OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

118-2072020-002

Agenda Item **No. 5(c)**
Meeting of April 7, 2020

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Authorizing an Exclusive Negotiations Agreement and a Predevelopment Loan Agreement in an amount not to exceed $3,500,000, with Hunters Point Block 56, L.P., a California limited partnership, for the development of approximately 73 affordable family rental housing units (including one manager's unit) at 11 Innes Court (Hunters Point Shipyard Phase 1 Block 56), and providing notice that this approval is within the scope of the Hunters Point Shipyard Phase 1 Reuse Final Environmental Impact Report, a Program EIR; and adopting environmental review findings pursuant to the California Environmental Quality Act; Hunters Point Shipyard Redevelopment Project Area

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EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure is implementing the affordable housing program in Phase 1 of the Hunters Point Shipyard Redevelopment Plan area ("Hunters Point Shipyard" or "HPS"). Through a Request for Proposals ("RFP") process, OCII offered Block 56, an Agency Lot within HPS Phase 1, for development. As with all Agency Lots in HPS Phase 1, Block 56 is required to be used for a 100% affordable housing development funded by OCII. See Attachment A. This OCII affordable housing site will provide up to approximately 73 units, and contribute significantly toward Mayor Breed's goal of increasing affordable housing in the City.

OCII released the RFP to the development community in September 2018 and received three responses in January 2019. Staff convened an evaluation panel in March 2019, and based on the results of the panel, staff recommend to the Executive Director the selection of Mercy Housing California and San Francisco Housing Development Corporation as co-developers (the "Developer") with Van Meter Williams Pollock as architect and Mercy Housing Management as property manager. Staff is seeking authorization to enter into an exclusive negotiations agreement and predevelopment loan agreement with the Developer consistent with the funding estimates included in

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ROPS 19-20 line item number 420. The Citywide Affordable Housing Loan Committee recommended approving this request on February 7, 2020 and the Hunters Point Shipyard Citizens Advisory Committee ("CAC") Housing Subcommittee recommended approving this Developer selection on April 18, 2019.

Staff recommends entering into an Exclusive Negotiations Agreement and Predevelopment Loan Agreement in order to commence predevelopment activities.

DISCUSSION

Project Area Background

The Hunters Point Shipyard ("Shipyard") and Candlestick Point together form approximately 780 acres along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the HPS Redevelopment Plan in 1997 and amended it in 2010 along with the Bayview Hunters Point Redevelopment Plan (which covers Candlestick Point) to provide for the integrated planning and development of the HPS and Candlestick Point. Properties within the Hunters Point Shipyard transfer from the U.S. Department of the Navy (the "Navy") to OCII after any necessary environmental remediation and determination from federal, state and local regulators that the property is safe for its intended purpose. Phase 1 is located on Navy Parcel A ("Parcel A"). Parcel A (subdivided into Parcel A-1, or the Hilltop, and Parcel A-2, or the Hillside) was always used for residential uses during active military usage of the Shipyard; as a result, Parcel A did not require environmental remediation. Thus, it was determined safe for its intended use and transferred from the Navy to the former Redevelopment Agency in 2004.

The Phase 1 Disposition and Development Agreement, dated December 2003 ("Phase 1 DDA") between OCII and master developer, HPS Development Co, LP ("Master Developer" or "HPS Dev Co" an affiliate entity of Lennar Urban), implements the development on the Hilltop and Hillside areas of Phase 1 (described in more detail below). The Phase 1 DDA has been amended six times since its approval in 2003.

The Phase 1 development program includes the construction of infrastructure, 26 acres of parks and open space, and up to 1,428 housing units, of which, a minimum of 27 percent and a maximum of 40 percent will be affordable. Phase 1 is divided into two areas, the Hilltop and Hillside, and Block 56 is located on the Hilltop. Under the Phase 1 DDA, Vertical developers have built 505 units, including 43 inclusionary units within market rate buildings, across multiple blocks, and another 59 inclusionary units in a 100% affordable project on Block 49 (Pacific Pointe at 350 Friedell). HPS Dev Co has built 47% of the infrastructure including 12 acres of park space and 40% of the roadways. OCII has three stand-alone affordable housing sites on Hilltop (Blocks 52, 54, and 56), which will provide approximately 182 BMR units at up to 50 percent AMI. Blocks 52 and 54 are currently in predevelopment and are being developed by McCormack Baron Salazar and Bayview Hunters Point Multipurpose Senior Services. Block 56 is the remaining stand–alone affordable housing site on the Hilltop.

Environmental Clean Up and Testing

In July through November of 2018, in response to public concerns and at the request of the City and County of San Francisco ("City") and Speaker Nancy Pelosi, the California Department of Public Health ("CDPH") performed a phased-approach radiological survey to assess the health and safety of the public and the environment at Parcel A of the Shipyard.

CDPH completed a Final Report for Hunters Point Shipyard Parcel A-1 on February 5, 2019 followed by a Final Report for Parcel A-2 on April 24, 2019. Both CDPH reports concluded that no residents, workers or visitors are being exposed to radiological health and safety hazards at Parcel A.

To address continued concerns and questions from the community regarding the testing conducted at the Shipyard, Mayor Breed, City Attorney Herrera, and Supervisor Shamann Walton asked experts from UC San Francisco and UC Berkeley to conduct an impartial analysis of CDPH's procedures for Parcel A. The report concluded that CDPH's health and safety scan on Parcel A was appropriate as a health and safety survey.

RFP Summary

On September 20, 2018, OCII released an RFP offering one Agency Lot, Block 56, for development (one of the OCII stand-alone 100% affordable sites). Block 56 is an approximately 28,792 square foot site bounded by Coleman Street to the northwest, Innes Court to the northeast, and Kennedy Place to the southeast and southwest. The parcel's frontage is as follows: 176 feet along Coleman Street and Public Service Easement, 164 feet along Innes Court and Public Service Easement, with a 17 feet radius rounding of property lines at Coleman Street and Innes Court. The Block is currently housing the Welcome Center for the Shipyard Residences.

Extensive notification of the RFP was provided to community groups, developers, contractors (including Small Business Enterprises and minority- and woman-owned contractors), other community stakeholders through OCII's Citizens Advisory Committees email lists, Mayor's Office of Housing and Community Development's ("MOHCD") RFP/RFQ interest email list and newspaper advertising. The RFP was also available on OCII's website.

In order to ensure expedited development, OCII sought submittals from qualified teams comprised of: a housing developer, property manager, and an architect. Applicants were strongly encouraged to involve community partners (organizations from the Southeast area of the City) to assist in the development, co-development, or to provide social or clinical services. All other consultants will be selected in accordance with the OCII's Small Business Enterprise ("SBE") Policy. The selected Applicant team is strongly encouraged to select a General Contractor joint venture including a local SBE.

Upon completion of these projects, OCII's assets related to the sites will be transferred to MOHCD, which is the designated Housing Successor Agency under Dissolution Law. MOHCD reviewed the RFP, and participated on the evaluation panel, and will review on the project's financial underwriting, funding, and disposition documents in order to ensure a smooth transition to MOHCD at project completion.

Development Program

The RFP asked that applicant teams propose a high-quality project that:

- maximize affordable housing opportunities in the Project Area serving very low-income households at a variety of income levels;

- deliver a robust outreach and marketing program to maximize participation of households meeting Project Area occupancy preferences, including Certificate of Preference Holders and Rent Burdened households; and

- effectively balance excellence in architectural design with feasible development costs.

Block 56 Program Requirement Summary

Number of units	Approximately 60 (or more, if possible)
Area Median Income and General population	Up to 50% AMI. Families. Use of income tiers is encouraged.
Unit mix	1 five-bedroom unit 2 four-bedroom units Remaining mix of one, two- and three-bedroom units
Family Child Care units	1 unit
Parking	Assume a 0.6:1 parking ratio

- Create a visually attractive and distinctive façade design that responds to the surrounding context of massing, building design, streets, pocket parks and open spaces
- Consider the context and relationship of building massing with the public realm
- Incorporate sustainable and innovative design typologies; apply site and structural design which is energy- and resource-efficient
- Maximize solar access to public and private open spaces
- Maximize the opportunity for views within the development and promote the preservation and enhancement of views from the adjacent sites and neighborhoods
- Integrate new development with the adjacent existing areas
- Promote harmonious transitions between building masses, open spaces, materials, colors, and textures
- Integrate open spaces and building massing with the topography of the site
- Accentuate the building corner at Coleman Street and Innes Court as prescribed by the D4D with special massing and/or architecture design

Contracting and Workforce Hires

The selected Applicant will be required to adhere to the Bayview Hunters Point Employment and Contracting Policy ("BVHP-ECP") which is designed to ensure that OCII projects provide employment opportunities for lower-income BVHP Residents and San Francisco Residents in areas of construction, professional services, and permanent jobs. In addition, OCII implements other equal opportunity programs, including the Small Business Enterprise ("SBE") Policy to ensure equity in small business contracting with an objective of meeting an overall SBE participation goal of 50% established by the OCII Commission. The selected Applicant team will be strongly encouraged to select a General Contractor joint venture including a local SBE.

The development team(s) shall submit a Workforce and Contracting Action Plan ("WCAP") that addresses how the team will implement: (1) OCII's BVHP-ECP with respect to trainee, construction workforce, and permanent workforce hiring; and (2) equal opportunity programs, which include the following policies and programs: Small Business Enterprise Policy, Nondiscrimination in Contracts and Benefits, Minimum Compensation Policy, Health Care Accountability Policy, and Prevailing Wage Policy.

Occupancy Preferences and Resident Selection

Preferences for the housing will be leased in the following order:

- Certificate Holders (Property Owner and Occupant Preference Program, as amended and restated, codified and clarified recent amendments that the former Redevelopment Agency Commission authorized in Agency Resolution No. 57-2008 (June 3, 2008) and extended by OCII Resolution No. 77-2015 (December 15, 2015).

- Displaced Tenant Housing Preference ("DTHP") Certificate Holders for up to 20% of units (if such preference does not conflict with other financing sources)

- Neighborhood Resident Housing Preference for up to 40% of units (if such preference does not conflict with other financing sources)

- San Francisco Residents or Workers

- Members of the General Public

These preference referrals must meet the selected applicant(s) established screening requirements for the project, and final selection will lie with the selected applicant(s). Any authorized preference shall be permitted only to the extent that such preference: (a) does not have the purpose or effect of delaying or otherwise denying access to a housing development or unit based on race, color, ethnic origin, gender, religion, disability, age, sexual orientation, or other protected characteristic of any member of an applicant household; and (b) is not based on how long an applicant has resided or worked in the area. OCII will work with the Developer to resolve potential occupancy conflicts, ensure adherence to OCII occupancy preferences and marketing requirements and determine additional occupancy preferences and marketing requirements.

Applicant Teams

OCII received three submittals, all of which met the minimum threshold for completeness. The submittals are as follows (in alphabetical order):

- Chinatown Community Development Center ("CCDC") and Young Community Developers ("YCD") as co-developers
    - Architect: YA Studio
    - Property Manager: CCDC
    - Services Provider: CCDC and YCD

- Freebird Development Corporation ("Freebird") and Bayview Hunters Point Multipurpose Senior Services ("BHPMSS") as co-developers
    - Architect: HKIT Architects
    - Property Manager: John Stewart Company
    - Services Provider: BHPMSS

- Mercy Housing California ("MHC") and San Francisco Housing Development Corporation ("SFHDC") as co-developers
    - Architect: Van Meter Williams Pollack
    - Property Manager: TNDC
    - Services Provider: TNDC/YCD

All three teams were interviewed by the evaluation panel.

Evaluation Process and Criteria

The proposals were reviewed by each member of the evaluation panel in advance of the Applicant interviews, which were held at OCII's offices on March 7, 2019. The evaluation panel members consisted of a representative from the Hunters Point Shipyard Citizens Advisory Committee ("CAC"), representatives from MOHCD, OCII housing staff, one member of the OCII design team and project management staff for the Hunters Point Shipyard Project Area. A representative from OCII's contract compliance team was present to monitor the process and provided analysis for scoring the WCAP sections of each submittal. The format of the interviews was as follows: a 30-minute presentation and 20-minute question and answer period to help the evaluation panel complete its evaluation.

Proposals were evaluated using the selection criteria set forth in the RFP: a total of up to 50 points were awarded for the proposed development concept and up to 50 points for developer team experience and capacity, for an overall total of up to 100 points. A detailed breakdown of the RFP proposal criteria is provided below:

POINTS		CRITERIA
50		**Proposed Development Concept**
	20	Proposed Massing Concept: strength and constructability of proposed massing concept, number of units, conformance with the Redevelopment Plan, Major Phase, and the Design for Development
	20	Financial Feasibility & Level of OCII Subsidy
	5	Proposed Services Plan
	5	Proposed Marketing Plan
50		**Developer Team Experience and Capacity**
	10	Developer experience marketing affordable housing comparable to the housing proposed in this RFP ***and in accordance and in good standing with current OCII/MOHCD standards related to marketing and tenant selection***
	10	Developer experience with government assisted affordable housing programs and financing sources and/or "green" housing; Developer Workload Capacity***. Developer experience delivering affordable housing on budget (defined as maintaining or reducing a project's per unit cost between RFP response, approval of a predevelopment loan/schematic design approval and construction loan closing)***
	5	Workforce and Contracting Action Plan
	10	Architect experience & capacity, including "green" housing ***Architect experience delivering affordable housing on budget (defined as maintaining or reducing a project's per unit cost between RFP response, approval of a predevelopment loan/schematic design approval and construction loan closing)***
	5	Services provider experience & capacity
	10	Property Manager experience & capacity, including retail operation
100	100	**Total Points**

Evaluation Process Results

The evaluation panel selected the team including Mercy Housing California ("MHC") and San Francisco Housing Development Corporation ("SFHDC") as co-developers with Mercy Housing Management ("MHM") as Property Manager, design by Van Meter Williams Pollack ("VMWP"). Scoring for each of the proposals is as follows:

Applicant Team	Total Score	Average Score
MHC/SFHDC	578.0	96.3
Freebird BHPMSS	540.0	90.0
CCDC YCD	479.5	79.9

The MHC/SFHDC development concept proposal envisioned the following development program for Block 56:

MHC/SFHDC Development Concept	
Number of Units	70 (including 1 manager's unit)
Architect	VMWP
Services Provider	SFHDC
Property Manager	MHM
Building Amenities	• Courtyard (including garden, BBQ, multipurpose area • Community Room with Kitchen • Fitness Room • "STEAM" Teen Center • Tenant Services Office and Conference Room • Podium Laundry/Lounge adjacent to courtyard

The MHC/SFHDC proposal strengths include:

- **Team Partnership and Experience:** MHC and SFHDC are co-developers together on Parcel O (completing this year on the Octavia Boulevard) and Candlestick Point Block 11A South. MHC brings extensive experience developing, owning, and managing affordable housing developments in San Francisco for 30 years. MHC owns and operates 48 buildings that it developed in San Francisco for families, seniors, disabled, and the formerly. SFHDC, a longtime community based, non-profit developer and services provider has a long history in the Bayview community. SFHDC is currently Managing General Partner for more than 10 affordable, multifamily properties in San Francisco. MHC, as one of the largest nonprofit developers of affordable housing in California, with an exceptionally strong national, organizational, and financial standing, is in a strong position to build the capacity of their partner SFHDC and both organizations have worked toward that goal through their partnerships to date.

The proposed partnership for the development of Block 56 has a 60%/40% ownership split (MHC at 60% and SFHDC at 40%). Both developers will be co-general partners of the limited partnership to be created as the development and ownership entity for the project. Both developers will be co-sponsors on all financial applications for the project and will be liable proportionally to provide the construction loan and completion guarantees to the private funders. This proposed partnership structure will put SFHDC in a much stronger position to be the sole or lead developer in future developments. At the end of the 15-year tax credit compliance period SFHDC will have the option to purchase the property.

Van Meter Williams Pollack has a strong track record of designing affordable housing in San Francisco and engaging in a collaborative design process with community and other stakeholders. Most recently, they were the architects for Potrero Block X, the first phase of the redevelopment of the Potrero public housing site as part of the Mayor's HOPE SF Initiative.

- **Financing Plan:** The proposal includes a comprehensive financing plan that incorporates a thoughtful balance of conservative assumptions and an inclusive assessment of available funding sources that would be appropriate for the proposed program and project. The proposed financing plan includes the use of certificated state tax credits along with the standard tax credit equity adding roughly $7,000,000 in equity to the project. In addition, the applicant team provided a written evaluation of the possibility of using the State's Multifamily Housing Program loans as a possible additional or back-up funding source.

- **Income Tiering:** The proposal included a projected 20% of units (or 14 units) below 50% AMI (14 units at 35% AMI), which, of the three proposals, was most responsive to the RFP's goal of serving households at a variety of income levels and maximizing COP participation.

- **Design and Massing:** The massing concept meets the Design for Development standards and is complementary to existing Hilltop architecture and is well suited for target population. The design concept maximizes unit count within the building envelope. The concept features ample natural light and generous indoor and outdoor community spaces. The orientation of the building maximizes the exceptional views from the site.

- **Marketing Plan:** SFHDC has been successful in assisting Certificate of Preference holders with accessing OCII and MOHCD-funded affordable housing. SFHDC already provides individual, ongoing housing counseling to approximately 50 COP holders, and has recently helped to create the "COP Club" to stay engaged with them. SFHDC provides contracted early outreach expertise for several local for- and non- profit developers, including Lennar and Five Point specifically for the Hunters Point Shipyard. In addition to current outreach to COP holders, SFHDC and MHC already have a direct connection with many of those living in affordable housing, especially in Bayview Hunters Point.

- **Services Plan:** The proposed services plan leverages SFHDC's relationships with a variety of local and citywide services providers to ensure residents have access to case management, youth services, mental health services, health and wellness resources and access to educational resources. SFHDC will provide on-site financial empowerment and housing retention services. SFHDC's Financial Empowerment Center serves nearly 1500 clients per year, many of whom who are rent-burdened, facing eviction, or otherwise at risk of losing their housing.

HPS Phase 1, Block 56 Program Overview

The Project will include approximately 73 units, mostly 1, 2, and 3-bedroom units with a small number of studio, 4 and 5-bedroom units serving households between 35% and 50% of the Area Median Income, as defined by the Mayor's Office of Housing and Community Development ("AMI"). One unit will be set aside as Family Childcare Units. The Project will also include community, management, and services spaces along with a shared courtyard for its residents.

Concept Design

The basic building configuration includes two four-story, double-loaded corridor elements that are connected along Coleman Street with an open-air vertical stair and bridge providing an ample midblock break to create visual access to views of the San Francisco Bay and minimize internal circulation area. Both north and south wings have southern exposure to provide daylighting in the corridors for orientation and wayfinding. The south wing is notched specifically to allow a view over the courtyard and eliminate an inside corner yielding exposure for both the unit stacks and the corridor. These features create a strong visual line to the courtyard and common areas which enhance safety. The project site is almost square with a desirable 10-12 foot grade change from south to north, which easily conceals a parking podium partially beneath grade, minimizing the need for extensive excavation. The parking podium is lined with stooped residential units to maintain the street-level character of the neighborhood. The footprint of the development smartly utilizes the parcel located adjacent to a scenic bluff linking the building and its residents to sweeping panoramic views of the San Francisco Bay, and preserves key vantage points for neighbors to enjoy vistas of the historic gantry crane, the forthcoming Shipyard development below, the East Bay hills, and as far as Mt. Diablo in the distance.

Community amenities are located on the podium level of the building to encourage residents to circulate throughout the building and create connections with each other, nature, and our on-site services and management team. The hallmark of the community space is the main community room, which provides dramatic views to the San Francisco Bay. This room, which can accommodate 95 residents for workshops and meetings, opens up to a kitchen and adjoining teen center for exploration of Science, Technology, Engineering, Arts, and Math (aka, the teen "STEAM" center). The Community Room and Teen Center both open onto the central community courtyard which features furniture that amplify views and encourage gathering; raised bed gardens for on-site healthy food access, cooking and eating; and an outdoor multipurpose area for residents of all ages to engage in free play. The multipurpose area connects to services areas, including the central laundry room and a large room for hosting group fitness classes, further highlighting the healthy living theme of the building.

Predevelopment Loan

On February 7, 2020, the Citywide Affordable Housing Loan Committee approved a $3,500,000 predevelopment loan request to commence predevelopment activities. Predevelopment activities include architect fees to develop the design through to construction drawings (to project entitlements), along with survey and engineering work, legal costs, due diligence studies, and developer fee.

The predevelopment loan terms include:

- 3% simple interest rate
- Earlier of 3-year term or start of construction
- Predevelopment loan converts to permanent loan at OCII construction loan closing, subject to future Commission approval

Additionally, the Developer will comply with the Bayview Hunters Point Employment and Contracting Policy, OCII Small Business Enterprise and Equal Opportunity policies and a maximum developer fee amount of $500,000 will be available to the Developer during the predevelopment period.

A more thorough evaluation of the predevelopment funding request can be found in the attached Citywide Loan Committee Loan Evaluation (the "Loan Evaluation"; Attachment B). In particular, the Loan Evaluation includes several loan conditions to assist the Developer in achieving its due diligence during the ENA period. Specifically, staff is requesting the following:

- Development team must conduct a value engineering process on the proposed massing to identify strategies that will significantly reduce the proposed costs by June 1, 2020. No more than $200,000 of the predevelopment loan may be disbursed until this has been completed and Sponsor and OCII staff agree on a value engineering approach.
- Development team will work with OCII staff to determine the most appropriate financial plan with the goal of maximizing permanent debt and minimizing OCII subsidy. Sponsor will provide an analysis of potential sources and strategies and provide a revised recommended financing plan by August 3, 2020. OCII must review Request For Proposals (RFPs) for equity investors before they are finalized and released for investors.
- OCII must review raw financial data from Sponsor or financial consultant prior to selection.
- OCII must approve all selected investors.
- OCII must review and approve all Letters of Intent.
- Sponsor will work with OCII staff during predevelopment to ensure the recommended financing plan is consistent with underwriting guidelines.
- Sponsor will work with OCII staff to finalize the services plan and budget and to identify other sources to fund the portion of the services budget that is in excess of the 1 FTE Resident Services Coordinator.
- Sponsor will conduct ongoing outreach to the Hunters Point Shipyard community to solicit input, address concerns, and educate community members on various aspects of the project.

Estimated development costs pursuant to the RFP response are high at $847k/unit, though not the highest, among MOHCD and OCII projects in the pipeline. On a per bedroom and per sq ft basis Project costs compare well with MOHCD and OCII projects in the pipeline. Nonetheless, maintaining a reasonable cost and minimizing OCII subsidy given the current financial climate with rising costs will be a challenge for this Project. Due to the relatively small size of the Project and a high proportion of larger family units (including some 4 and 5-BR units), this programming does not maximize hard cost economies of scale. Staff is proposing that the first predevelopment task will be to undergo a cost reduction exercise to target strategies for reducing cost before embarking on the formal schematic design process.

Cost containment, while always important, will be critical due to recent changes to the tax exempt bond allocation process. Starting in 2020, for the foreseeable future, tax exempt bonds will be allocated competitively and are expected to be oversubscribed. In the event of not receiving a competitive allocation, the project would have to reapply until successful and could result in development delay. Staff and Sponsor will track this issue and any changes or refinements to the new competitive allocation process closely during the predevelopment period. This is a significant issue as access to proposed Low Income Housing Tax Credit ("LIHTC") equity is dependent on securing a tax exempt bond allocation. Based on current assumptions, tax exempt bond financing and LIHTC equity total approximately $27M, representing over 43% of the Project's sources of funding.

Exclusive Negotiations Agreement ("ENA")

The ENA enables the Developer to pursue predevelopment activities leading to the execution of a long-term ground lease for Block 56. Per the ENA, the Developer has paid to OCII the cash sum of One Thousand Dollars ($1,000) as an earnest money deposit. An additional $9,000 will be due to OCII at the time of the execution of the ENA. The total $10,000 is considered the Performance Deposit, which will be held by OCII until construction completion. The term of the ENA is through August 17, 2021. The ENA allows for extension up to a maximum of 12 months to be approved by the Executive Director in the event the project incurs unexpected delays or must apply for a later state funding round to maximize competitiveness for those funds (as further described in the Project Schedule section below). The ENA further defines a series of milestones that will result in the execution of a ground lease for the Site between OCII and the Developer ("Ground Lease"), subject to Commission approval. It also authorizes the OCII Executive Director to enter into an option to ground lease for the Site, a form of which is attached to the ENA Milestones include:

- submission of a preliminary financing plan which is acceptable to OCII;
- submission of schematic design drawings acceptable to OCII;
- identification of a general contractor and obtaining a cost estimate based on the schematic design acceptable to OCII; and,
- submission of design development documents and cost estimates.

The ENA is included with this memorandum as Attachment D.

Community Outreach

Staff presented the RFP to the CAC Housing Subcommittee and to the full CAC in July and August 2018. Staff presented an update on the selection process and the recommended development team to the CAC Housing Subcommittee in April 2019. Staff and the selected development team will continue to outreach to the community through the CAC throughout the development process.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

The San Francisco Redevelopment Agency Commission ("Former Commission") and the San Francisco Planning Commission certified the Hunters Point Shipyard Reuse Final Environmental Impact Report ("FEIR"), and adopted California Environmental Quality Act ("CEQA") findings, a mitigation monitoring and reporting program and statement of overriding considerations (collectively "CEQA Findings") in 2000, and subsequently issued a First and Second Addendum to the Final EIR in 2003 and 2006, respectively, to address project changes (collectively, the FEIR and the CEQA Findings as updated by the First and Second Addenda are referred to as the "Phase 1 EIR"). . Additionally, the Former Agency Commission and the Planning Commission certified the Candlestick Point/Hunters Point Shipyard Phase 2 Final Environmental Impact Report in 2010 and adopted CEQA findings, a mitigation monitoring and reporting program and statement of overriding considerations (collectively, "Phase 2 CEQA Findings"), and subsequently issued four addenda, in 2014, 2016, 2018, and 2019, respectively, to address project changes (collectively, the FEIR and Phase 2 CEQA Findings as updated by the three addenda are referred to as the "Phase 2 EIR"). The Phase 2 EIR updated the transportation analysis and transportation plan (including the transportation system management plan) for Phase 1, but the Phase 2 EIR did not identify any new significant environmental effects or an increase in the severity of significant impacts of the Phase 1 Project previously identified in the Phase 1 EIR. OCII staff has reviewed the ENA and the predevelopment loan documents and has found them to be within the scope of the project analyzed in the Phase 1 EIR and its subsequent addenda. Staff recommends that the Commission adopt environmental findings requiring no additional environmental review beyond the Phase 1 EIR and its addenda, pursuant to State CEQA Guidelines Sections 15180, 15162, 15163, and 15164 and 15168, confirming that there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the Phase 1 EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Phase 1 EIR, as confirmed by the analysis provided in the Phase 2 EIR.

Project Schedule and Next Steps

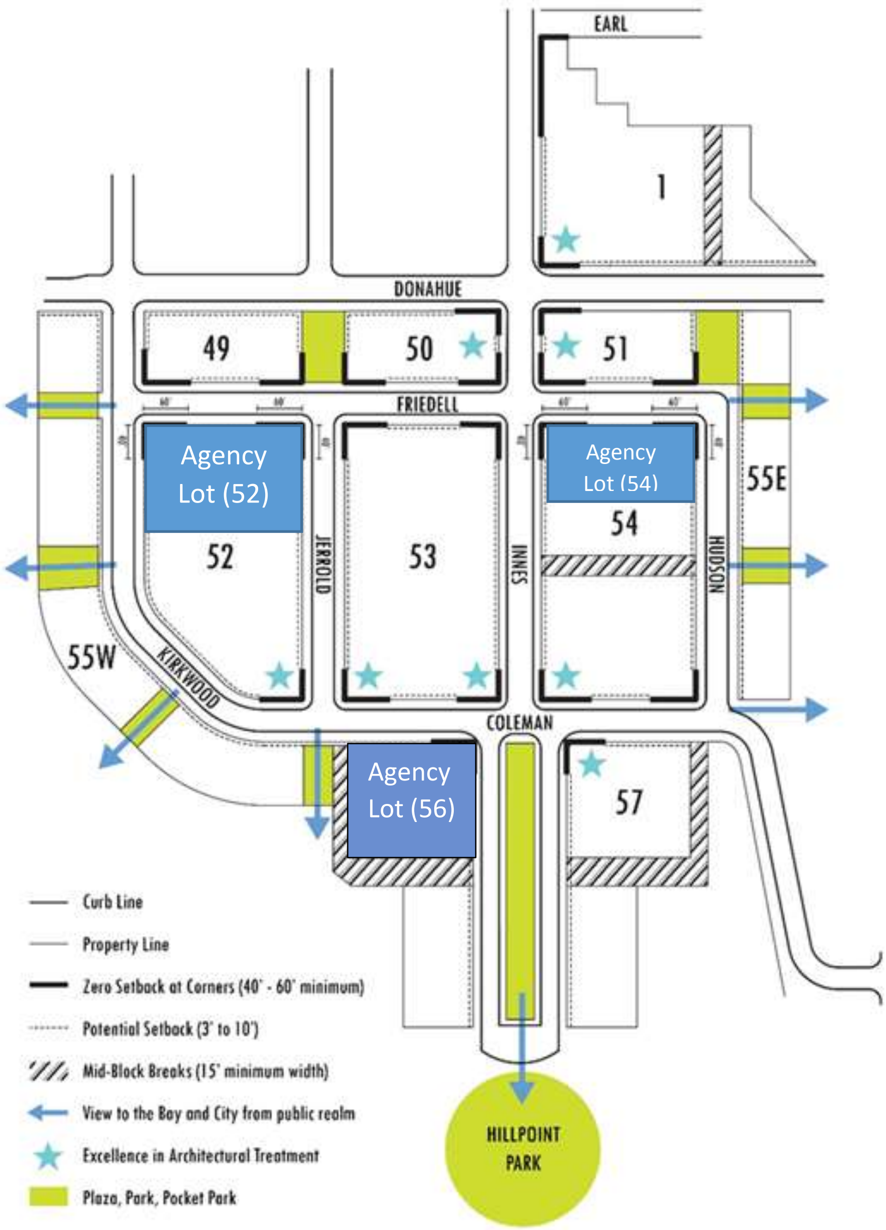
Per the ENA milestone schedule, a preliminary recommended financing plan will be submitted to OCII August 3, 2020. Going forward, a general contractor will be selected and schematic designs and a cost estimate will be submitted by October 2020. Staff expects to return to the Commission for schematic design approval in the early 2021, and design development documents are expected by Spring 2021. Staff will return to Commission in Summer 2021 to seek approval for a permanent gap loan. Construction start is currently estimated for the end of 2021 and completion in Summer 2023.

(Originated by Elizabeth Colomello, Senior Development Specialist)

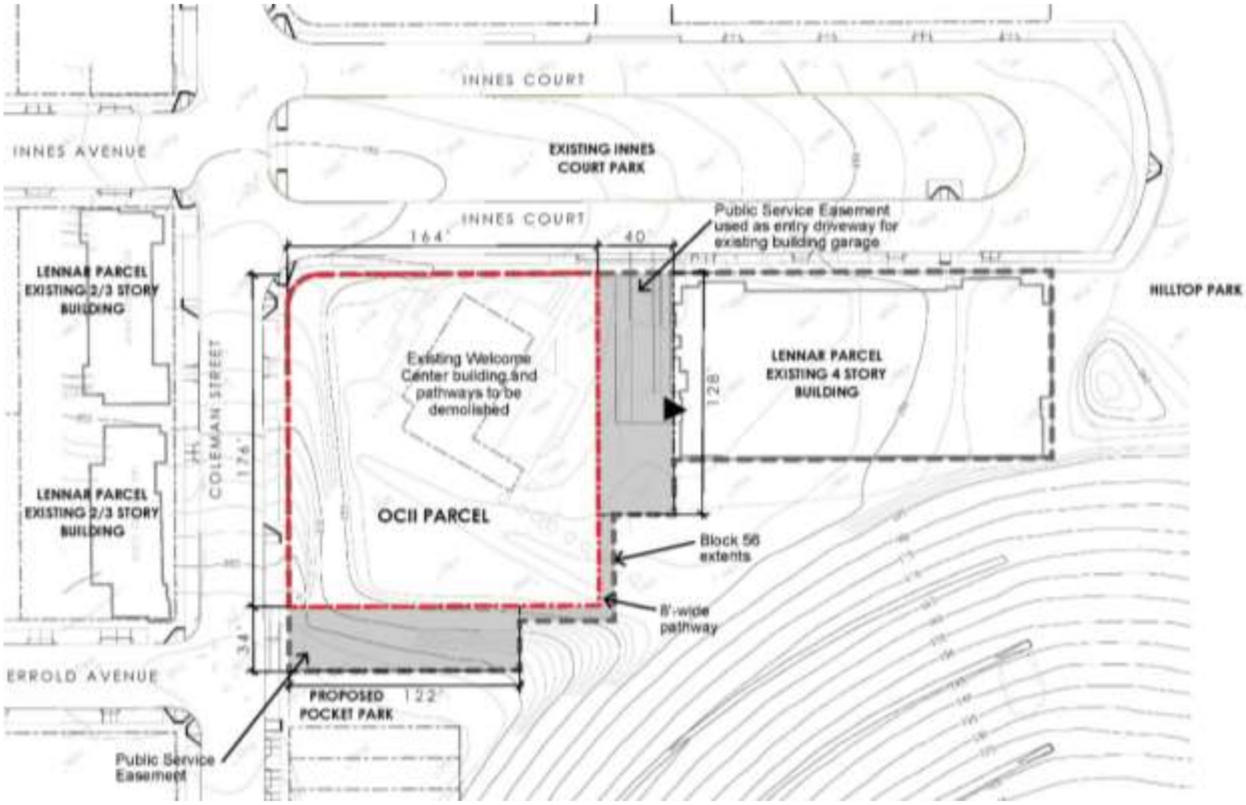
Nadia Sesay
Executive Director

Attachment A: Hilltop Map and HPS Phase 1 Block 56 Parcel Maps
Attachment B: Loan Evaluation-February 7, 2020
Attachment C: Predevelopment Loan Agreement
Attachment D: Exclusive Negotiations Agreement

Hunters Point Shipyard Phase 1 Hilltop Parcels



Block 56


INNES COURT
INNES AVENUE
EXISTING INNES COURT PARK
INNES COURT
164'
40'
Public Service Easement used as entry driveway for existing building garage
HILLTOP PARK
LENNAR PARCEL EXISTING 2/3 STORY BUILDING
COLEMAN STREET
176'
Existing Welcome Center building and pathways to be demolished
128'
LENNAR PARCEL EXISTING 4 STORY BUILDING
LENNAR PARCEL EXISTING 2/3 STORY BUILDING
OCII PARCEL
Block 56 extents
8'-wide pathway
34'
ERROLD AVENUE
PROPOSED POCKET PARK
122'
Public Service Easement

Citywide Affordable Housing Loan Committee

San Francisco Mayor's Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure

Hunters Point Shipyard Block 56
11 Innes Court
[$3,500,000 Funding Amount]
Predevelopment

Evaluation of Request for:	Predevelopment funding
Loan Committee Date:	February 7, 2020
Prepared By:	Elizabeth Colomello
Source of Funds Recommended:	OCII Bond Proceeds
FY 19/20 ROPS Line	420
NOFA/PROGRAM/RFP:	RFP
Total Previous City Funds Committed:	$0
Applicant/Sponsor Name:	Mercy Housing California and SFHDC

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	HPS Block 56	Sponsor(s):	MHC and SFHDC
Project Address (w/ cross St):	11 Innes Court 94124 (x Coleman St)	Ultimate Borrower Entity:	Hunters Point Block 56, LP

Project Summary:

Hunters Point Shipyard ("HPS") Block 56 ("Block 56" or the "Project") will include approximately 73 units, mostly 1, 2, and 3 bedroom units with a small number of studio, four and five bedroom units serving households between 35% and 50% of City AMI in the Hunters Point Shipyard. In September 2018, OCII released a Request for Proposals ("RFP") offering Block 56 for development. In March 2019, an evaluation panel selected Mercy Housing California ("MHC") and San Francisco Housing Development Corporation ("SFHDC") as co-developers for the Project (together, "Sponsor"). The Project will be located in the Hilltop neighborhood of HPS Phase I in the HPS Redevelopment Area. The Project represents approximately 73 of 218 units on 5 parcels to be funded by OCII. The Project fulfills the goals of the HPS Redevelopment Plan and the City's Consolidated Plan. The Sponsor is currently seeking a predevelopment loan from OCII to begin design and planning for the Project.

