 2044 PAGE 624

A strip of land 80 feet wide, lying 40 feet either side of the following described line and extensions thereto, across that certain parcel of land conveyed by N. S. Wright et al, to Thomas Souza et al, by Deed dated July 14, 1938 and recorded July 15, 1938 in Volume 885 at page 227, Official Records, Santa Clara County, hereinafter referred to as the Souza Parcel; being a portion of Lots 2, 3, 12, 13 and 14 of "W. P. Wright Subdivision No. 2" according to the Map thereof, recorded in the office of the Recorder of the County of Santa Clara, State of California, in Book "Y" of Maps, page 39; said line being more particularly described as COMMENCING at a point in the Westerly boundary of the existing Stierlin Road, as said road is delineated on the above mentioned Map, distant thereon North 0°20'15"East 261.20 feet from the Southeasterly corner of Lot 1 of the above mentioned "W. P. Wright Subdivision No. 2", thence from said point of commencement, North 77°15'15"West 73.45 feet and South 89°11'15" West 1259.99 feet to a point in the common boundary between the above mentioned Lot 13 of the Souza Parcel and that certain 67.30 acre parcel of land described in Deed of Trust between F. C. Ormonde et ux, Trustors, F. Schneider, Trustee, and J. W. Paulsen, Beneficiary, dated December 23, 1922 and recorded January 9, 1923 in Volume 6 of Official Records, page 136, Santa Clara County, hereinafter referred to as the Ormonde Parcel; said point being distant along said common boundary North 0°00'45"East 82.36 feet from the Southwest corner of the above mentioned Lot 13; the Easterly end of said strip being the above mentioned Westerly boundary of Stierlin Road and the Westerly end of said strip being the above mentioned common boundary between the Ormonde and Souza Parcels, CONTAINING 2.449 acres.

TOGETHER with all right title and interest of the first parties in and to that portion of said Stierlin Road adjoining the above described land.

ALSO the right of ingress to and egress from said parcel of real property across adjacent lands of the Grantors over any available private roadway or over such route as may be agreed upon, the right to cut any and all existing fences and to install gates therein at such points as may be necessary for the convenience of the City in the use of said parcel of real property, and the right to protect pipes and other structures or improvements of the City by means of fences or

-1-

CLIFFORD ADVISORY, LLC SFPUC PARCEL 201-A, Mountain View

otherwise; provided, however, that the City shall not construct any other fences upon or with respect to said parcel of real property without the consent of the Grantors. If the City should damage the Grantors' roads or fences, the City shall, at its own expense, repair such damage.

THIS DEED IS MADE SUBJECT TO THE FOREGOING AND THE FOLLOWING COVENANTS:

1. The Grantors are permitted the right to plant, cultivate, irrigate, harvest and retain crops from the parcel of land herein described, and to use said land for pasturage, until such time as the City requires said land for construction purposes, and thereafter to cultivate, plant, irrigate, harvest and retain crops from, and to use for pasturage, such parts of said parcel of land as are not actually needed by the City for the construction, maintenance, repair, operation, renewal and replacement of its aqueduct pipe lines and other structures or improvements, appurtenances and appliances; provided, that the Grantors shall not plant any trees on said above described parcel of real property.

2. The Grantors are permitted the right to construct, maintain, use, repair, replace, and renew, over and across said parcel of land, (but not along in the direction of the City's pipe line or lines), fences, roads, streets, earth fills, sewers, water pipes, gas pipes, electric power lines, telephone lines, telegraph lines; provided, however that the locations and grades of such improvements and structures of the Grantors, and the amount of any earth fill, proposed to be placed on said parcel of real property by the Grantors, shall first be approved by the City's Public Utilities Commission; provided further, that the Grantors shall not use said parcel of land, or permit the same to be used, for any purpose or in any manner which will interfere with, damage, or endanger in any way any aqueduct pipe lines and other structures and improvements, appurtenances or appliances of the City. The Grantors shall install gates in any additional fences which he may construct across said parcel of real property sufficient in width to allow passage of trucks and other equipment.

CLIFFORD ADVISORY, LLC SFPUC PARCEL 201-A, Mountain View

BOOK 2044 PAGE 626

3. After installation of the City's first pipe line, the City's Public Utilities Commission shall give the Grantors at least six months' written notice before commencing construction of any additional aqueduct pipe lines, utilities, and other structures or improvements on said parcel of real property.

4. All notices to be given between the parties hereto shall be in writing and served personally or by depositing the same in the United States mail, postage prepaid and addressed to City at the office of its Manager of Utilities, City Hall, San Francisco, California; and to Grantors, at P. O. Box 15, Mountain View, California, and the said notice shall be binding upon any successor in interest of the Grantors unless the City is notified in writing of the address of said successor in interest, in which case said notice of the City is to be sent thereto.

5. The tops of all of City's pipe lines and conduits shall be laid below the surface of the ground and covered to a depth of not less than 18 inches, excepting pipe line appurtenances which may be constructed flush with or above the surface of the ground.

6. The covenants herein set forth shall inure to the benefit of, and bind, the heirs, successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the first parties have executed this conveyance this 29th day of August, 1950.

Thomas Souza

Laura C. Souza

-3-

STATE OF CALIFORNIA }
County of Santa Clare } ss.

On this 29th day of August in the year one thousand nine hundred and Fifty before me John W. Clark a Notary Public in and for the County of Santa Clare, State of California, residing therein, duly commissioned and sworn, personally appeared Thomas Souza and Laura C. Souza, his wife, known to me to be the person whose name is are subscribed to the within instrument and acknowledged to me that he she executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in the County of Santa Clara, the day and year in this certificate first above written.

John W. Clark

Notary Public in and for the County of Santa Clara, State of California. My Commission Expires 3/29/52

Cowdery's Form No. 32—Acknowledgment—General. (C. C. Sec. 1189)

COMPARE

42

CLIFFORD ADVISORY, LLC

SFPUC PARCEL 201-A, Mountain View

CITY OF MOUNTAIN VIEW
RESOLUTION NO. 12780
SERIES 1979

A RESOLUTION CONDITIONALLY APPROVING A PLANNED COMMUNITY PERMIT

WHEREAS, an application was received from Jack Baskin and Mountain View Apartments for a Planned Community Permit to allow construction of a 120-unit assisted housing complex for elderly and family occupancy at 460 North Bailey Avenue in the P District; and

WHEREAS, the Zoning Administrator held a public hearing on said application and has recommended that the Planned Community Permit be granted subject to the conditions set forth on his August 28, 1979 Findings Report and the amended conditions made at the September 17, 1979 Council meeting; and

III. Land Use and Development Criteria

1. Density:

Alternative A – All Seniors

Up to 200 units of senior housing may be developed. The unusual qualities of senior citizen housing (e.g., small units, common facilities, small family size, need for low-cost housing and low automobile use) justify development at higher-than-normal densities. Two hundred units represent approximately 60 du/acre net area, or 38 du/acre including the Hetch-Hetchy lands.

Alternative – Mix of Seniors and Family Housing

Up to 125 units of housing with a minimum of 50 percent devoted to seniors may be developed. The unusual qualities of senior citizen housing (e.g., small units, common facilities, small family size, need for low-cost housing and low automobile use) justify development at higher densities. One hundred twenty-five units represent approximately 37 du/acre net area, or 24 du/acre including the Hetch-Hetchy lands.

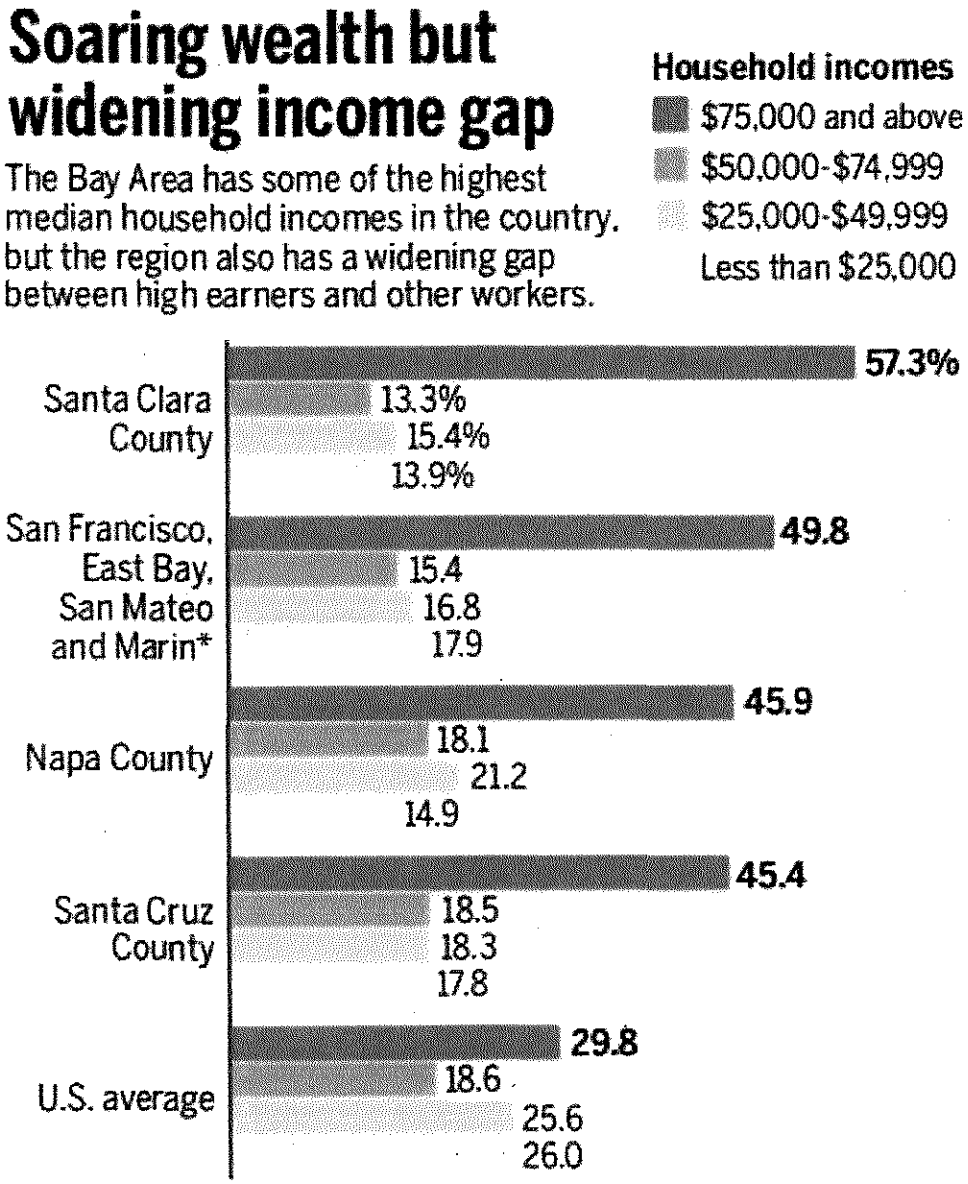
2. Affordability:

Housing must be made available at substantially below-market prices. Federal, State or private assistance programs must be utilized to guarantee affordable housing for families and senior citizens for a minimum period of 20 years.

3. Parking:

The minimum parking ratio should be .35 spaces per senior unit and 1-1/2 spaces per family unit. Special attention should be given in the site layout for additional, convenient guest parking facilities. Special attention shall also be given to parking for the disabled, minimization of paving, screening parking from Shoreline Boulevard and safe and efficient automobile access to and from the site. At least half of the required spaces must be covered.

4. Development Standards:



Santa Clara County has highest median household income in nation, but wealth gap widens

By **GEORGE AVALOS** | gavalos@bayareanewsgroup.com | Bay Area News Group
PUBLISHED: August 10, 2014 at 11:17 am | UPDATED: August 12, 2016 at 6:11 am

Business

Santa Clara County has highest median household income in nation, but wealth gap widens

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

EDWIN M. LEE, MAYOR

GROUND LEASE
among

the CITY AND COUNTY OF SAN FRANCISCO,
as Landlord

and

MP SHORELINE ASSOCIATES LIMITED PARTNERSHIP,
a California limited partnership, and

MP SHOREBREEZE ASSOCIATES, L.P.,
a California limited partnership, collectively as Tenant

for the lease of
SFPUC Parcel 201A, Mountain View, California
_____, 2017

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Anson B. Moran - President
Ike Kwon - Vice President
Ann Moller Caen – Commissioner
Vince Courtney – Commissioner
Francesca Vietor – Commissioner

Harlan L. Kelly, Jr.
General Manager of San Francisco Public Utilities Commission

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

GROUND LEASE

THIS GROUND LEASE (this "**Lease**") dated for reference purposes only as of _____, 2017, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**"), acting by and through its Public Utilities Commission ("**SFPUC**"), MP Shoreline Associates Limited Partnership, a California limited partnership and MP Shorebreeze Associates, L.P., a California limited partnership, as joint tenants (each, a "**Co-Tenant**" and collectively, "**Tenant**").

City and Tenant hereby agree as follows:

1. BASIC LEASE INFORMATION

The following is a summary of basic lease information (the "**Basic Lease Information**"). Each item below shall be deemed to incorporate all of the terms set forth in this Lease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision shall control.

Lease Reference Date:	_____, 2017
Landlord:	CITY AND COUNTY OF SAN FRANCISCO, acting by and through its Public Utilities Commission
Tenant/Co-Tenant:	MP SHORELINE ASSOCIATES LIMITED PARTNERSHIP, a California limited partnership and MP SHOREBREEZE ASSOCIATES, L.P., a California limited partnership
Premises (**Section 3.1**):	That real property located in Mountain View, California, as more particularly described in the attached **Exhibit A** and shown in the attached **Exhibit B**, together with any appurtenances.
Term (**Section 4.1**):	Approximately sixty (60) years Commencement Date: _____ *[insert date when GM signs following approvals and Tenant's signing]* Lease Term Expiration Date: [_____]

Base Rent (**Section 5.1**):

Lease Years	Base Rent (Annual)
1 - 5	$102,254.00
6 - 10	$118,540.00
11-15	$137,421.00
16 - 20	$159,308.00
21 - 25	$184,682.00
26 - 30	$214,097.00
31-35	$248,197.00
36 - 40	$287,729.00

41 - 45	$333,556.00
46 - 50	$386,683.00
51 - 55	$448,272.00
56 - 60	$519,670.00

Adjustment Dates (**Section 5.2**): First (1st) day of the fifth Lease Year, the first day of each subsequent fifth Lease Year thereafter, the first day of any Holdover, the yearly anniversary of such date during any Holdover and, at City's election, the effective date of a Transfer

Use (**Section 7.1**): Ancillary parking, landscaping, and Temporary Staging and Improvements for the Adjacent Housing Complex and for no other purpose whatsoever.

Security Deposit (**Section 24**): None

Tenant's Share of Property Taxes (**Section 6.1**): One Hundred Percent (100%)

Notice Address of City (**Section 25.1**):
Real Estate Services Division
San Francisco Public Utilities Commission
525 Golden Gate Avenue, 10th Floor
San Francisco, California 94102
Attn: Real Estate Director
Re: L3888A - Mid-Peninsula Shorebreeze Apartments

with a copy to:
Office of the City Attorney
City and County of San Francisco
Room 234, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4682
Attn: Real Estate & Finance Team
Re: Mid-Peninsula Shorebreeze Apartments

Key Contact for City: Real Estate Director

Telephone No.: (415) 487-5210

Notice Address of Tenant (**Section 25.1**):
MP Shoreline Associates Limited Partnership
c/o MidPen Housing Corporation
303 Vintage Park Drive, Suite 250
Foster City, California 94404
Attn: Asset Management
Re: SFPUC Shorebreeze Apartments

And
MP Shorebreeze Associates, L.P.,
c/o MidPen Housing Corporation

303 Vintage Park Drive, Suite 250
Foster City, California 94404
Attn: Asset Management
Re: SFPUC Shorebreeze Apartments

Key Contact for Tenant: MidPen Housing Corporation
303 Vintage Park Drive, Suite 250
Foster City, California 94404
Attn: Asset Management
Re: SFPUC Shorebreeze Apartments

Telephone No.: (650) 356-2900

Email Address: pmreports@midpen-housing.org

Brokers (**Section 25.8**): N/A

2. DEFINITIONS

For purposes of this Lease, initially capitalized terms shall have the meanings ascribed to them in this Section:

"**Additional Charges**" means any and all real and personal property taxes, possessory interest taxes, and other costs, impositions, and expenses described in **Section 6** (Taxes, Assessments, and Other Expenses) or otherwise payable by Tenant under this Lease.

"**Adjacent Housing Complex**" means the following two developments, located at 460 North Shoreline Boulevard, Mountain View, California, including the buildings and other improvements owned by Tenant and located on Tenant's property adjacent to the Premises:(1) the existing 120-unit low-income housing development; and (2) the proposed construction of the Expansion Phase (which, when complete, will add an additional 50 new units). Each development is owned separately by one of the Co-Tenants. All of the Adjacent Housing Complex units are "rent restricted" with one onsite manager unit in each development (as defined in Internal Revenue Code §42(g)(2)). The Adjacent Housing Complex, occupied by individuals whose income is eighty percent (80%) or less than the area median gross income for the City of Mountain View, California, is commonly known as the Shorebreeze Apartments.

"**Adjustment Date**" means the annual date for adjusting the Monthly Base Rent as specified in Basic Lease Information and **Section 5.2** (Adjustments to Base Rent).

"**Agents**" means, when used with reference to either Party to this Lease, the officers, directors, employees, agents, and contractors of such Party, and their respective heirs, legal representatives, successors, and assigns.

"**Alterations**" means any Improvements, as defined below, including, without limitation, Temporary Staging and Improvements, as defined below, made, constructed or installed on, over or under the Premises by or on behalf of Tenant during the Term of this Lease or the term of the Existing Lease, including any modifications of pre-existing Improvements.

"**Assignment**" has the meaning given in **Section 16.1** (Restriction on Assignment and Subletting).

"**Award**" means all compensation, sums, or value paid, awarded, or received for a Taking, whether pursuant to judgment, agreement, settlement, or otherwise.

"**Basic Lease Information**" means the information with respect to this Lease summarized in **Section 1** (Basic Lease Information).

"**Base Rent**" means the annual Base Rent specified in the Basic Lease Information and described in **Section 5.1** (Base Rent), as adjusted from time to time in accordance with **Sections 5.2** (Adjustments to Base Rent) and **5.3** (Fair Market Rent Adjustments to Base Rent).

"**City**" means the City and County of San Francisco, a municipal corporation.

"**CMD**" means the San Francisco Contract Monitoring Division (formerly known as the San Francisco Human Rights Commission).

"**Commencement Date**" is the date set forth in the Basic Lease Information as the Commencement Date. In this Lease, the Commencement Date is the same date as the Effective Date, as defined in **Section 4.4**.

"**Co-Tenant**" shall refer to each Tenant individually.

"**Date of Taking**" means the earlier of **(i)** the date upon which title to the portion of the Premises taken passes to and vests in the condemnor or **(ii)** the date on which Tenant is dispossessed.

"**Effective Date**" means the date on which this Agreement becomes effective pursuant to **Section 4.4** (Effective Date).

"**Encumber**" means create any Encumbrance; "**Encumbrance**" means any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance.

"**Encumbrancer**" means a mortgagee, beneficiary of a deed of trust, or other holder of an Encumbrance.

"**Environmental Laws**" means any present or future federal, state, or local Laws or policies relating to Hazardous Material (including its use, handling, transportation, production, disposal, discharge, or storage) or to human health and safety, industrial hygiene, or environmental conditions in, on, under or about the Premises (including any permitted Alterations) and any other property, including soil, air, and groundwater conditions.

"**Event of Default**" means any one of the events of default described in **Section 17.1** (Events of Default).

"**Existing Lease**" means that certain Right of Way Lease dated as of February 26, 1980 by and between City and Mountain View Apartments, a limited partnership, as subsequently assigned on September 28, 1984 to Mountain View Associates Limited Partnership, a District of Columbia limited partnership, and as subsequently assigned on July 24, 1997 to MidPen Housing Corporation (formerly known as Mid-Peninsula Housing Coalition), a California nonprofit

benefit corporation ("**Existing Tenant**"). Tenant is the same entity as the Existing Tenant under the Existing Lease.

"**Expansion Phase**" means the development of 50 new apartment units, comprising the expansion of the Adjacent Housing Complex and the related Alterations as described herein. .

"**Expiration Date**" means the date on which the Term will expire, unless terminated earlier pursuant to the terms of this Lease. If this Lease does not terminate early, the Expiration Date will be the date specified in the Basic Lease Information as the Initial Term Expiration Date.

"**Fair Market Rent**" has the meaning given in **Section 5.3**.

"**General Manager**" means the General Manager of the SFPUC.

"**Hazardous Material**" means any material that, because of its quantity, concentration, or physical or chemical characteristics, is deemed by any federal, state, or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes any material or substance defined as a "hazardous substance," "pollutant," or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA," also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Land, any Alterations constructed on the Land by or on behalf of Tenant, or are naturally occurring substances on, in, or about the Land; and petroleum, including crude oil or any crude-oil fraction, and natural gas or natural gas liquids.

"**Hazardous Material Claims**" means any and all enforcement, Investigation, Remediation, or other governmental or regulatory actions, agreements, or orders threatened, instituted, or completed pursuant to any Environmental Laws, together with any and all Losses made or threatened by any third party against City, the SFPUC, their respective Agents, or the Premises or any Alterations, relating to damage, contribution, cost recovery compensation, loss, or injury resulting from the presence, release, or discharge of any Hazardous Material, including Losses based in common law. Hazardous Material Claims include Investigation and Remediation costs, fines, natural resource damages, damages for decrease in value of the Premises or any Improvements, the loss or restriction of the use or any amenity of the Premises or any Improvements, attorneys' fees and costs, consultants' fees and costs, and experts' fees and costs.

"**Holdover**" means any period after the expiration of the Lease during which the Premises continue to be used or occupied by or on behalf of Tenant (whether with or without City's consent).

"**Improvements**" means any and all buildings, structures, fixtures, and other improvements to the Premises (including Alterations and the Temporary Staging and Improvements) made, constructed, installed or placed on, over or under the Premises, by or on behalf of Tenant only with prior written SFPUC consent pursuant to this Lease or the Existing Lease, including signs, billboards, or other advertising materials, roads, trails, driveways, parking areas, curbs, walks, fences, walls, stairs, poles, plantings, utility infrastructure, and landscaping. "Improvements" includes any trailers, mobile homes, and permanent tent facilities

that are affixed to the Premises so that they cannot be removed without structural or other material damage to the Premises.

"**Indemnify**" means indemnify, protect, defend, and hold harmless forever.

"**Indemnified Parties**" means City, including, but not limited to, all of its boards, commissions, departments, agencies, and other subdivisions, including its SFPUC, and all of its and their respective Agents, and their respective heirs, legal representatives, successors, and assigns, and each of them.

"**Initial Lease Term**" means the period commencing on the Commencement Date and expiring on the Expiration Date set forth in the Basic Lease Information.

"**Investigation**" when used with reference to Hazardous Material means any activity undertaken to determine the nature and extent of Hazardous Material that may be located in, on, under, or about any portion of the Premises or any Alterations or that have been, are being, or threaten to be Released into the environment. Investigation shall include preparation of site history reports and sampling and analysis of environmental conditions in, on, under, or about the Premises or any Alterations.

"**Invitees**" when used with respect to Tenant means Tenant's clients, customers, invitees, guests, members, licensees, assignees, and subtenants.

"**Land**" means the real property described in the attached **Exhibit A**.

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

"**Law**" means any law, statute, ordinance, resolution, regulation, proclamation, order, or decree of any municipal, county, state, or federal government or other governmental or regulatory authority with jurisdiction over any portion of the Premises, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties.

"**Lease**" means this Lease as it may be amended in accordance with its terms.

"**Lease Year**" means each twelve (12)-month period following the Commencement Date, except that (i) if the Commencement Date occurs on a day other than the first day of the calendar month, the first Lease Year shall begin on the Commencement Date and end on the last day of the twelfth (12th) full calendar month thereafter, and (ii) the final Lease Year shall end on the day this Lease expires or terminates, even if less than twelve (12) full months.

"**Leasehold Mortgage**" means any mortgage, deed of trust, or other security instrument and any obligation relating thereto, which secures Tenant's repayment of any loan to, and associated obligations of, Tenant, and in which all or any part of the security consists of an encumbrance on the leasehold estate created by this Lease, the Improvements, Tenant's fixtures on the Premises, or Tenant's equipment or other personal property used on or about the Premises.

"**Losses**" means any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits, and other proceedings, judgments and awards, and costs and expenses, including reasonable attorneys' and consultants' and experts' fees and costs.

"**Market Adjustment Date**" has the meaning given in **Section 5.3.**

"**Official Records**" means the recorded real property records maintained by the Office of the Clerk Recorder of the County of Santa Clara, California.

"**Party**" means City or Tenant; "**Parties**" means both City and Tenant.

"**Project**" means the improvement of the Premises for parking, circulation, and landscaping uses, including access by current and future residents and guests of the Adjacent Housing Complex.

"**Premises**" has the meaning given in **Section 3.1** (Leased Premises). The Premises shall include any Improvements existing on the Premises and owned by City. However, notwithstanding anything to the contrary in this Lease, the Premises do not include (i) the SFPUC Facilities, (ii) any water, water rights, riparian rights, water stock, mineral rights, or timber rights relating to the Premises, or (iii) any Alterations except to the extent SFPUC's General Manager or his or her designee states in writing that an Alteration shall remain on and become part of the Premises.

"**Release**" when used with respect to Hazardous Material means any actual or imminent spilling, leaking, migrating, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside any existing Improvements or any Alterations, or in, on, under, or about any portion of the Premises or any of the SFPUC Facilities.

"**Remediation**" when used with reference to Hazardous Material means any activities undertaken to clean up, remove, contain, treat, stabilize, monitor, or otherwise control any Hazardous Material located in, on, under, or about the Premises or the SFPUC Facilities or that have been, are being, or threaten to be Released into the environment. Remediate includes those actions included within the definition of "remedy" or "remedial action" in California Health and Safety Code Section 25322 and "remove" or "removal" in California Health and Safety Code Section 25323.

"**Rent**" means the Base Rent, as adjusted from time-to-time pursuant to the provisions of **Sections 5.2** (Adjustments to Base Rent) and **5.3** (Fair Market Rent Adjustments to Base Rent), together with any and all Additional Charges.

"**SFPUC**" means the Public Utilities Commission of the City and County of San Francisco.

"**SFPUC Facilities**" means any and all water pipelines, drainage pipelines, hatch covers, wells, electrical or telecommunications lines or conduits, and any other overhead, surface and subsurface facilities of any kind owned by City or the SFPUC and now or later located in, under, on, or about the Premises for the conveyance, transmission, storage, transportation, or distribution of water, power, or telecommunication, together with all associated appurtenances and monuments.

"**Sublease**" has the meaning given in **Section 16.1** (Restriction on Assignment and Subletting).

"**Taking**" means a taking or damaging, including severance damage, by eminent domain, inverse condemnation, or for any public or quasi-public use under Law. A Taking may occur pursuant to the recording of a final order of condemnation, by voluntary sale or conveyance in lieu of condemnation, or in settlement of a condemnation action.

"**Temporary Staging and Improvements**" means the installation of construction materials, and equipment, made, constructed, installed or placed on, over or under the Premises for the temporary construction staging area on the Premises in connection with the development of the Adjacent Housing Complex. Temporary Staging and Improvements may include placement of a trailer and construction vehicles on the Premises, and the construction of a temporary road on the Premises to transfer materials and equipment to the Adjacent Housing Complex, all to be made, constructed, installed and placed in accordance with the terms and conditions of Tenant's Staging Plans, as approved by Landlord in advance in writing, and this Lease. No trailer, vehicle or heavy equipment may be placed directly on top of a SFPUC water transmission pipeline or within 20 feet of the edge of a water transmission pipeline.

"**Tenant**" means, collectively, the Party identified as Tenant in the Basic Lease Information and at the beginning of this Lease. Except when immediately followed by the word "itself," the term Tenant shall also refer to the successors and assigns of Tenant's interests under this Lease, including but not limited to any permitted subtenants, provided that the rights and obligations of Tenant's successors and assigns shall be limited to only those rights and obligations that this Lease permits to be transferred and that have been transferred in accordance with this Lease.

"**Tenant's Personal Property**" means the personal property of Tenant described in **Section 8.3** (Tenant's Personal Property).

"**Term**" means the term of this Lease as determined under **Section 4.1** (Term of Lease).

"**Transfer**" means an Assignment or Sublease.

"**Transferee**" means an assignee under an Assignment or a subtenant under a Sublease, as described in **Section 16** (Assignment and Subletting).

"**Unmatured Event of Default**" means any default by Tenant under this Lease that, with the giving of notice or the passage of time, or both, would constitute an Event of Default under this Lease.

3. PREMISES; ACCESSIBILITY DISCLOSURES; AS IS CONDITION

3.1 Leased Premises

Subject to the terms, covenants, and conditions of this Lease, City leases to Tenant and Tenant leases from City the real property described in the attached **Exhibit A**, together with those Improvements (but not Alterations or SFPUC Facilities) existing on the Premises and owned by City as of the Commencement Date (the "**Premises**"), excluding from such lease and reserving during the Term unto City and its successors and assigns the rights described in **Section 3.2** (Rights Reserved to City). The Premises are shown generally on the attached **Exhibit B**. Any acreage stated in this Lease with respect to the Premises is an estimate only, and City does not warrant it to be correct. For all purposes of this Lease, however, the Parties agree that any such acreage shall be deemed to be correct. Nothing in this Lease is intended to grant Tenant any right whatsoever to possess, use, or operate any portion of the SFPUC Facilities. City and Tenant hereby acknowledge and agree that each Co-Tenant shall have the same rights to lease the Premises as joint tenants.

3.2 Rights Reserved to City

Notwithstanding anything to the contrary in this Lease, City reserves and retains all of the following rights relating to the Premises:

(a) Any and all water and water rights, including, but not limited to (i) any and all surface water and surface water rights, including riparian rights and appropriative water rights to surface streams and the underflow of streams, and (ii) any and all groundwater and subterranean water rights, including the right to export percolating groundwater for use by City or its water customers;

(b) Any and all timber and timber rights, including all standing trees and downed timber;

(c) Any and all minerals and mineral rights of every kind and character now known to exist or hereafter discovered in, on, or under the Premises, including, but not limited to, oil and gas and rights, together with the sole, exclusive, and perpetual right to explore for, remove, and dispose of those minerals by any means or methods suitable to City or its successors and assigns, but without entering upon or using the surface of the lands of the Premises and in such manner as not to damage the surface of the Premises or to interfere with the permitted use of the Premises by Tenant, without Tenant's prior written consent;

(d) All rights to use, operate, maintain, repair, enlarge, modify, expand, replace, and reconstruct the SFPUC Facilities;

(e) The right to grant future easements and rights-of-way over, across, under, in, and upon the Premises as City determines to be in the public interest, provided that any such easement or right-of-way shall not interfere materially with Tenant's permitted use of the Premises as authorized by this Lease, and provided that any such easement or right-of-way shall be conditioned upon the grantee's assumption of liability to Tenant for damage to its property that Tenant may sustain as a result of the grantee's use of such easement or right-of-way;

(f) Without limiting the generality of Subsection (e) above, the right to grant future easements, rights-of-way, permits, and/or licenses over, across, under, in, and upon the Premises for the installation, operation, maintenance, repair, and removal of (i) equipment for furnishing cellular telephone, radio, or other telecommunications services, including antennas, radio, devices, cables, and other equipment associated with a telecommunications cell site, and (ii) commercial billboards, signs, and/or advertising kiosks, provided that any such easement or right-of-way shall not materially interfere with Tenant's permitted use of the Premises as authorized by this Lease, and provided further that the grant of any such easement or right-of-way shall be conditioned upon the grantee's assumption of liability to Tenant for damage to its property that Tenant may sustain as a result of the grantee's use of such easement or right-of-way; and

(g) All rights of access provided for in **Section 20** (Access by City).

3.3 Subject to Municipal Uses

Tenant acknowledges that the property of which the Premises are a part constitutes a portion of City's right-of-way for the SFPUC Facilities or the SFPUC water, power, or wastewater enterprise, which City holds for the purposes of transporting and distributing water and/or power or for other uses. Tenant's rights under this Lease are subject to City's use of the

Premises for such purposes and for other City uses. So long as there is no Event of Default or Unmatured Event of Default on the part of Tenant outstanding under this Lease, and subject to the terms and conditions of this Lease, City shall use reasonable efforts to avoid interfering with Tenant's quiet use and enjoyment of the Premises. The use of the term "right-of-way" or similar terms in this Lease shall not be deemed to imply that City holds less than fee title to the Premises or otherwise call into question the nature of City's title to any of its property. City shall in no way be liable for any damage to or destruction of Tenant's property and/or Alterations resulting from any pipeline break or other malfunction with respect to the SFPUC Facilities or from any construction, alteration, repair or maintenance activities with respect to the SFPUC Facilities. At City's request, Tenant shall remove immediately any of Tenant's Personal Property or Alterations on the Premises to allow City's access to the SFPUC Facilities. In addition, Tenant shall also remove or cause to be removed from the Premises all personal property of Tenant's tenants and other occupants in the Adjacent Housing Complex. If City deems it necessary, at City's sole discretion, City may remove any such property or improvements and City shall not be responsible for restoring or returning the same to its prior condition; provided, however, that City shall use reasonable efforts to minimize damage to such property or Improvements made by Tenant.

3.4 Accessibility Disclosures

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

3.5 As Is Condition of Premises

(a) Inspection of Premises

Tenant represents and warrants that Tenant is in possession of the Premises under the Existing Lease and is familiar with all aspects of the Premises, and Tenant has had the opportunity to conduct a thorough and diligent inspection and investigation, either independently or through Agents of Tenant's own choosing, of the Premises and the suitability of the Premises for Tenant's intended use. Tenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses.

(b) As Is; Disclaimer of Representations

Tenant acknowledges and agrees that the Premises are being leased and accepted strictly in their "**AS IS, WITH ALL FAULTS**" condition, without representation or warranty of any kind, and subject to all applicable Laws governing the use, occupancy, management, operation and possession of the Premises. Without limiting the foregoing, this Lease is made subject to any and all covenants, conditions, restrictions, easements, and other title matters affecting any portion of the Premises, whether or not of record. Tenant acknowledges and agrees that neither City, SFPUC, nor any of their Agents have made, and City hereby disclaims, any representations or warranties, express or implied, concerning: **(i)** title or survey matters affecting the Premises, **(ii)** the physical, geological, seismological, or environmental condition of the Premises, **(iii)** the quality, nature, or adequacy of any utilities serving the Premises, **(iv)** the present or future suitability of the Premises for Tenant's business and intended uses, **(v)** the feasibility, cost, or legality of constructing any Alterations on the Premises if required for Tenant's use and permitted under this Lease, or **(vi)** any other matter whatsoever relating to the

Premises or their use, including any implied warranties of merchantability or fitness for a particular purpose.

4. TERM

4.1 Term of Lease

The Premises are leased for a term (the "**Term**") commencing on the date specified in the Basic Lease Information as the Commencement Date, subject to this Lease becoming effective pursuant to **Section 4.4** (Effective Date). The Term shall end on the Initial Lease Term Expiration Date specified in the Basic Lease Information, unless sooner terminated or extended pursuant to the provisions of this Lease. If Tenant properly exercises any Extension Option, "**Term**" as used in this Lease, shall include the applicable Extension Term, and "**Expiration Date**" shall mean the date the last such Extension Term expires.

4.2 Commencement Date and Expiration Date

The dates on which the Term commences and expires pursuant to this Lease are referred to respectively as the "**Commencement Date**" and the "**Expiration Date.**" Such dates are further defined in **Section 2**. If the Commencement Date occurs on a date other than the Commencement Date specified in the Basic Lease Information, then promptly following the actual Commencement Date, Tenant shall deliver to City a written notice substantially in the form attached as **Exhibit C**, confirming the actual Commencement Date, but Tenant's failure to do so shall not affect the commencement of the Term.

4.3 Termination of Existing Lease

The Existing Lease shall terminate automatically upon commencement of the Term of this Lease, and all rights and duties of the parties under the Existing Lease shall end effective as of that date, except that (i) any covenants that are expressly stated in such lease to survive expiration or sooner termination of the Existing Lease shall survive, and (ii) Tenant's obligation to Indemnify City and the other Indemnified Parties contained in the Existing Lease shall survive the termination of the Existing Lease with respect to all Losses incurred or arising from or connected with circumstances, actions or omissions that occurred prior to the termination of the Existing Lease.

4.4 Effective Date

This Lease shall become effective on the last to occur of the following (the "**Effective Date**"): **(a)** the date SFPUC adopts a resolution approving this Lease, **(b)** the effective date of a Board of Supervisors resolution or ordinance approving this Lease, and **(c)** the date the Parties have duly executed and delivered this Lease.

5. RENT

5.1 Base Rent

Beginning on the Commencement Date and throughout the Term, Tenant shall pay to City the monthly Base Rent specified in the Basic Lease Information (the "**Base Rent**"), subject to periodic adjustment as provided in **Sections 5.2** and **5.3**. The Base Rent shall be payable in monthly installments on or before the first day of each month, in advance, at the San Francisco Public Utilities Commission, Customer Service Bureau, Attention: Real Estate Billing, 525 Golden Gate Avenue, 3rd Floor, San Francisco, California 94102, ref: L3888A, or such other

place as City may designate in writing. If the Commencement Date occurs on a day other than the first day of a calendar month, or if the Lease expires or terminates on a day other than the last day of a calendar month, then the monthly payment of the Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

5.2 Annual Adjustments to Base Rent

Base Rent shall be paid as set forth in **Section 1** (Basic Lease Information); provided , however, in the event of a Market Adjustment as defined in **Section 5.3(a)** below, the monthly Base Rent payable during the Lease Year (or Holdover period, as the case may be) shall immediately increase to an amount equal to one hundred and four percent (104%) of the Base Rent that was payable each month during the immediately preceding Lease Year or Holdover period, as applicable, immediately preceding such Adjustment Date (disregarding any temporary abatement of rent that may have been in effect during such preceding Lease Year or Holdover).

5.3 Fair Market Rent Adjustments to Base Rent

(a) Fair Market Rent Adjustments. In addition to the adjustments to Base Rent set forth in **Section 5.2,** the Base Rent payable by Tenant shall be adjusted to the "**Fair Market Rent**" (as determined below) effective (i) as of the date of an Adjacent Housing Complex Change in Use as described in **Section 7.4(r)** below; (ii) as of the date of a Change in 501(c)(3) Status as described in **Section 7.4(s)** below; and (iii) as of any Transfer Adjustment Date, as defined in **Section 16.3**. Each such adjustment shall be referred to herein as a "**Market Adjustment**" and each such adjustment date may be referred to herein as a "**Market Adjustment Date**."

During the thirty (30) days following either (i) City's receipt of Tenant's written notice of a Market Adjustment Date or (ii) City's written notice to Tenant of a Market Adjustment, the Parties shall attempt in good faith to meet no less than two (2) times, at a mutually agreeable time and place, to negotiate the Fair Market Rent for the Premises. The Parties may, by an instrument in writing, mutually agree to extend such thirty (30) day period for a reasonable number of days to resolve their disagreement if the Parties are negotiating in good faith and would be unable to resolve their differences within such thirty (30) day period. Tenant shall continue to pay Base Rent in the amounts required pursuant to this Lease until the Fair Market Rent has been finally determined pursuant to this Section, at which time Tenant shall pay the shortage amount to City.

Notwithstanding the foregoing, in no event shall the Base Rent after a Market Adjustment as of any Market Adjustment Date be less than one hundred four percent (104%) of the Base Rent in effect immediately prior to such Market Adjustment Date (disregarding any temporary abatement of rent that may then have been in effect), except that if a Transfer Adjustment Date is a date other than any of the dates described in items (i) and (ii) above, the Base Rent after the Market Adjustment shall in no event be less than the Base Rent in effect immediately prior to such Transfer Adjustment Date (disregarding any temporary abatement of rent that may then have been in effect).

The new Base Rent shall thereafter continue to be subject to the annual adjustments pursuant to **Section 5.2** and Market Adjustments pursuant to this **Section 5.3.**

Notwithstanding anything to the contrary in this **Section 5.3**, the increase in Base Rent to the Fair Market Rent shall not be conditioned upon notice of the Market Adjustment Date being given by either Party to the other, it being understood and agreed that the increase in Base Rent to the Fair Market Rent shall occur and be effective as of each Market Adjustment

Date, even if the Fair Market Rent is later determined retroactively to the Market Adjustment Date.

(b) Payments Prior to Fair Market Rent Determination. If the Fair Market Rent has not been finally determined pursuant to this Section 5.3 by the Market Adjustment Date, then Tenant shall continue to pay the then current Base Rent, as adjusted in accordance with Section 5.2 above, until such time as the Fair Market Rent is finally determined, at which time Tenant shall pay any unpaid shortfall to City.

