



118-2142022-002

Agenda Item **No. 5(c)**
Meeting of August 2, 2022

MEMORANDUM

TO: Successor Agency Commissioners

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Authorizing a First Amended Exclusive Negotiations Agreement, an Amended and Restated Option to Ground Lease, a Ground Lease, and an Amended and Restated Loan Agreement for a total aggregate loan amount of \$36,253,013 with Hunters Point Block 56, L.P., a California limited partnership, for the development of a 73-unit affordable rental housing project (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 ("Phase 1 EIR"), a Program EIR, and is adequately described in the Phase 1 EIR for the purposes of the California Environmental Quality Act ("CEQA"); and adopting environmental findings pursuant to CEQA; Hunters Point Shipyard Redevelopment Project Area

London N. Breed
MAYOR

Thor Kaslofsky
EXECUTIVE DIRECTOR

Miguel Bustos
CHAIR

Mara Rosales
Bivett Brackett
Alex Ludlum
Dr. Carolyn Ransom-Scott
COMMISSIONERS

One S. Van Ness Ave.
5th Floor
San Francisco, CA
94103

415 749 2400

www.sfocii.org

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure ("OCII"), as Successor Agency to the Redevelopment Agency of the City and County of San Francisco, is implementing the affordable housing obligations of the Hunters Point Shipyard Redevelopment Plan, as well as the Disposition and Development Agreement – Hunters Point Shipyard Phase 1 ("DDA") and its Affordable Housing Program (DDA Attachment 22). These documents contemplate the construction and operation of at least 218 Agency Affordable Housing Units on four blocks within Phase 1 of the Hunters Point Shipyard Project Area ("HPS Phase 1").

On April 7, 2020, in furtherance of these affordable housing obligations, OCII entered into: (a) an Exclusive Negotiations Agreement ("ENA") and Option to Ground Lease ("Option")

and (b) a predevelopment loan agreement (authorizing up to \$3,500,000 in loan proceeds), each with Hunters Point Shipyard Block 56 L.P., (the “Developer”) a California limited partnership formed by Mercy Housing California and San Francisco Housing Development Corporation for the planning of a 73-unit affordable rental housing project (the “Project”) on Block 56 (“Block 56”), an Agency Affordable Parcel located within HPS Phase 1 at 11 Innes Court, San Francisco, CA. See Attachment A. On April 20, 2021, Developer sought, and the Successor Agency Commission (“Commission”) approved, a basic concept and schematic design for the Project.

Now, in preparation for the close of construction financing and construction start, planned for early 2023, the Developer is seeking Commission approval of: (1) a 75-year ground lease (“Ground Lease”) (Attachment B), (2) a First Amended ENA (“Amended ENA”) and Amended and Restated Option to Ground Lease (“Amended Option”) (Attachment C), which extend the terms of both agreements to accommodate timing for securing tax credit financing, and (3) an Amended and Restated Loan Agreement authorizing an aggregate loan amount not to exceed \$36,253,013 (this amount is the total of the existing \$3.5 million predevelopment loan and requested additional gap amount of \$32,753,013) (“Amended Loan Agreement”) (Attachment E). The Citywide Affordable Housing Loan Committee approved the loan request on May 20, 2022 (Attachment D).

While Developer is requesting the approval of a Ground Lease for the Project, they are also requesting the amendment and extension of the schedules and performance under the ENA and Option to better align with the timeline for the upcoming tax credit and bond application and award cycle. If successful in this upcoming round, the Developer will close on its construction financing and execute the Ground Lease and Amended and Restated Loan Agreement in the fourth quarter of 2022.

Staff recommends that the Commission authorize a Ground Lease, a First Amendment to the ENA and associated Amended and Restated Option to Ground Lease and, an Amended and Restated Loan Agreement, and adopt environmental findings pursuant to the California Environmental Quality Act.

DISCUSSION

Project Area Background

In 1997, the San Francisco Board of Supervisors (“BOS”) adopted the Hunters Point Shipyard Redevelopment Plan (as currently amended, the “HPS Redevelopment Plan”) to guide redevelopment of the former Hunters Point Naval Shipyard (“Shipyard”) in the Bayview Hunters Point neighborhood of San Francisco. Pursuant to the Conveyance Agreement between the U.S. Department of the Navy (“Navy”), the City and County of San Francisco (“City”) and the former San Francisco Redevelopment Agency (“Former Agency”), the Navy transferred certain properties within the Shipyard to the Former Agency (now OCII) after federal, state and local regulators determined

that all necessary environmental remediation has occurred and the property is suitable for its intended use.

In 2004, the Navy transferred Parcel A to the Former Agency. The Navy and federal and state environmental regulators determined that Parcel A—historically used for residential uses during active military usage of the Shipyard – did not require environmental remediation and was suitable for its intended use as future residential development and transferred from the Navy to the Former Agency.

In 2010, the BOS adopted an amendment to the HPS Redevelopment Plan dividing the Project Area into two phases: Phase 1 consisting of Parcel A; and Phase 2, consisting of the remaining Shipyard, which had not yet transferred to the Former Agency and was continuing to undergo remediation (and would be included as part of a separate development project together with the adjacent Candlestick Point area of the Bayview Hunters Point Redevelopment Project Area).

For purposes of redevelopment, Parcel A is further subdivided into Parcel A-1, commonly called the Hilltop, and Parcel A-2, commonly called the Hillside. The Hilltop consists of eleven housing development blocks, three Agency Housing Parcels intended for 100% affordable housing, and nine Lots intended for mixed-income market-rate housing development.

Phase 1 Master Development Under the DDA

The Phase 1 DDA with HPS Development Co., L.P., a Delaware limited partnership (an affiliate of Lennar Urban and herein “Master Developer”) governs the horizontal and vertical redevelopment of Phase 1. The Master Developer is responsible for construction of horizontal infrastructure, 26 acres of parks and open space, and has the right to convey improved Lots to Vertical Developers for the construction of up to approximately 1,210 residential Units, including at least 10.5% of these Units, which will be made affordable to households earning 80% of the Area Median Income. In addition, OCII is obligated to construct approximately 218 Agency Affordable Housing Units. Together, the Vertical Developers’ inclusionary affordable Units and the Agency Affordable Housing Units are to comprise approximately 29 percent of Units constructed with Phase 1.

To date, under the Phase 1 DDA the following development has occurred:

- The Master Developer has built 47% of the infrastructure including 12 acres of park space and 40% of the roadways.
- Vertical Developers have built 505 units;
 - Including 43 inclusionary units within market rate buildings, across multiple blocks.
 - 59 inclusionary units in a 100% affordable project on Block 49 (Pacific Pointe at 350 Friedell)¹.

¹ As part of the Sixth Amendment to the Phase 1 DDA, OCII allowed the Master Developer to shift 59 affordable inclusionary units serving households earning up to 50% of Area Median

- 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% of the Area Median Income (“AMI”).
 - Blocks 52 and 54 are currently in predevelopment and are being developed by Jonathan Rose Companies and Bayview Hunters Point Multipurpose Senior Services.
- *Block 56 is the remaining OCII standalone 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 U.S. House of Representatives 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.

Out of an abundance of caution, OCII worked with the Developer to establish a scope of additional radiological soil testing at Block 56 to be conducted along with the standard Phase II environmental testing. In 2021, OCII and the Developer’s environmental consultant, Langan,² collected soil borings from Block 56 for that testing. The Developer presented Langan’s final report to the Hunters Point Shipyard Citizen’s Advisory Committee (“HPS CAC”) on July 11, 2022. Radiological testing results indicate no contamination and no risk to construction workers, the public or future residents. The U.S. Environmental Protection Agency (“EPA”) and CDPH have reviewed these results and concur with the conclusion.

Project History

OCII released a Request for Proposals (“RFP”) for development of Block 56 to the development community in September 2018 and received three responses in January 2019. Staff convened an

Income (“AMI”) from within the market rate blocks to a stand-alone, 100% affordable project at Block 49.

² Langan is an industry-leading international engineering and environmental consulting services firm with recognized experience in, among other fields, coordinating soils testing programs.

evaluation panel in March 2019, and based on the results of the panel, OCII recommended to the Commission the selection of the Developer, with Van Meter Williams Pollock as architect and Mercy Housing Management as property manager. On April 7, 2020, the Commission adopted Resolution No. 3-2020 to enter into an ENA and a Loan Agreement for predevelopment with the Developer. On April 20, 2021, the Commission adopted Resolution 12-2021 conditionally approving the Combined Basic Concept and Schematic Design for the Project.

Subsequently, Developer has completed Design Development of the Project and is in the process of permitting the Project. The Department of Building Inspection issued a permit for Block 56 on February 17, 2022. Developer and OCII staff have also sought to finalize negotiating an Access, Joint Use and Maintenance Agreement (“Agreement”) with the adjacent market-rate development for the use of an existing driveway that separates the two parcels. The Agreement establishes easement rights, allocates maintenance costs and obligations between the Developer and the adjacent market-rate development. Under the Ground Lease, the Developer is responsible for the obligations of the Agreement on behalf of the Project at no cost to OCII. The Agreement will be completed and executed by OCII, the Developer and the adjacent homeowners’ association prior to execution of the Ground Lease for the certainty of execution.

The Developer is now seeking gap funding to submit an application for tax exempt bond and low-income housing tax credits on August 9, 2022. As of 2020, tax-exempt bonds are allocated competitively and are expected to be oversubscribed in every application round, therefore OCII’s financing commitment is necessary to be competitive for these funds.

Project Description

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 at 50% of the AMI, as defined by the Mayor’s Office of Housing and Community Development. One unit will be set aside as a Family Childcare Unit. The Project will also include community, management, and services spaces along with a shared courtyard for its residents. The Project is served by a 46-space parking garage with 73 bicycle parking spaces.

Unit Type	Unit Count
Studio	4
1 BDRM	18
2 BDRM	32
3 BDRM	16
4 BDRM	2
5 BDRM	1
TOTAL	73

The basic building configuration includes two four-story, double-loaded corridor elements 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, which in turn has access to a central community courtyard / outdoor multipurpose area. Additional service areas including a large laundry room and indoor multipurpose room, envisioned for group fitness classes, also are accessed from this community courtyard at the podium level.

Exclusive Negotiations Agreement Extension

The Developer is requesting an extension to the ENA and associated Option to Ground Lease. The current ENA and Option expire on October 6, 2022. Under those documents, any further extensions must be approved by Commission. The Developer has worked diligently to complete this Project, however delays related to the COVID pandemic and the elective radiological soil testing described above have prevented the Developer from seeking financing until that testing was completed. Staff is proposing an extension through October 2023, which provides a reasonable amount of time in the event multiple financing applications are needed to receive an award of funds from the State.

Project Financing and Loan Terms

As previously noted, the Commission approved a \$3,500,000 loan in April 2020 to fund predevelopment activities. Subsequently on May 20, 2022, Loan Committee recommended approval of a total OCII subsidy amount of \$36,253,013, which includes the \$3,500,000 in existing predevelopment funds as well as an additional \$32,753,013 in permanent funding ("OCII Loan"). The additional funds will partially finance construction of the Project and will be used to leverage additional

financing sources. If approved, OCII and Hunters Point Block 56 L.P. will enter into an Amended Loan Agreement (referred to as the “OCII Loan” below) with a term of 55 years, and an interest rate of 3%. The interest rate is subject to adjustment between 0% and 3%, subject to approval by the OCII Executive Director and the Mayor’s Office of Housing and Community Development (“MOHCD”) Director based on the Project’s financial feasibility as part of the Project’s Final Financial Plan.

In addition to the OCII Loan, the Project is financed with investor equity raised from the sale of 4% Federal Low-Income Housing Tax Credits and a construction loan backed by tax-exempt bonds issued by the City. Funding sources and uses for the Project are summarized in the chart below:

Permanent Sources	Amount	Per Unit	Per Sq. Ft.
Federal Tax Credit Equity	\$31,260,053	\$482,918	\$338
Subtotal of Non-OCII Sources	\$31,260,053	\$482,918	\$338
OCII Loan	\$36,253,013	\$441,919	\$349
Total Development Sources	\$67,513,066	\$924,837	\$730
Uses	Amount	Per Unit	Per Sq. Ft.
Hard Costs	\$56,579,249	\$775,078	\$611
Soft Costs	\$8,733,817	\$119,641	\$94
Developer Fee	\$2,200,000	\$30,137	\$24
Total Development Costs	\$67,513,066	\$924,837	\$730

Loan Conditions

The Amended Loan Agreement closing and funds disbursement are subject to conditions established in the Citywide Loan Committee Loan Evaluation (“Loan Evaluation”) (Attachment E, see Section 9.2 beginning on page 40) and Loan Agreement (see Section 3.12). These conditions address, amongst other standard MOHCD and OCII loan agreement conditions:

Financial Feasibility and Preservation of affordable housing funds

- Submittal of a final services plan and associated staffing levels as well as a reevaluation of the proposed 1 full time employee services staff at the time of Final Financial Plan, if needed to ensure financial feasibility
- Upon an award of Affordable Housing Program (“AHP”) funds and upon project evaluation by staff, return of the \$1,000,000 in project savings associated with an AHP award to OCII / MOHCD

- c. Re-evaluation of competitiveness for Infill Infrastructure Grant (“IIG”) or other state of State Housing and Community Development (“HCD”) funds, if needed due to an unsuccessful California Debt Limit Allocation Committee (“CDLAC”) bond application

Income Tiering

- d. Developer will evaluate financial feasibility of incorporating income tiering below 50% AMI prior to Final Financial Plan (“FFP”).

Oversight

- e. Completion of MOHCD Monthly Project Updates including community outreach and outcomes related to racial equity goals
- f. Inclusion of OCII/ MOHCD in the selection process for equity investor / lender
- g. Designation of a San Francisco-based staff person to work with MOHCD/OCII on preferences, marketing and lease-up.

Ground Lease Terms

OCII currently owns Block 56 and will maintain ownership through the construction period. The Developer is seeking to enter into the Ground Lease (75-year term with an option for an additional 24 years’ extension). Once the Project is complete, the fee interest in Block 56 will be transferred, along with the lessor’s interest in the Ground Lease (and lender’s interest in the OCII Loan Agreement) to MOHCD as the Housing Successor Agency. MOHCD will perform long-term asset management and ensure compliance with the Ground Lease and Amended Loan Agreement terms. Hunters Point Block 56 L.P. will maintain ownership of the building or “improvements”. Key terms of the Ground Lease are described below.

Rent

The Project will be subject to annual rent as established in the Ground Lease. The annual rent will be equal to 10% of the unrestricted value of the property and will consist of: 1) a base rent of \$15,000, which is paid out of the Project’s annual operating expenses and accrues if not paid, and 2) a residual rent that is equal to the annual rent less the \$15,000 base rent. Residual rent is paid only if there is surplus cash after the Project pays all of its operating expenses, and, does not accrue if not paid.

Affordability Restrictions

The Project is bound by a maximum income restriction of 50% MOHCD AMI per the Hunters Point Shipyard Redevelopment Plan. Due to its small size and maximum income restrictions, the Project has minimal cashflow. OCII proposes that all units be set at 50% MOHCD AMI rather than include 14 units at 35% AMI as previously shown at the time of predevelopment financing, so that the Project can have sufficient cashflow to fund operations throughout the initial 20 years of operations and the Developer can secure a lender and investor for the Project. As noted in the summary on loan

conditions above, OCII is requiring the Developer to reevaluate introducing a lower income tier to increase affordability to extremely low-income populations prior to the Project's Final Financial Plan. At that time, OCII staff, in conjunction with the Developer team and its financial consultant, will determine whether the lower income tier will be financially feasible over the tax credit investment period of 15 years. If the Project can support lower tiered AMI's at the time of the close of construction financing, they will be incorporated in the Final Financial Plan that is approved by OCII's Executive Director and MOHCD's Director and the Project's Declaration of Restrictions both of which will be executed prior to the start of construction.

Construction of the Improvements

The Ground Lease requires that the Developer construct the Project in compliance with the approved documents and will continue to monitor progress on the Project until completion. The Ground Lease requires OCII approval of any proposed changes to the construction plans after construction has commenced.

Upon completion of the Project, 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.

Marketing and Leasing Preferences

Occupancy priorities will follow the HPS Redevelopment Plan and the Phase 1 DDA and also include DTHP and NRHP pursuant to April 16, 2019 Commission action, as follows: 1) Certificate of Preference Holders; 2) Displaced Tenant Housing Preference ("DTHP"); 3) Neighborhood Residential Housing Preference ("NRHP"); and, 4) San Francisco Residents or Workers.

EQUAL OPPORTUNITY AND COMPLIANCE WITH OCII POLICIES

The Developer is required to adhere to the Bayview Hunters Point Employment and Contracting Policy 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.

During the construction phase of this Project, the Developer is committed to meeting OCII's requirements and goals which include the 50% SBE participation goal on all contract dollars, payment of prevailing wages and the 50% local construction workforce hiring goal. As a result of a competitive

general contractor selection process, the Developer has selected Baines Nibbi, a joint venture between the general contractor Nibbi Brothers and General Contractor Baines Group, an OCII-recognized SBE and Minority-Owned Business Enterprise.

The Developer has secured the following SBE percentages on the Project through Professional Services contracts thus far:

- SBE 94.33%:
 - San Francisco-Based (SF) SBE 88.7%
 - Minority-Owned Business Enterprise (MBE) 20.6%
 - Woman-Owned Business Enterprise (WBE) 49.0%
 - Minority Women-Owned Business Enterprise (M/WBE) 7.5%

Attachments F and G provide additional detail on the Project's Professional Services contracts, including SBE firm biographies.

ROPS AUTHORITY

The requested Amended Loan Agreement funding amount is included in the approved Recognized Obligations Payment Schedule ("ROPS") 22-23 under line item number 420.

COMMUNITY PARTICIPATION

OCII staff and the Developer have presented to the HPS CAC at its Housing Subcommittee and full meeting at the RFP stage in 2018, at developer selection in 2019 and at Schematic Design stage in 2021. In addition, in 2020 and 2021, the development team and staff convened two virtual meetings with the neighbors on the Hilltop to present the design and seek input, some of which was incorporated into the design including a slight increase in parking spaces. Most recently on July 11, 2022, OCII staff and the Developer presented the results of the latest soil testing as well as CDPH and the EPA's acknowledgement letters to the HPS CAC. OCII Staff and Developer will continue to outreach to the community through the HPS CAC throughout the development process.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

Commission authorization of the Amended Loan Agreement, Ground Lease and the First Amended ENA and Amended and Restated Option to Ground Lease, facilitate the development of the Project and are within the scope of the project analyzed in the Phase 1 EIR certified by the Former Agency Commission on February 8, 2000, and its subsequent addenda, and the Final Environmental Impact Report on the Candlestick Point – Hunters Point Shipyard Phase II Development Plan Project ("Phase 2 EIR") certified by the Former Agency Commission on June 3, 2010 and its subsequent addenda, and thus require no additional environmental review pursuant to CEQA Guidelines Sections 15180, 15162, 15163, and 15164 for the following reasons:

(3) implementation of the Amended Loan Agreement, Ground Lease Agreement and the First Amended ENA and Amended and Restated Option to Ground Lease do not require major revisions to the Phase 1 EIR or the Phase 2 EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant impacts; and,

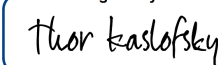
(2) no substantial changes have occurred with respect to the circumstances under which the project analyzed in the Phase 1 EIR and Phase 2 EIR will be undertaken that would require major revisions to the Phase 1 EIR or Phase 2 EIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the Phase 1 EIR and Phase 2 EIR; and,

(3) no new information of substantial importance to the project analyzed in the Phase 1 EIR and Phase 2 EIR has become available, which would indicate that (i) implementation of the Amended Loan Agreement, Ground Lease and the First Amended ENA and Amended and Restated Option, will have significant effects not discussed in the Phase 1 EIR or Phase 2 EIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible, which would reduce one or more significant effects, have become feasible; or (iv) mitigation measures or alternatives, which are considerably different from those in the Phase 1 EIR or Phase 2 EIR, will substantially reduce one or more significant effects on the environment that would change the conclusions set forth in the Phase 1 EIR and Phase 2 EIR.

NEXT STEPS

If the Developer is successful in its upcoming bond and tax credit applications, construction financing is anticipated to close in the 4th quarter of 2022 and construction will commence immediately after. If construction begins in early 2023, it is scheduled to be complete by August of 2024. Upon full occupancy of the Project, the land, Ground Lease, and Amended Loan will be transferred to MOHCD as the Housing Successor Agency under Dissolution Law.

(Originated by Gretchen Heckman, Development Specialist, and Elizabeth Colomello, Housing Program Manager)

DocuSigned by:

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Thor Kaslofsky
Executive Director

Attachments

- A: Hilltop Map and HPS Phase 1 Block 56 Parcel Maps
- B: Ground Lease

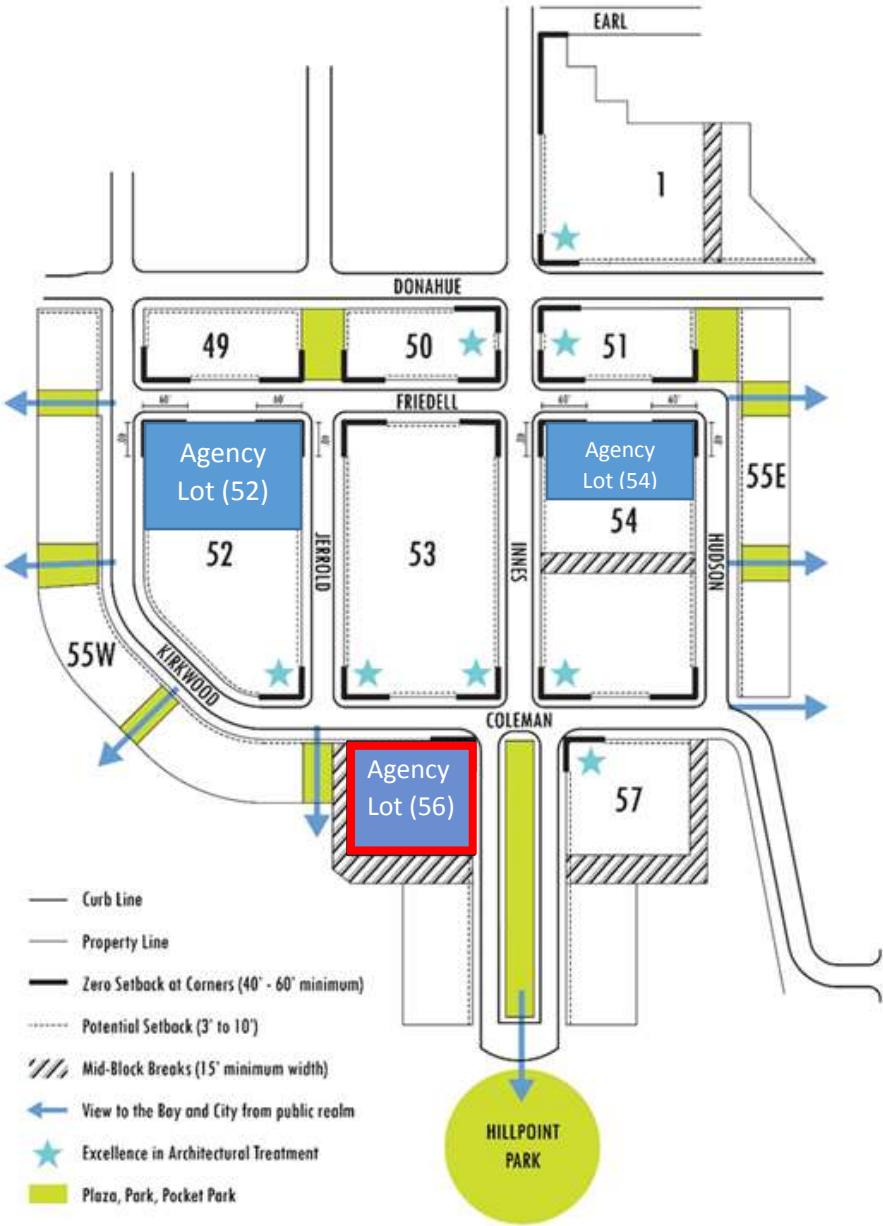
118-2142022-002

Page 12

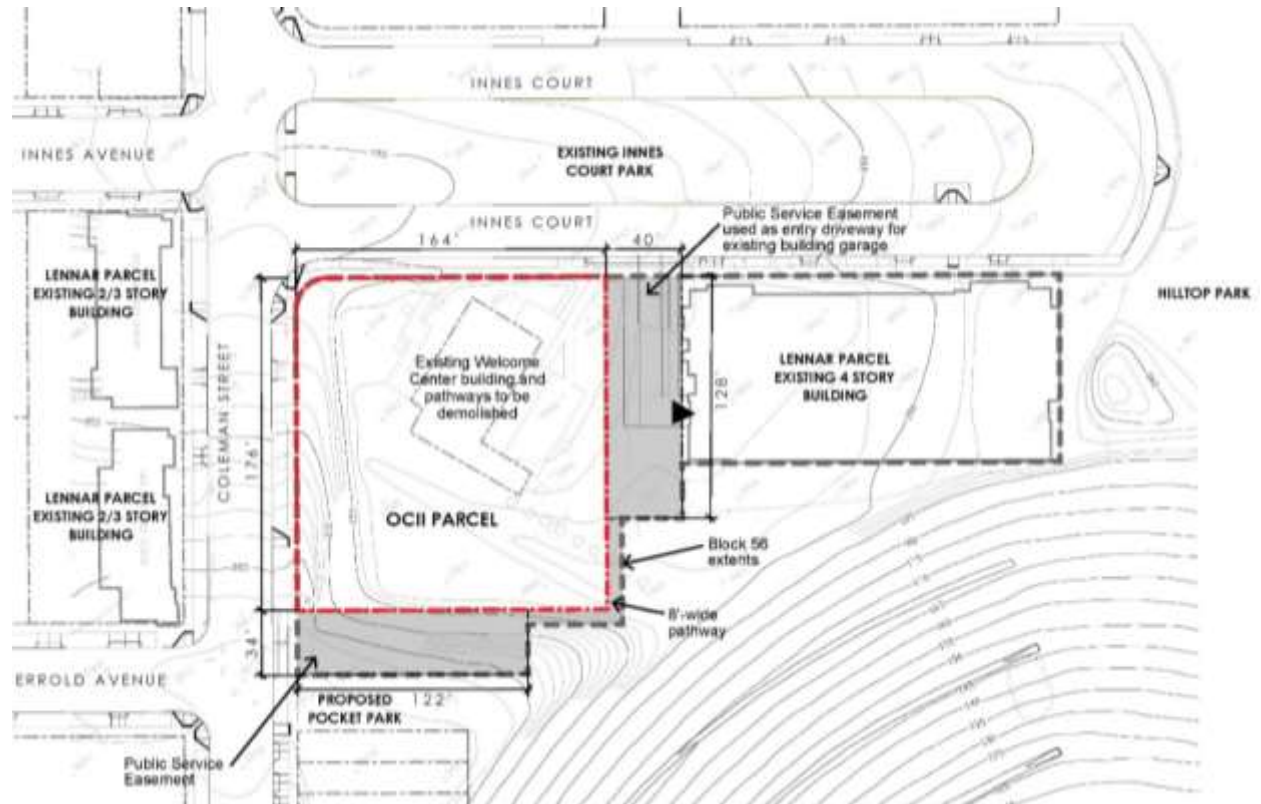
- C: First Amended ENA and associated Amended and Restated Option to Ground Lease
- D: Loan Evaluation
- E: Amended and Restated Loan Agreement
- F: SBE Consultant Summary
- G: Consultant Biographies

ATTACHMENT A

Hunters Point Shipyard Phase 1 Hilltop Parcels



Block 56



ATTACHMENT B

GROUND LEASE

This Ground Lease (“**Lease**”) is dated as of _____ 2022, by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF CITY AND COUNTY OF SAN FRANCISCO, a public body, organized and existing under the laws of the State of California, commonly known as the Office of Community Investment and Infrastructure (“**OCII**” or the “**Landlord**”), and Hunters Point Block 56, L.P., a California limited partnership, as tenant (the “**Tenant**”).

RECITALS

A. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, section 33000 et seq. the “**CRL**”), the Redevelopment Agency of the City and County of San Francisco (the “**Former Agency**”) and the Board of Supervisors of the City and County of San Francisco (the “**City**”) established the Hunters Point Shipyard (“**HPS**”) Redevelopment Project Area “**Project Area**”).

B. In accordance with the CRL, the City, acting through its Board of Supervisors initially approved a Redevelopment Plan for the Hunters Point Shipyard Redevelopment Project Area (“**Project Area**”) by Ordinance No. 285-97 adopted on July 14, 1997 (and as currently amended, the “**HPS Redevelopment Plan**”).

C. Consistent with the HPS Redevelopment Plan, the Former Agency thereafter entered into a Disposition and Development Agreement – Hunters Point Shipyard Phase 1 (initially adopted December 2, 2003, and as currently amended, the “**DDA**”) with Lennar BVHP Partners, L.P., predecessor in interest to HPS Development Co., L.P. (the “**Master Developer**”).

D. Under the DDA including its Affordable Housing Program, the Master Developer is required to deliver “finished lots” (i.e., subdivided land served by improved streets, sidewalks, parks, open space and utilities) to be sold to vertical developers or retained by OCII for the development of affordable housing. The DDA identifies the specific “**Agency Affordable Parcels**”, which include one parcel of land depicted on Attachment 1 hereto (the “**Site**”), commonly referred to as OCII Block 56. OCII intends to provide financing to assist in the construction of at least 218 affordable housing units, collectively, on the Agency Affordable Parcels, including approximately 73 units on the Site.

E. On February 1, 2012, the State of California dissolved all redevelopment agencies, including the Former Agency, by operation of law pursuant to California Health and Safety Code Sections 34170 et seq. (“**Redevelopment Dissolution Law**”). Under the authority of the Redevelopment Dissolution Law and under San Francisco Ordinance No. 215-12 (October 4, 2012) (establishing the Successor Agency Commission, the “**Commission**” and delegating to it state authority under the Redevelopment Dissolution Law), OCII is administering enforceable obligations of the Former Agency.

F. On December 14, 2012, the California Department of Finance made a final and conclusive determination pursuant to Redevelopment Dissolution Law that the DDA and the affordable housing program funded by the Low and Moderate Income Housing Fund for HPS Phase 1 are enforceable obligations that survive the dissolution of the Former Agency, and

require OCII to administer the development authorized under the HPS Redevelopment Plan, DDA, and related Plan Documents, including the obligation to fund construction of affordable housing on the Agency Affordable Housing Parcels.

G. In 2015, the State of California adopted amendments to the Redevelopment Dissolution Law, codified in Health and Safety Code Section 34177.7, which authorized OCII to incur indebtedness for the purpose of funding development of affordable housing, including of the Agency Affordable Housing Parcels.

H. On April 7, 2020, by Resolution No. 03-2020, the Commission (i) affirmed the selection of the development team for the Site, including Mercy Housing California and San Francisco Housing Development Corporation as co-developers, Mercy Housing Management Group as Property Manager, and Van Meter Williams Pollack as lead architect; (ii) authorized the OCII Executive Director to execute an exclusive negotiations agreement (the “ENA”) with Tenant to enable Tenant to pursue Predevelopment Activities (defined in Section 2.1 of the Predevelopment Loan Agreement) for the construction and management of a multifamily affordable housing development on the Site; and (iii) authorized the Executive Director to enter into a Predevelopment Loan Agreement with Tenant to provide up to Three Million Five Hundred Thousand Dollars (\$3,500,000) to fund predevelopment costs related to the development of the Site (the “**Predevelopment Loan**”).

I. The ENA establishes a series of milestones intended to result in the execution of an option to ground lease agreement (which the parties executed on July 9, 2021), and ultimately a long-term ground lease agreement for the Site after public hearing and consideration by the Commission.

J. Tenant intends to construct on the Site approximately seventy three (73) residential units, including seventy two units of low-income rental housing and one unrestricted manager’s unit, with related management, services and amenity space, all as more particularly set forth in the Basic Concept and Schematic Designs approved on April 20, 2021 by Commission Resolution No. 12-2021, and as further set forth in Design Development Documents approved by OCII on January 18, 2022, and as may be further revised in accordance with Redevelopment Requirements (the “**Project**”).

K. On May 20, 2022, the Citywide Affordable Housing Loan Committee approved a loan to the Tenant (the “**Loan**”) for the development of the Project for an aggregate amount not to exceed Thirty-Six Million, Two Hundred and Fifty-Three Thousand and Thirteen Dollars (\$36,253,013), which amount includes the Predevelopment Loan amount of \$3,500,000.

L. On August 2, 2022, by Resolution No. ____-2022, the Commission authorized the issuance of the Loan and a ground lease for the Site and Tenant intends to enter into a ground lease of the Site for the purpose of constructing the Project.

M. OCII now intends to lease the Site to Tenant for the purposes of constructing and maintaining the Project on the Site, in accordance with the terms of this Lease.

N. For purposes of implementation and to ensure consistency with the City’s overall affordable housing goals and priorities, OCII has engaged the City’s Mayor’s Office of Housing

and Community Development (“**MOHCD**”) to provide loan disbursement services for the Project, in cooperation with OCII.

O. Upon completion of the Project, OCII intends to assign its rights and obligations under this Lease and the Loan Documents (as defined herein), together with conveyance of fee title to the Site, to MOHCD as the designated Housing Successor of the City and County of San Francisco under Board of Supervisors Resolution 11-12 (January 24, 2012), as required by Redevelopment Dissolution Law and OCII’s approved Long-Term Property Management Plan dated December 2015.

NOW THEREFORE, in consideration of the mutual obligations of the parties to this Lease, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Site, for the Term (as defined in ARTICLE 2), and subject to the terms, covenants, agreements, and conditions set forth below, each and all of which Landlord and Tenant mutually agree.

ARTICLE 1 DEFINITIONS

Terms used herein have the meanings given them when first used or as set forth in this ARTICLE 1, unless the context clearly requires otherwise.

- 1.01 **Agency Affordable Parcels** has the meaning set forth in Recital D.
- 1.02 **Agreement Date** means the date first set forth above.
- 1.03 **Annual Rent** has the meaning set forth in Section a).
- 1.04 **Area Median Income** (or **AMI**) means median income as published annually by MOHCD, derived from the Income Limits 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, also referred to as “Unadjusted Median Income.”
- 1.05 **Base Rent** has the meaning set forth in Section 4.02(a).
- 1.06 **Base Rent Accrual** has the meaning set forth in Section 4.02(b).
- 1.07 **Certificate of Occupancy** means a Temporary Certificate of Occupancy or a Final Certificate of Occupancy as issued by the San Francisco Department of Building Inspection.
- 1.08 **Certificate of Completion** has the meaning set forth in Section 11.01.
- 1.09 **Change** has the meaning set forth in Section 12.02.
- 1.10 **City** means the City and County of San Francisco.
- 1.11 **Claim(s)** has the meaning set forth in Section 21.01.
- 1.12 **Construction Documents** has the meaning set forth in Section 10.03.

- 1.13 **COP Outreach Obligation** has the meaning set forth in Section 6.02(e).
- 1.14 **CRL** means the California Community Redevelopment Law (Health and Safety Code, section 33000 *et seq.*).
- 1.15 **DDA** has the meaning set forth in Recital C
- 1.16 **Effective Date** means the date on which the Memorandum of Ground Lease is recorded in the Official Records of the County of San Francisco.
- 1.17 **Environmental Law** has the meaning set forth in Section 21.02(b)(ii).
- 1.18 **Facilities Condition Report** has the meaning set forth in Section 17.03.
- 1.19 **First Lease Payment Year** means the year in which the 73rd and final residential unit receives its Certificate of Occupancy, which may be a full or partial Lease Year depending on the date of issuance of the Certificate of Occupancy.
- 1.20 **First Mortgage Lender** means any lender and its successors, assigns, and participants or other entity holding the first deed of trust on the Leasehold Estate.
- 1.21 **Former Agency** has the meaning set forth in Recital A.
- 1.22 **Hazardous Substance** has the meaning set forth in Section 21.02(b)(i).
- 1.23 **Holder** has the meaning set forth in Section 25.02.
- 1.24 **Improvements** means all physical construction, including all structures, fixtures, and other improvements, to be constructed or rehabilitated on the Site.
- 1.25 **Indemnified Party or Parties** has the meaning set forth in Section 22.01.
- 1.26 **Landlord** 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, and its successors and/or assigns.
- 1.27 **Laws** means all statutes, laws, ordinances, regulations, rules, orders, writs, judgments, injunctions, decrees, or awards of the United States or any state, county, municipality, or governmental agency.
- 1.28 **Lease** means this Ground Lease, as it may be amended from time to time.
- 1.29 **Lease Year** means each calendar year during the Term, beginning on January 1 and ending on December 31, provided that the “First Lease Year” will commence on the Effective Date and continue through December 31st of that same calendar year. Furthermore, the “Last Lease Year” will end upon the expiration of the Term.
- 1.30 **Leasehold Estate** means the estate held by the Tenant created by and pursuant to this Lease.

1.31 **Leasehold Mortgage** means any mortgage, deed of trust, trust indenture, letter of credit, or other security instrument, and any assignment of the rents, issues, and profits from the Site, or any portion thereof, that constitutes a lien on the Leasehold Estate and is approved in writing by Landlord.

1.32 **Lender** means any entity holding a Leasehold Mortgage.

1.33 **Loan Documents** means those certain loan agreements, notes, deeds of trust, declarations, and any other documents executed and delivered in connection with the predevelopment, construction, and permanent financing for the Project.

1.34 **Low-Income Households** means a household with combined initial income that does not exceed fifty percent (50%) of Area Median Income.

1.35 **Master Developer** has the meaning set forth in Recital C.

1.36 **Memorandum of Ground Lease** has the meaning set forth in ARTICLE 48. A form of the Memorandum of Ground Lease is included as Attachment 5.

1.37 **MOHCD** means the San Francisco Mayor's Office of Housing and Community Development.

1.38 **MOHCD Fees Policy** means the MOHCD Multifamily Affordable Housing Operating Fees Policy (effective April 1, 2016), as may be amended from time to time.

1.39 **New Developer** has the meaning set forth in Section 10.16.

1.40 **OCII** means the San Francisco Office of Community Investment and Infrastructure, 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, Landlord under this Lease.

1.41 **OCII Loan** has the meaning set forth in Recital K.

1.42 **Personal Property** means all fixtures, furniture, furnishings, equipment, machinery, supplies, software and other tangible personal property that is located in, on, or about the Premises and that can be removed from the Premises without substantial economic loss to the Premises or substantial damage to the Premises and that is incident to the ownership, development, or operation of the Improvements or the Premises, belonging to Tenant, any Residential Occupant, or any subtenant or other occupant of the Premises and/or in which Tenant, Residential Occupant, or any subtenant or other occupant has an ownership interest, together with all present and future attachments, replacements, substitutions, and additions thereto or therefor.

1.43 **Premises** means the Site and all Improvements.

1.44 **Predevelopment Loan** has the meaning set forth in Recital J.

1.45 **Prohibited Use** has the meaning set forth in Section 9.02.

1.46 **Project** has the meaning given in Recital J. If indicated by context, Project means the Leasehold Estate and the fee interest in the Improvements on the Site.

1.47 **Project Expenses** means the following costs: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments, and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Tenant who maintain, administer, operate or provide services in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any senior financing that has been approved by OCII and is secured, consistent with the Lease, by either the Tenant's leasehold interest in the Lease, the improvements constructed thereon, or both, and used to finance the Project; (d) all other expenses actually incurred by Tenant to cover operating costs of the Project, including supportive services (if any), maintenance and repairs and any property management fee, each as indicated in the Annual Operating Budget; (e) required, or necessary, deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement or required by another lender or regulatory agency, each as approved by OCII and MOHCD pursuant to the Final Financial Plan; (f) annual base rent payments under the Lease in an amount equal to FIFTEEN THOUSAND AND NO/100 DOLLARS (\$15,000.00); (g) an initial issuer fee equal to 25 basis points on the total bond issuance (\$127,500) and an annual bond monitoring fee equal to the greater of 12.5 basis points on the outstanding bond amount or \$2,500; (h) mandatory interest payment(s) payable to HCD for any loan made by HCD to Tenant for the Project or mandatory interest payment(s) payable to another subordinate lender for any loan made by such lender to Tenant for the Project, each as approved by OCII and MOHCD pursuant to the Final Financial Plan; (i) annual asset management fee indicated in the Annual Operating Budget established in the Final Financial Plan and consistent with the limitations set out in the MOHCD Fees Policy; and (j) any extraordinary expenses approved in advance by OCII (other than expenses paid from any reserve account). Project Fees are not Project Expenses.

1.48 **Project Fees** means (i) any partnership management fee payable to the Tenant's general partner, as established in the Final Financial Plan and consistent with the limitations set out in the MOHCD Fees Policy; and (ii) a limited partner asset management fee/annual investor services fee payable to Tenant's Investor Limited Partner as approved by OCII pursuant to the terms of the Loan Documents and consistent with the MOHCD Fees Policy.

1.49 **Project Income** means all revenue, income, receipts in any form, and other consideration received by Tenant from the operation of the Improvements, including without limitation: all rents, fees, and charges paid by Residential Occupants; Section 8 or other rental subsidy payments received for the dwelling units; supportive services funding; deposits forfeited by tenants; all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; accrued interest disbursed from any reserve account required under this Lease for a purpose other than that for which the reserve account was established; and the proceeds of business interruption or similar insurance. Project Income does not include individual tenants' security deposits (except forfeited

deposits), loan proceeds, capital contributions or similar advances, condemnation proceeds, insurance proceeds provided for the purpose of reconstructing all or part of the Project, or interest accruing on any portion of the Loan.

1.50 **Redevelopment Dissolution Law** has the meaning set forth in in Recital E.

1.51 **Redevelopment Requirements** means the DDA, the HPS Redevelopment Plan and Plan Documents (as defined therein), and the Redevelopment Area Declaration of Restrictions Hunters Point Shipyard Redevelopment Project Area, recorded on November 21, 2003, in the Official Records as Document No. 2003H59599700.

1.52 **Release** has the meaning set forth in Section 21.02(b)(iii).

1.53 **Residential Occupant** means any person or entity authorized by Tenant to occupy a residential unit on the Site, or any portion thereof.

1.54 **Residential Unit** has the meaning set forth in Section 9.01.

1.55 **Residual Rent** has the meaning set forth in Section 4.03.

1.56 **Site** means the real property as more particularly described in the Site Legal Description, Attachment 1, and as OCII and Borrower may collectively agree to expand prior to Loan Closing.

1.57 **Subsequent Owner** means any successor (including a Lender or an affiliate or assignee of a Lender as applicable) to the Tenant's interest in the Leasehold Estate and the Improvements who acquires such interest as a result of a foreclosure, deed in lieu of foreclosure, or transfer from a Lender, its affiliate, and any successors to any such person or entity.

1.58 **Surplus Cash** means all Project Income in any given Lease Year remaining after payment of Project Expenses and Project Fees. The amount of Surplus Cash will be based on figures contained in audited financial statements. All permitted uses and distributions of Surplus Cash will be governed by Section g) of this Lease.

1.59 **Tenant** means Hunters Point Block 56, L.P., a California limited partnership and its permitted successors and assigns (or a Subsequent Owner, where appropriate).

1.60 Whenever an Attachment is referenced, it means an attachment to this Lease unless otherwise specifically identified. Whenever a section, article, or paragraph is referenced, it is a reference to this Lease unless otherwise specifically referenced.

ARTICLE 2 TERM

2.01 Initial Term. The term of this Lease will commence upon the Effective Date and will end seventy-five (75) years from that date ("**Term**"), unless extended under Section 2.02 below or earlier terminated as provided in this Lease.

2.02 Option for Extension. The Term may be extended at the option of the Tenant for one twenty-four (24) year period, as provided in this Article below. If the Term is extended pursuant to this Section, all applicable references in this Lease to the “Term” will mean the Term as extended by this extension period.

2.03 Notice of Extension. Not later than one hundred eighty (180) days before the Termination Date, the Tenant may notify Landlord in writing that it wishes to exercise its option to extend the term of this Lease (an “**Extension Notice**”). Provided that the Tenant is not in default under the terms of this Lease and the Loan Documents either at the time of giving of an Extension Notice or on the last day of the initial seventy-five year Term (the “**Termination Date**”), the Term will be extended for twenty-four (24) years from the Termination Date upon Tenant’s exercise of this option, for a total Lease term not to exceed ninety-nine (99) years.

2.04 Rent During Extended Term. Rent for any extended term will be as set forth in ARTICLE 4.

2.05 Holding Over. Any holding over after expiration or earlier termination of the Term without Landlord’s written consent will constitute a default by Tenant and entitle Landlord to exercise any or all of its remedies as provided in this Lease, even if Landlord elects to accept one or more payments of Annual Rent. Failure to surrender the Site in the condition required by this Lease will constitute holding over until the conditions of surrender are satisfied.

ARTICLE 3 FINANCIAL ASSURANCE

Tenant will submit for Landlord’s approval, on the dates specified in the Schedule of Performance, Attachment 2, evidence satisfactory to Landlord that Tenant has sufficient equity capital and commitments for construction and permanent financing, and/or such other evidence of capacity to proceed with the construction of the Improvements in accordance with this Lease as is acceptable to Landlord. Landlord acknowledges that as of the Effective Date Tenant has met this requirement.

ARTICLE 4 RENT

4.01 Annual Rent.

a) To the extent Base Rent and Residual Rent are due pursuant to Section 4.02 and 4.03, Tenant will pay to Landlord _____ Dollars (\$_____) (the “**Annual Rent**”) per year for each year of the Term of this Lease. Annual Rent consists of Base Rent and Residual Rent, as defined in Section 4.02 below, without offset of any kind (except as otherwise permitted by this Lease) and without necessity of demand, notice or invoice. Annual Rent will be re-determined on the fifteenth (15th) anniversary of the date of the first payment of Base Rent pursuant to Section a) below and every fifteen (15) years thereafter, and will be equal to ten percent (10%) of the appraised fair market value of the Site as determined by an MAI appraiser selected by and at the sole cost of the Tenant. Any such adjustment will be made to the Residual Rent and not to the Base Rent.

b) If the Tenant elects to extend the Term of this Lease pursuant to ARTICLE 2 above, Annual Rent (along with any potential future adjustments) during any such

extended Term will be set by mutual agreement of the parties; provided, however, that Annual Rent during the extended Term will in no event be less than the Annual Rent set forth in Section a) above. If the parties cannot agree on Annual Rent for the extended Term, either party may invoke a neutral third-party process and the parties will agree on a neutral third-party appraiser to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in San Francisco or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. Notwithstanding the foregoing, Tenant may, after the neutral third-party process and in its sole discretion, rescind the Extension Notice if it does not wish to extend the Term of this Lease.

4.02 Base Rent

a) “**Base Rent**” means Fifteen Thousand Dollars (\$15,000) per annum; provided, however, that if the Tenant or any Subsequent Owner fails, after notice and opportunity to cure, to comply with the provisions of Section 9.01, then Base Rent will be increased to the full amount of Annual Rent, in addition to any other remedies of Landlord for said default. Base Rent will be due and payable in arrears on January 31st following the Lease Year for which it is owed; provided, however, Base Rent for the First Lease Payment Year shall be equal to Fifteen Thousand Dollars (\$15,000) multiplied by the number of days in the First Lease Payment Year, divided by three hundred sixty-five (365); and provided further that no Base Rent will be due until all Residential Units have received Certificates of Occupancy.

b) If the Project does not have sufficient Project Income to pay Base Rent in any given Lease Year after the payment of (a) through (d) in the definition of Project Expenses, above, and Landlord has received written notice from Tenant regarding its inability to pay Base Rent from Project Income at least sixty (60) days before the Base Rent due date, along with supporting documentation for Tenant’s position that it is unable to pay Base Rent from Project Income, then the unpaid amount will be deferred and all deferred amounts will accrue without interest until paid (“**Base Rent Accrual**”). The Base Rent Accrual will be due and payable each year from and to the extent Surplus Cash is available. Any Base Rent Accrual will be due and payable upon the earlier of (i) sale of the Project (but not a refinancing or foreclosure of the Project); or (ii) termination of this Lease (unless a new lease is entered into with a mortgagee under Section 26.09 below).

c) If Tenant has not provided Landlord with the required written notice and documentation under Section b) in connection with its claim that it cannot pay Base Rent due to insufficient Project Income, and/or Landlord has reasonably determined that Tenant’s claim that it is unable to pay Base Rent is not supported by such documentation, Landlord will assess a late payment penalty of two percent (2%) for each month or any part thereof that any Base Rent payment is delinquent. This penalty will not apply to Base Rent Accrual that has been previously approved by Landlord under Section b). The Tenant may request in writing that Landlord waive such penalties by describing the reasons for Tenant’s failure to pay Base Rent and Tenant’s proposed actions to ensure that Base Rent will be paid in the future. Landlord may, in its sole discretion, waive in writing all or a portion of such penalties if it finds that Tenant’s failure to pay Base Rent was beyond Tenant’s control and that Tenant is diligently pursuing reasonable solutions to such failure to pay.

4.03 Residual Rent. “**Residual Rent**” means, in any given Lease Year, _____ Dollars (\$ _____), Annual Rent less Base Rent, subject to any periodic adjustments under Section a). Commencing with the First Lease Payment Year, Residual Rent will be due in arrears on May 15th following the Lease Year for which it is owed, provided that the Residual Rent for the First Lease Payment Year shall be due on May 15th of the following calendar year and shall be equal to the difference of Base Rent subtracted from Annual Rent then multiplied by the number of days in the First Lease Payment Year then divided by three hundred sixty-five (365). Residual Rent will be payable only to the extent of Surplus Cash as provided in Section g) below, and any unpaid Residual Rent will not accrue. Furthermore, Residual Rent shall not be due during any Lease Year prior to the First Lease Payment Year. If Surplus Cash available in a given year is insufficient to pay the full amount of the Residual Rent owed, Tenant will certify to Landlord, in writing and no later than May 15th of the calendar year the Residual Rent is due, that available Surplus Cash is insufficient to pay Residual Rent and Tenant will provide to Landlord any supporting documentation reasonably requested by Landlord to allow Landlord to verify the insufficiency.

4.04 Triple Net Lease. This Lease is a triple net lease and the Tenant will be responsible to pay all costs, charges, taxes, assessments, impositions, and other obligations related to the Premises accruing after the Effective Date. If Landlord pays any such amounts, whether to cure a default or otherwise protect its interests hereunder, Landlord will be entitled to be reimbursed by Tenant the full amount of such payments as additional rent within thirty (30) days of written demand by Landlord. Failure to timely pay the additional rent will be a default by Tenant of this Lease. No occurrence or situation arising during the Term, or any Law, whether foreseen or unforeseen, and however extraordinary, relieves Tenant from its liability to pay all of the sums required by any of the provisions of this Lease, or otherwise relieves Tenant from any of its obligations under this Lease, or gives Tenant any right to terminate this Lease in whole or in part.

ARTICLE 5 LANDLORD COVENANTS

OCII is duly created, validly existing and in good standing under the Law, and has full right, power and authority to enter into and perform its obligations under this Lease. Landlord covenants and warrants that the Tenant and its tenants will have, hold and enjoy, during the Term, peaceful, quiet and undisputed possession of the Site leased without hindrance or molestation by or from anyone so long as the Tenant is not in default under this Lease.

ARTICLE 6 TENANT COVENANTS

Tenant covenants and agrees for itself and its successors and assigns to or of the Site, or any part thereof, that:

6.01 Authority. Tenant is a California limited partnership and has full rights, power, and authority to enter into and perform its obligations under this Lease.

6.02 Use of Site and Rents. During the Term of this Lease, Tenant and its successors and assigns will comply with the following requirements:

a) Permitted Uses. Tenant will devote the Site to, exclusively and in accordance with, the uses specified in this Lease, as specified in ARTICLE 9 below, which are the only uses permitted by this Lease. Tenant acknowledges that that a prohibition on the change in use contained in Section 9.01 is expressly authorized by California Civil Code section 1997.230 and is fully enforceable.

b) Non-Discrimination. Tenant herein covenants by and for itself, its assigns, and all persons claiming under or through it, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Premises herein leased nor shall the tenant himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Premises herein leased. Tenant will not discriminate against tenants with certificates or vouchers under the Section 8 program or any successor rent subsidy program.

c) Non-Discriminatory Advertising. All advertising (including signs) for sublease of the whole or any part of the Site must include the legend “Equal Housing Opportunity” in type or lettering of easily legible size and design, or as required by applicable Law.

d) Access for Disabled Persons. Tenant will comply with all applicable Laws providing for access for persons with disabilities, including, but not limited to, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973.

e) Marketing. Early outreach and marketing of the Residential Units shall comply, to the extent consistent with fair housing laws, with the early outreach and marketing requirements established in Article 6 “Marketing” in the Loan Agreement and related Exhibits I, S, T-1, and T-2. Under the Loan Agreement (including its attachments), Tenant is required to submit a marketing plan to Landlord and MOHCD that addresses how it intends to affirmatively market units in the Project to Certificate of Preference (“COP”) holders and also requires that Tenant, either through a third-party Access to Housing counseling organization as approved by MOHCD or on its own, conduct outreach to COP Holders, including making “support services staff available to provide assistance throughout the application process, as it may be needed, with the goal of maximizing COP participation to the extent possible” and ensuring that COP holders “are aware that such assistance is available” (“**COP Outreach Obligation**”). In addition to meeting these requirements, Tenant will also provide a report to the Commission on its compliance with the COP Outreach Obligation at least three months prior to construction completion and prior to the initiation of any tenant selection process.

f) Lead Based Paint. Tenant agrees to comply with the regulations set forth in 24 CFR Part 35 and all applicable rules and orders issued thereunder which prohibit the use of

lead-based paint in certain residential structures undergoing federally assisted construction and require the elimination of lead-based paint hazards.

g) Permitted Uses of Surplus Cash. If the Tenant is in compliance with all applicable requirements and agreements under this Lease, Tenant will use any Surplus Cash to make the following payments in the following order of priority:

- i. First, to Base Rent Accrual payments, if any;
- ii. Second, to replenish the Operating Reserve Account, if necessary, up to the amount required by Lenders or the Permitted Limited Partner;
- iii. Third, (a) if the Project includes a deferred developer fee and Tenant is in compliance with the Loan Documents and MOHCD policies, then fifty percent (50%) of remaining Surplus Cash to Landlord beginning on the initial Payment Date (as such term is defined in the OCII Loan Documents) until and including the earlier of the year (i) of the fifteenth (15th) Payment Date, or (ii) in which all deferred developer fees have been paid to Tenant (Landlord's portion of Surplus Cash will be applied first to repayment of Base Rent Accrual, then to repayment of the OCII Loan according to the terms of the OCII Loan Documents, then to Residual Rent); or (b) if the Project does not include a deferred developer fee, then two-thirds (2/3) of remaining Surplus Cash to Landlord; and
- iv. Then, any remaining Surplus Cash may be used by Tenant for any purposes permitted under the residual receipt policy governing the Project, as it may be amended from time to time.

Notwithstanding the foregoing, Tenant and Landlord agree that the distribution of Surplus Cash may be modified based on the requirements of other Lenders.

6.03 Landlord Deemed Beneficiary of Covenants. In amplification and not in restriction of the provisions of the preceding subsections, it is intended and agreed that Landlord will be deemed beneficiary of the agreements and covenants provided in this ARTICLE 6 for in its own right and also for the purposes of protecting the interests of the community and other parties, public or private, in whose favor or for whose benefit such agreements and covenants have been provided. Those agreements and covenants will run in favor of Landlord for the entire term of those agreements and covenants, without regard to whether Landlord has at any time been, remains, or is an owner of any land or interest therein, or in favor of, to which such agreements and covenants relate. Landlord or its successor will have the exclusive right, in the event of any breach of any such agreements or covenants, in each case, after notice and the expiration of cure periods, to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach of covenants, to which it or any other beneficiaries of such agreements or covenants may be entitled.

ARTICLE 7 ANNUAL INCOME COMPUTATION, AND CERTIFICATION

No later than OCII's issuance of the Certificate of Completion (as defined in Section 11.01) by the Tenant for the Improvements, and not later than May 31st of each year thereafter, Tenant will compile and furnish to Landlord a list of the persons who are Residential Occupants of the Project, the specific unit that each person occupies, the household income of the Residential Occupants of each unit, the household size and the rent being charged to the Residential Occupants of each unit along with an income certification, in the form set forth in Attachment 6, for each Residential Occupant. In addition, Tenant will require each Residential Occupant to provide any other information, documents, or certifications deemed necessary by OCII/MOHCD to substantiate the Residential Occupant's income. If any state or federal agency requires an income certification for Residential Occupants of the Project containing the above-referenced information, Landlord agrees to accept such certification in lieu of Attachment 6 as meeting the requirements of this Lease.

ARTICLE 8 CONDITION OF SITE—"AS IS"

8.01 Tenant acknowledges and agrees that Tenant is familiar with the Site, the Site is being leased and accepted in its "as-is" condition, without any improvements or alterations by Landlord, without representation or warranty of any kind, and subject to all applicable Laws governing their use, development, occupancy, and possession. Tenant further represents and warrants that Tenant has investigated and inspected, either independently or through agents of Tenant's own choosing, the condition of the Site and the suitability of the Site for Tenant's intended use. Tenant acknowledges and agrees that neither Landlord nor any of its agents have made, and Landlord hereby disclaims, any representations or warranties, express or implied, concerning the rentable area of the Site, the physical or environmental condition of the Site, or the present or future suitability of the Site for Tenant's use, or any other matter whatsoever relating to the Site, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose; it being expressly understood that the Site is being leased in an "AS IS condition with respect to all matters.

8.02 Accessibility Disclosure. California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist ("CASp") to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Tenant is hereby advised that the Site has not been inspected by a CASp.

ARTICLE 9 PERMITTED AND PROHIBITED USES

9.01 Permitted Uses and Occupancy Restrictions. The permitted uses of the Project are limited to seventy-two (72) units of affordable rental housing plus one manager's unit (collectively, the "**Residential Units**") and common areas constituting the Project. Upon the completion of construction, seventy-two (72) of the Residential Units in the Project will be occupied or held vacant and available for rental by Low-Income Households (except as provided in Section B of the Declaration of Restrictions). Residential Units must be occupied and rented in

accordance with all applicable restrictions imposed on the Project by this Lease and by Lenders for so long as such restrictions are required by the Lease and/or the applicable Lender.

9.02 Prohibited Uses. Tenant agrees that the following activities, by way of example only and without limitation, and any other use that is not a Permitted Use (in each instance, a “**Prohibited Use**” and collectively, “**Prohibited Uses**”), are inconsistent with this Lease, are strictly prohibited and are considered Prohibited Uses:

- a) any activity, or the maintaining of any object, that is not within the Permitted Use;
- b) any activity, or the maintaining of any object, that will in any way increase the existing rate of, affect or cause a cancellation of, any fire or other insurance policy covering the Premises, any part thereof or any of its contents;
- c) any activity or object that will overload or cause damage to the Premises excluding normal wear and tear;
- d) any activity that constitutes waste or nuisance, including, but not limited to, the preparation, manufacture or mixing of anything that might emit any objectionable odors, noises, or lights onto adjacent properties, or the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises;
- e) any activity that will in any way injure, obstruct, or interfere with the rights of owners or occupants of adjacent properties, including, but not limited to, rights of ingress and egress;
- f) any auction, distress, fire, bankruptcy or going out of business sale on the Premises without the prior written consent of Landlord, which consent may be granted, conditioned, or withheld in the sole and absolute discretion of Landlord;
- g) any vehicle and equipment maintenance, including but not limited to, fueling, changing oil, transmission or other automotive fluids;
- h) the storage of any and all excavated materials, including but not limited to, dirt, concrete, sand, asphalt, and pipes, except to the extent necessary during construction of the Project or during critical maintenance or repairs to the Project or its shared systems for the timeframe reasonably necessary to complete such maintenance or repairs; and/or
- i) the storage of any and all aggregate material, or bulk storage, such as wood or of other loose materials, except to the extent necessary during construction of the Project or during critical maintenance or repairs to the Project or its shared systems for the timeframe reasonably necessary to complete such maintenance or repairs.

ARTICLE 10 SUBDIVISION; CONSTRUCTION OF IMPROVEMENTS

10.01 Schedule of Performance. Tenant agrees to undertake and complete all physical construction on the Site in accordance with the Schedule of Performance, Attachment 2.

10.02 Reserved.

10.03 General Requirements and Rights of Landlord. All construction documents for the construction of the Improvements by Tenant (the “**Construction Documents**”) must be prepared by a person registered in and by the State of California to practice architecture and shall be in conformity with this Lease, including any limitations established in OCII’s approval of the schematic drawings, preliminary construction documents, and final construction documents for the Project, and all applicable Federal, State, and local laws and regulations. The architect will use, as necessary, members of associated design professions, including engineers and landscape architects. All Improvements shall be owned, for federal income tax purposes, by Tenant, subject to the rights of Landlord upon expiration or early termination of the Lease.

10.04 OCII Approvals and Limitation Thereof. The Construction Documents must be approved by OCII in the manner set forth below:

a) Compliance with Redevelopment Plan and Lease. OCII’s approval with respect to the Construction Documents is limited to determination of their compliance with the HPS Redevelopment Plan and Plan Documents (as defined therein), this Lease and the Loan Documents. The Construction Documents will be subject to general architectural review and guidance by OCII as part of this review and approval process.

b) OCII Does Not Approve Compliance with Construction Requirements. OCII’s approval is not directed to engineering or structural matters or compliance with local building codes and regulations, the Americans with Disabilities Act, or any other applicable Law relating to construction standards or requirements. Nothing in this Lease will limit in any way Tenant’s obligation to obtain any required approvals from City officials, departments, boards or commissions having jurisdiction over the Premises. By entering into this Lease, OCII is in no way modifying or limiting Tenant’s obligation to cause the Premises to be used and occupied in accordance with all applicable Laws.

10.05 Construction to be in Compliance with Construction Documents and Law.

a) Compliance with Approved Documents. The construction must be in compliance with the OCII-approved Construction Documents.

b) Compliance with Local, State and Federal Law. The construction must be in strict compliance with all applicable Laws, including all laws relating to accessibility for persons with disabilities and all applicable mitigation measures identified in the Hunters Point Shipyard Phase I Development Mitigation Monitoring and Reporting Program, attached hereto as Attachment 11. Tenant understands and agrees that Tenant’s use of the Premises and construction of the Improvements permitted under this Lease will require authorizations, approvals, or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies. Tenant will be solely responsible for obtaining any

and all such regulatory approvals. Tenant will bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and will be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy of the Project or OCII's interest therein must first be approved by OCII in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval will be immediately paid and discharged by Tenant, and Landlord will have no liability, monetary or otherwise, for any such fines or penalties. Tenant will indemnify, defend, and hold harmless OCII and the other Indemnified Parties hereunder against all Claims (as such terms are defined in ARTICLE 21 below) arising in connection with Tenant's failure to obtain or failure by Tenant, its agents, or invitees to comply with the terms and conditions of any regulatory approval except to the extent such Claims are caused by gross negligence or willful misconduct of the party seeking indemnification.

10.06 Approval of Construction Documents by OCII. Tenant will submit and OCII will approve or disapprove the Construction Documents referred to in this Lease within the times established in the Schedule of Performance, so long as each set of the applicable Construction Documents are complete and properly submitted within the time frames set forth in the Schedule of Performance. Failure by OCII either to approve or disapprove within the times established in the schedule of Performance will entitle Tenant to a day for day extension of time for completion of any activities delayed as a direct result of OCII's failure to timely approve or disapprove the Construction Documents.

10.07 Disapproval of Construction Documents by OCII. If OCII disapproves the Construction Documents in whole or in part as not being in compliance with Redevelopment Requirements or this Lease, Tenant will submit new or corrected Construction Documents which are in compliance within thirty (30) days after written notification to it of disapproval, and the provision of this section relating to approval, disapproval and re-submission of corrected Construction Documents will continue to apply until the Construction Documents have been approved by OCII; provided, however, that in any event Tenant must submit satisfactory Construction Documents (*i.e.*, approved by OCII) no later than the date specified therefor in the Schedule of Performance.

10.08 Issuance of Building Permits.

a) Tenant will have the sole responsibility for obtaining all necessary building permits and will make application for such permits directly to the City's Department of Building Inspection. Landlord understands and agrees that Tenant may use the Fast Track method of permit approval for construction of the Improvements. Tenant shall report permit status every thirty (30) days to OCII. Failure to timely file and to diligently pursue issuance of permits shall be a breach of this Lease.

b) The Tenant is advised that the Central Permit Bureau will forward all building permits to OCII for approval of compliance with Redevelopment Requirements. OCII's approval under this Section 10.08(b) is limited to its determination of compliance with Redevelopment Requirements and does not include Section 10.04(b) matters. OCII evidences such compliance by signing the permit and returning the permit to the Central Permit Bureau for

issuance directly to the Tenant. Approval of any intermediate permit, however, is not approval of compliance with all Redevelopment Requirements necessary for a full and final building permit.

10.09 Performance and Payment Bonds. Except as provided elsewhere in this Agreement or the OCII Loan Agreement, before commencement of construction of the Improvements, and subject to the reasonable approval of OCII, Tenant will deliver to OCII performance and payment bonds, each for the full value of the cost of construction of the Improvements, which bonds will name OCII as co-obligee, or such other completion security which is acceptable to OCII. The payment and performance bonds may be obtained by Tenant's general contractor and name Tenant and OCII as co-obligees.

10.10 OCII Approval of Changes after Commencement of Construction. Tenant may not approve or permit any change to the Construction Documents approved by OCII without OCII's prior written consent, except as may be permitted under the OCII Loan Agreement.

10.11 Times for Construction. Tenant agrees for itself, and its successors and assigns to or of the Leasehold Estate or any part thereof, that Tenant and such successors and assigns will promptly begin and diligently prosecute to completion the construction of the Improvements upon the Site, and that such construction will be completed no later than the dates specified in the Schedule of Performance, subject to force majeure, unless such dates are extended by Landlord.

10.12 Force Majeure. For the purposes of any of the provisions of this Lease, and notwithstanding anything to the contrary, neither Landlord nor Tenant, as the case may be, will be considered in breach or default of its obligations, and there will not be deemed a failure to satisfy any conditions with respect to the beginning and completion of construction of the Improvements, or progress in respect thereto, in the event of enforced delay in the performance of such obligations or satisfaction of such conditions, due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, acts of the public enemy, terrorism, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, general scarcity of materials, unusually severe weather, or delays of subcontractors due to unusual scarcity of materials or unusually severe weather; it being the purposes and intent of this provision that the time or times for the satisfaction of conditions to this Lease including those with respect to construction of the Improvements, will be extended for the period of the enforced delay; provided, however, that the party seeking the benefit of the provisions of this paragraph must have notified the other party of the delay and evidence of its causes in writing within thirty (30) days after the beginning of any such enforced delay and requested an extension for the reasonably estimated period of the enforced delay; and, provided further, that this paragraph does not apply to, and nothing contained in this paragraph will extend or will be construed to extend, the time of performance of any of Tenant's obligations to be performed before the commencement of construction, and the failure to timely perform pre-commencement of construction obligations will not extend or be construed to extend Tenant's obligations to commence, prosecute, and complete construction of the Improvements in the manner and at the times specified in this Lease.

10.13 Reports. Commencing when construction of the Improvements commences and continuing until completion of construction of the Improvements, Tenant will make a report in

writing to OCII every month, in such detail as may reasonably be required by OCII, as to the actual progress of the Tenant with respect to the construction. During such period, the work of the Tenant shall be subject to inspection by representatives of OCII, at reasonable times and upon reasonable advance notice.

10.14 Access to Site. As of the Effective Date and until OCII issues a Certificate of Completion (as defined in Section 11.01 below), Tenant will permit access to the Site to Landlord whenever and to the extent necessary to carry out the purposes of the provisions of this Lease or other redevelopment obligations, at reasonable times and upon reasonable advance notice, and on an emergency basis without notice whenever Landlord believes that emergency access is required. After OCII's issuance of a Certificate of Completion, access to the Premises will be governed by ARTICLE 24, below.

10.15 Notice of Completion. Promptly upon completion of the construction of the Improvements in accordance with the provisions of this Lease, Tenant will file a Notice of Completion ("NOC") and record the NOC in the San Francisco Recorder's Office. Tenant will provide OCII with a copy of the recorded NOC.

10.16 Completion of Improvements by New Developer. In the event a Lender or a successor thereto forecloses, obtains a deed in lieu of foreclosure, or otherwise realizes upon the Premises and undertakes construction of the Improvements ("New Developer") (a) the New Developer will not be bound by the provisions of the Schedule of Performance with respect to any deadlines for the completion of the Improvements but will only be required to complete the Improvements with due diligence and in conformance with a new Schedule of Performance as agreed upon by the New Developer and OCII, (b) the New Developer will only be required to complete the Improvements in accordance with all applicable building codes and ordinances, and the OCII-approved Construction Documents with such changes that are mutually agreed upon by OCII and the New Developer under the following clause (c); and (c) OCII and New Developer will negotiate in good faith such reasonable amendments and reasonable modifications to the Schedule of Performance and ARTICLE 10 of this Lease as the parties mutually determine to be reasonably necessary based upon the financial and construction conditions then existing.

ARTICLE 11 COMPLETION OF IMPROVEMENTS

11.01 Certificate of Completion—Issuance. After completion of the construction of the Improvements in accordance with the provisions of this Lease, if requested by Tenant together with reasonable supporting documentation, including an architect's certification of completion, OCII will furnish Tenant with an appropriate instrument so certifying (the "**Certificate of Completion**"). OCII's Certificate of Completion will be a conclusive determination of satisfaction and termination of the agreements and covenants of this Lease regarding Tenant's obligation to construct the Improvements in accordance with approved Construction Documents. The Certificate of Completion will include the dates of the beginning and completion of construction of the Improvements, but the Certificate of Completion will not constitute evidence of compliance with or satisfaction of Tenant's obligations to any Lender, or any insurer of a mortgage, securing money loaned to finance the construction or any part thereof; provided further, that OCII's issuance of a Certificate of Completion does not relieve Tenant or any other person or entity from any and all OCII requirements, regulatory approvals, or conditions relating

to construction or occupancy of the Improvements, which requirements or conditions must be complied with separately.

OCII may elect to issue Tenant a Certificate of Completion if no events of default by Tenant are then existing under this Lease or the Loan Documents for the OCII Loan, and Tenant has completed the Improvements in accordance with this Lease, except for: (1) punch list items; (2) landscaping and other outside areas of the Improvements; and (3) other items that do not adversely affect or impair Tenant's use and occupancy of the Improvements for the purposes contemplated by this Lease and that do not preclude the City's issuance of a certificate of occupancy or other certificate or authorization of Tenant's use and occupancy of the Improvements. However, OCII will not be obligated to issue a Certificate of Completion in these circumstances unless and until Tenant has provided to OCII, at OCII's request, a bond, letter of credit, certificate of deposit, or other security reasonably acceptable to OCII in an amount equal to 110% of the estimated cost to OCII of completing the items described in clauses (1) through (3) above, as reasonably determined by OCII.

11.02 Certifications to be Recordable. The Certificate of Completion will be in a form that permits it to be recorded with the Recorder of the City.

11.03 Certification of Completion—Non-Issuance Reasons. If OCII refuses or fails to provide a Certificate of Completion in accordance with the provisions of Section 11.01, OCII will provide Tenant with a written statement indicating in adequate detail in what respects Tenant has failed to complete the construction of the Improvements in accordance with the provisions of this Lease or is otherwise in default hereunder and what measures or acts will be necessary, in the opinion of OCII, for Tenant to take or perform in order to obtain a Certificate of Completion.

ARTICLE 12 CHANGES TO THE IMPROVEMENTS

12.01 Post-Completion Changes. Landlord has a particular interest in the Project and in the nature and extent of the permitted changes to the Improvements. Accordingly, it imposes the following controls on the Site and on the Improvements: during the term of this Lease, neither Tenant nor any voluntary or involuntary successor or assign, may make or permit any Change (as defined in Section 12.02) in the Project or the Premises, unless the express prior written consent for any Change has been requested in writing from Landlord and obtained, and, if obtained, upon such terms and conditions as Landlord may reasonably require. Landlord agrees not to unreasonably withhold or delay its response to such a request.

12.02 Definition of Change. “**Change**” as used in this Article 12 means any alteration, modification, addition, and/or substitution of or to the Leasehold Estate, the Project, the Premises, and/or the density of development that differs materially from that which existed upon the completion of construction of the Improvements in accordance with this Lease, and includes, without limitation, the exterior design, colors and materials. For purposes of the foregoing, “exterior” includes the roof of the Project “Change” does not include any repair, maintenance, cosmetic interior alterations (e.g., paint, carpet, installation of moveable equipment and trade fixtures, and hanging of wall art) in the normal course of operation of the Project, or as may be

required in an emergency to protect the safety and well-being of the Project's Residential Occupants.

12.03 Enforcement. Subject to ARTICLE 19 hereof, Landlord will have any and all remedies in law or equity (including, without limitation, restraining orders, injunctions, and/or specific performance), judicial or administrative, to enforce the provisions of this ARTICLE 12, including, without limitation, any threatened or actual breach or violation of this Section.

ARTICLE 13 TITLE TO IMPROVEMENTS

Landlord acknowledges that fee title to the Improvements will be vested in Tenant for the Term of this Lease. It is the intent of the Parties that this Lease and the Memorandum of Ground Lease will create a constructive notice of severance of the Improvements from the land without the necessity of a deed from Lessor to Lessee. Landlord and Tenant hereby agree that fee title to the Improvements will remain vested in Tenant during the Term, subject to Section 14.01 below; provided, however, that, subject to the rights of any Lenders and as further consideration for Landlord entering into this Lease, at the expiration or earlier termination of this Lease, fee title to all the Improvements will vest in Landlord without further action of any party, without any obligation by Landlord to pay any compensation to Tenant, and without the necessity of a deed from Tenant to Landlord. Notwithstanding the foregoing, if requested by Landlord, upon expiration or sooner termination of this Lease, Tenant shall execute and deliver to Landlord an acknowledged and good and sufficient grant deed conveying to Landlord Tenant's fee interest in the Improvements. For so long as it is not in default of this Lease, Tenant shall have the exclusive right to deduct, claim retain and enjoy any and all rental income appreciation, gain, depreciation, amortization, and tax credits for federal and State tax purposes relating thereto, substitution therefor, fixtures therein and other property relating thereto.

ARTICLE 14 ASSIGNMENT, SUBLEASE, OR OTHER CONVEYANCE

14.01 Assignment, Sublease, or Other Conveyance by Tenant. Tenant may not sell, assign, convey, sublease, or transfer in any other mode or form all or any part of its interest in this Lease or in the Improvements or any portion thereof except as provided in ARTICLE 51 of this Lease.

a) Assignment, Sublease, or Other Conveyance by Landlord. The Parties acknowledge and agree that OCII, effective upon the issuance of the Certificate of Completion or some later date as determined by OCII, intends to transfer all of its rights, interests and obligations under this Lease and the OCII Loan Agreements, together with conveyance of fee title to the Site, to MOHCD as the designated Housing Successor of the City and County of San Francisco under Board of Supervisors Resolution 11-12 (January 26, 2012), Redevelopment Dissolution Law, and OCII's approved Long-Term Property Management Plan (November 23, 2015). Tenant shall have no right to object and shall attorn to such assignee, and shall execute such instruments and take such actions as may be reasonably required to carry out OCII's intent. Upon assignment to MOHCD, all references herein to Landlord shall be deemed references to MOHCD. OCII and Tenant 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 14.02. Upon assignment to MOHCD, all references herein to OCII shall be deemed references to MOHCD.

b) As a condition of the assignment of the Lease and OCII Loan to the City, the City may require standard City contracting provisions under San Francisco Administrative Code or other Laws, as described in Attachment 7, be incorporated into the Lease and OCII Loan.

c) The parties acknowledge that any sale, assignment, transfer, or conveyance or encumbrance of all or any part of Landlord's interest in the Premises, the Site, the Improvements, or this Lease, is subject to this Lease. Landlord will require that any purchaser, assignee, or transferee expressly assume all of the obligations of Landlord under this Lease by a written instrument recordable in the Official Records of the City. This Lease will not be affected by any such sale, and Tenant will attorn to any such purchaser or assignee.

ARTICLE 15 TAXES

Subject to any exemption available therefor, Tenant agrees to pay, or cause to be paid, before delinquency to the proper authority, any and all valid taxes, assessments, and similar charges on the Premises that become effective after the Effective Date of this Lease, including all taxes levied or assessed on the possession, use or occupancy, as distinguished from the ownership, of the Site. Tenant will not permit any such taxes, charges, or other assessments to become a defaulted lien on the Site, Leasehold Estate or the Improvements thereon; provided, however, that in the event any such tax, assessment, or similar charge is payable in installments, Tenant may make, or cause to be made, payment in installments; and, provided further, that Tenant may contest the legal validity or the amount of any tax, assessment, or similar charge, through such proceedings as Tenant considers necessary or appropriate provided that such proceedings are initiated on or before the date the disputed tax, assessment or similar charge would otherwise be due and payable, and Tenant may defer the payment thereof so long as the validity or amount thereof is contested by Tenant in good faith and without expense to Landlord. If Tenant contests a tax, assessment, or other similar charge, then Tenant will protect, defend, and indemnify Landlord against all Claims resulting therefrom, and if Tenant is unsuccessful in any such contest, Tenant will immediately pay, discharge, or cause to be paid or discharged, the tax, assessment, or other similar charge. Landlord will furnish such information as Tenant may reasonably request in connection with any such contest, provided that such information is in Landlord's possession or control or is otherwise available to the public. Landlord hereby consents to and will reasonably cooperate and assist with Tenant applying for and obtaining any applicable exemptions from taxes or assessments levied on the Site, the Improvements, or on Tenant's interest therein. Tenant will have no obligation under this Section before the Effective Date, including but not limited to any taxes, assessments, or other charges levied against the Site that are incurred before the Effective Date.

ARTICLE 16 UTILITIES

From and after the Effective Date, Tenant will procure water and sewer service from the City and electricity, telephone, natural gas, if applicable, and any other utility service from the City or utility companies providing such services, and will pay all connection and use charges

imposed in connection with such services. From and after the Effective Date, as between Landlord and Tenant, Tenant will be responsible for the installation and maintenance of all facilities required in connection with such utility services to the extent not installed or maintained by the City or the utility providing such service.

ARTICLE 17 MAINTENANCE AND OPERATION

17.01 Maintenance. Tenant, at all times during the Term, shall maintain or cause to be maintained the Premises in good condition and repair to the reasonable satisfaction of Landlord, including the exterior, interior, substructure, and foundation of the Improvements and all fixtures, equipment, and landscaping from time to time located on the Site or any part thereof. Landlord will not be obligated to make any repairs, replacements, or renewals of any kind, nature, or description whatsoever to the Premises or any buildings or improvements now or hereafter located thereon. Tenant hereby waives all rights to make repairs at Landlord's expense under Sections 1932(1), 1941 and 1942 of the California Civil Code or under any similar Law now or hereafter in effect.

17.02 Facilities Condition Report. Every five (5) years beginning on the fifth anniversary date of the issuance of the Certificate of Completion, Tenant will deliver to Landlord a facilities condition report for the Premises, prepared by a qualified team of construction professionals acceptable to Tenant and Landlord, describing at a minimum the condition and integrity of the Premises, foundation and structural integrity of the building, and all utilities systems serving the building (the "**Facilities Condition Report**"). Tenant will provide with its submittal of the Facilities Condition Report, an anticipated schedule of and budget for, the repairs identified in the Facilities Condition Report. If Landlord reasonably believes the Facilities Condition Report does not adequately describe the condition and integrity of the listed items or the timing of required repairs, then Landlord will notify Tenant of the deficiency and Tenant will revise the Facilities Condition Report to address Landlord's concerns. If Tenant fails to provide a Facilities Condition Report to Landlord every five (5) years, then Landlord after giving thirty (30) days' notice to Tenant will have the right, but not the obligation, to cause a Facilities Condition Report to be prepared by a team of construction professionals of Landlord's choice, at Tenant's sole cost. Tenant will perform the repairs within the timeframe set forth in the Facilities Condition Report approved by Landlord.

17.03 Landlord's Right to Inspect. Without limiting ARTICLE 24 below, Landlord may, upon reasonable prior notice to Tenant, make periodic inspections of the Premises and other areas for which Tenant has obligations and may advise Tenant when maintenance or repair is required, but such right of inspection will not relieve Tenant of its independent responsibility to maintain the Premises, Improvements, and other areas as required by this Lease in a condition as good as, or better than, their condition at the completion of the Improvements, excepting ordinary wear and tear.

17.04 Landlord's Right to Repair. If Tenant fails to maintain or to promptly repair any damage to the Premises as required by this Lease, then subject to applicable notice and cure periods, Landlord may repair the damage at Tenant's sole cost and expense and Tenant will immediately reimburse Landlord for all costs of the maintenance or repair.

17.05 Operation. Following completion of the Improvements, Tenant will maintain and operate the Project consistent with the maintenance and operation of a safe, clean, well-maintained first-class residential project located in San Francisco. Tenant will be exclusively responsible, at no cost to Landlord except as otherwise contemplated herein and under the Loan Documents, for the management and operation of the Project. In connection with managing and operating the Project, Tenant will provide (or require others to provide), services as necessary and appropriate to the uses to which the Project are put, including (a) repair and maintenance of the Improvements; (b) utility, telecommunications and internet (including Wi-Fi) services to the extent customarily provided by equivalent projects located in San Francisco; (c) cleaning, janitorial, pest extermination, recycling, composting, and trash and garbage removal; (d) landscaping and groundskeeping; (e) security services with on-site personnel for the Project; and (f) lighting at night sufficient for safe pedestrian navigation along pathways. Tenant will use commercially reasonable efforts to ensure that no portion of the Project remains unoccupied or unused without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion.

17.06 Lot R. With respect to that certain real property known as "**Lot R**," as identified on the Final Map No. 4231, recorded on August 12, 2009, in Book CC of Survey Maps, Pages 165-175, Tenant shall have all rights and shall be subject to and perform all obligations of 11 Innes Owner under that certain Access, Joint Use and Maintenance Agreement recorded on _____ as Instrument No. _____ ("**Lot R Agreement**"), and enjoy such rights and perform such obligations at no cost to OCIL.

ARTICLE 18 LIENS

Tenant will use its best efforts to keep the Premises free from any liens arising out of any work performed or materials furnished by itself or its subtenants. If Tenant does not cause a lien to be released of record or bonded around within thirty (30) days following written notice from Landlord of the imposition of the lien, Landlord will have, in addition to all other remedies provided in this Lease and by Law, the right (but not the obligation) to cause the lien to be released by any means as it deems proper, including payment of the claim giving rise to such lien. All sums paid by Landlord for such purpose, and all reasonable expenses incurred by it in connection therewith, will be payable to Landlord by Tenant as additional Base Rent, and paid promptly on demand. Notwithstanding the foregoing, Tenant will have the right, upon posting of an adequate bond or other security, to contest any lien, and Landlord will not seek to satisfy or discharge the lien unless Tenant has failed so to do within ten (10) days after the final determination of the validity of the lien. If Tenant contests a lien, then Tenant will protect, defend, and indemnify Landlord against all Claims resulting therefrom. The provisions of this Section will not apply to any liens arising before the Effective Date that are not the result of Tenant's contractors, consultants, or activities.

ARTICLE 19 GENERAL REMEDIES

19.01 Application of Remedies. The provisions of this ARTICLE 19 govern the parties' remedies for breach of this Lease.

19.02 Breach by Landlord. If Tenant believes that Landlord has materially breached this Lease, Tenant must first notify Landlord in writing of the purported breach, giving Landlord one hundred twenty (120) days from receipt of such notice to cure the breach. If Landlord does not cure the breach within the 120-day period, or if the breach is not reasonably susceptible to cure within that 120-day period, begin to cure within one hundred twenty (120) days and diligently prosecute then cure to completion, then Tenant will have all of its rights at law or in equity by taking any or all of the following remedies: (i) terminating in writing this entire Lease with the written consent of each Lender; (ii) prosecuting an action for damages; (iii) seeking specific performance of this Lease; or (iv) any other remedy available at law or equity.

19.03 Breach by Tenant.

a) Default by Tenant.

Subject to the notice and cure rights under Sections b) and 19.04, the following events each constitute a basis for Landlord to take action against Tenant:

- (i) Tenant fails to comply with the Permitted Uses and Occupancy Restrictions set forth in Section 9.01;
- (ii) Tenant voluntarily or involuntarily assigns, transfers, or attempts to transfer or assign this Lease or any rights in this Lease, or in the Improvements, except as permitted by this Lease or otherwise approved by Landlord;
- (iii) From and after the Effective Date, Tenant, or its successor in interest fails to pay real estate taxes or assessments in accordance with Article 15, or places or allows to be placed on the Site, Leasehold Estate or Improvements any encumbrance or lien unauthorized by this Lease, or suffers any levy or attachment, or any material supplier's or mechanic's lien or the attachment of any other unauthorized encumbrance or lien, and the taxes or assessments have not been paid, or the encumbrance or lien removed or discharged within the time period provided in ARTICLE 18; provided, however, that Tenant has the right to contest any tax or assessment or encumbrance or lien as provided in ARTICLE 15 and ARTICLE 18;
- (iv) Tenant is adjudicated bankrupt or insolvent or makes a transfer to defraud its creditors, or makes an assignment for the benefit of creditors, or brings or has brought against Tenant any action or proceeding of any kind under any provision of the Federal Bankruptcy Act or under any other insolvency, bankruptcy, or reorganization act and, in the event such proceedings are involuntary, Tenant is not dismissed from the proceedings within sixty (60) days thereafter; or, a receiver is appointed for a substantial part of the assets of Tenant and such receiver is not discharged within sixty (60) days;
- (v) Tenant breaches any other material provision of this Lease;

(vi) Tenant fails to pay any portion of Annual Rent when due in accordance with the terms and provisions of this Lease;

(vii) Failure to commence any maintenance or repair obligation concerning the Premises.

b) Notification and Landlord Remedies.

Upon the happening of any of the events described in Section a) above, and before exercising any remedies, Landlord will notify Tenant, the Permitted Limited Partners, and each Lender in writing of Tenant's purported breach, failure, or act in accordance with the notice provisions of ARTICLE 39, giving Tenant, any Lender, and Permitted Limited Partner sixty (60) days from the giving of the notice to cure such breach, failure, or act, with the exception of breach of Section 19.03(a)vii, above, which shall be subject to a cure period of ten (10) days. If Tenant, Lender, or Permitted Limited Partner does not cure or, if the breach, failure, or act is not reasonably susceptible to cure within the applicable cure period, begin to cure within the applicable cure period and thereafter diligently prosecute such cure to completion, then, subject to the rights of any Lender and Permitted Limited Partner and subject to Section 19.04 and ARTICLE 26, Landlord will have all of its rights at law or in equity, including, but not limited to:

(viii) the remedy described in Section 1951.4 of the California Civil Code (a landlord may continue the lease in effect after a tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet and assign subject only to reasonable limitations) under which it may continue this Lease in full force and effect and the Landlord may enforce all of its rights and remedies under this Lease, including the right to collect rent when due. During the period Tenant is in default, Landlord may enter the Premises without terminating this Lease and relet them, or any part of them, to third parties for Tenant's account. Tenant will be liable immediately to Landlord for all reasonable costs that Landlord incurs in reletting the Premises, including, but not limited to, broker's commissions, expenses of remodeling the Premises required by the reletting and like costs. Reletting can be for a period shorter or longer than the remaining Term, at such rents and on such other terms and conditions as Landlord deems advisable, subject to any restrictions applicable to the Premises. Tenant shall owe Landlord the rent due under this Lease on the dates the rent is due, less the rent Landlord receives from any reletting. If Landlord elects to relet, then rentals received by Landlord from the reletting will be applied in the following order: (1) to reasonable attorneys' and other fees incurred by Landlord as a result of a default and costs if suit is filed by Landlord to enforce its remedies; (2) to the payment of any costs of maintaining, preserving, altering, repairing, and preparing the Premises for reletting, the other costs of reletting, including but not limited to brokers' commissions, reasonable attorneys' fees and expenses of removal of Tenant's Personal Property and Changes; (3) to the payment of rent due and unpaid; (4) the balance, if any, will be paid to Tenant upon

(but not before) expiration of the Term. If that portion of the rentals received from any reletting during any month that is applied to the payment of rent, is less than the rent payable during the month, then Tenant shall owe the deficiency to Landlord. The deficiency will be calculated and paid monthly. No act by Landlord allowed by this Section will terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease. After Tenant's default and for as long as Landlord does not terminate Tenant's right to possession of the Premises by written notice, if Tenant obtains Landlord's consent Tenant will have the right to assign or sublet its interest in this Lease, but Tenant shall not be released from liability and the assignment or subletting will not serve to cure the default.

(ix) Landlord may terminate Tenant's right to possession of the Leasehold Estate at any time. No act by Landlord other than giving notice of termination to Tenant will terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease will not constitute a termination of Tenant's right to possession. If Landlord elects to terminate this Lease, then Landlord has the rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including the right to terminate Tenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Annual Rent and any additional charges for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Landlord's efforts to mitigate the damages caused by Tenant's breach of this Lease will not waive Landlord's rights to recover damages upon termination.

(x) The right to have a receiver appointed for Tenant upon application by Landlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Landlord under this Lease;

(xi) seeking specific performance of this Lease; or

(xii) in the case of default under Section 19.03(i), increasing the Base Rent to the full amount of the Annual Rent.

Notwithstanding the foregoing, during the 15-year tax credit "compliance period" (as defined in Section 42 of the Internal Revenue Code, as amended) for the Project, Landlord may only terminate this Lease for a default by Tenant under Section a)(vi) above.

19.04 Rights of Permitted Limited Partner.

a) If a Permitted Limited Partner cannot cure a default due to an automatic stay in Bankruptcy court because the general partner of the Tenant is in bankruptcy, any cure period will be tolled during the pendency of such automatic stay.

b) Landlord will not exercise its remedy to terminate this Lease if a Permitted Limited Partner is attempting to cure the default and the cure requires removal of the managing general partner, so long as the Permitted Limited Partner is proceeding diligently to remove the managing general partner in order to effect a cure of the default.

c) Unless otherwise provided for in this Lease, any limited partner that is not the Permitted Limited Partner identified in ARTICLE 39 wishing to become a Permitted Limited Partner must provide five (5) days written notice to Landlord in accordance with the notice provisions of this Lease, setting forth a notice address and providing a copy of such notice to the Tenant and all of the Tenant's partners. The limited partner will become a Permitted Limited Partner upon the expiration of the five-day period. A limited partner will not be afforded the protections of this Section with respect to any default occurring before the limited partner becomes a Permitted Limited Partner.

19.05 Landlord's Right to Cure Tenant's Default. If Tenant defaults in the performance of any of its obligations under this Lease, Landlord may at any time thereafter after notice and expiration of the applicable cure period (except in the event of an emergency as determined by Landlord, in which case the may act when Landlord determines necessary), remedy the default for Tenant's account and at Tenant's expense. Tenant will pay to Landlord as additional Base Rent, promptly upon demand, all sums expended by Landlord, or other costs, damages, expenses, or liabilities incurred by Landlord, including reasonable attorneys' fees, in remedying or attempting to remedy the default. Tenant's obligations under this Section will survive the termination of this Lease. Nothing in this Section implies any duty of Landlord to do any act that Tenant is obligated to perform under any provision of this Lease, and Landlord's cure or attempted cure of Tenant's default will not constitute a waiver of Tenant's default or any rights or remedies of Landlord on account of the default.

19.06 Waiver of Redemption. Tenant hereby waives, for itself and all persons claiming by and under Tenant, redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Law, in the event Tenant is evicted or Landlord takes possession of the Premises by reason of any default of Tenant hereunder.

19.07 Remedies Not Exclusive. The remedies set forth in Section b) are not exclusive; they are cumulative and in addition to any and all other rights or remedies of Landlord now or later allowed by Law. Tenant's obligations hereunder will survive any termination of this Lease.

ARTICLE 20 DAMAGE AND DESTRUCTION

20.01 Insured Casualty. If the Improvements or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Tenant under this Lease, Tenant will promptly commence and diligently complete the restoration of the

Improvements as nearly as possible to the condition thereof before such damage or destruction, or in accordance with plans approved by Landlord; provided, however, that if more than fifty percent (50%) of the Improvements are destroyed or are damaged by fire or other casualty and if the insurance proceeds do not provide at least ninety percent (90%) of the funds necessary to complete the restoration, then Tenant, with the written consent of each Lender and Permitted Limited Partner, may terminate this Lease within thirty (30) days after the later of (i) the date of such damage or destruction, or (ii) the date on which Tenant is notified of the amount of insurance proceeds available for restoration. If Tenant is required or elects to restore the Improvements, then all proceeds of any policy of insurance required to be maintained by Tenant under this Lease will, subject to any applicable rights of Lenders and the Permitted Limited Partner, be used by Tenant for that purpose and Tenant will make up from its own funds or obtain additional financing as reasonably approved by Landlord any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost. If Tenant elects to terminate this Lease as provided under this Section 20.01, or elects not to restore the Improvements, then the insurance proceeds will be divided in the order set forth in Section 20.03.

20.02 Uninsured Casualty. If (i) more than fifty percent (50%) of the Improvements are damaged or destroyed and ten percent (10%) or more of the cost to complete the restoration is not covered by insurance required to be carried under this Lease; and (ii) in the reasonable opinion of Tenant, the undamaged portion of the Improvements cannot be completed or operated on an economically feasible basis; and (iii) there is not available to Tenant any feasible source of third party financing for restoration reasonably acceptable to Tenant; then Tenant may, with the written consent of each Lender and the Permitted Limited Partner, other than Landlord, terminate this Lease upon ninety (90) days written notice to Landlord. If it appears that the provisions of this Section 20.02 may apply to a particular event of damage or destruction, Tenant will notify Landlord promptly and not consent to any settlement or adjustment of an insurance award without Landlord's written approval, which approval will not be unreasonably withheld or delayed. If Tenant terminates this Lease under this Section 20.02, then all insurance proceeds and damages payable by reason of the casualty will be divided among Landlord, Tenant, and Lenders in accordance with the provisions of Section 20.03. If Tenant does not have the right, or elects not to exercise the right, to terminate this Lease as a result of an uninsured or underinsured casualty, then Tenant will promptly commence and diligently complete the restoration of the Improvements as nearly as possible to their condition before the damage or destruction in accordance with the provisions of Section 20.01 and will, subject to any applicable rights of Lenders, be entitled to all available insurance proceeds to do so.

20.03 Distribution of the Insurance Proceeds. If Tenant elects to terminate and surrender as provided in either Sections 20.01 or 20.02, then the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Tenant hereunder will be as follows:

- a) First to the Lenders, in order of their priority, to control, disburse or apply to any outstanding loan amounts in accordance with the terms their respective Leasehold Mortgages and applicable Law;

- b) Second, at Landlord's election, to pay the actual cost of removing all debris from the Site and adjacent and underlying property, and for the actual cost of any work or service required by any Law, for the protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby;
- c) Third, to compensate Landlord for any diminution in the value (as of the date of the damage or destruction) of the Site caused by or arising from the damage or destruction; and
- d) The remainder to Tenant.