Project Description:

Construction Type:	Type III wood-frame construction over a Type I concrete podium	Project Type:	New Construction
Number of Stories:	5 over podium	Lot Size (acres and sf):	.66 acres / 28,792 sf
Number of Units:	73	Architect:	Van Meter Williams Pollack
Number of Bedrooms	142		
Number of Parking Spaces	42		
Total Residential Area:	81,997 sf	General Contractor:	TBD
Total Commercial Area:	0 sf	Property Manager:	Mercy Housing Mgmt
Total Building Area:	94,973 sf	Supervisor and District:	Sup. Walton D-10
Land Owner:	OCII		
Total Development Cost (TDC):	$61,892,462	Total Acquisition Cost:	$0
TDC/unit:	$847,842	TDC less land cost/unit:	$847,842
Loan Amount Requested:	$3,500,000	Request Amount / unit:	$47,945
HOME Funds?	N		

PRINCIPAL DEVELOPMENT ISSUES

- **Development Costs.** Estimated development costs pursuant to the RFP response are high at $847k/unit, though not the highest, among MOHCD and OCII projects in the pipeline. Maintaining a reasonable cost and minimizing OCII subsidy given the current financial climate with rising costs will be a challenge for this Project. Due to the relatively small size of the Project and a high proportion of larger family units (including some 4 and 5-BR units), this programming does not maximize hard cost economies of scale. Staff is proposing that the first predevelopment task will be to undergo a cost reduction exercise to target strategies for reducing cost before embarking on the formal schematic design process. For more details see Sections 4.3, 6, and 11.2.
- **Per Unit Subsidy.** Anticipated per unit subsidy is $382K per unit. This is related to the high hard costs currently shown for the Project and reduction efforts will help to address this issue. However, the following Project details further exacerbate the issues driving up the OCII subsidy:
    - the lack of sources outside of standard tax exempt bond and tax credit equity and State Infill and Infrastructure funds, and
    - the maximum income restriction of City 50% AMI per the Hunters Point Shipyard Redevelopment Plan, and
    - additional units targeted at City 35% AMI to ensure opportunities for preference populations including Certificate of Preference holders.

  For more details see Section 6.2.
- **Recent Changes to Tax Exempt Bond Allocation Process**. Starting in 2020, for the foreseeable future, tax exempt bonds will be allocated competitively and are expected to be oversubscribed. In the event of not receiving a competitive allocation, the project would have to reapply until successful and could result in development delay. Staff and Sponsor will track this issue and any changes or refinements to the new competitive allocation process closely during the predevelopment period. This is a critical issue as access to proposed LIHTC equity is dependent on securing a tax exempt bond allocation. For more details see Section 6.2.1.

SOURCES AND USES SUMMARY

Predevelopment Sources	**Amount**	**Terms**	**Status**
OCII Loan	$3,500,000	3 yrs @ 3% Def	This request
Total	$3,500,000		
Permanent Sources	**Amount**	**Terms**	**Status**
OCII Loan	$27,882,527	55 yrs @ 3% / Res Rec	Not Committed
IIG	$4,309,200	55 yrs @ 0% / Forgivable	Not Committed
Permanent Loan	$1,342,500	15 yrs @ 5.5% / Res Rec	Not Committed
AHP	$730,000	55 yrs @ 3% / Res Rec	Not Committed
Deferred Fee	$2,000,000	Res Rec	Not Committed
State Tax Credit Equity	$6,207,407	$0.85	Not Committed
Tax Credit Equity	$19,420,828	$1.01	Not Committed
Total	$61,892,462		
Uses	**Amount**	**Per Unit**	**Per SF**
Acquisition	$15,000	205	$0
Hard Costs	$48,241,716	660,845	$509
Soft Costs	$9,635,746	131,997	$102
Developer Fee	$4,000,000	54,795	$42
Total	$61,892,462	847,842	$653

1. BACKGROUND

1.1. Project History Leading to This Request.

The Hunters Point Shipyard and Candlestick Point together form approximately 780 acres along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the HPS Redevelopment Plan in 1997 and amended it in 2010 along with the Bayview Hunters Point Redevelopment Plan (which covers Candlestick Point) to provide for the integrated planning and development of the HPS and Candlestick Point. Properties within the Hunters Point Shipyard transfer from the U.S. Department of the Navy (the "Navy") to OCII after any necessary environmental remediation and determination from federal, state and local regulators that the property is safe for its intended purpose. Phase 1 is located on Navy Parcel A. By virtue of always being subject to residential uses during active military usage of the Shipyard, Parcel A did not require environmental remediation. Thus, it was determined safe for its intended use and transferred from the Navy to the former Redevelopment Agency in 2004.

The Phase 1 Disposition and Development Agreement, dated December 2003 ("Phase 1 DDA") between OCII and master developer, HPS Development Co, LP ("Master Developer" or "HPS Dev Co" an affiliate entity of Lennar Urban), implements the development on the Hilltop and Hillside areas of Phase 1 (described in more detail below).

The Phase 1 development includes the construction of infrastructure, 26 acres of parks and open space, and up to 1,428 housing units, of which, a minimum of 27 percent and a maximum of 40 percent will be affordable. Phase 1 is divided into two areas, the Hilltop and Hillside, and Block 56 is located on the Hilltop. Under the Phase 1 DDA, HPS Dev Co has built 439 units including 40 inclusionary units within market rate buildings across multiple blocks, and another 59 inclusionary units in a 100% affordable project on Block 49 (350 Friedell). Another 66 units including 3 inclusionary units are under construction. HPS Dev Co has built 47% of the infrastructure including 12 acres of park space and 40% of the roadways. OCII has three stand-alone affordable housing sites on Hilltop (Blocks 52, 54, and 56), which will provide approximately 185 BMR units at up to 50 percent AMI. Blocks 52 and 54 are currently in predevelopment and are being developed by McCormack Baron Salazar and Bayview Hunters Point Multipurpose Senior Services. Block 56 is the remaining stand–alone affordable housing site on the Hilltop.

1.2. RFP Process

The Request for Proposals defined minimum threshold requirements to be considered for selection. All three respondents to the RFP satisfied the minimum requirements for review and consideration.

The RFP asked that applicant teams propose a high quality project that:

- maximizes affordable housing opportunities in the Project Area serving very low-income households at a variety of income levels;

- delivers a robust early outreach and marketing plan to maximize participation of households meeting Project Area occupancy preferences, including Certificate of Preference Holders, Rent Burdened households, and Displaced Tenants Housing Preference households; and
- effectively balances excellence in architectural design with feasible development costs.

Number of units	Approximately 60 or more
Area Median Income and General population	Up to 50% AMI. Families. Use of income tiers is encouraged. HPS Redevelopment Plan limits maximum AMI to City 50%.
Unit mix	1 five-bedroom unit* 2 four-bedroom units* Remaining mix of one, two and three bedroom units
Family Child Care units	1 unit
Parking	Assume a 0.6:1 parking ratio

*OCII specified in the RFP that 2 four-bedroom and 1 five-bedroom units be included in the design submittals in order to comply with California Redevelopment Law's requirement that an exact unit mix be replicated within a neighborhood undergoing redevelopment. These 4- and 5-bedroom units are being built in to accommodate the replacement of similar sized units that existed in the former Alice Griffith Public Housing project but cannot be accommodated within the Alice Griffith revitalization project currently underway. If necessary for Project feasibility, the number of 4 and 5 bedroom units in the Project may be reduced.

OCII received three submittals, all of which met the minimum threshold for completeness. The submittals are as follows (in alphabetical order):

- Chinatown Community Development Center ("CCDC") and Young Community Developers ("YCD") as co-developers
  - Architect: YA Studio
  - Property Manager: CCDC
  - Services Provider: CCDC and YCD

- Freebird Development Corporation ("Freebird") and Bayview Hunters Point Multipurpose Senior Services ("BHPMSS") as co-developers
  - Architect: HKIT Architects
  - Property Manager: John Stewart Company
  - Services Provider: BHPMSS

- Mercy Housing California ("MHC") and San Francisco Housing Development Corporation ("SFHDC") as co-developers
  - Architect: Van Meter Williams Pollack
  - Property Manager: MHMG

- Services Provider: SFHDC

All three teams were interviewed by an evaluation panel consisting of representatives from the OCII Housing and Design Review teams, MOHCD and the CAC. The Evaluation Panel selected the team including MHC and SFHDC as co-developers with MHMG as Property Manager, and design by Van Meter Williams Pollack.

Proposals were evaluated using the selection criteria set forth in the RFP: a total of up to 50 points were awarded for the proposed development concept and up to 50 points for developer team experience and capacity, for an overall total of up to 100 points. A detailed breakdown of the RFP proposal criteria is provided below:

POINTS		**CRITERIA**
50		**Proposed Development Concept**
	20	Proposed Massing Concept: strength and constructability of proposed massing concept, number of units, conformance with the Redevelopment Plan, Major Phase, and the Design for Development
	20	Financial Feasibility & Level of OCII Subsidy
	5	Proposed Services Plan
	5	Proposed Marketing Plan
50		**Developer Team Experience and Capacity**
	10	Developer experience marketing affordable housing comparable to the housing proposed in this RFP ***and in accordance and in good standing with current OCII/MOHCD standards related to marketing and tenant selection***
	10	Developer experience with government assisted affordable housing programs and financing sources and/or "green" housing; Developer Workload Capacity***. Developer experience delivering affordable housing on budget (defined as maintaining or reducing a project's per unit cost between RFP response, approval of a predevelopment loan/schematic design approval and construction loan closing)***
	5	Workforce and Contracting Action Plan
	10	Architect experience & capacity, including "green" housing ***Architect experience delivering affordable housing on budget (defined as maintaining or reducing a project's per unit cost between RFP response, approval of a predevelopment loan/schematic design approval and construction loan closing)***

	5	Services provider experience & capacity
	10	Property Manager experience & capacity, including retail operation
100	100	**Total Points**

The scoring for each of the proposals is as follows:

Applicant Team	Total Score	Average Score
MHC/SFHDC	578.0	96.3
Freebird BHPMSS	540.0	90.0
CCDC YCD	479.5	79.9

The MHC/SFHDC development concept proposal envisioned the following development program for Block 56:

MHC/SFHDC Development Concept	
Number of Units	70 (including 1 manager's unit) (updated to 72 plus one manager's unit since submission)
Architect	VMWP
Services Provider	SFHDC
Property Manager	MHM
Building Amenities	• Courtyard (including garden, BBQ, multipurpose area • Community Room with Kitchen • Fitness Room • Science Technology Engineering Arts Math "STEAM" Teen Center • Tenant Services Office and Conference Room • Podium Laundry/Lounge adjacent to courtyard

1.3 Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)

MHC and SFHDC will act as co-developers for the Project. MHC and SFHDC have established a strong partnership through prior collaboration on projects including Octavia Boulevard Parcel O and Candlestick Block 11a.

MHC will serve as the lead developer of Block 56, with SFHDC providing substantive project management support as well as its input and insight regarding the local community. MHC will be the lead on project management activities. MHC and SFHDC will be co-sponsors for all financing applications.

SFHDC and MHC will act as co-general partners of the Limited Partnership ("LP") that will be established for the development and ownership of the Project. MHC will act as managing general partner of the LP.

Mercy Housing Management Group ("MHMG") will act as property manager for the Project. SFHDC will take the lead on resident services.

Fiona Ruddy with MHC will act as lead Project Manager and spend 35% of her time on the project. SFHDC will hire a project manager to spend 50% of his/her/their time on the Project. Isaac Cruz, Project Assistant with MHC will assist with project management spending 15% of his time. Barbara Gualco, Director of Development for MHC, will be at 15% of her time, and additionally, William Ho, a senior project manager with Mercy will be available to the team as a resource and support as William has extensive experience working on OCII funded developments. Tom Kostosky, Interim Director of Development for SFHDC, will spend 35% of his time overseeing the Project. Additionally, management and executive staff Jennifer Dolin, Ed Holder, and Doug Shoemaker at MHC and Deven Richardson and David Sobel at SFHDC will spend a combined .3 FTE on the Project.

The borrower entity will be the LP described above, which will be formed prior to the execution of the predevelopment loan documents. At construction closing of the Project, it will consist of two general partner entities: one controlled by MHC, and the other controlled by SFHDC, along with a limited partner.

2. SITE (See Attachment E for Site map with amenities)

Site Description	
Zoning:	Moderate Density Residential, governed by Hunters Point Shipyard Redevelopment Project Phase 1 Design for Development ("D4D")
Maximum units allowed by current zoning (N/A if rehab):	73 The D4D allows for 70 DU/acre or 58 units for Project site (not including density bonus). However, the D4D density bonus allows up to an additional 25% density increase by permitting adjustments to requisite D4D Development Controls (e.g., height, bulk, mid-block break location/ construction) that allow for the larger project/density. With density bonus, the Project site can accommodate 73 units.

Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4
Soil type:	Published geologic maps of the site and vicinity indicate that Parcel "A" (which includes the Hilltop area) is underlain by serpentinite, Franciscan chert, Franciscan sandstone, and shale. These maps show the Quaternary slope wash and ravine fill in swales on the northern portions of the Hilltop site and the southwest corner of the Hillside area. According to existing reports the fill on the Hilltop site appears to have been placed to construct the existing building pads and roadways. The findings from subsurface exploration and the exploratory borings from maps and consultant studies in the 1990's through early 2000's indicate that the existing fills range up to about 15 feet in thickness. These existing fills generally include a mixture of native soil and bedrock derived materials as well as imported base rock type material. Minor amounts of broken glass and debris may also be present.
Environmental Review:	On June 3, 2010, the Former Redevelopment Agency Commission by Resolution No. 58-2010 and the Planning Commission by Motion No. 18096, acting as co-lead agencies, approved and certified the Environmental Impact Report for the HPS/CP Project. On the same date, both co-lead agencies adopted environmental findings, including the adoption of a mitigation monitoring and reporting program and a statement of overriding considerations, for the HPS/CP Project by Former Redevelopment Agency Commission Resolution No. 59-2010 and by Planning Commission Motion No. 18097. On July 14, 2010, the Board of Supervisors affirmed the certification and findings by Resolution No. 347-10 and found that various actions related to the HPS/CP Project complied with the California Environmental Quality Act ("CEQA"). Subsequent to the certification, the Commission and the Planning Commission approved Addenda 1 through 4 to the Environmental Impact Report for the HPS/CP Project analyzing certain HPS/CP Project modifications (together, the "HPS/CP EIR")
Adjacent uses (North):	Residential
Adjacent uses (South):	Residential, Shipyard Redevelopment
Adjacent uses (East):	Residential, Shipyard Redevelopment
Adjacent uses (West):	Residential
Neighborhood Amenities:	Super Save Grocery is 1.2 miles away, India Basin Shoreline Park .4 miles away, Malcolm X Academy .7 miles away,
Public Transportation within 0.5 miles:	MUNI 19
Article 34:	Not exempt; to be completed before execution of the predevelopment loan.

Article 38:	Exempt
Accessibility:	Project will comply with TCAC requirements of a minimum of 10% of units with mobility/accessibility features, and 4% with H/V communication features
Green Building:	The RFP requires a Green Point Rating of at least 125.
Recycled Water:	Not exempt; to be completed before site permit issuance.

2.1. Environmental Issues

- Phase I/II Site Assessment Status and Results Not yet completed
- Potential/Known Hazards. Some serpentinite rock contains the fibrous mineral chrysotile, which is considered an asbestos mineral. Generally, the amount of chrysotile in the rock is relatively low (less than one percent of the rock mass). Asbestos is considered hazardous when it becomes airborne. Prior to preparation of final grading plans, testing of the serpentinite rock should be performed to determine the chrysotile content of the rock and to develop recommendations to mitigate potential asbestos hazards, if needed. Typical mitigation measures include air quality monitoring during grading, extra dust control measures during grading, and capping of serpentinite areas with non-serpentinite material.

2.2. Adjacent uses and neighborhood amenities.

The Phase 1 DDA obligates HPS Dev Co to construct the infrastructure necessary to support the total vertical development of up to 1,600 housing units and 26 acres of open space and parks in HPS Phase 1. HPS Phase 1 is well underway. Horizontal infrastructure construction is complete on the Hilltop. See Section 1.1 above for a description of the development completed and underway at on HPS Phase 1. A variety of transit options will be available for residents of Blocks 56, including the Geneva-Harney Bus Rapid Transit (“BRT”) line. Prior to the BRT completion, the area is currently served by temporary transit improvements including shorter-haul shuttles which provide a connection between the Hilltop area and BART, Caltrain, etc. Additionally, pedestrian and bicycle enhancements will be included in the HPS area. These additional transportation options were developed in conjunction with the Planning Department and SFMTA to ensure a level and quality of transit service for the area. Since, due to the delay of HPS Phase 2, many of the transit improvements will not be operational for many years after the Project is built, staff is proposing the higher parking ratio of .6 spaces for every unit which is typical for affordable housing projects in HPS and Candlestick Point at this time, but higher than the standard parking ratio of .25 spaces for every unit for affordable family housing.

2.3. Green Building.

The Sponsor currently estimates a 153 GPR rating for the Project. The Project will include the following features:

- Low or no-VOC paint, formaldehyde free cabinetry
- Operable windows to improve indoor air quality
- Install a central filtered clean air intake system

- Natural light in common spaces and corridors improves visibility
- High quality glazing selection based on orientation to lower heat loss
- Stormwater control instituted in project
- High efficiency equipment, low water use fixtures
- Efficient lighting and low off-gassing materials
- Solar thermal water heating & solar ready designed building
- High content recycled materials
- PV panels installed, owned & maintained by 3rd party, sell electricity to building for common areas at discounted rate

3. <u>OTHER ENTITLEMENTS ISSUES</u>

3.1. <u>Community Support.</u>

Staff presented the RFP to the Hunters Point Shipyard Citizens Advisory Committee ("CAC") Housing Subcommittee and to the full CAC in July and August 2018. Staff presented an update on the selection process and the selected developer to the CAC Housing Subcommittee in April 2019 and they voted to recommend that the Full CAC recommend that the OCII Commission approve the developer selection. Staff will present the developer selection recommendation to the full CAC in advance of the anticipated OCII Commission action on the Predevelopment Loan and Exclusive Negotiations Agreement.

4. DEVELOPMENT PLAN

4.1. <u>Site Control.</u> The lot is currently owned by OCII.

4.1.1. <u>Proposed Property Ownership Structure.</u> OCII will retain fee interest in the land and ground lease the residential parcel to the Limited Partnership, which will own the improvements.

4.2. <u>Proposed Design.</u> The basic building configuration includes two four-story, double-loaded corridor elements that are connected along Coleman Street with an open-air vertical stair and bridge providing an ample midblock break to create visual access to views of the San Francisco Bay and minimize internal circulation area. Both north and south wings have southern exposure to provide daylighting in the corridors for orientation and wayfinding. The south wing is notched specifically to allow a view over the courtyard and eliminate an inside corner yielding exposure for both the unit stacks and the corridor. These features create a strong visual line to the courtyard and common areas which enhance safety. The project site is almost square with a desirable 10-12 foot grade change from south to north, which easily conceals a parking podium partially beneath grade, minimizing the need for extensive excavation. The parking podium is lined with stooped residential units at all exposures to maintain the street-level character of the neighborhood.

Avg Unit SF by type:	Studio 406 sqft 1 BR 525- 645 sqft 2 BR 800-900 sqft 3 BR 1000-1150 sqft 4 BR 1292 sqft 5 BR 1671 sqft
Residential SF:	61,031
Circulation SF:	14,561
Parking Garage SF:	13,960
Common Area SF:	5,253
Building Total SF:	94,805
Courtyard	7,598

4.3. Construction Supervisor/Construction Specialist's evaluation
Given the nascent predevelopment process, OCII's Construction Representative has performed a preliminary analysis of the schematic design and estimated construction costs for the proposed development of Block 56, 11 Innes Court. The project comprises 73 units reflecting SFHDC's healthy community development framework, an initiative that will incorporate a health equity lens in all functional program areas. The design concept maximizes efficiency by stacking apartment floor plans which reduces the cost of utilities, rough framing and labor.

The footprint of the development smartly utilizes the parcel located adjacent to a scenic bluff linking the building and its residents to sweeping panoramic views of the San Francisco Bay, and preserves key vantage points for neighbors to enjoy vistas of the historic gantry crane, the forthcoming Shipyard development below, the East Bay hills, and as far as Mt. Diablo in the distance.

The current hard cost assumptions reflect an approximate $509 per square foot, or $660,845 per unit, which are above the average range given the current stage of design. As it is very early in the project timeline, the Sponsor will be given strict guidelines to bring this cost within acceptable range. By simplifying ideas and design, construction escalation and design contingencies will be reduced as well as the hard cost budget.

4.4. Service Space. The proposed services space includes a "STEAM/Flex space, a Community Room, and Fitness Room at about 1,400 sqft. The amount of space seems adequate for the target population. Programming and design of the space will be refined during predevelopment. This will continue to be evaluated throughout the predevelopment process as the design is further developed.

4.5. Target Population. Up to 50% MOHCD AMI families, with some units targeted at 35% AMI. The Hunters Point Shipyard Redevelopment Plan restricts any OCII-funded units to a maximum of 50% AMI.

4.6. Marketing & Occupancy Preferences

As of April 19, 2019, the Commission for the Office of Community Investment and Infrastructure has authorized staff to apply the preferences in City Affordable Housing Programs, as amended from time to time, to affordable housing approved by OCII. The resolution authorizes the application of the City Housing Preferences in OCII-assisted affordable housing to the extent that those preferences are consistent with redevelopment plans, enforceable obligations, other funding sources, and applicable law. The preferences applicable for the Hunters Point Shipyard Phase I Project Area are:

- Hunters Point Certificate holders
- Western Addition Certificate holders
- Displaced Tenant Preference Program
- Neighborhood Resident Housing Preference 40% of the lottery units if project does not include State funding sources, and 25% of the lottery units if project does include State funding sources (if such preference does not conflict with other financing sources)
- San Francisco Residents or Workers
- Members of the General Public

These preference referrals must meet the Sponsor's established screening requirements for the project, and final selection will lie with the Sponsor. Any authorized preference shall be permitted only to the extent that such preference: (a) does not have the purpose or effect of delaying or otherwise denying access to a housing development or unit based on race, color, ethnic origin, gender, religion, disability, age, sexual orientation, or other protected characteristic of any member of an applicant household; and (b) is not based on how long an applicant has resided or worked in the area. OCII will work with the Sponsor to resolve potential occupancy conflicts, determine additional occupancy preferences and marketing requirements, and ensure adherence to OCII occupancy preferences and marketing requirements.

4.7. Relocation. N/A

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	**Name**	**SBE/LBE**	**Outstanding Procurement Issues**
Architect	Van Meter Williams Pollack	N	N
Landscape Architect	TBD		
JV/other Architect	TBD		
General Contractor	TBD		
Owner's Rep/Construction Manager	TBD		
Financial Consultant	Community Economics Inc.	N	N
Other Consultant	TBD		
Legal	TBD		
Property Manager	MHMG	N	N
Services Provider	SFHDC	N	N
Other	Name		

6. FINANCING PLAN (See Attachment F for Cost Comparison of City Investment in Other Housing Developments; See Attachment G and H for Sources and Uses)

6.1. Proposed Predevelopment Financing

6.1.1. Predevelopment Sources Evaluation Narrative

The Proposed Predevelopment Loan is the only predevelopment source for the Project. No sums of money have yet been disbursed. However, the Project has incurred costs dating back to November 1, 2019. Staff recommends that the Loan Committee approve payment of costs dating back to the Commission on Community Investment and Infrastructure's approval of the predevelopment loan agreement and Exclusive Negotiations Agreement ("ENA") so long as these previously incurred costs are deemed acceptable and correspond to the predevelopment budget attached herein.

6.1.2. Predevelopment Uses Evaluation:

Predevelopment Budget		
Underwriting Standard	**Meets Standard? (Y/N)**	**Notes**
Acquisition Cost is based on appraisal	NA	
Architecture and Engineering Fees are within standards	Y	.
Construction Management Fees are within standards	Y	
Developer Fee is within standards	Y	For full developer fee analysis, see Section 6.2.2 below. Developer fee proposed during predevelopment is $500,000
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10%
Financing Costs are reasonable	Y	Only financing costs during predevelopment are Bond Issuer fees

6.2. Potential Proposed Permanent Financing. Permanent financing is being presented to demonstrate the project's overall feasibility but not intended to be presented for approval at this time.

6.2.1. Permanent Sources Evaluation Narrative:

- **OCII Base Funding** - The current budget assumes an OCII subsidy of $27.8M or $381,952 a unit. During the predevelopment period, the Sponsor will continue to evaluate other funding sources to reduce the OCII loan amount (see "Other Possible Funding Sources" below). The OCII subsidy will be used during predevelopment and construction.

- **LIHTC Equity -** The Sponsor is projecting LIHTC equity in the amount of $19.4M, or $266,039 per unit. LIHTC equity is assumed to generate $1.01 per credit, based on recent experience in San Francisco, which still remains a prime targeting for CRA-motivated investors. The Project is not located in a QCT or DDA for 2019, so the current proformas do not include a 30% basis boost. If it were, equity would increase by 30%. During the predevelopment period, OCII staff will track this issue closely and work with the Sponsor and its financial advisor to achieve the best possible tax credit pricing and other loan terms for the project with the goal of maximizing leveraged sources.
- **State Tax Credits** – The Sponsor is projecting State Tax Credit equity in the amount of $6.2M, or $85,033 per unit. Equity is assumed to generate $.80 per credit, which is based on recent experience in San Francisco. In order to be competitive for this source, the Sponsor and their financial consultant have determined that the project will need to provide transit passes for all residents at a 50% discount for 15 years and free high speed internet to all residents for 15 years. These amenities have been included in the operating budget.
- **Infill Incentive Grant Program ("IIG")** - The development team performed a scoring analysis for the proposed project resulting in a perfect score, and therefore expect the project to be competitive for IIG funds, based on current information and regulations. Eligible expenses include impact fees, site work, and structured parking.
- **Permanent Loan** - The Sponsor has assumed $1.3M in permanent debt with an interest rate of 5.5% and a 15 year term. While these terms are conservative based on the current market, they are reasonable for this stage of development. Sponsor will work with staff during the predevelopment period to maximize permanent debt and maintain Project feasibility.
- **Affordable Housing Program ("AHP")** - The Sponsor has assumed a $10,000 per unit subsidy for its AHP subsidy, which is reasonable at this stage of development.
- **Bond-Financed Construction Loan:** The Sponsor is projecting a tax exempt bond-financed construction loan of $32M at 5.5% interest for a 23 month term. While these terms are conservative based on the current market, they are reasonable for this stage of development.
- **Recent Changes to Tax Exempt Bond Allocation Process** – Starting in 2020, for the foreseeable future, tax exempt bonds will be allocated competitively. For 2020, the minimum point threshold for award is 80. The current tie-breaker is bond allocation divided by number of units, which will disadvantage this Project (and other San Francisco projects) due to higher costs of construction. At this time the Sponsor is confident the Project will remain competitive, however the full effects of this shift are unknown given the high demand for this resource. Staff and Sponsor will track this issue and any changes or refinements to the new competitive allocation process closely during the predevelopment period. This is a critical issue as access to proposed LIHTC equity is dependent on securing a tax exempt bond allocation.
- **Other Possible Funding Sources –**

- *Affordable Housing and Sustainable Communities (“AHSC”)* At this time the Project is not eligible for an allocation, due to the lack of a required transit project. Staff will work with MOHCD and MTA re-evaluate the possibility of an eligible transit project. If a transit project can be identified, Sponsor and staff will determine appropriate timing and award request. This source could provide up to $20M to the Project.
- *Multifamily Housing Program (“MHP”)* At this time the Project is not competitive for an MHP award due to the lack of a homeless component/public operating subsidy. A homeless set aside was not originally included due to the small size of the Project and relatively isolated location which would make services staffing and connection to other services difficult. Staff and Sponsor will re-evaluate this during the predevelopment period. Should the Project be considered appropriate for a homeless set aside (and a Local Operating Subsidy Program allocation), then Sponsor and staff will reconsider an MHP application. The Sponsor will also explore other funding strategies that could make the Project more competitive for this source, such as pursuing a HUD Section 811 (serving disabled households) operating subsidy. As with a homeless set-aside, if this is a viable source, the Sponsor and staff will need to evaluate if this is a programmatically appropriate for the Project. This source could provide up to $20M to the Project.

6.2.2. <u>Permanent Uses Evaluation</u>:

Development Budget		
Underwriting Standard	**Meets Standard? (Y/N)**	**Notes**
Hard Cost per unit are within standards	N	$660,845/unit The costs as shown in the RFP response are higher than comparable projects. The first task during predevelopment will be to undertake a value engineering review in order to significantly reduce costs.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	N	Hard Cost Contingency is 5.7%. Sponsor will reduce contingencies to meet underwriting standard prior to submitting a request for gap funding.
Bid Contingency is at least 5% of total hard costs	N	Bid Contingency is 5.7%. Sponsor will reduce contingencies to meet underwriting standard prior to submitting a request for gap funding.
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	N	Escalation is 5.7%. Sponsor will reduce contingencies to meet underwriting standard prior to submitting a request for gap funding.

Architecture and Engineering Fees are within standards	Y	
Construction Management Fees are within standards	Y	
Developer Fee is within standards, see also disbursement chart below	Y	See below
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10%
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 4 months of operating costs

Developer Fee Disbursement Schedule		
Payment Milestone	**% of Project Mgmt Fee**	**Amount**
At closing of initial pre-development financing	5%	$50,000
At approval of initial Value Engineering	10%	$100,000
At submission of Schematic Design	10%	$100,000
At Commission approval of Schematic Design	10%	$100,000
During Design Development and completion of Construction drawings	15%	$150,000
Construction Close	20%	$200,000
During or at End of Construction	20%	$200,000
At Project Close Out	10%	$100,000
At Risk		$1,000,000
Total Cash Developer Fee		**$2,000,000**
Deferred Fee		$565,539
GP Equity		$1,434,461
Total Developer Fee		**$4,000,000**

7. PROJECT OPERATIONS (See Attachment I and J for Operating Budget and Proforma)

7.1. Annual Operating Budget The annual operating budget is being presented to demonstrate the project's overall feasibility but not intended to be presented for approval at this time.

7.2. Income Currently, the proforma assumes a high percentage (19%) of units serving households at 35% MOHCD AMI to maximize opportunities for preference populations including Certificate of Preference holders. That unit may be reduced during predevelopment to ensure financial feasibility while still providing opportunities for lower income preference populations.

Unit Type	Proposed Number of Units	Proposed Avg. Sq. Feet	Max. Rent (at Target AMI)	Max. % AMI	Target % AMI	Rent or Operating Subsidies
Studio	3	406	$1,078	50%	50%	none
1BR	5	525-645	$794	50%	35%	none
1BR	18	525-645	$1,162	50%	50%	none
2BR	1	800-900	Mgr	Mgr	Mgr	none
2BR	5	800-900	$873	50%	35%	none
2BR	17	800-900	$1,289	50%	50%	none
3BR	4	1,000-1,150	$949	50%	35%	none
3BR	17	1,000-1,150	$1,411	50%	50%	none
4BR	2	1,292	$1,501	50%	50%	none
5BR	1	1,671	$1,592	50%	50%	none
Total Units	73					

7.3. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	**Meets Standard? (Y/N)**	**Notes**
Debt Service Coverage Ratio stays above 1:1 through Year 17	N	The proforma currently shows DSCR above 1:1 through Year 15. Sponsor and staff will refine the permanent debt amount to address cash flow issues in the later years and to ensure the final proforma meets this requirement and establishes long term Project feasibility..
Vacancy meets TCAC Standards	Y	Vacancy is 5%
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5%
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%

Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are $11,054 per unit including replacement reserves and ground rent
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is $58,800 or $70 PUPM
Property Management staffing level is reasonable per comparables	Y	1 FTE Property Manager; .5FTE Assistant Manager; 1 FTE Maintenance Manager. 1 FTE Janitor.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is $23,460/yr Annual PM Fee is $8,418/yr
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are $32,850 per unit per year
Limited Partnership Asset Management Fee meets standards	Y	

8. SUPPORT SERVICES

8.1. Services Plan.

SFHDC's proposed on-site services are designed to ensure housing stability, foster self-efficacy, and address challenges faced by low- and very low-income individuals, families, and seniors. Addressing equity concerns – in physical, mental, and financial health – motivates the philosophy behind SFHDC's resident services plan for the new community at Block 56.

The service plan proposes one FTE Resident Services Coordinator, with a specific background in youth development and Trauma-Informed Care, to serve the project's 73 households, who will likely total at least 173 residents, of whom it is expected at least 100 will likely be children and youth. To ensure residents and the Services Coordinator have ample space for activities, the building will feature shared, flexible space for programming and community building, including a community room with panoramic views of the San Francisco Bay, a teen "STEAM" center, a group fitness room, and an outdoor communal space with raised garden beds and multipurpose area for community building activities.

In addition to established on-site services, SFHDC will leverage its existing relationships with several longstanding and respected service providers in the BVHP community as well as SFHDC's current Resident Services team at nearby Hunters Point East & West, Westbrook Apartments, and Bayview Commons.

During the predevelopment period the Sponsor will refine this plan and budget.

8.2. Service Budget.

Position	**FTE**	**Salary**	**Description**	**Time Allocation**
Resident Services Coordinator (SFHDC)	1	$57,000	Direct overall services program for Block 56	On-site 5 days/week, 8 hours/day
Financial Education Counselor (SFHDC)	.15	$8,250	Staff to perform on-site financial literacy classes	On-site 6 hours/week
Karate Instructor (Contract)	.15	$8,250	Staff to perform on-site karate classes	On-site 6 hours/week
		$10,700	Supplies/Travel	
Total	**1.3**	**$84,200**		

Staff will further evaluate both the services plan and budget during the predevelopment period. Currently, the development team is proposing the entire services budget be funded from the operating budget. MOHCD/OCII practice is to fund 1 FTE per 100 households from the operating budget. At 73 units, this project is smaller than standard OCII and MOHCD-funded projects, however 64% of the units have 2 or more bedrooms and 33% have 3 or more bedrooms. It is anticipated there will be at least 173 residents, of whom it is expected at least 100 will likely be children and youth. Additionally, this Project is further from local service providers than most OCII and MOHCD-funded projects. For these reasons Staff recommends funding 1 FTE from the operating budget. However, prior to requesting a permanent loan, the development team will work with OCII staff to finalize the services plan and budget and to identify other sources to fund the portion of the services budget that is in excess of the 1 FTE Resident Services Coordinator.

9. THRESHOLD ELIGIBILITY REQUIREMENTS

See Section 1.2

10. RANKING CRITERIA

See Section 1.2

11. STAFF RECOMMENDATIONS

11.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	$3,500,000
Loan Term:	3 years or until rolled into a permanent loan for the Project.

Loan Maturity Date:	2023
Loan Repayment Type:	Deferred
Loan Interest Rate:	3% (This loan may be recast to conform with any future true debt test need for an interest rate between 0% and 3% to be determined prior to a permanent loan closing, if applicable, with approval of the OCII Executive Director.)

11.2. <u>Recommended disbursement conditions/schedule</u>

Prior to start of Schematic Design process:

- Development team must conduct a value engineering process on the proposed massing to identify strategies that will significantly reduce the proposed costs by June 1, 2020. No more than $200,000 of the predevelopment loan may be disbursed until this has been completed and Sponsor and OCII staff agree on a design/value engineering approach.
- Development team will work with OCII staff to determine the most appropriate financial plan with the goal of adding permanent debt and minimizing OCII subsidy. Sponsor will provide an analysis of potential sources and strategies and provide a revised recommended financing plan by August 3, 2020.

11.3. <u>Recommended conditions prior to financing gap</u>

- OCII must review Request For Proposals (RFPs) for equity investors before they are finalized and released for investors.
- OCII must review raw financial data from Sponsor or financial consultant prior to selection.
- OCII must approve all selected investors.
- OCII must review and approve all Letters of Intent.
- Sponsor will work with OCII staff during predevelopment to ensure the recommended financing plan is consistent with underwriting guidelines.
- Sponsor will work with OCII staff to finalize the services plan and budget and to identify other sources to fund the portion of the services budget that is in excess of the 1 FTE Resident Services Coordinator.
- Sponsor will conduct ongoing outreach to the Hunters Point Shipyard community to solicit input, address concerns, and educate community members on various aspects of the project.

12. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

[✓] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

Date: 2-7-20

Daniel Adams, Acting Director
Mayor's Office of Housing

[X] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

Date: 2-7-20

Salvador Menjivar, ~~Deputy~~ Director ~~for Programs~~ of Housing
Department of Homelessness and Supportive Housing

[✓] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

Date: 2-7-20

for Nadia Sesay, Executive Director
Office of Community Investment and Infrastructure

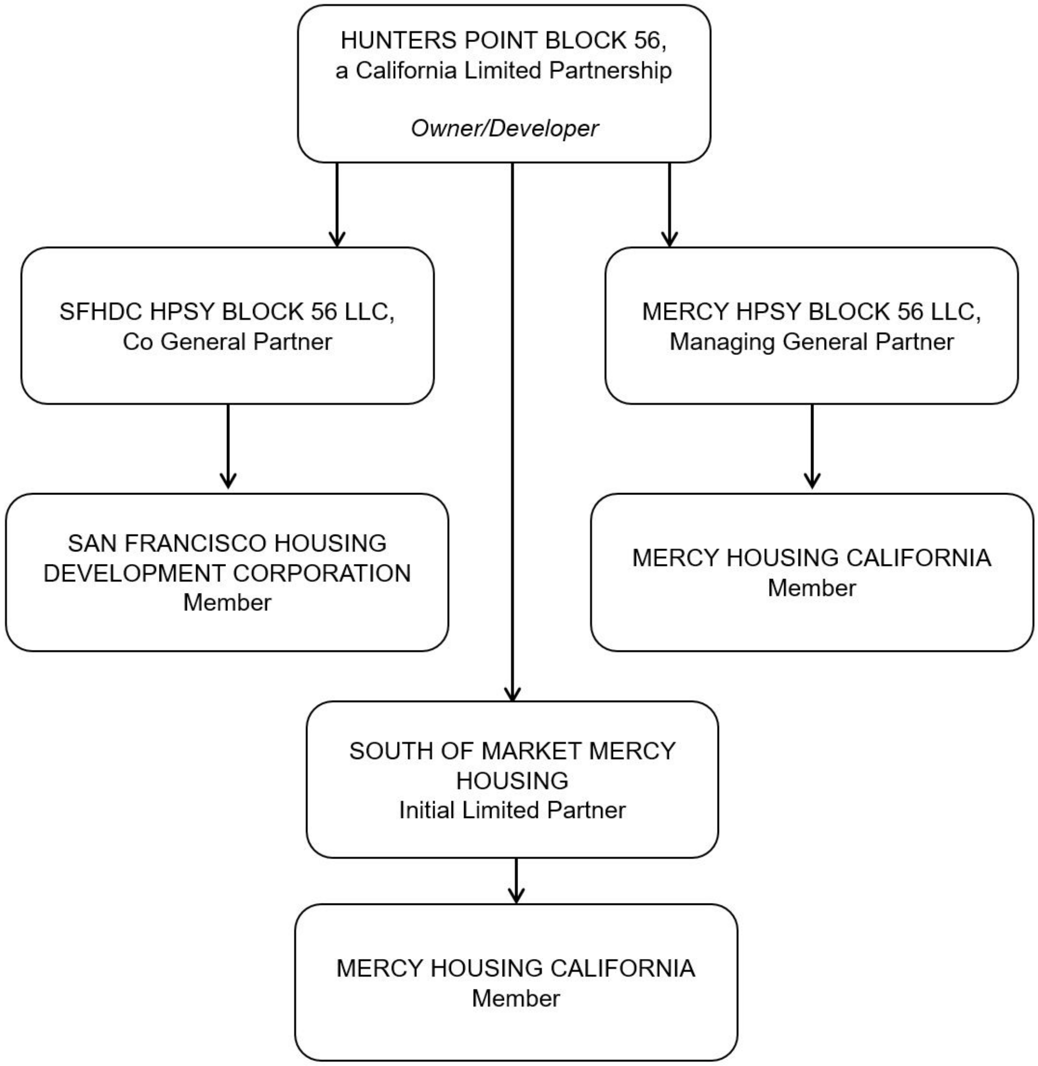
Attachments:
A. Project Milestones/Schedule
B. Borrower Org Chart
C. Developer Resumes
D. Asset Management Analysis of Sponsor
E. Site Map with amenities
F. Elevations and Floor Plans
G. Comparison of City Investment in Other Housing Developments
H. Predevelopment Sources and Uses
I. Development Budget
J. 1st Year Operating Budget
K. 20-year Operating Pro Forma

Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)		
1	Acquisition/Predev Financing Commitment	2/18/2020	
2.	Site Acquisition	N/A	
3.	Development Team Selection		
a.	Architect	Selected	
b.	General Contractor	6/1/2020	12/1/2020
c.	Owner's Representative	6/1/2020	12/1/2020
d.	Property Manager	Selected	
e.	Service Provider	Selected	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	5/1/2020	11/1/2020
b.	Submittal of Design Development & Cost Estimate	8/15/2020	2/15/2021
c.	Submittal of 50% CD Set & Cost Estimate	10/15/2020	4/15/2021
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	1/1/2021	6/1/2021
5.	Environ Review/Land-Use Entitlements	N/A	
a.	CEQA Environ Review Submission		
b.	NEPA Environ Review Submission		
c.	CUP/PUD/Variances Submission		
6.	Permits		
a.	Building / Site Permit Application Submitted	7/1/2020	1/1/2021
b.	Addendum #1 Submitted	1/15/2021	6/15/2021
c.	Addendum #2 Submitted	3/15/2021	9/15/2021
7.	Request for Bids Issued	2/1/2021	8/1/2021
8.	Service Plan Submission		
a.	Preliminary	Complete	
b.	Interim	2/1/2021	8/1/2021
c.	Update	2/1/2022	8/1/2022
9.	Additional City Financing		
a.	Predevelopment Financing Application #2		

b.	Gap Financing Application	3/1/2021	9/1/2021
10.	Other Financing		
a.	MHP Application	n/a	
b.	Construction Financing RFP	8/1/2021	2/1/2021
c.	AHP Application	2/15/2021	8/15/2021
d.	CDLAC Application	Application: 5/15/2021 Award: 7/15/2021	Application: 11/30/2021 Award: 1/30/2022
e.	TCAC Application	Application: 5/15/2021 Award: 7/15/2021	Application: 10/30/2021 Award: 12/30/2021
f.	State Credit Application	Application: 5/15/2021 Award: 7/15/2021	Application: 10/30/2021 Award: 12/30/2021
g.	HUD 202 or 811 Application	n/a	
h.	Other Financing Application (IIG)	2/15/2021	8/15/2021
11.	Closing		
a.	Construction Closing	10/1/2021	4/1/2022
b.	Permanent Financing Closing	10/1/2023	
12.	Construction		
a.	Notice to Proceed	10/1/2021	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	3/1/2023	
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	9/1/2022	
b.	Commence Marketing	12/1/2023	
c.	95% Occupancy	5/1/2023	
14.	Cost Certification/8609	5/1/2023 // 12/1/2023	
15.	Close Out MOH/OCII Loan(s)	7/1/2023	

Attachment B: Borrower Org Chart



Attachment C: Developer Resumes

DOUGLAS SHOEMAKER

President

PROFESSIONAL EXPERIENCE

Mercy Housing California, San Francisco, California
President, July 2011-Present
Responsible for leading MHC's operations in California including the oversight of affordable housing development, fund raising and resident services. Serves as lead in community and government relations. Works with the Board of Directors and other regional staff to achieve regional and system goals.

Mayor's Office of Housing, San Francisco, California
Director, 2008 to 2011
Led various key mayoral initiatives, including the launch of HOPE SF, San Francisco's groundbreaking effort to revitalize five distressed public housing sites into mixed income communities. Responsible for a wide-range of interagency housing policy work, including the city's Citywide Loan Committee which coordinates funding from four city agencies for affordable housing and supportive housing development. Directed the development of housing plans for the Candlestick Point/Hunters Point Shipyard Plan, Treasure Island, and the Eastern Neighborhoods Plan.

Deputy Director, 2006 to 2008
Managed the strengthening of the City's inclusionary housing ordinance and program management. San Francisco's inclusionary ordinance is now among the most successful inclusionary programs in the country.

Non-Profit Housing Association of Northern California, San Francisco, California
Deputy Director, 2001 to 2006
Directed NPH's policy and advocacy work with housing finance agencies as well as the State Legislature. Served as the Northern California campaign coordinator for Proposition 46, a successful $2.1 billion affordable housing bond passed by voters in 2002. Supervised regional advocacy work on inclusionary housing.

Mission Housing Development Corporation, San Francisco, California
Project Manager, 1995 to 2000
Developed the first affordable housing community in the Mission Bay neighborhood of San Francisco and helped to develop numerous supportive housing developments in the Mission District and South of Market. Managed the re-design of the 16th Street BART plaza in the Mission District.

DOUGLAS SHOEMAKER
President

EDUCATION

Duke University
Bachelor of Arts, Comparative Area Studies, 1992

University of California at Berkeley
Masters of Arts in Latin American History, 1993 – 1995

CURRENT PROFESSIONAL AFFILIATIONS & COMMUNITY INVOLVEMENT

Board of Directors for California Housing Consortium
Northern California Leadership Council for Enterprise Community Partners
Board of Directors for SPUR
Affordable Housing Advisory Council Member of the Federal Home Loan Bank of San Francisco

EDWARD HOLDER

Vice President, Real Estate Development

PROFESSIONAL EXPERIENCE

Mercy Housing California

Vice President, Real Estate Development, 2011-Present
Vice President, Business Development, 2007-2011

Joined Mercy Housing California (MHC) in 2007 as Vice President of Business Development. In this role, responsible for the identification of new development opportunities and strategic partnerships in MHC's Southern California, Bay Area, and Sacramento markets. Recently assumed responsibility for Mercy Housing California's real estate department, which includes a development portfolio of over 4700 units.

The Olson Company

Vice President of Development, 2005-2007

Led Olson's East Los Angeles County regional team; Manage development pipeline of 1100 units with a build out value of $500 million; Develop and implement strategies for land acquisition, land disposition, entitlement, environmental cleanup, and design. Build out pipeline has grown by $390 million in last 15 months; Achieved significant expansion and recognition within the 710/605 corridor cities; Emphasis on community outreach, engagement, and involvement through local volunteer programs and events. Currently managing four major developments in the cities of Compton (136 townhomes), Santa Fe Springs (346 townhomes), Whittier (280 townhomes), and El Monte (237 townhomes). Region is exceptionally focused on creating strong city relationships, with city partnership projects in the cities of Compton, Irwindale, Whittier, Santa Fe Springs, Montebello, Cerritos, and El Monte.

Director of Development, 2002-2005

In three years, entitled over 740 homes with buildout value of $350 million in the cities of Carson, Simi Valley, Santa Fe Springs, Irwindale, Compton, and Fullerton. Led entitlements for Fullerton's SoCo Walk, a 120 unit Transit Oriented Development which has received considerable press coverage; Led team that created innovative design and functionality within community. Negotiated Disposition and Development Agreements in the cities of Compton and Irwindale. Led disposition of $6 million property in Simi Valley, CA. Created Olson's initial pro forma and project management scheduling templates.

J.P. Morgan Securities, Inc.

Associate, Public Finance Investment Banking, 1998- 2000

Raised capital, negotiated with rating agencies and bond insurers, developed financing recommendations, prepared analysis, reviewed legal documents, and formulated investment strategies for public and nonprofit sector clients; Clients included the State of California, Tri-County Metropolitan Transportation Dt. (OR), City of Mission Viejo RDA, and COPIA (Napa Valley).

Analyst, Public Finance Investment Banking 1995-1998

Provided analytical and documentation support to senior bankers; given considerable project management responsibility, including the primary leadership role on a $30 million financing for the California DWR.

EDUCATIONAL BACKGROUND

Stanford University Graduate School of Business

Masters, Business Administration, 2002

Occidental College

Bachelor of Arts, Economics, 1995

JENNIFER SMITH DOLIN

Vice President of Regional Operations

PROFESSIONAL EXPERIENCE

Mercy Housing California, San Francisco, California
Vice President of Regional Operations, January 2014
Responsible for the coordination of MHC activities. Serves as lead in community and government relations, housing development, administration, staff development, and budget oversight; represents the various Mercy Housing entities that own properties and ensures that the work of MHC is effectively coordinated with Resident Services, Asset Management, and Mercy Housing Management Corporation.
In conjunction with the Regional President, works with Boards of Directors and other regional staff to achieve regional and system goals.

Mercy Housing California, San Francisco, California
Housing Developer, June 2005 to January 2014
Project Assistant February 2001- June 2005
Perform all phases of development of affordable housing associated with the acquisition, new construction and rehabilitation of quality affordable housing and commercial units throughout California. Responsibilities include: review sites for potential housing development; perform preliminary land use analysis to determine site development potential; secure local approvals and neighborhood acceptance; prepare financial analysis and secure funding; oversee construction; oversee transition of project to operations; close out project with investors and lenders, including 8609 and final investor pay-in.

New Construction - Family:	1180 FOURTH STREET, PHELAN LOOP, CARTER TERRACE, NUEVA VISTA, and 10th and MISSION
Rehab - Special Needs:	MADONNA RESIDENCE, ARLINGTON HOTEL, DUDLEY APTS, GARDEN PARK, and MARLTON MANOR
New Construction - Senior:	JOHN KING and KENT GARDENS
Rehab - Senior:	LELAND POLK

Common Ground Community, New York, NY
Economic Development
Responsible for the operation of the Ben & Jerry's Partner shop in Times Square including management development, marketing, quarterly financial budget planning and profit & loss assessment. Manage the development and operation of a full service catering facility. Implement Top of the Times and Ben & Jerry's training program for 60 residents of supportive housing programs in New York City over a two-year period.

EDUCATIONAL BACKGROUND

Santa Clara University, Santa Clara, CA
Bachelor of Arts, Major in Business and minor in Theater Arts, 1990

PROFESSIONAL AFFILIATIONS & COMMUNITY INVOLVEMENT

Jesuit Volunteer Corp: East, New York City - Class of 1991
Chamber of Commerce, Leadership San Francisco Program – Class of 2003
Board Member, A Better Way, Foster Care and Adoptive Parent Agency - Present

BARBARA GUALCO

Associate Regional Director, Housing Development

PROFESSIONAL EXPERIENCE

Mercy Housing California, San Francisco, California
Associate Regional Director, Housing Development, September 2003 to Present
Direct the multi-family housing and commercial development work in the San Francisco office of a national leader in the acquisition and production of quality affordable multi-family housing developments. Currently overseeing 15 developments, with a budget of $380 Million. Responsibilities include developing an acquisitions strategy, negotiating site control; conducting market and demographic analysis, feasibility assessments, preliminary land use analysis, asset repositioning and work-outs; obtaining neighborhood acceptance and land use approvals; managing the bidding and design process; assembling public equity and private debt financing for complex tax credit and bond financing packages. Responsible for the selection and management of retained development team professionals from financing, legal, design, construction and management disciplines. Manage and assist a staff of 7 development professionals.

Mercy Housing California, San Francisco, California
Senior Project Manager, November 1987 to August 2003
Perform site analysis and prepare proformas to determine feasibility of new development opportunities. Identify and structure development and operating financing; obtain commitments; close financing including various public sector subsidy sources and conventional financing. Obtain land use entitlements; coordinate community acceptance plans; represent agency in public forums. Identify, select, contract and coordinate team of development professionals including architects, engineers, attorneys, financial consultants, property management, etc. Oversee construction progress including processing construction change orders and payment applications. Develop and administer development budgets and schedules; provide reporting to multiple funding sources. Provided direct project management for nine distinct housing developments comprised of approximately 500 units. These developments included new construction, renovation and adaptive re-use with a wide range of financing including the HUD 202 Capital Advance Program, Low Income Housing Tax Credits both 9% and 4%, McKinney Programs and Shelter + Care.

EDUCATION

Master of City Planning, Land Use Concentration, University of California Berkeley, 1987
B.A., Economics San Francisco State University, Phi Beta Kappa 1983

PROFESSIONAL AFFILIATIONS & COMMUNITY INVOLMENT

Board Member, Treasure Island Homeless Development Initiative (TIHDI)
Board Member, Non-Profit Housing Association of Northern California

Fiona Ruddy

Housing Developer

PROFESSIONAL EXPERIENCE

Project Manager, Mercy Housing California, San Francisco, California
February 2020 to present

- Manage and perform all tasks related to the development of affordable housing associated with acquisition, new construction and rehabilitation of quality affordable housing units in California.

Real Estate Project Manager, San Francisco Housing Development Corporation, San Francisco, California
September 2018 to February 2020

- Project managed three Rental Assistance Demonstration public housing preservation projects. Fostered relationships between residents, the City of San Francisco, Supportive Services, Property Management, and professional consultants for the successful financing and inclusive design plan for over 350 units of affordable housing.
- Led internal healthy communities initiative, bridging community development and public health sectors in order to reduce racial health disparities with a lens on creating healthy neighborhoods through housing.
- Represented organization in policy and public relations settings, including facilitating community meetings and spearheading partnership development for program innovations and expansion.

Graduate Intern, Oakland Public Lands, Enterprise Community Partners, San Francisco, California

May 2017 to August 2017

- Supported facilitation of the country's most comprehensive public land disposition policy among ten distinct stakeholders.
- Forged agreement between city staff and community advocates on 83% of proposed policy elements, with a focus on maximizing sites for affordable housing development.

Fellow, Great Communities Collaborative, The San Francisco Foundation, San Francisco, California

May 2016 to June 2017

- Conducted cross-cutting research identifying policy and potential funding sources to influence implementation of green infrastructure and adaptive regional transportation plans to create a climate-resilient Bay Area.

Director of Food Access Programs, Eastern Market Partnership, Detroit, Michigan

May 2013 to July 2015

- Conceived and implemented community engagement, marketing, and grantmaking strategy for growth of Detroit Community Markets collaborative, responsible for $450,000 program budget over four seasons.
- Managed growth of Eastern Market Farm Stand; including maintaining positive program culture with 12+ direct reports and cultivating sponsorships totaling over $90,000, ending program reliance on grant funding.

EDUCATIONAL BACKGROUND

University of California, Berkeley, May 2018
Master of City Planning, Housing, Community & Economic Development
Master of Public Health, Health & Social Behavior

University of Michigan, Ann Arbor, May 2010
Bachelor of Arts, Political Science
Minor, Peace & Social Justice

University of the Witwatersrand, Johannesburg, South Africa, 2009
Guest Student, International Human Rights Exchange

PROFESSIONAL AFFILIATIONS & COMMUNITY INVOLVEMENT

Strategy Committee Chair and Board Member, The SF Wholesale Produce Market
September 2018 to present

2017 Fellow, UC Berkeley Center for Public Health Practice and Leadership
October 2016 to May 2017

Volunteer Women's Soccer Coach, University Preparatory Academy High School
April 2013 to June 2015

Detroit Future Media Workshop Graduate, Allied Media Projects
May 2012 to September 2013

Issac Cruz

Project Assistant

PROFESSIONAL EXPERIENCE

Project Assistant, Mercy Housing California, San Francisco, California
November 2019 to present

- Assist with various funding proposals and applications.
- Coordinate meetings and communication with developers, architects, contractors, city officials and consultants throughout the development process.
- Help monitor change orders and contingency spending on behalf of the owner throughout the construction process.
- Assist with community outreach efforts by assembling presentations and sending letters to general public.

Intern for Concord Naval Weapons Station Project , FivePoint, Concord & San Francisco, California
June 2019 to November 2019

- Coordinate Specific Plan efforts between FivePoint Concord staff, consultants, and City staff
- Worked with Financial Manager to understand financial model/proforma and its inputs and assumptions
- Assist in market analysis for comparables regarding residential projects and master planned communities
- Facilitate the gathering of information necessary for CEQA documentation in preparation for EIR analysis

Draftsperson (JPL Contractor), Corovan, Pasadena, California
December 2012 to May 2019

- Update master power, lighting, single-line and reflected ceiling plans using as-built electrical drawings
- Field verify architectural field conditions for compliance with record drawings and other construction drawings
- Provide contractors with on-site architectural drafting to communicate an idea or details for projects
- Perform maintenance and organization of Facilities Drawing Library

Architectural Intern for Engineering and Design Group, Jet Propulsion Laboratory (JPL),
Pasadena, California
July 2008 to August 2011

- Work in the capacity of a draftsperson compliant with JPL CAD Standards
- Field verify as-built conditions and provide timely updates to facility floor plans and utility drawings (architectural, mechanical and electrical disciplines)
- Assist architects and engineers in the preparation of working drawings and collection/correction of existing data
- Worked as 3D designer with senior architect to create renders to help acquire funding for renovation projects

EDUCATIONAL BACKGROUND

Cal Poly Pomona
Bachelor of Science in Urban & Regional Planning
September 2016 to May 2019

College of the Canyons
Associate of Science in Architectural Drafting & Technology
August 2012 to June 2014

COMMUNITY INVOLVEMENT

Rose-Lincoln Affordable Housing Project Public Participation Plan – 2018

David J. Sobel

SFHDC

Chief Executive Officer

Professional Experience

Chief Executive Officer
San Francisco Housing Development Corporation, San Francisco, CA
2013 - Present

- Executive in charge of all operations for a 30-year-old, community-based, non-profit housing development, social services, and financial empowerment corporation based in the Bayview-Hunters Point area of San Francisco
- Plan and oversee implementation of organizations $4.6 million annual budget
- Advise Board of Directors on policy issues, lead strategic planning, and coordinate review of existing programs and consideration of new, mission-driven programs for the benefit of the community
- Coordinate all resource development efforts and external communications; establish and maintain relationships with current and potential supporters, including foundations, intermediaries, financial institutions, government agencies and individual donors
- Accomplishments of the first five years include: tripling the housing development portfolio from 355 units to over 1,000; increasing annual revenue from $450,000 to $3.6 million; expanding staff from 4 to 24; recruiting seven, highly experienced and respected Board members; reestablishing and holding four consecutive, profitable galas after a 5-year hiatus for the organization; increasing clients served annually in financial empowerment and social services eightfold, to over 2,500

Principal Consultant
Sobel Solutions, National Practice
2011 - 2013

- Provided technical assistance to non-profit, for-profit and public sector clients in the areas of affordable housing, community development and asset building, including work in Nashville, New York City, Long Island and Seattle
- Specialized expertise in homebuyer assistance programs, inclusionary housing, market analysis, financial feasibility review, project planning and development, portfolio management, monitoring and compliance, fair housing law and local preference policies
- Facilitated strategic planning and change management. Assessed client strengths, weaknesses, opportunities and threats
- Designed and implemented programs and policies based on broad stakeholder participation and thoughtful analysis of goals and objectives.

Program Director 2006 - 2012
Senior Development Specialist 2003-2006
Housing Division, San Francisco Redevelopment Agency, San Francisco, CA

- Supervised project staff on single-family and multi-family, residential and mixed-used projects within diverse communities
- Managed the production of more than 1,000 units, with approximate total costs of $350 million.
- Led the complete restructure and refinance of unique, $14 million assisted living facility
- Created six new loan programs and Individual Development Account program totaling $12 million
- Piloted the design and implementation of $2 million Model Block Program, comprised of Streetscape Improvement Project and home renovation loans, through inter-agency partnership

Professional Experience Continued

Sole Proprietor/Founder
Animal Care Business, Washington, DC
1998 – 2003

- Launched, marketed and ran a successful business venture with minimal start-up or overhead costs
- Supervised hiring and training of staff; oversaw all administrative functions, including billing and collections, payroll, legal issues and insurance procurement; managed publicity and client relations
- Increased annual revenue from $0 to $250,000 in four years; served over 250 clients annually
- High performance led to interviews for NPR, the London Observer and Washington City Paper

Program Director
Enterprise Community Partners, Inc., Columbia, Maryland
1997 – 1998

- Primary department liaison between national headquarters, local offices, tax credit syndicators and
- community partners in four regional markets, including California
- Performed extensive financial feasibility analysis of proposed investments; reviewed project budgets and plans, and worked with sponsors to identify and obtain alternate funding sources
- Underwrote acquisition, predevelopment and construction loans; prepared and presented investment packages to loan committee; managed $25 million loan portfolio; assisted in deal restructuring; assessed borrowers' strengths and recommended strategies to improve capacity

Vice President of Development
Westhab, Inc., Elmsford, New York
1995-1997

- Reporting to President, directed all aspects of 16-person real estate division, including the hiring and supervision of all staff, and the securing and implementatin of all contracts
- Promoted from Division Director after 6 months, becoming youngest corporate officer
- Oversaw all real estate initiatives, including new construction, gut rehabilitation, weatherization, and scattered-site housing rehabilitation and tenant placement services; led design review
- Restructured division for efficiency and developed first self-sufficient budget; chaired company-wide New Revenue Committee, establishing goals and strategy to generate unrestricted funds
- Authored and/or coordinated over a dozen successful funding proposals

Associate Director
Asian Americans for Equality, Inc., New York, NY
1993 - 1995

- Reporting to Executive director, led real estate development and management office of nationally acclaimed non-profit organization. Supervised organization in Executive Director's absence
- Coordinated housing and mixed-use projects; supervised staff, architects, and contractors
- Supervised property management company; coordinated tenant and community organizers
- Assessed community conditions and needs through surveys, inspections, and census research; produced comprehensive study of Chinatown's housing stock, leading to creation of loan fund
- Coordinated planning, design, construction, and marketing of all new real estate projects, including gut rehabilitation and new construction, using tax credits and other financing

SFHDC

Professional Experience Continued

Project Manager & Planner
NYC Department of Housing Preservation and Development, New York, New York
1989 - 1993

- Managed the development of multiple, high-visibility affordable housing projects in diverse communities
- Coordinated production of more than 500 units
- Guided projects through internal and public approval process, including environmental review
- Analyzed and recommended land use; initiated budget forecasts and assessed project feasibility

Education

Harvard Kennedy School of Government, Cambridge, MA
NeighborWorks America Executive Education Program | October 2014 - February 2016
October 2014 – February 2016

Columbia College, New York, NY
Bachelor of Arts, Architecture | 1989

Additional training: real estate finance, urban policy, community development, public administration and strategic planning at NYU Wagner School, Neighborhood Reinvestment Institute, National Development Council, Urban Land Institute, California Redevelopment Association, National Association of Local Housing Finance Agencies.

Affiliations

President, Board of Directors; Chair, Legislative Committee, Neighborhood Preservation Coalition of New York State, Inc. (Statewide coalition of more than 250 community organizations). 1993 – 1997.
Board of Directors, Asian Americans for Equality, Inc. 1995 – 1997.
Board Member, Manhattan Community Planning Board #8. 1995 – 1997.
Awards Committee, National Association of Local Housing Finance Agencies. 2003 – 2011.
Member, National Association of Housing and Redevelopment Officials. 2005 – 2012.
Co-Chair, Policy Committee, Homeownership SF. 2010 – 2012; Board Member 2013—2015.

Tom Kostosky

Interim Director of Real Estate Development

SFHDC

Professional Experience

Real Estate Development Manager
San Francisco Housing Development Corporation, San Francisco, CA
2015 - Present

- Actively increasing the organization's development capacity in Affordable Housing and Market Rate projects in Hunters Point Shipyard and Candlestick Point redevelopment in conjunction with valued development partners such as Mercy Housing, Related, McCormack Baron Salazar, and Lennar
- Development project management, reporting, concept development, due diligence, and financing
- Preparation and management of financial packages to lenders
- Identifying opportunities for new construction and acquisitions

Development Director
Gateway Housing LLC, Bakersfield, CA
2012 -2015

- Targeted multiple senior living and multi-family development proposals based on market need in California and Arizona, both Market Rate and Tax Credit
- Prepared financial feasibility studies in Excel
- Selected and acquired development sites
- Coordinated market analysis, site planning, architectural, general contractor
- Made presentations to internal decision makers and to local municipalities
- Prepared financing packages for debt and equity

Community Manager/ Compliance Auditor
Mid Peninsula Housing, Foster City, CA
2009 - 2012

- Focused on troubled Senior and Multi-family problem Tax Credit properties throughout the Bay Area portfolio to stabilize operations of specific properties
- Improved financial operations and maintenance of the physical asset
- Participated in Physical Needs Assessments and Inspections
- Implemented Long Term Capital Improvements
- Prepared and negotiated tenant leases
- Audited Tenant Certifications for compliance with Tax Credit and other funding source regulations

Development Director
The Forest Group LLC, Okemos, MI
2005 - 2009

- Supervised both project development and long-term operations of Senior and Multi-family properties in the Midwest, both Market Rate and in conjunction with Tax Credits.
- Responsible for site selection, project conceptualization, and financial feasibility analysis
- Coordinated development team, general contractor, and property management functions during the development or renovation of affordable housing properties.

Education

Michigan State University, MI
Bachelor of Arts, Urban Planning & Landscape Architecture | 1978

Attachment D: Asset Management Evaluation of Project Sponsor

Mercy Housing California's California Asset Management staff will provide asset management staff for the asset management duties. Mercy's Denver compliance and accounting staff would continue to perform compliance and accounting duties for the Block 56 during operations.

Total Number of Projects and Average Number of Units Per Project Currently in Developer's Asset Management Portfolio

Mercy Housing Inc. (MHI)'s Asset Management Department currently oversees 126 buildings with 8,398 units in the state of California.

Developer's Current Asset Management Staffing Including Job Titles, Full Time Employees, an Organizational Chart and the Status of Each Position (filled/vacant)

MHI's Asset management department currently has a staff of 10 people. Four (4 FTEs) Asset Managers oversee the entire California portfolio. Four (4 FTEs) Asset Management Analysts provide support to the Asset managers. There is a Director of Portfolio Analysis (1 FTE) that oversees all of the analysts. The department head is the Senior Vice President of Portfolio Management (1 FTE) that oversees the entire department. All positions are currently filled and they are all full time. The breakdown of MHI's asset management staff positions is as follows:

(1) Senior Vice President of Portfolio management
(1) Director of Portfolio Analysis
(4) Asset Managers
(4) Asset Management Analysts

Description of Scope and Range of Duties of Developer's Asset Management Team

MHI's Asset Management staff has oversight over all operations of the properties in the portfolio. All of the Asset Management staff mentioned above fall under the umbrella of the property management department. Asset Management reviews financials, approves budgets, approves substantial capital initiatives, is a part of the team that determines long term capital projects. The asset management staff oversee build out for all existing commercial spaces and do all of the reporting and communication to all of financial partners. Asset management approves all annual budgets for the properties and approve all operating reserve draws or internal line of credit requests when a property is short of cash and needs a temporary funding to meet property operations costs. Asset management submits grants and loan applications for the properties to secure or continue operating funding.

Description of Developer's Coordination Between Asset Management and Other Functional Teams, Including Property Management, Accounting, Compliance, Facilities Management, etc

There is constant coordination between Property Management, related departments and Asset Management. Asset Management oversees all aspects of operations so there is constant coordination with property management on a daily basis in regards to those issues. Asset and Property Management work together on the annual audits and budgets. In addition, there is constant coordination around cash management and the financial oversight of the property.

There is also contact around preparation of the financials. Asset Management and Compliance primarily coordinate around compliance issues that directly affect ownership and the partnership. Asset management and facilities coordinate around preparation the budget and capital projects. The Asset Management staff also coordinates around emergencies.

<u>Developer's Budget for Asset Management Team Shown as Cost Center for SF Projects</u>

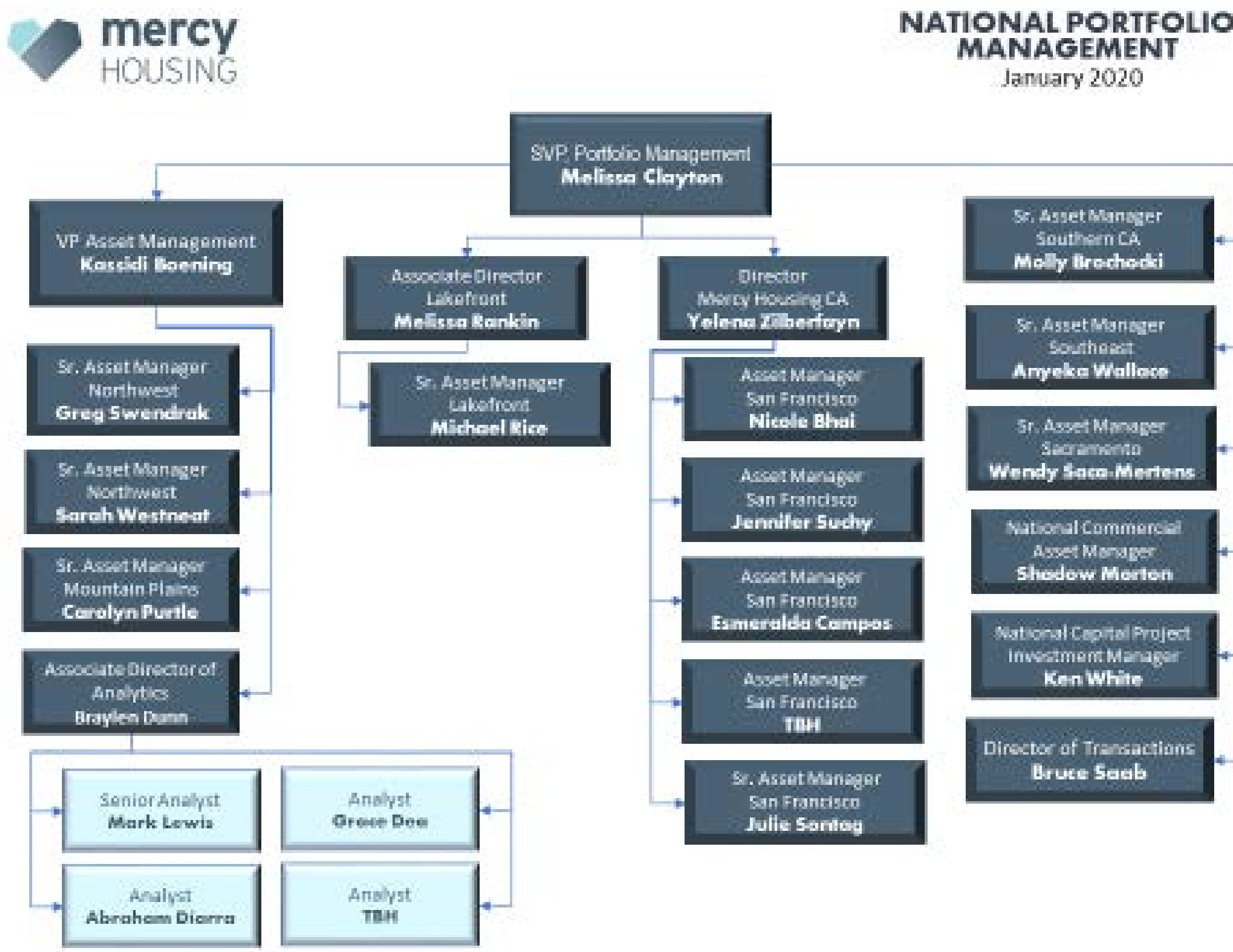
Asset Management staffing budget is $1,585,000.

<u>Number of Projects Expected to be in Developer's Asset Management Portfolio in 5 Years and, If Applicable, Plans to Augment Staffing to Manage Growing Portfolio</u>

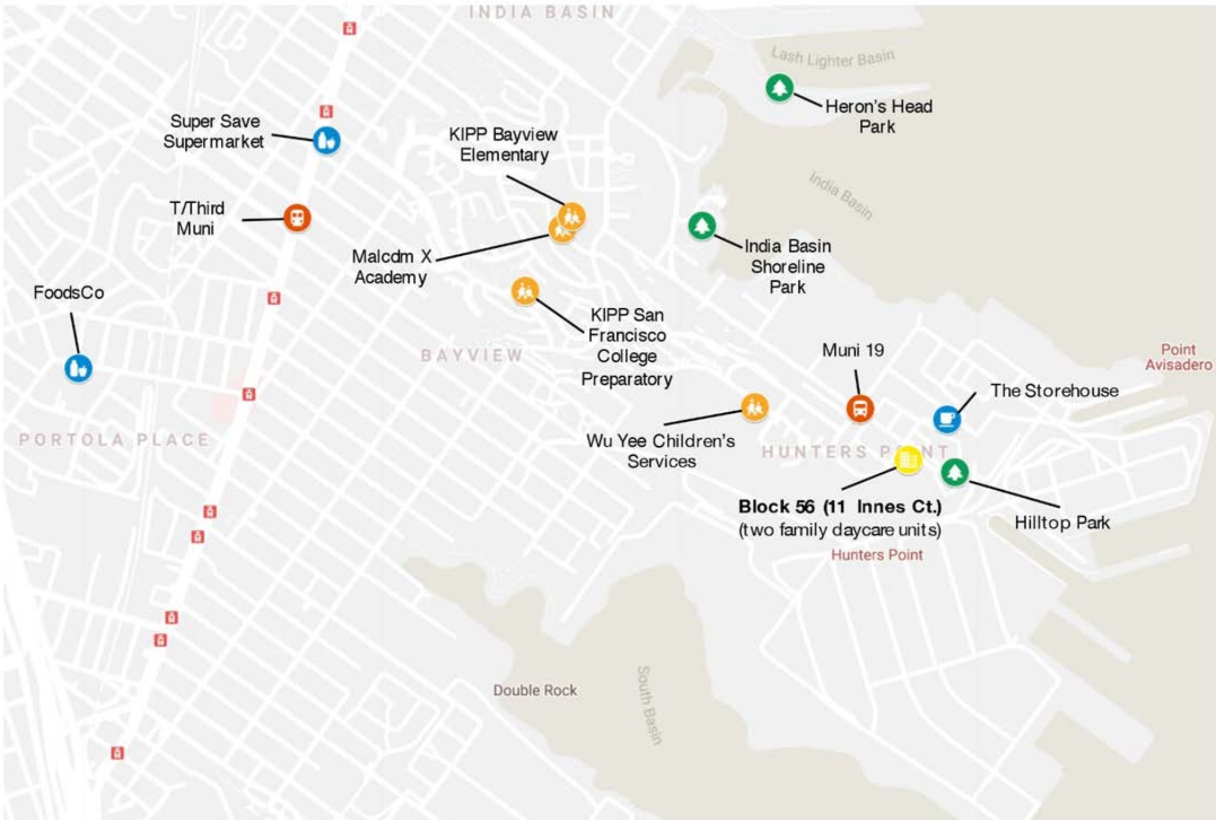
MHI anticipates that the portfolio will grow from 126 buildings to approximately 136 buildings in the next 5 years.