(c) Fair Market Rent. As used herein, "Fair Market Rent" for the Premises shall be determined in accordance with the following procedures, definitions, and requirements:

(i) The Parties acknowledge that the Premises provide parking and landscaping. Given these facts, the fair market value of the fee interest in the Premises shall be determined as follows: The fair market value of the Premises shall be determined on an average per square foot or per acre basis, as appropriate, based on the highest and best use of the land. The fair market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold, on the effective date of the valuation, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to sell or buy, giving due consideration to all available economic uses of the property at the time of the valuation. The fair market value shall be (i) determined based on sales of comparable property within Santa Clara County (the "Market Area"), and/or (ii) derived from ground rental rates for comparable property within the Market Area, by dividing the ground rental rate by an appropriate capitalization rate for the comparable property. For this purpose, "comparable property" means land within the Market Area (whether or not currently improved), comparable to the land underlying the Premises in size, location, current zoning, and suitability for parking, landscaping, and emergency vehicle access in connection with the Adjacent Housing Complex.

(ii) The per square foot or per acre fee value determined above shall be discounted by ten percent (10%) to account for the actual diminution in market value of the Premises as a result of City's retained rights described in Section 3.2 and the existence of the SFPUC Facilities, as defined in Section 2.

(iii) The discounted per square foot or per acre fee value shall be multiplied by the total square footage or acreage of the Premises, and the resulting product shall be multiplied by the then-prevailing market yield for ground leases of property located in the Market Area to determine the annual Fair Market Rent for the Premises as of a Market Adjustment Date.

(d) Process for Determination of Fair Market Rent and Arbitration. If the Parties have not agreed on the Fair Market Rent determination within any of the thirty (30)-day time periods set forth in **Sections 5.4, 5.5** and **5.6** below, then Tenant and City will each appoint an appraiser who meets the qualifications set forth below to act on its behalf and the two appraisers shall independently determine the Fair Market Rent by written appraisal in strict compliance with the terms of this **Section 5.3**, within thirty (30) days after the appointment of the last of such appraisers (**"Appraisal Period"**). If one Party fails to designate an appraiser who meets the qualifications set forth below within ten (10) business days after receipt of a second (2nd) written request to do so by the other Party, then the determination of Fair Market Rent of the one appraiser will be binding on both Parties. Tenant shall advise City via electronic notice, as specified in the Basic Lease Information (as such electronic notice address may be changed from time to time by notice given by City to Tenant), of Tenant's designated appraiser

("**Tenant's Designated Appraiser**") and City shall endeavor to promptly respond to Tenant via electronic notice, as specified in the Basic Lease Information (as such electronic notice address may be changed from time to time by notice given by Tenant to City) and advise Tenant of City's designated appraiser ("**City's Designated Appraiser**"). Each appraiser will make an independent determination of the Prevailing Market Rate. The 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 Rent. Neither of the 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 appraiser appointed by the other party regarding the instructions contained in this Section before the appraisers complete their appraisals. If either appraiser has questions regarding the instructions in this Section or the interpretation of the Lease, such 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 appraiser. There shall not be any arbitration or adjudication of the instructions to the appraisers contained in this Lease. Each appraiser shall complete, sign and submit its written appraisal setting forth its determination of Fair Market Rent to both Parties in writing during the Appraisal Period. If the difference between the two determinations is ten percent (10%) or less of the higher appraisal, then the average of the two determinations shall be the Base Rent for the Premises effective as of the applicable Market Adjustment Date.

(e) If the difference between Tenant's Designated Appraiser's and City's Designated Appraiser's Fair Market Rent value conclusion is greater than ten percent (10%) of the higher appraisal, then within ten (10) business days following expiration of the Appraisal Period, City and Tenant shall appoint a third appraiser who meets the qualifications set forth below (the "Joint Appraiser") and the three appraisers shall meet and confer (either in person, via telephone or by other reasonable method) and agree on the Fair Market Rent in strict compliance with the terms of this **Section 5.3** within twenty (20) days following appointment of the Joint Appraiser. The agreement of a majority of the appraisers on the Fair Market Rent shall be binding upon the Parties.

(f) If the Parties are unable to agree on a Joint Appraiser, then City's Designated Appraiser shall have fifteen (15) business days following the expiration of the Appraisal Period in which to prepare a list of four (4) qualified appraisers (the **"City's Designated Appraiser's List"**) and submit the City's Designated Appraiser's List to the Tenant's Designated Appraiser. The Tenant's Designated Appraiser shall have fifteen (15) business days following the expiration of the Appraisal Period in which to prepare a list of four (4) qualified appraisers (the "Tenant's Designated Appraiser's List") and submit the Tenant's Designated Appraiser List to the City's Designated Appraiser. The City's Designated Appraiser List and the Tenant's Designated Appraiser List shall be collectively known as the "Designated Appraiser Lists". City's Designated Appraiser shall have ten (10) business days from receipt of the Tenant's Designated Appraiser List in which to strike up to two (2) names from the Tenant's Designated Appraiser List. The Tenant's Designated Appraiser shall have ten (10) business days from receipt of the City's Designated Appraiser List in which to strike up to two (2) names from the City's Designated Appraiser List. The remaining names on the Designated Appraiser Lists shall comprise the joint appraiser list (the "Joint List"). If a Party's Designated Appraiser fails to submit a Designated Appraiser List within the time specified, such Designated Appraiser List shall not be considered in compiling the Joint List. Tenant and City shall have ten (10) business days from receipt of such Joint List in which to agree on the Joint Appraiser. If Tenant and City are unable to find a mutually agreeable appraiser on the Joint List, then an appraiser on the Joint List shall be chosen randomly using a method mutually agreeable to the Parties.

(g) Each of the appraisers specified herein shall be a member of the Appraisal Institute (MAI) with not less than five (5) continuous years of recent experience appraising commercial properties with experience in San Francisco and Santa Clara Counties, shall have significant experience with ground leases and shall be impartial and competent. All appraisals prepared hereunder shall be in conformity with the Uniform Standards of Professional Appraisal Practice, Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

(h) City and Tenant shall each pay the costs of its appointed appraiser and one-half of the cost of the Joint Appraiser, if any, plus one-half of any other costs incurred in the arbitration (excluding such party's own attorneys' fees and experts' costs), notwithstanding the provisions of **Section 25.12** (Attorneys' Fees).

(i) The Parties shall have the right to deliver to the appraisers any opinions of value, appraisals or other relevant written information concerning the Fair Market Rent such Party wishes to provide. Neither of the first two (2) appraisers nor the third appraiser shall have any power to modify any of the provisions of this Lease and all must base their decision on the definitions, standards, assumptions, instructions and other provisions contained in this Lease. Subject to the provisions of this Section, the parties will cooperate to provide all appropriate information to the appraisers and the third appraiser. The first two appraisers (but not the Joint Appraiser) can utilize the services of special experts, including experts to determine such things as property condition, market rates, leasing commissions, renovation costs and similar matters.

(j) 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 Rent by the foregoing process shall be conclusive, final and binding on the Parties.

(k) Waiver. Each Party waives any claims against the appraiser appointed by the other Party, and against the third appraiser, for negligence, malpractice or similar claims in the performance of the appraisals or arbitration contemplated by this Section.

5.4 Base Rent Increase Due to Adjacent Housing Complex Change in Use (Section 7.4(r))

The Parties recognize and agree that City agreed to the below market Base Rent under this Lease based in part on the Premises being used to benefit the existing low-income Adjacent Housing Complex. Therefore, in the event that all or a portion of the Adjacent Housing Complex or any future redevelopment or replacement of the Adjacent Housing Complex ceases to be used or operated as low income or affordable housing under applicable Laws (an "**Apartment Complex Change in Use**"), Tenant shall immediately notify City. Upon an Apartment Complex Change in Use, the Base Rent shall be recalculated to an amount equal to one hundred percent (100%) of the Fair Market Rent of the Premises, as Fair Market Rent is defined and determined under **Subsections 5.3(c)-(f)** above and this **Section 5.4** or such lesser amount as determined by the City in its sole discretion, and the new Base Rent shall be effective as of the date on which Tenant first offers a unit in the Apartment Complex for rent, use or sale at or around a fair market rent or sale price (the "**Apartment Complex Change Effective Date**"). Nothing in this **Section 5.4** shall be construed as a waiver of **Section 7.1.**

5.5 Base Rent Increase Due to Change in 501(c)(3) Status (Section 7.4(s))

The Parties recognize and agree that City agreed to the below market Base Rent under this Lease based in part on Tenant's status as a nonprofit entity. On or before January 15th of each year during the Term, Tenant shall furnish a written statement to City, certified as true by

Tenant's President or Chief Financial Officer that Tenant remains a nonprofit entity. If there is a change in Tenant's organizational status, Tenant shall promptly provide notice to City certifying the current name, type of entity and jurisdiction of formation of Tenant. In the event of a reorganization or Transfer to a Transferee that is not a nonprofit entity, the Base Rent of the Premises shall be adjusted to be equal to one hundred percent (100%) of the then Fair Market Rent of the Premises, as Fair Market Rent is defined and determined under **Subsections 5.3(c)-(f)** above and this **Section 5.5** or such lesser amount as determined by the City in its sole discretion, and the new Base Rent shall be effective as of the effective date of the reorganization or other Transfer. Nothing in this **Section 5.5** shall be construed as a waiver by City of the provisions of **Section 16**.

5.6 Base Rent Increase Due to Assignment or Sublease (Section 16.3)

In the event of an Assignment or Sublease as set forth in **Section 16.3** below, except for a Permitted Transfer (as defined in **Section 16.7** below), the Fair Market Rent of the Premises shall be determined in accordance with this **Section 5.6** and **Section 5.3** above. On the date that City receives Tenant's Notice of Proposed Transfer, the Base Rent thereafter owed by Tenant shall be at a rate equal to two hundred percent (200%) of the Base Rent in effect on the date that Tenant's Notice of Proposed Transfer is received by City until the Fair Market Rent has been finally determined pursuant to this Section, at which time Tenant shall pay any shortage amount to City. Notwithstanding anything to the contrary in this **Section 5.6** or **Section 16.3** below, the increase in Base Rent due to an Assignment or Sublease shall not be conditioned upon notice of the Assignment or Sublease being given by Tenant to City, it being understood and agreed that the increase in Base Rent to the Fair Market Rent shall automatically occur and be effective as of the Assignment/Sublease Effective Date (as defined in **Section 16.3** below).

If the Parties have not agreed on the Fair Market Rent within the thirty (30) day-period (or extended period) set forth above in this Section, then Fair Market Rent shall be determined in accordance with the procedures set forth in **Section 5.3(d)** above.

5.7 Late Charge

If Tenant fails to pay any Rent within five (5) business days (excluding holidays) after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. This late payment charge has been agreed upon by City and Tenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that City will incur as a result of any such failure by Tenant, the actual costs of any such failure being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate City for its damages resulting from such failure to pay and Tenant shall promptly pay such charge to City, together with such unpaid amount.

5.8 Default Interest

If any Rent is not paid within five (5) business days (excluding holidays) following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of ten percent (10%) per year or, if a higher rate is legally permissible, at the highest rate City is permitted to charge under Law. Interest shall not be payable on late charges incurred by Tenant nor on any amounts on which late charges are paid by Tenant, however, to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest pursuant to this Section shall not excuse or cure any default by Tenant.

5.9 Net Lease

This Lease is a "**net lease**." Accordingly, Tenant shall pay to City the Base Rent, Additional Charges, and any other payments required by this Lease, without prior demand and without abatement, deduction, counterclaim, or setoff. Under no circumstances, whether now existing or subsequently arising, and whether or not beyond the present contemplation of the Parties, shall City be expected or required to make any payment of any kind whatsoever with respect to Tenant's use or occupancy of the Premises and any permitted Alterations or this Lease, except as may otherwise be expressly set forth in this Lease. Without limiting the foregoing, Tenant shall be solely responsible for paying each item of cost or expense of every kind and nature whatsoever, the payment of which City otherwise would be or could become liable by reason of its estate or interests in the Premises and any Alterations, any rights or interests of City in or under this Lease, or the ownership, leasing, operation, management, maintenance, repair, rebuilding, remodeling, renovation, use, or occupancy of any portion of the Premises or any permitted Alterations. Except as may be specifically and expressly provided otherwise in this Lease, no occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall relieve Tenant from its liability to pay all of the sums required by any of the provisions of this Lease, or otherwise relieve Tenant from any of its obligations under this Lease, or give Tenant any right to terminate this Lease in whole or in part. Tenant waives any rights now or subsequently conferred upon it by any existing or future Law to terminate this Lease or to receive any abatement, diminution, reduction, or suspension of payment of such sums on account of any such occurrence or situation.

5.10 Processing Fee and Other Fees

Upon execution of this Lease, Tenant shall pay SFPUC the sum of Five Thousand and No/100 Dollars ($5,000.00) as a fee for processing this Lease. Tenant shall also reimburse City for all fees and costs, including attorney's fees and costs, incurred by City in seeking the approvals necessary to enter into this Lease, including completion of environmental reviews and review and approval of this Lease by the Commissioners of the SFPUC, the San Francisco Board of Supervisors, and the Mayor of San Francisco, as applicable, within thirty (30) days following the date of City's invoice. Tenant shall also reimburse City for all fees and costs, including attorney's fees and costs, incurred by City in (i) negotiating, preparing, drafting and obtaining any estoppel certificates requested by Tenant pursuant to **Section 21** below; (ii) seeking any consents requested by Tenant under the terms of this Lease; and (iii) preparing and obtaining any other documents required by City or requested by Tenant under the terms of this Lease.

6. TAXES, ASSESSMENTS, AND OTHER EXPENSES

6.1 Taxes and Assessments, Licenses, Permit Fees, and Liens

(a) Payment Responsibility

Tenant shall pay any and all real and personal property taxes, general and special assessments, excises, licenses, permit fees, and other charges and impositions of every description levied on or assessed against all or any part of the Premises, any Alterations, Tenant's Personal Property, the leasehold estate, or any subleasehold estate, or Tenant's use of the Premises or any Alterations. Tenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days before delinquency, subject to Tenant's right to contest the validity of such charge pursuant to Subsection (c) below. With respect to real property taxes and assessments levied on or assessed against the Premises for which City receives the tax bill directly from the taxing authority, however, Tenant shall reimburse City for payment of such sums immediately upon demand.

(b) Taxability of Possessory Interest

Without limiting the foregoing, Tenant recognizes and agrees that this Lease may create a possessory interest subject to property taxation and that Tenant may be subject to the payment of property taxes levied on such interest.

(c) No Liens

Tenant shall not allow or suffer a lien for any taxes payable by Tenant pursuant to this Lease to be imposed upon the Premises or upon any equipment or other property located on the Premises without promptly discharging the same. Tenant may have a reasonable opportunity to contest the validity of any such taxes provided Tenant, before commencement of any proceeding or contest, furnishes to City a surety bond issued by a surety company qualified to do business in California and acceptable to City's Controller. The amount of such bond shall be equal to one hundred twenty-five percent (125%) of the amount of taxes in dispute and shall be in such form as approved by the City Attorney of the City and County of San Francisco ("**City Attorney**"). The bond shall insure payment of any judgment that may be rendered should Tenant be unsuccessful in any such contest. Tenant shall Indemnify City, the other Indemnified Parties, and the Premises from and against any Losses arising out of any such proceeding or contest. The foregoing Indemnity shall not be limited by the amount of the bond.

(d) Reporting Requirement

Tenant agrees to provide such information as City may request to enable City to comply with any tax reporting requirements applicable to this Lease. Each Lease Year unless and until an Adjacent Housing Complex Change in Use has occurred, Tenant shall annually file with the Santa Clara County Tax Accessor's Office claim form BOE-236, Exemption of Leased Property Used Exclusively for Low-Income Housing, and form BOE-236-A, Supplemental Affidavit for BOE-236, Housing—Lower-Income Households, and Tenant shall send Landlord copies of such filed forms within ten (10) business days after filing.

6.2 Other Expenses

Tenant shall be responsible for any and all other charges, costs, and expenses related to its use, occupancy, operation, or enjoyment of the Premises or any Alterations permitted by this Lease, including the cost of any utilities or services necessary for Tenant's permitted use of the Premises.

6.3 Evidence of Payment

Upon City's request, Tenant shall furnish to City, within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to City, evidencing payment of such charges.

7. USE; COVENANTS TO PROTECT PREMISES AND SFPUC FACILITIES

7.1 Tenant's Permitted Use

Tenant may use the Premises and any Alterations permitted by this Lease only for the use specified in the Basic Lease Information, and for no other purpose.

7.2 Temporary Construction Staging and Improvements

Tenant may install on and use the Premises for certain Temporary Staging and Improvements until the date that the Expansion Phase is complete, provided that the terms and conditions of this Lease shall apply to such use, including, without limitation, **Sections 3.3, 7.5** and **8.1**. Not less than 120 days prior to the placement and installation of the Temporary Staging and Improvements on the Premises, Tenant shall submit to City, for City's review and approval in its sole discretion, plans and specifications identifying the precise location of the electrical lines and temporary road on the Premises ("**Tenant's Staging Plans**"), and such plans shall also be subject to the review and approval of other governmental authorities as required. Tenant shall reimburse City, upon demand, for any fees and costs incurred by City for review of Tenant's Staging Plans or any other documents or requests pertaining to the Temporary Staging and Improvements, including without limitation, the fees and costs of City's third party consultants and attorneys. Tenant's Staging Plans shall contain sufficient level of detail as required by City in its sole discretion, such detail to include, without limitation, showing all proposed sub-surface disturbances and improvements. As a condition to approval of Tenant's Staging Plans, City may impose requirements and/or require modifications as determined by City in its reasonable discretion, in which case Tenant shall modify its plans and resubmit the plans for City's final approval. Once Tenant's Staging Plans have been approved by City, such plans shall not be modified without the prior written consent of City, which may be granted or withheld in City's sole and absolute discretion. City's approval of the Temporary Staging and Improvements and Tenant's Staging Plans shall not (i) constitute the approval by any other governmental authority that is required for the Temporary Staging and Improvements, (ii) waive, affect or limit any provisions of this Lease, including without limitation, **Sections 3.3** and **7.5**, which permit City to remove Alterations (including, without limitation, the Temporary Staging and Improvements) if City deems it necessary at City's sole discretion, and/or (iii) be interpreted as City's approval of any other future Alterations to the Premises.

City or City's representative may, at any time, review and inspect the Temporary Staging and Improvements. Any damage to the Premises caused by Tenant, its contractors, subcontractors, or Agents pertaining to the Temporary Staging and Improvements shall be promptly repaired by Tenant, at Tenant's sole expense, in a good and workmanlike manner satisfactory to City. In furtherance of the foregoing, Tenant shall perform, at Tenant's sole cost, any Remediation that is required as a result of the Temporary Staging and Improvements. Tenant shall Indemnify City, the other Indemnified Parties and the Premises against any and all Losses arising out of, occasioned by, or in any way attributable to the Temporary Staging and Improvements, except to the extent caused solely and directly by the gross negligence or willful misconduct of City or its Agents. Upon completion of the Expansion Phase, the Temporary Staging and Improvements shall be promptly removed by Tenant in accordance with **Section 22.1** (Surrender of the Premises).

Tenant expressly acknowledges and agrees that pursuant to **Sections 3.3** and **7.5**, City may itself remove or require that Tenant, its contractors or subcontractors remove the Temporary Staging and Improvements and Tenant, its contractors and/or its subcontractors may incur Losses as a result of such removal. Tenant is hereby advised to take such right granted to City and the possible Losses which may result if such right is exercised by City into consideration when designing and locating the Temporary Staging Improvements. City shall in no event be liable to

Tenant, its contractors or its subcontractors for any Losses pertaining to the Temporary Staging and Improvements, including, without limitation, any Losses resulting from a casualty or condemnation or any Losses resulting from the removal of the Temporary Staging and Improvements in accordance with **Sections 3.3** and/or **7.5**, and no such Losses shall entitle Tenant to any abatement in Rent or to terminate this Lease. In no event shall City be required to construct, install and/or replace any of the Temporary Staging and Improvements.

The contractors and subcontractors engaged by Tenant to perform the Expansion Phase shall execute an agreement in favor of City in a form acceptable to City in its sole and absolute discretion, whereby the contractors and subcontractors expressly acknowledge and agree (i) to be bound by the provisions in this Lease applicable to such contractors and subcontractors, including without limitation, **Section 3.3** (Subject to Municipal Uses), **Section 7.5** (Covenants Regarding Use), **Section 18** (Waiver of Claims; Indemnification) and **Section 19** (Insurance), (ii) that pursuant to **Sections 3.3** and **7.5**, City may remove, or require that the contractors or subcontractors remove, the Temporary Staging and Improvements at any time and the contractors and subcontractors may incur Losses as a result of such removal, and (iii) City shall in no event be liable to contractors or subcontractors or any third party for any Losses incurred pertaining to the Temporary Staging and Equipment , including, without limitation, any Losses resulting from the Temporary Staging and Equipment having to being removed in accordance with **Sections 3.3** and/or **7.5**.

7.3 Reserved

7.4 Expansion Phase

Tenant intends to build 50 net new units (after the demolition of 12 townhomes on site), of family housing in accordance with City of Mountain View requirements (the "**Expansion Phase**"). The proposed Expansion Phase will be subject to development review and any building or other permit required by the Mountain View Municipal Code.

7.5 Covenants Regarding Use

As a material inducement to City to enter into this Lease, Tenant covenants with City as follows:

(a) No Unlawful Uses or Nuisances

Tenant shall not use or occupy any of the Premises or any Alterations, or permit their use or occupancy, in any unlawful manner or for any illegal purpose, or permit to be carried on any offensive, immoral, noisy, or hazardous use or any use in violation of the conditions of any certificate of occupancy. Tenant shall take all precautions to eliminate immediately any nuisances or hazards relating to its activities on or about the Premises or any Alterations permitted by this Lease.

(b) Covenant Against Waste

Tenant shall not cause or permit any waste, damage, or injury to the Premises.

(c) Covenant to Protect SFPUC Facilities

At all times during the Term, Tenant shall use extreme care to protect the SFPUC Facilities from any damage, injury, or disturbance. Tenant shall mark at its own expense the location of City's water transmission pipelines within the Premises. If Tenant or any of its Agents or Invitees damages, injures, or disturbs any portion of the SFPUC Facilities (including monuments), Tenant shall immediately notify City of that occurrence. Without limiting any of its other rights under this Lease or at Law or equity, City may take all actions it deems proper to repair such SFPUC Facilities (including relocation of monuments) at Tenant's sole expense. Upon City's request, Tenant shall promptly remove or alter to City's satisfaction and at Tenant's sole cost, any Alterations, including, without limitation, the Temporary Staging and Improvements or Tenant's Personal Property placed on the Premises by or on behalf of Tenant as necessary to avoid interference with City's use of the Premises for municipal utility purposes. Alternatively, subject to the General Manager's approval at his or her sole discretion, Tenant must pay City for the costs determined by the General Manager that City will incur as a result of such interference.

City may adopt from time to time such rules and regulations with regard to Tenant's facilities and operations placed upon, or occurring on or about, the Premises, including, without limitation, the Temporary Staging and Improvements, as City may determine are necessary or appropriate to protect the SFPUC Facilities or prevent or safeguard against the corrosion or failure of the SFPUC Facilities. Upon receipt of a copy of such rules and regulations, Tenant shall fully comply with them.

(d) Covenant to Protect Water Courses

Tenant shall not cause any ponding on the Premises or any flooding on adjacent land. Tenant shall not engage in any activity that causes any change, disturbance, fill, alteration, or impairment to the bed, bank, or channel of any natural water course, wetland, or other body of water on, in, under, or about the Premises, nor shall Tenant engage in any activity that would pollute or degrade any surface or subsurface waters or result in the diminution or drainage of such waters.

(e) Covenant Against Dumping

Tenant shall not cause or permit the dumping or other disposal on, under, or about the Premises of landfill, refuse, Hazardous Material, or other materials that are unsightly or could pose a hazard to human health or safety, native vegetation or wildlife, or the environment.

(f) Covenant to Protect Trees or Other Native Vegetation

Tenant shall not engage in or permit the cutting, removal, or destruction of trees or any other native vegetation on the Premises, without the SFPUC's prior, written approval.

(g) No Tree Planting

Tenant shall not plant any trees on the Premises, nor plant any other vegetation on the Premises except as otherwise expressly provided in this Lease.

(h) Covenant Against Hunting or Fishing

Tenant shall not engage in or permit any hunting, trapping, or fishing on or about the Premises, except for hunting or trapping for the purpose of controlling predators or problem animals by the appropriate use of selective control techniques approved in advance by SFPUC

equipment excavation and grading over and within twenty feet (20') on each side of the centerline of the subterranean SFPUC Facilities (measured on the surface), Tenant shall first submit a written proposal together with all supporting calculations and data to SFPUC for review and approval. In any case, the two feet (2') of soil around the subterranean SFPUC Facilities shall be removed manually or by other methods approved by SFPUC with due care as provided above.

(p) Watershed Management Plan

Tenant shall comply with any and all other regulations or requirements resulting from City's development of a watershed management plan, and any modifications or additions to such plan, provided that such regulations or requirements do not unreasonably interfere with Tenant's use and enjoyment of the Premises as contemplated by this Lease.

(q) Emergency Vehicle Access

In order to avoid overburdening the emergency vehicle ingress and egress ("**EVA**") route on the Premises, Tenant agrees that, in connection with any new development, redevelopment, reconstruction or remodeling of the Adjacent Housing Complex during the Term of this Lease, including, without limitation, the Expansion Phase, in the event that Tenant receives written notice from City that City did not receive approvals from City of Mountain View, its fire marshal and its city attorney, SFPUC's risk management and any other approvals that City deems necessary in City's sole and absolute discretion (collectively referred to hereafter as the "**EVA Approvals**") that a second means of EVA to serve and benefit the Adjacent Housing Complex shall not be required, Tenant shall install on the Adjacent Housing Complex property at no cost to City, a second means of EVA to serve and benefit the Adjacent Housing Complex in accordance with City's requirements. Nothing herein shall be construed as a requirement that (i) City maintain an EVA route on the Premises to serve and benefit the Adjacent Housing Complex, or (ii) City obtain the EVA Approvals. Tenant hereby waives all claims for any damage or liability arising out of (a) Tenant's use or inability to use City's EVA route on the Premises, (b) the inability of City to obtain the EVA Approvals, and (c) the requirement that Tenant install a second means of EVA as may be obligated herein. In the event Tenant fails to install on the Adjacent Housing Complex property a second means of EVA if required pursuant to this **Section 7.5(q)**, City shall have the right to deny Tenant's use of City's EVA on the Premises until such time as Tenant installs such second EVA.

(r) Change in Adjacent Housing Complex

Tenant recognizes and agrees that City agreed to the below market Base Rent under this Lease based in part on the Premises being used in connection with the existing Adjacent Housing Complex, which operates as low income affordable housing under applicable Law. Therefore, if less than one hundred percent (100%) of the residential units in the Adjacent Housing Complex are "rent restricted" (as defined in Internal Revenue Code §42(g)(2)) and occupied by individuals whose income is eighty percent (80%) or less than the area median gross income (an "**Adjacent Housing Complex Change in Use**"), Tenant shall immediately notify City. On the first day of each Lease Year, Tenant shall deliver to Landlord a certification executed by Tenant's Chief Financial Officer certifying that an Adjacent Housing Complex Change in Use has not occurred. Upon an Adjacent Housing Complex Change in Use, City shall recalculate the Base Rent to an amount equal to one hundred percent (100%) of the Fair Market Rent of the Premises determined pursuant to the procedure set forth in **Section 5.4** above or such lesser amount as determined by the City in its sole discretion, and the new Base Rent shall be effective as of the date on which the Adjacent Housing Complex Change in Use occurred (the "**Adjacent Housing Complex Change Effective Date**"); provided, however, in no event shall

the Base Rent after the recalculation to Fair Market Rent be less than the Base Rent in effect immediately prior to the Adjacent Housing Complex Change Effective Date.

(s) Change in 501(c)(3) Status

Tenant recognizes and agrees that City agreed to the below market Base Rent under this Lease based in part on Tenant being a non-profit organization that is tax exempt under Section 501(c)3 of the Internal Revenue Code (a "**501(c)(3) Entity**"). Therefore, if at any time Tenant ceases to qualify as a 501(c)(3) Entity under applicable Law (a "**Change in 501(c)(3) Status**"), Tenant shall immediately notify City. On the first day of each Lease Year Tenant shall deliver a certification to Landlord executed by the Chief Financial Officer of Tenant certifying that a Change in 501(c)(3) Status has not occurred. Upon a Change in 501(c)(3) Status, City shall recalculate the Base Rent to an amount equal to one hundred percent (100%) of the Fair Market Rent of the Premises determined pursuant to the procedure set forth in **Section 5.5** above or such lesser amount as determined by the City in its sole discretion, and the new Base Rent shall be effective as of the date on which the Change in 501(c)(3) Status occurred (the "**Change in 501(c)(3) Status Effective Date**"). For the purposes of this **Section 7.5(s)** and the obligations described herein, references to Section 501(c)(3) of the Internal Revenue Code shall be deemed to include any future Internal Revenue Code statute that is substantially similar to and the functional equivalent of Section 501(c)(3). Notwithstanding anything in this **Section 7.5(s)** to the contrary, City acknowledges and agrees that each Co-Tenant qualifies as a 501(c)(3) entity for so long as each Co-Tenant's general partner or managing member, as applicable, is an Affiliate (as hereinafter defined) of MidPen Housing Corporation, Mid-Peninsula The Farm, Inc. or MV Central Park Apartments, Inc.

(t) Adjacent Housing

Tenant shall not use the Premises to fulfill any open space, setback, parking or third party development requirements, including the requirements of any governmental authority in connection with obtaining entitlements, permits, licenses or other approvals for or in connection with any improvements or redevelopment to Adjacent Housing Complex. City acknowledges and agrees that Tenant may use the Premises to provide supplemental parking for the Adjacent Housing Complex. Tenant shall Indemnify City, the other Indemnified Parties and Premises against any and all Losses arising out of Tenant's failure to comply with the foregoing provision. Within thirty (30) days following the date of City's invoice, Tenant shall reimburse City for any costs, fees and expenses, including attorney's fees and costs, incurred by City in monitoring compliance with and enforcing this paragraph, including reviewing and commenting on any environmental review documents, development plans and permit applications.

8. IMPROVEMENTS AND ALTERATIONS

8.1 Construction of Alterations

(a) Conditions and Requirements for Alterations

Tenant shall not construct, install or permit any Alterations (including modifying any existing Improvements and including the Temporary Staging and Improvements) in, to, or about the Premises, without City's prior written consent in each instance, which City may give or withhold at its reasonable discretion. Subject to City's consent as provided above, any permitted Alterations shall be done at Tenant's sole expense **(i)** in strict accordance with plans and specifications approved in advance by City in writing, **(ii)** by duly licensed and bonded contractors or mechanics approved by City, **(iii)** in a good and professional manner, **(iv)** in strict compliance with all applicable Laws, including, without limitation, applicable Environmental

11.4 Reports

Tenant shall submit a report and provide such documentation to City as City may from time to time request regarding Tenant's operations and evidencing compliance with this Lease and all Laws.

12. FINANCING; ENCUMBRANCES; SUBORDINATION

12.1 Encumbrance of City's Fee Interest

The following provisions shall apply notwithstanding anything to the contrary contained in this Lease.

(a) Encumbrance by City

To the extent permitted by applicable Law, City may at any time sell or otherwise transfer or encumber its fee estate in any portion of the Premises provided that **(i)** any such sale or Encumbrance shall be subject and subordinate to all of the terms of this Lease and the leasehold estate created hereby, **(ii)** the right of possession of Tenant to the Premises shall not be affected or disturbed by any such sale or Encumbrance, or by the exercise of any rights or remedies by any purchaser or Encumbrancer arising out of any instrument reflecting such sale or Encumbrance, so long as no Event of Default or Unmatured Event of Default is outstanding under this Lease.

(b) Encumbrance By Tenant

Tenant shall not under any circumstances whatsoever Encumber in any manner any portion of: the Premises, the SFPUC Facilities, City's estate in the Premises or City's interest under this Lease, and Tenant shall have no right to require City to Encumber any such estate or interest.

12.2 Leasehold Encumbrances

12.2.1 Tenant's Right to Encumber Leasehold. Tenant shall, upon the prior written consent of the City, which consent shall not be unreasonably withheld, have the right from time to time to enter into a Leasehold Mortgage subject to the terms and conditions of this **Section 12.2**. However, Tenant's rights to enter into a Leasehold Mortgage shall be suspended as long as Tenant is in default hereunder and has received written notice of such default from City.

Tenant shall promptly provide City with a fully executed complete copy of each Leasehold Mortgage, and all related loan documents (including copies of all appraisals), and any and all amendments thereto.

12.2.2. Lender's Rights During Term of Leasehold Mortgage. For the express benefit of City and as a condition to Lender's rights under this **Section 12.2.2**, all secured parties under a Leasehold Mortgage (hereinafter referred to as "**Lender**") shall provide to City contemporaneously with service on or delivery to Tenant copies of all notices of default and notices of foreclosure and sale under the Leasehold Mortgage and all notices and documents pertaining to obtaining title in lieu of foreclosure.

For the express benefit of Lender, the parties agree as follows during the term of any Leasehold Mortgage:

460 N Shoreline Blvd, Mountain View, CA 94043-4661, Santa Clara County

CLIFFORD ADVISORY, LLC SFPUC PARCEL 201-A, Mountain View

3.19 AC +

N/A	106,953	138,969	N/A
Beds	Bldg Sq Ft	Lot Sq Ft	Sale Price
N/A	1980	MLT FAM DW	N/A
Baths	Yr Built	Type	Sale Date

Owner Information

Owner Name:	**Mid-Pen Housing Coalition**	Tax Billing Zip:	**94404**
Owner Name 2:	**Mid-Peninsula Housing Coalitio**	Tax Billing Zip+4:	**1176**
Tax Billing Address:	**303 Vintage Park Dr #250**	Owner Occupied:	**No**
Tax Billing City & State:	**Foster City, CA**		

Location Information

School District:	**Mountain View Los Al**	Carrier Route:	**C011**
Census Tract:	**5092.02**	Zoning:	**P(5)**
Map Page/Grid:	**811-H3**		

Tax Information

Tax ID:	**150-26-006**	% Improved:	**61%**
Block:	**3**	Tax Area:	**05010**
Lot:	**1-5**	Exemption(s):	**School/College,Welfare**

Assessment & Tax

Assessment Year	2014	2013	2012
Assessed Value - Total	$11,296,593	$11,245,539	$11,025,040
Assessed Value - Land	$4,376,654	$4,356,874	$4,271,446
Assessed Value - Improved	$6,919,939	$6,888,665	$6,753,594
YOY Assessed Change (%)	0.45%	2%	
YOY Assessed Change ($)	$51,054	$220,499	

Tax Year	Total Tax	Change ($)	Change (%)
2012	$3,986		
2013	$3,863	-$123	-3.08%
2014	$3,833	-$30	-0.77%

Characteristics

Lot Area:	**138,969**	Parking Type:	**Covered**
Lot Acres:	**3.1903**	No. Parking Spaces:	**120**
Building Sq Ft:	**106,953**	Heat Type:	**None**
Land Use - CoreLogic:	**Multi Family Dwelling**	Cooling Type:	**None**
Land Use - County:	**Resid 5+ Family**	Construction:	**Wood**
Style:	**H-Shape**	Equipment:	**Dishwasher**
Year Built:	**1980**	Quality:	**Good**
Effective Year Built:	**1980**	Condition:	**Average**
Stories:	**2**	Total Units:	**120**
Garage Type:	**Covered**		

Last Market Sale & Sales History

Recording Date:	**08/06/1997**	Seller:	**Mountain View Associates Ltd Partne**
Owner Name:	**Mid-Pen Housing Coalition**	Document Number:	**13802137**

Courtesy of John Clifford, San Francisco Association of Realtors

Property Detail

Generated on 12/08/2014

Page 1 of 2

FY 2017 FAIR MARKET RENT DOCUMENTATION SYSTEM

The Final FY 2017 San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area FMRs for All Bedroom Sizes

Final FY 2017 FMRs By Unit Bedrooms

	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
Final FY 2017 FMR	$1,507	$1,773	$2,220	$3,078	$3,545
Final FY 2016 FMR	$1,348	$1,582	$1,994	$2,777	$3,098
Percentage Change	11.8%	12.1%	11.3%	10.8%	14.4%

The San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area consists of the following counties: Santa Clara County, CA. All information here applies to the entirety of the San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area.

Fair Market Rent Calculation Methodology

Show/Hide Methodology Narrative

Fair Market Rents for metropolitan areas and non-metropolitan FMR areas are developed as follows:

1. 2010-2014 5-year American Community Survey (ACS) estimates of 2-bedroom adjusted standard quality gross rents calculated for each FMR area are used as the new basis for FY2017 provided the estimate is statistically reliable. For FY2017, the test for reliability is whether the margin of error for the estimate is less than 50% of the estimate itself.

   If an area does not have a reliable 2010-2014 5-year, HUD checks whether the area has had a reliable estimate in any of the past 5 years. If so, the most recent reliable estimate is updated by the change in the area's corresponding State metropolitan or non-metropolitan area from the year of the most recent reliable estimate to 2010. This update value becomes the basis for FY2017.

   If an area has not had a reliable estimate in the past 5 years, the estimate State

CLIFFORD ADVISORY, LLC
HOUSINGAUTHORITY
SANTA CLARA COUNTY

Parcel 201-A, Mountain View
making homes, growing communities

Income Limits

The U.S. Department of Housing and Urban Development (HUD) establishes income limits based upon the Area Median Income (AMI) for each county in each state. These limits are used in determining a family's initial eligibility to participate in certain SCCHA administered housing assistance programs, such as:

- Housing Choice Voucher
- Project Based Voucher
- Continuum of Care (formerly Shelter Plus Care)

In order for a family to be eligible for federal housing assistance in the County of Santa Clara, the total household income must not exceed these established yearly income limits as listed on the table below:

To be eligible for SCCHA housing assistance programs your income must be in the Extremely-Low or Very-Low range.

INCOME LIMIT CATEGORY	EXTREMELY LOW (30% OF AMI)	VERY LOW (50% OF AMI)	LOW (80% OF AMI)
1 PERSON	$25,100	$41,800	$59,350
2 PERSONS	$28,650	$47,800	$67,800
3 PERSONS	$32,250	$53,750	$76,300
4 PERSONS	$35,800	$59,700	$84,750
5 PERSONS	$38,700	$64,500	$91,550
6 PERSONS	$41,550	$69,300	$98,350
7 PERSONS	$44,400	$74,050	$105,100
8 PERSONS	$47,300	$78,850	$111,900

Income Limits effective as of 4/17/2017

For additional information from HUD on income limits Click Here (http://www.huduser.org/portal/datasets/il/il2013/2013summary.odn)

HACSC.org

for the area's corresponding metropolitan area (if applicable) or State non-metropolitan area is used as the basis for FY2017.

2. HUD calculates a recent mover adjustment factor by comparing a 2014 1-year 40th percentile recent mover 2-bedroom rent to the 2010-2014 5-year 40th percentile adjusted standard quality gross rent. If either the recent mover and non-recent mover rent estimates are not reliable, HUD uses the recent mover adjustment for a larger geography. For metropolitan areas, the order of geographies examined is: FMR Area, Entire Metropolitan Area (for Metropolitan Sub-Areas), State Metropolitan Portion, Entire State, and Entire US; for non-metropolitan areas, the order of geographies examined is: FMR Area, State Non-Metropolitan Portion, Entire State, and Entire US. The recent mover adjustment factor is floored at one.

3. HUD calculates the appropriate recent mover adjustment factor between the 5-year data and the 1-year data and applies this to the 5-year base rent estimate.

4. Rents are calculated as of 2015 using the relevant (regional or local) change in gross rent Consumer Price Index (CPI) from annual 2014 to annual 2015.

5. All estimates are then inflated from 2015 to FY2017 using a national trend factor based on the forecast of gross rent changes through FY2017.

6. FY2017 FMRs are then compared to a State minimum rent, and any area whose preliminary FMR falls below this value is raised to the level of the State minimum.

The results of the Fair Market Rent Step-by-Step Process

1. The following are the 2014 American Community Survey 5-year 2-Bedroom Adjusted Standard Quality Gross Rent estimate and margin of error for San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area.

Area	ACS_{2014} 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent	ACS_{2014} 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent Margin of Error	Ratio	Result
San Jose-Sunnyvale-Santa Clara,	$1,554	$14	$14 / $1,554=0.009	0.009 < .5 Use ACS_{2014} 5-Year San Jose-

CA HUD Metro FMR Area	Sunnyvale-Santa Clara, CA HUD Metro FMR Area 2-Bedroom Adjusted Standard Quality Gross Rent

Since the ACS_{2014} Margin of Error Ratio is less than .5, the ACS_{2014} San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area value is used for the estimate of 2-Bedroom Adjusted Standard Quality Gross Rent:

Area	ACS_{2014} Rent
San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area	$1,554

2. A recent mover adjustment factor is applied based on the smallest area of geography which contains San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area and has an ACS_{2014} 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5.