20.04 Clean-up of Housing Site. If Tenant terminates this Lease under the provisions of Sections 20.01 or 20.02, Tenant must, at Landlord's election, clean up and remove all debris from the Site and adjacent and underlying property and leave the Site in a clean and safe condition and in compliance with all Laws upon surrender, as described in in Section b). If the proceeds of any insurance policy are insufficient to pay the clean-up and other costs described in Section b), then Tenant must pay the portion of the costs not covered by the insurance proceeds.

20.05 Waiver. Tenant and Landlord intend that this Lease fully govern all of their rights and obligations in the event of any damage or destruction of the Premises. Accordingly, Landlord and Tenant each hereby waive the provisions of Sections 1932(2), 1933(4), 1941 and 1942 of the California Civil Code, as such sections may from time to time be amended, replaced, or restated.

ARTICLE 21 DAMAGE TO PERSON OR PROPERTY; HAZARDOUS SUBSTANCES; INDEMNIFICATION

21.01 Damage to Person or Property—General Indemnification. Landlord will not in any event whatsoever be liable for any injury or damage to any person happening on or about the Site, for any injury or damage to the Premises, or to any property of Tenant, or to any property of any other person, entity, or association on or about the Premises, unless arising from the gross negligence or willful misconduct of an Indemnified Party (as defined below.) Tenant will defend, hold harmless, and indemnify Landlord and the City and County of San Francisco, including but not limited to their boards, commissions, commissioners, departments, agencies, and other subdivisions, officers, agents, and employees (each, an “**Indemnified Party**” and collectively the “**Indemnified Parties**”), of and from all claims, loss, damage, injury, actions, causes of action, and liability of every kind, nature and description (collectively, “**Claims**”) incurred in connection with or directly or indirectly arising from the Site, the Lot R Agreement, this Lease, Tenant's tenancy, its or their use of the Site, including adjoining sidewalks and streets, and any of its or their operations or activities thereon or connected thereto; all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that the indemnity is void or otherwise unenforceable under applicable Law in effect on or validly retroactive to the date of this Lease and further excepting only such Claims that are caused exclusively by the willful misconduct or gross negligence of the Indemnified Parties. The foregoing indemnity will

include, without limitation, reasonable fees of attorneys, consultants, and experts and related costs and Landlord's costs of investigating any Claim. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Landlord from any claim that actually or potentially falls within any indemnity provision set forth in this Lease even if such allegation is or may be groundless, fraudulent, or false, which obligation arises at the time such claim is tendered to Tenant by an Indemnified Party and continues at all times thereafter. Notwithstanding the foregoing, this Article 22 shall not be deemed or construed to and shall not impose any obligation to indemnify and save harmless the Indemnified Parties from any claim, loss, damage, liability or expense of any nature whatsoever, arising from or in any way related to or connected with any willful misconduct or active gross negligence by an Indemnified Party. Tenant's obligations under this Article will survive the termination or expiration of this Lease.

21.02 Hazardous Substances—Indemnification.

a) Tenant will indemnify, defend, and hold the Indemnified Parties harmless from and against any and all Claims of any nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel and engineering consultants) incurred by or asserted against any Indemnified Party in connection with, arising out of, in response to, or in any manner relating to violation of any Environmental Law, or any Release, threatened Release, and any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or from the Site caused by Tenant, its employees, agents, affiliates, or contractors; provided, however, that this Section 21.02(a) shall not be deemed or construed to, and shall not impose any obligation on Tenant to indemnify and save harmless the Indemnified Parties from any Claim arising from or in any way related to or connected with any willful misconduct or gross negligence by any Indemnified Party occurring after the Effective Date. No Indemnified Party shall be entitled to indemnification under this Section for, and Tenant will have no liability for any Claims relating to a violation of, any Environmental Law, Release, or threatened Release, or arising out of any condition or action of pollution, contamination or Hazardous Substance-related nuisance on, under or from the Site occurring prior to the Effective Date except for those contributed to or exacerbated by Tenant.

b) For purposes of this Section 21.02, the following definitions apply:

(i) **"Hazardous Substance"** has the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended as of the date of this Lease, 42 U.S.C. 9601(14), and in addition includes, without limitation, petroleum (including crude oil or any fraction thereof) and petroleum products, asbestos, asbestos-containing materials, polychlorinated biphenyls ("**PCBs**"), PCB-containing materials, all hazardous substances identified in the California Health & Safety Code 25316 and 25281(d), all chemicals listed under the California Health & Safety Code 25249.8, and any substance deemed a hazardous substance, hazardous material, hazardous waste, or contaminant under Environmental Law. The foregoing definition does not include substances that occur naturally on the Site or commercially reasonable amounts of hazardous materials used in the ordinary course of

construction and operation of a residential development, provided they are used and stored in accordance with all applicable Laws.

(ii) **"Environmental Law"** means all Laws governing hazardous waste, wastewater discharges, drinking water, air emissions, Hazardous Substance releases or reporting requirements, Hazardous Substance use or storage, and employee or community right-to-know requirements related to the work being performed under this Lease.

(iii) **"Release"** means any spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, including the abandonment or discharging of barrels, containers, and other closed receptacles containing any Hazardous Substance.

21.03 Exculpation and Waiver. Tenant, as a material part of the consideration to be rendered to Landlord, hereby waives any and all Claims against the Indemnified Parties related to this Lease including their rights or obligations as landlord under this Lease, including without limitation all Claims arising from the joint or concurrent, active or passive, negligence of the Indemnified Parties, but excluding any Claims caused solely by the Indemnified Parties' willful misconduct (including breach of this Lease) or active gross negligence. The Indemnified Parties will not be responsible for or liable to Tenant, and Tenant hereby assumes the risk of, and waives and releases the Indemnified Parties from all Claims against the Indemnified Parties related to this Lease including their rights or obligations as landlord under this Lease for, any injury, loss, or damage to any person or property in or about the Premises by or from any cause whatsoever occurring on or after the Effective Date including, without limitation, (a) any act or omission of persons occupying adjoining premises or any part of the Premises adjacent to or connected with the Premises, (b) theft, (c) explosion, fire, steam, oil, electricity, water, gas or rain, pollution or contamination, (d) stopped, leaking, or defective building systems, (d) construction or Site defects, (f) damages to goods, wares, goodwill, merchandise, equipment, or business opportunities, (g) Claims by persons in, upon or about the Premises or any other Landlord property for any cause arising at any time, (h) alleged facts or circumstances of the process or negotiations leading to this Lease before the Effective Date (other than with respect to any Environmental Law or Release); and (i) any other acts, omissions, or causes.

21.04 Tenant understands and expressly accepts and assumes the risk that any facts concerning the Claims released in this Lease might be found later to be other than or different from the facts now believed to be true, and agrees that the releases in this Lease will remain effective. Therefore, with respect to the Claims released in this Lease, Tenant waives any rights or benefits provided by Section 1542 of the Civil Code, which reads as follows:

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

Tenant initials ____

Tenant specifically acknowledges and confirms the validity of the release made above and the fact that Tenant was represented by counsel who explained the consequences of the release at the time this Lease was made, or that Tenant had the opportunity to consult with counsel, but declined to do so.

21.05 Insurance. The Indemnification requirements under this Lease, or any other agreement between OCII and Tenant, will in no way be limited by any insurance requirements under any such agreements.

21.06 Survival. The provisions of ARTICLE 21 will survive the expiration or earlier termination of this Lease.

ARTICLE 22 INSURANCE

22.01 Insurance. Subject to approval by OCII's Risk Manager of the insurers and policy forms, Tenant must obtain and maintain, or cause to be maintained, the insurance and bonds as set forth in Attachment 8 throughout the Term of this Lease at no expense to OCII.

ARTICLE 23 COMPLIANCE WITH SITE-RELATED AND LEGAL REQUIREMENTS

23.01 Compliance with Legal Requirements. From and after the Effective Date, Tenant will at its cost and expense, promptly comply with all applicable Laws now in force or that may later be in force, including, without limitation, the requirements of the fire department or other similar body now or later constituted and with any direction or occupancy certificate issued under any Law as any of them may relate to or affect the condition, use, or occupancy of the Site. If Tenant contests any of the foregoing, Tenant will not be obligated to comply therewith to the extent that the application of the contested Law is stayed by the operation of law or administrative or judicial order and Tenant indemnifies, defends, and holds harmless the Indemnified Parties against all Claims resulting from noncompliance.

23.02 Regulatory Approvals. Tenant understands and agrees that Landlord is entering into this Lease in its capacity as a landowner with a proprietary interest in the Site and not as a regulatory agency with certain police powers. Tenant understands and agrees that neither entry by Landlord into this Lease nor any approvals given by Landlord under this Lease will be deemed to imply that Tenant has thereby obtained any required approvals from City departments, boards, or commissions that have jurisdiction over the Premises. By entering into this Lease, Landlord is in no way modifying or limiting the obligations of Tenant to develop the Project in accordance with all Laws and as provided in this Lease.

Tenant understands that the construction of the Improvements on the Leasehold Estate and development of the Project will require approval, authorization, or permit by governmental agencies with jurisdiction. Tenant must use good faith efforts to obtain and will be solely responsible for obtaining any approvals required for the Project in the manner set forth in this Section. Throughout the permit process for any regulatory approvals, Tenant will consult and coordinate with Landlord in Tenant's efforts to obtain permits. Landlord will cooperate reasonably with Tenant in its efforts to obtain permits; provided, however, Tenant may not agree

to the imposition of conditions or restrictions in connection with its efforts to obtain a permit from any other regulatory agency if Landlord is required to be a co-permittee under the permit or the conditions or restrictions could create any financial or other material obligations on the part of Landlord whether on or off of the Premises, unless in each instance Landlord has approved the conditions previously in writing and in Landlord's reasonable discretion. No approval by Landlord will limit Tenant's obligation to pay all the costs of complying with conditions under this Section. Tenant must bear all costs associated with applying for and obtaining any necessary regulatory approval, as well as any fines, penalties or corrective actions imposed as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval.

With Landlord's prior written consent, Tenant will have the right to appeal or contest any condition in any manner permitted by Law imposed upon any regulatory approval. In addition to any other indemnification provisions of this Lease, Tenant must indemnify, defend, and hold harmless Landlord and its commissioners, officers, agents or employees from and against any and all Claims that may arise in connection with Tenant's failure to obtain or comply with the terms and conditions of any regulatory approval or with the appeal or contest of any conditions of any regulatory approval, except to the extent damage arises out of the active gross negligence or willful misconduct of Landlord or its agents.

ARTICLE 24 ENTRY

24.01 Landlord reserves for itself and its authorized representatives (including MOHCD) the right to enter the Premises at all reasonable times during normal business hours upon not less than forty-eight (48) hours' written notice to Tenant (except in the event of an emergency), subject to the rights of the occupants, tenants, and others lawfully permitted on the Premises, for any of the following purposes:

- a) to determine whether the Premises is in good condition and to inspect the Premises (including soil borings or other Hazardous Substance investigations);
- b) to determine whether Tenant is in compliance with its Lease obligations and to cure or attempt to cure any Tenant default;
- c) to serve, post, or keep posted any notices required or allowed under any of the provisions of this Lease;
- d) to do any maintenance or repairs to the Premises that Landlord has the right or the obligation, if any, to perform hereunder; and
- e) to show the Premises to any prospective purchasers, brokers, Lenders, or public officials, or, during the last year of the Term of this Lease, exhibit the Premises to prospective tenants or other occupants, and to post any reasonable "for sale" or "for lease" signs in connection therewith.

24.02 In the event of any emergency, as reasonably determined by Landlord, at its sole option and without notice, Landlord may enter the Premises and alter or remove any Improvements or Tenant's personal property on or about the Premises as reasonably necessary,

given the nature of the emergency. Landlord will have the right to use any and all means Landlord considers appropriate to gain access to any portion of the Premises in an emergency, in which case, Landlord will not be responsible for any damage or injury to any property, or for the replacement of any property, and no emergency entry may be deemed to be a forcible or unlawful entry onto or a detainer of the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof.

24.03 Landlord will not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of Landlord's entry onto the Premises, except to the extent damage arises out of the active gross negligence or willful misconduct of Landlord or its agents. Landlord will be responsible for any losses resulting from its active gross negligence or willful misconduct and will repair any resulting damage promptly.

24.04 Tenant will not be entitled to any abatement in Annual Rent if Landlord exercises any rights reserved in this Section, subject to Section 24.03 above.

24.05 Landlord will use its reasonable good faith efforts to conduct any activities on the Premises allowed under this Section in a manner that, to the extent practicable, will minimize any disruption to Tenant's use of the Premises as permitted by this Lease.

ARTICLE 25 MORTGAGE FINANCING

25.01 No Encumbrances Except for Development Purposes. Notwithstanding any other provision of this Lease and subject to the prior written consent of Landlord in the form attached hereto as Attachment 3, which consent will not be unreasonably withheld, conditioned, or delayed, Leasehold Mortgages (and encumbrances related to such Leasehold Mortgages or required by Project lenders or equity investors, including, but not limited to use agreements and regulatory agreements) are permitted to be placed upon the Leasehold Estate only for the purpose of securing loans of funds to be used for financing the acquisition of the Project; refinancing of financing used to acquire or rehabilitate the Project; design, construction, renovation, or reconstruction of the Improvements; and any other expenditures reasonably necessary and appropriate to acquire, own, develop, construct, renovate, or reconstruct the Improvements under this Lease and in connection with the operation of the Project; and costs and expenses incurred or to be incurred by Tenant in furtherance of the purposes of this Lease. OCII, acting solely in its capacity as landlord under this Lease, hereby acknowledges and accepts (or the Fiscal Agent acting on its behalf pursuant to the tax exempt loan to Tenant) as a Lender, and consents to the Leasehold Mortgage associated with Lender's construction loan to Tenant for the Project.

25.02 Holder Not Obligated to Construct. The holder of any mortgage, deed of trust, or other security interest authorized by Section 25.01 ("**Holder**" or "**Lender**"), including the successors or assigns of the Holder, is not obligated to complete any construction of the Improvements or to guarantee such completion; and no covenant or any other provision of this Lease may be construed to obligate the Holder. However, if the Holder undertakes to complete or guarantee the completion of the construction of the Improvements, nothing in this Lease will be deemed or construed to permit or authorize the Holder or its successors or assigns to devote the Premises or any portion thereof to any uses, or to construct any Improvements on the Site, other than those uses or Improvements authorized under Section 9.01 and any reasonable

modifications in plans proposed by the Holder or its successors in interest proposed for the viability of the Project approved by Landlord in its reasonable discretion under Section 10.16. To the extent any Holder or its successors in interest wish to change such uses or construct different improvements, Holder or its successors in interest must obtain the advance written consent of Landlord.

25.03 Failure of Holder to Complete Construction. In any case where six (6) months after assumption of obligations under Section 25.02 above, a Lender, having first exercised its option to complete the construction, has not proceeded diligently with completion of the construction, Landlord will have all the rights against the Holder it would otherwise have against Tenant under this Lease for events or failures occurring after such assumption; subject to any extensions of time granted under Section 10.16 of this Lease.

25.04 Default by Tenant and Landlord's Rights.

a) Right of Landlord to Cure a Default or Breach by Tenant under a Leasehold Mortgage. In the event of a default or breach by Tenant under any Leasehold Mortgage, and Tenant's failure to timely commence or diligently prosecute cure of such default or breach, Landlord may, at its option, cure such breach or default for the period of one hundred ten (110) days after the date that the Lender files a notice of default. In such event, Landlord will be entitled to reimbursement from Tenant of all costs and expenses reasonably incurred by Landlord in curing the default or breach. Landlord will also be entitled to a lien upon the Leasehold Estate or any portion thereof to the extent such costs and disbursements are not reimbursed by Tenant. Any such lien will be subject to the lien of any then-existing Leasehold Mortgage authorized by this Lease, including any lien contemplated because of advances yet to be made. After ninety (90) days following the date of Lender filing a notice of default and expiration of all applicable cure periods of Tenant under the terms of the applicable loan documents, Landlord will also have the right to assign Tenant's interest in the Lease to another entity, subject to all Lenders' and Permitted Limited Partner's written consent, and which consent may be conditioned, among other things, upon the assumption by such other entity of all obligations of the Tenant under the Leasehold Mortgage. After ninety (90) days following the date of Lender filing a notice of default and expiration of all applicable cure periods of Tenant under the terms of the applicable loan documents, Landlord will also have the right to assign Tenant's interest in the Lease to another entity, subject to all Lenders' and Permitted Limited Partner's written consent in the exercise of their sole and absolute discretion, and which consent may be conditioned, among other things, upon the assumption by such other entity of all obligations of the Tenant under the Leasehold Mortgage.

b) Notice of Default to Landlord. Tenant will use its best efforts to require Lender to give Landlord prompt written notice of any default or breach of the Leasehold Mortgage and each Leasehold Mortgage will provide for that notice to Landlord and contain Landlord's right to cure as above set forth.

25.05 Cost of Mortgage Loans to be Paid by Tenant. Tenant covenants and affirms that it will bear all of the costs and expenses in connection with (a) the preparation and securing of any Leasehold Mortgage, (b) the delivery of any instruments and documents and their filing and

recording, if required, and (c) all taxes and charges payable in connection with any Leasehold Mortgage.

ARTICLE 26 PROTECTION OF LENDER

26.01 Notification to Landlord. Promptly upon the creation of any Leasehold Mortgage and as a condition precedent to the existence of any of the rights set forth in this ARTICLE 26, Tenant will cause each Lender to give written notice to Landlord of the Lender's address and of the existence and nature of its Leasehold Mortgage. Execution of Attachment 3 will constitute Landlord's acknowledgement of Lender's having given such notice as is required to obtain the rights and protections of a Lender under this Lease. Landlord hereby acknowledges that _____ (or the Fiscal Agent acting on its behalf pursuant to the tax-exempt loan to Tenant) is the First Mortgage Lender and is deemed to have given such written notice as First Mortgage Lender.

26.02 Lender's Rights to Prevent Termination. Each Lender has the right, but not the obligation, at any time before termination of this Lease and without payment of any penalty other than the interest on unpaid rent, to pay all of the rents due under this Lease, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant or necessary and proper to be done in the performance and observance of the agreements, covenants and conditions of this Lease to prevent a termination of this Lease to the same effect as if the same had been made, done, and performed by Tenant instead of by Lender.

26.03 Lender's Rights When Tenant Defaults. If any event of default under this Lease occurs and is continuing, and is not cured within the applicable cure period, Landlord will not terminate this Lease or exercise any other remedy unless it first gives written notice of the event of default to Lender, and:

a) If the event of default is a failure to pay a monetary obligation of Tenant (not including any of Tenant's indemnification obligations under this Lease (the "**Indemnification Obligations**")), Lender fails to cure such default within sixty (60) days from the date of written notice from Landlord to Lender to cure the default; or

b) If the event of default is not a failure to pay a monetary obligation of Tenant, Lender fails, within sixty (60) days of receipt of the written notice, to either (a) remedy such default; or (b) obtain title to the Leasehold Estate and Improvements in lieu of foreclosure; or (c) commence foreclosure or other appropriate proceedings in the nature thereof (including the appointment of a receiver) and thereafter diligently prosecute such proceedings to completion, in which case such event of default will be remedied or deemed remedied in accordance with Section 26.04 below.

All rights of Landlord to terminate this Lease as the result of the occurrence of any uncured event of default is subject to, and conditioned upon, Landlord having first given Lender written notice of the event of default and Lender having failed to remedy such default or acquire Tenant's Leasehold Estate or commence foreclosure or other appropriate proceedings in

the nature thereof as set forth in and within the time specified by this Section 26.03, and upon the Permitted Limited Partners having failed to proceed as permitted under Sections b) or b).

26.04 Default That Cannot be Remedied by Lender. Any event of default under this Lease that in the nature thereof cannot be remedied by Lender will be deemed to be remedied as it pertains to Lender or any Subsequent Owner if (a) within sixty (60) days after receiving notice from Landlord setting forth the nature of such event of default, Lender has acquired the Leasehold Estate and Improvements or has commenced foreclosure or other appropriate proceedings in the nature of foreclosure, (b) Lender is diligently prosecuting any such proceedings to completion, (c) Lender has fully cured any event of default arising from failure to pay or perform any monetary obligation (other than the Indemnification Obligations) in accordance with Section 26.03, and (d) after gaining possession of the Improvements, Lender diligently proceeds to perform all other obligations of Tenant as and when due in accordance with the terms of this Lease.

26.05 Court Action Preventing Foreclosure. If Lender is prohibited by any process or injunction issued by any court or because of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature of foreclosure, the times specified in Sections 26.03 and 26.04 above for commencing or prosecuting such foreclosure or other proceedings will be extended for the period of such prohibition. If this Lease is terminated for any reason or rejected by Tenant in bankruptcy, then Landlord agrees to enter into a new ground lease with the Lender on the same terms set forth in this Lease, and said new lease shall be afforded a priority equal to the recording priority of this Lease. For purpose of this Article, if there is more than one Lender, Landlord will offer the new lease to each Lender in the order of priority until accepted.

26.06 Lender's Rights to Record, Foreclose, and Assign. Landlord hereby agrees with respect to any Leasehold Mortgage, that:

a) the Lender may cause its Leasehold Mortgage to be recorded and enforced, and upon foreclosure, sell and assign the Leasehold Estate to an assignee from whom it may accept a purchase price; subject, however, to Lender's first securing written approval from Landlord, which approval will not be unreasonably withheld, and, the Subsequent Owner must be controlled by a California nonprofit public benefit corporation exempt from tax under Section 501(c)(3) of the Internal Revenue Code so that the Premises receive an exemption from state property taxes as provided under Section 214 of the California Revenue and Taxation Code (to the extent such exemption is then generally available). Furthermore, Lender may acquire title to the Leasehold Estate in any lawful way, and if the Lender becomes the assignee, then Lender may sell and assign said Leasehold Estate subject to Landlord approval (which may not be unreasonably withheld) and to Landlord's rights under Section 25.04. The foreclosure of the Leasehold Mortgage shall not constitute an Event of Default hereunder.

b) each Subsequent Owner must take said Leasehold Estate subject to all of the provisions of this Lease, and except as provided elsewhere in this Lease, must assume all of the obligations of Tenant under this Lease for so long as it is the owner of the Leasehold Estate;

c) Landlord will mail or deliver to any Lender that has an outstanding Leasehold Mortgage a duplicate copy of all notices that Landlord may give to Tenant under this Lease; and

d) any Permitted Limited Partners of Tenant will have the same rights as any Lender under Sections 26.02, 26.03, and c), and any reference to a Lender in those sections will be deemed to include the Permitted Limited Partners; provided, however, that the rights of the Permitted Limited Partners are subordinate to the rights of any Lender.

26.07 Lease Rent after Lender Foreclosure or Assignment. Upon foreclosure of a Leasehold Mortgage or assignment of the Leasehold Estate in lieu of such foreclosure, (i) any accrued Annual Rent at the time of foreclosure will be forgiven by Landlord, and will not be an obligation of the Lender, its assignee, or the Subsequent Owner; and (ii) for so long as the Project is operated in accordance with the use and occupancy restrictions of ARTICLE 9, Annual Rent shall be set as follows:

a) The obligations of any Subsequent Owner other than a Lender (or its affiliate) for payment of Annual Rent shall be as set forth in ARTICLE 4;

b) A Lender (or the affiliate of a Lender) who acquires the Leasehold Estate as a result of foreclosure of a Leasehold Mortgage or assignment of the Leasehold Estate in lieu of such foreclosure shall pay Annual Rent as follows:

(i) For 180 days after foreclosure of a Leasehold Mortgage or assignment of the Leasehold Estate in lieu of such foreclosure, the obligations for payment of Annual Rent of the Lender (or such affiliate) shall be as set forth in ARTICLE 4;

(ii) If, within 180 days after foreclosure of a Leasehold Mortgage or assignment of the Leasehold Estate in lieu of such foreclosure: (a) the Lender (or such affiliate) identifies as a potential assignee of the Leasehold Estate an entity that is controlled by, or includes a partner or member which is, a California nonprofit public benefit corporation that is exempt from tax under Section 501(c)(3) of the Internal Revenue Code such that the Leasehold Estate would, if leased by such entity, receive an exemption from state property taxes as provided under Section 214 of the California Revenue and Taxation Code, (b) Landlord has approved such entity (which approval shall not be unreasonably withheld, conditioned or delayed), and (3) Lender (or its affiliate) is engaged, diligently and in good faith, in negotiations with such entity for assignment of the Leasehold Estate, then, if requested by Lender, the obligations for payment of Annual Rent of the Lender (or such affiliate) shall continue to be as set forth in ARTICLE 4 for an additional sixty (60) days after the end of the one-hundred eighty (180) day period set forth in 26.07(ii)(B)(1) above;

(iii) From and after the date that Lender (or its affiliate) no longer qualifies under paragraph (1) or paragraph (2) of this Section 26.07(ii)(B),

Base Rent shall accrue and shall be payable by Lender (or such affiliate) in arrears on each January 31st in accordance with Section 4.02; provided, however, that payment of Base Rent thus accrued may, at the option of the Lender (or such affiliate), be deferred, with simple interest at six percent (6%) per annum until paid, until the first to occur of (x) assignment of the Leasehold Estate to a Subsequent Owner or (y) the date that is sixty days after the termination of this Lease.

26.08 Permitted Uses After Lender Foreclosure. Notwithstanding the above, in the event of a foreclosure and transfer to a Subsequent Owner, the Premises must be operated in accordance with the Declaration of Restrictions, Section 9.01 of this Lease, and in accordance with those uses specified in the schematic designs and final construction documents approved by OCII and the building permit, with all addenda, as approved by the City's Department of Building Inspection, and any reasonable modifications in plans proposed by the Subsequent Owner or its successors in interest for the viability of the Project approved by Landlord in its reasonable discretion under Section 10.16.

26.09 Preservation of Leasehold Benefits. Until such time as a Lender notifies Landlord in writing that the obligations of the Tenant under its loan documents have been satisfied, Landlord agrees:

a) That subject to Section b) Landlord will not voluntarily cancel or surrender this Lease, or accept a voluntary cancellation or surrender of this Lease by Tenant, or amend this Lease to materially increase the obligations of the Tenant or the rights of Landlord under this Lease or alter the rights and protections of Lender, without the prior written consent of the Lender (which may not be unreasonably withheld or delayed);

b) That Landlord will not enforce against a Lender any waiver or election made by the Tenant under this Lease that has a material adverse effect on the value of the Leasehold Estate without the prior written consent of the Lender (which will not be unreasonably withheld or delayed);

c) That, if a Lender makes written request to Landlord for a new ground lease within fifteen (15) days after Lender receives written notice of termination of this Lease, then Landlord will enter a new ground lease with the Lender commencing on the date of termination of this Lease and ending on the normal expiration date of this Lease, on substantially the same terms and conditions as this Lease and subject to the rent provisions set forth in Section 26.07, and with the same priority as against any subleases or other interests in the Premises; so long as the Lender cures all unpaid monetary defaults under this Lease (other than the Indemnification Obligations), through the date of such termination;

d) That Landlord will provide reasonable prior notice to each Lender of any proceedings for adjustment or adjudication of any insurance or condemnation claim involving the Premises and will permit each Lender to participate the proceedings as an interested party.

26.10 No Merger. The Leasehold Estate will not merge with the fee interest in the Site, notwithstanding ownership of the leasehold and the fee by the same person, without the prior written consent of each Lender.

26.11 Landlord Bankruptcy.

a) If a bankruptcy proceeding is filed by or against Landlord, Landlord will immediately notify each Lender of the filing and will deliver a copy of all notices, pleadings, schedules, and similar materials regarding the bankruptcy proceedings to each Lender.

b) Landlord acknowledges that (i) the Tenant seeks to construct improvements on the Leasehold Estate using proceeds of the loans provided by the Lenders, and (ii) it would be unfair to both the Tenant and the Lenders to sell the Site free and clear of the Leasehold Estate. Therefore, Landlord waives its right, under section 363(f) of the Bankruptcy Code, to sell Landlord's fee interest in the Site free and clear of the Leasehold Estate.

c) If a bankruptcy proceeding is filed by or on behalf of Landlord, Landlord agrees as follows:

(i) the Tenant will be presumed to have objected to any attempt by Landlord to sell the fee interest free and clear of the Leasehold Estate;

(ii) if Tenant does not so object, each Lender will have the right to so object on its own behalf or on behalf of the Tenant; and

(iii) in connection with any such sale, the Tenant will not be deemed to have received adequate protection under section 363(e) of the Bankruptcy Code, unless it has received and paid to each Lender the outstanding balance under its respective loan.

d) Landlord recognizes that the Lenders are authorized on behalf of the Tenant to vote, participate in, or consent to any bankruptcy, insolvency, receivership, or court proceeding concerning the Leasehold Estate.

26.12 Encumbrance of Landlord's Interest. Landlord shall not voluntarily encumber Landlord's interest in the Site with a foreclosable mortgage or similar interest without the prior written consent of Tenant, Permitted Limited Partners and all Lenders.

ARTICLE 27 CONDEMNATION AND TAKINGS

27.01 Parties' Rights and Obligations to be Governed by Agreement. If, during the term of this Lease, there is any condemnation of all or any part of the Premises or any interest in the Leasehold Estate is taken by condemnation, the rights and obligations of the parties will be determined under this ARTICLE 27, subject to the rights of any Lender. Accordingly, Tenant waives any right to terminate this Lease upon the occurrence of a partial condemnation under Sections 1265.120 and 1265.130 of the California Code of Civil Procedure, as those sections may from time to time be amended, replaced, or restated

27.02 Notice. In case of the commencement of any proceedings or negotiations that might result in a condemnation of all or any portion of the Premises during the Term, the party learning of such proceedings will promptly give written notice of the proceedings or negotiations to the other party. The notice will describe with as much specificity as is reasonable, the nature and extent of such condemnation or the nature of such proceedings or negotiations and of the condemnation that might result, as the case may be.

27.03 Total Taking. If the Project is totally taken by condemnation, this Lease will terminate on the date the condemnor has the right to possession of the Site.

27.04 Partial Taking. If any portion of the Project is taken by condemnation, this Lease will remain in effect, except that Tenant may, with Lender's written consent, elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Improvements is rendered unsuitable for Tenant's continued operation of the Project. If Tenant elects to terminate this Lease, Tenant must exercise its right to terminate under this paragraph by giving notice to Landlord within thirty (30) days after Landlord notifies Tenant of the nature and the extent of the taking. Tenant's termination notice must include the date of termination, which date may not be earlier than thirty (30) days or later than six (6) months after the date of Tenant's notice; except that this Lease will terminate on the date the condemnor has the right to possession of the Project if that date falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Lease within the thirty (30) day notice period, this Lease will continue in full force and effect.

27.05 Effect on Rent. If any portion of the Project is taken by condemnation and this Lease remains in full force and effect, then on the date of taking the rent will be reduced by an amount that is in the same ratio to the rent as the value of the area of the portion of the Improvements taken bears to the total value of the Improvements immediately before the date of the taking.

27.06 Restoration of Improvements. If there is a partial taking of the Project and this Lease remains in full force and effect under Section 27.04, then Tenant may, subject to the terms of the Leasehold Mortgage, use the proceeds of the taking to accomplish all necessary restoration to the Improvements.

27.07 Award and Distribution. Any compensation awarded, paid, or received on a total or partial condemnation of the Project or threat of condemnation of the Project will belong to and be distributed in the following order:

a) First, to pay the balance due on any outstanding Leasehold Mortgages and other outstanding or unpaid obligations and/or liabilities, including but not limited to, trade accounts, taxes, payroll accruals, and lease residuals, to the extent provided therein; and

b) Second, to the Tenant in an amount equal to the then fair market value of Tenant's interest in the Project, such value to be determined as it existed immediately preceding the earliest taking or threat of taking of the Site; and;

c) Third, to Landlord.

d) Notwithstanding anything to the contrary set forth in this Section, any portion of the compensation awarded that has been specifically designated by the condemning authority or in the judgment of any court to be payable to Landlord or Tenant on account of any interest in the Premises or the Improvements separate and apart from the condemned land value, the value of Landlord's reversionary interest in the Improvements, Tenant's Leasehold Estate, or the value of the Improvements on the Premises for the remaining unexpired portion of the Term, will be paid to Landlord or Tenant, as applicable, as so designated by the condemning authority or judgment.

27.08 Payment to Lenders. In the event the Improvements are subject to the lien of a Leasehold Mortgage on the date when any compensation resulting from a condemnation or threatened condemnation is to be paid to Tenant, the award will be disposed of as provided in the Leasehold Mortgages.

27.09 Temporary Condemnation. If there is a condemnation of all or any portion of the Premises for a temporary period lasting less than the remaining Term, this Lease will remain in full force and effect, there will be no abatement of Rent, and the entire award will be payable to Tenant.

27.10 Personal Property; Goodwill. Notwithstanding Section 27.07, Landlord will not be entitled to any portion of any award payable in connection with the condemnation of the Personal Property of Tenant or any of its subtenants, or any moving expenses, loss of goodwill or business loss or interruption of Tenant, severance damages with respect to any portion of the Premises and Improvements remaining under this Lease, or other damages suffered by Tenant.

ARTICLE 28 ESTOPPEL CERTIFICATE

Landlord or Tenant, as the case may be, will execute, acknowledge, and deliver to the other and/or any Lender or a Permitted Limited Partner, promptly upon request, its certificate certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the modifications), (b) the dates, if any, to which rent has been paid, (c) whether there are then existing any charges, offsets, or defenses against the enforcement by Landlord or Tenant to be performed or observed and, if so, specifying them, and (d) whether there are then existing any defaults by Tenant or Landlord in the performance or observance by Tenant or Landlord of any agreement, covenant, or condition on the part of Tenant or Landlord to be performed or observed under this Lease, and whether any notice has been given to Tenant or Landlord of any default that has not been cured and, if so, specifying the uncured default. Within ten (10) days following Tenant's request, Landlord shall deliver to Tenant an estoppel certificate in the form attached hereto as Attachment 10.

ARTICLE 29 SURRENDER AND QUITCLAIM

29.01 Surrender.

a) Upon expiration or earlier termination of this Lease, Tenant will surrender to Landlord the Project in good order, condition, and repair (except for ordinary wear and tear occurring after the last necessary maintenance made by Tenant and except for Casualty or

Condemnation as described in ARTICLE 20 and ARTICLE 27). Ordinary wear and tear will not include any damage or deterioration that would have been prevented by proper maintenance by Tenant, or Tenant otherwise performing all of its obligations under this Lease. The Premises must be surrendered clean, free of debris, waste, and Hazardous Substances, and free and clear of all liens and encumbrances other than liens and encumbrances existing as of the date of this Lease and any other encumbrances created or approved in writing by Landlord. On or before the expiration or earlier termination of this Lease, Tenant at its sole cost will remove from the Premises, and repair any damage caused by removal of, Personal Property, including any signage. Improvements and Changes will remain in the Premises as Landlord property and title to the Improvements and any Changes will be conveyed to Landlord as provided in ARTICLE 13 above.

b) If the Project is not surrendered at the end of the Term or sooner termination of this Lease, and in accordance with the provisions of this ARTICLE 29, Tenant will continue to be responsible for the payment of Annual Rent until the Project is surrendered in accordance with this ARTICLE 29, and Tenant will indemnify, defend and hold harmless the Indemnified Parties from and against any and all Claims resulting from delay by Tenant in so surrendering the Project including, without limitation, any costs of Landlord to obtain possession of the Project; any loss or liability resulting from any Claim against Landlord made by any succeeding tenant or prospective tenant founded on or resulting from such delay and losses to Landlord due to lost opportunities to lease any portion of the Project or the Site to any such succeeding tenant or prospective tenant, together with, in each instance, reasonable attorneys' fees and costs.

c) No act or conduct of Landlord, including, but not limited to, the acceptance of the keys to the Project, will constitute an acceptance of the surrender of the Project by Tenant before the expiration of the Term. Only a written notice from Landlord to Tenant confirming termination of this Lease and surrender of the Project by Tenant will constitute acceptance of the surrender of the Project and accomplish a termination of this Lease.

29.02 Quitclaim. Upon the expiration or earlier termination of this Lease, the Project will automatically, and without further act or conveyance on the part of Tenant or Landlord, become the property of Landlord, free and clear of all liens and without payment therefore by Landlord, as provided in ARTICLE 13. Upon expiration or sooner termination of this Lease, Tenant must surrender the Project to Landlord and, at Landlord's request, will execute, acknowledge, and deliver to Landlord a good and sufficient quitclaim deed with respect to any interest of Tenant in the Premises.

29.03 Abandoned Property. Any items, including Personal Property, not removed by Tenant will be deemed abandoned. Landlord may retain, store, remove, and sell or otherwise dispose of abandoned Personal Property, and Tenant waives all Claims against Landlord for any damages resulting from Landlord's retention, removal, and disposition of abandoned Personal Property; provided, however, that Tenant will be liable to Landlord for all costs incurred in storing, removing, and disposing of abandoned Personal Property and repairing any damage to the Premises resulting from its removal. Tenant agrees that Landlord may elect to sell abandoned Personal Property and offset against the sales proceeds Landlord's storage, removal, and

disposition costs without notice to Tenant or otherwise according to the procedures set forth in California Civil Code Section 1993, the benefits of which Tenant waives.

29.04 Survival. Tenant's obligation under this ARTICLE 29 will survive the expiration or earlier termination of this Lease.

ARTICLE 30 EQUAL OPPORTUNITY

Tenant agrees to comply with OCII's Equal Opportunity Program as described in Attachment 9 and will submit all documents required pursuant to the policies included in Attachment 9.

ARTICLE 31 OCII LABOR STANDARDS PROVISIONS

California Labor Code Section 1720 *et seq.* requires payment of prevailing wages for developments paid for in whole or in part out of public funds. Although the Parties acknowledge that the development of the Project is a private work of improvement, Tenant further acknowledges that the Project may be subject to Labor Code requirements. Tenant agrees to pay or cause to be paid prevailing rates of wages in accordance with the requirements set forth in Attachment 9-3 and to comply with applicable provisions of the Labor Code.

ARTICLE 32 OCII MINIMUM COMPENSATION AND HEALTH CARE ACCOUNTABILITY POLICY

OCII finds that it has a significant proprietary interest in the public parcel that is being leased to the Tenant pursuant to this Lease. Tenant agrees that the Tenant and its subtenants, if any, will comply with the applicable provisions of OCII's Health Care Accountability Policy, Attachment 9-5, and Minimum Compensation Policy, Attachment 9-6, and, adopted by Agency Resolution No. 168-2001 on September 25, 2001, as these policies may be amended from time to time (jointly in this Article, the "Policies"). Notwithstanding this requirement, the Parties recognize that the residential housing component of the Improvements is not subject to the Policies, but leasing and operations of any Non-residential Space is subject to the Policies (the Parties acknowledge that no Non-residential Space is proposed).

ARTICLE 33 OCII PREFERENCE PROGRAMS

To the extent permitted by applicable Law, Tenant agrees to comply with the requirements of OCII's current housing preference programs, as amended from time to time; provided, however, that such requirements will apply only to the extent permitted by the requirements of non-OCII funding approved by OCII for the Project.

ARTICLE 34 CONFLICT OF INTEREST

No commissioner, official, or employee of OCII may have any personal or financial interest, direct or indirect, in this Lease, and any such commissioner, official, or employee may not participate in any decision relating to this Lease that affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested.

1256 Market Street
San Francisco, CA 94102
Attn: Asset Management

With a copy to: Gubb & Barshay LLP
235 Montgomery Street, Suite 1110
San Francisco, CA 94104
Attn: Evan Gross

if to Landlord at: Successor Agency to the Redevelopment Agency of the
City and County of San Francisco
One South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attention: Executive Director

with a copy to: Mayor's Office of Housing and Community Development
One South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attention: Director

or to such other address with respect to either party as that party may from time to time designate by notice to the other given under the provisions of this ARTICLE 39. Any notice given under this ARTICLE 39 will be effective on the date of delivery or the date delivery is refused as shown on the delivery receipt. Courtesy copies of notices may be delivered by email.

ARTICLE 40 HEADINGS

Any titles of the paragraphs, articles, and sections of this Lease are inserted for convenience only and will be disregarded in construing or interpreting any of its provisions. "Paragraph," "article," and "section" may be used interchangeably.

ARTICLE 41 SUCCESSORS AND ASSIGNS

This Lease will be binding upon and inure to the benefit of the successors and assigns of Landlord and Tenant and where the term "Tenant" or "Landlord" is used in this Lease, it means and includes their respective successors and assigns; provided, however, that Landlord will have no obligation under this Lease to, and no benefit of this Lease will accrue to, any unapproved successor or assign of Tenant where Landlord approval of a successor or assign is required by this Lease. If and when Landlord sells the Site to any third party, Landlord will require such third party to assume all of Landlord's obligations under this Lease arising on and after the transfer in writing for the benefit Tenant and its successors and assigns.

ARTICLE 42 TIME

Time is of the essence in the enforcement of the terms and conditions of this Lease. References to days, months and years mean calendar days, months and years unless otherwise specified.

ARTICLE 43 PARTIAL INVALIDITY

If any provisions of this Lease are determined to be illegal or unenforceable, that determination will not affect any other provision of this Lease and all the other provisions of this Lease will remain in full force and effect.

ARTICLE 44 APPLICABLE LAW; NO THIRD PARTY BENEFICIARY

This Lease is governed by and construed under the laws of the State of California. This Lease is entered into solely among, between, and for the benefit of, and may be enforced only by, the parties hereto and does not create rights in any other third party.

ARTICLE 45 ATTORNEYS' FEES

If either Landlord or Tenant fails to perform any of its obligations under this Lease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Lease, the defaulting party or the non-prevailing party in such dispute, as the case may be, will pay the prevailing party reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of such action and enforcing or establishing its rights under this Lease (whether or not such action is prosecuted to a judgment). For purposes of this Lease, reasonable attorneys' fees of OCII or the City's Office of the City Attorney will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by OCII or the Office of the City Attorney. The term "attorneys' fees" also includes, without limitation, all such fees incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which the fees were incurred. The term "costs" means the costs and expenses of counsel to the parties, which may include printing, duplicating, and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, and others not admitted to the bar but performing services under the supervision of an attorney.

ARTICLE 46 EXECUTION IN COUNTERPARTS

This Lease and any memorandum hereof may be executed in counterparts, each of which will be considered an original, and all of which will constitute one and the same instrument.

ARTICLE 47 BROKERS

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Lease contemplated herein. If any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings, or communication, the party through whom the broker or finder makes a claim will be responsible for such commission or fee and will indemnify, defend

and hold harmless the other party from any and all Claims. The provisions of this Section shall survive any termination of this Lease.

ARTICLE 48 RECORDATION OF MEMORANDUM OF GROUND LEASE

This Lease may not be recorded, but a memorandum of this Lease will be recorded in the form attached hereto as Attachment 5 (“**Memorandum of Ground Lease**”). The parties will execute the memorandum in form and substance as required by a title insurance company insuring Tenant's leasehold estate or the interest of any Leasehold Mortgagee, and sufficient to give constructive notice of the Lease to subsequent purchasers and mortgagees.

ARTICLE 49 INTENTIONALLY OMITTED

ARTICLE 50 SURVIVAL

Termination or expiration of this Lease will not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Lease, the ability to collect any damages or sums due, and it will not affect any provision of this Lease that expressly states it will survive termination or expiration of this Lease.

ARTICLE 51 TRANSFER OF PARTNERSHIP INTERESTS IN TENANT

Tenant may not cause or permit any voluntary transfer, assignment, or encumbrance of its interest in the Site or Project or of any ownership interests in Tenant, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases, or occupancy agreements to Residential Occupants; or (b) security interests for the benefit of lenders securing loans for the Project as approved by Landlord on terms and in amounts as approved by Landlord in its reasonable discretion, (c) transfers from Tenant to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Tenant or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Tenant to a nonprofit public benefit corporation approved in advance by Landlord; (e) transfers of any limited partnership or membership interest in Tenant to an investor under the tax credit syndication of the Project and transfers of any limited partner interest in Tenant to affiliates of the Permitted Limited Partner in accordance with the terms of the Tenant's partnership agreement; (f) any transfers by foreclosure or deed in lieu of foreclosure consistent with this Agreement; (g) the grant or exercise of an option agreement between Tenant and Tenant's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by Landlord; or (h) the withdrawal of Mercy HPSY Block 56 LLC from the Partnership in accordance with Section 3.10(o) of the OCII Loan Agreement. Further, the Landlord shall not unreasonably delay consent to approval or replacement of a general partner by the Permitted Limited Partner due to a default by a general partner as provided in Tenant's partnership agreement. Any other transfer, assignment, encumbrance, or lease without Landlord's prior written consent will be voidable and, at Landlord's election, constitute a

default under this Agreement. Landlord'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 Landlord's rights under this Lease.

ARTICLE 52 CITY PROVISIONS

Upon transfer of the Site and assignment of the rights and obligations of this Lease under Section 14.02 herein, Tenant is required to comply with the provisions set out in Attachment 7 to this Lease. At that time, any conflict between such provisions and those of this Lease shall be resolved in favor of the provisions contained in Attachment 7.

ARTICLE 53 COMPLETE AGREEMENT

There are no oral agreements between Tenant and Landlord affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings between Tenant and Landlord with respect to the lease of the Site.

ARTICLE 54 AMENDMENTS

Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged, or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge, or termination is sought. No waiver of any breach will affect or alter this Lease, but each and every term, covenant, and condition of this Lease will continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, will be subject to the mutual written agreement of Landlord and Tenant, and Landlord's agreement may be made upon the sole approval of OCII's Executive Director, or his or her designee; provided, however, material amendments, or modifications to this Lease (a) changing the legal description of the Site, (b) increasing the Term beyond that provided in ARTICLE 2, (c) increasing the Rent, (d) changing the general use of the Project from the use authorized under this Lease, and (e) any other amendment or modification which materially increases Landlord's liabilities or financial obligations under this Lease will additionally require the approval of the Commission on Community Investment and Infrastructure.

ARTICLE 55 ATTACHMENTS

The following are attached to this Lease and by this reference made a part hereof:

1. Legal Description of Site
2. Schedule of Performance
3. Consent to Leasehold Mortgage
4. Operational Rules for San Francisco Housing Lotteries and Rental Lease-Up Activities

5. Form of Memorandum of Ground Lease
6. Form of Income Certification Form
7. City Contract Provisions Applicable Upon Assignment
8. Insurance Requirements
9. Contract Compliance Policies
- 9-1. Small Business Enterprise Agreement
- 9-2. Construction Workforce Agreement
- 9-3. Prevailing Wage Policy
- 9-4. Nondiscrimination in Contracts and Benefits
- 9-5. Health Care Accountability Policy Declaration
- 9-6. Minimum Compensation Policy Declaration
10. Landlord Estoppel Certificate

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF OCII HAS AUTHORITY TO COMMIT OCII TO THIS LEASE UNLESS AND UNTIL THE COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE HAS DULY ADOPTED A RESOLUTION APPROVING THIS LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF OCII UNDER THIS LEASE ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS LEASE WILL BE NULL AND VOID IF THE COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE DOES NOT APPROVE THIS LEASE IN ITS SOLE DISCRETION. APPROVAL OF THIS LEASE BY ANY DEPARTMENT, COMMISSION, OR AGENCY OF CITY WILL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED, AND NO SUCH APPROVAL WILL CREATE ANY BINDING OBLIGATIONS ON OCII.

IN WITNESS WHEREOF, the Tenant and Landlord have executed this Lease as of the day and year first above written.

TENANT:

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

Mercy HPSY Block 56 LLC,
a California limited liability company,
its managing general partner

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

By: _____
Ramie Dare
Vice President

SFHDC HPSY Block 56 LLC,
a California limited liability company,
its co-general partner

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

By: _____
David Sobel
President

[Signatures continue on following page]

LANDLORD:

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: _____
Thor Kaslofsky
Executive Director

APPROVED AS TO FORM:
James B. Morales
General Counsel

By: _____
Aaron J. Foxworthy
Deputy General Counsel

ATTACHMENT 1

LEGAL DESCRIPTION OF THE SITE

The Site referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Being all of Lots 137, 138, 139, and 140, as said lots are shown and so designated on Final Map No. 4231, recorded August 12, 2009, in Book CC of Survey Maps, at Page 165, in the Office of the County Recorder of San Francisco, as amended by that certain Certificate of Correction, recorded December 23, 2011, as Instrument No. 2011-J324068-00, of Official Records, in said Office of the County Recorder of San Francisco County, being more particularly described as follows:

Beginning at the Eastern corner of said Lot 140;

Thence, from said point of beginning, along the boundary lines of said lots, the following five (5) courses:

1. South $36^{\circ} 43' 28''$ West 175.92 feet,
2. North $53^{\circ} 16' 32''$ West 164.02 feet,
3. North $36^{\circ} 43' 28''$ East 158.92 feet,
4. Along the arc of a tangent 17.00 foot radius curve to the right, through a central angle of $90^{\circ} 00' 00''$, an arc distance of 26.70 feet; and
5. South $53^{\circ} 16' 32''$ East 147.02 feet to said point of beginning.

The above legal description is made pursuant that that Certificate of Compliance recorded August 8, 2013, in Reel K956, Image 0437, as Document No. 2013-J727687-00 of Official Records.

APN: LOT 217; BLOCK: 4591C

ATTACHMENT 2**SCHEDULE OF PERFORMANCE**

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)		
1	Acquisition/Predev Financing Commitment	<u>COMPLETE</u>	
2.	Site Acquisition	<u>N/A</u>	
3.	Development Team Selection		
a.	Architect	<u>COMPLETE</u>	
b.	General Contractor	<u>COMPLETE</u>	<u>COMPLETE</u>
c.	Owner's Representative	<u>COMPLETE</u>	<u>COMPLETE</u>
d.	Property Manager	<u>COMPLETE</u>	
e.	Service Provider	<u>COMPLETE</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>COMPLETE</u>	<u>COMPLETE</u>
b.	Submittal of Design Development & Cost Estimate	<u>COMPLETE</u>	<u>COMPLETE</u>
c.	Submittal of 50% CD Set & Cost Estimate	<u>COMPLETE</u>	<u>COMPLETE</u>
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>1/10/2022</u>	<u>3/10/2022</u>
5.	Environ Review/Land-Use Entitlements	<u>N/A</u>	

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
a.	CEQA Environ Review Submission	<u>COMPLETE</u>	<u>COMPLETE</u>
b.	NEPA Environ Review Submission	<u>TBD</u>	<u>TBD</u>
c.	CUP/PUD/Variances Submission	<u>COMPLETE</u>	<u>COMPLETE</u>
6.	Permits		
a.	Building / Site Permit Application Submitted	<u>COMPLETE</u>	<u>COMPLETE</u>
b.	Addendum #1 Submitted	<u>COMPLETE</u>	<u>COMPLETE</u>
c.	Addendum #2 Submitted	<u>COMPLETE</u>	<u>COMPLETE</u>
7.	Request for Bids Issued	<u>8/15/2022</u>	<u>7/15/2023</u>
8.	Service Plan Submission		
a.	Preliminary	<u>COMPLETE</u>	
b.	Interim	<u>COMPLETE</u>	<u>COMPLETE</u>
c.	Update	<u>6/21/2022</u>	<u>8/1/2023</u>
9.	Additional City Financing		
a.	Predevelopment Financing Application #2		
b.	Gap Financing Application	<u>COMPLETE</u>	<u>6/21/2022</u>
10.	Other Financing		
a.	MHP Application	<u>n/a</u>	
b.	Construction Financing RFP	<u>11/1/2022</u>	<u>2/10/2023</u>

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
c.	AHP Application	<u>3/1/2023</u>	<u>3/1/2024</u>
d.	CDLAC Application	<u>Application:</u> <u>7/7/2022</u> <u>Award:</u> <u>10/19/2022</u>	<u>Application:</u> <u>03/15/2023</u> <u>Award:</u> <u>06/15/2023</u>
12 e.	TCAC Application	<u>Application:</u> <u>8/9/2022</u> <u>Award:</u> <u>11/30/2022</u>	<u>Application:</u> <u>03/15/2023</u> <u>Award:</u> <u>6/15/2023</u>
f.	State Credit Application		
g.	HUD 202 or 811 Application	<u>n/a</u>	
h.	Other Financing Application (IIG)	<u>COMPLETE</u>	<u>TBD</u>
11.	Closing		
a.	Construction Closing	<u>5/1/2023</u>	<u>8/1/2023</u>
b.	Permanent Financing Closing	<u>5/1/2025</u>	
12.	Construction		
a.	Notice to Proceed	<u>5/1/2023</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>12/1/2024</u>	
13.	Marketing/Rent-up		

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
a.	Marketing Plan Submission	<u>10/1/2023</u>	
b.	Commence Marketing	<u>6/1/2024</u>	
c.	COP Outreach Obligation	<u>05/01/2024</u>	At least three months prior to construction completion and prior to the initiation of any tenant selection process.
d.	95% Occupancy	<u>4/1/2025</u>	
14.	Cost Certification/8609	<u>10/1/2025</u>	
15.	Close Out MOH/OCII Loan(s)	<u>11/1/2025</u>	

ATTACHMENT 3

CONSENT TO LEASEHOLD MORTGAGE

Date:

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

RE: _____, San Francisco (LEASEHOLD MORTGAGE)

To Whom It May Concern:

Under Section 25.01 of the _____ Ground Lease, dated _____, 20____, between the Office of Community Investment and Infrastructure ("OCII") and _____, a California _____, we are formally requesting the OCII's consent to our placing a leasehold mortgage upon the leasehold estate of the above referenced development. The following information is provided in order for OCII to provide its consent:

Lender:

Principal Amount:

Interest:

Term:

Attached hereto are unexecuted draft loan documents, including the loan agreement, promissory note, and all associated security agreements which we understand are subject to the review and approval by OCII. Furthermore, we are willing to supply any additional documentation related to the leasehold mortgage which OCII deems necessary.

Sincerely,

Mercy HPSY Block 56 LLC, a California limited liability company, its managing general partner

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

a California Limited Partnership

By: _____

Name: Ramie Dare

Title: Vice President

enc.

By signing this letter, the OCII consents to the leasehold mortgage, under the terms and conditions of Section 25.01 of the _____ Ground Lease, dated _____, 2022.

Office of Community Investment and Infrastructure

Thurston Kaslofsky
Executive Director

ATTACHMENT 4

**OPERATIONAL RULES FOR SAN FRANCISCO HOUSING LOTTERIES AND RENTAL
LEASE-UP ACTIVITIES**

The Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities may be found in the current version of the Housing Preferences and Lottery Procedures Manual which is incorporated herein by this reference and may be downloaded from the Mayor's Office of Housing and Community Development website at the following link:

<https://sfmohcd.org/sites/default/files/Documents/MOH/Lottery Preferences/Lottery Preferences Manual.pdf>

ATTACHMENT 5

FORM OF MEMORANDUM OF LEASE

FREE RECORDING PURSUANT TO
GOVERNMENT CODE §§27383 & 27388.1 AT THE
REQUEST OF THE SUCCESSOR AGENCY TO
THE REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO

WHEN RECORDED RETURN TO:

The Successor Agency to the Redevelopment
Agency of the City and County of San
Francisco, One South Van Ness Avenue,
5th Floor, San Francisco, California 94103
Attn: Jane Suskin

Assessor's Block 4591C, Lot 271 11 Innes Ct

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MEMORANDUM OF GROUND LEASE

This Memorandum of Ground Lease ("Memorandum") is entered into as of _____, 2022, 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 ("Landlord"), and Hunters Point Block 56, L.P., a California limited partnership ("Tenant"), with respect to that certain Ground Lease (the "Lease") dated for reference purposes as _____, 2022, between Landlord and Tenant.

Under the Lease, Landlord hereby leases to Tenant and Tenant leases from Landlord the real property more particularly described in Exhibit A, attached hereto and incorporated herein by this reference (the "Property"). The Lease will become effective on the date of recordation of this Memorandum and will end on the date that is 75 years from said date, subject to a 24-year option to extend, unless terminated earlier or extended pursuant to the terms of the Lease.

It is the intent of the parties to the Lease that the Lease creates a constructive notice of severance of the Improvements from the Property (as defined in the Lease), without the necessity of a deed from Lessor to Lessee, which Improvements together with the Leasehold Interest in the Property created by the Lease are and will remain real property.

This Memorandum incorporates herein all of the terms and provisions of the Lease as though fully set forth herein.

This Memorandum is solely for recording purposes and will not be construed to alter, modify, amend, or supplement the Lease, of which this is a memorandum.

This Memorandum may be signed by the parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts will be deemed an original of this Memorandum.

Executed as of _____, 2022 in San Francisco, California.

TENANT:

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

Mercy HPSY Block 56 LLC,
a California limited liability company,
its managing general partner

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

By: _____
Ramie Dare
Vice President

SFHDC HPSY Block 56 LLC
a California limited liability company
its co-general partner

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

By: _____
David Sobel
President

[Signatures continue on following page]

LANDLORD:
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: _____
Thurston Kaslofsky
Executive Director

APPROVED AS TO FORM:
James B. Morales
General Counsel

By: _____
Aaron J. Foxworthy
Deputy General Counsel

Exhibit A

Legal Description

The Property referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follow

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Being all of Lots 137, 138, 139, and 140, as said lots are shown and so designated on Final Map No. 4231, recorded August 12, 2009, in Book CC of Survey Maps, at Page 165, in the Office of the County Recorder of San Francisco, as amended by that certain Certificate of Correction, recorded December 23, 2011, as Instrument No. 2011-J324068-00, of Official Records, in said Office of the County Recorder of San Francisco County, being more particularly described as follows:

Beginning at the Eastern corner of said Lot 140;

Thence, from said point of beginning, along the boundary lines of said lots, the following five (5) courses:

6. South 36° 43' 28" West 175.92 feet,
7. North 53° 16' 32" West 164.02 feet,
8. North 36° 43' 28" East 158.92 feet,
9. Along the arc of a tangent 17.00 foot radius curve to the right, through a central angle of 90° 00' 00", an arc distance of 26.70 feet; and
10. South 53° 16' 32" East 147.02 feet to said point of beginning.

The above legal description is made pursuant that that Certificate of Compliance recorded August 8, 2013, in Reel K956, Image 0437, as Document No. 2013-J727687-00 of Official Records.

APN: LOT 217; BLOCK: 4591C

ATTACHMENT 6

FORM OF TENANT INCOME CERTIFICATION

ATTACHMENT 7

CITY CONTRACT PROVISIONS APPLICABLE UPON ASSIGNMENT

In accordance with Article 52 of the Lease, upon transfer of the Site and assignment of the rights and obligations of this Lease to the City in accordance with Section 14.02 therein, the following provisions shall be applicable to Tenant and in that event, any conflict between these provisions and those of the Lease shall be resolved in favor of the provisions set out below.

1. Non-Discrimination.

- a. Covenant Not to Discriminate. In the performance of this Lease, Tenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height, 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 Tenant, in any of Tenant'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 Tenant.
- b. Subleases and Other Subcontracts. Tenant must include in all subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to the subtenant or other subcontractor in substantially the form of Section 50.01(a) above. In addition, Tenant must incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)–(k), and 12C.3 of the San Francisco Administrative Code and must require all subtenants and other subcontractors to comply with those provisions. Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Lease.
- c. Non-Discrimination in Benefits. Tenant does not as of the date of this Lease and will not during the Term, in any of its operations in San Francisco or with respect to its operations under this Lease 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 (collectively "Core Benefits"), as well as any benefits other than Core Benefits, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity under state or local Law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.
- d. Condition to Lease. As a condition to this Lease, Tenant must execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Commission.

- e. Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by Parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Lease as though fully set forth herein. Tenant must comply fully with and be bound by all of the provisions that apply to this Lease under those Chapters of the Administrative Code, including, but not limited to, the remedies provided in such Chapters. Without limiting the foregoing, Tenant understands that under Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Tenant and/or deducted from any payments due Tenant.
2. MacBride Principles—Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Tenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.
3. Conflicts of Interest. Tenant states that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, certifies that it knows of no facts that would constitute a violation of those provisions and agrees that if Tenant becomes aware of any such fact during the term of this Lease Tenant will immediately notify the City. Tenant further certifies that it has made a complete disclosure to the City of all facts bearing on any possible interests, direct or indirect, that Tenant believes any officer or employee of the City presently has or will have in this Lease or in the performance thereof or in any portion of the profits thereof. Willful failure by Tenant to make such disclosure, if any, will constitute grounds for City's termination and cancellation of this Lease.
4. Charter Provisions. This Lease is governed by and subject to the provisions of the Charter of the City and County of San Francisco. Accordingly, Tenant acknowledges and agrees that no officer or employee of the City has authority to commit the City to this Lease unless and until a resolution of the City's Board of Supervisors has been duly enacted approving this Lease. Therefore, any obligations or liabilities of Landlord under this Lease are contingent upon enactment of a resolution, and this Lease will be null and void unless the City's Mayor and the Board of Supervisors approve this Lease, in their respective sole and absolute discretion, and in accordance with all applicable Laws. Approval of this Lease by any City department, commission, or agency may not be deemed to imply that a resolution will be enacted or create any binding obligations on the City.
5. Tropical Hardwood/Virgin Redwood Ban. Under Section 804(b) of the San Francisco Environment Code, the City and County of San Francisco urges companies not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood

product, virgin redwood, or virgin redwood wood product. Except as permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Tenant will not use any items in the rehabilitation, development, or operation of the Premises or otherwise in the performance of this Lease that are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products.

6. Tobacco Product Advertising Ban. Tenant acknowledges and agrees that no advertising of cigarettes or tobacco products will be allowed on the Premises. The foregoing prohibition includes the placement of the name of a company producing, selling, or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product, or on any sign. The foregoing prohibition will not apply to any advertisement sponsored by a state, local, or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.
7. Pesticide Ordinance. Tenant must comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance"), which (a) prohibit the use of certain pesticides on City property, (b) require the posting of certain notices and the maintenance of certain records regarding pesticide usage, and (c) require Tenant to submit to the City's Department of the Environment an integrated pest management ("IPM") plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the Term of this Lease, (ii) describes the steps Tenant will take to meet the City's IPM Policy described in Section 39.1 of the Pesticide Ordinance, and (iii) identifies, by name, title, address, and telephone number, an individual to act as the Tenant's primary IPM contact person with City. In addition, Tenant must comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Nothing in this Lease will prevent Tenant, acting through the City, from seeking a determination from the City's Commission on the Environment that Tenant is exempt from complying with certain portions of the Pesticide Ordinance as provided in Section 307 thereof.
8. Compliance with City's Sunshine Ordinance. Tenant understands and agrees that under the City's Sunshine Ordinance (S.F. Admin. Code, Chapter 67) and the State Public Records Law (Cal. Gov. Code §§ 6250 et seq.), this Lease and any and all records, information and materials submitted to the City hereunder are public records subject to public disclosure. Tenant hereby authorizes the City to disclose any records, information, and materials submitted to the City in connection with this Lease as required by Law. Further, Tenant specifically agrees to conduct any meeting of its governing board that addresses any matter relating to the Project or to Tenant's performance under this Lease as a passive meeting.
9. Notification of Limitations on Contributions. Through its execution of this Lease, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for

such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves.

10. Requiring Health Benefits for Covered Employees. Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (the "HCAO"), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated in this Lease by reference and made a part of this Lease as though fully set forth. The text of the HCAO is available on the web at www.sfgov.org/oca/lwlh.htm. Capitalized terms used in this Section and not defined in this Lease have the meanings assigned to them in Chapter 12Q. Notwithstanding this requirement, City recognizes that the residential housing component of the Improvements is not subject to the HCAO.
- a. For each Covered Employee, Tenant must provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Tenant chooses to offer the health plan option, the health plan must meet the minimum standards set forth by the San Francisco Health Commission.
 - b. If Tenant is a small business as defined in Section 12Q.3(d) of the HCAO, Tenant will have no obligation to comply with Section 50.10(a) above.
 - c. Tenant's failure to comply with the HCAO will constitute a material breach of this Lease. If Tenant fails to cure its breach within thirty (30) days after receiving the City's written notice of a breach of this Lease for violating the HCAO or, if the breach cannot reasonably be cured within the 30-day period and Tenant fails to commence efforts to cure within the 30-day period, or thereafter fails diligently to pursue the cure to completion, then the City will have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies will be exercisable individually or in combination with any other rights or remedies available to the City.
 - d. Any sublease entered into by Tenant for commercial space in the Project must require the subtenant to comply with the requirements of the HCAO and must contain contractual obligations substantially the same as those set forth in this Section. Tenant must notify the City's Purchasing Department when Tenant enters into a sublease and must certify to the Purchasing Department that Tenant has notified the subtenant of the obligations under the HCAO and has imposed the requirements of the HCAO on subtenant through the sublease. Tenant will be responsible for its subtenants' compliance with this Chapter. If a subtenant fails to comply, the City may pursue the remedies set forth in this Section against Tenant based on the subtenant's failure to comply, provided that City has first provided Tenant with notice and an opportunity to obtain a cure of the violation.
 - e. Tenant may not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City with regard to Tenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

- f. Tenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.
 - g. Tenant must keep itself informed of the current requirements of the HCAO.
 - h. Tenant must provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subtenants, as applicable.
 - i. Tenant must provide City with access to records pertaining to compliance with HCAO after receiving a written request from the City to do so and being provided at least five (5) business days to respond.
 - j. The City may conduct random audits of Tenant to ascertain its compliance with HCAO. Tenant agrees to cooperate with the City when it conducts audits.
 - k. If Tenant is exempt from the HCAO when this Lease is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Tenant later enters into an agreement or agreements that cause Tenant's aggregate amount of all agreements with the City to reach \$75,000, all the agreements will be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Tenant and MOHCD to be equal to or greater than \$75,000 in the fiscal year.
11. Public Access to Meetings and Records. If Tenant receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Tenant must comply with and will be bound by all the applicable provisions of that Chapter. By executing this Lease, Tenant agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the Administrative Code. Tenant further agrees to make good-faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. Tenant acknowledges that its material failure to comply with any of the provisions of this paragraph will constitute a material breach of this Lease. Tenant further acknowledges that such material breach of this Lease will be grounds for City to terminate and/or not renew this Lease, partially or in its entirety.
12. Resource-Efficient Building Ordinance. Tenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Chapter 7 relating to resource-efficient City buildings and resource-efficient pilot projects. Tenant will comply with the applicable provisions of such code sections as those sections may apply to the Premises.
13. Drug Free Work Place. Tenant acknowledges that under the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession, or use of a controlled substance is prohibited on City premises. Tenant agrees that any violation of this prohibition by Tenant, its agents, or assigns will be deemed a material breach of this Lease.
14. Preservative Treated Wood Containing Arsenic. Tenant may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term

"preservative-treated wood containing arsenic" means wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Tenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Tenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" means a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

15. Nondisclosure of Private Information. Tenant agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "Nondisclosure of Private Information Ordinance"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated and made a part of this Lease as though fully set forth. Capitalized terms used in this section and not defined in this Lease have the meanings assigned to those terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, Contractor agrees to all of the following:

- a. Neither Tenant nor any of its subcontractors will disclose Private Information, unless one of the following is true:
 - (i) The disclosure is authorized by this Lease;
 - (ii) Tenant received advance written approval from the Contracting Department to disclose the information; or
 - (iii) The disclosure is required by law or judicial order.
- b. Any disclosure or use of Private Information authorized by this Lease must be in accordance with any conditions or restrictions stated in this Lease. Any disclosure or use of Private Information authorized by a Contracting Department must be in accordance with any conditions or restrictions stated in the approval.
- c. Private Information means any information that: (1) could be used to identify an individual, including, without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.
- d. Any failure of Tenant to comply with the Nondisclosure of Private Information Ordinance will be a material breach of this Lease. In such an event, in addition to any other remedies available to it under equity or law, City may terminate this Lease, debar Tenant, or bring a false claim action against Tenant.

16. Graffiti. Graffiti is detrimental to the health, safety, and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is

detrimental to property values, business opportunities, and the enjoyment of life; is inconsistent with City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

Tenant will remove all graffiti from the Premises and any real property owned or leased by Tenant in the City and County of San Francisco within forty-eight (48) hours of the earlier of Tenant's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require Tenant to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn, or painted on any building, structure, fixture, or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards, and fencing surrounding construction Premises, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" does not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code section 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.). Any failure of Tenant to comply with this section of this Lease will constitute an event of default of this Lease.

17. Incorporation. Each and every provision of the San Francisco Administrative Code described or referenced in this Lease is hereby incorporated by reference as though fully set forth herein. Failure of Tenant to comply with any provision of this Lease relating to any such code provision will be governed by ARTICLE 19 of this Lease, unless (i) such failure is otherwise specifically addressed in this Lease or (ii) such failure is specifically addressed by the applicable code section.
18. Food Service Waste Reduction. Tenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Lease as though fully set forth herein. Accordingly, Tenant acknowledges that City contractors and lessees may not use Disposable Food Service Ware that contains Polystyrene Foam in City Facilities and while performing under a City contract or lease, and shall instead use suitable Biodegradable/ Compostable or Recyclable Disposable Food Service Ware. This provision is a material term of this Lease. By entering into this Lease, Tenant agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Tenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated

damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Lease was made. Those amounts will not be considered a penalty, but rather agreed upon monetary damages sustained by City because of Tenant's failure to comply with this provision.

19. Local Hire Requirements. Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.62 (the "Local Hiring Requirements"). Improvements and Changes (as defined in this Lease) are subject to the Local Hiring Requirements unless the cost for such work is (i) estimated to be less than \$750,000 per building permit or (ii) meets any of the other exemptions in the Local Hiring Requirements. Tenant agrees that it will comply with the Local Hiring Requirements to the extent applicable. Before starting any Tenant Improvement Work or any Alteration, Tenant will contact City's Office of Economic Workforce and Development ("OEWD") to verify if the Local Hiring Requirements apply to the work (i.e., whether the work is a "Covered Project").

Tenant will include, and will require its subtenants to include, a requirement to comply with the Local Hiring Requirements in any contract for a Covered Project with specific reference to San Francisco Administrative Code Section 23.62. Each contract must name the City and County of San Francisco as a third party beneficiary for the limited purpose of enforcing the Local Hiring Requirements, including the right to file charges and seek penalties. Tenant will cooperate, and require its subtenants to cooperate, with the City in any action or proceeding against a contractor or subcontractor that fails to comply with the Local Hiring Requirements when required. Tenant's failure to comply with its obligations under this Section will constitute a material breach of this Lease. A contractor's or subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.62 against the breaching party.

20. Criminal History in Hiring and Employment Decisions.

- a. Unless exempt, Tenant agrees to comply with and be bound by all of the provisions of San Francisco Administrative Code Chapter 12T (Criminal History in Hiring and Employment Decisions; "Chapter 12T"), which are hereby incorporated as may be amended from time to time, with respect to applicants and employees of Tenant who would be or are performing work at the Site.
- b. Tenant will incorporate by reference the provisions of Chapter 12T in all subleases of a portion or all of the Site, if any, and will require all subtenants to comply with its provisions. Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Lease.
- c. Tenant and subtenants (if any) may not inquire about, require disclosure of, or if such information is received base an Adverse Action (as defined in Chapter 12T) on an applicant's or potential applicant for employment, or employee's: (1) Arrest (as defined in Chapter 12T) not leading to a Conviction (as defined in Chapter 12T), unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been

resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

- d. Tenant and subtenants (if any) may not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in Section 50.20(c) above. Tenant and subtenants (if any) may not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.
 - e. Tenant and subtenants (if any) will state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Tenant or subtenant at the Site, that the Tenant or subtenant will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.
 - f. Tenant and subtenants (if any) will post the notice prepared by the Office of Labor Standards Enforcement ("OLSE"), available on OLSE's website, in a conspicuous place at the Site and at other workplaces within San Francisco where interviews for job opportunities at the Site occur. The notice will be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Site or other workplace at which it is posted.
 - g. Tenant and subtenants (if any) understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City will have the right to pursue any rights or remedies available under Chapter 12T or this Lease, including but not limited to a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant, or other person as to whom a violation occurred or continued, termination, or suspension in whole or in part of this Lease.
 - h. If Tenant has any questions about the applicability of Chapter 12T, it may contact the City's Real Estate Division for additional information. City's Real Estate Division may consult with the Director of the City's Office of Contract Administration who may also grant a waiver, as set forth in Section 12T.8.
21. Prevailing Wages and Working Conditions. Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.61. Tenant will require its Contractors and Subcontractors performing (i) labor in connection with a "public work" as defined under California Labor Code Section 1720 et seq. (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) or (ii) Covered Construction, at the Premises to (1) pay workers performing such work not less than the Prevailing Rate of Wages, (2) provide the same hours, working conditions, and

benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, "Prevailing Wage Requirements"). Tenant agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

Tenant will include, and will require its subtenants, and Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Section 23.61. Each such Construction Contract must name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any Contractor or Subcontractor in accordance with San Francisco Administrative Code Section 23.61. Tenant's failure to comply with its obligations under this Section will constitute a material breach of this Lease. A Contractor's or Subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party. For the current Prevailing Rate of Wages, contact the City's Office of Labor Standards Enforcement.

22. Sugar-Sweetened Beverage Prohibition. Tenant agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Lease.

23. Taxes, Assessments, Licenses, Permit Fees and Liens.

- a. Tenant recognizes and understands that this Lease may create a possessory interest subject to property taxation and that Tenant may be subject to the payment of property taxes levied on such interest.
- b. Tenant agrees to pay taxes of any kind, including possessory interest taxes, that may be lawfully assessed on the Leasehold Estate created and to pay all other taxes, excises, licenses, permit charges, and assessments based on Tenant's usage of the Premises that may be imposed upon Tenant by law, all of which must be paid when the same become due and payable and before delinquency.
- c. Tenant agrees not to allow or suffer a lien for any such taxes to be imposed upon the Premises or upon any equipment or property located thereon without promptly discharging the same, provided that Tenant, if so desiring, may have reasonable opportunity to contest the validity of the same.

San Francisco Administrative Code Sections 23.38 and 23.39 require that certain information relating to the creation, renewal, extension, assignment, sublease, or other transfer of this Lease be provided to the County Assessor within sixty (60) days after the transaction. Accordingly, Tenant must provide a copy of this Lease to the County Assessor not later than sixty (60) days after the Effective Date, and any failure of Tenant to timely provide a copy of this Lease to the County Assessor will be a default under this

Lease. Tenant will also timely provide any information that City may request to ensure compliance with this or any other reporting requirement.

24. Vending Machines; Nutritional Standards. Tenant may not install or permit any vending machine on the Premises without the prior written consent of Landlord. Any permitted vending machine must comply with the food nutritional and calorie labeling requirements set forth in San Francisco Administrative Code section 4.9-1(c), as may be amended from time to time (the “Nutritional Standards Requirements”). Tenant agrees to incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 50.24 will be deemed a material breach of this Lease. Without limiting Landlord’s other rights and remedies under this Lease, Landlord will have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements.
25. San Francisco Packaged Water Ordinance. Tenant agrees to comply with San Francisco Environment Code Chapter 24 (“Chapter 24”). Tenant shall not sell, provide or otherwise distribute Packaged Water, as defined in Chapter 24 (including bottled water), in the performance of this Agreement or on City property unless Tenant obtains a waiver from the City’s Department of the Environment. If Tenant violates this requirement, the City may exercise all remedies in this Agreement and the Director of the City’s Department of the Environment may impose administrative fines as set forth in Chapter 24.

ATTACHMENT 8

INSURANCE REQUIREMENTS

Subject to approval by the OCII Risk Manager of the insurers and policy forms, Tenant must obtain and maintain, or caused to be maintained, the insurance and bonds as set forth in this Attachment 8 throughout the Compliance Term of this Agreement, or in accordance with the timeframes stated herein, at no expense to OCII.

A. Overview of Coverage Requirements. The following table summarizes required insurance policies and documentation. Please see Section B of this Attachment 8 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*	Tenant's design and professional contractors; and Tenant (prior to start of construction)	Additional insured (see Section G)
	\$10,000,000 per occurrence/ \$10,000,000 aggregate*	Tenant (upon construction start), general contractor, and subcontractors to the general contractor	Completed Operations Coverage endorsement (on construction stage policy) (see Section G)
Automobile Liability (see Section B.2)	\$1,000,000 per accident*	Tenant and Tenant's contractors	Additional insured (see Section G)
	\$10,000,000 per accident*	Upon construction start - general contractor and subcontractors to the general contractor	
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*	Tenant and Tenant's contractors	Waiver of subrogation
Professional Liability (see Section B.4)	\$2,000,000 per claim/ \$2,000,000 aggregate	Tenant if engaged in any eligible design-related activities; and Tenant's design and professional contractors	None
Crime/Dishonesty (see Section B.5)	\$1,000,000 per loss	Tenant	Loss payee endorsement

Insurance Type	Coverage Amount (Minimum)	Applicable Parties	Endorsement or Certificate Required
Pollution Liability/Asbestos (see Section B.6)	\$1,000,000 per claim/ \$2,000,000 aggregate	Tenant or Tenant's construction contractor(s)	Additional insured (see Section G)
Builder's Risk – During Construction (see Section B.7a)	100% of replacement value	Tenant	Loss payee endorsement
Property Insurance – After Construction Completion (see Section B.7b)	100% of replacement value	Tenant or Tenant's property manager	Loss payee endorsement
Performance and Payment Bonds (see Section B.8)	100% of contract value	Tenant's construction contractors	OCII and Tenant named as dual obligees

** Umbrella, excess liability policy, or owner controlled insurance program (OCIP) may be used to meet limits (see Section D)*

B. Minimum Scope and Limits of Insurance. Tenant and/or Tenant'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 (form CG 20 10 or equivalent) (see Section G). Limits set forth below. Coverage must be included for contractual liability; explosion, collapse and underground (XCU); products and completed operations. Umbrella, Excess Liability, or an Owner Controlled Insurance Policy may be used to meet the terms of this section.

- a. Before the start of demolition/construction if the Site is unoccupied, Tenant and Tenant'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. These limit requirements apply to Tenant's design and professional contractors throughout the required coverage period;

- b. During demolition/construction and occupancy of the Site and ongoing operations of the Project, Tenant and its Construction Contractors and/or Property Manager will maintain coverage of not less than Ten Million Dollars (\$10,000,000) combined single limit per occurrence and Ten Million Dollars (\$10,000,000) annual aggregate limit. For subcontractors to the Construction General Contractor and the Property Manager, the Tenant, in consultation with the Construction General Contractor and the Property Manager, as appropriate, is required to assess the risks associated with such contractors and determine, authorize, and verify the appropriate level of coverage provided by the subcontractor or consultant;

c. The construction period general liability policy must include completed operations coverage for a minimum of ten (10) years. Tenant must provide a completed operations coverage endorsement (form CG 20 37 or equivalent) and OCII must be named as an additional insured pursuant to Section G below.

- 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 Tenant does not own any automobiles, Tenant 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.

For construction operations, Tenant's Contractor will maintain coverage of not less than Ten Million Dollars (\$10,000,000) per accident for bodily injury and property damage, combined single limit. For subcontractors to the Construction General Contractor and the Tenant, the Construction General Contractor, is required to assess the risks associated with such contractors and, with the authorization of the Tenant, determine and verify the appropriate level of automobile liability coverage provided by the subcontractor or consultant.

- 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 Tenant 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 Tenant. Additionally, the Tenant must provide a written statement confirming that the Tenant does not have employees.
- 4) Professional Liability (Errors and Omissions) insurance, applicable to the Tenant's licensed design and professional contractors (architects, engineers, surveyors and other eligible consultants) and to the Tenant only if the Tenant 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 Tenant, determine and verify the appropriate level of coverage provided by the subcontractor or consultant. The design professional and the Tenant 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 Tenant are legally liable in the absence of adequate subcontractor or consultant coverage.

- 5) Crime Policy or Fidelity Bond covering Tenant's officers and employees against employee dishonesty, forgery and alteration, theft of money and securities, and theft via electronic means, endorsed to cover third party fidelity, covering all officers and employees with respect to the Funding Amount. One Million Dollars (\$1,000,000) each loss, with any deductible not to exceed Fifty Thousand Dollars (\$50,000). Tenant must provide an endorsement naming OCII as an additional obligee or loss payee.

Application of Crime Insurance Proceeds. Tenant shall promptly notify OCII of any claim under the required Crime Insurance Policy. OCII may retain from the proceeds of the required Crime Insurance Policy, a sufficient amount of the proceeds to pay the Funding Amount, if any, and shall pay the balance to Tenant. For the avoidance of doubt, OCII shall have no right or claim to the proceeds of the required Crime Insurance Policy in excess of the Funding Amount.

- 6) Pollution Liability and/or Asbestos Pollution Liability applicable to the work being performed, with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) aggregate per policy, this coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Tenant's construction contractor to maintain these minimum limits for no less than three (3) years beyond completion of the Project.

7) Property Insurance

- a. Builder's Risk Insurance during the course of any construction, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and OCII property in the care, custody and control of Tenant or its contractor, including coverage in transit and storage off-site, with a deductible not to exceed Fifty Thousand Dollars (\$50,000) each loss, including OCII as loss payee. Builder's Risk must be maintained by the Tenant or the Tenant must cause its general contractor to maintain this insurance.
- b. Property Insurance after completion of construction, special form coverage, excluding earthquake and flood, but including vandalism and malicious mischief, and including boiler and machinery insurance, for one hundred percent (100%) of the replacement value of all furnishings, fixtures,

equipment, improvements, alterations and property of every kind located on or appurtenant to the Site, including coverage for loss of rental income due to an insured peril for twelve (12) months, with a deductible not to exceed Twenty Five Thousand Dollars (\$25,000) each loss, including OCII as a loss payee. A waiver of subrogation naming OCII is required (also known as “transfer of rights of recovery against others to us”).

- 8) Performance and Payment Bonds for eligible construction contractors during construction and/or rehabilitation, each in the amount of one hundred percent (100%) of contract amounts, naming OCII and Tenant as dual obligees, or other completion security approved by OCII in its sole discretion. OCII has approved issuance of a Completion Guaranty by an affiliate of Tenant to Tenant’s institutional lender as completion security.
 - 9) Performance Insurance. Tenant shall require its general contractor to obtain performance insurance that insures against delay in delivery of modules, up to the amount of Tenant’s or Tenant’s general contractor’s contract amount for the delivery of modules for the construction of the Project. Tenant shall limit general contractor’s use of proceeds from the performance insurance policy to be used to solely to reduce cost overruns in the construction of the Project related to or caused by delay in the delivery of modules, and Tenant shall, and shall require general contractor, to obtain OCII’s approval prior to expending such proceeds.
- 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 Tenant shall provide a financial guarantee satisfactory to OCII guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- D. Umbrella, Excess Liability, and Owner Controlled Insurance Policies (OCIP). An Umbrella and/or Excess Liability policy(ies) or an OCIP 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 Tenant maintains additional coverages and/or higher limits than the minimums shown in this Attachment 8, OCII requires and shall be entitled to the additional coverage and/or the higher limits maintained by the Tenant.

- 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 Tenant'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 Tenant's insurance by OCII will not relieve or decrease the liability of Tenant under this Agreement.
 - 6) OCII and its officers, agents and employees will not be liable for any required premium under any policy maintained by Tenant.
 - 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 recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.
- G. Verification of Coverage. Tenant 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. Tenant shall require and verify that its contractors and consultants maintain the required policies as stated herein. Tenant 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 (Tenant 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 Tenant 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.

ATTACHMENT 9

CONTRACT COMPLIANCE POLICIES

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

- (i) Small Business Enterprise (SBE) Policy (adopted by Resolution No. 7-2022, March 15, 2022
- (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 Tenant or OCII who exercises or has exercised any function or responsibilities with respect to activities assisted by Funds, 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, Tenant 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. Tenant 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, Tenant must take prompt and diligent action to cause the breach to be remedied and compliance to be restored.

(b) Tenant 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. Tenant certifies that it knows of no facts that constitute a violation of any of these provisions and agrees to notify OCII immediately if Tenant at any time obtains knowledge of facts constituting a violation.

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

4. **Disability Access.** Tenant 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.). Tenant is responsible for determining which disability access Laws apply to the Project, including those applicable due to the use of Funds. In addition, before occupancy of the Project, Tenant must provide to OCII a written reasonable accommodations policy that indicates how Tenant will respond to requests by disabled individuals for accommodations in Units and common areas of the Project.

5. **Lead-Based Paint.** Tenant 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. Tenant 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.** Tenant 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) **Tenant May Not Discriminate.** In the performance of this Agreement, Tenant 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 Tenant, in any of Tenant'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 Tenant.

(b) **Non-Discrimination in Benefits.** Tenant 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) Tenant 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. Tenant 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, Tenant acknowledges that it is familiar with section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with 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. Tenant acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Tenant further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Tenant's board of directors; Tenant's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Tenant; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Tenant. Additionally, Tenant acknowledges that Tenant must inform each of the persons described in the preceding sentence of the prohibitions contained in section 1.126.

Finally, Tenant agrees to provide to OCII the names of each member of Tenant's general partners' (or, if applicable, general partners' managing members) board of directors; Tenant'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 Tenant'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 Tenant.

ATTACHMENT 9-1

SMALL BUSINESS ENTERPRISE AGREEMENT

The company or entity executing this Small Business Enterprise Agreement, by and through its duly authorized representative, hereby agrees to use good faith efforts to comply with all of the following:

I. PURPOSE. The purpose of entering into this Small Business Enterprise Program agreement ("**SBE Program**") is to establish a set of Small Business Enterprise ("SBE") participation goals and good faith efforts designed to ensure that monies are spent in a manner which provides SBEs with an opportunity to compete for and participate in contracts by or at the behest of the Successor Agency to the San Francisco Redevelopment Agency ("**Agency**") and/or the Agency-Assisted Contractor. A genuine effort will be made to give First Consideration to Project Area SBEs and San Francisco-based SBEs before looking outside of San Francisco.

II. APPLICATION. The SBE Program applies to all Contractors and their subcontractors seeking work on Agency-Assisted Projects on or after November 17, 2004 and any Amendment to a Pre-existing Contract.

III. GOALS. The Agency's SBE Participation Goals are:

CONSTRUCTION	50%
PROFESSIONAL SERVICES	50%
SUPPLIERS	50%

IV. TRAINEE HIRING GOAL. In addition to the goals set forth above in Section III, there is a trainee hiring goal for all design professionals (architects, engineers, planners, and environmental consultants) on contracts or subcontracts over \$100,000. The trainee hiring goal requires architects, engineers and other design professionals only to hire qualified San Francisco residents as trainees. The trainee hiring goal is based upon the total amount of the design professional's contract as follows:

<u>Trainees</u>	<u>Design Professional Fees</u>
0	\$ 0 – \$99,000
1	\$ 100,000 – \$249,999
2	\$ 250,000 – \$499,999
3	\$ 500,000 – \$999,999
4	\$1,000,000 – \$1,499,999
5	\$1,500,000 – \$1,999,999
6	\$2,000,000 - \$4,999,999
7	\$5,000,000 - \$7,999,999
8	\$8,000,000 – or more

A. Procedures For Trainee Hires

1. Compliance with the Trainee Hiring Goal

Design professionals will be deemed in compliance with this Agreement by meeting or exceeding the trainee hiring goal or by take the following steps in good faith towards compliance.

2. Execution and Incorporation of this Agreement to Sub-agreements

The Agency-Assisted Contractor shall execute this Agreement and shall incorporate by reference or attach this Agreement to its contract(s) with the architects, engineers and other design professionals. Thus, each design professional (regardless of tier) will be obligated to comply with the terms of this Agreement. The Agency-Assisted Contractor and/or the design professionals shall retain the executed Agreements and make them available to the Agency Compliance Officer upon request.

3. Contact Educational Institutions

Each design professional shall call the City and County of San Francisco Office of Economic and Workforce Development (OEWD) or educational institution(s) and request referrals for the required trainee positions. The request will indicate generally: (1) the number of trainees sought; (2) the required skills set (keeping in mind that these are trainee positions); (3) a brief description of job duties; (4) the duration of the trainee period; and (5) any other information that would be helpful or necessary for the educational institution or OEWD to make the referral. The minimum duration of assignment is part-time for one semester. However, design professionals are strongly encouraged to offer longer trainee employment periods to allow a more meaningful learning experience. (For example, a half-time or full-time assignment over the summer.) Although the initial contact shall be made by phone, the educational institution(s) or OEWD may require the design professionals to send a confirming letter or complete its form(s). Each design professional is required to timely provide all of the information requested by the OEWD or educational institution(s) in order to get the referrals.

4. Response from Educational Institutions

Each educational institution may have a different way of referring applicants, such as: sending resumes directly to the design professional; having the applicant contact the design professional by phone; require design professionals to conduct on-campus interviews; or some other method. The timing and method of the response will normally be discussed with the design professional during the initial phone request. The design professional is required to follow the process set by the educational institution(s) in order to get the referrals.

5. Action by Design Professionals When Referrals Available

The design professional shall interview each applicant prior to making the decision to hire or not to hire. The design professional shall make the final determination whether the applicant is qualified for the trainee position and the ultimate hiring decision. The Agency strongly encourages the design professional to hire a qualified San Francisco resident referred by the educational institution(s). The design professional shall notify the educational institution in writing of the hiring decision.

7. **Action by Design Professionals When Referrals Unavailable**

If after contacting two or more educational institutions the design professional is informed that no San Francisco residents are currently available, then the design professional should wait thirty (30) days and contact the educational institutions a second time to inquire whether qualified San Francisco residents are currently available for hire as trainees. If no qualified San Francisco residents are currently available after the second request, then the design professional has fulfilled its obligation under this Agreement, provided that the design professional has acted in good faith. The design professional must retain its file on all of the steps it took to comply with this Section IV and submit a copy of its file to the Agency Compliance Officer upon request.

8. **Action by Design Professional When No Response From Educational Institutions**

If a design professional has not received a response to its request for referrals from any of the educational institutions within five (5) business days after the design professional has fully complied with the procedures, if any, set by the educational institution(s) for obtaining referrals, then the design professional should immediately advise the Agency Compliance Officer by phone, fax or email. The Agency Compliance Officer or his/her designee shall cause the educational institution(s) to respond to the design professional within five (5) business days of the Agency Compliance Officer being notified. If the design professional still has not received a response from the educational institution(s) after this additional five (5) business day period has run, then the design professional has fulfilled its obligation under this Section IV, provided that the design professional has acted in good faith. Each design professional must retain its file on all of the steps it took to comply with this Agreement and submit a copy of its file to the Agency Compliance Officer upon request.

9. **Termination of Trainee for Cause**

If at any time during the Term, it becomes necessary to terminate for cause a trainee who was hired under this Agreement and the design professional has not met the minimum duration requirements under this policy, then the design professional shall hire a new trainee by following the process set forth above.

B. Reporting Requirements For Trainee Hires

1. **Reporting**

Upon completion of the Term of the Agreement or the term of the design professional's contract with the Agency-Assisted Contractor, whichever is less, the design professional (i.e. Employer) shall fax or email a report to the Agency Compliance Officer stating in detail: (1) the names of the San Francisco resident(s) interviewed for trainee positions; (2) the date(s) of each interview; (3) the reasons for not hiring the San Francisco resident(s) interviewed; (4) the name, address, gender and racial/ethnic background of the successful candidate for the trainee position; and (5) the number of San Francisco residents hired as trainees.

2. **Report on Terminations**

In the event a San Francisco resident hired pursuant to this Agreement is terminated for cause, the responsible design professional shall within five (5) days fax or email a termination report to the Agency Compliance Officer stating in detail: (1) the name of the trainee(s)

terminated; (2) his/her job title and duties; (3) the reasons and circumstances leading to the termination(s); and (4) whether the design professional replaced the trainee(s).

V. TERM. The obligations of the Agency-Assisted Contractor and/or Contractor(s) with respect to SBE Program shall remain in effect until completion of all work to be performed by the Agency-Assisted Contractor in connection with the original construction of the site and any tenant improvements on the site performed by or at the behest of the Agency-Assisted Contractor unless another term is specified in the Agency-Assisted Contract or Contract.

VI. FIRST CONSIDERATION. First consideration will be given by the Agency or Agency-Assisted Contractor in awarding contracts in the following order: (1) Project Area SBEs, (2) San Francisco-based SBEs (outside an Agency Project or Survey Area, but within San Francisco), and (3) Non-San Francisco-based SBEs. Non-San Francisco-based SBEs should be used to satisfy participation goals only if Project Area SBEs or San Francisco-based SBEs are not available, qualified, or if their bids or fees are significantly higher than those of non-San Francisco-based SBEs.

VII. ASSOCIATIONS AND JOINT VENTURES (JV). OCII will recognize JVs and Associations between non-SBE firms and SBE firms where the SBE partner performs at least 35% of the work defined in the JV or Association agreement, and receives at least 35% (or a proportionate share, whichever is higher) of the dollars to be earned by the JV or Association. Under this arrangement, OCII will deem the JV or Association to be an SBE for the purposes of meeting the SBE goal. Due to the technical nature of the disciplines and the various standards of each industry, OCII will not require a standardized agreement. However, each JV and Association agreement must be in writing and contain, at a minimum, the following terms:

- Define the management of the agreement between the parties;
- Define the technical and managerial responsibilities of each party;
- Define the scope of work to be performed by each party, and where possible identify the percentage and break-down of scope of work for each party;
- Identify any additional subcontractors or consultants that will perform the work under the agreement;
- Define the schedule, duration, and deliverable of the agreement;
- Detail the fee schedule, fee breakdown, or division of compensation;
- Specify insurance requirements and/or if each party shall maintain its own insurance;
- Specify how additional work or changes in scope shall be negotiated or determined and which party shall be responsible for notifying OCII of the changes;
- Specify how claims and disputes will be resolved.

A copy of the JV or Association agreement must be provided to OCII for approval in order for the JV or Association to be recognized.

VIII. CERTIFICATION. The Agency no longer certifies SBEs but instead relies on the information provided in other public entities' business certifications to establish eligibility for the Agency's program. Only businesses certified by the Agency as SBEs whose certification has not expired and economically disadvantaged businesses that meet the Agency's SBE Certification Criteria will be counted toward meeting the participation goals. The SBE Certification Criteria are set forth in the SBE Policy.

IX. INCORPORATION. Each contract between the Agency, Agency-Assisted Contractor or Contractor on the one hand, and any subcontractor on the other hand, shall physically incorporate as an attachment or exhibit and make binding on the parties to that contract, a true and correct copy of this SBE Agreement.

X. DEFINITIONS. Capitalized terms not otherwise specifically defined in this SBE Agreement have the meaning set forth in the Agency's SBE Policy adopted on November 16, 2004 and amended on July 21, 2009 ("**Policy**") or as defined in the Agency-Assisted Contract or Contract. In the event of a conflict in the meaning of a defined term, the SBE Policy shall govern over the Agency-Assisted Contract or Contract which in turn shall govern over this SBE Agreement.