<u>MOHCD Asset Management Staff's Final Assessment of Developers Asset Management Capacity</u>

The Developer's description of their asset management functions, duties and coordination with related teams within the organization demonstrates an adequate asset management operation for their existing portfolio. With 4 FTE asset managers and a portfolio of 126 projects in California, the projects/AM staff ratio is 32, which is considered high based on the industry standard of 20-25 taught by NeighborWorks America; however, the Developer's asset management staff also includes 4 FTE asset management analysts who support the asset managers. Assuming that the full range of asset management responsibilities are covered by the asset managers and the asset management analysts, a total of 8 FTEs provides asset management services at a ratio of 16 projects per staff person, not including staff supervision and oversight. With an increase of 10 projects in the Developer's portfolio anticipated over the next 5 years, the ratio will increase to 17 and remain within the industry standard.


mercy HOUSING
NATIONAL PORTFOLIO MANAGEMENT
January 2020
SVP Portfolio Management Melissa Clayton
VP Asset Management Kassidi Boening
Associate Director Lakefront Melissa Rankin
Director Mercy Housing CA Yelena Zilberfayn
Sr. Asset Manager Southern CA Molly Brochocki
Sr. Asset Manager Northwest Greg Swendrak
Sr. Asset Manager Northwest Sarah Westneat
Sr. Asset Manager Mountain Plains Carolyn Purtle
Associate Director of Analytics Braylen Dunn
Senior Analyst Mark Lewis
Analyst Grace Dee
Analyst Abraham Diarra
Analyst TBH
Sr. Asset Manager Lakefront Michael Rice
Asset Manager San Francisco Nicole Bhai
Asset Manager San Francisco Jennifer Suchy
Asset Manager San Francisco Esmeralda Campos
Asset Manager San Francisco TBH
Sr. Asset Manager San Francisco Julie Sontag
Sr. Asset Manager Southeast Anyeka Wallace
Sr. Asset Manager Sacramento Wendy Saca-Mertens
National Commercial Asset Manager Shadow Morton
National Capital Project Investment Manager Ken White
Director of Transactions Bruce Saab

<u>Attachment E: Site Map with amenities</u>



Attachment F: Elevations and Floor Plans

PROJECT STATISTICS - OPTION 1

	RESIDENTIAL NUMBER OF UNITS							RESIDENTIAL CONDITIONED SPACES				PARKING TYPE 1			TOTAL SF**
	1BED ±500-550 SF	2 BED ±800-900 SF	3 BED ±1000-1100 SF	4 BED ±1200-1400	5 BED ±1200-1400	STUDIO ±350-400	SUB-TOTAL BY FLOOR	RESIDENTIAL GROSS	CIRCULATION/ UTILITY*	COMMON	SUB-TOTALS	COURT YARD***	PARKING SF	PARKING NUMBERS	
ROOF									184						
5TH FLOOR	3	3	4	0	0	1	11	8,772	1,788	0	10,560				
4TH FLOOR	6	7	6	1	0	1	21	17,059	2,723	0	19,782				
3RD FLOOR	6	7	6	1	0	1	21	17,293	2,723	0	20,016				
2ND FLOOR	4	5	4	0	0	0	13	10,938	2,986	4,395	18,319	7,598			
1ST FLOOR	0	4	2	0	1	0	7	6,969	4,341	858	12,168		13,960	46	
SUBTOTALS	**TOTAL UNITS & UNIT MIX**											**7,598**	**13,960**	**46**	**13,960**
TYPE V (4 OVER 1)	**19**	**26**	**22**	**2**	**1**	**3**	**73**	**61,031**	**14,561**	**5,253**	**80,845**				**94,805**
PERCENT OF TOTAL	26.0%	35.6%	30.1%	2.7%	1.4%	4.1%	100.0%								
PARKING RATIO	0.63														

* Includes Lobby

** Total Square Footage Does Not Include Courtyard

*** Porches & Outdoor Stair Bridge Not Included

HUNTER'S POINT SHIPYARD, BLOCK 56 | A3.0 GROUND FLOOR PLAN - OPTION 1, 73 UNITS

11 INNES COURT, SAN FRANCISCO, CA | 3/4/2019| MERCY, SFHDC

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HUNTER'S POINT SHIPYARD, BLOCK 56 | A3.I SECOND FLOOR PLAN - OPTION I, 73 UNITS

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VAN METER WILLIAMS POLLACK LLP

LEGEND

- STUDIO
- I BED/I BATH
- 2 BED/I BATH
- 3 BED/I.5 OR 2 BATHS
- 4 BED/2 BATHS
- 5 BED/2 BATHS
- COMMON AREAS/OFFICES
- UTLITY/SERVICES
- CIRCULATION
- EXTERIOR BRIDGE & STAIR

SCALE: I/32"=I-0"

0 5 I0 20 32 50

HUNTER'S POINT SHIPYARD, BLOCK 56 | A3.2 THIRD FLOOR PLAN - OPTION I, 73 UNITS

II INNES COURT, SAN FRANCISCO, CA | 3/4/2019| MERCY, SFHDC

SFHDC

mercy HOUSING

VAN METER WILLIAMS POLLACK LLP

LEGEND

- STUDIO
- 1 BED/1 BATH
- 2 BED/1 BATH
- 3 BED/1.5 OR 2 BATHS
- 4 BED/2 BATHS
- 5 BED/2 BATHS
- COMMON AREAS/OFFICES
- UTLITY/SERVICES
- CIRCULATION
- EXTERIOR BRIDGE & STAIR

SCALE: 1/32"=1-0"

0 5 10 20 32 50

HUNTER'S POINT SHIPYARD, BLOCK 56 | A3.3 FOURTH FLOOR PLAN - OPTION 1, 73 UNITS

11 INNES COURT, SAN FRANCISCO, CA | 3/4/2019| MERCY, SFHDC

SFHDC

mercy HOUSING

VAN METER WILLIAMS POLLACK LLP

LEGEND

- STUDIO
- 1 BED/1 BATH
- 2 BED/1 BATH
- 3 BED/1.5 OR 2 BATHS
- 4 BED/2 BATHS
- 5 BED/2 BATHS
- COMMON AREAS/OFFICES
- UTLITY/SERVICES
- CIRCULATION
- EXTERIOR BRIDGE & STAIR

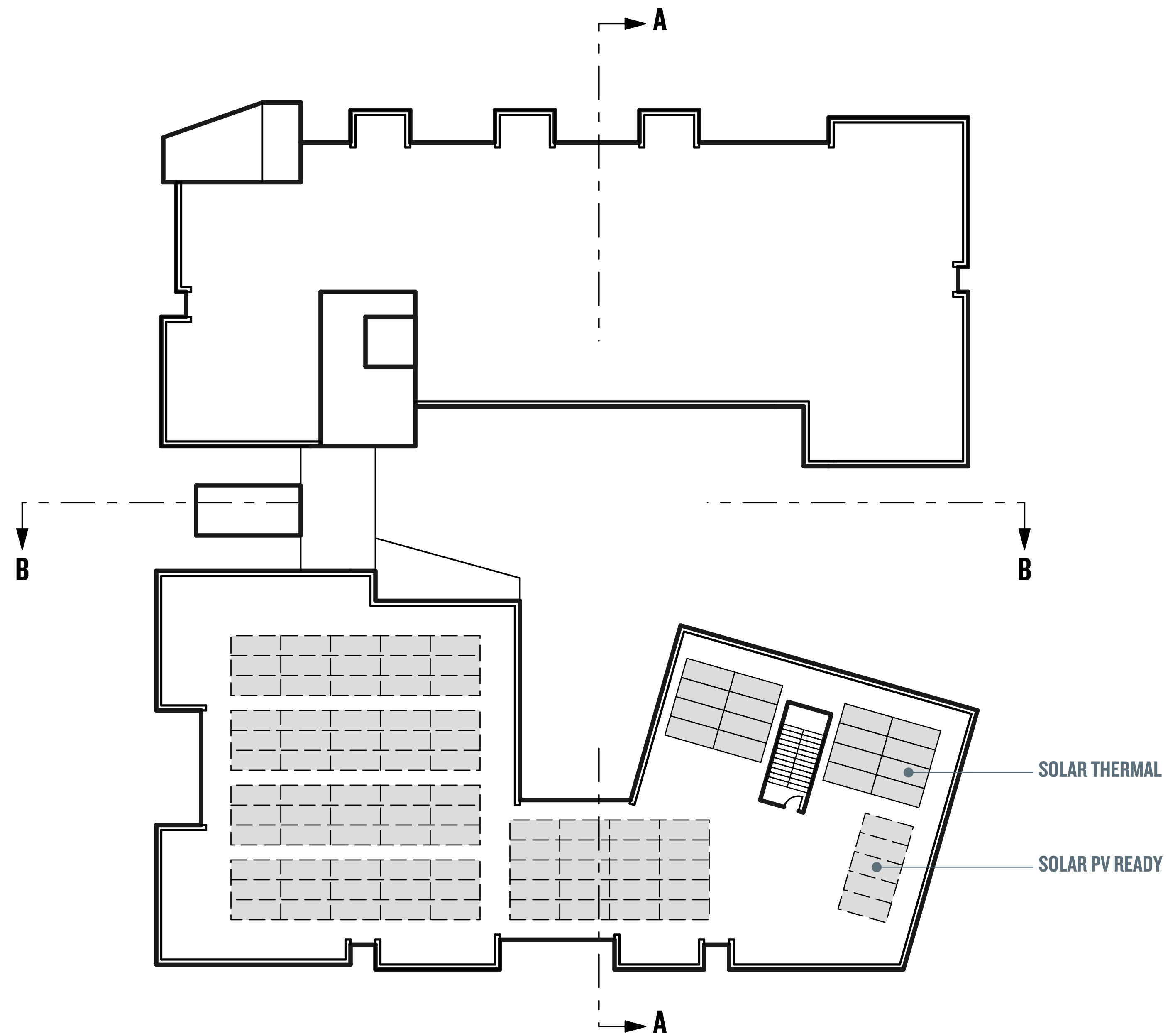
SCALE: 1/32"=1-0"

0 5 10 20 32 50

HUNTER'S POINT SHIPYARD, BLOCK 56 | A3.4 FIFTH FLOOR PLAN - OPTION 1, 73 UNITS

11 INNES COURT, SAN FRANCISCO, CA | 3/4/2019| MERCY, SFHDC

SFHDC mercy HOUSING VAN METER WILLIAMS POLLACK LLP



LEGEND

- STUDIO
- 1 BED/1 BATH
- 2 BED/1 BATH
- 3 BED/1.5 OR 2 BATHS
- 4 BED/2 BATHS
- 5 BED/2 BATHS
- COMMON AREAS/OFFICES
- UTLITY/SERVICES
- CIRCULATION
- EXTERIOR BRIDGE & STAIR

SCALE: 1/32"=1-0"

0 5 10 20 32 50

HUNTER'S POINT SHIPYARD, BLOCK 56 | A3.5 ROOF PLAN - OPTION 1, 73 UNITS

11 INNES COURT, SAN FRANCISCO, CA | 3/4/2019| MERCY, SFHDC

SFHDC mercy HOUSING VAN METER WILLIAMS POLLACK LLP

Attachment G: Comparison of City Investment in Other Housing Developments

Affordable Multifamily Housing New Construction Cost Comparison

Updated *1/30/2020*

PROJECTS COMPLETED						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR[1]	Res.[2]	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
95 Laguna Senior	95 Lagnua	14,300	May-19	79	82	59,785	7,316	67,101	$ 5,012,000	$ 31,629,630	$ 11,343,750	$ 47,985,380	$ 21,234,000	$ 42,973,380	9% LIHTC	7 Story - 5 stories Type III over 2 stories Type IA + Community Services space (Open House)
Hunters View Phase II - Bl 7 & 11	227-229 West Point Rd	82,703	May-17	107	239	117,023	23,857	140,880	$ -	$ 57,313,692	$ 9,272,003	$ 66,585,695	$ 19,737,243	$ 66,585,695	2 HCD Loans (MHP & IIG)	Mixed Townhome stepping downslope and Type III-V over Type I flats w/pkg
Hunters View Phase II - Block 10	146 West Point Road	52,333	Jun-18	72	144	90,274	13,328	103,602	$ -	$ 44,398,153	$ 1,950,489	$ 46,348,642	$ 19,737,243	$ 46,348,642	9% LIHTC	Type IIIA over Type I Podium 5 Stories + Parking, Community Hub and Childcare
Transbay 7 - Natalie Gubb Comm	222 Beale Street	29,209	Oct-18	120	208	118,251	5,000	123,251	$ 35,000	$ 58,968,761	$ 16,314,468	$ 75,318,229	$ 25,560,000	$ 75,283,229	HCD AHSC Loan	3 Buildings - Type I Podium, 4-8 stories (Pueblo structural system), plus Childcare shell
Mission Family Housing	1036 Mission	15,200	Oct-18	88	134	92,462	6,955	99,417	$ 5,551,029	$ 39,847,691	$ 6,583,453	$ 51,982,173	$ 17,704,400	$ 46,431,144	2 HCD Loans (MHP & TOD)	Type IB - 9 story
Potrero Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	86,569	28,952	115,521	$ 20,700	$ 58,474,070	$ 12,766,230	$ 71,261,000	$ 17,693,093	$ 71,240,300		Type IIIA & V over Type I Podium (4-6 stories) stepped w/ topography. No infrast. Cost
Completed Projects:	*Average:*	*37,291*		*90*	*158*	*94,061*	*14,235*	*108,295*	*$ 2,654,682*	*$ 48,438,666*	*$ 9,705,066*	*$ 59,913,520*	*$ 20,277,663*	*$ 58,143,732*		

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR[1]	Res.[2]	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
Eddy and Taylor Family Housing	222 Taylor	22,344	Jun-19	113	211	108,440	21,086	129,526	$ 9,300,000	$ 52,187,291	$ 14,837,459	$ 76,324,750	$ 23,052,146	$ 67,024,750	2 HCD Loans (MHP & TOD)	Type IB - 8 story, extensive PG&E regional switch required
490 South Van Ness	490 S. Van Ness Avenue	14,250	Apr-20	81	121	51,639	28,985	80,624	$ 18,500,000	$ 43,647,993	$ 13,393,811	$ 75,541,804	$ 28,892,030	$ 57,041,804		Type IA - 7 stories over partial basement
2060 Folsom Street	2060 Folsom	29,075	Nov-20	127	252	155,648	11,810	167,458	$ 134,931	$ 71,655,660	$ 20,100,172	$ 91,890,763	$ 31,697,110	$ 91,755,832	HCD AHSC Loan	9 Story Type IB - TAY, Childcare, Community Hub w/AHSC Improvements of $6MM
1950 Mission Street	1950 Mission Street	36,590	Nov-20	157	262	113,432	48,142	161,574	$ 9,775,000	$ 85,644,853	$ 15,171,496	$ 110,591,349	$ 44,945,740	$ 100,816,349	HCD AHSC Loan	Type IA - 9 stories with significant (30% of sf) art and PDR spaces and Paseo Des Artes
1990 Folsom Street	1990 Folsom	29,047	Dec-20	143	226	138,824	15,063	153,887	$ 8,407,380	$ 73,760,332	$ 25,616,512	$ 107,784,224	$ 46,711,496	$ 99,376,844		Mixed type - Type VA (townhomes) and 8 story Type I over Podium
735 Davis Senior Housing	735 Davis	10,165	Nov-20	53	54	46,143	1,257	47,400	$ -	$ 29,049,657	$ 11,846,397	$ 40,896,054	$ 18,525,949	$ 40,896,054		Type IIIA & V over Type I Podium (5-6 stories) - Senior
88 Broadway - Family Housing	88 Broadway	38,182	Mar-21	125	221	140,279	8,700	148,979	$ 14,900,000	$ 69,461,936	$ 27,758,226	$ 112,120,162	$ 27,908,676	$ 97,220,162		Type IIIA & V over Type I Podium (5-6 stories) - family
691 China Basin (MB South 6W)	691 China Basin St	49,437	Mar-21	152	294	178,050	7,098	185,148	$ -	$ 97,322,472	$ 27,507,082	$ 124,829,554	$ 47,361,690	$ 124,829,554	HCD IIG Grant	Type III/podium and Type V/podium on mews wing, incl. 28 parking spaces, 4,640 sf child care space
Under Construction:	*Average:*	*28,636*		*119*	*205*	*116,557*	*17,768*	*134,325*	*10,147,063*	*65,341,274*	*19,528,894*	*92,497,333*	*33,636,855*	*84,870,169*		

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR[1]	Res.[2]	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
4840 Mission	4840 Mission	63,127	Jan-22	114	182	119,569	8,300	127,869	$ 12,000,000	$ 76,707,054	$ 13,329,476	$ 102,036,530	$ 27,786,294	$ 90,036,530	HCD MHP Loan	NO CURRENT COSTING DATA -Mixed type - Type VA (townhomes) and Type IIIA over Type I Podiu
Mission Bay S. Block 3E	1150 Third Street	47,140	Oct-19	119	192	83,138	41,062	124,200	$ -	$ 60,923,451	$ 17,881,720	$ 78,805,171	$ 20,093,600	$ 78,805,171	HCD VHHP Loan	Type V over Type I podium strong articulation / ext. skin added due to D4D reqmts.
681 Florida	681 Florida Street	19,000	Sep-20	130	199	89,770	58,530	148,300	$ -	$ 74,425,394	$ 24,032,716	$ 98,458,110	$ 36,923,181	$ 98,458,110	HCD MHP Loan	Type I mid rise, Large PDR presence
Casa de la Mision	3001 24th Street	6,715	Feb-20	45	45	26,439	1,239	27,678	$ 3,225,000	$ 17,049,794	$ 425,847	$ 20,700,641	$ 1,313,694	$ 17,475,641	9% LIHTC & private donation	Type V over Type I podium
Balboa Park Upper Yard	2340 San Jose Ave	30,750	Mar-21	131	214	175,335	10,741	174,618	$ 6,150,000	$ 87,810,144	$ 20,150,966	$ 114,111,110	$ 32,743,700	$ 107,961,110	HCD AHSC Laon	Type I, 9 stories, ground floor commercial, BART, with complex foundation
266 4th Steet	266 4th Street	8,400	Dec-21	70	99	58,663	1,580	60,500	$ 133,100	$ 42,600,330	$ 17,001,667	$ 59,468,897	$ 9,393,118	$ 59,601,997		Type I , 8 stories over MUNI substation tunnel, structurally complex, small footprint
Sunnydale Block 6	242 Hahn Street	95,213	Nov-19	167	375	167,065	76,656	243,721	$ -	$ 107,749,928	$ 28,896,989	$ 136,646,917	$ 28,109,924	$ 136,646,917		Type V over Podium (does not include infrastrucure assignment)
Parcel U	Octavia and Haight	5,583	Dec-20	63	63	31,952	14,089	46,041	$ -	$ 34,886,479	$ 11,434,910	$ 46,321,389	$ 14,662,188	$ 46,321,389	9% Fed Credits & State Credits	Type I mid rise on very small / tight site
Mission Bay S Block 9A	Terry François/China Basin	29,939	Feb-22	140	280	136,165	50,611	186,776	$ -	$ 110,040,000	$ 22,053,737	$ 132,093,737	$ 79,200,000	$ 132,093,737	Not LIHTC eligible; Home ownership sales proceeds	Type 1 podium level 1 - Type V levels 2-5
In Predevelopment	*Average:*	*33,985*		*109*	*183*	*98,677*	*29,201*	*126,634*	*4,301,620*	*68,021,397*	*17,245,336*	*87,626,945*	*27,802,855*	*85,266,734*		
ALL PROJECTS	***Average:***	***33,304***		***106***	***182***	***103,098***	***20,401***	***123,085***	***$ 5,701,122***	***$ 60,600,446***	***$ 15,493,099***	***$ 80,012,599***	***$ 27,239,124***	***$ 76,093,545***		
Subject Project	**HPSY1 - Block 56**	**28,792**	**Oct-21**	**73**	**148**	**64,957**	**17,040**	**94,805**	**$ -**	**$ 48,241,716**	**$ 13,650,746**	**$ 61,892,462**	**$ 29,575,045**	**$ 61,892,462**	**Bonds, 4% LIHTC Infill incentive Grant, AHP**	**Type I (podium level) - Type V (levels 2- 5)**

PROJECTS COMPLETED		Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft[6]	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging [7]
95 Laguna Senior	May-19	63,443	61,122	350	400,375	385,727	471	143,592	$ 138,338	$ 169	$ 607,410	$ 585,188	$ 715	$ 268,785	55.7%
Hunters View Phase II - Bl 7 & 11	May-17	-	-	-	535,642	239,806	407	86,654	$ 38,795	$ 66	$ 622,296	$ 278,601	$ 473	$ 184,460	70.4%
Hunters View Phase II - Block 10	Jun-18	-	-	-	616,641	308,321	429	27,090	$ 13,545	$ 19	$ 643,731	$ 321,866	$ 447	$ 274,128	57.4%
Natalie Gubb Commons (TB7)	Oct-18	292	168	1	491,406	283,504	478	135,954	$ 78,435	$ 132	$ 627,652	$ 362,107	$ 611	$ 213,000	66.1%
Mission Family Housing	Oct-18	63,080	41,426	365	452,815	297,371	401	74,812	$ 49,130	$ 66	$ 590,707	$ 387,927	$ 523	$ 201,186	65.9%
Potrero Block X (Vertical)	Sep-19	288	149	1	812,140	420,677	506	177,309	$ 91,843	$ 111	$ 989,736	$ 512,669	$ 617	$ 245,737	75.2%
Completed Projects:	*Average:*	*31,776*	*25,716*	*179*	*551,503*	*322,568*	*449*	*107,568*	*$ 68,348*	*$ 94*	*$ 680,255*	*$ 408,059*	*$ 564*	*$ 231,216*	*65%*

PROJECTS UNDER CONSTRUCTION		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft[6]	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging [7]
Eddy & Taylor Family Housing	Jun-19	82,301	44,076	416	461,834	247,333	403	131,305	$ 70,320	$ 115	$ 675,440	$ 361,729	$ 589	$ 204,001	69.8%
490 South Van Ness	Apr-20	228,395	152,893	1,298	538,864	360,727	541	165,356	$ 110,693	$ 166	$ 932,615	$ 624,312	$ 937	$ 356,692	61.8%
2060 Folsom Street	Nov-20	1,062	535	5	564,218	284,348	428	158,269	$ 79,763	$ 120	$ 723,549	$ 364,646	$ 549	$ 249,584	65.5%
1950 Mission Street	Nov-20	62,261	37,309	267	545,509	326,889	530	96,634	$ 57,906	$ 94	$ 704,403	$ 422,104	$ 684	$ 286,279	59.4%
1990 Folsom Street	Dec-20	58,793	37,201	289	515,807	326,373	479	179,136	$ 113,347	$ 166	$ 753,736	$ 476,921	$ 700	$ 326,654	56.7%
735 Davis	Nov-20	-	-	-	548,107	537,957	613	223,517	$ 219,378	$ 250	$ 771,624	$ 757,334	$ 863	$ 349,546	54.7%
88 Broadway - Family Housing	Mar-21	119,200	67,421	390	555,695	314,307	466	222,066	$ 125,603	$ 186	$ 896,961	$ 507,331	$ 753	$ 223,269	75.1%
691 China Basin MBS 6W	Mar-21	-	-	-	640,279	331,029	526	180,968	$ 93,562	$ 149	$ 821,247	$ 424,590	$ 674	$ 311,590	62.1%
Under Construction:	*Average:*	*92,002*	*56,572*	*444*	*532,862*	*342,562*	*494*	*168,040*	*111,001*	*157*	*779,761*	*502,054*	*725*	*285,146*	*63%*

PROJECTS IN PREDEVELOPMENT		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Start Date (anticipated)	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft[6]	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging [7]
4840 Mission	Jan-22	105,263	65,934	190	672,869	421,467	600	116,925	$ 73,239	$ 104	$ 895,057	$ 560,640	$ 798	$ 243,739	72.8%
Mission Bay S. Block 3 East	Oct-19	-	-	-	511,962	317,310	491	150,267	$ 93,134	$ 144	$ 662,228	$ 410,444	$ 635	$ 168,854	62.5%
681 Florida	Sep-20	-	-	-	572,503	373,997	502	184,867	$ 120,767	$ 162	$ 757,370	$ 494,764	$ 664	$ 284,024	93.7%
Casa de la Mision	Feb-20	71,667	71,667	480	378,884	378,884	616	9,463	$ 9,463	$ 15	$ 460,014	$ 460,014	$ 748	$ 29,193	93.7%
Balboa Park Upper Yard	Mar-21	-	-	-	670,306	410,328	503	153,824	$ 94,163	$ 115	$ 824,131	$ 504,491	$ 618	$ 249,952	69.7%
4th and Folsom	Dec-21	1,901	1,344	16	608,576	430,306	704	242,881	$ 171,734	$ 281	$ 849,556	$ 600,696	$ 983	$ 134,187	84.2%
Sunnydale Block 6	Nov-19	-	-	-	645,209	287,333	442	173,036	$ 77,059	$ 119	$ 818,245	$ 364,392	$ 561	$ 168,323	79.4%
Mission Bay S Block 9A	Feb-22	-	-	-	786,000	393,000	589	157,527	$ 78,763	$ 118	$ 943,527	$ 471,763	$ 707	$ 565,714	40.0%
In Predevelopment	*Average:*	*44,708*	*34,736*	*172*	*605,789*	*376,578*	*556*	*148,599*	*89,790*	*132*	*776,266*	*483,401*	*714*	*$ 230,498*	*74%*
All Projects:	***AVERAGE***	***56,162***	***39,008***	***265***	***563,385***	***347,236***	***500***	***141,403***	***$ 89,713***	***$ 128***	***$ 745,428***	***$ 464,505***	***$ 668***	***$ 248,954***	***67.6%***
HPSY1 - Block 56	**Oct-21**	**-**	**-**	**-**	**660,845**	**325,958**	**509**	**186,997**	**$ 92,235**	**$ 144**	**$ 847,842**	**$ 418,192**	**$ 653**	**$ 405,138**	**52.2%**

109391

Attachment H: Predevelopment Sources and Uses

Application Date:	11/22/19	**# Units:**	73
Project Name:	Hunters Point Shipyard Block 56	***# Bedrooms:***	142
Project Address:	11 Innes Ct.	**# Beds:**	
Project Sponsor:	Mercy Housing California / SFHDC		

	Source 1	Source 2	Source 3	Source 4	Source 5	Source 6	Total Sources	Comments
SOURCES	3,500,000	-	-	-	-	-	3,500,000	
Name of Sources:	MOHCD/OCII							
USES								
ACQUISITION								
Acquisition cost or value							0	
Legal / Closing costs / Broker's Fee							0	
Holding Costs							0	
Transfer Tax							0	
TOTAL ACQUISITION	0	0	0	0	0	0	0	
CONSTRUCTION (HARD COSTS)								
Unit Construction/Rehab							0	Include FF&E
Commercial Shell Construction							0	
Demolition							0	
Environmental Remediation							0	
Onsight Improvements/Landscaping							0	
Offsite Improvements							0	
Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
Parking							0	
GC Bond Premium/GC Insurance/GC Taxes							0	
GC Overhead & Profit							0	
CG General Conditions							0	
Sub-total Construction Costs	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
Design Contingency (remove at DD)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)							0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency							0	5% new construction / 15% rehab
Sub-total Construction Contingencies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
TOTAL CONSTRUCTION COSTS	0	0	0	0	0	0	0	

Construction line item costs as a % of hard costs

	Source 1	Source 2	Source 3	Source 4	Source 5	Source 6	Total Sources	Comments
SOFT COSTS								
Architecture & Design								
Architect design fees	830,000						830,000	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	627,000						627,000	
Architect Construction Admin							0	
Reimbursables							0	
Additional Services							0	
Sub-total Architect Contract	*1,457,000*	*0*	*0*	*0*	*0*	*0*	*1,457,000*	
Other Third Party design consultants (not included under Architect contract)	137,000						137,000	Consultants not covered under architect contract; name consultant type and contract amount
Total Architecture & Design	1,594,000	0	0	0	0	0	1,594,000	
Engineering & Environmental Studies								
Survey	22,500						22,500	
Geotechnical studies	50,000						50,000	
Phase I & II Reports	52,900						52,900	
CEQA / Environmental Review consultants	40,000						40,000	
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants	10,000						10,000	Name consultants & contract amounts
Total Engineering & Environmental Studies	175,400	0	0	0	0	0	175,400	
Financing Costs								
Construction Financing Costs								
Construction Loan Origination Fee							0	
Construction Loan Interest							0	
Title & Recording							0	
CDLAC & CDIAC fees	19,000						19,000	
Bond Issuer Fees	17,869						17,869	
Other Bond Cost of Issuance							0	
Other Lender Costs (specify)							0	
Sub-total Const. Financing Costs	*36,869*	*0*	*0*	*0*	*0*	*0*	*36,869*	
Permanent Financing Costs								
Permanent Loan Origination Fee							0	
Credit Enhance. & Appl. Fee							0	
Title & Recording							0	
Sub-total Perm. Financing Costs	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
Total Financing Costs	36,869	0	0	0	0	0	36,869	
Legal Costs								
Borrower Legal fees	10,000						10,000	
Land Use / CEQA Attorney fees	10,000						10,000	
Tax Credit Counsel							0	
Bond Counsel							0	
Construction Lender Counsel							0	
Permanent Lender Counsel							0	
Other Legal (specify)							0	
Total Legal Costs	20,000	0	0	0	0	0	20,000	
Other Development Costs								
Appraisal	15,000						15,000	
Market Study	15,000						15,000	
Insurance							0	
Property Taxes							0	
Accounting / Audit							0	
Organizational Costs	50,000						50,000	
Entitlement / Permit Fees	385,000						385,000	
Marketing / Rent-up							0	
Furnishings							0	\$2,000/unit; See MOHCD U/W Guidelines: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	130,000						130,000	
TCAC App / Alloc / Monitor Fees	200,000						200,000	
Financial Consultant fees	50,000						50,000	
Construction Management fees / Owner's Rep	40,000						40,000	
Security during Construction							0	
Relocation							0	
Other (specify)							0	
Other (specify)							0	
Other (specify)							0	
Total Other Development Costs	885,000	0	0	0	0	0	885,000	
Soft Cost Contingency								
Contingency (Arch, Eng, Fin, Legal & Other Dev)	288,731	0	0	0	0	0	288,731	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	3,000,000	0	0	0	0	0	3,000,000	

Total Soft Cost Contingency as % of Total Soft Costs: **10.6%**

	Source 1	Source 2	Source 3	Source 4	Source 5	Source 6	Total Sources	Comments
RESERVES								
Operating Reserves							0	
Replacement Reserves							0	
Tenant Improvements Reserves							0	
Other (specify)							0	
Other (specify)							0	
Other (specify)							0	
TOTAL RESERVES	0	0	0	0	0	0	0	
DEVELOPER COSTS								
Developer Fee - Cash-out Paid at Milestones	500,000						500,000	
Developer Fee - Cash-out At Risk							0	
Developer Fee - GP Equity (also show as source)								
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)							0	
TOTAL DEVELOPER COSTS	500,000	0	0	0	0	0	500,000	
TOTAL DEVELOPMENT COST	3,500,000	0	0	0	0	0	3,500,000	
Development Cost/Unit by Source	47,945	0	0	0	0	0	47,945	
Development Cost/Unit as % of TDC by Source	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
Acquisition Cost/Unit by Source	0	0	0	0	0	0	0	
Construction Cost (inc Const Contingency)/Unit By Source	0	0	0	0	0	0	0	
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
City Subsidy/Unit	47,945							

Tax Credit Equity Pricing:	
Construction Bond Amount:	31,847,500
Construction Loan Term (in months):	17 months
Construction Loan Interest Rate (as %):	5.50%

Attachment I: Development Budget

See Attachment H

Application Date: 11/22/19 **# Units:** 73
Project Name: Hunters Point Shipyard Block 56 ***# Bedrooms:*** 142
Project Address: 11 Innes Ct. **# Beds:**
Project Sponsor: Mercy Housing California / SFHDC

								Total Sources	**Comments**	
SOURCES	**27,882,527**	**19,420,828**	**6,207,407**	**4,309,200**	**730,000**	**2,000,000**	**1,342,500**	**61,892,462**		
Name of Sources:	MOHCD/OCII	LIHTC Equity	State Credits	IIG	AHP	GP Equity/Deferred Fee				
USES										
ACQUISITION										
Acquisition cost or value								0		
Legal / Closing costs / Broker's Fee		10,000	5,000					15,000		
Holding Costs								0		
Transfer Tax								0		
TOTAL ACQUISITION	**0**	**10,000**	**5,000**	**0**	**0**	**0**	**0**	**15,000**		
CONSTRUCTION (HARD COSTS)										
Unit Construction/Rehab	22,473,523	1,709,712	1,327,407	4,309,200	730,000		1,342,500	31,892,342	Include FF&E	
Commercial Shell Construction								0		
Demolition								0		
Environmental Remediation								0		
Onsight Improvements/Landscaping		1,802,150	1,000,000					2,802,150		Construction line item costs as a % of hard costs
Offsite Improvements		100,000	50,000					150,000		
Infrastructure Improvements								0	HOPE SF/OCII costs for streets etc.	
Parking								0		
GC Bond Premium/GC Insurance/GC Taxes	1,035,035							1,035,035		**3.0%**
GC Overhead & Profit	1,600,521							1,600,521		**4.6%**
CG General Conditions	2,773,448							2,773,448		**8.0%**
Sub-total Construction Costs	*27,882,527*	*3,611,862*	*2,377,407*	*4,309,200*	*730,000*	*0*	*1,342,500*	*40,253,496*		
Design Contingency (remove at DD)		1,397,055	600,000					1,997,055	5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+	**5.7%**
Bid Contingency (remove at bid)		1,397,055	600,000					1,997,055	5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+	**5.7%**
Plan Check Contingency (remove/reduce during Plan Review)		1,397,055	600,000					1,997,055	4% up to $30MM HC, 3% $30-$45MM, 2% $45MM+	**5.7%**
Hard Cost Construction Contingency		1,232,055	765,000					1,997,055	5% new construction / 15% rehab	**5.7%**
Sub-total Construction Contingencies	*0*	*5,423,220*	*2,565,000*	*0*	*0*	*0*	*0*	*7,988,220*		
TOTAL CONSTRUCTION COSTS	**27,882,527**	**9,035,082**	**4,942,407**	**4,309,200**	**730,000**	**0**	**1,342,500**	**48,241,716**		
SOFT COSTS										
Architecture & Design										
Architect design fees		830,000						830,000	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms	
Design Subconsultants to the Architect (incl. Fees)		490,000						490,000		
Architect Construction Admin		360,000						360,000		
Reimbursables		30,000						30,000		
Additional Services								0		
Sub-total Architect Contract	*0*	*1,710,000*	*0*	*0*	*0*	*0*	*0*	*1,710,000*		
Other Third Party design consultants (not included under Architect contract)		215,000						215,000	Consultants not covered under architect contract; name consultant type and contract amount	
Total Architecture & Design	**0**	**1,925,000**	**0**	**0**	**0**	**0**	**0**	**1,925,000**		
Engineering & Environmental Studies										
Survey		25,000						25,000		
Geotechnical studies		50,000						50,000		
Phase I & II Reports		10,000						10,000		
CEQA / Environmental Review consultants		25,000						25,000		
NEPA / 106 Review								0		
CNA/PNA (rehab only)								0		
Other environmental consultants								0	Name consultants & contract amounts	
Total Engineering & Environmental Studies	**0**	**110,000**	**0**	**0**	**0**	**0**	**0**	**110,000**		
Financing Costs										
Construction Financing Costs										
Construction Loan Origination Fee		275,768						275,768		
Construction Loan Interest		1,651,546						1,651,546		
Title & Recording		30,000						30,000		
CDLAC & CDIAC fees		17,869						17,869		
Bond Issuer Fees		100,000						100,000		
Other Bond Cost of Issuance		250,000						250,000		
Other Lender Costs (specify)		25,000						25,000		
Sub-total Const. Financing Costs	*0*	*2,350,183*	*0*	*0*	*0*	*0*	*0*	*2,350,183*		
Permanent Financing Costs										
Permanent Loan Origination Fee								0		
Credit Enhance. & Appl. Fee								0		
Title & Recording								0		
Sub-total Perm. Financing Costs	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*		
Total Financing Costs	**0**	**2,350,183**	**0**	**0**	**0**	**0**	**0**	**2,350,183**		
Legal Costs										
Borrower Legal fees		50,000						50,000		
Land Use / CEQA Attorney fees		10,000						10,000		
Tax Credit Counsel		30,000						30,000		
Bond Counsel		50,000						50,000		
Construction Lender Counsel		30,000						30,000		
Permanent Lender Counsel								0		
Other Legal (specify)		30,000						30,000		
Total Legal Costs	**0**	**200,000**	**0**	**0**	**0**	**0**	**0**	**200,000**		
Other Development Costs										
Appraisal		15,000						15,000		
Market Study		15,000						15,000		
Insurance		206,921						206,921		
Property Taxes								0		
Accounting / Audit		30,000						30,000		
Organizational Costs		50,000						50,000		
Entitlement / Permit Fees		297,500						297,500		
Marketing / Rent-up		372,000						372,000		
Furnishings		140,000						140,000	$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms	
PGE / Utility Fees		105,000						105,000		
TCAC App / Alloc / Monitor Fees		49,183						49,183		
Financial Consultant fees		50,000						50,000		
Construction Management fees / Owner's Rep		125,000						125,000		
Security during Construction								0		
Relocation								0		
Consultants		50,000						50,000		
Impact Fees (includes PUC and SFUSD)		418,888						418,888		
Escalation/Inflation Contingency		1,397,055	600,000					1,997,055		Total Soft Cost Contingency as % of Total Soft Costs
Total Other Development Costs	**0**	**3,321,547**	**600,000**	**0**	**0**	**0**	**0**	**3,921,547**		
Soft Cost Contingency										
Contingency (Arch, Eng, Fin, Legal & Other Dev)	0	790,673	60,000	0	0	0	0	850,673	Should be either 10% or 5% of total soft costs.	**10.0%**
TOTAL SOFT COSTS	**0**	**8,697,403**	**660,000**	**0**	**0**	**0**	**0**	**9,357,403**		
RESERVES										
Operating Reserves		278,343						278,343		
Replacement Reserves								0		
Tenant Improvements Reserves								0		
Other (specify)								0		
Other (specify)								0		
Other (specify)								0		
TOTAL RESERVES	**0**	**278,343**	**0**	**0**	**0**	**0**	**0**	**278,343**		
DEVELOPER COSTS										
Developer Fee - Cash-out Paid at Milestones		700,000	300,000					1,000,000		
Developer Fee - Cash-out At Risk		700,000	300,000					1,000,000		
Developer Fee - GP Equity (also show as source)						1,434,461		1,434,461		
Developer Fee - Deferred (also show as source)						565,539		565,539		
Development Consultant Fees								0	Need MOHCD approval for this cost, N/A for most projects	
Other (specify)								0		
TOTAL DEVELOPER COSTS	**0**	**1,400,000**	**600,000**	**0**	**0**	**2,000,000**	**0**	**4,000,000**		
TOTAL DEVELOPMENT COST	**27,882,527**	**19,420,828**	**6,207,407**	**4,309,200**	**730,000**	**2,000,000**	**1,342,500**	**61,892,462**		
Development Cost/Unit by Source	381,952	266,039	85,033	59,030	10,000	27,397	18,390	847,842		
Development Cost/Unit as % of TDC by Source	45.0%	31.4%	10.0%	7.0%	1.2%	3.2%	2.2%	100.0%		
Acquisition Cost/Unit by Source	0	0	0	0	0	0	0	0		
Construction Cost (inc Const Contingency)/Unit By Source	381,952	123,768	67,704	59,030	10,000	0	18,390	660,845		
Construction Cost (inc Const Contingency)/SF	294.10	95.30	52.13	45.45	7.70	0.00	14.16	508.85		
City Subsidy/Unit	381,952									

Tax Credit Equity Pricing:	1.01
Construction Bond Amount:	31,847,500
Construction Loan Term (in months):	17 months
Construction Loan Interest Rate (as %):	5.50%

Attachment J: 1st Year Operating Budget

Application Date:	**11/22/2019**	**Project Name:**	**Hunters Point Shipyard Block 56**
Total # Units:	**73**	**Project Address:**	**11 Innes Ct.**
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	**2022**	**Project Sponsor:**	**Mercy Housing California / SFHDC**

Correct errors noted in Col N!