Area	ACS_{2014} 1-Year Adjusted Standard Quality Recent-Mover Gross Rent	ACS_{2014} 1-Year Adjusted Standard Quality Recent-Mover Gross Rent Margin of Error	Ratio	Result
San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area – 2 Bedroom	$1,986	$74	0.037	0.037 < .5 Use ACS_{2014} 1-Year San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area 2-Bedroom Adjusted Standard Quality Recent-Mover Gross Rent

The smallest area of geography which contains San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area and has an ACS_{2014} 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5 is San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area.

3. The calculation of the relevant Recent-Mover Adjustment Factor for San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area is as follows:

ACS$_{2014}$ 5-Year Area	ACS$_{2014}$ 5-Year 40th Percentile Adjusted Standard Quality Gross Rent	ACS$_{2014}$ 1-Year 40th Percentile Adjusted Standard Quality Recent-Mover Gross Rent
San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area – 2 Bedroom	$1,554	$1,986

Area	Ratio	Recent-Mover Adjustment Factor
San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area	$1,986 / $1,554 =1.278	1.278 ≥ 1.0 Use calculated Recent-Mover Adjustment Factor of 1.278

4. The calculation of the relevant CPI Update Factors for San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area is as follows: HUD updates the 2014 intermediate rent with the ratio of the annual 2015 local or regional CPI to the annual 2014 local or regional CPI to establish rents as of 2015.

	Update Factor	Type
CPI Update Factor	1.0614	Local CPI

5. The calculation of the Trend Factor is as follows: HUD forecasts the change in national gross rents from 2015 to 2017. This makes Fair Market Rents "as of" FY2017.

National Trend Factor
1.0531

6. The FY 2017 2-Bedroom Fair Market Rent for San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area is calculated as follows:

Area	ACS$_{2014}$ 5-Year Estimate	Recent-Mover Adjustment Factor	Annual 2014 to 2015 CPI Adjustment	Trending 1.0531 to FY2017	FY 2017 2-Bedroom FMR
San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area	$1,554	1.278	1.0614	1.0531	$1,554 * 1.278 * 1.0614 * 1.0531=$2,220

7. In keeping with HUD policy, the preliminary FY 2017 FMR is checked to ensure that is does not fall below the state minimum.

Area	Preliminary FY2017 2-Bedroom FMR	FY 2017 California State Minimum	Final FY2017 2-Bedroom FMR
San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area	$2,220	$681	$2,220 ≥ $681 Use San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area FMR of $2,220

Final FY2017 Rents for All Bedroom Sizes for San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area

The following table shows the Final FY 2017 FMRs by bedroom sizes.

Click on the links in the table to see how the bedroom rents were derived.

Final FY 2017 FMRs By Unit Bedrooms					
	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
Final FY 2017 FMR	$1,507	$1,773	$2,220	$3,078	$3,545

The FMRs for unit sizes larger than four bedrooms are calculated by adding 15 percent to the four bedroom FMR, for each extra bedroom. For example, the FMR for a five bedroom unit is 1.15 times the four bedroom FMR, and the FMR for a six bedroom unit is 1.30 times the four bedroom FMR. FMRs for single-room occupancy units are 0.75 times the zero bedroom (efficiency) FMR.

DEBUG: fmr_2_unfloor = 2219.831403

DEBUG: fmr_2017_2 = ("$#,###",2220.0)

Permanent link to this page: http://www.huduser.gov/portal/data sets/fmr/fmrs/FY2017_code/2017summary.odn?&year=2017&fmrtype=Final&cbsasub=METRO41940M41940

Other HUD Metro FMR Areas in the Same MSA

Select another Final FY 2017 HUD Metro FMR Area that is a part of the San Jose-Sunnyvale-Santa Clara, CA MSA:

San Benito County, CA HUD Metro FMR Area Select Metropolitan FMR Area

Select a different area

Press below to select a different county within the same state (same primary state for metropolitan areas):

Alameda County, CA
Alpine County, CA
Amador County, CA
Butte County, CA
Calaveras County, CA Select a new county

Press below to select a different state:

Select a new state

Select a Final FY 2017 Metropolitan FMR Area:

San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area

Select Metropolitan FMR Area

| HUD Home Page | HUD User Home | Data Sets | Fair Market Rents | Section 8 Income Limits | FMR/IL Summary System | Multifamily Tax Subsidy Project (MTSP) Income Limits | HUD LIHTC Database |

Prepared by the Economic and Market Analysis Division, HUD. Technical problems or questions? Contact Us.

CLIFFORD
ADVISORY

Real Estate Valuation ■ Arbitration

QUALIFICATIONS
OF
JOHN C. CLIFFORD, MAI

Mr. John C. Clifford is a designated member of the Appraisal Institute (MAI) and is qualified by the State of California as a Certified General Appraiser. The following is a brief resume of his background and experience.

Experience

Mr. Clifford is the principal of CLIFFORD ADVISORY, LLC and has provided real estate appraisal, arbitration and consultation services since 1982. He has performed a wide variety of appraisal and valuation consulting assignments.

Based in San Francisco, Mr. Clifford has benefited from the unique opportunity to analyze many complex properties including:

Complex Properties

- **San Francisco Giants AT&T Baseball Stadium**
- **Treasure Island**
- **Mission Bay MXU Development Project**
- **Hamilton Army Air Field (HAAF)**
- **Hunters Point Naval Shipyard**
- **Ferry Building - Embarcadero**
- **Fisherman's Wharf Restaurants**
- **United Airlines Maintenance Facility**

Arbitration

- **400,000 SF - Pacific Bell**
  370 Third Street, SOMA
- **200,000 SF - Heller Ehrman**
  333 Bush Street, Financial District
- **500,000 SF - Nordstroms Centre**
  Union Square District
- **Pier 41 - Fisherman's Wharf**

Valuation property types include major high-rise office and mixed-use retail/office projects, retail projects, biotech facilities, medical office buildings, regional malls, neighborhood shopping centers, hotels and restaurants, industrial and manufacturing buildings and facilities, high-rise and suburban multi-family residential projects, subdivision analysis, special purpose properties, recreational properties, vacant land and open space.

Mr. Clifford has provided litigation support in numerous condemnation valuation assignments, and has testified as a qualified expert witness in the Superior Court of the State of California, U.S. Bankruptcy Court, and before various quasi-judicial and municipal hearings.

Condemnation	Client
• Moscone West Convention Center Site	City of San Francisco
• Transbay Terminal Project Sites	City of San Francisco
• San Francisco Cable Car Line	City of San Francisco
• The Rock	City of San Francisco
• Richmond Parkway	Property Owner
• Golden Gate Ministorage vs. The State of California	Property Owner

Mr. Clifford participated in a landmark inverse condemnation land use case which upheld the use of public agency purchases as comparables following the 1987 revision to the State's evidence code (*City and County of San Francisco v. Golden Gate Heights Inv.* (1993) 14 Cal.App.4th 1203).

Other major assignments demonstrating the extent of his experience are listed as follows:

- Genentech Research Facility
- Biorad Research Facility
- Port Sonoma-Marin Marina
- Marin County Civic Center
- Sea Cliff Sinkhole Properties
- Hamilton Airfield Reuse Plan
- Wal-Mart Distribution Facility
- Silverado Country Club
- Renaissance Estates Golf & SFR Community
- Fountaingrove Ranch Golf & SFR Community
- Northeast Ridge Subdivision
- Lagoon Valley MXU Golf, SFR, Business Park
- Bel Marin Keys Unit 5
- AT&T Cable Franchise – Possessory Interest

After earning his MAI designation in 1983, he established an appraisal and consulting practice. As his practice and reputation has grown, he now maintains offices in San Francisco and Mill Valley, California.

Development Consulting

Mr. Clifford is a specialist in evaluating real estate economic feasibility, completing land use entitlement processes, and formulating development strategies. He successfully processed tentative and final subdivision maps, secured development financing and acted as project manager in the construction and marketing of the 100-unit Cotati Station project in Sonoma County.

Education and Professional Affiliation

Mr. Clifford graduated from Indiana University in 1974, Bloomington, Indiana, with a Bachelor of Arts degree.

During the years 1979 through 1983, Mr. Clifford completed a curriculum of study in the understanding and application of the theory and practice of appraisal principles. The course subjects include appraisal and economic theory, real property law, finance, and professional ethics, and are presented by the Appraisal Institute, which ultimately awards the MAI (Member of the Appraisal Institute) designation. After satisfying the additional five years of experience requirements, demonstration reports, and successfully completing a Comprehensive Exam, he was awarded the MAI designation in 1983.

Attachment 1

CITY OF MOUNTAIN VIEW

SHOREBREEZE APARTMENTS PROJECT

INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

Prepared for:

CITY OF MOUNTAIN VIEW
P.O. BOX 750
MOUNTAIN VIEW, CA 94039-7540

Prepared by:

Michael Baker
INTERNATIONAL

ONE KAISER PLAZA, SUITE 1150
OAKLAND, CA 94612

AUGUST 2017

CITY OF MOUNTAIN VIEW

SHOREBREEZE APARTMENTS PROJECT

INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

Prepared for:

CITY OF MOUNTAIN VIEW
P.O. BOX 750
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AUGUST 2017

1.0 INTRODUCTION

2.0 PROJECT INFORMATION

3.0 PROJECT DESCRIPTION

4.0 ENVIRONMENTAL CHECKLIST

APPENDICES

TABLES

FIGURES

1.0 INTRODUCTION

1.1 INTRODUCTION AND REGULATORY GUIDANCE

INITIAL STUDY AND NEGATIVE DECLARATION

This document contains an initial study (IS), with supporting environmental studies, which concludes that a negative declaration (ND) is the appropriate California Environmental Quality Act (CEQA) document for the Shorebreeze Apartments project (proposed project). This ND has been prepared in accordance with Public Resources Code Section 21000 et seq., and the CEQA Guidelines, California Code of Regulations Section 15000 et seq.

An initial study is conducted by a lead agency to determine whether a project may have a significant effect on the environment. In accordance with CEQA Guidelines Section 15063, an environmental impact report (EIR) must be prepared if an initial study indicates that the proposed project under review may have a potentially significant impact on the environment that cannot be initially avoided or mitigated to a level that is less than significant. A negative declaration may be prepared if the lead agency finds that the proposed project would not have a significant effect on the environment and, therefore, prepares a written statement describing the reasons why the preparation of an EIR is not required (CEQA Guidelines Section 15371). According to CEQA Guidelines Section 15070:

> A public agency shall prepare or have prepared a proposed negative declaration or mitigated negative declaration for a project subject to CEQA when:
>
> a) The initial study shows there is no substantial evidence, in light of the whole record before the agency, that the proposed project may have a significant effect on the environment, or
>
> b) The initial study identifies potentially significant effects, but:
>
> (1) Revisions in the project plans or proposals made by or agreed to by the applicant before the proposed mitigated negative declaration and initial study are released for public review would avoid the effects or mitigate the effects to a point where clearly no significant effects would occur, and
>
> (2) There is no substantial evidence, in light of the whole record before the agency, that the proposed project as revised may have a significant effect on the environment.

ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT ENVIRONMENTAL IMPACT

The proposed project would receive federal funding through the HOME Investments Partnerships Program for the construction of affordable housing. As such, the project is subject to the National Environmental Policy Act (NEPA). An environmental assessment (EA) and supporting environmental studies concluded that a Finding of No Significant Impact (FONSI) is the appropriate NEPA document for the proposed project. The EA was prepared in accordance with the US Department of Housing and Urban Development (HUD) NEPA requirements, including the Determinations and Compliance Findings for HUD-assisted Projects (24 CFR 58) form and checklist. The EA was prepared as a stand-alone document and will go through a review and approval process separate from this Initial Study.

1.2 LEAD AGENCY

The lead agency is the public agency with primary responsibility over a proposed project. Where two or more public agencies will be involved with a project, CEQA Guidelines Section 15051 establishes criteria for identifying the lead agency. In accordance with CEQA Guidelines Section 15051(b)(1), "the lead agency will normally be the agency with general governmental powers, such as a city or county, rather than an agency with a single or limited purpose." Based on the

criterion above, the City of Mountain View (City) is the lead agency for the proposed Shorebreeze Apartments project.

1.3 PURPOSE AND DOCUMENT ORGANIZATION

The purpose of this Initial Study is to evaluate the potential environmental impacts of the proposed project. This document is divided into the following sections:

1.0 Introduction – This section includes an introduction and describes the purpose and organization of the document.

2.0 Project Information – This section provides general information regarding the project, including the project title, lead agency and address, contact person, brief description of the project location, General Plan land use designation and zoning district, and identification of surrounding land uses, Also included in this section is a checklist of the environmental factors that are potentially affected by the project.

3.0 Project Description – This section describes the proposed project in detail. It also identifies any other public agencies whose review, approval, and/or permits may be required.

4.0 Environmental Checklist – This section describes the environmental setting and overview for each of the environmental subject areas. It evaluates a range of impacts classified as "no impact," "less than significant impact," "less than significant impact with mitigation incorporated," and "potentially significant impact" in response to the environmental checklist.

1.4 EVALUATION OF ENVIRONMENTAL IMPACTS

Section 4.0, Environmental Checklist, is the analysis portion of this Initial Study. The section evaluates the potential environmental impacts of the project. Section 4.0 includes 19 environmental issue subsections, including CEQA Mandatory Findings of Significance. The environmental issue subsections, numbered 1 through 19, consist of the following:

1. Aesthetics
2. Agriculture and Forestry Resources
3. Air Quality
4. Biological Resources
5. Cultural Resources
6. Geology and Soils
7. Greenhouse Gas Emissions
8. Hazards and Hazardous Materials
9. Hydrology and Water Quality
10. Land Use and Planning
11. Mineral Resources
12. Noise
13. Population and Housing
14. Public Services
15. Recreation
16. Transportation/Traffic
17. Tribal Cultural Resources
18. Utilities and Service Systems
19. Mandatory Findings of Significance

Each environmental issue subsection is organized in the following manner:

The **Setting** summarizes the existing conditions at the regional, subregional, and local levels, as appropriate, and identifies applicable plans and technical information for the particular issue area.

The **Discussion of Impacts** provides a detailed discussion of each environmental issue checklist question. The level of significance for each topic is determined by considering the predicted magnitude of the impact. Four levels of impact significance are evaluated in this Initial Study:

- **No Impact:** No project-related impact on the environment would occur with project development.
- **Less Than Significant Impact:** The impact would not result in a substantial adverse change in the environment. This impact level does not require mitigation measures.
- **Less Than Significant Impact With Mitigation Incorporated:** An impact that may have a "substantial, or potentially substantial, adverse change in any of the physical conditions within the area affected by the project" (CEQA Guidelines Section 15382). However, the incorporation of mitigation measures that are specified after analysis would reduce the project-related impact to a less than significant level.
- **Potentially Significant Impact:** An impact that is "potentially significant" but for which mitigation measures cannot be immediately suggested or the effectiveness of potential mitigation measures cannot be determined with certainty, because more in-depth analysis of the issue and potential impact is needed. In such cases, an environmental impact report (EIR) is required.

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2.0 PROJECT INFORMATION

1. **Project title:** Shorebreeze Apartments

2. **Lead agency name and address:** City of Mountain View
PO BOX 750
Mountain View, CA 94039-7540

3. **Contact person and phone number:** Paula Bradley, MCP, AICP, Associate Planner
Community Development Department
City of Mountain View
(650) 903-6306

4. **Project location:** The project site is located at 460 North Shoreline Boulevard (Assessor's Parcel Numbers [APNs] 150-26-006 and 150-26-005).

5. **Project sponsor's name and address:** MidPen Housing Corporation
Contact: Matt Lewis
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
(650) 356-2928

6. **General Plan designation:** High Density Residential

7. **Zoning:** Planned Community 5 (P5). The zoning is outlined in the 460 Shoreline Boulevard Precise Plan; development standards correspond with the Residential–Multiple-Family Residential (R3) zoning district.

8. **Project Description:** The project would consist of two main components: (1) demolition of 12 existing affordable housing townhouse units; and (2) construction of 62 new affordable housing units where the 12 units are currently located.

9. **Surrounding land uses and setting:** The project site is located in an urbanized environment. The complex is bounded by commercial development and the Barkley Square Apartments to the north, North Shoreline Boulevard to the east and south, and residential development to the west.

10. **Environmental factors potentially affected:**

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "potentially significant impact" as indicated by the checklist on the following pages.

☐ Aesthetics	☐ Agriculture Resources	☐ Air Quality
☐ Biological Resources	☐ Cultural Resources	☐ Geology and Soils
☐ Greenhouse Gases	☐ Hazards and Hazardous Materials	☐ Hydrology and Water Quality
☐ Land Use and Planning	☐ Mineral Resources	☐ Noise
☐ Population and Housing	☐ Public Services	☐ Recreation
☐ Transportation/Traffic	☐ Tribal Cultural Resources	☐ Utilities and Service Systems
☐ Mandatory Findings of Significance		

11. Determination: (To be completed by the lead agency)

On the basis of this initial evaluation:

☒ I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.

☐ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.

☐ I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

☐ I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect (1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and (2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.

☐ I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

_____ _____

Signature Date

Paula Bradley City of Mountain View

Printed Name Lead Agency

Associate Planner

Title

3.0 PROJECT DESCRIPTION

3.1 PROJECT LOCATION

The project site is located on the same site as the existing Shorebreeze Apartment complex at 460 North Shoreline Boulevard in Mountain View, California. Mountain View is in Santa Clara County in the San Francisco Bay Area and is surrounded by the cities of Palo Alto, Los Altos, and Sunnyvale (**Figure 3.0-1, Regional Vicinity**).

3.2 PROJECT SITE

The project site is a 5.34-acre triangular-shaped lot directly adjacent to North Shoreline Boulevard (**Figure 3.0-2, Project Location**). The project site comprises two parcels—Assessor's Parcel Numbers [APNs] 150-26-006 and 150-26-005. Parcel APN 150-26-006, which is composed of five separate lots, is designated Lot 1 through Lot 5 (**Figure 3.0-3, Detailed Project View**). The project site is currently developed with the existing Shorebreeze Apartment complex, consisting of 120 affordable apartments for families and seniors in five existing buildings, a recreation center, an asphalt parking lot, and paved walkways. The Hetch-Hetchy Easement, owned by the City and County of San Francisco and managed by the San Francisco Public Utilities Commission (SFPUC), is located under the parking lot on the northern portion of the project site.

Landscaping on the project site consists of mature trees along the southern and western boundaries, as well as grass and shrubs surrounding the existing buildings. Hedges and trees separate the project site from the Barkley Square Apartments to the north.

The project site is located in an urbanized environment. The complex is bounded by commercial development and the Barkley Square Apartments to the north, North Shoreline Boulevard to the east and south, and residential development to the west.

EXISTING ZONING

Per the City's (2016a) General Plan Land Use Map, the project site is designated High-Density Residential. Per the City's (2016b) Zoning Map, the project site is zoned Planning Community 5 (P5). The project site zoning is outlined in the 460 Shoreline Boulevard Precise Plan, which was developed in 1978 to outline a plan for the development of an affordable residential complex for families and senior citizens on the property (Mountain View 1978). The Precise Plan states that the development standards of the Residential–Multiple-Family (R3) zoning district are to be used as a guideline for development.

Per the City's Zoning Map, land to the west, north, and south is primarily zoned R3, with one area to the north zoned Commercial–Neighborhood (CN). The land to the east is zoned Commercial–Office (CO).

3.3 PROJECT BACKGROUND

The Shorebreeze Apartment complex was originally built in 1980 as affordable housing. In 1997, MidPen Housing Corporation acquired the complex and preserved its affordable status. Following its acquisition of the complex, MidPen Housing rehabilitated and upgraded the apartments, community spaces, and landscaping.

In 2016, MidPen Housing submitted a request to the Mountain View City Council to reserve $6.3 million of funding for renovations to the Shorebreeze Apartment complex. The funds would be used to demolish 12 existing units and construct 62 affordable units.

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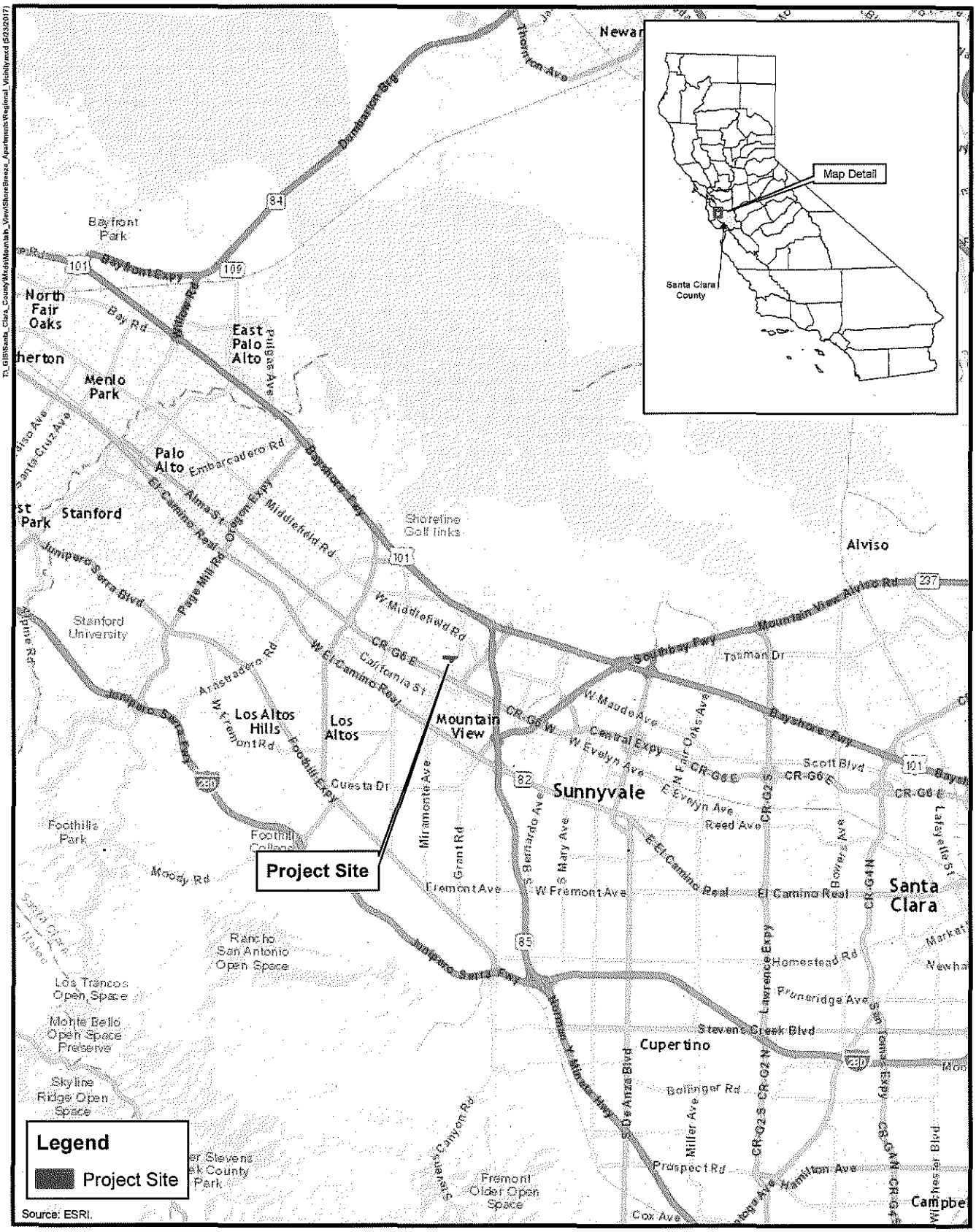

Figure 3.0-1
Regional Vicinity

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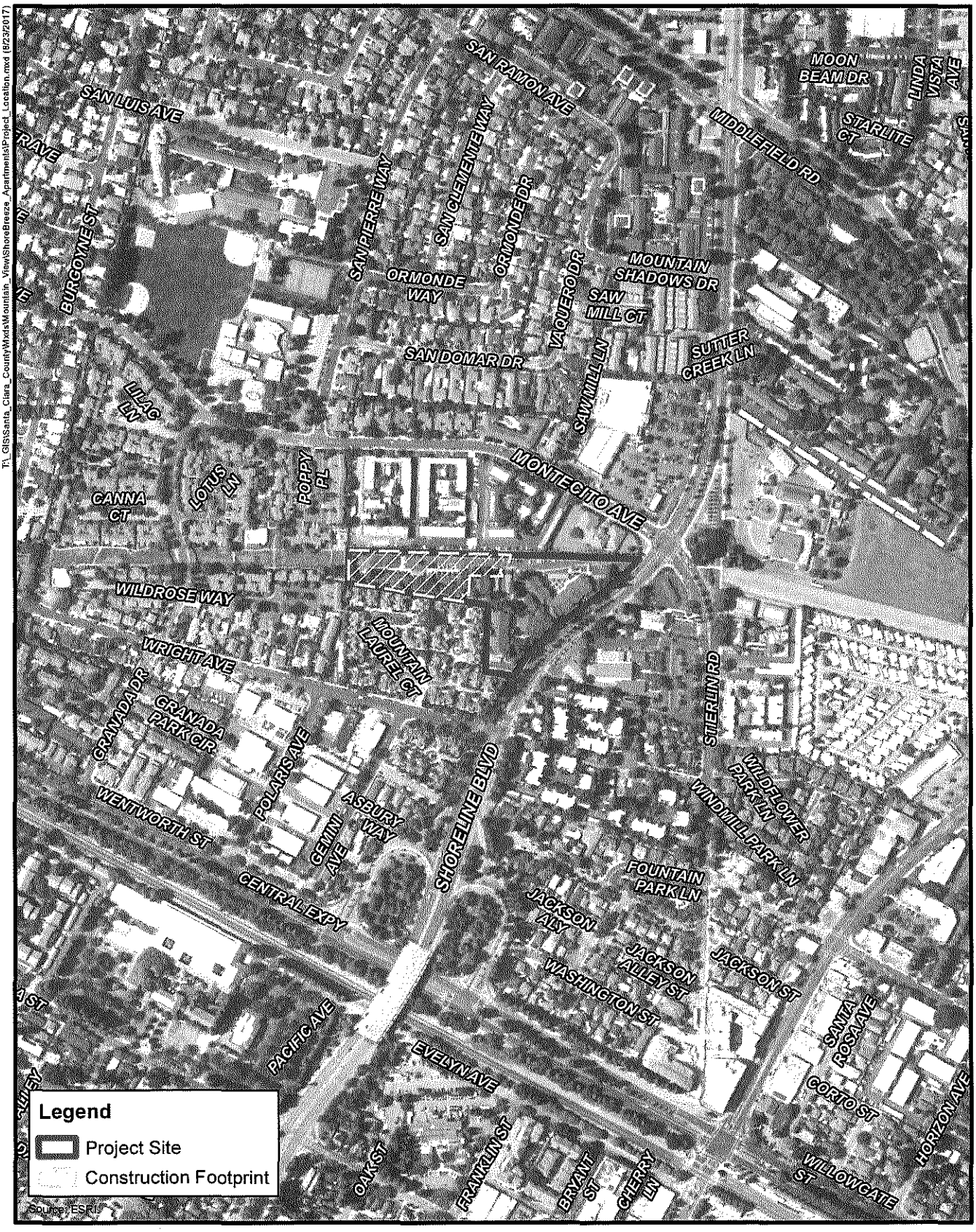

Figure 3.0-2
Project Locaiton

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FIGURE 3.0-3
Detailed Project View

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Hetch-Hetchy Easement

MidPen Housing leases approximately 1.95 acres on the northern edge of the project site (the Hetch-Hetchy Easement) from the SFPUC (refer to Figure 3.0-3). Under the current lease agreement, which commenced in February 1980 and terminates in March 2031, the easement can only be used for parking, access, and landscaping. In order to develop the site, MidPen Housing must renegotiate the lease to extend the term beyond 2031 to accommodate at least the 55-year term of affordability and construction of the proposed new units. The SFPUC and MidPen Housing are in the process of negotiating this lease.

3.4 PROJECT DESCRIPTION

The project would consist of two main components: (1) demolition of 12 existing townhouse units; and (2) construction of 62 new units where the 12 units are located. The project would also require a Preliminary Map, a Precise Plan Amendment, and a Planned Community Permit/Development Review Permit.

PROPOSED PROJECT

As described above, the Shorebreeze Apartment complex consists of 120 affordable apartments for families and seniors in five existing buildings. The proposed project would demolish 12 existing townhouse units in two of the existing buildings and develop 62 affordable housing units on the western portion of the site (see **Figure 3.0-4, Conceptual Site Plan**), resulting in a net increase of 50 units. After project construction, the Shorebreeze Apartment complex would consist of a total of 170 affordable housing units and a total area of approximately 3.37 acres.

The 62 new housing units would consist of 21 studios, 21 one-bedroom units, 8 two-bedroom units, and 12 three-bedroom units. The 62 housing units would comprise 50,010 square feet of development in two adjacent three-story buildings. The proposed housing by type, by number of units, and by size is detailed in **Table 3.0-1, New Construction Residential Project Components by Type.**

TABLE 3.0-1
NEW CONSTRUCTION RESIDENTIAL PROJECT COMPONENTS BY TYPE

Housing Type		Number of Units
Affordable Apartments	3 Bedroom (1,060–1,111 sf)	12
	2 Bedroom (838–850 sf)	8
	1 Bedroom (518–609 sf)	21
	Studio (375–428 sf)	21
	Total Units	**62**

*Source: Dahlin 2017 (**Appendix PLANS**)*
Note: sf = square feet

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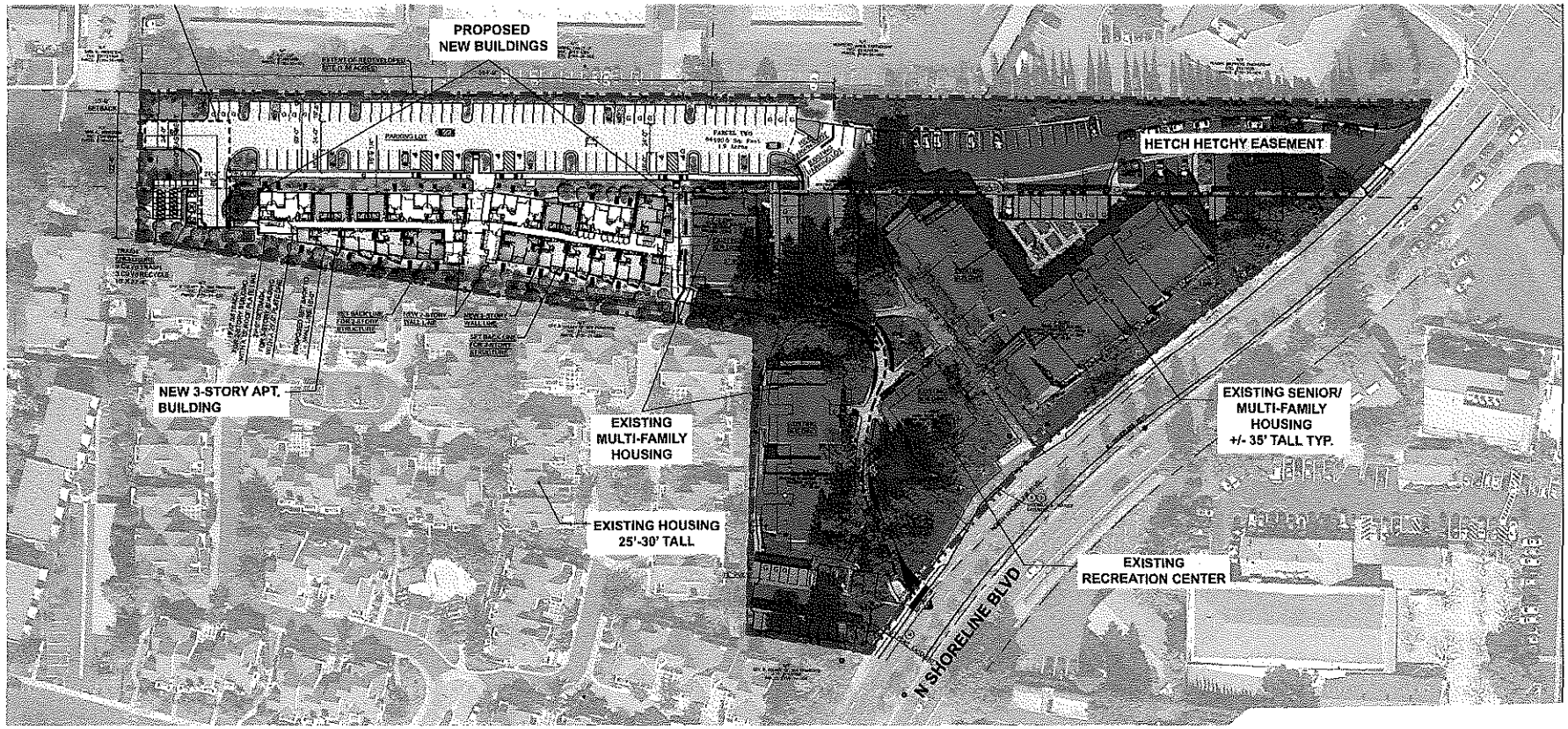

Source: Dahlin; 2017

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FIGURE 3.0-4
Conceptual Site Plan

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TENANT RELOCATION

The tenants in the 12 existing townhouse units would be temporarily relocated for approximately 12 months during demolition and construction. After construction, the displaced tenants would have the right to return to a three-bedroom unit in one of the new buildings. The developer, in coordination with Autotemp, the relocation firm, would provide all required relocation assistance to the displaced households.

Autotemp developed a relocation plan to outline the relocation assistance program and evaluate the housing requirements of the existing tenants (Autotemp 2016; **Appendix REL**). As part of the plan, Autotemp conducted a survey of the nearby area and found sufficient available housing to accommodate the temporarily displaced households, including market-rate apartments and corporate housing. As such, the project would not include the construction of any temporary replacement housing. Relocation support would be mainly in the form of rental assistance vouchers. Aside from negligible short-term changes in localized travel routes for these temporarily displaced residents, this relocation plan would not result in physical changes that could cause other secondary environmental impacts.

PRELIMINARY MAP

Currently, Building 3 is built on the legal lot line between Lot 3 and Lot 5. The project would include a Preliminary Map to create two lots from five existing lots and would move the lot line approximately 65 feet to the west (**Figure 3.0-5, Preliminary Map**).

PRECISE PLAN AMENDMENT

The project would require a Precise Plan Amendment to the 460 Shoreline Boulevard Precise Plan P-(5) to allow an increase from 125 units to 170 units and a density increase from 37 dwelling units per acre to 50 units per acre on the 3.37 acres, or 32 units per acre including the SFPUC lands. The Precise Plan would also be amended to delete the requirement that 50 percent of parking is within carports.

PLANNED COMMUNITY PERMIT/DEVELOPMENT REVIEW PERMIT

The project would require a Planned Community Permit and Development Review Permit to construct 62 affordable units (21 studios, 21 one-bedroom units, 8 two-bedroom units, and 12 three-bedroom units) to replace 12 of the existing affordable townhouse units.

BUILDING DESIGN

Each new building would consist of three stories of wood-frame construction that would reach a maximum height of 45 feet and would be set back at least 18 feet from the property line to the south. The new buildings would incorporate materials that are similar to the existing apartments (**Figure 3.0-6, Building Perspectives,** and **Figure 3.0-7, Building Elevations**). Each building would also include laundry rooms, storage lockers, and bike storage on the first floor. The buildings would be solar thermal or photovoltaic panels ready.

CIRCULATION AND PARKING

Access to the project site would be via two driveways along North Shoreline Boulevard. An existing driveway currently provides access to the parking lot on the north side of the project site. This driveway and the sidewalk on North Shoreline Boulevard in the vicinity of the driveway would be upgraded to meet City standards and Americans with Disabilities Act (ADA) regulations. A second driveway farther south along North Shoreline Boulevard would also connect to an existing walkway. The walkway would be widened in some locations to provide adequate access for emergency vehicles to the project site.

Pedestrian circulation would include internal pathways and sidewalks along the street frontages adjacent to the project site. Parking would include assigned spaces for residents, as well as spaces for staff and guests. The project would replace 42 existing parking spaces and construct a total of 93 new parking spaces. A total of 185 parking spaces would be available after construction. The number of vehicle parking spaces is shown in **Table 3.0-2, Shorebreeze Apartments Parking**. The project would incorporate eight horseshoe bike racks (16 short-term spaces), 14 bike lockers (28 long-term spaces), and 34 wall-mounted bike racks inside (34 long-term spaces) on the project site. This would result in 16 short-term spaces and 62 long-term spaces for bike parking.

TABLE 3.0-2
SHOREBREEZE APARTMENTS PARKING

	Number of Parking Spaces	Number of Residential Units	Parking Ratio
Existing	141	120	1.2 stalls/unit
Would Be Demolished	49		
Would Be Constructed	93		
Total After Project Construction	185	170	1.1 stalls/unit

*Source: Dahlin 2017 (**Appendix PLANS**)*

LANDSCAPING

Project site landscaping would include trees and vegetation along the edges of the project site and the buildings and in landscaped strips in the parking lot (**Figure 3.0-8, Project Landscaping**). Prior to construction, 38 existing trees (22 of which are defined as heritage trees) would be removed at the southeastern corner and along the site's southern boundary. The existing tree canopy at the northwest corner of the project site and surrounding the community center would remain. A total of 44 trees would be planted throughout the project site, including arbutus, crape myrtle, pear, and redbud. Tree sizes would range from 7 inches to 38 inches in diameter (HortScience, Inc. 2017). All plants would be watered by a fully automatic, water-conserving irrigation system with a weather-based operation controller.

EXTERIOR LIGHTING

The project would install lighting along internal walkways, update lighting as needed in the parking lot, and on exterior building walls. A total of 14 overhead pole lights and six building-mounted downlights would be installed on the project site. The lighting would be similar in style and height to the existing lighting on the project site. The parking lot lighting would comply with Mountain View City Code Section 36.32.80, which requires lighting that is capable of providing adequate illumination for security and safety and is in scale with the height and use of on-site structures. Lighting would be directed away from adjoining properties and public rights-of-way. Lighting fixtures would use photocells to control light levels.

UTILITIES

The project would connect to the existing water, sewer, electrical, and natural gas service networks. The City of Mountain View would provide potable water and sewer services to the project site. Electrical and natural gas service would be provided by Pacific Gas and Electric Company (PG&E). All necessary conveyance infrastructure to connect to public utilities would be constructed as part of the project.

STORMWATER TREATMENT

After project construction, the project site would include 141,715 square feet (3.24 acres) of impervious surfaces that would include buildings, parking lots, the access road, walkways, and sidewalks. Approximately 91,734 square feet (2.11 acres) of the project site would either remain undeveloped or would be landscaped and 100 percent permeable to stormwater. The project would construct bioretention basins to capture stormwater from the 85th percentile storm and pretreat it on-site to remove dirt, oil, and heavy metals, as shown on **Figure 3.0-9, Project Stormwater Management.**

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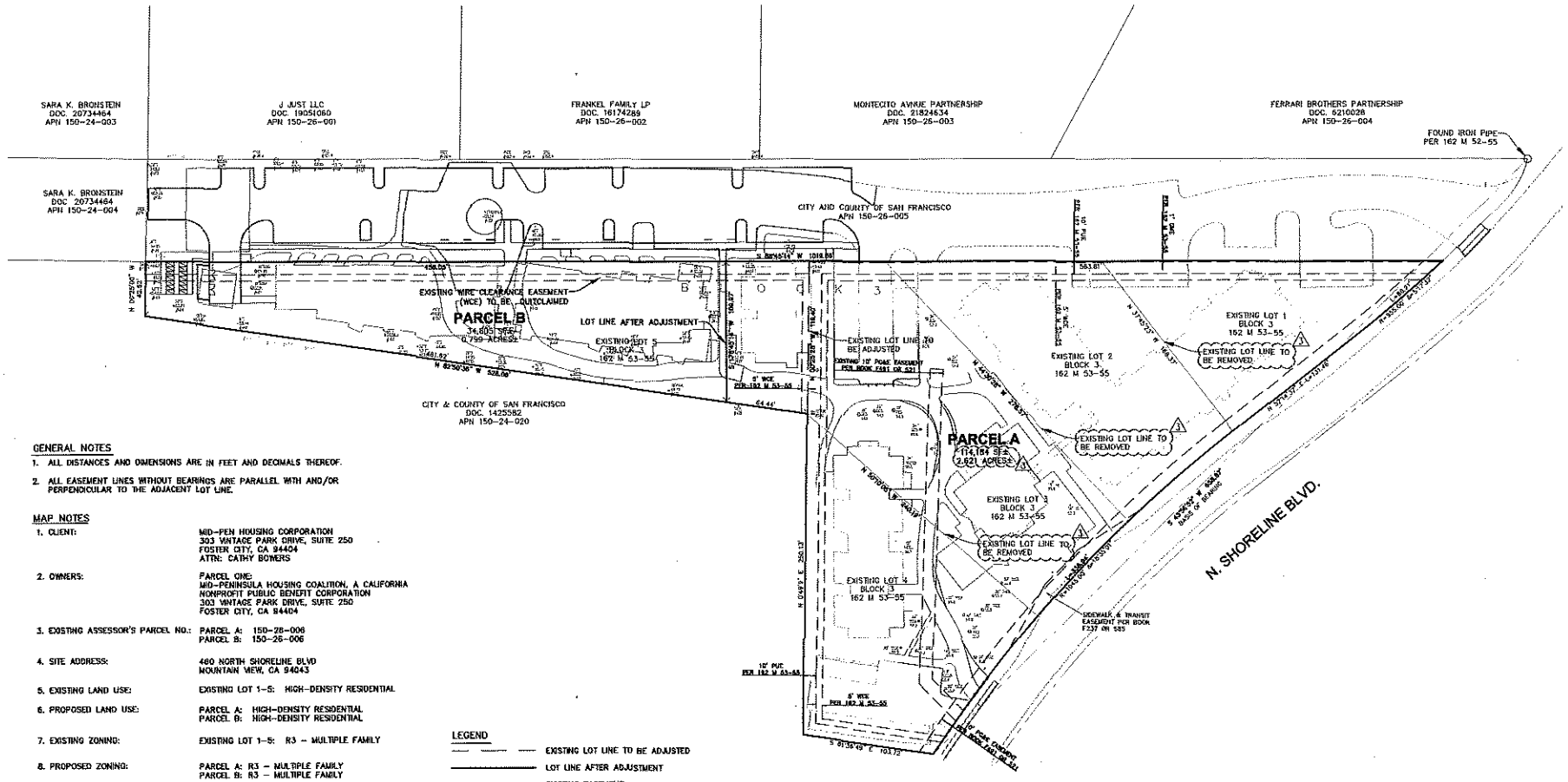

GENERAL NOTES

1. ALL DISTANCES AND DIMENSIONS ARE IN FEET AND DECIMALS THEREOF.
2. ALL EASEMENT LINES WITHOUT BEARINGS ARE PARALLEL WITH AND/OR PERPENDICULAR TO THE ADJACENT LOT LINE.