Affiliates means an affiliation with another business concern is based on the power to control, whether exercised or not. Such factors as common ownership, common management and identity of interest (often found in members of the same family), among others, are indicators of affiliation. Power to control exists when a party or parties have 50 percent or more ownership. It may also exist with considerably less than 50 percent ownership by contractual arrangement or when one or more parties own a large share compared to other parties. Affiliated business concerns need not be in the same line of business.

Agency-Assisted Contract means, as applicable, the Development and Disposition Agreement ("**DDA**"), Land Disposition Agreement ("**LDA**"), Lease, Loan and Grant Agreements, and other similar contracts, and agreement that the Agency executed with for-profit or non-profit entities.

Agency-Assisted Contractor means any person(s), firm, partnership, corporation, or combination thereof, who is negotiating or has executed an Agency-Assisted Contract.

Agency Contract means personal services contracts, purchase requisitions, and other similar contracts and operations agreements that the Agency executes with for-profit or non-profit entities.

Amendment to a Pre-existing Contract means a material change to the terms of any contract, the term of which has not expired on or before the date that this Small Business Enterprise Policy ("SBE Policy") takes effect, but shall not include amendments to decrease the scope of work or decrease the amount to be paid under a contract.

Annual Receipts means "total income" (or in the case of a sole proprietorship, "gross income") plus "cost of goods sold" as these terms are defined and reported on Internal Revenue Service tax return forms. The term does not include net capital gains or losses; taxes collected for and remitted to a taxing authority if included in gross or total income, such as sales or other taxes collected from customers and excluding taxes levied on the concern or its employees; proceeds from transactions between a concern and its domestic or foreign affiliates; and amounts collected for another by a travel agent, real estate agent, advertising agent, conference management service provider, freight forwarder or customs broker. For size determination purposes, the only exclusions from receipts are those specifically provided for in this paragraph. All other items, such as subcontractor costs, reimbursements for purchases a contractor makes at a customer's request, and employee-based costs such as payroll taxes, may not be excluded from receipts. Receipts are averaged over a concern's latest three (3) completed fiscal years to determine its average annual receipts. If a concern has not been in business for three (3)

years, the average weekly revenue for the number of weeks the concern has been in business is multiplied by 52 to determine its average annual receipts.

Arbitration Party means all persons and entities who attend the arbitration hearing pursuant to Section XIII, as well as those persons and entities who are subject to a default award provided that all of the requirements in Section XIII.L. have been met.

Association means an agreement between two parties established for the purpose of completing a specific task or project. The associate agreement shall provide the SBE associate a significant project management role and the SBE associate shall be recognized in marketing and collateral material. The Association shall be distinguished from traditional subcontracting arrangements via a written Association agreement that defines the management of the agreement, technical and managerial responsibilities of the parties, and defined scopes and percentages of work to be performed by each party with its own resources and labor force. Unlike the more formal Joint Venture, an Association does not require formation of a new business enterprise between the parties. The Associate agreement shall contain, at a minimum, provisions required by Section VII and be subject to OCII approval.

Commercially Useful Function means that the business is directly responsible for providing the materials, equipment, supplies or services in the City and County of San Francisco ("City") as required by the solicitation or request for quotes, bids or proposals. Businesses that engage in the business of providing brokerage, referral or temporary employment services shall not be deemed to perform a "commercially useful function" unless the brokerage, referral or temporary employment services are required and sought by the Agency.

Contract means any agreement between the Agency and a person(s), firm, partnership, corporation, or combination thereof, to provide or procure labor, supplies or services to, for, or on behalf of the Agency.

Contractor means any person(s), firm, partnership, corporation, or combination thereof, who is negotiating or has executed a Contract.

Joint Venture means an entity established between two parties for the purposes of completing a venture or project. The Joint Venture agreement typically creates a separate business entity and requires acquisition of additional insurance for the newly created joint business entity. The Joint Venture agreement shall contain, at a minimum, provisions required by Section VII and be subject to OCII approval.

Non-San Francisco-based Small Business Enterprise means a SBE that has fixed offices located outside the geographical boundaries of the City.

Office" or "Offices means a fixed and established place(s) where work is performed of a clerical, administrative, professional or production nature directly pertinent to the business being certified. A temporary location or movable property or one that was established to oversee a project such as a construction project office does not qualify as an "office" under this SBE Policy. Work space provided in exchange for services (in lieu of monetary rent) does not constitute an "office." The office is not required to be the headquarters for the business but it must be capable of providing all the services to operate the business for which SBE certification is sought. An arrangement for the right to use office space on an "as needed" basis where there is no office exclusively reserved for the business does not qualify as an office. The prospective SBE must submit a rental agreement for the office space, rent receipt or cancelled checks for

rent payments. If the office space is owned by the prospective SBE, the business must submit property tax or a deed documenting ownership of the office.

Project Area Small Business Enterprise means a business that meets the above-definition of Small Business Enterprise and that: (a) has fixed offices located within the geographical boundaries of a Redevelopment Project or Survey Area where a commercially useful function is performed; (b) is listed in the Permits and License Tax Paid File with a Project Area or Survey Area business street address; (c) possesses a current Business Tax Registration Certificate at the time of the application for certification as a SBE; (d) has been located and doing business in a Project Area or Survey Area for at least six months preceding its application for certification as a SBE; and (e) has a Project Area or Survey Area office in which business is transacted that is appropriately equipped for the type of business for which the enterprise seeks certification as a SBE. Post office box numbers of residential addresses alone shall not suffice to establish a firms' location in a Project Area or Survey Area.

Project Area means an area of San Francisco that meets the requirements under Community Redevelopment Law, Health and Safety Code Section 33320.1. These areas currently include the Bayview Industrial Triangle, Bayview Hunters Point (Area B), Hunters Point Shipyard, Mission Bay (North), Mission Bay (South), Rincon Point/South Beach, South of Market, and Transbay.

San Francisco-based Small Business Enterprise means a SBE that: (a) has fixed offices located within the geographical boundaries of the City where a commercially useful function is performed; (b) is listed in the Permits and License Tax Paid File with a San Francisco business street address; (c) possesses a current Business Tax Registration Certificate at the time of the application for certification as a SBE; (d) has been located and doing business in the City for at least six months preceding its application for certification as a SBE; and (e) has a San Francisco office in which business is transacted that is appropriately equipped for the type of business for which the enterprise seeks certification as a SBE. Post office box numbers or residential addresses alone shall not suffice to establish a firm's status as local.

Small Business Enterprise (SBE) means an economically disadvantaged business that: is an independent and continuing business for profit; performs a commercially useful function; is owned and controlled by persons residing in the United States or its territories; has average gross annual receipts in the three years immediately preceding its application for certification as a SBE that do not exceed the following limits:

Industry	OCH SBE Size Standard
Construction Contractors	\$20,000,000
Specialty Construction Contractors	\$14,000,000
Suppliers (goods/materials/ equipment and general services)	\$10,000,000
Professional Services	\$2,500,000
Trucking	\$3,500,000

In addition, an economically disadvantaged business shall meet the other certification criteria described in Exhibit I of the SBE Policy in order to be considered an SBE by the Agency.

In order to determine whether or not a firm meets the above economic size definitions, the Agency will use the firm's three most recent business tax returns (i.e., 1040 with Schedule C for Sole Proprietorships, 1065s with K-1s for Partnerships, and 1120s for Corporations) to calculate the firm's three year average annual gross receipts. In addition, the calculation of a firm's size shall include the receipts of all affiliates.

Once a business reaches the 3-year average size threshold for the applicable industry the business ceases to be economically disadvantaged, it is not an eligible SBE and it will not be counted towards meeting SBE contracting requirements (or goals).

Specialty Construction Contractor means a contractor licensed by the Contractors State License Board under the "C" classification license pursuant to California Business and Professions Code Section 7058.

Survey Area means an area of San Francisco that meets the requirements of the Community Redevelopment Law, Health and Safety Code Section 33310. These areas currently include the Bayview Hunters Point Redevelopment Survey Area C.

XI. GOOD FAITH EFFORTS TO MEET SBE GOALS Compliance with the following steps will be the basis for determining if the Agency-Assisted Contractor and/or Consultant has made good faith efforts to meet the goals for SBEs:

A. Outreach. Not less than 30 days prior to the opening of bids or the selection of contractors, the Agency-Assisted Contractor or Contractor shall:

1. **Advertise.** Advertise for SBEs interested in competing for the contract, in general circulation media, trade association publications, including timely use of the ***Bid and Contract Opportunities*** newsletter published by the City and County of San Francisco Purchasing Department and media focused specifically on SBE businesses such as the ***Small Business Exchange***, of the opportunity to submit bids or proposals and to attend a pre-bid meeting to learn about contracting opportunities.

2. **Request List of SBEs.** Request from the Agency's Contract Compliance Department a list of all known SBEs in the pertinent field(s), particularly those in the Project and Survey Areas and provide written notice to all of them of the opportunity to bid for contracts and to attend a pre-bid or pre-solicitation meeting to learn about contracting opportunities.

B. Pre-Solicitation Meeting. For construction contracts estimated to cost \$5,000 or more, hold a pre-bid meeting for all interested contractors not less than 15 days prior to the opening of bids or the selection of contractors for the purpose answering questions about the selection process and the specifications and requirements. Representatives of the Contract Compliance Department will also participate.

C. Follow-up. Follow up initial solicitations of interest by contacting the SBEs to determine with certainty whether the enterprises are interested in performing specific items involved in work.

D. Subdivide Work. Divide, to the greatest extent feasible, the contract work into small units to facilitate SBE participation, including, where feasible, offering items of the contract work which the Contractor would normally perform itself.

E. Provide Timely and Complete Information. The Agency-Assisted Contractor or Contractor shall provide SBEs with complete, adequate and ongoing information about the plans, specifications and requirements of construction work, service work and material supply work. This paragraph does not require the Agency-Assisted Contractor or Contractor to give SBEs any information not provided to other contractors. This paragraph does require the Agency Assisted Contractor and Contractor to answer carefully and completely all reasonable questions asked by SBEs and to undertake every good faith effort to ensure that SBEs understand the nature and the scope of the work.

F. Good Faith Negotiations. Negotiate with SBEs in good faith and demonstrate that SBEs were not rejected as unqualified without sound reasons based on a thorough investigation of their capacities.

G. Bid Shopping Prohibited. Prohibit the shopping of the bids. Where the Agency-Assisted Contractor or Contractor learns that bid shopping has occurred, it shall treat such bid shopping as a material breach of contract.

H. Other Assistance. Assist SBEs in their efforts to obtain bonds, lines of credit and insurance. (Note that the Agency has a Surety Bond Program that may assist SBEs in obtaining necessary bonding.) The Agency-Assisted Contractor or Contractor(s) shall require no more stringent bond or insurance standards of SBEs than required of other business enterprises.

I. Delivery Scheduling. Establish delivery schedules which encourage participation of SBEs.

J. Utilize SBEs as Lower Tier Subcontractors. The Agency-Assisted Contractor and its Contractor(s) shall encourage and assist higher tier subcontractors in undertaking good faith efforts to utilize SBEs as lower tier subcontractors.

K. Maximize Outreach Resources. Use the services of SBE associations, federal, state and local SBE assistance offices and other organizations that provide assistance in the recruitment and placement of SBEs, including the Small Business Administration and the Business Development Agency of the Department of Commerce. However, only SBEs certified by the Agency shall count towards meeting the participation goal.

L. Replacement of SBE. If during the term of this SBE Agreement, it becomes necessary to replace any subcontractor or supplier, the Agency's Contract Compliance Specialist should be notified prior to replacement due to the failure or inability of the subcontractor or supplier to perform the required services or timely delivery the required supplies, then First Consideration should be given to a certified SBE, if available, as a replacement.

XII. ADDITIONAL PROVISIONS

A. No Retaliation. No employee shall be discharged or in any other manner discriminated against by the Agency-Assisted Contractor or Contractor because such employee has filed any complaint or instituted or caused to be instituted any proceeding under or relating to enforcement of this Agreement.

B. No Discrimination. 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 an Agency-Assisted Contract or Contract. The Agency-Assisted Contractor or Contractor 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) or other protected class 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.

C. Compliance with Prompt Payment Statute. Construction contracts and subcontracts awarded for \$5,000 or more shall contain the following provision:

“Amounts for work performed by a subcontractor shall be paid within seven (7) days of receipt of funds by the contractor, pursuant to California Business and Professions Code Section 7108.5 *et seq.* Failure to include this provision in a subcontractor or failure to comply with this provision shall constitute an event of default which would permit the Agency to exercise any and all remedies available to it under contract, at law or in equity.”

In addition to and not in contradiction to the Prompt Payment Statute (California Business and Professions Code Section 7108.5 *et seq.*), if a dispute arises which would allow a Contractor to withhold payment to a subcontractor due to a dispute, the Contractor shall only withhold that amount which directly relates to the dispute and shall promptly pay the remaining undisputed amount, if any.

D. Submission of Electronic Certified Payrolls. For any Agency-Assisted Contract which requires the submission of certified payroll reports, the requirements of Section VII of the Agency's Small Business Enterprise Policy shall apply. Please see the Small Business Enterprise Policy for more details.

XIII. PROCEDURES

A. Notice to Agency. The Agency-Assisted Contractor or Contractor(s) shall provide the Agency with the following information within 10 days of awarding a contract or selecting subconsultant:

1. the nature of the contract, e.g. type and scope of work to be performed;
2. the dollar amount of the contract;
3. the name, address, license number, gender and ethnicity of the person to whom the contract was awarded; And
4. SBE status of each subcontractor or subconsultant.

B. Affidavit. If the Agency-Assisted Contractor or Contractor(s) contend that the contract has been awarded to a SBE, the Agency-Assisted Contractor or Contractor(s) shall, at the same time also submit to the Agency a SBE Application for Certification and its

accompanying Affidavit completed by the SBE owner. However, a SBE that was previously certified by the Agency shall submit only the short SBE Eligibility Statement.

C. Good Faith Documentation. If the 50% SBE Participation Goals are not met in each category (Construction, Professional Services and Suppliers), the Agency-Assisted Contractor or Contractor(s) shall meet and confer with the Agency at a date and time set by the Agency. If the issue of the Agency-Assisted Contractor's or Contractor's good faith efforts is not resolved at this meeting, the Agency-Assisted Contractor or Contractor shall submit to the Agency within five (5) days, a declaration under penalty of perjury containing the following documentation with respect to the good faith efforts ("**Submission**"):

1. A report showing the responses, rejections, proposals and bids (including the amount of the bid) received from SBEs, including the date each response, proposal or bid was received. This report shall indicate the action taken by the Agency-Assisted Contractor or Contractor(s) in response to each proposal or bid received from SBEs, including the reasons(s) for any rejections.

2. A report showing the date that the bid was received, the amount bid by and the amount to be paid (if different) to the non-SBE contractor that was selected. If the non-SBE contractor who was selected submitted more than one bid, the amount of each bid and the date that each bid was received shall be shown in the report. If the bidder asserts that there were reasons other than the respective amounts bid for not awarding the contract to an SBE, the report shall also contain an explanation of these reasons.

3. Documentation of advertising for and contacts with SBEs, contractor associations or development centers, or any other agency which disseminates bid and contract information to small business enterprises.

4. Copies of initial and follow-up correspondence with SBEs, contractor associations and other agencies, which assist SBEs.

5. A description of the assistance provided SBE firms relative to obtaining and explaining plans, specifications and contract requirements.

6. A description of the assistance provided to SBEs with respect to bonding, lines of credit, etc.

7. A description of efforts to negotiate or a statement of the reasons for not negotiating with SBEs.

8. A description of any divisions of work undertaken to facilitate SBE participation.

9. Documentation of efforts undertaken to encourage subcontractors to obtain small business enterprise participation at a lower tier.

10. A report which shows for each private project and each public project (without a SBE program) undertaken by the bidder in the preceding 12 months, the total dollar amount of the contract and the percentage of the contract dollars awarded to SBEs and the percentage of contract dollars awarded to non-SBEs.

11. Documentation of any other efforts undertaken to encourage participation by small business enterprises.

D. Presumption of Good Faith Efforts. If the Agency-Assisted Contractor or Contractor(s) achieves the Participation Goals, it will not be required to submit Good Faith Effort documentation.

E. Waiver. Any of the SBE requirements may be waived if the Agency determines that a specific requirement is not relevant to the particular situation at issue, that SBEs were not available, or that SBEs were charging an unreasonable price.

F. SBE Determination. The Agency shall exercise its reasonable judgment in determining whether a business, whose name is submitted by the Agency-Assisted Contractor or Contractor(s) as a SBE, is owned and controlled by a SBE. A firm's appearance in any of the Agency's current directories will be considered by the Agency as prima facie evidence that the firm is a SBE. Where the Agency-Assisted Contractor or Contractor(s) makes a submission the Agency shall make a determination, as to whether or not a business which the Agency-Assisted Contractor or Contractor(s) claims is a SBE is in fact owned and controlled by San Francisco-based SBEs. If the Agency determines that the business is not a SBE, the Agency shall give the Agency-Assisted Contractor or Contractor a Notice of Non-Qualification and provide the Agency-Assisted Contractor or Contractor with a reasonable period (not to exceed 20 days) in which to meet with the Agency and if necessary make a Submission, concerning its good faith efforts. If the Agency-Assisted Contractor or Contractor disagrees with the Agency's Notice of Non-Qualification, the Agency-Assisted Contractor or Contractor may request arbitration pursuant to Section XIII.

G. Agency Investigation. Where the Agency-Assisted Contractor or Contractor makes a Submission and, as a result, the Agency has cause to believe that the Agency-Assisted Contractor or Contractor has failed to undertake good faith efforts, the Agency shall conduct an investigation, and after affording the Agency-Assisted Contractor or Contractor notice and an opportunity to be heard, shall recommend such remedies and sanctions as it deems necessary to correct any alleged violation(s). The Agency shall give the Agency-Assisted Contractor or Contractor a written Notice of Non-Compliance setting forth its findings and recommendations. If the Agency-Assisted Contractor or Contractor disagrees with the findings and recommendations of the Agency as set forth in the Notice of Non-Compliance, the Agency-Assisted Contractor or Contractor may request arbitration pursuant to this SBE Agreement.

XIV. ARBITRATION OF DISPUTES.

A. Arbitration by AAA. Any dispute regarding this SBE Agreement shall be determined by arbitration through the American Arbitration Association, San Francisco, California office ("AAA") in accordance with the Commercial Rules of the AAA then applicable, but subject to the further revisions thereof. The arbitration shall take place in the City and County of San Francisco.

B. Demand for Arbitration. Where the Agency-Assisted Contractor or Contractor disagrees with the Agency's Notice of Non-Qualification or Notice of Non-Compliance, **the Agency-Assisted Contractor or Contractor shall have seven (7) business days, in which to file a Demand for Arbitration**, unless otherwise stipulated by the parties. The Demand for Arbitration shall contain at a minimum: (1) a cover letter demanding arbitration under this

provision and identifying any entities believed to be involved in the dispute; (2) a copy of the Notice of Non-Qualification or Notice of Non-Compliance; and (3) any written response to the Notice of Non-Qualification or Notice of Non-Compliance. If the Agency-Assisted Contractor and Contractor fail to file a timely Demand for Arbitration, the Agency-Assisted Contractor and Contractor shall be deemed to have accepted and to be bound by the finding of Non-Qualification or the findings and recommendations contained in the Notice of Non-Compliance.

C. Parties' Participation. The Agency and all persons or entities who have a contractual relationship affected by the dispute shall be made an Arbitration Party. Any such person or entity not made an Arbitration Party in the Demand for Arbitration may intervene as an Arbitration Party and in turn may name any other such person or entity as an Arbitration Party, provided however, that the Agency-Assisted Contractor or Contractor made an initial timely Demand for Arbitration pursuant to Section XIII.B. above.

D. Agency Request to AAA. Within seven (7) business days after service of a Demand for Arbitration, the Agency shall transmit to AAA a copy of the Demand for Arbitration, the Notice of Non-Qualification or Notice of Non-Compliance, and any written response thereto from the affected party. Such material shall be made part of the arbitration record.

E. Selection of Arbitrator. One arbitrator shall arbitrate the dispute. The arbitrator shall be selected from the panel of arbitrators from AAA by the parties to the arbitration in accordance with the AAA rules. The parties shall act diligently in this regard. If the Arbitration Parties fail to agree on an arbitrator within seven (7) days from the receipt of the panel, AAA shall appoint the arbitrator. A condition to the selection of any arbitrator shall be that person's agreement to render a decision within ninety (90) days from the arbitrator's fulfillment of the disclosure requirements set forth in California Code of Civil Procedure Section 1281.9.

F. Setting of Arbitration Hearing. A hearing shall be held within ninety (90) days of the date of the filing of the Request, unless otherwise agreed by the parties. The arbitrator shall set the date, time and place for the arbitration hearing(s) within the prescribed time periods by giving notice by hand delivery or first class mail to each Arbitration Party.

G. Discovery. In arbitration proceedings hereunder, discovery shall be permitted in accordance with Code of Civil Procedure §1283.05.

H. Burden of Proof. The burden of proof with respect to SBE status and/or Good Faith Efforts shall be on the Agency-Assisted Contractor and/or Contractor. The burden of proof as to all other alleged breaches by the Agency-Assisted Contractor and/or Contractor shall be on the Agency.

I. California Law Applies. Except where expressly stated to the contrary in this SBE Agreement, California law, including the California Arbitration Act, Code of Civil Procedure §§ 1280 through 1294.2, shall govern all arbitration proceedings.

J. Arbitration Remedies and Sanctions. The arbitrator may impose only the remedies and sanctions set forth below:

1. Order specific, reasonable actions and procedures, in the form of a temporary restraining order, preliminary injunction or permanent injunction, to mitigate the effects of the non-compliance and/or to bring any non-compliant Arbitration Party into compliance.

2. Require any Arbitration Party to refrain from entering into new contracts related to work covered by the Agency-Assisted Contract or this SBE Agreement, or from granting extensions or other modifications to existing contracts related to services covered by the Agency-Assisted Contract or this SBE Agreement, other than those minor modifications or extensions necessary to enable compliance with this SBE Agreement.

3. Direct any Arbitration Party to cancel, terminate, suspend or cause to be cancelled, terminated or suspended, any contract or portion(s) thereof for failure of any party to the arbitration to comply with any of the SBE Program requirements in the Agency-Assisted Contract or this SBE Agreement. Contracts may be continued upon the condition that a program for future compliance is approved by the Agency.

4. If any Arbitration Party is found to be in willful breach of its obligations hereunder, the arbitrator may impose a monetary sanction not to exceed Fifty Thousand Dollars (\$50,000.00) or ten percent (10%) of the base amount of the breaching party's contract, whichever is less, for each such willful breach; provided that, in determining the amount of any monetary sanction to be assessed, the arbitrator shall consider the financial capacity of the breaching party. No monetary sanction shall be imposed pursuant to this paragraph for the first willful breach of this SBE Agreement unless the breaching party has failed to cure after being provided notice and a reasonable opportunity to cure. Monetary sanctions may be imposed for subsequent willful breaches by any Arbitration Party whether or not the breach is subsequently cured. For purposes of this paragraph, "willful breach" means a knowing and intentional breach.

5. Direct any Arbitration Party to produce and provide to the Agency any records, data or reports which are necessary to determine if a violation has occurred and/or to monitor the performance of any Arbitration Party.

K. Arbitrator's Decision. The arbitrator shall make his or her award within twenty (20) days after the date that the hearing is completed; provided that where a temporary restraining order is sought, the arbitrator shall make his or her award not later than twenty-four (24) hours after the hearing on the motion. The arbitrator shall send the decision by certified or registered mail to each Arbitration Party.

L. Default Award; No Requirement to Seek an Order Compelling Arbitration. The arbitrator may enter a default award against any person or entity who fails to appear at the hearing, provided that: (1) said person or entity received actual notice of the hearing; and (2) the complaining party has a proof of service for the absent person or entity. In order to obtain a default award, the complaining party need not first seek or obtain an order to arbitrate the controversy pursuant to Code of Civil Procedure §1281.2.

M. Arbitrator Lacks Power to Modify. Except as otherwise provided, the arbitrator shall have no power to add to, subtract from, disregard, modify or otherwise alter the terms of the Agency-Assisted Contract, this SBE Agreement or any other agreement between the Agency, the Agency-Assisted Contractor or Contractor or to negotiate new agreements or provisions between the parties.

N. Jurisdiction/Entry of Judgment. The inquiry of the arbitrator shall be restricted to the particular controversy which gave rise to the Demand for Arbitration. A decision of the arbitrator issued hereunder shall be final and binding upon all Arbitration Parties. The non-prevailing Arbitration Party(ies) shall pay the arbitrator's fees and related costs of arbitration (or reimburse the Arbitration Parties that advanced such arbitration fees and costs). Each

Arbitration Party shall pay its own attorneys' fees, provided, however, that attorneys' fees may be awarded to the prevailing party if the arbitrator finds that the arbitration action was instituted, litigated, or defended in bad faith. Judgment upon the arbitrator's decision may be entered in any court of competent jurisdiction.

O. Exculpatory Clause. Agency-Assisted Contractor or Contractor (regardless of tier) expressly waive any and all claims against the Agency for damages, direct or indirect, including, without limitation, claims relative to the commencement, continuance and completion of construction and/or providing professional and consulting services ("the Work"). Agency-Assisted Contractor or Contractor (regardless of tier) acknowledge and agree that the procedures set forth herein for dealing with alleged breaches or failure to comply with the obligations and requirements of this SBE Agreement are reasonable and have been anticipated by the parties in securing financing, in inviting, submitting and receiving bids and proposals for the planning, design and construction of the improvements and in determining the times for commencement and completion of the planning, design and construction and/or for providing consulting, professional or personal services.

P. Severability. The provisions of this SBE Agreement are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this SBE Agreement or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of this SBE Agreement or the validity of their application to other persons or circumstances.

Q. Arbitration Notice: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

OCII

Agency-Assisted Contractor

[SIGNATURES ON FOLLOWING PAGE]

XV. AGREEMENT EXECUTION

I, hereby certify that I have authority to execute this SBE Agreement on behalf of the business, organization or entity listed below and that it will use good faith efforts to comply with the Agency's 50% SBE Participation Goals. I declare under penalty of perjury under the laws of the State of California that the above statement is true and correct.

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: Ramie Dare

Title: Vice President

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: David Sobel

Title: President

ATTACHMENT 9-2

CONSTRUCTION WORKFORCE AGREEMENT

- I. **PURPOSE.** This Agreement is entered into between the Office of Community Investment and Infrastructure ("OCII" or "Agency"), as successor agency to the San Francisco Redevelopment Agency, and Owner (who for this purposes of this Attachment 9-2 shall be the Tenant as defined under the Lease to which this document is an Attachment), for the purposes of ensuring participation of San Francisco residents and equal employment opportunities in the construction work force involved in constructing any of the phases upon the Site covered by the underlying agreement to which this Agreement is attached hereto.
- II. **DEFINITIONS.**
The following definitions apply to this Agreement.
- A. "CityBuild" means the construction employment program of the Workforce Development Division of the San Francisco Office of Economic and Workforce Development (OEWD).
 - B. "Contract" means any agreement in excess of \$10,000 between the Owner, its Contractors and a person to provide or procure labor, materials or services for the construction of the Improvements, including a purchase order that requires installation of materials.
 - C. "Contractor" means the Owner's general contractor, all prime contractors and all subcontractors (regardless of tier) having a Contract or subcontract in excess of \$10,000 and who employ persons in a Trade for construction of the Improvements.
 - D. "Improvements" has the meaning set out in the Lease to which this Attachment 9-2 is attached.
 - E. "Project Area Resident" means a San Francisco Resident who resides in the Bay View Hunters Point Project Area or within the ZIP codes of 94124, 94107, or 94134.
 - F. "San Francisco Resident" in the case of a new hire shall mean an individual who has lived in San Francisco for at least one week prior to submitting his/her initial application for employment to work on the Improvements. In the case of a person employed by the Owner or its Contractor or Consultant prior to assignment to the Improvements, this term shall mean a person who has lived in San Francisco for at least six months prior to the date he/she applied for a transfer to a position at the Improvements or the date he/she was assigned to work on the Improvements, whichever is earlier; or a person who establishes, to the satisfaction of the Agency, that he/she lived

in San Francisco prior to applying for or being considered for a position with the Owner, Contractor or Consultant.

III. WORK FORCE GOALS.

The Owner agrees and will require each Contractor and all subcontractors to use good faith efforts to employ 50 percent of its construction workforce hires by trade and by hours from qualified San Francisco Residents with first consideration given to Project Area Residents. Owner and Contractors will be deemed in compliance with this Agreement and the Policy by meeting or exceeding the goal or by demonstrating good faith efforts toward compliance.

IV. GOOD FAITH EFFORTS.

A. Submission of Labor Force Projections and Other Data

The Contractor shall submit, to the extent available, labor force projections to the OCII Compliance Officer, or its agent, within two (2) weeks of contract award.

B. Submit Subcontractor Information Form

The Contractor shall submit to the Compliance Officer, or its agent, the Subcontractor Information Forms, twenty-four (24) hours prior to the preconstruction meeting. The Subcontractor Information Forms are available from the Compliance Officer upon request.

C. Preconstruction Meeting

The Contractor shall hold a preconstruction meeting which shall be attended by the Compliance Officer, CityBuild, all prime contractor(s) and all subcontractor(s). The preconstruction meeting shall be scheduled between two (2) days and thirty (30) days prior to the start of construction at a time and place convenient to all attendees. The purpose of the meeting is to discuss: the hiring goals, workforce composition, worker referral process, certified payroll reporting, procedure for termination and replacement of workers covered by this Agreement and to explore any anticipated problems in complying with the Agreement. All questions regarding how this Agreement applies to the Owner, Contractor, subcontractors and consultants should be answered at this meeting. Failure to hold or attend at least one (1) preconstruction meeting will be a breach of the Policy and this Agreement that may result in the Agency ordering a suspension of work until the breach has been cured. Suspension under this provision is not subject to arbitration.

D. Submit Construction Worker Request Form

For the Term of the Agreement, each time the Owner or Contractor seeks to hire workers for the construction or rehabilitation of improvements, they must first submit, by fax, email or hand delivery, an executed construction worker request form to CityBuild. Preferably this request will be submitted

at least two (2) business days before the workers are needed. However, requests with less than two (2) business days notice will be accepted. The construction worker request form will indicate generally: the number of workers needed, duration needed, required skills or trade and date/time to report. The construction worker request form is available from the Compliance Officer upon request.

E. Response from CityBuild

CityBuild shall respond, in writing, via fax, email or hand delivery to each request for construction workers. The response shall state that CityBuild was able to satisfy the request in full, in part or was unable to satisfy the request. CityBuild shall look to their own referral lists, as well as confer with CBOs in an attempt to find qualified Project Area Residents and San Francisco Residents. If CityBuild is able to satisfy the request in full or in part, it shall direct the qualified Project Area Resident(s) or San Francisco Resident(s) to report to the Contractor on the date and time indicated in the request. If CityBuild is unable to satisfy the request, then CityBuild shall send a fax or email stating that no qualified Project Area Residents or San Francisco Residents are currently available.

F. Action by Contractor When Referrals Available

The Owner or Contractor whose request has been satisfied in full or in part shall make the final determination of whether the Project Area Residents or San Francisco Residents are qualified for the positions and the ultimate hiring decision. The Agency strongly encourages the Contractor to hire the qualified Project Area Residents or San Francisco Residents referred by CityBuild. However, if the Contractor finds the Project Area Residents or San Francisco Residents are not qualified, then the Contractor shall send the Project Area Residents or San Francisco Residents back to CityBuild. Before the close of business on the same day, the Contractor shall fax or email a statement addressed to CityBuild stating in detail the reason(s) the Project Area Residents or San Francisco Residents were not qualified or the reason(s) for not hiring the Project Area Residents or San Francisco Residents. CityBuild shall, within one (1) business day of receipt of the fax or email, send new qualified Project Area Residents or San Francisco Residents that meet the legitimate qualifications set by the Contractor or alternatively, send a fax or email stating that no qualified Project Area Residents or San Francisco Residents are currently available.

G. Action by Contractor When Referrals Unavailable

If a Contractor receives a response from CityBuild stating that no qualified Project Area Residents or San Francisco Residents are currently available, then the Contractor may hire the number of construction workers requested from CityBuild, using its own recruiting methods, giving first consideration to Project Area Residents and then San Francisco Residents. Any additional new construction workforce hires (including the replacement of any terminated workers) must comply with this Policy, unless the Contractor

has already met or exceeded the goal. The Contractor must keep a copy of the response it receives from CityBuild as proof of compliance and submit a copy of each response received to the Compliance Officer upon request.

H. Action by Contractor When No Response From CityBuild

If a Contractor has not received a response to its construction worker request from CityBuild within two (2) business days, then the Contractor should immediately advise the Compliance Officer by phone, fax or email. The Compliance Officer or his/her designee shall cause a response to be sent to the Contractor within two (2) business days of being notified. If the Contractor does not receive a response from CityBuild within four (4) business days (the original two (2) business days plus the additional two (2) business days), then the Contractor may hire the number of construction workers requested from CityBuild, using its own recruiting methods, giving first consideration to Project Area Residents and then San Francisco Residents. Any construction workforce hires (including the replacement of any terminated workers) must comply with this Policy, unless the Contractor has already met or exceeded the goal. The Contractor must keep a copy of the response it receives from CityBuild as proof of compliance and submit a copy of each response received to the Compliance Officer upon request. This Policy is intended to provide qualified Project Area and San Francisco Residents with employment opportunities without causing undue delay in hiring needed construction workers.

I. Action by Contractor When No Response From Union

The Contractor should immediately advise the Compliance Officer by phone, fax or email when the Contractor has sent a qualified Project Area Resident or San Francisco Resident to a union hall for referral in accordance with a collective bargaining agreement and the union did not refer the qualified Project Area or San Francisco Resident back for employment or when the union referral process impedes the Contractor's ability to meet its obligations under this Policy. Nothing in this Policy shall be interpreted to interfere with or prohibit existing labor agreements or collective bargaining agreements.

J. Hiring Apprentices

A Contractor may meet part of the Construction Workforce Goal by hiring apprentices. However, hiring an apprentice does not satisfy or waive the trainee hiring obligation, if any, for design professionals. Unless otherwise permitted by law, apprentices must be trained pursuant to training programs approved by the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training or the California Department of Industrial Relations, Division of Apprenticeship Standards. Credit towards compliance will only be given for paid apprentices actually working on the project. No credit is available for apprentices while receiving class room training. Under no circumstances shall the ratio of apprentices to journeymen in a particular trade or craft exceed 1:5.

K. Termination and Replacement of Referrals

If at any time it becomes necessary to terminate for cause a construction worker who was hired under this Policy, the Contractor shall notify CityBuild in writing via fax or email and submit a report of termination pursuant to Section (B)(4). If the Contractor intends to fill the vacant position, then the Contractor shall follow the process set forth in this Policy beginning at Section (A)(6).

V. REPORTING REQUIREMENTS.

A. Submission of Certified Payroll Reports

Each Contractor subject to this Policy shall submit to the Agency a certified payroll report for the preceding work week on each of its employees. The Owner is ultimately responsible for the submission of these reports by the Contractors. The certified payroll report is due to the Agency by noon each Wednesday. To facilitate compliance, the Agency uses an online Project Reporting System (PRS) for submission of certified payroll reports. This system is available at no cost to the Contractor. Training and educational materials for PRS are available at no cost online and through the Compliance Officer. Contractors are required to report certified payroll using PRS. However, a waiver may be granted to any Contractors who do not have a computer or online access.

B. Additional Information

In order to prevent unlawful discrimination in the selection, hiring and termination of employees on the basis of race, ethnicity, gender or any other basis prohibited by law and to identify and correct such unlawful practices, the Agency will monitor and collect information on the ethnicity and gender of each construction worker and apprentice. If an identifiable pattern of apparent discrimination is revealed by this additional information, it will be treated as a breach of this Policy and may be addressed as set forth in the arbitration provisions included in Agency contracts.

C. Report on Terminations

In the event a Project Area Resident or San Francisco Resident hired pursuant to this Policy is terminated for cause, the responsible Contractor shall within two (2) days fax or email a termination report to CityBuild with a copy to the Compliance Officer stating in detail: (1) the name of the worker(s) terminated; (2) his/her job title and duties; (3) the reasons and circumstances leading to the termination(s); (4) whether the Contractor replaced the construction worker(s); and (5) whether the replacement worker(s) were Project Area Resident(s) or San Francisco Resident(s).

D. Inspection of Records

The Owner and each Contractor shall make the records required under this Agreement available for inspection or copying by authorized representatives of the Agency and its designated Compliance Officer, and shall permit such representatives to interview construction workers and apprentices during working hours on the job.

E. Failure to Submit Reports

If a Contractor fails or refuses to provide the reports as required it will be treated as a breach of this Agreement and the Policy, and may be addressed under arbitration provisions pursuant to Article VII (Arbitration of Disputes) of this Agreement.

F. Submission of Good Faith Effort Documentation

If the Owner's or Contractor's good faith efforts are at issue, the Contractor shall provide the Agency or its designated Compliance Officer with the documentation of its efforts to comply with this Policy and the Agreement. The Owner or Contractor must maintain a current file of the names, addresses and telephone numbers of each Project Area Resident or San Francisco Resident applicant referral (whether a self-referral or a referral from a union, CBO or CityBuild referral) and what action was taken with respect to each such individual.

G. Coding Certified Payrolls

Each Contractor shall include, on the weekly payroll submissions, the proper job classification (as approved by the California Department of Industrial Relations), apprentice's craft (if applicable), skill level, protected class status, and domicile of each construction worker.

VI. RECORDKEEPING REQUIREMENTS.

Contractor shall comply with the requirements of California Labor Code Section 1776, as amended, regarding the keeping, filing and furnishing of certified copies of payroll records of wages paid to its employees and to the employees of its subcontractors of all tiers.

In addition, each Contractor shall keep, or cause to be kept, for a period of four years from the date of substantial completion of Improvements, certified payroll and basic records, including time cards, tax forms, and superintendent and foreman daily logs, for all workers within each trade performing work on the Improvements. Such records shall include the name, address and social security number of each worker who worked on the covered project, his or her classification, a general description of the work each worker performed each day, the apprentice or journey-level status of each worker, daily and weekly number of hours worked, the self-identified race, gender, and ethnicity of each worker, whether or not the worker was a local resident or disadvantaged worker, and the referral source or method through which the Contractor hired or retained that worker for work on the Improvements (e.g., core workforce, name call, union hiring hall, City-designated referral source, or recruitment or hiring method). Contractor may verify that a worker is a local resident through the worker's possession of a valid SF City ID Card or other government-issued identification. OCII may require additional records to be kept with regard to Contractor's compliance with this Agreement. All records described in this section shall at all times be open to inspection and examination by the duly authorized officers and agents of OCII, including representatives of the OEWD.

VII. ARBITRATION OF DISPUTES.

A. Arbitration by AAA. Any dispute regarding this Construction Work Force Agreement shall be determined by arbitration through the American

Arbitration Association, San Francisco, California office ("AAA") in accordance with the Commercial Rules of the AAA then applicable, but subject to the further revisions thereof. The arbitration shall take place in the City and County of San Francisco.

- B. **Demand for Arbitration.** Where the Owner disagrees with the Agency's Notice of Non-Qualification or Notice of Non-Compliance, **the Owner shall have seven (7) business days, in which to file a Demand for Arbitration**, unless otherwise stipulated by the parties. The Demand for Arbitration shall contain at a minimum: (1) a cover letter demanding arbitration under this provision and identifying entities believed to be involved in the dispute; (2) a copy of the Notice of Non-Qualification or Notice of Non-Compliance; and (3) any written response to the Notice of Non-Qualification or Notice of Non-Compliance. If the Owner fails to file a timely Demand for Arbitration, the Owner shall be deemed to have accepted and to be bound by the finding of Non-Qualification or the findings and recommendations contained in the Notice of Non-Compliance.
- C. **Parties' Participation.** The Agency and all persons or entities that have a contractual relationship affected by the dispute shall be made an Arbitration Party. Any such person or entity not made an Arbitration Party in the Demand for Arbitration may intervene as an Arbitration Party and in turn may name any other such person or entity as an Arbitration Party, provided however, that the Owner made an initial timely Demand for Arbitration pursuant to Section VII.B. above.
- D. **Agency Request to AAA.** Within seven (7) business days after service of a Demand for Arbitration, the Agency shall transmit to AAA a copy of the Demand for Arbitration, the Notice of Non-Qualification or Notice of Non-Compliance, and any written response thereto from the affected party. Such material shall be made part of the arbitration record.
- E. **Selection of Arbitrator.** One arbitrator shall arbitrate the dispute. The arbitrator shall be selected from the panel of arbitrators from AAA by the parties to the arbitration in accordance with the AAA rules. The parties shall act diligently in this regard. If the Arbitration Parties fail to agree on an arbitrator within seven (7) days from the receipt of the panel, AAA shall appoint the arbitrator. A condition to the selection of any arbitrator shall be that person's agreement to render a decision within ninety (90) days from the arbitrator's fulfillment of the disclosure requirements set forth in California Code of Civil Procedure Section 1281.9.
- F. **Setting of Arbitration Hearing.** A hearing shall be held within ninety (90) days of the date of the filing of the Request, unless otherwise agreed by the parties. The arbitrator shall set the date, time and place for the arbitration hearing(s) within the prescribed time periods by giving notice by hand delivery or first class mail to each Arbitration Party.

- G. **Discovery.** In arbitration proceedings hereunder, discovery shall be permitted in accordance with Code of Civil Procedure §1283.05.
- H. **Burden of Proof.** The burden of proof with respect to Construction Work Force compliance and/or Good Faith Efforts shall be on the Owner. The burden of proof as to all other alleged breaches by the Owner shall be on the Agency.
- I. **California Law Applies.** Except where expressly stated to the contrary in this Construction Work Force Agreement, California law, including the California Arbitration Act, Code of Civil Procedure §§ 1280 through 1294.2, shall govern all arbitration proceedings.
- J. **Arbitration Remedies and Sanctions.** The arbitrator may impose only the remedies and sanctions set forth below:
1. Order specific, reasonable actions and procedures, in the form of a temporary restraining order, preliminary injunction or permanent injunction, to mitigate the effects of the non-compliance and/or to bring any non-compliant Arbitration Party into compliance.
 2. Require any Arbitration Party to refrain from entering into new contracts related to work covered by the Owner or this Construction Work Force Agreement, or from granting extensions or other modifications to existing contracts related to services covered by the Owner or this Construction Work Force Agreement, other than those minor modifications or extensions necessary to enable compliance with this Construction Work Force Agreement.
 3. Direct any Arbitration Party to cancel, terminate, suspend or cause to be cancelled, terminated or suspended, any contract or portion(s) thereof for failure of any party to the arbitration to comply with any of the Agency's Work Force policy requirements. Contracts may be continued upon the condition that a program for future compliance is approved by the Agency.
 4. If any Arbitration Party is found to be in willful breach of its obligations hereunder, the arbitrator may impose a monetary sanction not to exceed Fifty Thousand Dollars (\$50,000.00) or ten percent (10%) of the base amount of the breaching party's contract, whichever is less, for each such willful breach; provided that, in determining the amount of any monetary sanction to be assessed, the arbitrator shall consider the financial capacity of the breaching party. No monetary sanction shall be imposed pursuant to this paragraph for the first willful breach of this Construction Work Force Agreement unless the breaching party has failed to cure after being provided notice and a reasonable opportunity to cure. Monetary sanctions may be

imposed for subsequent willful breaches by any Arbitration Party whether or not the breach is subsequently cured. For purposes of this paragraph, "willful breach" means a knowing and intentional breach.

5. Direct any Arbitration Party to produce and provide to the Agency any records, data or reports which are necessary to determine if a violation has occurred and/or to monitor the performance of any Arbitration Party.
- K. **Arbitrator's Decision.** The arbitrator shall make his or her award within twenty (20) days after the date that the hearing is completed; provided that where a temporary restraining order is sought, the arbitrator shall make his or her award not later than twenty-four (24) hours after the hearing on the motion. The arbitrator shall send the decision by certified or registered mail to each Arbitration Party.
 - L. **Default Award; No Requirement to Seek an Order Compelling Arbitration.** The arbitrator may enter a default award against any person or entity who fails to appear at the hearing, provided that: (1) said person or entity received actual notice of the hearing; and (2) the complaining party has a proof of service for the absent person or entity. In order to obtain a default award, the complaining party need not first seek or obtain an order to arbitrate the controversy pursuant to Code of Civil Procedure §1281.2.
 - M. **Arbitrator Lacks Power to Modify.** Except as otherwise provided, the arbitrator shall have no power to add to, subtract from, disregard, modify or otherwise alter the terms of this Construction Work Force Agreement or any other agreement between the Agency and Owner or to negotiate new agreements or provisions between the parties.
 - N. **Jurisdiction/Entry of Judgment.** The inquiry of the arbitrator shall be restricted to the particular controversy which gave rise to the Demand for Arbitration. A decision of the arbitrator issued hereunder shall be final and binding upon all Arbitration Parties. The non-prevailing Arbitration Party(ies) shall pay the arbitrator's fees and related costs of arbitration (or reimburse the Arbitration Parties that advanced such arbitration fees and costs). Each Arbitration Party shall pay its own attorneys' fees, provided, however, that attorneys' fees may be awarded to the prevailing party if the arbitrator finds that the arbitration action was instituted, litigated, or defended in bad faith. Judgment upon the arbitrator's decision may be entered in any court of competent jurisdiction.
 - O. **Exculpatory Clause.** Owner expressly waives any and all claims against the Agency for damages, direct or indirect, including, without limitation, claims relative to the commencement, continuance and completion of construction and/or providing professional and consulting services ("the

Work"). Owner acknowledges and agrees that the procedures set forth herein for dealing with alleged breaches or failure to comply with the obligations and requirements of this Construction Work Force Agreement are reasonable and have been anticipated by the parties in securing financing, in inviting, submitting and receiving bids and proposals for the planning, design and construction of the improvements and in determining the times for commencement and completion of the planning, design and construction and/or for providing consulting, professional or personal services.

- P. **Severability.** The provisions of this Construction Work Force Agreement are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this Construction Work Force Agreement or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of this Construction Work Force Agreement or the validity of their application to other persons or circumstances.
- Q. **Arbitration Notice:** BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Agency

Owner

I, hereby certify that I have authority to execute this Construction Work Force Agreement on behalf of the Owner listed below and that Owner agrees to diligently exercise good faith efforts to comply

with this Agreement to meet or exceed the construction work force participation goals. I declare under penalty of perjury under the laws of the State of California that the above statement is true and correct.

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: Ramie Dare

Title: Vice President

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: David Sobel

Title: President

ATTACHMENT 9-3

PREVAILING WAGE POLICY

These Prevailing Wage Provisions (hereinafter referred to as "Labor Standards") apply to any and all construction of the Improvements as defined in the underlying agreement between the Tenant and OCII of which this Attachment and these Labor Standards are a part.

11.1 All Contracts and Subcontracts for construction and construction-related improvements shall contain the Labor Standards.

- (a) All specifications relating to the construction of the Improvements shall contain these Labor Standards and the Tenant shall have the responsibility to assure that all contracts and subcontracts, regardless of tier, incorporate by reference the specifications containing these Labor Standards. If for any reason said Labor Standards are not included, the Labor Standards shall nevertheless apply. The Tenant shall supply the Agency with true copies of each contract relating to the construction of the Improvements showing the specifications that contain these Labor Standards promptly after due and complete execution thereof and before any work under such contract commences. Failure to do shall be a violation of these Labor Standards.
- (b) Before close of escrow under the Agreement and as a condition to close of escrow, the Tenant shall also supply a written confirmation to the Agency from any construction lender for the Improvements that such construction lender is aware of these Labor Standards.

11.2 Definitions. The following definitions shall apply for purposes of this Exhibit H:

- (a) "Contractor" is the Tenant if permitted by law to act as a contractor, the general contractor, and any contractor as well as any subcontractor of any tier subcontractor having a contract or subcontract that exceeds \$10,000, and who employs Laborers, Mechanics, working foremen, and security guards to perform the construction on all or any part of the Improvements.
- (a) "Laborers" and "Mechanics" are all persons providing labor to perform the construction, including working foremen and security guards.
- (b) "Working foreman" is a person who, in addition to performing supervisory duties, performs the work of a Laborer or Mechanic during at least 20 percent of the work week.

11.3 Prevailing Wage.

- (a) All Laborers and Mechanics employed in the construction of the improvements will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by §5) the full amount of wages and bona fide fringe benefits

(or cash equivalents thereof) due at the time of payment computed at rates not less than those contained in the General Prevailing Wage Determination (hereinafter referred to as the "Wage Determination") made by the Director of Industrial Relations pursuant to California Labor Code Part 7, Chapter 1, Article 2, sections 1770, 1773 and 1773.1, regardless of any contractual relationship which may be alleged to exist between the Contractor and such Laborers and Mechanics. A copy of the applicable Wage Determination is on file in the offices of the Agency.

- (b) All Laborers and Mechanics shall be paid the appropriate wage rate and fringe benefits for the classification of work actually performed, without regard to skill. Laborers or Mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein provided that the Contractor's payroll records accurately set forth the time spent in each classification in which work is performed.
- (c) Whenever the wage rate prescribed in the Wage Determination for a class of Laborers or Mechanics includes a fringe benefit which is not expressed as an hourly rate, the Contractor shall either pay the benefit in the manner as stated therein i.e. the vacation plan, the health benefit program, the pension plan and the apprenticeship program, or shall pay an hourly cash equivalent thereof.
- (d) If the Contractor does not make payments to a trustee or other third person, the Contractor may consider as part of the wages of any Laborer or Mechanic the amount of any costs reasonably anticipated in providing benefits under a plan or program of a type expressly listed in the Wage Determination, provided that the Executive Director of the Agency has found, upon the written request of the Contractor, made through the Contractor that the intent of the Labor Standards has been met. Records of such costs shall be maintained in the manner set forth in subsection (a) of §8. The Executive Director of the Agency may require the Contractor to set aside in a separate interest bearing account with a member of the Federal Deposit Insurance Corporation, assets for the meeting of obligations under the plan or program referred to above in subsection (b) of this §4. The interest shall be accumulated and shall be paid as determined by the Agency acting at its sole discretion.
- (e) Regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs, which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period.

11.4 Permissible Payroll Deductions.

The following payroll deductions are permissible deductions. Any others require the approval of the Agency's Executive Director.

- (a) Any withholding made in compliance with the requirements of Federal, State or local income tax laws, and the Federal social security tax.
- (b) Any repayment of sums previously advanced to the employee as a bona fide prepayment of wages when such prepayment is made without discount or interest. A "bona fide prepayment of wages" is considered to have been made only when case or its equivalent has been advanced to the employee in such manner as to give him or her complete freedom of disposition of the advanced funds.
- (c) Any garnishment, unless it is in favor of the Contractor (or any affiliated person or entity), or when collusion or collaboration exists.
- (d) Any contribution on behalf of the employee, to funds established by the Contractor, representatives of employees or both, for the purpose of providing from principal, income or both, medical or hospital care, pensions or annuities on retirement, death benefits, compensation for injuries, illness, accidents, sickness or disability, or for insurance to provide any of the foregoing, or unemployment benefits, vacation pay, savings accounts or similar payments for the benefit of employees, their families and dependents provided, however, that the following standards are met:
 - 1. The deduction is not otherwise prohibited by law; and
 - 2. It is either:
 - a. Voluntarily consented to by the employee in writing and in advance of the period in which the work is to be done and such consent is not a condition either for obtaining or for the continuation of employment, or
 - b. Provided for in a bona fide collective bargaining agreement between the Contractor and representatives of its employees; and
 - 3. No profit or other benefit is otherwise obtained, directly or indirectly, by the Contractor (or any affiliated person or entity) in the form of commission, dividend or otherwise; and
 - 4. The deduction shall serve the convenience and interest of the employee.
- (e) Any authorized purchase of United States Savings Bonds for the employee.
- (f) Any voluntarily authorized repayment of loans from or the purchase of shares in credit unions organized and operated in accordance with Federal and State credit union statutes.

- (g) Any contribution voluntarily authorized by the employee for the American Red Cross, United Way and similar charitable organizations.
- (h) Any payment of regular union initiation fees and membership dues, but not including fines or special assessments provided, that a collective bargaining agreement between the Contractor and representatives of its employees provides for such payment and the deductions are not otherwise prohibited by law.

11.5 Apprentices and Trainees. Apprentices and trainees will be permitted to work at less than the Mechanic's rate for the work they perform when they are employed pursuant to and are individually registered in an apprenticeship or trainee program approved by the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training ("BAT") or with the California Department of Industrial Relations, Division of Apprenticeship Standards ("DAS") or if a person is employed in his or her first 90 days of probationary employment as an apprentice or trainee in such a program, who is not individually registered in the program, but who has been certified by BAT or DAS to be eligible for probationary employment. Any employee listed on a payroll at an apprentice or trainee wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate for a Mechanic. Every apprentice or trainee must be paid at not less than the rate specified in the registered program for the employee's level of progress, expressed as a percentage of a Mechanic's hourly rate as specified in the Wage Determination. Apprentices or trainees shall be paid fringe benefits in accordance with the provisions of the respective program. If the program does not specify fringe benefits, employees must be paid the full amount of fringe benefits listed in the Wage Determination.

11.6 Overtime. No Contractor contracting for any part of the construction of the improvements which may require or involve the employment of Laborers or Mechanics shall require or permit any such Laborer or Mechanic in any workweek in which he or she is employed on such construction to work in excess of eight hours in any calendar day or in excess of 40 hours in such workweek unless such Laborer or Mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of eight hours in any calendar day or in excess of 40 hours in such workweek, whichever is greater.

11.7 Payrolls and Basic Records.

- (a) Payrolls and basic records relating thereto shall be maintained by the Contractor during the course of its construction of the improvements and preserved for a period of one year thereafter for all Laborers and Mechanics it employed in the construction of the improvements. Such records shall contain the name, address and social security number of each employee, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for fringe benefits or cash equivalents thereof), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the wages of any Laborer or Mechanic include

the amount of any costs reasonably anticipated in providing benefits under a plan or program, the Contractor shall maintain records which show the costs anticipated or the actual costs incurred in providing such benefits and that the plan or program has been communicated in writing to the Laborers or Mechanics affected. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage prescribed in the applicable programs or the Wage Determination.

- (b) The Contractor shall submit to the Agency on each Wednesday at noon a copy of the payrolls for the week preceding the previous week in which any construction of the improvements was performed. The payrolls submitted shall set out accurately and completely all of the information required by the Agency's Optional Form, an initial supply of which may be obtained from the Agency. The Contractor if a prime contractor or the Contractor acting as the Contractor is responsible for the submission of copies of certified payrolls by all subcontractors; otherwise each Contractor shall timely submit such payrolls.

11.8 Each weekly payroll shall be accompanied by the Statement of Compliance that accompanies the Agency's Optional Form and properly executed by the Contractor or his or her agent, who pays or supervises the payment of the employees.

- (a) The Contractor shall make the records required under this §8 available for inspection or copying by authorized representatives of the Agency, and shall permit such representatives to interview employees during working hours on the job. On request the Executive Director of the Agency shall advise the Contractor of the identity of such authorized representatives.

11.9 **Occupational Safety and Health.** No Laborer or Mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous to his or her safety and health as determined under construction safety and health standards promulgated by Cal-OSHA or if Cal-OSHA is terminated, then by the federal OSHA.

11.10 **Equal Opportunity Program.** The utilization of apprentices, trainees, Laborers and Mechanics under this part shall be in conformity with the Agency's equal opportunity program set forth in Attachment 5 of this Lease Agreement.

11.11 **Nondiscrimination Against Employees for Complaints.** No Laborer or Mechanic to whom the wage, salary or other Labor Standards of this Agreement are applicable shall be discharged or in any other manner discriminated against by the Contractor because such employee has filed any complaint or instituted or caused to be instituted any proceeding under or relating to these Labor Standards.

11.12 Posting of Notice to Employees. A copy of the Wage Determination referred to in subsection (a) of §4 together with a copy of a "Notice to Employees," in the form appearing on the last page of these Labor Standards, shall be given to the Contractor at the close of escrow. The Notice to Employees and the Wage Determination shall both be posted and maintained by the Contractor in a prominent place readily accessible to all applicants and employees performing construction of the improvements before construction commences. If such Notice and Wage Determination is not so posted or maintained, the Agency may do so.

11.13 Violation and Remedies.

- (a) Liability to Employee for Unpaid Wages. The Contractor shall be liable to the employee for unpaid wages, overtime wages and benefits in violation of these Labor Standards.
- (b) Stop Work--Contract Terms, Records and Payrolls. If there is a violation of these Labor Standards by reason of the failure of any contract or subcontract for the construction of the improvements to contain the Labor Standards as required by §2 ("Non-Conforming Contract"); or by reason of any failure to submit the payrolls or make records available as required by §8 ("Non-Complying Contractor"), the Executive Director of the Agency may, after written notice to the Contractor with a copy to the Contractor involved and failure to cure the violation within five working days after the date of such notice, stop the construction work under the Non-Conforming Contract or of the Non-Complying Contractor until the Non-Conforming Contract or the Non-Complying Contractor comes into compliance.
- (c) Stop Work and Other Violations. For any violation of these Labor Standards the Executive Director of the Agency may give written notice to the Contractor, with a copy to the Contractor involved, which notice shall state the claimed violation and the amount of money, if any, involved in the violation. Within five working days from the date of said notice, the Contractor shall advise the Agency in writing whether or not the violation is disputed by the Contractor and a statement of reasons in support of such dispute (the "Notice of Dispute"). In addition to the foregoing, the Contractor, upon receipt of the notice of claimed violation from the Agency, shall with respect to any amount stated in the Agency notice withhold payment to the Contractor of the amount stated multiplied by 45 working days and shall with the Notice of Dispute, also advise the Agency that the moneys are being or will be withheld. If the Contractor fails to timely give a Notice of Dispute to the Agency or to advise of the withhold, then the Executive Director of the Agency may stop the construction of the improvements under the applicable contract or by the involved Contractor until such Notice of Dispute and written withhold advice has been received.

Upon receipt of the Notice of Dispute and withhold advice, any stop work which the Executive Director has ordered shall be lifted, but the Contractor

shall continue to withhold the moneys until the dispute has been resolved either by agreement, or failing agreement, by arbitration as is provided in §14.

- (d) Withholding Certificates of Completion. The Agency may withhold any or all certificates of completion of the improvements provided for in this Agreement, for any violations of these Labor Standards until such violation has been cured.
- (e) General Remedies. In addition to all of the rights and remedies herein contained, but subject to arbitration, except as hereinafter provided, the Agency shall have all rights in law or equity to enforce these Labor Standards including, but not limited to, a prohibitory or mandatory injunction. Provided, however, the stop work remedy of the Agency provided above in subsection (b) and (c) is not subject to arbitration.

11.14 Arbitration of Disputes.

- (a) Any dispute regarding these Labor Standards shall be determined by arbitration through the American Arbitration Association, San Francisco, California office ("AAA") in accordance with the Commercial Rules of the AAA then applicable, but subject to the further provisions thereof.
- (b) The Agency and all persons or entities who have a contractual relationship affected by the dispute shall be made a party to the arbitration. Any such person or entity not made a party in the demand for arbitration may intervene as a party and in turn may name any such person or entity as a party.
- (c) The arbitration shall take place in the City and County of San Francisco.
- (d) Arbitration may be demanded by the Agency, the Tenant or the Contractor.
- (e) With the demand for arbitration, there must be enclosed a copy of these Labor Standards, and a copy of the demand must be mailed to the Agency and the Contractor, or as appropriate to one or the other if the Contractor or the Agency is demanding arbitration. If the demand does not include the Labor Standards they are nevertheless deemed a part of the demand. With the demand if made by the Agency or within a reasonable time thereafter if not made by the Agency, the Agency shall transmit to the AAA a copy of the Wage Determination (referred to in §4) and copies of all notices sent or received by the Agency pursuant to §13. Such material shall be made part of the arbitration record.
- (f) One arbitrator shall arbitrate the dispute. The arbitrator shall be selected from the panel of arbitrators of the AAA by the parties to the arbitration in accordance with the AAA rules. The parties shall act diligently in this regard. If the parties fail to select an arbitrator, within seven (7) days from the receipt of the panel, the AAA shall appoint the arbitrator. A condition to the selection of any arbitrator shall be that person's agreement to render a decision within 30 days from appointment.

- (g) Any party to the arbitration whether the party participates in the arbitration or not shall be bound by the decision of the arbitrator whose decision shall be final and binding on all of the parties and any and all rights of appeal from the decision are waived except a claim that the arbitrator's decision violates an applicable statute or regulation. The decision of the arbitrator shall be rendered on or before 30 days from appointment. The arbitrator shall schedule hearings as necessary to meet this 30 day decision requirement and the parties to the arbitration, whether they appear or not, shall be bound by such scheduling.
- (h) Any party to the arbitration may take any and all steps permitted by law to enforce the arbitrator's decision and if the arbitrator's decision requires the payment of money the Contractor shall make the required payments and the Contractor shall pay the Contractor from money withheld.
- (i) Costs and Expenses. Each party shall bear its own costs and expenses of the arbitration and the costs of the arbitration shall be shared equally among the parties.

11.15 **Non-liability of the Agency.** The Contractor and each Contractor acknowledge and agree that the procedures hereinafter set forth for dealing with violations of these Labor Standards are reasonable and have been anticipated by the parties in securing financing, in inviting, submitting and receiving bids for the construction of the improvements, in determining the time for commencement and completion of construction and in proceeding with construction work. Accordingly the Contractor, and any Contractor, by proceeding with construction expressly waives and is deemed to have waived any and all claims against the Agency for damages, direct or indirect, arising out of these Labor Standards and their enforcement and including but not limited to claims relative to stop work orders, and the commencement, continuance or completion of construction.

ATTACHMENT 9-4**NONDISCRIMINATION IN CONTRACTS AND BENEFITS**

	OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE (OCII) (SUCCESSOR TO THE SAN FRANCISCO REDEVELOPMENT AGENCY) DECLARATION FORM Nondiscrimination in Contracts and Benefits

Section A

Is your company/organization currently certified by the City and County of San Francisco in compliance with Administrative Code 12B Equal Benefits Ordinance and will your company/organization ensure nondiscrimination in contracts and benefits pursuant to 12B on OCII contracts? If yes, please indicate below, skip Section B, and execute the Declaration in Section C. If no, please skip Section A and complete Sections B and C.

- ☐ My company/organization is certified and compliant with the 12B Equal Benefits Ordinance of the City and County of San Francisco and there has been no change in our 12B Declaration since certification. My company/organization agrees to ensure nondiscrimination in contracts and benefits pursuant to 12B on OCII contracts. (Please check box to affirm, if applicable)

Section B**1. Nondiscrimination—Protected Classes**

- a. Is it your company/organization's policy that you will not discriminate against your employees, applicants for employment, employees of the Office of Community Investment and Infrastructure (successor to the San Francisco Redevelopment Agency) (Agency), or City and County of San Francisco (City), or members of the public for the following reasons:

• Race	☐ Yes	☐ No
• color	☐ Yes	☐ No
• Creed	☐ Yes	☐ No
• Religion	☐ Yes	☐ No
• ancestry	☐ Yes	☐ No
• national origin	☐ Yes	☐ No
• Age	☐ Yes	☐ No
• sex	☐ Yes	☐ No
• sexual orientation	☐ Yes	☐ No
• gender identity	☐ Yes	☐ No
• marital status	☐ Yes	☐ No
• domestic partner status	☐ Yes	☐ No
• Disability	☐ Yes	☐ No
• AIDS or HIV status	☐ Yes	☐ No

- b. Do you agree to insert a similar nondiscrimination provision in any subcontract you enter into for the performance of a substantial portion of the contract that you have with the Agency or the City?
- ☐ Yes ☐ No

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

2. Nondiscrimination—Equal Benefits (Question 2 does not apply to subcontracts or subcontractors)

- a. Do you provide, or offer access to, any benefits to employees with spouses or to spouses of employees?
- ☐ Yes ☐ No
- b. Do you provide, or offer access to, any benefits to employees with domestic partners (Partners) or to domestic partners of employees?
- ☐ Yes ☐ No

If you answered “no” to both Questions 2a and 2b, skip 2c and 2d, and sign, date and return this form. If you answered “yes” to Question 2a or 2b, continue to 2c.

- c. If “yes,” please indicate which ones. This list is not intended to be exhaustive. Please list any other benefits you provide (even if the employer does not pay for them).

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

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

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

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

If you answered “yes” to any part of Question 2c or Question 2d, you must attach to this form those provisions of insurance policies, personnel policies, or other documents you have which verify your compliance with Question 2c or Question 2d. Please include the policy sections that list the benefits for which you indicated “yes” in Question 2c. If documentation does not exist, attach an explanation, e.g., some of your personnel policies are unwritten. If you answered “yes” to Question 2d(1) complete and attach form SFRA/CC-103, “Nondiscrimination in Benefits—Reasonable Measures Affidavit,” which is available from the Agency. You need not document your “yes” answer to Question 1a or Question 1b.

Section C

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

Name of Company/Organization: _____
Doing Business As (DBA): _____
Also Known As (AKA): _____
General Address: _____
Remittance Address (if different from above): _____

Name of Signatory: _____ Title: _____
(Please Print)

Signature: _____

Phone Number: _____ Federal Tax Identification Number: _____

Approximate number of employees in the U.S.: _____ Vendor Number: _____
(if known)

ATTACHMENT 9-5

HEALTH CARE ACCOUNTABILITY POLICY DECLARATION

What the Policy does. The Office of Community Investment and Infrastructure (“OCII”) (as Successor Agency to the Redevelopment Agency of the City and County of San Francisco) adopted the San Francisco Health Care Accountability Policy (the “HCAP”), which became effective on September 25, 2001. The HCAP requires contractors and subcontractors that provide services to OCII, contractors and subcontractors that enter into leases with OCII, and parties providing services to tenants and sub-tenants on OCII property to offer health plan benefits to their employees.

Specifically, contractors can either: (1) offer the employee minimum standard health plan benefits established by the San Francisco Department of Public Health (“SFPDH”), as approved by the OCII Commission; (2) pay OCII an amount equivalent to the current fee established by the SFPDH for each hour the employee works on the covered contract or subcontract or on property covered by a lease and OCII will appropriate the money for staffing and other resources to provide medical care for the uninsured; or (3) participate in a health benefits program developed and offered by SFPDH. The minimum health plan standards and fees established by SFPDH are published at <https://sfgov.org/olse/health-care-accountability-ordinance-hcao>.

OCII may require contractors to submit reports on the number of employees affected by the HCAP.

Effect on OCII contracting. For contracts and amendments signed on or after September 25, 2001, the HCAP will have the following effect:

- in each contract, the contractor will agree to abide by the HCAP and to provide its employees the minimum benefits the HCAP requires, and to require its subcontractors to do the same.
- if a contractor does not provide the HCAP’s minimum benefits, OCII can award a contract to that contractor **only if** the contract is exempt under the HCAP, or if the contract has received a waiver from OCII.

What this form does. Your signed declaration will help OCII’s contracting practice. Sign this form if you can assure OCII that, beginning with the first OCII’s contract or amendment you receive after September 25, 2001 and until further notice, you will provide the minimum benefit levels specified in the HCAP to your covered employees, and will ensure that your subcontractors also subject to the HCAP do the same.

If you cannot make this assurance now, please do not return this form.

For more information, please see the complete text of the HCAP, available from the OCII’s Contract Compliance Department at: (415) 749-2400 or <http://sfocii.org/policies-and-procedures>.

Routing. Return this form to: Contact Compliance Department, Office of Community Investment and Infrastructure, 1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103.

Declaration

Effective with the first OCII contract or amendment this company receives on or after September 25, 2001, this company will provide the minimum benefit levels specified in the HCAP to our covered employees, and will ensure that our subcontractors also subject to the HCAP do the same, until further notice. This company will give such notice as soon as possible.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Signature

Date _____

Print Name

Company Name

Phone _____

ATTACHMENT 9-6

MINIMUM COMPENSATION POLICY DECLARATION

What the Policy does. The Office of Community Investment and Infrastructure (“OCII”) (Successor Agency to the San Francisco Redevelopment Agency) adopted the Minimum Compensation Policy (“MCP”), which became effective on September 25, 2001. The MCP requires contractors and subcontractors to pay Covered Employees a minimum hourly wage and to provide 12 compensated and 10 uncompensated days off per year. The Minimum Compensation rate adjusts automatically to match the wage rate required by the City and County of San Francisco’s Minimum Compensation Ordinance. Contractor is obligated to keep informed of the then-current requirements, which are published at <https://sfgov.org/olse/minimum-compensation-ordinance-mco>.

OCII may require contractors to submit reports on the number of employees affected by the MCP.

Effect on OCII contracting. For contracts and amendments signed on or after September 25, 2001, the MCP will have the following effect:

- in each contract, the contractor will agree to abide by the MCP and to provide its employees the minimum benefits the MCP requires, and to require its subcontractors subject to the MCP to do the same.
- if a contractor does not provide the MCP minimum benefits, OCII can award a contract to that contractor only if the contract is exempt under the MCP, or if the contract has received a waiver from OCII.

What this form does. Your signed declaration will help OCII’s contracting practice. Sign this form if you can assure OCII that, beginning with the first OCII contract or amendment you receive after September 25, 2001 and until further notice, you will provide the minimum benefit levels specified in the MCP to your covered employees, and will ensure that your subcontractors also subject to the MCP do the same.

If you cannot make this assurance now, please do not return this form.

For more information, please see the complete text of the MCP, available from the OCII Contract Compliance Department at (415) 749-2400 or <http://sfocii.org/policies-and-procedures>.

Routing. Return this form to: Contract Compliance Department, Office of Community Investment and Infrastructure (Successor to the San Francisco Redevelopment Agency), 1 South Van Ness, Fifth Floor, San Francisco, CA 94103.

Declaration

Effective with the first OCII contract or amendment this company receives on or after September 25, 2001, this company will provide the minimum benefit levels specified in the MCP to our

covered employees, and will ensure that our subcontractors also subject to the MCP do the same, until further notice. This company will give such notice as soon as possible.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Signature

Date

Print Name

Company Name

Phone

ATTACHMENT 10

LANDLORD ESTOPPEL CERTIFICATE

This Landlord Estoppel Certificate ("Certificate") is delivered as of _____, 20__ ("Effective Date") by SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF CITY AND COUNTY OF SAN FRANCISCO, a public body, organized and existing under the laws of the State of California, commonly known as the Office of Community Investment and Infrastructure ("Landlord"), to and for the benefit and reliance of HUNTERS POINT BLOCK 56, L.P. ("Tenant"), and _____, as nominee, and its successors in interest as the limited partner of Tenant ("Limited Partner"). Tenant is leasing the Premises (defined below) from Landlord pursuant to that certain Ground Lease ("Ground Lease") dated on or about _____. Limited Partner has requested that Tenant obtain from Landlord this Certificate.

Landlord hereby represents and certifies as of the Effective Date as follows:

1. Status of Lease. The Lease is in full force and effect.
2. No Defaults. Landlord is not in default under the Lease and no event has occurred or situation exists which would, with the passage of time or giving of notice or both, result in Landlord being in default under the Lease. To Landlord's knowledge, Tenant is not in default under the Lease and no event has occurred or situation exists which would, with the passage of time or giving of notice or both, result in Tenant being in default under the Lease.
3. No Termination. To Landlord's knowledge, Landlord has no present right to terminate the Lease. Landlord has neither given nor received any notice of termination of the Lease.
4. No Defenses. To Landlord's knowledge, Landlord has no defense, offset, claim, counterclaim, or right of recoupment against its obligations under the Lease.
5. Authority. Landlord and the person or persons executing this certificate on behalf of Landlord have the power and authority to execute this Certificate.

The truth and accuracy of the certifications contained herein is being relied upon by Tenant and Limited Partner and the certifications contained herein shall be binding upon Landlord and its successors and assigns and inure to the benefit of the Tenant and Limited Partner.

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: _____
Thurston Kaslofsky
Executive Director

ATTACHMENT 11

HUNTERS POINT SHIPYARD PHASE I
DEVELOPMENT MITIGATION AND MONITORING PROGRAM

HUNTERS POINT SHIPYARD PHASE I DEVELOPMENT MITIGATION MONITORING AND REPORTING PROGRAM

MEASURES APPLICABLE TO PHASE I DEVELOPMENT

Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
Transportation, Traffic, and Circulation				
1.A <u>Transportation Demand Management</u> Adopt a Transportation Demand Management (TDM) approach by forming a Transportation Management Association and preparing and adopting a Transportation System Management Plan which contains the elements specified in Measure 1.B.	San Francisco Redevelopment Agency (Agency), City or other owner/developer	Prior to first new lease or development approval	Agency, Department of Public Works (DPW), Department of Parking and Traffic (DPT), Public Transportation Commission (PTC)	Confirm establishment prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency
1.A.1 <u>Transportation Management Association</u> Form a HPS Transportation Management Association (TMA) composed of Agency staff; City agency staff from the Public Transportation Commission, Parking and Traffic Commission and the Department of Public Works; Hunters Point Shipyards owners, lessees and residents; and Bayview-Hunters Point community members to implement a Transportation System Management Plan (TSMP). The initial TMA group will be appointed by the Mayor for an 18 month term and will report to the Redevelopment Agency Commission ("Agency Commission"). As part of the development of the TSMP, the initial TMA will recommend procedures to the Agency Commission for future appointments to the TMA. The TMA will have no funding authority, but will develop a proposed TSMP for adoption by the Agency. The TSMP will identify funding needs, recommend potential funding sources and develop a phasing schedule consistent with the redevelopment phasing plan for implementation of identified measures. The TMA will monitor the effectiveness of the mitigation measures and the TSMP for the Agency. The TMA will provide an annual report to the Agency on the status of the TSMP implementation.	Agency, City or other owner/developer	Prior to first new lease or development approval	Agency, DPW, DPT, PTC	Confirm establishment prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency
1.B <u>Transportation System Management Plan</u> Have the TMA prepare and the Redevelopment Agency and affected City agencies adopt a TSMP. The TSMP shall identify program goals and implementing mechanisms for each of the following elements:	Agency, City or other owner/developer (TMA)	As identified by TMA; ongoing review with Agency	Agency, DPT, PTC, DPW	Confirm preparation of TSMP prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency
1.B.1 <u>Transit Pass Sales</u> Establish a convenient location or locations within the boundaries of HPS for selling transit passes.	Agency, City or other owner/developer (TMA)	As identified by TMA; ongoing review with Agency	Agency, DPT, PTC, DPW	Confirm preparation of TSMP prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency

November 19, 2007

**HUNTERS POINT SHIPYARD
PHASE I DEVELOPMENT
MITIGATION MONITORING AND REPORTING PROGRAM**

MEASURES APPLICABLE TO PHASE I DEVELOPMENT

Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
1.B.2 <u>Transit, Pedestrian, and Bicycle Information</u> Provide maps of local pedestrian and bicycle routes, transit stops and routes, and other information, including bicycle commuter information, on signs and kiosks in occupied areas of HPS. Provide rideshare information and services through RIDES or an equivalent program.	Agency, City or other owner/developer (TMA)	As identified by TMA; ongoing review with Agency	Agency, DPT, PTC, DPW	Confirm preparation of TSMP prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency
1.B.3 <u>Employee Transit Subsidies</u> Require major employers to use a transit subsidy system (e.g., through the Commuter Check Program) for their employees by incorporating transit subsidy requirements in the agreements between the Agency and developers. The TMA will identify major employers, recommend transit subsidy programs and identify transit subsidy systems that will provide employers with incentives to hire local employees as a way of reducing vehicle miles traveled.	Agency, City or other owner/developer (TMA)	As identified by TMA; ongoing review with Agency	Agency, DPT, PTC, DPW	Confirm preparation of TSMP prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency
1.B.4 <u>Expand Transit Services and Monitor Transit Demand.</u> Monitor transit demand at HPS on an annual basis and implement planned services as identified in the HPS Transportation Plan to stimulate transit ridership or respond to transit demand. The TMA will develop a phasing plan for implementation of transit improvements designed to meet or exceed demand. At a minimum, when HPS utilization includes 1,500 new employees or residents, implement those transit improvements contained in the Proposed Reuse Plan that are necessary to meet demand, including proposed MUNI extensions, if applicable. Continue to re-evaluate transit demand and implement required improvements on an annual basis thereafter, and curtail commercial and residential development until required services are funded and implemented, if necessary, to prevent an imbalance between transit demand and services. Identify incentives and disincentives to stimulate demand for transit and other alternative modes of transportation in place of the single occupancy automobile.	Agency, City or other owner/developer (TMA)	As identified by TMA; ongoing review with Agency	Agency, DPT, PTC, DPW	Confirm preparation of TSMP prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency
1.B.5 <u>Secure Bicycle Parking</u> Require provisions for secured Class I bicycle parking spaces in parking lots and parking garages of residential buildings and research and development facilities. This secured bicycle parking is to be in amounts required by the San Francisco Planning Code, Article 1.5, Section 155. Require major employers and large employment sites occupied by many employees to provide clothing lockers and showers for bicyclists. Develop a program to make bicycles available to the public for travel within HPS.	Agency, City or other owner/developer (TMA)	As identified by TMA; ongoing review with Agency	Agency, DPT, PTC, DPW	Confirm preparation of TSMP prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency

**HUNTERS POINT SHIPYARD
PHASE I DEVELOPMENT
MITIGATION MONITORING AND REPORTING PROGRAM**

MEASURES APPLICABLE TO PHASE I DEVELOPMENT				
Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
1.B.6 <u>Parking Management Guidelines.</u> Establish mandatory parking management policies for the private operators of parking facilities in HPS to discourage long-term parking. Set aside desirable parking areas for rideshare vehicles and alternative fuel vehicles.	Agency, City or other owner/developer (TMA)	As identified by TMA; ongoing review with Agency	Agency, DPT, PTC, DPW	Confirm preparation of TSMP prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency
1.B.7 <u>Flexible Work Time/Telecommuting</u> Where feasible, offer HPS employees the opportunity to work on flexible schedules and/or telecommute so they can avoid peak hour traffic conditions.	Agency, City or other owner/developer (TMA)	As identified by TMA; ongoing review with Agency	Agency, DPT, PTC, DPW	Confirm preparation of TSMP prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency
1.B.8 <u>Shuttle Service</u> Require shuttle service to serve all redeveloped portions of HPS either through the provision of shuttle service by developers, large employers or another entity or entities. The shuttle service will operate between HPS and regional transit stops in San Francisco (e.g., MUNI, Third Street LRT, Bay Area Rapid Transit (BART), CalTrain, Transbay transit terminal, and ferry terminal). Consider use of alternative fuel vehicles for the shuttle service.	Agency, City or other owner/developer (TMA)	As identified by TMA; ongoing review with Agency	Agency, DPT, PTC, DPW	Confirm preparation of TSMP prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency
1.B.9 <u>Monitor Physical Transportation Improvements</u> Monitor physical transportation improvements, such as street repaving and resurfacing and installation of street lighting, and ensure that planned improvements are implemented when necessary to meet the needs of new residents and employees.	Agency, City or other owner/developer (TMA)	As identified by TMA; ongoing review with Agency	Agency, DPT, PTC, DPW	Confirm preparation of TSMP prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency
1.B.10 <u>Ferry Service</u> Assist the Port of San Francisco and others in ongoing studies of the feasibility of expanding regional ferry service. Assist in implementing feasible study recommendations (if any) related to HPS service.	Agency, City or other owner/developer (TMA)	As identified by TMA; ongoing review with Agency	Agency, DPT, PTC, DPW	Confirm preparation of TSMP prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency

November 19, 200

**HUNTERS POINT SHIPYARD
PHASE I DEVELOPMENT
MITIGATION MONITORING AND REPORTING PROGRAM**

MEASURES APPLICABLE TO PHASE I DEVELOPMENT

Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
1.B.11 Local Hiring Practices Require the TMA to set a goal to reduce traffic and air quality impacts by hiring workers who reside in the Bayview-Hunters Point neighborhood to fill new jobs at HPS. Qualified workers who reside in the Bayview-Hunters Point neighborhood should be given priority for new employment opportunities. Require compliance with existing Agency local hiring requirements and the City's "First Source" hiring program. Monitor local hiring on an annual basis to determine if the goal is being met and adjust the program as necessary.	Agency, City or other owner/developer (TMA)	As identified by TMA; ongoing review with Agency	Agency, DPT, PTC, DPW	Confirm preparation of TSMP prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency
1.B.12 Clean Air Program Assist the City's Clean Air Program in establishing natural gas fueling stations and electric charging bays in HPS and in implementing other means identified by the Clean Air Program for owners, tenants and users of HPS to use alternative fuel vehicles.	Agency, City or other owner/developer (TMA)	As identified by TMA; ongoing review with Agency	Agency, DPT, PTC, DPW	Confirm preparation of TSMP prior to first new lease or development approval; Agency to consult with TMA as required; TMA to submit periodic status reports to Agency
1.E Adequate Transit Service Monitor transit demand at HPS on an annual basis and ensure that adequate transit service is provided to meet or exceed demand, as required by the Transportation System Management approach described under Mitigation Measure 1.B.4	PTC	As identified by TMA	Agency, PTC, DPT	TMA to submit periodic status reports to Agency; include in applicable project-level plan review, subdivision improvement plans and site permits
1.F Pedestrian and Bicycle Facilities Require completion of planned pedestrian and bicycle facilities as part of adjacent development. Monitor and ensure completion of these facilities as part of the TSMP described under Mitigation Measure 1.B.2.	Agency, City or other owner/developer (TMA)	As identified by TMA	Agency, DPT, PTC	TMA to submit periodic status reports to Agency; include in applicable project-level plan review, subdivision improvement plans and site permits

**HUNTERS POINT SHIPYARD
PHASE I DEVELOPMENT
MITIGATION MONITORING AND REPORTING PROGRAM**

MEASURES APPLICABLE TO PHASE I DEVELOPMENT				
Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
Air Quality				
2.A TSMP Measures				
Form a Hunters Point TMA and prepare a TSMP as described in Mitigation Measures 1.A and 1.B.				
2.B Construction PM₁₀				
BAAQMD officials consider PM ₁₀ emissions from construction sites to be potentially significant. As conditions of construction contracts, contractors will be required to implement BAAQMD guidelines for controlling particulate emissions at construction sites. BAAQMD guidelines are summarized below:				
- Seed and water all unpaved, inactive portions of the lot or lots under construction to maintain a grass cover if they are to remain inactive for long periods during building construction. - Halt all clearing, grading, earthmoving, and excavating activities during periods of sustained strong winds (hourly average wind speeds of 25 mph [40 km per hour] or greater). - Water or treat all unpaved active portions of the construction site with dust control solutions, twice daily, to minimize windblown dust and dust generated by vehicle traffic. (City Ordinance 175-95 requires that nonpotable water be used for this purpose.) - Sweep paved portions of the construction site daily or as necessary to control windblown dust and dust generated by vehicle traffic. Sweep streets adjacent to the construction site as necessary to remove accumulated dust and soil. - Cover trucks carrying loose soil or sand before they leave the construction site, and limit on-site vehicle speeds to 15 mph (24 km per hour) or lower in unpaved construction areas. - Limit the area subject to excavation, grading or other construction activity at any one time. Cover on-site storage piles of loose soil or sand.				
	See Measure 1.A and 1.B	See Measure 1.A and 1.B	See Measure 1.A and 1.B	See Measure 1.A and 1.B
	Agency, City, or other owner/developer	Implement through site-permit process and during construction	Agency, DPW, Department of Building Inspection (DBI)	Agency, and depending on the project, DPW or DBI to require evidence of compliance through site permit process

**HUNTERS POINT SHIPYARD
PHASE I DEVELOPMENT
MITIGATION MONITORING AND REPORTING PROGRAM**

MEASURES APPLICABLE TO PHASE I DEVELOPMENT				
Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
2.C Toxic Air Contaminants SFRA will evaluate and permit all potential stationary sources of toxic air contaminants allowed at HPS as one facility and allow new potential stationary sources only if the estimated incremental toxic air contaminant health risk from all stationary sources at HPS is consistent with BAAQMD significance criteria for an industrial facility.	Agency	Implement through Project-level plan review and site permit process	Agency, Department of Public Health (DPH)	Require evidence of compliance through project-level plans and permit applications prior to permit approval for potential stationary sources of toxic air contaminants
Noise				
3.A Residential Construction To reduce noise impacts to proposed residential properties east of Donahue Street, orient and design new or renovated buildings such that future noise intrusion will be minimized to within acceptable levels. In addition, comply with the San Francisco Building Code's noise insulation standards for new residential construction. Physical barriers also could be constructed to reduce noise transmission to these residential areas.	Agency, City, or other owner/developer	Implement through Project-level plan review and during site permit process	Agency, DBI	Require evidence of compliance through project-level plan review for first construction phase in Parcel A and Parcel B and site permits for residential construction in Parcel A and Parcel B

**HUNTERS POINT SHIPYARD
PHASE I DEVELOPMENT
MITIGATION MONITORING AND REPORTING PROGRAM**

MEASURES APPLICABLE TO PHASE I DEVELOPMENT				
Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
Hazardous Materials and Waste				
7.A <u>Reuse Prior to Complete Remediation</u> Implement base-wide restrictions on and notifications for leased areas prior to remediation (related to IR sites and areas of concern), as described below. - Prohibit users from disturbing soil or conducting intrusive activities without prior Navy approval and coordination with Federal and state regulatory agencies. Prohibitions could include, but are not limited to, shoveling, digging, trenching, installing wells, and conducting subsurface excavations. - Prohibit users from entering fenced-off areas, areas where environmental investigations are in progress, or areas where access is not authorized, as indicated by appropriate signs. - Restrict access to fenced areas of Parcel E until remediation activities have been completed. - Maintain intact the current condition of all flooring and interior and exterior pavement and concrete in lease area. - Prohibit the use of groundwater at HPS for any purpose. - Notify users that petroleum hydrocarbons and hazardous substances have been detected in the soil and groundwater at HPS. - Notify users that investigations and remediation are ongoing at IR sites at HPS. Lessee must not interfere with ongoing environmental investigation and remediation efforts. Areas where sampling and remediation crews are working must be avoided. - Prohibit access to waterfront areas for fishing until it is determined by EPA through the CERCLA process that Parcel F is remediated to a condition protective of human health and ecological resources.	Agency, Navy	Implement through lease or other use authorization prior to remediation	Agency, Navy, United States Environmental Protection Agency (U.S. EPA), Department of Toxics Substances Control (DTSC), Regional Water Quality Control Board (RWQCB)	Agency, Navy to confirm incorporation in lease or other use authorization applicable to unremediated areas; Agency, Navy, U.S. EPA, DTSC, RWQCB to monitor compliance during use period

**HUNTERS POINT SHIPYARD
PHASE I DEVELOPMENT
MITIGATION MONITORING AND REPORTING PROGRAM**

MEASURES APPLICABLE TO PHASE I DEVELOPMENT

Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
7.B Construction Prior to Remediation The following precautionary measures will be implemented by the project proponent during necessary construction activities prior to remediation. These measures are general and will be refined based on site-specific information and consultation with regulatory agencies. - Obtain site-specific information about soil or groundwater that would be disturbed through new testing or existing information from the Navy and consultation with regulatory agencies. - Before disturbing soil or groundwater, or conducting intrusive activities such as shoveling, digging, trenching, installing wells, subsurface excavations, or building renovation, obtain Navy approval and coordinate with Federal and state regulatory agencies. This coordination would result in an identification of precautionary measures to be implemented during construction activities. The precautionary measures would be incorporated into a site-specific Health and Safety Plan (HASP) (see Section 3.7.5) that is consistent with the contaminants present. - Implement dust suppression measures to limit airborne contaminants in accordance with BAAQMD requirements. - Handle and dispose of soil in a manner consistent with the contamination present, as required by Federal, state, and local laws and regulations.	Agency, City, or other owner/developer	Implement prior to and during construction	Navy, U.S. EPA, RWQCB, DTSC, DBI, DPW, Agency	Agency, and after conveyance of property by Navy, DPW or DBI depending on the project, in consultation with Navy, U.S. EPA, RWQCB, and DTSC to require evidence of compliance through lease procedures or site permit process
7.C Reuse After Complete Remediation Implement and monitor compliance with institutional controls designed to be protective of public health, as determined by law and in consultation with the regulatory agencies. These institutional controls would likely include a prohibition on the use of groundwater and on residential uses in non-residential areas, notification regarding residual contamination, and encapsulation methods.	Agency, City, or other owner/developer	Implement at time of property conveyance and ongoing implementation as provided in institutional controls	Agency, DPH, EPA, DTSC, RWQCB	Agency to verify implementation of institutional controls at time of property conveyance; ongoing enforcement as provided in institutional controls

November 19, 2007

HUNTERS POINT SHIPYARD PHASE I DEVELOPMENT MITIGATION MONITORING AND REPORTING PROGRAM

MEASURES APPLICABLE TO PHASE I DEVELOPMENT

Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
7.D Construction After Remediation Perform construction activities in a manner consistent with institutional controls designed to be protective of public health, as determined in consultation with the regulatory agencies, and in accordance with CAL OSHA regulations. Take the following additional steps, where warranted by site-specific information: - Obtain information on soil and groundwater contamination by sampling, reviewing existing Navy data, and/or consulting with regulatory agencies. When no sampling results are available, develop and implement a sampling program similar to that required under Article 22A of the San Francisco Public Works Code. - If contamination is identified in the areas proposed for disturbance, prepare a site mitigation plan, similar to that required under Article 22A of the Health Code. If applicable, implement the requirements of Cal. Code Reg. Tit. 8 § 5192 (Hazardous Waste Operations and Emergency Response). - Dispose of groundwater in accordance with applicable permits.	Agency, City, or other owner/developer	Implement through project-level plan review, subdivision improvement plans and site permit process	DPH, DBI, RWQCB, Agency, DPW, U.S. EPA, DTSC	Agency, DPH and depending on project DPW or DBI through project-level plan review, subdivision improvement plan review and site permit process; U.S.EPA, DTSC and RWQCB to enforce as provided in institutional controls
7.E Construction Contingency Plan for Unanticipated Hazardous Materials Inform contractors that unknown hazardous materials could be encountered during demolition or excavation, and instruct them regarding steps to be taken if this occurs. These steps include the following: - The contractor shall immediately stop work in the area and notify the San Francisco Department of Public Health (DPH) verbally and in writing. - The contractor shall immediately secure the area to prevent accidental access by construction workers or the public. - The identified material shall be sampled as directed by DPH. - Handling and disposal of identified materials shall be in accordance with DPH direction and in compliance with applicable laws and regulations. - Work on site may resume only where and when permitted by DPH.	Agency, City or other owners/developers	Implement through site permit process and during construction	DPH, DBI, DPW, Agency	Agency, DPH and depending on the project, DBI or DPW to require evidence of compliance through the site permit process

**HUNTERS POINT SHIPYARD
PHASE I DEVELOPMENT
MITIGATION MONITORING AND REPORTING PROGRAM**

MEASURES APPLICABLE TO PHASE I DEVELOPMENT

Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
7.F Controls on Ecological Exposure to Hazardous Materials During Construction For surface water impacts, follow all conditions of the state of California storm water construction permit, including implementing BMPs to reduce storm water runoff from the site. For groundwater discharge impacts, follow all permit requirements for discharge into the storm water system or sanitary sewer system. Treat water as appropriate to comply with discharge levels as required by the permit. Assess potential effects on groundwater gradients within construction areas if dewatering is proposed or if new utility lines are proposed that could act as conduits for contaminants in groundwater. Conduct dewatering activities and design utility installations such that contamination does not spread to the Bay or other ecologically sensitive areas. New storm drains shall have watertight joints, such as rubber gaskets. Methods to be considered could include installing sheet piling, groundwater pumping/recharge, and installing utility lines in impermeable bedding material. For boring and pile driving activities along the Bay, drive the piles directly into the sediments without boring where possible, to minimize and localize sediment disruption. Where pile driving without drilling is not possible due to shallow bedrock, drive a casing to the solid material, preventing collapse of the material and allowing drilling to occur within the casing without excessive sediment disruption. Then place the pile in the casing and backfill with concrete. Perform dredging activities in a manner consistent with institutional controls established via the CERCLA process. Require consultation with agencies represented in the Army Corps of Engineers Interagency Dredged Material Management Office regarding appropriate methods for limiting disturbance of sediment, containing suspended sediment to the immediate area being dredged, and additional measures to be protective of human health and the environment as described in Section 3.7.5 (under Dredging).	Agency, City or other owners/developers	Implement through site permit process and during construction	DPH, DBI, DPW, RWQCB, Bay Conservation and Development Commission (BCDC), United States Army Corps of Engineers (U.S. Army Corp), Agency, San Francisco Public Utilities Commission (SFPUC)	Agency, DPH and depending on the project, DBI or DPW to require evidence of compliance through site permit process; SFPUC to monitor storm and sanitary sewer system discharges; US Army Corp, BCDC, RWQCB to review pile driving along Bay; U.S. EPA, DTSC, RWQCB to enforce institutional controls
7.G Controls on Cross Contamination of Aquifers During Construction Place piles in a manner so that there is no conduit for groundwater migration along pile edges. Where possible, drive piles directly into sediments without drilling. If drilling is required, drive casing into bedrock, drill within casing, and backfill with cement grout.	Agency, City or other owners/developers	Implement through site permit process and during construction	DPH, DBI, DPW, Agency	Agency, DPH and depending on project DPW or DBI to review pre-drilling plan through site permit process

HUNTERS POINT SHIPYARD PHASE I DEVELOPMENT MITIGATION MONITORING AND REPORTING PROGRAM

MEASURES APPLICABLE TO PHASE I DEVELOPMENT				
Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
Geology and Soils				
8.A Handling Naturally Occurring Asbestos During Construction Follow BAAQMD, U.S. EPA, and federal and CAL OSHA regulations for construction and demolition activities. Continuously wet serpentine involved in excavation or drilling operations. Wet and cover stockpiled serpentine. Do not use serpentine as road, surfacing, or paving material. Cap serpentine used as fill material with at least one foot (0.3 m) of clean non-serpentine fill material, and implement institutional controls to prevent future exposure from excavation activities. Treat excavated waste materials containing greater than one percent asbestos by weight as hazardous waste, and transport and dispose of this material in accordance with applicable Federal and state regulations.	Agency, City or other owners/developers	Implement through site permit process and during construction	DPH, DBI, DPW, Agency	Agency, DPH and depending on project DPW or DBI to review construction plan procedures through site permit process
8.B Existing Building Survey for Seismic Hazards Before increasing the occupancy of existing buildings, survey buildings that may be unsafe in the event of an earthquake, and take appropriate steps to prevent injury. Those steps could include interior modifications, bracing, retrofits, and/or access restrictions.	Agency	Complete survey prior to lease, other use authorization or through site permit process	DBI, Agency	Agency to require evidence of survey prior to lease or other use authorization; DBI to review survey report and preventative measures through site permit process
Water Resources				
9.A Storm Water Improvement Design to Control CSO Volumes Eliminate projected increases in combined sewer overflow (CSO) volumes caused by storm water discharges to the City's combined system by upgrading or replacing the separated system at HPS (Option 1 or 2). Also consider ways to offset non-significant increases attributable to sanitary flows. Arrange for the SFPUC to condition permits issued for groundwater discharge to the City's combined sewer system, so that discharges do not occur in wet weather when overflows are anticipated to occur.	Subject to regulatory approvals, Agency, City or other owner/developer	Submit as part of project-level reviews, subdivision improvement plans and site permit plans	Agency, DPW, SFPUC	Agency, DPW, SFPUC to review as part of project-level reviews, subdivision improvement plans and site permit process

HUNTERS POINT SHIPYARD PHASE I DEVELOPMENT MITIGATION MONITORING AND REPORTING PROGRAM

MEASURES APPLICABLE TO PHASE I DEVELOPMENT				
Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
9.B Storm Water Discharge Quality To ensure that the quality of storm water discharges improves as anticipated, implement the following measures: - Develop and implement a SWPPP for HPS that is applicable to new development under the Redevelopment Plan to control the quality of direct discharges of stormwater to near-shore waters. The SWPPP will include provisions for controlling soil migration off site (e.g., silt fences, settling units) during periods of runoff and for monitoring possible sources of industrial contaminants. Develop the program in coordination with the San Francisco Public Utility Commission staff and according to guidelines contained in the California Municipal Storm Water Best Management Practice Handbook, the California Industrial/Commercial Storm Water Best Management Practice Handbook and U.S. EPA's proposed Phase II stormwater regulations. - As part of the SWPPP, implement BMPs such as public education and outreach, pollution prevention, and good housekeeping. - Construct stormwater retention and treatment areas on site to improve the quality of discharges to the Bay. Specify in the SWPPP the locations of appropriate areas for stormwater infiltration that avoid toxic hot spot areas and capped areas and identify drainage patterns to direct stormwater to appropriate infiltration locations.	Subject to regulatory approvals, Agency, City or other owner/developer	Submit as part of project-level reviews, subdivision improvement plans and site permit plans	DPW, SFPUC	Agency, DPW, SFPUC to review as part of project-level reviews, subdivision improvement plans and site permit process

**HUNTERS POINT SHIPYARD
PHASE I DEVELOPMENT
MITIGATION MONITORING AND REPORTING PROGRAM**

MEASURES APPLICABLE TO PHASE I DEVELOPMENT				
Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
Utilities				
10.A Drinking Water Distribution System Prior to authorization of reuse activities within a given area of HPS, assess deficiencies in the water distribution system and address them through planned infrastructure improvements or other actions. As proposed under the draft utility infrastructure plan, replace the potable water distribution system with a new system built to meet demands of proposed development. This will ensure the supply of safe potable water and adequate water pressure. As an alternative to wholesale system replacement, the City also could implement incremental improvements. • In the upper housing area, cap the water distribution system and drain and abandon the 410,000-gallon (1.5-million liter) tank. • Locate, excavate, and repair valves and lines. Replace PVC lines. • Sample water at the point of consumption for chlorine, lead, and copper levels to ensure that it complies with the Safe Drinking Water Act. • Install backflow preventors at the two San Francisco service points. • Inspect service points for cross connections and for exposure to contamination so problems can be remediated, if needed. • Install water meters to measure quantities delivered.	Subject to regulatory approvals, Agency, City or other owner/developer	Submit as part of project-level reviews, subdivision improvement plans and site permit plans	Agency, DPW, SFPUC	Agency, DPW, SFPUC to review as part of project-level reviews, subdivision improvement plans and site permit process
10.B Fire Fighting Water Distribution System Prior to authorization of reuse activities within a given area of HPS, assess fire fighting deficiencies in the water systems and address them through planned infrastructure improvements or other actions. Construct a new auxiliary water supply system to augment the water supply for fire fighting purposes. As an alternative to constructing a new system, the City may, in the interim, upgrade the existing potable water distribution system and fire hydrants to meet fire-fighting needs.	Subject to regulatory approvals, Agency, City or other owner/developer	Submit as part of project-level reviews, subdivision improvement plans and site permit plans	Agency, DPW, San Francisco Fire Department (SFFD)	Agency, DPW, SFFD to review as part of project-level reviews, subdivision improvement plans and site permit process

November 19, 2007

**HUNTERS POINT SHIPYARD
PHASE I DEVELOPMENT
MITIGATION MONITORING AND REPORTING PROGRAM**

MEASURES APPLICABLE TO PHASE I DEVELOPMENT

Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
10.C Storm Water Collection System Prior to authorization of reuse activities within a given area of HPS, assess deficiencies in the storm water collection system and address them through planned infrastructure improvements or other actions. To mitigate impacts, implement the following measures: • Upgrade or replace the storm water collection system as planned in each section of HPS prior to reuse. • Restrict the amount of paved surfaces at HPS for no net increase • Design the storm water collection system to incorporate appropriate infiltration locations and drainage patterns contained in the SWPPP as provided in Measure 9.B. • Install valves, gates, or duckbills at storm line discharge points to prevent tidal surges and movement of contaminated Bay Mud into the storm lines.	Subject to regulatory approvals, Agency, City or other owner/developer	Submit as part of project-level reviews, subdivision improvement plans and site permit plans	Agency, DPW, SFPUC	Agency, DPW, SFPUC to review as part of project-level reviews, subdivision improvement plans and site permit process
10.D Sanitary Collection System Prior to authorizing reuse activities within a given area of HPS, assess deficiencies in the sanitary collection system and address them through planned infrastructure improvements or other actions. Construct a sanitary collection system at HPS to meet the Proposed Reuse Plan's sanitary collection needs.	Subject to regulatory approvals, Agency, City or other owner/developer	Submit as part of subdivision improvement plans and site permit plans	Agency, DPW, SFPUC	Agency, DPW, SFPUC to review as part of project-level reviews, subdivision improvement plans and site permit process
10.E Natural Gas System Prior to authorization of reuse activities within a given area of HPS, assess deficiencies in the natural gas system and address them through planned infrastructure improvements or other actions. Construct a natural gas system according to Federal, state, and local codes to meet the Proposed Reuse Plan's needs.	Subject to regulatory approvals, Agency, City or other owner/developer	Submit as part of project-level reviews, subdivision improvement plans and site permit plans	Agency, DPW, SFPUC	Agency, DPW, SFPUC to review as part of project-level reviews, subdivision improvement plans and site permit process

**HUNTERS POINT SHIPYARD
PHASE I DEVELOPMENT
MITIGATION MONITORING AND REPORTING PROGRAM**

MEASURES APPLICABLE TO PHASE I DEVELOPMENT

Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
Cultural Resources				
12.D Archaeological Resources Require contractors to be made aware of the potentials for discovery of archaeological resources. If development in the four subsurface zones identified as having the potential for containing significant archeological deposits involves construction or installation below the level of fill, retain a professional archeologist to develop a project-specific treatment or monitoring program. If archaeological resources are discovered during construction, suspend all work in the immediate vicinity. Avoid altering the materials and their context pending site investigation by a qualified professional archeologist. If the qualified professional archeologist determines that the discovery is significant, notify the SHPO and ensure that an appropriate treatment plan is developed and implemented.	Agency, City or other owner/developer	Prior to excavation; ongoing implementation during construction as required by measure	Agency, State Historic Preservation Office (SHPO)	Agency to require evaluation prior to excavation; SHPO to review treatment plans if required
Biological Resources				
13.A Wetlands Habitat Protection Place barriers along the Bay side of trails to reduce human and domestic animal disturbances to sensitive wetland habitats. Design barriers so that wildlife cannot hear or see people from foraging areas and so that people cannot easily leave the trail to enter sensitive wildlife areas. Develop and implement a public access program to include fencing sensitive areas, posting signs, and imposing leash requirements to further reduce disturbance to wetland areas.	Subject to regulatory approval, Agency, City or other owner/developer	Submit access program as part of first development approval; submit as part of project-level reviews, subdivision improvement plans and site permit plans	Agency, BCDC, RWQCB, U.S. Army Corps	Agency to review through first development approval and through subdivision and site permit process; U.S. Army Corps, BCDC, RWQCB to review as part of project involving wetland construction
13.B Litter Control Provide adequate trash receptacles along public access areas. Ensure pick-up and trash receptacle maintenance on a regular basis.	Agency, City, DPW or other owner/developer	Submit as part of project-level reviews, subdivision improvement plans and site permit plans	Agency, DPW	Agency, DPW to review through subdivision and site permit approval process

November 19, 200

**HUNTERS POINT SHIPYARD
PHASE I DEVELOPMENT
MITIGATION MONITORING AND REPORTING PROGRAM**

MEASURES NOT APPLICABLE TO PHASE I DEVELOPMENT

Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
Transportation, Traffic, and Circulation				
1.C Phelps/Evans Eliminate the southbound left-turn lane and re-route turns via Phelps Street to Evans Street. Signalize the Phelps/Evans intersection and remove parking along Phelps and Evans Street. In addition, adopt a transportation system management approach as described under Mitigation Measure 1.B.	DPT, PTC, Agency, City or other owner/developer	Provide trip generation calculations and cumulative thresholds as part of Project-level plan review and implement when need demonstrated	Agency, DPT, PTC	Verify completion at applicable project-level plan review
1.D Evans/Cesar Chavez To improve operations and reduce delays at this intersection, restripe the existing northbound shared left/right-turn lane on Evans Avenue to create an exclusive left-turn lane and an exclusive right-turn lane. Widen the Evans Avenue northbound approach at Cesar Chavez Street. The southeast corner curb return will require structural modifications to the existing viaduct. Change the existing signal timing plan to include the exclusive left-turn and right-turn lanes.	DPT, PTC, Agency, City or other owner/developer	Provide trip generation calculations and cumulative thresholds as part of Project-level plan review and implement when need demonstrated.	Agency, DPT, PTC	Verify completion at applicable project-level plan review
Cultural Resources				
12.A Protection of Historical Resources Implement applicable measures to be contained in an MOA between the Navy and SHPO, with City/Agency concurrence. Measures to include: - Agreement by the City/Agency to designate NRHP-eligible buildings and structures as landmarks under San Francisco's own historic preservation ordinance or to prohibit demolishing these resources. - Agreement by the City/Agency to require the use of the Secretary of the Interior's <i>Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings</i> for all alterations proposed to historic resources identified as eligible for listing in the NRHP. - Agreement by the City/Agency to inform future project developers of the potential for encountering archeological resources and the required procedures to be followed (see Mitigation 12.D below).	Agency, City or other owner/developer	Ongoing implementation as required by measure; include in any applicable site permit plans	Agency	Agency to require implementation of program prior to excavation or construction through Project-level plan review

**HUNTERS POINT SHIPYARD
PHASE I DEVELOPMENT
MITIGATION MONITORING AND REPORTING PROGRAM**

MEASURES NOT APPLICABLE TO PHASE I DEVELOPMENT

Mitigation Measure	Mitigation Responsibility	Mitigation Schedule	Monitoring Responsibility	Monitoring Actions/Schedule
12.B Alteration of Historical Resources Comply with the Proposed Reuse Plan, <i>Hunters Point Shipyard Redevelopment Plan</i> , and associated <i>Design for Development</i> , including requirements for retaining and identifying the historical resources described in Section 3.12. These documents also require that alterations that affect the historic resources be implemented according to the Secretary of the Interior's <i>Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings</i> (Proposed Reuse Plan Objective 12, Policy 6).	Agency, City or other owner/developer	Ongoing implementation as required by measure; include in any applicable site permit plans	Agency	Agency to require implementation of program prior to construction through Project-level plan review
12.C Construction Within Historic District Any construction within the Hunters Point Commercial Drydock Historic District will require compliance with the policies set forth in the Proposed Reuse Plan, which calls for creating an attractive and distinctive visual character for HPS that respects and enhances the natural features, the history, and the vision for mixed-use development oriented toward arts and industrial uses (Objective 11). It further states that the structures around Drydocks 2 and 3 will be the focus of the arts/cultural and mixed-use district (Objective 12, Policy 2). Construction must also comply with applicable provisions of the Secretary of the Interior's <i>Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings</i> .	Agency, City or other owner/developer	Ongoing implementation as required by measure; include in any applicable site permit plans	Agency	Agency to require implementation of program prior to construction through Project-level plan review

ATTACHMENT C

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

This EXCLUSIVE NEGOTIATIONS AGREEMENT dated as of April 7, 2020 (“**ENA**”) and as amended August 2, 2022 (“**Agreement**”), 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 217 of Assessor’s Block 4519C, commonly referred to as “Block 56, and more particularly depicted on Attachment 1 hereto (referred to herein as the “**Site**”).