INCOME	**Total**	**Comments**
Residential - Tenant Rents	1,039,392	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	0	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	0	0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	10,774	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	10,260	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	Links from 'Commercial Op. Budget' Worksheet
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	**1,060,426**	
Vacancy Loss - Residential - Tenant Rents	(51,970)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	0	#DIV/0!
Vacancy Loss - Commercial	0	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	**1,008,457**	***PUPA: 13,814***

OPERATING EXPENSES		
Management		
Management Fee	58,800	1st Year to be set according to HUD schedule.
Asset Management Fee	23,460	
Sub-total Management Expenses	**82,260**	***PUPA: 1,127***
Salaries/Benefits		
Office Salaries	19,570	.5 FTE APM and Desk Clerk $19.00 hrly
Manager's Salary	63,860	1 FTE @ $31/hr
Health Insurance and Other Benefits	60,265	32% of payroll plus bonuses; includes payroll tax
Other Salaries/Benefits	2,600	staff recognition and training; conventions and meetings
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	**146,295**	***PUPA: 2,004***
Administration		
Advertising and Marketing	700	
Office Expenses	20,785	telephone, supplies, postage, computer
Office Rent		
Legal Expense - Property	8,000	
Audit Expense	9,870	
Bookkeeping/Accounting Services	10,500	
Bad Debts		
Miscellaneous	38,727	Misc, travel/parking, credit reports, cable; $32,292 for transit pass discounts
Sub-total Administration Expenses	**88,582**	***PUPA: 1,213***
Utilities		
Electricity	36,260	
Water	11,550	
Gas	19,250	
Sewer	17,780	
Sub-total Utilities	**84,840**	***PUPA: 1,162***
Taxes and Licenses		
Real Estate Taxes	5,000	
Payroll Taxes		see benefits
Miscellaneous Taxes, Licenses and Permits	3,150	
Sub-total Taxes and Licenses	**8,150**	***PUPA: 112***
Insurance		
Property and Liability Insurance	50,050	
Fidelity Bond Insurance		
Worker's Compensation		included in payroll tax/benefits
Director's & Officers' Liability Insurance		
Sub-total Insurance	**50,050**	***PUPA: 686***
Maintenance & Repair		
Payroll	82,400	
Supplies	21,890	
Contracts	65,940	
Garbage and Trash Removal	36,500	
Security Payroll/Contract		
HVAC Repairs and Maintenance	6,510	
Vehicle and Maintenance Equipment Operation and Repairs	1,500	
Miscellaneous Operating and Maintenance Expenses		
Sub-total Maintenance & Repair Expenses	**214,740**	***PUPA: 2,942***
Supportive Services	84,200	includes 1.3 FTE salary, benefits, and supplies
Commercial Expenses	0	Links from 'Commercial Op. Budget' Worksheet
TOTAL OPERATING EXPENSES	***759,117***	***PUPA: 10,399***

Reserves/Ground Lease Base Rent/Bond Fees					
Ground Lease Base Rent	15,000	Ground lease with MOHCD	Provide additional comments here, if needed.		
Bond Monitoring Fee	2,500				
Replacement Reserve Deposit	32,850				
Operating Reserve Deposit					
Other Required Reserve 1 Deposit					
Other Required Reserve 2 Deposit					
Required Reserve Deposit/s, Commercial	0	Links from 'Commercial Op. Budget' Worksheet			
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	**50,350**	***PUPA: 690***		Min DSCR:	1.09
				Mortgage Rate:	5.00%
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	**809,467**	***PUPA: 11,089***		Term (Years):	30
				Supportable 1st Mortgage Pmt:	182,559
NET OPERATING INCOME (INCOME minus OP EXPENSES)	**198,990**	***PUPA: 2,726***		Supportable 1st Mortgage Amt:	$2,833,956
				Proposed 1st Mortgage Amt:	$1,380,000

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)			
Hard Debt - First Lender	131,632	Perm Loan - 1st Mortgage	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len	0		Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0		Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0		Provide additional comments here, if needed.
Commercial Hard Debt Service	0	Links from 'Commercial Op. Budget' Worksheet	
TOTAL HARD DEBT SERVICE	**131,632**	***PUPA: 1,803***	
CASH FLOW (NOI minus DEBT SERVICE)	**67,358**		
USES OF CASH FLOW BELOW (This row also shows DSCR.)	***1.51***		
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL			
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)	8,418		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000		
Other Payments			
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)			Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	38,170	Def. Develop. Fee split: 71%	Provide additional comments here, if needed.
	Deferred Developer Fee exceeds annual limit!		
TOTAL PAYMENTS PRECEDING MOHCD	**51,588**	***PUPA: 707***	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	**15,770**		

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?	**Yes**	Project has MOHCD ground lease?	**Yes**
Will Project Defer Developer Fee?	**Yes**		
Max **Deferred Developer Fee/Borrower** % of Residual Receipts in Yr 1:	50%	Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):	**26,970**
% of Residual Receipts available for distribution to **soft debt lenders** in	50%		

Soft Debt Lenders with Residual Receipts Obligations	*(Select lender name/program from drop down)*	**Total Principal Amt**	**Distrib. of Soft Debt Loans**
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	29,595,070	83.52%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	$150,000	0.42%
HCD (soft debt loan) - Lender 3	AHP - FHLB	$1,380,000	3.89%
Other Soft Debt Lender - Lender 4	HCD IIG	$4,309,200	12.16%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
MOHCD Residual Receipts Amount Due	13,238	50% of residual receipts, multiplied by 83.94% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	13,238	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE	**2,532**	
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	614	50% of residual receipts, multiplied by 3.89% -- AHP - FHLB's pro rata share of all soft debt
Lender 4 Residual Receipts Due	1,918	50% of residual receipts, multiplied by 12.16%, HCD IIG 's pro rata share of all soft debt
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	**2,532**	
REMAINDER (Should be zero unless there are distributions below)	**(0)**	
Owner Distributions/Incentive Management Fee	0	
Other Distributions/Uses	0	
Final Balance (should be zero)	**0**	

Attachment K: 20-year Operating Proforma

Hunters Point Shipyard Block 56

Total # Units: ***73***

	% annual increase	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
INCOME		**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**
Residential - Tenant Rents	2.5%	1,039,392	1,065,377	1,092,011	1,119,312	1,147,294	1,175,977	1,205,376	1,235,510	1,266,398	1,298,058	1,330,510	1,363,772	1,397,867	1,432,813	1,468,634	1,505,350	1,542,983	1,581,558	1,621,097	1,661,624
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Space	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income		**1,060,426**	**1,086,937**	**1,114,110**	**1,141,963**	**1,170,512**	**1,199,775**	**1,229,770**	**1,260,514**	**1,292,027**	**1,324,327**	**1,357,435**	**1,391,371**	**1,426,156**	**1,461,810**	**1,498,355**	**1,535,814**	**1,574,209**	**1,613,564**	**1,653,903**	**1,695,251**
Vacancy Loss - Residential - Tenant Rents	n/a	(51,970)	(53,269)	(54,601)	(55,966)	(57,365)	(58,799)	(60,269)	(61,776)	(63,320)	(64,903)	(66,525)	(68,189)	(69,893)	(71,641)	(73,432)	(75,267)	(77,149)	(79,078)	(81,055)	(83,081)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME		**1,008,457**	**1,033,668**	**1,059,510**	**1,085,998**	**1,113,148**	**1,140,976**	**1,169,501**	**1,198,738**	**1,228,707**	**1,259,424**	**1,290,910**	**1,323,183**	**1,356,262**	**1,390,169**	**1,424,923**	**1,460,546**	**1,497,060**	**1,534,486**	**1,572,848**	**1,612,170**
OPERATING EXPENSES																					
Management	3.5%	82,260	85,139	88,119	91,203	94,395	97,699	101,119	104,658	108,321	112,112	116,036	120,097	124,301	128,651	133,154	137,814	142,638	147,630	152,797	158,145
Salaries/Benefits	3.5%	146,295	151,415	156,715	162,200	167,877	173,753	179,834	186,128	192,643	199,385	206,364	213,586	221,062	228,799	236,807	245,095	253,673	262,552	271,741	281,252
Administration	3.5%	88,582	91,682	94,891	98,212	101,650	105,208	108,890	112,701	116,646	120,728	124,954	129,327	133,853	138,538	143,387	148,406	153,600	158,976	164,540	170,299
Utilities	3.5%	84,840	87,809	90,883	94,064	97,356	100,763	104,290	107,940	111,718	115,628	119,675	123,864	128,199	132,686	137,330	142,137	147,111	152,260	157,589	163,105
Taxes and Licenses	3.5%	8,150	8,435	8,730	9,036	9,352	9,680	10,018	10,369	10,732	11,108	11,496	11,899	12,315	12,746	13,192	13,654	14,132	14,627	15,139	15,668
Insurance	3.5%	50,050	51,802	53,615	55,491	57,434	59,444	61,524	63,678	65,906	68,213	70,600	73,071	75,629	78,276	81,016	83,851	86,786	89,824	92,967	96,221
Maintenance & Repair	3.5%	214,740	222,256	230,035	238,086	246,419	255,044	263,970	273,209	282,772	292,669	302,912	313,514	324,487	335,844	347,598	359,764	372,356	385,389	398,877	412,838
Supportive Services	3.5%	84,200	87,147	90,197	93,354	96,621	100,003	103,503	107,126	110,875	114,756	118,772	122,929	127,232	131,685	136,294	141,064	146,002	151,112	156,401	161,875
Commercial Expenses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES		**759,117**	**785,686**	**813,185**	**841,647**	**871,104**	**901,593**	**933,149**	**965,809**	**999,612**	**1,034,599**	**1,070,809**	**1,108,288**	**1,147,078**	**1,187,226**	**1,228,779**	**1,271,786**	**1,316,298**	**1,362,369**	**1,410,052**	**1,459,403**
PUPA (w/o Reserves/GL Base Rent/Bond Fees)		*10,399*																			
Reserves/Ground Lease Base Rent/Bond Fees																					
Ground Lease Base Rent		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Replacement Reserve Deposit		32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850	32,850
Operating Reserve Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 1 Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 2 Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Required Reserve Deposit/s, Commercial		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**	**50,350**
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		**809,467**	**836,036**	**863,535**	**891,997**	**921,454**	**951,943**	**983,499**	**1,016,159**	**1,049,962**	**1,084,949**	**1,121,159**	**1,158,638**	**1,197,428**	**1,237,576**	**1,279,129**	**1,322,136**	**1,366,648**	**1,412,719**	**1,460,402**	**1,509,753**
PUPA (w/ Reserves/GL Base Rent/Bond Fees)		*11,089*																			
NET OPERATING INCOME (INCOME minus OP EXPENSES)		**198,990**	**197,632**	**195,975**	**194,001**	**191,693**	**189,033**	**186,002**	**182,579**	**178,745**	**174,476**	**169,750**	**164,545**	**158,834**	**152,593**	**145,795**	**138,410**	**130,412**	**121,768**	**112,447**	**102,416**
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																					
Hard Debt - First Lender		131,632	131,632	131,632	131,632	131,632	131,632	131,632	131,632	131,632	131,632	131,632	131,632	131,632	131,632	131,632	131,632	131,632	131,632	131,632	131,632
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE		**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**	**131,632**
CASH FLOW (NOI minus DEBT SERVICE)		**67,358**	**66,000**	**64,343**	**62,369**	**60,061**	**57,401**	**54,370**	**50,947**	**47,113**	**42,844**	**38,118**	**32,913**	**27,202**	**20,961**	**14,163**	**6,778**	**(1,220)**	**(9,864)**	**(19,185)**	**(29,216)**
USES OF CASH FLOW BELOW (This row also shows DSCR.)	**DSCR:**	***1.51***	***1.5***	***1.49***	***1.47***	***1.46***	***1.44***	***1.41***	***1.39***	***1.36***	***1.33***	***1.29***	***1.25***	***1.21***	***1.16***	***1.11***	***1.05***	***0.99***	***0.93***	***0.85***	***0.78***
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																					
Deferred Developer Fee (Enter amt <= Max Fee from row 131)		38,170	26,143	25,162	24,017	22,700	21,201	19,510	17,618	15,513	13,184	10,621	7,810	4,740	1,397	-	-	-	-	-	-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	8,418	8,713	9,018	9,333	9,660	9,998	10,348	10,710	11,085	11,473	11,874	12,290	12,720	13,165	13,626	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-
Other Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD		**51,588**	**39,856**	**39,180**	**38,350**	**37,360**	**36,199**	**34,858**	**33,328**	**31,598**	**29,657**	**27,495**	**25,100**	**22,460**	**19,562**	**18,626**	**-**	**-**	**-**	**-**	**-**
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		**15,770**	**26,144**	**25,163**	**24,019**	**22,702**	**21,202**	**19,512**	**17,619**	**15,515**	**13,187**	**10,623**	**7,813**	**4,742**	**1,399**	**(4,464)**	**6,778**	**(1,220)**	**(9,864)**	**(19,185)**	**(29,216)**
Does Project have a MOHCD Residual Receipt Obligation?	**Yes**																				
Will Project Defer Developer Fee?	**Yes**																				
1st Residual Receipts Split - Lender/Deferred Developer Fee	**50% / 50%**																				
MOHCD RESIDUAL RECEIPTS DEBT SERVICE	Dist. Soft Debt Loans																				
MOHCD Residual Receipts Amount Due	83.94%	13,238	21,947	21,123	20,163	19,057	17,798	16,379	14,790	13,024	11,070	8,917	6,558	3,981	1,174	-	3,793	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Replacement Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE		**2,532**	**4,198**	**4,040**	**3,856**	**3,645**	**3,404**	**3,133**	**2,829**	**2,491**	**2,117**	**1,706**	**1,254**	**761**	**225**	**-**	**2,985**	**-**	**-**	**-**	**-**
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE																					
HCD Residual Receipts Amount Due	3.89%	614	1,018	980	935	884	826	760	686	604	514	414	304	185	54	-	176	-	-	-	-
Lender 4 Residual Receipts Due	12.16%	1,918	3,179	3,060	2,921	2,761	2,578	2,373	2,143	1,887	1,604	1,292	950	577	170	-	550	-	-	-	-
Lender 5 Residual Receipts Due	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service		**2,532**	**4,198**	**4,040**	**3,856**	**3,645**	**3,404**	**3,133**	**2,829**	**2,491**	**2,117**	**1,706**	**1,254**	**761**	**225**	**-**	**726**	**-**	**-**	**-**	**-**
REMAINDER (Should be zero unless there are distributions below)		**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**-**	**2,259**	**-**	**-**	**-**	**-**
Owner Distributions/Incentive Management Fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,259	-	-	-	-
Other Distributions/Uses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Final Balance (should be zero)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
RR Running Balance		**32,850**	**65,700**	**98,550**	**131,400**	**164,250**	**197,100**	**229,950**	**262,800**	**295,650**	**328,500**	**361,350**	**394,200**	**427,050**	**459,900**	**492,750**	**525,600**	**558,450**	**591,300**	**624,150**	**657,000**
OR Running Balance		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Required Reserve 1 Running Balance		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Required Reserve 2 Running Balance		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
DEFERRED DEVELOPER FEE - RUNNING BALANCE																					
Developer Fee Starting Balance		565,539	527,369	501,226	476,064	452,047	429,347	408,146	388,636	371,018	355,505	342,321	331,700	323,890	319,150	317,753	317,753	317,753	317,753	317,753	317,753
Deferred Developer Fee Earned in Year		38,170	26,143	25,162	24,017	22,700	21,201	19,510	17,618	15,513	13,184	10,621	7,810	4,740	1,397	-	-	-	-	-	-
Developer Fee Remaining Balance		**527,369**	**501,226**	**476,064**	**452,047**	**429,347**	**408,146**	**388,636**	**371,018**	**355,505**	**342,321**	**331,700**	**323,890**	**319,150**	**317,753**	**317,753**	**317,753**	**317,753**	**317,753**	**317,753**	**317,753**

LOAN AGREEMENT

By and Between

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

and

Hunters Point Block 56, L.P., a California Limited Partnership

for

11 Innes Court
(Hunters Point Shipyard Phase 1 Block 56)
$3,500,000

Dated as of April 7, 2020

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<u>**EXHIBITS**</u>

<u>**LOAN AGREEMENT**</u>
11 Innes Street
(Hunters Point Shipyard Phase 1 Block 56)
Hunters Point Shipyard Redevelopment Project Area

THIS LOAN AGREEMENT ("**Agreement**") is entered into as of April 7, 2020 by and between the **SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO**, hereafter referred to as the Office of Community Investment and Infrastructure, a public body organized and existing under the laws of the State of California and commonly referred to as the Office of Community Investment and Infrastructure ("Successor Agency" or "OCII"), and Hunters Point Block 56, L.P., a California limited partnership (the "Borrower"), whose co-general partners are Mercy HPSY Block 56 LLC, Managing General Partner, and SFHDC HPSY Block 56 LLC, General Partner and South of Market Mercy Housing, a California nonprofit public benefit corporation, , and their authorized successors and assigns.

RECITALS

A. In accordance with the California Community Redevelopment Law (Health and Safety Code, section 33000 *et seq*., the "**CRL**"), the City and County of San Francisco (the "**City**") acting through its Board of Supervisors initially approved a Redevelopment Plan ("**HPS Redevelopment Plan**") for the Hunters Point Shipyard Redevelopment Project Area ("**Project Area**") by Ordinance No. 285-97 adopted on July 14, 1997.

B. Pursuant to California Health and Safety Code §§ 34170 *et seq*. (the "**Redevelopment Dissolution Law**") and San Francisco Ordinance No. 215-12 (October 4, 2012) (establishing the Successor Agency Commission ("**Commission**") and delegating to it state authority under the CRL), the Successor Agency is responsible for implementing the HPS Redevelopment Plan and fulfilling enforceable obligations of the former Redevelopment Agency of the City and County of San Francisco ("**Former Agency**") under the Disposition and Development Agreement – Hunters Point Shipyard Phase 1 (initially adopted December 2, 2003, and as currently amended, the "**DDA**") between the Former Agency and HPS Development Co., L.P. (the "**Master Developer**").

C. Under the DDA and its Affordable Housing Program, the Master Developer is required to deliver "finished lots" (i.e., subdivided land improved with streets, sidewalks, parks, open space and utilities) to be sold to various vertical developers or retained by OCII for the development of affordable housing. The DDA identifies the specific parcels that the Successor Agency intends to develop with affordable housing. OCII intends to provide financing to support the construction of at least 218 affordable housing units on these parcels.

D. On September 20, 2018, OCII issued a Housing Development Request for Proposals (the "**RFP**") to develop and operate affordable rental housing units for families (the

“**Project**”) on that certain parcel of land owned by OCII within the Project Area identified as Lot 271 of Assessor’s Block 4519C, commonly referred to as “Block 56 (referred to herein as the “**Site**”).

E. At its meeting on February 18, 2020, the Commission affirmed the selection of the development team for the Site, including Mercy Housing California (“**MHC**”) and San Francisco Housing Development Corporation (“**SFHDC**”) as co-developers with Mercy Housing Management Group (“**MHM**”) as Property Manager, design by Van Meter Williams Pollack (“**VMWP**”) authorized the OCII Executive Director to execute an exclusive negotiations agreement (the “**ENA**”) with Hunters Point Block 56, LP, a California limited partnership (the development entity formed by MHC and SFHDC for the Site, and herein the “**Developer**”) to enable the Developer to pursue Predevelopment Activities (defined in Section 2.1) for the construction and management of the Project. The ENA establishes a series of milestones intended to result in the execution of an option to ground lease agreement, and thereafter a long-term ground lease agreement for the Site between OCII and the Developer (“**Ground Lease**”) after public hearing and consideration by the Commission.

F. OCII and Developer intend to execute the ENA substantially concurrently herewith.

G. On February 7, 2020, the Citywide Affordable Housing Loan Committee (the “**Loan Committee**”) reviewed OCII staff’s evaluation of the request for funding and recommended that OCII provide Borrower with a predevelopment loan of funds subject to certain terms and conditions that are included in this Agreement.

H. OCII has approved, by Resolution No. **______**-2020, a loan to the Borrower (“**Loan**”) in an initial amount of Three Million Five Hundred Thousand Dollars ($3,500,000.00) (the "**Funding Amount**") to fund certain costs related to the Project. The Oversight Board of the City and County of San Francisco and the California Department of Finance have approved, under Redevelopment Dissolution Law, this expenditure in the Recognized Obligation Payment Schedule for July 1, 2019 to June 30, 2020 - Oversight Board Resolution No. 1-2019 (January 28, 2019), as amended by Oversight Board Resolution No. 3-2019 (September 23, 2019).

I. Under Redevelopment Dissolution Law, OCII must transfer completed affordable housing assets to the Mayor’s Office of Housing and Community Development (“**MOHCD**”), as the Housing Successor designated under Board of Supervisors Resolution No. 11-12 (January 26, 2012) and Section 34176 of the California Health and Safety Code. If and when Borrower completes the Project, OCII intends to transfer the affordable housing loan agreement, asset, and Ground Lease to MOHCD.

J. Borrower shall use the Funding Amount to pay for Predevelopment Activities associated with development of the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows:

ARTICLE 1 DEFINITIONS.

1.1 Defined Terms. As used in this Agreement, the following words and phrases have the following meanings:

"**Accounts**" means all depository accounts, including reserve and trust accounts, required or authorized under this Agreement or otherwise by the OCII in writing. All Accounts must be maintained in accordance with Section 2.3.

"**Agreement**" has the meaning given in the first paragraph hereof.

"**Agreement Date**" means the date written in the first paragraph hereof.

"**Authorizing Resolutions**" means: (a) in the case of a corporation, a certified copy of resolutions adopted by its board of directors; (b) in the case of a partnership (whether general or limited), a certificate signed by all of its general partners; and (c) in the case of a limited liability company, a certified copy of resolutions adopted by its board of directors or members, satisfactory to OCII and evidencing Borrower's authority to execute, deliver and perform the obligations under the OCII Documents to which Borrower is a party or by which it is bound.

"**Borrower**" means Hunters Point Block 56, L.P., and their authorized successors and assigns.

"**CFR**" means the Code of Federal Regulations.

"**Charter Documents**" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement. The Charter Documents must be delivered to OCII in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

"**City**" means the City and County of San Francisco, a municipal corporation, represented by the Mayor, acting by and through MOHCD. Whenever this Agreement provides for a submission to the City or an approval or action by the City, this Agreement refers to submission to or approval or action by MOHCD unless otherwise indicated.

"**CNA**" means a 20-year capital needs assessment or analysis of replacement reserve requirements.

"Commission" has the meaning set forth in Recital B**.**

"Construction/Permanent Loan" has the meaning set forth in Section 3.2.

"**CRL**" has the meaning set forth in Recital A.

"**Developer**" has the meaning set forth in Recital E.

"**Developer Fees**" has the meaning set forth in Section 15.1.

"**Disbursement**" means the disbursement of all or a portion of the Funding Amount by OCII as described in Article 4.

"**ENA**" has the meaning set forth in Recital F.

"**Environmental Activity**" means any actual, proposed or threatened spill, leak, pumping, discharge, leaching, storage, existence, release, generation, abatement, removal, disposal, handling or transportation of any Hazardous Substance from, under, into or on the Site.

"**Environmental Laws**" means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly known as the "Superfund" law) (42 U.S.C. §§ 9601 *et seq*.), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq*.); the National Environmental Policy Act of 1969 ("NEPA") (24 CFR §§ 92 and 24 CFR §§ 58); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the "California Superfund" law) (Cal. Health & Safety Code §§ 25300 *et seq*.); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (Cal. Health & Safety Code §§ 25249.2 *et seq*.); and Sections 25117 and 25140 of the California Health & Safety Code.

"**Event of Default**" has the meaning set forth in Section 19.1.

"**Expenditure Request**" means a written request by Borrower for a Disbursement from the Funding Amount, which must certify that the Project costs covered by the Expenditure Request have been paid or incurred by Borrower.

"**Funding Amount**" has the meaning set forth in Recital H.

"**GAAP**" means generally accepted accounting principles in effect on the date of this Agreement and at the time of any required performance.

"**Governmental Agency**" means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community facility or other special taxing district; (c) any governmental or quasi-governmental agency, authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

"**Hazardous Substance**" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any Governmental Agency to pose a present or potential hazard to human health or safety or to the environment. Hazardous Substance includes any material or substance listed, defined or otherwise identified as a "hazardous substance," "hazardous waste," "hazardous material," "pollutant," "contaminant," "pesticide" or is listed as a chemical known to cause cancer or reproductive toxicity or is otherwise identified as "hazardous" or "toxic" under any Environmental Law, as well as any asbestos, radioactive materials, polychlorinated biphenyls and any materials containing any of them, and petroleum, including crude oil or any fraction, and natural gas or natural gas liquids. Materials of a type and quantity normally used in the construction, operation or maintenance of developments similar to the Project will not be deemed "Hazardous Substances" for the purposes of this Agreement if used in compliance with applicable Environmental Laws.

"**HUD**" means the United States Department of Housing and Urban Development acting by and through the Secretary of Housing and Urban Development and any authorized agents.

"**Laws**" means all statutes, laws, ordinances, regulations, orders, writs, judgments, injunctions, decrees or awards of the United States or any state, county, municipality or Governmental Agency, including the CRL.

"**Loan**" has the meaning given in Recital H hereof.

“**Loan Closing**” means the date on which all conditions to closing of the loan under Section 4.3 have been met.

“**Loan Committee**” has the meaning set forth in Recital G.

"**Loss**" or "**Losses**" includes any loss, liability, claims, damages, costs, expenses or charges, including reasonable attorneys' fees and costs, arising from all acts or omissions of Borrower or its officers, agents, or employees in rendering services under this Agreement.

"**Maturity Date**" has the meaning set forth in Section 3.1.

"**Median Income**" means area median income as determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area.

"**MOHCD**" means the Mayor's Office of Housing and Community Development or its successor.

"**Note**" means the promissory note executed by Borrower in favor of OCII in the original principal amount of the Funding Amount.

“**OCII**” means the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, commonly known as the Office of Community Investment and Infrastructure.

"**OCII Documents**" means this Agreement, the Note, and any other documents executed or, delivered in connection with this Agreement.

“**OCII Monthly Project Update**” has the meaning set forth in Section 10.2.

"**Opinion**" means an opinion of Borrower's California legal counsel, satisfactory to OCII and its legal counsel, that Borrower is a duly formed, validly existing California limited partnership in good standing under the laws of the State of California, has the power and authority to enter into the OCII Documents and will be bound by their terms when executed and delivered, and that addresses any other matters OCII reasonably requests.

"**Permitted Exceptions**" means liens in favor of OCII, real property taxes and assessments that are not delinquent, and any other liens and encumbrances OCII expressly approves in writing in its escrow instructions.

"**Project**" means the development described in Recital D. If indicated by the context, "Project" means the Site and the improvements developed on the Site.

“**Public Benefit Purposes**” means activities or programs that primarily benefit low-income persons, are implemented by one or more nonprofit 501(c)3 public benefit organizations, or have been identified by OCII, a City agency or a community planning process as a priority need in the neighborhood in which the Project is located.

"**Publication**" means any report, article, educational material, handbook, brochure, pamphlet, press release, public service announcement, webpage, audio or visual material or other communication for public dissemination, which relates to all or any portion of the Project or is paid for in whole or in part using the Funding Amount.

"Schedule of Performance" means the schedule attached hereto as Exhibit L that sets forth Project tasks and milestones and the dates by which they will be completed.

"**Table**" or "**Table of Sources and Uses**" means a table of sources and uses of funds attached hereto as Exhibit B-1, including a line item budget for the use of the Funding Amount, which table may not be adjusted without OCII's prior written approval.

"**Tenant**" means any residential household in the Project.

"**Unit**" means a residential rental unit within the Project.

"**Work Product**" has the meaning set forth in Section 24.21.

1.2 Interpretation. The following rules of construction will apply to this Agreement and the other OCII Documents.

(a) The masculine, feminine or neutral gender and the singular and plural forms include the others whenever the context requires. The word "include(s)" means "include(s) without limitation" and "include(s) but not limited to," and the word "including" means "including without limitation" and "including but not limited to" as the case may be. No listing of specific instances, items or examples in any way limits the scope or generality of any language in this Agreement. References to days, months and years mean calendar days, months and years unless otherwise specified. References to a party mean the named party and its successors and assigns.

(b) Headings are for convenience only and do not define or limit any terms. References to a specific OCII Document or other document or exhibit mean the document, together with all exhibits and schedules, as supplemented, modified, amended or extended from time to time in accordance with this Agreement. References to Articles, Sections and Exhibits refer to this Agreement unless otherwise stated.

(c) Accounting terms and financial covenants will be determined, and financial information must be prepared, in compliance with GAAP as in effect on the date of performance. References to any Law, specifically or generally, will mean the Law as amended, supplemented or superseded from time to time.

(d) The terms and conditions of this Agreement and the other OCII Documents are the result of arms'-length negotiations between and among sophisticated parties who were represented by counsel, and the rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not apply to the construction and interpretation of the OCII Documents. The language of this Agreement must be construed as a whole according to its fair meaning.

ARTICLE 2 FUNDING.

2.1 Funding Amount. OCII agrees to lend to Borrower a maximum principal amount of Three Million Five Hundred Thousand Dollars ($3,500,000.00) (the "**Funding Amount**") in order to finance predevelopment costs associated with the Project and described in Exhibit B-1 ("**Predevelopment Activities**"). The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that OCII's agreement to make the Loan is based in part on Borrower's agreement to use the Funding Amount solely to finance Predevelopment Activities and agrees to use the Funding Amount solely for that purpose in accordance with the approved Table of Sources and Uses. Predevelopment expenses incurred by Borrower beginning November 1, 2019, that are consistent with Exhibit B-1 are reimbursable to Borrower. Such expenses are subject to all conditions of a Expenditure Request, including review and approval by OCII in accordance with the terms of this Agreement. Borrower shall use the OCII contract compliance requirements for procurement activities, as further set forth in Exhibit E of this Agreement.

2.3 Accounts; Interest. Each Account to be maintained by Borrower under this Agreement must be held in a bank or savings and loan institution acceptable to OCII as a segregated account that is insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program. With the exception of tenant security deposit trust accounts, any interest earned on funds in any Account must be used for the benefit of the Project.

2.4 Records. Borrower must maintain and provide to OCII upon request records that accurately and fully show the date, amount, purpose and payee of all expenditures from each Account authorized under this Agreement or by OCII in writing and keep all estimates, invoices, receipts and other documents related to expenditures from each Account. In addition, Borrower must provide to OCII promptly following Borrower's receipt, complete copies of all monthly bank statements, together with a reconciliation, for each Account until all funds (including accrued interest) in each Account have been disbursed for eligible uses.

2.5 Conditions to Additional Financing. The OCII may grant or deny any application by Borrower for additional financing for the Project in its sole discretion.

ARTICLE 3 TERMS.

Borrower's repayment obligations with respect to the Funding Amount will be evidenced and governed by the Note, which will govern in the event of any conflicting provision in this Agreement.

3.1 Maturity Date. Borrower must repay all amounts owing under the OCII Documents on the date that is the earliest to occur of: (i) the close of construction financing for the Project, or (ii) the date the Borrower and OCII execute a Construction/Permanent Loan (defined in Section 3.2) that does not incorporate the Funding Amount, or (iii) three (3) years from the Agreement Date (the "**Maturity Date**"). Notwithstanding the foregoing, if Borrower's failure to close the construction financing by the Maturity Date is not caused by Borrower's acts or omissions, whether direct or indirect, and if Borrower has acted in good faith and no event has occurred and is continuing that constitutes or with the passage of time would constitute, an Event of Default under any of the OCII Documents, then in such an event, Borrower shall deliver to OCII all of the Work Product, the Note shall be deemed satisfied in full and Borrower shall be deemed to be released from all obligation or liability with respect to this Agreement and the Loan.