MAP NOTES

1. CLIENT: MID-PEN HOUSING CORPORATION
303 VINTAGE PARK DRIVE, SUITE 250
FOSTER CITY, CA 94404
ATTN: CATHY BOWERS
2. OWNERS: PARCEL ONE:
MID-PENINSULA HOUSING COALITION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION
303 VINTAGE PARK DRIVE, SUITE 250
FOSTER CITY, CA 94404
3. EXISTING ASSESSOR'S PARCEL NO.: PARCEL A: 150-26-006
PARCEL B: 150-26-006
4. SITE ADDRESS: 460 NORTH SHORELINE BLVD
MOUNTAIN VIEW, CA 94043
5. EXISTING LAND USE: EXISTING LOT 1-5: HIGH-DENSITY RESIDENTIAL
6. PROPOSED LAND USE: PARCEL A: HIGH-DENSITY RESIDENTIAL
PARCEL B: HIGH-DENSITY RESIDENTIAL
7. EXISTING ZONING: EXISTING LOT 1-5: R3 - MULTIPLE FAMILY
8. PROPOSED ZONING: PARCEL A: R3 - MULTIPLE FAMILY
PARCEL B: R3 - MULTIPLE FAMILY
9. EXISTING & PROPOSED NUMBER OF LOTS: FROM 5 LOTS TO 2 LOTS
10. EXISTING SITE AREA: LOT 1 = 18,175 SQ.FT.± = 0.417 ACRES±
LOT 2 = 26,210 SQ.FT.± = 0.602 ACRES±
LOT 3 = 33,528 SQ.FT.± = 0.770 ACRES±
LOT 4 = 28,859 SQ.FT.± = 0.663 ACRES±
LOT 5 = 42,218 SQ.FT.± = 0.969 ACRES±
11. PROPOSED SITE AREA: PARCEL A = 114,184 SQ.FT.± = 2.621 ACRES±
PARCEL B = 34,805 SQ.FT.± = 0.799 ACRES±

LEGEND

- EXISTING LOT LINE TO BE ADJUSTED
- LOT LINE AFTER ADJUSTMENT
- EXISTING EASEMENT
- CENTER LINE
- APN ASSESSOR'S PARCEL NUMBER
- PUE PUBLIC UTILITY EASEMENT
- WCE WIRE CLEARANCE EASEMENT

Source: Thomas Baak & Associates, LLP; 2017

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FIGURE 3.0-5
Preliminary Map

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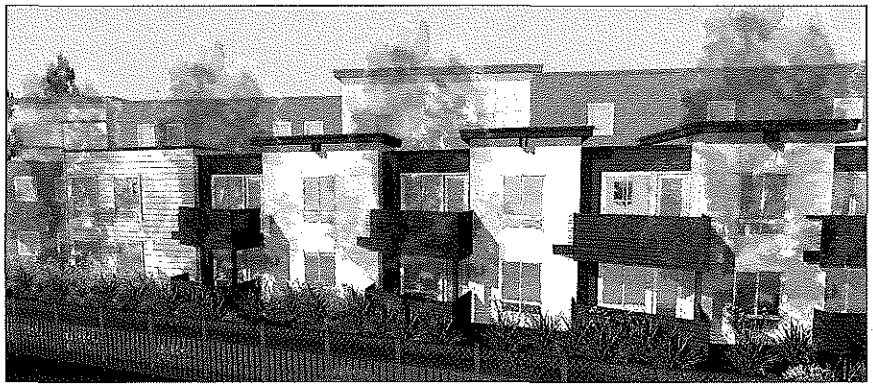
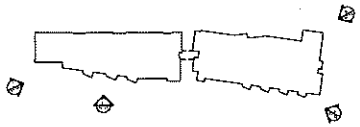
(A) NORTH-EAST PERSPECTIVE

(B) SOUTH-EAST PERSPECTIVE

(C) SOUTH-WEST PERSPECTIVE



(D) DECKS & PATIOS PERSPECTIVE



Source: Dahlin; 2017

FIGURE 3.0-6
Building Perspectives

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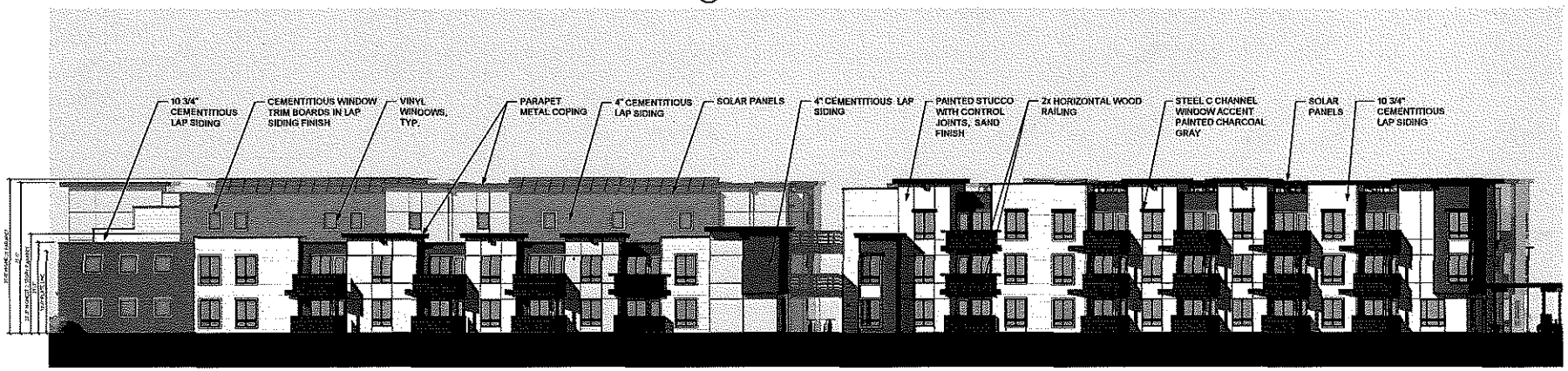
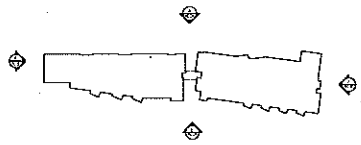
A NORTH ELEVATION



B SOUTH ELEVATION



Source: Dahlin Group; 2017

FIGURE 3.0-7
Building Elevations

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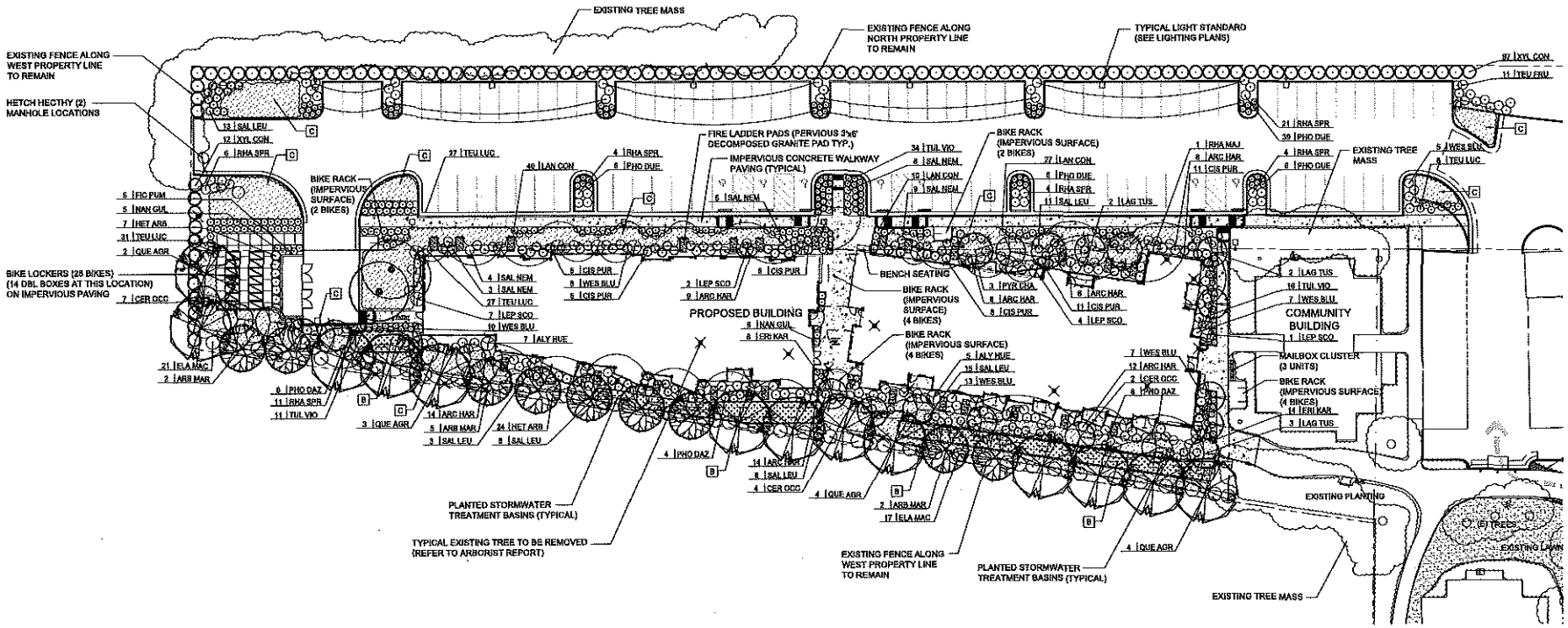

Source: Dahlin Group, Thomas Baak & Associates, LLP; 2017

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FIGURE 3.0-8
Project Landscaping

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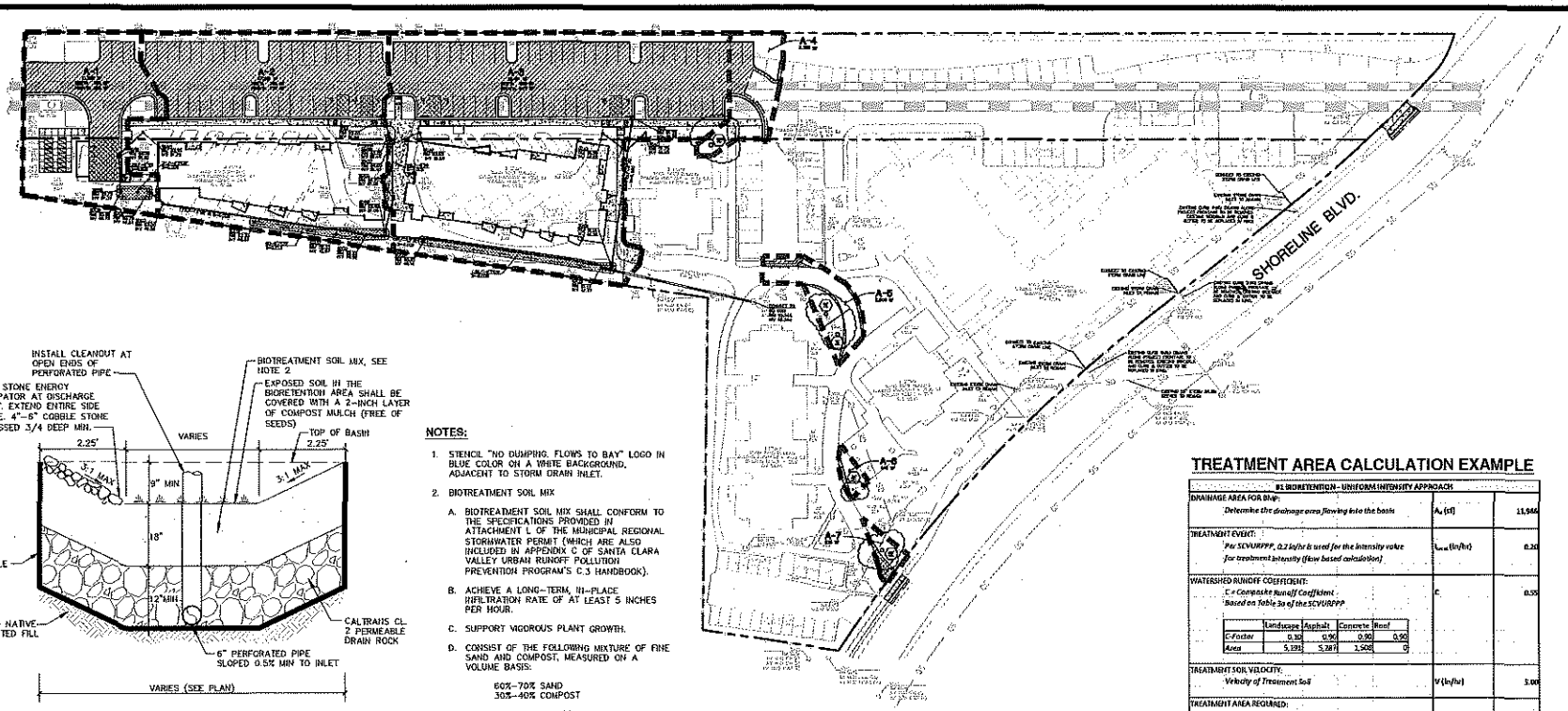

BACKFILL BIORETENTION ONLY WITH PERMEABLE PLANTING MATERIAL AND DRAIN ROCK AS SPECIFIED IN THIS DETAIL. ABSOLUTELY NO NATIVE MATERIAL SHALL BE USED FOR BACKFILL.

1 — BIORETENTION AREA DETAIL
NOT TO SCALE

NOTES:

1. STENCIL "NO DUMPING. FLOWS TO BAY" LOGO IN BLUE COLOR ON A WHITE BACKGROUND, ADJACENT TO STORM DRAIN INLET.
2. BIOTREATMENT SOIL MIX
   A. BIOTREATMENT SOIL MIX SHALL CONFORM TO THE SPECIFICATIONS PROVIDED IN ATTACHMENT L OF THE MUNICIPAL REGIONAL STORMWATER PERMIT (WHICH ARE ALSO INCLUDED IN APPENDIX C OF SANTA CLARA VALLEY URBAN RUNOFF POLLUTION PREVENTION PROGRAM'S C.3 HANDBOOK).
   B. ACHIEVE A LONG–TERM, IN–PLACE INFILTRATION RATE OF AT LEAST 5 INCHES PER HOUR.
   C. SUPPORT VIGOROUS PLANT GROWTH.
   D. CONSIST OF THE FOLLOWING MIXTURE OF FINE SAND AND COMPOST, MEASURED ON A VOLUME BASIS:
      60%–70% SAND
      30%–40% COMPOST
3. COMPACTION OF THE UNDERLYING SOILS BELOW THE BIORETENTION AREA SHOULD BE AVOIDED.
4. PLANTING FOR BIORETENTION AREAS SHALL BE DROUGHT TOLERANT PLANTS AND CONFORM TO THE PLANT LIST PROVIDED IN APPENDIX D OF SANTA CLARA VALLEY URBAN RUNOFF POLLUTION PREVENTION PROGRAM'S C.3 HANDBOOK.

TREATMENT AREA CALCULATION EXAMPLE

#1 BIORETENTION - UNIFORM INTENSITY APPROACH

DRAINAGE AREA FOR BMP: *Determine the drainage area flowing into the basin*	A_t (sf)	11,946
TREATMENT EVENT: *Per SCVURPPP, 0.2 in/hr is used for the intensity value for treatment intensity (flow based calculation)*	I_{event} (in/hr)	0.20
WATERSHED RUNOFF COEFFICIENT: *C = Composite Runoff Coefficient* *Based on Table 3a of the SCVURPPP*	C	0.55

	Landscape	Asphalt	Concrete	Roof
C-Factor	0.30	0.90	0.90	0.90
Area	5,191	5,287	1,508	0

TREATMENT SOIL VELOCITY: *Velocity of Treatment Soil*	V (in/hr)	5.00
TREATMENT AREA REQUIRED: *Event intensity is modified and divided by treatment soil velocity to take into account infiltration* *C x (I/V) x A*	$A_{required}$ (sf)	265.36
TREATMENT AREA AVAILABLE: Treatment Area Available	$A_{capacity}$ (sf)	268.00

Bioretention Area is Adequate for Treatment Event

STORMWATER TREATMENT CALCULATIONS

Area #	Area Size (sf)	Pervious Area (sf)	Impervious Area (sf) Existing To Remain	Impervious Area (sf) New / Replaced	Composite Runoff Coefficient	Total Tree Credits (sf)	Impervious Area Requiring Treatment After Tree Credits (sf)	Total Area Being Treated (sf)	Required Treatment Area (sf)	Treatment Area (sf)	Proposed Treatment Method	Treatment Area #	Conforms to Std?
A1	11,986	5,191	0	6,795	0.55	0	6,795	11,986	266	268	Bioretention Area	1	Yes
A2	27,551	8,063	0	19,488	0.67	0	19,488	27,551	734	737	Bioretention Area	2	Yes
A3	38,381	11,946	0	26,235	0.65	0	26,235	38,181	992	997	Bioretention Area	3	Yes
A4	3,356	0	0	1,078	-	1,088	0	-	-	-	Tree Credits	-	Yes
A5	2,600	0	0	327	-	1,127	0	-	-	-	Tree Credits	-	Yes
A6	449	0	0	81	-	242	0	-	-	-	Tree Credits	-	Yes
A7	635	0	0	195	-	287	0	-	-	-	Tree Credits	-	Yes
Total	84,758	25,200	0	54,199		3,245	52,518		1,991	2,002			

TREE CREDITS

Area #	Tree #	Quantity	Existing Tree (sf)	Tree Credits (sf)
A-4	NE	1	1,088	1,049
A-5	SE	1	919	1,127
	SE	1	517	
A-6	NE	1	242	242
A-7	SE	1	787	787

Note
(1) Tree credits are per Santa Clara Valley Urban Runoff Pollution Prevention Program C.3 Stormwater Handbook, dated June 2016, Section 4.6 Tree Preservation and Planting.

LEGEND

PROPERTY LINE
A–X AREA
BIORETENTION BASIN
2E EXISTING TREE, NUMBER AND CANOPY WITHIN 25' OF IMPERVIOUS SURFACE

Source: BKF; 2017

0 80 160
FEET

FIGURE 3.0-9
Project Stormwater Management

Michael Baker INTERNATIONAL

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PROJECT CONSTRUCTION

Project construction would take place over approximately 12 months. Construction would include site preparation activities, including demolition of the existing buildings, removal of designated existing trees and vegetation, excavation and grading, installation of concrete walkways and parking lots, and building construction activities such as laying foundations and constructing structures. The project would include approximately 400 cubic yards of cut and 1,000 cubic yards of fill, for a net total of 600 cubic yards to be added to the site.

Consistent with the City's noise requirements (Section 8.70 of the City Code), construction would not take place between the hours of 6:00 p.m. and 7:00 a.m. on Monday through Friday, and no construction would occur on Saturdays, Sundays, or holidays without prior approval from the Chief Building Official.

Construction vehicles would access the site via North Shoreline Boulevard. Roads would not be closed, and all road access would be maintained during construction. Signage would be used to warn motorists on North Shoreline Boulevard approaching the project site that they may encounter traffic delays due to project construction.

3.5 PROJECT DESIGN FEATURES

The project applicant would implement applicable conditions of approval as outlined in the Mountain View Standard City Conditions (**Appendix CON**) as project design features during project construction and operation. Implementation of the project design features would minimize or avoid potential project impacts. Additionally, and as cited throughout this document, the project would comply with all applicable policies from the City's General Plan. The applicable conditions of approval are listed in **Table 3.0-3, Project Design Features**.

TABLE 3.0-3
PROJECT DESIGN FEATURES

	Design Feature Description
Aesthetics	
PL-37	The applicant shall submit revised plans addressing architectural design, building materials, colors, landscaping, and/ or other site or building design details as identified below, based on direction from the Development Review Committee (DRC), and subject to review and approval by the Environmental Planning Commission (EPC) prior to issuance of a building permit.
PL-40	High-quality materials and finishes shall be used throughout the project and shall remain in compliance with the materials identified in the approved plans, except as modified by the conditions of approval herein. Details regarding all color and architectural details shall be provided in the building permit plan submittal and shall be subject to review and approval by the EPC prior to the issuance of building permits.
PL-41	Trim materials throughout the project shall be wood or high-density foam trim. Details of the specific placement and utilization of the trim materials shall be provided with the building permit drawings. Final trim design details shall be subject to review and approval by the Zoning Administrator prior to the issuance of building permits.
PL-42	The color, material, design, and product specifications for the special paving materials used on-site shall be submitted with the building permit drawings. Final paving design details shall be subject to review and approval by the EPC prior to the issuance of building permits.
PL-43	Manufacturer type, design, material, and installation details for all windows within the project shall be specified for each unit in the building permit drawings for review and approval by the Zoning Administrator prior to the issuance of building permits.

	Design Feature Description
PL-44	All windows shall be recessed from the face of the building up to two inches. (**City: please insert**)
PL-50	All roof equipment must be concealed behind opaque (solid) screening designed to complement the building. Details of the roof equipment and roof screens shall be included in the building permit drawings and approved by the Zoning Administrator.
PL-60	Details of an opaque screen trash enclosure are to be shown on building permit drawings and be approved by the Zoning Administrator prior to permit issuance. The trash enclosure should match the architectural design, color, and materials of the primary structure.
PL-68	The applicant shall submit a lighting plan with the application for building permit. This plan should include photometric contours, manufacturer's specifications on the fixtures, and mounting heights. The design and location of outdoor lighting fixtures shall ensure there will be no glare and light spillover to surrounding properties. The lighting plan submitted with building permit drawings must be approved by the EPC prior to building permit issuance.
PL-80	Proposed landscaping shall be shown on the site plan and submitted with the building permit drawings for review and approval by the Zoning Administrator prior to building permit issuance. Additional landscaping materials or modifications may be required by the Planning Division at final inspection to ensure adequate planting coverage and/ or screening.
PL-81	Detailed landscape plans encompassing on- and off-site plantable areas out to the curb must be included in the Building Inspection Division application. Minimum plant sizes are flats or 1-gallon containers for ground cover, 5-gallon containers for shrubs, and 24-inch box for trees. The drawings must be approved by the Zoning Administrator prior to building permit issuance and implemented prior to occupancy. All plans should be prepared by a licensed landscape architect and should comply with the City's Landscape Guidelines, including the Water Conservation in Landscaping Regulations. Additional landscaping materials or modifications may be required by the Planning Division at final inspection to ensure adequate planting coverage and/ or screening.
PL-82	Prior to occupancy, the Landscape Architect shall certify in writing the landscaping has been installed in accordance with all aspects of the approved landscape plans and final inspection(s), subject to final approval by the Zoning Administrator.
PL-83	The applicant shall complete the "Proposed Street Tree" form available in the Planning Division or online at www.mountainview.gov/planningforms. Once completed, the applicant shall return the original to the Parks Division, located at 235 North Whisman Road, and provide a duplicate copy to the Building Inspection Division with building permit submittal.
PL-84	A qualified arborist shall provide written instructions for the care of the tree(s) before, during, and after construction. The report shall also include a detailed plan showing installation of chain-link fencing around the dripline to protect these trees and installation of an irrigation drip system and water tie-in for supplemental water during construction. Arborist's reports shall be received by the Planning Division and must be approved prior to issuance of building permits. Prior to occupancy, the arborist shall certify in writing that all tree preservation measures have been implemented. Approved measures from the report shall be included in the building permit drawings.
PL-85	During demolition activity and upon demolition completion, a qualified arborist shall inspect and verify the measures described in the arborist report are appropriately implemented for construction activity near and around the preserved trees, including the critical root zones. Should it be determined that the root systems are more extensive than previously identified and/ or concerns are raised of nearby excavation or construction activities for the project foundation or underground parking garage, the design of the building and/ or parking garage may need to be altered to maintain the health of the trees prior to building permit issuance.
PL-86	Throughout demolition and construction, a qualified arborist must conduct monthly inspections to ensure tree protection measures and maintenance care are provided. A copy of the inspection letter, including recommendations for modifications to tree care or construction activity to maintain tree health, shall be provided to the Planning Division.
PL-87	The applicant shall revise the landscape plan to incorporate trees with broad, dense canopies along the property line. The trees are necessary to screen views of and provide privacy for adjoining properties.

	Design Feature Description
PL-88	All utility meters, lines, transformers, backflow preventers, etc., on-site or off-site, must be shown on all site plan drawings and landscape plan drawings. All such facilities shall be located so as to not interfere with landscape material growth and shall be screened in a manner which respects the building design and setback requirements. Additional landscaping materials or modifications may be required by the Planning Division at final inspection to ensure adequate plant screening.
Air Quality	
PL-115	The applicant will be required to secure a permit from the Bay Area Air Quality Management District (BAAQMD) or provide written assurance that no permit is required prior to issuance of a building permit.
PL-116	The applicant shall require all construction contractors to implement the basic construction mitigation measures recommended by the BAAQMD to reduce fugitive dust emissions. Emission reduction measures will include, at a minimum, the following measures. Additional measures may be identified by the BAAQMD or contractor as appropriate, such as: (a) all exposed surfaces (e.g., parking areas, staging areas, soil piles, graded areas, and unpaved access roads) will be watered two times per day; (b) all haul trucks transporting soil, sand, or other loose material off-site will be covered; (c) all visible mud or dirt track-out onto adjacent public roads will be removed using wet power vacuum street sweepers at least once per day. The use of dry power sweeping is prohibited; (d) all vehicle speeds on unpaved roads will be limited to 15 mph; (e) all roadways, driveways, and sidewalks to be paved will be completed as soon as possible. Building pads will be laid as soon as possible after grading unless seeding or soil binders are used; and (f) post a publicly visible sign with the telephone number and person to contact at the lead agency regarding dust complaints. This person will respond and take corrective action within 48 hours. The BAAQMD's phone number will also be visible to ensure compliance with applicable regulations.
Biological Resources	
PL-89	Permits to remove, relocate, or otherwise alter heritage trees cannot be implemented until a project building permit is secured and the project is pursued.
PL-90	The applicant shall offset the loss of each heritage tree with replacement trees, for a total of replacement trees. Each replacement tree shall be no smaller than a 24-inch box and shall be noted on the landscape plan as heritage replacement trees.
PL-92	The tree protection measures listed in the arborist's report prepared by and dated shall be included as notes on the title sheet of all grading and landscape plans. These measures shall include, but may not be limited to, 6-foot chain-link fencing at the dripline, a continuous maintenance and care program, and protective grading techniques. Also, no materials may be stored within the dripline of any tree on the project site.
PL-93	The applicant shall develop a tree mitigation and preservation plan to avoid impacts on regulated trees and mitigate for the loss of trees that cannot be avoided. Routine monitoring for the first five years and corrective actions for trees that consistently fail the performance standards will be included in the tree mitigation and preservation plan. The tree mitigation and preservation plan will be developed in accordance with Chapter 32, Articles I and II, of the City Code, and subject to approval of the Zoning Administrator prior to removal or disturbance of any heritage trees resulting from project activities, including site preparation activities.
PL-96	In the event one or more of the preserved heritage tree(s) are not maintained and irrevocable damage or death of the tree(s) has occurred due to construction activity, a stop work order will be issued on the subject property and no construction activity shall occur or two working days per damaged tree.
PL-98	

	Design Feature Description
PL-121	To the extent practicable, vegetation removal and construction activities shall be performed from September 1 through January 31 to avoid the general nesting period for birds. If construction or vegetation removal cannot be performed during this period, preconstruction surveys will be performed no more than two days prior to construction activities to locate any active nests as follows: The applicant shall be responsible for the retention of a qualified biologist to conduct a survey of the project site and surrounding 500 feet for active nests—with particular emphasis on nests of migratory birds if construction (including site preparation) will begin during the bird nesting season, from February 1 through August 31. If active nests are observed on either the project site or the surrounding area, the project applicant, in coordination with the appropriate City staff, shall establish no-disturbance buffer zones around the nests, with the size to be determined in consultation with the California Department of Fish and Wildlife (usually 100 feet for perching birds and 300 feet for raptors). The no-disturbance buffer will remain in place until the biologist determines the nest is no longer active or the nesting season ends. If construction ceases for two days or more and then resumes during the nesting season, an additional survey will be necessary to avoid impacts on active bird nests that may be present.
Cultural Resources	
PL-118	If prehistoric or historic-period cultural materials are unearthed during ground-disturbing activities, it is recommended that all work within 100 feet of the find be halted until a qualified archaeologist and Native American representative can assess the significance of the find. Prehistoric materials might include obsidian and chert-flaked stone tools (e.g., projectile points, knives, scrapers) or tool-making debris; culturally darkened soil ("midden") containing heat-affected rocks and artifacts; stone milling equipment (e.g., mortars, pestles, handstones, or milling slabs); and battered-stone tools, such as hammerstones and pitted stones. Historic-period materials might include stone, concrete, or adobe footings and walls; filled wells or privies; and deposits of metal, glass, and/ or ceramic refuse. If the find is determined to be potentially significant, the archaeologist, in consultation with the Native American representative, will develop a treatment plan that could include site avoidance, capping, or data recovery.
PL-119	In the event of the discovery of human remains during construction or demolition, there shall be no further excavation or disturbance of the site within a 50-foot radius of the location of such discovery, or any nearby area reasonably suspected to overlie adjacent remains. The Santa Clara County Coroner shall be notified and shall make a determination as to whether the remains are Native American. If the Coroner determines that the remains are not subject to his/her authority, he/she shall notify the Native American Heritage Commission, which shall attempt to identify descendants of the deceased Native American. If no satisfactory agreement can be reached as to the disposition of the remains pursuant to this state law, then the landowner shall reinter the human remains and items associated with Native American burials on the property in a location not subject to further subsurface disturbance. A final report shall be submitted to the City's Community Development Director prior to release of a Certificate of Occupancy. This report shall contain a description of the mitigation programs and its results, including a description of the monitoring and testing resources analysis methodology and conclusions, and a description of the disposition/ curation of the resources. The report shall verify completion of the mitigation program to the satisfaction of the City's Community Development Director.
PL-120	In the event that a fossil is discovered during construction of the project, excavations within 50 feet of the find shall be temporarily halted or delayed until the discovery is examined by a qualified paleontologist, in accordance with Society of Vertebrate Paleontology standards. The City shall include a standard inadvertent discovery clause in every construction contract to inform contractors of this requirement. If the find is determined to be significant and if avoidance is not feasible, the paleontologist shall design and carry out a data recovery plan consistent with the Society of Vertebrate Paleontology standards.
Geology and Soils	
BID-03	The project is required to comply with the accessibility requirements in the 2016 CBC, Chapter 11A and Chapter 11B.
FEP-03	A Notice of Intent (NOI) and Stormwater Pollution Prevention Plan (SWPPP) shall be prepared for construction projects disturbing 1 acre or more of land. Proof of coverage under the State General Construction Activity Stormwater Permit shall be attached to the building plans.

	Design Feature Description
FEP-05	The applicant shall submit a written plan acceptable to the City which shows controls that will be used at the site to minimize sediment runoff and erosion during storm events. The plan should include installation of the following items where appropriate: (a) silt fences around the site perimeter; (b) gravel bags surrounding catch basins; (c) filter fabric over catch basins; (d) covering of exposed stockpiles; (e) concrete washout areas; (f) stabilized rock/gravel driveways at points of egress from the site; and (g) vegetation, hydroseeding, or other soil stabilization methods for high-erosion areas. The plan should also include routine street sweeping and storm drain catch basin cleaning.
Greenhouse Gas Emissions	
BID-05	The project is required to provide electric vehicle (EV) charging facilities per the 2016 CALGreen Section 5.106.5.3 and City Code Sections 8.20.42 to 8.20.45.
Hazardous Materials	
HAZ-02	If hazardous materials will be stored or used on-site (including paints, thinners, compressed gases, propane, diesel, gasoline, etc.), complete an Environmental Compliance Plan (ECP) application. Attach a copy of the completed ECP to your building plan submittal.
FEP-04	All construction projects shall be conducted in a manner which prevents the release of hazardous materials, hazardous waste, polluted water, and sediments to the storm drain system.
PL-117	If contaminated soils are discovered, the applicant will ensure the contractor employs engineering controls and Best Management Practices (BMPs) to minimize human exposure to potential contaminants. Engineering controls and construction BMPs will include, but not be limited to, the following: (a) contractor employees working on-site will be certified in OSHA's 40-hour Hazardous Waste Operations and Emergency Response (HAZWOPER) training; (b) contractor will stockpile soil during redevelopment activities to allow for proper characterization and evaluation of disposal options; (c) contractor will monitor area around construction site for fugitive vapor emissions with appropriate field screening instrumentation; (d) contractor will water/mist soil as it is being excavated and loaded onto transportation trucks; (e) contractor will place any stockpiled soil in areas shielded from prevailing winds; and (f) contractor will cover the bottom of excavated areas with sheeting when work is not being performed.
PL-125	A toxic assessment report shall be prepared and submitted as part of the building permit application. The applicant must demonstrate that hazardous materials do not exist on the site, or that construction activities and the proposed use of this site are approved by: the City's Hazardous Materials Division of the Fire Department; the State Department of Health Services; the Regional Water Quality Control Board; and any Federal agency with jurisdiction. No building permits will be issued until each agency and/or department with jurisdiction has released the site as clean or an approved site toxics mitigation plan has been approved.
Hydrology and Water Quality	
FEP-10	Landscape design shall minimize runoff and promote surface filtration. Examples include: (a) no steep slopes exceeding 10 percent; (b) using mulches in planter areas without ground cover to avoid sedimentation runoff; (c) installing plants with low water requirements; and (d) installing appropriate plants for the location in accordance with appropriate climate zones. Identify which practices will be used in the building plan submittal.

	Design Feature Description
FEP-22	If the project will create or replace more than 10,000 square feet of impervious surface; therefore, stormwater runoff shall be directed to approved permanent treatment controls as described in the City's guidance document entitled, Stormwater Quality Guidelines for Development Projects. The City's guidelines also describe the requirement to select Low-Impact Development (LID) types of stormwater treatment controls; the types of projects that are exempt from this requirement; and the Infeasibility and Special Projects exemptions from the LID requirement. The Stormwater Quality Guidelines for Development Projects document requires applicants to submit a Stormwater Management Plan, including information such as the type, location, and sizing calculations of the treatment controls that will be installed. Include three stamped and signed copies of the Final Stormwater Management Plan with the building plan submittal. The Stormwater Management Plan must include a stamped and signed certification by a qualified engineer, stating that the Stormwater Management Plan complies with the City's guidelines and the State NPDES Permit. Stormwater treatment controls required under this condition may be required to enter into a formal recorded Maintenance Agreement with the City.
FEP-23	For (1) retail gasoline outlets; (2) auto service facilities; (3) restaurants; and (4) uncovered parking lots that create or replace more than 5,000 square feet of impervious surface, stormwater runoff shall be directed to approved permanent treatment controls as required in the City's guidance document entitled, Stormwater Quality Guidelines for Development Projects. The City's guidelines also describe the requirement to select Low-Impact Development (LID) types of stormwater treatment controls; the types of projects that are exempt from this requirement; and the Infeasibility and Special Projects exemptions from the LID requirement. The Stormwater Quality Guidelines for Development Projects document requires applicants to submit a Stormwater Management Plan, including information such as the type, location and sizing calculations of the treatment controls that will be installed. Include three stamped and signed copies of the Final Stormwater Management Plan with the building plan submittal. The Stormwater Management Plan must include a stamped and signed certification by a qualified engineer, stating that the Stormwater Management Plan complies with the City's guidelines and the State NPDES Permit. Stormwater Treatment controls required under this condition are required to enter into a formal recorded Maintenance Agreement with the City.
FEP-26	The Final Stormwater Management Plan must be certified by a qualified third-party engineer that the proposed stormwater treatment controls comply with the City's guidelines and Provision C.3 of the Municipal Regional Stormwater NPDES Permit (MRP).
Noise	
PL-103	The noise emitted by any mechanical equipment shall not exceed a level of 55 dB(A) during the day or 50 dB(A) during the night, 10:00 p.m. to 7:00 a.m., when measured at any location on the adjoining residentially used property.
PL-104	All noise-generating activities (i.e., entertainment or amplified sound) are limited to interior areas only, and the heating, ventilation, and air conditioning system shall be maintained to ensure that all windows and doors can remain closed when the restaurant is in operation.
PL-106	The following noise reduction measures shall be incorporated into construction plans and contractor specifications to reduce the impact of temporary construction-related noise on nearby properties: (a) comply with manufacturer's muffler requirements on all construction equipment engines; (b) turn off construction equipment when not in use, where applicable; (c) locate stationary equipment as far as practical from receiving properties; (d) use temporary sound barriers or sound curtains around loud stationary equipment if the other noise reduction methods are not effective or possible; and (e) shroud or shield impact tools and use electric-powered rather than diesel-powered construction equipment.
PL-107	A qualified acoustical consultant will review final site plans, building elevations, and floor plans prior to construction to calculate expected interior noise levels as required by state noise regulations. Project-specific acoustical analyses are required by the California Building Code to confirm that the design results in interior noise levels reduced to 45 dB(A) L_{dn} or lower. The specific determination of what noise insulation treatments are necessary will be completed on a unit-by-unit basis. Results of the analysis, including the description of the necessary noise control treatments, will be submitted to the City along with the building plans, and approved prior to issuance of a building permit.

	Design Feature Description
PL-111	No work shall commence on the job site prior to 7:00 a.m. nor continue later than 6:00 p.m., Monday through Friday, nor shall any work be permitted on Saturday or Sunday or any holiday unless prior approval is granted by the Chief Building Official. At the discretion of the Chief Building Official, the general contractor or the developer may be required to erect a sign at a prominent location on the construction site to advise subcontractors and material suppliers of the working hours. Violation of this condition of approval may be subject to the penalties outlined in Section 8.6 of the City Code and/ or suspension of building permits.
PL-114	The project applicant shall designate a "disturbance coordinator" who will be responsible for responding to any local complaints regarding construction noise. The coordinator (who may be an employee of the general contractor) will determine the cause of the complaint and will require that reasonable measures warranted to correct the problem be implemented. A telephone number of the noise disturbance coordinator shall be conspicuously posted at the construction site fence and on the notification sent to neighbors adjacent to the site. The sign must also list an emergency after-hours contact number for emergency personnel.
Land Use	
PW-100	This site plan is a subdivision of an existing parcel(s). Any combination or division of land for purpose of sale, lease, or financing requires the filing and approval of a preliminary parcel or tentative map, completion of all conditions of subdivision approval, and the recordation of the parcel or final map, all prior to issuance of the building permit. In order to place the approval of a final map on the Council agenda, all related materials must be completed and approved 40 calendar days prior to the Council meeting.
Population and Housing	
PL-131	The applicant shall comply with the provisions of the City's Tenant Relocation Assistance Ordinance. This includes, but is not limited to, consulting with the City's Neighborhood Preservation Division and retained relocation consultant to provide: (1) all required notices to tenants; (2) information to the relocation consultant for tenant eligibility determination; (3) funding for the relocation consultant services; and (4) relocation assistance payments to eligible tenants.
Public Services	
BID-28	The project would be subject to school impact fees.
PW-14	Prior to issuance of any building permits and prior to approval of the final map as applicable, the applicant shall pay the Park Land Dedication Fee (approximately $15,000 to $30,000 per unit) for each new residential unit in accordance with Chapter 41 of the City Code prior to the issuance of the building permit. No credit against the Park Land Dedication Fee will be allowed for private open space and recreational facilities. Provide the most current appraisal or escrow closing statement of the property with the following information to assist the City in determining the current market value of the land: (1) a brief description of the existing use of the property; (2) square footage of the lot; and (3) size and type of each building located on the property at the time the property was acquired.
Transportation and Traffic	
PL-69	The applicant shall provide bike racks. The racks shall be an "inverted U" or equivalent as approved by the Zoning Administrator, and must secure the frame and both wheels. Racks should be located near the building entrance (i.e., within constant visual range) unless it is demonstrated that they create a public hazard or locating them there is otherwise infeasible. If space is unavailable near building entrances, the racks must be designed so that the lock is protected from physical assault.
PL-70	The applicant shall provide bike locker(s) or equivalent, as approved by the Zoning Administrator. A written building management policy of permitting bicycles to be stored in private offices or in designated areas within the structure where adequate security is provided may be approved by the Zoning Administrator as an alternative to bike locker facilities.
PL-73	Prior to building permit issuance, the applicant shall develop a parking management plan describing parking allocation for residents, guests, and commercial uses within the project, subject to administrative approval by the Zoning Administrator prior to building permit issuance.