5. At its meeting on April 7, 2020, the Commission authorized the OCII Executive Director to execute 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**”). 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 an Initial Term terminating October 6, 2021 (unless otherwise extended), and 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. At its April 7, 2020 meeting, the Commission also authorized the OCII Executive Director to enter into a predevelopment loan agreement with Developer. Subsequently, the state of California enacted changes to the tax-exempt bond allocation program, whereby tax-exempt bonds would be allocated competitively, resulting in oversubscription in subsequent funding rounds. As a result of this change, OCII and MOHCD sponsored projects have experienced longer timeframes to secure financing.

7. On September 27, 2021, due to cost reduction efforts, the need for additional soil testing, the pursuit of additional funding subsidies to ensure a competitive CDLAC and tax credit application, Developer requested to extend the Initial Term of the ENA and Option to Ground Lease, as allowed in Section 4 of the ENA and Section 2 of the Option to Ground Lease. In response, OCII authorized the extension of the terms of both agreements to April 6, 2022.

8. On February 25, 2022, due to the foregoing, Developer requested an extension to the Exclusive Negotiations Period of the ENA and Term of the Option to Ground Lease to October 6, 2022. This extension was granted by the OCII Executive Director.

9. With the exception of executing the Ground Lease, Developer has completed all milestones in Attachment 2 to the Agreement/Option to Ground Lease Schedule of Performance. Developer did not execute Ground Lease due to the delays noted above.

10. As part of its predevelopment activities hereunder, Developer, with the assistance of OCII, has negotiated an Access, Joint-Use and Maintenance Agreement governing access to and usage of “Lot R” (the “Lot R Agreement”). Lot R is located immediately adjacent to the Site and is owned by the homeowners’ association of 53 Innes Court. Pursuant to the Lot R Agreement, Developer intends to install certain streetscape and landscape improvements on Lot R as part of the Project, and intends to use the existing vehicular driveway on Lot R that currently serves and is owned by 53 Innes Court.

11. Developer will submit a tax credit and bond allocation application to CDLAC in August 2022 and will receive a final decision from the awarding agencies in October 2022. Because the current Exclusive Negotiations Period expires October 6, 2022, it is likely to expire prior to the final CDLAC and tax credit award decision date.

12. Therefore, on June 15, 2022 Developer requested an amendment to the ENA to extend the Exclusive Negotiations Period and the Term of the Option to Ground Lease for one year, to October 6, 2023. Developer will pay a \$1.00 Extension Payment as defined in Section 2.a of the Option to Ground Lease and has paid \$100.00 Independent Consideration, as defined in Section 3 of the Option to Ground Lease.

13. At its meeting on August 2, 2022, the Commission authorized the OCII Executive Director to execute this Agreement and Option to Ground Lease, in order to amend the Exclusive Negotiations Period hereunder and the Term of the Option to Ground Lease, both to be extended to October 6, 2023.

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

1. Exclusive Right.

For the Exclusive Negotiations Period set forth in Section 2 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 Section 5, 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 Attachment 4, for the Project Site.

2. Term.

(a) The term of the Agreement shall be from April 7, 2020 until October 6, 2021 (“**Initial Term**”), which has been extended by operation of the ENA and by this Agreement to October 6, 2023, unless earlier terminated pursuant to the provisions herein (the Initial Term as modified by such extensions or by any early termination is the “**Exclusive Negotiations Period**”).

(b) If not otherwise terminated in accordance with its terms, this Agreement 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**”). At the time of execution of the ENA, the Developer paid to OCII an additional sum of Nine Thousand Dollars (\$9,000) in cash (the “**Additional Deposit**”), and as required thereunder, OCII combined the Additional Deposit and 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 this Agreement, 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 this agreement 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 Agreement, 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. **Intentionally Omitted.**

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 Agreement 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 Agreement 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.

(e) If Developer and OCII intend that the Lot R Agreement be executed prior to execution and effectiveness of the Ground Lease, Developer shall assume all rights and obligations of OCII thereunder, and such actions shall be subject to all provisions, including without limitation the indemnity and insurance provisions, of this 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 Agreement, 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 Agreement (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 Agreement, 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 this Agreement or the development of the Site by the Developer, or any transaction contemplated by, or the relationship between the Developer and OCII under this Agreement, (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's 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 Schedule of Performance attached to this Agreement, 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 Agreement, 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 Agreement, (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 Agreement, OCII shall provide written notice to Developer of such termination, the Agreement 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 Agreement, 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 Agreement, 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 AGREEMENT 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 PERFORMANCE DEPOSIT, 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 AGREEMENT 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:

Gubb & Barshay LLP
235 Montgomery Street, Suite 1110
San Francisco, CA 94104
Attn: Evan Gross

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 Interpretation of Agreement.

(a) Attachments. 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) Captions. 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) Words of Inclusion. 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) References. 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) Recitals. 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) No Presumption Against Drafter. 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 Entire Agreement.

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: _____
Thurston Kaslofsky
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: Ramie Dare
Title: Vice President

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: David Sobel
Title: President

Authorized by OCII Resolution No. ____-2022, adopted August 2, 2022.

EXCLUSIVE NEGOTIATIONS AGREEMENT

LIST OF ATTACHMENTS

ATTACHMENT 1	Site Description
ATTACHMENT 2	Agreement Schedule of Performance
ATTACHMENT 3	Agreement Scope of Development
ATTACHMENT 4	Amended and Restated Option to Ground Lease
ATTACHMENT 5	Insurance Provisions

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.

JULY 15, 2013

NEW PARCEL DESCRIPTION

LOT 193

APN: 4591C-217

ALL THAT CERTAIN REAL PROPERTY, SITUATE IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEING ALL OF LOTS 137, 138, 139, AND 140, AS SAID LOTS ARE SHOWN AND SO DESIGNATED ON FINAL MAP NO. 4231, RECORDED AUGUST 12, 2009, IN BOOK CC OF SURVEY MAPS, AT PAGE 165, IN THE OFFICE OF THE COUNTY RECORDER OF SAN FRANCISCO, AS AMENDED BY THAT CERTAIN CERTIFICATE OF CORRECTION, RECORDED DECEMBER 23, 2011, AS INSTRUMENT NO. 2011-J324068-00, OF OFFICIAL RECORDS, IN SAID OFFICE OF THE COUNTY RECORDER OF SAN FRANCISCO COUNTY, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE EASTERN CORNER OF SAID LOT 140;

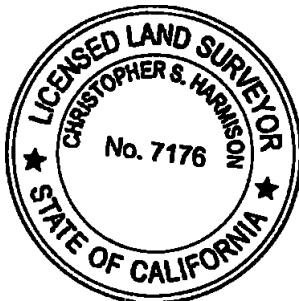
THENCE, FROM SAID POINT OF BEGINNING, ALONG THE BOUNDARY LINES OF SAID LOTS, THE FOLLOWING FIVE (5) COURSES:

- 1) SOUTH 36°43'28" WEST 175.92 FEET,
- 2) NORTH 53°16'32" WEST 164.02 FEET,
- 3) NORTH 36°43'28" EAST 158.92 FEET,
- 4) ALONG THE ARC OF A TANGENT 17.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 90°00'00", AN ARC DISTANCE OF 26.70 FEET, AND
- 5) SOUTH 53°16'32" EAST 147.02 FEET TO SAID POINT OF BEGINNING.

CONTAINING 28,792 SQUARE FEET OF LAND, MORE OR LESS.

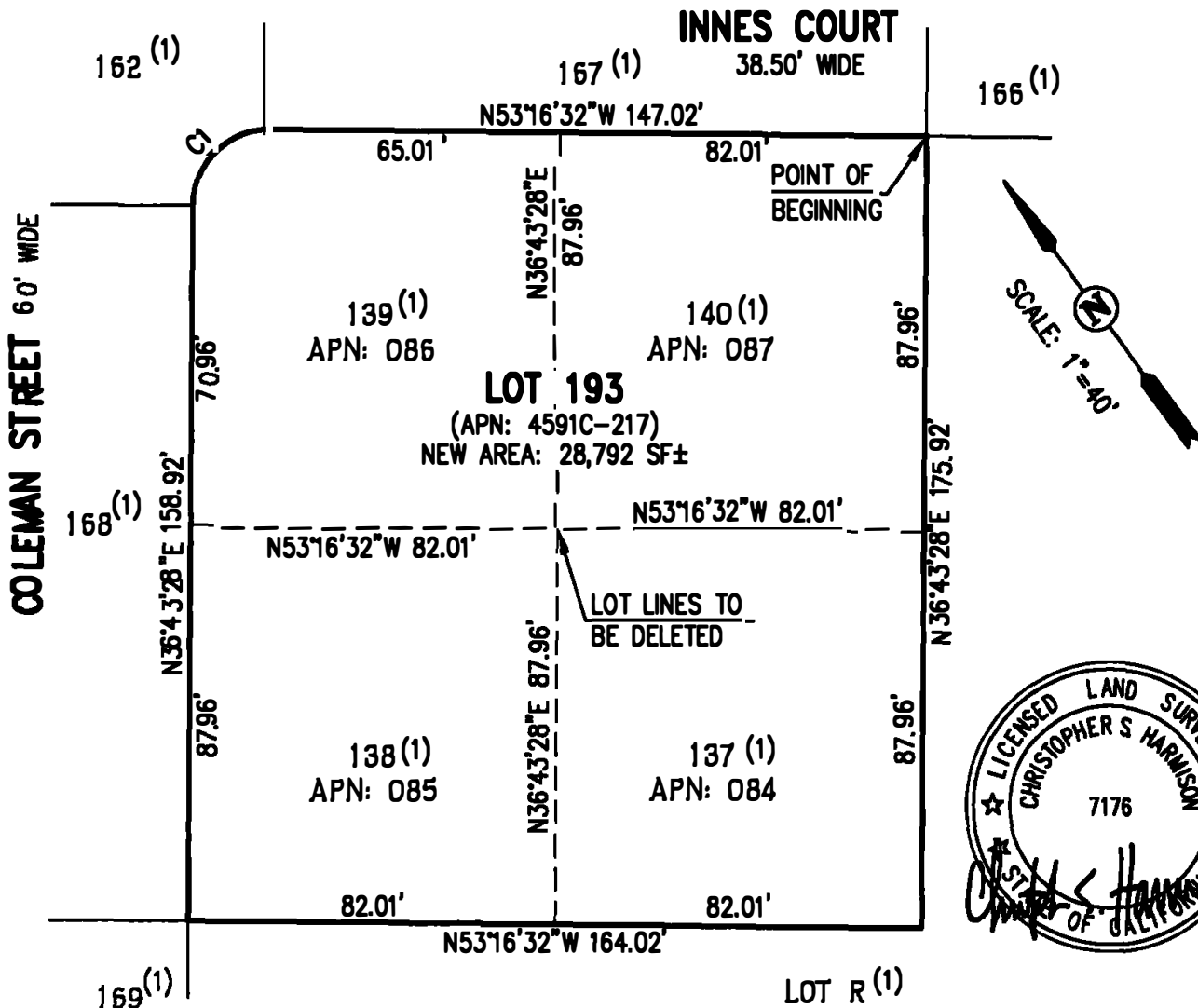
ATTACHED HERETO IS EXHIBIT 'C', AND BY THIS REFERENCE MADE A PART HEREOF.

END OF DESCRIPTION



Christopher S. Harmison

CHRISTOPHER S. HARMISON, P.L.S.
L.S. NO. 7176



ASSESSOR'S BLOCK: 4591C

NOTES:

- 1) ALL DISTANCES ARE SHOWN IN FEET AND DECIMALS THEREOF
- 2) APN: 4591C-217
- 3) BASIS OF BEARINGS: BEARINGS ARE PER (1)

CURVE TABLE			
NO.	RADIUS	DELTA	LENGTH
C1	17.00'	90°00'00"	26.70'

REFERENCES:

- (1) LOT NUMBERS PER FINAL MAP NO. 4231 (CC SURVEY MAPS 165)

EXHIBIT 'C'

PLAT TO ACCOMPANY EXHIBIT 'B'

LOT LINE ADJUSTMENT

LOTS 137, 138, 139, AND 140, FINAL MAP NO. 4231 (CC SURVEY MAPS 165)
CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA

JULY 15, 2013

Carlson, Barbee, & Gibson, Inc.

CIVIL ENGINEERS • SURVEYORS • PLANNERS

2633 CAMINO RAMON, SUITE 350 SAN RAMON, CALIFORNIA 94583

TELEPHONE: (925) 866-0322 FAX: (925) 866-8575

ATTACHMENT 2

Agreement Schedule of Performance

No.	Task¹	Deadline	Completed
1.	Submit a preliminary financing and cost reduction plan acceptable to OCII.	8/3/2020	Complete
2.	Submit schematic design drawings acceptable to OCII. The submission shall include the items specified in Attachment 3.	11/1/2020	Complete
3.	Identify a general contractor and obtain a cost estimate based on the schematic design acceptable to OCII.	12/1/2020	Complete
4.	Submit design development documents and cost estimates. The submission shall include the items specified in Attachment 3 unless otherwise amended.	2/15/2021	Complete
5.	Execution of Option to Enter into Ground Lease for CDLAC Application	9/1/2021	Complete
6.	Submit CDLAC/TCAC applications in next 2 financing rounds	3/15/2023	
7.	Execution of Ground Lease Agreement.	8/1/2023	

ATTACHMENT 3

Agreement 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

AMENDED AND RESTATED OPTION TO GROUND LEASE AGREEMENT

AMENDED AND RESTATED OPTION TO GROUND LEASE AGREEMENT

This Option to Ground Lease Agreement (the "**Agreement**") is entered into as of July 9, 2021 ("**Effective Date**"), and amended August 2, 2022, 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. Grant of Option. 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. Term. Accompanied by payment of One Dollar (\$1.00) (the "**Extension Payment**"), the term of the Option shall be for a period commencing on the Effective Date and ending on 11:59 P.M. on October 6, 2023, unless earlier terminated in accordance with the provisions of this Agreement (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. Exercise of Option. 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. Expiration. 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. Option Consideration. 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

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: _____

Thurston Kaslofsky
Executive Director

APPROVED AS TO FORM:

James G. Morales
General Counsel

By: _____

James B. Morales

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: Ramie Dare
Title: Vice President

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: David Sobel
Title: President

EXHIBIT A

Property Description

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

JULY 15, 2013

NEW PARCEL DESCRIPTION

LOT 193

APN: 4591C-217

ALL THAT CERTAIN REAL PROPERTY, SITUATE IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEING ALL OF LOTS 137, 138, 139, AND 140, AS SAID LOTS ARE SHOWN AND SO DESIGNATED ON FINAL MAP NO. 4231, RECORDED AUGUST 12, 2009, IN BOOK CC OF SURVEY MAPS, AT PAGE 165, IN THE OFFICE OF THE COUNTY RECORDER OF SAN FRANCISCO, AS AMENDED BY THAT CERTAIN CERTIFICATE OF CORRECTION, RECORDED DECEMBER 23, 2011, AS INSTRUMENT NO. 2011-J324068-00, OF OFFICIAL RECORDS, IN SAID OFFICE OF THE COUNTY RECORDER OF SAN FRANCISCO COUNTY, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE EASTERN CORNER OF SAID LOT 140;

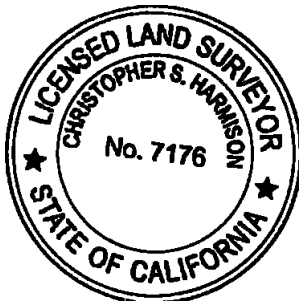
THENCE, FROM SAID POINT OF BEGINNING, ALONG THE BOUNDARY LINES OF SAID LOTS, THE FOLLOWING FIVE (5) COURSES:

- 1) SOUTH 36°43'28" WEST 175.92 FEET,
- 2) NORTH 53°16'32" WEST 164.02 FEET,
- 3) NORTH 36°43'28" EAST 158.92 FEET,
- 4) ALONG THE ARC OF A TANGENT 17.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 90°00'00", AN ARC DISTANCE OF 26.70 FEET, AND
- 5) SOUTH 53°16'32" EAST 147.02 FEET TO SAID POINT OF BEGINNING.

CONTAINING 28,792 SQUARE FEET OF LAND, MORE OR LESS.

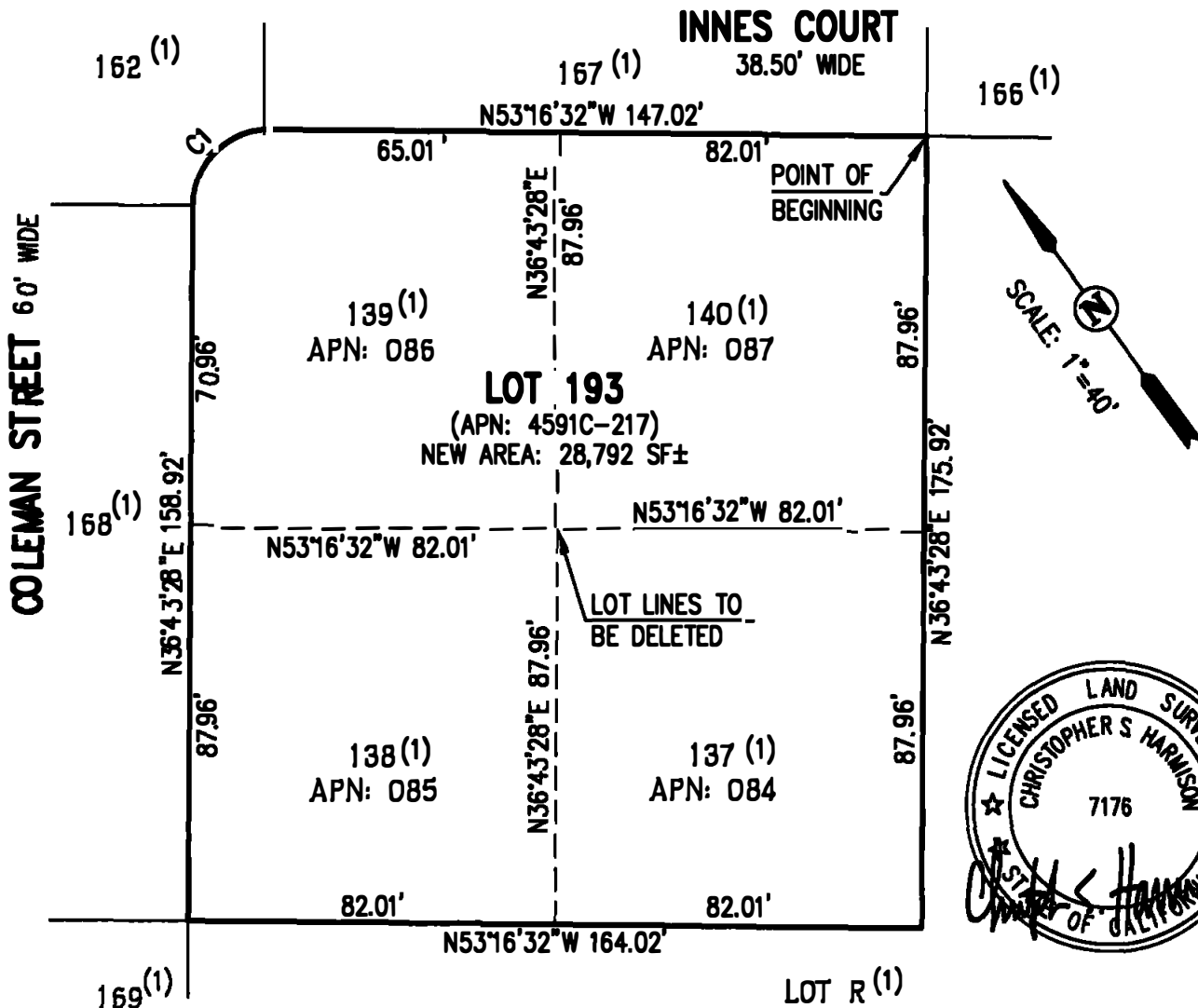
ATTACHED HERETO IS EXHIBIT 'C', AND BY THIS REFERENCE MADE A PART HEREOF.

END OF DESCRIPTION



Christopher S. Harmison

CHRISTOPHER S. HARMISON, P.L.S.
L.S. NO. 7176



ASSESSOR'S BLOCK: 4591C

NOTES:

- 1) ALL DISTANCES ARE SHOWN IN FEET AND DECIMALS THEREOF
- 2) APN: 4591C-217
- 3) BASIS OF BEARINGS: BEARINGS ARE PER (1)

CURVE TABLE			
NO.	RADIUS	DELTA	LENGTH
C1	17.00'	90°00'00"	26.70'

REFERENCES:

- (1) LOT NUMBERS PER FINAL MAP NO. 4231 (CC SURVEY MAPS 165)

EXHIBIT 'C'

PLAT TO ACCOMPANY EXHIBIT 'B'

LOT LINE ADJUSTMENT

LOTS 137, 138, 139, AND 140, FINAL MAP NO. 4231 (CC SURVEY MAPS 165)
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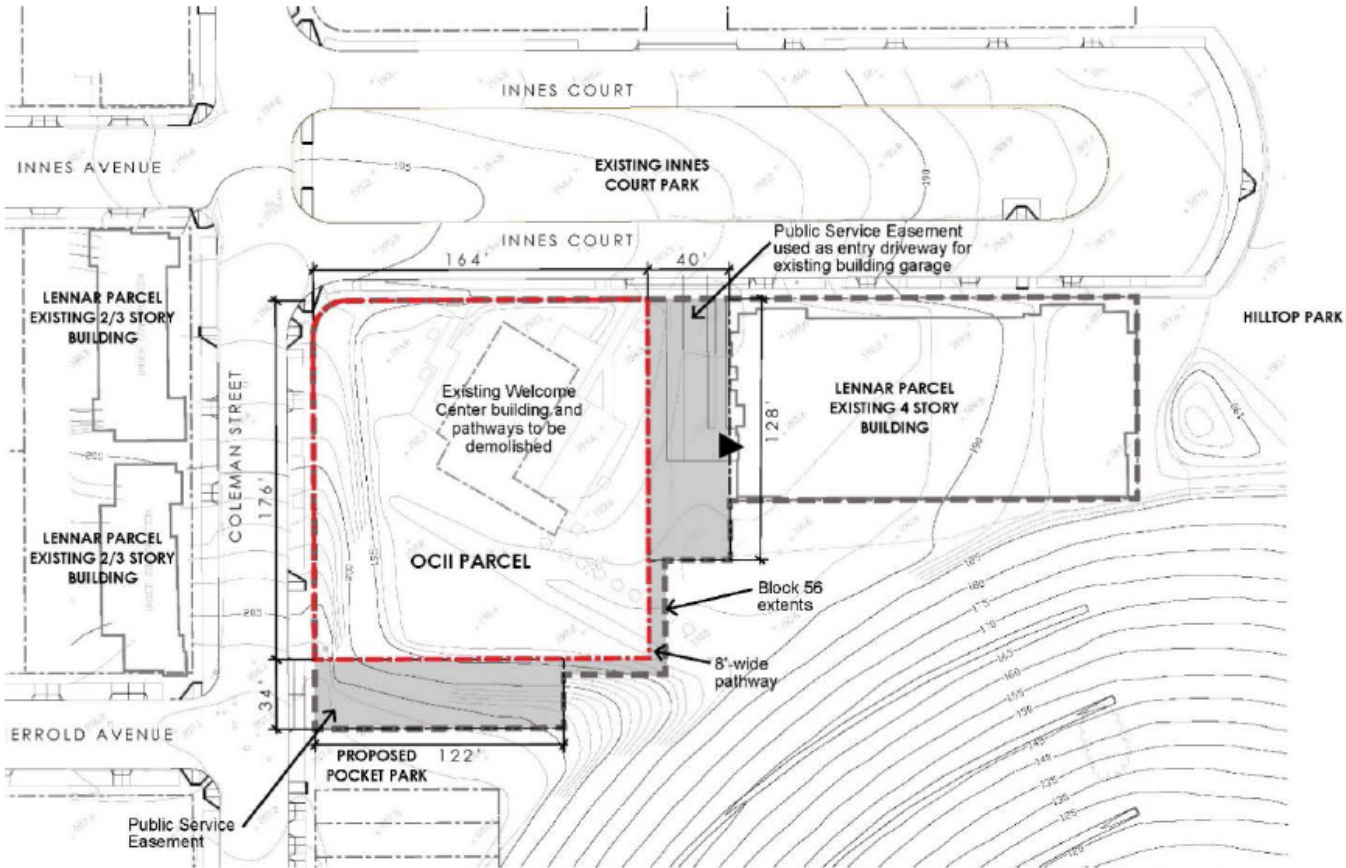
CIVIL ENGINEERS • SURVEYORS • PLANNERS

2633 CAMINO RAMON, SUITE 350 SAN RAMON, CALIFORNIA 94583

TELEPHONE: (925) 866-0322 FAX: (925) 866-8575

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.

ATTACHMENT D

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
Controller's Office of Public Finance

Hunters Point Shipyard Block 56

11 Innes Court

**\$36,253,013 in Gap Financing (including a
\$1,000,000 AHP Bridge Loan)**

Evaluation of Request for:	Funding
Loan Committee Date:	May 20, 2022
Prepared By:	Elizabeth Colomello/Gretchen Heckman
MOHCD Asset Manager:	Scott Madden
Sources and Amounts of New Funds Recommended:	\$32,753,013 (OCII 2021A SB107 Bonds)
Sources and Amounts of Previous City Funds Committed:	\$3,500,000 (OCII 2017A SB107 Bonds)
FY 21/22 ROPS Line	420
NOFA/PROGRAM/RFP:	Block 56 RFP, September 2018
Applicant/Sponsor(s) Name:	Mercy Housing California (MHC) and San Francisco Housing Development Corporation (SFHDC)

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	HPS Block 56	Sponsor(s):	MHC and SFHDC
Project Address (w/ cross St):	11 Innes Court 94124 (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 at 50% of City AMI in the Hunters Point Shipyard. One 3 bedroom unit will be designated for family childcare. 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 73 of the total of 218 affordable units to be funded by OCII on 5 parcels across the Hilltop and Hillside neighborhoods in HPS Phase I. The Project fulfills the goals of the HPS Redevelopment Plan and the City's Consolidated Plan. With this request, the Developer seeks a commitment for a permanent gap loan from OCII to apply for CDLAC and TCAC financing for the Project. The final financial plan ("FFP"), including a final loan amount that may be reduced based on the final sources and uses for this Project, will be approved by the OCII Executive Director and MOHCD Director closer to the start of construction of the Project. The only funds available to the Developer prior to the approval and execution of the ground lease and close of construction financing will be the remaining predevelopment funds from the August 17, 2021 Predevelopment Loan. If awarded an allocation of tax exempt bonds and tax credits, the Project will begin construction in January 2023 with a target completion date of July 2024.

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
Total Residential Area:	76,614 sf	General Contractor:	Baines/Nibbi JV
Total Commercial Area:	0 sf	Property Manager:	Mercy Housing Mgmt
Total Building Area:	92,553 sf	Supervisor and District:	Sup. Walton D-10
Land Owner:	OCII		
Total Development Cost (TDC):	\$67,513,066	Total Acquisition Cost:	\$0
TDC/unit:	\$924,837	TDC less land cost/unit:	\$67,513,066
Loan Amount Requested:	\$36,253,013	Request Amount / unit:	\$496,617
HOME Funds?	N	Parking?	Y: 46 spaces and .63 spaces-to-1-units ratio

Note: Loan amount requested and Request Amount per unit include \$1,000,000 in AHP sources to be applied for during construction.

PRINCIPAL DEVELOPMENT ISSUES

- **Income Restrictions and Operating Cash Flow.** The project is bound by a maximum income restriction of 50% MOHCD AMI per the Hunters Point Shipyard Redevelopment Plan. Due to its small size and income restrictions, the Project has minimal cashflow. OCII proposes that all units be set at 50% MOHCD AMI rather than lower income tiers as previously shown in the predevelopment loan evaluation. See Section 7.5. This measure -- forgoing income tiering below 50% AMI was initiated to address potential investor concerns and enhance feasibility. It should also be noted that the Project's low cashflow is expected to affect its tax credit pricing. While other projects have seen pricing in the mid to high \$0.90's, the Sponsor is estimating that this Project will receive pricing of \$0.93.
- **Development Costs.** Estimated development costs are high at \$925k/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. While the Sponsor underwent a cost reduction exercise during the design development stage, costs have remained high due to supply chain issues and inflation. See Sections 4.2, 4.3 and Attachment H.
- **Limited Financing and Per Unit Subsidy.** Anticipated per unit subsidy is \$497k per unit. The lack of eligible sources outside of standard tax-exempt bond and tax credit equity, as well as the project's noncompetitive scoring for State Infill and Infrastructure grant (IIG) and MHP funds (due to the applications' scoring preference for special needs units) as well as AHSC (due to a lack of a transit project) have increased the required OCII subsidy. See Section 6.4.1.
- **Competitive Tax-Exempt Bond Allocation Process.** In 2020, CDLAC enacted changes to the tax-exempt bond allocation program whereby tax exempt bonds would be allocated competitively. Every funding round since this change was enacted has been greatly oversubscribed. The Developer is planning to submit a bond application for the Project in July 2022 (Round 2). The project is currently self-scoring at 15.73, based on initial analysis from Mercy and external financial consultants, and a competitive score is 15. This finding has been confirmed by MOHCD's Tax

Exempt Bond Program Manager. The project benefits from the high bedroom count units and low rents, but is harmed in scoring by a high TDC and location in a low-resource area. The City is continuing to advocate for changes to the tie-breaker scoring calculation and increases to the Bay Area pool that could benefit this Project. 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 6.4.1.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
OCII Loan	\$3,500,000	3 yrs @ 3% Def	Committed
Total	\$3,500,000		
Permanent Sources	Amount	Terms	Status
OCII Loan	\$31,753,013	55 yrs @ 3% / Res Rec	This request (less predevelopment amount above)
OCII / AHP	\$1,000,000	55 yrs @ 3% / Res Rec	Not Committed until construction; OCII to fund if not awarded
Tax Credit Equity	\$31,260,053	\$0.93	Not Committed
Total	\$67,513,066		
Uses	Amount	Per Unit	Per SF
Acquisition	\$15,000	\$205	\$0
Hard Costs	\$56,579,249	\$775,058	\$611
Soft Costs	\$8,169,271	\$111,908	\$88
Reserves	\$549,546	\$7,528	\$6
Developer Fee	\$2,200,000	\$30,137	\$24
Total	\$67,513,066	\$924,837	\$730

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 HPS 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 program includes the construction of infrastructure, 26 acres of parks and open space, and up to 1,428 housing units, of which approximately 29% will be affordable to low- and moderate-income households. HPS Phase 1 is divided into two areas, the Hilltop and Hillside, and OCII Block 56 is located on the Hilltop. Pursuant to requirements of the Phase 1 DDA, the Master Developer has thus far constructed approximately 47% of required Infrastructure including 12 acres of park space and approximately 40% of the roadways, all of which are on the Hilltop portion of Phase 1. Vertical developers have built 505 units, including 43 inclusionary homeownership units within market rate buildings, on multiple blocks within the Hilltop, and another 59 inclusionary rental units in a 100% affordable project on Block 49 (Pacific Pointe at 350 Friedell). OCII has three stand-alone affordable housing sites on Hilltop (Blocks 52, 54, and 56), which, in total will provide approximately 185 affordable units at up to 50% AMI. Blocks 52 and 54 were the first OCII sites on the Hilltop offered for development. Block 56 is the remaining stand-alone affordable housing site on the Hilltop. Block 48, in the Hillside neighborhood of HPS Phase I, will provide the remaining 33 OCII-funded units, for a total of 218 permanently affordable OCII-funded units.

OCII Commission approved the selection of the Developer, with Van Meter Williams Pollock as architect and Mercy Housing Management Group as property manager, and authorized an exclusive negotiations agreement and predevelopment loan agreement with the Developer on

April 7, 2020. On April 20, 2021, Commission approved the Schematic Designs for the Project and on February 17, 2022 a Site Permit for the Project was issued by DBI.

1.2. Applicable NOFA/RFQ/RFP. (See Attachment E for Threshold Eligibility Requirements and Ranking Criteria for more details on how applicants were scored.)

On September 20, 2018, OCII released an RFP offering one Agency Lot, Block 56, for development (one of the five OCII stand-alone 100% affordable sites in the Hunters Point Shipyard Phase 1 Redevelopment Project Area).

Extensive notification of the RFP was provided to community groups, developers, contractors (including Small Business Enterprises and minority- and woman-owned contractors), and 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, depending on the final population of each site. All other consultants are selected in accordance with the OCII's Small Business Enterprise ("SBE") Policy. The selected Applicant team was strongly encouraged to select a General Contractor joint venture including a local SBE.

Three submittals were received: 1) Young Community Developers (YCD) and Chinatown Community Development Corporation (CCDC), 2) Mercy Housing and SFHDC, and 3) Freebird Development Company and Bayview HuntersPoint Multipurpose Senior Services. 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 Workforce and Contracting Action Plan ("WCAP") sections of each submittal. All proposals were scored using the eligibility requirements and ranking criteria shown in Attachment E, and the Mercy Housing and SFHDC proposal scored the highest of the three. Additional detail on scoring can be found in Attachment E: Threshold Eligibility Requirements and Ranking Criteria.

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)

1.3.1. Borrower. 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 (455 Fell St.) and Candlestick Block 11a.

MHC and SFHDC have a Memorandum of Understanding that spells out their respective responsibilities for the project. MHC will serve as the lead developer of Block 56, specifically acting as the lead on all project management activities including securing funding, creating a design for the building, creating a budget and financing plan, managing the project through construction and creating a marketing and lease up plan. Mercy Housing Management Group ("MHMG") will also act as property manager for the Project. SFHDC will take the lead on forming a community outreach plan as well as a resident services plan. SFHDC will also participate in all conversations regarding the Project, will provide services and community related narratives for funding applications and will participate in the selection of all consultants and contractors for the Project. 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 has been established for the development and ownership of the Project. MHC will act as managing general partner of the LP.

1.3.2. Joint Venture Partnership. SFHDC and MHC will act as co-general partners of the Limited Partnership (“LP”) that has been established for the development and ownership of the Project. MHC will act as managing general partner of the LP. 40% of the developer fee will go to SFHDC and 60% to MHC. MHC will perform Partnership and Asset Management duties and will be paid the corresponding fees for the work. It will be responsible for filing and distributing financial statements and audits. All cashflow following the distribution of Partnership and Asset Management fees will be split between MHC and SFHDC according to the Developer Fee split laid out above. After the initial 15-year tax credit compliance period, SFHDC will have the right of first refusal/option to purchase the Project subject to the approval of relevant public agencies and lenders.

1.3.3. Demographics of Board of Directors, Staff and People Served.

	Sexual Orientation	Gender Identity	Race
Mercy Housing California Board	Question not asked	M: 7 F: 11	Asian: 2 African American: 4 Caucasian: 9 Latinx: 2 Biracial: 1
Mercy Housing, Inc. Board	Question not asked	M: 10 F: 10	Asian: 1 African American: 3 Caucasian: 15 Latinx: 1
Mercy Housing, Inc. - All Staff	Question not asked	Female – 58% Male – 42%	2 or More Races – 3% American Indian/Alaska Native – 1% Asian – 11% Black or African American – 24% Hispanic or Latino – 22% Native Hawaiian/Other Pacific Islander – 1% Not specified – 1% White – 37%
Mercy Housing California - All Staff	Question not asked	Female – 57% Male – 43%	2 or More Races – 5% American Indian/Alaska Native – 1% Asian – 21% Black or African American – 17% Hispanic or Latino – 31% Native Hawaiian/Other Pacific Islander – 2%

			Not specified – 1% White – 22%
Mercy Housing California - Development Staff	Question not asked	Female – 50% Male – 50%	Asian – 20% Not specified – 20% White – 60%

SFHDC Board: 70% BIPOC, 60% African American

SFHDC Staff: 80% BIPOC, 65% African American

Currently, neither MHC nor SFHDC have data on sexual orientation, and SFHCD does not have information on gender identity.

1.3.4. Racial Equity Vision.

Following are Mercy and SFHDC's racial equity vision statements:

MERCY HOUSING

Mercy Housing was founded on the belief that housing justice is social justice. We live by the values of respect, justice, and mercy and commit ourselves to advancing racial equity, diversity, and inclusion (REDI).

REDI is the core of who we are. Our commitment to these values is unwavering – across all of our work. They are central to Mercy Housing's mission and impact. We know that having varied perspectives helps generate better ideas to solve the complex housing challenges of a changing — and increasingly diverse — country.

We continually take action to infuse racial equity throughout our internal culture, systems, and practices. Deliberate steps strengthen our ability to recruit and retain exemplary diverse staff and leadership. Mercy Housing regularly reviews policies, practices, and procedures to support our values and enable employees to do their best work so that residents feel a sense of belonging in the communities where they live.

In January 2021 Mercy Housing Inc. hired Web Brown as SVP for Racial Equity, Diversity and Inclusion (REDI). Over the past nine months Mr. Brown has taken the existing REDI work undertaken by Mercy Housing and created a more comprehensive and coordinated approach to REDI. This includes creating a draft REDI organizational framework, which consists of 6 focus areas:

1. Resident Empowerment
2. Policy, Planning, and Practice
3. Communication and Advocacy
4. Education and Training
5. People and Culture
6. Hiring, recruitment and promotion

Within the 6 focus areas Mercy has identified the following 7 goals. For FY 2022 the organization is focusing on Goals #2, #5, and #7.

1. Racial equity is integral for every core value; respect, justice, and mercy.
2. Mercy Housing will continually seek opportunities to increase the capacity of its staff to incorporate racial equity into their daily work.
3. Mercy Housing will convene and support national partners to advance racial equity.
4. Mercy Housing will hire, train, and promote a racially diverse workforce (including board of directors).
5. Mercy Housing will create safe and welcoming spaces for staff and residents to engage about issues related to racial equity.
6. Mercy Housing's resource allocation will advance racial equity.
7. Mercy Housing will adopt the use of a racial equity lens across the organization.

Mercy Housing California has also made REDI goals for each department. The California real estate development team generated five goals in 2020 and in 2021 created workplans around achieving each of the goals. Goals include continuing to hire diverse real estate staff, creating a national contracting and procurement policy, developing REDI evaluation standards for each stage in the development process, incorporating equitable digital access in its developments, and creating a legislative advocacy strategy. San Francisco real estate staff have been central in elevating these

conversations and moving the goals forward. In particular, the Project's team will be piloting Goal #7 above (use of a racial equity lens/toolkit). In 2022, Mercy will begin to execute on the 2021 workplan. In Q3 2022, Mercy Housing Inc. will publish its organization-wide racial equity mission and goals.

SFHDC

The principles of diversity, equity, inclusion, and belonging (DEIB) are core to SFHDC, which was founded in 1988 by a pioneering group of African Americans and their allies to stem the tide of displacement disproportionately affecting San Francisco communities of color. As a historically Black-led organization that has never wavered in its focus on serving Black, Indigenous and People of Color (BIPOC) communities, SFHDC has deep roots in revitalizing San Francisco's most segregated and underinvested communities and serving low-income families, seniors, and formerly homeless people. SFHDC's organization-wide focus on integrating its Four Core Programs (Housing Development, Financial Empowerment, Resident Services and Economic Development) within the equity paradigm has led to outcomes that directly address the urgent needs of low- and moderate-income BIPOC communities in the Bayview Hunters Point and Western Addition of San Francisco. The resulting cross-departmental strategies have not only advanced racial equity for African American residents struggling to remain stably housed, but also spurred innovative efforts that reach well beyond the borders of San Francisco to bring previously displaced Certificate of Preference (COP) holders back to the city they once called home. SFHDC has a long track record of hiring those with a strong commitment towards social impact and hiring from within the communities the organization serves.

SFHDC is currently working on its first-ever DEI statement, to be completed by mid-2022.

SFHDC continues to have 80% of Staff and 70% of its Board identifying as BIPOC, and 65% of Staff and 60% of Board members identifying as Black. Over the last eight years, SFHDC has increased the number of staff members from 4.5 to 27 FTE while retaining its representation of the communities it serves.

1.3.5. Relevant Experience. MHC and SFHDC are co-developers together on Parcel O (455 Fell, completed 2019) and Candlestick Point Block 11A South. MHC brings extensive experience developing, owning, and managing affordable housing developments in San Francisco for over 30 years. MHC owns and operates 48 buildings that it developed in San Francisco for families, seniors, households with disabilities, and the formerly homeless. 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 help build technical and execution expertise of their partner SFHDC and both organizations have worked toward that goal through their partnerships to date.

1.3.6. Project Management Capacity. Fiona Ruddy with MHC will act as lead Project Manager and spend 35% of her time on the Project. SFHDC's lead project manager is Sarah Graham, who will spend 35% of her time on the Project. Simonne Moreno, Assistant Project Manager with MHC, will assist with project management spending 15% of his time on the Project. William Ho, Associate Director with MHC, will be available to the team as a resource and support as William has extensive experience working on OCII funded developments. Tom Kostosky, Associate Director of Development for SFHDC, will spend 20% of his time overseeing the Project. Additionally, management and executive staff Barbara Gualco, Ramie Dare, Ed Holder, and Doug Shoemaker at MHC and David Sobel at SFHDC will spend a combined .3 FTE on the Project.

1.3.7. Past Performance.

1.3.7.1. City audits/performance plans. MHC participated in the citywide fiscal and compliance monitoring program in the last couple of years and last year they were monitored by DCYF. There are no known findings or issues with the audit.

1.3.7.2. Marketing/lease-up/operations.

1.3.7.3. MOHCD Marketing and Lease Up Report Card. Assessment of Mercy's recent marketing efforts was completed on October 28, 2021 for 691 China Basin. The assessment shows they performed relatively well in their marketing efforts but outlined the following areas of improvement regarding marketing activity: a) Mercy relies on national staff who do not understand San Francisco policies; b) Mercy tends to be understaffed; c) Mercy's Resident Selection Criteria is too long and difficult to understand for the general public; and d) the Mercy development team is helpful with the marketing efforts, but the compliance and lease-up team are not always well-coordinated because some staff are local and some are in Denver. Mercy was able to meet a marketing challenge at OCII's 691 China Basin project when the leasing staff found themselves in a position to have to market higher income units to a broader range of income earners per the decline in market rate rents brought on by COVID-19. To compete with units with parking and washer and dryers, they resourcefully approached the remaining vacant 80% AMI units by emphasizing building features and offering move in specials.

As result of the observations mentioned above, MOHCD and Mercy's San Francisco staff will partner to ensure that the team receives any additional technical assistance needed, especially as it relates to working with COP holders throughout the lease up process. Staff has included loan conditions in Section 9.2 to address these recommendations.

Mercy Housing has significant experience marketing and leasing up family childcare units, including OCII project 1180 4th Street and more recently, two units at 455 Fell Street. Mercy will work with the SF Children's Council and the Office of Early Care and Education to advertise the opportunity to its existing network of providers.

The below chart represents the number of people currently living in MHC owned properties in San Francisco, disaggregated by race. MHC owns 4,217 units of affordable housing in San Francisco.

Mercy Housing has over 20,000 residents in California. Below is a table of San Francisco residents by race and ethnicity.*

Race	Count	Ethnicity	Count
Asian	2995	Not-Hispanic or Latino	5576
White	1385	Hispanic or Latino	1383
Black or African American	1155	Member did not specify	180
Other	1092	Blank	32
Member Did Not Specify	212		
Native Hawaiian or Other Pacific Isl	173		
American Indian or Alaska Native	154		
Blank	10		
	7176		7171

**Residents respond using US Census definitions which cause overlap between race and ethnicity categories.*

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
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. The geotechnical report recommends

	deep foundations (drilled piers) at the southeast corner of the site only to stabilize the foundation and avoid uneven settlement.
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 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 within 0.5 miles:	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, 15 Bayview Hunters Point Express
Article 34:	Not exempt; to be completed before execution of the 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 Project is required to have a Green Point Rating of at least 125 points. The Project is currently scoring at 144 points and is GPR Platinum.
Recycled Water:	Not exempt

Storm Water Management:	A preliminary Stormwater Control Plan ("SCP") was submitted by the Sponsor to SFPUC. SFPUC required clarification and the preliminary SCP was re-submitted on October 22, 2021. Approval of Preliminary SWCP was received on November 5, 2021.

2.1. Description. OCII Block 56 is an approximately 28,792-square-foot site bounded by Coleman Street to the northwest, Innes Court to the northeast, and "Lot R", a public access and public service easement area that wraps around the block to the southeast and southwest. See Attachment A. The parcel's street frontage is as follows: 176 feet along Coleman Street, 164 feet along Innes Court, with a 17-foot radius rounding of property lines at Coleman Street and Innes Court. On OCII Block 56 there is currently a modular structure used by the Master Developer and affiliates as a sales office referred to as the Welcome Center for the Shipyard Residences, which will be removed prior to construction of proposed building. Lot R adjacent to OCII Block 56 to the southeast, is owned by a sub-association of the HPS Phase 1 Master Association, and is improved with a 24-foot wide driveway with curb-cut off Innes Court and six-foot wide sidewalk, commonly known as "Kennedy Place," that currently serves the 51 Innes Court residential building.

2.2. Zoning. N/A

2.3. Probable Maximum Loss. N/A

2.4. Local/Federal Environmental Review. If the Project does pursue federal operating subsidies as described in Section 6.4.1, it will need to complete a NEPA review. The Developer contracted with ESA Environmental to complete this scope of work and published clearance submission in May 2022.

2.5. Environmental Issues. In the early 1990s, the Navy and the United States Environmental Protection Agency ("US EPA") placed the Shipyard on the National Priorities List for environmental remediation (commonly called "Superfund"), in accordance with federal law. Thereafter, the Navy and the US EPA examined each parcel of the Shipyard to determine the extent of contamination, if any, and proposed an appropriate remedial approach to make the Shipyard safe for future intended uses. In 1995, the Navy determined, and the US EPA, the State of California and San Francisco Department of Public Health agreed, that HPS Phase 1 (which consisted of soldiers' barracks and accessory activities during active base

use) posed no threat to human health or the environment and required no further action, and in 1999, the US EPA removed HPS Phase 1 from the Superfund List and confirmed that the site was safe for its intended use as a residential community. In 2004, the Navy transferred Parcel A – the land now making up the Hilltop and Hillside of HPS Phase 1 – and began testing and remediating separate portions of the Shipyard (known as HPS Phase 2). The Navy remains responsible for any remediation required at HPS Phase 2.

In 2016, the Navy and the US EPA became aware of anomalies in post-remediation testing at HPS Phase 2. Further investigation led to the Navy's decision to disregard data provided by one of its former contractors. The Navy is currently in the process of retesting portions of Phase 2 that were the subject of the unreliable data. Although these activities were limited to HPS Phase 2, 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 HPS Phase 1.

CDPH completed its Final Report for the Hilltop on February 5, 2019, which concluded that no residents, workers or visitors were being exposed to radiological health and safety hazards. To address continued concerns and questions from the community regarding the testing conducted at the Shipyard, Mayor Breed, then-City Attorney Dennis Herrera, and Supervisor Shamann Walton asked experts from UC San Francisco and UC Berkeley to conduct an impartial analysis of CDPH's procedures. The report concluded that CDPH's health and safety scan was appropriate as a health and safety survey.

Out of an abundance of caution, OCII worked with the Sponsor to establish a scope of additional radiological soil testing at OCII Block 56 to be conducted along with the standard Phase I and II environmental testing, as well as the CDPH report mentioned above. Soil borings were collected from the Site for that testing in 2021. The report on that testing is being finalized and will be presented to the Hunters Point Shipyard Citizen's Advisory Committee prior to Commission consideration of the proposed loan. The Phase I and Phase II report results laid out below, which dictate the proper disposal of excavated soil and the testing of naturally occurring serpentine rock on the site prior to grading and any excavation activities.

- Phase I/II Site Assessment Status and Results. Based on the analytical results from Langan's 2020 geotechnical and 2021 environmental subsurface investigations, some of the subsurface material at the site contains soluble chromium and total and soluble nickel concentrations above offsite disposal criteria. This material must be removed and disposed as Class I non-RCRA waste and the remaining material on-site to be excavated and removed must be disposed of as Class II material based on the asbestos concentrations.

An approved Asbestos Dust Mitigation Plan (ADMP) and DCP must be implemented due to the presence of endemic serpentinite rock containing naturally occurring asbestos (NOA) confirmed in the samples collected at the site. Real-time NOA and PM-10 dust monitoring and third-party inspections must be conducted during potential dust generating activities such as grading, excavation, trenching, soil stockpiling, backfilling, soil handling and movement, and vehicular traffic on unpaved surfaces.

Per Article 31, a TDP, or soil disposal plan, must be submitted for SFDPH approval prior to construction because NOA, chromium, and nickel are present on-site above off-site disposal criteria. The TDP must provide guidance and protocols to the contractor for soil/rock handling, transport, and disposal according to the pertinent regulations in an environmentally sound and safe manner.

- 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.

2.6. 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, which is not anticipated for several years at least, the area will be served by temporary transit improvements including Muni’s Route 15, the Bayview Hunters Point Express, which runs north on Third Street from the Hilltop area to provide connections with the 4th Street Caltrain Station and Montgomery and Powell BART stations. Additionally, pedestrian and bicycle enhancements will be included in the HPS area when the Phase 2 development is built. 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 per 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 per unit for affordable family housing.

2.7. Green Building. The Sponsor currently estimates a 144 GPR Platinum rating for the Project. The Project will include the following features:

- Low or no-VOC paint, formaldehyde free cabinetry, no carpet in units
- Operable windows to improve indoor air quality
- 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
- High efficiency equipment, low water use fixtures
- Efficient lighting and low off-gassing materials
- Electric water heating & solar ready designed building with significant solar array sized to reduce tenant and common area utility bills
- High content recycled materials

3. COMMUNITY SUPPORT

3.1. Prior Outreach. Staff presented the RFP to the Hunters Point Shipyard Citizen's Advisory Committee ("HPSCAC") Housing Subcommittee and to the full HPSCAC in July and August 2018. The HPSCAC is composed of residents and former residents with existing familial, cultural or business ties to the Bayview and Hunters Point neighborhoods. The Housing subcommittee is made up of representatives of the HPSCAC that have an interest and or expertise in housing development. Staff presented an update on the selection process and the recommended development team to the CAC Housing Subcommittee in April 2019.

In December 2020 and February 2021, the development team and staff convened two virtual meetings with the neighbors on the Hilltop to present the design and seek input, some of which was incorporated into the design including a slight increase in parking spaces. On March 8, 2021, staff and the development team presented the proposed schematic design to the HPSCAC. The HPSCAC voted to recommend that Commission conditionally approve the schematic design. Most OCII projects are approved with design-related, specified construction hours or cost-reduction conditions. Block 56's conditions, while specific to the project, were not extraordinary when compared to other OCII projects. HPSCAC did not have any additional conditions to the project other than those proposed by OCII staff.

In June 2022, the development team and staff are planning to attend the full HPSCAC meetings to relay the results of the soil testing and to provide a project update.

3.2. Future Outreach. Staff and the development team will continue to ensure outreach is provided to HPS Phase 1 neighbors and the broader HPS and BHVP community to inform them of any relevant CAC meetings discussing this Project.

3.3. Proposition I. N/A for OCII

4. DEVELOPMENT PLAN

4.1. Site Control. The lot is currently owned by OCII.

4.1.1. Proposed Property Ownership Structure

OCII will retain fee interest in the land and ground lease the residential parcel to the Limited Partnership, which will own the improvements. Upon completion of the Project, OCII's assets related to the site will be transferred

to MOHCD, which is the designated Housing Successor Agency under Redevelopment Dissolution Law.

4.2. Proposed Design.

Architecture

This proposed building will be the last to fill the temporary void amongst the existing building massing surrounding Innes Court on three sides, and the Hilltop Park on the other. This building will match the scale and experience with the rest of the buildings on the Hilltop.

The massing of building is shaped to capitalize on its corner location with views of hillside, open water to the southeast and overlooking the future development of Shipyard Phase 2 beyond. The massing is consolidated along the streets to reinforce the established facades and pulled back from the southeast corner in a C-shaped configuration, allowing the interior courtyard and residents above to have uninterrupted views.

The site slopes approximately 10 feet from Innes Court up to the top of Coleman, allowing for parking to be partially below grade and tucked behind five units on Innes Court. Four stoops for residential units along Innes Court provide a visual barrier to the garage that will provide parking for 46 cars, 10 motorcycles, and 73 secure bike parking spaces along with utility spaces. The covered stoops along Innes Court will continue the design language of pedestrian-oriented porches as seen on the rest of the buildings. The garage entry is off the existing alley Kennedy Place. There are a variety of residential units from studios to one five-bedroom.

The main entry along Coleman has views through the two-story entry portal to the courtyard and bay beyond. There is an accent wall at the entry portal that will have artist created panels to accentuate the main circulation stair. The panels are translucent allowing light into the main stair in the daytime and at night allowing the light within the stair to filter through the art panels onto the street. The main stair is highlighted to encourage its use. From Coleman one can enter up the ramp or the steps arriving at the second level entry gate into the courtyard. Circulation to the common area spaces is through the courtyard. The property management office and lobby are directly off the courtyard along with the Laundry and Community Room. The courtyard is divided into two spaces. The inside courtyard is surrounded by one-and two-bedroom units with a family child-care unit framing the view to the bay. The community room opens up to the outer courtyard with extensive views to the bay beyond. The third through fifth levels have double corridor loaded residential units

wrapping around the courtyard with two wings connected by corridor directly above the entry portal with connections to the main stair.

Fitting into the neighborhood context in terms of massing and materials, the building is broken down into repetitive bays that provide the modulation outlined in the Design for Development guidelines and smaller bays that bring the scale of the building down and relate to the neighboring buildings. The building is predominantly cement plaster and cement board and batten in a random pattern that creates texture and shadow adding interest to the facade. Perforated aluminum panels are used as sunshades at the windows, privacy screening at the stoops and guardrails at the entry and courtyard edge. There are also board form concrete walls on the first level. The color palette is subdued similar to the surrounding buildings and has the art glazing at the stair to provide color and context. Along Coleman there are smaller bays that address and terminate the mid-block break from the building across the street. The corner of Innes Court and Coleman frames the Innes Park and has corner windows with playful sun shades up the facade and around the corner.

Off-site improvements are proposed along Kennedy Place (southeast Public Service Access and Easement) with new sidewalk along the building face and planters and extension of the existing driveway to provide entrance to the garage. Three new trees are proposed in the planter to mirror the existing trees on the other side.

Accessibility

All units will be adaptable for people living with disabilities. Eleven mobility accessible units will be provided. Eight visual and hearing-impaired units will also be provided.

Sustainability

The building is all electric with a photovoltaic array offsetting partial residential load. The Greenpoint Rating requirement is at the gold level, but the building is targeting a platinum rating with enhanced sustainability goals. Light colors on the facade and sunshades support good passive design strategies and energy efficiency.

Landscape

The project seeks to integrate into the site by judiciously using the existing infrastructure and streetscape while select interventions for site paving and planting are proposed to integrate the project into the existing context. The residents' primary open space is on structure over a parking

area. The open space has connections to common resident areas, building entries, unit entries, and the community room. The podium is divided into three distinct zones to support a variety of programs. First, the main promenade extends from the building entry and offers clear views down to the bay and has small seating areas for the laundry room. The promenade has two key areas wrapped by dynamic paving, lighting, and seating systems meant to support more passive programming in a heavily planted area offering shaded gathering areas. On the other side of the main promenade, a more open and flexible area is connected directly to the community room, to support building-wide events and expansive opportunities for unprogrammed play for children while a sloped artificial lawn and seating area allow residents to take in the sweeping views. A linear stormwater planter along the southwest façade between the garage and easement will treat water runoff on-site before discharging into the street drainage system.

UNIT TYPES	Avg Unit SF - This Project	CTCAC-Required Minimum SF
SRO:		200
Studio:	425	200
1BR:	540	450
2BR:	780	700
3BR:	1010	900
4BR:	1470	1100
5BR:	1470	1100
Do all units meet CTCAC minimum SF?	Y	

Cost Containment

As a part of the design process and before embarking on the schematic design the developer and architect worked with OCII design review and housing staff to create a concept design that was as efficient as possible early in the design process. Adjustments made to the concept design during that process include:

- Reducing overall square footage by 7%
- Reducing Podium by 1,500 sqft
- Elimination of one five level stairwell
- Better circulation efficiency by maximizing double loaded corridors
- Reduced residential area by exchanging six 3-bedroom units with 2-bedroom units

- Increased building stacking (MEP systems) and construction efficiency by including 5 stories at Innes Ct (adding one story).
- Reduced earthwork and grading by increasing the building setback from the south property line
- Including the mid-block break on 2 levels vs 3 levels
- Simplifying the building massing and stepping to reduce complexity.

Further value engineering was done moving from 100% SD to 50% DD in April 2021 and 100% DD to 50% CD in November 2021. Items that were value engineered included simplified landscaping details and seating, updated roof pricing, reducing complexity of glazing at the entry stair, enclosing an open corridor at levels 4 and 5, and changing unit risers from copper to Cross-linked Polyethylene (PEX).

Construction costs are based on the 50% CD estimate with a 6% escalation determined from what Nibbi has seen in recent projects of similar geography and scale, as well as a recently added, as of May 2022, additional 6% escalation which projects construction costs through March 2023. Construction estimates remain based off the 50% CD set.

4.3. Construction Supervisor/Construction Representative's Evaluation. OCII's

Construction Representative has performed an analysis of the design development and estimated construction costs for the proposed development of Block 56, 11 Innes Court. 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 and the Sponsor created further efficiencies in the value engineering measures mentioned above in section 4.2.

The current hard cost assumptions, based on 50% CDs with an interim updated by Nibbi that included sub-contractor input, reflect a cost of approximate \$611 per square foot, or \$775,058 per unit, which is above the average project cost, yet falls within the comparable predevelopment project costs range. If awarded in its Round 2 CDLAC application, Sponsor estimates going out for bid in August 2022 to lock in bids as soon as possible.

4.4. Service Space. The proposed services space includes a Flex space, a Community Room, and a services office at about 1,700 sq ft. Based on

Mercy's experience in family buildings with similar unit counts (Bayview Hill Gardens, 1100 Ocean), the amount of space is adequate for the target population and size of the Project. The Sponsor is working to ensure that the community room is available to residents at extended hours, acknowledging that if resources are being used to create a beautiful community room, residents need to feel welcome and encouraged to use it individually and during programmed events.

- 4.5. Communications Wiring and Internet Access. The Sponsor team is committed to providing high-quality internet. Mercy and SFHDC have installed the Fiber to Housing program, which provides free, high-quality, high-speed internet access via City Fiber, in several developments, including Casala. The Sponsor is continuing this model at the Project and is planning to wire all units for CATV or CATVI and draw City Fiber from directly across Coleman St. There will also be wifi for resident use in the community room, and pending final design, the courtyard. The Sponsor has been in contact with SF Dept of Technology to receive and incorporate standards – most notably ensuring CATVI wiring to all units.
- 4.6. Public Art Component. There is no public art requirement, however the development team has chosen to include an accent glazing that will have artist-created panels to accentuate the main circulation stair on Coleman St. The panels are translucent allowing light into the main stair in the daytime and at night allowing the light within the stair to filter through the art panels onto the street. One of the most prominent features of the building is the main stair. To meet the project goal of embedding health in the building's design, the development and design team decided to make the stair a pleasant and fun experience by featuring a five-story storefront window system that will showcase the work of a local artist. The development team reached out to four artists who live and/or work in Bayview Hunters Point (one artist affiliated with the Shipyard Trust for the Arts and three artists who participated in murals on the SFMTA Innes quick build bike lanes). The team commissioned four concept proposals and selected the final proposal with the input of VMWP and Dr. Veronica Hunnicutt, Shipyard CAC Chair. The selected proposal is by Josue Rojas and is a continuation of his "Birds of the Americas" series. This work will "continue to seek ways to let the story of people's migration be told through the birds" and include depictions of the Great Migration with images of birds from the American South juxtaposed with local birds, wildlife, plants, fauna and general Natural San Francisco and Northern California landscape.

The Sponsor will take the art piece to the SF Arts Commission for a “Mural Approval” to ensure a public process and community acceptance.

4.7. Marketing, Occupancy, and Lease-Up

On April 19, 2019, the OCII Commission 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

The households that fall under these preference categories must also 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.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Van Meter Williams Pollack	N	N
Landscape Architect	Fletcher Studio	Y	N
JV/other Architect	Kerman Morris Architects (KMA)	Y	N
General Contractor	Baines Nibbi JV	Y	N
Owner's Rep/Construction Manager	Regent Construction Management	Y	N
Financial Consultant	Community Economics Inc	N	N
Legal	Gubb and Barshay	N	N

5.1. Procurement Plan. The Developer is required to comply with the Bayview Hunters Point Employment and Contracting Policy, OCII's Nondiscrimination in Contracts, Minimum Compensation and Health Care Accountability policies and will work closely with contract compliance staff to comply with the Small Business Enterprise ("SBE") Policy and the Construction Workforce Policy on this development.

During the construction phase of this project, the Developer is committed to meeting OCII's requirements and goals which include the 50% SBE participation goal on all contract dollars, payment of prevailing wages and the 50% local construction workforce hiring goal. As a result of a competitive general contractor selection process, the Developer has selected Baines Nibbi, a joint venture between the general contractor Nibbi Brothers and General Contractor Baines Group, an OCII-recognized SBE and Minority-Owned Business Enterprise.

The Sponsors have secured the following SBE percentages on the Project through Professional Services contracts thus far: SBE 91%, San Francisco-Based (SF) LBE 85%, Minority-Owned Business Enterprise (MBE) 14%, Woman-Owned Business Enterprise (WBE) 20%, Minority Woman-Owned Business Enterprise (MWBE) 4%.

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. Prior MOHCD/OCII Funding:

Loan Type/ Program	Loan Date	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Outstanding Principal Balance	Accrued Interest to Date
Predevelopment	4/7/2020	\$3,500,000	3%	April 2023 or until the perm loan is executed	Deferred	\$1,361,365.83	forthcoming
Total:		\$3,500,000					

6.2. Disbursement Status. Developer can continue to spend predevelopment funds until the close of construction financing. However, the gap loan proceeds (\$32,753,013) may not be drawn prior to the close of construction financing and execution of the Ground Lease.

As of May 6, 2022 there are \$1,361,365.83 in remaining initial Predevelopment funds. These funds were approved by OCII Commission on April 7, 2020 and can be spent on eligible expenses dating back to November 1, 2019. The Sponsor does not expect to need more than the remaining amount of the predevelopment loan, as it is expected to be adequate to cover the remainder of the few design costs and the cost of the site permit and Addenda needed to start construction.

6.3. Fulfillment of Loan Conditions.

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. **Status: Completed**
- 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. **Status: Completed**

Recommended conditions prior to financing gap

- OCII must review Request For Proposals (RFPs) for equity investors before they are finalized and released for investors. **Status: Not yet completed (RFP has not been issued)**
- OCII must review raw financial data from Sponsor or financial consultant prior to selection. **Status: Not yet completed (RFP has not been issued)**
- OCII must approve all selected investors. **Status: Not yet completed (RFP has not been issued)**
- OCII must review and approve all Letters of Intent. **Status: Not yet completed (RFP has not been issued)**
- Sponsor will work with OCII staff during predevelopment to ensure the recommended financing plan is consistent with underwriting guidelines. **Status: In process**
- 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. **Status: In process**
- 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. **Status: Ongoing**

6.4. Proposed Permanent Financing No funding, other than the OCII Predevelopment Loan, has been secured for this Project. The terms described below are based on the current debt and equity environment and are reasonably conservative. The Developer will work with OCII and potential lenders and investors to secure the best possible terms of all financing for the Project. This final financial plan (“FFP”) will be approved by the OCII Executive Director and MOHCD Director.

6.4.1. Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the project:

- 4% Tax Credit Equity (\$31,260,053): LIHTC equity is assumed to generate \$.93 per credit, based on recent experience in San Francisco, which still remains a prime targeting for CRA-motivated investors, although there is expected to be an increase of supply which may affect pricing, with more projects

coming through for funding. The Project is located in a DDA for 2021 and 2022, so the current proformas include a 30% basis boost. OCII staff will work with the Sponsor and its financial advisor to achieve the best possible tax credit pricing and other loan terms for the project, noting the potential issues with low NOI and operating reserve. Sponsor expects to select an investor in Q4 2022, pending a successful TCAC/CDLAC application.

- IIG Grant (\$0): The Sponsor applied for these funds in July 2021 and was not awarded funds. 2021 funds were primarily allocated to “Qualified Infill Areas” (e.g. Balboa Reservoir) as the scoring rubric in 2021 prioritized QIAs. At this point in time the project is showing \$0 for this funding source. The SuperNOFA guidelines were released on March 31, 2022 and the sponsor self-scored the project to understand if another application would be competitive moving forward. Based on conversations with two financial consultants (CEI and CD-RG) the project is likely uncompetitive as it currently does not include any special needs units. For background, special needs units were not incorporated into the program after discussing the location of the parcel with HSH. However, subsequent conversations have not yet occurred regarding the potential incorporation of this population. The SuperNOFA has a preference for special needs and homeless projects – with 10 additional points. The financial consultants advised that the project is likely uncompetitive without these points. If future HCD funds are available, and Sponsor applies and is successful, any funds that are awarded will reduce the loan amount prior to construction start via the FFP.
- OCII Loan (\$36,253,013): The current budget assumes an OCII subsidy of \$496,617/unit. This amount is comprised of \$31,753,013 in new OCII funds plus \$3,500,000 in current predevelopment funds, plus an additional \$1,000,000 for the not yet obtained AHP subsidy described below. The interest rate is currently set at 3%, however, due to concerns regarding investor interest because of the project’s low Net Operating Income and potential capital account issues, the interest rate will be revisited during the FFP process. The remainder of the predevelopment portion of the OCII subsidy will be used during

predevelopment and the additional funds will be used during construction.

- OCII/ AHP (\$1,000,000): The Sponsor has assumed a \$13,699 per unit subsidy for its AHP subsidy, which is reasonable at this stage of development. The Sponsor has currently scored the project at 71 points. The lowest score awarded in 2020 (the last year data is publicly available) was 72.68 points. Sponsor will be applying to AHP in Spring 2023, after construction on the project has started and will confirm scoring prior to this application. Due to this timing, OCII proposes providing the \$1,000,000 in projected AHP sources through this Gap loan, for a total of \$36,253,013 in OCII funding.
- Deferred Developer Fee (\$0): The Sponsor is proposing no Deferred Developer Fee at this time to minimize project costs and because the Project has limited cash flow. If the Project can successfully support a Deferred Developer Fee, therefore increasing Tax Credit Equity to the Project, at the time of the Construction Loan Closing it may be included in the FFP.
- General Partner Equity (\$0): The Sponsor is proposing no GP Equity at this time to minimize project costs and to boost its tiebreaker score. The Sponsor will explore ways to incorporate it into the Project without jeopardizing financial feasibility. If successful, GP Equity will be incorporated into the FFP and subject to approval by the MOHCD Director and OCII Executive Director.
- Construction Loan (\$35,732,509): While not a permanent source, the presumed construction loan terms are a 23-month term at 4.0% interest. The lender has not yet been selected and the terms are based on recent projects in San Francisco as recommended by the Sponsor's Financial Advisor, Community Economics.
- Alternate Financing. Due to the project's small size and the overall lack of funding sources, other programming options that would support operating costs have been and will continue to be explored. One of these pathways included a set aside for off-site households from HOPESF Sunnydale, who would be supported by project-based vouchers. This option did not progress due to limited initial interest from Sunnydale residents and a need to retain a maximum of PBVs for Sunnydale on-site.

- Additional Financing Paths (if not awarded Round 2 2022 TCAC/CDLAC) The Sponsor is now considering eligibility for Faircloth to RAD, a new HUD program, under which the Project would be initially developed as public housing and upon completion, be converted to RAD, which would in turn provide low-value Housing Choice Voucher subsidies for all of the units. MOHCD is currently working on a city-wide strategy for this program. If Block 56 meets the city-wide strategy and if the Sponsor pursues Faircloth to RAD, the Project will need NEPA clearance, as described in Section 2.4. Another financing path is to add a portion of supportive housing / LOSP units to the project which would assist in the project's cashflow and also increase its competitiveness for state funding. Specifically, the Sponsor is working on a tiebreaker analysis to understand the benefit of adding homeless or other special needs units, as well as understanding the operational implications of this population shift. A shift to incorporate LOSP or other special needs units could require some redesign of the Project to ensure appropriate services space is available.

6.5.2 CDLAC Tax-Exempt Bond Application:

Based on scoring by the Sponsor the project is projected to score 15.73 in the upcoming CDLAC/TCAC Round 2. Based on the MOHCD Tax Exempt Bond Manager, this score is in the 87th percentile of projects that applied last year. However, as always an award would be dependent on the number of projects that apply with extremely low income units this round. Based on an internal score of Mercy projects this comes in the middle of pipeline projects. Since the Round 2 scoring system has not been finalized and includes rent benefit calculations, the project may be competitive. However, it is impossible to know unless an application is submitted, therefore, staff and the Developer are recommending proceeding with the application. Since any further delays to this Project will likely result in additional increased costs, staff and the Developer recommend applying for financing now.

CDLAC Self-Score	
Opportunity Map Resource Level	Low

TCAC Housing Type (new construction only)	Large Family
Bond Allocation Request Amount	\$35,732,509
Total Self-Score (out of 120 points)	119
Tiebreaker Score	15.73

6.4.2. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	Y	Hard costs per unit are higher than average, but in line with similar projects per Attachment H
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard cost contingency is 5%
Architecture and Engineering Fees are within standards	Y	A&E total: \$1,988,252
Construction Management Fees are within standards	Y	Construction Management: \$135,000 Special Inspections: \$168,195
Developer Fee is within standards, see also disbursement chart below	Y	Project management fee: \$1,100,000 At risk fee: \$1,100,000 Deferred Fee: \$0 GP Equity: \$0 Commercial fee: \$0 Total fee: \$2,200,000
Consultant and legal fees are reasonable	Y	Fees are standard for 4% projects
Entitlement fees are accurately estimated	Y	Entitlement fees based off of DBI site permit actuals. Utility fees based off of recent projects. Sponsor notes that recent projects are PG&E comps, not PUC power only.
Construction Loan interest is appropriately sized	Y	Based on secured overnight financing rate, plus 2.25%, plus a 1% underwriting cushion
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 6 months of the operating budget

Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	NA	
Supplemental Operating Reserve	NA	NA

6.5.4 Developer Fee Evaluation: The fee conforms to MOHCD policies. The milestones for the payment of the developer fee to the sponsor are specified below:

Total Developer Fee:	\$2,200,000	
Project Management Fee Paid to Date:	\$325,000	
Amount of Remaining Project Management Fee:	\$775,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$1,100,000	
Amount of Fee Deferred (the "Deferred Fee"):	\$0	No Deferred Fee recommended to maintain lower costs for CDLAC application
Amount of General Partner Equity Contribution (the "GP Equity"):	\$0	No GPE recommended to maintain lower costs for CDLAC application
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
At closing of initial pre-development financing	\$50,000	5%
At approval of initial Value Engineering	\$100,000	9%
At submission of Schematic Design	\$100,000	9%
At Commission approval of Schematic Design	\$100,000	9%
During Design Development and completion of Construction drawings	\$150,000	14%
Construction Close	\$200,000	18%
During or at End of Construction	\$200,000	18%
Project close-out	\$200,000	18%
Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee
100% lease up and draft cost certification	\$220,000	20%
Permanent conversion	\$550,000	50%
Project close-out	\$330,000	30%

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

7.1. Annual Operating Budget.

The project's operating budget is in line with comparable projects across MOHCD and OCII's portfolio, as is shown in Section 7.2.

Major cost drivers in the operating budget for the project include insurance costs and Mercy Housing Management Group on-site salaries. The Sponsor has seen both of these cost areas increase over the past year; insurance costs have risen almost 50% since the time of RFP of the project and Mercy has increased salaries for on-site staff due to challenges with attracting and retaining staff in such a high-cost area.

7.2. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	N/A	The Project carries no hard debt therefore there is no coverage ratio.
Vacancy meets TCAC Standards	Y	Vacancy is 5%
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	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 \$13,703 per unit Sponsor based the operating budget on current comparable projects in their portfolio. Comparable MOHCD projects in operation escalated to 2024 range from \$10,881 to \$25,956, with an average of \$15,415
Property Management Fee is at allowable HUD Maximum	N	Total Property Management Fee is \$56,940 or \$65 PUPM, which is below the HUD maximum of \$81 PUPM
Property Management staffing level is reasonable per comparables	Y	1 FTE Senior Property Manager 1 FTE Assistant Property 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 \$23,450/yr

Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$450 per unit per year
Limited Partnership Asset Management Fee meets standards	Y	\$5,000

7.3. Staffing Summary. MHMG will serve as the property manager. The staffing includes 1 FTE Senior Property Manager, 1 FTE Assistant Property Manager, 1 FTE Maintenance manager and 1 FTE Janitor.

7.4. Income Restrictions for All Sources.

UNIT SIZE			<u>MAXIMUM INCOME LEVEL</u>		
	No. of Units	No. of Lottery Units	MOHCD	TCAC	HCD
<u>LOTTERY</u>					
STUDIO	4	4	50%	40%	NA
1 BR	18	18	50%	40%	
2 BR	31	31	50%	40%	NA
3 BR	16	16	50%	40%	NA
4 BR	2	2	50%	40%	NA
5 BR	1	1	50%	40%	NA
Sub-Total	72	72			
<u>STAFF UNITS</u>					
2 BR	1		N/A	N/A	
TOTAL	73	73			
AVERAGE FOR LOTTERY UNITS ONLY		54	50%	40%	

7.5. MOHCD Restrictions.

Unit Type	Proposed Number of Units	Proposed Avg. Sq. Feet	Max. Rent (at Target AMI)**	Max. % AMI	Target % AMI	Rent or Operating Subsidies
Studio	4	425	\$1,212	50%	50%	none
1BR	18	540	\$1,385	50%	50%	none
2BR	1	780	Mgr	Mgr	Mgr	none
2BR	31	780	\$1,559	50%	50%	none
3BR*	16	1010	\$1,732	50%	50%	none
4BR	2	1,470	\$1,870	50%	50%	none
5BR	1	1,470	\$2,009	50%	50%	none
Total Units	73					

**One 3-bedroom reserved for Family Child Care unit*

***Rents are based on estimates of MOHCD's 2022 AMIs and are gross (do not deduct utility allowances)*

Note: The Redevelopment Plan restricts affordability at or below 50% MOHCD AMI. Given the project's low Net Operating Income, staff proposes that the 14 units previously set at 35% AMI during predevelopment loan approval be increased to 50% AMI. This increases the project's feasibility while still complying with the Redevelopment Plan restrictions and intent. At the time of predevelopment financing staff did anticipate that the AMI mix may need to change to ensure Project feasibility. Sponsor will continue to explore ways to bring some below 50% AMI units back to the Project prior to the FFP. Any changes to the AMI levels are subject to approval by the OCII Executive Director and the MOHCD Director through the FFP. In no event shall the restrictions on any unit exceed 50% of City AMI.

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 community at Block 56.

The service plan proposes 1 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, composed of 100 children and youth and 73 adults. 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 flex room for family conferences, and an outdoor communal space with a multipurpose area for community building activities. Using SFHDC's experience from the COVID19 pandemic, the services area has a special pantry storage area and the community room floor plan is specifically designed to safely accommodate an indoor/outdoor food pantry.

In addition to established on-site services, SFHDC will leverage its existing relationships with several longstanding and respected service providers in the Bayview Hunters Point community as well as SFHDC's current Resident Services team at nearby Hunters Point East & West, Westbrook Apartments, and Bayview Commons; and SFHDC's Financial Empowerment Center to ensure residents are establishing and meeting their personal financial growth goals.

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

8.2. Services Budget.

Position	FTE	Salary	Description	Time Allocation
Resident Services Coordinator (SFHDC)	1	\$71,500	Direct overall services program for Block 56	On-site 5 days/week, 8 hours/day
Benefits/Fringe @32%		\$22,800		
		\$8,500	Supplies/Travel	
Total	1	\$102,800		

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$36,253,013 including \$1,000,000 in potential AHP funds
Loan Term:	55 years
Loan Maturity Date:	2077
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3% (This loan may be recast with a lower interest rate, down to 0%, to be determined prior to the permanent loan closing with approval of the OCII Executive Director and MOHCD Director pursuant to the FFP)
Date Loan Committee approves prior expenses can be paid:	November 1, 2019.

9.2. Recommended Loan Conditions

1. Sponsor must provide OCII with detailed monthly updates via the MOH Monthly Project Update, including on:
 1. Community outreach completed,
 2. Outcomes achieved related to racial equity goals.
2. Sponsor must provide operating and development budgets that meet MOHCD Underwriting Guidelines and MOHCD Commercial Space Underwriting Guidelines.
3. Sponsor must provide OCII with a services plan and proposed staffing levels that meet OCII underwriting standards prior to gap loan approval. Any changes to the current proposed staffing will need to be presented to OCII at least 90 days prior to gap loan approval. The proposed 1 FTE services staff will be reduced to .75 FTE at the time of FFP if necessary to maintain Project feasibility and based on evaluation of the services plan.
4. Upon request, Sponsor must provide OCII with information outlining cost containment, efficiencies and innovation strategies to reduce overall project costs and maximize efficiency of OCII gap loans.

5. Within 30 days of an award of AHP funds and upon project evaluation by the OCII Executive Director and MOHCD Director, Sponsor must return \$1,000,000 in project savings associated with this award and provided in this gap loan, to OCII / MOHCD.
6. Sponsor will evaluate financial feasibility of incorporating income tiering below 50% AMI prior to FFP.
7. If Sponsor is unsuccessful in its upcoming Round 2 2022 CDLAC application, and, if a NOFA has been released, it must re-evaluate its competitiveness for an application to IIG or another HCD program, and if deemed competitive, apply for funding.
8. Sponsor must: a) provide for OCII/MOHCD review of the Request for Proposals (RFP) for equity investors and lenders before it is finalized and distributed; b) provide for OCII/MOHCD review of all raw financial data from developer or financial consultant prior to selection; c) provide for OCII/MOHCD review and approval of all selected investors and lenders; and, d) provide for OCII/MOHCD review and approval of all Letters of Intent from financial partners.
9. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.
10. Sponsor must provide quarterly updated response to any letters requesting corrective action.
11. Sponsor must designate a San Francisco marketing staff person to work directly with MOHCD/OCII on COP marketing and placement. Sponsor will provide information regarding marketing (including the reflection of the lease-up team to that of the applicants) and operations (i.e., does on-site staff reflect the property residents) in existing portfolio and work with OCII and MOHCD to establish a marketing and outreach plan for the Project focusing on preference populations.
12. Sponsor must provide an Early Outreach Plan 1 month after the start of construction and initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to OCII preference program participants,

including COP Holders, Displaced Tenants, and Neighborhood Residents. This plan should also include a lease up staffing plan for MOHCD and OCI staff to review and approve.

10. LOAN COMMITTEE MODIFICATIONS

[N/A or list]

LOAN COMMITTEE RECOMMENDATION

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

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

Eric D. Shaw, Director
Mayor's Office of Housing

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

Salvador Menjivar, Director of Housing
Department of Homelessness and Supportive Housing

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

Thurston Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

Anna Van Degna, Director
Controller's Office of Public Finance

Date: _____

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

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, May 27, 2022 2:53 PM
To: Chavez, Rosanna (MYR)
Subject: Gap financing for hunters point

I approve

Get [Outlook for iOS](#)

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Wednesday, June 1, 2022 4:51 PM
To: Chavez, Rosanna (MYR)
Subject: Gap Financing Hunters Point Shipyard ("HPS") Block 56

I approve the request by Mercy Housing California (MHC) and San Francisco Housing Development Corporation (SFHDC) for a total of \$36,253,013 in Gap Financing (including a \$1,000,000 AHP Bridge Loan) to develop Hunters Point Shipyard ("HPS") Block 56 ("Block 56" or the "Project") which 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 at 50% of City AMI in the Hunters Point Shipyard.

Best,

salvador



Salvador Menjivar
Director of Housing
Pronouns: He/Him
San Francisco Department of Homelessness and Supportive Housing
salvador.menjivar1@sfgov.org | 415-308-2843

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Chavez, Rosanna (MYR)

From: Kaslofsky, Thor (CII)
Sent: Friday, May 20, 2022 11:36 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Re: Citywide Affordable Housing Loan Committee - Friday, May 20, 2022 11:15 a.m.

I approve the HPS Block 56 project loan.

Best Regards,
Thor



Thor Kaslofsky
Executive Director

One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
415.749.2588
www.sfocii.org

*Please note that if you are receiving this email outside of your normal working hours there is no urgent need to respond unless there is a specific request to do so.

From: Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>
Sent: Thursday, May 19, 2022 5:47 PM
To: Colomello, Elizabeth (CII) <elizabeth.colomello@sfgov.org>
Subject: Re: Citywide Affordable Housing Loan Committee - Friday, May 20, 2022 11:15 a.m.

Thanks!

Best Regards,
Thor



Chavez, Rosanna (MYR)

From: Pereira Tully, Marisa (CON)
Sent: Friday, May 20, 2022 11:35 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Gap Financing for Hunters Point Shipyard Block 56

Approve

Marisa Pereira Tully (she/her)
Controller's Office of Public Finance
City and County of San Francisco

Please note that as of 4/4/22 I will be part-time with the Office of Public Finance and may take longer to respond to emails.

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	<u>COMPLETE</u>	
2.	Site Acquisition	<u>N/A</u>	
3.	Development Team Selection		
a.	Architect	<u>COMPLETE</u>	
b.	General Contractor	<u>COMPLETE</u>	<u>COMPLETE</u>
c.	Owner's Representative	<u>COMPLETE</u>	<u>COMPLETE</u>
d.	Property Manager	<u>COMPLETE</u>	
e.	Service Provider	<u>COMPLETE</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>COMPLETE</u>	<u>COMPLETE</u>
b.	Submittal of Design Development & Cost Estimate	<u>COMPLETE</u>	<u>COMPLETE</u>
c.	Submittal of 50% CD Set & Cost Estimate	<u>COMPLETE</u>	<u>COMPLETE</u>
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>1/10/2022</u>	<u>3/10/2022</u>
5.	Environ Review/Land-Use Entitlements	<u>N/A</u>	
a.	CEQA Environ Review Submission	<u>COMPLETE</u>	<u>COMPLETE</u>
b.	NEPA Environ Review Submission	<u>TBD</u>	<u>TBD</u>
c.	CUP/PUD/Variances Submission	<u>COMPLETE</u>	<u>COMPLETE</u>
6.	Permits		
a.	Building / Site Permit Application Submitted	<u>COMPLETE</u>	<u>COMPLETE</u>
b.	Addendum #1 Submitted	<u>COMPLETE</u>	<u>COMPLETE</u>
c.	Addendum #2 Submitted	<u>COMPLETE</u>	<u>COMPLETE</u>
7.	Request for Bids Issued	<u>8/15/2022</u>	<u>7/15/2023</u>
8.	Service Plan Submission		
a.	Preliminary	<u>COMPLETE</u>	
b.	Interim	<u>COMPLETE</u>	<u>COMPLETE</u>
c.	Update	<u>6/21/2022</u>	<u>8/1/2023</u>
9.	Additional City Financing		

Evaluation of Request for Financing
Hunters Point Shipyard Block 56, 11 Innes Ct.