3.2 Construction/Permanent Loan. If (i) additional financing for the Project from OCII in the form of a construction and permanent loan is subsequently approved by OCII Commission (the "**Construction/Permanent Loan**"), (ii) forms of Construction/Permanent Loan documents are executed by OCII and the Borrower, and (iii) all or any portion of the Construction/Permanent Loan is funded; then (a) this Agreement shall be terminated; (b) the Note shall be cancelled, and (c) the outstanding balance of this Loan, including all accrued interest, shall be combined with the Construction/Permanent Loan for purposes of repayment and thereafter shall bear interest and be repaid in accordance with the terms of the Construction/Permanent Loan documents.

3.3 Interest. The outstanding principal balance of the Loan will bear simple interest at a rate of three percent (3%) per annum, as provided in the Note. If a Construction/Permanent Loan for the Project from OCII is subsequently approved by the Commission, the parties acknowledge that the Borrower may request and OCII may approve a reduced interest rate in order to maintain Project feasibility.

3.4 Default Interest Rate. Upon the occurrence of an Event of Default under any OCII Document, the principal balance of the Loan will bear interest at the default interest compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, with such default interest rate commencing as of the date an Event of Default occurs and continuing until such Event of Default is fully cured. In addition, the default interest rate will apply to any amounts to be reimbursed to the OCII under any OCII Document if not paid when due or as otherwise provided in any OCII Document.

3.5 Repayment of Principal and Interest. Subject to Section 3.1 above, the outstanding principal balance of the Loan will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

3.6 Changes In Funding Streams. OCII's agreement to make the Loan on the terms set forth in this Agreement and the Note is based in part on Borrower's projected sources and uses of all activities associated with the Project, as set forth in the Table of Sources and Uses. Borrower covenants to give written notice to the OCII within thirty (30) days of any significant changes in budgeted funding or income set forth in documents previously provided to the OCII. OCII reserves the right to modify, in its reasonable discretion, the terms of this Agreement based upon any new information so provided.

3.7 Additional OCII Approvals. Borrower understands and agrees that neither entry by OCII into this Agreement nor any approvals given by OCII under this Agreement shall be deemed to imply that Borrower will be granted any required approvals from the Commission, or City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, OCII is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

3.8 Additional Borrower Covenants. There are no borrower covenants in addition to those specified in 4.5 Disbursements.

ARTICLE 4 CLOSING; DISBURSEMENTS.

4.1 Generally. Subject to the terms of this Agreement, OCII will make Disbursements in an aggregate sum not to exceed the Funding Amount to or for the account of Borrower in accordance with this Agreement and the approved line item budget contained in the Table of Sources and Uses. The disbursement schedule may be revised at the request of the Borrower, subject to the written approval of the OCII Executive Director prior to the Loan Closing if needed to ensure the repayment of the Loan complies with applicable financing requirements.

4.2 Closing. In the event Borrower does not satisfy all of the conditions to closing the Loan within a reasonable time, as determined by the OCII in its sole discretion, OCII may declare this Agreement to be null and void.

4.3 Conditions Precedent to Closing. OCII will authorize the close of the Loan upon satisfaction of the conditions in this Section.

(a) Borrower must have delivered to OCII fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the OCII: (i) the Note; (ii) this Agreement (in triplicate); (iii) the Opinion; (iv) the Authorizing Resolutions; and (v) any other OCII Documents reasonably requested by OCII.

(b) Borrower must have delivered to OCII Borrower's Charter Documents.

(c) Borrower must have delivered to OCII insurance certificates prior to closing and endorsements within 90 days post closing and before starting work, in addition to, if requested by OCII, copies of policies for all insurance required under Exhibit F of this Agreement.

4.4 Intentionally Omitted.

4.5 Disbursements. OCII's obligation to approve any expenditure of Funding Amount after Loan Closing is subject to Borrower's satisfaction of the following conditions precedent.

(a) Borrower must have delivered to OCII an Expenditure Request in form and substance satisfactory to OCII, together with: (i) copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. Any request from Borrower to reallocate the Funding Amount between the line items or to change the budget limits for a line item from what is shown in the Table of Sources and Uses must be approved as follows: (1) except for funds moved from the contingency line item to another line item, a requested reallocation of the Funding Amount in an amount up to ten percent (10%) of the Funding Amount in the aggregate may be made with the express written approval of OCII's Housing Manager; and (2) except for funds moved from the contingency line item to another line item, a requested reallocation of the Funding Amount in an amount that exceed ten percent (10%) of the Funding Amount may be made only with the express written approval of the OCII Executive Director. Reallocations of the Funding Amount from contingency line items to other line items shall not require the consent of OCII.

(b) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, may have occurred that remains uncured as of the date of the Expenditure Request.

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower must have certified to OCII that the Project complies with the labor standards set forth in Exhibit E, Section 1, if applicable.

4.6 Schedule of Performance. Borrower must perform in accordance with the Schedule of Performance (Exhibit L). The Schedule of Performance may be modified at the request of the Borrower; however, any modification to the Schedule of Performance shall be at the reasonable discretion of the OCII Executive Director and shall require amendment thereto. The OCII Executive Director may amend the Schedule of Performance (in his/her sole discretion) to allow the time of performance to be extended for up to six (6) months from the contractual date set forth in the Schedule of Performance. Any amendments to the Schedule of Performance allowing for extensions of performance beyond said six (6) month period will require approval of the Commission.

4.7 Additional Terms and Conditions. During the predevelopment period and as described below, Borrower shall comply with the following loan conditions based on OCII's requirements and the Loan Committee's recommendations in reviewing and approving the Project's Loan Evaluation on February 7, 2020.

Prior to start of Schematic Design process:

(i) Development team must conduct a value engineering process on the proposed massing to identify strategies that will significantly reduce the proposed costs by June 1, 2020. No more than $200,000 of the predevelopment loan may be disbursed until this has been completed and Sponsor and OCII staff agree on a value engineering approach.

(ii) Development team will work with OCII staff to determine the most appropriate financial plan with the goal of adding permanent debt and minimizing OCII subsidy. Sponsor will provide an analysis of potential sources and strategies and provide a revised recommended financing plan by August 3, 2020.

Prior to approving a permanent loan for the Project:

(i) OCII must review Request For Proposals (RFPs) for equity investors before they are finalized and released for investors.

(ii) OCII must review raw financial data from Sponsor or financial consultant prior to selection.

(iii) OCII must approve all selected investors.

(iv) OCII must review and approve all Letters of Intent.

(v) Sponsor will work with OCII staff during predevelopment to ensure the recommended financing plan is consistent with underwriting guidelines.

(vi) Sponsor will work with OCII staff to finalize the services plan and budget and to identify other sources to fund the portion of the services budget that is in excess of the 1 FTE Resident Services Coordinator.

(vii) Sponsor will conduct ongoing outreach to the Hunters Point Shipyard community to solicit input, address concerns, and educate community members on various aspects of the project.

4.8 Limitations on Approved Expenditures. OCII may refuse to approve any expenditure: (a) during any period in which an event that, with notice or the passage of time or both, would constitute an Event of Default remains uncured; or (b) for disapproved, unauthorized or improperly documented expenses. OCII is not obligated to approve expenditure of the full Funding Amount unless approved Expenditure Requests support disbursement of the full Funding Amount, and in no event may the aggregate amount of all funds disbursed to Borrower under this Agreement exceed the Funding Amount.

ARTICLE 5 INTENTIONALLY OMITTED

ARTICLE 6 INTENTIONALLY OMITTED

ARTICLE 7 INTENTIONALLY OMITTED

ARTICLE 8 INTENTIONALLY OMITTED

ARTICLE 9 GOVERNMENTAL REQUIREMENTS.

9.1 Borrower Compliance. Borrower must comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of the Funding Amount for the design, construction, rehabilitation and/or operation of the Project, including without limitation the requirements of the CRL, Redevelopment Dissolution Law, HPS Redevelopment Plan, and OCII Policies including without limitation those set forth in Exhibit E. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement.

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

(a) Borrower understands and agrees that it will be monitored by OCII from time to time to ensure that Borrower complies with all terms and conditions in this Agreement and all Laws. Borrower must cooperate with the monitoring by OCII and ensure full access to the Project (following Borrower's acquisition of a ground leasehold interest in the Project) and all information related to the Project as reasonably required by OCII.

(b) Borrower must keep and maintain books, records and other documents relating to the receipt and use of all the Funding Amount. Borrower must maintain records of all income, expenditures, assets, liabilities, contracts, operations, tenant eligibility and condition of the Project. All financial reports must be prepared and maintained in accordance with GAAP as in effect at the time of performance.

10.2 Monthly Reporting. Commencing on the Agreement Date, Borrower must submit monthly reports (the "**OCII Monthly Project Update**") describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month. The OCII Monthly Project Update must be submitted by email in substantially the form attached hereto as Exhibit M until the Project has finalized its Form 8609.

10.3 Response to Inquiries. At the request of OCII, its agents, employees or attorneys, Borrower must respond promptly and specifically to questions relating to the income, expenditures, assets, liabilities, contracts, operations and condition of the Project, the status of any mortgage encumbering the Project and any other requested information with respect to Borrower or the Project.

10.4 Delivery of Records. At the request of OCII, made through its agents, employees, officers or attorneys, Borrower must provide OCII within a reasonable period of time of no less than sixty (60) days from request therefor with copies of each of the following documents, certified in writing by Borrower to be complete and accurate:

(a) all tax returns filed with the United States Internal Revenue Service, the California Franchise Tax Board and/or the California State Board of Equalization on behalf of Borrower and any general partner or manager of Borrower;

(b) all certified financial statements of Borrower and, if applicable, its general partner or manager, the accuracy of which must be certified by an auditor satisfactory to OCII; and

(c) any other records related to Borrower's ownership structure and the use and occupancy of the Site.

10.5 Access to Other Project Books and Records. In addition to Borrower's obligations under Sections 2.4, 10.1, 10.2, and 10.3, any other obligations to provide reports or maintain records in any OCII Document, Borrower agrees that duly authorized representatives of OCII (which shall include MOHCD staff) will have access to and the right to inspect, copy, audit and examine all books, records and other documents Borrower is required to keep at all reasonable times, following reasonable notice, for the retention period required under Section 10.6.

10.6 Records Retention. Borrower must retain all records required for the periods required under applicable Laws.

ARTICLE 11 INTENTIONALLY OMITTED.

ARTICLE 12 INTENTIONALLY OMITTED.

ARTICLE 13 INTENTIONALLY OMITTED.

ARTICLE 14 INTENTIONALLY OMITTED.

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. OCII has approved the payment of cash fees in an amount not to exceed Four Million and No/100 Dollars ($4,000,000.00), to be distributed to Developer for the development activities of the Project ("**Developer Fees**"). If approved by Loan Committee and Commission, this Developer Fees may be adjusted at the time of the execution of a permanent loan (including a Construction/Permanent Loan) agreement for the Project to be consistent with MOHCD policy and to maximize leveraged sources for the Project. The cash amount available for the predevelopment period shall not exceed Five Hundred Thousand and No/100 Dollars ($500,000.00). All Developer Fees will be paid in accordance with the Developer Fee Schedule attached hereto as Exhibit N. The parties acknowledge that the fee and equity amounts may be updated in connection with any gap financing provided by OCII.

ARTICLE 16 TRANSFERS.

16.1 Non-Assignment. Borrower shall not assign or transfer this Agreement without OCII's prior written consent, which may be given, withheld or conditioned in OCII's sole. For purposes of this Section, an assignment shall also include any dissolution, merger, consolidation or other reorganization, or any issuance, sale, assignment, hypothecation or other transfer of legal or beneficial interests in the Borrower. Any other transfer, assignment, encumbrance or lease without OCII's prior written consent will be voidable and, at OCII's election in its sole discretion, constitute an Event of Default under this Agreement. OCII's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of OCII's rights under this Agreement.

ARTICLE 17 <u>INSURANCE AND BONDS</u>.

17.1 Borrower's Insurance. Subject to approval by OCII's Deputy Director for Finance and Administration of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in Exhibit F throughout the term of this Agreement at no expense to OCII.

ARTICLE 18 <u>GOVERNMENTAL APPROVALS</u>.

18.1 Compliance. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to Section 23.1, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 19 <u>DEFAULT</u>.

19.1 Event of Default. Any material breach by Borrower of any covenant, agreement, provision or warranty contained in this Agreement or in any of the OCII Documents that remains uncured upon the expiration of any applicable notice and cure periods contained in any OCII Document will constitute an "**Event of Default**," including the following:

(a) Borrower fails to make any payment required under this Agreement within fifteen (15) days after the date when due; or

(b) Borrower fails to perform or observe any other term, covenant or agreement contained in any OCII Document, and the failure continues for thirty (30) days after Borrower's receipt of written notice from OCII to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by OCII, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

(c) Any representation or warranty made by Borrower in any OCII Document proves to have been incorrect in any material respect when made; or

(d) Borrower is in default of its obligations with respect to the Ground Lease, once executed, or any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable cure periods; or

(e) Borrower ceases to be in good standing and duly qualified under the laws of the jurisdiction of formation and California for any period of more than ten (10) days; or

(f) Borrower ceases to exist in its present form (unless otherwise permitted or approved pursuant to <u>Article 16</u>); or

(g) Borrower assigns or attempts to assign any rights or interest under any OCII Document, whether voluntarily or involuntarily, except as permitted under <u>Section 16.1</u>; or

(h) Borrower voluntarily or involuntarily assigns or attempts to sell, lease, assign, encumber or otherwise transfer all or any portion of the ownership interests in Borrower except as permitted under <u>Article 16</u>; or

(i) Without OCII's prior written consent, Borrower transfers, or authorizes the transfer of, funds in any Account required or authorized under this Agreement; or

(j) intentionally omitted; or

(k) Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee or similar official for Borrower or for all or any part of its property (or an appointment is made without its consent); or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to Borrower or to all or any part of its property under the laws of any jurisdiction (or a proceeding is instituted without its consent); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, the improvements or any other property of Borrower; or

(l) Any adverse change occurs in the financial condition or operations of Borrower, that materially affects on the Borrower's ability to complete the Project; or

(m) intentionally omitted; or

(n) intentionally omitted; or

(o) Borrower is in default of its obligations with respect to any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable cure periods; or

(p) Borrower is in default of its obligations under any other agreement entered into with OCII or the City, including but not limited to the ENA, and the default remains uncured following the expiration of any applicable cure periods.

19.2 <u>Remedies</u>. Upon the occurrence of an Event of Default by the Borrower, except as otherwise provided in this Agreement, the Borrower shall have thirty (30) days from the receipt of written notice from OCII to cure such default, or, if such default cannot reasonably be cured within such 30-day period, the Borrower shall commence action to cure such failure within such 30-day period and diligently and continuously prosecute such action to completion, but in any event no longer than 90 days from the receipt of written notice from OCII to cure such default. During the pendency of an uncured Event of Default, OCII may exercise, in its sole discretion, any right or remedy available under this Agreement or any other OCII Document or at law or in equity. All of OCII's rights and remedies following an Event of Default are cumulative, including the following:

(a) OCII may declare the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other OCII Documents, immediately due and payable without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which Borrower expressly waives.

(b) OCII may terminate all commitments to make Disbursements, or, without waiving the Event of Default, OCII may determine to make further Disbursements upon terms and conditions satisfactory to OCII in its sole discretion.

(c) OCII may perform any of Borrower's obligations in any manner, in OCII's reasonable discretion.

(d) OCII may terminate this Agreement.

(e) OCII may apply to any court of competent jurisdiction for specific performance, or an injunction against any violation, of this Agreement or for any other remedies or actions necessary or desirable to correct Borrower's noncompliance with this Agreement.

(f) Upon the occurrence of an Event of Default described in Section 19.1(k), the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other OCII Documents, will become due and payable automatically.

(g) All costs, expenses, charges and advances of OCII in exercising its remedies or to protect the Project will be deemed to constitute a portion of the principal balance of the Note, even if it causes the principal balance to exceed the face amount of the Note, unless Borrower reimburses OCII within ten (10) days of OCII's demand for reimbursement.

(h) OCII may acquire any Work Product as described in Section 24.21 of this Agreement.

19.3 Force Majeure. The occurrence of any of the following events shall excuse performance of any obligations of OCII or Borrower to the extent that the events cause enforced delays in the performance of a party's obligations under this Agreement: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to OCII within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

20.1 Borrower Representations and Warranties. As a further inducement for OCII to enter into this Agreement, Borrower represents and warrants as follows:

(a) The execution, delivery and performance of the OCII Documents will not contravene or constitute a default under or result in a lien upon assets of Borrower under any applicable Law, any Charter Document of Borrower or any instrument binding upon or affecting Borrower, or any contract, agreement, judgment, order, decree or other instrument binding upon or affecting Borrower.

(b) When duly executed, the OCII Documents will constitute the legal, valid and binding obligations of Borrower. Borrower hereby waives any defense to the enforcement of the OCII Documents related to alleged invalidity of the OCII Documents.

(c) No action, suit or proceeding is pending or, to the best of the Borrower's knowledge, threatened that might affect Borrower or the Project adversely in any material respect.

(d) Borrower is not in default under any agreement to which it is a party, including any lease of real property.

(e) No Borrower, nor any of Borrower's principals or Borrower's contractors have been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its contractors been suspended, disciplined or prohibited from contracting with any Governmental Agency.

(f) All statements and representations made by Borrower in connection with the Loan remain true and correct as of the date of this Agreement.

(g) Borrower agrees to provide notice to OCII in accordance with Section 21.1 of the occurrence of any change or circumstance that: (a) will have an adverse effect on the physical condition or intended use of the Project; (b) causes the Loan to be out of balance; or (c) will have an adverse effect on Borrower's ability to repay the Loan.

ARTICLE 21 <u>NOTICES</u>.

21.1 Written Notice. All notices required by this Agreement must be made in writing and may be communicated by personal delivery, facsimile (if followed within one (1) business day by first class mail), by nationally recognized courier that obtains receipts, or by United States certified mail, postage prepaid, return receipt requested. Any notice sent by email will be accompanied by a written notice and email notices will not be effective unless accompanied by a written notice. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or five (5) days after mailing, *provided that* any notice that is received after 5 p.m. on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices must be addressed as follows:

To OCII:	Office of Community Investment and Infrastructure Successor Agency to the San Francisco Redevelopment Agency 1 South Van Ness Avenue, 5^{th} Floor San Francisco, CA 94103 Attn: Executive Director
To OCII General Counsel:	Office of Community Investment and Infrastructure 1 South Van Ness Avenue, 5th Floor San Francisco, CA 94103 Attn: Agency General Counsel Email: james.morales@sfgov.org
To MOHCD:	Mayor's Office of Housing and Community Development 1 South Van Ness Avenue, 5^{th} Floor San Francisco, CA 94103 Attn: Director
To City Attorney's Office:	Deputy City Attorney San Francisco City Attorney's Office City Hall, Rm. 234 1 Dr. Carlton B. Goodlett Pl. San Francisco, CA 94102-4682 Attn: Heidi J. Gewertz

To Borrower: Hunters Point Block 56, L.P.
1256 Market Street
San Francisco, CA 94102

or any other address a party designates from time to time by written notice sent to the other party in manner set forth in this Section.

ARTICLE 22 <u>HAZARDOUS SUBSTANCES</u>.

22.1 <u>Borrower's Representations</u>. Intentionally omitted.

22.2 <u>Covenant</u>. Unless OCII otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower must: (a) comply with all applicable Environmental Laws relating to the Site and the Project, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; and (b) deliver to OCII, promptly following the occurrence of any such event, notice of the discovery by Borrower of any event violating the covenants established in subsection (a), above.

ARTICLE 23 <u>INDEMNITY</u>.

23.1 <u>Borrower's Obligations</u>. To the fullest extent permitted by law, Borrower shall hold harmless, defend at its own expense, and indemnify OCII, the City, and their respective commissioners, officers, agents and employees (individually or collectively, an "Indemnitee") against any and all Losses, of every kind, nature and description directly or indirectly arising out of, or connected with Borrower's obligations under this Agreement, except to the extent caused by the willful misconduct or the gross negligence of the Indemnitee. For purposes of this Article, Losses will include, but not be limited to: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the OCII Documents (including those covenants set forth in Article 22 above); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) injury or death to persons or damage to property or other Losses occurring on or in connection with Borrower's activities pursuant to this Agreement, whether caused by the negligence or any other act or omission of Borrower; (d) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the OCII Documents, the Loan, the Predevelopment Activities or any transaction contemplated by, or the relationship between Borrower and OCII or Borrower and the City or any action or inaction by OCII or the City under, the OCII Documents; (e) any Environmental Activity directly or indirectly caused by Borrower any failure of the Borrower to comply with all applicable Environmental Laws relating to the Project or the Site; (f) the occurrence, after the termination of this Agreement, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the termination of this Agreement; (g) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under Sections 9.1, 18.1 and 22.2; or (h) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, and upon written notice from Indemnitee, Borrower shall at its sole expense answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee. Each Indemnitee shall have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement. For purposes of this Section, "Borrower" shall include Borrower, its officers, employees, agents, contractors and/or subcontractors.

23.2 No Limitation. Borrower's obligations under Section 23.1 are not limited by the insurance requirements under this Agreement.

ARTICLE 24 GENERAL PROVISIONS.

24.1 Intentionally Omitted

24.2 No Third Party Beneficiaries other than City. Nothing contained in this Agreement, nor any act of OCII, may be interpreted or construed as creating the relationship of third party beneficiary, limited or general partnership, joint venture, employer and employee, or principal and agent between OCII and Borrower or Borrower's agents, employees or contractors. Notwithstanding the forgoing, OCII and Borrower hereby acknowledge and agree that as the intended assignee of OCII's rights under the OCII Documents, the City is a third party beneficiary under the OCII Documents.

24.3 No Claims by Third Parties. Nothing contained in this Agreement creates or justifies any claim against OCII by any person or entity with respect to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Project. Borrower must include this requirement as a provision in any contracts for the development of the Project.

24.4 Entire Agreement. This Agreement and its Exhibits incorporate the terms of all agreements made by OCII and Borrower with regard to the subject matter of this Agreement. No alteration or variation of the terms of this Agreement will be valid unless made in writing and signed by the parties hereto. No oral understandings or agreements not incorporated herein will be binding on OCII or Borrower.

24.5 OCII Obligations. OCII's sole obligation under this Agreement is limited to providing the funds as described in this Agreement, up to the Funding Amount. Under no circumstances, including breach of this Agreement, will OCII be liable to Borrower for any special or consequential damages arising out of actions or failure to act by OCII in connection with any of the OCII Documents.

24.6 Borrower Solely Responsible. Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance contemplated under this Agreement. Borrower is solely responsible for: (a) its own acts and those of its agents, employees and contractors and all matters relating to their performance, including compliance with Social Security, withholding and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees; (b) any losses or damages incurred by Borrower, any of its contractors or subcontractors and OCII and its officers, representatives, agents and employees on account of any act, error or omission of Borrower in the performance of this Agreement or any other OCII Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the OCII Documents, the delivery to OCII of documents, information or items under or in connection with any of the OCII Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any OCII Document or document required under any OCII Document.

24.7 No Inconsistent Agreements. Borrower warrants that it has not executed and will not execute any other agreement(s) with provisions materially contradictory or in opposition to the provisions of this Agreement.

24.8 Inconsistencies in OCII Documents. In the event of any conflict between the terms of this Agreement and any other OCII Document, the terms of this Agreement control unless otherwise stated; *provided, however,* that any provision in this Agreement in conflict with any Law will be interpreted subject to that Law.

24.9 Governing Law. This Agreement is governed by California law without regard to its choice of law rules.

24.10 Joint and Several Liability. If Borrower consists of more than one person or entity, each is jointly and severally liable to OCII for the faithful performance of this Agreement.

24.11 Successors. Except as otherwise limited herein, the provisions of this Agreement bind and inure to the benefit of the undersigned parties and their heirs, executors, administrators, legal representatives, successors and assigns. This provision does not relieve Borrower of its obligation under the OCII Documents to obtain OCII's prior written consent to any assignment or other transfer of Borrower's interests in the Loan, the Site or the ownership interests in Borrower.

24.12 Attorneys' Fees. If any legal action is commenced to enforce any of the terms of this Agreement or rights arising from any party's actions in connection with this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Agreement and to the extent that the City Attorney’s Office represents OCII or the City as the successor to this Agreement, the reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter of 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 City Attorney's Office. An award of attorneys' fees and costs will bear interest at the default rate under the Note from the date of the award until paid.

24.13 Severability. The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

24.14 Time. Time is of the essence in this Agreement. Whenever the date on which an action must be performed falls on a Saturday, Sunday or federal holiday, the date for performance will be deemed to be the next succeeding business day.

24.15 Further Assurances. Borrower agrees to: (a) pursue in an effective and continuous manner; (b) use best efforts to achieve; and (c) take all actions reasonably required by OCII from time to time to confirm or otherwise carry out the purpose of this Agreement.

24.16 Binding Covenants. Following the recordation of the Memorandum of Ground Lease, the provisions of the OCII Documents constitute covenants running with the land and will be binding upon Borrower and Borrower's successors and assigns, and all parties having or acquiring any right, title or interest in whatever form, including leasehold interests (other than Tenants and approved commercial tenants), in or to any part of the Property, except that the same will terminate and become void automatically at the expiration of the term of this Agreement. Any attempt to transfer any right, title or interest in the Property in violation of these covenants will be void.

24.17 Consent. Except as expressly provided otherwise, whenever consent or approval of a party is required in any OCII Document, that party agrees not to withhold or delay its consent or approval unreasonably.

24.18 Counterparts. This Agreement may be executed in any number of counterparts, all of which will constitute but one agreement.

24.19 Borrower's Personnel. The Project shall be implemented only by competent personnel under the direction and supervision of Borrower. Borrower must provide written notice of the replacement of: the manager, executive director, director of housing development, director of property management and/or any equivalent position of either member of the general partner or the manager of the general partner, within thirty (30) days after the effective date of such replacement.

24.20 Borrower's Board of Directors. Borrower or its managing general partner shall at all times be governed by a legally constituted and fiscally responsible board of directors. Such board of directors shall meet regularly and maintain appropriate membership, as established in its bylaws and other governing documents, and shall adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. Said board of directors shall exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Borrower of its obligations under this Agreement.

24.21 Ownership of Results. Any interest of Borrower or any sub-borrower, in drawings, plans, specifications, studies, reports, memoranda, computation sheets, the contents of electronic files, or other documents or publications prepared by or on behalf of Borrower or any sub-borrower in connection with this Agreement, the implementation of the Project, the services to be performed under this Agreement, or acquired through the use of any Loan proceeds ("**Work Product**"), is hereby pledged to OCII as security for Borrower's obligations under this Agreement and the Note, and upon an Event of Default, subject to all applicable notice and cure periods, shall become the property of and be promptly transmitted by Borrower to OCII. Notwithstanding the foregoing, Borrower may retain and use copies for reference and as documentation of its experience and capabilities. Borrower shall ensure that its architects and engineers execute an assignment of work product generally in the form attached hereto as Exhibit P, prior to or concurrent with execution of this Agreement.

This Agreement constitutes a security agreement under the California Uniform Commercial Code, as it may be amended from time to time, and Borrower authorizes OCII to file any financing statements OCII elects and deems necessary to perfect its security interest in the Work Product.

24.22 Works for Hire. If, in connection with this Agreement or the implementation of the Project, Borrower or any sub-borrower creates artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, source codes or any other original works of authorship or publications, such creations shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such creations shall be the property of OCII. If it is ever determined that any such creations are not works for hire under applicable law, Borrower hereby assigns all copyrights thereto to OCII, and agrees to provide any material, execute such documents and take such other actions as may be necessary or desirable to effect such assignment. With the prior written approval of OCII, Borrower may retain and use copies of such creations for reference and as documentation of its experience and capabilities. Borrower shall use commercially reasonable efforts to obtain all releases, assignments or other agreements from sub-borrowers or other persons or entities implementing the Project to ensure that OCII obtains the rights set forth in this Section.

24.23 Recourse. OCII's recourse against Borrower following an Event of Default is limited as set forth more specifically in the Note.

24.24 Assignment. OCII and Borrower hereby acknowledge and agree that, effective upon the completion of the Project, as determined by OCII and MOHCD, all of OCII's rights, interests and obligations under this Agreement shall be assigned to MOHCD. OCII and Borrower hereby agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Section 24.24. Upon assignment to MOHCD, all references herein to OCII shall be deemed references to MOHCD.

24.25 Exhibits. The following exhibits are attached to this Agreement and incorporated by reference:

EXHIBITS

A	Site Description
B-1	Table of Sources and Uses of Funds
B-2	Intentionally Omitted
B-3	Intentionally Omitted
C	Intentionally Omitted
D	Intentionally Omitted
E	Contract Compliance Policies
F	Insurance Requirements
G	Lobbying/Debarment Certification Form
H	Intentionally Omitted
I	Intentionally Omitted
J	Intentionally Omitted
K	Intentionally Omitted
L	Schedule of Performance
M	OCII Monthly Project Update Form
N	Developer Fee Schedule
O	Assignment of Work Product
P	Consent to Assignment of Work Product
Q	Promissory Note

[Remainder of page intentionally left blank; signature page to follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at San Francisco, California as of the date first written above.

OCII:
Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, organized and existing under the laws of the State of California:

By: ____________________________
Nadia Sesay
Executive Director

APPROVED AS TO FORM:
James B. Morales
OCII General Counsel

By: ____________________________
Aaron J. Foxworthy
Deputy General Counsel

BORROWER:

Hunters Point Block 56, L.P.,
a California limited partnership

Managing General Partner:

Mercy HPSY Block 56 LLC, a California limited liability company

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

By: ________________________
Name:
Title:

General Partner:

SFHDC HPSY Block 56 LLC, a California limited liability company

By: San Francisco Housing Development Corporation, a California nonprofit public benefit corporation, its sole member/manager

By: ________________________
Name:
Title:

EXHIBIT A
Site Description

Real property in the City and County of San Francisco, State of California, described as follows:

<u>**EXHIBIT B-1**</u>

<u>Table of Sources and Uses of Funds</u>

EXHIBIT B-2

Intentionally Omitted

EXHIBIT B-3

Intentionally Omitted

EXHIBIT C

Intentionally Omitted.

EXHIBIT D

Intentionally Omitted.

EXHIBIT E

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

(i) Small Business Enterprise (SBE) Policy (adopted by Resolution No. 43-2015, July 7, 2015);

(ii) Bayview Hunters Point Employment and Contracting Policy;

(iii) Prevailing Wage Policy (adopted by Resolution No. 327-1985 Nov. 12, 1985);

(iv) Nondiscrimination in Contracts and Benefits (adopted by Resolution No. 175-1997);

(v) Health Care Accountability Policy (adopted by Resolution No. 168-2001); and

(vi) Minimum Compensation Policy (adopted by Resolution No. 168-2001).

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

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

3. Conflict of Interest.

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

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

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

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

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

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

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

(a) Borrower May Not Discriminate. In the performance of this Agreement, Borrower agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, height, weight, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with Borrower, in any of Borrower's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by Borrower.

(b) Non-Discrimination in Benefits. Borrower does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco or where the work is being performed for OCII or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a Governmental Agency under state or local law authorizing such registration, subject to the conditions set forth in the Agency's Nondiscrimination in Contracts Policy, adopted by Agency Resolution 175-97, as amended from time to time.

8. Public Disclosure.

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

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

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

EXHIBIT F

EXHIBIT F

Insurance Requirements

Subject to approval by the OCII Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or caused to be maintained, insurance as set forth in this Exhibit F throughout the Compliance Term of this Agreement, or in accordance with the timeframes stated herein, at no expense to OCII. If and when the Borrower and OCII enter into a gap loan agreement or other agreements authorizing or funding the construction of the Project, OCII will adjust these insurance requirements to reflect the risks associated with construction-related activities.

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

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

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

1) Commercial General Liability coverage, under Insurance Services Office occurrence form CG 00 01 or other form approved by OCII, with additional insured endorsement (see Section G). Before the start of demolition/construction if the Site is unoccupied, Borrower and Borrower's Contractors will maintain coverage of not less than One Million Dollars

($1,000,000) combined single limit per occurrence and Two Million Dollars ($2,000,000) annual aggregate limit. Umbrella or Excess Liability Policy may be used to meet the terms of this section. Borrower should note that the General Liability coverage described herein is applicable only during the predevelopment phase and that OCII will require increased coverage for the Borrower and construction contractors during the construction period.

2) Automobile Liability coverage for all owned, non-owned, scheduled, and hired automobiles under Insurance Services Office form number CA 00 01 or other form approved by OCII, with additional insured endorsement (see Section G). If Borrower does not own any automobiles, Borrower must provide OCII a written statement confirming that no automobiles are owned, and OCII will accept an Automobile Insurance policy providing coverage for Symbol 8 (hired autos) and Symbol 9 (non-owned autos), with additional insured endorsement. One Million Dollars ($1,000,000) per accident for bodily injury and property damage, combined single limit.

3) Worker's Compensation and Employer's Liability as required by the State of California. A waiver of subrogation naming OCII is required (also known as "transfer of rights of recovery against others to us"). Employer's Liability coverage must provide limits of One Million Dollars ($1,000,000) for bodily injury each accident; and not less than One Million Dollars ($1,000,000) per employee; and One Million Dollars ($1,000,000) in the annual aggregate for bodily injury by disease. If the Borrower does not have any employees, then evidence of Workers' Compensation and Employers Liability coverage required herein must be provided by either the Project Sponsor(s) or the General Partner of the Partnership, in lieu of such coverage being provided by the Borrower. Additionally, the Borrower must provide a written statement confirming that the Borrower does not have employees.

4) Professional Liability (Errors and Omissions) insurance, applicable to the Borrower's licensed design and professional contractors (architects, engineers, surveyors and other eligible consultants) and to the Borrower only if the Borrower or Sponsor has any employees providing design or engineering services. Two Million Dollars ($2,000,000) for each claim and in the annual aggregate limit covering negligent acts, errors or omissions in connection with professional services to be provided in connection with the Project. If the Professional Liability insurance is "claims made" coverage, these minimum limits shall be maintained for no less than five (5) years beyond completion of the scope of services performed. Any deductible over One Hundred Thousand Dollars ($100,000) each claim must be reviewed by OCII Risk Management.

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

5) Crime Policy or Fidelity Bond covering Borrower and Developer's officers and employees against dishonesty with respect to the Funding Amount. One Million Dollars ($1,000,000) each loss, with any deductible not to exceed Ten Thousand Dollars ($10,000). Borrower must provide an endorsement naming OCII as an additional obligee or loss payee.

C. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions in excess of those required for policies stated herein must be declared to and approved by OCII. At the option of OCII, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees; or Borrower shall provide a financial guarantee satisfactory to OCII guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Umbrella or Excess Liability Policies. An Umbrella and/or Excess Liability policy(ies) may be used to reach the Commercial General Liability, Workers' Compensation, and/or Automobile Liability coverage limits required herein. The Umbrella/Excess Liability/OCIP policy(ies) must appropriately schedule any such underlying policy(ies).

E. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best rating of no less than A:VII, unless otherwise approved by OCII's Risk Manager.

F. General Requirements.

1) If the Borrower maintains additional coverages and/or higher limits than the minimums shown in this Exhibit F, OCII requires and shall be entitled to the additional coverage and/or the higher limits maintained by the Borrower.

2) The policies required herein, with the exception of Professional Liability and Workers Compensation, shall be primary insurance and non-contributory as respects to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents, and employees. Any insurance or self-insurance maintained by OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents or employees shall be in excess of Borrower's insurance and shall not contribute with it.

3) Each insurance policy required herein must be endorsed (if endorsement is available) to state that coverage will not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice by mail has been given to OCII. Should the insurance carrier not be able to provide such notice, then the responsibility to provide the notice to OCII shall be borne by the policyholder.

4) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents or employees.

5) Approval of Borrower's insurance by OCII will not relieve or decrease the liability of Borrower under this Agreement.

6) OCII and its officers, agents and employees will not be liable for any required premium under any policy maintained by Borrower.

7) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than five (5) years after the Compliance Term for general liability insurance.

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

1) Identify the following as the certificate holder:
   Successor Agency to the Redevelopment Agency of the City and County of San Francisco
   Office of Community Investment and Infrastructure
   One South Van Ness Avenue, 5th Floor
   San Francisco, CA 94103

2) Identify the name of the insurance policy holder (Borrower, Developer, or Contractor), the Project name, and the Project address.

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

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

EXHIBIT G

Lobbying/Debarment Certification Form

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.

2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

This lobbying certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed under Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for such failure.

3. Neither the undersigned nor its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. The undersigned will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of $100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities and will obtain the certification of each contractor or subcontractor whose bid is accepted that such contractor or subcontractor is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities.