	Design Feature Description
PL-67	All parking spaces (except parallel spaces) must be double-striped. Double stripes shall be 12 inches apart, from outside edge to outside edge of the stripe. The 8-1/2 foot parking space width is measured from the center of one double stripe to the other, such that the space between stripes is 7-1/2 feet. For parallel parking spaces, only single-striped is required. Single stripes shall be measured from interior edge to interior edge of the stripe, such that the space between stripes is 24 inches.
PL-112	The applicant shall prepare a construction parking management plan to address parking demands and impacts during the construction phase of the project by contractors or other continued operations on-site. The construction parking management plan shall be subject to review and approval by the Zoning Administrator prior to the issuance of building permits.
PW-54	All new access ramps shall comply with the Americans with Disabilities Act (ADA) requirements. Existing nonconforming access ramps shall be reconstructed to comply with the ADA requirements.
PW-55	A minimum 4-foot-wide Americans with Disabilities Act–compliant public sidewalk shall be provided behind new and existing driveway approaches. Tapers (conforms) can be provided to connect the proposed public sidewalk on each side of the proposed driveway.
Utilities	
FEP-01	Complete a Storm Drain/Sanitary Sewer Discharges check sheet. All applicable items in the check sheet should be completed and shown on the building plan submittal.
PW-10	Prior to issuance of any building permits and prior to approval of the (parcel OR final) map as applicable, the applicant shall pay the water and sewer capacity fees for the development. The water and sewer capacity charges for residential connections are based on the number and type of dwelling units. There are separate charges for different types of residential categories so that the capacity charges reasonably reflect the estimated demand of each type of connection. The water and sewer capacity charges for nonresidential connections are based on the water meter size and the building area and building use, respectively. Credit is given for the existing site use(s) and meter size(s) as applicable.
PW-11	Pay the off-site storm drainage fee per Section 28.51(b) and with the rates in effect at time of payment.
PW-35	The size and location of all existing and new water meters, backflow preventers, water services, fire services, sewer laterals, sewer cleanouts, gate valves, and utility mains are to be shown on the plans. Sewer laterals, water services, and fire services shall have a minimum 5' horizontal separation from each other. Existing water services shall be shown to be disconnected and plugged at the main, unless they are satisfactory for reuse as determined by the Public Services Division. Water services 4" or larger that are not reused shall be plugged at the main by removing the gate valve and installing a blind flange and thrust block at the tee. Existing sanitary sewer laterals and storm connections that are not reused shall be abandoned, and existing face-of-curb drains that are not reused shall be removed.
PW-64	Recology Mountain View is the City's exclusive hauler for recycling and disposal of construction and demolition debris. For all debris boxes, contact Recology. Using another hauler may violate City Code Section 16.13 and 16.17 and result in code enforcement action.
PW-65	This project must comply with the City's Construction and Demolition Ordinance (City Code Chapter 16, Article III).
PW-70	Prepare on-site drainage, grading, and utility plans in accordance with Chapter 28 of the City Code and the Standard Design Criteria for Common Green and Townhouse-Type Condominiums. The plans are to be drawn on 24"x36" sheets at a minimum scale of 1"=30'. Drainage, grading, and utility plans (nine sets) and completed infrastructure data form must be submitted together as a separate package concurrent with the first submittal of the building plans. The drainage, grading, and utility plans must be approved and signed by the Public Works Department.
PW-71	On-site drainage plans shall be included in the building plans.

	Design Feature Description
PW-72	On-site parking lots and driveways (other than single-family residential) shall not surface-drain across public sidewalks or driveway aprons. A 2'x2' inlet/cleanout box is required at or near the property line for connections to the City storm drains. For developments that do not require a subdivision map, a connection to the City's storm main requires: (1) a written request to the Public Works Director; (2) payment of storm drainage fees; and (3) approval from the Public Works Department, unless the storm drainage fees were paid in the past for the property. A face of curb inlet/ outlet is required to drain into the curb of the street.
PW-88	Submit a construction traffic and parking management plan with the building plans showing the following: 1. Truck route for construction and delivery trucks pursuant to City Code Sections 19.58 and 19.59 and which does not include neighborhood residential streets; 2. Building construction phasing/ construction equipment storage/ construction parking plans: Show construction vehicles and equipment parking area and construction trailer location. All construction vehicles/equipment and trailer shall be located on-site or at a site nearby (not on a public street or public parking) arranged by the contractor. No construction equipment or vehicles shall be stored or parked on residential streets or public parking lots. Construction contractors/workers are required to park on-site or at a private property arranged by the contractor and shall not be allowed to use neighboring residential streets for parking/ storage; and 3. Sidewalk closure or narrowing is not allowed during any on-site construction activities. The construction traffic and parking management plan must be approved prior to the issuance of a demolition permit.
PW-89	Submit Traffic Control plans for any off-site and on-site improvements or any work that requires temporary lane closure, shoulder closure, bike lane closure, and/ or sidewalk closure for review and approval. Sidewalk closures are not allowed unless reconstruction of sidewalk necessitates temporary sidewalk closure. In these instances, sidewalk detour should be shown on the Traffic Control plans.
PW-91	Work within soil and groundwater contamination area may expose workers to contaminants in the soil, groundwater, and associated vapors. Permittee/Contractor is responsible for preparing and implementing an appropriate health and safety plan to address the contamination and manage the operations in a safe manner and in compliance with the Cal/OSHA Construction Safety Orders and other state and federal requirements.
Other	
PL-75	The project is required to meet the mandatory measures of the California Green Building Standards Code and meet a certain number of GreenPoint Rated points. All mandatory prerequisite points and minimum point totals per category to attain GreenPoint Rated status must be achieved, unless specific point substitutions or exceptions are approved by the Community Development Department. Formal project registration and certification through Build It Green is not required for compliance with the Mountain View Green Building Code (MVGBC). The project is also required to comply with Title 24, Part 6.
PL-113	The applicant shall notify neighbors within 300 feet of the project site of the construction schedule in writing, prior to construction. For multiphased construction, separate notices may be required for each phase of construction. A copy of the notice and the mailing list shall be submitted for review prior to issuance of building permits.

Source: Mountain View 2017

BID = Building Inspection Division

FEP = Fire and Environmental Protection

LLA = Lot Line Adjustment Conditions

PL = Planning Division

PW = Public Works

3.6 RELATIONSHIP OF PROJECT TO OTHER PLANS

CITY OF MOUNTAIN VIEW GENERAL PLAN (2030)

The basis for land use and planning in the city is the 2030 Mountain View General Plan and General Plan EIR, adopted by the City Council in July 2012. The General Plan includes numerous goals and policies pertaining to land use and design, mobility, infrastructure and conservation, noise, and public safety. The General Plan is the foundation for zoning regulations, subdivisions, public works plans, and issues related to the physical environment. This IS/ND uses the 2030 General Plan and General Plan EIR for information regarding physical setting, allowed uses, and land use designations and considers the General Plan policies in the analysis of project environmental impacts. Such information from the General Plan and General Plan EIR is hereby incorporated by reference. The General Plan land use designation for the project site is High Density Residential, which is intended for multi-family housing such as apartments and condominiums. The allowed density is 36 to 80 dwelling units per acre, and buildings are allowed to be up to five stories high (Mountain View 2012).

460 SHORELINE BOULEVARD PRECISE PLAN

In 1979, the City of Mountain View adopted the 460 Shoreline Boulevard Precise Plan. The plan details the land use concept, development criteria, and development standards for the 5.34-acre site, including 3.37 acres of City-owned land and 1.95 acres of City and County of San Francisco land (the Hetch-Hetchy Easement).

The Precise Plan states that the site was to be a residential complex which would be designated as affordable housing. The City determined that a mix of senior and family housing would be implemented on the site, and the Shorebreeze Apartment complex was constructed in 1980.

The following development requirements are specified under the Precise Plan:

- The minimum parking ratio shall be 0.35 spaces per senior unit and 1.5 spaces per family unit. Some of the parking should be for disabled access, and at least half of the required spaces must be covered.
- The site plan, building orientation, and structural design shall screen noise from Shoreline Boulevard.
- A bus shelter shall be provided in connection with the development of the property, if required by the City.
- Special consideration shall be given to the potential traffic conflicts along Shoreline Boulevard.
- Special consideration shall be given to the site layout to provide safe and efficient automobile access to and from the site and convenient guest parking facilities.
- The development standard of the R3 zoning district shall be used as a guideline for development, although minor deviations may be made.
- A substantial proportion of the parcel shall be retained for landscaping and open space, and 75 percent of the front yard must be landscaped.

3.7 PROJECT APPROVALS

As the lead agency, the City of Mountain View has the ultimate authority for project approval or denial. The proposed project may require the following discretionary approvals by the City for actions proposed as part of the project:

- Adoption of an Initial Study/Negative Declaration
- Adoption of an Environmental Assessment/Finding of No Significant Impact
- Preliminary Map
- Design approval
- Heritage Tree Removal Permit
- Precise Plan Amendment
- Planned Community Permit/Development Review Permit

OTHER RESPONSIBLE AGENCIES

- Extension of SFPUC property lease agreement with MidPen for parking and landscaping beyond 2031
- Approval under the Construction General Permit (Water Quality No. 2009-0009-DWQ, as amended by Order No. 2010-0014-DWQ)
- HUD HOME Funds Approval
- HUD EA Approval

REFERENCES

Autotemp. 2016. *Shorebreeze Expansion Relocation Plan*. Prepared for MidPen Housing.

Dahlin. 2017. Shorebreeze Apartments – Second Planning Department Submittal. Submitted January 27, 2017.

Mountain View, City of. 1978. *460 Shoreline Boulevard Precise Plan*.

HortScience. 2017. Updated Arborist Report. Shorebreeze Apartments, Mountain View, California. Prepared for MidPen Housing Corporation. April 2017

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———. 2016a. *City of Mountain View 2030 General Plan*. General Plan Land Use Map. http://www.mountainview.gov/civicax/filebank/blobdload.aspx?BlobID=10701.

———. 2016b. Zoning Map. http://www.mountainview.gov/civicax/filebank/blobdload.aspx?BlobID=10990.

———. 2017. Standard City Conditions. As of January 30, 2017.

4.0 ENVIRONMENTAL CHECKLIST

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
4.1 AESTHETICS. Would the project:				
a) Have a substantial adverse effect on a scenic vista?	☐	☐	☐	☒
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	☐	☐	☐	☒
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	☐	☐	☒	☐
d) Create a new source of substantial light or glare that would adversely affect day or nighttime views in the area?	☐	☐	☒	☐

SETTING

Regional Context

Mountain View is a developed, urban community with primarily residential, industrial, office, public institutional, and open space land uses. The city is home to a variety of parks, recreational areas, and community facilities. Mountain View is situated on the south shore of the San Francisco Bay and has relatively flat topography.

The San Francisco Bay is visible from some areas of Mountain View and is a key visual feature of the city. Additionally, per the Mountain View 2030 General Plan (2012), "The historic Rengstorff House and the Adobe Building offer unique meeting and special event spaces and are strong visual reminders of the community's heritage." The project site is approximately a third of a mile away from the historic Adobe Building and more than 2 miles from both the historic Rengstorff House and the San Francisco Bay.

Project Site

The project site is currently developed with the existing Shorebreeze Apartments. The visual character of the project site is that of a residential area with two- to three-story buildings, surrounded by multi-family residential and commercial land uses. North Shoreline Boulevard, which serves as a main thoroughfare in the city, borders the project site to the east and south. The roadway includes a landscaped median in the project area and is lined with a variety of multi-family residential and commercial uses. As such, the project area's visual character is that of an area developed with commercial, multi-family residential, and transportation uses.

Scenic Vistas

Scenic vistas are typically described as areas of natural beauty with features such as topography, watercourses, rock outcrops, and natural vegetation that contribute to the landscape's quality. The Mountain View 2030 General Plan does not officially designate any scenic vistas in the vicinity of the project site or in the city.

Scenic Resources within Scenic Highways

Scenic resources associated with scenic highways typically include trees, rock outcroppings, and historic buildings. Santa Clara County has one officially designated state scenic highway, State Route (SR) 9. Four highways, SR 17, SR 35, SR 152, and Interstate 280 (I-280), are eligible for listing by the California Department of Transportation (Caltrans; 2011)) State Scenic Highway Program. None of these highways are in Mountain View; Interstate 280 is the closest to the project site, approximately 4 miles to the south. The Mountain View General Plan does not designate any scenic roads or highways within the City.

Light and Glare

The project site currently has pole lighting in the parking lot and landscaped areas as well as wall-mounted lighting on the existing buildings. Current sources of glare on the project site are parked passenger vehicles and building windows. Commercial and residential properties in the project vicinity have similar lighting and glare characteristics. Overall, the current levels of lighting and glare on the project site itself are minimal and match the character of the surrounding land uses.

DISCUSSION OF IMPACTS

a) ***No Impact.*** The Mountain View 2030 General Plan does not officially designate scenic vistas in the vicinity of the project site or in the city. The project site is located more than 2 miles from the historic Rengstorff House and the San Francisco Bay. The proposed project would not obstruct views of the single-story historic Adobe Building, which is located approximately a third of a mile away. Therefore, the proposed project would have no impact on a scenic vista.

b) ***No Impact.*** The project site is not visible from I-280, the closest eligible state scenic highway (4 miles away), or from any other designated or eligible scenic highways in Santa Clara County. Additionally, the Mountain View General Plan does not designate scenic highways or roads. Therefore, the proposed project would not substantially damage scenic resources within a state scenic highway. The project would have no impact.

c) ***Less Than Significant Impact.*** The proposed project would include two main components: (1) demolition of 12 existing townhouse units; and (2) construction of 62 new apartment units where the 12 townhouse units are currently located. In line with the density and scale of the buildings to remain, the new buildings would consist of three stories that would reach a maximum height of 45 feet. The site is currently occupied by a multi-family residential development. While the new construction would also be a denser multi-family development. The new buildings would not change the site's visual character.

The new buildings would be set back at least 18 feet from the property line to the south, preserving a transitional area between the proposed project and the adjacent residences. The new buildings would also incorporate design and materials that are similar to the buildings that would remain on the project site, including horizontal siding, balconies that soften massing, and façade setbacks along each elevation (**Figure 3.0-7, Building Elevations**). The buildings' colors would also provide visual breaks along the building exteriors that highlight architectural features and material transitions.

The project would implement the City's standard conditions (**Appendix CON**) for aesthetics, which are listed in **Table 3.0-3**. Implementation of the project design features would minimize or avoid potential project impacts.

The City has adopted standards and guidelines for developing lots in the R3 zoning district, including guidelines specific to small single-family lots, townhouses, and rowhouses. Existing development on the project site does not fit within any of these development types. All development in the R3 zoning district is subject to development review.

Development review is applicable to new buildings and exterior modifications and is intended to maintain or enhance the appearance of the community and ensure compatibility with surrounding development (Mountain View 2017d). Planned Community development review is required to go through the City Council for approval, subject to written findings (Mountain View City Code Article XVI, Division 2, Section 36.44.70). The City Code section indicates that project approval is dependent on conformance with adopted standards, including those related to design, color, materials, and lighting compatibility with surrounding development and landscaping that provides visual relief.

The project would comply with the regulations for the project area, and the new development would retain the existing visual character of the project site. Therefore, the project would have a less than significant impact.

d) ***Less Than Significant Impact.*** The proposed project would add 15-foot pole lighting and wall lighting to areas of the project site with new development, as shown on **Figure 4.1-1, Lighting Plan**. Lighting would be directed downward and located so as to minimize spillover to adjacent surrounding residential and commercial development. Additionally, Mountain View City Code Section 36.44.70 requires approval of a project to be supported by a written finding by the City Council that the project lighting would be compatible with surrounding development. Compliance with existing City regulations regarding nighttime lighting would reduce any potential project impacts. Therefore, the project would have a less than significant impact.

Mitigation Measures

None required.

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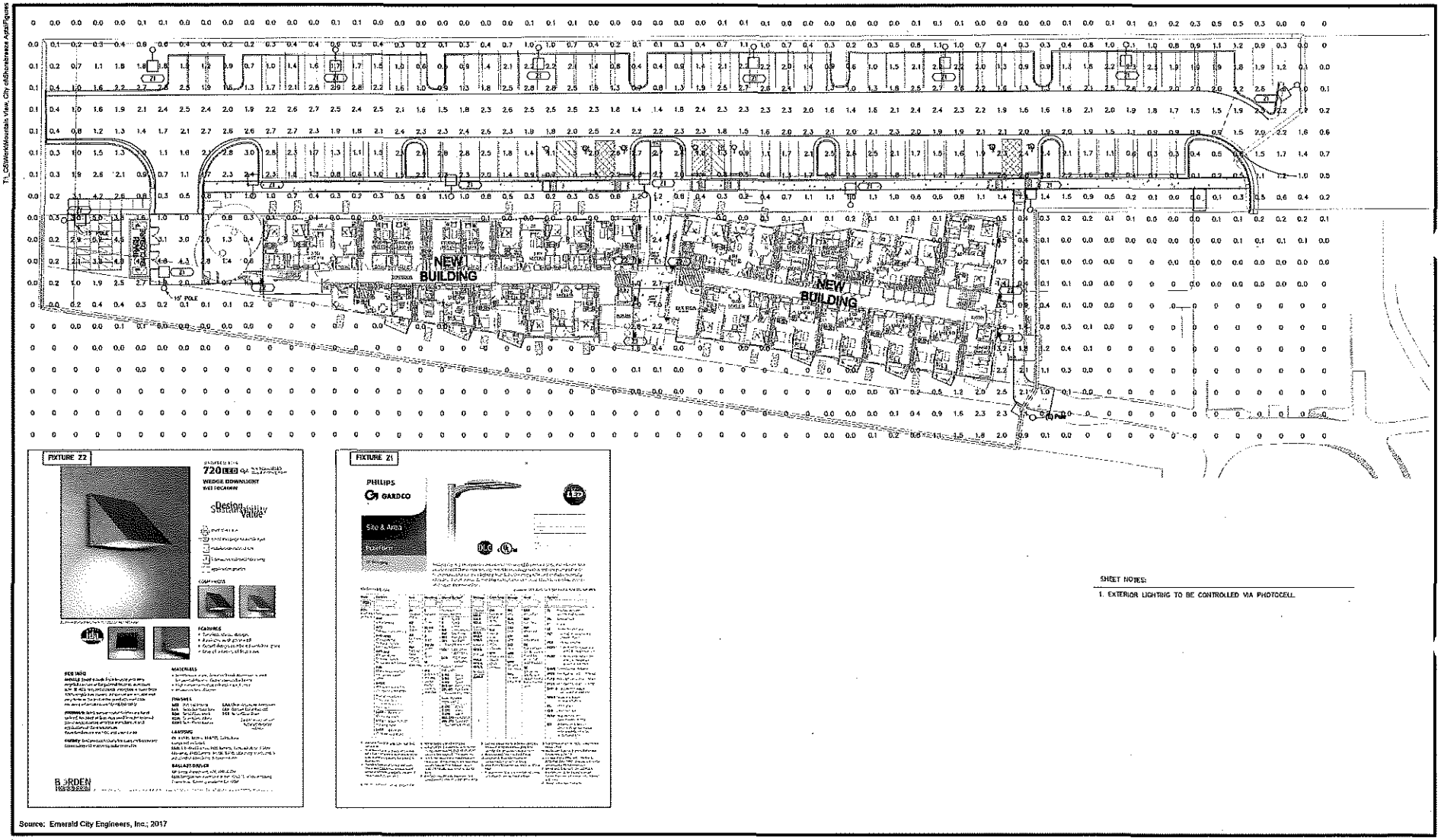

Source: Emerald City Engineers, Inc.; 2017

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FIGURE 4.1-1
Lighting Plan

Michael Baker INTERNATIONAL

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	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
4.2 AGRICULTURE RESOURCES. In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997), prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to nonagricultural use?	☐	☐	☐	☒
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	☐	☐	☐	☒
c) Conflict with existing zoning for, or cause rezoning of, forestland (as defined in Public Resources Code Section 12220(g), timberland (as defined in Public Resources Code Section 4526), or timberland zoned Timberland Production (as defined in Public Resources Code Section 51104(g))?	☐	☐	☐	☒
d) Result in the loss of forestland or conversion of forestland to non-forest use?	☐	☐	☐	☒
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland to nonagricultural use?	☐	☐	☐	☒

SETTING

Agricultural Resources

The project site is developed with multi-family apartments and is not used for any type of agricultural activities. According to the California Department of Conservation (DOC; 2014) Santa Clara County Important Farmland Map, the project site is not designated as Prime Farmland, Unique Farmland, or Farmland of Statewide Importance. The project site and all adjacent properties are designated as Urban and Built-Up Land, which is defined as land occupied by structures with a building density of at least 1 unit per 1.5 acres (DOC 2014). The project site is not subject to a Williamson Act contract (DOC 2016).

Forestry Resources

The project site is located in a developed, urbanized area. Trees on the project site consist of planted ornamental species. These trees do not meet the definition of forestland or timberland as defined by Public Resources Code Sections 12220(g), 4526, and 51104(g).

DISCUSSION OF IMPACTS

a) ***No Impact.*** The project site is designated Urban and Built-Up Land by the DOC. Therefore, the project would not convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance to nonagricultural use. The project would have no impact.

b) ***No Impact.*** The project site has a General Plan land use designation of High Density Residential. It is located in the 460 Shoreline Boulevard Precise Plan with zoning of Planned Community (P5). The P5 zoning uses the Residential–Multiple-Family (R3) zoning standards in the City Code. While crop production is a permitted use in an R3 zone, the R3 zone is not intended for agricultural production (Mountain View 2017d). Further, the project site is not subject to a Williamson Act contract (DOC 2016). Therefore, the project would not conflict with existing zoning for agricultural use or a Williamson Act contract. The project would have no impact.

c) ***No Impact.*** As described above, the project site is currently zoned P5 and is located in the 460 Shoreline Boulevard Precise Plan. Therefore, the project would not conflict with existing zoning for, or cause rezoning of, forestland or timberland. The project would have no impact.

d) ***No Impact.*** The project site is located in an urbanized area. Trees on the project site do not meet the definition of forestland or timberland as defined by Public Resources Code Sections 12220(g), 4526, and 51104(g). Therefore, the project would not result in the loss of forestland or the conversion of forestland to non-forest use. The project would have no impact.

e) ***No Impact.*** As described above, the project site is located in a developed, urbanized area and is not zoned for agricultural or forestry uses. The proposed project would not result in residential uses adjacent to farmland, nor would it result in or encourage the extension of roadways or public service/utility infrastructure into an undeveloped area. Therefore, the project would not involve changes in the existing environment which could result in conversion of farmland to nonagricultural use. The project would have no impact.

Mitigation Measures

None required.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
4.3 AIR QUALITY. Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:				
a) Conflict with or obstruct implementation of the applicable air quality plan?	☐	☐	☒	☐
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	☐	☐	☒	☐
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in nonattainment under an applicable federal or state ambient air quality standard (including releasing emissions that exceed quantitative thresholds for ozone precursors)?	☐	☐	☒	☐
d) Expose sensitive receptors to substantial pollutant concentrations?	☐	☐	☒	☐
e) Create objectionable odors affecting a substantial number of people?	☐	☐	☒	☐

SETTING

Air quality in a region is determined by the region's topography, meteorology, and existing air pollutant sources. These factors are discussed below, along with the current regulatory structure that applies to the San Francisco Bay Area Air Basin (SFBAAB), which encompasses the project site, pursuant to the regulatory authority of the Bay Area Air Quality Management District (BAAQMD).

Air Basin Characteristics

San Francisco Bay Area Air Basin

Mountain View is located in the Santa Clara Valley climatological subregion of the SFBAAB. The Santa Clara Valley is bounded by the San Francisco Bay to the north and by mountains to the east, south, and west. Temperatures are warm on summer days and cool on summer nights, and winter temperatures are fairly mild. At the northern end of the valley, mean maximum temperatures are in the low 80s during the summer and the high 50s during the winter, and mean minimum temperatures range from the high 50s in the summer to the low 40s in the winter. Farther inland, where the moderating effect of the bay is not as strong, temperature extremes are greater.

The air pollution potential of the Santa Clara Valley is high. High summer temperatures, stable air, and the mountains surrounding the valley combine to promote ozone formation. In addition to the many local sources of pollution, ozone precursors from San Francisco, San Mateo, and Alameda counties are carried by prevailing winds to the Santa Clara Valley. The valley tends to channel pollutants to the southeast. In addition, on summer days with low level inversions, ozone can be recirculated by southerly drainage flows in the late evening and early morning and by the prevailing northwesterlies in the afternoon. A similar recirculation pattern occurs in the winter,

affecting levels of carbon monoxide and particulate matter. This movement of the air up and down the valley increases the impact of the pollutants significantly (BAAQMD 2017a).

Pollution sources are plentiful and complex in the subregion. The Santa Clara Valley has a high concentration of industry at the northern end. Some of these industries are sources of air toxics and criteria air pollutants. In addition, Santa Clara Valley's large population and many work-site destinations generate the highest mobile source emissions of any subregion in the SFBAAB (BAAQMD 2017a).

Pollution Potential Related to Emissions

Although air pollution potential is strongly influenced by climate and topography, the air pollution that occurs in a location also depends on the amount of air pollutant emissions in the surrounding area or those that have been transported from more distant places. Air pollutant emissions generally are highest in areas that have high population densities, high motor vehicle use, and/or industrialization. Contaminants created by photochemical processes in the atmosphere, such as ozone, may result in high concentrations many miles downwind from the sources of their precursor chemicals (BAAQMD 2017a).

Criteria Air Pollutants

Air pollutants emitted into the ambient air by stationary and mobile sources are regulated by federal and state law. These regulated air pollutants are known as criteria air pollutants and are categorized into primary and secondary pollutants. Primary air pollutants are those that are emitted directly from sources. Carbon monoxide (CO), reactive organic gases (ROG), nitrogen oxide (NO_X), sulfur dioxide (SO_2), coarse particulate matter (PM_{10}) and fine particulate matter ($PM_{2.5}$), lead, and fugitive dust are primary air pollutants. Of these, CO, SO_2, PM_{10}, and $PM_{2.5}$ are criteria pollutants. ROG and NO_X are criteria pollutant precursors and go on to form secondary criteria pollutants through chemical and photochemical reactions in the atmosphere. Ozone (O_3) and nitrogen dioxide (NO_2) are the principal secondary pollutants. Presented in **Table 4.3-1, Criteria Air Pollutants**, is a description of each of the primary and secondary criteria air pollutants and their known health effects.

TABLE 4.3-1
CRITERIA AIR POLLUTANTS – SUMMARY OF COMMON SOURCES AND EFFECTS

Pollutant	Major Man-Made Sources	Human Health & Welfare Effects
Carbon Monoxide (CO)	An odorless, colorless gas formed when carbon in fuel is not burned completely; a component of motor vehicle exhaust.	Reduces the ability of blood to deliver oxygen to vital tissues, effecting the cardiovascular and nervous system. Impairs vision, causes dizziness, and can lead to unconsciousness or death.
Nitrogen Dioxide (NO_2)	A reddish-brown gas formed during fuel combustion for motor vehicles, energy utilities and industrial sources.	Respiratory irritant; aggravates lung and heart problems. Precursor to ozone and acid rain. Contributes to nutrient overloading which deteriorates water quality. Causes brown discoloration of the atmosphere.
Ozone (O_3)	Formed by a chemical reaction between reactive organic gases (ROGs) and nitrous oxides (NOx) in the presence of sunlight. Common sources of these precursor pollutants include motor vehicle exhaust, industrial emissions, solvents, paints and landfills.	Irritates and causes inflammation of the mucous membranes and lung airways; causes wheezing, coughing and pain when inhaling deeply; decreases lung capacity; aggravates lung and heart problems. Damages plants; reduces crop yield.

Pollutant	Major Man-Made Sources	Human Health & Welfare Effects
Particulate Matter (PM_{10} & $PM_{2.5}$)	Power plants, steel mills, chemical plants, unpaved roads and parking lots, wood-burning stoves and fireplaces, automobiles and others.	Increased respiratory symptoms, such as irritation of the airways, coughing, or difficulty breathing; aggravated asthma; development of chronic bronchitis; irregular heartbeat; nonfatal heart attacks; and premature death in people with heart or lung disease. Impairs visibility (haze).
Sulfur Dioxide (SO_2)	A colorless, nonflammable gas formed when fuel containing sulfur is burned. Examples are refineries, cement manufacturing, metal processing facilities, locomotives, and ships.	Respiratory irritant. Aggravates lung and heart problems. In the presence of moisture and oxygen, can damage marble, iron and steel; damage crops and natural vegetation. Impairs visibility.

Source: CAPCOA 2017

Ambient Air Quality

The US Environmental Protection Agency (EPA) and the State of California have established health-based ambient air quality standards (CAAQS) for the criteria pollutants described above, as well as for lead, sulfates, hydrogen sulfide, vinyl chloride, and visibility-reducing particles. Air quality standards are designed to protect the health and welfare of the populace with a reasonable margin of safety.

Areas with air quality that exceed adopted air quality standards are designated as "nonattainment" areas for the relevant air pollutants, while areas that comply with air quality standards are designated as "attainment" areas for the relevant air pollutants. The SFBAAB's current attainment status with regard to federal and state ambient air quality standards is summarized in **Table 4.3-2, Federal and State Ambient Air Quality Attainment Status for the San Francisco Bay Area Air Basin.** The region is nonattainment for federal O_3 and $PM_{2.5}$ standards, as well as for state O_3, PM_{10}, and $PM_{2.5}$ standards (BAAQMD 2017a).

TABLE 4.3-2
FEDERAL AND STATE AMBIENT AIR QUALITY ATTAINMENT STATUS FOR THE SAN FRANCISCO BAY AREA AIR BASIN

Pollutant	Averaging Time	California Standards		National Standards	
		Concentration	Attainment Status	Concentration	Attainment Status
Ozone (O_3)	8 Hours	0.070 ppm (137$\mu g/m^3$)	No information available	0.075 ppm	N
	1 Hour	0.09 ppm (180 $\mu g/m^3$)	N	No standard	Not applicable
Carbon Monoxide (CO)	8 Hours	9.0 ppm (10 mg/m^3)	A	9 ppm (10 mg/m^3)	U/A
	1 Hour	20 ppm (23 mg/m^3)	A	35 ppm (40 mg/m^3)	U/A
Nitrogen Dioxide (NO_2)	1 Hour	0.18 ppm (339 $\mu g/m^3$)	A	No standard	Not applicable
	Annual Arithmetic Mean	0.030 ppm (57 $\mu g/m^3$)	No information available	0.053 ppm (100 $\mu g/m^3$)	U/A

Pollutant	Averaging Time	California Standards		National Standards	
		Concentration	Attainment Status	Concentration	Attainment Status
Sulfur Dioxide (SO_2)	24 Hours	0.04 ppm (105 $\mu g/m^3$)	A	0.14 ppm (365/$\mu g/m^3$)	A
	1 Hour	0.25 ppm (665 $\mu g/m^3$)	A	No standard	Not applicable
	Annual Arithmetic Mean	No standard	Not applicable	0.030 ppm (80/$\mu g/m^3$)	A
Particulate Matter (PM_{10})	Annual Arithmetic Mean	20 $\mu g/m^3$	N	No standard	Not applicable
	24 Hours	50 $\mu g/m^3$	N	150 $\mu g/m^3$	U
Particulate Matter – Fine ($PM_{2.5}$)	Annual Arithmetic Mean	12 $\mu g/m^3$	N	15 $\mu g/m^3$	N
	24 Hours	No standard	Not applicable	35 $\mu g/m^3$	N
Sulfates	24 Hours	25 $\mu g/m^3$	U	No standard	Not applicable
Lead	30-Day Average	1.5 $\mu g/m^3$	A	No standard	Not applicable
	Calendar Quarter	No standard	Not applicable	1.5 $\mu g/m^3$	A
Hydrogen Sulfide	1 Hour	0.03 ppm (42 $\mu g/m^3$)	U	No standard	Not applicable
Vinyl Chloride (chloroethene)	24 Hours	0.01 ppm (26 $\mu g/m^3$)	No information available	No standard	Not applicable
Visibility-Reducing Particles	8 Hours (10:00 to 18:00 PST)	Extinction coefficient of 0.23 per kilometer	U	No standard	Not applicable

Source: BAAQMD 2017a

Notes: A = attainment; N = nonattainment; U = unclassified; mg/m^3 = milligrams per cubic meter; ppm = parts per million; ppb = parts per billion; $\mu g/m^3$ = micrograms per cubic meter

Based on the nonattainment status, O_3, PM_{10}, and $PM_{2.5}$ are the pollutants most intensely affecting the air basin. Ambient concentrations of these pollutants at specific sites will vary due to localized variations in emission sources and climate. Concentrations near the project site can be inferred from ambient air quality measurements conducted by the BAAQMD at nearby air quality monitoring stations. The Redwood City–897 Barron Avenue air quality monitoring station is the closest station to the project site, approximately 8.5 miles to the northwest.

Toxic Air Contaminants

In addition to the criteria air pollutants listed above, another group of pollutants, commonly referred to as toxic air contaminants (TACs) or hazardous air pollutants, can result in health effects that can be quite severe. The California Air Resources Board (CARB) has designated 244 compounds as TACs. Many TACs are confirmed or suspected carcinogens, or are known or suspected to cause birth defects or neurological damage. Secondly, many TACs can be toxic at very low concentrations. For some chemicals, such as carcinogens, there are no thresholds below which exposure can be considered risk-free.

Industrial facilities and mobile sources are significant sources of TACs. However, common urban facilities also produce TAC emissions, such as gasoline stations (benzene), hospitals (ethylene oxide), and dry cleaners (perchloroethylene). Automobile exhaust also contains TACs such as benzene and 1,3-butadiene. In addition, diesel particulate matter (diesel PM) is a TAC. Diesel PM differs from other toxic air contaminants in that it is not a single substance but rather a complex mixture of hundreds of substances. BAAQMD (2017a) research indicates that mobile-source emissions of diesel PM, benzene, and 1,3-butadiene represent a substantial portion of the ambient background risk from toxic air contaminants in the San Francisco Bay Area Air Basin.

Sensitive Receptors

Some land uses are considered more sensitive to air pollution than others because of the types of population groups or activities involved. Sensitive population groups include children, the elderly, the acutely ill, and the chronically ill, especially those with cardiorespiratory diseases. For example, children are considered more susceptible to the health effects of air pollution because of their immature immune systems and developing organs (OEHHA 2016).

Residential areas are considered to be sensitive to air pollution because residents (including children and the elderly) tend to be at home for extended periods of time, resulting in sustained exposure to any pollutants present. Recreational land uses are considered moderately sensitive to air pollution. Although exposure periods are generally short, exercise places a high demand on respiratory functions, which can be impaired by air pollution. In addition, noticeable air pollution can detract from the enjoyment of recreation.

Air Quality Attainment Plan

The BAAQMD is responsible for preparing plans to attain ambient air quality standards in the San Francisco Bay Area Air Basin. The BAAQMD prepares ozone attainment plans for the national ozone standard and clean air plans for the California standard, both in coordination with the Metropolitan Transportation Commission and the Association of Bay Area Governments (ABAG).

With respect to applicable air quality plans, the BAAQMD prepared the 2017 Clean Air Plan—titled Spare the Air, Cool the Climate—to address nonattainment of the national 1-hour ozone standard in the air basin. The Clean Air Plan defines a control strategy that the BAAQMD and its partners will implement to (1) reduce emissions and decrease ambient concentrations of harmful pollutants; (2) safeguard public health by reducing exposure to air pollutants that pose the greatest health risk, with an emphasis on protecting the communities most heavily impacted by air pollution; and (3) reduce greenhouse gas emissions to protect the climate. It is important to note that in addition to updating the previously prepared ozone plan, the newly adopted Clean Air Plan also serves as a multipollutant plan to protect public health and the climate. In its dual role as an update to the state ozone plan and a multipollutant plan, the 2017 Clean Air Plan addresses four categories of pollutants (BAAQMD 2017b):

- Ground-level ozone and its key precursors, ROG and NO_X
- Particulate matter: primary $PM_{2.5}$, as well as precursors to secondary $PM_{2.5}$
- Air toxics
- Greenhouse gases

The Clean Air Plan includes local guidance for the State Implementation Plan, which establishes the framework for air quality basins to achieve attainment of the state and federal ambient air quality standards.

DISCUSSION OF IMPACTS

a) ***Less Than Significant Impact.*** As previously stated, the BAAQMD prepared the 2017 Clean Air Plan. The plan establishes a program of rules and regulations directed at reducing air pollutant emissions and achieving state (California) and national air quality standards. The Clean Air Plan's pollutant control strategies are based on the latest scientific and technical information and planning assumptions, updated emission inventory methodologies for various source categories, and the latest population growth projections and vehicle miles traveled (VMT) projections for the region.

Criteria for determining consistency with the Clean Air Plan are defined by the following indicators:

- Consistency Criterion No. 1: The project supports the primary goals of the Clean Air Plan.
- Consistency Criterion No. 2: The project conforms to applicable control measures from the Clean Air Plan and does not disrupt or hinder the implementation of any Clean Air Plan control measures.

The primary goals to which Consistency Criterion No. 1 refer are compliance with the CAAQS and the national ambient air quality standards (NAAQS). As evaluated below, the project would not exceed the short-term construction standards and would not violate air quality standards during construction. Similarly, the project would not exceed the long-term operational standards and would not violate air quality standards during project operation. Therefore, this impact would be less than significant.

Concerning Consistency Criterion No. 2, BAAQMD air quality planning control measures are developed, in part, based on the emissions inventories contained in the Clean Air Plan, which are derived from projected population growth and VMT for the region. These inventories are largely based on the predicted growth identified in regional and community general plans, including associated development projects. Projects that result in an increase in population or employment growth beyond that identified in regional or community plans could result in increases in VMT and subsequently increase mobile source emissions, which would not have been accounted for in the BAAQMD's air quality plans, making the projects inconsistent with the Clean Air Plan.

The proposed project is consistent with the High Density Residential General Plan land use designation for the project site. As described in subsection 4.13, Population and Housing, the project is expected to increase the city's population by 120. This is not considered a substantial increase and would not increase the population in Mountain View beyond what was projected in the General Plan. Therefore, the proposed project would not result in an increase in population or employment growth, and thus VMT, beyond that anticipated in the Clean Air Plan. The proposed project would not conflict with or obstruct implementation of the Clean Air Plan. Therefore, this impact would be less than significant.

b, c) ***Less Than Significant Impact.*** The BAAQMD developed project-level thresholds of significance to provide a conservative indication of whether a proposed project could result in potentially significant air quality impacts. To meet the project-level threshold of significance for construction-related criteria air pollutant and precursor impacts, the proposed project must emit no more than 54 pounds per day (lbs/day) of reactive organic gases (ROG), nitrogen oxides (NO_X), and/or exhaust-related $PM_{2.5}$, and no more than 82 lbs/day of exhaust-related PM_{10}. Concerning fugitive dust-related $PM_{2.5}$ and PM_{10} emissions

generated during construction, the BAAQMD states that implementation of its Basic Construction Mitigation Measures is necessary to reduce such emissions to a level that is considered less than significant. For operational-related criteria air pollutant and precursor impacts, the proposed project must emit no more than 54 lbs/day of ROG, NO_X, and/or $PM_{2.5}$, and no more than 82 lbs/day of PM_{10} to be considered less than significant.