May 20, 2022
Page 45 of 61

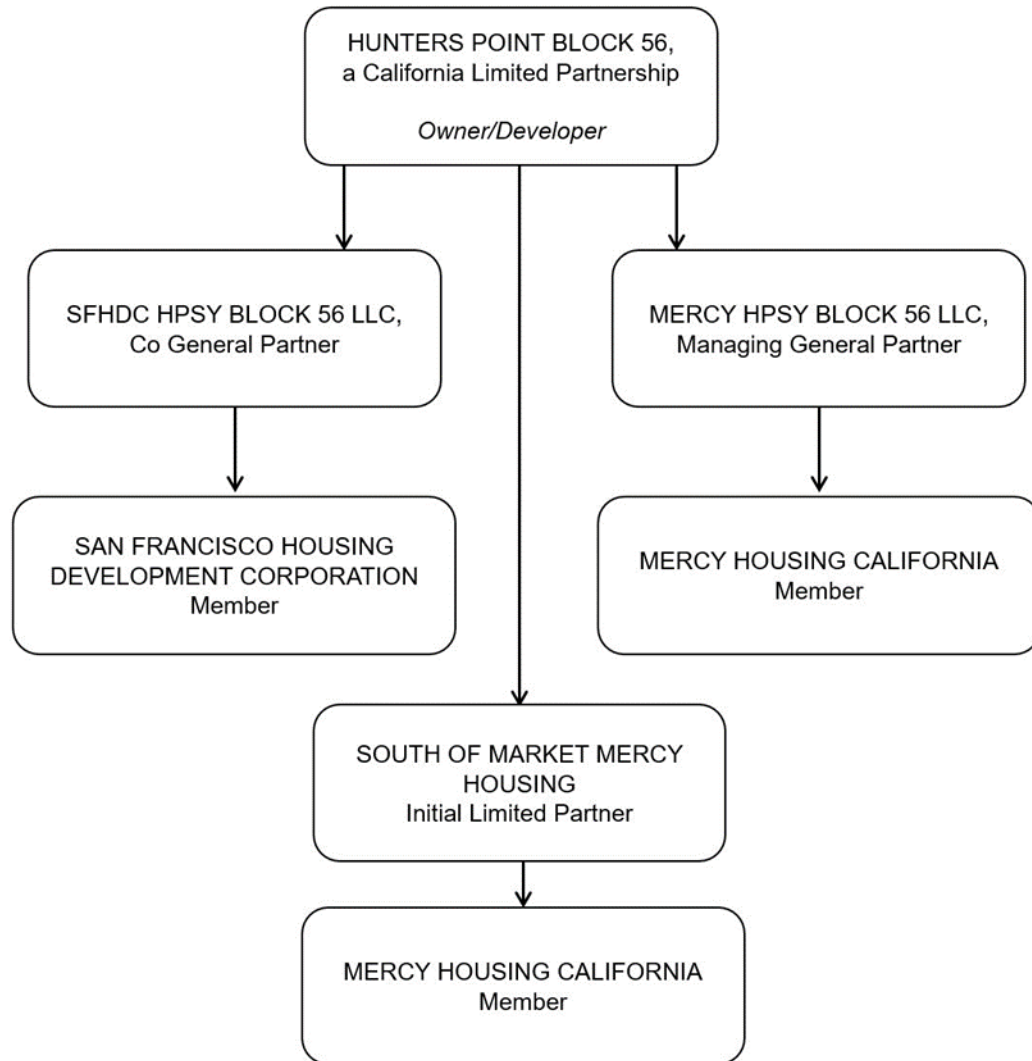
a.	Predevelopment Financing Application #2		
b.	Gap Financing Application	<u>COMPLETE</u>	<u>6/21/2022</u>
10.	Other Financing		
a.	MHP Application	<u>n/a</u>	
b.	Construction Financing RFP	<u>11/1/2022</u>	<u>2/10/2023</u>
c.	AHP Application	<u>2/15/2023</u>	<u>8/15/2023</u>
d.	CDLAC Application	<u>Application:</u> <u>7/7/2022</u> <u>Award:</u> <u>10/19/2022</u>	<u>Application:</u> <u>03/15/2023</u> <u>Award:</u> <u>06/15/2023</u>
12 e.	TCAC Application	<u>Application:</u> <u>7/7/2022</u> <u>Award:</u> <u>10/19/2022</u>	<u>Application:</u> <u>3/15/2023</u> <u>Award:</u> <u>6/15/2023</u>
f.	State Credit Application		
g.	HUD 202 or 811 Application	<u>n/a</u>	
h.	Other Financing Application (IIG)	<u>COMPLETE</u>	<u>TBD</u>
11.	Closing		
a.	Construction Closing	<u>2/1/2023</u>	<u>8/1/2023</u>
b.	Permanent Financing Closing	<u>2/1/2025</u>	
12.	Construction		
a.	Notice to Proceed	<u>2/1/2023</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>8/1/2024</u>	
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>10/1/2023</u>	
b.	Commence Marketing	<u>2/1/2024</u>	
c.	95% Occupancy	<u>12/1/2024</u>	
14.	Cost Certification/8609	<u>6/1/2025</u>	
15.	Close Out MOH/OCII Loan(s)		

Evaluation of Request for Financing
Hunters Point Shipyard Block 56, 11 Innes Ct.

May 20, 2022
Page 46 of 61

		<u>7/1/2025</u>	

Attachment B: Borrower Org Chart



Evaluation of Request for Financing
Hunters Point Shipyard Block 56, 11 Innes Ct.

May 20, 2022
Page 48 of 61

Attachment C: Development Staff 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



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

- Key member in managing and performing tasks necessary to obtain local approval(s) and neighborhood acceptance of proposed housing developments, including submitting land use applications, attending hearings and neighborhood meetings.
- Manage construction draw budgets including, most recently, two construction budgets totaling over \$115 million for two high-rise developments: 10th & Mission Family Housing and 9th & Jessie Senior Housing in San Francisco.
- Assist in all aspects of the construction loan closing for projects, including Hotel Essex, 10th & Mission Family Housing, Edith Witt Senior Community, and Casa Verde.
- Manage projects related to the preparation of various federal state and local applications for funding including TCAC, HUD Section 202, MHP and AHP.
- Responsible for providing lead support in the on-going coordination between architects, contractors, federal, state and local governments, as well as other members of the Project Development Team.

Community and Economic Development Intern, City of Fairfield, Fairfield, California

July 2004 to June 2005

- Conducted surveys, recorded searches, and data collection for feasibility analysis of proposed community development initiatives.
- Analyzed qualitative and quantitative data for economic development / redevelopment projects.
- Organized and led weekly briefings to an audience of 20 Fairfield residents for an affordable housing down payment assistance program in conjunction with the Fairfield Housing Authority.

EDUCATIONAL BACKGROUND

University of California Davis, June 2005

Bachelor of Science, Community & Regional Development

LISC Housing Development Training Institute, September 2008

LISC Advanced Housing Development Training Institute, July 2009

PROFESSIONAL AFFILIATIONS

FACES - SF, Secretary of Board of Directors - January 2012 - April 2015

December, 2000



RAMIE K. DARE

Director, Real Estate

PROFESSIONAL EXPERIENCE

Mercy Housing California, San Francisco, California

Senior Housing Developer, May 1997 to Present

Developer of affordable rental housing for families, seniors, and people with special needs utilizing 4% and 9% tax credits, tax exempt bonds, conventional financing and rental subsidies. Experienced in all aspects of development, including feasibility study, contract negotiation, project management, financing and community acceptance planning. Developments include Bermuda Garden Apartments (80 unit rehab), Eden House Apartments (116 unit rehab) Marlton Manor (150 unit special needs, rehab), Tolton Court and Montclair Court (26 units urban infill), La Costa Paloma Apartments (180 units inclusionary housing), Carter Terrace (106 family units), 10th and Mission Family Housing (136 high rise family units, mixed use), and 9th and Jessie Senior Housing (107 high rise senior units, HUD 202 mixed finance) and Sunnydale HOPE SF (50 acre master planned mixed income community).

CREDO Housing, Inc, Oakland, California

Housing Developer, September 1993 - April 1997

Developer of affordable rental housing in Oakland, Berkeley and unincorporated Alameda County totaling \$19 million and 273 units. Experience in developing projects financed by low income housing tax credits, tax exempt bond, cities of Oakland and Berkeley, Alameda County, HUD and institutional lenders.

EDUCATION

University of California Los Angeles

Bachelor of Arts, Urban Studies major, 1991

Harvard University, John F. Kennedy School of Government

Master in Public Policy, 1993

Bank of America Leadership Academy

Development Training Institute, 2002

PROFESSIONAL & COMMUNITY INVOLVEMENT

Member of Board of Directors of Community Housing Partnership, which develops permanent affordable housing and services for formerly homeless individuals and families in San Francisco, April 2004 to Present.

Co-Chair of EBHO Community Acceptance Strategies Committee to build community acceptance of affordable housing amongst policymakers and the public. Served on EBHO Board of Directors, January 1996 to February 1997.

Member of Board of Directors of Californians for Justice, a statewide organization engaged in community organizing in low-income communities for racial justice, 1995 - 2001

December, 2000



FIONA RUDDY

Project Developer I

PROFESSIONAL EXPERIENCE

Mercy Housing California, San Francisco, California

Project Developer I, February 2020 to present

- Manage and perform all tasks related to the development of affordable housing associated with acquisition and new construction.
- Responsible for reviewing sites for potential housing developments, preliminary land use analysis to determine feasibility; secure local approvals and neighborhood acceptance; prepare financial analysis and secure project funding; oversee design and construction process and close out with the investors and lender.
- Projects include: Hunters Point Shipyard Block 56 - 73 units of affordable family housing; The Kelsey Civic Center - 107 units of affordable housing with over 1,200 sq ft of commercial space.

San Francisco Housing Development Corporation San Francisco, California

Real Estate Project Manager, September 2018 to February 2020

- Project managed three Rental Assistance Demonstration public housing preservation projects.
- 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 and working group meetings, partnering with organizations in the public and private sector.

The San Francisco Foundation San Francisco, California

Fellow, Great Communities Collaborative, July 2016 to June 2017

- Developed strategy and communications documents for emerging multi-issue grantmaking initiative.
- Created documents for collective impact table of funders and advocacy groups identifying locations for and policy mechanisms to foster affordable housing development.
- 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.

Eastern Market Partnership Detroit, Michigan

Director of Food Access Programs, 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.

Alternative Food Program Coordinator, May 2011 to May 2015

- Launched Detroit Community Markets, Detroit's first coalition of faith-based and non-profit community stakeholders working to advance food justice and diversify the city's grocery economy.
- Recruited, hired, and trained 40+ individuals to run Eastern Market Farm Stand, a pop-up mobile market advancing nutritional behavior change, created all systems tracking for program grant reporting.

EDUCATIONAL BACKGROUND

University of California, Berkeley

Master of City Planning, Housing, Community & Economic Development, 2018

Master of Public Health, Health & Social Behavior, 2018

University of Michigan, Ann Arbor

Bachelor of Arts, Political Science, 2010

Minor, Peace & Social Justice

University of the Witwatersrand, Johannesburg, South Africa

Guest Student, International Human Rights Exchange, 2009

CURRENT COMMUNITY INVOLVEMENT & PROFESSIONAL AFFILIATIONS

Member, NPH Emerging Leaders Peer Network

Board of Directors, The San Francisco Wholesale Produce Market

Chair, Strategy Committee, The San Francisco Wholesale Produce Market

HONORS AND AWARDS

The James R. Boyce Affordable Housing Competition Studio, Individual & Team Award, 2018

University of California, Berkeley School of Public Health Academic Excellence Scholarship, 2016

Crain's Detroit Business "20 in their 20s" award, 2013



Simonne Joseph Moreno

Assistant Project Developer I

PROFESSIONAL EXPERIENCE

Mercy Housing California, San Francisco, California

Assistant Project Developer I, March 2020 to present

- Provide support to project management and senior level staff in overseeing multiple affordable housing developments through various tasks such as developing work plans, managing timelines, producing detailed status reports, and managing related budget
- Prepare funding applications, assist in project feasibility, coordinate, and participate in construction meetings, and other administrative tasks associate with each project
- Maintain communication with all participating entities of each development phase such as investing partners, construction and mortgage lenders, project architects, general contractors, titles companies, property management, and residential services to ensure all project requirements are being met
- Projects include: Hunters Point Shipyard Block 56 – 73 units of affordable family housing; The Kelsey Civic Center – 107 units of affordable housing with over 1,200 sq ft of commercial space; 833 Bryant St (Tahanan) Project consisting of 145 units of Permanent Supportive Housing; 1064 Mission Street Project consisting of 258 units of Permanent Supportive Housing; Colma Veterans Village consisting of 66 units of homeless veterans housing.

John Stewart Company, San Francisco, California

Associate Real Estate Analyst (Presidio Residences), October 2018 to February 2020

- Post monthly charges and ad hoc charges to individual accounts for over 1,100 residential units in the Presidio's residential housing program as well as apply physical checks and e-payments into correct accounts
- Generate monthly reports for management and C-level executives providing information on delinquent accounts, insight to residential analytics, and variances in financial data.
- Effectively use MS Excel to manipulate or extract necessary information from large datasets, create detailed visuals, and use existing models to create various reports
- Prepare, correct, and submit documents for 2019 financial audit ensuring that all leases and financial information are accurate
- Reconcile monthly cash deposits with reports from client and corporate accounting to ensure exact account receivables.

Golden Gate National Parks Conservancy, San Francisco, California

Environmental Educator, September 2016 to August 2018

- Develop and deliver curriculum that expose students to current environmental issues around the San Francisco Bay Area and similar communities around the world to display how different systems are interconnected and how environmental injustices elsewhere impacts their own communities
- Encourage students to engage with different communities by providing them with resources around the city like public parks, youth programs, and volunteer and service-oriented organizations

- Contact other non-profits that provide extracurricular outdoor educational opportunities to access services for program participants at a free or reduced price
- Communicated with classroom teachers and essential staff to schedule events, trips, or visits to the Golden Gate National Parks Conservancy to complete planned programming and to build a successful lasting relationship with schools or partner organization

EDUCATIONAL BACKGROUND

San Francisco State University

Bachelor of Arts, American History

Minor, California Studies

City College of San Francisco

Associates of Science, Social and Behavioral Sciences

San Francisco, California

CURRENT COMMUNITY INVOLVEMENT & PROFESSIONAL AFFILIATIONS

Founder & Member, Environmental Educators of Color

HONORS AND AWARDS

Teacher's for Social Justice Award, May 2019

DAVID J. SOBEL



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

DAVID J. SOBEL



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 implementation 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

DAVID J. SOBEL



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

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



Sarah Graham, Real Estate Development Project Manager

Sarah brings more than 18 years of experience in local government fiscal and housing policy and urban economics consulting. Sarah is involved in both new construction tax credit projects and in RAD rehab projects in San Francisco. In addition to her development project management skills, she previously specialized in assisting public agencies and nonprofits with community development strategies and funding needed capital improvements and affordable housing. Sarah has completed numerous projects for California cities addressing affordable housing development, preservation, and funding, as well as assessing the economic and fiscal impacts of land use and transportation policies and strategies for plan implementation and infrastructure financing, especially in infill settings and transit areas. Sarah has served as a presenter and facilitator for public workshops, trainings, and stakeholder meetings, including SPUR forums and U.S. Department of Housing and Urban Development technical assistance programs.

Professional Experience

Real Estate Development Project Manager, SFHDC, San Francisco, California, 2020-Present

Local Government Consultant, San Francisco, California, 2018-2020

Senior Associate/Principal, Strategic Economics, Berkeley, California, 2009-2018

Project Manager, MuniFinancial, Oakland, California, 2006-2009

Policy Analyst, ECONorthwest, Eugene, Oregon, 2004-2006

Policy Analyst, Budget Analyst, Board of Supervisors, San Francisco, California, 2000-2003

Relevant Projects

Hunters Point Shipyard Block 56, 73 Units, San Francisco, California

455 Fell, 108 Units, San Francisco, California

Bernal Dwellings, 160 Units, San Francisco, California

Hayes Valley North, 84 Units, San Francisco, California

Hayes Valley South, 110 Units, San Francisco, California

Fillmore Marketplace, 120 Units, San Francisco, California

Mayor's Office of Housing & Community Development (MOHCD) Small Sites Program (SSP), San Francisco, California

Education

Master of Public Policy, Goldman School of Public Policy, University of California, Berkeley

Bachelor of Arts, International Relations, Environmental and Economic Affairs, Tufts University

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 Hunters Point Block 56 project during operations.

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

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 Mgmt 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.

Developer's Budget for Asset Mgmt Team Shown as Cost Center for SF Projects

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

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

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

MOHCD Asset Management Staff's Final Assessment of Developers Asset Management Capacity

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.

Attachment E: Threshold Eligibility Requirements and Ranking Criteria

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:

<u>POINTS</u>		<u>CRITERIA</u>
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 <i>and in accordance and in good standing with current OCII/MOHCD standards related to marketing and tenant selection</i>
	10	Developer experience with government assisted affordable housing programs and financing sources and/or “green” housing; Developer Workload Capacity. <i>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)</i>

	5	Workforce and Contracting Action Plan
	10	Architect experience & capacity, including “green” housing <i>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)</i>
	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)

Evaluation of Request for Financing
Hunters Point Shipyard Block 56, 11 Innes Ct.

May 20, 2022
Page 55 of 61

Attachment F: Site Map with amenities

Hunters Point Shipyard Phase I and Block 56 Location



Evaluation of Request for Financing
Hunters Point Shipyard Block 56, 11 Innes Ct.

May 20, 2022
Page 56 of 61

Attachment G: Elevations and Floor Plans



3 COLEMAN ST TOWARDS INNES CT - MAIN BUILDING ENTRANCE
A0.03

1 INNES CT AND COLEMAN ST CORNER
A0.03



2 COLEMAN ST - BUILDING MAIN ENTRANCE
A0.03

- ☐ **CIVIL ENGINEER**
LUX AND ASSOCIATES
738 ALFRED NOBEL DRIVE
HERCULES, CA 94547
510-724-3388
- ☐ **LANDSCAPE ARCHITECT**
FLETCHER STUDIO
2325 3RD STREET, SUITE 413
SAN FRANCISCO, CA 94107
415-230-9144
- ☐ **ELECTRICAL ENGINEER**
EDSIGNIC, INC.
582 MARKET STREET
SAN FRANCISCO, CA 94104
415-391-1693
- ☐ **MECHANICAL & PLUMBING ENGINEER**
MHC ENGINEERS, INC.
150 18TH STREET
SAN FRANCISCO, CA 94103
415-512-7141
- ☐ **STRUCTURAL ENGINEER**
OLMM CONSULTING ENGINEERS
156 ELLIOTT STREET, 2ND FLOOR
SAN FRANCISCO, CA 94102
415-882-9449
- ☐ **JOINT TRENCH**
URBAN DESIGN CONSULTING
ENGINEERS
350 TOWNSEND STREET, SUITE 409
SAN FRANCISCO, CA 94107
415-658-5850
- ☐ **LIGHTING DESIGNER**
WELLER DESIGN ARCHITECTURAL
LIGHTING
156 SOUTH PARK
SAN FRANCISCO, CA 94107
415-499-8352

[illegible]

Project:

HPSY BLOCK 56

11 INNES COURT
SAN FRANCISCO, CA 94124

Client:

MERCY HOUSING
1256 MARKET STREET
SAN FRANCISCO, CA 94102

SFHDC
4439 THIRD STREET
SAN FRANCISCO, CA 94124

3D VIEWS

JOB #: 1832

SCALE

A0.03



- ☐ **CIVIL ENGINEER**
LUX AND ASSOCIATES
738 ALFRED NOBEL DRIVE
HERCULES, CA 94547
510-724-3388
- ☐ **LANDSCAPE ARCHITECT**
FLETCHER STUDIO
2325 3RD STREET, SUITE 413
SAN FRANCISCO, CA 94107
415-230-9144
- ☐ **ELECTRICAL ENGINEER**
EDSIGNIC, INC.
582 MARKET STREET
SAN FRANCISCO, CA 94104
415-391-1693
- ☐ **MECHANICAL & PLUMBING ENGINEER**
MHC ENGINEERS, INC.
150 18TH STREET
SAN FRANCISCO, CA 94103
415-512-7141
- ☐ **STRUCTURAL ENGINEER**
OLMM CONSULTING ENGINEERS
156 ELLIOTT STREET, 2ND FLOOR
SAN FRANCISCO, CA 94102
415-882-9449
- ☐ **JOINT TRENCH**
URBAN DESIGN CONSULTING
ENGINEERS
350 TOWNSEND STREET, SUITE 409
SAN FRANCISCO, CA 94107
415-658-5850
- ☐ **LIGHTING DESIGNER**
WELLER DESIGN ARCHITECTURAL
LIGHTING
156 SOUTH PARK
SAN FRANCISCO, CA 94107
415-499-8352

1
A0.04

COLEMAN ST TOWARDS INNES CT - SOUTH WEST CORNER



2 KENNEDY PLACE TOWARDS INNES CT - SOUTH EAST CORNER
A0.04

[illegible]

Project:

HPSY BLOCK 56

11 INNES COURT
SAN FRANCISCO, CA 94124

Client:

MERCY HOUSING
1256 MARKET STREET
SAN FRANCISCO, CA 94102

SFHDC
4439 THIRD STREET
SAN FRANCISCO, CA 94124

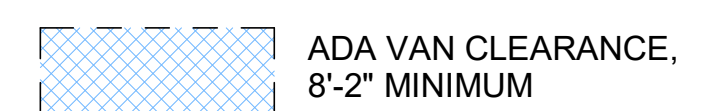
3D VIEWS

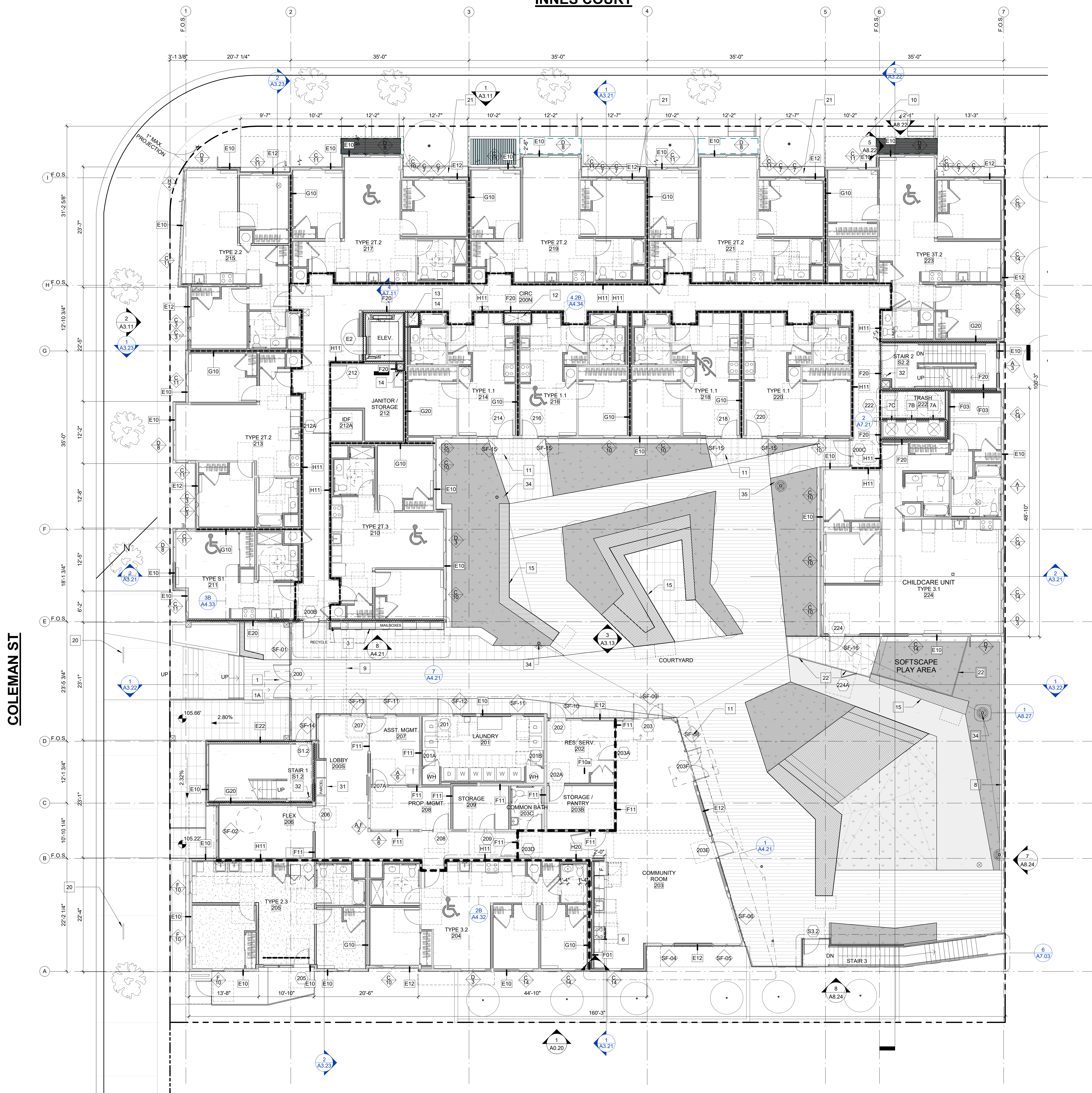
JOB #: 1832

SCALE

A0.04

L0.00





SHEET NOTE

1	BUILDING MAIN ENTRY
1A	AUTOMATIC DOOR
2	CLASS 1 BIKE PARKING PER SF PLANNING CODE
3	MAILBOX
5	1:12 INTERIOR RAMP IN COMPLIANCE WITH CHAPTER 11B
6	COMM. ROOM KITCHEN
7A	TRASH CHUTE
7B	RECYCLE CHUTE
7C	COMPOST CHUTE
8	GUARDRAIL, 42"H
9	EXTERIOR CORRIDOR ABOVE
10	AWNING BELOW
11	CANOPY ABOVE
12	GARAGE EXHAUST SHAFT
13	UNIT EXHAUST SHAFT
14	ERRC SHAFT
15	BENCH
16	UNOCCUPIED ROOF BELOW
17	CANOPY BELOW
18	PARAPET, 42"H ABOVE ROOF
19	PV STANTIONS
20	BIKE RACK
21	METAL ROOFING
3	3' HIGH CHILL CARE ENCLOSURE FENCE & GATE
4	PER ACCESS PATH
24	FOB ACCESS PANELS & LOCK POWER SUPPLIES
25	36"H X 8"W X 2"D MAINTENANCE BENCH
26	45 GALLON FLAMMABLE SAFETY CABINET
27	10' 0" 18"D SHELVING
28	6'-0" 12"D SHELVING
29	DESK
30	2" HIGH CONC. PLATFORM TO PROVIDE CANE DETECTION AT BIKE RACKS. MAX. 4" PROJECTION OF BIKE RACKS OUTSIDE OF PLATFORM.
31	PARCEL LOCKERS BY PARCEL PENDING - (13-DOOR MAIN UNIT - 11-DOOR ADD-ON UNIT - PROGRAM UNITS SO ANY DELIVERIES TO MOBILITY UNITS TO BE PLACED IN CLOSETS MEETING REACH RANGE SHOWN IN 13/0-47 AND WITH OPERABLE PARTS COMPLYING WITH 11B-309.
32	STANDPIPE
33	TWO-WAY COMMUNICATION DEVICE PER CBC 1009.8
34	STEEL POLE SUPPORTING CANTILEVER CANTILEVER LIGHTING, SEE 11A-8.27.
35	STEEL LIGHT POLE, SEE 11A-8.27 SIM.