By:

By:

By: ______________________________

EXHIBIT H

Intentionally Omitted.

EXHIBIT I

Intentionally Omitted

EXHIBIT J

Intentionally Omitted

EXHIBIT K

Intentionally Omitted

EXHIBIT L

Schedule of Performance

EXHIBIT M

OCII Monthly Project Update Form

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)		
1	Acquisition/Predev Financing Commitment	2/18/2020	
2.	Site Acquisition	N/A	
3.	Development Team Selection		
a.	Architect	Selected	
b.	General Contractor	6/1/2020	12/1/2020
c.	Owner's Representative	6/1/2020	12/1/2020
d.	Property Manager	Selected	
e.	Service Provider	Selected	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	5/1/2020	11/1/2020
b.	Submittal of Design Development & Cost Estimate	8/15/2020	2/15/2021
c.	Submittal of 50% CD Set & Cost Estimate	10/15/2020	4/15/2021
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	1/1/2021	6/1/2021
5.	Environ Review/Land-Use Entitlements	N/A	
a.	CEQA Environ Review Submission		
b.	NEPA Environ Review Submission		
c.	CUP/PUD/Variances Submission		
6.	Permits		
a.	Building / Site Permit Application Submitted	7/1/2020	1/1/2021
b.	Addendum #1 Submitted	1/15/2021	6/15/2021
c.	Addendum #2 Submitted	3/15/2021	9/15/2021
7.	Request for Bids Issued	2/1/2021	8/1/2021
8.	Service Plan Submission		
a.	Preliminary	Complete	
b.	Interim	2/1/2021	8/1/2021
c.	Update	2/1/2022	8/1/2022
9.	Additional City Financing		

a.	Predevelopment Financing Application #2		
b.	Gap Financing Application	3/1/2021	9/1/2021
10.	Other Financing		
a.	MHP Application	n/a	
b.	Construction Financing RFP	8/1/2021	2/1/2021
c.	AHP Application	2/15/2021	8/15/2021
d.	CDLAC Application	Application: 5/15/2021 Award: 7/15/2021	Application: 11/30/2021 Award: 1/30/2022
e.	TCAC Application	Application: 5/15/2021 Award: 7/15/2021	Application: 10/30/2021 Award: 12/30/2021
f.	State Credit Application	Application: 5/15/2021 Award: 7/15/2021	Application: 10/30/2021 Award: 12/30/2021
g.	HUD 202 or 811 Application	n/a	
h.	Other Financing Application (IIG)	2/15/2021	8/15/2021
11.	Closing		
a.	Construction Closing	10/1/2021	4/1/2022
b.	Permanent Financing Closing	10/1/2023	
12.	Construction		
a.	Notice to Proceed	10/1/2021	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	3/1/2023	
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	9/1/2022	
b.	Commence Marketing	12/1/2023	
c.	95% Occupancy	5/1/2023	
14.	Cost Certification/8609	5/1/2023 // 12/1/2023	

15.	Close Out MOH/OCII Loan(s)	7/1/2023	

OCII MONTHLY PROJECT UPDATE FORM

Please complete this Monthly Project Update and email the Word document to the Project Manager, with a copy to Elizabeth Colomello (elizabeth.colomello@sfgov.org), by the first of each month. Please focus on the relevant sections of project progress, and anticipate approvals that will be needed over the next 2 – 3 months from other departments. Use as much space as you need.

I. THE PURPOSE OF THESE UPDATES IS TO TRACK PROJECT PROGRESS

1. *During the pre-construction*
2. *On non-construction issues during construction, and*
3. *After regular monthly construction meetings have ended*

Project Summary Information

Project:	
Sponsor:	
# Units:	
Target Population:	

1. Monthly Update

Month Covered:	Date of Report:
Completed by:	
Estimated Construction Start Date (if changed from previous update, please explain):	
Estimated Total Development Cost (if changed from previous update, please explain):	
Project's OCII gap commitment (excluding OCII funding committed to date): Expected date when OCII gap funding needed: Month: Year:	
Procurement and bidding (architect, consultants and contractors):	
Entitlements, permits and utilities (Planning /dept., DBI, SFFD, DPW, SFWD, MOD, PG&E and DRE)	
Any changes in the scope, cost, schedule or financing plan? (Attach updated budget and/or schedule, if any, that have occurred since prior month.)	

Significant milestones reached during the past month, and any planned to be reached during the coming month. Also include any projected milestones not reached during the last month and the reasons why. (Depending on the phase of the project, please cover efforts to obtain additional financing, relocation, planning, service planning, marketing and rent-up, etc., as applicable for the project.)
FOR OCII STAFF ONLY
Major issues, delays, etc.:
Items for discussion with Director:

EXHIBIT N

Developer Fee Schedule

Developer Fee Disbursement Schedule		
Payment Milestone	**% of Project Mgmt Fee**	**Amount**
At acquisition or closing of preconstruction financing	15%	$150,000
During or at end of predevelopment	35%	$350,000
By end of construction	50%	$500,000
Total Project Management Fee	100%	$1,000,000
Deferred Fee		$565,539
At Risk Fee*		$1,565,539
Total Cash Developer Fee		**$2,565,539**
GP Equity		$1,434,461
Total Developer Fee		**$4,000,000**

* Per MOHCD's Developer Fee Policy, the total Project Management fee will be $1,000,000 and the total at risk fee will be $1,365,000 (including the additional cash out allowed due to the project's larger size). The At Risk Fee will be held back from distribution in order to cover any cost overruns that exceed the contingency amounts held in the Sponsor's budget, per MOHCD's Developer Fee Policy.

EXHIBIT O
ASSIGNMENT OF WORK PRODUCT

Assignment of Architects and Engineers Agreement Plans and Specifications

FOR VALUE RECEIVED, **Hunters Point Block 56, L.P.**, a California limited partnership ("Borrower") does hereby sell, assign, pledge, transfer and set over to the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, organized and existing under the laws of the State of California, ("Agency") all of its rights, title and interest in and to that certain architect's agreement ("Agreement") entered into by and between Borrower and Van Meter Williams Pollack and any other contracts entered into between Borrower and any licensed design profession or engineer ("Architect" or "Engineer"), and those certain Plans and Specifications and all amendments, modifications, supplements, general conditions and addenda thereto ("Plans") prepared by the Architects and Engineers for the account of Borrower in connection with the development of approximately 73 units of affordable rental housing at 11 Innes Ct. and known as Hunters Point Shipyard Block 56 ("Project"). The Agreement and the Plans are assigned as collateral security for certain indebtedness of Borrower to Agency evidenced by that certain Promissory Note of even date herewith in the principal amount of $3,500,000.00.

Borrower and Architect or Engineer, by executing the Consent to this assignment, agree that Agency does not assume any of Borrower's obligations or duties concerning the Agreement and the Plans, including, but not limited to, the obligation to pay for the preparation of the Agreement and the Plans, until and unless Agency shall exercise its right hereunder.

Borrower hereby irrevocably constitutes and appoints Agency as its attorney-in-fact to demand, receive, and enforce Borrower's rights with respect to the Agreement and the Plans, to give appropriate receipts, releases and satisfactions for and on behalf of Borrower and to do any and all acts in the name of Borrower or in the name of Agency with the same force and effect as Borrower could do if this Assignment had not been made.

Borrower hereby represents and warrants to Agency that no previous assignment of its interest in the Agreement and the Plans has been made, and Borrower agrees not to assign, sell, pledge, transfer, mortgage or otherwise encumber its interest in the Agreement and the Plans so long as this Assignment is in effect.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, or successors in interest of the Borrower and Agency.

IN WITNESS WHEREOF, Borrower has caused this Assignment to be executed on ____________, 2020.

BORROWER:

By: ______________________________

EXHIBIT P
CONSENT TO ASSIGNMENT OF WORK PRODUCT

Consent to Assignment

FOR VALUE RECEIVED, **Hunters Point Block 56, L.P.**,, a California limited partnership, ("Borrower") does hereby sell, assign, pledge, transfer and set over to the Successor Agency to the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, organized and existing under the laws of the State of California, ("Agency") all of its rights, title and interest in and to that certain architect's agreement ("Agreement") entered into by and between Borrower and Van Meter Williams Pollack ("Architect") and any other contracts entered into between Borrower and any licensed design professional or engineer ("Architect" or Engineer"), and those certain Plans and Specifications and all amendments, modifications, supplements, general conditions and addenda thereto ("Plans") prepared by the Architect(s), Engineer(s) and others for the account of Borrower in connection with the development of approximately 73 units of affordable rental housing at 11 Innes Ct. and known as Hunters Point Shipyard Block 56 ("Project"). The Agreement and the Plans are assigned as collateral security for certain indebtedness of Borrower to Agency evidenced by that certain Promissory Note of even date herewith in the principal amounts of $3,500,000.00.

The undersigned has prepared the Plans, hereby consents to the above Assignment hereby waives his/her lien rights, if any, for services rendered to date with respect to the Plans. The undersigned also agrees that in the event of a breach by Borrower of any of the terms and conditions of the Agreement or any other agreement entered into with the undersigned in connection with the Plans, that so long as Borrower's interest in the Plans is assigned to Agency, it will give written notice to Agency of such breach. Agency shall have sixty (60) days from the receipt of such notice of default to remedy or cure said default; however, nothing herein shall require the Agency to cure said default, but only gives it the option to do so.

The undersigned also agrees that in the event of default by Borrower under any of the documents or instruments entered into in connection with said Note, the undersigned, at Agency's request, shall continue performance under the Agreement in accordance with the terms hereof, provided that the undersigned shall be reimbursed in accordance with the Agreement for all services rendered on Agency's behalf including all services rendered on Borrower's behalf.

Dated: ________________, 2020

ARCHITECT:

Van Meter Williams Pollack

By: ______________________________

Name: ____________________________

Title: ____________________________

(*signatures continue on following page*)

ENGINEER:

By: ________________________________

Name: ______________________________

Title: _______________________________

EXHIBIT Q

Promissory Note

PROMISSORY NOTE

Principal Amount: $3,500,000 San Francisco, CA

Date: April 7, 2020

FOR VALUE RECEIVED, the undersigned, **Hunters Point Block 56, L.P.**, a California limited partnership ("Maker"), hereby promises to pay to the order of the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, hereafter referred to as the Office of Community Investment and Infrastructure, a public body, organized and existing under the laws of the State of California ("OCII", including any successors or assigns), or holder (as the case may be, "Holder"), the principal sum of Three Million Five Hundred Thousand Dollars ($3,500,000.00) (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, together with interest thereon, as provided in this Note.

1. Agreement. This Secured Promissory Note ("Note") is given under the terms of a Loan Agreement by and between Maker and Holder (the "Agreement") dated as of the date set forth above, which Agreement is incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

2. Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of three percent (3%) per annum, simple interest, from the date of disbursement of funds by Holder through the date of full payment of all amounts owing under the OCII Documents. If a Construction/Permanent Loan for the Project from OCII is subsequently approved by the Commission, the parties acknowledge that the Borrower may request and OCII may approve a reduced interest rate in order to maintain Project feasibility.

3. Default Interest Rate. Upon the occurrence of an Event of Default under any OCII Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date on which Maker receives written notice from Holder of the Event of Default through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the OCII Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice

to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any OCII Document.

4. Repayment of Funding Amount. Maker must repay all amounts owing under the OCII Documents in accordance with and subject to Section 3.1 of the Agreement. All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the Maturity Date, as such term is defined in the Agreement. Any Payment Date, including the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

If this Note becomes due and payable, and provided no Event of Default under any of the OCII Documents is then continuing, the Maker may satisfy this Note in full by either (i) making payment in full; or (ii) delivering to the Holder all of the following: (x) the Work Product, as such term is defined in the Agreement, (y) an absolute and unconditional assignment to the Holder of all of Maker's right, title and interest in and to said Work Product (which assignment shall be in the substantial form of the Assignment of Work Product attached as Exhibit O to the Agreement); and (z) the written consent to such assignment of any architect, engineer or other person or firm that has any right, title or interest in or to the Work Product (which consent shall be in the substantial form of the Consent to Assignment of Work Product attached as Exhibit P to the Agreement).

5. Security. Maker's obligations under this Note are secured by, the pledge of Work Product given in the Assignment of Work Product and the Loan is non-recourse to such Maker, its partner and their members.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 Subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, or exercise of Holder's rights under the Assignment of Work Product, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, *provided, however,* that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the OCII Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover from Maker sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

6.6 This Note may be prepaid in whole or in part at any time, and from time to time, without penalty provided that notice is given to Holder no later than ninety (90) days prior to prepayment.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Loan subject to all applicable notice and cure rights.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the OCII Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

"MAKER"

Hunters Point Block 56, L.P.,
a California limited partnership

Managing General Partner:

Mercy HPSY Block 56 LLC, a California limited liability company

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

By: ________________________

Name:
Title:

General Partner:

SFHDC HPSY Block 56 LLC, a California limited liability company

By: San Francisco Housing Development Corporation, a California nonprofit public benefit corporation, its sole member/manager

By: _________________________
Name:
Title.

EXCLUSIVE NEGOTIATIONS AGREEMENT
11 Innes Court
(Hunters Point Shipyard Phase 1 Block 56)
Hunters Point Shipyard Redevelopment Project Area

THIS EXCLUSIVE NEGOTIATIONS AGREEMENT (hereinafter "**ENA**" or "**Agreement**") dated as of April 7, 2020, is made by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body organized and existing under the laws of the State of California and commonly referred to as the Office of Community Investment and Infrastructure ("**OCII**" or "**Successor Agency**") and Hunters Point Block 56, L.P., a California limited partnership (the "**Developer**") whose co-general partners are Mercy HPSY Block 56 LLC, Managing General Partner and SFHDC HPSY Block 56 LLC, co-General Partner, and its authorized successors and assigns.

THIS AGREEMENT IS MADE WITH REFERENCE TO THE FOLLOWING FACTS AND CIRCUMSTANCES:

1. In accordance with the California Community Redevelopment Law (Health and Safety Code, section 33000 *et seq*., the "**CRL**"), the City and County of San Francisco (the "**City**") acting through its Board of Supervisors initially approved a Redevelopment Plan ("**HPS Redevelopment Plan**") for the Hunters Point Shipyard Redevelopment Project Area ("**Project Area**") by Ordinance No. 285-97 adopted on July 14, 1997.

2. Pursuant to California Health and Safety Code §§ 34170 *et seq*. (the "**Redevelopment Dissolution Law**") and San Francisco Ordinance No. 215-12 (October 4, 2012) (establishing the Successor Agency Commission ("**Commission**") and delegating to it state authority under the CRL), the Successor Agency is responsible for implementing the HPS Redevelopment Plan and fulfilling enforceable obligations of the former Redevelopment Agency of the City and County of San Francisco ("**Former Agency**") under the Disposition and Development Agreement – Hunters Point Shipyard Phase 1 (initially adopted December 2, 2003, and as currently amended, the "**DDA**") between the Former Agency and HPS Development Co., L.P. (the "**Master Developer**").

3. Under the DDA and its Affordable Housing Program, the Master Developer is required to deliver "finished lots" (i.e., subdivided land improved with streets, sidewalks, parks, open space and utilities) to be sold to various vertical developers for market-rate development or retained by OCII for the development of affordable housing. The DDA identifies, in Attachment 2 – Site Plan, the specific parcels that the Successor Agency intends to develop with affordable housing.

4. On September 20, 2018, OCII issued a Housing Development Request for Proposals (the "**RFP**") to develop, market and operate affordable rental housing units for low- to moderate income households (the "**Project**") on that certain parcel of land owned by OCII within the Project Area identified as Lot 271 of Assessor's Block 4519C, commonly referred to as "Block 56, and more particularly depicted on <u>Attachment 1</u> hereto (referred to herein as the "**Site**").

5. At its meeting on April 7, 2020, the Commission authorized the OCII Executive Director to execute this ENA with Hunters Point Block 56, LP, a California limited partnership (the development entity formed by MHC and SFHDC for the Site, and herein the "**Developer**"),The development team for the Site, includes Mercy Housing California ("**MHC**") and San Francisco Housing Development Corporation ("**SFHDC**") as co-developers with Mercy Housing Management Group ("**MHM**") as Property Manager, design by Van Meter Williams Pollack ("**VMWP**") to enable the Developer to pursue predevelopment activities for the construction and management of the Project. The ENA establishes a series of milestones intended to result in the execution of an option to ground lease agreement, and thereafter a long-term ground lease agreement for the Site between OCII and the Developer ("**Ground Lease**") after public hearing and consideration by the Commission.

6. OCII and Developer intend to execute, subject to approval by the Commission, a predevelopment loan agreement substantially concurrently herewith.

ACCORDINGLY, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, OCII and the Developer agree as follows:

1. <u>Exclusive Right</u>.

For the Exclusive Negotiations Period set forth in <u>Section 2</u> below, and subject to the terms and conditions of this Agreement, OCII and the Developer, acknowledging that time is of the essence, agree to negotiate diligently and in good faith with each other to enter into the Ground Lease providing for the ground lease of the Site to the Developer, sufficient to establish "site control" meeting the requirements of potential project lenders and the California Tax Credit Allocation Committee. OCII grants to the Developer the exclusive right to negotiate the Ground Lease (the "**Exclusive Right**") during the Exclusive Negotiations Period. OCII agrees not to solicit any other proposals or negotiate with any other developer with respect to the subject of the negotiations set forth herein.

The Developer and OCII acknowledge and agree that, under this Agreement, OCII is not committing itself or agreeing to: (a) enter into the Ground Lease or undertake any exchange or transfer of real property, any disposition of any real property interests to the Developer, (b) approve any land use entitlements, or (c) undertake any other acts or activities relating to the subsequent independent exercise of discretion by the Commission, OCII or any agency, commission or department of the City. This Agreement does not constitute the disposition of property or the transfer of OCII's or the City's exercise of control over the Site. However, should certain conditions be met, as described below in <u>Section 5,</u> this Agreement allows OCII's Executive Director, in her sole discretion, to enter into an Option to Ground Lease, in the form attached hereto as <u>Attachment 4</u>, for the Project Site .

2. <u>Term</u>.

(a) The term of the Agreement shall be from April 7, 2020 until October 6, 2021 ("**Initial Term**"), unless extended or earlier terminated pursuant to the provisions herein (the

Initial Term as modified by any extension or early termination is the "**Exclusive Negotiations Period**").

(b) If not otherwise terminated in accordance with its terms, this ENA shall terminate upon OCII's execution of any Ground Lease approved by the Commission.

3. Negotiation Deposits; OCII/City Costs.

3.1 Negotiation Deposits.

(a) In connection with its selection by the Commission as the Developer of the Site, in response to the RFP, the Developer has paid to OCII the cash sum of One Thousand Dollars ($1,000) as an earnest money deposit (the "**Deposit**"). The Developer will pay to OCII an additional sum of Nine Thousand Dollars ($9,000) in cash (the "**Additional Deposit**") at the time it executes the ENA. The Additional Deposit shall be combined with the Deposit to form the performance deposit ("**Performance Deposit**"). Except as provided in Sections 3.1(b) and 3.1(c), the Performance Deposit shall be held by OCII until completion of construction of the Project.

(b) Subject to Section 8.4 below, if the parties fail to reach agreement on the Ground Lease despite the Developer's good faith negotiations or if the Ground Lease is not approved by the Commission, executed and delivered as contemplated hereby for any reason outside of the Developer's control, and, in either instance, the Developer is not in default under this Agreement, then upon termination of this Agreement, OCII shall within 30 days return the Performance Deposit (together with interest actually accrued thereon) to the Developer.

(c) OCII shall retain the Performance Deposit, together with any and all accrued interest, if any of the following events occurs: (i) the Developer is in default under the terms of the ENA, and has not cured such default within the period allowed and OCII, in its sole discretion, has not expressly waived such default in writing, and the ENA is terminated; or (ii) the parties fail to reach agreement because in OCII's reasonable judgment the Developer is not making a good faith effort to negotiate and fulfill its obligations under this ENA, or if the Ground Lease is not approved, executed and delivered as contemplated hereby for a reason reasonably determined by OCII to be within the Developer's control.

4. Extension of Exclusive Negotiations Period.

OCII's Executive Director may extend, in her sole discretion, the Exclusive Negotiations Period for any period up to a total of an additional 12 months beyond the Initial Term to permit the completion of the negotiations or milestones under the Schedule of Performance (defined below).

5. Obligations of the Developer.

5.1 Schedule of Performance; Scope of Development.

The Developer agrees that it shall diligently and in good faith negotiate the Ground Lease and related actions under this Agreement based on the development opportunity described in the RFP, the Schedule of Performance attached as Attachment 2 hereto, and the Scope of Development attached as Attachment 3 hereto. The Developer shall diligently pursue completion of milestones under the Schedule of Performance and additional benchmarks, if any, under this ENA in a timely fashion. The Schedule of Performance may be modified at the request of the Developer, subject to the approval of OCII in its sole discretion, so long as the modification does not exceed the applicable Exclusive Negotiations Period.

5.2 Other Obligations of Developer.

(a) The Developer shall be required under this ENA to comply with applicable law and policies, including the requirements of all applicable City and OCII ordinances, resolutions, regulations or other regulatory approvals with respect to the planning, design, and approvals necessary for developing the Site. These requirements include, without limitation, OCII's Small Business Enterprise Program (including, but not limited to, the selection of consultants during the pre-development period), Labor Standards and Prevailing Wages Provisions, Minimum Compensation Policy, and Health Care Accountability Policy.

(b) In addition, the Developer shall comply with the applicable terms of the DDA, the Hunters Point Shipyard Phase 1 Design for Development, and the Design Review and Document Approval Procedures and all other applicable Redevelopment Requirements, including and any amendments thereto. At the request of OCII and/or the City and at the Developer's sole expense, which funds may come from those provided under the Predevelopment Loan Agreement, the Developer shall prepare (or cause expert consultants approved by OCII to prepare) and submit all reports, studies or other information reasonably necessary to obtain regulatory approvals, excluding privileged attorney-client communications, or confidential or proprietary information.

(c) The Developer shall commit sufficient financial and personnel resources required to undertake and complete the development of the Project at the Site as a priority project and to fulfill the Developer's obligations under this Agreement in an expeditious fashion.

(d) In making any entry onto the Site, neither the Developer nor any of its agents, contractors or representatives shall interfere with or obstruct the permitted, lawful use of the Site by its tenants or occupants, if any, or the conduct of their business operations thereon, except as otherwise provided in the Predevelopment Loan Agreement.

5.3 Indemnity.

5.3.1 To the fullest extent permitted by law, the Developer shall hold harmless, defend at its own expense, and indemnify OCII and the Commission, the City, and their respective commissioners, officers, agents and employees (individually or collectively, an "**Indemnified Party**") against any and all losses, of every kind, nature and description directly or indirectly arising out of, or connected with Developer's obligations under this ENA, except to the extent caused by the willful misconduct or the gross negligence of the Indemnified Party. For purposes of this Section, losses will include, but not be limited to: (a) any default by the Developer in the observance or performance of any of the Developer's obligations under the ENA (including, without limitation, those obligations set forth in Section 5.2 above), (b) any failure of any representation by the Developer to be correct in all material respects when made, (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Developer's activities pursuant to this ENA, caused by the negligence or any other act or omission of the Developer and its officers, agents and employees, (d) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnified Party that relates to or arises out of the Developer's performance under the ENA or the development of the Site by the Developer, or any transaction contemplated by, or the relationship between the Developer and OCII under the ENA, (e) any failure of the Developer or its agents or contractors to comply with all applicable environmental requirements relating to the development of the Site, or (f) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any governmental agency, whether meritorious or not, which directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (e) above, with the exception of any environmental contamination or violations of any applicable environmental requirements occurring prior to the date of this Agreement, provided that no Indemnified Party shall be entitled to indemnification under this Section for matters caused solely by such Indemnified Party's gross negligence or willful misconduct. In the event any action or proceeding is brought against an Indemnified Party by reason of a claim arising out of any loss for which the Developer has indemnified the Indemnified Party, and upon written notice from such Indemnified Party, the Developer shall at its sole expense answer and otherwise defend such action or proceeding using counsel approved in writing by the Indemnified Party. The Indemnified Party shall have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnified Party in connection with the matters covered by this Agreement.

5.3.2 The Developer shall further indemnify the Indemnified Party against any losses directly or indirectly resulting from release, spill or escape of Hazardous Materials (as defined below) on or about the Site caused by the Developer or its agents, contractors or representatives from and after the date of this Agreement; except for losses resulting from the gross negligence or willful misconduct of any of the Indemnified Parties. For purposes hereof, "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, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" under 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 under Section 25281 or 25316 of the California Health & Safety Code; any "hazardous waste" as defined in Section 25117 or listed under 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 Site, or are naturally occurring substances on, in or about the Site; and petroleum, including crude oil or any fraction, and natural gas or natural gas liquids.

5.3.3 The indemnity shall include, without limitation, the Developer's obligation to pay reasonable Attorney's Fees and Costs (as defined in Section 11.7) and fees of consultants and experts, laboratory costs, and related costs, as well as the Indemnified Party's costs of investigating any loss. The provisions of this Section 5.3 shall survive the termination of this Agreement.

5.4 Insurance.

Subject to approval by OCII of the insurers and policy forms, Developer must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in Attachment 5 throughout the term of this Agreement at no expense to OCII.

5.5 Force Majeure

The occurrence of any of the following events shall excuse performance of such obligations of Developer as are rendered impossible to perform while such event continues: acts of god; strikes; lockouts; labor disputes; inability to obtain labor, materials or reasonable substitutes therefor; governmental restrictions (including changes in law), regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotions; fire or other casualty; and other causes beyond the control of the Developer. The occurrence of such events shall excuse performance only in the event that the Developer has provided written notice to OCII within thirty (30) days after the occurrence or commencement of the event of force majeure and such excuse shall terminate thirty (30) days after the termination of the event giving rise to the delay. However, under no circumstances shall this force majeure provision apply to Developer's indemnification and defense obligations under Section 5.3 and/or Developer's insurance obligations under Section 5.4 above.

6. Obligations of OCII.

Subject to the provisions of Section 8, OCII agrees as follows:

(a) Subject to environmental review under the California Environmental Quality Act ("CEQA") and the National Environmental Protection Act ("NEPA"), as applicable, the public review process and all required governmental approvals, as further provided in this Agreement, OCII shall use good faith efforts to diligently negotiate, prepare and submit for approval the Ground Lease.

(b) OCII shall make available all public record studies and other documents in its possession as necessary to perform the Developer's due diligence investigations of the Site, provided that OCII makes no representations or warranties whatsoever regarding the completeness or accuracy of such information and the Developer must perform its own independent analysis.

(c) OCII shall reasonably cooperate with the Developer in obtaining access to the Site from the Master Developer for the purpose of performing tests, surveys and inspections, and obtaining data necessary or appropriate to negotiate the Ground Lease provided, however, the Developer shall give prior written notice to OCII of any such entry. OCII shall provide the Developer with the same rights of access to the Site that OCII may have from time to time during the Exclusive Negotiations Period, subject to all applicable laws and regulations.

(d) OCII shall reasonably cooperate with the Developer in the provision of information necessary for and assistance in the filing, processing and obtaining of land use entitlements and regulatory approvals, and, to the extent required by law, join with the Developer as a co-applicant in the filing for such approvals, but neither OCII nor the City shall be required to satisfy any conditions for any approval, except as may be specifically agreed to by OCII, or the City, as applicable.

(e) OCII shall, in its reasonable discretion, enter into an Option to Ground Lease with Developer as provided in this Agreement, and generally in the form attached hereto as Attachment 4, if Developer is in conformance with the obligations described in Section 5 and if such Option is necessary to secure Project financing.

7. Non-Assignment.

OCII and the Developer acknowledge and agree that OCII is entering into this Agreement and granting the Exclusive Right to the Developer on the basis of the particular experience, financial capacity, skills and capabilities of the Developer and its members. The Exclusive Right is personal to the Developer, is not assignable, and the Developer shall not assign or transfer this Agreement, except by the prior written consent of OCII' Executive Director, which may be given, withheld or conditioned in her sole discretion. For purposes of this Section, an assignment shall also include any dissolution, merger, consolidation or other reorganization, or any issuance, sale, assignment, hypothecation or other transfer of legal or beneficial interests in the Developer. Any transfer or assignment without the OCII Executive Director's prior written consent will be voidable and, at the election of OCII's Executive Director, constitute an Event of Default under this Agreement. OCII's consent to any specific assignment or transfer will not constitute its consent to any subsequent transfer or a waiver of any of OCII's rights under this Agreement.

8. Default and Remedies.

8.1 Events of Default by the Developer.

The occurrence of any of the following shall constitute an event of default on the part of the Developer after OCII gives notice of the default specifying in reasonable detail the basis for the determination of the default:

(a) Failure to pay any sums due under this Agreement within thirty (30) days after written notice by OCII.

(b) Failure to perform or abide by any material provision of this Agreement, including a performance milestone contained in the ENA Schedule of Performance, as it may be extended.

(c) Any material breach of any representation and warranty made by the Developer under Section 9 or any other provision of this Agreement.

(d) Any action in violation of Section 7, which shall be, at OCII's election, an immediate Event of Default notwithstanding the provisions of Section 8.2(a), below.

(e) Any filing of a petition to have the Developer or any affiliate of Developer adjudicated insolvent and unable to pay its debts as they mature or a petition for reorganization liquidation or arrangement under any bankruptcy or insolvency law, or any assignment for the benefit of creditors, or seeking appointment of a trustee, receiver, liquidator of the Developer or any substantial part of the Developer's assets, if such petition is not dismissed within sixty (60) days.

(f) The debarment or prohibition of the Developer from doing business with any federal, state or local governmental agency, or any debarment or prohibition of any affiliate of the Developer from doing business with any federal, state or local governmental agency to the extent such debarment or prohibition of the affiliate could affect the redevelopment of the Site as contemplated hereby.

(g) Failure to procure or maintain any of the insurance coverage required hereunder so that there is a lapse in required coverage and such breach is not cured within two (2) days.

(h) The occurrence of an uncured event of default under the terms of the Predevelopment Loan Agreement and the continuation thereof beyond any and all applicable notice and cure periods.

(i) Failure to notify OCII of any adverse change in the financial condition of the Developer that materially affects the Developer's ability to complete the Project.

(j) Developer is in default of its obligations under any other agreement entered into with OCII or the City, and the default remains uncured following the expiration of any and all applicable notice and cure periods.

8.2 Remedies of OCII.

(a) In the event of a default by the Developer, except as otherwise provided in this ENA, the Developer shall have thirty (30) days from the receipt of written notice from OCII to cure such default, or, if such default cannot reasonably be cured within such 30-day period, the Developer shall commence action to cure such failure within such 30-day period and diligently and continuously prosecute such action to completion, but in any event no longer than 90 days from the receipt of written notice from OCII to cure such default.

(b) If, after the time provided in Section 8.2(a) above, Developer has not cured the default, OCII may exercise any or all of the following exclusive remedies available to it under this Agreement: (i) terminating the ENA, (ii) retaining the Performance Deposit; and/or (iii) exercising its rights under the Work Product security described below in Section 8.2 (c). If OCII chooses to terminate the ENA, OCII shall provide written notice to Developer of such termination, the ENA shall be terminated as of the date of the notice, and neither party shall have any rights against or liability to the other, except those provisions that are specified to survive such termination shall remain in full force and effect.

(c) Plans, Specifications, Reports and Studies. If OCII terminates this ENA, the Developer shall deliver to OCII copies of any and all drawings, plans, specifications, reports, studies, memoranda, computation sheets, document lists, plans and all including contents of any electronic files, prepared by or on behalf of Developer in connection with this Agreement (the Developer's "**Work Product**"). The Developer shall deliver its Work Product within ten (10) days after written demand from OCII, which obligation shall survive the termination of this

Agreement. OCII may use the Work Product for any purpose relating to the Site. The Developer and OCII acknowledge that the Work Product also serves as security pursuant to the Predevelopment Loan Agreement and that the provisions of Sections 3.1 and 24.21 of the Predevelopment Loan Agreement shall govern the assignment of the Work Product to OCII.

8.3 Termination and Developer's Risk.

8.3.1. Generally.

The Developer acknowledges and agrees that, except as otherwise provided under the Predevelopment Loan Agreement, it is proceeding at its own risk and expense until such time as the Ground Lease is approved and without any assurance that the Ground Lease will be approved.

8.4 Damages.

The parties have agreed that OCII's actual damages in the event of a failure to approve, execute and deliver the Ground Lease due to a default by the Developer would be extremely difficult or impracticable to determine. After negotiation, the parties have agreed that, considering all the circumstances existing on the date of this ENA, the amount of the Performance Deposit together with all accrued interest thereon, as herein provided, is a reasonable estimate of the damages that OCII would incur in such event.

IF THE PARTIES DO NOT REACH AGREEMENT ON THE GROUND LEASE OR THE GROUND LEASE IS NOT APPROVED, EXECUTED AND DELIVERED AS CONTEMPLATED HEREBY DUE, IN EITHER INSTANCE, TO ANY DEFAULT BY THE DEVELOPER UNDER THIS ENA BEYOND THE APPLICABLE CURE PERIOD, THEN, WITHOUT LIMITING ANY OF ITS OTHER REMEDIES HEREUNDER, AT LAW OR IN EQUITY, OCII SHALL BE ENTITLED TO RETAIN THE PERFORMANCEDEPOSIT, TOGETHER WITH ALL ACCRUED INTEREST THEREON, AS HEREIN PROVIDED, AS LIQUIDATED DAMAGES. BY PLACING THEIR RESPECTIVE INITIALS BELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS ENA WAS MADE, THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION.

INITIALS: OCII _____ Developer ______ ______

9. Representations and Warranties of the Developer.

9.1 Representations and Warranties.

The Developer represents, warrants and covenants as follows:

(a) Valid Existence; Good Standing. Developer is a California limited partnership duly organized and validly existing under the laws of the State of California. The Developer has all requisite power and authority to own its property and conduct its business as presently conducted. The Developer has made all filings and is in good standing in the jurisdiction of the State of California.

(b) Authority. The Developer has all requisite power and authority to execute and deliver this Agreement and the agreements contemplated by this Agreement and to carry out and perform all of the terms and covenants of this Agreement.

(c) No Limitation on Ability to Perform. Neither the Developer's partnership agreement nor any other agreement or law in any way prohibit, limit or otherwise affect the right or power of the Developer to enter into and perform all of the terms and covenants of this Agreement. The Developer is not a party to or bound by any contract, agreement, indenture, trust agreement, note, obligation or other instrument, which could prohibit, limit or otherwise affect the same. No consent, authorization or approval of, or other action by, and no notice to or filing with, any governmental authority, regulatory body or any other person or entity is required for the due execution, delivery and performance by the Developer of this Agreement or any of the terms and covenants contained in this Agreement. There are no pending or threatened suits or proceedings or undischarged judgments affecting the Developer before any court, governmental agency, or arbitrator which might materially adversely affect the enforceability of this Agreement, the ability of the Developer to perform the transactions contemplated by this Agreement or the business, operations, assets or condition of the Developer.

(d) Valid Execution. The execution and delivery of this Agreement and the agreements contemplated hereby by the Developer have been duly and validly authorized by all necessary actions. This Agreement will be a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms. The Developer will provide to OCII a written resolution of the Developer authorizing the execution of this Agreement and the agreements contemplated by this Agreement.

(e) Defaults. The execution, delivery and performance of this Agreement do not and will not violate or result in a violation of, contravene or conflict with, or constitute a default under (A) any agreement, document or instrument to which the Developer may be bound or affected, (B) any law, statute, ordinance, regulation, or (C) the partnership agreement of the Developer.

(f) Meeting Financial Obligations; Material Adverse Change. The Developer is meeting its current liabilities as they mature; no federal or state tax liens have been filed against it; and the Developer is not in default or claimed default under any agreement for borrowed money. The Developer shall immediately notify OCII of any material adverse change in the financial condition of the Developer that affect the Developer's ability to complete the Project and such material adverse change shall constitute a default under this Agreement, subject to the cure and remedy provisions of Section 8.

(g) Conflicts of Interest. The Developer is familiar with conflict of interest requirements and contribution limits, including (i) Section 87100 *et seq*. of the California Government Code, which provides that no member, official or employee of OCII, may have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to this Agreement which affects her or his personal interest or the interests of any corporation, partnership or association in which she or he is interested directly or indirectly and (ii) OCII's Personnel Policy, which prohibits former OCII employees and consultants from working on behalf of another party on a matter in which they have participated personally and substantially as an OCII employee or consultant unless OCII consents to such scope of work; and (iii) section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with OCII for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) the Mayor or members of the Board of Supervisors, (2) a candidate for Mayor or Board of Supervisors, or (3) a committee controlled by such office holder or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Developer acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Developer further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Developer's board of directors; Developer's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Developer; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Developer. Additionally, Developer acknowledges that Developer must inform each of the persons described in the preceding sentence of the prohibitions contained in section 1.126. As to the provisions referred to in clauses (i) and (iii), the Developer does not know of any facts that constitute a violation of such provisions. As to the policy in clause (ii), the Developer has disclosed to OCII in writing any and all personnel or consultants covered by such policy as of the date of this Agreement, and concurrently herewith the Commission has elected to waive or not to waive the conflict as to such specific personnel or consultants.