Construction-Generated Emissions

The project would generate short-term emissions from construction activities such as demolition, site grading, asphalt paving, building construction, and architectural coatings (i.e., painting). Common construction emissions include fugitive dust from soil disturbance, fuel combustion from mobile heavy-duty diesel- and gasoline-powered equipment, portable auxiliary equipment, and worker commute trips. During construction, fugitive dust, the dominant source of PM_{10} and $PM_{2.5}$ emissions, would be generated when wheels or blades disturb surface materials. Uncontrolled dust from construction can become a nuisance and a potential health hazard to those living and working nearby. Demolition can also generate PM_{10} and $PM_{2.5}$ emissions. Off-road construction equipment is often diesel-powered and can be a substantial source of NO_X emissions, in addition to PM_{10} and $PM_{2.5}$ emissions. Worker commute trips and architectural coatings are dominant sources of ROG emissions.

TABLE 4.3-3
CONSTRUCTION-RELATED CRITERIA POLLUTANT AND PRECURSOR EMISSIONS
(MAXIMUM POUNDS PER DAY)

Construction Activities	Reactive Organic Gas (ROG)	Nitrogen Oxide (NO_X)	Coarse Particulate Matter (PM_{10})	Fine Particulate Matter ($PM_{2.5}$)
Demolition	1.06	9.43	2.45	0.87
Site Preparation	0.79	9.76	0.49	0.39
Grading	1.06	9.43	0.96	0.76
Building Construction	1.08	11.03	0.71	0.65
Paving	0.92	8.74	0.51	0.47
Painting	8.05	2.01	0.15	0.15
Total	**12.96**	**50.4**	**5.27**	**3.29**
BAAQMD Potentially Significant Impact Threshold	54 pounds/day	54 pounds/day	82 pounds/day	54 pounds/day
Exceed BAAQMD Threshold?	**No**	**No**	**No**	**No**

*Source: CalEEMod version 2016.3.1. See **Appendix AQ** for emission model outputs.*

As shown in **Table 4.3-3, Construction-Related Criteria Pollutant and Precursor Emissions**, all criteria pollutant emissions would remain below their respective thresholds. Therefore, construction-generated emissions impacts would be less than significant.

Operational Emissions

The project would result in long-term operational emissions of criteria air pollutants and ozone precursors (i.e., ROG and NO_X). Project-generated increases in emissions would be predominantly associated with motor vehicle use. The proposed project is estimated to

generate 412 trips, 342 more trips than the 12 townhouses under existing conditions. Long-term operational emissions are summarized in **Table 4.3-4, Long-Term Operational Emissions.**

TABLE 4.3-4
LONG-TERM OPERATIONAL EMISSIONS

Source	Emissions			
	ROG	NO_x	PM_{10}	$PM_{2.5}$
Summer Emissions (Pounds per Day)				
Area Source (hearths, landscaping, etc.)	1.69	0.06	0.03	0.03
Energy Source	0.02	0.17	0.01	0.01
Mobile Source	0.75	3.05	2.05	0.57
Total	***2.46***	***3.28***	***2.09***	***0.61***
Winter Emissions (Pounds per Day)				
Area Source (hearths, landscaping, etc.)	1.69	0.06	0.03	0.03
Energy Source	0.02	0.17	0.01	0.01
Mobile Source	0..66	3.22	2.05	0.57
Total	***2.37***	***3.45***	***2.09***	***0.61***
BAAQMD Potentially Significant Impact Threshold (Daily Emissions)	54 pounds/day	54 pounds/day	82 pounds/day	54 pounds/day
Exceed BAAQMD Daily Threshold?	**No**	**No**	**No**	**No**

*Source: CalEEMod version 2016.3.1 See **Appendix AQ** for emission model outputs.*

As shown in **Table 4.3-4**, all criteria pollutant emissions would remain below the BAAQMD significance thresholds. Therefore, long-term operation-generated emissions impacts would be less than significant level.

d) ***Less Than Significant Impact.***

Air Toxics (TACs) Generated During Construction Activities

The project site is surrounded by residential neighborhoods. These residents could be exposed to construction-related air toxics.

Construction would result in the generation of diesel PM emissions from the use of off-road diesel equipment required for grading, excavation, paving, and other construction activities. The amount to which the receptors are exposed (a function of concentration and duration of exposure) is the primary factor used to determine health risk (i.e., potential exposure to TAC emission levels that exceed applicable standards). Health-related risks associated with diesel-exhaust emissions are primarily linked to long-term exposure and the associated risk of contracting cancer.

The use of diesel-powered construction equipment would be temporary and episodic and would occur over several locations isolated from one another. The duration of exposure would be short, and exhaust from construction equipment dissipates rapidly. Current models and methodologies for conducting health risk assessments are associated with longer-term exposure periods of 30, 40, and 70 years, which do not correlate well with the

temporary and highly variable nature of construction activities. Additionally, construction activities would occur in an area of less than five acres. CARB generally considers construction projects contained in a site of such size to represent less than significant health risk impacts due to (1) limitations on the off-road diesel equipment able to operate and thus a reduced amount of generated diesel PM, (2) the reduced amount of dust-generating ground disturbance possible compared to larger construction sites, and (3) the reduced duration of construction activities compared to the development of larger sites. Additionally, construction would be subject to and would comply with California regulations limiting the idling of heavy-duty construction equipment to no more than five minutes, which would further reduce nearby sensitive receptors' exposure to temporary and variable diesel PM emissions. For these reasons, diesel PM generated by construction activities, in and of itself, would not be expected to expose sensitive receptors to substantial amounts of air toxics and would be less than significant.

Air Toxics (TACs) Generated During Project Operations

There is a potential that future residents could be exposed to TAC emissions from stationary and/or mobile sources. Per BAAQMD guidance, all TAC sources within 1,000 feet of a proposed sensitive receptor need to be identified and analyzed. If emissions of TAC concentrations at a new sensitive receptor generated from all TAC sources in a 1,000-foot radius result in the exceedance of an excess cancer risk level of more than 100 in one million, or a non-cancer hazard index greater than 10, the project would result in a significant impact.[1] The BAAQMD (2017a) CEQA Air Quality Guidelines also consider exposure from $PM_{2.5}$ concentrations that exceed 0.8 micrograms per cubic meter ($\mu g/m^3$) to be significant. For the purposes of this analysis, the BAAQMD's screening analysis tools were employed. The BAAQMD provides its screening analysis tools for lead agencies to assess a project's potential risk and hazard impacts. The screening tools provide conservative estimates and are continually updated to reflect the best available data.

According to the BAAQMD's Stationary Source Screening Analysis Tool, there are no stationary sources of TACs within 1,000 feet of the project site. The nearest identified source is a generator operated by Alexza Pharmaceuticals. In terms of mobile TAC sources, the project site is located 300 feet from a major roadway, Shoreline Boulevard.

Table 4.3-5, Toxic Air Contaminant Concentrations, identifies the $PM_{2.5}$ concentration, cancer risk, and hazard index exposure at the project site and compares them to the BAAQMD significance thresholds. The TAC concentrations were calculated using the BAAQMD Roadway Screening Analysis Calculator for Santa Clara County.

TABLE 4.3-5
TOXIC AIR CONTAMINANT CONCENTRATIONS

TAC Category	BAAQMD Thresholds of Significance	TAC Concentration at Project Site
Cancer Risk	10	3.230
Hazard Index	1	0.010
$PM_{2.5}$ Concentration	0.3	0.063
Exceed Thresholds?		**No**

Source: BAAQMD 2017a

[1] The Hazard Index is the ratio of the computed receptor exposure level to the level known to cause acute or chronic adverse health impacts, as identified by the BAAQMD.

As shown in **Table 4.3-5**, the $PM_{2.5}$ concentration, cancer risk, and hazard index at the project site would all be below BAAQMD thresholds. Therefore, impacts associated with air toxics generated during project operations would be less than significant.

Carbon Monoxide Hot Spots

The primary mobile-source criteria pollutant of local concern is carbon monoxide. Concentrations of CO are a direct function of the number of vehicles, length of delay, and traffic flow conditions. Transport of this criteria pollutant is extremely limited; CO disperses rapidly with distance from the source under normal meteorological conditions. Under certain meteorological conditions, however, CO concentrations close to congested intersections that experience high levels of traffic and elevated background concentrations may reach unhealthy levels, affecting nearby sensitive receptors. Areas of high CO concentrations, or "hot spots," are typically associated with intersections that are projected to operate at unacceptable levels of service during the peak commute hours.[2] Modeling is therefore typically conducted for intersections that are projected to operate at unacceptable levels of service during peak commute hours.

Based on BAAQMD guidance, projects meeting all of the following screening criteria would be considered to have a less than significant impact on localized carbon monoxide concentrations:

1. The project is consistent with an applicable congestion management program established by the county congestion management agency for designated roads or highways, regional transportation plans, and local congestion management agency plans.

2. The project traffic would not increase traffic volumes at project-affected intersections to more than 44,000 vehicles per hour.

3. The project traffic would not increase traffic volumes at affected intersections to more than 24,000 vehicles per hour where vertical and/or horizontal mixing is substantially limited (e.g., tunnel, parking garage, bridge underpass, natural or urban street canyon, below-grade roadway).

According to the traffic impact analysis prepared for the project, the project would generate about 342 average daily trips more than the existing number of trips (412 trips generated by the project, minus 70 generated by the existing townhouses). The project would not increase traffic volumes to more than 44,000 vehicles per hour or 24,000 vehicles per hour where vertical and/or horizontal mixing of pollutants and atmosphere is substantially limited. Therefore, this impact would be less than significant.

e) ***Less Than Significant Impact.***

Construction-Related Odors

The BAAQMD does not have a recommended odor threshold for construction activities. For purposes of this analysis, it is recognized that heavy-duty construction equipment

[2] Level of service (LOS) is a measure used by traffic engineers to determine the effectiveness of transportation infrastructure. Level of service is most commonly used to analyze intersections by categorizing traffic flow with corresponding safe driving conditions. LOS A is considered the most efficient level of service and LOS F the least efficient.

would emit odors. However, construction activities would be short term and finite in nature. Furthermore, equipment exhaust odors would dissipate quickly and are common in an urban environment. For these reasons, construction-related odors associated with the project would not be anticipated to create objectionable odors affecting a substantial number of people. Impacts would be less than significant.

Operational Odors

With respect to operational impacts, the BAAQMD recommends screening criteria based on the distance between the receptor and the types of sources known to generate odor. The land uses identified by the BAAQMD as sources of odors include wastewater treatment plants, wastewater pumping facilities, sanitary landfills, transfer stations, composting facilities, petroleum refineries, asphalt batch plants, chemical manufacturing and fiberglass manufacturing facilities, painting/coating operations, rendering plants, coffee roasters, food processing facilities, confined animal facilities, feedlots, dairies, green waste and recycling operations, and metal smelting plants. If a source of odors is proposed to be located near existing or planned sensitive receptors, this could have the potential to cause operational-related odor impacts. The project is residential in nature and would not include any of the land uses that have been identified by the BAAQMD as odor sources, nor would it locate receptors near any of these sources. Therefore, the project is not anticipated to create objectionable odors affecting a substantial number of people. This impact would be less than significant.

Mitigation Measures

None required.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
4.4 BIOLOGICAL RESOURCES. Would the project:				
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or US Fish and Wildlife Service?	☐	☐	☐	☒
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or US Fish and Wildlife Service?	☐	☐	☐	☒
c) Have a substantial adverse effect on federally protected wetlands, as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal wetlands, etc.), through direct removal, filling, hydrological interruption, or other means?	☐	☐	☐	☒
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	☐	☐	☒	☐
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	☐	☐	☒	☐
f) Conflict with the provisions of an adopted habitat conservation plan, natural community conservation plan, or other approved local, regional, or state habitat conservation plan?	☐	☐	☐	☒

SETTING

Special-Status Plants and Wildlife Species

The project site is an infill site developed with existing multi-family residential uses in Mountain View, an urbanized area. The project site has been disturbed, with about 68 percent of the site covered by impervious (developed or paved, nonvegetated) surfaces. The remaining 32 percent is landscaped with ornamental vegetation.

A query of the California Department of Fish and Wildlife's (CDFW; 2017) California Natural Diversity Database (CNDDB) was conducted on July 11, 2017, to identify known processed and unprocessed occurrences for special-status species within the Mountain View quad. The results show that no special-status plant or animals are expected to occur on the project site.

Per Figure 5.2, Habitats, of the Mountain View 2030 General Plan, the project site does not contain a sensitive habitat such as grasslands, woodlands, developed open space, wetlands, or open water (Mountain View 2012). The Critical Habitat for Threatened and Endangered Species map from the US Fish and Wildlife Service (USFWS; 2017a) does not identify critical habitat for any species identified as a candidate, sensitive, or special-status species on or in the vicinity of the project site. The Wetlands Mapper from the USFWS (2017b) does not identify any wetlands or riparian habitat on or in the vicinity of the project site. The project site is not shown on the 2013 Critical Linkages Map developed by Science & Collaboration for Connected Wildlands and referenced by the California Department of Fish and Wildlife (SC Wildlands 2013). Lastly, the project site is not within any habitat conservation plans (CDFW 2015) or natural community conservation plans (CDFW 2016).

Heritage Trees

In April 2017, HortScience prepared an arborist report for the project site. The report is included as **Appendix BIO** to this Initial Study, and the results are summarized below.

The project site contains 102 trees. The most prevalent trees on the site are London plane (*Platanus x hispanica*), coast redwood (*Sequoia sempervirens*), and privet (*Ligustrum lucidum*). **Table 4.4-1, Tree Conditions Summary**, provides a breakdown of tree conditions on the site, and **Figure 4.4-1, Tree Survey Map,** shows the location of the trees on the property.

Seventy-five of the 102 trees on and in the immediate vicinity of the project site qualify as heritage trees. Mountain View City Code Chapter 32 requires a permit for the removal of any heritage tree or construction of improvements within the dripline or any heritage tree.

TABLE 4.4-1
TREE CONDITIONS SUMMARY

Common Name	Scientific Name	Number of Trees	Condition		
			Dead	Fair	Good
Tree of heaven	*Ailanthus altissima*	1		1	
Deodar cedar	*Cedrus deodara*	2			2
Evergreen ash	*Fraxinus uhdei*	5		5	
Crape myrtle	*Lagerstroemia indica*	1			1
Privet	*Ligustrum lucidum*	25		25	
Catalina ironwood	*Lyonothamnus floribundus*	4		4	
Monterey pine	*Pinus radiata*	2		2	
Chinese pistache	*Pistacia chinensis*	1			1
London plane	*Platanus x hispanica*	27		7	20
Flowering cherry	*Prunus serrulata*	4		3	1
Italian buckthorn	*Rhamnus alaternus*	1		1	
California pepper	*Schinus molle*	2	1	1	
Coast redwood	*Sequoia sempervirens*	26		10	16
Xylosma	*Xylosma congestum*	1		1	
	Total	102	1	60	41

Source: HortScience 2017

DISCUSSION OF IMPACTS

a) ***No impact.*** The project site is currently developed with an existing multi-family development. The site is surrounded by urban development, and no natural habitats are found on or in close proximity to the site (USFWS 2017a, 2017b). Therefore, the project would have no impact to special-status species.

b) ***No Impact.*** There are no riparian habitats or sensitive natural communities present on the project site. Therefore, the project would have no impact.

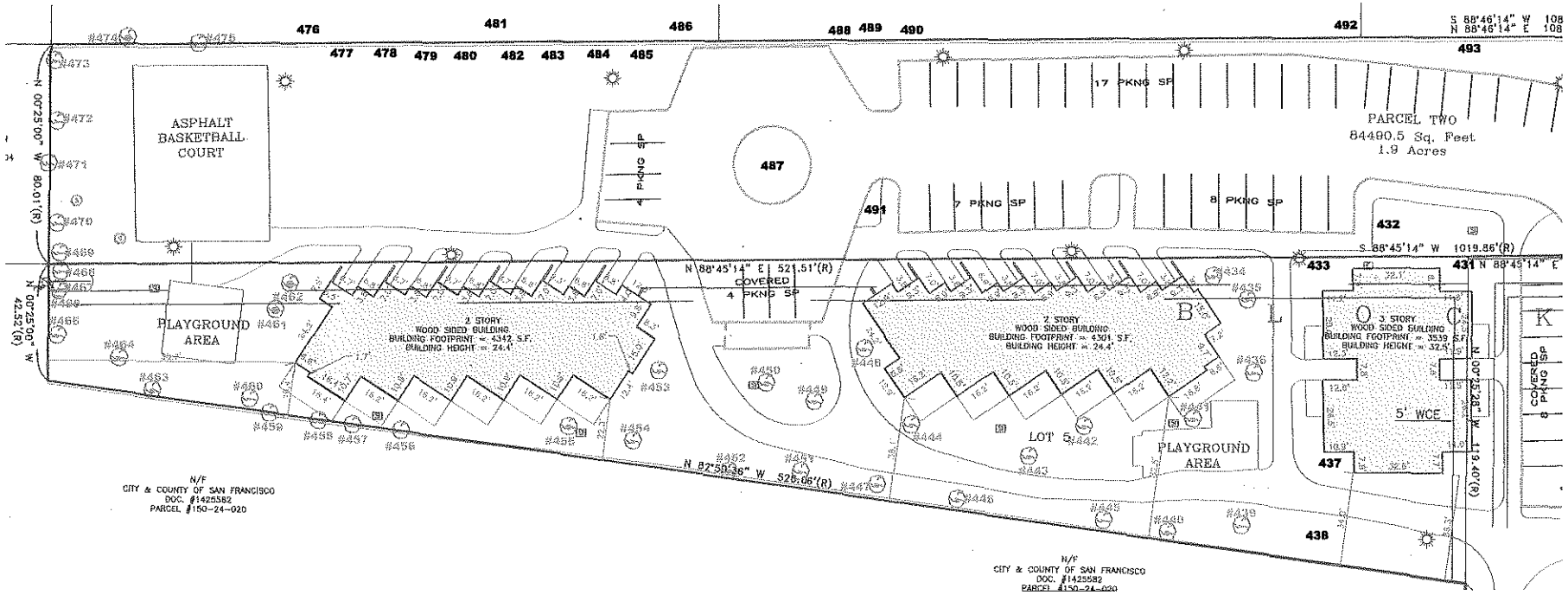
c) ***No Impact.*** No wetlands or other waters of the United States are located on the site. Therefore, the project would have no impact.

d) ***Less Than Significant Impact.*** Wildlife corridors refer to established migration routes commonly used by resident and migratory species for passage from one geographic location to another. Movement corridors may provide favorable locations for wildlife to travel between different habitat areas, such as foraging sites, breeding sites, cover areas, and preferred summer and winter range locations. They may also function as dispersal corridors allowing animals to move between various locations within their range.

The project site is not shown on the 2013 Critical Linkages Map developed by Science & Collaboration for Connected Wildlands and referenced by the California Department of Fish and Wildlife (SC Wildlands 2013). Trees on and adjacent to the project site may, however, provide suitable nesting habitat for migratory birds and raptors protected under the Migratory Bird Treaty Act. During construction, the project construction contractor would implement condition of approval PL-121, summarized below.

- PL-121: Requires vegetation removal and construction activities to be performed outside of the bird nesting season to the extent practicable. If construction occurs during the nesting bird season, a qualified biologist is required to conduct a survey to determine if nesting birds are present on the project site and in the surrounding area, and must establish no-disturbance buffer zones around the nests.

See **Table 3.0-3** for full descriptions of the conditions of approval. With implementation of PL-121 and PL-122, project impacts would be reduced to a less than significant level.



Source: Hort Science; 2015

Not To Scale

FIGURE 4.4-1
Tree Survey Map

Michael Baker INTERNATIONAL

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e) ***Less Than Significant Impact.*** The project site is located outside of the grasslands, woodlands, developed open space, wetlands, open water, and creeks areas identified as habitat in Figure 5.2 of the City's General Plan. The project would, however, require the removal of 22 heritage trees and work within the driplines of heritage trees that are planned for preservation.

Mountain View City Code Chapter 32 requires a permit for the removal of any heritage tree or construction within the dripline of a protected tree. Twenty-two of the 38 trees planned for removal for the proposed project qualify as heritage trees. Trenching, grading, and construction would also take place within the driplines of protected trees. Section 32.29 of City Code details the process for filing an application to request authorization to remove heritage trees in association with development. The project applicant would comply with conditions of approval PL-89, PL 90, PL-92, PL-93, PL-96, and PL-98, summarized below.

- PL-89: Requires that building permits be secured prior to the removal, relocation, or alteration of heritage trees.
- PL-90: Requires replacement trees for each heritage tree removed.
- PL-92: Requires the inclusion of the tree protection measures listed in the arborist's report as notes on the title sheet of grading and landscaped plans.
- PL-93: Requires the development of a tree mitigation and preservation plan to avoid impacts on regulated trees and mitigation for the loss of trees that cannot be avoided.
- PL-96: Requires work to stop if a heritage tree is damaged or dies during construction activity.
- PL-98: Requires the developer to pay a fee or donate box trees to be used elsewhere if trees cannot be replanted on the project site.

See **Table 3.0-3** for full descriptions of the conditions of approval. The heritage trees would be replaced at a ratio of 2:1 (two replaced for each one removed), therefore, the project would include at least 44 replacement trees. The City would need to approve a Heritage Tree Removal Permit prior to the removal of the 22 heritage trees. Because the project would comply with City regulations regarding removal of heritage trees, it would have a less than significant impact on local regulations protecting biological resources.

f) ***No Impact.*** The project site is not within any habitat conservation plans (CDFW 2015) or natural community conservation plans (CDFW 2016). Therefore, the project would have no impact.

Mitigation Measures

None required.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
4.5 CULTURAL RESOURCES. Would the project:				
a) Cause a substantial adverse change in the significance of a historical resource as defined in Section 15064.5?	☐	☐	☐	☒
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to Section 15064.5?	☐	☐	☒	☐
c) Disturb any human remains, including those interred outside of formal cemeteries?	☐	☐	☒	☐
d) Would the project cause a substantial adverse change in the significance of a tribal cultural resource as defined in Public Resources Code Section 21074?	☐	☐	☒	☐

SETTING

The setting and impact analysis in this subsection is based, in part, on a map review and records search conducted by Michael Baker International cultural resources staff at the Northwest Information Center (NWIC).

Concepts and Terminology for Identification of Cultural and Tribal Cultural Resources

Cultural resources include historical resources and archaeological resources (as defined in Public Resources Code Section 15064.5). Cultural resources are any object, building, structure, site, area, place, record, or manuscript which a lead agency determines to be historically significant or significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, military, or cultural annals of California. Generally, a resource is considered by the lead agency to be historically significant if the resource meets the criteria for listing in the California Register of Historical Resources (California Code of Regulations Title 14(3) Section 15064.5(a)(3)).

Cultural Resources Records Search

To determine the presence of previously identified cultural resources, Michael Baker International staff conducted a records search (NWIC #16-2124) of the project site and a quarter-mile search radius. The NWIC, as part of the California Historical Resources Information System, California State University, Sonoma, an affiliate of the California Office of Historic Preservation (OHP), is the official state repository of cultural resources records and reports for Santa Clara County. As part of the records search, the following federal and state inventories were reviewed:

- California Inventory of Historic Resources (OHP 1976).
- California Points of Historical Interest (OHP 1992 and updates).
- California Historical Landmarks (OHP 1996).

- Directory of Properties in the Historic Property Data File (OHP last updated April 5, 2012). The directory includes the listings of the National Register of Historic Places (National Register), National Historic Landmarks, California Register of Historical Resources (California Register), California Historical Landmarks, and California Points of Historical Interest.

Results

No cultural resources were identified within the project site; however, eight cultural resources were identified within a quarter mile of the site. As shown in **Table 4.5-1, Cultural Resources Identified within a Quarter Mile of the Project Site,** the eight resources include single-family residences that have been evaluated and recommended ineligible for inclusion in the National Register.

TABLE 4.5-1
CULTURAL RESOURCES IDENTIFIED WITHIN A QUARTER MILE OF THE PROJECT SITE

Resource Number	Address	National Register Eligibility Recommendation
P-43-003713	1069 A & B Jackson Street	Not eligible
P-43-003714	1081 Jackson Street	Not eligible
P-43-003715	925 Washington Street	Not eligible
P-43-003716	933 Washington Street	Not eligible
P-43-003717	174, 176, 178 Elm Wood Street	Not eligible
P-43-000712	196 Elm Wood Street	Not eligible
P-43-000713	891 Washington Street	Not eligible
P-43-000714	875 Washington Street	Not eligible

No cultural resources studies have been completed in the project area; however, nine studies have been completed within a quarter mile of the project site, as shown in **Table 4.5-2, Cultural Resources Studies Completed within a Quarter Mile of the Project Site.**

TABLE 4.5-2
CULTURAL RESOURCES STUDIES COMPLETED WITHIN A QUARTER MILE OF THE PROJECT SITE

Author	Date	Title
SWCA Environmental Consultants, Inc.	2006	*Cultural Resources Final Report of Monitoring and Findings for Qwest Network Construction Project, State of California*
Carolyn Losee	2004	*Cultural Resources Analysis for Cingular Wireless Site SF-954-02, Mountain View Buddhist Temple*
Carolyn Losee	2009	*Cultural Resources Investigation for Verizon Site #184675, North Mountain View, 1059 Wright Avenue, Mountain View, Santa Clara County, California*
Historic Resource Associates	2012	*Cultural Resources Study of the Mountain View Odas Project*
John Holson, Cordelia Sutch, and Stephanie Pau	2002	*Cultural Resources Report for San Jose Local Loops, Level 3 Fiber Optics Project in Santa Clara and Alameda Counties, California*
Basin Research Associates	1988	*Historic Property Survey Report for the Proposed Central Expressway Commuter Lane Project, Located in the Cities of Santa Clara, Sunnyvale, and Mountain View*

Author	Date	Title
Archaeological Resource Service	1979	*Archaeological Reconnaissance of Approximately 9 Miles of Central Expressway from De La Cruz Boulevard to San Antonio Road*
BioSystems Analysis, Inc.	1989	*Technical Report of Cultural Resources Studies for the Proposed WTC-WEST, Inc., Los Angeles to San Francisco and Sacramento, California*
Mooney & Associates	2000	*Cultural Resources Reconnaissance Survey and Inventory Report for the Metromedia Fiber Optic Cable Project, San Francisco Bay Area and Los Angeles Basin Networks*

Map Research

Michael Baker International staff conducted a map search of the project site to determine the presence of cultural resources. The following maps were reviewed:

1. Township 6 South, Range 2 West, Mount Diablo Meridian (BLM 1865)
2. Official Map of the County of Santa Clara, California (Britton & Rey 1889)
3. Palo Alto, Calif. 1:62,500 scale topographic quadrangle (USGS 1899)
4. Aerial Single Frame Photo ID: 1HR0000020110 (USGS 1948)
5. Mountain View, Calif. 7.5-minute topographic quadrangle (USGS 1953)
6. Aerial Single Frame Photo ID: 1VACY00020065 (USGS 1960)
7. Mountain View, Calif. 7.5-minute topographic quadrangle (USGS 1961)

Results

The results of the map search indicate that the project site was once part of Rancho Pastoria de las Boregas. No features are depicted on historic maps or aerials until 1948 when the project site is depicted in an agricultural area with multiple large agricultural-related buildings and a single-family residence. By 1960, the area had been further developed with the construction of North Shoreline Boulevard and additional agricultural-related buildings. The original single-family residence and all agricultural buildings were demolished circa 1980 when the Shorebreeze Apartment complex at 460 North Shoreline Boulevard was constructed (BLM 1865; Britton & Rey 1889; USGS 1899, 1948, 1953, 1960, 1961).

Archaeological Field Survey

Approximately 80 percent of the property is covered by asphalt, concrete, and apartment buildings. Ground visibility is 0–30 percent in lawns and landscaping, which were completely surveyed in 2-meter linear transects. No archaeological cultural resources were observed during the field survey.

Summary of Findings

Historical Resources

Research revealed no cultural resources located on the project site; however, eight cultural resources previously recommended ineligible for the National Register are located within a quarter mile of the project site. The project would have no impact on historical resources.

Archaeological Resources

No archaeological resources were identified on the project site during the records search or field survey. Buried historic-era archaeological resources may be located on the project site due to its historic agricultural and residential use.

DISCUSSION OF IMPACTS

a) ***No Impact.*** As discussed above, no previously identified historical resources are located on the project site or in the surrounding area. The proposed redevelopment of the site would not have any impact on historical resources. Therefore, the project would have no impact.

b–d) ***Less Than Significant Impact.*** No archaeological or paleontological resources or human remains are known to exist on the project site. However, the project includes ground-disturbing activities that could result in the unanticipated or accidental discovery of archaeological deposits, paleontological resources, or human remains. However, the project applicant would comply with conditions of approval PL-118, PL-119, and PL-120, summarized below.

- PL-118: Requires that work be stopped within 100 feet of the find if a prehistoric or historic period cultural find is unearthed during ground-disturbing activities. Work cannot resume until a qualified archaeologist and Native American representative can assess the significance of the find.

- PL-119: If human remains are discovered during construction, requires that excavation or disturbance not take place within a 50-foot radius of the discovery of human remains. The Santa Clara County Coroner must be notified to make a determination as to whether the remains are Native American.

- PL-120: In the event that a fossil is discovered during construction of the project, requires that excavations within 50 feet of the find be temporally halted until the discovery is examined by a qualified paleontologist. If the find is significant and avoidance is not feasible, requires that the paleontologist design and carry out a data recovery plan consistent with the standards of the Society of Vertebrate Paleontology.

See **Table 3.0-3** for full descriptions of the conditions of approval. Implementation of PL-118 and PL-120 would ensure that provisions are in place to protect prehistoric or historical archaeological deposits and paleontological resources encountered during construction. Implementation of PL-119 would ensure that human remains encountered during project activities would be treated in a manner consistent with state law. This would occur through coordination with descendant communities to ensure that the traditional and cultural values of said communities are incorporated in the decision-making process concerning the disposition of human remains that cannot be avoided. The project would have a less than significant impact.

Mitigation Measures

None required.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
4.6 GEOLOGY AND SOILS. Would the project:				
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death, involving:				
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	☐	☐	☒	☐
ii) Strong seismic ground shaking?	☐	☐	☒	☐
iii) Seismic-related ground failure, including liquefaction?	☐	☐	☒	☐
iv) Landslides?	☐	☐	☐	☒
b) Result in substantial soil erosion or the loss of topsoil?	☐	☐	☒	☐
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?	☐	☐	☒	☐
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	☐	☐	☒	☐
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?	☐	☐	☐	☒

SETTING

This subsection is based, in part, on the geotechnical investigation prepared for the project by Rockridge Geotechnical (2016). The report is attached as **Appendix GEO**.

Geology and Topography

Mountain View is located in the Coast Ranges geomorphic province of California, which is bounded by the Central Valley to the east and the Pacific Ocean to the west. The Coast Ranges geomorphic province consists of northwest-trending valleys and ridges that resulted from the collision of the Farallon plate and the North American plate. This collision also created the San Andreas fault system, which stretches more than 600 miles from the Gulf of California in the south to Point Arena, California, in the north.

Seismicity and Seismic Hazards

Major earthquakes have occurred in the vicinity of Mountain View in the past and can be expected to occur again in the future. Earthquakes have the potential to threaten humans, wildlife, and infrastructure. Earthquakes can give rise to various seismic hazards including ground shaking, liquefaction, ground rupture, and tsunamis. These seismic hazards can cause damage to structures and risk the health and safety of citizens. Seismic hazards vary widely from area to area, and the level of hazard depends on both geologic conditions and the extent and type of land use.

Although there are a number of active faults in the project vicinity, the project site is not underlain by any known active or potentially active faults. The project is not within an Alquist-Priolo Earthquake Fault Zone as defined by the Alquist-Priolo Earthquake Fault Zoning Act (CGS 2015). **Table 4.6-1, Active Faults Near the Project Site**, summarizes the nearby active faults and their approximate distance from the project site.

TABLE 4.6-1
ACTIVE FAULTS NEAR THE PROJECT SITE

Fault Name	Approximate Distance from Project Site (miles)	Direction from Project Site	Maximum Moment Magnitude
Monte Vista–Shannon	4.3	Southwest	6.50
North San Andreas–Peninsula	6.8	Southwest	7.23
Total Hayward-Rodgers Creek	12.4	Northeast	7.33
Total Calaveras	15.5	East	7.03
N. San Andreas–Santa Cruz	16.1	Southeast	7.12
San Gregorio Connected	18.6	West	7.50
Total Hayward	18.6	Northeast	7.00
Zayante–Vergeles	22.3	Southeast	7.00
Mt Diablo Thrust	26.7	Northeast	6.70
Greenville Connected	29.2	Northeast	7.00

Source: Rockridge Geotechnical 2016

Strong to very strong ground shaking could occur at the project site as a result of a large earthquake on any one of the nearby faults. The intensity of earthquake ground motion at the project site will depend on the characteristics of the generating fault, the distance to the earthquake epicenter, and the magnitude and duration of the earthquake.

Liquefaction

Liquefaction is the rapid transformation of saturated, loose, fine-grained sediment to a fluid-like state because of earthquake ground shaking. The potential for liquefaction depends on site-specific soil conditions and groundwater levels. The site is located in a zone of liquefaction potential as mapped by the California Geological Survey (2006).

Rockridge Geotechnical performed a liquefaction analysis using Cliq, a model that uses field data to assess a site's liquefaction potential. The analysis indicated several thin layers of sand (less than 1 foot thick) underlying the site, which would liquefy during an earthquake. These liquefiable soil layers are overlain by non-liquefiable soil layers. The non-liquefiable soil layers were found to be sufficiently thick so that the potential for surface impacts from liquefaction at the project site is low.

Lateral Spreading

Lateral spreading occurs when a continuous layer of soil liquefies at depth, causing the soil layer to move in the direction of an unsupported face or along a regional slope or gradient. As described above, the liquefiable soil is located in several thin soil layers separated by thick non-liquefiable layers. Based on the thin and separate (discontinuous) liquefiable soil layers and lack of controlling boundary conditions, the probability of lateral spreading at the project site is low.

Surface and Subsurface Soils

The project site is underlain by Holocene-age alluvium (Graymer et al. 2006). Based on field testing, Rockridge Geotechnical found that alluvium extended to a depth of 44.5 feet, which was the maximum depth explored. The upper 11 to 15 feet of soil at the project site consists of stiff to hard clay with variable amounts of sand. The surface soils at the project site have been mapped as hangerone, which is alluvium derived from metamorphic and sedimentary rock (USDA-NRCS 2017).

Soils with a high shrink-swell potential, also known as expansive soils, can expand and contract in response to changes in soil moisture conditions. Shrinking and swelling of soils can damage building foundations, roads, underground utilities, and other structures (USDA-NRCS 2004). Rockridge Geotechnical determined that the near-surface clay soils had plasticity indices of 38 to 39, which is considered to be highly expansive.

DISCUSSION OF IMPACTS

a)

i. ***Less Than Significant Impact.*** The project site is not located in an Alquist-Priolo Earthquake Fault Zone, and no known faults cross the project site. However, the project site is located in a seismically active region; several active faults are located nearby the project site. The project applicant would comply with the requirements of the California Building Code (CBC), Chapter 16, Section 1613, Earthquake Loads. Therefore, the project would not expose people or structures to substantial adverse effects, including the risk of loss, injury, or death, involving rupture of a known earthquake fault. This impact would be less than significant.

ii. ***Less Than Significant.*** Earthquake-related ground shaking can be expected during the design life of structures built on the project site. Therefore, the structures must be designed to withstand anticipated ground accelerations. The State of California establishes minimum standards for structural design and site development through CBC Chapter 16, Section 1613, Earthquake Loads. All buildings constructed in the city are required to comply with the CBC, which incorporates design criteria for seismic loading and contains provisions for buildings to structurally survive an earthquake without collapsing, such as anchoring to the foundation and structural frame design. Thus, while earthquake shaking would be potentially damaging, structural damage would be reduced through implementation of the CBC.

    Compliance with the CBC would ensure that the proposed project would reduce the risk of loss, injury, or death involving earthquake-related ground shaking to the greatest extent possible. This impact would be less than significant.

iii. ***Less Than Significant Impact.*** According to the geotechnical investigation prepared by Rockridge Geotechnical (**Appendix GEO**), while on-site soils at depth could liquefy, these

soils are overlain by a thick layer of non-liquefiable soil and minimal settlement would occur. However, the geotechnical report contains recommendations to construct the foundation as either a reinforced concrete mat or a post-tensioned (P-T) slab, both of which would reduce this impact to a less than significant level. The project applicant would comply with condition of approval PL-124 (described above) that requires a site-specific geotechnical report to be prepared and submitted to the City. PL-124 also requires that recommendations be implemented in the project design prior to issuance of a building permit. Therefore, this impact would be less than significant.

iv. ***No Impact.*** As described above, the project site and the surrounding area are topographically flat; the site is not in an area mapped as susceptible to earthquake-induced landslides (CGS 2006). As such, no impact associated with seismically induced landslides would occur. There would be no impact.

b) ***Less Than Significant Impact.*** Project construction activities, including demolition, land clearing, grading, and excavation, would disturb on-site soils, temporarily exposing them to wind and water erosion.

Any construction activity affecting 1 acre or more is required to comply with the Construction General Permit (Water Quality No. 2009-0009-DWQ, as amended by Order No. 2010-0014-DWQ) implemented and enforced by the San Francisco Bay Regional Water Quality Control Board. The General Permit requires the project applicant to prepare and submit a stormwater pollution prevention plan (SWPPP) that identifies best management practices (BMPs) to reduce construction effects on receiving water quality by implementing erosion control measures and reducing or eliminating non-stormwater discharges. SWPPPs and water quality are discussed further in subsection 4.9, Hydrology and Water Quality.

Because the project would impact 5.34 acres, a stormwater pollution prevention plan would be required. A SWPPP provides a schedule for the implementation and maintenance of erosion control measures and a description of site-specific erosion control practices, such as appropriate design details and a time schedule. The SWPPP would consider the full range of erosion control BMPs and would be required to be submitted prior to issuance of a grading permit. Examples of construction BMPs to reduce erosion include the use of temporary mulching, seeding, or other suitable stabilization measures to protect uncovered soils; performing clearing and earth-moving activities only during dry weather; and limiting construction access routes and stabilizing designated access points.

Additionally, the project applicant would comply with conditions of approval FEP-03 and FEP-05, summarized below.

- FEP-03: Requires the project applicant to attach proof of coverage under the state's stormwater permit to the building plans.

- FEP-05: Requires the applicant to submit a construction sediment and erosion control plan to the City. This plan would describe the controls that would be used at the site to minimize sediment runoff and erosion during storm events.

See **Table 3.0-3** for full descriptions of the conditions of approval. With implementation of FEP-03 and FEP-05, as well as erosion control measures included in the project-specific SWPPP, project impacts would be less than significant.

c) ***Less Than Significant Impact.*** As described above, the project site and surrounding area are topographically flat and not in an area mapped to be susceptible to landslides.

As described above, the project site is underlain by thin layers of sand that could liquefy during an earthquake; however; these soil layers are overlain by non-liquefiable soil layers. The non-liquefiable soil layers were found to be sufficiently thick so that the potential for surface impacts from liquefaction would be low. However, the geotechnical report contains recommendations to construct the foundation as either a reinforced concrete mat or a P-T slab, both of which would reduce the risk from liquefaction, subsidence, and collapse to a less than significant level. The project applicant would comply with condition of approval PL-124 (described above) requiring that a site-specific geotechnical report be prepared and submitted to the City. As described above, lateral spreading occurs when liquefiable soil spreads along a gradient. Because project site soil layers are overlain by non-liquefiable soil, the probability of lateral spreading at the project site is low. Therefore, the project impact would be less than significant.

d) ***Less Than Significant Impact.*** Rockridge Geotechnical determined that the near-surface clay soils had plasticity indices of 38 to 39, which is considered to be highly expansive. Expansive soils are subject to changes in volume due to fluctuations in moisture content, which can result in cracked foundations and slabs. Proper structural design of a building and treatment of the soil beneath the slabs limit the deformation of the building's foundation. The project applicant would comply with condition of approval PL-124 (described above) requiring that a site-specific geotechnical report be prepared and submitted to the City and that recommendations be implemented in the project design prior to issuance of a building permit. With compliance with PL-124, the impact would be less than significant.

e) ***No Impact.*** The project would be served by the city sewer system. No septic tanks or alternative wastewater disposal systems would be installed for the project. The project would have no impact.

Mitigation Measures

None required.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
4.7 GREENHOUSE GASES. Would the project:				
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	☐	☐	☒	☐
b) Conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing the emissions of greenhouse gases?	☐	☐	☒	☐

SETTING

Greenhouse gases (GHGs) are released as byproducts of fossil fuel combustion, waste disposal, energy use, land use changes, and other human activities. This release of gases, such as carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O), creates a blanket around the earth that allows light to pass through but traps heat at the surface, preventing its escape into space.

For stationary projects, the Bay Area Air Quality Management District (BAAQMD) threshold is 10,000 metric tons per year of carbon dioxide equivalent (CO_2E) emissions (BAAQMD 2017). The BAAQMD recommends quantification and disclosure of GHG emissions that would occur during construction, in addition to making a determination on the significance of these construction-generated GHG emissions impacts in relation to meeting AB 32 GHG reduction goals. AB 32 is the California Global Warming Solutions Act, enacted by the California legislature in September 2006. AB 32 requires the reduction of statewide GHG emissions to 1990 levels by 2020.