WALL LEGEND

 WOOD STUD FRAMING
 LIGHT GAUGE STEEL FRAMING
 CMU WALL
 CONCRETE WALL

----- 1HR RATED
~~~~~ 2HR RATED

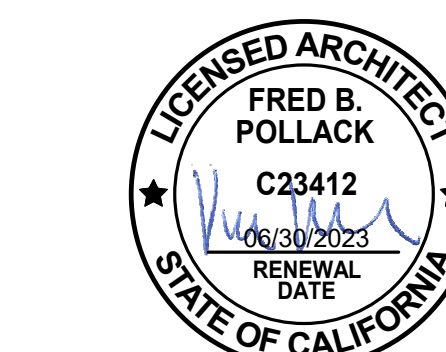
 ADA VAN CLEARANCE,  
8'-2" MINIMUM

### COURTYARD LEGEND

**COURTYARD**  
(SEE LANDSCAPE DRAWINGS)

|                                                                                       |                            |
|---------------------------------------------------------------------------------------|----------------------------|
|  | MODULAR CONC PAVERS        |
|  | MODULAR CONC PAVERS        |
|  | PLANTING AREA              |
|  | SYNTHETIC TURF PAVING      |
|  | WOOD BENCH / WOOD PLATFORM |

- ☐ **CIVIL ENGINEER**  
LUK AND ASSOCIATES  
738 ALFRED NOBEL DRIVE  
HERCULES, CA 94547  
510-724-3388
- ☐ **LANDSCAPE ARCHITECT**  
FLETCHER STUDIO  
2355 3RD STREET SUITE 413  
SAN FRANCISCO, CA 94107  
415-230-9144
- ☐ **ELECTRICAL ENGINEER**  
EDSIGNC, INC.  
582 MARKET STREET  
SAN FRANCISCO, CA 94104  
415-393-3303
- ☐ **MECHANICAL & PLUMBING ENGINEER**  
MHC ENGINEERS, INC.  
150 8TH STREET  
SAN FRANCISCO, CA 94103  
415-512-7141
- ☐ **STRUCTURAL ENGINEER**  
OLVM CONSULTING ENGINEERS  
156 ELLIS STREET, 2ND FLOOR  
SAN FRANCISCO, CA 94102  
415-882-9449
- ☐ **JOINT TRENCH**  
URBAN DESIGN CONSULTING  
ENGINEERS  
305 TOWNSEND STREET, SUITE 409  
SAN FRANCISCO, CA 94107  
415-658-5850
- ☐ **LIGHTING DESIGNER**  
WELLER DESIGN ARCHITECTURAL  
LIGHTING  
156 SOUTH PARK  
SAN FRANCISCO, CA 94107  
415-499-8352

[illegible]

Project:

HPSY BLOCK 56

11 INNES COURT  
SAN FRANCISCO, CA 94124  
BLOCK: 4591-C / LOT: 217

Client:

MERCY HOUSING  
1256 MARKET STREET  
SAN FRANCISCO, CA 94102

SFHDC  
4439 THIRD STREET  
SAN FRANCISCO, CA 94124

## 2ND FLOOR PLAN

JOB #: 1832

SCALE: As indicated

A2.12



**INNES COURT**



 **SHEET NOTE**

|    |                                                    |
|----|----------------------------------------------------|
| 1  | BUILDING MAIN ENTRY                                |
| 1A | AUTOMATIC DOOR                                     |
| 2  | CLASS 1 BIKE PARKING PER SF PLANNING CODE          |
| 3  | MAIL BOX                                           |
| 5  | 1 1/2 INTERIOR RAMP IN COMPLIANCE WITH CHAPTER 11B |
| 6  | COMM. ROOM KITCHEN                                 |
| 7A | TRASH CHUTE                                        |
| 7B | RECYCLE CHUTE                                      |
| 7C | COMPOST CHUTE                                      |
| 8  | GUARDRAIL, 42"H                                    |
| 9  | EXTERIOR CORRIDOR ABOVE                            |
| 10 | AWNING BELOW                                       |
| 11 | CANOPY ABOVE                                       |
| 12 | GARAGE EXHAUST SHAFT                               |
| 13 | UNIT EXHAUST SHAFT                                 |
| 14 | ERRC SHAFT                                         |
| 15 | BENCH                                              |
| 16 | UNOCCUPIED ROOF BELOW                              |
| 17 | CANOPY BELOW                                       |
| 18 | PARAPET, 42"H ABOVE ROOF                           |
| 19 | PV STATIONS                                        |
| 20 | BIKE RACK                                          |
| 21 | METAL ROOFING                                      |
| 22 | 3' HIGH CHILD CARE ENCLOSURE FENCE & GATE          |
| 23 | FIRE ACCESS PATH                                   |

### WALL LEGEND

WOOD STUD FRAMING

LIGHT GAUGE STEEL FRAMING

CMU WALL

CONCRETE WALL

**VAN METER  
WILLIAMS  
POLLACK LLP**

ARCHITECTURE | URBAN DESIGN ■ SAN FRANCISCO | DENVER | MINNEAPOLIS  
333 Bryant Street, Suite 300, San Francisco, CA 94107 T 415.934.5352



139 Nee Street, San Francisco, CA 94114 T 415.749.0302

- ☐ **CLIK ENGINEER**  
LUX AND ASSOCIATES  
738 ALFRED NOBEL DRIVE  
HERCULES, CA 94547  
510-724-3388
- ☐ **LANDSCAPE ARCHITECT**  
FLETCHER STUDIO  
2325 3RD STREET, SUITE #13  
SAN FRANCISCO, CA 94107  
415-230-9144
- ☐ **ELECTRICAL ENGINEER**  
EDISING, INC.  
582 MARKET STREET  
SAN FRANCISCO, CA 94104  
415-963-4303
- ☐ **MCHANICAL & PLUMBING ENGINEER**  
MHC ENGINEERS, INC.  
150 8TH STREET  
SAN FRANCISCO, CA 94103  
415-512-7141
- ☐ **STRUCTURAL ENGINEER**  
OLIM CONSULTING ENGINEERS  
1000 MARKET STREET, 2ND FLOOR  
SAN FRANCISCO, CA 94102  
415-882-9449
- ☐ **JOINT TRENCH**  
URBAN DESIGN CONSULTING  
ENGINEERS  
350 TOWNSEND STREET, SUITE 409  
SAN FRANCISCO, CA 94107  
415-658-5850
- ☐ **LIGHTING DESIGNER**  
WELLER DESIGN ARCHITECTURAL  
LIGHTING  
156 SOUTH PARK  
SAN FRANCISCO, CA 94107  
415-499-8352

[illegible]

Project:

HPSY BLOCK 56

11 INNES COURT  
SAN FRANCISCO, CA 94124

Client:

MERCY HOUSING  
1256 MARKET STREET  
SAN FRANCISCO, CA 94102

SFHDC  
4439 THIRD STREET  
SAN FRANCISCO, CA 94124

### 3RD FLOOR PLAN

JOB #: 1832

SCALE: As indicated

A2.13



**INNES COURT**



**SHEET NOTE**

|    |                                                    |
|----|----------------------------------------------------|
| 1  | BUILDING MAIN ENTRY                                |
| 1A | AUTOMATIC DOOR                                     |
| 2  | CLASS 1 BIKE PARKING PER SF PLANNING CODE          |
| 3  | MAILBOX                                            |
| 5  | 1 1/2 INTERIOR RAMP IN COMPLIANCE WITH CHAPTER 11B |
| 6  | COM. ROOM KITCHEN                                  |
| 7A | TRASH CHUTE                                        |
| 7B | RECYCLE CHUTE                                      |
| 7C | COMPOST CHUTE                                      |
| 8  | GUARDRAIL, 42" H                                   |
| 9  | EXTERIOR CORRIDOR ABOVE                            |
| 10 | AWNING BELOW                                       |
| 11 | CANOPY ABOVE                                       |
| 12 | GARAGE EXHAUST SHAFT                               |
| 13 | UNIT EXHAUST SHAFT                                 |
| 14 | ERRC SHAFT                                         |
| 15 | BENCH                                              |
| 16 | UNOCCUPIED ROOF BELOW                              |
| 17 | CANOPY BELOW                                       |
| 18 | PARAPET, 42" ABOVE ROOF                            |
| 19 | PV STANTIONS                                       |
| 20 | BIKE RACK                                          |
| 21 | METAL ROOFING                                      |
| 22 | 3 HIGH CHILL CARE ENCLOSURE FENCE & GATE           |
| 23 | FIRE ACCESS PATH                                   |

### WALL LEGEND

 WOOD STUD FRAMING  
 LIGHT GAUGE STEEL FRAMING  
 CMU WALL  
 CONCRETE WALL

**VAN METER  
WILLIAMS  
POLLACK LLP**

ARCHITECTURE | URBAN DESIGN ■ SAN FRANCISCO | DENVER | MINNEAPOLIS  
222 Bryant Street, Suite 200, San Francisco, CA 94103 T 415.933.5300



139 Nise Street, San Francisco, CA 94114 T. 415.749.0302

- ☐ **CIVIL ENGINEER**  
LUK AND ASSOCIATES  
738 ALFRED NOBEL DRIVE  
HERCULES, CA 94547  
510-724-3388
- ☐ **LANDSCAPE ARCHITECT**  
FLETCHER STUDIO  
2355 3RD STREET SUITE 413  
SAN FRANCISCO, CA 94107  
415-230-9144
- ☐ **ELECTRICAL ENGINEER**  
EDSIGNC, INC.  
582 MARKET STREET  
SAN FRANCISCO, CA 94104  
415-384-3303
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MHC ENGINEERS, INC.  
150 8TH STREET  
SAN FRANCISCO, CA 94103  
415-512-7141
- ☐ **STRUCTURAL ENGINEER**  
OLYM CONSULTING ENGINEERS  
156 ELLIS STREET, 2ND FLOOR  
SAN FRANCISCO, CA 94102  
415-882-9449
- ☐ **JOINT TRENCH**  
URBAN DESIGN CONSULTING  
ENGINEERS  
305 TOWNSEND STREET, SUITE 409  
SAN FRANCISCO, CA 94107  
415-658-5850
- ☐ **LIGHTING DESIGNER**  
WELLER DESIGN ARCHITECTURAL  
LIGHTING  
156 SOUTH PARK  
SAN FRANCISCO, CA 94107  
415-499-8352

[illegible]

Project:

HPSY BLOCK 56

11 INNES COURT  
SAN FRANCISCO, CA 94124

Client:

MERCY HOUSING  
1256 MARKET STREET  
SAN FRANCISCO, CA 94102

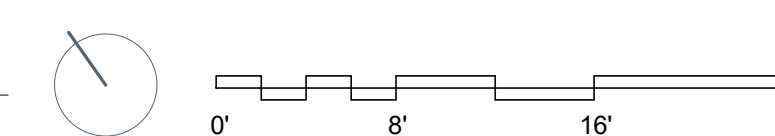
SFHDC  
4439 THIRD STREET  
SAN FRANCISCO, CA 94124

### 4TH FLOOR PLAN

JOB #: 1832

SCALE: As indicated

A2.14





- ☐ **CIVIL ENGINEER**  
LUX AND ASSOCIATES  
738 ALFRED NOBEL DRIVE  
HERCULES, CA 94547  
510-724-3388
- ☐ **LANDSCAPE ARCHITECT**  
FLETCHER STUDIO  
2325 3RD STREET, SUITE 413  
SAN FRANCISCO, CA 94107  
415-230-9144
- ☐ **ELECTRICAL ENGINEER**  
EDESIGN, INC.  
582 MARKET STREET  
SAN FRANCISCO, CA 94104  
415-963-4303
- ☐ **MECHANICAL & PLUMBING ENGINEER**  
MHC ENGINEERS, INC.  
150 8TH STREET  
SAN FRANCISCO, CA 94103  
415-512-7141
- ☐ **STRUCTURAL ENGINEER**  
OLMM CONSULTING ENGINEERS  
355 1ST STREET, 2ND FLOOR  
SAN FRANCISCO, CA 94102  
415-882-9449
- ☐ **JOINT TRENCH**  
URBAN DESIGN CONSULTING  
ENGINEERS  
355 1ST STREET, SUITE 409  
SAN FRANCISCO, CA 94107  
415-658-5850
- ☐ **LIGHTING DESIGNER**  
WELLER DESIGN ARCHITECTURAL  
LIGHTING  
150 SOUTH PARK  
SAN FRANCISCO, CA 94107  
415-499-8352

### WALL LEGEND

- 
- WOOD STUD FRAMING
- LIGHT GAUGE STEEL FRAMING
- CMU WALL
- CONCRETE WALL

[illegible]

Project:

HPSY BLOCK 56

11 INNES COURT  
SAN FRANCISCO, CA 94124

Client:

MERCY HOUSING  
1256 MARKET STREET  
SAN FRANCISCO, CA 94102

SFHDC  
4439 THIRD STREET  
SAN FRANCISCO, CA 94124

## 5TH FLOOR PLAN

JOB #: 1832

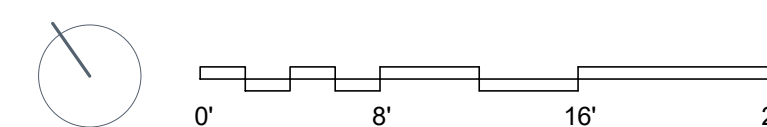
SCALE: As indicated

A2.15



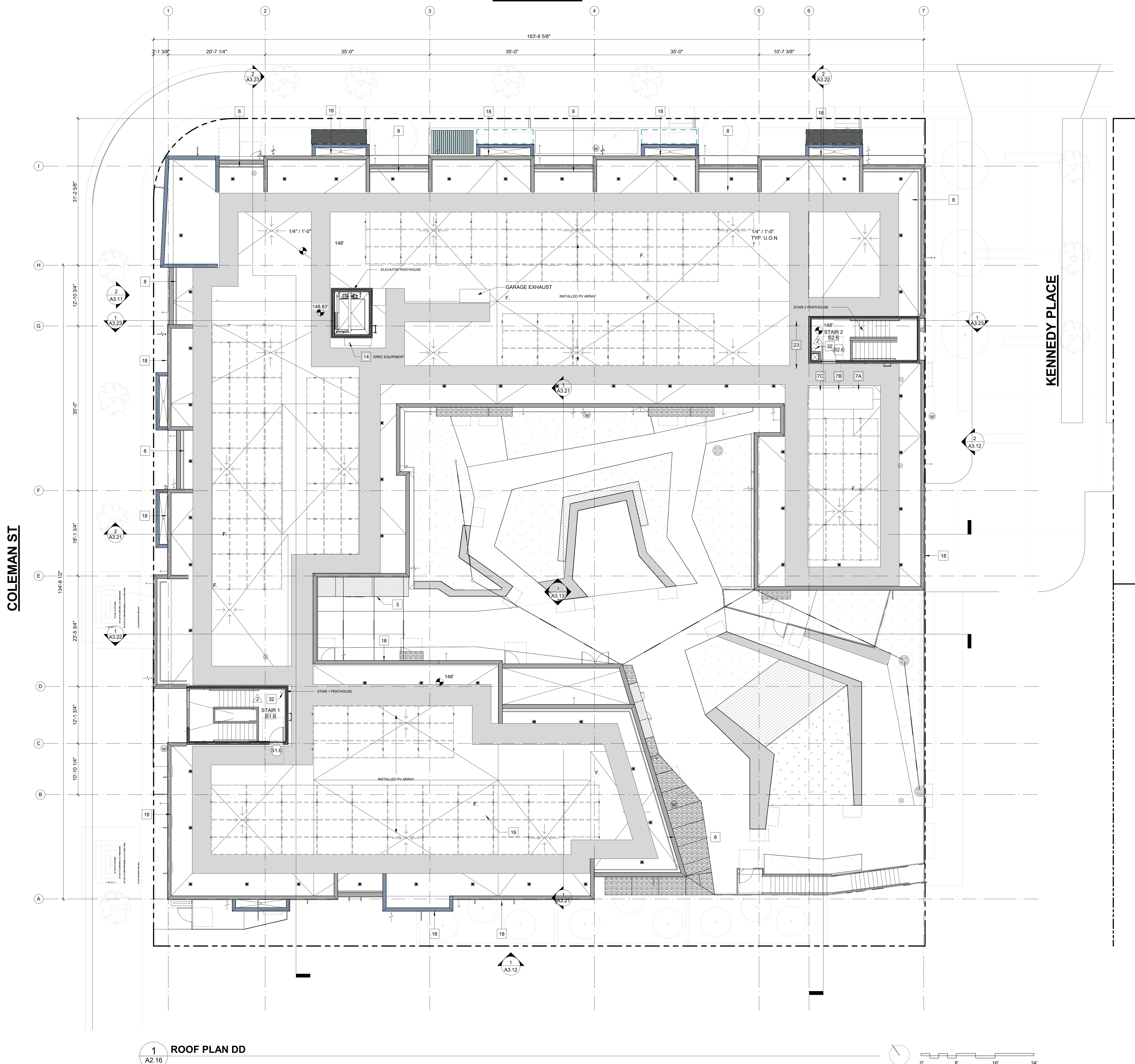
1 5TH FLOOR PLAN DD

SCALE: 1/8" = 1'-0"





**INNES COURT**



**SHEET NOTE**

|    |                                                                                                                                                                                                                                                                                   |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | BUILDING MAIN ENTRY                                                                                                                                                                                                                                                               |
| 1A | AUTOMATIC DOOR                                                                                                                                                                                                                                                                    |
| 2  | CLASS 1 BIKE PARKING PER SF PLANNING CODE                                                                                                                                                                                                                                         |
| 3  | MILBOX W/ STEEL AWNING                                                                                                                                                                                                                                                            |
| 4  | 1 1/2-INTRODUCTION RAMP IN COMPLIANCE WITH CHAPTER 11B                                                                                                                                                                                                                            |
| 5  | COMM. ROOM KITCHEN                                                                                                                                                                                                                                                                |
| 6A | TRASH CHUTE                                                                                                                                                                                                                                                                       |
| 7B | RECYCLE CHUTE                                                                                                                                                                                                                                                                     |
| 7C | COMPOST CHUTE                                                                                                                                                                                                                                                                     |
| 8  | GUARDRAIL, 42" H                                                                                                                                                                                                                                                                  |
| 9  | EXTERIOR CORRIDOR ABOVE                                                                                                                                                                                                                                                           |
| 10 | AWNING BELOW                                                                                                                                                                                                                                                                      |
| 11 | CANOPY ABOVE                                                                                                                                                                                                                                                                      |
| 12 | GARAGE EXHAUST SHAFT                                                                                                                                                                                                                                                              |
| 13 | UNIT EXHAUST SHAFT                                                                                                                                                                                                                                                                |
| 14 | ENRCC SHAFT                                                                                                                                                                                                                                                                       |
| 15 | BENCH                                                                                                                                                                                                                                                                             |
| 16 | UNOCCUPIED ROOF BELOW                                                                                                                                                                                                                                                             |
| 17 | CANOPY BELOW                                                                                                                                                                                                                                                                      |
| 18 | PARAPET, 42" ABOVE ROOF                                                                                                                                                                                                                                                           |
| 19 | PV STATIONS                                                                                                                                                                                                                                                                       |
| 20 | BIKE RACK                                                                                                                                                                                                                                                                         |
| 21 | METAL ROOFING                                                                                                                                                                                                                                                                     |
| 22 | 3' HIGH CHILDRN CARE ENCLOSURE FENCE & GATE                                                                                                                                                                                                                                       |
| 23 | FIRE ACCESS PATH                                                                                                                                                                                                                                                                  |
| 24 | FOB ACCESS PANELS & LOCK POWER SUPPLIES                                                                                                                                                                                                                                           |
| 25 | 36" X 8' W X 2' D MAINTENANCE BENCH                                                                                                                                                                                                                                               |
| 26 | 45 GALLON FLAMMABLE SAFETY CABINET                                                                                                                                                                                                                                                |
| 27 | 10' OF 18" SHELVING                                                                                                                                                                                                                                                               |
| 28 | 6' X 6' OF 12" SHELVING                                                                                                                                                                                                                                                           |
| 29 | DESK                                                                                                                                                                                                                                                                              |
| 30 | 2" HIGH CONC. PLATFORM TO PROVIDE CANE DETECTION AT BIKE RACKS. MAX. 4 PROJECTION OF BIKE RACKS                                                                                                                                                                                   |
| 31 | PARCEL LOCKERS BY PARCELS PENDING - (1) 13-DOOR MAIN UNIT + (1) 12-DOOR ADD-ON UNIT + (1) HALF-WIDE ADD-ON UNIT - PROGRAM UNITS SO ANY DELIVERIES TO MOOBILITY UNITS TO BE PLACED IN LOCKERS MEETING REACH RANGE SHOWN IN 1310-47 WITH ALL OPERABLE PARTS COMPLYING WITH 11B-309. |
| 32 | STANDPIPE                                                                                                                                                                                                                                                                         |
| 33 | TWO-WAY COMMUNICATION DEVICE PER CBC 1009.8                                                                                                                                                                                                                                       |
| 34 | STEEL POLE SUPPORTING CANTENARY LIGHTING, SEE 11A8-27                                                                                                                                                                                                                             |
| 35 | STEEL LIGHT POLE, SEE 11A8-27 SIM.                                                                                                                                                                                                                                                |
| 36 | JANITOR EXHAUST                                                                                                                                                                                                                                                                   |

### ROOF PLAN LEGEND



ROOF ACCESS PATHWAY

PV PANELS

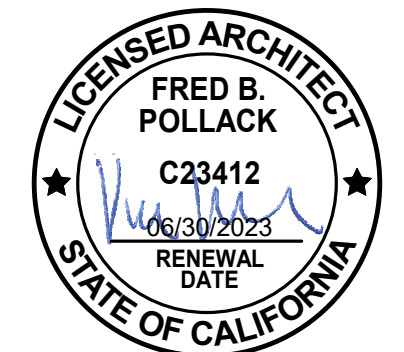
**VAN METER  
WILLIAMS  
POLLACK LLP**

ARCHITECTURE | URBAN DESIGN ■ SAN FRANCISCO | DENVER | MINNEAPOLIS  
333 Bryant Street, Suite 200, San Francisco, CA 94107 ■ 415.974.5352



139 Noe Street, San Francisco, CA 94114 T 415.749.0302

- ☒ **CIVIL ENGINEER**  
LUK AND ASSOCIATES  
738 ALFRED NOBEL DRIVE  
HERCULES, CA 94547  
510-724-3388
- ☐ **LANDSCAPE ARCHITECT**  
FLEISHER STUDIO  
2325 3RD STREET, SUITE 413  
SAN FRANCISCO, CA 94107  
415-230-9144
- ☐ **ELECTRICAL ENGINEER**  
EDESIGNC, INC.  
582 MARKET STREET  
SAN FRANCISCO, CA 94104  
415-963-4303
- ☐ **MECHANICAL & PLUMBING ENGINEER**  
MHC ENGINEERS, INC.  
150 8TH STREET  
SAN FRANCISCO, CA 94103  
415-512-7141
- ☐ **STRUCTURAL ENGINEER**  
OLLM CONSULTING ENGINEERS  
156 10TH STREET, 2ND FLOOR  
SAN FRANCISCO, CA 94102  
415-882-9449
- ☐ **JOINT TRENCH ENGINEERS**  
URBAN DESIGN CONSULTING  
ENGINEERS  
350 WINDWARD STREET, SUITE 409  
SAN FRANCISCO, CA 94107  
415-658-5850
- ☐ **LIGHTING DESIGNER**  
WELLER DESIGN ARCHITECTURAL  
LIGHTING  
156 SOUTH PARK  
SAN FRANCISCO, CA 94107  
415-499-8352

[illegible]

Project:

HPSY BLOCK 56

11 INNES COURT  
SAN FRANCISCO, CA 94124  
BLOCK: 4591-C / LOT: 217

Client:

MERCY HOUSING  
1256 MARKET STREET  
SAN FRANCISCO, CA 94102

SFHDC  
4439 THIRD STREET  
SAN FRANCISCO, CA 94124

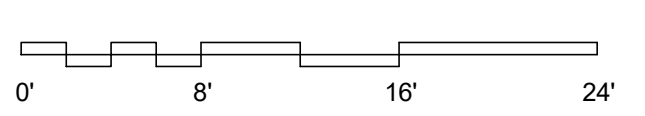
ROOF PLAN

JOB #: 1832

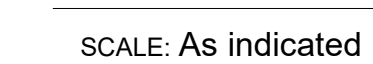
SCALE: 1/8" = 1'-0"

A2.16



A3.11











Evaluation of Request for Financing  
Hunters Point Shipyard Block 56, 11 Innes Ct.

May 20, 2022  
Page 57 of 61

**Attachment H: Comparison of City Investment in Other Housing  
Developments**

Affordable Multifamily Housing New Construction Cost Comparison

| Updated 5/13/2022                        |          | Review Instructions tab before beginning |            |               |                             |            |               |                           |             |              |                                     |              |                   |                |              |
|------------------------------------------|----------|------------------------------------------|------------|---------------|-----------------------------|------------|---------------|---------------------------|-------------|--------------|-------------------------------------|--------------|-------------------|----------------|--------------|
|                                          |          | Acquisition by Unit/Bed/SF               |            |               | Construction by Unit/Bed/SF |            |               | Soft Costs By Unit/Bed/SF |             |              | Total Development Cost (Incl. Land) |              |                   | Subsidy        |              |
|                                          |          | Acq/unit                                 | Acq/BR     | Acq/lot sq.ft | Const/unit                  | Const/BR   | Const/ sq.ft² | Soft/unit                 | Soft/BR     | Soft/ sq.ft² | Gross TDC/unit                      | Gross TDC/BR | Gross TDC/ sq.ft² | Subsidy / unit | Leveraging 7 |
| Delta of Subject and Comparable Projects |          | \$ (6,179)                               | \$ (3,559) | \$ (16)       | \$ 148,283                  | \$ 23,928  | \$ 61         | \$ (34,079)               | \$ (31,505) | \$ (43)      | \$ 106,843                          | \$ (11,816)  | \$ 11             | \$ 255,438     | -139.1%      |
| Delta Percentage                         |          | -100%                                    | -100%      | -100%         | 24%                         | 7%         | 11%           | -19%                      | -30%        | -27%         | 13%                                 | -3%          | 2%                | 106%           | -197%        |
| 11 Innes Ct (HPSY Block 56)              |          | \$ -                                     | \$ -       | \$ -          | \$ 775,058                  | \$ 384,893 | \$ 611        | \$ 149,778                | \$ 74,380   | \$ 118       | \$ 924,837                          | \$ 459,273   | \$ 729            | \$ 496,617     | 46.3%        |
| Comparable Projects                      | Average: | \$ 6,179                                 | \$ 3,559   | \$ 15.65      | \$ 626,775                  | \$ 360,964 | \$ 550        | \$ 183,857                | \$ 105,885  | \$ 161       | \$ 817,993                          | \$ 471,089   | \$ 718            | \$ 241,179     | 70.5%        |

|                                                  |                                                   |
|--------------------------------------------------|---------------------------------------------------|
| Costs lower than comparable average (within 10%) | Costs higher than comparable average (within 10%) |
|--------------------------------------------------|---------------------------------------------------|

|                                                   |                             |           |                           |            |          | Building Square Footage |                     |               | Total Project Costs |               |               |                           |               |                             | Notes on Financing | Building Type | Stories | Comments |
|---------------------------------------------------|-----------------------------|-----------|---------------------------|------------|----------|-------------------------|---------------------|---------------|---------------------|---------------|---------------|---------------------------|---------------|-----------------------------|--------------------|---------------|---------|----------|
|                                                   |                             | Lot sq.ft | Completion/<br>start date | # of Units | # of BR¹ | Res.²                   | Non-Res.<br>Sq. ft. | Total sq. ft. | Acq. Cost³          | Constr. Cost⁴ | Soft Cost     | Total Dev. Cost<br>w/land | Local Subsidy | Total Dev. Cost<br>w/o land |                    |               |         |          |
| ALL PROJECTS                                      | Average:                    | 30,508    |                           | 122        | 191      | 118,161                 | 14,677              | 130,330       | \$ 2,662,250        | \$ 72,691,060 | \$ 19,327,381 | \$ 94,586,891             | \$ 27,460,169 | \$ 91,925,411               |                    |               |         |          |
| Comparable Projects Completed (filtered)          | Average:                    | 55,012    |                           | 84         | 174      | 97,955                  | 22,046              | 120,001       | 6,900               | 59,756,003    | 10,256,899    | 70,019,802                | 18,274,581    | 70,012,902                  |                    |               |         |          |
| Comparable Projects Under Construction (filtered) | Average:                    | 25,555    |                           | 107        | 162      | 75,647                  | 31,029              | 106,676       | 934,448             | 55,683,354    | 23,430,384    | 80,048,186                | 28,312,500    | 79,113,738                  |                    |               |         |          |
| Comparable Projects In Predevelopment (filtered)  | Average:                    | 27,192    |                           | 83         | 138      | 79,232                  | 4,914               | 84,146        | \$ 745,157          | \$ 55,630,026 | \$ 16,493,949 | \$ 73,191,765             | \$ 19,239,329 | \$ 72,451,224               |                    |               |         |          |
| Total Comparable Projects                         | Average:                    | 35,920    |                           | 91         | 158      | 84,278                  | 19,330              | 103,608       | \$ 562,168          | \$ 57,023,128 | \$ 16,727,078 | \$ 74,419,918             | \$ 21,942,136 | \$ 73,859,288               |                    |               |         |          |
| SUBJECT PROPERTY                                  | 11 Innes Ct (HPSY Block 56) | 28,792    |                           | 73         | 147      | 68,357                  | 34,196              | 92,553        | \$ -                | \$ 56,579,249 | \$ 10,933,817 | \$ 67,513,066             | \$ 36,253,013 | \$ 67,513,066               |                    |               |         |          |
| Delta of Subject and Comp Project Averages        |                             | -7,128    |                           | -18        | -11      | -25,921                 | 14,866              | -11,055       | (\$562,168)         | (\$443,879)   | (\$5,793,261) | (\$6,906,852)             | \$14,310,877  | (\$6,346,222)               |                    |               |         |          |
| Delta Percentage                                  |                             | -20%      |                           | -20%       | -7%      | -31%                    | 77%                 | -11%          | -100%               | -1%           | -35%          | -9%                       | 65%           | -9%                         |                    |               |         |          |

| PROJECTS COMPLETED                |                       |           |             |            |                      | Building Square Footage |          |         | Total Project Costs    |                           |               |                        |                            |                          |                                                |                                |         |                                                     |
|-----------------------------------|-----------------------|-----------|-------------|------------|----------------------|-------------------------|----------|---------|------------------------|---------------------------|---------------|------------------------|----------------------------|--------------------------|------------------------------------------------|--------------------------------|---------|-----------------------------------------------------|
| Project Name                      | Address               | Lot sq.ft | Compl. Date | # of Units | # of BR <sup>1</sup> | Res. <sup>2</sup>       | Non-Res. | Total   | Acq. Cost <sup>3</sup> | Constr. Cost <sup>4</sup> | Soft Cost     | Total Dev. Cost w/land | Local Subsidy <sup>5</sup> | Total Dev. Cost w/o land | Notes on Financing                             | Building Type                  | Stories | Comments                                            |
| Hunters View Phase II - B1 7 & 11 | 227-229 West Point Rd | 82,703    | May-17      | 107        | 239                  | 117,023                 | 23,857   | 140,880 | \$ -                   | \$ 69,114,567             | \$ 9,272,003  | \$ 78,386,570          | \$ 19,377,243              | \$ 78,386,570            | 2 HCD Loans (MHP & Type III-V over Type I lots | Type II-V over Type I flats    | 2 +     | Mixed Townhome stepping downslope                   |
| Hunters View Phase II - Block 10  | 146 West Point Road   | 52,333    | Jun-18      | 72         | 144                  | 90,274                  | 13,328   | 103,602 | \$ -                   | \$ 39,639,577             | \$ 8,732,464  | \$ 48,372,041          | \$ 17,393,406              | \$ 48,372,041            | 9% LIHTC                                       | Type IIIA over Type I          | 5       | Incl Parking, Community Hub and Childcare           |
| Potrero Block X (Vertical)        | 25th and Connecticut  | 30,000    | Sep-19      | 72         | 139                  | 86,569                  | 28,952   | 115,521 | \$ 20,700              | \$ 70,513,868             | \$ 12,768,230 | \$ 83,300,798          | \$ 17,693,093              | \$ 83,280,096            |                                                | Type IIIA & V over Type I Pods | 4-6     | 4-6 stories stepped w/ topography. No infrast. Cost |
| Completed Projects (comps):       | Average:              | 55,012    | 43,279      | 84         | 174                  | 97,955                  | 22,046   | 120,001 | 6,900                  | 59,756,003                | 10,256,899    | 70,019,802             | 18,274,581                 | 70,012,902               |                                                |                                |         |                                                     |

| PROJECTS UNDER CONSTRUCTION  |                              |           |             |            |                      | Building Square Footage |          |         | Total Project Costs    |                           |               |                        |                            |                          |                                          |               |         |                                                     |
|------------------------------|------------------------------|-----------|-------------|------------|----------------------|-------------------------|----------|---------|------------------------|---------------------------|---------------|------------------------|----------------------------|--------------------------|------------------------------------------|---------------|---------|-----------------------------------------------------|
| Project Name                 | Address                      | Lot sq.ft | Compl. Date | # of Units | # of BR <sup>1</sup> | Res. <sup>2</sup>       | Non-Res. | Total   | Acq. Cost <sup>3</sup> | Constr. Cost <sup>4</sup> | Soft Cost     | Total Dev. Cost w/land | Local Subsidy <sup>5</sup> | Total Dev. Cost w/o land | Notes on Financing                       | Building Type | Stories | Comments                                            |
| Maceo May                    | Treasure Island C3.2 B1 C3.A | 32,203    | Jan-23      | 105        | 138                  | 68,488                  | 35,472   | 103,960 | \$ 15,000              | \$ 57,115,248             | \$ 17,045,748 | \$ 74,175,996          | \$ 24,225,000              | \$ 74,160,996            | 2 HCD Loans (VHHP & Type IIIA FBH Type I |               | 3-6     | Factory built; 20 Pkg - TI devel. weather resistant |
| 500 Turk Street (555 Larkin) | 500 Turk Street              | 18,906    | Mar-22      | 108        | 186                  | 82,805                  | 26,586   | 109,391 | \$ 1,853,895           | \$ 54,251,461             | \$ 29,815,020 | \$ 85,920,376          | \$ 32,400,000              | \$ 84,066,481            | HCD AHSC Loan                            | Type I        | 8       | Type I 8 stories on constrained site                |
| Under Construction:          | Average:                     | 25,555    |             | 107        | 162                  | 75,647                  | 31,029   | 106,676 | 934,448                | 55,683,354                | 23,430,384    | 80,048,186             | 28,312,500                 | 79,113,738               |                                          |               |         |                                                     |

| PROJECTS IN PREDEVELOPMENT |                          |           |                          |            |                      | Building Square Footage |          |         | Total Project Costs    |                           |               |                        |               |                          |                                             |                                |         |                                                        |
|----------------------------|--------------------------|-----------|--------------------------|------------|----------------------|-------------------------|----------|---------|------------------------|---------------------------|---------------|------------------------|---------------|--------------------------|---------------------------------------------|--------------------------------|---------|--------------------------------------------------------|
| Project Name               | Address                  | Lot sq.ft | Start Date (anticipated) | # of Units | # of BR <sup>1</sup> | Res. <sup>2</sup>       | Non-Res. | Total   | Acq. Cost <sup>3</sup> | Constr. Cost <sup>4</sup> | Soft Cost     | Total Dev. Cost w/land | Local Subsidy | Total Dev. Cost w/o land | Notes on Financing                          | Building Type                  | Stories | Comments                                               |
| Sunnydale Block 3B         | TBD                      | 73,000    | Jun-22                   | 90         | 178                  | 125,800                 | 3,400    | 129,200 | \$ 20,001              | \$ 69,588,660             | \$ 19,750,187 | \$ 89,338,847          | \$ 8,466,742  | \$ 89,338,847            | 4% Credits; HCD IG & Type IIIA              | Type IIIA                      | 5       | parking                                                |
| Sunnydale Block 3A         | TBD                      | 34,400    | Aug-22                   | 80         | 164                  | 83,339                  | 18,461   | 101,800 | \$ 20,001              | \$ 60,021,794             | \$ 18,364,563 | \$ 78,386,357          | \$ 7,161,137  | \$ 78,386,357            | 4% Credits; HCD IG & Type IIIA              | Type IIIA                      | 5       | to 3/22)                                               |
| 266 4th Street             | 266 4th Street           | 8,400     | Apr-22                   | 70         | 99                   | 60,515                  | 1,580    | 62,095  | \$ 133,100             | \$ 49,982,213             | \$ 13,943,417 | \$ 64,058,730          | \$ 15,829,817 | \$ 63,925,630            | 4% Credits; AHSC, SL                        | Type I                         | 8       | footprint                                              |
| Central Freeway Parcel U   | 78 Haight Street         | 5,583     | Mar-22                   | 63         | 63                   | 44,185                  | 3,216    | 47,401  | \$ 37,439              | \$ 35,861,808             | \$ 18,518,268 | \$ 54,417,515          | \$ 26,746,467 | \$ 54,380,076            | 9% Fed & St. Credits, MHP                   | Type I                         | 7       | 2022)                                                  |
| 180 Jones Street           | 180 Jones Street         | 4,853     | May-22                   | 70         | 70                   | 36,166                  | 3,304    | 39,470  | \$ 10,000              | \$ 38,476,424             | \$ 13,554,539 | \$ 52,040,963          | \$ 12,858,477 | \$ 52,030,963            | 4% LHTC + MHP                               | Type I                         | 9       | Small very tight site; studios (95% CD est. 1/15/2022) |
| HPSY Block 56              | 11 Innes Court           | 28,792    | Jul-22                   | 73         | 147                  | 78,614                  | 15,939   | 92,553  | \$ -                   | \$ 50,051,162             | \$ 13,596,970 | \$ 63,648,132          | \$ 34,296,513 | \$ 63,648,132            | 4% LHTC Infil Infil C                       | Type V over Type I             | 5       |                                                        |
| 4200 Geary                 | 4200 Geary               | 16,738    | Sep-22                   | 98         | 98                   | 78,834                  | 1,908    | 79,742  | \$ -                   | \$ 54,491,384             | \$ 17,509,106 | \$ 72,000,500          | \$ 17,482,086 | \$ 72,000,500            | 4% Credits; HCD MHP                         | Type III over Type I           | 7       | Commnt Sp. Urban Ag (95% CD/Add 1&2; est 1/15/2022)    |
| 2550 Irving Street         | 2550 Irving Street       | 19,125    | Apr-23                   | 98         | 167                  | 105,300                 | 2,228    | 107,618 | \$ 9,426,500           | \$ 64,386,652             | \$ 15,972,611 | \$ 94,019,992          | \$ 25,573,912 | \$ 64,593,492            | 4% LHTC; HCD - IIG                          | Type I                         | 7       | Incl TI space, 11 pkg. 10/21 estimate                  |
| Sunnydale Block 7          | Sunrise Wy and Santos St | 73,161    | Oct-24                   | 69         | 159                  | 100,939                 | -        | 100,939 | \$ 10,000              | \$ 57,837,582             | \$ 15,107,806 | \$ 72,955,388          | \$ 12,743,082 | \$ 72,955,388            | 4% Credits; HCD IG & Type IIIA over Type IA | Type IA                        | 4       | Parking at .74 ratio                                   |
| Sunnydale Block 9          | TBD                      | 52,272    | Oct-24                   | 100        | 239                  | 108,644                 | -        | 108,644 | \$ 10,000              | \$ 60,087,484             | \$ 20,587,449 | \$ 100,684,933         | \$ 18,660,015 | \$ 100,684,933           | 4% Credits; HCD IG & Type IIIA over Type IA | Type IA                        | 4       | Parking at .74 ratio                                   |
| 772 Pacific Avenue         | 772 Pacific Avenue       | 9,219     | Apr-24                   | 86         | 86                   | 45,458                  | 8,847    | 54,305  | \$ -                   | \$ 58,265,200             | \$ 17,129,912 | \$ 75,395,112          | \$ 25,176,182 | \$ 75,395,112            | 4% Credits; MHP, AHP                        | Type IA                        | 8       | Commnt rpl of Asia SF rest (9/30/21 Loan Eval)         |
| 88 Blumline                | 88 Blumline              | 14,800    | May-24                   | 107        | 176                  | 90,132                  | 0        | 90,132  | \$ 0                   | \$ 50,280,700             | \$ 14,968,577 | \$ 65,249,077          | \$ 29,499,087 | \$ 65,249,077            | 4% credits                                  | Type IIIA over Type I          | 4-5     | No design, Type I air rights, no pkg (10/19/21 LE)     |
| 160 Freeton                | 160 Freeton              | 13,155    | May-24                   | 72         | 127                  | 76,000                  | 5,000    | 81,000  | \$ 20,000              | \$ 53,859,263             | \$ 15,418,134 | \$ 69,297,397          | \$ 15,815,754 | \$ 69,277,397            | 4% Credits, MHP, AHP                        | Type I assumed -- or Type IIIA | 7       | No design yet; No pkg. (10/19/21 loan eval est)        |
| In Predevelopment (comps): |                          | Average:  | 27,192                   | 83         | 138                  | 79,232                  | 4,914    | 84,146  | 745,157                | 55,630,026                | 16,493,949    | 73,191,765             | 19,239,329    | 72,451,224               |                                             |                                |         |                                                        |

Evaluation of Request for Financing  
Hunters Point Shipyard Block 56, 11 Innes Ct.

May 20, 2022  
Page 58 of 61

**Attachment I: Predevelopment Budget**

N/A

Evaluation of Request for Financing  
Hunters Point Shipyard Block 56, 11 Innes Ct.

May 20, 2022  
Page 59 of 61

## **Attachment J: Development Budget**

MOHCD Proforma - Permanent Financing Sources Uses of Funds

|                   |                                                           |             |    |
|-------------------|-----------------------------------------------------------|-------------|----|
| Application Date: | 5/20/22                                                   | # Units:    | 73 |
| Project Name:     | Hunters Point Shipyard Block 56                           | # Bedrooms: |    |
| Project Address:  | 11 Innes Court                                            | # Beds:     |    |
| Project Sponsor:  | Mercy Housing CA / San Francisco Housing Development Corp |             |    |

| Total Sources |            |           |            |   |   |   | Comments   |
|---------------|------------|-----------|------------|---|---|---|------------|
| SOURCES       | 35,253,013 | 1,000,000 | 31,260,053 | - | - | - | 67,513,066 |

|                  |            |          |                   |  |  |  |
|------------------|------------|----------|-------------------|--|--|--|
| Name of Sources: | MOHCD/OCII | OCII/AHP | Tax Credit Equity |  |  |  |
|------------------|------------|----------|-------------------|--|--|--|

USES

ACQUISITION

|                                      |        |   |   |   |   |   |        |  |
|--------------------------------------|--------|---|---|---|---|---|--------|--|
| Acquisition cost or value            | 15,000 |   |   |   |   |   | 15,000 |  |
| Legal / Closing costs / Broker's Fee |        |   |   |   |   |   | 0      |  |
| Holding Costs                        |        |   |   |   |   |   | 0      |  |
| Transfer Tax                         |        |   |   |   |   |   | 0      |  |
| TOTAL ACQUISITION                    | 15,000 | 0 | 0 | 0 | 0 | 0 | 15,000 |  |

CONSTRUCTION (HARD COSTS)

|                                                        |            |           |            |   |   |   |            |                                                                                 |      |
|--------------------------------------------------------|------------|-----------|------------|---|---|---|------------|---------------------------------------------------------------------------------|------|
| * Unit Construction/Rehab                              | 12,134,996 | 1,000,000 | 31,260,053 |   |   |   | 44,395,049 | Include FF&E (\$225,000) + 6% escalation to March 2023 + Contractor contingency |      |
| * Commercial Shell Construction                        |            |           |            |   |   |   | 0          |                                                                                 |      |
| * Demolition                                           |            |           |            |   |   |   | 0          |                                                                                 |      |
| Environmental Remediation                              | 500,000    |           |            |   |   |   | 500,000    |                                                                                 |      |
| * Onsite Improvements/Landscaping                      | 1,171,705  |           |            |   |   |   | 1,171,705  |                                                                                 |      |
| * Offsite Improvements                                 | 50,000     |           |            |   |   |   | 50,000     |                                                                                 |      |
| * Infrastructure Improvements                          |            |           |            |   |   |   | 0          | HOPE SF/OCII costs for streets etc.                                             |      |
| Parking                                                |            |           |            |   |   |   | 0          |                                                                                 |      |
| GC Bond Premium/GC Insurance/GC Taxes                  | 1,275,516  |           |            |   |   |   | 1,275,516  |                                                                                 | 2.5% |
| GC Overhead & Profit                                   | 1,579,364  |           |            |   |   |   | 1,579,364  |                                                                                 | 3.1% |
| CG General Conditions                                  | 2,804,389  |           |            |   |   |   | 2,804,389  | General Conditions + General Requirements                                       | 5.4% |
| Sub-total Construction Costs                           | 19,515,970 | 1,000,000 | 31,260,053 | 0 | 0 | 0 | 51,776,023 |                                                                                 |      |
| Design Contingency (remove at DD)                      | 481,128    |           |            |   |   |   | 481,128    | 5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+                                  | 0.9% |
| Bid Contingency (remove at bid)                        | 1,457,817  |           |            |   |   |   | 1,457,817  | 5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+                                  | 2.8% |
| Plan Check Contingency (remove/reduce during Plan Revi | 500,517    |           |            |   |   |   | 500,517    | 4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+                                  | 1.0% |
| Hard Cost Construction Contingency                     | 2,363,764  |           |            |   |   |   | 2,363,764  | 5% new construction / 15% rehab                                                 | 4.6% |
| Sub-total Construction Contingencies                   | 4,803,226  | 0         | 0          | 0 | 0 | 0 | 4,803,226  |                                                                                 |      |
| TOTAL CONSTRUCTION COSTS                               | 24,319,196 | 1,000,000 | 31,260,053 | 0 | 0 | 0 | 56,579,249 |                                                                                 |      |

SOFT COSTS

Architecture & Design

|                                                                              |           |   |   |   |   |   |           |                                                                                                                                           |
|------------------------------------------------------------------------------|-----------|---|---|---|---|---|-----------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Architect design fees                                                        | 973,446   |   |   |   |   |   | 973,446   | See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a> |
| Design Subconsultants to the Architect (incl. Fees)                          | 529,254   |   |   |   |   |   | 529,254   |                                                                                                                                           |
| Architect Construction Admin                                                 | 237,600   |   |   |   |   |   | 237,600   |                                                                                                                                           |
| Reimbursables                                                                |           |   |   |   |   |   | 0         |                                                                                                                                           |
| Additional Services                                                          | 124,702   |   |   |   |   |   | 124,702   |                                                                                                                                           |
| Sub-total Architect Contract                                                 | 1,865,002 | 0 | 0 | 0 | 0 | 0 | 1,865,002 |                                                                                                                                           |
| Other Third Party design consultants (not included under Architect contract) | 123,250   |   |   |   |   |   | 123,250   | Acoustic, Waterproofing, Solar Design, EBM, Energy Modeling, GPR                                                                          |

MOHCD Proforma - Permanent Financing Sources Uses of Funds

Application Date:

Project Name:

Project Address:

Project Sponsor:

5/20/22

Hunters Point Shipyard Block 56

11 Innes Court

Mercy Housing CA / San Francisco Housing Development Corp

# Units:

# Bedrooms:

# Beds:

73

| SOURCES                                   |  | 35,253,013 | 1,000,000 | 31,260,053        | - | - | - | Total Sources | 67,513,066 | Comments                                                                            |
|-------------------------------------------|--|------------|-----------|-------------------|---|---|---|---------------|------------|-------------------------------------------------------------------------------------|
| Name of Sources:                          |  | MOHCD/OCII | OCII/AHP  | Tax Credit Equity |   |   |   |               |            |                                                                                     |
| Total Architecture & Design               |  | 1,988,252  | 0         | 0                 | 0 | 0 | 0 | 1,988,252     |            |                                                                                     |
| Engineering & Environmental Studies       |  |            |           |                   |   |   |   |               |            |                                                                                     |
| Survey                                    |  | 87,000     |           |                   |   |   |   | 87,000        |            | Civil Engineer + Civil Survey                                                       |
| Geotechnical studies                      |  | 106,900    |           |                   |   |   |   | 106,900       |            |                                                                                     |
| Phase I & II Reports                      |  | 250,000    |           |                   |   |   |   | 250,000       |            |                                                                                     |
| CEQA / Environmental Review consultants   |  |            |           |                   |   |   |   | 0             |            |                                                                                     |
| NEPA / 106 Review                         |  | 35,000     |           |                   |   |   |   | 35,000        |            |                                                                                     |
| CNA/PNA (rehab only)                      |  |            |           |                   |   |   |   | 0             |            |                                                                                     |
| Other environmental consultants           |  | 41,925     |           |                   |   |   |   | 41,925        |            | Joint Trench \$32,200                                                               |
| Total Engineering & Environmental Studies |  | 520,825    | 0         | 0                 | 0 | 0 | 0 | 520,825       |            |                                                                                     |
| Financing Costs                           |  |            |           |                   |   |   |   |               |            |                                                                                     |
| Construction Financing Costs              |  |            |           |                   |   |   |   |               |            |                                                                                     |
| Construction Loan Origination Fee         |  | 267,994    |           |                   |   |   |   | 267,994       |            |                                                                                     |
| Construction Loan Interest                |  | 1,727,071  |           |                   |   |   |   | 1,727,071     |            |                                                                                     |
| Title & Recording                         |  | 60,000     |           |                   |   |   |   | 60,000        |            |                                                                                     |
| CDLAC & CDIAC fees                        |  | 17,506     |           |                   |   |   |   | 17,506        |            |                                                                                     |
| Bond Issuer Fees                          |  | 89,331     |           |                   |   |   |   | 89,331        |            |                                                                                     |
| Other Bond Cost of Issuance               |  | 157,783    |           |                   |   |   |   | 157,783       |            | Issuer monitoring, financial advisor, trustee fee, title costs (bond closing), misc |
| Other Lender Costs (specify)              |  |            |           |                   |   |   |   | 0             |            |                                                                                     |
| Sub-total Const. Financing Costs          |  | 2,319,685  | 0         | 0                 | 0 | 0 | 0 | 2,319,685     |            |                                                                                     |
| 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                     |  | 2,319,685  | 0         | 0                 | 0 | 0 | 0 | 2,319,685     |            |                                                                                     |
| Legal Costs                               |  |            |           |                   |   |   |   |               |            |                                                                                     |
| Borrower Legal fees                       |  | 230,000    |           |                   |   |   |   | 230,000       |            | Owner Legal + Owner Legal/Syndication                                               |
| Land Use / CEQA Attorney fees             |  |            |           |                   |   |   |   | 0             |            |                                                                                     |
| Tax Credit Counsel                        |  | 25,000     |           |                   |   |   |   | 25,000        |            |                                                                                     |
| Bond Counsel                              |  | 65,000     |           |                   |   |   |   | 65,000        |            |                                                                                     |
| Construction Lender Counsel               |  | 65,000     |           |                   |   |   |   | 65,000        |            |                                                                                     |
| Permanent Lender Counsel                  |  | 65,000     |           |                   |   |   |   | 65,000        |            |                                                                                     |
| * Other Legal (specify)                   |  |            |           |                   |   |   |   | 0             |            |                                                                                     |
| Total Legal Costs                         |  | 450,000    | 0         | 0                 | 0 | 0 | 0 | 450,000       |            |                                                                                     |
| Other Development Costs                   |  |            |           |                   |   |   |   |               |            |                                                                                     |
| Appraisal                                 |  | 15,000     |           |                   |   |   |   | 15,000        |            |                                                                                     |
| Market Study                              |  | 20,000     |           |                   |   |   |   | 20,000        |            |                                                                                     |
| * Insurance                               |  | 207,340    |           |                   |   |   |   | 207,340       |            |                                                                                     |
| * Property Taxes                          |  |            |           |                   |   |   |   | 0             |            |                                                                                     |
| Accounting / Audit                        |  | 30,000     |           |                   |   |   |   | 30,000        |            |                                                                                     |

MOHCD Proforma - Permanent Financing Sources Uses of Funds

Application Date:

5/20/22

# Units:

73

Project Name:

Hunters Point Shipyard Block 56

# Bedrooms:

Project Address:

11 Innes Court

# Beds:

Project Sponsor:

Mercy Housing CA / San Francisco Housing Development Corp

|                                                 |  | Total Sources |           |                   |   |   | Comments |            |
|-------------------------------------------------|--|---------------|-----------|-------------------|---|---|----------|------------|
| SOURCES                                         |  | 35,253,013    | 1,000,000 | 31,260,053        | - | - | -        | 67,513,066 |
| Name of Sources:                                |  | MOHCD/OCII    | OCII/AHP  | Tax Credit Equity |   |   |          |            |
| * Organizational Costs                          |  |               |           |                   |   |   |          | 0          |
| Entitlement / Permit Fees                       |  | 784,804       |           |                   |   |   |          | 784,804    |
| * Marketing / Rent-up                           |  | 372,000       |           |                   |   |   |          | 372,000    |
| * Furnishings                                   |  |               |           |                   |   |   |          | 0          |
| PGE / Utility Fees                              |  | 300,000       |           |                   |   |   |          | 300,000    |
| TCAC App / Alloc / Monitor Fees                 |  | 63,170        |           |                   |   |   |          | 63,170     |
| * Financial Consultant fees                     |  | 55,000        |           |                   |   |   |          | 55,000     |
| Construction Management fees / Owner's Rep      |  | 303,195       |           |                   |   |   |          | 303,195    |
| Security during Construction                    |  |               |           |                   |   |   |          | 0          |
| * Relocation                                    |  |               |           |                   |   |   |          | 0          |
| Other (specify)                                 |  |               |           |                   |   |   |          | 0          |
| Other (specify)                                 |  |               |           |                   |   |   |          | 0          |
| Other (specify)                                 |  |               |           |                   |   |   |          | 0          |
| Total Other Development Costs                   |  | 2,150,509     | 0         | 0                 | 0 | 0 | 0        | 2,150,509  |
| Soft Cost Contingency                           |  |               |           |                   |   |   |          |            |
| Contingency (Arch, Eng, Fin, Legal & Other Dev) |  | 740,000       | 0         | 0                 | 0 | 0 | 0        | 740,000    |
| TOTAL SOFT COSTS                                |  | 8,169,271     | 0         | 0                 | 0 | 0 | 0        | 8,169,271  |
| RESERVES                                        |  |               |           |                   |   |   |          |            |
| * Operating Reserves                            |  | 549,546       |           |                   |   |   |          | 549,546    |
| Replacement Reserves                            |  |               |           |                   |   |   |          | 0          |
| * Tenant Improvements Reserves                  |  |               |           |                   |   |   |          | 0          |
| * Supplemental Operating Reserve                |  |               |           |                   |   |   |          | 0          |
| * Other (specify)                               |  |               |           |                   |   |   |          | 0          |
| * Other (specify)                               |  |               |           |                   |   |   |          | 0          |
| TOTAL RESERVES                                  |  | 549,546       | 0         | 0                 | 0 | 0 | 0        | 549,546    |
| DEVELOPER COSTS                                 |  |               |           |                   |   |   |          |            |
| Developer Fee - Cash-out Paid at Milestones     |  | 1,100,000     |           |                   |   |   |          | 1,100,000  |
| Developer Fee - Cash-out At Risk                |  | 1,100,000     |           |                   |   |   |          | 1,100,000  |
| Commercial Developer Fee                        |  |               |           |                   |   |   |          | 0          |
| Developer Fee - GP Equity (also show as source) |  |               |           |                   |   |   |          | 0          |
| Developer Fee - Deferred (also show as source)  |  |               |           |                   |   |   |          | 0          |
| Development Consultant Fees                     |  |               |           |                   |   |   |          | 0          |
| Other (specify)                                 |  |               |           |                   |   |   |          | 0          |
| TOTAL DEVELOPER COSTS                           |  | 2,200,000     | 0         | 0                 | 0 | 0 | 0        | 2,200,000  |
| TOTAL DEVELOPMENT COST                          |  | 35,253,013    | 1,000,000 | 31,260,053        | 0 | 0 | 0        | 67,513,066 |
| Development Cost/Unit by Source                 |  | 482,918       | 13,699    | 428,220           | 0 | 0 | 0        | 924,837    |

Total Soft  
Cost  
Contingency  
as % of Total  
Soft Costs  
**10.0%**



MOHCD Proforma - Permanent Financing Sources Uses of Funds

Application Date:

Project Name:

Project Address:

Project Sponsor:

5/20/22

Hunters Point Shipyard Block 56

11 Innes Court

Mercy Housing CA / San Francisco Housing Development Corp

# Units:

# Bedrooms:

# Beds:

73

| SOURCES                                                  |  | 35,253,013 | 1,000,000 | 31,260,053        | -    | -    | -    | Total Sources | 67,513,066 | Comments |
|----------------------------------------------------------|--|------------|-----------|-------------------|------|------|------|---------------|------------|----------|
| Name of Sources:                                         |  | MOHCD/OCII | OCII/AHP  | Tax Credit Equity |      |      |      |               |            |          |
| Development Cost/Unit as % of TDC by Source              |  | 52.2%      | 1.5%      | 46.3%             | 0.0% | 0.0% | 0.0% | 100.0%        |            |          |
| Acquisition Cost/Unit by Source                          |  | 205        | 0         | 0                 | 0    | 0    | 0    | 205           |            |          |
| Construction Cost (inc Const Contingency)/Unit By Source |  | 333,140    | 13,699    | 428,220           | 0    | 0    | 0    | 775,058       |            |          |
| Construction Cost (inc Const Contingency)/SF             |  | 262.76     | 10.80     | 337.75            | 0.00 | 0.00 | 0.00 | 611.32        |            |          |
| *Possible non-eligible GO Bond/COP Amount:               |  | 14,540,587 |           |                   |      |      |      |               |            |          |
| City Subsidy/Unit                                        |  | 482,918    |           |                   |      |      |      |               |            |          |
| Tax Credit Equity Pricing:                               |  | 0.93       |           |                   |      |      |      |               |            |          |
| Construction Bond Amount:                                |  | 35,732,509 |           |                   |      |      |      |               |            |          |
| Construction Loan Term (in months):                      |  | 23 months  |           |                   |      |      |      |               |            |          |
| Construction Loan Interest Rate (as %):                  |  | 4.00%      |           |                   |      |      |      |               |            |          |

Evaluation of Request for Financing  
Hunters Point Shipyard Block 56, 11 Innes Ct.

May 20, 2022  
Page 60 of 61

**Attachment K: 1<sup>st</sup> Year Operating Budget**

|                                                                                                                   |                  |                         |                                                                  |
|-------------------------------------------------------------------------------------------------------------------|------------------|-------------------------|------------------------------------------------------------------|
| <b>Application Date:</b>                                                                                          | <b>5/20/2022</b> | <b>Project Name:</b>    | <b>Hunters Point Shipyard Block 56</b>                           |
| <b>Total # Units:</b>                                                                                             | <b>73</b>        | <b>Project Address:</b> | <b>11 Innes Court</b>                                            |
| <b>First Year of Operations</b> (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): | <b>2024</b>      | <b>Project Sponsor:</b> | <b>Mercy Housing CA / San Francisco Housing Development Corp</b> |

| INCOME                                                             | Total            | Comments                                                                           |
|--------------------------------------------------------------------|------------------|------------------------------------------------------------------------------------|
| Residential - Tenant Rents                                         | 1,278,312        | 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                | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| 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                                                | 13,140           | Links from 'Utilities & Other Income' Worksheet                                    |
| Tenant Charges                                                     | 2,060            | Links from 'Utilities & Other Income' Worksheet                                    |
| Miscellaneous Residential Income                                   | 0                | Links from 'Utilities & Other Income' Worksheet                                    |
| Other Commercial Income                                            | 0                | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| Withdrawal from Capitalized Reserve (deposit to operating account) |                  |                                                                                    |
| <b>Gross Potential Income</b>                                      | <b>1,293,512</b> |                                                                                    |
| Vacancy Loss - Residential - Tenant Rents                          | (64,676)         | Vacancy loss is 5.1% of Tenant Rents.                                              |
| Vacancy Loss - Residential - Tenant Assistance Payments            | 0                | #DIV/0!                                                                            |
| Vacancy Loss - Commercial                                          | 0                | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| <b>EFFECTIVE GROSS INCOME</b>                                      | <b>1,228,836</b> | <b>PUPA: 16,833</b>                                                                |

**OPERATING EXPENSES****Management**

|                                      |               |                                               |
|--------------------------------------|---------------|-----------------------------------------------|
| Management Fee                       | 56,940        | 1st Year to be set according to HUD schedule. |
| Asset Management Fee                 | 23,460        |                                               |
| <b>Sub-total Management Expenses</b> | <b>80,400</b> | <b>PUPA: 1,101</b>                            |

**Salaries/Benefits**

|                                     |                |                                                                               |
|-------------------------------------|----------------|-------------------------------------------------------------------------------|
| Office Salaries                     | 133,193        | Includes 1 FTE PM, 1 FTE APM - removed 1 FTE Community Coordinator            |
| Manager's Salary                    |                |                                                                               |
| Health Insurance and Other Benefits | 83,314         | Includes Benefits for Operations and Maintenance Staff (payroll below in F69) |
| Other Salaries/Benefits             |                |                                                                               |
| Administrative Rent-Free Unit       |                |                                                                               |
| <b>Sub-total Salaries/Benefits</b>  | <b>216,507</b> | <b>PUPA: 2,966</b>                                                            |

**Administration**

|                                          |               |                  |
|------------------------------------------|---------------|------------------|
| Advertising and Marketing                | 2,190         |                  |
| Office Expenses                          | 12,253        |                  |
| Office Rent                              |               |                  |
| Legal Expense - Property                 | 2,500         |                  |
| Audit Expense                            | 11,000        |                  |
| Bookkeeping/Accounting Services          | 10,950        |                  |
| Bad Debts                                |               |                  |
| Miscellaneous                            | 12,061        |                  |
| <b>Sub-total Administration Expenses</b> | <b>50,954</b> | <b>PUPA: 698</b> |

**Utilities**

|                            |                |                    |
|----------------------------|----------------|--------------------|
| Electricity                | 34,800         |                    |
| Water                      | 39,106         |                    |
| Gas                        | 0              |                    |
| Sewer                      | 66,078         |                    |
| <b>Sub-total Utilities</b> | <b>139,984</b> | <b>PUPA: 1,918</b> |

**Taxes and Licenses**

Application Date:

5/20/2022

Total # Units:

73

First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):

2024

Project Name:

Hunters Point Shipyard Block 56

Project Address:

11 Innes Court

Project Sponsor:

Mercy Housing CA / San Francisco Housing Development Corp

|                                                                         |           |                                                                                    |
|-------------------------------------------------------------------------|-----------|------------------------------------------------------------------------------------|
| Real Estate Taxes                                                       | 8,150     | Real Estate taxes + other taxes and fees                                           |
| Payroll Taxes                                                           |           | Payroll taxes in benefits calculation                                              |
| Miscellaneous Taxes, Licenses and Permits                               | 20,028    | Community Facilities District Fee (assume 3.5% escalation with expenses)           |
| Sub-total Taxes and Licenses                                            | 28,178    | PUPA: 386                                                                          |
| Insurance                                                               |           |                                                                                    |
| Property and Liability Insurance                                        | 140,000   |                                                                                    |
| Fidelity Bond Insurance                                                 |           |                                                                                    |
| Worker's Compensation                                                   |           | Workers Comp in benefits calculation                                               |
| Director's & Officers' Liability Insurance                              |           |                                                                                    |
| Sub-total Insurance                                                     | 140,000   | PUPA: 1,918                                                                        |
| Maintenance & Repair                                                    |           |                                                                                    |
| Payroll                                                                 | 111,068   |                                                                                    |
| Supplies                                                                | 11,036    |                                                                                    |
| Contracts                                                               | 54,239    |                                                                                    |
| Garbage and Trash Removal                                               | 52,706    |                                                                                    |
| Security Payroll/Contract                                               |           |                                                                                    |
| HVAC Repairs and Maintenance                                            |           |                                                                                    |
| Vehicle and Maintenance Equipment Operation and Repairs                 |           |                                                                                    |
| Miscellaneous Operating and Maintenance Expenses                        | 12,483    | Grounds + Lot R Maintenance                                                        |
| Sub-total Maintenance & Repair Expenses                                 | 241,532   | PUPA: 3,309                                                                        |
| Supportive Services                                                     | 102,800   | 1 FTE Services + Fringe + \$8,500 supplies                                         |
| Commercial Expenses                                                     | 0         | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| TOTAL OPERATING EXPENSES                                                | 1,000,355 | PUPA: 13,703                                                                       |
| Reserves/Ground Lease Base Rent/Bond Fees                               |           |                                                                                    |
| Ground Lease Base Rent                                                  | 15,000    | Ground lease with MOHCD Assumes foregone ground lease payments                     |
| Bond Monitoring Fee                                                     | 4,000     |                                                                                    |
| Replacement Reserve Deposit                                             | 32,850    |                                                                                    |
| Operating Reserve Deposit                                               |           |                                                                                    |
| Other Required Reserve 1 Deposit                                        |           |                                                                                    |
| Other Required Reserve 2 Deposit                                        |           |                                                                                    |
| Required Reserve Deposit/s, Commercial                                  | 0         | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees                     | 51,850    | PUPA: 710                                                                          |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)          | 1,052,205 | PUPA: 14,414                                                                       |
| NET OPERATING INCOME (INCOME minus OP EXPENSES)                         | 176,631   | PUPA: 2,420                                                                        |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)            |           |                                                                                    |
| Hard Debt - First Lender                                                | 0         | Provide additional comments here, if needed.                                       |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender) | 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         | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| TOTAL HARD DEBT SERVICE                                                 | 0         | PUPA: 0                                                                            |

Min DSCR:

1.09

Mortgage Rate:

5.00%

Term (Years):

30

Supportable 1st Mortgage Pmt:

162,047

Supportable 1st Mortgage Amt:

\$2,515,525

Proposed 1st Mortgage Amt:

\$35,253,013

Application Date:

5/20/2022

Total # Units:

73

First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):

2024

Project Name:

Hunters Point Shipyard Block 56

Project Address:

11 Innes Court

Project Sponsor:

Mercy Housing CA / San Francisco Housing Development Corp

CASH FLOW (NOI minus DEBT SERVICE)176,631

USES OF CASH FLOW BELOW (This row also shows DSCR.)

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)                    | 23,450 | 2nd                         |                                              |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | 5,000  | 1st                         |                                              |
| 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)          |        | Def. Develop. Fee split: 0% | Provide additional comments here, if needed. |

TOTAL PAYMENTS PRECEDING MOHCD28,450PUPA: 390

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)148,181

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?

Will Project Defer Developer Fee?

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1

% of Residual Receipts available for distribution to soft debt lenders in

Yes

No

33%

67%

Project has MOHCD ground lease?

Yes

| 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 | \$35,253,013        | 99.58%                      |
| MOHCD/OCII - Ground Lease Value or Land Acq Cost     | Ground Lease Value                           | \$150,000           | 0.42%                       |
| HCD (soft debt loan) - Lender 3                      |                                              |                     | 0.00%                       |
| Other Soft Debt Lender - Lender 4                    |                                              |                     | 0.00%                       |
| Other Soft Debt Lender - Lender 5                    |                                              |                     | 0.00%                       |

| MOHCD RESIDUAL RECEIPTS DEBT SERVICE                             |        |                                                                                         |
|------------------------------------------------------------------|--------|-----------------------------------------------------------------------------------------|
| MOHCD Residual Receipts Amount Due                               | 98,787 | 67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment        | 98,787 | 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 SERVICE49,394

| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE       |   |  |
|------------------------------------------------|---|--|
| HCD Residual Receipts Amount Due               | 0 |  |
| Lender 4 Residual Receipts Due                 | 0 |  |
| Lender 5 Residual Receipts Due                 | 0 |  |
| Total Non-MOHCD Residual Receipts Debt Service | 0 |  |

| REMAINDER (Should be zero unless there are distributions below) |        |                                                    |
|-----------------------------------------------------------------|--------|----------------------------------------------------|
| Owner Distributions/Incentive Management Fee                    | 49,394 | 100% of Borrower share of 33% of residual receipts |
| Other Distributions/Uses                                        | 0      |                                                    |
| Final Balance (should be zero)                                  | 0      |                                                    |

Evaluation of Request for Financing  
Hunters Point Shipyard Block 56, 11 Innes Ct.

May 20, 2022  
Page 61 of 61

**Attachment L: 20-year Operating Proforma**

Hunters Point Shipyard Block 5b

|                                                                         |  |                   |           |           |           |           |           |           |           |           |           |           |
|-------------------------------------------------------------------------|--|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total # Units:                                                          |  | 73                |           |           |           |           |           |           |           |           |           |           |
|                                                                         |  | Year 1            | Year 2    | Year 3    | Year 4    | Year 5    | Year 6    | Year 7    | Year 8    | Year 9    | Year 10   | Year 11   |
|                                                                         |  | 2024              | 2025      | 2026      | 2027      | 2028      | 2029      | 2030      | 2031      | 2032      | 2033      | 2034      |
| INCOME                                                                  |  | % annual increase | Total     | Total     | Total     | Total     | Total     | Total     | Total     | Total     | Total     | Total     |
| Residential - Tenant Rents                                              |  | 2.5%              | 1,278,312 | 1,310,270 | 1,343,027 | 1,376,602 | 1,411,017 | 1,446,293 | 1,482,450 | 1,519,511 | 1,557,499 | 1,596,437 |
| Residential - Tenant Assistance Payments (Non-LOSP)                     |  | n/a               | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Commercial Space                                                        |  | 2.5%              | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Other Income                                                            |  |                   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Gross Potential Income                                                  |  |                   | 1,293,512 | 1,325,849 | 1,358,996 | 1,392,970 | 1,427,795 | 1,463,490 | 1,500,077 | 1,537,579 | 1,576,018 | 1,615,419 |
| Vacancy Loss - Residential - Tenant Rents                               |  | n/a               | (64,676)  | (66,292)  | (67,950)  | (69,649)  | (71,390)  | (73,174)  | (75,004)  | (76,879)  | (78,801)  | (80,771)  |
| Vacancy Loss - Residential - Tenant Assistance Payments                 |  | n/a               | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Vacancy Loss - Commercial                                               |  | n/a               | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| EFFECTIVE GROSS INCOME                                                  |  |                   | 1,228,836 | 1,259,557 | 1,291,046 | 1,323,322 | 1,356,405 | 1,390,315 | 1,425,073 | 1,460,700 | 1,497,217 | 1,534,648 |
| OPERATING EXPENSES                                                      |  |                   |           |           |           |           |           |           |           |           |           |           |
| Management                                                              |  | 3.5%              | 80,400    | 83,214    | 86,126    | 89,141    | 92,261    | 95,490    | 98,832    | 102,291   | 105,871   | 109,577   |
| Salaries/Benefits                                                       |  | 3.5%              | 216,507   | 224,085   | 231,928   | 240,045   | 248,447   | 257,143   | 266,143   | 275,458   | 285,099   | 295,077   |
| Administration                                                          |  | 3.5%              | 50,954    | 52,737    | 54,583    | 56,494    | 58,471    | 60,517    | 62,635    | 64,828    | 67,097    | 69,445    |
| Utilities                                                               |  | 3.5%              | 139,984   | 144,883   | 149,954   | 155,203   | 160,635   | 166,257   | 172,076   | 178,099   | 184,332   | 190,784   |
| Taxes and Licenses                                                      |  | 3.5%              | 28,178    | 29,164    | 30,185    | 31,241    | 32,335    | 33,467    | 34,638    | 35,850    | 37,105    | 38,404    |
| Insurance                                                               |  | 3.5%              | 140,000   | 144,900   | 149,972   | 155,221   | 160,653   | 166,276   | 172,096   | 178,119   | 184,353   | 190,806   |
| Maintenance & Repair                                                    |  | 3.5%              | 241,532   | 249,986   | 258,735   | 267,791   | 277,164   | 286,864   | 296,905   | 307,296   | 318,052   | 329,183   |
| Supportive Services                                                     |  | 3.5%              | 102,800   | 106,398   | 110,122   | 113,976   | 117,965   | 122,094   | 126,367   | 130,790   | 135,368   | 140,106   |
| Commercial Expenses                                                     |  |                   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| TOTAL OPERATING EXPENSES                                                |  |                   | 1,000,355 | 1,035,368 | 1,071,606 | 1,109,112 | 1,147,931 | 1,188,108 | 1,229,692 | 1,272,731 | 1,317,277 | 1,363,381 |
| PUPA (w/o Reserves/GL Base Rent/Bond Fees)                              |  |                   | 13,703    |           |           |           |           |           |           |           |           |           |
| 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    |
| Bond Monitoring Fee                                                     |  |                   | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     |
| Replacement Reserve Deposit                                             |  |                   | 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         |
| Other Required Reserve 1 Deposit                                        |  |                   | 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         |
| Required Reserve Deposit/s, Commercial                                  |  |                   | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees                     |  |                   | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)          |  |                   | 1,052,205 | 1,087,218 | 1,123,456 | 1,160,962 | 1,199,781 | 1,239,958 | 1,281,542 | 1,324,581 | 1,369,127 | 1,415,231 |
| PUPA (w/ Reserves/GL Base Rent/Bond Fees)                               |  |                   | 14,414    |           |           |           |           |           |           |           |           |           |
| NET OPERATING INCOME (INCOME minus OP EXPENSES)                         |  |                   | 176,631   | 172,339   | 167,590   | 162,360   | 156,624   | 150,357   | 143,531   | 136,119   | 128,091   | 119,416   |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)            |  |                   |           |           |           |           |           |           |           |           |           |           |
| Hard Debt - First Lender                                                |  |                   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| 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                                                 |  |                   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| CASH FLOW (NOI minus DEBT SERVICE)                                      |  |                   | 176,631   | 172,339   | 167,590   | 162,360   | 156,624   | 150,357   | 143,531   | 136,119   | 128,091   | 119,416   |
| USES OF CASH FLOW BELOW (This row also shows DSCR.)                     |  | DSCR:             |           |           |           |           |           |           |           |           |           |           |



Hunters Point Shipyard Block 5b

Total # Units: 73

|                                                                       |         | Year 1     | Year 2  | Year 3  | Year 4  | Year 5  | Year 6  | Year 7  | Year 8  | Year 9  | Year 10 | Year 11 |
|-----------------------------------------------------------------------|---------|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                                                       |         | 2024       | 2025    | 2026    | 2027    | 2028    | 2029    | 2030    | 2031    | 2032    | 2033    | 2034    |
|                                                                       |         | Total      | Total   | Total   | Total   | Total   | Total   | Total   | Total   | Total   | Total   | Total   |
| INCOME                                                                |         |            |         |         |         |         |         |         |         |         |         |         |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL                     |         |            |         |         |         |         |         |         |         |         |         |         |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131)            |         | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 3.5%    | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Partnership Management Fee (see policy for limits)                    | 3.5%    | 23,450     | 24,154  | 24,878  | 25,624  | 26,393  | 27,185  | 28,001  | 28,841  | 29,706  | 30,597  | 31,515  |
| 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   |
| Other Payments                                                        |         | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Non-amortizing Loan Pmnt - Lender 1                                   |         | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Non-amortizing Loan Pmnt - Lender 2                                   |         | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| TOTAL PAYMENTS PRECEDING MOHCD                                        |         | 28,450     | 29,154  | 29,878  | 30,624  | 31,393  | 32,185  | 33,001  | 33,841  | 34,706  | 35,597  | 36,515  |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)          |         | 148,181    | 143,186 | 137,712 | 131,736 | 125,231 | 118,172 | 110,531 | 102,278 | 93,385  | 83,819  | 73,549  |
| Does Project have a MOHCD Residual Receipt Obligation?                |         | Yes        |         |         |         |         |         |         |         |         |         |         |
| Will Project Defer Developer Fee?                                     |         | No         |         |         |         |         |         |         |         |         |         |         |
| Residual Receipts split for all years. - Lender/Owner                 |         | 67% / 33%  |         |         |         |         |         |         |         |         |         |         |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE                                  |         | Dist. Soft |         |         |         |         |         |         |         |         |         |         |
| MOHCD Residual Receipts Amount Due                                    | 100.00% | 98,787     | 95,457  | 91,808  | 87,824  | 83,487  | 78,781  | 73,687  | 68,185  | 62,257  | 55,880  | 49,033  |
| 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          |         | 49,394     | 47,729  | 45,904  | 43,912  | 41,744  | 39,391  | 36,844  | 34,093  | 31,128  | 27,940  | 24,516  |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE                              |         |            |         |         |         |         |         |         |         |         |         |         |
| HCD Residual Receipts Amount Due                                      | 0.00%   | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Lender 4 Residual Receipts Due                                        | 0.00%   | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Lender 5 Residual Receipts Due                                        | 0.00%   | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Total Non-MOHCD Residual Receipts Debt Service                        |         | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| REMAINDER (Should be zero unless there are distributions below)       |         | 49,394     | 47,729  | 45,904  | 43,912  | 41,744  | 39,391  | 36,844  | 34,093  | 31,128  | 27,940  | 24,516  |
| Owner Distributions/Incentive Management Fee                          |         | 49,394     | 47,729  | 45,904  | 43,912  | 41,744  | 39,391  | 36,844  | 34,093  | 31,128  | 27,940  | 24,516  |
| 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 |
| OR Running Balance                                                    |         | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Other Required Reserve 1 Running Balance                              |         | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Other Required Reserve 2 Running Balance                              |         | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| DEFERRED DEVELOPER FEE - RUNNING BALANCE                              |         |            |         |         |         |         |         |         |         |         |         |         |
| Developer Fee Starting Balance                                        |         | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Deferred Developer Fee Earned in Year                                 |         | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Developer Fee Remaining Balance                                       |         | -          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |

Hunters Point Shipyard Block 5b

|                                                                         |      |                   |           |           |           |           |           |           |           |           |
|-------------------------------------------------------------------------|------|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total # Units:                                                          |      | 73                |           |           |           |           |           |           |           |           |
|                                                                         |      | Year 12           | Year 13   | Year 14   | Year 15   | Year 16   | Year 17   | Year 18   | Year 19   | Year 20   |
|                                                                         |      | 2035              | 2036      | 2037      | 2038      | 2039      | 2040      | 2041      | 2042      | 2043      |
|                                                                         |      | % annual increase | Total     | Total     | Total     | Total     | Total     | Total     | Total     | Total     |
| INCOME                                                                  |      |                   |           |           |           |           |           |           |           |           |
| Residential - Tenant Rents                                              | 2.5% | 1,677,256         | 1,719,188 | 1,762,167 | 1,806,221 | 1,851,377 | 1,897,661 | 1,945,103 | 1,993,730 | 2,043,574 |
| Residential - Tenant Assistance Payments (Non-LOSP)                     | n/a  | -                 | -         | -         | -         | -         | -         | -         | -         | -         |
| Commercial Space                                                        | 2.5% | -                 | -         | -         | -         | -         | -         | -         | -         | -         |
| Other Income                                                            |      | -                 | -         | -         | -         | -         | -         | -         | -         | -         |
| Gross Potential Income                                                  |      | 1,697,199         | 1,739,629 | 1,783,120 | 1,827,698 | 1,873,390 | 1,920,225 | 1,968,231 | 2,017,437 | 2,067,873 |
| Vacancy Loss - Residential - Tenant Rents                               | n/a  | (84,860)          | (86,981)  | (89,156)  | (91,385)  | (93,670)  | (96,011)  | (98,412)  | (100,872) | (103,394) |
| Vacancy Loss - Residential - Tenant Assistance Payments                 | n/a  | -                 | -         | -         | -         | -         | -         | -         | -         | -         |
| Vacancy Loss - Commercial                                               | n/a  | -                 | -         | -         | -         | -         | -         | -         | -         | -         |
| EFFECTIVE GROSS INCOME                                                  |      | 1,612,339         | 1,652,648 | 1,693,964 | 1,736,313 | 1,779,721 | 1,824,214 | 1,869,819 | 1,916,565 | 1,964,479 |
| OPERATING EXPENSES                                                      |      |                   |           |           |           |           |           |           |           |           |
| Management                                                              | 3.5% | 117,382           | 121,490   | 125,742   | 130,143   | 134,698   | 139,412   | 144,292   | 149,342   | 154,569   |
| Salaries/Benefits                                                       | 3.5% | 316,094           | 327,157   | 338,608   | 350,459   | 362,725   | 375,420   | 388,560   | 402,160   | 416,235   |
| Administration                                                          | 3.5% | 74,391            | 76,995    | 79,690    | 82,479    | 85,366    | 88,354    | 91,446    | 94,647    | 97,959    |
| Utilities                                                               | 3.5% | 204,372           | 211,525   | 218,929   | 226,591   | 234,522   | 242,730   | 251,226   | 260,019   | 269,119   |
| Taxes and Licenses                                                      | 3.5% | 41,139            | 42,579    | 44,069    | 45,612    | 47,208    | 48,860    | 50,570    | 52,340    | 54,172    |
| Insurance                                                               | 3.5% | 204,396           | 211,550   | 218,954   | 226,617   | 234,549   | 242,758   | 251,255   | 260,048   | 269,150   |
| Maintenance & Repair                                                    | 3.5% | 352,630           | 364,972   | 377,746   | 390,967   | 404,651   | 418,813   | 433,472   | 448,643   | 464,346   |
| Supportive Services                                                     | 3.5% | 150,085           | 155,338   | 160,775   | 166,402   | 172,226   | 178,254   | 184,493   | 190,950   | 197,633   |
| Commercial Expenses                                                     |      | -                 | -         | -         | -         | -         | -         | -         | -         | -         |
| TOTAL OPERATING EXPENSES                                                |      | 1,460,488         | 1,511,605 | 1,564,512 | 1,619,269 | 1,675,944 | 1,734,602 | 1,795,313 | 1,858,149 | 1,923,184 |
| PUPA (w/o Reserves/GL Base Rent/Bond Fees)                              |      |                   |           |           |           |           |           |           |           |           |
| 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    |
| Bond Monitoring Fee                                                     |      | 4,000             | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     |
| Replacement Reserve Deposit                                             |      | 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         |
| Other Required Reserve 1 Deposit                                        |      | 0                 | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Other Required Reserve 2 Deposit                                        |      | 0                 | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Required Reserve Deposit/s, Commercial                                  |      | 0                 | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees                     |      | 51,850            | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)          |      | 1,512,338         | 1,563,455 | 1,616,362 | 1,671,119 | 1,727,794 | 1,786,452 | 1,847,163 | 1,909,999 | 1,975,034 |
| PUPA (w/ Reserves/GL Base Rent/Bond Fees)                               |      |                   |           |           |           |           |           |           |           |           |
| NET OPERATING INCOME (INCOME minus OP EXPENSES)                         |      | 100,001           | 89,192    | 77,602    | 65,194    | 51,927    | 37,762    | 22,656    | 6,566     | (10,555)  |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)            |      |                   |           |           |           |           |           |           |           |           |
| Hard Debt - First Lender                                                |      | -                 | -         | -         | -         | -         | -         | -         | -         | -         |
| 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                                                 |      | -                 | -         | -         | -         | -         | -         | -         | -         | -         |
| CASH FLOW (NOI minus DEBT SERVICE)                                      |      | 100,001           | 89,192    | 77,602    | 65,194    | 51,927    | 37,762    | 22,656    | 6,566     | (10,555)  |
| USES OF CASH FLOW BELOW (This row also shows DSCR.)                     |      | DSCR:             |           |           |           |           |           |           |           |           |

Hunters Point Shipyard Block 5b

Total # Units: 73

|                                                                       |                   | Year 12    | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20  |
|-----------------------------------------------------------------------|-------------------|------------|---------|---------|---------|---------|---------|---------|---------|----------|
|                                                                       |                   | 2035       | 2036    | 2037    | 2038    | 2039    | 2040    | 2041    | 2042    | 2043     |
| INCOME                                                                | % annual increase | Total      | Total   | Total   | Total   | Total   | Total   | Total   | Total   | Total    |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL                     |                   |            |         |         |         |         |         |         |         |          |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131)            |                   | -          | -       | -       | -       | -       | -       | -       | -       | -        |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 3.5%              | -          | -       | -       | -       | -       | -       | -       | -       | -        |
| Partnership Management Fee (see policy for limits)                    | 3.5%              | 32,460     | 33,434  | 34,437  | 35,470  | -       | -       | -       | -       | -        |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) |                   | 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                                        |                   | 37,460     | 38,434  | 39,437  | 40,470  | -       | -       | -       | -       | -        |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)          |                   | 62,541     | 50,758  | 38,165  | 24,723  | 51,927  | 37,762  | 22,656  | 6,566   | (10,555) |
| Does Project have a MOHCD Residual Receipt Obligation?                | Yes               |            |         |         |         |         |         |         |         |          |
| Will Project Defer Developer Fee?                                     | No                |            |         |         |         |         |         |         |         |          |
| Residual Receipts split for all years. - Lender/Owner                 | 67% / 33%         |            |         |         |         |         |         |         |         |          |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE                                  |                   | Dist. Soft |         |         |         |         |         |         |         |          |
| MOHCD Residual Receipts Amount Due                                    | 100.00%           | Debt Loans |         |         |         |         |         |         |         |          |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease      |                   |            | 41,694  | 33,839  | 25,444  | 16,482  | 34,618  | 25,175  | 15,104  | 4,377    |
| Proposed MOHCD Residual Receipts Amount to Replacement Reserve        |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE          |                   |            | 20,847  | 16,919  | 12,722  | 8,241   | 17,309  | 12,587  | 7,552   | 2,189    |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE                              |                   |            |         |         |         |         |         |         |         |          |
| HCD Residual Receipts Amount Due                                      | 0.00%             |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Lender 4 Residual Receipts Due                                        | 0.00%             |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Lender 5 Residual Receipts Due                                        | 0.00%             |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Total Non-MOHCD Residual Receipts Debt Service                        |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| REMAINDER (Should be zero unless there are distributions below)       |                   |            | 20,847  | 16,919  | 12,722  | 8,241   | 17,309  | 12,587  | 7,552   | 2,189    |
| Owner Distributions/Incentive Management Fee                          |                   |            | 20,847  | 16,919  | 12,722  | 8,241   | 17,309  | 12,587  | 7,552   | 2,189    |
| Other Distributions/Uses                                              |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Final Balance (should be zero)                                        |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| RR Running Balance                                                    |                   |            | 394,200 | 427,050 | 459,900 | 492,750 | 525,600 | 558,450 | 591,300 | 624,150  |
| OR Running Balance                                                    |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Other Required Reserve 1 Running Balance                              |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Other Required Reserve 2 Running Balance                              |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| DEFERRED DEVELOPER FEE - RUNNING BALANCE                              |                   |            |         |         |         |         |         |         |         |          |
| Developer Fee Starting Balance                                        |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Deferred Developer Fee Earned in Year                                 |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Developer Fee Remaining Balance                                       |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |

ATTACHMENT E

**AMENDED AND RESTATED LOAN AGREEMENT**

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

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

for

**11 Innes Court  
(Hunters Point Shipyard Phase 1 Block 56)  
\$36,253,013**

Dated as of \_\_\_\_\_, 2022

## TABLE OF CONTENTS

|                                                                   | <u>Page</u> |
|-------------------------------------------------------------------|-------------|
| ARTICLE 1 - DEFINITIONS .....                                     | 3           |
| ARTICLE 2 - FUNDING .....                                         | 14          |
| ARTICLE 3 - TERMS.....                                            | 15          |
| ARTICLE 4 – CLOSING DISBURSEMENTS .....                           | 21          |
| ARTICLE 5 – DEMOLITION, REHABILITATION OR CONSTRUCTION .....      | 26          |
| ARTICLE 6 – MARKETING .....                                       | 27          |
| ARTICLE 7 – AFFORDABILITY AND OTHER LEASING RESTRICTIONS .....    | 28          |
| ARTICLE 8 – MAINTENANCE AND MANAGEMENT OF THE PROJECT.....        | 30          |
| ARTICLE 9 – GOVERNMENTAL REQUIREMENTS .....                       | 31          |
| ARTICLE 10 - PROJECT MONITORING, REPORTS, BOOKS AND RECORDS ..... | 32          |
| ARTICLE 11 – USE OF INCOME FROM OPERATIONS.....                   | 34          |
| ARTICLE 12 – REQUIRED RESERVES .....                              | 34          |
| ARTICLE 13 – DISTRIBUTIONS .....                                  | 36          |
| ARTICLE 14 – SYNDICATION PROCEEDS .....                           | 37          |
| ARTICLE 15 – DEVELOPER FEES.....                                  | 38          |
| ARTICLE 16 - TRANSFERS .....                                      | 38          |
| ARTICLE 17 - INSURANCE AND BONDS.....                             | 39          |
| ARTICLE 18 - GOVERNMENTAL APPROVALS .....                         | 39          |
| ARTICLE 19 - DEFAULT.....                                         | 39          |
| ARTICLE 20 - REPRESENTATIONS AND WARRANTIES .....                 | 43          |
| ARTICLE 21 - NOTICES .....                                        | 44          |
| ARTICLE 22 - HAZARDOUS SUBSTANCES.....                            | 45          |
| ARTICLE 23 - INDEMNITY .....                                      | 45          |
| ARTICLE 24 – GENERAL PROVISIONS .....                             | 47          |

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## **EXHIBITS**

|     |                                                                                      |
|-----|--------------------------------------------------------------------------------------|
| A   | Schedules of Income and Rent Restrictions                                            |
| B-1 | Table of Sources and Uses of Funds                                                   |
| B-2 | Annual Operating Budget                                                              |
| B-3 | 20-Year Cash Flow Proforma                                                           |
| C   | Form of Tenant Income Certification                                                  |
| D   | Form of Promissory Note                                                              |
| E   | Contract Compliance Policies                                                         |
| F   | Insurance Requirements                                                               |
| G   | Lobbying/Debarment Certification Form                                                |
| H   | Form of Annual Monitoring Report                                                     |
| I   | Tenant Selection Plan Policy and Tenant Screening Criteria Policy                    |
| J   | Form Deed of Trust                                                                   |
| K   | Form of Declaration of Restrictions                                                  |
| 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   | Legal Description of the Site                                                        |
| R   | Final Financial Plan Confirmation Letter                                             |
| S   | Operational Rules for San Francisco Housing Lotteries and Rental Lease-Up Activities |
| T-1 | Early Outreach Plan Template                                                         |
| T-2 | Marketing Plan Template                                                              |

**AMENDED AND RESTATED  
LOAN AGREEMENT**  
(Hunters Point Shipyard Phase 1 Block 56)

This AMENDED AND RESTATED LOAN AGREEMENT ("**Agreement**") is entered into as of \_\_\_\_\_ 2022, 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 hereafter referred to as the Office of Community Investment and Infrastructure ("**OCII**"), and Hunters Point Block 56, L.P., a California limited partnership (the "**Borrower**"), and their authorized successors and assigns.

**RECITALS**

A. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, section 33000 et seq. the "**CRL**"), the Redevelopment Agency of the City and County of San Francisco (the "**Former Agency**") and the Board of Supervisors of the City and County of San Francisco (the "**City**") established the Hunters Point Shipyard ("**HPS**") Redevelopment Project Area ("**Project Area**").

B. In accordance with the CRL, the City, acting through its Board of Supervisors initially approved a Redevelopment Plan for the Hunters Point Shipyard Redevelopment Project Area ("**Project Area**") by Ordinance No. 285-97 adopted on July 14, 1997 (and as currently amended, the "**HPS Redevelopment Plan**").

C. 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), OCII is responsible for implementing the HPS Redevelopment Plan and fulfilling enforceable obligations of the 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 OCII and HPS Development Co., L.P. (the "**Master Developer**").

D. Under the DDA including its Affordable Housing Program, the Master Developer is required to deliver "finished lots" (i.e., subdivided land served by improved streets, sidewalks, parks, open space and utilities) to be sold to vertical developers or retained by OCII for the development of affordable housing. The DDA identifies the specific "**Agency Affordable Parcels**", which include the parcel of land known as OCII Block 56, more particularly described in Exhibit Q hereto (the "**Site**"), commonly referred to as OCII Block 56. OCII intends to provide financing to assist in the construction of at least 218 affordable housing units, collectively, on the Agency Affordable Parcels, including approximately 73 units on the Site.

E. On April 7, 2020, by Resolution No. 3-2020, 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**”) and authorized the OCII Executive Director to execute an exclusive negotiations agreement (the “**ENA**”) with Borrower to enable Borrower to pursue predevelopment activities for the construction and management of the Project.

F. Also by Resolution No. 3-2020 Commission authorized the Executive Director to enter into a “**Predevelopment Loan Agreement**” for a loan to the Borrower in the amount of Three Million Five Hundred Thousand Dollars (\$3,500,000.00) (the “**Predevelopment Loan Amount**”) to fund costs of the Borrower’s predevelopment activities. 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).

G. On April 20, 2021, by Resolution No. 12-2021, the Commission conditionally approved “**Schematic Designs**” contemplating 73 affordable rental housing units and one manager’s unit at the Site (as further described in the Schematic Designs, the “**Project**”).

H. On May 20, 2022, the Citywide Affordable Housing Loan Committee (“**Loan Committee**”) approved a loan to the Borrower for the development of the Project for an aggregate amount not to exceed Thirty-six million, three hundred and ninety-one thousand and one hundred and ninety Dollars (\$36,391,190) (the “**Loan**”), which amount includes the Predevelopment Loan Amount.

I. On August 2, 2022, by Resolution No. -2022, the Commission approved the issuance of the Loan and authorized the OCII Executive Director to enter into this Agreement.

J. Also on August 2, 2022, by Resolution No. -2022, the Commission authorized a Ground Lease and Borrower intends to enter into a Ground Lease (as defined herein) of the Site for the purpose of constructing, and thereafter intends to construct and operate on the Site, the Project, consisting of approximately seventy three (73) residential units, including seventy two (72) units of low-income rental housing and one unrestricted manager’s unit, for families and related management services, and amenity spaces.

K. OCII now intends to issue the Loan to Borrower in accordance with the terms of this Agreement.

L. Upon completion of construction of the Project, OCII intends to assign its rights and obligations under this Agreement and the Ground Lease, together with conveyance of fee title to the Site, to MOHCD as the designated Housing Successor of the City and County of San Francisco under Board of Supervisors Resolution 11-12, as required by Redevelopment Dissolution Law and OCII’s approved Long-Term Property Management Plan dated December 2015.

## 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:

**"20-Year Cash Flow Proforma"** means the 20-year cash flow proforma for the Project attached as Exhibit B-3, as it may be revised and approved by the MOHCD Director and the OCII Executive Director prior to the Loan Closing Date. Any revisions to the 20-Year Cash Flow Proforma so approved by the MOHCD Director and the OCII Executive Director will be attached to and included in this Agreement in the form of the Final Financial Plan Confirmation Letter.

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

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

**"Annual Operating Budget"** means an annual operating budget for the Project attached hereto as Exhibit B-2, as it may be revised and approved by the MOHCD Director and the OCII Executive Director prior to the Loan Closing Date. Any revisions to the Annual Operating Budget so approved by the MOHCD Director and the OCII Executive Director will be attached to and included in this Agreement in the form of the Final Financial Plan Confirmation Letter.

**"Area Median Income"** or **"AMI"** means area median income as determined by MOHCD, adjusted solely for actual household size.

**"Assignment of Work Product"** means the assignment of work product executed by Borrower granting OCII a security interest in the Work Product to secure Borrower's performance under this Agreement and the Note prior to the Loan Closing Date, in substantially the form and substance attached hereto as Exhibit O.

**"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"** is defined in the first paragraph of this Agreement.

**"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 Loan Closing Date.

**"City"** means the City and County of San Francisco, a municipal corporation. 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"** means the Successor Agency Commission, commonly referred to as the Commission on Community Investment and Infrastructure.

**"Completion Date"** has the meaning set forth in Section 5.6.

**"Compliance Term"** has the meaning set forth in Article 3.

**"Construction Documents"** are the Final Construction Documents as defined and described in the Vertical Design Review and Document Approval Procedure of the Phase 1 DDA.

**"Construction Contract"** has the meaning set forth in Section 5.2.

**"Control of the Site"** means Borrower's acquisition of fee ownership or a leasehold interest in the Site (or a portion thereof).

**"Conversion Date"** means the date upon which Borrower's institutional construction financing converts to a permanent phase requiring payments of principal amortized over the term of the loan.

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

**"Declaration of Restrictions"** means a recorded declaration of restrictions in substantially the form and substance attached hereto as Exhibit K that requires Borrower and the

Project to comply with the use restrictions in this Agreement for the duration specified therein, even if the Loan is repaid or otherwise satisfied, this Agreement terminates or the Deed of Trust is reconveyed.

**"Deed of Trust"** means the deed of trust executed by Borrower granting OCII a lien on the Borrower's leasehold interest under the Ground Lease and Borrower's ownership interest in the Project to secure Borrower's performance under this Agreement and the Note, in substantially the form and substance attached hereto as Exhibit J.

**"Developer"** means, for purposes of distribution of the Developer Fees (as defined herein) Mercy Housing California, a California nonprofit public benefit corporation and San Francisco Housing Development Corporation, a California nonprofit public benefit corporation or under common control with the foregoing.

**"Deferred Developer Fee"** means the portion of the Developer Fees, if any, that is deferred for payment at the time of the audit performed by Borrower after completion of construction of the Project.

**"Development Expenses"** means all costs incurred by Borrower and approved by the OCII Executive Director and MOHCD Director in connection with the development of the Project, including: (a) hard and soft development costs; (b) deposits into required capitalized reserve accounts; (c) costs of converting Project financing, including bonds, into permanent financing; (d) the expense of a cost audit; and (e) allowed Developer Fees.

**"Development Proceeds"** means the sum of: (a) funds contributed or to be contributed to Borrower by Borrower's limited partner as capital contributions, equity or for any other purpose under Borrower's limited partnership agreement; and (b) the proceeds of all other financing for the Project (including under this Agreement).

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

**"Disburse", "Disbursement"** and other derivatives thereof means the disbursement of all or a portion of the Funding Amount by OCII as described in Article 4.

**"Distributions"** has the meaning set forth in Section 13.1.

**"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.

**"Escrow Agent"** means the escrow agent for the title company issuing the Title Policy.

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

**"Excess Development Proceeds"** means Development Proceeds remaining after payment of Development Expenses.

**"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.

**"Final Financial Plan"** means the Table of Sources and Uses, the Annual Operating Budget and 20-Year Cash Flow Proforma (including without limitation the Funding Amount, interest rate and distribution of Surplus Cash) (Exhibits B-1, B-2, and B-3), as they may be revised by the Final Financial Plan Confirmation Letter and approved by the MOHCD Director and the OCII Executive Director prior to the Loan Closing Date.

**"Final Financial Plan Confirmation Letter"** means a letter documenting the approved Final Financial Plan including any adjustments thereto made and approved by the MOHCD Director and the OCII Executive Director subsequent to execution of this Agreement but prior to the Loan Closing Date, including without limitation the Funding Amount, interest rate and distribution of Surplus Cash.

**"Funding Amount"** means an aggregate amount not to exceed Thirty-Six Million, Three Hundred and Ninety-One Thousand, Ninety Dollars (\$36,391,190), and shall include any revision to the foregoing amount included in the Final Financial Plan.

**"Funds"** means the monies to be disbursed by OCII under this Agreement.

**"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.

**"Ground Lease"** means a ground lease of the Site between Borrower as tenant and OCII as landlord, as approved by the Commission.

**"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.

**"HCD"** means the California Department of Housing and Community Development.

**"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.

**"Income Restrictions"** means the maximum household income limits for Qualified Tenants, as set forth in Exhibit A.

**"Investor Limited Partner"** means the tax credit equity investor who will be admitted as a limited partner of Borrower concurrent with Loan Closing, and its successors and assigns.

**"IRS Tax Credit Rules"** shall mean all laws, rules, regulations, ordinances and statutes relating to or governing the Tax Credits, including, but not limited to, Section 42 of the Internal Revenue Code, as it may be amended from time to time.

**"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.

**"Life of the Project"** means the period of time in which the Project continues to operate as a multi-family apartment project substantially similar to its current condition in terms of square footage and number of units, and in the event the Project is substantially damaged or

destroyed by fire, the elements, an act of any public authority or other casualty, and is subsequently replaced by a multi-family residential project substantially similar to its current condition in terms of square footage and number of units, the life of such replacement project will be deemed to be a continuation of the life of the Project.

**"Loan"** has the meaning set forth in Recital H.

**"Loan Documents"** means those certain loan agreements, notes, deeds of trust, declarations, and any other documents executed and delivered in connection with the predevelopment, construction, and permanent financing for the Project.

**"Loan Closing"** means the date on which the Deed of Trust and Declaration of Restrictions are recorded as authorized by Borrower and OCII in accordance with the provisions of this Agreement.

**"Loan Closing Date"** means the date on which OCII and the Borrower authorize Loan Closing and the Deed of Trust and Declaration of Restrictions are recorded in the Official Records.

**"Loan Committee"** has the meaning set forth in Recital H.

**"Loss" or "Losses"** includes any loss, liability, damage, cost, expense or charge and reasonable attorneys' fees and costs, including those incurred in a proceeding in court or by mediation or arbitration, on appeal or in the enforcement of OCII's or the City's rights or in defense of any action in a bankruptcy proceeding.

**"Managing General Partner"** Mercy HPSY Block 56 LLC, a California limited liability company.

**"Maturity Date"** has the meaning set forth in Section 3.3.

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

**"MOHCD Fees Policy"** means the MOHCD Multifamily Affordable Housing Operating Fees Policy (effective April 1, 2016), as may be amended from time to time.

**"Note"** means the promissory note executed by Borrower in favor of OCII in the original principal amount of the Funding Amount, the form of which is attached hereto as Exhibit D.

**"Notice to Proceed"** has the meaning set forth in Section 5.5.



**"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, the Deed of Trust, the Declaration of Restrictions, the Assignment of Work Product 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.

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

**"One Hundred Percent Occupancy"** means the date on which the Borrower can evidence executed leases and residency for all seventy two (72) affordable units in the Project.

**"Operating Reserve Account"** has the meaning set forth in Section 12.2.

**"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.

**"Payment Date"** means the first May 1st following the Completion Date and each succeeding until the Maturity Date.

**"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.

**"Predevelopment Loan Amount"** has the meaning set forth in Recital F.

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

**"Project Area"** has the meaning set forth in Recital A.

**"Project Expenses"** means the following costs, all as may be further defined or limited in the Annual Operating Budget: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower who maintain, administer, operate or provide services in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c)

required payments of interest and principal, if any, on any senior financing that has been approved by OCII and is secured, consistent with the Ground Lease, by either the Borrower's leasehold interest in the Ground Lease, the improvements constructed thereon, or both, and used to finance the Project; (d) all other expenses actually incurred by Tenant to cover operating costs of the Project, including supportive services (if any), maintenance and repairs and any property management fee, each as indicated in the Annual Operating Budget; (e) required, or necessary, deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement or required by another lender or regulatory agency, each as approved by OCII and MOHCD pursuant to the Final Financial Plan; (f) annual base rent payments under the Ground Lease in an amount equal to FIFTEEN THOUSAND AND NO/100 DOLLARS (\$15,000.00); (g) an initial issuer fee equal to 25 basis points on the total bond issuance (\$127,500) and an annual bond monitoring fee equal to the greater of 12.5 basis points on the outstanding bond amount or \$2,500; (h) mandatory interest payment(s) payable to HCD for any loan made by HCD to Borrower for the Project or mandatory interest payment(s) payable to another subordinate lender for any loan made by such lender to Borrower for the Project, each as approved by OCII and MOHCD pursuant to the Final Financial Plan; (i) annual asset management fee indicated in the Annual Operating Budget established in the Final Financial Plan and consistent with the limitations set out in the MOHCD Fees Policy; and (j) any extraordinary expenses approved in advance by OCII (other than expenses paid from any reserve account). Project Fees are not Project Expenses.

**"Project Fees"** means (i) any partnership management fee payable to the Borrower's general partner, as established in the Final Financial Plan and consistent with the limitations set out in the MOHCD Fees Policy; and (ii) a limited partner asset management fee/annual investor services fee payable to Borrower's Investor Limited Partner as approved in the Final Financial Plan and consistent with the limitations established in the MOHCD Fees Policy.

**"Project Financing"** has the meaning set forth in Section 4.1.1(b)(i).

**"Project Income"** means all revenue, income, receipts in any form, and other consideration received by Borrower from the operation of the Improvements, including without limitation: all rents, fees, and charges paid by Residential Occupants; Section 8 or other rental subsidy payments received for the dwelling units; supportive services funding; deposits forfeited by tenants; all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established; and the proceeds of business interruption or similar insurance. Project Income does not include tenants' security deposits (except forfeited deposits), loan proceeds, capital contributions or similar advances, condemnation proceeds, insurance proceeds provided for the purpose of reconstructing all or part of the Project, or interest accruing on any portion of the Funding Amount.

**"Project Operating Account"** has the meaning set forth in Section 11.1.

**"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.

**"Qualified Tenant"** means a Tenant household earning no more than the maximum permissible annual income level allowed under this Agreement as set forth in Exhibit A. The term "Qualified Tenant" includes each category of Tenant designated in Exhibit A.

**"Redevelopment Dissolution Law"** has the meaning set forth in Recital B.

**"Redevelopment Requirements"** means the DDA, the HPS Redevelopment Plan and Plan Documents (as defined therein), and the Redevelopment Area Declaration of Restrictions Hunters Point Shipyard Redevelopment Project Area, recorded on November 21, 2003, in the Official Records as Document No. 2003H59599700.

**"Rent"** means the aggregate annual sum charged to Tenants for rent and utilities in compliance with Article 7.

**"Rent Restrictions"** means the limitations on Rents set forth in Section 7.3 and Exhibit A.

**"Replacement Cost"** means all hard constructions costs of the Project, not including the cost of site work and foundations but including construction contingency, for the purpose of establishing the amount of the Replacement Reserve Account. This defined term is not intended to affect any other calculation of replacement cost for any other purpose.

**"Replacement Reserve Account"** has the meaning set forth in Section 12.1.

**"Retention"** has the meaning set forth in Section 4.4.

**"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.

**"Section 8"** means rental assistance provided under Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. § 1437f) or any successor or similar rent subsidy programs.

**"Site"** means the real property described in Exhibit Q of this Agreement, and as OCII and Borrower may collectively agree to expand prior to Loan Closing.

**"Surplus Cash"** means Project Income remaining after payment of Project Expenses and Project Fees. The amount of Surplus Cash must be based on figures contained in audited financial statements.

**"TCAC"** means the California Tax Credit Allocation Committee.

**"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.

**"Tenant Selection Plan"** has the meaning set forth in Section 6.1.

**"Title Policy"** means an ALTA extended coverage lender's policy of title insurance in form and substance satisfactory to OCII, issued by an insurer selected by Borrower and satisfactory to OCII, together with any endorsements and policies of coinsurance and/or reinsurance required by OCII, in a policy amount equal to the Funding Amount, insuring the Deed of Trust and indicating the Declaration of Restrictions as valid liens on the Site, each subject only to the Permitted Exceptions.

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

**"Waiting List"** has the meaning set forth in Section 6.5.

**"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) All genders, 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.

1.3 Websites for Statutory References. The statutory and regulatory materials listed below may be accessed through the following identified websites.

(a) CFR provisions: [www.access.gpo/nara/cfr](http://www.access.gpo/nara/cfr)

(b) OMB circulars: [www.whitehouse.gov/OMB/circulars](http://www.whitehouse.gov/OMB/circulars)

(c) S.F. Administrative Code:  
[www.sfgov.org/site/government\\_index.asp#codes](http://www.sfgov.org/site/government_index.asp#codes)

1.4 Notwithstanding the cancellation of the promissory note issued thereunder, this Agreement incorporates in its entirety the Predevelopment Loan Agreement for the purposes of Disbursements of Funds remaining under the Predevelopment Loan Agreement made prior to Loan Closing. In the event of a conflict between the Predevelopment Loan Agreement and this Agreement, the Predevelopment Loan Agreement shall prevail for Disbursements of Funds made prior to the Loan Closing, and thereafter this Agreement shall prevail.

## ARTICLE 2 FUNDING.

2.1 Funding Amount. OCII agrees to lend to Borrower a maximum principal amount equal to the Funding Amount to finance predevelopment and development costs of the Project, in accordance with this Agreement. Borrower hereby acknowledges that upon Loan Closing the amount owed under the note for the Predevelopment Loan Amount will be included within the Funding Amount, the Predevelopment Loan note will be terminated, and the Predevelopment Loan Amount, as incorporated into the Funding Amount, shall be subject to the repayment and all other provisions of this Agreement and the OCII Documents.

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 Funds solely for the purpose set forth in Section 2.1 and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses and the Amended Table of Sources and Uses for Predevelopment.

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. OCII may grant or deny any application by Borrower for additional financing for the Project in its sole discretion.

2.6 Contracting Requirements. Borrower shall comply with OCII's contract compliance requirements for procurement activities as further set forth in Exhibit E of this Agreement.

2.7 Workforce Requirements. Borrower shall comply with OCII workforce requirements pursuant to Exhibits E-2 and E-3, including but not limited to OCII's Labor Standards and the Construction Workforce Agreement, as set forth in Exhibit E for all construction related work.

### ARTICLE 3 TERM; FINANCIAL PROVISIONS OF THE LOAN.

3.1 Term. The term of this Agreement shall commence on the Agreement Date, and shall continue until the fifty seventh (57th) anniversary of the date the Deed of Trust is recorded in the Official Records, regardless of any reconveyance of the Deed of Trust (the "**Compliance Term**"). To ensure the Borrower's, or subsequent assignees', continued compliance with such obligations during the Compliance Term, the Deed of Trust shall be recorded in the Official Records upon execution of the Ground Lease.

3.2 Interest. The outstanding principal balance of the Loan will bear simple interest at a rate of three percent (3%) per annum. However, the interest rate may be reduced to a floor of 0% on or prior to the Loan Closing Date upon Borrower's demonstration that a reduction is necessary to meet certain requirements of tax credit financing, such as "true debt", subject to justification from the Borrower, and review and approval by the OCII Executive Director and the MOHCD Director in their sole discretion as part of the Final Financial Plan, if any.

3.3 Loan Repayment Terms. Interest shall accrue, and repayment of principal and interest shall be paid from Surplus Cash in accordance with Section 3.6, below. Notwithstanding the foregoing, the outstanding principal balance and any accrued but unpaid interest of the Loan will be due and payable upon the expiration of the Compliance Term, but in all events not later

than December 31, 2080 (the “**Maturity Date**”) according to the terms set forth in full in the Note. At least sixty (60) days prior to the Maturity Date, the Borrower may apply to the City (via MOHCD or its successor) for an extension of the Maturity Date. If, as of the date of such request, the Borrower continues to be in compliance with the Loan Documents, the City may, in its discretion, agree to extend the Maturity Date pursuant to a written amendment to the Agreement and permit the Borrower to continue to defer repayment of principal and interest, or may require that the Borrower make amortized payments of principal and interest.

3.4 **Declaration of Restrictions:** Borrower and its assigns must comply with all provisions of the Declaration of Restrictions (and any amended and restated versions of such declaration recorded in the Official Records) for the duration of the Declaration of Restrictions, even if the Loan is repaid or otherwise satisfied, or the Deed of Trust is reconveyed. Notwithstanding anything to the contrary contained herein, Borrower’s obligation to comply with the Declaration of Restrictions shall be subject to Borrower’s compliance with all applicable laws, statutes and regulations, including, but not limited to Section 42 of the Internal Revenue Code, the California Revenue and Taxation Code, the California Debt Limit Allocation Committee’s (“CDLAC”) regulations, Tax Credit Allocation Committee’s (“TCAC”) regulations, and federal law and regulations relating to HUD.

3.5 **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.

3.6 **Distribution of Surplus Cash and Repayment of Principal.** Within thirty (30) days of OCII approval of the Annual Monitoring Report, and provided Borrower is not then in default (subject to applicable notice and cure periods) under any of the OCII Documents, Borrower shall make the following Distributions: (a) if the Project includes a Deferred Developer Fee and Borrower is in compliance with the OCII Documents and MOHCD policies, then fifty percent (50%) of remaining Surplus Cash to OCII beginning on the initial Payment Date until and including the earlier of the year (i) of the fifteenth (15th) Payment Date, or (ii) in which all Deferred Developer Fees have been paid to Borrower; or (b) if the Project does not include a Deferred Developer Fee, then two-thirds (2/3) of remaining Surplus Cash to OCII.

OCII’s Portion will be applied first to Base Rent Accrual (as defined in the Ground Lease) required under the Ground Lease, and then toward repayment of the outstanding OCII Loan until the entire principal and accrued but unpaid interest on the OCII Loan, and then payment of OCII’s portion shall go toward Residual Rent (as defined in the Ground Lease) required under the Ground Lease until paid in full in accordance with the terms of the Ground Lease.

3.7 **Repayment of Unused Portion of Principal.** In addition to any other payment requirements, at the time of cost certification / 8609 form submittal the Borrower shall promptly



repay to OCII any portion of the Loan previously disbursed to Borrower and not used for eligible costs as described in this Agreement. No interest shall accrue on the Loan amount repaid pursuant to this Section 3.7.

3.8 Repayment of California Tax Credit Allocation Committee Performance Deposit. To the extent OCII funded the TCAC Performance Deposit, Borrower must repay the TCAC Performance Deposit to OCII upon receipt of said deposit by Borrower from TCAC, or, use it to pay for eligible costs related to the Project. Use of the TCAC Performance Deposit to pay for eligible costs must be approved by the OCII Executive Director. Borrower shall include the requirements related to the TCAC Performance Deposit in any tax credit limited partnership agreement.

3.9 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 for construction of the Project (including predevelopment activities and construction phase expenses), 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 OCII. OCII reserves the right to modify the terms of this Agreement based upon any substantial reductions in Borrower's projected sources or substantial increase in Borrower's uses of all funds for the Project to the extent Borrower has not provided additional Project sources sufficient to cover any reductions in sources or increase in uses, which sources shall be acceptable to OCII in its reasonable discretion.

3.10 Additional OCII Approvals. Borrower understands and agrees that OCII is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. 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 obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Project. By entering into this Agreement, OCII is in no way modifying or limiting the obligations of Borrower to develop the Project in accordance with all local laws. Borrower understands that any development of the Site or the Project shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Project, which may include, without limitation, the City Planning Commission and the San Francisco Board of Supervisors. 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.

3.11 Repayment of Excess Development Proceeds. Borrower shall repay Excess Development Proceeds to OCII at the time of cost certification / 8609 form submittal, unless otherwise stated and approved by MOHCD Director and OCII Executive Director as part of the Final Financial Plan approval prior to the Loan Closing Date. Failure to so repay Excess Development Proceeds shall be a material Default of this Agreement.

3.12 Additional Borrower Covenants. Borrower hereby agrees to the following:

- (a) Borrower acknowledges that the MOHCD Director and OCII Executive Director may, prior to Loan Closing, collectively approve and include as part of this Agreement revisions to the Final Financial Plan for the benefit of the Project, and Borrower shall cooperate with OCII and MOHCD and their financial advisor in identifying such revisions.
- (b) Borrower will work with OCII and MOHCD to evaluate costs and propose cost containment strategies throughout the design phase of the Project.
- (c) Final construction costs after receipt of bids are subject to OCII review and approval prior to Loan Closing.
- (d) Assuming the Project does not experience significant hard-cost increases as a result of pricing estimates at Construction Drawing completion, Construction Documents bid by the General Contractor, final plan check of all addenda, or any significant schedule delay preventing the Project from beginning construction in 2023, all remaining contingencies including the 5% Design Contingency, 5% Bid Contingency, 5% Plan Check Contingency, and the 3.5% Escalation Contingency will be eliminated from the Project budget. OCII's subsidy to the Project will be reduced by the total value of the eliminated subsidies (unless OCII approves allocation of some or all of eliminated subsidies for other costs in the Project budget as part of the Final Financial Plan).
- (e) Borrower will cooperate and require the general contractor to exercise good faith efforts to select subcontractors who either are small business enterprises ("SBEs") or, if they are not SBEs, are willing to create joint ventures or similar partnership opportunities with SBEs.
- (f) Borrower shall cooperate with OCII and MOHCD staff to establish a mutually agreed upon year-one operating budget, including the amount of services costs to be funded from operations, if any.
- (g) Borrower will make a good faith effort to ensure that the gap commitment request cash-flow proforma debt service coverage ratio aligns with MOHCD underwriting guidelines, and shall consider increasing the

permanent tax-exempt loan amount to reduce OCII's gap commitment amount, if possible.

- (h) Addition of Supportive Services staff to be funded from Project operations shall be subject to prior OCII approval.
- (i) 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 a material 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 a material adverse effect on Borrower's operation of the Project or ability to repay the Loan.
- (j) 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 May 20, 2022.
  - a. Sponsor must provide OCII with detailed monthly updates via the MOH Monthly Project Update, including on:
    - i. Community outreach completed,
    - ii. Outcomes achieved related to racial equity goals.
  - b. Sponsor must provide operating and development budgets that meet MOHCD Underwriting Guidelines and MOHCD Commercial Space Underwriting Guidelines.
  - c. Sponsor must provide OCII with a services plan and proposed staffing levels that meet OCII underwriting standards prior to gap loan approval. Any changes to the current proposed staffing will need to be presented to OCII at least 90 days prior to gap loan approval. The proposed 1 FTE services staff will be reduced to .75 FTE at the time of FFP if necessary to maintain Project feasibility and based on evaluation of the services plan.
  - d. Upon request, Sponsor must provide OCII with information outlining cost containment, efficiencies and innovation strategies to reduce overall project costs and maximize efficiency of OCII gap loans.
  - e. Within 30 days of an award of AHP funds and upon project evaluation by the OCII Executive Director and MOHCD Director, Sponsor must return \$1,000,000 in project savings associated with this award and provided in this gap loan, to OCII / MOHCD.
  - f. Sponsor will evaluate financial feasibility of incorporating income tiering below 50% AMI prior to FFP.

- g. If Sponsor is unsuccessful in its upcoming Round 2 2022 CDLAC application, and, if a NOFA has been released, it must re-evaluate its competitiveness for an application to IIG or another HCD program, and if deemed competitive, apply for funding.
- h. Sponsor must: a) provide for OCII/MOHCD review of the Request for Proposals (RFP) for equity investors and lenders before it is finalized and distributed; b) provide for OCII/MOHCD review of all raw financial data from developer or financial consultant prior to selection; c) provide for OCII/MOHCD review and approval of all selected investors and lenders; and, d) provide for OCII/MOHCD review and approval of all Letters of Intent from financial partners.
- i. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.
- j. Sponsor must provide quarterly updated response to any letters requesting corrective action.
- k. Sponsor must designate a San Francisco marketing staff person to work directly with MOHCD/OCII on COP marketing and placement. Sponsor will provide information regarding marketing (including the reflection of the lease-up team to that of the applicants) and operations (i.e., does on-site staff reflect the property residents) in existing portfolio and work with OCII and MOHCD to establish a marketing and outreach plan for the Project focusing on preference populations.
- l. Sponsor must provide an Early Outreach Plan 1 month after the start of construction and initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to OCII preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents. This plan should also include a lease up staffing plan for MOHCD and OCI staff to review and approve.

#### ARTICLE 4 CLOSING; DISBURSEMENTS.

4.1 Closing. In the event Borrower does not satisfy all of the conditions to Loan Closing contained in Section 4.1.1 within twenty-four (24) months of the date of this Agreement, OCII may terminate this Agreement and relieve the parties of all obligations that have not arisen prior to termination.

#### 4.1.1 Conditions Precedent to Closing.

(a) OCII will authorize the Loan Closing upon satisfaction of the following preconditions:

i. 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 OCII: (i) the Note; (ii) this Agreement (in triplicate); (iii) an opinion of Borrower's counsel in form and substance reasonably acceptable to OCII; (iv) the Authorizing Resolutions; and (v) any other OCII Documents reasonably requested by OCII.

ii. Borrower must have delivered to OCII Borrower's Charter Documents.

iii. Borrower must have delivered to OCII evidence of insurance (including required endorsements), acceptable to OCII, and, if requested by OCII, copies of policies for all insurance required under Exhibit F of this Agreement.

iv. Borrower will have reviewed the terms of the Loan with its tax counsel to determine if an interest rate less than three percent (3%) simple interest is necessary to satisfy the true debt test.

(b) Borrower will authorize the Loan Closing upon satisfaction of the following preconditions:

i. Borrower shall have obtained, received or secured the following concerning Project financing, all on terms and in amounts acceptable to Borrower in its sole discretion: (1) a commitment for a loan or loans for Project development costs, made from the proceeds of the sale of tax-exempt bonds allocated to Borrower by the California Debt Limit Allocation Committee; (2) an allocation of four percent (4%) federal low income housing tax credits from TCAC pursuant to Section 42 of the Internal Revenue Code of 1986, as amended; (3) an allocation of California Low Income Housing Tax Credits from TCAC; (4) an equity investment in Borrower from a tax credit investor; and (5) additional Project financing from any other required lenders (collectively, the "Project Financing");

ii. the lenders and investors associated with the Project Financing are unconditionally prepared to close and fund their financing;

iii. The Ground Lease has been approved by Commission and Borrower and OCII shall have executed the Ground Lease and Borrower (subject to such limitations or reservations as may be referenced in the Ground Lease) has accepted the condition of the Site.

4.1.2 Funding. Following satisfaction of the conditions in Section 4.1.1, OCII will authorize the Escrow Agent to Disburse Funds consistent with OCII's escrow instructions.

#### 4.2 Disbursements of Funds

4.2.1 Generally. 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.

4.2.2 Disbursement of Predevelopment Funds. Until Loan Closing, OCII will continue to make Disbursements to or for the account of Borrower, in an aggregate sum not to exceed the Predevelopment Loan Amount, in accordance with and subject to the provisions of the Predevelopment Loan Agreement. Thereafter, the Predevelopment Loan Agreement shall be null and void, and the provisions of this Agreement shall apply to the Disbursement of the Funding Amount.

4.2.3 Disbursement of Funding Amount After Loan Closing. As and when requested and in accordance with this Agreement (including the remainder of Article 4 below) and the approved line-item budget contained in the Table of Sources and Uses, OCII will make Disbursements to or for the account of Borrower in an aggregate sum not to exceed the Funding Amount (less the Predevelopment Loan Amount undisbursed as of the date of this Agreement).

Except reallocations of the Funding Amount from contingency line items to other line items within the Table of Sources and Uses, requests for Disbursement (or Expenditure Requests) that propose to reallocate Funds between the line items shown in the Table of Sources and Uses, or to change the budget limits for a line item shown therein, must be approved as follows: (i) a requested reallocation of Funds 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 (ii) a requested reallocation of Funds 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. Any such approved changes will be considered amendments to the Table of Sources and Uses in the Final Financial Plan.