(h) Skill and Capacity. The Developer has the skill, resources and financial capacity to acquire, manage and fully redevelop the Site consistent with the development opportunity described in the RFP.

(i) Consultants. As of the date of this Agreement, the Developer has retained the following consultants in connection with the proposed redevelopment of the Site: Van Meter Williams Pollack (planning and architecture) and Mercy Housing Management Group (Property Management). The Developer shall promptly notify OCII of the termination of any consultant previously approved by OCII, and the Developer shall, to the extent required to fulfill its obligations under this Agreement, replace such consultant with a new consultant reasonably approved by OCII. In addition, the Developer shall promptly notify OCII of the addition of any new consultant associated with the Project. Nothing herein shall limit the provisions of subsection (g) above regarding conflicts of interest.

(j) Not Prohibited from Doing Business. Neither the Developer (nor any affiliates of any of the foregoing) have been debarred or otherwise prohibited from doing business with any local, state or federal governmental agency.

(k) Business Licenses. The Developer has obtained all licenses required to conduct its business in the City and is not in default of any fees or taxes due to the City.

(l) No Claims. The Developer does not have any claim, and shall not make any claim, against OCII and the City, or either of them, or against the Site, or any present or future interest of OCII or the City therein, directly or indirectly, by reason of: any aspect of the RFP or the developer selection process; any statements, representations, acts or omissions made by OCII's and/or City's respective officers, commissioners, employees or agents with regard to the Site or any aspect of the negotiations under this Agreement; and OCII's exercise of discretion, decision and judgment in conformance with this Agreement.

9.2 Continued Accuracy.

If at any time during the Exclusive Negotiations Period any event or circumstance occurs that would render materially inaccurate or misleading any of the foregoing representations or warranties, the Developer shall immediately notify OCII thereof. It will be an event of default without the requirement of OCII notice specified in Section 8.1, above, if the Developer does not cure such inaccuracy within ten (10) days from the date on which the Developer was obligated to notify OCII and OCII shall have the rights and remedies provided in this Agreement, at equity and in law.

9.3 Survival.

The representations and warranties in this Section 9 shall survive any termination of this Agreement.

10. Notices.

A notice or communication under this Agreement by either party to the other shall be sufficiently given or delivered if dispatched by hand or by registered or certified mail, postage prepaid, addressed as follows:

(i) In the case of a notice or communication to OCII:

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

Office of Community Investment and Infrastructure
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: General Counsel
Email: james.morales@sfgov.org

(ii) And in the case of a notice or communication sent to the Developer:

Hunters Point Block 56, L.P.
1256 Market Street
San Francisco, CA 94102

With a copy to:

XXXXX

For the convenience of the parties, copies of notice may also be given by email.

Every notice given to a party hereto, pursuant to the terms of this Agreement, must state (or must be accompanied by a cover letter that states) substantially the following:

(a) the Section of this Agreement pursuant to which the notice is given and the action or response required, if any;

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

(c) if approval is being requested, shall be clearly marked "Request for Approval under the Hunters Point Shipyard Redevelopment Project Area, 11 Innes Court, Exclusive Negotiations Agreement;" and

(d) if a notice of disapproval or an objection, which requires reasonableness, shall specify with particularity the reasons therefor.

Any mailing address or email address may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

11. General Provisions.

11.1 Amendments.

This Agreement may be amended or modified only by a written instrument executed by OCII and the Developer.

11.2 Severability.

If any provision of this Agreement, or its application to any person or circumstance, is held invalid by any court, the invalidity or inapplicability of such provision shall not affect any other provision of this Agreement or the application of such provision to any other person or circumstance, and the remaining portions of this Agreement shall continue in full force and effect, unless enforcement of this Agreement as so modified by and in response to such invalidation would be unreasonable or grossly inequitable under all of the circumstances or would frustrate the fundamental purposes of this Agreement. Without limiting the foregoing, in the event that any applicable federal or state law prevents or precludes compliance with any material term of this Agreement, the parties shall promptly modify, amend or suspend this Agreement, or any portion of this Agreement, to the extent necessary to comply with such provisions in a manner which preserves to the greatest extent possible the benefits to each of the parties to this Agreement and to the Developer before such conflict with federal or state law. However, if such amendment, modification or suspension would deprive OCII or the Developer of the substantial benefits derived from this Agreement or make performance unreasonably difficult or expensive, then the affected party may terminate this Agreement upon written notice to the other party. In the event of such termination, neither party shall have any further rights nor obligations under this Agreement except as otherwise provided herein.

11.3 Non-Waiver.

No waiver made by either party with respect to the performance, or manner or time of performance, or any obligation of the other party or any condition to its own obligation under this Agreement will be considered a waiver with respect to the particular obligation of the other party or condition to its own obligation beyond those expressly waived to the extent of such waiver, or a waiver in any respect in regard to any other rights of the party making the waiver or any other obligations of the other party.

11.4 Non-Liability.

No member, official, agent or employee of OCII or the City will be personally liable to the Developer, or any successor in interest (if and to the extent permitted under this Agreement), in an event of default by OCII or for any amount that may become due to the Developer or successor or on any obligations under the terms of this Agreement. No director, officer, agent or employee or affiliate of the Developer or Developer's affiliates will be personally liable to OCII in an event of default by the Developer or for any amount that may become due to OCII or on any obligations under the terms of this Agreement.

11.5 Successors and Assigns; Third Party Beneficiary.

This Agreement shall inure to the benefit of and bind the respective successors and assigns of OCII and the Developer, subject to the limitations on assignment by the Developer set forth in Section 7 above. This Agreement is for the exclusive benefit of the parties hereto and not for the benefit of any other person and shall not be deemed to have conferred any rights, express or implied, upon any other person.

11.6 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of California. As part of the consideration for OCII's entering into this Agreement, the Developer agrees that all actions or proceedings arising directly or indirectly under this Agreement may, at OCII's sole option, be litigated in courts located within the County of San Francisco, State of California, and the Developer expressly consents to the jurisdiction of any such local, state or federal court, and consents that any service of process in such action or proceeding may be made by personal service upon the Developer wherever the Developer may then be located, or by certified or registered mail directed to the Developer at the address set forth in this Agreement.

11.7 Attorneys' Fees and Costs.

If either party fails to perform any of its respective obligations under this Agreement or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default or in enforcing or establishing its rights under this Agreement, including, without limitation, court costs and reasonable Attorneys' Fees and Costs (as defined below). Any such Attorneys' Fees and Costs incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such Attorneys' Fees and Costs obligation is intended to be several from the other provisions of this Agreement and to survive and not be merged into any such judgment. For purposes of this Agreement, the reasonable fees of attorneys of OCII counsel shall be based on the fees regularly charged by private attorneys who have the equivalent number of years of experience in the relevant subject matter and who practice in law firms in the City.

"**Attorneys' Fees and Costs**" means any and all attorneys' fees, costs, expenses and disbursements, including, but not limited to, expert witness fees and costs, travel time and associated costs, transcript preparation fees and costs, document copying, attachment preparation, courier, postage, facsimile, long-distance and communications expenses, court costs and the costs and fees associated with any other legal, administrative or alternative dispute resolution proceeding, fees and costs associated with execution upon any judgment or order, and costs on appeal.

11.8 <u>Interpretation of Agreement</u>.

(a) <u>Attachments</u>. Whenever an "Attachment" is referenced, it means an attachment to this Agreement unless otherwise specifically identified. All such Attachments are incorporated herein by reference.

(b) <u>Captions</u>. Whenever a section, article or paragraph is referenced, it refers to this Agreement unless otherwise specifically identified. The captions preceding the articles and sections of this Agreement have been inserted for convenience of reference only. Such captions shall not define or limit the scope or intent of any provision of this Agreement.

(c) <u>Words of Inclusion</u>. The use of the term "including," "such as" or words of similar import when following any general term, statement or matter shall not be construed to limit such term, statement or matter to the specific items or matters, whether or not language of non-limitation is used with reference thereto. Rather, such terms shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such statement, term or matter.

(d) <u>References</u>. Wherever reference is made to any provision, term or matter "in this Agreement," "herein" or "hereof" or words of similar import, the reference shall be deemed to refer to any and all provisions of this Agreement reasonably related thereto in the context of such reference, unless such reference refers solely to a specific numbered or lettered, section or paragraph of this Agreement or any specific subdivision thereof.

(e) <u>Recitals</u>. In the event of any conflict or inconsistency between the recitals and any of the remaining provisions of this Agreement, the remaining provisions of this Agreement shall prevail.

(f) <u>No Presumption Against Drafter</u>. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to affect the purposes of the parties and this Agreement.

11.9 <u>Entire Agreement</u>.

This Agreement, including the Attachments, contains all the representations and the entire agreement between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded in total by this Agreement. No prior drafts of this Agreement or changes from those drafts to the executed version of this Agreement shall be introduced as evidence in any litigation or other dispute resolution proceeding by either party or any other person and no court or other body shall consider those drafts in interpreting this Agreement.

11.10 Time for Performance.

(a) Expiration. All performance dates, including cure dates, expire at 5:00 p.m., San Francisco, California time, on the performance or cure date.

(b) Weekends and Holidays. A performance date, which falls on a Saturday, Sunday, or City holiday is deemed extended to the next working day.

(c) Days for Performance. All periods for performance specified in this Agreement in terms of days shall be calendar days, and not business days, unless otherwise expressly provided in this Agreement.

(d) Time of the Essence. Time is of the essence with respect to each provision of this Agreement, including, without limitation, each milestone set forth in the attached Schedule of Performance.

11.11 Counterparts.

This Agreement 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.

11.12 Approvals and Consents.

Unless this Agreement otherwise expressly provides, all actions, approvals, consents or determinations to be made by or on behalf of (i) OCII under this Agreement shall be made by the OCII's Executive Director or her designee and (ii) the Developer under this Agreement shall be made by the President of MHC and Chief Executive Officer of SFHDC (the "**Developer Representative**") or such other employee or agent of the Developer as the Developer may designate or as may be authorized to act as the Developer Representative for a particular matter. Unless otherwise herein provided, whenever approval, consent or satisfaction is required of a party pursuant to this Agreement, it shall not be unreasonably withheld or delayed. The reasons for disapproval shall be stated in reasonable detail in writing. Approval by the Developer or OCII to or of any act or request by the other shall not be deemed to waive or render unnecessary approval to or of any similar or subsequent acts or requests.

11.13 Real Estate Commissions.

The Developer and OCII each represents to the other that it engaged no broker, agent or finder in connection with this Agreement or the transactions contemplated hereby. In the event any broker, agent or finder makes a claim, the party through whom such claim is made agrees to indemnify the other party from any Losses arising out of such claim.

11.14 Survival.

Following expiration of the Exclusive Negotiations Period, this Agreement shall be deemed terminated and of no further force and effect except for any provision which, by its express terms, survives the expiration or termination of this Agreement. Upon termination of this

Agreement (other than a termination due to a default by OCII), the Developer shall furnish copies of all Work Product to OCII as provided in Section 8.2(c).

11.15 Nondiscrimination and Small Business Enterprise Policy.

(a) There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, creed, national origin or ancestry, sex, gender identity, age, marital or domestic partner status, sexual orientation or disability (including HIV or AIDS status) in the performance of this Agreement. The Developer will ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, creed, national origin or ancestry, sex, gender identity, age, marital or domestic partner status, sexual orientation or disability (including HIV or AIDS status). Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; selection for training, including apprenticeship; and provision of any services or accommodations to clients or the general public.

(b) The Developer will, in all solicitations or advertisements for employees placed by it or on its behalf, state it is an equal opportunity employer.

(c) The Developer will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement so that such provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

(d). If the Developer intends to utilize subcontractors in the provision of services under this Agreement, it must consult with OCII's Contract Compliance Division and comply with OCII's Bayview Hunters Point Employment and Contracting Policy ("BVHP-ECP") and Small Business Enterprise ("SBE") Policy.

(e). The Developer agrees not to discriminate in the provision of benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, and shall comply fully with all provisions of the OCII's Nondiscrimination in Contracts Policy, adopted by Resolution No. 175-97, as such Policy may be amended from time to time.

(f) The Developer shall provide all services to the public under this Contract in facilities that are accessible to persons with disabilities as required by state and federal law.

11.16 Compliance With Minimum Compensation Policy And Health Care Accountability Policy.

The Developer agrees, as of the date of this Agreement and during the term of this Agreement, to comply with the provisions of OCII's Minimum Compensation Policy and Health Care Accountability Policy (the "**Policies**"), adopted by Resolution 168-2001, as such policies may be amended from time to time. Such compliance includes providing all "Covered Employees," as defined under Section 2.7 of the Policies, a minimum level of compensation and offering health plan benefits to such employees or to make payments to the City and County of

San Francisco’s Department of Public Health, or to participate in a health benefits program developed by the City and County of San Francisco’s Director of Health.

11.17 Relationship of the Parties.

The subject of this Agreement is a private development with neither party acting as the agent of the other party in any respect. None of the provisions in this Agreement shall be deemed to render OCII a partner in the Developer’s business, or joint venturer or member in any joint enterprise with the Developer.

11.18 Cooperation.

In connection with this Agreement, the Developer and OCII shall reasonably cooperate with one another to achieve the objectives and purposes of this Agreement. In so doing, the Developer and OCII shall each refrain from doing anything that would render its performance under this Agreement impossible and each shall do everything that this Agreement contemplates that the Party shall do to accomplish the objectives and purposes of this Agreement.

(signatures begin on following page)

IN WITNESS WHEREOF, OCII and the Developer have duly executed and delivered this Agreement as of the date first written above.

OCII:
OCII, as Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, organized and existing under the laws of the State of California:

By: ___________________________________

Nadia Sesay
Executive Director

APPROVED AS TO FORM:

James B. Morales
Agency General Counsel

By: ___________________________________

Aaron J. Foxworthy
Deputy General Counsel

DEVELOPER:

Hunters Point Block 56, L.P.,
a California limited partnership

Managing General Partner:

Mercy HPSY Block 56 LLC, a California limited liability company

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

By: _________________________

Name:
Title:

General Partner:

SFHDC HPSY Block 56 LLC, a California limited liability company

By: San Francisco Housing Development Corporation, a California nonprofit public benefit corporation, its sole member/manager

By: _________________________

Name:
Title:

Authorized by OCII Resolution No. ____-2020, adopted April 7, 2020.

EXCLUSIVE NEGOTIATIONS AGREEMENT

LIST OF ATTACHMENTS

ATTACHMENT 1	Site Description
ATTACHMENT 2	ENA Schedule of Performance
ATTACHMENT 3	ENA Scope of Development
ATTACHMENT 4	Form of Option to Ground Lease

ATTACHMENT 1

Site Description

The Site is composed of the land within Phase 1 of the Hunters Point Shipyard Redevelopment Project Area, depicted on the attached drawings.

ATTACHMENT 2

ENA Schedule of Performance

No.	**Task**[1]	**Deadline**	**Completed**
1.	Submit a preliminary financing and cost reduction plan acceptable to OCII.	8/3/2020	
2.	Submit schematic design drawings acceptable to OCII. The submission shall include the items specified in Attachment 3.	11/1/2020	
3.	Identify a general contractor and obtain a cost estimate based on the schematic design acceptable to OCII.	12/1/2020	
4.	Submit design development documents and cost estimates. The submission shall include the items specified in Attachment 3 unless otherwise amended.	2/15/2021	
5.	Execution of Option to Enter into Ground Lease for CDLAC Application	9/1/2021	
6.	Execution of Ground Lease Agreement.	4/1/2022	

ATTACHMENT 3

ENA Scope of Development

The development will include construction of approximately 73 units of affordable rental housing. Units will be affordable to households earning up to 50% of area median income (as defined by MOHCD). Units will be comprised of approximately one-third one-bedroom units, one-third two-bedroom units and one-third 3-, 4-, and 5-bedroom units (no more than two five-bedroom units and five four-bedroom units), and 1 one-bedroom manager's unit. Unit sizes will be approximately:

- 406 square feet for studio units
- 525-645 square feet for one-bedroom/one-bathroom units
- 800 to 900 square feet for two-bedroom/one-bathroom units
- 1,000 to 1,150 square feet for three bedroom/one and a half- or two-bathroom units
- 1,292 square feet for four bedroom/two bathroom units
- 1,671 square feet for five bedroom/two bathroom units

The Project will include on-site supportive services and property management. Services should include information and referral, resident engagement, and housing retention, and may include, without limitation, behavioral health services, youth services, employment training, and employment services. The specific nature and extent of supportive services shall be determined by the sponsor in cooperation with OCII.

Development amenities will include:

- Property management suite;
- Tenant Services Office and Conference Room;
- Large resident courtyards and garden;
- Community room with kitchen;
- Teen Room;
- Fitness Room;
- Shared laundry rooms;
- Bicycle parking.

ATTACHMENT 4

OPTION TO GROUND LEASE AGREEMENT

OPTION TO GROUND LEASE AGREEMENT

This Option to Ground Lease Agreement (the "**Agreement**") is entered into as of this ____ day of ___________, 20_____(“**Effective Date**”), by and between SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, organized and existing under the laws of the State of California and commonly referred to as the Office of Community Investment and Infrastructure (the “**Successor Agency**” or “**OCII**”) and **Hunters Point Block 56, L.P.**, a California limited partnership, ("**Optionee**") and its permitted assignees hereunder, with reference to the following facts:

RECITALS

A. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, section 33000 et seq. the “**CRL**”), the City and County of San Francisco (the “**City**”) initially approved a Redevelopment Plan for the Hunters Point Shipyard Redevelopment Project Area (“**HPS Redevelopment Plan**”) by Ordinance No. 285-97 adopted on July 14, 1997.

B. Pursuant to California Health and Safety Code §§ 34170 *et seq*. (the “**Redevelopment Dissolution Law**”) and San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency Commission (“**Commission**”) and delegating to it state authority under the Redevelopment Dissolution Law), the Successor Agency is responsible for implementing the HPS Redevelopment Plan and fulfilling the enforceable obligations of the now-dissolved Redevelopment Agency of the City and County of San Francisco (“**Former Agency**”) under the Disposition and Development Agreement – Hunters Point Shipyard Phase 1 (initially adopted December 2, 2003, and as currently amended, the “**DDA**”) between the Former Agency and HPS Development Co, LP (the “**Master Developer**”).

C. Under the DDA and its Affordable Housing Program, the Master Developer is required to deliver “finished lots” (i.e., subdivided land improved with streets, sidewalks, parks, open space and utilities) to be sold to various vertical developers for market-rate development or retained by OCII for the development of affordable housing. The DDA Attachment 2 – Land Use Plan identifies the specific parcels that the Successor Agency intends to develop with affordable housing. OCII intends to provide financing to construct at least 218 affordable housing units on these parcels (the “**Agency Housing Parcels**”).

D. OCII is the fee owner of the Agency Housing Parcels.

E. The Optionee is a limited partnership comprised of its co-general partners, Mercy HPSY Block 56 LLC, Managing General Partner, and SFHDC HPSY Block 56 LLC, General Partner and South of Market Mercy Housing, a California nonprofit public benefit corporation,. The Optionee desires to develop the Property with approximately 73 multifamily units available to very low-income families, including certain ancillary uses (“**Project**”) on that certain real property more particularly described in Exhibit A hereto (“**Property”)**.

F. The Optionee intends to develop the Project with 4% Low Income Housing Tax Credits, tax-exempt bonds, local funds, and other sources, as necessary.

G. In order to apply for Project financing, Optionee desires to obtain from OCII, and OCII desires to grant to Optionee, upon the specific terms and conditions set forth in this Agreement, the exclusive right and option to ground lease the Property.

Now, therefore, in consideration of recitals hereof and the mutual promises contained in this agreement, the parties agree as follows:

AGREEMENT

SECTION 1. **<u>Grant of Option</u>**. OCII grants to Optionee the option to ground lease the Property for the consideration and under the terms and conditions set forth in this Agreement **(**the "**Option**").

SECTION 2. **Term of Option: Exercise.**

a. <u>Term and Extension of Term.</u> The term of the Option shall be for a period commencing on the Effective Date and ending on 11:59 P.M. on August 17, 2021, unless earlier terminated in accordance with the provisions of this Agreement (the "**Initial Term**"). So long as the Optionee is not then in default under this Agreement or any other agreements with OCII, Optionee may request up to two extensions of the Initial Term, of up to six months each, by giving written notice, accompanied by payment of One Dollar ($1.00) (the "**Extension Payment**"), to OCII, at any time prior to the expiration of the Initial Term. Approval of the extension is subject to the sole discretion of the OCII Executive Director. Any such approved extension shall commence on 12:01 A.M. on the day immediately following the expiration of the Initial Term and shall end no later than 11:59 P.M. on February 17, 2022 for the first extension and no later than 11:59 P.M. on August 17, 2022 for the second extension. The Initial Term, plus any extension, is referred to herein as the "**Term**". During the Term, Optionee and OCII staff agree to negotiate in good faith to complete all of the terms and conditions of a ground lease of the Property from OCII to Optionee consistent with this Agreement (upon completion of such negotiations, the "**Ground Lease**"). The final terms of the Ground Lease must be agreed to by Optionee and OCII, and approved by the Commission, before Optionee's exercise of the Option.

b. <u>Exercise of Option.</u> At any time following approval of the Ground Lease by the Commission and before the expiration of the Term, so long as the Optionee is not then in default under this Agreement or any other agreements with OCII, Optionee may exercise the Option by giving written notice to OCII (the "**Option Notice**").

c. <u>Expiration.</u> The Agreement shall automatically expire, and be of no further force or effect, upon the first to occur of the expiration date of the Term or the effective date of the Ground Lease. If the expiration date of the Term falls on a Saturday, Sunday or legal holiday in the State of California, then the expiration date shall be extended to 11:59 P.M. on the immediately following business day. Upon termination of the Option and a written request by OCII, Optionee shall sign and deliver a quitclaim deed or such other document as may be reasonably required by OCII to evidence the termination of the Option.

SECTION 3. **<u>Option Consideration</u>**. The Option is granted in consideration of Optionee's obligation to negotiate in good faith for the Ground Lease and for the advancement of the Project. The Option consideration is related to the Option only and in no way relates to Ground Lease payments that will be owed to OCII. In addition, concurrently with the execution of this Agreement, Optionee shall pay and deliver to OCII $100 as separate and independent consideration ("**Independent Consideration**") for OCII's execution of this Agreement. The Independent Consideration is non-refundable to Optionee in the event this Agreement terminates prior to Optionee's execution of the Option.

SECTION 4. **Ground Lease of the Project Property**. OCII staff shall prepare the initial form of ground lease substantially in the form used by OCII for projects in which OCII is the fee owner of a particular property that will be developed for affordable housing. The Ground Lease shall be in accordance with the following:

a. Term of Ground Lease. The Ground Lease shall become effective immediately following the full execution by the parties and shall end between sixty-five (65) and seventy-five (75) years from the date of construction completion of the Project (as determined by the parties during negotiation of the ground lease term), provided that the tenant shall have an option to extend the term for an additional period that, in aggregate, does not exceed a total of ninety nine (99) years, for no additional consideration (but rent shall continue during any extended term as set forth below).

b. Taxes and Assessments. The tenant shall be responsible for the payment of any and all property taxes and assessments levied against the leasehold estate and the Property during the entire term of the Ground Lease subject to any abatement available therefrom.

c. Project Use. The Property shall be used during the term of the Ground Lease only for affordable housing, specifically the construction, operation, maintenance and repair or reconstruction of a multifamily residential development with approximately 73 units available to extremely low income and low income households as well as certain ancillary uses. The maximum rent and income levels shall be set at no greater than 50% of area median income, defined as the area median income as determined by the United States Department of Housing and Urban Development for the San Francisco area, adjusted solely for household size, but not high housing cost area [Attachment 3 uses AMI as determined by MOHCD]. If required by the Project's tax credit investor based on the Project's residual analysis test, and if approved by the OCII Executive Director in his or her reasonable discretion, the Ground Lease may permit increases in the maximum rent and income levels after the 55th year of the Ground Lease term, but such increases shall be limited only to the extent necessary to satisfy the tax credit investor's residual analysis test.

d. Rent. The tenant shall pay the landlord annual rent in the amount of ten percent (10%) of the land value of the Property (as determined by an MAI appraiser selected by, and at the sole cost of, the tenant, and set in the Ground Lease), consisting of $15,000 in base rent and the remainder in residual rent. The residual rent shall be payable only to the extent proceeds are available from the Project. The annual rent shall be adjusted on the fifteenth (15th) anniversary of the expiration of the first full calendar year of the lease term, and every fifteen (15) years thereafter, and shall be equal to ten percent (10%) of then appraised value of the land as determined by a MAI appraiser selected by, and at the sole cost of, the tenant. Any such adjustment shall be made to the residual rent and not the base rent. If required by the Project's tax credit investor based on the Project's residual analysis test, and if approved by the MOHCD Director in his or her reasonable discretion, residual rent shall only be payable after full repayment of any residual-receipts loan provided by OCII.

e. Construction and Operation of the Project. The tenant shall be responsible, at its sole cost, for construction, operation, and maintenance of the Project during the Ground Lease term.

f. Title to the Property. The Ground Lease shall provide that OCII will own fee title to the land comprising the Property, and the Optionee will own fee title to all improvements constructed or otherwise located on the land, during the Ground Lease term.

g. Disposition of Improvements at End of Lease. At the end of the Ground Lease term, fee title to all the improvements shall vest in OCII without further action of any party, without any obligation by OCII to pay any compensation therefor to the tenant and without the necessity of a deed from the tenant to OCII.

h. Mortgagee Protections. The Ground Lease shall include standard mortgagee protection provisions.

i. Defaults; Right to Cure. OCII will provide any notice of any defaults under the Ground Lease to the tenant's limited partners and lenders, and allow any such parties the right to cure a default by the tenant under the Ground Lease. Pursuant to the terms of the Ground Lease, OCII shall not be entitled to terminate the Ground Lease following any uncured default by the tenant during the fifteen (15) year tax credit compliance period for the Project, except if such default is failure to pay rent.

j. Encumbrances. The Ground Lease will permit the tenant to encumber its leasehold interest in the Property to secure any loans deemed necessary by the tenant, as approved by OCII. Any funds from a loan secured by the Property must be used in or on the Property.

SECTION 5. Closing.

a. Expenses. All expenses, fees or costs (except attorneys' fees and costs) incurred in connection with the Ground Lease of the Property, including but not limited to city and county documentary transfer tax, conveyance taxes, recording charges (if any), and costs of title insurance shall be borne by the Optionee. Each party shall bear its own attorneys' fees and costs incurred in connection with negotiation and execution of this Agreement and the Ground Lease.

b. Proration of Taxes. Real property taxes on the Property shall be prorated as of the date of closing of the Ground Lease.

c. Title Insurance. The closing of the Ground Lease shall be conditioned on the issuance to the tenant of an ALTA leasehold policy of title insurance, from a title company chosen by the tenant, insuring the tenant's leasehold interest in the Property subject only to reasonable exceptions approved by the tenant.

SECTION 6. **Notices**. All notices or other communications made pursuant to this Agreement shall be in writing and shall be deemed properly delivered, given or served to the parties at the following addresses when (i) mailed by certified mail, postage prepaid, return receipt requested; (ii) sent by express delivery service, charges prepaid with a delivery receipt; or (iii) personally delivered when a delivery receipt is obtained:

OCII:	Office of Community Investment and Infrastructure 1 South Van Ness Avenue, 5th Floor San Francisco, CA 94103 Attn: Executive Director
OCII General Counsel:	Office of Community Investment and Infrastructure 1 South Van Ness Avenue, 5th Floor San Francisco, CA 94103 Attn: James B. Morales
Optionee:	
	With a copy to:

All notices so delivered, mailed or sent shall be deemed received as of the date shown on the delivery receipt as the date of delivery, the date delivery was refused or the date the notice was returned as undeliverable. Either party may change its address for the purposes of this paragraph by giving prior written notice of the change to the other party in the manner provided in this Section 6. Any notice required under this Agreement that is sent by a Party shall be sent to, or contemporaneously copied to, all of the other Parties.

SECTION 7. **Assignment of Option.** OCII and the Developer acknowledge and agree that OCII is entering into this Agreement and granting the Option to the Optionee on the basis of the particular experience, financial capacity, skills and capabilities of the Optionee and its members. The Option is personal to the Optionee, is not assignable, and the Optionee shall not assign or transfer this Agreement, except by the prior written consent of OCII' Executive Director, which may be given, withheld or conditioned in her sole discretion.

SECTION 8. **Binding Effect.** This Agreement and its terms and conditions shall bind upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

SECTION 9. **Time.** Time is of the essence of this Agreement.

SECTION 10. **Further Documents.** Upon the reasonable request of the other party, each party will execute, acknowledge and deliver or cause to be executed, acknowledged and delivered, such further instruments and documents as may be reasonably necessary in order to carry out the intent and purpose of this Agreement, including escrow instructions.

SECTION 11. **Commission.** Each party to this Agreement represents to the other party that it has not engaged or used the services of any person, firm or corporation that may claim a broker's commission or finder's fee upon execution of this Agreement or the Ground Lease, and each party to this Agreement agrees to hold the other party harmless from any loss, damage, expense or liability, including attorney's fees, resulting from any claim by any person, firm or corporation based upon its having acted as broker or finder on behalf of said indemnifying party.

SECTION 12. **Captions.** The captions of the paragraphs of this Agreement are for convenience and reference only, and the words contained in the captions shall in no way be held to explain, modify, amplify or aid in the interpretations, constructions or meaning of the provisions of this Agreement.

SECTION 13. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

SECTION 14. **Entire Agreement; Signatures.** This Agreement contains the entire agreement between the parties respecting the matters set forth, and supersedes all prior agreements between the parties respecting the matters set forth.

SECTION 15. **Attorneys' Fees**. In any action between Optionee and OCII to enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to recover costs of suit and expenses including, without limitation, reasonable attorneys' fees.

SECTION 16. **Effective Date.** Notwithstanding anything to the contrary contained herein, this Agreement shall not be effective until the date on which the Commission enacts a resolution approving and authorizing this Agreement and the transactions contemplated hereby, following execution of this Agreement by both parties.

(signatures begin on next page)

IN WITNESS WHEREOF, Optionee and OCII have executed this Agreement as of the date first written above.

OCII:

Office of Community Investment and Infrastructure, Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, organized and existing under the laws of the State of California

By: ____________________________

Nadia Sesay
Executive Director

APPROVED AS TO FORM:

By: ____________________________

James B. Morales
General Counsel

OPTIONEE:

Hunters Point Block 56, L.P., a California limited partnership

Managing General Partner:

Mercy HPSY Block 56 LLC, a California limited liability company

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

By: _________________________
Name:
Title:

General Partner:

SFHDC HPSY Block 56 LLC, a California limited liability company

By: San Francisco Housing Development Corporation, a California nonprofit public benefit corporation, its sole member/manager

By: _______________________
Name:
Title.

By: _________________________
Name:
Title:

EXHIBIT A

Property Description

Real property in the City and County of San Francisco, State of California, described as follows:

[To be inserted]

EXHIBIT B-2

Site Plan

ATTACHMENT 5
Insurance Provisions

Subject to approval by the OCII Risk Manager of the insurers and policy forms, Developer must obtain and maintain, or caused to be maintained, insurance as set forth in this Attachment 5 throughout the Compliance Term of this Agreement, or in accordance with the timeframes stated herein, at no expense to OCII. If and when the Developer and OCII enter into a gap loan agreement or other agreements authorizing or funding the construction of the Project, OCII will adjust these insurance requirements to reflect the risks associated with construction-related activities.

A. Overview of Coverage Requirements. The following table summarizes required insurance policies and documentation. Please see Section B of this Attachment 5 for more detailed descriptions of policy requirements.

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

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

1) Commercial General Liability coverage, under Insurance Services Office occurrence form CG 00 01 or other form approved by OCII, with additional insured endorsement (see Section G). Before the start of demolition/construction if the Site is unoccupied, Developer and Developer's Contractors will maintain coverage of not less than One Million Dollars ($1,000,000) combined single limit per occurrence and Two Million Dollars ($2,000,000)

annual aggregate limit. Umbrella or Excess Liability Policy may be used to meet the terms of this section. Developer should note that the General Liability coverage described herein is applicable only during the predevelopment phase and that OCII will require increased coverage for the Developer and construction contractors during the construction period.

2) Automobile Liability coverage for all owned, non-owned, scheduled, and hired automobiles under Insurance Services Office form number CA 00 01 or other form approved by OCII, with additional insured endorsement (see Section G). If Developer does not own any automobiles, Developer must provide OCII a written statement confirming that no automobiles are owned, and OCII will accept an Automobile Insurance policy providing coverage for Symbol 8 (hired autos) and Symbol 9 (non-owned autos), with additional insured endorsement. One Million Dollars ($1,000,000) per accident for bodily injury and property damage, combined single limit.

3) Worker's Compensation and Employer's Liability as required by the State of California. A waiver of subrogation naming OCII is required (also known as "transfer of rights of recovery against others to us"). Employer's Liability coverage must provide limits of One Million Dollars ($1,000,000) for bodily injury each accident; and not less than One Million Dollars ($1,000,000) per employee; and One Million Dollars ($1,000,000) in the annual aggregate for bodily injury by disease. If the Developer does not have any employees, then evidence of Workers' Compensation and Employers Liability coverage required herein must be provided by either the Project Sponsor(s) or the General Partner of the Partnership, in lieu of such coverage being provided by the Developer. Additionally, the Developer must provide a written statement confirming that the Developer does not have employees.

4) Professional Liability (Errors and Omissions) insurance, applicable to the Developer's licensed design and professional contractors (architects, engineers, surveyors and other eligible consultants) and to the Developer only if the Developer or Sponsor has any employees providing design or engineering services. Two Million Dollars ($2,000,000) for each claim and in the annual aggregate limit covering negligent acts, errors or omissions in connection with professional services to be provided in connection with the Project. If the Professional Liability insurance is "claims made" coverage, these minimum limits shall be maintained for no less than five (5) years beyond completion of the scope of services performed. Any deductible over One Hundred Thousand Dollars ($100,000) each claim must be reviewed by OCII Risk Management.

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

5) Crime Policy or Fidelity Bond covering Developer and Developer's officers and employees against dishonesty with respect to the Funding Amount. One Million Dollars ($1,000,000) each loss, with any deductible not to exceed Ten Thousand Dollars ($10,000). Developer must provide an endorsement naming OCII as an additional obligee or loss payee.

C. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions in excess of those required for policies stated herein must be declared to and approved by OCII. At the option of OCII, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to

OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees; or Developer shall provide a financial guarantee satisfactory to OCII guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Umbrella or Excess Liability Policies. An Umbrella and/or Excess Liability policy(ies) may be used to reach the Commercial General Liability, Workers' Compensation, and/or Automobile Liability coverage limits required herein. The Umbrella/Excess Liability/OCIP policy(ies) must appropriately schedule any such underlying policy(ies).

E. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best rating of no less than A:VII, unless otherwise approved by OCII's Risk Manager.

F. General Requirements.

1) If the Developer maintains additional coverages and/or higher limits than the minimums shown in this Attachment 5, OCII requires and shall be entitled to the additional coverage and/or the higher limits maintained by the Developer.

2) The policies required herein, with the exception of Professional Liability and Workers Compensation, shall be primary insurance and non-contributory as respects to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents, and employees. Any insurance or self-insurance maintained by OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents or employees shall be in excess of Developer's insurance and shall not contribute with it.

3) Each insurance policy required herein must be endorsed (if endorsement is available) to state that coverage will not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice by mail has been given to OCII. Should the insurance carrier not be able to provide such notice, then the responsibility to provide the notice to OCII shall be borne by the policyholder.

4) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents or employees.

5) Approval of Developer's insurance by OCII will not relieve or decrease the liability of Developer under this Agreement.

6) OCII and its officers, agents and employees will not be liable for any required premium under any policy maintained by Developer.

7) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than five (5) years after the Compliance Term for general liability insurance.

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

1) Identify the following as the certificate holder:
   Successor Agency to the Redevelopment Agency of the City and County of San Francisco
   Office of Community Investment and Infrastructure
   One South Van Ness Avenue, 5th Floor
   San Francisco, CA 94103

2) Identify the name of the insurance policy holder (Developer, Developer, or Contractor), the Project name, and the Project address.

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

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