Each GHG differs in its ability to absorb heat in the atmosphere based on the lifetime, or persistence, of the gas molecule in the atmosphere. For instance, per the California Emissions Estimator Model (CalEEMod) v. 2016.3.1 emissions modeling software, methane traps over 25 times more heat per molecule than CO_2, and N_2O absorbs 298 times more heat per molecule than CO_2. Often, estimates of GHG emissions are presented in CO_2e, which weighs each gas by its global warming potential. Expressing GHG emissions in CO_2e takes the contribution of all GHG emissions to the greenhouse effect and converts them to a single unit equivalent to the effect that would occur if only CO_2 were being emitted.

DISCUSSION OF IMPACTS

a) ***Less Than Significant Impact.*** Global climate change is, by definition, a "global" issue. GHG emissions worldwide cumulatively contribute to the adverse environmental impacts of global climate change. No single land use development project could generate sufficient GHG emissions by itself to noticeably change the average global temperature. The combination of GHG emissions from past, present, and future projects in the City, the entire state of California, across the nation, and around the world, contribute cumulatively to the phenomenon of global climate change and its associated environmental impacts.

The project's GHG emissions would occur during the duration of construction and operation of the project. Construction-generated emissions would consist primarily of emissions from equipment exhaust. There would also be long-term operational emissions

associated with project-related new vehicular trips and indirect source emissions, such as electricity usage for lighting.

The generation of GHG emissions in Mountain View is regulated by the BAAQMD. The air district's approach to developing a threshold of significance for GHG emissions is to identify the emissions level for which a project would not be expected to substantially conflict with existing California legislation adopted to reduce statewide GHG emissions needed to move the state toward climate stabilization. If a project would generate GHG emissions above the threshold, it would be considered to contribute substantially to a cumulative impact and would be considered significant.

Assembly Bill (AB) 32 is a legal mandate requiring that statewide GHG emissions be reduced to 1990 levels by 2020. Efficiency-based thresholds represent the rate of emissions reductions needed to achieve a fair share of California's GHG emissions reduction target established under AB 32. Efficiency-based thresholds are typically calculated by dividing emissions associated with residential and commercial uses (also termed the "land use sector" in the AB 32 Scoping Plan) in the state by the sum of jobs, patrons, and residents. The sum of jobs, patrons, and residents is called the service population (SP), and a project's service population is defined as the people who work, study, live, and congregate on the project site.

The BAAQMD does not have adopted thresholds of significance for construction-related GHG emissions. However, GHG emissions that occur during construction should be quantified to determine the significance of these impacts in relation to meeting AB 32 greenhouse gas reduction goals.

The BAAQMD's thresholds of significance for operational-related GHG emissions are:

- For land use development projects, the threshold is compliance with a qualified GHG reduction strategy; or annual emissions less than 1,100 metric tons per year of CO_2e; or 4.6 metric tons of CO_2e/SP/year (residents + employees). Land use development projects include residential, commercial, industrial, and public land uses and facilities.

- For stationary-source projects, the threshold is 10,000 metric tons per year of CO_2e. Stationary-source projects include land uses that would accommodate processes and equipment that emit GHG emissions and would require a BAAQMD permit to operate.

If annual emissions of operational-related GHGs exceed these levels, the proposed project would result in a cumulatively considerable contribution of GHG emissions and a cumulatively significant impact to global climate change.

The project-related GHG emissions resulting from the proposed project are identified in **Table 4.7-1, Project-Related Greenhouse Gas Emissions**. Construction activities have been quantified and amortized over the life of the project (30 years). The amortized site preparation and construction emissions are added to the annual average operational emissions.

TABLE 4.7-1
PROJECT-RELATED GREENHOUSE GAS EMISSIONS (METRIC TONS PER YEAR)

Emissions Source	CO_2e
Construction (amortized over 30 years)	12.4
Area Source (landscaping, hearth)	0.8
Energy [a]	117.6
Mobile [b]	388.8
Waste	14.3
Water	14.5
Total	**548.4**
Annual Threshold Comparison	
BAAQMD Potentially Significant Impact Threshold	1,100 metric tons per year
Exceed BAAQMD Threshold?	**No**

*Source: CalEEMod version 2016.3.1. See **Appendix GHG** for emission model outputs.*
Notes:
a. Emissions projections account for 412 average daily vehicle trips (Hexagon 2017).
b. It should be noted that emissions were modeled with CalEEMod version 2016.3.1, which does not incorporate the most up-to-date Title 24 Building Energy Efficiency Standards. The project would be required to comply with the 2016 or later version of the standards. Project compliance with the updated standards would result in reduced energy-related GHG emissions as compared to those depicted in this table. For example, the California Energy Commission determined that the 2013 Title 24 Building Energy Efficiency Standards would lead to approximately 28 percent less energy consumption in buildings than the 2013 Energy Standards.

As shown, project-related GHG emissions would not surpass the BAAQMD threshold. BAAQMD thresholds were developed based on substantial evidence that such thresholds represent quantitative levels of GHG emissions, compliance with which means that the environmental impact of the GHG emissions will normally not be cumulatively considerable under CEQA (BAAQMD 2017a). Compliance with such thresholds will be part of the solution to the cumulative GHG emissions problem, rather than hinder the State's ability to meet its goals of reduced statewide GHG emissions under Assembly Bill 32, which set a greenhouse gas emissions limit based on 1990 levels to be achieved by 2020. Therefore, impacts would be less than significant.

b) ***Less Than Significant Impact.*** The proposed project is consistent with all plans, policies, and regulations that apply to Mountain View and adopted for the purpose of reducing greenhouse gas emissions.

The most recent BAAQMD Clean Air Plan—titled Spare the Air, Cool the Climate—was adopted on April 19, 2017. The 2017 plan updates the most recent ozone plan, the 2010 Clean Air Plan, and includes measures to reduce emissions of ozone precursors, fine particulate matter, toxic air contaminants, and greenhouse gases. To protect the climate, the plan defines a vision for transitioning the region to a post-carbon economy needed to achieve ambitious GHG reduction targets for 2030 and 2050. The plan includes a regional climate protection strategy that will put the Bay Area on a pathway to achieve those GHG reduction targets. The 2017 plan contains 85 individual control measures that describe specific actions to reduce emissions based on economic sectors. The sectors include industrial sources, transportation, energy, buildings, agriculture, natural and working lands, waste management, and water. The proposed project's consistency with the applicable project-level goals of the 2017 plan are analyzed in **Table 4.7-2, Consistency with the BAAQMD's Clean Air Plan**. The project complies with all applicable control measures.

TABLE 4.7-2
CONSISTENCY WITH THE BAAQMD'S CLEAN AIR PLAN

Clean Air Plan Control Measures	Compliance with Control Measure
TR9 – Bicycle and Pedestrian Access and Facilities	Consistent: The project is located adjacent to Class II bike lanes and other bicycle facilities. Bike racks and lockers will be provided.
BL1 – Green Buildings	Consistent: The project will meet the mandatory measures of the California Green Building Standard Code. The project will also comply with Title 24, Part 6

Source: BAAQMD 2017b

The City of Mountain View's Climate Protection Roadmap (CPR) was adopted in September 2015. This plan identifies strategies to reduce community-wide greenhouse gas emissions 80 percent by 2050. The CPR presents strategic programs and policies to reduce emissions from the energy, transportation, land use, water use, and waste sectors (Mountain View 2015). The GHG reduction programs, policies, projects, and strategies are referred to as reduction strategies and mechanisms in the CPR. The CPR is consistent with AB 32 and sets the City on a path to achieving substantial long-term emissions reduction goals.

The project is consistent with the GHG inventory contained in the Climate Protection Roadmap. Both the existing and projected GHG inventories contained in the CPR were derived based on emission sectors: Energy, Transportation, Solid Waste, Water, Wastewater Treatment, and Off-Road Transportation. The General Plan identifies the project site as a part of the City's 460 Shoreline Boulevard Precise Plan, which envisions the site as multi-family residential. The project is consistent with all applicable project-level goals in the CPR as shown in **Table 4.7-3, Consistency with Mountain View's Climate Protection Roadmap.**

TABLE 4.7-3
CONSISTENCY WITH MOUNTAIN VIEW'S CLIMATE PROTECTION ROADMAP

Climate Protection Roadmap Strategies	Compliance with Strategies
Mandatory Solar Photovoltaic Requirements for New Construction	Consistent: The project will be prewired for solar PV systems
Energy Efficiency – New Construction	Consistent: The project will meet the mandatory measures of the California Green Building Standard Code. The project will also comply with Title 24, Part 6.

Source: Mountain View 2015

The project is consistent with both GHG reduction plans. For this reason, impacts would be less than significant.

Mitigation Measures

None required.

		Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
4.8	**HAZARDS AND HAZARDOUS MATERIALS.** Would the project:				
a)	Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	☐	☐	☒	☐
b)	Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	☐	☐	☒	☐
c)	Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	☐	☐	☒	☐
d)	Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	☐	☐	☐	☒
e)	For a project located within an airport land use plan area or, where such a plan has not been adopted, within 2 miles of a public airport or a public use airport, would the project result in a safety hazard for people residing or working in the project area?	☐	☐	☐	☒
f)	For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	☐	☐	☐	☒
g)	Impair implementation of, or physically interfere with, an adopted emergency response plan or emergency evacuation plan?	☐	☐	☒	☐
h)	Expose people or structures to a significant risk of loss, injury, or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	☐	☐	☒	☐

SETTING

This subsection is based, in part, on the Phase I Environmental Site Assessment (ESA) report prepared for the project by AEI Consultants (2016). The Phase I ESA is attached as **Appendix HAZ**. Findings from the Phase I ESA are summarized below.

Phase I ESA Report

The Phase I ESA identified recognized environmental conditions (RECs),[3] controlled recognized environmental conditions (CRECs),[4] historically recognized environmental conditions (HRECs),[5] and current or historical activities at the project site and on surrounding properties that could contribute to the degradation of on-site soil and/or groundwater. The report included a historical review of past uses on the project site and analyzed other environmental considerations that do not meet the definition of RECs, CRECs, or HRECs but could impact building residents and the surrounding areas.

Existing Project Site Contamination

Starting in 1939, the site was used for agricultural purposes and included a residence, as well as several buildings and greenhouses. From 1963 to 1968, most of the land was vacant except for a residential building. In 1974, the project site was vacant except for several parked vehicles. The current multi-family residential development on the project site, the Shorebreeze Apartment complex, was constructed in1980.

The Phase I ESA found no RECs, CRECS, and HRECS on the project site. However, one other environmental consideration was identified: the possible presence of asbestos-containing materials (ACMs) in the existing building. All observed suspected ACMs at the subject property were in good condition at the time of the Phase I site reconnaissance and are not expected to pose a health and safety concern to the occupants of the property at this time. The Phase I ESA determined that disposal of ACMs from the project site took place during a prior renovation, but this renovation did not remove all asbestos-containing materials from the existing buildings.

Environmental Conditions on Surrounding Properties

Under Government Code Section 65962.5, both the State Water Resources Control Board (SWRCB) and the California Department of Toxic Substances Control (DTSC) are required to maintain databases of sites known to have hazardous substances present in the environment. Both agencies maintain such databases on their websites, known as GeoTracker and EnviroStor, respectively. The project site is located in an urban, developed area; there are 19 sites identified on GeoTracker and EnviroStor within 0.5 mile of the project site. **Table 4.8-1, Hazardous Material Sites within 0.5 Mile of the Project Site**, lists these sites and their current status.

[3] RECs are defined as the presence of likely presence of any hazardous substances or petroleum products in, on, or at the property.
[4] CRECS are defined as past releases of hazardous substances or petroleum products that have been addressed to the satisfaction of the applicable regulatory authority, with the substances allowed to remain in place subject to the implementation of controls.
[5] HRECs are defined as the past release of any hazardous substances or petroleum products that have occurred in connection with the property and have been addressed to the satisfaction of the applicable regulatory authority without subjecting the property to any required control.

TABLE 4.8-1
HAZARDOUS MATERIAL SITES WITHIN 0.5 MILE OF THE PROJECT SITE

Site Name	Global ID	Status	Address
Arco #6050	T0608500185	Completed - case closed - land use restrictions	790 Shoreline Blvd.
Careful Cleaners	T10000008095	Completed - case closed	860 Villa St.
Chevron #9-6377	T0608501749	Completed - case closed	808 N Shoreline Blvd.
Classic Communities	T10000006442	Open - inactive	Bryant & West Evelyn St.
Courtyard Business Park	T10000000686	Completed - case closed	1200–1390 Villa St.
Engelhard	SI18395815	Completed - case closed - land use restrictions	333 Moffett Blvd.
Exxon #7-3528	T0608500578	Completed - case closed	495 Moffett Blvd.
Former Jasco Chemical Company	T0608592706	Open - remediation - land use restrictions	1710 Villa St.
Former Redstone Motors	T10000003239	Completed - case closed	727 W. Evelyn Ave.
Gas & Shop Car Wash	T0608500305	Completed - case closed	340 Moffett Blvd.
Moffett Field Naval Air Station – Moffett Federal Airfield Tanks 121 & 122	T0608542993	Completed - case closed	Moffett Blvd.
Mountain View Fire Station #1	T0608500617	Completed - case closed	997 Villa St.
Shell	T0608501309	Completed - case closed	807 Shoreline Blvd.
Spectra-Physics Lasers	SI721201221	Open - remediation - land use restrictions	1250 West Middlefield Rd.
Union Bank	SI18212592	Completed - case closed - restrictions	327 Moffett Blvd.
Fremont Laundry	60001426	Inactive - Needs Evaluation	990 Villa St.
LGM Manufacturing	43390003	Certified	723 Stierlin Rd.
Tied House Brewing Site	60002038	Active	954 Villa St.
Unocal #4769	T0608501555	Completed - case closed	510 Shoreline Blvd.

Source: SWRCB 2017; DTSC 2015

As part of the Phase I Environmental Site Assessment, AEI Consultants searched regulatory databases for any conditions on the properties surrounding the project site. One property, 1265 Montecito Avenue, was found on two databases: the Registered Hazardous Waste Transporter (HWT) database and the Exclusive Dry Cleaners (EDR) database. This property is located on an adjacent parcel directly to the north of the project site. Details of each listing are provided below.

- HWT listing: FEMA Corporation either occupied or transported hazardous waste from the address. The registration of 1265 Montecito Avenue on the HWT expired on July 31, 2006. Based on this information, the listing is not considered a REC.

- EDR listing: The same property, 1265 Montecito Avenue, was occupied by Machell Carpet and Upholstery Cleaner in 2003. No spills or releases were found associated with this property, and therefore it is not considered a REC.

No RECs, CERCs, or HRECs were found on the surrounding properties.

Hazardous Materials

Santa Clara County regulates household hazard disposal. The County currently operates a Household Hazardous Waste Program, where residents can drop off such waste for free at various locations around the county.

Airports

Several airports are located in the project site vicinity. Compatibility and safety concerns associated with each airport and surrounding land uses are regulated by the Santa Clara County Airport Land Use Commission. Each airport has a comprehensive land use plan that designates the airport influence area, or areas around the airport that are affected by noise, height, and safety considerations.

Moffett Federal Airfield is located approximately 1.6 miles northeast of the project site. The airfield is now operated by NASA and sees occasional air traffic. Flights include California Air National Guard, US Coast Guard training flights, NASA test flights, and US government personnel and air cargo flights. The project site is not located in the airfield's influence area (Santa Clara County Airport Land Use Commission 2016a).

Palo Alto Airport is located approximately 3.94 miles to the northeast of the project site. The airport is owned by the City of Palo Alto and is the smallest general aviation airport in the county. The project site is not located in Palo Alto Airport's influence area (Santa Clara County Airport Land Use Commission 2016b).

Norman Y. Mineta San Jose International Airport is located approximately 8.7 miles east of the project site. The airport is the only air carrier airport in Santa Clara County, meaning it has scheduled commercial passenger and freight flights. The project site is not located in the airport's influence area (Santa Clara County Airport Land Use Commission 2016c).

Schools

The project site is located within 0.25 mile of Stevenson Elementary School, located at 750 San Pierre Way.

Emergency Response

The Mountain View Fire Department responds to emergencies in the city. This includes fires, medical emergencies, and hazardous material spills through the department's Hazmat team (Mountain View 2016a).

The city published a local hazard mitigation plan in 2012. The plan identifies hazards of most concern to citizens of Mountain View, identifies completed and ongoing projects to mitigate the danger of hazards in the city, and defines the departmental responsibilities of key city departments in Mountain View.

Wildland Fires

Wildland fire protection is the responsibility of either the federal government, the state government, or the local government. Areas that are the responsibility of the local government are designated as local responsibility areas (LRA) by the California Department of Forestry and Fire Protection (Cal Fire). Mountain View is a designated LRA, and therefore wildland firefighting is provided by the local fire department (Mountain View Fire Department). Cal Fire (2007) designates the entire city of Mountain View as a non-VHFHSZ (very high fire hazard severity zone).

DISCUSSION OF IMPACTS

a) ***Less Than Significant Impact.***

Construction

Both the EPA and the US Department of Transportation (DOT) regulate the transport of hazardous waste and material, including transport via highway. The EPA administers permitting, tracking, reporting, and operations requirements established by the Resource Conservation and Recovery Act. The DOT regulates the transportation of hazardous materials through enforcement of the Hazardous Materials Transportation Act. This act includes requirements for container design and labeling, as well as for driver training. The established regulations are intended to track and manage the safe interstate transportation of hazardous materials and waste. Additionally, state and local agencies enforce the application of these acts and coordinate safety and mitigation responses in the case that accidents involving hazardous materials occur.

Furthermore, if hazardous materials would be stored or used on site (including paints and paint thinners), the project applicant would comply with condition of approval HAZ-02 summarized below.

- HAZ-02: Requires that an environmental compliance plan application be submitted to the City's Fire and Environmental Protection Division with the building plan submittal.

See **Table 3.0-3** for full descriptions of the conditions of approval. Compliance with existing regulations and condition of approval HAZ-02 would ensure the project would have a less than significant impact during construction.

Project Operation

Multi-family residential units do not routinely transport, use, or dispose of hazardous materials or present a reasonably foreseeable release of hazardous materials, with the exception of common residential-grade hazardous materials such as household cleaners, paint, etc. Santa Clara County regulates household hazard disposal, and each home's occupants would be responsible for the proper handling and disposal of household materials. The County currently operates a Household Hazardous Waste Program, where residents can drop off such waste for free at various locations around the county.

Compliance with federal and state regulations related to the transport, use, and disposal of hazardous materials during construction and operation would ensure a less than significant impact.

b) ***Less Than Significant Impact.***

Construction

Project construction activities may include refueling and minor maintenance of construction equipment on-site, which could lead to minor fuel and oil spills. The use and handling of hazardous materials during construction would occur in accordance with applicable federal, state, and local laws, including California Division of Occupational Safety and Health (Cal/OSHA) requirements. All construction activities would be subject to the National Pollutant Discharge Elimination System (NPDES) permit process that requires the preparation of a SWPPP, which would be reviewed and approved by the San Francisco Bay Regional Water Quality Control Board.

The project site is not included on the list of hazardous waste sites (Cortese List) compiled by the DTSC pursuant to Government Code Section 65962.5 and therefore would not release known hazardous materials due to ground-disturbing activities. However, ground-disturbing activities during construction have the potential to disturb unknown contaminated soils. This would be a potentially significant impact. However, the project applicant will be required to comply with condition of approval PL-117, summarized below.

- PL-117: Requires the contractor to employ engineering controls and BMPs to minimize exposure to contaminants.

The project would demolish existing residences on the property. Given the residences' age, it is possible that asbestos-containing materials are present. Demolition would involve the potential release of hazardous materials into the environment. The impact would be potentially significant. However, the project applicant will be required to comply with condition of approval PL-125, summarized below.

- PL-125: Requires the compilation and approval of a toxic assessment report.

See **Table 3.0-3** for full descriptions of the conditions of approval. With implementation of PL-117 and PL-125, the project impact would be reduced to less than significant.

Operation

The project would include residential uses, which generally do not emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste. Each home's occupants would be responsible for the proper handling and disposal of household materials as deemed necessary by Santa Clara County. Therefore, the project would have a less than significant impact.

c) ***Less Than Significant Impact.*** The project site is located within 0.25 mile of a public school, Stevenson Elementary. However, as described above, hazardous materials associated with demolition and construction would be controlled through the application of state and federal laws and implementation of conditions of approval PL-117 and PL-125 (described above). With implementation of these conditions, project impacts would be less than significant.

d) ***No Impact.*** The project site is not included on the list of hazardous waste sites (Cortese List) compiled by the DTSC pursuant to Government Code Section 65962.5. Therefore, the project would have no impact.

e) ***No Impact.*** The project site is in the vicinity of three public airports: Moffett Federal Airfield, Palo Alto Airport, and Norman Y. Mineta San Jose International Airport. The site is outside the airport influence areas of all three airports. There are no private airports in the vicinity of the site. Therefore, the project would have be no impact.

f) ***No Impact***. See Issue e) above.

g) ***Less Than Significant Impact.*** The project would include new driveways and emergency access that would be designed according to City standards and would not encroach on or obstruct any existing evacuation routes. All new development in Mountain View is required to comply with existing fire codes and ordinances regarding emergency access, such as widths, surfaces, vertical clearance, brush clearance, and allowable grades. The City would implement emergency response measures to address emergency management, including notifications, evacuations, and other necessary measures in the event of an emergency. As discussed in subsection 4.16, Transportation/Traffic, the project would not impair traffic conditions in the city; therefore, police and emergency services would not be impacted by project traffic.

No public roads would be closed during project construction, and no detours would be required in the event of an emergency. The proposed project would not impede or conflict with any adopted emergency response or evacuation plans. This impact would be less than significant.

h) ***Less Than Significant Impact.*** As stated above, the project site is designated as a local responsibility area (LRA) non-VHFHSZ (very high fire hazard severity zone) on Cal Fire's (2007) Fire Hazard Severity Zones in LRA map. The project site is located in an urbanized area and is not adjacent to highly flammable vegetation, wildland areas, or rugged topography. The project site is not in a wildland-urban interface area. The project proposes residential uses in an area developed with existing residential and commercial uses. Therefore, project implementation would not expose people or structures to a significant risk of loss, injury, or death involving wildland fires. This impact would be less than significant.

Mitigation Measures

None required.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
4.9 HYDROLOGY AND WATER QUALITY. Would the project:				
a) Violate any water quality standards or waste discharge requirements?	☐	☐	☒	☐
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	☐	☐	☒	☐
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?	☐	☐	☒	☐
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner that would result in flooding on- or off-site?	☐	☐	☒	☐
e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	☐	☐	☒	☐
f) Otherwise substantially degrade water quality?	☐	☐	☒	☐
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	☐	☐	☒	☐
h) Place within a 100-year flood hazard area structures that would impede or redirect flood flows?	☐	☐	☒	☐
i) Expose people or structures to a significant risk of loss, injury, or death involving flooding, including flooding as a result of a failure of a levee or dam?	☐	☐	☐	☒
j) Inundation by seiche, tsunami, or mudflow?	☐	☐	☐	☒

SETTING

Surface Water Resources and Quality

Mountain View is located in the Lower Peninsula watershed, which drains to the San Francisco Bay (Mountain View 2012). Four major creeks flow through the city: Adobe Creek (approximately 2 miles from the project site), Hale Creek (approximately 1.1 miles from the project site), Permanente Creek (approximately 0.44 mile from the project site), and Stevens Creek (approximately 0.56 mile from the project site).

Permanente Creek and Stevens Creek are listed under the Clean Water Act Section 303(d) List of Limited Water Quality Segments. This list records the water segments that do not meet water quality standards and require the development of a total maximum daily load (TMDL). TMDLs identify the total pollutant loading that a water body can receive and still meet water quality standards. TMDLs also specify the pollutants source to specific point and non-point sources. Permanente Creek is listed as impaired due to exceedances of water quality objectives for diazinon, selenium, toxicity, and trash. Stevens Creeks is listed as impaired due to exceedances of diazinon, temperature, toxicity, and trash (SWRCB 2012).

Adobe Creek and Hale Creek are not listed under the Clean Water Act Section 3.3(d) list of impaired waterways (SWRCB 2012) and therefore do not require TMDLs.

Groundwater Resources

Mountain View is underlain by the Santa Clara Groundwater Basin. The groundwater basin is subdivided into three connected subbasins that transmit, filter, and store water. Mountain View is located above the Santa Clara Valley Subbasin, which has an area of 225 square miles (Mountain View 2017a). The Santa Clara Valley Water District (SCVWD) has in-stream and off-stream facilities for groundwater recharge. Local and imported water are released to creeks for artificial in-stream recharge to the groundwater basin. Additionally, the SCVWD releases locally conserved and imported water to 71 off-stream percolation ponds (SCVWD 2017).

In 2015, local groundwater supplied 2 percent of Mountain View's total water supply (Mountain View 2016b).

Drainage

The City of Mountain View owns and maintains the storm drain system serving the city. The system consists of storm drain inlets, stormwater pump stations, conveyance pipes, culverts, channels, and retention basins, all operated and maintained by the Mountain View Public Works Department. Stormwater is not treated and runs directly into creeks and the San Francisco Bay. New development is required to treat stormwater on-site.

Flood Hazards and Flood Control

According to Federal Emergency Management Agency (FEMA; 2009) Flood Insurance Rate Map (FIRM) number 06085C0039H, the project site is not located within a 100-year flood hazard zone. The project site is in Flood Hazard Zone X, which is defined by FEMA as an area of 0.2 percent annual chance flood, areas of 1 percent annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 mile, and areas protected by levees from 1 percent annual chance flood. The Mountain View General Plan does not identify any dams in the city.

Seiches and Tsunamis

Large underwater displacements from major earthquake fault ruptures or underwater landslides can lead to seiches or tsunamis. Seiches are waves that occur in enclosed bodies, such as lakes or bays, while tsunamis are ocean waves. The project site is approximately two miles south of the San Francisco Bay and is not in the vicinity of a large body of water. The project site is not in a mapped tsunami evacuation area (ABAG 2014).

DISCUSSION OF IMPACTS

a) ***Less Than Significant Impact.***

Water Quality – Construction

Construction activities would disturb and expose soils to water erosion, potentially increasing the amount of silt and debris entering downstream waterways. In addition, refueling and parking of construction equipment and other vehicles on-site could result in oil, grease, and other related pollutant leaks and spills to discharge into storm drains.

As discussed in subsection 4.6, Geology and Soils, the project applicant would be required to prepare and submit a SWPPP in compliance with the Construction General Permit (Water Quality No. 2009-0009-DWQ, as amended by Order No. 2010-0014-DWQ). The SWPPP would include best management practices to reduce construction effects on water quality through the implementation of erosion control measures and the reduction or elimination of non-stormwater discharges. In addition to the erosion control measures previously discussed, BMPs generally include storing materials and equipment to ensure that spills or leaks cannot enter the storm drain system or surface water, developing and implementing a spill prevention and cleanup plan, and installing sediment control devices such as gravel bags, inlet filters, fiber rolls, or silt fences to reduce or eliminate sediment and other pollutants from discharging to the drainage system or receiving waters.

Also as discussed in subsection 4.6, Geology and Soils, the project would comply with conditions of approval FEP-03 and FEP-05, summarized below.

- FEP-03: Requires the project applicant to attach proof of coverage under the state's stormwater permit to the building plans.
- FEP-05: Requires the applicant to submit a construction sediment and erosion control plan to the City. This plan would describe the controls that would be used at the site to minimize sediment runoff and erosion during storm events.

See **Table 3.0-3** for full descriptions of the conditions of approval. With implementation of FEP03 and FEP-05, as well as erosion control measures included in the project-specific SWPPP, project impacts would be less than significant.

Water Quality – Operation

Project operation could contribute pollutants, such as oil, grease, and debris, to nearby surface waters and storm drains, which could result in water quality impacts. Runoff typically contains oils, grease, fuel, antifreeze, and byproducts of combustion (such as lead, cadmium, nickel, and other metals), as well as nutrients, sediments, and other pollutants.

New development operational BMPs are required under the San Francisco Bay Region Municipal Stormwater Permit (NPDES Permit No. CAS612008). Provision C.3 of the Municipal Stormwater Permit requires the quality and quantity of stormwater flow from new development and redevelopment sites to be controlled. Specifically, the City requires the implementation of treatment measures and other appropriate source control and site design measures, and requires that increases in runoff flows are managed to the maximum extent practicable. The project would comply with Mountain View's standard conditions of approval FEP-10, FEP-22, FEP-23, and FEP-26, summarized below.

- FEP-10: Requires landscape design to minimize runoff and promote surface filtration.
- FEP-22 and FEP-23: Requires the project to direct stormwater runoff to approved permanent stormwater controls outlined in a Stormwater Management Plan. The plan must follow the City's guidelines and the state NPDES permit and be approved by a qualified engineer.
- FEP-26: Requires the Stormwater Management Plan to be certified by a qualified third-party engineer that it meets the City's guidelines and Provision C.3 of the NPDES permit.

See **Table 3.0-3** for full descriptions of the conditions of approval. A Stormwater Management Plan has been prepared and is included as **Figure 3.0-9, Project Stormwater Management.** Site drainage would be routed to one of several bioretention areas on the project site. The bioretention areas were designed to match the requirements in the Santa Clara Valley Urban Runoff Pollution Prevention Program's C.3 handbook. The plan would be certified prior to construction.

Compliance with NPDES requirements, including both the Construction General Permit and the Municipal Stormwater Permit, would ensure that stormwater runoff during project construction and operation would not violate any water quality standards or waste discharge requirements and would not otherwise substantially degrade water quality. Therefore, this impact would be less than significant.

b) ***Less Than Significant Impact.*** The City of Mountain View Public Works Department, Public Services Division would provide water services to the project site. As described above, the City uses groundwater to augment public water supply. Groundwater made up approximately two percent of the total water supply in 2015 (Mountain View 2016b). The project would only minimally increase water demand and therefore would not require an increase in the use of groundwater supply. The project site is already developed with housing, and the project would not add a substantial amount of impermeable surface. Approximately 2.11 acres (39 percent of the project site) would be landscaped or undeveloped and would be 100 percent permeable to stormwater. Therefore, the project would not contribute to the depletion of groundwater supplies and would not substantially interfere with groundwater recharge. Further, the project would not require any direct groundwater withdrawals. Therefore, this impact would be less than significant.

c) ***Less Than Significant Impact.*** There are no rivers or streams on the project site. The site is relatively flat and has been previously developed with structures, and the project would not substantially alter the existing drainage patterns or the site. As shown in **Figure 3.0-9,** the project includes a stormwater management plan that would construct bioretention basins to capture stormwater and pretreat it on-site to remove dirt, oil, and heavy metals. The bioretention areas would reduce flow during storm events and would clean the water

prior to its entering the storm drain system. In addition, the project applicant would be required to comply with the development runoff requirements of the City's Municipal Stormwater Permit. Compliance with existing regulations would reduce potential impacts from alteration of drainage systems resulting in erosion, siltation, and flooding to stormwater systems. Therefore, this impact would be less than significant.

d) ***Less Than Significant Impact.*** As shown in **Figure 3.0-9**, the project includes a stormwater management plan that would construct bioretention basins to capture stormwater from the 85th percentile storm and pretreat it on-site to remove dirt, oil, and heavy metals. With implementation of the stormwater management plan, the project would not substantially increase the rate or amount of surface runoff from the project site and would not lead to flooding on- or off-site. Therefore, the project would have a less than significant impact.

e) ***Less Than Significant Impact.*** As discussed in Issue a), the project would not create a substantial source of polluted runoff. Additionally, the project would comply with post-construction stormwater management requirements outlined in Joint Municipal NPDES Permit Municipal Regional Stormwater Permit [MRP] NPDES No. CAS612008 Order No. R2-2015-0049 issued by the San Francisco Bay RWQCB. The project would also comply with the City's C.3 regulations that require projects to capture stormwater from the 85th percentile storm and pretreat it on-site to remove dirt, oil, and heavy metals. This would reduce runoff from the project site to ensure the project would not substantially increase runoff to storm drains. As such, compliance with existing regulations would result in a less than significant impact.

f) ***Less Than Significant Impact.*** See Issues a) through e).

g) ***Less Than Significant Impact.*** FEMA designates the project site as in Flood Hazard Zone X, which is an area of minimal flood hazard outside of the 100-year flood hazard zone. Therefore, the project would not place housing or other structures within a 100-year flood hazard area and would have a less than significant impact.

h) ***Less Than Significant Impact.*** See issue g).

i) ***No Impact.*** There are no levees or dams in the project vicinity. Salt ponds located on the edge of the San Francisco Bay have levees, but these are approximately two miles from the project site. The Mountain View General Plan does not identify any dams in the city. Therefore, the project would have no impact.

j) ***No Impact.*** The project site is approximately two miles south of the San Francisco Bay and is not in the vicinity of a large body of water that could lead to a seiche. The project site is not in a mapped tsunami evacuation area (ABAG 2014). Therefore, the project would have no impact.

Mitigation Measures

None required.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
4.10 LAND USE AND PLANNING. Would the project:				
a) Physically divide an established community?	☐	☐	☐	☒
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	☐	☐	☒	☐
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?	☐	☐	☐	☒

SETTING

Per the City's General Plan Land Use Map, the project site is designated High Density Residential. The site is zoned Planning Community (P5). The project site zoning is outlined in the 460 Shoreline Boulevard Precise Plan, which was developed in 1978 to outline a plan for the development of an affordable residential complex for families and senior citizens on the property (Mountain View 1978). The plan states that the development standards of the Residential-Multiple-Family (R3) zoning district are to be used as a guideline for development.

DISCUSSION OF IMPACTS

a) ***No Impact.*** The project site is an infill site surrounded by urban development. The project would demolish 12 existing affordable housing units and construct 62 new affordable housing units, for a net increase of 50 housing units. The project would be consistent with the existing uses on the project site and in the vicinity. The project would not create physical divisions in the community. As such, the project would have no impact.

b) ***Less Than Significant Impact.*** The project site is designated High Density Residential in the Mountain View General Plan and is zoned Planned Community (P5). The project would construct multi-family residential housing; therefore, the proposed use is generally consistent with the General Plan land use designation. **Table 4.10-1, Consistency Analysis – Precise Plan and General Plan,** outlines the project's consistency with the Mountain View General Plan and the 460 Shoreline Boulevard Precise Plan.

TABLE 4.10-1
CONSISTENCY ANALYSIS – PRECISE PLAN AND GENERAL PLAN

460 Shoreline Boulevard Precise Plan Policies	Project Consistency
Development Concept – The area is to be developed with a residential complex designed for either a mix of families and senior citizens or exclusively for senior citizens. A substantial proportion of the entire parcel shall be retained for landscape and open space.	
Development Standards: The site plan, building orientation, and structural design should screen noise from Shoreline Boulevard.	The project site plan would remain substantially consistent with the existing site plan because the site would remain multi-family housing. Additionally, the project would not alter the existing buildings and landscaping on the property that are located closest to Shoreline Boulevard.
General Plan Policies	**Project Consistency**
Goal LUD-3 – A diverse, balanced and flexible mix of land uses that supports a strong economy, complete neighborhoods, transit use, and community health.	
Policy LUD 3.1: Land use and transportation. Focus higher land use intensities and densities within a half-mile of public transit service and along major commute corridors.	The project site directly connects to North Shoreline Boulevard, which directly connects to US Highway 101 and State Route 82. As described in subsection 4.16, Transportation/Traffic, the area is served by bus lines, light rail, Caltrain, and the Mountain View Community Shuttle. Additionally, the project site is already developed with multi-family housing and would continue to be used for multi-family housing.
Policy LUD 3.2: Mix of land uses. Encourage a mix of land uses, housing types, retail and public amenities and public neighborhood open spaces accessible to the community.	The 460 Shoreline Boulevard Precise Plan was developed to outline a plan for the development of an affordable residential complex for families and senior citizens. The project would continue to meet the property's designated purpose for affordable housing and comply with the policy to encourage a mix of housing types in Mountain View.
Goal LUD-8 – A network of pedestrian-oriented, sustainable, and public spaces.	
LUD 8.1: City gateways. Emphasize city gateways that create a distinctive and positive impression.	North Shoreline Boulevard is described in the Mountain View General Plan as a gateway destination with a mix of stores, services, entertainment, and hotels. The project would maintain the existing land use and configuration of the property while modernizing and enhancing the existing use as a multi-family residential area along North Shoreline Boulevard.
Goal LUD-9 – Buildings that enhance the public realm and integrate with the surrounding neighborhoods.	
LUD 9.5: View preservation. Preserve significant views throughout the community.	The project would not impact significant views throughout the community because the project is located more than 2 miles from the historic Rengstorff House and the San Francisco Bay. Additionally, the project site is already developed, and the project would comply with all height restrictions and development standards.
LUD 9.6: Light and glare. Minimize light and glare from new development.	Lighting would be directed downward and would be compatible with the surrounding residential and commercial development.
Goal LUD-11 – Preserved and protected important historic and cultural resources.	
LUD 11.1: Historic preservation. Support the preservation and restoration of structures and cultural resources listed in the Mountain View Register of Historic Resources, the California Register of Historic Places or National Register of Historic Places.	No previously identified historical resources are located on the project site or in the surrounding area. The proposed project would not have any impact on historical resources.

The 460 Shoreline Boulevard Precise Plan was prepared to develop an affordable residential complex for families and senior citizens. The P5 zoning uses the Residential–Multiple-Family (R3) zoning standards from the Mountain View City Code. The project would construct multi-family residential housing; therefore, the proposed use is consistent with the Precise Plan requirements. The project would have a less than significant impact.

c) ***No Impact.*** See Issue f) in subsection 4.4, Biological Resources. The project site is not within any habitat conservation plans (CDFW 2015) or natural community conservation plans (CDFW 2016). The project is located outside the boundaries of the Santa Clara Valley Habitat Plan. Therefore, the project would not conflict with any habitat conservation plan or natural community conservation plan. The project would have no impact.

Mitigation Measures

None required.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
4.11 MINERAL RESOURCES. Would the project:				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	☐	☐	☐	☒
b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan?	☐	☐	☐	☒

SETTING

The Mountain View 2030 General Plan does not designate any areas as significant mineral resources (Mountain View 2012). The project site does not contain known mineral resources and is not used for mining or mineral production.

DISCUSSION OF IMPACTS

a, b) ***No Impact.*** As described above, the project site is not used for mineral resources and is not located in an area known to contain mineral resources. Therefore, the project would not result in the loss of availability of a known mineral resource of value to the region or state, nor would it result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan. The project would have no impact.

Mitigation Measures

None required.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
4.12 NOISE. Would the project result in:				
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance or of applicable standards of other agencies?	☐	☐	☒	☐
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	☐	☐	☒	☐
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	☐	☐	☒	☐
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	☐	☐	☒	☐
e) For a project located within an airport land use plan area or, where such a plan has not been adopted, within 2 miles of a public airport or a public use airport, would the project expose people residing or working in the project area to excessive noise levels?	☐	☐	☒	☐
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	☐	☐	☒	☐

SETTING

The Shorebreeze Apartment complex is bounded by commercial development and the Barkley Square Apartments to the north, North Shoreline Boulevard to the east and south, and residential development to the west. The major noise sources at the project site include vehicular traffic on North Shoreline Boulevard and activities associated with the adjacent commercial and residential land uses. The project site is located approximately 1.75 miles from Moffett Federal Airfield and approximately a quarter mile from the Caltrain right-of-way.

The applicable noise regulations are contained in the City's General Plan Noise Element and City Code. Table 7.1 (Outdoor Noise Environment Guidelines) of the City's General Plan sets day/night average decibel (L_{dn}) standards for Multi-Family Residential Land Use Categories as follows:

- Normally Acceptable: 55–60 L_{dn}
- Conditionally Acceptable: 60–70 L_{dn}
- Normally Unacceptable: 70–75 L_{dn}
- Clearly Unacceptable: 75–85 L_{dn}

Mountain View's 2030 Noise Contours Map (General Plan Figure 7.3) shows the project site in a 60 dBA Community Noise Equivalent Level (CNEL)/L_{dn} area. Additionally, Section 8.70 of the City Code limits construction to between the hours of 7:00 a.m. and 6:00 p.m. on Monday through Friday and disallows construction on Saturdays, Sundays and holidays.

The project site is not located in Moffett Federal Airfield's influence area (Santa Clara County 2016a). Figure 7.2 of the Mountain View General Plan (from the Santa Clara County Planning Office Airport Land Use Commission) shows the project site is not within the airfield's 60 dBA CNEL noise contour.