4.2.4 Conditions to Disbursement of Funding Amount. OCII's obligation to Disburse Funds available under Section 4.2.3 is subject to Borrower's satisfaction of the following conditions precedent:

(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) including the Deed of Trust and Declaration of Restrictions, and executed Final Financial Plan; (iii) an opinion of Borrower's counsel in form and substance reasonably acceptable to OCII; (iv) the Authorizing Resolutions; and (v) any other OCII Documents reasonably requested by OCII.

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

(c) Borrower must have delivered to OCII current insurance endorsements and, if requested by OCII, copies of policies for all insurance required under Exhibit F of this Agreement.

(d) 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.

(e) 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.

(f) With respect to any Expenditure Request for rehabilitation or construction costs in the three-month and six-month construction draw requests, Borrower must have certified to OCII that all construction-related work on the Project complies with the labor standards set forth in Exhibit E, Section 1, if applicable.

(g) OCII shall use best efforts to either approve or disapprove each such Expenditure Request within ten (10) business days of receipt. In the event that OCII disapproves an Expenditure Request, OCII shall provide written notice thereof to Borrower specifying the reason for such disapproval. OCII shall use best efforts to fund all approved Expenditure Requests within ten (10) business days of approval.

4.3 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. Any requests for modifications to the Schedule of Performance hereunder shall also include a conforming request for the Ground Lease Schedule of Performance.

4.4 Retention. In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs or tenant improvements costs included in any Expenditure Request associated with rehabilitation or construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. OCII (or other entity approved in writing by OCII) will retain the remaining ten percent (10%) of hard costs or tenant improvement costs associated with rehabilitation or construction (the "**Retention**"), and no portion of the Retention may be released without OCII's prior written consent. Borrower may request Disbursement of the aggregate amount of the Retention only upon satisfaction of each of the following conditions, unless otherwise approved in writing by OCII: (a) completion of rehabilitation or construction of the Project in accordance with the plans and specifications approved by OCII, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection ("**DBI**"), and an architect's or engineer's certificate of completion; (b) timely recordation of a notice of completion; and (c) either expiration of the lien period and the absence of any unreleased mechanics' liens or stop notices or recordation of the lien releases of all contractors, subcontractors and suppliers who provided labor or materials for the Project.



After fifty percent (50%) of the construction of the Project is complete as determined by the OCII-assigned construction management staff, and upon Borrower's written request, OCII may elect to reduce the amount of Retention withheld to a level of no less than five percent (5%) of the hard costs or tenant improvement costs associated with rehabilitation or construction, provided that the following prerequisites have been met: (a) all work required to be performed by all parties for whom OCII agrees to release the Retention (the "**Early Retention Release Contractors**") has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (b) the applicable Early Retention Release Contractors have filed unconditional lien waivers satisfactory to the OCII construction specialist; (c) no liens or stop notices have been filed against the Project that have not been released or bonded for according to construction mechanic's lien laws of the State of California or an appropriate title endorsement has been issued in a form reasonably satisfactory to OCII; (d) no claims against the Project are pending; (e) OCII determines that the contingency is in balance and adequate to complete the Project; and (f) the Project is on schedule.

4.5 Limitations on Approved Expenditures. OCII may refuse to make any Disbursement: (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 Expenditure Requests. 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 DEMOLITION, REHABILITATION OR CONSTRUCTION.

5.1 Contracting Requirements. In the selection of all contractors and professional consultants for the Project, Borrower must comply with OCII's contract compliance requirements as further set forth in Exhibit E of this Agreement.

5.2 Plans and Specifications. Before starting any demolition, rehabilitation or construction on the Site, Borrower must have delivered to OCII, and OCII must have reviewed and approved the Construction Documents and the construction contract for the Project entered into between Borrower and Borrower's general contractor and approved by OCII (the "**Construction Contract**"). The plans approved by OCII must also be approved by DBI (collectively, the "**Approved Plans**") prior to the start of any demolition, rehabilitation or construction on the Site. The Approved Plans must be explicitly identified in the Construction Contract. The specifications approved by OCII, including the funder requirements and the technical specifications (the "**Approved Specifications**") must also be explicitly identified in the Construction Contract. The Construction Contract may include funder requirements not otherwise addressed in the Approved Specifications. After completion of the Project, Borrower must retain the Approved Plans as well as "as-built" plans for the Project, the Approved Specifications and the Construction Contract, all of which Borrower must make available to OCII upon request.

5.3 Change Orders. Borrower may not approve or permit any change orders to the plans and specifications approved by OCII without OCII's prior written consent. Borrower acknowledges that OCII's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project unless OCII agrees in its sole discretion to amend the Table of Sources and Uses or provide additional funds for that purpose. OCII shall endeavor to provide written approval or disapproval of each change order and any equivalent amendment to the Table of Sources and Uses within ten (10) business days of receipt for request therefor.

5.4 Insurance, Bonds and Security. Before starting any demolition, rehabilitation or construction on the Site, Borrower must deliver to OCII evidence of insurance, including required endorsements and bonds, as described in Exhibit F. At all times, Borrower must take prudent measures to ensure the security of the Site.

5.5 Notice to Proceed. No demolition, rehabilitation or construction may commence until Borrower has issued a written notice to proceed with OCII's approval.

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by OCII, Borrower must: (a) commence construction of the Project by October 2023; (b) complete construction of the Project by February 2025 in substantial accordance with the plans and specifications approved by OCII, as evidenced by a temporary certificate of occupancy or equivalent certification provided by DBI, and an architect's or engineer's certificate of completion (the "**Completion Date**"); and (c) achieve occupancy of ninety five percent (95%) of the residential units by June 2025. Notwithstanding the foregoing, in the event the Borrower applies for CDLAC and/or TCAC financing in accordance with the contractual deadlines provided in the Schedule of Performance but is not awarded financing by CDLAC and/or TCAC, then subject to the reasonable discretion OCII Executive Director, Borrower may request that the contractual deadlines applicable to items 15 and 16 in the Schedule of Performance, and the dates described in this Section 5.6, be extended to allow Borrower to reapply for up to two consecutive additional cycles of CDLAC/TCAC financing following the cycle initially applied for, and if so extended, Borrower and OCII shall reasonably extend remaining Schedule of Performance contractual deadlines and the deadlines in this Section 5.6 accordingly.

5.7 Construction Standards. All construction must be performed in a first-class manner, substantially in accordance with final plans and specifications approved by OCII and in accordance with all applicable codes.

## ARTICLE 6 MARKETING.

6.1 Marketing Plan and Tenant Selection Plan. No later than thirty (30) days after the start of construction, Borrower must deliver to OCII for OCII's review and approval an outreach plan for initial marketing of the Units (the "**Early Outreach Plan**") in compliance with the restrictions set forth in Exhibit A and in form and substance acceptable to OCII, as further described in Exhibit T-1. Early outreach pursuant to the Early Outreach Plan must start within three months of construction start. The Borrower may not start the outreach process until OCII provides its approval, which will occur no later than 10 business days after OCII receives the

final draft Early Outreach Plan.

Borrower must submit a draft Marketing Plan and Tenant Selection Plan (the “**Marketing and Tenant Selection Plans**”) consistent with the requirements described in Exhibits I, S, T-2, and no later than 12 months prior to the projected Completion Date. Borrower must obtain OCII's approval of reasonable alterations to the Marketing Plan or the Tenant Selection Plan. Borrower must market and rent the Units in the manner set forth in the Marketing Plan and the Tenant Selection Plan both as approved by OCII. Before marketing any Units, Borrower must provide OCII with updated implementation and contact information. The marketing process and timeline is further described in Exhibit T-1.

6.2 Affirmative Marketing Plan Requirements. Borrower's Marketing Plan must address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in Section 6.5. The Marketing Plan shall include as many of the following elements as are appropriate to the Project, as determined by OCII and consistent with OCII and MOHCD policies and procedures related to applicants throughout the marketing process:

(a) First preference to Agency Certificate of Preference Holders assuming such preference does not conflict with other financing sources necessary to complete this development. OCII staff will work with the selected Applicant teams to resolve potential occupancy conflicts and determine additional occupancy preferences and marketing requirements, if any. Preferences for the low-income family housing will be leased according to the bullets below and include Displaced Tenant Housing Preference (“DTHP”) and Neighborhood Residential Housing Preference (“NRHP”) as approved by Commission on April 16, 2019 by Resolution 09-2019. OCII reserves the right to add additional occupancy preferences, which reflect preferences applied by MOHCD in its affordable housing developments, at a later date.

- 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) )
- DTHP Holders (up to 20% of units)
- NRHP Holders (up to 40% of units)
- San Francisco Residents or Workers
- Members of the General Public

These preference referrals must meet the Borrower's established screening requirements for the project, and final selection will lie with the Borrower. 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 Borrower to resolve potential occupancy conflicts and determine additional occupancy preferences and marketing requirements and to ensure adherence to OCII occupancy preferences and marketing requirements. If more applicants apply than the number of units available, the Borrower shall conduct a public lottery.

(b) A reasonable accommodations policy that indicates how Borrower intends to market Units to disabled individuals, including an indication of the types of accessible Units in the Project, the procedure for applying, and a policy giving disabled individuals a priority in the occupancy of accessible Units. Specifically, for COP holders, the Borrower shall work with a HUD-approved housing counseling agency to provide assistance throughout the application process, as it may be needed, with the goal of maximizing COP participation to the extent possible. The Borrower shall ensure that COP holders are aware that such assistance is available.

(c) Advertising in local neighborhood newspapers, community-oriented radio stations, on the internet and in other media that are likely to reach low-income households. All advertising must display the Equal Housing Opportunity logo.

(d) Notices to neighborhood-based, nonprofit housing corporations and other low-income housing advocacy organizations that maintain waiting lists or make referrals for below-market-rate housing.

(e) Notices to SFHA.

(f) Notices to MOHCD.

(g) To the extent practicable, without holding Units off the market, the community outreach efforts listed above must take place before advertising vacant Units or open spots on the Waiting List to the general public.

(h) An acknowledgement that, with respect to vacant Units, the marketing elements listed above shall only be implemented if there are no qualified applicants interested or available from the Waiting List.

Notwithstanding anything to the contrary contained herein, any provision of the tenant selection criteria contained in **Section 6.2** that is (i) deemed by a court to be a violation of Fair Housing Laws, or (ii) deemed by the Internal Revenue Service or the California Tax Credit Allocation Committee to be a violation of the IRS Tax Credit Rules shall immediately be deemed inapplicable.

**6.3 Tenant Selection Plan Requirements:** Borrower's Tenant Selection Plan shall comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached **Exhibit I**. The Tenant Selection Plan must be kept on file at the Project at all times. Minimum income requirements shall not be more restrictive than requiring a minimum income that is two times the rent, and must include tenant based rent subsidies as income. Additionally, ability to

pay rent based on rental history of paying a similar or higher rent or other demonstrable methods of rent payment such as participation in money management shall be considered mitigating circumstances related to minimum income and must be evaluated prior to denial of housing.

6.4 Marketing Records. Borrower must keep records of: (a) activities implementing the affirmative marketing plan; (b) advertisements; and (c) other community outreach efforts.

6.5 Waiting List. Borrower's Tenant Selection Plan must contain, at a minimum, policies and criteria that provide for the selection of tenants from a written waiting list in the chronological order of their application (the "Waiting List"). The Tenant Selection Plan may allow an applicant to refuse an available Unit for good cause without losing standing on the Waiting List but shall limit the number of refusals without cause as approved by OCII. Borrower shall at all times maintain the Waiting List. Upon the vacancy of any Unit, Borrower shall first attempt to select the new Tenant for such Unit from the Waiting List, and shall only market the Unit to the general public after determining that no applicants from the Waiting List qualify for such Unit. The Waiting List must be kept on file at the Project at all times.

## ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

7.1 Term of Leasing Restrictions. Borrower acknowledges and agrees that the covenants and other leasing restrictions set forth in this Article will remain in full force and effect as provided in the Declaration of Restrictions attached hereto and recorded on the Loan Closing Date. If applicable, the requirements to comply with the provisions of Internal Revenue Code Section 42, including Section 42(h)(6)(E)(ii), are hereby acknowledged.

### 7.2 Borrower's Covenants.

(a) Borrower covenants to rent all Units (except one unit reserved for the manager of the Project) at all times to households certified as Qualified Tenants at initial occupancy.

(b) A Tenant who is a Qualified Tenant at initial occupancy may not be required to vacate the Unit due to subsequent rises in household income, except as provided in Section 7.3. After such over-income Tenant vacates the Unit, the vacant Unit must be rented only to Qualified Tenants as provided in Section 7.2.

### 7.3 Rent Restrictions.

(a) The total amount for rent and utilities charged to a Qualified Tenant may not exceed either:

(i) thirty percent (30%) of the applicable maximum AMI level set forth in Exhibit A, adjusted for household size; or

(ii) the fair market rent established by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

In addition, the maximum amount charged for utilities may not exceed that determined by the San Francisco Housing Authority.

(b) Rent charged to each Qualified Tenant may not exceed the amounts set forth in Exhibit A, *provided that* Rents may be adjusted (i) annually in accordance with any increase in the rents according to MOHCD's "Maximum Income by Household Size derived from the Unadjusted Area Median Income for HUD Metro Fair Market Rent Area that contains San Francisco," published on an annual basis; (ii) otherwise in accordance with the Declaration of Restrictions; and (iii) subject to the limitations in subsections (b) – (e) below.

(c) Unless prohibited under any applicable Law or the rules and regulations governing any Project funding source, each residential lease must provide for termination of the lease upon 120 days' prior written notice in the event that Borrower's annual income certification indicates that the Tenant's household income exceeds 120 percent of Area Median Income.

(d) Unless prohibited under any applicable Laws, if the household income of a Qualified Tenant exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Tenant or as otherwise required under the Tenant's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Tenant to be equal to thirty percent (30%) of the Tenant's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under Section 7.3(a).

(e) For any Qualified Tenant participating in a Rent or operating subsidy program where the Rent charged is calculated as a percentage of household income, adjustments to Rent charged may be made according to the rules of the relevant subsidy program, provided that such adjustments remain consistent with Section 7.3(a) except that there shall be no limit on the number of Rent adjustments that can be made in a year under this subsection (e).

(f) For any Qualified Tenant that becomes ineligible to continue participating in a rent or operating subsidy program, Rent may be charged consistent with the maximum Rent permitted under Section 7.3(a).

(g) With OCII's prior written approval and in accordance with maximum rent limitations set forth above and all other applicable restrictions (including those of the Redevelopment Plan), Rent increases for Units exceeding the amounts permitted above and in Exhibit A may be permitted only to the minimum extent required to meet the requirements of Section 42 of the United States Internal Revenue Code or as otherwise determined by OCII, subject to its reasonable discretion, but in any event to include rent levels affordable to households earning no greater than 60% of AMI.

#### 7.4 Certification.

(a) As a condition to initial occupancy, Borrower shall require each person who desires to be a Qualified Tenant in the Project to sign and deliver to Borrower a certification in the form shown in Exhibit C, in which the prospective Qualified Tenant certifies that they or their household qualifies as a Qualified Tenant. In addition, each person must be required to provide any other information, documents or certifications deemed necessary by OCII to substantiate the prospective Tenant's income. Certifications provided to and accepted by the SFHA will satisfy this requirement.

(b) Each Qualified Tenant in the Project must recertify to Borrower on an annual basis his/her household income.

(c) Income certifications with respect to each Qualified Tenant who resides in a Unit or resided therein during the immediately preceding calendar year must be maintained on file at Borrower's principal office, and Borrower must file or cause to be filed copies thereof with OCII promptly upon request by OCII.

7.5 Form of Lease. The form of lease for Tenants must provide for termination of the lease and consent to immediate eviction for failure to qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the initial income certification. The term of the lease must be for a period of not less than one (1) year. Borrower may not terminate the tenancy or refuse to renew any lease of a Unit except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Laws or other good cause. Any termination or refusal to renew the lease for a Unit must be preceded by not less than thirty (30) days' written notice to the Tenant specifying the grounds for the action, unless a shorter notice period is permitted by law. Unless prohibited by any applicable law, or the rules and regulations governing any Project funding source, the form of lease for any Unit that has received an allocation of tax credits must provide that the Tenant agrees that the lease may be terminated upon 120 days' notice if the Tenant's certified household income exceeds 120 percent of Area Median Income.

7.6 Nondiscrimination. Borrower covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through Borrower, and this Agreement is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Project nor shall Borrower, or any person claiming under or through Borrower, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Project.



7.7 Security Deposits. Security deposits may be required of Tenants only in accordance with applicable state law and this Agreement. Any security deposits collected must be segregated from all other funds of the Project in an Account held in trust for the benefit of the Tenants and disbursed in accordance with California law. The balance in the trust Account must at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits returned to Tenants.

## ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

### 8.1 Borrower's Responsibilities.

(a) Subject to the rights set forth in Section 8.2, Borrower will be specifically and solely responsible for causing all maintenance, repair and management functions performed in connection with the Project, including selection of tenants, recertification of income and household size, evictions, collection of rents, routine and extraordinary repairs and replacement of capital items. Borrower must maintain or cause to be maintained the Project, including the Units, and the common areas, in a safe and sanitary manner in accordance with local health, building and housing codes, California Health and Safety Code 17920.10 and the applicable provisions of 24 CFR Part 35.

### 8.2 Contracting with Management Agent.

(a) Borrower may contract or permit contracting with a management agent for the performance of the services or duties required in Section 8.1(a), subject to OCII prior written approval of both the management agent and, at OCII discretion, the management contract between Borrower and the management agent, *provided, however*, that the arrangement will not relieve Borrower of responsibility for performance of those duties. Any management contract must contain a provision allowing Borrower to terminate the contract without penalty upon no more than thirty (30) days' notice. OCII hereby approves the Mercy Housing Management Group, a Nebraska not-for-profit corporation, as the management agent for the Project.

(b) OCII will provide written notice to Borrower of any determination that the contractor performing the functions required in Section 8.1(a) has failed to operate and manage the Project in accordance with this Agreement. If the contractor has not cured the failure within a reasonable time period, as determined by OCII, Borrower must exercise its right of termination immediately and make immediate arrangements for continuous and continuing performance of the functions required in Section 8.1(a), subject to OCII approval.

8.3 Borrower Management. Borrower may manage the Project itself only with OCII's prior written approval. OCII will provide written notice to Borrower of any determination that Borrower has failed to operate and manage the Project in accordance with this Agreement, in which case, OCII may require Borrower to contract or cause contracting with a management agent to operate the Project, or to make other arrangements OCII deems necessary to ensure performance of the functions required in Section 8.1(a).

8.4 Resident Services. To the extent applicable and subject to tax credit regulations, Borrower is responsible for ensuring that residents or clients residing in the Units have access to information about available services in the community, assisting tenants to access services through referral and advocacy, and organizing community-building and/or other enrichment activities for tenants (such as holiday events, tenant council, etc.).

## 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 Funds for the design, construction, rehabilitation and/or operation of the Project, including the requirements of the CRL, OPA, and those Laws 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. 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 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 assure compliance with all terms and conditions in this Agreement and all Laws. Borrower acknowledges that, if and after Borrower acquires Control of the Site, OCII may also conduct periodic on-site inspections of the Project provided access to the interior of any residential unit is preceded by no less than 48 hours' prior notice. Borrower must cooperate with the monitoring by OCII and ensure full access to 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 Funds. 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.

(c) Borrower must provide written notice of the replacement of: the member or manager of its general partner or the executive director, director of housing development,

director of property management and/or any equivalent position within the sole member of the managing general partner, within thirty (30) days after the effective date of such replacement.

10.2 Monthly Reporting. Commencing upon the Loan Closing 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 through submission of Forms 8609.

10.3 Annual Reporting. Commencing upon the Completion Date, Borrower must file with OCII annual report forms (the “**Annual Monitoring Report**”) that include audited financial statements with an income and expense statement for the Project covering the applicable reporting period, a statement of balances, deposits and withdrawals from all Accounts, line item statements of Project Expenses, Project Income, Project Fees (if any), Surplus Cash and any Distributions made, evidence of required insurance, a description of marketing activities and a rent roll, no later than one hundred twenty (120) days after the end of Borrower's fiscal year. The Annual Monitoring Report must be in substantially the form attached as Exhibit H or as later modified during the Compliance Term.

10.4 Capital Needs Assessment. Borrower must deliver to OCII, for review and approval, an updated CNA on or before the tenth (10th) anniversary of the Completion Date, and every five years thereafter. The updated CNA must include an analysis of Borrower's actual expenditures for capital needs compared to the most recently approved CNA, Borrower's 20-Year Proforma and initial Annual Operating Budget and its then-current Annual Operating Budget.

10.5 Project Completion Report. Within the specific time periods set forth below after the completion of construction and the lease-up and/or permanent financing of the Project, as applicable, Borrower must provide to OCII the reports listed below certified by Borrower to be complete and accurate. Subsequent to the required submission of the reports listed below, Borrower shall provide to OCII information or documents reasonably requested by OCII to assist in OCII's review and analysis of the submitted reports. To the extent not otherwise prohibited by applicable Law, Borrower shall provide the following reports:

(a) within one hundred eighty (180) days after the Completion Date, a project completion audit performed by an independent certified public accountant identifying the sources and uses of all Project funds including the Funds;

(b) within thirty (30) days after the Completion Date, a report on expenditures to third-party firms, including but not limited to consultants, contractors, and subcontractors, whether such firms are small business enterprises, the type of work and the dollar value of such work;

(c) within thirty (30) days after seventy-five percent (75%) occupancy, and one hundred percent (100%) occupancy, respectively, a report on the lease-up of the Units including number of leases by race, ethnicity and single-headed household by gender, also indicating the Units by income category; and

10.6 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.

10.7 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 previously prepared 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.

10.8 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 this Agreement or any other OCII Document, Borrower agrees that duly authorized representatives of OCII (which shall include but not be limited to 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 10.9.

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

## ARTICLE 11 USE OF INCOME FROM OPERATIONS.

### 11.1 Project Operating Account.

(a) Borrower must deposit all Project Income promptly after receipt into a segregated depository account (the "**Project Operating Account**") established exclusively for the Project. Withdrawals from the Project Operating Account may be made only in accordance with the provisions of this Agreement and the approved Annual Operating Budget, as it may be

revised from time to time with OCII's approval. Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses and Project Fees and payments and distributions of Surplus Cash in accordance with Section 3.6. Withdrawals from the Project Operating Account (including accrued interest) for any other purposes may be made only with OCII's express prior written approval.

(b) Borrower must keep accurate records indicating the amount of Project Income deposited into and withdrawn from the Project Operating Account and the use of Project Income. Borrower must provide copies of the records to OCII upon request.

## ARTICLE 12 REQUIRED RESERVES.

### 12.1 Replacement Reserve Account.

(a) Commencing on the Conversion Date or any other date OCII designates in writing, Borrower shall establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "**Replacement Reserve Account**"). On or before the 15th day of each month following establishment of the Replacement Reserve Account, Borrower must make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. OCII may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems reasonably necessary.

(b) At a minimum, Borrower shall make monthly deposits of \$37.50 per Unit in the Project in accordance with the Loan Committee approval dated May 20, 2022, or such other amount as approved by MOHCD Director and OCII Executive Director as part of the Final Financial Plan, provided that should such approved amount be greater than \$37.50 per Unit, such additional sum shall be made from available Surplus Cash.

(c) Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve the Project. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without OCII's prior written approval which shall not be unreasonably withheld, conditioned or delayed.

## 12.2 Operating Reserve Account.

(a) Commencing upon the Conversion Date, Borrower must establish or cause to be established a segregated interest-bearing operating reserve depository account (the "**Operating Reserve Account**") by depositing funds in an amount equal to twenty five percent (25%) of the Annual Operating Budget attached hereto as Exhibit B-2 (subject to modification by the Final Financial Plan).

(b) No less than annually after establishing the Operating Reserve Account and continuing until the Compliance Term has expired, Borrower must make additional deposits, if necessary, to bring the balance in the Operating Reserve Account to an amount equal to the original deposit amount in Section 12.2(a).

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies, other expenses that vary seasonally or from month to month in the Project and reductions in operating subsidy. Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any other purpose without OCII's prior written approval.

## ARTICLE 13 DISTRIBUTIONS.

13.1 Definition. "**Distributions**" refers to cash or other benefits received as Project Income from the operation of the Project and available to be distributed to Borrower, its partners or any party having a beneficial interest in the Project as Surplus Cash, but does not include payments for services approved in the Annual Operating Budget including for property management, asset management, partnership management, Developer Fees.

13.2 Conditions to Distributions. The 20-Year Cash Flow Proforma attached hereto as Exhibit B-3 includes projections of annual Distributions of Surplus Cash. Exhibit B-3 is not intended to impose limits on the amounts to be annually distributed. Distributions for a particular fiscal year may be made only following: (a) OCII approval of the Annual Monitoring Report submitted for that year; (b) OCII's determination that Borrower is not in default under this Agreement or any other agreement entered into with the City or OCII for the Project; and (c) OCII's determination that the amount of the proposed Distribution satisfies the conditions of this Agreement, including, but not limited to Section 3.6. OCII will be deemed to have approved Borrower's written request for approval of a proposed Distribution unless OCII delivers its disapproval or request for more information to Borrower within thirty (30) business days after OCII's receipt of the request for approval.

13.3 Prohibited Distributions. No Distribution may be made in the following circumstances:

(a) when a written notice of default has been issued to Borrower by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or

(b) when OCII has delivered a written notice of default to Borrower for a failure to comply with this Agreement and such default has not been remedied, or when OCII determines that Borrower's management agent has failed to comply with this Agreement and such failure has not been remedied; or

(c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or

(d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or

(e) if the Loan is to be repaid from Surplus Cash, Borrower failed to make a payment when due and the sum remains unpaid; or

(f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time OCII determines the Loan is out of balance under any OCII Document.

13.4 Distributions of Surplus Cash. Distributions of Surplus Cash shall be made in accordance with Section 3.6.

#### ARTICLE 14 SYNDICATION PROCEEDS AND GENERAL PARTNER EQUITY.

14.1 Distribution and Use. If Borrower is a limited partnership or limited liability company, and unless otherwise approved by OCII in writing, Borrower must allocate, distribute and pay or cause to be allocated, distributed and paid all net syndication proceeds and all loan and grant funds as specified in the Table of Sources and Uses. Borrower must notify OCII of the receipt and disposition of any net syndication proceeds received by Borrower during the term of this Agreement.

14.2 General Partner Equity. In addition to the syndication proceeds, the Borrower's general partners shall be obligated to evaluate the incorporation of General Partner Equity to the Borrower as part of the Final Financial Plan.

#### ARTICLE 15 DEVELOPER FEES.

15.1 Amount. OCII has approved the payment of fees to the Developer in an aggregate amount not to exceed Two Million Two Hundred Thousand Dollars (\$2,200,000) ("**Developer Fees**"), to be paid in accordance with the Developer Fee Schedule. The Developer Fee includes the following:



(a) an amount not to exceed One Million One Hundred Thousand and No/100 Dollars (\$1,100,000), for the predevelopment and construction periods of the Project (the “**Project Management Fee**”); and,

(b) an additional amount not to exceed One Million One Hundred Thousand and No/100 Dollars (\$1,100,000) that is at-risk to the extent needed to fund cost overruns if total development costs exceed estimated development costs shown in the Final Financial Plan (the “**At-Risk Fee**”).

## ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) transfers of a general partnership or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by OCII; (b) removal and thereafter replacement of a general partner of Borrower in accordance with the terms of Borrower's limited partnership agreement (and if necessary, the temporary replacement thereof with an affiliate of the Investor Limited Partner), provided that within a period of one hundred eighty (180) days after said removal (or other longer duration approved by OCII in its sole discretion), Borrower shall have replaced the general partner with a 501(c)(3) tax-exempt nonprofit corporation (or a wholly-owned subsidiary thereof), subject to OCII's reasonable approval of the replacement general partner; (c) transfers of the limited partner or non-managing member interests in Borrower in accordance with the terms of the Borrower's partnership agreement; (d) leases, subleases or occupancy agreements with occupants of the residential units or any permitted commercial tenants of the Project made in accordance with the Ground Lease; or (e) transfers of a general partnership interest between or among affiliates controlled by Mercy Housing CalWest. Any other transfer, assignment, encumbrance or lease without OCII's prior written consent will be voidable and, at OCII's election, 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. If there is a conflict between subsection (c) of this Section 16.1 similar permitted transfer provisions in the Ground Lease, Section 16.1(c) of this Agreement shall prevail.

16.2 ASSIGNMENT TO MOHCD. Under Dissolution Law, the Board of Supervisors of the City and County of San Francisco has designated MOHCD as the Housing Successor to the former Redevelopment Agency. Therefore, upon OCII's issuance of a Certificate of Completion under the Lease, OCII intends to assign its interest in the Project to MOHCD as described in the Memorandum of Understanding for the implementation of Affordable Housing Obligations under San Francisco Successor Agency Ordinance 215-12 between OCII and MOHCD (May 6, 2014). Neither Borrower nor any Lender shall have the right to object to such assignment and shall reasonably cooperate with OCII and MOHCD to facilitate such assignment.

## ARTICLE 17 INSURANCE AND BONDS.

17.1 Borrower's Insurance. Subject to approval by OCII's risk manager 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 commencing with Loan Closing and thereafter for the term of the Ground Lease, at no expense to OCII.

## ARTICLE 18 GOVERNMENTAL APPROVALS.

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 DEFAULT.

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, including without limitation, Section 19.2 hereof, 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) On or after the Loan Closing Date, any lien is recorded against all or any part of the Site or the Project (including for purposes of this provision Borrower's leasehold interest in the Site) without OCII's prior written consent, whether prior or subordinate to the lien of the Deed of Trust or Declaration of Restrictions, or suffers any levy or attachment, or any material supplier's or mechanic's lien or the attachment of any other unauthorized encumbrance or lien, and the taxes or assessments have not been paid, or the encumbrance or lien removed or bonded over or otherwise discharged to the OCII's satisfaction within any time period provided in the Ground Lease; provided, however, that Borrower has the right to contest any tax or assessment on or before the contested tax or assessment otherwise comes due, or to contest any encumbrance or lien within thirty (30) days following written notice from OCII of the imposition of said, encumbrance or lien, as may be further provided in the Ground Lease; or
- (c) 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

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

(e) On or after the Loan Closing Date, all or a substantial or material portion of the Project is damaged or destroyed by fire or other casualty, and, if the Borrower has elected to restore as provided in the Ground Lease, such restoration has not been completed as provided in and in accordance with the Ground Lease] and Deed of Trust within two (2) years of the receipt of insurance proceeds (or such longer period as may be agreed by Borrower and OCII); or all or a substantial portion of the improvements is condemned, seized or appropriated by any non-City Governmental Agency which prevents the Project from being operated for its intended purpose;

(f) Borrower is dissolved or liquidated or merged with or into any other entity; or, if Borrower is a corporation, partnership, limited liability company or trust, Borrower ceases to exist in its present form (unless otherwise approved pursuant to Article 16) and (where applicable) 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, if Borrower is an individual, Borrower dies or becomes incapacitated; or all or substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under Section 16.1; or

(g) Without OCII's prior written consent as required under the terms of this Agreement, Borrower assigns or attempts to assign any rights or interest under any OCII Document, whether voluntarily or involuntarily, except as permitted under Section 16.1; or

(h) Without OCII's prior written consent, 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 Article 16; or

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

(j) On or after the Loan Closing Date, either the Deed of Trust or the Declaration of Restrictions ceases to constitute a valid and indefeasible perfected lien on both or either the Project and/or Borrower's leasehold interest in the Site, subject only to Permitted Exceptions; 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 and the appointment continues undischarged and

unstayed for sixty (60) days); 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 and continues undismissed and unstayed for more than sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, Borrower's leasehold interest therein, the Project or any other property of Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(l) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project; or

(m) Borrower fails to make any payments or disbursements required to bring the Loan in balance after OCII determines that the Loan is out of balance; or

(n) On or after the Loan Closing Date and before a certificate of occupancy is issued for the Project, Borrower ceases rehabilitation or construction of the Project for a period of fifteen (15) consecutive working days, and the cessation is not excused under Section 19.4; 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 and County of San Francisco, and the default remains uncured following the expiration of any applicable cure periods.

19.2 Notice and Cure Rights of Investor Limited Partner. If an Event of Default occurs, or an event occurs that, with notice or the passage of time, or both, could constitute an Event of Default, OCII shall give Investor Limited Partner the same written notice given to the Borrower as required in this Agreement. Investor Limited Partner shall have the right, but not the obligation, to cure defaults within the time periods provided to Borrower herein. With respect to any right of cure provided herein, performance of a cure by Investor Limited Partner shall have the same effect as would like performance by Borrower. Unless OCII is otherwise notified, notices to Investor Limited Partner shall be sent to the address provided in Section 21.1 below.

19.3 Remedies. During the pendency of an uncured Event of Default, OCII may exercise 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:

(a) OCII at its option 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 at its option 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, either directly or through an agent or court-appointed receiver, may take possession of the Project and enter into contracts and take any other action OCII deems appropriate to complete or construct all or any part of the improvements, subject to modifications and changes in the Project OCII deems appropriate.

(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.

19.4 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of OCII or Borrower to the extent the event(s) cause delays in the performance of a party's obligations under this Agreement and which delays are beyond the control of the party obligated to perform: 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; pandemics 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 evidence of the resulting enforced delay(s), and Borrower's performance will be excused for so long as the conditions giving rise to the delay continue to reasonably result in delay to performance hereunder.

## 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) To Borrower's knowledge, no action, suit or proceeding is pending or threatened that might affect Borrower or the Project adversely in any material respect.

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor 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.

## ARTICLE 21 NOTICES.

21.1 Written Notice. All notices required by this Agreement must be made in writing and may be communicated by personal delivery, by nationally recognized courier that obtains receipts or by United States certified mail, postage prepaid, return receipt requested. 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<br>Successor Agency to the San Francisco Redevelopment Agency<br>1 South Van Ness, 5 <sup>th</sup> Floor<br>San Francisco, CA 94103 |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Attn: Executive Director

With a copy to: Mayor's Office of Housing and Community Development  
1 South Van Ness Avenue, 5<sup>th</sup> Floor  
San Francisco, CA 94103  
Attn: Director

To Borrower: Hunters Point Block 56, L.P.  
c/o Mercy Housing California  
1256 Market Street  
San Francisco, CA 94102

With a copy to: San Francisco Housing Development Corporation  
4439 3rd Street  
San Francisco, CA 94124

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.

21.2 Required Notices. See Section 3.10.

## ARTICLE 22 HAZARDOUS SUBSTANCES.

22.1 Borrower's Representations. Except if disclosed in that certain Phase II Environmental Site Characterization conducted by Langan Engineering and Environmental Services, Inc. and dated July 7, 2022, Borrower represents and warrants to OCII, to the extent applicable, that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the date of this Agreement, the following statements are true and correct: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

22.2 Covenant. 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 its agents to cause 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 notice of the discovery by Borrower of any Environmental Activity on the Site promptly following Borrower's discovery.

## ARTICLE 23 INDEMNITY.

23.1 Borrower's Obligations. Borrower shall, to the fullest extent allowable by law, defend, indemnify and protect and hold harmless OCII, the City, and their respective boards, commissions, commissioners, departments, agencies, and other subdivisions, officers, agents and employees (individually or collectively, an "**Indemnatee**") against any and all Losses arising directly or indirectly, in whole or in part out of: (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 when made; (c) injury or death to persons or damage to property or other Loss occurring on the Site or in connection with the Project, whether caused by the negligence or any other act or omission of Borrower or its contractors, agents, permittees or invitees (individually and collectively the "**Borrower Parties**") or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise, but only to the extent such event (x) occurs on or after Loan Closing and (y) arises directly or indirectly from Borrower's or Borrower's Parties' activities related to the Project; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements performed by Borrower or Borrower Parties; (e) any claim, demand or cause of action, or any action or other proceeding (including without limitation those made by third-parties), whether meritorious or not, brought or asserted against any Indemnatee that relates to or arises out of the OCII Documents, the Loan, Borrower's or Borrower's Parties' activities on the Site or Borrower's or Borrower's Parties' construction of the Project, or any transaction contemplated by, or the relationship between Borrower and OCII or Borrower and the City; (f) the occurrence, after the Loan Closing Date and before the expiration of the term of this Agreement, of any Environmental Activity arising directly or indirectly from Borrower's or Borrower's Parties' activities on the Site or any failure of Borrower or Borrower's Parties to comply with all applicable Environmental Laws relating to Borrower's or Borrower's Parties' activities on the Project or the Site; (g) the occurrence, after the termination of this Agreement, of any Environmental Activity resulting directly or indirectly from any act or failure to act caused or permitted by Borrower or Borrower's Parties occurring from the date of this Agreement until the termination of this Agreement ; (h) 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 22.1; or (i) 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,



*provided that* no Indemnitee will be entitled to indemnification under this Section for any Environmental Activity existing or occurring as of or prior to the date of this Agreement (unless aggravated or exacerbated by Borrower or Borrower's Parties), any Environmental Activity of a person or entity not caused or permitted by Borrower, or for matters caused solely by its own gross negligence or willful misconduct. 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, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will 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. Any indemnification obligation of the Borrower and/or its partners under the OCII Documents shall not extend to repayment of principal or interest in the Loan. The sole recourse of OCII under the OCII Documents for repayment of the Loan shall be the exercise by OCII of its rights against the Project.

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 Subordination. The Deed of Trust and Declaration of Restrictions may be subordinated to other financing secured by and used for development of the Project, but only if OCII determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by OCII and approval as to form by the City Attorney's Office, the Executive Director of OCII or its successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval.

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 and that the Investor Limited Partner is a third-party beneficiary of the provisions in Sections 16.1 and 19.2 hereof.

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 more than one person or entity signs this Agreement as Borrower or if Borrower consists of more than one person or entity, the obligations of such persons and entities shall be joint and several.

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, 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 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 Borrower's leasehold interest or other leasehold interests (other than Tenants), in or to any part of the Site or the Project, 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 Project or Borrower's leasehold interest in the Site 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.

24.20 Borrower's Board of Directors. Borrower or its managing general partner (or managing member of its 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 computer diskettes, 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, pursuant to that certain Assignment of Work Product attached hereto as Exhibit O, 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.

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 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 other persons or entities implementing the Project to ensure that OCII obtains the rights set forth in this Section.

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

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

EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification
- D Form of Promissory Note
- E Contract Compliance Policies
- F Insurance Requirements
- G Lobbying/Debarment Certification Form
- H Form of Annual Monitoring Report
- I Tenant Selection Plan Policy and Tenant Screening Criteria Policy
- J Form Deed of Trust
- K Form of Declaration of Restrictions
- 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 Legal Description of the Site
- R Final Financial Plan Confirmation Letter
- S Operational Rules for San Francisco Housing Lotteries and Rental Lease-Up Activities
- T-1 Early Outreach Plan Template
- T-2 Marketing Plan Template

Signatures begin on following page

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at San Francisco, California 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: \_\_\_\_\_  
Thor Kaslofsky  
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

Mercy HPSY Block 56 LLC, a California limited liability company, its managing general partner

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

By: \_\_\_\_\_  
Name: Ramie Dare  
Title: Vice President

SFHDC HPSY Block 56 LLC, a California limited liability company, its co-general partner

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

By: \_\_\_\_\_  
Name: David Sobel  
Title: President

Authorized by OCII Resolution No. XX-2022, dated August 2, 2022

**EXHIBIT A****Schedule of Income and Rent Restrictions<sup>1</sup>**

| Unit Type   | Proposed Number of Units | Proposed Avg. Sq. Feet | Max. Rent (at Target AMI)* | Max. % AMI | Target % AMI | Rent or Operating Subsidies |
|-------------|--------------------------|------------------------|----------------------------|------------|--------------|-----------------------------|
| Studio      | 4                        | 425                    | \$1,212                    | 50%        | 50%          | none                        |
| 1BR         | 18                       | 540                    | \$1,385                    | 50%        | 50%          | none                        |
| 2BR         | 1                        | 780                    | Mgr                        | Mgr        | Mgr          | none                        |
| 2BR         | 31                       | 780                    | \$1,559                    | 50%        | 50%          | none                        |
| 3BR         | 16                       | 1010                   | \$1,732                    | 50%        | 50%          | none                        |
| 4BR         | 2                        | 1,470                  | \$1,870                    | 50%        | 50%          | none                        |
| 5BR         | 1                        | 1,470                  | \$2,009                    | 50%        | 50%          | none                        |
|             |                          |                        |                            |            |              |                             |
| Total Units | 73                       |                        |                            |            |              |                             |

*\* Maximum rent is based on estimates for MOHCD limits for 2022. The maximum rent levels shall be updated upon the commencement of leasing of the Project, and the updated amounts shall be applicable for the first year of the leasing of the Project.*

Note: Any changes to the Schedule of Income and rent Restrictions are subject to approval by the OCII Executive Director and the MOHCD Director through the Final Financial Plan. Except as provided in Section B of the Declaration of Restrictions, the restrictions on any unit shall not exceed 50% of Area Median Income.

<sup>1</sup> This table is in furtherance of and subject to the rent restriction provisions of Article 7. In the event of conflict between this Exhibit A and Article 7 of the Agreement, Article 7 shall prevail.

**EXHIBIT B-0**

Amended Table of Sources and Uses for Predevelopment



**EXHIBIT B-1**

Table of Sources and Uses of Funds

MOHCD Proforma - Permanent Financing Sources Uses of Funds

Application Date:

5/20/22

# Units:

73

Project Name:

Hunters Point Shipyard Block 56

# Bedrooms:

Project Address:

11 Innes Court

# Beds:

Project Sponsor:

Mercy Housing CA / San Francisco Housing Development Corp

|                         |            |           |                   |   |   |   | Total Sources | Comments |
|-------------------------|------------|-----------|-------------------|---|---|---|---------------|----------|
| <u>SOURCES</u>          | 35,253,013 | 1,000,000 | 31,260,053        | - | - | - | 67,513,066    |          |
| <u>Name of Sources:</u> | MOHCD/OCII | OCII/AHP  | Tax Credit Equity |   |   |   |               |          |

USES

ACQUISITION

|                                      |        |   |   |   |   |   |        |  |
|--------------------------------------|--------|---|---|---|---|---|--------|--|
| Acquisition cost or value            | 15,000 |   |   |   |   |   | 15,000 |  |
| Legal / Closing costs / Broker's Fee |        |   |   |   |   |   | 0      |  |
| Holding Costs                        |        |   |   |   |   |   | 0      |  |
| Transfer Tax                         |        |   |   |   |   |   | 0      |  |
| TOTAL ACQUISITION                    | 15,000 | 0 | 0 | 0 | 0 | 0 | 15,000 |  |

CONSTRUCTION (HARD COSTS)

|                                                        |            |           |            |   |   |   |            |                                                                                 |      |
|--------------------------------------------------------|------------|-----------|------------|---|---|---|------------|---------------------------------------------------------------------------------|------|
| * Unit Construction/Rehab                              | 12,134,996 | 1,000,000 | 31,260,053 |   |   |   | 44,395,049 | Include FF&E (\$225,000) + 6% escalation to March 2023 + Contractor contingency |      |
| * Commercial Shell Construction                        |            |           |            |   |   |   | 0          |                                                                                 |      |
| * Demolition                                           |            |           |            |   |   |   | 0          |                                                                                 |      |
| Environmental Remediation                              | 500,000    |           |            |   |   |   | 500,000    |                                                                                 |      |
| * Onsite Improvements/Landscaping                      | 1,171,705  |           |            |   |   |   | 1,171,705  |                                                                                 |      |
| * Offsite Improvements                                 | 50,000     |           |            |   |   |   | 50,000     |                                                                                 |      |
| * Infrastructure Improvements                          |            |           |            |   |   |   | 0          | HOPE SF/OCII costs for streets etc.                                             |      |
| Parking                                                |            |           |            |   |   |   | 0          |                                                                                 |      |
| GC Bond Premium/GC Insurance/GC Taxes                  | 1,275,516  |           |            |   |   |   | 1,275,516  |                                                                                 | 2.5% |
| GC Overhead & Profit                                   | 1,579,364  |           |            |   |   |   | 1,579,364  |                                                                                 | 3.1% |
| CG General Conditions                                  | 2,804,389  |           |            |   |   |   | 2,804,389  | General Conditions + General Requirements                                       | 5.4% |
| Sub-total Construction Costs                           | 19,515,970 | 1,000,000 | 31,260,053 | 0 | 0 | 0 | 51,776,023 |                                                                                 |      |
| Design Contingency (remove at DD)                      | 481,128    |           |            |   |   |   | 481,128    | 5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+                                  | 0.9% |
| Bid Contingency (remove at bid)                        | 1,457,817  |           |            |   |   |   | 1,457,817  | 5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+                                  | 2.8% |
| Plan Check Contingency (remove/reduce during Plan Revi | 500,517    |           |            |   |   |   | 500,517    | 4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+                                  | 1.0% |
| Hard Cost Construction Contingency                     | 2,363,764  |           |            |   |   |   | 2,363,764  | 5% new construction / 15% rehab                                                 | 4.6% |
| Sub-total Construction Contingencies                   | 4,803,226  | 0         | 0          | 0 | 0 | 0 | 4,803,226  |                                                                                 |      |
| TOTAL CONSTRUCTION COSTS                               | 24,319,196 | 1,000,000 | 31,260,053 | 0 | 0 | 0 | 56,579,249 |                                                                                 |      |

SOFT COSTS

Architecture & Design

|                                                                              |           |   |   |   |   |   |           |                                                                                                                                           |
|------------------------------------------------------------------------------|-----------|---|---|---|---|---|-----------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Architect design fees                                                        | 973,446   |   |   |   |   |   | 973,446   | See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a> |
| Design Subconsultants to the Architect (incl. Fees)                          | 529,254   |   |   |   |   |   | 529,254   |                                                                                                                                           |
| Architect Construction Admin                                                 | 237,600   |   |   |   |   |   | 237,600   |                                                                                                                                           |
| Reimbursables                                                                |           |   |   |   |   |   | 0         |                                                                                                                                           |
| Additional Services                                                          | 124,702   |   |   |   |   |   | 124,702   |                                                                                                                                           |
| Sub-total Architect Contract                                                 | 1,865,002 | 0 | 0 | 0 | 0 | 0 | 1,865,002 |                                                                                                                                           |
| Other Third Party design consultants (not included under Architect contract) | 123,250   |   |   |   |   |   | 123,250   | Acoustic, Waterproofing, Solar Design, EBM, Energy Modeling, GPR                                                                          |

MOHCD Proforma - Permanent Financing Sources Uses of Funds

Application Date:

Project Name:

Project Address:

Project Sponsor:

5/20/22

Hunters Point Shipyard Block 56

11 Innes Court

Mercy Housing CA / San Francisco Housing Development Corp

# Units:

# Bedrooms:

# Beds:

73

| SOURCES                                   |  | 35,253,013 | 1,000,000 | 31,260,053        | - | - | - | Total Sources | 67,513,066 | Comments                                                                            |
|-------------------------------------------|--|------------|-----------|-------------------|---|---|---|---------------|------------|-------------------------------------------------------------------------------------|
| Name of Sources:                          |  | MOHCD/OCII | OCII/AHP  | Tax Credit Equity |   |   |   |               |            |                                                                                     |
| Total Architecture & Design               |  | 1,988,252  | 0         | 0                 | 0 | 0 | 0 | 1,988,252     |            |                                                                                     |
| Engineering & Environmental Studies       |  |            |           |                   |   |   |   |               |            |                                                                                     |
| Survey                                    |  | 87,000     |           |                   |   |   |   | 87,000        |            | Civil Engineer + Civil Survey                                                       |
| Geotechnical studies                      |  | 106,900    |           |                   |   |   |   | 106,900       |            |                                                                                     |
| Phase I & II Reports                      |  | 250,000    |           |                   |   |   |   | 250,000       |            |                                                                                     |
| CEQA / Environmental Review consultants   |  |            |           |                   |   |   |   | 0             |            |                                                                                     |
| NEPA / 106 Review                         |  | 35,000     |           |                   |   |   |   | 35,000        |            |                                                                                     |
| CNA/PNA (rehab only)                      |  |            |           |                   |   |   |   | 0             |            |                                                                                     |
| Other environmental consultants           |  | 41,925     |           |                   |   |   |   | 41,925        |            | Joint Trench \$32,200                                                               |
| Total Engineering & Environmental Studies |  | 520,825    | 0         | 0                 | 0 | 0 | 0 | 520,825       |            |                                                                                     |
| Financing Costs                           |  |            |           |                   |   |   |   |               |            |                                                                                     |
| Construction Financing Costs              |  |            |           |                   |   |   |   |               |            |                                                                                     |
| Construction Loan Origination Fee         |  | 267,994    |           |                   |   |   |   | 267,994       |            |                                                                                     |
| Construction Loan Interest                |  | 1,727,071  |           |                   |   |   |   | 1,727,071     |            |                                                                                     |
| Title & Recording                         |  | 60,000     |           |                   |   |   |   | 60,000        |            |                                                                                     |
| CDLAC & CDIAC fees                        |  | 17,506     |           |                   |   |   |   | 17,506        |            |                                                                                     |
| Bond Issuer Fees                          |  | 89,331     |           |                   |   |   |   | 89,331        |            |                                                                                     |
| Other Bond Cost of Issuance               |  | 157,783    |           |                   |   |   |   | 157,783       |            | Issuer monitoring, financial advisor, trustee fee, title costs (bond closing), misc |
| Other Lender Costs (specify)              |  |            |           |                   |   |   |   | 0             |            |                                                                                     |
| Sub-total Const. Financing Costs          |  | 2,319,685  | 0         | 0                 | 0 | 0 | 0 | 2,319,685     |            |                                                                                     |
| 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                     |  | 2,319,685  | 0         | 0                 | 0 | 0 | 0 | 2,319,685     |            |                                                                                     |
| Legal Costs                               |  |            |           |                   |   |   |   |               |            |                                                                                     |
| Borrower Legal fees                       |  | 230,000    |           |                   |   |   |   | 230,000       |            | Owner Legal + Owner Legal/Syndication                                               |
| Land Use / CEQA Attorney fees             |  |            |           |                   |   |   |   | 0             |            |                                                                                     |
| Tax Credit Counsel                        |  | 25,000     |           |                   |   |   |   | 25,000        |            |                                                                                     |
| Bond Counsel                              |  | 65,000     |           |                   |   |   |   | 65,000        |            |                                                                                     |
| Construction Lender Counsel               |  | 65,000     |           |                   |   |   |   | 65,000        |            |                                                                                     |
| Permanent Lender Counsel                  |  | 65,000     |           |                   |   |   |   | 65,000        |            |                                                                                     |
| * Other Legal (specify)                   |  |            |           |                   |   |   |   | 0             |            |                                                                                     |
| Total Legal Costs                         |  | 450,000    | 0         | 0                 | 0 | 0 | 0 | 450,000       |            |                                                                                     |
| Other Development Costs                   |  |            |           |                   |   |   |   |               |            |                                                                                     |
| Appraisal                                 |  | 15,000     |           |                   |   |   |   | 15,000        |            |                                                                                     |
| Market Study                              |  | 20,000     |           |                   |   |   |   | 20,000        |            |                                                                                     |
| * Insurance                               |  | 207,340    |           |                   |   |   |   | 207,340       |            |                                                                                     |
| * Property Taxes                          |  |            |           |                   |   |   |   | 0             |            |                                                                                     |
| Accounting / Audit                        |  | 30,000     |           |                   |   |   |   | 30,000        |            |                                                                                     |

MOHCD Proforma - Permanent Financing Sources Uses of Funds

Application Date:

5/20/22

# Units:

73

Project Name:

Hunters Point Shipyard Block 56

# Bedrooms:

Project Address:

11 Innes Court

# Beds:

Project Sponsor:

Mercy Housing CA / San Francisco Housing Development Corp

| SOURCES                                                    |  | 35,253,013 | 1,000,000 | 31,260,053        | - | - | - | Total Sources | 67,513,066 | Comments                                                                                                                                               |
|------------------------------------------------------------|--|------------|-----------|-------------------|---|---|---|---------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of Sources:                                           |  | MOHCD/OCII | OCII/AHP  | Tax Credit Equity |   |   |   |               |            |                                                                                                                                                        |
| * Organizational Costs                                     |  |            |           |                   |   |   |   | 0             |            |                                                                                                                                                        |
| Entitlement / Permit Fees                                  |  | 784,804    |           |                   |   |   |   | 784,804       |            | Impact Fees + Permit Fees                                                                                                                              |
| * Marketing / Rent-up                                      |  | 372,000    |           |                   |   |   |   | 372,000       |            |                                                                                                                                                        |
| * Furnishings                                              |  |            |           |                   |   |   |   | 0             |            | \$2,000/unit; See MOHCD U/W Guidelines on: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a> |
| PGE / Utility Fees                                         |  | 300,000    |           |                   |   |   |   | 300,000       |            |                                                                                                                                                        |
| TCAC App / Alloc / Monitor Fees                            |  | 63,170     |           |                   |   |   |   | 63,170        |            |                                                                                                                                                        |
| * Financial Consultant fees                                |  | 55,000     |           |                   |   |   |   | 55,000        |            |                                                                                                                                                        |
| Construction Management fees / Owner's Rep                 |  | 303,195    |           |                   |   |   |   | 303,195       |            | Includes Construction Management \$135,000 and Special Inspections \$168,195                                                                           |
| Security during Construction                               |  |            |           |                   |   |   |   | 0             |            | In construction cost                                                                                                                                   |
| * Relocation                                               |  |            |           |                   |   |   |   | 0             |            |                                                                                                                                                        |
| Other (specify)                                            |  |            |           |                   |   |   |   | 0             |            |                                                                                                                                                        |
| Other (specify)                                            |  |            |           |                   |   |   |   | 0             |            |                                                                                                                                                        |
| Other (specify)                                            |  |            |           |                   |   |   |   | 0             |            |                                                                                                                                                        |
| Total Other Development Costs                              |  | 2,150,509  | 0         | 0                 | 0 | 0 | 0 | 2,150,509     |            |                                                                                                                                                        |
| Soft Cost Contingency                                      |  |            |           |                   |   |   |   |               |            |                                                                                                                                                        |
| Contingency (Arch, Eng, Fin, Legal & Other Dev)            |  | 740,000    | 0         | 0                 | 0 | 0 | 0 | 740,000       |            | Should be either 10% or 5% of total soft costs.                                                                                                        |
| TOTAL SOFT COSTS                                           |  | 8,169,271  | 0         | 0                 | 0 | 0 | 0 | 8,169,271     |            |                                                                                                                                                        |
| Total Soft Cost Contingency as % of Total Soft Costs 10.0% |  |            |           |                   |   |   |   |               |            |                                                                                                                                                        |
| RESERVES                                                   |  |            |           |                   |   |   |   |               |            |                                                                                                                                                        |
| * Operating Reserves                                       |  | 549,546    |           |                   |   |   |   | 549,546       |            |                                                                                                                                                        |
| Replacement Reserves                                       |  |            |           |                   |   |   |   | 0             |            |                                                                                                                                                        |
| * Tenant Improvements Reserves                             |  |            |           |                   |   |   |   | 0             |            |                                                                                                                                                        |
| * Supplemental Operating Reserve                           |  |            |           |                   |   |   |   | 0             |            |                                                                                                                                                        |
| * Other (specify)                                          |  |            |           |                   |   |   |   | 0             |            |                                                                                                                                                        |
| * Other (specify)                                          |  |            |           |                   |   |   |   | 0             |            |                                                                                                                                                        |
| TOTAL RESERVES                                             |  | 549,546    | 0         | 0                 | 0 | 0 | 0 | 549,546       |            |                                                                                                                                                        |
| DEVELOPER COSTS                                            |  |            |           |                   |   |   |   |               |            |                                                                                                                                                        |
| Developer Fee - Cash-out Paid at Milestones                |  | 1,100,000  |           |                   |   |   |   | 1,100,000     |            |                                                                                                                                                        |
| Developer Fee - Cash-out At Risk                           |  | 1,100,000  |           |                   |   |   |   | 1,100,000     |            |                                                                                                                                                        |
| Commercial Developer Fee                                   |  |            |           |                   |   |   |   | 0             |            |                                                                                                                                                        |
| Developer Fee - GP Equity (also show as source)            |  |            |           |                   |   |   |   | 0             |            |                                                                                                                                                        |
| 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                                      |  | 2,200,000  | 0         | 0                 | 0 | 0 | 0 | 2,200,000     |            |                                                                                                                                                        |
| TOTAL DEVELOPMENT COST                                     |  | 35,253,013 | 1,000,000 | 31,260,053        | 0 | 0 | 0 | 67,513,066    |            |                                                                                                                                                        |
| Development Cost/Unit by Source                            |  | 482,918    | 13,699    | 428,220           | 0 | 0 | 0 | 924,837       |            |                                                                                                                                                        |

MOHCD Proforma - Permanent Financing Sources Uses of Funds

Application Date:

Project Name:

Project Address:

Project Sponsor:

5/20/22

Hunters Point Shipyard Block 56

11 Innes Court

Mercy Housing CA / San Francisco Housing Development Corp

# Units:

# Bedrooms:

# Beds:

73

| SOURCES                                                  |  | 35,253,013 | 1,000,000 | 31,260,053        | -    | -    | -    | Total Sources | 67,513,066 | Comments |
|----------------------------------------------------------|--|------------|-----------|-------------------|------|------|------|---------------|------------|----------|
| Name of Sources:                                         |  | MOHCD/OCII | OCII/AHP  | Tax Credit Equity |      |      |      |               |            |          |
| Development Cost/Unit as % of TDC by Source              |  | 52.2%      | 1.5%      | 46.3%             | 0.0% | 0.0% | 0.0% | 100.0%        |            |          |
| Acquisition Cost/Unit by Source                          |  | 205        | 0         | 0                 | 0    | 0    | 0    | 205           |            |          |
| Construction Cost (inc Const Contingency)/Unit By Source |  | 333,140    | 13,699    | 428,220           | 0    | 0    | 0    | 775,058       |            |          |
| Construction Cost (inc Const Contingency)/SF             |  | 262.76     | 10.80     | 337.75            | 0.00 | 0.00 | 0.00 | 611.32        |            |          |
| *Possible non-eligible GO Bond/COP Amount:               |  | 14,540,587 |           |                   |      |      |      |               |            |          |
| City Subsidy/Unit                                        |  | 482,918    |           |                   |      |      |      |               |            |          |
| Tax Credit Equity Pricing:                               |  | 0.93       |           |                   |      |      |      |               |            |          |
| Construction Bond Amount:                                |  | 35,732,509 |           |                   |      |      |      |               |            |          |
| Construction Loan Term (in months):                      |  | 23 months  |           |                   |      |      |      |               |            |          |
| Construction Loan Interest Rate (as %):                  |  | 4.00%      |           |                   |      |      |      |               |            |          |

**EXHIBIT B-2**

Annual Operating Budget

|                                                                                                                   |                  |                         |                                                                  |
|-------------------------------------------------------------------------------------------------------------------|------------------|-------------------------|------------------------------------------------------------------|
| <b>Application Date:</b>                                                                                          | <b>5/20/2022</b> | <b>Project Name:</b>    | <b>Hunters Point Shipyard Block 56</b>                           |
| <b>Total # Units:</b>                                                                                             | <b>73</b>        | <b>Project Address:</b> | <b>11 Innes Court</b>                                            |
| <b>First Year of Operations</b> (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): | <b>2024</b>      | <b>Project Sponsor:</b> | <b>Mercy Housing CA / San Francisco Housing Development Corp</b> |

| INCOME                                                             | Total            | Comments                                                                           |
|--------------------------------------------------------------------|------------------|------------------------------------------------------------------------------------|
| Residential - Tenant Rents                                         | 1,278,312        | 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                | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| 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                                                | 13,140           | Links from 'Utilities & Other Income' Worksheet                                    |
| Tenant Charges                                                     | 2,060            | Links from 'Utilities & Other Income' Worksheet                                    |
| Miscellaneous Residential Income                                   | 0                | Links from 'Utilities & Other Income' Worksheet                                    |
| Other Commercial Income                                            | 0                | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| Withdrawal from Capitalized Reserve (deposit to operating account) |                  |                                                                                    |
| <b>Gross Potential Income</b>                                      | <b>1,293,512</b> |                                                                                    |
| Vacancy Loss - Residential - Tenant Rents                          | (64,676)         | Vacancy loss is 5.1% of Tenant Rents.                                              |
| Vacancy Loss - Residential - Tenant Assistance Payments            | 0                | #DIV/0!                                                                            |
| Vacancy Loss - Commercial                                          | 0                | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| <b>EFFECTIVE GROSS INCOME</b>                                      | <b>1,228,836</b> | <b>PUPA: 16,833</b>                                                                |

**OPERATING EXPENSES****Management**

|                                      |               |                                               |
|--------------------------------------|---------------|-----------------------------------------------|
| Management Fee                       | 56,940        | 1st Year to be set according to HUD schedule. |
| Asset Management Fee                 | 23,460        |                                               |
| <b>Sub-total Management Expenses</b> | <b>80,400</b> | <b>PUPA: 1,101</b>                            |

**Salaries/Benefits**

|                                     |                |                                                                               |
|-------------------------------------|----------------|-------------------------------------------------------------------------------|
| Office Salaries                     | 133,193        | Includes 1 FTE PM, 1 FTE APM - removed 1 FTE Community Coordinator            |
| Manager's Salary                    |                |                                                                               |
| Health Insurance and Other Benefits | 83,314         | Includes Benefits for Operations and Maintenance Staff (payroll below in F69) |
| Other Salaries/Benefits             |                |                                                                               |
| Administrative Rent-Free Unit       |                |                                                                               |
| <b>Sub-total Salaries/Benefits</b>  | <b>216,507</b> | <b>PUPA: 2,966</b>                                                            |

**Administration**

|                                          |               |                  |
|------------------------------------------|---------------|------------------|
| Advertising and Marketing                | 2,190         |                  |
| Office Expenses                          | 12,253        |                  |
| Office Rent                              |               |                  |
| Legal Expense - Property                 | 2,500         |                  |
| Audit Expense                            | 11,000        |                  |
| Bookkeeping/Accounting Services          | 10,950        |                  |
| Bad Debts                                |               |                  |
| Miscellaneous                            | 12,061        |                  |
| <b>Sub-total Administration Expenses</b> | <b>50,954</b> | <b>PUPA: 698</b> |

**Utilities**

|                            |                |                    |
|----------------------------|----------------|--------------------|
| Electricity                | 34,800         |                    |
| Water                      | 39,106         |                    |
| Gas                        | 0              |                    |
| Sewer                      | 66,078         |                    |
| <b>Sub-total Utilities</b> | <b>139,984</b> | <b>PUPA: 1,918</b> |

**Taxes and Licenses**

Application Date:

5/20/2022

Total # Units:

73

First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):

2024

Project Name:

Hunters Point Shipyard Block 56

Project Address:

11 Innes Court

Project Sponsor:

Mercy Housing CA / San Francisco Housing Development Corp

|                                                                         |           |                                                                                    |
|-------------------------------------------------------------------------|-----------|------------------------------------------------------------------------------------|
| Real Estate Taxes                                                       | 8,150     | Real Estate taxes + other taxes and fees                                           |
| Payroll Taxes                                                           |           | Payroll taxes in benefits calculation                                              |
| Miscellaneous Taxes, Licenses and Permits                               | 20,028    | Community Facilities District Fee (assume 3.5% escalation with expenses)           |
| Sub-total Taxes and Licenses                                            | 28,178    | PUPA: 386                                                                          |
| Insurance                                                               |           |                                                                                    |
| Property and Liability Insurance                                        | 140,000   |                                                                                    |
| Fidelity Bond Insurance                                                 |           |                                                                                    |
| Worker's Compensation                                                   |           | Workers Comp in benefits calculation                                               |
| Director's & Officers' Liability Insurance                              |           |                                                                                    |
| Sub-total Insurance                                                     | 140,000   | PUPA: 1,918                                                                        |
| Maintenance & Repair                                                    |           |                                                                                    |
| Payroll                                                                 | 111,068   |                                                                                    |
| Supplies                                                                | 11,036    |                                                                                    |
| Contracts                                                               | 54,239    |                                                                                    |
| Garbage and Trash Removal                                               | 52,706    |                                                                                    |
| Security Payroll/Contract                                               |           |                                                                                    |
| HVAC Repairs and Maintenance                                            |           |                                                                                    |
| Vehicle and Maintenance Equipment Operation and Repairs                 |           |                                                                                    |
| Miscellaneous Operating and Maintenance Expenses                        | 12,483    | Grounds + Lot R Maintenance                                                        |
| Sub-total Maintenance & Repair Expenses                                 | 241,532   | PUPA: 3,309                                                                        |
| Supportive Services                                                     | 102,800   | 1 FTE Services + Fringe + \$8,500 supplies                                         |
| Commercial Expenses                                                     | 0         | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| TOTAL OPERATING EXPENSES                                                | 1,000,355 | PUPA: 13,703                                                                       |
| Reserves/Ground Lease Base Rent/Bond Fees                               |           |                                                                                    |
| Ground Lease Base Rent                                                  | 15,000    | Ground lease with MOHCD Assumes foregone ground lease payments                     |
| Bond Monitoring Fee                                                     | 4,000     |                                                                                    |
| Replacement Reserve Deposit                                             | 32,850    |                                                                                    |
| Operating Reserve Deposit                                               |           |                                                                                    |
| Other Required Reserve 1 Deposit                                        |           |                                                                                    |
| Other Required Reserve 2 Deposit                                        |           |                                                                                    |
| Required Reserve Deposit/s, Commercial                                  | 0         | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees                     | 51,850    | PUPA: 710                                                                          |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)          | 1,052,205 | PUPA: 14,414                                                                       |
| NET OPERATING INCOME (INCOME minus OP EXPENSES)                         | 176,631   | PUPA: 2,420                                                                        |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)            |           |                                                                                    |
| Hard Debt - First Lender                                                | 0         | Provide additional comments here, if needed.                                       |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender) | 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         | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% |
| TOTAL HARD DEBT SERVICE                                                 | 0         | PUPA: 0                                                                            |

Min DSCR:

1.09

Mortgage Rate:

5.00%

Term (Years):

30

Supportable 1st Mortgage Pmt:

162,047

Supportable 1st Mortgage Amt:

\$2,515,525

Proposed 1st Mortgage Amt:

\$35,253,013



**Application Date:** 5/20/2022 **Project Name:** Hunters Point Shipyard Block 56  
**Total # Units:** 73 **Project Address:** 11 Innes Court  
**First Year of Operations** (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2024 **Project Sponsor:** Mercy Housing CA / San Francisco Housing Development Corp

**CASH FLOW** (NOI minus DEBT SERVICE) **176,631**

**USES OF CASH FLOW BELOW** (This row also shows DSCR.)

**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)                    | 23,450 | 2nd                                                                      |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | 5,000  | 1st                                                                      |
| 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)          |        | Def. Develop. Fee split: 0% Provide additional comments here, if needed. |

**TOTAL PAYMENTS PRECEDING MOHCD** **28,450**

**PUPA: 390**

**RESIDUAL RECEIPTS** (CASH FLOW minus PAYMENTS PRECEDING MOHCD)

**148,181**

**Residual Receipts Calculation**

Does Project have a MOHCD Residual Receipt Obligation? **Yes** Project has MOHCD ground lease? **Yes**  
 Will Project Defer Developer Fee? **No**  
 Max **Deferred Developer Fee/Borrower** % of Residual Receipts in Yr 1 33%  
 % of Residual Receipts available for distribution to **soft debt lenders** in 67%

| 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 | \$35,253,013        | 99.58%                      |
| MOHCD/OCII - Ground Lease Value or Land Acq Cost     | Ground Lease Value                           | \$150,000           | 0.42%                       |
| HCD (soft debt loan) - Lender 3                      |                                              |                     | 0.00%                       |
| Other Soft Debt Lender - Lender 4                    |                                              |                     | 0.00%                       |
| Other Soft Debt Lender - Lender 5                    |                                              |                     | 0.00%                       |

**MOHCD RESIDUAL RECEIPTS DEBT SERVICE**

|                                                                  |        |                                                                                         |
|------------------------------------------------------------------|--------|-----------------------------------------------------------------------------------------|
| MOHCD Residual Receipts Amount Due                               | 98,787 | 67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment        | 98,787 | 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**

**49,394**

**NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE**

|                                                       |          |  |
|-------------------------------------------------------|----------|--|
| HCD Residual Receipts Amount Due                      | 0        |  |
| Lender 4 Residual Receipts Due                        | 0        |  |
| Lender 5 Residual Receipts Due                        | 0        |  |
| <b>Total Non-MOHCD Residual Receipts Debt Service</b> | <b>0</b> |  |

**REMAINDER** (Should be zero unless there are distributions below)

**49,394**

|                                              |          |                                                    |
|----------------------------------------------|----------|----------------------------------------------------|
| Owner Distributions/Incentive Management Fee | 49,394   | 100% of Borrower share of 33% of residual receipts |
| Other Distributions/Uses                     | 0        |                                                    |
| <b>Final Balance (should be zero)</b>        | <b>0</b> |                                                    |

**EXHIBIT B-3**

**20-Year Cash Flow Proforma**

Hunters Point Shipyard Block 5b

|                                                                         |  |                   |           |           |           |           |           |           |           |           |           |           |
|-------------------------------------------------------------------------|--|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total # Units:                                                          |  | 73                |           |           |           |           |           |           |           |           |           |           |
|                                                                         |  | Year 1            | Year 2    | Year 3    | Year 4    | Year 5    | Year 6    | Year 7    | Year 8    | Year 9    | Year 10   | Year 11   |
|                                                                         |  | 2024              | 2025      | 2026      | 2027      | 2028      | 2029      | 2030      | 2031      | 2032      | 2033      | 2034      |
| INCOME                                                                  |  | % annual increase | Total     | Total     | Total     | Total     | Total     | Total     | Total     | Total     | Total     | Total     |
| Residential - Tenant Rents                                              |  | 2.5%              | 1,278,312 | 1,310,270 | 1,343,027 | 1,376,602 | 1,411,017 | 1,446,293 | 1,482,450 | 1,519,511 | 1,557,499 | 1,596,437 |
| Residential - Tenant Assistance Payments (Non-LOSP)                     |  | n/a               | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Commercial Space                                                        |  | 2.5%              | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Other Income                                                            |  |                   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Gross Potential Income                                                  |  |                   | 1,293,512 | 1,325,849 | 1,358,996 | 1,392,970 | 1,427,795 | 1,463,490 | 1,500,077 | 1,537,579 | 1,576,018 | 1,615,419 |
| Vacancy Loss - Residential - Tenant Rents                               |  | n/a               | (64,676)  | (66,292)  | (67,950)  | (69,649)  | (71,390)  | (73,174)  | (75,004)  | (76,879)  | (78,801)  | (80,771)  |
| Vacancy Loss - Residential - Tenant Assistance Payments                 |  | n/a               | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Vacancy Loss - Commercial                                               |  | n/a               | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| EFFECTIVE GROSS INCOME                                                  |  |                   | 1,228,836 | 1,259,557 | 1,291,046 | 1,323,322 | 1,356,405 | 1,390,315 | 1,425,073 | 1,460,700 | 1,497,217 | 1,534,648 |
| OPERATING EXPENSES                                                      |  |                   |           |           |           |           |           |           |           |           |           |           |
| Management                                                              |  | 3.5%              | 80,400    | 83,214    | 86,126    | 89,141    | 92,261    | 95,490    | 98,832    | 102,291   | 105,871   | 109,577   |
| Salaries/Benefits                                                       |  | 3.5%              | 216,507   | 224,085   | 231,928   | 240,045   | 248,447   | 257,143   | 266,143   | 275,458   | 285,099   | 295,077   |
| Administration                                                          |  | 3.5%              | 50,954    | 52,737    | 54,583    | 56,494    | 58,471    | 60,517    | 62,635    | 64,828    | 67,097    | 69,445    |
| Utilities                                                               |  | 3.5%              | 139,984   | 144,883   | 149,954   | 155,203   | 160,635   | 166,257   | 172,076   | 178,099   | 184,332   | 190,784   |
| Taxes and Licenses                                                      |  | 3.5%              | 28,178    | 29,164    | 30,185    | 31,241    | 32,335    | 33,467    | 34,638    | 35,850    | 37,105    | 38,404    |
| Insurance                                                               |  | 3.5%              | 140,000   | 144,900   | 149,972   | 155,221   | 160,653   | 166,276   | 172,096   | 178,119   | 184,353   | 190,806   |
| Maintenance & Repair                                                    |  | 3.5%              | 241,532   | 249,986   | 258,735   | 267,791   | 277,164   | 286,864   | 296,905   | 307,296   | 318,052   | 329,183   |
| Supportive Services                                                     |  | 3.5%              | 102,800   | 106,398   | 110,122   | 113,976   | 117,965   | 122,094   | 126,367   | 130,790   | 135,368   | 140,106   |
| Commercial Expenses                                                     |  |                   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| TOTAL OPERATING EXPENSES                                                |  |                   | 1,000,355 | 1,035,368 | 1,071,606 | 1,109,112 | 1,147,931 | 1,188,108 | 1,229,692 | 1,272,731 | 1,317,277 | 1,363,381 |
| PUPA (w/o Reserves/GL Base Rent/Bond Fees)                              |  |                   | 13,703    |           |           |           |           |           |           |           |           |           |
| 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    |
| Bond Monitoring Fee                                                     |  |                   | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     | 4,000     |
| Replacement Reserve Deposit                                             |  |                   | 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         |
| Other Required Reserve 1 Deposit                                        |  |                   | 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         |
| Required Reserve Deposit/s, Commercial                                  |  |                   | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees                     |  |                   | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    | 51,850    |
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)          |  |                   | 1,052,205 | 1,087,218 | 1,123,456 | 1,160,962 | 1,199,781 | 1,239,958 | 1,281,542 | 1,324,581 | 1,369,127 | 1,415,231 |
| PUPA (w/ Reserves/GL Base Rent/Bond Fees)                               |  |                   | 14,414    |           |           |           |           |           |           |           |           |           |
| NET OPERATING INCOME (INCOME minus OP EXPENSES)                         |  |                   | 176,631   | 172,339   | 167,590   | 162,360   | 156,624   | 150,357   | 143,531   | 136,119   | 128,091   | 119,416   |
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)            |  |                   |           |           |           |           |           |           |           |           |           |           |
| Hard Debt - First Lender                                                |  |                   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| 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                                                 |  |                   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| CASH FLOW (NOI minus DEBT SERVICE)                                      |  |                   | 176,631   | 172,339   | 167,590   | 162,360   | 156,624   | 150,357   | 143,531   | 136,119   | 128,091   | 119,416   |
| USES OF CASH FLOW BELOW (This row also shows DSCR.)                     |  | DSCR:             |           |           |           |           |           |           |           |           |           |           |

Hunters Point Shipyard Block 5b

|                                                                       |  |                   |         |         |         |         |         |         |         |         |         |         |         |
|-----------------------------------------------------------------------|--|-------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total # Units:                                                        |  | 73                |         |         |         |         |         |         |         |         |         |         |         |
|                                                                       |  | Year 1            | Year 2  | Year 3  | Year 4  | Year 5  | Year 6  | Year 7  | Year 8  | Year 9  | Year 10 | Year 11 |         |
|                                                                       |  | 2024              | 2025    | 2026    | 2027    | 2028    | 2029    | 2030    | 2031    | 2032    | 2033    | 2034    |         |
|                                                                       |  | % annual increase | Total   | Total   | Total   | Total   | Total   | Total   | Total   | Total   | Total   | Total   |         |
| INCOME                                                                |  |                   |         |         |         |         |         |         |         |         |         |         |         |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL                     |  |                   |         |         |         |         |         |         |         |         |         |         |         |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131)            |  |                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |         |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) |  | 3.5%              | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |         |
| Partnership Management Fee (see policy for limits)                    |  | 3.5%              | 23,450  | 24,154  | 24,878  | 25,624  | 26,393  | 27,185  | 28,001  | 28,841  | 29,706  | 30,597  | 31,515  |
| 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   |         |
| Other Payments                                                        |  |                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |         |
| Non-amortizing Loan Pmnt - Lender 1                                   |  |                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |         |
| Non-amortizing Loan Pmnt - Lender 2                                   |  |                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |         |
| TOTAL PAYMENTS PRECEDING MOHCD                                        |  |                   | 28,450  | 29,154  | 29,878  | 30,624  | 31,393  | 32,185  | 33,001  | 33,841  | 34,706  | 35,597  | 36,515  |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)          |  |                   | 148,181 | 143,186 | 137,712 | 131,736 | 125,231 | 118,172 | 110,531 | 102,278 | 93,385  | 83,819  | 73,549  |
| Does Project have a MOHCD Residual Receipt Obligation?                |  | Yes               |         |         |         |         |         |         |         |         |         |         |         |
| Will Project Defer Developer Fee?                                     |  | No                |         |         |         |         |         |         |         |         |         |         |         |
| Residual Receipts split for all years. - Lender/Owner                 |  | 67% / 33%         |         |         |         |         |         |         |         |         |         |         |         |
|                                                                       |  | Dist. Soft        |         |         |         |         |         |         |         |         |         |         |         |
|                                                                       |  | Debt Loans        |         |         |         |         |         |         |         |         |         |         |         |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE                                  |  |                   |         |         |         |         |         |         |         |         |         |         |         |
| MOHCD Residual Receipts Amount Due                                    |  | 100.00%           | 98,787  | 95,457  | 91,808  | 87,824  | 83,487  | 78,781  | 73,687  | 68,185  | 62,257  | 55,880  | 49,033  |
| 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          |  |                   | 49,394  | 47,729  | 45,904  | 43,912  | 41,744  | 39,391  | 36,844  | 34,093  | 31,128  | 27,940  | 24,516  |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE                              |  |                   |         |         |         |         |         |         |         |         |         |         |         |
| HCD Residual Receipts Amount Due                                      |  | 0.00%             | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Lender 4 Residual Receipts Due                                        |  | 0.00%             | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Lender 5 Residual Receipts Due                                        |  | 0.00%             | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Total Non-MOHCD Residual Receipts Debt Service                        |  |                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| REMAINDER (Should be zero unless there are distributions below)       |  |                   | 49,394  | 47,729  | 45,904  | 43,912  | 41,744  | 39,391  | 36,844  | 34,093  | 31,128  | 27,940  | 24,516  |
| Owner Distributions/Incentive Management Fee                          |  |                   | 49,394  | 47,729  | 45,904  | 43,912  | 41,744  | 39,391  | 36,844  | 34,093  | 31,128  | 27,940  | 24,516  |
| 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 |
| OR Running Balance                                                    |  |                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Other Required Reserve 1 Running Balance                              |  |                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Other Required Reserve 2 Running Balance                              |  |                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| DEFERRED DEVELOPER FEE - RUNNING BALANCE                              |  |                   |         |         |         |         |         |         |         |         |         |         |         |
| Developer Fee Starting Balance                                        |  |                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Deferred Developer Fee Earned in Year                                 |  |                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Developer Fee Remaining Balance                                       |  |                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |

Hunters Point Shipyard Block 5b

Total # Units: 73

|                                                         |                   | Year 12   | Year 13   | Year 14   | Year 15   | Year 16   | Year 17   | Year 18   | Year 19   | Year 20   |
|---------------------------------------------------------|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                                         |                   | 2035      | 2036      | 2037      | 2038      | 2039      | 2040      | 2041      | 2042      | 2043      |
| INCOME                                                  | % annual increase | Total     | Total     | Total     | Total     | Total     | Total     | Total     | Total     | Total     |
| Residential - Tenant Rents                              | 2.5%              | 1,677,256 | 1,719,188 | 1,762,167 | 1,806,221 | 1,851,377 | 1,897,661 | 1,945,103 | 1,993,730 | 2,043,574 |
| Residential - Tenant Assistance Payments (Non-LOSP)     | n/a               | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Commercial Space                                        | 2.5%              | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Other Income                                            |                   | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Gross Potential Income                                  |                   | 1,697,199 | 1,739,629 | 1,783,120 | 1,827,698 | 1,873,390 | 1,920,225 | 1,968,231 | 2,017,437 | 2,067,873 |
| Vacancy Loss - Residential - Tenant Rents               | n/a               | (84,860)  | (86,981)  | (89,156)  | (91,385)  | (93,670)  | (96,011)  | (98,412)  | (100,872) | (103,394) |
| Vacancy Loss - Residential - Tenant Assistance Payments | n/a               | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Vacancy Loss - Commercial                               | n/a               | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| EFFECTIVE GROSS INCOME                                  |                   | 1,612,339 | 1,652,648 | 1,693,964 | 1,736,313 | 1,779,721 | 1,824,214 | 1,869,819 | 1,916,565 | 1,964,479 |

OPERATING EXPENSES

|                      |      |         |         |         |         |         |         |         |         |         |
|----------------------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Management           | 3.5% | 117,382 | 121,490 | 125,742 | 130,143 | 134,698 | 139,412 | 144,292 | 149,342 | 154,569 |
| Salaries/Benefits    | 3.5% | 316,094 | 327,157 | 338,608 | 350,459 | 362,725 | 375,420 | 388,560 | 402,160 | 416,235 |
| Administration       | 3.5% | 74,391  | 76,995  | 79,690  | 82,479  | 85,366  | 88,354  | 91,446  | 94,647  | 97,959  |
| Utilities            | 3.5% | 204,372 | 211,525 | 218,929 | 226,591 | 234,522 | 242,730 | 251,226 | 260,019 | 269,119 |
| Taxes and Licenses   | 3.5% | 41,139  | 42,579  | 44,069  | 45,612  | 47,208  | 48,860  | 50,570  | 52,340  | 54,172  |
| Insurance            | 3.5% | 204,396 | 211,550 | 218,954 | 226,617 | 234,549 | 242,758 | 251,255 | 260,048 | 269,150 |
| Maintenance & Repair | 3.5% | 352,630 | 364,972 | 377,746 | 390,967 | 404,651 | 418,813 | 433,472 | 448,643 | 464,346 |
| Supportive Services  | 3.5% | 150,085 | 155,338 | 160,775 | 166,402 | 172,226 | 178,254 | 184,493 | 190,950 | 197,633 |
| Commercial Expenses  |      | -       | -       | -       | -       | -       | -       | -       | -       | -       |

|                          |  |           |           |           |           |           |           |           |           |           |
|--------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| TOTAL OPERATING EXPENSES |  | 1,460,488 | 1,511,605 | 1,564,512 | 1,619,269 | 1,675,944 | 1,734,602 | 1,795,313 | 1,858,149 | 1,923,184 |
|--------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

|                                                     |  |        |        |        |        |        |        |        |        |        |
|-----------------------------------------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| PUPA (w/o Reserves/GL Base Rent/Bond Fees)          |  |        |        |        |        |        |        |        |        |        |
| 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 |
| Bond Monitoring Fee                                 |  | 4,000  | 4,000  | 4,000  | 4,000  | 4,000  | 4,000  | 4,000  | 4,000  | 4,000  |
| Replacement Reserve Deposit                         |  | 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      |
| Other Required Reserve 1 Deposit                    |  | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| Other Required Reserve 2 Deposit                    |  | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| Required Reserve Deposit/s, Commercial              |  | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| Sub-total Reserves/Ground Lease Base Rent/Bond Fees |  | 51,850 | 51,850 | 51,850 | 51,850 | 51,850 | 51,850 | 51,850 | 51,850 | 51,850 |

|                                                                |  |           |           |           |           |           |           |           |           |           |
|----------------------------------------------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) |  | 1,512,338 | 1,563,455 | 1,616,362 | 1,671,119 | 1,727,794 | 1,786,452 | 1,847,163 | 1,909,999 | 1,975,034 |
|----------------------------------------------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

|                                                 |  |         |        |        |        |        |        |        |       |          |
|-------------------------------------------------|--|---------|--------|--------|--------|--------|--------|--------|-------|----------|
| PUPA (w/ Reserves/GL Base Rent/Bond Fees)       |  |         |        |        |        |        |        |        |       |          |
| NET OPERATING INCOME (INCOME minus OP EXPENSES) |  | 100,001 | 89,192 | 77,602 | 65,194 | 51,927 | 37,762 | 22,656 | 6,566 | (10,555) |

|                                                                         |  |   |   |   |   |   |   |   |   |   |
|-------------------------------------------------------------------------|--|---|---|---|---|---|---|---|---|---|
| DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)            |  |   |   |   |   |   |   |   |   |   |
| Hard Debt - First Lender                                                |  | - | - | - | - | - | - | - | - | - |
| 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            |  | -       | -      | -      | -      | -      | -      | -      | -     | -        |
| CASH FLOW (NOI minus DEBT SERVICE) |  | 100,001 | 89,192 | 77,602 | 65,194 | 51,927 | 37,762 | 22,656 | 6,566 | (10,555) |

USES OF CASH FLOW BELOW (This row also shows DSCR.) DSCR:

Hunters Point Shipyard Block 5b

Total # Units: 73

|                                                                       |                   | Year 12    | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20  |
|-----------------------------------------------------------------------|-------------------|------------|---------|---------|---------|---------|---------|---------|---------|----------|
|                                                                       |                   | 2035       | 2036    | 2037    | 2038    | 2039    | 2040    | 2041    | 2042    | 2043     |
| INCOME                                                                | % annual increase | Total      | Total   | Total   | Total   | Total   | Total   | Total   | Total   | Total    |
| USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL                     |                   |            |         |         |         |         |         |         |         |          |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131)            |                   | -          | -       | -       | -       | -       | -       | -       | -       | -        |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 3.5%              | -          | -       | -       | -       | -       | -       | -       | -       | -        |
| Partnership Management Fee (see policy for limits)                    | 3.5%              | 32,460     | 33,434  | 34,437  | 35,470  | -       | -       | -       | -       | -        |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) |                   | 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                                        |                   | 37,460     | 38,434  | 39,437  | 40,470  | -       | -       | -       | -       | -        |
| RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)          |                   | 62,541     | 50,758  | 38,165  | 24,723  | 51,927  | 37,762  | 22,656  | 6,566   | (10,555) |
| Does Project have a MOHCD Residual Receipt Obligation?                | Yes               |            |         |         |         |         |         |         |         |          |
| Will Project Defer Developer Fee?                                     | No                |            |         |         |         |         |         |         |         |          |
| Residual Receipts split for all years. - Lender/Owner                 | 67% / 33%         |            |         |         |         |         |         |         |         |          |
| MOHCD RESIDUAL RECEIPTS DEBT SERVICE                                  |                   | Dist. Soft |         |         |         |         |         |         |         |          |
| MOHCD Residual Receipts Amount Due                                    | 100.00%           | Debt Loans | 41,694  | 33,839  | 25,444  | 16,482  | 34,618  | 25,175  | 15,104  | 4,377    |
| 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          |                   |            | 20,847  | 16,919  | 12,722  | 8,241   | 17,309  | 12,587  | 7,552   | 2,189    |
| NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE                              |                   |            |         |         |         |         |         |         |         |          |
| HCD Residual Receipts Amount Due                                      | 0.00%             |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Lender 4 Residual Receipts Due                                        | 0.00%             |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Lender 5 Residual Receipts Due                                        | 0.00%             |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Total Non-MOHCD Residual Receipts Debt Service                        |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| REMAINDER (Should be zero unless there are distributions below)       |                   |            | 20,847  | 16,919  | 12,722  | 8,241   | 17,309  | 12,587  | 7,552   | 2,189    |
| Owner Distributions/Incentive Management Fee                          |                   |            | 20,847  | 16,919  | 12,722  | 8,241   | 17,309  | 12,587  | 7,552   | 2,189    |
| Other Distributions/Uses                                              |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Final Balance (should be zero)                                        |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| RR Running Balance                                                    |                   |            | 394,200 | 427,050 | 459,900 | 492,750 | 525,600 | 558,450 | 591,300 | 624,150  |
| OR Running Balance                                                    |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Other Required Reserve 1 Running Balance                              |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Other Required Reserve 2 Running Balance                              |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| DEFERRED DEVELOPER FEE - RUNNING BALANCE                              |                   |            |         |         |         |         |         |         |         |          |
| Developer Fee Starting Balance                                        |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Deferred Developer Fee Earned in Year                                 |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |
| Developer Fee Remaining Balance                                       |                   |            | -       | -       | -       | -       | -       | -       | -       | -        |

**EXHIBIT C**

**Tenant Income Certification Form**

**TENANT INCOME CERTIFICATION**
☐ Initial Certification    ☐ Recertification    ☐ Other \_\_\_\_\_

Effective Date: \_\_\_\_\_

Move-in Date: \_\_\_\_\_

(MM/DD/YYYY)

**PART I - DEVELOPMENT DATA**Property Name: \_\_\_\_\_  
\_\_\_\_\_

County: \_\_\_\_\_ BIN #: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Unit Number: \_\_\_\_\_ # Bedrooms: \_\_\_\_\_

**PART II. HOUSEHOLD COMPOSITION**

| HH<br>Mbr # | Last Name | First Name & Middle<br>Initial | Relationship to Head<br>of Household | Date of Birth<br>(MM/DD/YYYY) | F/T Student<br>(Y or N) | Social Security<br>or Alien Reg. No. |
|-------------|-----------|--------------------------------|--------------------------------------|-------------------------------|-------------------------|--------------------------------------|
| 1           |           |                                | HEAD                                 |                               |                         |                                      |
| 2           |           |                                |                                      |                               |                         |                                      |
| 3           |           |                                |                                      |                               |                         |                                      |
| 4           |           |                                |                                      |                               |                         |                                      |
| 5           |           |                                |                                      |                               |                         |                                      |
| 6           |           |                                |                                      |                               |                         |                                      |
| 7           |           |                                |                                      |                               |                         |                                      |

**PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)**

| HH<br>Mbr #                            | (A)<br>Employment or Wages | (B)<br>Soc. Security/Pensions | (C)<br>Public Assistance | (D)<br>Other Income |
|----------------------------------------|----------------------------|-------------------------------|--------------------------|---------------------|
|                                        |                            |                               |                          |                     |
|                                        |                            |                               |                          |                     |
|                                        |                            |                               |                          |                     |
|                                        |                            |                               |                          |                     |
|                                        |                            |                               |                          |                     |
| TOTALS                                 | \$                         | \$                            | \$                       | \$                  |
| Add totals from (A) through (D), above |                            |                               | TOTAL INCOME (E):        | \$                  |

**PART IV. INCOME FROM ASSETS**

| Hshld<br>Mbr #                                                     | (F)<br>Type of Asset | (G)<br>C/I       | (H)<br>Cash Value of Asset          | (I)<br>Annual Income from Asset |
|--------------------------------------------------------------------|----------------------|------------------|-------------------------------------|---------------------------------|
|                                                                    |                      |                  |                                     |                                 |
|                                                                    |                      |                  |                                     |                                 |
|                                                                    |                      |                  |                                     |                                 |
|                                                                    |                      |                  |                                     |                                 |
|                                                                    |                      |                  |                                     |                                 |
| TOTALS:                                                            |                      |                  | \$                                  | \$                              |
| Enter Column (H) Total                                             |                      | Passbook Rate    |                                     |                                 |
| If over \$5000                                                     |                      | \$ _____ X 2.00% | = (J) Imputed Income                | \$                              |
| Enter the greater of the total of column I, or J: imputed income   |                      |                  | <b>TOTAL INCOME FROM ASSETS (K)</b> | \$                              |
| (L) Total Annual Household Income from all Sources [Add (E) + (K)] |                      |                  |                                     | \$                              |



|                                                 |  |
|-------------------------------------------------|--|
|                                                 |  |
| <b>HOUSEHOLD CERTIFICATION &amp; SIGNATURES</b> |  |

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

|                              |                 |                    |
|------------------------------|-----------------|--------------------|
| _____<br>Signature<br>(Date) | _____<br>(Date) | _____<br>Signature |
| _____<br>Signature<br>(Date) | _____<br>(Date) | _____<br>Signature |

**PART V. DETERMINATION OF INCOME ELIGIBILITY**

**RECERTIFICATION ONLY:**

TOTAL ANNUAL HOUSEHOLD INCOME  
FROM ALL SOURCES:  
From item (L) on page 1

\$

Household Meets  
Income Restriction  
at:

☐ 60% ☐ 50%  
☐ 40% ☐ 30%  
☐ \_\_\_\_%

Current Income Limit x 140%:

\$

Household Income exceeds 140% at  
recertification:  
☐ Yes ☐ No

Current Income Limit per Family Size: \$

Household Income at Move-in: \$

Household Size at Move-in:

**PART VI. RENT**

Tenant Paid Rent  
Utility Allowance

\$

\$

Rent Assistance:

\$

Other non-optional charges:

\$

GROSS RENT FOR UNIT:  
(Tenant paid rent plus Utility Allowance &  
other non-optional charges)

\$

Unit Meets Rent Restriction at:

☐ 60% ☐ 50% ☐ 40% ☐ 30% ☐ \_\_\_\_%

Maximum Rent Limit for this unit: \$

**PART VII. STUDENT STATUS**

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ yes ☐ no

If yes, Enter student explanation\*  
(also attach documentation)

Enter  
1-4

\*Student Explanation:

- 1 TANF assistance
- 2 Job Training Program
- Single parent/dependent child
- Married/joint return

**PART VIII. PROGRAM TYPE**

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit ☐

See Part V above.

b. HOME ☐

Income Status

☐ ≤ 50% AMGI  
☐ ≤ 60% AMGI  
☐ ≤ 80% AMGI  
☐ OI\*\*

c. Tax Exempt ☐

Income Status

☐ 50% AMGI  
☐ 60% AMGI  
☐ 80% AMGI  
☐ OI\*\*

d. AHDP ☐

Income Status

☐ 50% AMGI  
☐ 80% AMGI  
☐ OI\*\*

e. ☐

(Name of Program)

Income Status

☐  
☐  
☐ OI\*\*

\*\* Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

**SIGNATURE OF OWNER/REPRESENTATIVE**

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

\_\_\_\_\_  
SIGNATURE OF OWNER/REPRESENTATIVE

\_\_\_\_\_  
DATE

**EXHIBIT D**  
Form of Promissory Note

## PROMISSORY NOTE

Principal Amount: \$ \_\_\_\_\_

San Francisco, CA

Date: \_\_\_\_\_

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, a public body organized and existing under the laws of the State of California (commonly referred to as the Office of Community Investment and Infrastructure ("**OCII**" or "**Holder**"), the principal sum of Thirty-six million, three hundred and ninety-one thousand and one hundred and ninety Dollars (\$36,391,190) (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. Unless otherwise specified herein, 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. A previous note by Borrower for OCII dated April 7, 2020 in the amount of Three Million Five Hundred Thousand Dollars (\$3,500,000) (the "Original Note") has been cancelled and returned to Borrower, and this Note replaces the Original Note in its entirety.

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 OCII through the date of full payment of all amounts owing under the OCII Documents. Prior to the Loan Closing Date, the OCII Executive Director and MOHCD Director collectively may decrease the interest rate to any interest rate between 3% and 0%. Any rate change will be documented through an amended and restated note. Interest on the principal disbursed under the Original Note that has accrued as of the date of this Note is \_\_\_\_\_ Dollars (\$ \_\_\_\_\_).

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 Section 3.1 of the Agreement.

All payments will be applied 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. 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.

5. Security. Maker's obligations under this Note are secured by (i) prior to the Maker's obtaining a leasehold interest in the Site, the pledge of Work Product given in the Assignment of Work Product, or (ii) on the date that the Maker obtains a leasehold interest in the Site, by the Deed of Trust.

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, 5<sup>th</sup> 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. Subject to the terms in this Note, 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 sixty (60) 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.

9.6 Assignment to MOHCD. Under Dissolution Law, the Board of Supervisors of the City and County of San Francisco has designated MOHCD as the Housing

Successor to the former Redevelopment Agency. Therefore, upon OCII's issuance of a Certificate of Completion under the Lease, OCII intends to assign its interest in the Project to MOHCD as described in the Memorandum of Understanding for the implementation of Affordable Housing Obligations under San Francisco Successor Agency Ordinance 215-12 between OCII and MOHCD (May 6, 2014). Neither Maker nor any Lender shall have the right to object to such assignment and shall reasonably cooperate with OCII and MOHCD to facilitate such assignment.

**"MAKER"**

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

Mercy HPSY Block 56 LLC, a California limited liability company, its managing general partner

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

By: \_\_\_\_\_

Name: Ramie Dare

Title: Vice President

General Partner:

SFHDC HPSY Block 56 LLC, a California limited liability company, its co-general partner

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

By: \_\_\_\_\_

Name: David Sobel

Title: President



**EXHIBIT E**  
**Contract Compliance Policies**

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

- (i) Small Business Enterprise (SBE) Policy (adopted by Resolution No. 7-2022, March 22, 2022)
- (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 Funds, 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 Funds. 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 E-1****SMALL BUSINESS ENTERPRISE AGREEMENT**

The company or entity executing this Small Business Enterprise Agreement, by and through its duly authorized representative, hereby agrees to use good faith efforts to comply with all of the following:

**I. PURPOSE.** The purpose of entering into this Small Business Enterprise Program agreement ("**SBE Program**") is to establish a set of Small Business Enterprise ("SBE") participation goals and good faith efforts designed to ensure that monies are spent in a manner which provides SBEs with an opportunity to compete for and participate in contracts by or at the behest of the Successor Agency to the San Francisco Redevelopment Agency ("**Agency**") and/or the Agency-Assisted Contractor. A genuine effort will be made to give First Consideration to Project Area SBEs and San Francisco-based SBEs before looking outside of San Francisco.

**II. APPLICATION.** The SBE Program applies to all Contractors and their subcontractors seeking work on Agency-Assisted Projects on or after November 17, 2004 and any Amendment to a Pre-existing Contract.

**III. GOALS.** The Agency's SBE Participation Goals are:

|                              |            |
|------------------------------|------------|
| <b>CONSTRUCTION</b>          | <b>50%</b> |
| <b>PROFESSIONAL SERVICES</b> | <b>50%</b> |
| <b>SUPPLIERS</b>             | <b>50%</b> |

**IV. TRAINEE HIRING GOAL.** In addition to the goals set forth above in Section III, there is a trainee hiring goal for all design professionals (architects, engineers, planners, and environmental consultants) on contracts or subcontracts over \$100,000. The trainee hiring goal requires architects, engineers and other design professionals only to hire qualified San Francisco residents as trainees. The trainee hiring goal is based upon the total amount of the design professional's contract as follows:

| <b><u>V. Trainees</u></b> | <b><u>Design Professional Fees</u></b> |
|---------------------------|----------------------------------------|
| <b>VI. 0</b>              | \$ 0 – \$99,000                        |
| <b>VII. 1</b>             | \$ 100,000 – \$249,999                 |
| <b>VIII. 2</b>            | \$ 250,000 – \$499,999                 |
| <b>IX. 3</b>              | \$ 500,000 – \$999,999                 |
| <b>X. 4</b>               | \$1,000,000 – \$1,499,999              |
| <b>XI. 5</b>              | \$1,500,000 – \$1,999,999              |
| <b>XII. 6</b>             | \$2,000,000 - \$4,999,999              |
| <b>XIII. 7</b>            | \$5,000,000 - \$7,999,999              |
| <b>XIV. 8</b>             | \$8,000,000 – or more                  |

**A. Procedures For Trainee Hires**

**1. Compliance with the Trainee Hiring Goal**

Design professionals will be deemed in compliance with this Agreement by meeting or exceeding

the trainee hiring goal or by take the following steps in good faith towards compliance.

**2. Execution and Incorporation of this Agreement to Sub-agreements**

The Agency-Assisted Contractor shall execute this Agreement and shall incorporate by reference or attach this Agreement to its contract(s) with the architects, engineers and other design professionals. Thus, each design professional (regardless of tier) will be obligated to comply with the terms of this Agreement. The Agency-Assisted Contractor and/or the design professionals shall retain the executed Agreements and make them available to the Agency Compliance Officer upon request.

**3. Contact Educational Institutions**

Each design professional shall call the City and County of San Francisco Office of Economic and Workforce Development (OEWD) or educational institution(s) and request referrals for the required trainee positions. The request will indicate generally: (1) the number of trainees sought; (2) the required skills set (keeping in mind that these are trainee positions); (3) a brief description of job duties; (4) the duration of the trainee period; and (5) any other information that would be helpful or necessary for the educational institution or OEWD to make the referral. The minimum duration of assignment is part-time for one semester. However, design professionals are strongly encouraged to offer longer trainee employment periods to allow a more meaningful learning experience. (For example, a half-time or full-time assignment over the summer.) Although the initial contact shall be made by phone, the educational institution(s) or OEWD may require the design professionals to send a confirming letter or complete its form(s). Each design professional is required to timely provide all of the information requested by the OEWD or educational institution(s) in order to get the referrals.

**4. Response from Educational Institutions**

Each educational institution may have a different way of referring applicants, such as: sending resumes directly to the design professional; having the applicant contact the design professional by phone; require design professionals to conduct on-campus interviews; or some other method. The timing and method of the response will normally be discussed with the design professional during the initial phone request. The design professional is required to follow the process set by the educational institution(s) in order to get the referrals.

**5. Action by Design Professionals When Referrals Available**

The design professional shall interview each applicant prior to making the decision to hire or not to hire. The design professional shall make the final determination whether the applicant is qualified for the trainee position and the ultimate hiring decision. The Agency strongly encourages the design professional to hire a qualified San Francisco resident referred by the educational institution(s). The design professional shall notify the educational institution in writing of the hiring decision.

**6. Action by Design Professionals When Referrals Unavailable**

If after contacting two or more educational institutions the design professional is informed that no San Francisco residents are currently available, then the design professional should wait thirty (30) days and contact the educational institutions a second time to inquire whether qualified San Francisco residents are currently available for hire as trainees. If no qualified San Francisco residents are currently available after the second request, then the design professional has fulfilled its obligation under this Agreement, provided that the design professional has acted in good faith. The design professional must retain its file

on all of the steps it took to comply with this Section IV and submit a copy of its file to the Agency Compliance Officer upon request.

**7. Action by Design Professional When No Response From Educational Institutions**

If a design professional has not received a response to its request for referrals from any of the educational institutions within five (5) business days after the design professional has fully complied with the procedures, if any, set by the educational institution(s) for obtaining referrals, then the design professional should immediately advise the Agency Compliance Officer by phone, fax or email. The Agency Compliance Officer or his/her designee shall cause the educational institution(s) to respond to the design professional within five (5) business days of the Agency Compliance Officer being notified. If the design professional still has not received a response from the educational institution(s) after this additional five (5) business day period has run, then the design professional has fulfilled its obligation under this Section IV, provided that the design professional has acted in good faith. Each design professional must retain its file on all of the steps it took to comply with this Agreement and submit a copy of its file to the Agency Compliance Officer upon request.

**8. Termination of Trainee for Cause**

If at any time during the Term, it becomes necessary to terminate for cause a trainee who was hired under this Agreement and the design professional has not met the minimum duration requirements under this policy, then the design professional shall hire a new trainee by following the process set forth above.

**B. Reporting Requirements For Trainee Hires**

**1. Reporting**

Upon completion of the Term of the Agreement or the term of the design professional's contract with the Agency-Assisted Contractor, whichever is less, the design professional (i.e. Employer) shall fax or email a report to the Agency Compliance Officer stating in detail: (1) the names of the San Francisco resident(s) interviewed for trainee positions; (2) the date(s) of each interview; (3) the reasons for not hiring the San Francisco resident(s) interviewed; (4) the name, address, gender and racial/ethnic background of the successful candidate for the trainee position; and (5) the number of San Francisco residents hired as trainees.

**2. Report on Terminations**

In the event a San Francisco resident hired pursuant to this Agreement is terminated for cause, the responsible design professional shall within five (5) days fax or email a termination report to the Agency Compliance Officer stating in detail: (1) the name of the trainee(s) terminated; (2) his/her job title and duties; (3) the reasons and circumstances leading to the termination(s); and (4) whether the design professional replaced the trainee(s).

**XV. TERM.** The obligations of the Agency-Assisted Contractor and/or Contractor(s) with respect to SBE Program shall remain in effect until completion of all work to be performed by the Agency-Assisted Contractor in connection with the original construction of the site and any tenant improvements on the site performed by or at the behest of the Agency-Assisted Contractor unless another term is specified in the Agency-Assisted Contract or Contract.

**XVI. FIRST CONSIDERATION.** First consideration will be given by the Agency or Agency-



Assisted Contractor in awarding contracts in the following order: (1) Project Area SBEs, (2) San Francisco-based SBEs (outside an Agency Project or Survey Area, but within San Francisco), and (3) Non-San Francisco-based SBEs. Non-San Francisco-based SBEs should be used to satisfy participation goals only if Project Area SBEs or San Francisco-based SBEs are not available, qualified, or if their bids or fees are significantly higher than those of non-San Francisco-based SBEs.

**XVII. ASSOCIATIONS AND JOINT VENTURES (JV).** OCII will recognize JVs and Associations between non-SBE firms and SBE firms where the SBE partner performs at least 35% of the work defined in the JV or Association agreement, and receives at least 35% (or a proportionate share, whichever is higher) of the dollars to be earned by the JV or Association. Under this arrangement, OCII will deem the JV or Association to be an SBE for the purposes of meeting the SBE goal. Due to the technical nature of the disciplines and the various standards of each industry, OCII will not require a standardized agreement. However, each JV and Association agreement must be in writing and contain, at a minimum, the following terms:

- Define the management of the agreement between the parties;
- Define the technical and managerial responsibilities of each party;
- Define the scope of work to be performed by each party, and where possible identify the percentage and break-down of scope of work for each party;
- Identify any additional subcontractors or consultants that will perform the work under the agreement;
- Define the schedule, duration, and deliverable of the agreement;
- Detail the fee schedule, fee breakdown, or division of compensation;
- Specify insurance requirements and/or if each party shall maintain its own insurance;
- Specify how additional work or changes in scope shall be negotiated or determined and which party shall be responsible for notifying OCII of the changes;
- Specify how claims and disputes will be resolved.

A copy of the JV or Association agreement must be provided to OCII for approval in order for the JV or Association to be recognized.

**XVIII. CERTIFICATION.** The Agency no longer certifies SBEs but instead relies on the information provided in other public entities' business certifications to establish eligibility for the Agency's program. Only businesses certified by the Agency as SBEs whose certification has not expired and economically disadvantaged businesses that meet the Agency's SBE Certification Criteria will be counted toward meeting the participation goals. The SBE Certification Criteria are set forth in the SBE Policy.

**XIX. INCORPORATION.** Each contract between the Agency, Agency-Assisted Contractor or Contractor on the one hand, and any subcontractor on the other hand, shall physically incorporate as an attachment or exhibit and make binding on the parties to that contract, a true and correct copy of this SBE Agreement.

**XX. DEFINITIONS.** Capitalized terms not otherwise specifically defined in this SBE Agreement have the meaning set forth in the Agency's SBE Policy adopted on November 16, 2004 and amended on July 21, 2009 ("**Policy**") or as defined in the Agency-Assisted Contract or Contract. In the event of a conflict in the meaning of a defined term, the SBE Policy shall govern over the Agency-Assisted Contract or Contract which in turn shall govern over this SBE Agreement.

**Affiliates** means an affiliation with another business concern is based on the power to control,



whether exercised or not. Such factors as common ownership, common management and identity of interest (often found in members of the same family), among others, are indicators of affiliation. Power to control exists when a party or parties have 50 percent or more ownership. It may also exist with considerably less than 50 percent ownership by contractual arrangement or when one or more parties own a large share compared to other parties. Affiliated business concerns need not be in the same line of business.