DISCUSSION OF IMPACTS

a) ***Less Than Significant Impact.***

Short-Term Noise Generation/Exposure

Project construction would temporarily increase noise levels on the project site for approximately 12 months. Groundborne noise and other types of construction-related noise impacts would typically occur during excavation activities of the grading phase. This phase of construction has the potential to create the highest levels of noise. The nearest sensitive receptors are the residential properties located approximately 75 feet south of the existing townhouses. Typical noise levels from construction equipment are shown in Table 4.12-1, Maximum Noise Levels Generated by Construction Equipment. It should be noted that the noise levels identified in **Table 4.12-1** are maximum sound levels (Lmax), which are the highest individual sounds occurring in an individual time period. Operating cycles for these types of construction equipment may involve one or 2 minutes of full power operation followed by 3 to 4 minutes at lower power settings. Other primary sources of acoustical disturbance would be due to random incidents, which would last less than 1 minute (such as dropping large pieces of equipment or the hydraulic movement of machinery lifts).

Consistent with the city's noise requirements (Section 8.70 of the City Code), construction would not occur between the hours of 6:00 p.m. and 7:00 a.m. on Monday through Friday, or on Saturdays, Sundays, or holidays. Project construction would be temporary and would take place during the allowed times per the City's noise requirements. Therefore, project impacts as they relate to short-term noise generation/exposure would be less than significant.

TABLE 4.12-1
MAXIMUM NOISE LEVELS GENERATED BY CONSTRUCTION EQUIPMENT

Type of Equipment	Acoustical Use Factor[1]	L_{max} at 50 Feet (dBA)	L_{max} at nearest receptor - 75 Feet (dBA)
Concrete Saw	20	90	86
Crane	16	81	77
Concrete Mixer Truck	40	79	75
Backhoe	40	78	74
Dozer	40	82	78
Excavator	40	81	77
Forklift	40	78	74
Paver	50	77	73
Roller	20	80	76
Tractor	40	84	80
Water Truck	40	80	76
Grader	40	85	81
General Industrial Equipment	50	85	81

Source: Caltrans 2013

1. *Acoustical Use Factor (percent): Estimates the fraction of time each piece of construction equipment is operating at full power (i.e., its loudest condition) during a construction operation.*

Long-Term Noise Exposure

The proposed project would demolish 12 existing townhouses and construct 62 new apartment units on the same site. The project's traffic impact analysis estimates that the project would generate 342 daily vehicle trips above existing uses (Hexagon 2017).

The Mountain View General Plan establishes 70–75 Ldn as normally unacceptable for Multi-Family Residential land use categories. Figure 7.3 of the Mountain View General Plan shows the project site in a 60 dBA Community Noise Equivalent Level (CNEL)/L_{dn} area. Based on the Mountain View General Plan EIR, the Shoreline Blvd. road segment between Montecito Ave and Central Expressway experiences an average daily traffic (ADT) volume of 26,800. According to the ITE Trip Generation Manual 9th Edition, 342 additional daily trips would not be sufficient to generate a noticeable increase in traffic noise[6]. The project would not expose people to noise levels outside of the normally acceptable day/night average decibel standards from the Mountain View General Plan; therefore, long-term noise exposure would be less than significant.

[6] It takes a doubling of traffic in order to create a noticeable increase in traffic noise per the California Department of Transportation (Caltrans) *Technical Noise Supplement to the Traffic Noise Analysis Protocol* (2013).

b) ***Less Than Significant Impact.***

Short-Term Exposure

Project construction can generate varying degrees of groundborne vibration, depending on the construction procedure and the construction equipment used. Operation of construction equipment generates vibrations that spread through the ground and diminish in amplitude with distance from the source. The effect on buildings located in the vicinity of a construction site often varies depending on soil type, ground strata, and construction characteristics of the receiver building(s).

Table 4.12-2 displays the reactions of people and the effects on buildings produced by continuous vibration levels. Typically, 0.2 inch-per-second peak particle velocity (PPV) is used the threshold for significant impacts. Low-level vibrations frequently cause irritating secondary vibration, such as a slight rattling of windows, doors, or stacked dishes. The rattling sound can give rise to exaggerated vibration complaints, even though there is very little risk of actual structural damage. In high noise environments, which are more prevalent where groundborne vibration approaches perceptible levels, this rattling phenomenon may also be produced by loud airborne environmental noise causing induced vibration in exterior doors and windows.

TABLE 4.12-2
HUMAN REACTION AND DAMAGE TO BUILDINGS FOR CONTINUOUS OR FREQUENT INTERMITTENT VIBRATION LEVELS

Peak Particle Velocity (inches/second)	Human Reaction	Effect on Buildings
0.4–0.6	Vibrations considered unpleasant by people subjected to continuous vibrations and unacceptable to some people walking on bridges	Architectural damage and possibly minor structural damage
0.2	Vibrations may begin to annoy people in buildings	Threshold at which there is a risk of architectural damage to normal dwellings
0.1	Level at which continuous vibrations may begin to annoy people, particularly those involved in vibration sensitive activities	Virtually no risk of architectural damage to normal buildings
0.08	Vibrations readily perceptible	Recommended upper level to which ruins and ancient monuments should be subjected
0.006–0.019	Range of threshold of perception	Vibrations unlikely to cause damage of any type

Source: Caltrans 2013

The Federal Transit Administration (FTA) has published standard vibration velocities for construction equipment operations. Impacts from construction related vibrations can range from human annoyance to building damage. Human annoyance occurs when construction vibration rises significantly above the threshold of human perception for extended periods of time. Building damage can be cosmetic or structural. Typical vibration produced by construction equipment is illustrated in Table 4.12-3.

CITY OF MOUNTAIN VIEW
RESOLUTION NO. 18191
SERIES 2018

A RESOLUTION APPROVING AMENDMENTS TO THE P-5 (460 SHORELINE BOULEVARD) PRECISE PLAN

WHEREAS, Chapter 36 in the Mountain View City Code sets forth a procedure whereby the City can amend Precise Plans; and

WHEREAS, said Chapter 36 of the Mountain View City Code requires that both the City's Environmental Planning Commission and City Council hold a duly noticed public hearing before the Precise Plan is amended; and

WHEREAS, an Initial Study/Negative Declaration and technical studies were prepared for the project and circulated for public review for 20 days consistent with the California Environmental Quality Act (CEQA) Guidelines, and included findings incorporated herein by reference; and

WHEREAS, an Environmental Assessment/Finding of No Significant Impact (EA/FONSI) was prepared for the project and was circulated for public review for 10 days pursuant to the National Environmental Policy Act (NEPA) and included findings incorporated herein by reference; and

WHEREAS, the Environmental Planning Commission held a public hearing on December 6, 2017 on said amendments, and recommended that the City Council adopt the proposed amendments to the P-5 (460 Shoreline Boulevard) Precise Plan; and

WHEREAS, the City Council held a public hearing on January 30, 2018, to consider the proposed amendments to the P-5 (460 Shoreline Boulevard) Precise Plan;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Mountain View finds:

1. That the findings required for the amendment of the Precise Plan, contained in Section 36.50.95 of the Mountain View City Code, have been made as follows:

a. The amendments are consistent with the General Plan because the proposal clearly demonstrates superior site and building design and compatibility with surrounding uses and development since the project complies with all applicable development standards outlined in the 460 Shoreline Boulevard Precise Plan for this site, including the density and parking, with approval of the requested amendments to allow an increase from 125 units to 170 units, and an increase in density from the 37 dwelling units allowed to 50 units on the 3.4 acres, which is consistent with the High-Density Residential Land Use Designation. The three-story massing, although higher compared to the adjacent two-story buildings, includes architectural details to decrease mass, a third-story step-back from the closest adjacent residential use, and the height is 9′ lower than the maximum height allowed;

b. The property covered by the proposed Precise Plan is within the Planned Community (P) District;

c. The proposed amendments would not be detrimental to the public interest, health, safety, convenience, or welfare of the community because the site plan and architecture are compatible with surrounding uses and development because the

project includes private and common open space for recreation and gathering spaces for residents, the driveway support emergency vehicle access, and well-lighted safe pedestrian pathways support walkable connections within the neighborhood;

d. The proposed amendments promote development of desirable character, harmonious with existing and proposed development in the surrounding area, because it conforms to the 460 Shoreline Boulevard Precise Plan in terms of use, density, and parking, and the R-3 Zoning Development Standards in terms of scale and character, it incorporates elements of the existing development on the site and features found in nearby residential development such as balconies, private open space and common open space, pedestrian pathways, and attractive landscaping with amenities such as benches, and the project provides sufficient setbacks and attractive wall plane variation and roof lines to break up the appearance of mass;

e. The site has special conditions of size, shape, land ownership, existing development, or development opportunities that can only be addressed by approval of the proposed amendment because the amendment with the approval of the project will increase the supply of affordable housing; and

f. The proposed amendment is in compliance with the provisions of the California Environmental Quality Act (CEQA), because an Initial Study and technical studies were prepared pursuant to the CEQA Guidelines for the project and circulated for public review, and the analysis resulted in a Negative Declaration that there would no significant environmental impacts as a result of the project.

2. That the amendments to the P-5 (460 Shoreline Boulevard) Precise Plan, attached hereto as Exhibit A, have been reviewed and approved by the City Council and is hereby adopted.

TIME FOR JUDICIAL REVIEW:

The time within which judicial review of this document must be sought is governed by California Code of Procedure Section 1094.6 as established by Resolution No. 13850 adopted by the City Council on August 9, 1983.

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460 SHORELINE BOULEVARD PRECISE PLAN
MAY 1979
PROPERTY DEVELOPMENT GUIDELINES
FOR THE P (PLANNED COMMUNITY) DISTRICT

I. Property Description

The site consists of a total of 5.38+ acres, 3.42 acres of land owned by MidPen Housing Coalition, and 1.96 acres of land owned by the City and County of San Francisco ("San Francisco") in fee under the exclusive jurisdiction of the San Francisco Public Utilities Commission ("SFPUC"), the property hereinafter referred to as the "SFPUC Property." The General Plan designates the area for mixed-density residential use. The 1.96 acres of SFPUC property cannot be used for buildings but may be used for landscaping, parking, and access. The odd configuration of the property makes development difficult.

The zoning of the property and surrounding land is shown on the attached map. Surrounding uses include apartments and offices to the north, condominiums to the west, and greenhouses to the south. A car wash, a lodge, a small office, and residential land are located across Shoreline Boulevard. A complete neighborhood shopping center is less than 1/8 mile to the north.

II. Development Concept

The area is to be developed with a residential complex designed for a mix of families and senior citizens. The residential location, proximity to shopping services, and central location in the City, all lend themselves to this unique and needed use. Planned Community District procedures should be utilized to ensure high-quality development and harmonious integration of uses with adjacent properties.

III. Land Use and Development Criteria

1. Density:

Mix of Seniors and Family Housing

Up to 170 units of housing with a minimum of 50 percent devoted to seniors may be developed. The unusual qualities of senior citizen housing (e.g., small units, common facilities, small family size, need for low-cost housing, and low automobile use) justify development at higher densities. One

hundred and seventy units represent approximately 50 du/acre net area, or 32/acre including the SFPUC property.

2. Affordability:

Housing must be made available at below-market prices.

3. Parking:

The minimum parking ratio shall be 0.35 spaces per senior unit and 1.5 spaces per family unit. Special attention should be given in the site layout for additional, convenient guest parking facilities. Special attention shall also be given to parking for the disabled, minimization of paving, screening parking from Shoreline Boulevard, and safe and efficient automobile access to and from the site.

4. Development Standards:

Development standards of the R3* District shall be used as a guideline for development, although minor deviations from these criteria may be made if justified by the odd shape of the parcel or unique qualities of this special housing. Seventy-five percent of the required front yard must be landscaped.

The site plan, building orientation and structural design should screen noise from Shoreline Boulevard.

A bus shelter must be provided in connection with the development of this property, if required by the City.

Special review consideration will be given to potential traffic conflicts along Shoreline Boulevard.

IV. Administration

After review and recommendation of the Zoning Administrator, the City Council shall act upon the initial PC Permit for the site. Said permit may specifically authorize subsequent reviews to be acted upon by the Zoning Administrator.

PREPLAN-1
460NSlineBlvd-PP

The foregoing Resolution was regularly introduced and adopted at a Special Meeting of the City Council of the City of Mountain View, duly held on the 30th day of January 2018, by the following vote:

AYES: Councilmembers Abe-Koga, Clark, McAlister, Rosenberg, Showalter, Vice Mayor Matichak, and Mayor Siegel

NOES: None

ABSENT: None

ATTEST:

WANDA WONG
INTERIM CITY CLERK

APPROVED:

LEONARD M. SIEGEL
MAYOR

I do hereby certify that the foregoing resolution was passed and adopted by the City Council of the City of Mountain View at a Special Meeting held on the 30th day of January 2018, by the foregoing vote.

Interim City Clerk
City of Mountain View

PB/7/RESO
815-01-23-18r-E

Exhibit: A. 460 Shoreline Boulevard Precise Plan

Exhibit A

460 SHORELINE BOULEVARD PRECISE PLAN

ADOPTED BY THE MOUNTAIN VIEW CITY COUNCIL

OCTOBER 16, 1978

RESOLUTION NO. 12287

AMENDED	RESOLUTION NO.	SUMMARY
May 14, 1979	12555	Allow 50 percent housing units.
January 30, 2018	18191	Allow an increase in the number of units on-site to 170 units, delete requirement for covered parking spaces.

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. **18-0079**

WHEREAS, The City and County of San Francisco ("City") owns certain real property presently under the jurisdiction of the San Francisco Public Utilities Commission ("SFPUC") consisting of approximately 1.96 acres of SFPUC Parcel 201-A in Mountain View, California ("Premises"); and

WHEREAS, The City, acting through the SFPUC, entered into a 51-year ground lease with Mountain View Apartments Limited Partnership dated February 26, 1980 ("Original Lease") for the use of the Premises for parking and landscaping, ingress and egress, and emergency vehicle access to serve the adjacent affordable housing complex ("Shorebreeze Apartments") serving low-income families and seniors; and

WHEREAS, The Original Lease was approved by Commission Resolution No. 80-0085 dated February 26, 1980 and Board of Supervisors Resolution No. 242-80 dated March 24, 1980; and

WHEREAS, The MidPen Housing Corporation ("MidPen Housing"), a California nonprofit corporation and nonprofit affordable housing developer, is Mountain View Apartments Limited Partnership's successor-in-interest under the Original Lease; and

WHEREAS, In response to the regional housing crisis in the San Francisco Bay Area, MidPen Housing and the City of Mountain View decided in 2014 to rehabilitate and expand the Shorebreeze Apartments; and

WHEREAS, On January 30, 2018, the City of Mountain View approved an amendment to its Precise Plan to add 50 net new affordable housing units ("Project") at the Shorebreeze Apartments ("Redevelopment Plan"); and

WHEREAS, MidPen Housing identified certain funding sources for the Redevelopment Plan including project-based vouchers from the County of Santa Clara Housing Authority, $7.32 million from the City of Mountain View, $500,000 from the Housing Trust Silicon Valley, $13.9 million of tax credit equity financing allocated by the State of California, and $1.9 million of contributed developer fees earmarked for the creation of affordable housing in the City of Mountain View ("Funding Partners"); and

WHEREAS, The Funding Partners require a lease with a minimum 60-year term and a predetermined ground lease rent payment schedule over the full 60-year term to meet certain regulatory financing requirements for federal tax credits and local funding; and

WHEREAS, The Original Lease has only approximately 13 years of term remaining until the scheduled expiration of the Original Lease on March 31, 2031; and

WHEREAS, MidPen Housing desires to obtain a new 60-year lease ("New Lease") for the use of the Premises for parking, landscaping, and temporary staging ("Improvements") on the Premises to serve the adjacent Shorebreeze Apartments; and

WHEREAS, To facilitate its project financing, MidPen Housing created a limited partnership/corporate general partner ownership structure to serve as the tenant under the New Lease, and MP Shoreline Associates Limited Partnership and MP Shorebreeze Associates, L.P. (each a Co-tenant and collectively, "Tenant") under the New Lease are affiliates of MidPen Housing, and the corporate general partners of the Co-Tenants are IRS Section 501(c)(3) charitable organizations wholly owned and controlled by MidPen Housing; and

WHEREAS, The SFPUC desires to enter into the New Lease; and

WHEREAS, The proposed rent schedule in the New Lease provides for rent that increases every five years in predetermined increments during the 60-year term, and reflects an imputed 3% annual inflation factor; and

WHEREAS The stepped rent schedule is derived from the current fair market rent as determined by a MAI appraisal performed by Clifford Advisory, LLC dated January 25, 2018, discounted at 50%; and

WHEREAS, In 2011, the SFPUC adopted the Community Benefits Program by its Resolution No. 11-0008, which seeks to serve and foster partnership with communities in SFPUC service areas and to ensure public benefits are shared across all communities; and

WHEREAS, Tenant is controlled by a nonprofit organization with a charitable purpose and its affordable housing programs are considered an important community benefit to residents in Mountain View and other SFPUC service areas; and

WHEREAS, The New Lease benefits the SFPUC's primary utility purposes by eliminating SFPUC maintenance costs for the surface of the Premises and by requiring Tenant to pay property and possessory interest taxes; and

WHEREAS, On January 27, 2018, acting as the lead agency, the City of Mountain View adopted a Negative Declaration for the Shorebreeze Apartment Project pursuant to the provisions of the California Environmental Quality Act (CEQA) Guidelines; and

WHEREAS, The City of Mountain View's adoption of the Negative Declaration and approval of the Project and other materials that are part of the record of this approval are available for public review at the SFPUC offices, Real Estate Services Division, 525 Golden Gate Avenue, 10th Floor, San Francisco, CA; and

WHEREAS, Since the City of Mountain View approved the Project, there have been no substantial changes in the Project or changes in Project circumstances that would result in significant adverse effects, and there is no new information of substantial importance that would change the conclusions set forth in the Negative Declaration.

WHEREAS, This Commission has reviewed the Negative Declaration and has determined that the SFPUC's issuance of a lease to carry out the portion of the Project that requires the use of the SFPUC ROW is within the scope of the Project's CEQA approval, and that these documents are adequate for the SFPUC's use in approving the lease renewal for the Project; now, therefore, be it

RESOLVED, This Commission has reviewed and considered the Negative Declaration and record, finds that the Negative Declaration is adequate for its use as the decision-making body for the action taken herein; and be it

FURTHER RESOLVED, This Commission finds that since the Negative Declaration was finalized, there have been no substantive Project changes and no substantial changes in project circumstances that would require revisions to the Negative Declaration due to the involvement of significant adverse effects, and there is no new information of substantial importance that would change the conclusions set forth in the Negative Declaration; and be it

FURTHER RESOLVED, That this Commission hereby finds that the New Lease's below market rent is warranted because it facilitates MidPen Housing's expansion of affordable housing on its adjacent property, a public benefit that is consistent with this Commission's Community Benefits Policy, adopted by Resolution No. 11-0008 to better serve and foster partnership with communities in all SFPUC service areas, while still providing a utility purpose by relieving the SFPUC of the significant cost of ongoing maintenance and security; and, be it

FURTHER RESOLVED, That this Commission hereby approves the terms and conditions of this New Lease; and, be it; and be it

FURTHER RESOLVED, That this Commission hereby ratifies, approves and authorizes all actions heretofore taken by any City official in connection with this New Lease; and be it

FURTHER RESOLVED, That this Commission authorizes the General Manager to seek approval of the New Lease from the Board of Supervisors pursuant to Charter Section 9.118; and be it

FURTHER RESOLVED, That upon such approval, this Commission hereby authorizes and directs the SFPUC General Manager to execute the New Lease; and, be it

FURTHER RESOLVED, That this Commission hereby authorizes the SFPUC General Manager to enter into any amendments or modifications to this New Lease, including without limitation, the exhibits, that the General Manager determines, in consultation with the City Attorney, are in the best interest of the City; do not materially increase the obligations or liabilities of the City; are necessary or advisable to effectuate the purposes and intent of the Lease or this resolution; and are in compliance with all applicable laws, including the City Charter.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of May 8, 2018.

Donna Wood

Secretary, Public Utilities Commission

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. **11-0008**

WHEREAS, This Commission requested that the General Manager of the San Francisco Public Utilities Commission develop a community benefits program in order to better serve and foster partnership with the community; and

WHEREAS, The SFPUC retained San Francisco consultants Merriwether & Williams and Davis & Associates Communications to interview a diverse group of stakeholders, develop a working definition for and elements of a community benefits program, research other public agencies to identify best practices relating to community benefits, survey and assess SFPUC's existing community benefits initiatives, and produce a final written report with recommendations for a proposed SFPUC community benefits policy; and

WHEREAS, The consultants interviewed more than 30 internal and external stakeholders, facilitated conversations through focus groups, and developed a project website, which included a comprehensive survey, to collect and analyze concerns, suggestions, experiences and ideas related to community benefits programming at the SFPUC; and

WHEREAS, To date the SFPUC has identified over 80 programs and initiatives already in existence at the SFPUC that could be components of a Community Benefits Program; and

WHEREAS, the consultants and SFPUC staff made presentations to the Commission on April 27, 2010, and September 14, 2010, and regularly updated the Commission regarding the ongoing process to develop a comprehensive Community Benefits Program as well as their initial findings and recommendations; and

WHEREAS, The Board of Supervisors' Land Use & Economic Development Committee held a hearing regarding the status of the Community Benefits Program on October 18, 2010; now, therefore be it

RESOLVED, That the San Francisco Public Utilities Commission adopts the following Community Benefits Policy:

The San Francisco Public Utilities Commission affirms and commits to the goal of developing an inclusive and comprehensive community benefits program to better serve and foster partnership with communities in all SFPUC service areas and to ensure that public benefits are shared across all communities.

The SFPUC acknowledges its responsibility to develop a community benefits program that is intentional in its participation and support programs and projects that are designed to benefit the

community, is centrally coordinated within the SFPUC, applies to all of SFPUC's operations and its activities in all SFPUC service areas, and which is sustainable, transparent, measurable, and accessible by stakeholders and SFPUC staff.

The SFPUC defines community benefits as those positive effects on a community that result from the SFPUC's operation and improvement of its water, wastewater and power services. The SFPUC seeks to be a good neighbor to all whose lives or neighborhoods are directly affected by its activities. The SFPUC has adopted a "triple bottom line" to guide its decisions, balancing the SFPUC's economic, environmental and social equity goals, to promote sustainability and community benefits.

The SFPUC will devote sufficient resources and authority to SFPUC staff to achieve outcomes including:

1. Stakeholder and community involvement in the design, implementation and evaluation of SFPUC programs and policies;
2. Workforce development, including coordination of internal and external workforce programs and strategic recruitment, training, placement, and succession planning for current and future SFPUC staff to ensure a skilled and diverse workforce;
3. Environmental programs and policies which preserve and expand clean, renewable water and energy resources, decrease pollution, reduce environmental impacts, and reward proposals for innovative and creative new environmental programs;
4. Economic development resulting from collaborative partnerships which promote contracting with local companies, hiring local workers, and providing efficient, renewable energy at reduced costs;
5. Support for arts and culture related to the SFPUC's mission, goals and activities;
6. Educational programs;
7. Use of land in a way that maximizes health, environmental sustainability and innovative ideas;
8. Diversity and inclusion programs and initiatives;
9. In-kind contributions and volunteerism; and
10. Improvement in community health through SFPUC activities, services and contributions.

In application of this policy to SFPUC's operations, projects and activities, SFPUC staff shall:

- Develop processes to effectively engage stakeholders and communities in all SFPUC service areas.
- Develop and update a budget and staffing plan to implement and sustain the Community Benefits Program.
- Develop an implementation strategy to review, analyze and coordinate community benefits initiatives and integrate these initiatives into an agency-wide Community Benefits Program.
- Implement the Environmental Justice Policy that the SFPUC adopted on October 13, 2009.
- Develop and implement guidelines, metrics, and evaluation methodologies for existing and future community benefits initiatives.
- Develop diverse and culturally competent communication strategies to ensure that stakeholders can participate in decisions and actions that may impact their communities.
- Develop performance measures to evaluate the Community Benefits Program and report the results.
- Develop new and continue to implement existing initiatives to avoid or eliminate disproportionate impacts of SFPUC decisions and activities in all service areas.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of January 11, 2011

Secretary, Public Utilities Commission

PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION No. 80-0065

RESOLVED, That this Commission hereby approves and authorizes the General Manager of the Public Utilities Commission to execute a 1.96 acre right of way lease to Mountain View Apartments, a Limited Partnership, Jack Baskin General Partner, of portions of Parcels 201-A and 202-A of the Bay Division Pipeline Numbers 3 and 4 Right of Way in Santa Clara County, for the purpose of parking and landscaping, for a term of fifty-one (51) years, commencing April 1, 1980 and terminating March 31, 2031 at an annual rental of $11,175.00 or $931.25 per month, plus taxes and assessments, subject to rental review and adjustment every three years, and subject also to all the terms and conditions set forth in said lease.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of FEB 26 1980

Secretary and Assistant General Manager

PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION No. 80-0085

RESOLVED, That this Commission hereby approves and authorizes the General Manager of the Public Utilities Commission to execute a 1.96 acre right of way lease to Mountain View Apartments, a Limited Partnership, Jack Baskin General Partner, of portions of Parcels 201-A and 202-A of the Bay Division Pipeline Numbers 3 and 4 Right of Way in Santa Clara County, for the purpose of parking and landscaping, for a term of fifty-one (51) years, commencing April 1, 1980 and terminating March 31, 2031 at an annual rental of $11,175.00 or $931.25 per month, plus taxes and assessments, subject to rental review and adjustment every three years, and subject also to all the terms and conditions set forth in said lease.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of FEB 26 1980

Lorraine A. Smith

Secretary and Assistant General Manager

FILE NO. 62-80-3 RESOLUTION NO. 242-80

DECLARING AN APPROVAL OF A FIFTY-ONE (51) YEAR LEASE BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND MOUNTAIN VIEW APARTMENTS, A LIMITED PARTNERSHIP, JACK BASKIN, GENERAL PARTNER FOR CERTAIN LANDS OWNED BY THE CITY AND COUNTY OF SAN FRANCISCO AND USED AS A RIGHT-OF-WAY BY THE PUBLIC UTILITIES COMMISSION FOR PIPELINES OPERATED BY THE SAN FRANCISCO WATER DEPARTMENT

WHEREAS, a low income housing project funded by the U. S. Department of Housing and Urban Development (H.U.D.) is to be constructed in the City of Mountain View by the MOUNTAIN VIEW APARTMENTS, A LIMITED PARTNERSHIP, Jack Baskin, General Partner (hereinafter "MOUNTAIN VIEW APARTMENTS"); and

WHEREAS, said low income housing development may be constructed without adequate parking facilities; and

WHEREAS, the CITY AND COUNTY OF SAN FRANCISCO (hereinafter "CITY") owns and uses an abutting parcel of property as a right-of-way for the transmission of water from the Hetch Hetchy Reservoir to San Francisco; and

WHEREAS the CITY does not make use of the surface portion of its right-of-way property; and

WHEREAS, the CITY may lease out for various surface uses portions of its right-of-way property; and

WHEREAS, the use of the surface of this right-of-way property does not interfere with the use of this property by the CITY; and

WHEREAS, the leasing of this property to the MOUNTAIN VIEW APARTMENTS will generate income which would not otherwise be available to the CITY: and

WHEREAS, because said lease is for a period of fifty one (51) years and therefore must be approved by the Board of Supervisors under

Charter Section 7.402-1; and

WHEREAS, this lease was approved in open session before the Public Utilities Commission on February 29, 1980,

RESOLVED, that this Board of Supervisors does hereby declare that it approves the lease between the CITY and MOUNTAIN VIEW APARTMENTS.

Adopted—Board of Supervisors, San Francisco..... MAR 24 1980 .....

Ayes: Supervisors Bardis, Britt, ~~Horanzy~~, Hutch, Kopp, Lawson, Molinari, Renne, Silver, Walker, Ward.

~~Noes: Supervisors~~ .....

Absent: Supervisors HORANZY .....

I hereby certify that the foregoing resolution was adopted by the Board of Supervisors of the City and County of San Francisco.

..... Clerk

62-80-3 MAR 25 1980

File No. Approved

..... Mayor

Ordinance authorizing sale of surplus Public Works access rights to abutting property owner of Lots 11 and 18, Assessor's Block 2821, to permit access to Twin Peaks Boulevard.

File 96-80-4, Ordinance No.

Passed for second reading by the following vote:

Ayes: Supervisors Bardis, Britt, Horanzy, Hutch, Lawson, Molinari, Renne, Silver, Ward—9.

Absent: Supervisors Kopp, Walker—2.

Adopted

Resolution approving immediate filling of vacated position of Deputy Chief, Police Department.

File 31-80-5, Resolution No. 260-80

Adopted by the following vote:

Ayes: Supervisors Britt, Horanzy, Hutch, Lawson, Molinari, Renne, Silver, Walker, Ward—9.

Noes: Supervisors Bardis, Kopp—2.

Resolution declaring approval of 51 year lease between City and County and Mountain View Apartments, a limited parinership, Jack Baskin, general partner, for certain lands owned by City and County of San Francisco and used as right-of-way by Public Utilities Commission for pipelines operated by San Francisco Water Department. (Supervisor Renne)

File 62-80-3, Resolution No. 242-80

Adopted by the following vote:

Ayes: Supervisors Bardis, Britt, Hutch, Kopp, Lawson, Molinari, Renne, Silver, Walker, Ward—10.

Absent: Supervisor Horanzy—1.

Resolution authorizing execution of new lease and extension of certain existing leases of property for use by City Attorney, Public Works Property Conversation Division and Public Works RAP Program.

File 64-80-2, Resolution No. 266-80

Adopted by the following vote:

Ayes: Supervisors Bardis, Britt, Hutch, Kopp, Lawson, Molinari, Renne, Silver, Walker, Ward—10.

Absent: Supervisor Horanzy—1.

Resolution authorizing and directing Chief of Police to execute training agreements between Police Department and California Highway Patrol.

FILE NO._____ RESOLUTION NO._____

AUTHORIZING A FIFTY-ONE YEAR LEASE BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND MOUNTAIN VIEW APARTMENTS, A LIMITED PARTNERSHIP, JACK BASKIN, GENERAL PARTNER, LESSEE, FOR PARKING AND LANDSCAPING.

RESOLVED, That the lease of that certain 1.96 acres of pipeline right of way land between the City and County of San Francisco, Lessor, and the Mountain View Apartments, A Limited Partnership, Jack Baskin, General Partner, Lessee; said lease having been awarded pursuant to Public Utilities Commission Resolution No. 80-0085 adopted on February 26, 1980, to provide that the rental for the fifty-one year period commencing April 1, 1980, and terminating March 31, 2031, shall be $11,175.00 per year, plus reimbursement of taxes and assessments, with periodic rental adjustments every three (3) years for each succeeding three (3) year period in direct proportion to any change in the project gross income and with the additional provision that the minimum annual rental shall not be less than $11,175.00 during said fifty-one (51) year period is hereby approved.

APPROVED:

General Manager

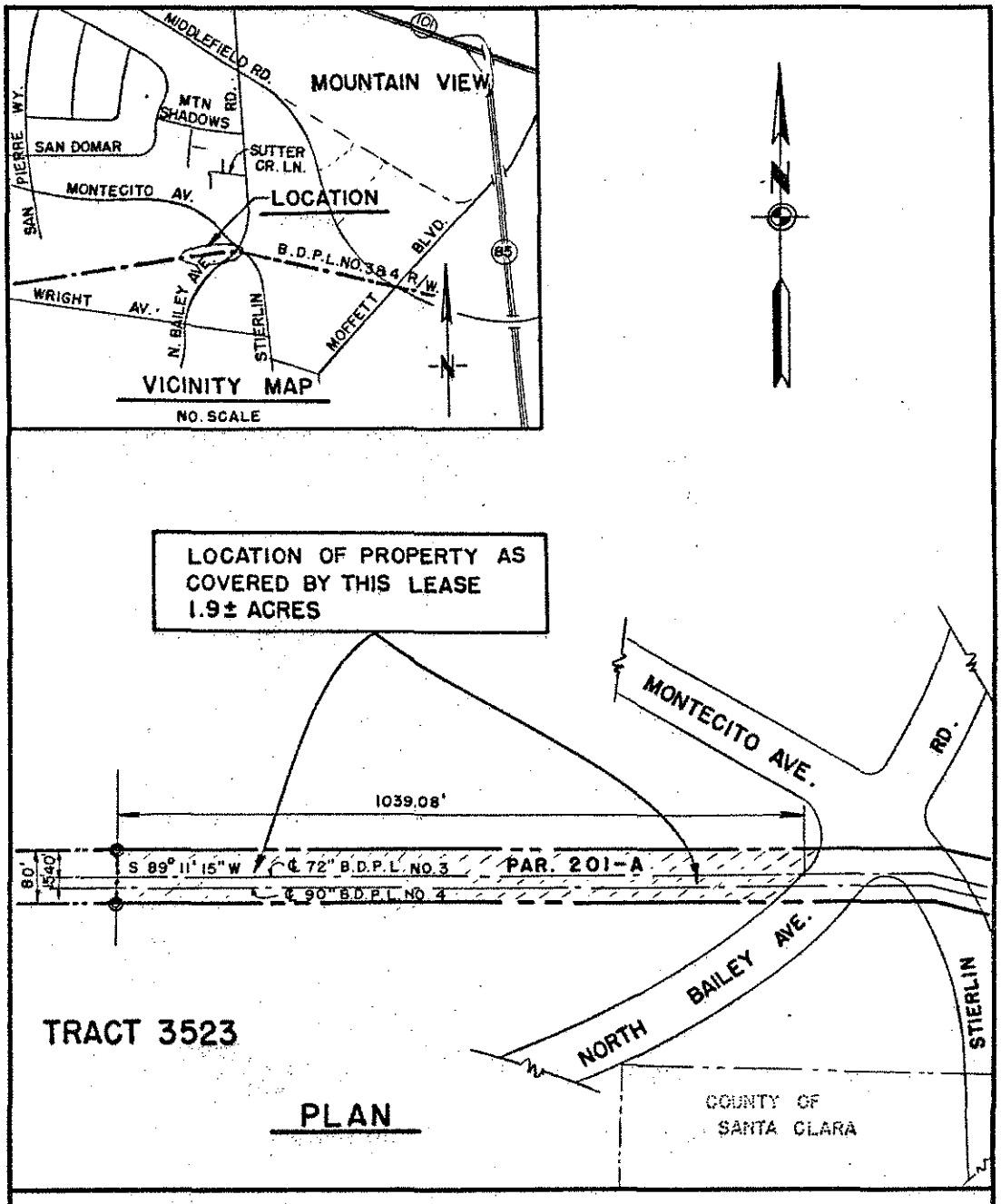
PUBLIC UTILITIES COMMISSION

Resolution No. 80-0085

Adopted: February 26, 1980

APPROVED AS TO FORM
GEORGE AGNOST, City Attorney

By_____
Deputy City Attorney



CITY AND COUNTY OF SAN FRANCISCO
PUBLIC UTILITIES COMMISSION
SAN FRANCISCO WATER DEPARTMENT

LEASE TO MOUNTAIN VIEW APTS.
FOR PARKING & LANDSCAPING
B.D.P.L. No. 3 & 4 R/w, PAR. 201-A TRACT 3523 S.C.CO.

APPROVED	SCALE 1"=200'-0"	BY K.Y.CHIU	DR. P.S	DRAWING NO.
APPROVED		REVIEWED	CH.	B-4159
GENERAL MANAGER AND CHIEF ENGINEER		DATE 12-2-1979	REVISED	

FILE NO. 65-80-7 ORDINANCE NO. 195-80

APPROVING A FIFTY-ONE YEAR LEASE BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND MOUNTAIN VIEW APARTMENTS, A LIMITED PARTNERSHIP, JACK BASKIN, GENERAL PARTNER, LESSEE, FOR PARKING AND LANDSCAPING.

WHEREAS, Resolution No. 242-80 approved the subject lease; and

WHEREAS, Section 7.402-1 of the Charter requires that such approval be by Ordinance; now therefore

Be It Ordained By The People of the City and County of San Francisco:

Section 1. The lease of that certain 1.96 acres of pipeline right of way land between the City and County of San Francisco, Lessor, and Mountain View Apartments, a limited partnership, Jack Baskin, General Partner, Lessee; said lease having been awarded pursuant to Public Utilities Commission Resolution No. 80-0085 adopted on February 26,1980, to provide that the rental for the fifty-one year period commencing April 1, 1980, and terminating March 31, 2031, shall be $11,175.00 per year, plus reimbursement of taxes and assessments, with periodic rental adjustments every three (3) years for each succeeding three (3) year period in direct proportion to any change in the project gross income and with the additional provision that the minimum annual rental shall not be less than $11,175.00 during said fifty-one (51) year period is hereby approved.

APPROVED:

General Manager

PUBLIC UTILITIES COMMISSION
Resolution No. 80-0085
Adopted: February 26, 1980

APPROVED AS TO FORM:
GEORGE AGNOST, City Attorney

By Deputy City Attorney

APPROVED:

Director of Property

BOARD OF SUPERVISORS

Real Estate Department
Attn: L. Paderna
450 McAllister St.
San Francisco, Ca. 94102

RECEIVED
NOV 19 1980
REAL ESTATE DEPARTMENT

Passed for Second Reading
Board of Supervisors, San Francisco
APR 28 1980

Ayes: Supervisors Bardis, Britt, Horanzy, Hutch, Kopp, Lawson, ~~Molinari~~, Renne, Silver, Walker, Ward.

~~Noes: Supervisors~~

MOLINARI
Absent: Supervisor

Clerk

Read Second Time and Finally Passed
Board of Supervisors, San Francisco
MAY 5 1980

Ayes: Supervisors Bardis, Britt, Horanzy, Hutch, Kopp, Lawson, Molinari, Renne, Silver, Walker, Ward.

~~Noes: Supervisors~~

~~Absent: Supervisors~~

I hereby certify that the foregoing ordinance was finally passed by the Board of Supervisors of the City and County of San Francisco.

Clerk

65-80-7
File No.

MAY 09 1980
Approved

Mayor

San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102
T 415.554.3155
F 415.554.3161
TTY 415.554.3488

TO: **Angela Calvillo, Clerk of the Board**

FROM: **Christopher Whitmore, SFPUC Policy and Government Affairs**

DATE: **June 8, 2018**

SUBJECT: **Real Property Lease – MP Shoreline Associates Limited Partnership and MP Shorebreeze Associates, L.P., each a California limited partnership – 460 N. Shoreline Boulevard, Mountain View, California - $100,874**

Attached please find an original and one copy of a proposed Resolution authorizing the lease of property from the City and County of San Francisco, to MP Shoreline Associates Limited Partnership and MP Shorebreeze Associates, L. P., each a California limited partnership; and authorizing the Director of Property and/or the SFPUC General Manager to execute documents, make certain modifications, and take certain actions in furtherance of this Resolution.

The following is a list of accompanying documents (2 sets):

1. Board of Supervisors Resolution
2. SFPUC Resolution No. 80-0085
3. Board of Supervisors Resolution No. 242-80
4. Original lease Mid-Peninsula Housing Coalition
5. SFPUC Resolution No. 11-0008
6. Clifford Appraisal 201-A Report
7. City of Mountain View Negative Declaration
8. City of Mountain View Precise Plan Amendment
9. SFPUC Resolution No. 18-0079
10. Draft Lease MP Shoreline Assoc. & MP Shorebreeze Assoc. LP
11. Form SFEC-126

Please contact Christopher Whitmore at 415-934-3906 if you need any additional information on these items.

OUR MISSION: To provide our customers with high-quality, efficient and reliable water, power and sewer services in a manner that values environmental and community interests and sustains the resources entrusted to our care.

180639

File No. 180639

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information *(Please print clearly.)*	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information *(Please print clearly.)*	
Name of contractor: **MidPen Housing Corporation**	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. ***Use additional pages as necessary.*** **See Attachment 1**	
Contractor address: **303 Vintage Park Drive, Suite 250, Foster City, CA 94404**	
Date that contract was approved: *(By the SF Board of Supervisors)*	Amount of contracts: **$100,874**
Describe the nature of the contract that was approved: **60 Year Ground Lease for Affordable Housing**	
Comments:	

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form

☑ a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

☐ the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

_____
Print Name of Board

Filer Information *(Please print clearly.)*	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

_____ _____
Signature of City Elective Officer (if submitted by City elective officer) Date Signed

_____ _____
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk) Date Signed

Attachment 1.

MidPen Housing Corporation
Board of Directors
2018 Roster

Beth Bartlett Chairperson	**Kim Le** Vice Chairperson
Daniel Seubert Director	**Monique Moyer** Treasurer
Erik Doyle Director	**Gina Diaz** Director
Julie Baigent Director	**Therese Freeman** Director
C. Mark Battey Director	**Renee McDonnell** Director
Kevin Bates Director	

Executive Team

President **Matthew O. Franklin**	Chief Financial Officer **Arthur L. Fatum**
Chief Development Officer **Jan M. Lindenthal**	Chief Operating Officer **Janine Lind**

No persons on the Board of Directors or Executive Team have an ownership of 20 percent or more in MidPen Housing Corporation, which operates as a nonprofit public benefit corporation.

MidPen Housing Corporation does not sponsor or control any political committees. MidPen Housing Corporation does not financially support individual candidates for office in the City and County of San Francisco.