**Agency-Assisted Contract** means, as applicable, the Development and Disposition Agreement (“DDA”), Land Disposition Agreement (“LDA”), Lease, Loan and Grant Agreements, and other similar contracts, and agreement that the Agency executed with for-profit or non-profit entities.

**Agency-Assisted Contractor** means any person(s), firm, partnership, corporation, or combination thereof, who is negotiating or has executed an Agency-Assisted Contract.

**Agency Contract** means personal services contracts, purchase requisitions, and other similar contracts and operations agreements that the Agency executes with for-profit or non-profit entities.

**Amendment to a Pre-existing Contract** means a material change to the terms of any contract, the term of which has not expired on or before the date that this Small Business Enterprise Policy (“SBE Policy”) takes effect, but shall not include amendments to decrease the scope of work or decrease the amount to be paid under a contract.

**Annual Receipts** means “total income” (or in the case of a sole proprietorship, “gross income”) plus “cost of goods sold” as these terms are defined and reported on Internal Revenue Service tax return forms. The term does not include net capital gains or losses; taxes collected for and remitted to a taxing authority if included in gross or total income, such as sales or other taxes collected from customers and excluding taxes levied on the concern or its employees; proceeds from transactions between a concern and its domestic or foreign affiliates; and amounts collected for another by a travel agent, real estate agent, advertising agent, conference management service provider, freight forwarder or customs broker. For size determination purposes, the only exclusions from receipts are those specifically provided for in this paragraph. All other items, such as subcontractor costs, reimbursements for purchases a contractor makes at a customer's request, and employee-based costs such as payroll taxes, may not be excluded from receipts. Typically, receipts are averaged over a concern's latest three (3) completed fiscal years to determine its average annual receipts. However, to the extent a public entity considers a five-year average in its certification program, OCII will accept the five-year average provided the remaining certification criteria of the public entity is consistent with OCII’s criteria stipulated in this Policy. If a concern has not been in business for three (3) years, the average weekly revenue for the number of weeks the concern has been in business is multiplied by 52 to determine its average annual receipts.

**Arbitration Party** means all persons and entities who attend the arbitration hearing pursuant to

Section XIII, as well as those persons and entities who are subject to a default award provided that all of the requirements in Section XIII.L. have been met.

**Association** means an agreement between two parties established for the purpose of completing a specific task or project. The associate agreement shall provide the SBE associate a significant project management role and the SBE associate shall be recognized in marketing and collateral material. The Association shall be distinguished from traditional subcontracting arrangements via a written Association agreement that defines the management of the agreement, technical and managerial responsibilities of the parties, and defined scopes and percentages of work to be performed by each party with its own resources and labor force. Unlike the more formal Joint Venture, an Association does not require formation of a new business enterprise between the parties. The Associate agreement shall contain, at a minimum, provisions required by Section VII and be subject to OCII approval.

**Commercially Useful Function** means that the business is directly responsible for providing the materials, equipment, supplies or services in the City and County of San Francisco (“City”) as required by the solicitation or request for quotes, bids or proposals. Businesses that engage in the business of providing brokerage, referral or temporary employment services shall not be deemed to perform a “commercially useful function” unless the brokerage, referral or temporary employment services are required and sought by the Agency.

**Contract** means any agreement between the Agency and a person(s), firm, partnership, corporation, or combination thereof, to provide or procure labor, supplies or services to, for, or on behalf of the Agency.

**Contractor** means any person(s), firm, partnership, corporation, or combination thereof, who is negotiating or has executed a Contract.

**Joint Venture** means an entity established between two parties for the purposes of completing a venture or project. The Joint Venture agreement typically creates a separate business entity and requires acquisition of additional insurance for the newly created joint business entity. The Joint Venture agreement shall contain, at a minimum, provisions required by Section VII and be subject to OCII approval.

**Non-San Francisco-based Small Business Enterprise** means a SBE that has fixed offices located outside the geographical boundaries of the City.

**Office” or “Offices** means a fixed and established place(s) where work is performed of a clerical, administrative, professional or production nature directly pertinent to the business being certified. A temporary location or movable property or one that was established to oversee a project such as a

construction project office does not qualify as an “office” under this SBE Policy. Work space provided in exchange for services (in lieu of monetary rent) does not constitute an “office.” The office is not required to be the headquarters for the business but it must be capable of providing all the services to operate the business for which SBE certification is sought. An arrangement for the right to use office space on an “as needed” basis where there is no office exclusively reserved for the business does not qualify as an office. The prospective SBE must submit a rental agreement for the office space, rent receipt or cancelled checks for rent payments. If the office space is owned by the prospective SBE, the business must submit property tax or a deed documenting ownership of the office.

**Project Area Small Business Enterprise** means a business that meets the above-definition of Small Business Enterprise and that: (a) has fixed offices located within the geographical boundaries of a Redevelopment Project or Survey Area where a commercially useful function is performed; (b) is listed in the Permits and License Tax Paid File with a Project Area or Survey Area business street address; (c) possesses a current Business Tax Registration Certificate at the time of the application for certification as a SBE; (d) has been located and doing business in a Project Area or Survey Area for at least six months preceding its application for certification as a SBE; and (e) has a Project Area or Survey Area office in which business is transacted that is appropriately equipped for the type of business for which the enterprise seeks certification as a SBE. Post office box numbers of residential addresses alone shall not suffice to establish a firms’ location in a Project Area or Survey Area.

**Project Area** means an area of San Francisco that meets the requirements under Community Redevelopment Law, Health and Safety Code Section 33320.1. These areas currently include the Bayview Industrial Triangle, Bayview Hunters Point (Area B), Hunters Point Shipyard, Mission Bay (North), Mission Bay (South), Rincon Point/South Beach, South of Market, and Transbay.

**San Francisco-based Small Business Enterprise** means a SBE that: (a) has fixed offices located within the geographical boundaries of the City where a commercially useful function is performed; (b) is listed in the Permits and License Tax Paid File with a San Francisco business street address; (c) possesses a current Business Tax Registration Certificate at the time of the application for certification as a SBE; (d) has been located and doing business in the City for at least six months preceding its application for certification as a SBE; and (e) has a San Francisco office in which business is transacted that is appropriately equipped for the type of business for which the enterprise seeks certification as a SBE. Post office box numbers or residential addresses alone shall not suffice to establish a firm's status as local.

**Small Business Enterprise (SBE)** means an economically disadvantaged business that is certified by another public entity (either municipal, State, or federal agency) that considers the certification criteria stipulated in this Policy. In general, such criteria shall include a determination by the public entity as to whether an economically disadvantaged business is an independent and continuing business for profit; performs a commercially useful function; is owned and controlled by persons residing in the United States or its territories; and has average gross annual receipts in at least the three years (and no more than five years, if practiced by the public entity) immediately preceding its application for

certification as a SBE that do not exceed the following limits:

| Industry                                                    | OCII SBE Size Standard |
|-------------------------------------------------------------|------------------------|
| Construction Contractors                                    | \$24,000,000           |
| Specialty Construction Contractors                          | \$14,000,000           |
| Suppliers (goods/materials/ equipment and general services) | \$12,000,000           |
| Professional Services                                       | \$5,000,000            |
| Trucking                                                    | \$5,000,000            |

In addition, an economically disadvantaged business shall meet the other certification criteria described in Exhibit I of the SBE Policy in order to be considered an SBE by the Agency.

In order to determine whether or not a firm meets the above economic size definitions, the Agency will use the firm's most recent business tax returns (i.e., 1040 with Schedule C for Sole Proprietorships, 1065s with K-1s for Partnerships, and 1120s for Corporations) to calculate the firm's average annual gross receipts. In addition, the calculation of a firm's size shall include the receipts of all affiliates.

Once a business reaches the average size threshold for the applicable industry the business ceases to be economically disadvantaged, it is not an eligible SBE and it will not be counted towards meeting SBE contracting requirements (or goals).

**Specialty Construction Contractor** means a contractor licensed by the Contractors State License Board under the "C" classification license pursuant to California Business and Professions Code Section 7058.

**Survey Area** means an area of San Francisco that meets the requirements of the Community Redevelopment Law, Health and Safety Code Section 33310. These areas currently include the Bayview Hunters Point Redevelopment Survey Area C.

**XXI. GOOD FAITH EFFORTS TO MEET SBE GOALS** Compliance with the following steps will be the basis for determining if the Agency-Assisted Contractor and/or Consultant has made good faith efforts to meet the goals for SBEs:

**A. Outreach.** Not less than 30 days prior to the opening of bids or the selection of contractors, the Agency-Assisted Contractor or Contractor shall:

1. **Advertise.** Advertise for SBEs interested in competing for the contract, in general circulation media, trade association publications, including timely use of the ***Bid and Contract Opportunities*** newsletter published by the City and County of San Francisco Purchasing Department and media focused specifically on SBE businesses such as the ***Small Business Exchange***, of the opportunity to submit bids or proposals and to attend a pre-bid meeting to learn about contracting opportunities.

2. **Request List of SBEs.** Request from the Agency's Contract Compliance Department a list of all known SBEs in the pertinent field(s), particularly those in the Project and Survey Areas and provide written notice to all of them of the opportunity to bid for contracts and to attend a pre-bid or pre-solicitation meeting to learn about contracting opportunities.

**B. Pre-Solicitation Meeting.** For construction contracts estimated to cost \$5,000 or more, hold a pre-bid meeting for all interested contractors not less than 15 days prior to the opening of bids or the selection of contractors for the purpose answering questions about the selection process and the specifications and requirements. Representatives of the Contract Compliance Department will also participate.

**C. Follow-up.** Follow up initial solicitations of interest by contacting the SBEs to determine with certainty whether the enterprises are interested in performing specific items involved in work.

**D. Subdivide Work.** Divide, to the greatest extent feasible, the contract work into small units to facilitate SBE participation, including, where feasible, offering items of the contract work which the Contractor would normally perform itself.

**E. Provide Timely and Complete Information.** The Agency-Assisted Contractor or Contractor shall provide SBEs with complete, adequate and ongoing information about the plans, specifications and requirements of construction work, service work and material supply work. This paragraph does not require the Agency-Assisted Contractor or Contractor to give SBEs any information not provided to other contractors. This paragraph does require the Agency Assisted Contractor and Contractor to answer carefully and completely all reasonable questions asked by SBEs and to undertake every good faith effort to ensure that SBEs understand the nature and the scope of the work.

**F. Good Faith Negotiations.** Negotiate with SBEs in good faith and demonstrate that SBEs were not rejected as unqualified without sound reasons based on a thorough investigation of their capacities.

**G. Bid Shopping Prohibited.** Prohibit the shopping of the bids. Where the Agency-Assisted Contractor or Contractor learns that bid shopping has occurred, it shall treat such bid shopping as a material breach of contract.

**H. Other Assistance.** Assist SBEs in their efforts to obtain bonds, lines of credit and insurance. (Note that the Agency has a Surety Bond Program that may assist SBEs in obtaining necessary bonding.) The Agency-Assisted Contractor or Contractor(s) shall require no more stringent bond or insurance standards of SBEs than required of other business enterprises.

**I. Delivery Scheduling.** Establish delivery schedules which encourage participation of SBEs.

**J. Utilize SBEs as Lower Tier Subcontractors.** The Agency-Assisted Contractor and its Contractor(s) shall encourage and assist higher tier subcontractors in undertaking good faith efforts to utilize SBEs as lower tier subcontractors.

**K. Maximize Outreach Resources.** Use the services of SBE associations, federal, state and local SBE assistance offices and other organizations that provide assistance in the recruitment and placement of SBEs, including the Small Business Administration and the Business Development Agency of the Department of Commerce. However, only SBEs certified by the Agency shall count towards meeting the participation goal.

**L. Replacement of SBE.** If during the term of this SBE Agreement, it becomes necessary to replace any subcontractor or supplier, the Agency's Contract Compliance Specialist should be notified prior to replacement due to the failure or inability of the subcontractor or supplier to perform the required services or timely delivery the required supplies, then First Consideration should be given to a certified SBE, if available, as a replacement.

## **XXII. ADDITIONAL PROVISIONS**

**A. No Retaliation.** No employee shall be discharged or in any other manner discriminated against by the Agency-Assisted Contractor or Contractor because such employee has filed any complaint or instituted or caused to be instituted any proceeding under or relating to enforcement of this Agreement.

**B. No Discrimination.** 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 an Agency-Assisted Contract or Contract. The Agency-Assisted Contractor or Contractor 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) or other protected class 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.

**C. Compliance with Prompt Payment Statute.** Construction contracts and subcontracts awarded for \$5,000 or more shall contain the following provision:

“Amounts for work performed by a subcontractor shall be paid within seven (7) days of receipt of funds by the contractor, pursuant to California Business and Professions Code Section 7108.5 *et seq.* Failure to include this provision in a subcontractor or failure to comply with this provision shall constitute an event of default which would permit the Agency to exercise any and all remedies available to it under contract, at law or in equity.”

In addition to and not in contradiction to the Prompt Payment Statute (California Business and Professions Code Section 7108.5 *et seq.*), if a dispute arises which would allow a Contractor to withhold payment to a subcontractor due to a dispute, the Contractor shall only withhold that amount which directly relates to the dispute and shall promptly pay the remaining undisputed amount, if any.

**D. Submission Of Electronic Certified Payrolls.** For any Agency-Assisted Contract which requires the submission of certified payroll reports, the requirements of Section VII of the Agency's Small Business Enterprise Policy shall apply. Please see the Small Business Enterprise Policy for more details.

### **XXIII. PROCEDURES**

**A. Notice to Agency.** The Agency-Assisted Contractor or Contractor(s) shall provide the Agency with the following information within 10 days of awarding a contract or selecting subconsultant:

1. the nature of the contract, e.g. type and scope of work to be performed;
2. the dollar amount of the contract;
3. the name, address, license number, gender and ethnicity of the person to whom the contract was awarded; And
4. SBE status of each subcontractor or subconsultant.

**B. Affidavit.** If the Agency-Assisted Contractor or Contractor(s) contend that the contract has been awarded to a SBE, the Agency-Assisted Contractor or Contractor(s) shall, at the same time also submit to the Agency a SBE Application for Certification and its accompanying Affidavit completed by the SBE owner. However, a SBE that was previously certified by the Agency shall submit only the short SBE Eligibility Statement.

**C. Good Faith Documentation.** If the 50% SBE Participation Goals are not met in each category (Construction, Professional Services and Suppliers), the Agency-Assisted Contractor or Contractor(s) shall meet and confer with the Agency at a date and time set by the Agency. If the issue of the Agency-Assisted Contractor's or Contractor's good faith efforts is not resolved at this meeting, the Agency-Assisted Contractor or Contractor shall submit to the Agency within five (5) days, a declaration under penalty of perjury containing the following documentation with respect to the good faith efforts ("**Submission**"):

1. A report showing the responses, rejections, proposals and bids (including the amount of the bid) received from SBEs, including the date each response, proposal or bid was received. This report shall indicate the action taken by the Agency-Assisted Contractor or Contractor(s) in response to each proposal or bid received from SBEs, including the reasons(s) for any rejections.

2. A report showing the date that the bid was received, the amount bid by and the amount to be paid (if different) to the non-SBE contractor that was selected. If the non-SBE contractor who was selected submitted more than one bid, the amount of each bid and the date that each bid was received shall be shown in the report. If the bidder asserts that there were reasons other than the respective amounts bid for not awarding the contract to an SBE, the report shall also contain an explanation of these reasons.

3. Documentation of advertising for and contacts with SBEs, contractor associations or development centers, or any other agency which disseminates bid and contract information to small business enterprises.

4. Copies of initial and follow-up correspondence with SBEs, contractor associations and other agencies, which assist SBEs.

5. A description of the assistance provided SBE firms relative to obtaining and explaining plans, specifications and contract requirements.

6. A description of the assistance provided to SBEs with respect to bonding, lines of credit, etc.



7. A description of efforts to negotiate or a statement of the reasons for not negotiating with SBEs.
8. A description of any divisions of work undertaken to facilitate SBE participation.
9. Documentation of efforts undertaken to encourage subcontractors to obtain small business enterprise participation at a lower tier.
10. A report which shows for each private project and each public project (without a SBE program) undertaken by the bidder in the preceding 12 months, the total dollar amount of the contract and the percentage of the contract dollars awarded to SBEs and the percentage of contract dollars awarded to non-SBEs.
11. Documentation of any other efforts undertaken to encourage participation by small business enterprises.

**D. Presumption of Good Faith Efforts.** If the Agency-Assisted Contractor or Contractor(s) achieves the Participation Goals, it will not be required to submit Good Faith Effort documentation.

**E. Waiver.** Any of the SBE requirements may be waived if the Agency determines that a specific requirement is not relevant to the particular situation at issue, that SBEs were not available, or that SBEs were charging an unreasonable price.

**F. SBE Determination.** The Agency shall exercise its reasonable judgment in determining whether a business, whose name is submitted by the Agency-Assisted Contractor or Contractor(s) as a SBE, is owned and controlled by a SBE. A firm's appearance in any of the Agency's current directories will be considered by the Agency as prima facie evidence that the firm is a SBE. Where the Agency-Assisted Contractor or Contractor(s) makes a submission the Agency shall make a determination, as to whether or not a business which the Agency-Assisted Contractor or Contractor(s) claims is a SBE is in fact owned and controlled by San Francisco-based SBEs. If the Agency determines that the business is not a SBE, the Agency shall give the Agency-Assisted Contractor or Contractor a Notice of Non-Qualification and provide the Agency-Assisted Contractor or Contractor with a reasonable period (not to exceed 20 days) in which to meet with the Agency and if necessary make a Submission, concerning its good faith efforts. If the Agency-Assisted Contractor or Contractor disagrees with the Agency's Notice of Non-Qualification, the Agency-Assisted Contractor or Contractor may request arbitration pursuant to Section XIII.

**G. Agency Investigation.** Where the Agency-Assisted Contractor or Contractor makes a Submission and, as a result, the Agency has cause to believe that the Agency-Assisted Contractor or Contractor has failed to undertake good faith efforts, the Agency shall conduct an investigation, and after affording the Agency-Assisted Contractor or Contractor notice and an opportunity to be heard, shall recommend such remedies and sanctions as it deems necessary to correct any alleged violation(s). The Agency shall give the Agency-Assisted Contractor or Contractor a written Notice of Non-Compliance setting forth its findings and recommendations. If the Agency-Assisted Contractor or Contractor disagrees with the findings and recommendations of the Agency as set forth in the Notice of Non-Compliance, the Agency-Assisted Contractor or Contractor may request arbitration pursuant to this SBE Agreement.

#### **XXIV. ARBITRATION OF DISPUTES.**



**A. Arbitration by AAA.** Any dispute regarding this SBE Agreement shall be determined by arbitration through the American Arbitration Association, San Francisco, California office ("AAA") in accordance with the Commercial Rules of the AAA then applicable, but subject to the further revisions thereof. The arbitration shall take place in the City and County of San Francisco.

**B. Demand for Arbitration.** Where the Agency-Assisted Contractor or Contractor disagrees with the Agency's Notice of Non-Qualification or Notice of Non-Compliance, **the Agency-Assisted Contractor or Contractor shall have seven (7) business days, in which to file a Demand for Arbitration**, unless otherwise stipulated by the parties. The Demand for Arbitration shall contain at a minimum: (1) a cover letter demanding arbitration under this provision and identifying any entities believed to be involved in the dispute; (2) a copy of the Notice of Non-Qualification or Notice of Non-Compliance; and (3) any written response to the Notice of Non-Qualification or Notice of Non-Compliance. If the Agency-Assisted Contractor and Contractor fail to file a timely Demand for Arbitration, the Agency-Assisted Contractor and Contractor shall be deemed to have accepted and to be bound by the finding of Non-Qualification or the findings and recommendations contained in the Notice of Non-Compliance.

**C. Parties' Participation.** The Agency and all persons or entities who have a contractual relationship affected by the dispute shall be made an Arbitration Party. Any such person or entity not made an Arbitration Party in the Demand for Arbitration may intervene as an Arbitration Party and in turn may name any other such person or entity as an Arbitration Party, provided however, that the Agency-Assisted Contractor or Contractor made an initial timely Demand for Arbitration pursuant to Section XIII.B. above.

**D. Agency Request to AAA.** Within seven (7) business days after service of a Demand for Arbitration, the Agency shall transmit to AAA a copy of the Demand for Arbitration, the Notice of Non-Qualification or Notice of Non-Compliance, and any written response thereto from the affected party. Such material shall be made part of the arbitration record.

**E. Selection of Arbitrator.** One arbitrator shall arbitrate the dispute. The arbitrator shall be selected from the panel of arbitrators from AAA by the parties to the arbitration in accordance with the AAA rules. The parties shall act diligently in this regard. If the Arbitration Parties fail to agree on an arbitrator within seven (7) days from the receipt of the panel, AAA shall appoint the arbitrator. A condition to the selection of any arbitrator shall be that person's agreement to render a decision within ninety (90) days from the arbitrator's fulfillment of the disclosure requirements set forth in California Code of Civil Procedure Section 1281.9.

**F. Setting of Arbitration Hearing.** A hearing shall be held within ninety (90) days of the date of the filing of the Request, unless otherwise agreed by the parties. The arbitrator shall set the date, time and place for the arbitration hearing(s) within the prescribed time periods by giving notice by hand delivery or first class mail to each Arbitration Party.

**G. Discovery.** In arbitration proceedings hereunder, discovery shall be permitted in accordance with Code of Civil Procedure §1283.05.

**H. Burden of Proof.** The burden of proof with respect to SBE status and/or Good Faith Efforts shall be on the Agency-Assisted Contractor and/or Contractor. The burden of proof as to all other alleged breaches by the Agency-Assisted Contractor and/or Contractor shall be on the Agency.

**I. California Law Applies.** Except where expressly stated to the contrary in this SBE

Agreement, California law, including the California Arbitration Act, Code of Civil Procedure §§ 1280 through 1294.2, shall govern all arbitration proceedings.

**J. Arbitration Remedies and Sanctions.** The arbitrator may impose only the remedies and sanctions set forth below:

**1.** Order specific, reasonable actions and procedures, in the form of a temporary restraining order, preliminary injunction or permanent injunction, to mitigate the effects of the non-compliance and/or to bring any non-compliant Arbitration Party into compliance.

**2.** Require any Arbitration Party to refrain from entering into new contracts related to work covered by the Agency-Assisted Contract or this SBE Agreement, or from granting extensions or other modifications to existing contracts related to services covered by the Agency-Assisted Contract or this SBE Agreement, other than those minor modifications or extensions necessary to enable compliance with this SBE Agreement.

**3.** Direct any Arbitration Party to cancel, terminate, suspend or cause to be cancelled, terminated or suspended, any contract or portion(s) thereof for failure of any party to the arbitration to comply with any of the SBE Program requirements in the Agency-Assisted Contract or this SBE Agreement. Contracts may be continued upon the condition that a program for future compliance is approved by the Agency.

**4.** If any Arbitration Party is found to be in willful breach of its obligations hereunder, the arbitrator may impose a monetary sanction not to exceed Fifty Thousand Dollars (\$50,000.00) or ten percent (10%) of the base amount of the breaching party's contract, whichever is less, for each such willful breach; provided that, in determining the amount of any monetary sanction to be assessed, the arbitrator shall consider the financial capacity of the breaching party. No monetary sanction shall be imposed pursuant to this paragraph for the first willful breach of this SBE Agreement unless the breaching party has failed to cure after being provided notice and a reasonable opportunity to cure. Monetary sanctions may be imposed for subsequent willful breaches by any Arbitration Party whether or not the breach is subsequently cured. For purposes of this paragraph, "willful breach" means a knowing and intentional breach.

**5.** Direct any Arbitration Party to produce and provide to the Agency any records, data or reports which are necessary to determine if a violation has occurred and/or to monitor the performance of any Arbitration Party.

**K. Arbitrator's Decision.** The arbitrator shall make his or her award within twenty (20) days after the date that the hearing is completed; provided that where a temporary restraining order is sought, the arbitrator shall make his or her award not later than twenty-four (24) hours after the hearing on the motion. The arbitrator shall send the decision by certified or registered mail to each Arbitration Party.

**L. Default Award; No Requirement to Seek an Order Compelling Arbitration.** The arbitrator may enter a default award against any person or entity who fails to appear at the hearing, provided that: (1) said person or entity received actual notice of the hearing; and (2) the complaining party has a proof of service for the absent person or entity. In order to obtain a default award, the complaining party need not first seek or obtain an order to arbitrate the controversy pursuant to Code of Civil Procedure §1281.2.

**M. Arbitrator Lacks Power to Modify.** Except as otherwise provided, the arbitrator shall have no power to add to, subtract from, disregard, modify or otherwise alter the terms of the Agency-

Assisted Contract, this SBE Agreement or any other agreement between the Agency, the Agency-Assisted Contractor or Contractor or to negotiate new agreements or provisions between the parties.

**N. Jurisdiction/Entry of Judgment.** The inquiry of the arbitrator shall be restricted to the particular controversy which gave rise to the Demand for Arbitration. A decision of the arbitrator issued hereunder shall be final and binding upon all Arbitration Parties. The non-prevailing Arbitration Party(ies) shall pay the arbitrator's fees and related costs of arbitration (or reimburse the Arbitration Parties that advanced such arbitration fees and costs). Each Arbitration Party shall pay its own attorneys' fees, provided, however, that attorneys' fees may be awarded to the prevailing party if the arbitrator finds that the arbitration action was instituted, litigated, or defended in bad faith. Judgment upon the arbitrator's decision may be entered in any court of competent jurisdiction.

**O. Exculpatory Clause.** Agency-Assisted Contractor or Contractor (regardless of tier) expressly waive any and all claims against the Agency for damages, direct or indirect, including, without limitation, claims relative to the commencement, continuance and completion of construction and/or providing professional and consulting services ("the Work"). Agency-Assisted Contractor or Contractor (regardless of tier) acknowledge and agree that the procedures set forth herein for dealing with alleged breaches or failure to comply with the obligations and requirements of this SBE Agreement are reasonable and have been anticipated by the parties in securing financing, in inviting, submitting and receiving bids and proposals for the planning, design and construction of the improvements and in determining the times for commencement and completion of the planning, design and construction and/or for providing consulting, professional or personal services.

**P. Severability.** The provisions of this SBE Agreement are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this SBE Agreement or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of this SBE Agreement or the validity of their application to other persons or circumstances.

**Q. Arbitration Notice:** BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

**WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.**

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Agency

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Agency-Assisted Contractor

**XXV. AGREEMENT EXECUTION**

I, hereby certify that I have authority to execute this SBE Agreement on behalf of the business, organization or entity listed below and that it will use good faith efforts to comply with the Agency's 50% SBE Participation Goals. I declare under penalty of perjury under the laws of the State of California that the above statement is true and correct.

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Signature

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Date

---

Print Your Name

---

Title

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Company Name and Phone Number

**EXHIBIT E-2****CONSTRUCTION WORK FORCE AGREEMENT**

**I. PURPOSE.** This Agreement is entered into between the Borrower (“Borrower or “Owner”) and the Office of Community Investment and Infrastructure (“OCII” or “Agency”), as successor agency to the San Francisco Redevelopment Agency for the purposes of ensuring participation of San Francisco residents and equal employment opportunities in the construction work force involved in constructing any of the phases upon the Site covered by the underlying agreement to which this Agreement is attached hereto.

**II. DEFINITIONS.**

The following definitions apply to this Agreement.

- A. “CityBuild” means the construction employment program of the Workforce Development Division of the San Francisco Office of Economic and Workforce Development (OEWD).
- B. "Contract" means any agreement in excess of \$10,000 between the Owner, its Contractors and a person to provide or procure labor, materials or services for the construction of the Owner Improvements, including a purchase order that requires installation of materials.
- C. "Contractor" means the Owner's general contractor, all prime contractors and all subcontractors (regardless of tier) having a Contract or subcontract in excess of \$10,000 and who employ persons in a Trade for construction of the Owner Improvements.
- D. "Owner Improvements" means improvements constructed by the Owner.
- E. “Project Area Resident” means a San Francisco Resident who resides in the Bay View Hunters Point Project Area or within the ZIP codes of 94124, 94107, or 94134.
- F. "San Francisco Resident" in the case of a new hire shall mean an individual who has lived in San Francisco for at least one week prior to submitting his/her initial application for employment to work on the Owner Improvements. In the case of a person employed by the Owner or its Contractor or Consultant prior to assignment to the Owner Improvements, this term shall mean a person who has lived in San Francisco for at least six months prior to the date he/she applied for a transfer to a position at the Owner Improvements or the date he/she was assigned to work on the Owner Improvements, whichever is earlier; or a person who establishes, to the satisfaction of the Agency, that he/she lived in San Francisco prior to applying for or being considered for a position with the Owner, Contractor or Consultant.

### III. **WORK FORCE GOALS.**

The Owner agrees and will require each Contractor and all subcontractors to use good faith efforts to employ 50 percent of its construction workforce hires by trade and by hours from qualified San Francisco Residents with first consideration given to Project Area Residents. Owner and Contractors will be deemed in compliance with this Agreement and the Policy by meeting or exceeding the goal or by demonstrating good faith efforts toward compliance.

### IV. **GOOD FAITH EFFORTS.**

#### A. **Submission of Labor Force Projections and Other Data**

The Contractor shall submit, to the extent available, labor force projections to the OCII Compliance Officer, or its agent, within two (2) weeks of contract award.

#### B. **Submit Subcontractor Information Form**

The Contractor shall submit to the Compliance Officer, or its agent, the Subcontractor Information Forms, twenty-four (24) hours prior to the preconstruction meeting. The Subcontractor Information Forms are available from the Compliance Officer upon request.

#### C. **Preconstruction Meeting**

The Contractor shall hold a preconstruction meeting which shall be attended by the Compliance Officer, CityBuild, all prime contractor(s) and all subcontractor(s). The preconstruction meeting shall be scheduled between two (2) days and thirty (30) days prior to the start of construction at a time and place convenient to all attendees. The purpose of the meeting is to discuss: the hiring goals, workforce composition, worker referral process, certified payroll reporting, procedure for termination and replacement of workers covered by this Agreement and to explore any anticipated problems in complying with the Agreement. All questions regarding how this Agreement applies to the Owner, Contractor, subcontractors and consultants should be answered at this meeting. Failure to hold or attend at least one (1) preconstruction meeting will be a breach of the Policy and this Agreement that may result in the Agency ordering a suspension of work until the breach has been cured. Suspension under this provision is not subject to arbitration.

#### D. **Submit Construction Worker Request Form**

For the Term of the Agreement, each time the Owner or Contractor seeks to hire workers for the construction or rehabilitation of improvements, they must first submit, by fax, email or hand delivery, an executed construction worker request form to CityBuild. Preferably this request will be submitted at least two (2) business days before the workers are needed. However, requests with less than two (2) business days notice will be accepted. The construction worker request form will indicate generally: the number of workers needed, duration needed, required skills or trade and date/time to report. The construction worker request form is available from the Compliance Officer upon request.

#### E. **Response from CityBuild**

CityBuild shall respond, in writing, via fax, email or hand delivery to each request for construction workers. The response shall state that CityBuild was able to satisfy the request in full, in part or was unable to satisfy the request. CityBuild shall look to their own referral lists, as well as confer with CBOs in an attempt to find qualified Project Area Residents and San Francisco Residents. If CityBuild is able to satisfy the request in full or in part, it shall direct the qualified Project Area Resident(s) or San Francisco Resident(s) to report to the Contractor on the date and time indicated in the request. If CityBuild is unable to satisfy the request, then CityBuild shall send a fax or email stating that no qualified Project Area Residents or San Francisco Residents are currently available.

F. Action by Contractor When Referrals Available

The Owner or Contractor whose request has been satisfied in full or in part shall make the final determination of whether the Project Area Residents or San Francisco Residents are qualified for the positions and the ultimate hiring decision. The Agency strongly encourages the Contractor to hire the qualified Project Area Residents or San Francisco Residents referred by CityBuild. However, if the Contractor finds the Project Area Residents or San Francisco Residents are not qualified, then the Contractor shall send the Project Area Residents or San Francisco Residents back to CityBuild. Before the close of business on the same day, the Contractor shall fax or email a statement addressed to CityBuild stating in detail the reason(s) the Project Area Residents or San Francisco Residents were not qualified or the reason(s) for not hiring the Project Area Residents or San Francisco Residents. CityBuild shall, within one (1) business day of receipt of the fax or email, send new qualified Project Area Residents or San Francisco Residents that meet the legitimate qualifications set by the Contractor or alternatively, send a fax or email stating that no qualified Project Area Residents or San Francisco Residents are currently available.

G. Action by Contractor When Referrals Unavailable

If a Contractor receives a response from CityBuild stating that no qualified Project Area Residents or San Francisco Residents are currently available, then the Contractor may hire the number of construction workers requested from CityBuild, using its own recruiting methods, giving first consideration to Project Area Residents and then San Francisco Residents. Any additional new construction workforce hires (including the replacement of any terminated workers) must comply with this Policy, unless the Contractor has already met or exceeded the goal. The Contractor must keep a copy of the response it receives from CityBuild as proof of compliance and submit a copy of each response received to the Compliance Officer upon request.

H. Action by Contractor When No Response From CityBuild

If a Contractor has not received a response to its construction worker request from CityBuild within two (2) business days, then the Contractor should immediately advise the Compliance Officer by phone, fax or email. The Compliance Officer or his/her designee shall cause a response to be sent to the Contractor within two (2)



business days of being notified. If the Contractor does not receive a response from CityBuild within four (4) business days (the original two (2) business days plus the additional two (2) business days), then the Contractor may hire the number of construction workers requested from CityBuild, using its own recruiting methods, giving first consideration to Project Area Residents and then San Francisco Residents. Any construction workforce hires (including the replacement of any terminated workers) must comply with this Policy, unless the Contractor has already met or exceeded the goal. The Contractor must keep a copy of the response it receives from CityBuild as proof of compliance and submit a copy of each response received to the Compliance Officer upon request. This Policy is intended to provide qualified Project Area and San Francisco Residents with employment opportunities without causing undue delay in hiring needed construction workers.

I. Action by Contractor When No Response From Union

The Contractor should immediately advise the Compliance Officer by phone, fax or email when the Contractor has sent a qualified Project Area Resident or San Francisco Resident to a union hall for referral in accordance with a collective bargaining agreement and the union did not refer the qualified Project Area or San Francisco Resident back for employment or when the union referral process impedes the Contractor's ability to meet its obligations under this Policy. Nothing in this Policy shall be interpreted to interfere with or prohibit existing labor agreements or collective bargaining agreements.

J. Hiring Apprentices

A Contractor may meet part of the Construction Workforce Goal by hiring apprentices. However, hiring an apprentice does not satisfy or waive the trainee hiring obligation, if any, for design professionals. Unless otherwise permitted by law, apprentices must be trained pursuant to training programs approved by the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training or the California Department of Industrial Relations, Division of Apprenticeship Standards. Credit towards compliance will only be given for paid apprentices actually working on the project. No credit is available for apprentices while receiving class room training. Under no circumstances shall the ratio of apprentices to journeymen in a particular trade or craft exceed 1:5.

K. Termination and Replacement of Referrals

If at any time it becomes necessary to terminate for cause a construction worker who was hired under this Policy, the Contractor shall notify CityBuild in writing via fax or email and submit a report of termination pursuant to Section (B)(4). If the Contractor intends to fill the vacant position, then the Contractor shall follow the process set forth in this Policy beginning at Section (A)(6).

V. REPORTING REQUIREMENTS.

A. Submission of Certified Payroll Reports

Each Contractor subject to this Policy shall submit to the Agency a certified payroll report for the preceding work week on each of its employees. The Owner is



ultimately responsible for the submission of these reports by the Contractors. The certified payroll report is due to the Agency by noon each Wednesday. To facilitate compliance, the Agency uses an online Project Reporting System (PRS) for submission of certified payroll reports. This system is available at no cost to the Contractor. Training and educational materials for PRS are available at no cost online and through the Compliance Officer. Contractors are required to report certified payroll using PRS. However, a waiver may be granted to any Contractors who do not have a computer or online access.

B. Additional Information

In order to prevent unlawful discrimination in the selection, hiring and termination of employees on the basis of race, ethnicity, gender or any other basis prohibited by law and to identify and correct such unlawful practices, the Agency will monitor and collect information on the ethnicity and gender of each construction worker and apprentice. If an identifiable pattern of apparent discrimination is revealed by this additional information, it will be treated as a breach of this Policy and may be addressed as set forth in the arbitration provisions included in Agency contracts.

C. Report on Terminations

In the event a Project Area Resident or San Francisco Resident hired pursuant to this Policy is terminated for cause, the responsible Contractor shall within two (2) days fax or email a termination report to CityBuild with a copy to the Compliance Officer stating in detail: (1) the name of the worker(s) terminated; (2) his/her job title and duties; (3) the reasons and circumstances leading to the termination(s); (4) whether the Contractor replaced the construction worker(s); and (5) whether the replacement worker(s) were Project Area Resident(s) or San Francisco Resident(s).

D. Inspection of Records

The Owner and each Contractor shall make the records required under this Agreement available for inspection or copying by authorized representatives of the Agency and its designated Compliance Officer, and shall permit such representatives to interview construction workers and apprentices during working hours on the job.

E. Failure to Submit Reports

If a Contractor fails or refuses to provide the reports as required it will be treated as a breach of this Agreement and the Policy, and may be addressed under arbitration provisions pursuant to Article VII (Arbitration of Disputes) of this Agreement.

F. Submission of Good Faith Effort Documentation

If the Owner's or Contractor's good faith efforts are at issue, the Contractor shall provide the Agency or its designated Compliance Officer with the documentation of its efforts to comply with this Policy and the Agreement. The Owner or Contractor must maintain a current file of the names, addresses and telephone numbers of each Project Area Resident or San Francisco Resident applicant referral (whether a self-referral or a referral from a union, CBO or CityBuild referral) and

what action was taken with respect to each such individual.

G. Coding Certified Payrolls

Each Contractor shall include, on the weekly payroll submissions, the proper job classification (as approved by the California Department of Industrial Relations), apprentice's craft (if applicable), skill level, protected class status, and domicile of each construction worker.

VI. RECORDKEEPING REQUIREMENTS.

Contractor shall comply with the requirements of California Labor Code Section 1776, as amended, regarding the keeping, filing and furnishing of certified copies of payroll records of wages paid to its employees and to the employees of its subcontractors of all tiers.

In addition, each Contractor shall keep, or cause to be kept, for a period of four years from the date of substantial completion of Owner Improvements, certified payroll and basic records, including time cards, tax forms, and superintendent and foreman daily logs, for all workers within each trade performing work on the Owner Improvements. Such records shall include the name, address and social security number of each worker who worked on the covered project, his or her classification, a general description of the work each worker performed each day, the apprentice or journey-level status of each worker, daily and weekly number of hours worked, the self-identified race, gender, and ethnicity of each worker, whether or not the worker was a local resident or disadvantaged worker, and the referral source or method through which the Contractor hired or retained that worker for work on the Owner Improvements (e.g., core workforce, name call, union hiring hall, City-designated referral source, or recruitment or hiring method). Contractor may verify that a worker is a local resident through the worker's possession of a valid SF City ID Card or other government-issued identification. OCII may require additional records to be kept with regard to Contractor's compliance with this Agreement. All records described in this section shall at all times be open to inspection and examination by the duly authorized officers and agents of OCII, including representatives of the OEWD.

VII. ARBITRATION OF DISPUTES.

A. Arbitration by AAA. Any dispute regarding this Construction Work Force Agreement shall be determined by arbitration through the American Arbitration Association, San Francisco, California office ("AAA") in accordance with the Commercial Rules of the AAA then applicable, but subject to the further revisions thereof. The arbitration shall take place in the City and County of San Francisco.

B. Demand for Arbitration. Where the Owner disagrees with the Agency's Notice of Non-Qualification or Notice of Non-Compliance, **the Owner shall have seven (7) business days, in which to file a Demand for Arbitration**, unless otherwise stipulated by the parties. The Demand for Arbitration shall contain at a minimum: (1) a cover letter demanding arbitration under this provision and identifying entities believed to be involved in the dispute; (2) a copy of the Notice of Non-Qualification or Notice of Non-Compliance; and (3) any written response to the Notice of Non-Qualification or Notice of Non-Compliance. If the Owner fails to file a timely Demand for Arbitration, the Owner shall be deemed to have accepted and to be

bound by the finding of Non-Qualification or the findings and recommendations contained in the Notice of Non-Compliance.

- C. **Parties' Participation.** The Agency and all persons or entities that have a contractual relationship affected by the dispute shall be made an Arbitration Party. Any such person or entity not made an Arbitration Party in the Demand for Arbitration may intervene as an Arbitration Party and in turn may name any other such person or entity as an Arbitration Party, provided however, that the Owner made an initial timely Demand for Arbitration pursuant to Section VII.B. above.
- D. **Agency Request to AAA.** Within seven (7) business days after service of a Demand for Arbitration, the Agency shall transmit to AAA a copy of the Demand for Arbitration, the Notice of Non-Qualification or Notice of Non-Compliance, and any written response thereto from the affected party. Such material shall be made part of the arbitration record.
- E. **Selection of Arbitrator.** One arbitrator shall arbitrate the dispute. The arbitrator shall be selected from the panel of arbitrators from AAA by the parties to the arbitration in accordance with the AAA rules. The parties shall act diligently in this regard. If the Arbitration Parties fail to agree on an arbitrator within seven (7) days from the receipt of the panel, AAA shall appoint the arbitrator. A condition to the selection of any arbitrator shall be that person's agreement to render a decision within ninety (90) days from the arbitrator's fulfillment of the disclosure requirements set forth in California Code of Civil Procedure Section 1281.9.
- F. **Setting of Arbitration Hearing.** A hearing shall be held within ninety (90) days of the date of the filing of the Request, unless otherwise agreed by the parties. The arbitrator shall set the date, time and place for the arbitration hearing(s) within the prescribed time periods by giving notice by hand delivery or first class mail to each Arbitration Party.
- G. **Discovery.** In arbitration proceedings hereunder, discovery shall be permitted in accordance with Code of Civil Procedure §1283.05.
- H. **Burden of Proof.** The burden of proof with respect to Construction Work Force compliance and/or Good Faith Efforts shall be on the Owner. The burden of proof as to all other alleged breaches by the Owner shall be on the Agency.
- I. **California Law Applies.** Except where expressly stated to the contrary in this Construction Work Force Agreement, California law, including the California Arbitration Act, Code of Civil Procedure §§ 1280 through 1294.2, shall govern all arbitration proceedings.
- J. **Arbitration Remedies and Sanctions.** The arbitrator may impose only the remedies and sanctions set forth below:
  - 1. Order specific, reasonable actions and procedures, in the form of a temporary restraining order, preliminary injunction or permanent

injunction, to mitigate the effects of the non-compliance and/or to bring any non-compliant Arbitration Party into compliance.

2. Require any Arbitration Party to refrain from entering into new contracts related to work covered by the Owner or this Construction Work Force Agreement, or from granting extensions or other modifications to existing contracts related to services covered by the Owner or this Construction Work Force Agreement, other than those minor modifications or extensions necessary to enable compliance with this Construction Work Force Agreement.
  3. Direct any Arbitration Party to cancel, terminate, suspend or cause to be cancelled, terminated or suspended, any contract or portion(s) thereof for failure of any party to the arbitration to comply with any of the Agency's Work Force policy requirements. Contracts may be continued upon the condition that a program for future compliance is approved by the Agency.
  4. If any Arbitration Party is found to be in willful breach of its obligations hereunder, the arbitrator may impose a monetary sanction not to exceed Fifty Thousand Dollars (\$50,000.00) or ten percent (10%) of the base amount of the breaching party's contract, whichever is less, for each such willful breach; provided that, in determining the amount of any monetary sanction to be assessed, the arbitrator shall consider the financial capacity of the breaching party. No monetary sanction shall be imposed pursuant to this paragraph for the first willful breach of this Construction Work Force Agreement unless the breaching party has failed to cure after being provided notice and a reasonable opportunity to cure. Monetary sanctions may be imposed for subsequent willful breaches by any Arbitration Party whether or not the breach is subsequently cured. For purposes of this paragraph, "willful breach" means a knowing and intentional breach.
  5. Direct any Arbitration Party to produce and provide to the Agency any records, data or reports which are necessary to determine if a violation has occurred and/or to monitor the performance of any Arbitration Party.
- K. **Arbitrator's Decision.** The arbitrator shall make his or her award within twenty (20) days after the date that the hearing is completed; provided that where a temporary restraining order is sought, the arbitrator shall make his or her award not later than twenty-four (24) hours after the hearing on the motion. The arbitrator shall send the decision by certified or registered mail to each Arbitration Party.
- L. **Default Award; No Requirement to Seek an Order Compelling Arbitration.** The arbitrator may enter a default award against any person or entity who fails to appear at the hearing, provided that: (1) said person or entity received actual notice of the hearing; and (2) the complaining party has a proof of service for the absent person or entity. In order to obtain a default award, the complaining party need not first seek or obtain an order to arbitrate the controversy pursuant to Code of Civil

Procedure §1281.2.

- M. **Arbitrator Lacks Power to Modify.** Except as otherwise provided, the arbitrator shall have no power to add to, subtract from, disregard, modify or otherwise alter the terms of this Construction Work Force Agreement or any other agreement between the Agency and Owner or to negotiate new agreements or provisions between the parties.
- N. **Jurisdiction/Entry of Judgment.** The inquiry of the arbitrator shall be restricted to the particular controversy which gave rise to the Demand for Arbitration. A decision of the arbitrator issued hereunder shall be final and binding upon all Arbitration Parties. The non-prevailing Arbitration Party(ies) shall pay the arbitrator's fees and related costs of arbitration (or reimburse the Arbitration Parties that advanced such arbitration fees and costs). Each Arbitration Party shall pay its own attorneys' fees, provided, however, that attorneys' fees may be awarded to the prevailing party if the arbitrator finds that the arbitration action was instituted, litigated, or defended in bad faith. Judgment upon the arbitrator's decision may be entered in any court of competent jurisdiction.
- O. **Exculpatory Clause.** Owner expressly waives any and all claims against the Agency for damages, direct or indirect, including, without limitation, claims relative to the commencement, continuance and completion of construction and/or providing professional and consulting services ("the Work"). Owner acknowledges and agrees that the procedures set forth herein for dealing with alleged breaches or failure to comply with the obligations and requirements of this Construction Work Force Agreement are reasonable and have been anticipated by the parties in securing financing, in inviting, submitting and receiving bids and proposals for the planning, design and construction of the improvements and in determining the times for commencement and completion of the planning, design and construction and/or for providing consulting, professional or personal services.
- P. **Severability.** The provisions of this Construction Work Force Agreement are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this Construction Work Force Agreement or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of this Construction Work Force Agreement or the validity of their application to other persons or circumstances.
- Q. **Arbitration Notice:** BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU

REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

**WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.**

|        |       |
|--------|-------|
| _____  | _____ |
| Agency | Owner |

I, hereby certify that I have authority to execute this Construction Work Force Agreement on behalf of the Owner listed below and that Owner agrees to diligently exercise good faith efforts to comply with this Agreement to meet or exceed the construction work force participation goals. I declare under penalty of perjury under the laws of the State of California that the above statement is true and correct.

|                          |                       |
|--------------------------|-----------------------|
| _____<br>Signature       | _____<br>Date         |
| _____<br>Print Your Name | _____<br>Title        |
| _____<br>Company Name    | _____<br>Phone Number |

|                          |                       |
|--------------------------|-----------------------|
| _____<br>Signature       | _____<br>Date         |
| _____<br>Print Your Name | _____<br>Title        |
| _____<br>Company Name    | _____<br>Phone Number |

**EXHIBIT E-3**  
**PREVAILING WAGE PROVISIONS**  
**(LABOR STANDARDS)**

1. **Applicability.** These Prevailing Wage Provisions (hereinafter referred to as “Labor Standards”) apply to any and all construction of the Project Improvements as defined in the underlying agreement between the Borrower and the Office of Community Investment and Infrastructure (OCII) “Successor Agency” of which this Exhibit E and these Labor Standards are a part.
2. **All Contracts and Subcontracts shall contain the Labor Standards. Confirmation by Construction Lender.**
  - a. All specifications relating to the construction of the Project shall contain these Labor Standards and the Borrower shall have the responsibility to assure that all contracts and subcontracts, regardless of tier, incorporate by reference the specifications containing these Labor Standards. If for any reason said Labor Standards are not included, the Labor Standards shall nevertheless apply. The Borrower shall supply the Agency with true copies of each contract relating to the construction of the Project showing the specifications that contain these Labor Standards promptly after due and complete execution thereof and before any work under such contract commences. Failure to do shall be a violation of these Labor Standards.
  - b. Before close of escrow under the Agreement and as a condition to close of escrow, the Borrower shall also supply a written confirmation to the Agency from any construction lender for the Project that such construction lender is aware of these Labor Standards.
3. **Definitions.** The following definitions shall apply for purposes of this Exhibit E:
  - a. “Contractor” is the Borrower if permitted by law to act as a contractor, the general contractor, and any contractor as well as any subcontractor of any tier subcontractor having a contract or subcontract that exceeds \$10,000, and who employs Laborers, Mechanics, working foremen, and security guards to perform the construction on all or any part of the Project.
  - b. “Laborers” and “Mechanics” are all persons providing labor to perform the construction, including working foremen and security guards.
  - c. “Working foreman” is a person who, in addition to performing supervisory duties, performs the work of a Laborer or Mechanic during at least 20 percent of the workweek.
4. **Prevailing Wage.**
  - a. All Laborers and Mechanics employed in the construction of the Project will be



paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by §5) the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at the time of payment computed at rates not less than those contained in the General Prevailing Wage Determination (hereinafter referred to as the "Wage Determination") made by the Director of Industrial Relations pursuant to California Labor Code Part 7, Chapter 1, Article 2, sections 1770, 1773 and 1773.1, regardless of any contractual relationship which may be alleged to exist between the Contractor and such Laborers and Mechanics. A copy of the applicable Wage Determination is on file in the offices of the Agency with the Development Services Manager. At the time of escrow closing the Agency shall provide the Borrower with a copy of the applicable Wage Determination.

- b. All Laborers and Mechanics shall be paid the appropriate wage rate and fringe benefits for the classification of work actually performed, without regard to skill. Laborers or Mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein provided that the Contractor's payroll records accurately set forth the time spent in each classification in which work is performed.
- c. Whenever the wage rate prescribed in the Wage Determination for a class of Laborers or Mechanics includes a fringe benefit which is not expressed as an hourly rate, the Contractor shall either pay the benefit in the manner as stated therein i.e. the vacation plan, the health benefit program, the pension plan and the apprenticeship program, or shall pay an hourly cash equivalent thereof.
- d. If the Contractor does not make payments to a trustee or other third person, the Contractor may consider as part of the wages of any Laborer or Mechanic the amount of any costs reasonably anticipated in providing benefits under a plan or program of a type expressly listed in the Wage Determination, provided that the Executive Director of the Agency has found, upon the written request of the Contractor, made through the Borrower that the intent of the Labor Standards has been met. Records of such costs shall be maintained in the manner set forth in subsection (a) of §8. The Executive Director of the Agency may require the Borrower to set aside in a separate interest bearing account with a member of the Federal Deposit Insurance Corporation, assets for the meeting of obligations under the plan or program referred to above in subsection (b) of this §4. The interest shall be accumulated and shall be paid as determined by the Agency acting at its sole discretion.
- e. Regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs, which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period.



**5. Permissible Payroll Deductions.** The following payroll deductions are permissible deductions. Any others require the approval of the Agency's Executive Director.

- a. Any withholding made in compliance with the requirements of Federal, State or local income tax laws, and the Federal social security tax.
- b. Any repayment of sums previously advanced to the employee as a bona fide prepayment of wages when such prepayment is made without discount or interest. A "bona fide prepayment of wages" is considered to have been made only when case or its equivalent has been advanced to the employee in such manner as to give him or her complete freedom of disposition of the advanced funds.
- c. Any garnishment, unless it is in favor of the Contractor (or any affiliated person or entity), or when collusion or collaboration exists.
- d. Any contribution on behalf of the employee, to funds established by the Contractor, representatives of employees or both, for the purpose of providing from principal, income or both, medical or hospital care, pensions or annuities on retirement, death benefits, compensation for injuries, illness, accidents, sickness or disability, or for insurance to provide any of the foregoing, or unemployment benefits, vacation pay, savings accounts or similar payments for the benefit of employees, their families and dependents provided, however, that the following standards are met:
  - (i) The deduction is not otherwise prohibited by law; and
  - (ii) It is either:
    - 1) Voluntarily consented to by the employee in writing and in advance of the period in which the work is to be done and such consent is not a condition either for obtaining or for the continuation of employment, or
    - 2) Provided for in a bona fide collective bargaining agreement between the Contractor and representatives of its employees; and
  - (iii) No profit or other benefit is otherwise obtained, directly or indirectly, by the Contractor (or any affiliated person or entity) in the form of commission, dividend or otherwise; and
  - (iv) The deduction shall serve the convenience and interest of the employee.
- e. Any authorized purchase of United States Savings Bonds for the employee.
- f. Any voluntarily authorized repayment of loans from or the purchase of shares in credit unions organized and operated in accordance with Federal and State credit

union statutes.

- g. Any contribution voluntarily authorized by the employee for the American Red Cross, United Way and similar charitable organizations.
- h. Any payment of regular union initiation fees and membership dues, but not including fines or special assessments provided, that a collective bargaining agreement between the Contractor and representatives of its employees provides for such payment and the deductions are not otherwise prohibited by law.

6. **Apprentices and Trainees.** Apprentices and trainees will be permitted to work at less than the Mechanic's rate for the work they perform when they are employed pursuant to and are individually registered in an apprenticeship or trainee program approved by the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training ("BAT") or with the California Department of Industrial Relations, Division of Apprenticeship Standards ("DAS") or if a person is employed in his or her first 90 days of probationary employment as an apprentice or trainee in such a program, who is not individually registered in the program, but who has been certified by BAT or DAS to be eligible for probationary employment. Any employee listed on a payroll at an apprentice or trainee wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate for a Mechanic. Every apprentice or trainee must be paid at not less than the rate specified in the registered program for the employee's level of progress, expressed as a percentage of a Mechanic's hourly rate as specified in the Wage Determination. Apprentices or trainees shall be paid fringe benefits in accordance with the provisions of the respective program. If the program does not specify fringe benefits, employees must be paid the full amount of fringe benefits listed in the Wage Determination.

7. **Overtime.** No Contractor contracting for any part of the construction of the Project which may require or involve the employment of Laborers or Mechanics shall require or permit any such Laborer or Mechanic in any workweek in which he or she is employed on such construction to work in excess of eight hours in any calendar day or in excess of 40 hours in such workweek unless such Laborer or Mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of eight hours in any calendar day or in excess of 40 hours in such workweek, whichever is greater.

8. **Payrolls and Basic Records.**

- a. Payrolls and basic records relating thereto shall be maintained by the Contractor during the course of its construction of the Project and preserved for a period of one year thereafter for all Laborers and Mechanics it employed in the construction of the Project. Such records shall contain the name, address and social security number of each employee, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for fringe benefits or cash equivalents thereof), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the wages of any Laborer or Mechanic include the amount of any costs reasonably anticipated in providing benefits

under a plan or program, the Contractor shall maintain records which show the costs anticipated or the actual costs incurred in providing such benefits and that the plan or program has been communicated in writing to the Laborers or Mechanics affected. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage prescribed in the applicable programs or the Wage Determination.

- b. The Contractor shall submit to the Agency on each Wednesday at noon a copy of the payrolls for the week preceding the previous week in which any construction of the Project was performed. The payrolls submitted shall set out accurately and completely all of the information required by the Agency's Optional Form, an initial supply of which may be obtained from the Agency. The Contractor if a prime contractor or the Borrower acting as the Contractor is responsible for the submission of copies of certified payrolls by all subcontractors; otherwise each Contractor shall timely submit such payrolls.
  - c. Each weekly payroll shall be accompanied by the Statement of Compliance that accompanies the Agency's Optional Form and properly executed by the Contractor or his or her agent, who pays or supervises the payment of the employees.
  - d. The Contractor shall make the records required under this §8 available for inspection or copying by authorized representatives of the Agency, and shall permit such representatives to interview employees during working hours on the job. On request the Executive Director of the Agency shall advise the Contractor of the identity of such authorized representatives.
9. **Occupational Safety and Health.** No Laborer or Mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous to his or her safety and health as determined under construction safety and health standards promulgated by Cal-OSHA or if Cal-OSHA is terminated, then by the federal OSHA.
10. **Equal Opportunity Program.** The utilization of apprentices, trainees, Laborers and Mechanics under this part shall be in conformity with the equal opportunity program set forth in Exhibit E of the Agreement including Schedules A and B. Any conflicts between the language contained in these Labor Standards and Exhibit I shall be resolved in favor of the language set forth in Exhibit I, except that in no event shall less than the prevailing wage be paid.
11. **Nondiscrimination Against Employees for Complaints.** No Laborer or Mechanic to whom the wage, salary or other Labor Standards of this Agreement are applicable shall be discharged or in any other manner discriminated against by the Contractor because such employee has filed any complaint or instituted or caused to be instituted any

proceeding under or relating to these Labor Standards.

12. **Posting of Notice to Employees.** A copy of the Wage Determination referred to in subsection (a) of §4 together with a copy of a “Notice to Employees,” in the form appearing on the last page of these Labor Standards, shall be given to the Borrower at the close of escrow. The Notice to Employees and the Wage Determination shall both be posted and maintained by the Contractor in a prominent place readily accessible to all applicants and employees performing construction of the Project before construction commences. If such Notice and Wage Determination is not so posted or maintained, the Agency may do so.

13. **Violation and Remedies.**

- a. **Liability to Employee for Unpaid Wages.** The Contractor shall be liable to the employee for unpaid wages, overtime wages and benefits in violation of these Labor Standards.
- b. **Stop Work--Contract Terms, Records and Payrolls.** If there is a violation of these Labor Standards by reason of the failure of any contract or subcontract for the construction of the Project to contain the Labor Standards as required by §2 (“Non-Conforming Contract”); or by reason of any failure to submit the payrolls or make records available as required by §8 (“Non-Complying Contractor”), the Executive Director of the Agency may, after written notice to the Borrower with a copy to the Contractor involved and failure to cure the violation within five working days after the date of such notice, stop the construction work under the Non-Conforming Contract or of the Non-Complying Contractor until the Non-Conforming Contract or the Non-Complying Contractor comes into compliance.
- c. **Stop Work and Other Violations.** For any violation of these Labor Standards the Executive Director of the Agency may give written notice to the Contractor, with a copy to the Contractor involved, which notice shall state the claimed violation and the amount of money, if any, involved in the violation. Within five working days from the date of said notice, the Contractor shall advise the Agency in writing whether or not the violation is disputed by the Contractor and a statement of reasons in support of such dispute (the "Notice of Dispute"). In addition to the foregoing, the Contractor, upon receipt of the notice of claimed violation from the Agency, shall with respect to any amount stated in the Agency notice withhold payment to the Contractor of the amount stated multiplied by 45 working days and shall with the Notice of Dispute, also advise the Agency that the moneys are being or will be withheld. If the Contractor fails to timely give a Notice of Dispute to the Agency or to advise of the withhold, then the Executive Director of the Agency may stop the construction of the improvements under the applicable contract or by the involved Contractor until such Notice of Dispute and written withhold advice has been received.
- d. Upon receipt of the Notice of Dispute and withhold advice, any stop work which

the Executive Director has ordered shall be lifted, but the Contractor shall continue to withhold the moneys until the dispute has been resolved either by agreement, or failing agreement, by arbitration as is provided in §14. Upon receipt of the Notice of Dispute and withhold advice, any stop work which the Executive Director has ordered shall be lifted, but the Borrower shall continue to withhold the moneys until the dispute has been resolved either by agreement, or failing agreement, by arbitration as is provided in §14.

- e. Withholding Certificates of Completion. The Agency may withhold any or all certificates of completion of the Project provided for in this agreement, for any violations of these Labor Standards until such violation has been cured.
- f. General Remedies. In addition to all of the rights and remedies herein contained, but subject to arbitration, except as hereinafter provided, the Agency shall have all rights in law or equity to enforce these Labor Standards including, but not limited to, a prohibitory or mandatory injunction. Provided, however, the stop work remedy of the Agency provided above in subsection (b) and (c) is not subject to arbitration.

#### **14. Arbitration of Disputes.**

- a. Any dispute regarding these Labor Standards shall be determined by arbitration through the American Arbitration Association, San Francisco, California office (“AAA”) in accordance with the Commercial Rules of the AAA then applicable, but subject to the further provisions thereof.
- b. The Agency and all persons or entities who have a contractual relationship affected by the dispute shall be made a party to the arbitration. Any such person or entity not made a party in the demand for arbitration may intervene as a party and in turn may name any such person or entity as a party.
- c. The arbitration shall take place in the City and County of San Francisco.
- d. Arbitration may be demanded by the Agency, the Borrower or the Contractor.
- e. With the demand for arbitration, there must be enclosed a copy of these Labor Standards, and a copy of the demand must be mailed to the Agency and the Borrower, or as appropriate to one or the other if the Borrower or the Agency is demanding arbitration. If the demand does not include the Labor Standards they are nevertheless deemed a part of the demand. With the demand if made by the Agency or within a reasonable time thereafter if not made by the Agency, the Agency shall transmit to the AAA a copy of the Wage Determination (referred to in §4) and copies of all notices sent or received by the Agency pursuant to §13. Such material shall be made part of the arbitration record.
- f. One arbitrator shall arbitrate the dispute. The arbitrator shall be selected from the

panel of arbitrators of the AAA by the parties to the arbitration in accordance with the AAA rules. The parties shall act diligently in this regard. If the parties fail to select an arbitrator, within seven (7) days from the receipt of the panel, the AAA shall appoint the arbitrator. A condition to the selection of any arbitrator shall be that person's agreement to render a decision within 30 days from appointment.

- g. Any party to the arbitration whether the party participates in the arbitration or not shall be bound by the decision of the arbitrator whose decision shall be final and binding on all of the parties and any and all rights of appeal from the decision are waived except a claim that the arbitrator's decision violates an applicable statute or regulation. The decision of the arbitrator shall be rendered on or before 30 days from appointment. The arbitrator shall schedule hearings as necessary to meet this 30 day decision requirement and the parties to the arbitration, whether they appear or not, shall be bound by such scheduling.
- h. Any party to the arbitration may take any and all steps permitted by law to enforce the arbitrator's decision and if the arbitrator's decision requires the payment of money the Contractor shall make the required payments and the Borrower shall pay the Contractor from money withheld.
- i. Costs and Expenses. Each party shall bear its own costs and expenses of the arbitration and the costs of the arbitration shall be shared equally among the parties.

- 15. Non-liability of the Agency.** The Borrower and each Contractor acknowledge and agree that the procedures hereinafter set forth for dealing with violations of these Labor Standards are reasonable and have been anticipated by the parties in securing financing, in inviting, submitting and receiving bids for the construction of the Project, in determining the time for commencement and completion of construction and in proceeding with construction work. Accordingly the Borrower, and any Contractor, by proceeding with construction expressly waives and is deemed to have waived any and all claims against the Agency for damages, direct or indirect, arising out of these Labor Standards and their enforcement and including but not limited to claims relative to stop work orders, and the commencement, continuance or completion of construction.

## **SAN FRANCISCO REDEVELOPMENT AGENCY**

### **NOTICE TO EMPLOYEES**

#### ***EQUAL OPPORTUNITY NON-DISCRIMI- NATION***

The contractor must take equal opportunity steps to provide employment opportunities to minority group persons and women and shall not discriminate on the basis of age, ancestry, color, creed, disability, gender, national origin, race, religion or sexual orientation.

#### ***PREVAILING WAGE***

You shall not be paid less than the wage rate attached to this Notice for the kind of work you perform.

#### ***OVERTIME***

You must be paid not less than one and one-half times your basic rate of pay for all hours worked over 8 a day or 40 a week, whichever is greater.

#### ***APPRENTICES***

Apprentice rates apply only to employees registered under an apprenticeship or trainee program approved by the Bureau of Apprenticeship and Training or the California Division of Apprenticeship Standards.

#### ***PROPER PAY***

If you do not receive proper pay, write the Office of Community Investment and Infrastructure, OCII  
1 South Van Ness Ave. 5<sup>th</sup> Floor  
San Francisco, CA 94103  
or call **(415) 749-2546** and ask for  
**Mr. George Bridges**  
Contract Compliance Specialist



**EXHIBIT E-4**  
Nondiscrimination in Contracts and Benefits



**OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE (OCII)**  
**(SUCCESSOR TO THE SAN FRANCISCO REDEVELOPMENT AGENCY)**  
**DECLARATION FORM**  
**Nondiscrimination in Contracts and Benefits**

**Section A**

Is your company/organization currently certified by the City and County of San Francisco in compliance with Administrative Code 12B Equal Benefits Ordinance and will your company/organization ensure nondiscrimination in contracts and benefits pursuant to 12B on OCII contracts? If yes, please indicate below, skip Section B, and execute the Declaration in Section C. If no, please skip Section A and complete Sections B and C.

- ☐ My company/organization is certified and compliant with the 12B Equal Benefits Ordinance of the City and County of San Francisco and there has been no change in our 12B Declaration since certification. My company/organization agrees to ensure nondiscrimination in contracts and benefits pursuant to 12B on OCII contracts. (Please check box to affirm, if applicable)

**Section B**

**1. Nondiscrimination—Protected Classes**

- a. Is it your company/organization's policy that you will not discriminate against your employees, applicants for employment, employees of the Office of Community Investment and Infrastructure (successor to the San Francisco Redevelopment Agency) (Agency), or City and County of San Francisco (City), or members of the public for the following reasons:
- |                           |                              |                             |
|---------------------------|------------------------------|-----------------------------|
| • Race                    | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • color                   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Creed                   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Religion                | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • ancestry                | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • national origin         | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Age                     | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • sex                     | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • sexual orientation      | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • gender identity         | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • marital status          | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • domestic partner status | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Disability              | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • AIDS or HIV status      | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
- b. Do you agree to insert a similar nondiscrimination provision in any subcontract you enter into for the performance of a substantial portion of the contract that you have with the Agency or the City?
- ☐ Yes      ☐ No

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

**2. Nondiscrimination—Equal Benefits (Question 2 does not apply to subcontracts or subcontractors)**

- a. Do you provide, or offer access to, any benefits to employees with spouses or to spouses of employees?
- ☐ Yes      ☐ No
- b. Do you provide, or offer access to, any benefits to employees with domestic partners (Partners) or to domestic partners of employees?
- ☐ Yes      ☐ No



If you answered “no” to both Questions 2a and 2b, skip 2c and 2d, and sign, date and return this form. If you answered “yes” to Question 2a or 2b, continue to 2c.

- c. If “yes,” please indicate which ones. This list is not intended to be exhaustive. Please list any other benefits you provide (even if the employer does not pay for them).

| <b>Benefit</b>                          | <b>Yes, for<br/>Spouses</b> | <b>Yes, for<br/>Partners</b> | <b>No</b>                |
|-----------------------------------------|-----------------------------|------------------------------|--------------------------|
| • Medical (health, dental, vision)      | <input type="checkbox"/>    | <input type="checkbox"/>     | <input type="checkbox"/> |
| • Pension                               | <input type="checkbox"/>    | <input type="checkbox"/>     | <input type="checkbox"/> |
| • Bereavement                           | <input type="checkbox"/>    | <input type="checkbox"/>     | <input type="checkbox"/> |
| • Family leave                          | <input type="checkbox"/>    | <input type="checkbox"/>     | <input type="checkbox"/> |
| • Parental leave                        | <input type="checkbox"/>    | <input type="checkbox"/>     | <input type="checkbox"/> |
| • Employee assistance programs          | <input type="checkbox"/>    | <input type="checkbox"/>     | <input type="checkbox"/> |
| • Relocation and travel                 | <input type="checkbox"/>    | <input type="checkbox"/>     | <input type="checkbox"/> |
| • Company discounts, facilities, events | <input type="checkbox"/>    | <input type="checkbox"/>     | <input type="checkbox"/> |
| • Credit union                          | <input type="checkbox"/>    | <input type="checkbox"/>     | <input type="checkbox"/> |
| • Child care                            | <input type="checkbox"/>    | <input type="checkbox"/>     | <input type="checkbox"/> |
| • Other _____                           | <input type="checkbox"/>    | <input type="checkbox"/>     | <input type="checkbox"/> |
| • Other _____                           | <input type="checkbox"/>    | <input type="checkbox"/>     | <input type="checkbox"/> |

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

- |     |                                         |                          |     |                          |    |
|-----|-----------------------------------------|--------------------------|-----|--------------------------|----|
| (1) | Have you taken all reasonable measures? | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| (2) | Do you provide a cash equivalent?       | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |

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

If you answered “yes” to any part of Question 2c or Question 2d, you must attach to this form those provisions of insurance policies, personnel policies, or other documents you have which verify your compliance with Question 2c or Question 2d. Please include the policy sections that list the benefits for which you indicated “yes” in Question 2c. If documentation does not exist, attach an explanation, e.g., some of your personnel policies are unwritten. If you answered “yes” to Question 2d(1) complete and attach form SFRA/CC-103, “Nondiscrimination in Benefits—Reasonable Measures Affidavit,” which is available from the Agency. You need not document your “yes” answer to Question 1a or Question 1b.

### Section C

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

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_, \_\_\_\_\_.  
(City) (State)

Name of Company/Organization: \_\_\_\_\_

Doing Business As (DBA): \_\_\_\_\_

Also Known As (AKA): \_\_\_\_\_

General Address: \_\_\_\_\_

Remittance Address (if different from above): \_\_\_\_\_

Name of Signatory: \_\_\_\_\_ Title: \_\_\_\_\_  
(Please Print)

Signature: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Federal Tax Identification Number: \_\_\_\_\_

Approximate number of employees in the U.S.: \_\_\_\_\_ Vendor Number: \_\_\_\_\_  
(if known)

- ☐ Check here if your address has changed.
- ☐ Check here if your organization is a non-profit.
- ☐ Check here if your organization is a governmental entity.

**THIS FORM MUST BE RETURNED WITH THE ORIGINAL SIGNATURE**

**Please return this form to: Office of Community Investment and Infrastructure (successor to the San Francisco Redevelopment Agency), One South Van Ness Avenue, 5<sup>th</sup> Floor, San Francisco, CA 94103**

## **EXHIBIT E-5**

### **MINIMUM COMPENSATION POLICY (MCP) DECLARATION**

**What the Policy does.** The Office of Community Investment and Infrastructure (“OCII”) (Successor Agency to the San Francisco Redevelopment Agency) adopted the Minimum Compensation Policy (“MCP”), which became effective on September 25, 2001. The MCP requires contractors and subcontractors to pay Covered Employees a minimum hourly wage and to provide 12 compensated and 10 uncompensated days off per year. The Minimum Compensation rate adjusts automatically to match the wage rate required by the City and County of San Francisco’s Minimum Compensation Ordinance. Contractor is obligated to keep informed of the then-current requirements, which are published at <https://sfgov.org/olse/minimum-compensation-ordinance-mco>.

The OCII may require contractors to submit reports on the number of employees affected by the MCP.

**Effect on OCII contracting.** For contracts and amendments signed on or after September 25, 2001, the MCP will have the following effect:

- in each contract, the contractor will agree to abide by the MCP and to provide its employees the minimum benefits the MCP requires, and to require its subcontractors subject to the MCP to do the same.
- if a contractor does not provide the MCP minimum benefits, OCII can award a contract to that contractor only if the contract is exempt under the MCP, or if the contract has received a waiver from OCII.

**What this form does.** Your signed declaration will help OCII’s contracting practice. Sign this form if you can assure OCII that, beginning with the first OCII contract or amendment you receive after September 25, 2001 and until further notice, you will provide the minimum benefit levels specified in the MCP to your covered employees, and will ensure that your subcontractors also subject to the MCP do the same.

If you cannot make this assurance now, please do not return this form.

**For more information,** please see the complete text of the MCP, available from the OCII Contract Compliance Department at (415) 749-2400 or <http://sfocii.org/policies-and-procedures>.

**Routing.** Return this form to: Contract Compliance Department, Office of Community Investment and Infrastructure (Successor to the San Francisco Redevelopment Agency), 1 South Van Ness, Fifth Floor, San Francisco, CA 94103.

### **Declaration**

Effective with the first OCII contract or amendment this company receives on or after September 25, 2001, this company will provide the minimum benefit levels specified in the MCP to our covered employees, and will ensure that our subcontractors also subject to the MCP do the same, until further notice. This company will give such notice as soon as possible.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Phone

## **EXHIBIT E-6**

### **HEALTH CARE ACCOUNTABILITY POLICY (HCAP) DECLARATION**

**What the Policy does.** The Office of Community Investment and Infrastructure (“OCII”) (as Successor Agency to the Redevelopment Agency) adopted the San Francisco Health Care Accountability Policy (the “HCAP”), which became effective on September 25, 2001. The HCAP requires contractors and subcontractors that provide services to OCII, contractors and subcontractors that enter into leases with OCII, and parties providing services to tenants and sub-tenants on OCII property to offer health plan benefits to their employees.

Specifically, contractors can either: (1) offer the employee minimum standard health plan benefits established by the San Francisco Department of Public Health (“SFPDH”), as approved by the OCII Commission; (2) pay OCII an amount equivalent to the current fee established by the SFPDH for each hour the employee works on the covered contract or subcontract or on property covered by a lease and OCII will appropriate the money for staffing and other resources to provide medical care for the uninsured; or (3) participate in a health benefits program developed and offered by SFPDH. The minimum health plan standards and fees established by SFPDH are published at <https://sfgov.org/olse/health-care-accountability-ordinance-hcao>.

OCII may require contractors to submit reports on the number of employees affected by the HCAP.

**Effect on OCII contracting.** For contracts and amendments signed on or after September 25, 2001, the HCAP will have the following effect:

- in each contract, the contractor will agree to abide by the HCAP and to provide its employees the minimum benefits the HCAP requires, and to require its subcontractors to do the same.
- if a contractor does not provide the HCAP’s minimum benefits, OCII can award a contract to that contractor **only if** the contract is exempt under the HCAP, or if the contract has received a waiver from OCII.

**What this form does.** Your signed declaration will help OCII’s contracting practice. Sign this form if you can assure OCII that, beginning with the first OCII’s contract or amendment you receive after September 25, 2001 and until further notice, you will provide the minimum benefit levels specified in the HCAP to your covered employees, and will ensure that your subcontractors also subject to the HCAP do the same.

If you cannot make this assurance now, please do not return this form.

**For more information,** please see the complete text of the HCAP, available from the OCII’s Contract Compliance Department at: (415) 749-2400 or <http://sfocii.org/policies-and-procedures>.

**Routing.** Return this form to: Contact Compliance Department, Office of Community Investment and Infrastructure, 1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103.

#### **Declaration**

Effective with the first OCII contract or amendment this company receives on or after September 25, 2001, this company will provide the minimum benefit levels specified in the HCAP to our covered employees, and will ensure that our subcontractors also subject to the HCAP do the same, until further notice. This company will give such notice as soon as possible.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Phone

**Exhibit E-7****BAYVIEW HUNTERS POINT EMPLOYMENT AND CONTRACTING POLICY****TABLE OF CONTENTS**

|      |                                                      |    |
|------|------------------------------------------------------|----|
| I.   | PURPOSE                                              | 1  |
| A.   | Purpose                                              | 1  |
| II.  | HIRING GOALS                                         | 2  |
| A.   | Construction Workforce Hiring Goal                   | 2  |
| B.   | Permanent / Temporary Workforce Goal                 | 2  |
| C.   | Trainee Goals                                        | 2  |
| III. | DEFINITIONS                                          | 3  |
| IV.  | APPLICATION OF POLICY BY PROJECT TYPE                | 5  |
| A.   | Agency Action Projects                               | 5  |
| B.   | Private Significant Projects                         | 5  |
| C.   | CityBuild and Public Improvements                    | 6  |
| D.   | Small Private Projects                               | 7  |
| V.   | TERM                                                 | 7  |
| VI.  | APPLICABLE COMMUNITY REDEVELOPMENT LAWS              | 7  |
| VII. | CONSTRUCTION WORKFORCE HIRES                         | 9  |
| A.   | Procedures For Construction Workforce Hires          | 9  |
| 1.   | Compliance with the Policy                           | 9  |
| 2.   | Execute Employment and Contracting Agreement         | 9  |
| 3.   | Submission of Labor Force Projections and Other Data | 9  |
| 4.   | Submit Subcontractor Information Form                | 9  |
| 5.   | Preconstruction Meeting                              | 9  |
| 6.   | Submit Construction Worker Request Form              | 10 |
| 7.   | Response from CBO                                    | 10 |
| 8.   | Action by Contractor When Referrals Available        | 10 |
| 9.   | Action by Contractor When Referrals Unavailable      | 11 |
| 10.  | Action by Contractor When No Response From CBO       | 11 |
| 11.  | Action by Contractor When No Response From Union     | 11 |
| 12.  | Hiring Apprentices                                   | 11 |
| 13.  | Termination and Replacement of Referrals             | 12 |
| B.   | Reporting Requirements For Construction Workforce    | 12 |

|       |                                                                              |    |
|-------|------------------------------------------------------------------------------|----|
| 1.    | Submission of Certified Payroll Reports                                      | 12 |
| 2.    | Contents of Certified Payroll Reports                                        | 12 |
| 3.    | Additional Information                                                       | 13 |
| 4.    | Report on Terminations                                                       | 13 |
| 5.    | Inspection of Records                                                        | 13 |
| 6.    | Failure to Submit Reports                                                    | 13 |
| 7.    | Submission of Good Faith Effort Documentation                                | 13 |
| 8.    | Coding Certified Payrolls                                                    | 14 |
| VIII. | TRAINEE HIRES                                                                | 16 |
| A.    | Procedures For Trainee Hires                                                 | 1  |
| 1.    | Compliance with the Policy                                                   | 1  |
| 2.    | Execute Employment and Contracting Agreement                                 | 2  |
| 3.    | Contact Educational Institutions                                             | 2  |
| 4.    | Response from Educational Institutions                                       | 2  |
| 5.    | Action by Design Professionals When Referrals Available                      | 2  |
| 6.    | Action by Design Professionals When Referrals Unavailable                    | 2  |
| 7.    | Action by Design Professional When No Response From Educational Institutions | 3  |
| 8.    | Termination of Trainee for Cause                                             | 3  |
| B.    | Reporting Requirements For Trainee Hires                                     | 3  |
| 1.    | Annual Reporting                                                             | 3  |
| 2.    | Report on Terminations                                                       | 3  |
| IX.   | PERMANENT / TEMPORARY WORKFORCE POLICY                                       | 19 |
| A.    | Permanent / Temporary Workforce Hires                                        | 19 |
| 1.    | Policy Statement                                                             | 19 |
| 2.    | Compliance with the Policy                                                   | 19 |
| 3.    | Negotiate and Execute Employment and Contracting Agreement                   | 19 |
| 4.    | Review of Permanent / Temporary Workforce Policy                             | 19 |
| X.    | AGENCY EQUAL OPPORTUNITY PROGRAM                                             | 20 |
| A.    | Compliance with Agency's Equal Opportunity Program                           | 20 |
| 1.    | Small Business Enterprise Program                                            | 20 |
| 2.    | Nondiscrimination in Contracts and Equal Benefits Policy                     | 20 |
| 3.    | Minimum Compensation Policy and Health Care Accountability Policies          | 20 |
| 4.    | Agency's Prevailing Wage Policy                                              | 21 |

|      |                                                                       |    |
|------|-----------------------------------------------------------------------|----|
| XI.  | EMPLOYMENT AND CONTRACTING POLICY - ADDITIONAL PROVISIONS             | 21 |
| 1.   | Designate a Point of Contact                                          | 21 |
| 2.   | No Retaliation                                                        | 21 |
| 3.   | No Discrimination                                                     | 21 |
| 4.   | Collective Bargaining Exclusion                                       | 22 |
| 5.   | No Conflict with State or Federal Law                                 | 22 |
| 6.   | Existing Workforce                                                    | 22 |
| 7.   | Use of Debarred Entities Prohibited                                   | 22 |
| 8.   | Incorporation                                                         | 22 |
| 9.   | Severability                                                          | 22 |
| 10.  | Waiver                                                                | 23 |
| XII. | ARBITRATION OF DISPUTES                                               | 1  |
| 1.   | Arbitration by AAA                                                    | 1  |
| 2.   | Demand for Arbitration                                                | 1  |
| 3.   | Parties' Participation                                                | 1  |
| 4.   | Agency Request to AAA                                                 | 1  |
| 5.   | Selection of Arbitrator                                               | 1  |
| 6.   | Setting of Arbitration Hearing                                        | 2  |
| 7.   | Discovery                                                             | 2  |
| 8.   | California Law Applies                                                | 2  |
| 9.   | Arbitration Remedies and Sanctions                                    | 2  |
| 10.  | Arbitrator's Decision                                                 | 3  |
| 11.  | Default Award; No Requirement to Seek an Order Compelling Arbitration | 3  |
| 12.  | Arbitrator Lacks Power to Modify                                      | 3  |
| 13.  | Jurisdiction/Entry of Judgment                                        | 3  |

## II. PURPOSE

### A. PURPOSE

1. Pursuant to California Community Redevelopment Law ("**CRL**") and consistent with long standing practice, the Office of Community Investment and Infrastructure ("**Agency**") hereby adopts this Employment and Contracting Policy to ensure training and employment opportunities for lower-income residents in the Bayview Hunters Point ("**BVHP**") Redevelopment Project Area, including residents in the 94124 zip code, subject to the criteria set forth below.

2. In adopting the BVHP Redevelopment Plan, the Agency and the City and County of San Francisco ("**City**") have made a commitment to vigorous equal opportunity and diversity in employment. Thus, the Agency has proposed programs to encourage local hiring and contracting by the private sector engaged in development in the Project Area.

3. This BVHP Employment and Contracting Policy is designed to ensure that Agency Action Projects and private Significant Projects (which do not receive Agency assistance), provide employment opportunities for lower-income BVHP Residents and San Francisco Residents in the areas of construction, professional services, and permanent jobs. This Policy will supplement and not supplant the existing Agency employment and contracting policies found in the Agency's Equal Opportunity Program and the Agency Purchasing Policy, which are briefly summarized in Section X. The Employment and Contracting Policy seeks to provide economic benefits to existing BVHP Residents and San Francisco Residents from redevelopment activities within the Project Area. BVHP Residents have disproportionately lower income levels. As part of this policy, residents will be referred by the CBOs (defined below) that serve San Francisco lower-income residents. Therefore, the BVHP residential preference fulfills the purpose of providing economic opportunity to lower-income residents.

4. This Employment and Contracting Policy meets or exceeds the requirements of the City of San Francisco's Administrative Code Chapter 83 (First Source policy) and CityBuild Program. Thus, entering into and complying with the terms of an Employment and Contracting Policy Agreement will satisfy the requirements of the City's First Source Policy. It is also intended to satisfy the requirements of Health and Safety Code Section 33422.3 which states that for any contract over \$100,000, the Agency may set specific percentages by craft or trade for the employment of available project area residents.

5. The Agency is committed to facilitating Project Sponsor, Contractor and Employer access to and the hiring of qualified BVHP and San Francisco Residents. To further this goal, the Agency will continue to contract with CBOs to provide education and referral programs and services which will allow BVHP and San Francisco Residents to be considered for employment.

6. The Agency and the Planning Department of the City and County of San Francisco ("**Planning**") entered into a delegation agreement as of September 19, 2006 (the "**Delegation Agreement**"). Per the Delegation Agreement, Planning shall not approve a Significant Project in the Project Area unless the Project Sponsor has entered into an Employment and Contracting Agreement(s) with the Agency. Ongoing compliance with such Agreements(s) shall become a condition of the permit.



7. This Employment and Contracting Policy shall be effective on or after December 4, 2007 ("**Effective Date**").

8. The Agency and the PAC shall review the effectiveness of the new Employment and Contracting Policy after one (1) year of implementation.

### **III. HIRING GOALS**

#### **A. CONSTRUCTION WORKFORCE HIRING GOAL**

1. The Employment and Contracting Policy has a goal that **fifty percent (50%)** of construction workforce hires for each trade be qualified BVHP Residents and then San Francisco Residents with First Consideration to BVHP Residents. This goal is expressed as a percentage of each Contractor's total hours of employment and training by trade on the project. The procedure for meeting the construction workforce goal is set forth in Section VII.

#### **B. PERMANENT / TEMPORARY WORKFORCE GOAL**

1. The Employment and Contracting Policy has a goal that **fifty percent (50%)** of permanent / temporary workforce hires be qualified BVHP Residents and then San Francisco Residents with First Consideration given to BVHP Residents. The procedure for meeting the permanent / temporary workforce goal is set forth in Section IX.

#### **C. TRAINEE GOALS**

1. The Employment and Contracting Policy requires that all design professionals (architects, engineers, planners, and environmental consultants) on contracts over \$100,000, hire qualified BVHP Residents and then San Francisco Residents with First Consideration given to BVHP Residents as trainees. The trainee hiring goal for architects, engineers and other design professionals is based upon the total amount of the design professional's contract as follows:

| <u>Trainees</u> | <u>Design Professional Fees</u> |
|-----------------|---------------------------------|
| 0               | \$ 0 - \$ 99,000                |
| 1               | \$100,000 - \$ 249,999          |
| 2               | \$250,000 - \$ 499,999          |
| 3               | \$500,000 - \$ 999,999          |
| 4               | \$1,000,000 - \$1,499,999       |
| 5               | \$1,500,000 - \$1,999,999       |
| 6               | \$2,000,000 - \$4,999,999       |
| 7               | \$5,000,000 - \$7,999,999       |
| 8               | \$8,000,000 - or more           |

2. The procedure for meeting the trainee hiring goal is set forth in Section VIII.

#### IV. DEFINITIONS

1. **Agency-Action Project** means, as applicable, the Agency's funding (including conduit bond financing), acquisition, disposition, or development of property through a Development and Disposition Agreement ("DDA"), Owner Participation Agreement ("OPA"), loan agreement, grant agreement or other transactional and/or funding documents between a Project Sponsor and the Agency, provided however, that the Agency's Model Block Program is excluded from this definition, as it will contain its own local hiring and contracting requirements.

2. **Agency Compliance Officer** means the Agency's Contract Compliance Specialist assigned to oversee the Project Sponsor's compliance with the requirements of the Employment and Contracting Policy Agreement.

3. **Agreement** means an Employment and Contracting Agreement entered into between the Agency and the Project Sponsor pursuant to this Employment and Contracting Policy.

4. **Arbitration Parties** means the Agency, Project Sponsor, Contractors, Employers and all persons who attend the arbitration hearing pursuant to Section XII, as well as those persons and Project Sponsors who are subject to a default award provided that all of the requirements in Section XII (11) have been met.

5. **BVHP Resident** means, for the purposes of this Employment and Contracting Policy only, any person who resides in the BVHP Project Area or within the 94124 zip code as it is defined on the Effective Date.

6. **CBO** means any community based organization that provides training, education and referral services to BVHP Residents, including but not limited to:

Young Community Developers, Inc., 1715 Yosemite Avenue, San Francisco, CA 94124, (415) 822-3491;

Mission Hiring Hall, 3042 – 16<sup>th</sup> Street, San Francisco, CA 94103, (415) 626-1919 (Construction jobs only);

South of Market Employment Center, 288 – 7<sup>th</sup> Street, San Francisco, CA 94103, (415) 865-2105 (Permanent Jobs only) and

Ella Hill Hutch Community Center, 1050 McAllister Street, San Francisco, CA 94115, (415) 921-6276

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

8. **Commercial Project** means (for purposes of this Employment and Contracting Policy only): (1) any building permit application for a commercial activity over 25,000 square feet in floor area and involving new construction, an addition, or alteration which results in over \$2,000,000 in improvements as stated on the City's building permit application (including any tenant improvements covered by said building permit); or (2) any application which requires discretionary action by the City's Planning Commission relating to a commercial activity over 25,000 square feet including, but not limited to conditional use project authorization under San Francisco Planning Code section 309, and office development under San Francisco Planning Code Sections 320, et seq.

9. **Contractor** means any person(s), firm, partnership, corporation (whether for profit or nonprofit), or combination thereof, who is a general contractor, subcontractor (regardless of tier) or consultant working on: (i) an Agency Action Project, (ii) a Significant Project in the Project Area, or (iii) a development project when the Project Sponsor has voluntarily subscribed to this Employment and Contracting Policy.

10. **Delegation Agreement** means the delegation agreement between the Agency and Planning dated September 19, 2006 as such agreement may be amended from time to time.

11. **Employer** means any person(s), firm, partnership, corporation (whether for profit or nonprofit), or combination thereof, who owns or operates a retail or commercial business which is part of: (i) an Agency Action Project, (ii) a Significant Project in the Project Area, or (iii) a development project when the Project Sponsor has voluntarily subscribed to this Employment and Contracting Policy.

12. **Employment and Contracting Agreement or ("Agreement")** means the written agreement entered into between the Project Sponsor and the Agency which details the particular requirements the Project Sponsor must meet in order to be in compliance with this Employment and Contracting Policy.

13. **First Consideration** means that a Project Sponsor, Contractor and/or Employer shall give first consideration to qualified BVHP Residents in accordance with Section VII.A. (6) - (8) of this Employment and Contracting Policy and then to San Francisco residents for hiring opportunities in the areas of construction workforce, permanent / temporary workforce and trainee hires prior to offering the hiring opportunity to other applicants.

14. **Housing Project** means (for purposes of this Employment and Contracting Policy only) new construction, an addition, a conversion, or substantial rehabilitation that results in the creation or addition of ten or more residential units.

15. **PAC** means the Bayview Hunters Point Project Area Committee.

16. **Planning** means the Planning Department and/or the Planning Commission of the City and County of San Francisco.

17. **Position** means a permanent / temporary position not related to construction or construction trades.

18. **Project Area** means the Bayview Hunters Point Project Areas as delineated in the Bayview Hunters Point Redevelopment Plan, adopted June 1, 2006 and recorded June 23, 2006, (Document Number 2006I199495) as it may be amended from time to time.

19. **Project Sponsor** means the developer of commercial space or new housing units defined herein as a Significant Project in the Project Area.

20. **San Francisco Resident** means any person who resides in the City and County of San Francisco.

21. **Significant Project** means, for purposes of this Employment and Contracting Policy only, a Commercial Project or Housing Project as defined in this Employment and Contracting Policy.

## V. APPLICATION OF POLICY BY PROJECT TYPE <sup>2</sup>

### A. AGENCY ACTION PROJECTS

1. The Employment and Contracting Policy is mandatory for Agency Action Projects. Agency Action Projects will require the Project Sponsor to execute an Employment and Contracting Agreement with the Agency as a condition of approval. The construction workforce goal, permanent / temporary workforce goal and the trainee hiring goal for professional services contracts all apply to this type of project.

2. Additionally, the Agency's Small Business Enterprise ("SBE") Program, as amended from time to time, will apply when Project Sponsors on Agency Action Projects contracts for professional / personal services related to the project, such as planning studies, building and/or landscape design, economic or feasibility studies, community outreach services, printing or graphic production. The SBE participation goal is a good faith effort that 50% of the subcontracting opportunities go to Agency certified SBEs with First Consideration given to SBEs within the Project Area.

3. In addition to the local hiring and small business contracting programs listed above, Project Sponsors will be **required to comply** with the Agency's Equal Opportunity Program which include:

- o Nondiscrimination in Contracts and Equal Benefits Policy
- o Minimum Compensation Policy
- o Health Care Accountability Policy
- o Agency Prevailing Wage Policy (Labor Standards)

4. The Agency's Equal Opportunity Program is described briefly in Section X.

5. The requirements of the Employment and Contracting Policy and the Agency's Equal Opportunity Policies will be incorporated into an Agreement. The Agency's Executive Director will review and approve the Agreement on behalf of the Agency. Adherence to the Agreement shall be monitored by the Agency's Contract Compliance Division. Agency staff shall periodically report to the BVHP PAC and the Agency Commission on the compliance status of Agency Action Projects.

### A. PRIVATE SIGNIFICANT PROJECTS

1. The Employment and Contracting Policy is mandatory for private Significant Projects (not requiring Agency assistance) in the Project Area that exceed the following thresholds:

- **Housing Projects:** new construction, an addition, a conversion, or substantial rehabilitation that results in the creation or addition of ten or more residential units ; or
- **Commercial Projects:** (1) any building permit application for a commercial activity over 25,000 square feet in floor area and involving new construction, an addition, or alteration which results in over \$2,000,000 in improvements as stated on the City's

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<sup>2</sup> Page 24 contains a BVHP Employment and Contracting Policy Matrix which also gives an overview of the application of the policy by project type.

building permit application (including any tenant improvements covered by said building permit); or (2) any application which requires discretionary action by the City's Planning Commission relating to a commercial activity over 25,000 square feet including, but not limited to conditional use project authorization under San Francisco Planning Code section 309, and office development under San Francisco Planning Code Sections 320, et seq.

2. Private Significant Projects shall be entitled by Planning as set forth in the Delegation Agreement and will require the Project Sponsor to execute an Employment and Contracting Agreement with the Agency as a condition of approval. The construction workforce goal, permanent / temporary workforce goal and the trainee hiring goal for professional services contracts all apply to this type of project.

3. In addition to the hiring program, Project Sponsors will be encouraged to subscribe **voluntarily** to the Agency's Equal Opportunity Program which include:

- o Small Business Enterprise Program
- o Nondiscrimination in Contracts and Equal Benefits Policy
- o Minimum Compensation Policy
- o Health Care Accountability Policy
- o Prevailing Wage Provisions (Labor Standards)

4. The Agency's Equal Opportunity Program is described briefly in Section X.

5. The mandatory programs and the programs which the Project Sponsor has voluntarily subscribed to, if any, will be incorporated into an Agreement and at that point become mandatory. The Agency's Executive Director will review and approve the Agreement on behalf of the Agency. Adherence to the Agreement shall be monitored by the Agency's Contract Compliance Division. Agency staff shall periodically report to the BVHP PAC and the Agency Commission on the compliance status of private Significant Projects.

## **B. CITYBUILD AND PUBLIC IMPROVEMENTS**

1. While not part of the Employment and Contracting Policy, the CityBuild workforce initiative applies to all public infrastructure and other public improvements projects that the City funds in the Project Area. CityBuild is an initiative of the Mayor's Office of Economic and Workforce Development, in partnership with other City departments that utilizes City-sponsored construction as a vehicle to deliver training and employment opportunities to San Francisco residents. When the Agency is providing additional funding for a City funded public project, Agency staff shall work with CityBuild and the lead City department to consider implementation of elements of the Agency Employment and Contracting Policy as well as the Equal Opportunity Program.

2. The purpose of CityBuild is to ensure equal employment opportunities for San Francisco residents of all backgrounds and genders in construction workforce activities provided under City-sponsored construction projects. CityBuild establishes a goal of 50% participation for San Francisco residents in each trade for total hours worked on a project.

CityBuild creates a single, responsible and accountable entity, Mayor's Office of Economic and Workforce Development, to direct construction employment and training efforts across projects and departments and develops trained, committed men and women to become the construction workforce of the future.

3. The Agency's Equal Opportunity Program is described briefly in Section X.

### **C. SMALL PRIVATE PROJECTS**

1. The Employment and Contracting Policy does not mandate local hiring or contracting for purely private projects that fall below the threshold of Significant Projects. However, Project Sponsors will be encouraged to subscribe **voluntarily** to the following Agency's Equal Opportunity Programs and other policies which include:

- o BVHP Employment and Contracting Policy
- o Small Business Enterprise Policy
- o Nondiscrimination in Contracts and Equal Benefits Policy
- o Minimum Compensation Policy
- o Health Care Accountability Policy
- o Agency Prevailing Wage Policy (Labor Standards)

2. The Agency's Equal Opportunity Program is described briefly in Section X.

## **VI. TERM**

1. The term for meeting the obligations under the Employment and Contracting Policy ("**Term**") shall be as follows:

For Construction Workforce – From the date of the Employment and Contracting Agreement until two (2) years thereafter or the expiration of the building permit for the project, whichever is later.

For Trainee Hiring – From the date of the Employment and Contracting Agreement until two (2) years thereafter or the expiration of the building permit for the project, whichever is later.

For Permanent / Temporary Workforce – Up to ten (10) years from the date of the temporary certificate of occupancy per building, as determined through good faith negotiations between the Project Sponsor and the Agency based upon the anticipated number of permanent and/or temporary positions created by the Project.

## **VII. APPLICABLE COMMUNITY REDEVELOPMENT LAWS**

1. The Employment and Contracting Policy is designed to further the objectives of the Community Redevelopment Law that redevelopment project areas support local businesses and lower-income BVHP Residents in the revitalization efforts of the Agency. Specifically, the Community Redevelopment law (which is codified in the California Health and Safety Code) states:

**33422.1. Preference in Awarding Contracts to Local Businesses.**

To the greatest extent feasible, contracts for work to be performed in connection with any redevelopment project shall be awarded to business concerns which are located in, or owned in the substantial part by persons residing in, the project area.

**33422.3. Agency Specification of Workmen to be Lower-Income Project Area Residents for Certain Contracts.**

To insure training and employment opportunities for lower-income project area residents, the agency may specify in the call for bids for any contract over one hundred thousand dollars (\$100,000) for work to be performed in connection with any redevelopment project that project area residents, if available, shall be employed for a specified percentage of each craft or type of workmen needed to execute the contract or work.

**33423. Prevailing Wage Rates Required.**

Before awarding any contract for such work to be done in a project, the agency shall ascertain the general prevailing rate of per diem wages in the locality in which the work is to be performed, for each craft or type of workman needed to execute the contract or work, and shall specify in the call for bids for the contract and in the contract such rate and the general prevailing rate for regular holiday and overtime work in the locality, for each craft or type of workman needed to execute the contract.

**33424. Payment of Prevailing Wages.**

The contractor to whom the contract is awarded and any subcontractor under him shall pay not less than the specified prevailing rate of wages to all workmen employed in the execution of the contract.

**33425. Penalty for Noncompliance with Prevailing Wages.**

As a penalty to the agency which awarded the contract, the contractor shall forfeit ten dollars (\$10) for each calendar day or portion thereof for each workman paid less than the stipulated prevailing rates for any public work done under the contract by him or by any subcontractor under him. A stipulation to this effect shall be included in the contract.

**33426. Record of Wages.**

Each contractor and subcontractor shall keep an accurate record showing the name, occupation, and actual per diem wages paid to each workman employed by him in connection with the work. The record shall be kept open at all reasonable hours to the inspection of the agency.

## **VIII. CONSTRUCTION WORKFORCE HIRES<sup>3</sup>**

### **A. PROCEDURES FOR CONSTRUCTION WORKFORCE HIRES**

#### **1. Compliance with the Policy**

The Project Sponsor agrees and will require each Contractor and all subcontractors to use its good faith efforts to employ 50% of its construction workforce hires by trade and by hours from qualified BVHP Residents and then San Francisco Residents with First Consideration to BVHP Residents. Project Sponsors and Contractors will be deemed in compliance with this Employment and Contracting Policy by meeting or exceeding the goal or by taking the following steps in good faith towards compliance.

#### **2. Execute Employment and Contracting Agreement**

The Project Sponsor shall execute an Agreement which details the requirements of the Employment and Contracting Policy, as well as the Agency's Equal Opportunity Program, if applicable. The Project Sponsor shall incorporate by reference or attach the Agreement to its contract with the general contractor. The general contractor shall do the same in its contracts with its subcontractors. Thus, each Contractor will be obligated to comply with the terms of the Agreement. The Project Sponsor and/or Contractors shall retain the executed Agreements and make them available to the Agency Compliance Officer upon request.

#### **3. Submission of Labor Force Projections and Other Data**

The general contractor shall submit, to the extent available, labor force projections to the Compliance Officer within two (2) weeks of award.

#### **4. Submit Subcontractor Information Form**

The general contractor shall submit to the Compliance Officer the Subcontractor Information Forms, twenty-four (24) hours prior to the preconstruction meeting. The Subcontractor Information Forms are available from the Compliance Officer upon request.

#### **5. Preconstruction Meeting**

The general contractor shall hold a preconstruction meeting which shall be attended by the Compliance Officer, the CBO assigned to the proposed project, all prime contractor(s) and all subcontractor(s). The preconstruction meeting shall be scheduled between two (2) days and thirty (30) days prior to the start of construction at a time and place convenient to all attendees. The purpose of the meeting is to discuss: the hiring goals, workforce composition, role of the CBOs, worker referral process, certified payroll reporting, procedure for termination and replacement of workers covered by this policy and to explore any anticipated problems in complying with the Employment and Contracting Policy. All questions regarding how this Employment and Contracting

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<sup>3</sup> The same procedure for construction workforce hires applies to all Project Sponsors regardless of whether the project is an Agency Action, private Significant Project, or small Private Project when the Project Sponsor has voluntarily subscribed to the Employment and Contracting Policy.



Policy applies to the Project Sponsor, general contractor, subcontractors and consultants should be answered at this meeting. Failure to hold or attend at least one (1) preconstruction meeting will be a breach of this Employment and Contracting Policy that may result in the Agency ordering a suspension of work until the breach has been cured. Suspension under this provision is not subject to arbitration.

6. **Submit Construction Worker Request Form**

For the Term of the Agreement, each time the Project Sponsor or Contractor seeks to hire workers for the construction or rehabilitation of improvements, they must first submit, by fax, email or hand delivery, an executed construction worker request form to the CBO. Preferably this request will be submitted at least two (2) business days before the workers are needed. However, requests with less than two (2) business days notice will be accepted. The construction worker request form will indicate generally: the number of workers needed, duration needed, required skills or trade and date/time to report. The construction worker request form is available from the CBO or Compliance Officer upon request.

7. **Response from CBO**

The CBO shall respond, in writing, via fax, email or hand delivery to each request for construction workers. The response shall state that the CBO was able to satisfy the request in full, in part or was unable to satisfy the request. The CBOs shall look to their own referral lists, as well as confer with other CBOs and CityBuild in an attempt to find qualified BVHP Residents and San Francisco Residents. If the CBO is able to satisfy the request in full or in part, it shall direct the qualified BVHP Resident(s) or San Francisco Resident(s) to report to the Contractor on the date and time indicated in the request. If the CBO is unable to satisfy the request, then the CBO shall send a fax or email stating that no qualified BVHP Residents or San Francisco Residents are currently available.

8. **Action by Contractor When Referrals Available**

The Project Sponsor or Contractor whose request has been satisfied in full or in part shall make the final determination of whether the BVHP Residents or San Francisco Residents are qualified for the positions and the ultimate hiring decision. The Agency strongly encourages the Contractor to hire the qualified BVHP Residents or San Francisco Residents referred by the CBO. However, if the Contractor finds the BVHP Residents or San Francisco Residents are not qualified, then the Contractor shall send the BVHP Residents or San Francisco Residents back to the CBO. Before the close of business on the same day, the Contractor shall fax or email a statement addressed to the CBO stating in detail the reason(s) the BVHP Residents or San Francisco Residents were not qualified or the reason(s) for not hiring the BVHP Residents or San Francisco Residents. The CBO shall, within one (1) business day of receipt of the fax or email, send new qualified BVHP Residents or San Francisco Residents that meet the legitimate qualifications set by the Contractor or alternatively, send a fax or email stating that no qualified BVHP Residents or San Francisco Residents are currently available.

9. **Action by Contractor When Referrals Unavailable**

If a Contractor receives a response from the CBO stating that no qualified BVHP Residents or San Francisco Residents are currently available, then the Contractor may hire the number of construction workers requested from the CBO, using its own recruiting methods, giving first consideration to BVHP Residents and then San Francisco Residents. Any additional new construction workforce hires (including the replacement of any terminated workers) must comply with this Employment and Contracting Policy, unless the Contractor has already met or exceeded the goal. The Contractor must keep a copy of the response it receives from the CBO as proof of compliance and submit a copy of each response received to the Agency Compliance Officer upon request.

10. **Action by Contractor When No Response From CBO**

If a Contractor has not received a response to its construction worker request from the CBO within two (2) business days, then the Contractor should immediately advise the Agency Compliance Officer by phone, fax or email. The Agency Compliance Officer or his/her designee shall cause a response to be sent to the Contractor within two (2) business days of being notified. If the Contractor does not receive a response from the CBO within four (4) business days (the original two (2) business days plus the additional two (2) business days), then the Contractor may hire the number of construction workers requested from the CBO, using its own recruiting methods, giving first consideration to BVHP Residents and then San Francisco Residents. Any construction workforce hires (including the replacement of any terminated workers) must comply with this Employment and Contracting Policy, unless the Contractor has already met or exceeded the goal. The Contractor must keep a copy of the response it receives from the CBO as proof of compliance and submit a copy of each response received to the Agency Compliance Officer upon request. This Employment and Contracting Policy is intended to provide qualified BVHP and San Francisco Residents with employment opportunities without causing undue delay in hiring needed construction workers.

11. **Action by Contractor When No Response From Union**

The Contractor should immediately advise the Agency Compliance Officer by phone, fax or email when the Contractor has sent a qualified BVHP Resident or San Francisco Resident to a union hall for referral in accordance with a collective bargaining agreement and the union did not refer the qualified BVHP or San Francisco Resident back for employment or when the union referral process impedes the Contractor's ability to meet its obligations under this policy. Conflicts between this Employment and Contracting Policy and any collective bargaining agreements will be resolved pursuant to Section XI (4).

12. **Hiring Apprentices**

A Contractor may meet part of the Construction Workforce Goal by hiring apprentices. However, hiring an apprentice does not satisfy or waive the trainee hiring obligation, if any, for design professionals. Unless otherwise permitted by law, apprentices must be trained pursuant to

training programs approved by the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training or the California Department of Industrial Relations, Division of Apprenticeship Standards. Credit towards compliance will only be given for paid apprentices actually working on the project. No credit is available for apprentices while receiving class room training. Under no circumstances shall the ratio of apprentices to journeymen in a particular trade or craft exceed 1:5.

### 13. **Termination and Replacement of Referrals**

If at any time it becomes necessary to terminate for cause a construction worker who was hired under this Employment and Contracting Policy, the Contractor shall notify the CBO in writing via fax or email and submit a report of termination pursuant to Section VII (B)(4). If the Contractor intends to fill the vacant position, then the Contractor shall follow the process set forth in this Employment and Contracting Policy beginning at Section VII (A)(6).

## **B. REPORTING REQUIREMENTS FOR CONSTRUCTION WORKFORCE**

### 1. **Submission of Certified Payroll Reports**

Each Contractor subject to this Employment and Contracting Policy shall submit to the Agency a certified payroll report for the preceding work week on each of its employees. The Project Sponsor is ultimately responsible for the submission of these reports by the Contractors. The certified payroll report is due to the Agency by noon each Wednesday. To facilitate compliance, the Agency uses the online LCP Tracker system ([www.lcptracker.com](http://www.lcptracker.com)) for submission of certified payroll reports. This system is available at no cost to the Contractor and LCP Tracker is compatible with all major computer payroll systems. Training and educational materials for LCP Tracker are available at no cost online and through the Compliance Officer. Contractors are required to report certified payroll using the LCP Tracker system at [www.lcptracker.com](http://www.lcptracker.com). However, a waiver shall be granted pursuant to Section XI (10) to any Contractors who do not have a computer, online access or who use a computer payroll system that is incompatible with LCP Tracker.

### 2. **Contents of Certified Payroll Reports**

If certified payroll records are submitted via the LCP Tracker system, the required data points are already listed. If certified payroll records are submitted in paper form, the records shall be organized in an easily understandable format and contain **all** the following information: the name, address, telephone number, residency (Bayview Hunters Point, another redevelopment project area, San Francisco or other), last four (4) digits of the worker's Social Security number<sup>4</sup>, gender, ethnicity (see codes in Section VII (B)(8)), construction trade (see codes in Section VII (B)(8)), classification (e.g., mechanic, apprentice, trainee, helper or laborer), union affiliation (if any), dates of changes in status, daily and weekly number of hours worked, hourly wage rates

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<sup>4</sup> Note: The Project Sponsor is required to provide complete Social Security numbers upon the request of the Agency.

(including rates of contributions for costs anticipated for fringe benefits or cash equivalents thereof), deductions made and actual wages paid. The foregoing notwithstanding, the reporting of hourly wage rates, deductions and actual wages paid are not required for Significant Projects unless the Project Sponsor has voluntarily subscribed to the Agency's Prevailing Wage Policy or the payment of prevailing wages is otherwise required by law. To the degree that existing certified payroll records satisfy these requirements, the Contractor shall not be required to maintain separate records.

### 3. **Additional Information**

In order to prevent unlawful discrimination in the selection, hiring and termination of employees on the basis of race, ethnicity, gender or any other basis prohibited by law and to identify and correct such unlawful practices, the Agency will monitor and collect information on the ethnicity and gender of each construction worker and apprentice. If an identifiable pattern of apparent discrimination is revealed by this additional information, it will be treated as a breach of this Employment and Contracting Policy and may be addressed as set forth in Section XII, Arbitration of Disputes.

### 4. **Report on Terminations**

In the event a BVHP Resident or San Francisco Resident hired pursuant to this Employment and Contracting Policy is terminated for cause, the responsible Contractor shall within two (2) days fax or email a termination report to the CBO with a copy to the Agency Compliance Officer stating in detail: (1) the name of the worker(s) terminated; (2) his/her job title and duties; (3) the reasons and circumstances leading to the termination(s); (4) whether the Contractor replaced the construction worker(s); and (5) whether the replacement worker(s) were BVHP Resident(s) or San Francisco Resident(s).

### 5. **Inspection of Records**

The Project Sponsor and each Contractor shall make the records required under this Employment and Contracting Policy available for inspection or copying by authorized representatives of the Agency, and shall permit such representatives to interview construction workers and apprentices during working hours on the job.

### 6. **Failure to Submit Reports**

If a Contractor fails or refuses to provide the reports as required it will be treated as a breach of this Employment and Contracting Policy and may be addressed as set forth in Section XII, Arbitration of Disputes.

### 7. **Submission of Good Faith Effort Documentation**

If the Project Sponsor's or Contractor's good faith efforts are at issue, the Contractor shall provide the Agency with the documentation of its efforts to comply with this Employment and Contracting Policy and the Agreement. The Project Sponsor or Contractor must maintain for the

duration of the Term, a current file of the names, addresses and telephone numbers of each BVHP Resident or San Francisco Resident applicant referral whether self referral, union referral or CBO referral and what action was taken with respect to each such individual.

#### 8. **Coding Certified Payrolls**

Each Contractor shall include, on the weekly payroll submissions, the code designating each construction worker's and apprentice's craft, skill level, protected class status and domicile in accordance with the following tables:

| <b>CRAFT<br/>CODE</b> | <b>DESCRIPTION</b>                         | <b>CRAFT<br/>CODE</b> | <b>DESCRIPTION</b>                    |
|-----------------------|--------------------------------------------|-----------------------|---------------------------------------|
| 1                     | Electrician                                | 22                    | Carpet, Linoleum and Vinyl Tile Layer |
| 2                     | Iron Worker                                | 23                    | Elevator Constructor                  |
| 3                     | Sheet Metal Worker                         | 24                    | Cement Mason                          |
| 4                     | Asbestos Worker/<br>Heat & Frost Insulator | 25                    | Laborer or Allied Worker              |
| 5                     | Plumber, Pipe or Steamfitter               | 26                    | Glazier & Glassmaker                  |
| 6                     | Refrigeration                              | 27                    | Painter, Paperhanger, Taper           |
| 7                     | Boilermaker                                | 28                    | Sign Installer                        |
| 8                     | Sprinkler Fitter                           | 29                    | Scrapper                              |
| 9                     | Brick, Caulk, Marble, Point, Terrazzo      |                       |                                       |
| 10                    | Hod Carrier                                |                       |                                       |
| 11                    | Terrazzo Finisher                          | 32                    | Low Voltage Electrician               |
| 12                    | Plasterer                                  | 33                    | Towboat Operator-Marine Engineer      |
| 13                    | Lather                                     | 34                    | Towboat Deckhand-Inland Boat worker   |
| 14                    | Carpenter or Drywall Hanger                | 35                    | Owner/Operator - Truck                |
| 15                    | Mill Worker or Cabinetmaker                | 36                    | Owner/Operator - Heavy Equipment      |
| 16                    | Millwright                                 | 37                    | Upholsterer                           |

|    |                                |    |                                        |
|----|--------------------------------|----|----------------------------------------|
| 17 | Roofer                         | 38 | Teamster, Construction                 |
| 18 | Pile Driver                    | 39 | Janitor                                |
| 19 | Surveyor/Operating Engineer    | 40 | Environmental Control System Installer |
| 20 | Tile (Ceramic)/Marble Finisher | 41 | Window Cleaner                         |
| 21 | Tile (Ceramic)Setter           | 89 | Security Guard                         |

| ETHNICITY CODE | DESCRIPTION                                  |
|----------------|----------------------------------------------|
| B              | African American                             |
| L              | Latino                                       |
| I              | American Indian                              |
| C              | Caucasian/White                              |
| A              | Asian                                        |
| PI             | Pacific Islander                             |
| F              | Female (all females regardless of ethnicity) |

| PROJECT AREA CODE | DESCRIPTION                                            |
|-------------------|--------------------------------------------------------|
| BIT               | Bayview Industrial Triangle                            |
| BVHP              | Bayview Hunters Point                                  |
| HPSY              | Hunters Point Shipyard                                 |
| IB                | India Basin Industrial Park                            |
| GG                | Golden Gateway                                         |
| MBN               | Mission Bay (North)                                    |
| MBS               | Mission Bay (South)                                    |
| MM                | Mid-Market                                             |
| RPSB              | Rincon Point/South Beach                               |
| SF                | San Francisco (not in any redevelopment project areas) |

|     |                           |
|-----|---------------------------|
| SOM | South of Market           |
| TB  | Transbay                  |
| VV  | Visitacion Valley         |
| WA  | Western Addition Area A-2 |
| YBC | Yerba Buena Center        |

## **IX. TRAINEE HIRES<sup>5</sup>**

### **A. PROCEDURES FOR TRAINEE HIRES**

#### **9. Compliance with the Policy**

For architects, engineers and other design professionals only, there is a trainee hiring goal as set forth in Section II (C) above. These design professionals will be deemed in compliance with this Employment and Contracting Policy by meeting or exceeding the trainee hiring goal or by take the following steps in good faith towards compliance.

#### **10. Execute Employment and Contracting Agreement**

The Project Sponsor shall execute an Agreement which details the requirements of the Employment and Contracting Policy, as well as the Agency's Equal Opportunity Program, if applicable. The Project Sponsor shall incorporate by reference or attach the Agreement to its contract with the architects, engineers and other design professionals. Thus, each design professional will be obligated to comply with the terms of the Agreement. The Project Sponsor and/or the design professionals shall retain the executed Agreements and make them available to the Agency Compliance Officer upon request.

#### **11. Contact Educational Institutions**

The Agency works with the City, as well as educational institutional within the City, to provide a pool of student referrals to assist design professionals in meeting the trainee hiring goal. Within thirty (30) days of execution of the Agreement, the Agency Compliance Officer shall contact each design professionals and provide it with the name, address and telephone number of a point of contact at the City, **City College or other educational institutions in the Bay Area** who have a current list of students who are BVHP Residents or San Francisco Residents and are available for hire as trainees. Each design professional shall call the City or educational institution(s) and request referrals for the required trainee positions. The request will indicate generally: (1) the number of trainees sought; (2) the required skills set (keeping in mind that these are trainee positions); (3) a brief description of job duties; (4) the duration of the trainee period; and (5) any other information that would be helpful or necessary for the educational institution to make the

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<sup>5</sup> The same procedure for trainee hires applies to all design professionals regardless of whether the project is an Agency Action, private Significant Project, or small Private Project when the Project Sponsor has voluntarily subscribed to the Employment and Contracting Policy.

referral. The minimum duration of assignment is part-time for one semester. However, design professionals are strongly encouraged to offer longer trainee employment periods to allow a more meaningful learning experience. (For example, a half-time or full-time assignment over the summer.) Although the initial contact shall be made by phone, the educational institution(s) may require the design professionals to send a confirming letter or fill out a form which the educational institution will provide. Each design professional is required to timely provide all of the information requested by the City or educational institution(s) in order to get the referrals.

**12. Response from Educational Institutions**

Each educational institution may have a different way of referring applicants, such as: sending resumes directly to the design professional; having the applicant contact the design professional by phone; require design professionals to conduct on-campus interviews; or some other method. The timing and method of the response will normally have be discussed with the design professional during the initial phone request. The design professional is required to follow the process set by the educational institution(s) in order to get the referrals.

**13. Action by Design Professionals When Referrals Available**

The design professional shall give First Consideration to BVHP Residents and then to San Francisco Residents referred by the educational institution(s). The design professional shall interview each applicant prior to making the decision to hire or not to hire. The design professional shall make the final determination whether the applicant is qualified for the trainee position and the ultimate hiring decision. The Agency strongly encourages the design professional to hire a qualified BVHP Resident or San Francisco Resident referred by the educational institution(s). The design professional shall notify each BVHP Resident and San Francisco Resident interviewed and the CBO in writing of the hiring decision.

**14. Action by Design Professionals When Referrals Unavailable**

If after contacting all of the educational institutions provided by the Agency Compliance Officer, the design professional is informed that no qualified BVHP residents or San Francisco Residents are currently available, then the design professional should wait thirty (30) days and contact the educational institutions a second time to inquire whether qualified San Francisco Residents are currently available for hire as trainees. If no qualified San Francisco Residents are currently available after the second request, then the design professional has fulfilled its obligation under this Section VIII, provided that the design professional has acted in good faith. The design professional must retain its file on all of the steps it took to comply with this policy and submit a copy of its file to the Agency Compliance Officer upon request.

**15. Action by Design Professional When No Response From Educational Institutions**

If a design professional has not received a response to its request for referrals from any of the educational institutions within five (5) business days after the design professional has fully complied with the procedures, if any, set by the educational institution(s) for obtaining referrals;



then the design professional should immediately advise the Agency Compliance Officer by phone, fax or email. The Agency Compliance Officer or his/her designee shall cause the educational institution(s) to respond to the design professional within five (5) business days of the Agency Compliance Officer being notified. If the design professional still has not received a response from the educational institution(s) after this additional five (5) business day period has run, then the design professional has fulfilled its obligation under this Section VIII, provided that the design professional has acted in good faith. Each design professional must retain its file on all of the steps it took to comply with this policy and submit a copy of its file to the Agency Compliance Officer upon request.

16. **Termination of Trainee for Cause**

If at any time during the Term, it becomes necessary to terminate for cause a trainee who was hired under this Employment and Contracting Policy and the design professional has not met the minimum duration requirements under this policy, then the design professional shall hire a new trainee by following the process set forth in Section VIII(A)(3) above.

**B. REPORTING REQUIREMENTS FOR TRAINEE HIRES**

3. **Annual Reporting**

Annually, during the Term of the Agreement or the term of the design professional's contract with the Project Sponsor, whichever is less, the Employer shall fax or email a report to the Agency Compliance Officer stating in detail: (1) the names of the BVHP Resident(s) or San Francisco Resident(s) interviewed in the past year for trainee positions; (2) the date(s) of each interview; (3) the reasons for not hiring the BVHP Residents or San Francisco Residents interviewed; (4) the name, address, gender and racial/ethnic background of the successful candidate for the trainee position; (5) whether the successful candidate is a BVHP or San Francisco Resident; (6) the maximum number of trainees the Employer has had within the last calendar year; and (7) the number of BVHP Residents and San Francisco Residents hired within the last calendar year.

4. **Report on Terminations**

In the event a BVHP Resident or San Francisco Resident hired pursuant to this Employment and Contracting Policy is terminated for cause, the responsible design professional shall within five (5) days fax or email a termination report to the Agency Compliance Officer stating in detail: (1) the name of the trainee(s) terminated; (2) his/her job title and duties; (3) the reasons and circumstances leading to the termination(s); (4) whether the design professional replaced the trainee(s); and (5) whether the new trainee(s) are BVHP Resident(s) or San Francisco Resident(s).

## **X. PERMANENT / TEMPORARY WORKFORCE POLICY<sup>6</sup>**

### **A. PERMANENT / TEMPORARY WORKFORCE HIRES**

#### **1. Policy Statement**

Due to the wide variety of development, both public and private, that occurs in the City and is anticipated to occur in the Project Area as redevelopment commences, it is difficult to develop a single hiring requirement or procedure that is appropriate in all situations. The Agency seeks to ensure that BVHP Residents have the opportunity to share in the permanent and temporary jobs that come from redevelopment in the Project Area. At the same time, the Agency seeks to assist Employers in meeting workforce demands for Significant Projects within the Project Area. The Agency has adopted a flexible approach to achieve these goals. The Employment and Contracting Policy sets an overall goal of 50% for permanent / temporary workforce hires but allows flexibility to tailor the remaining key terms of the Agreement to fit the specific project.

#### **2. Compliance with the Policy**

The Project Sponsor agrees and will require each Employer to use its good faith efforts to employ 50% of its permanent / temporary workforce from qualified BVHP Residents and then San Francisco Residents with First Consideration to BVHP Residents. Project Sponsors and Employers will be deemed in compliance with this Employment and Contracting Policy by meeting or exceeding the goal or by documenting the good faith efforts as set forth in the Agreement.

#### **3. Negotiate and Execute Employment and Contracting Agreement**

The Project Sponsor shall negotiate in good faith with the Agency's Contract Compliance staff to reach agreement on: (a) the Term of the Agreement; (b) the job titles or type of positions subject to this hiring obligation; (c) procedures for fulfilling the hiring obligation or meeting the good faith efforts; and (d) reporting requirements. These negotiations will be based upon the anticipated number of permanent and/or temporary positions created by the project. The executed Agreement will set forth the mutually agreed upon details, as well as the requirements of the Agency's Equal Opportunity Program, if applicable. The Project Sponsor shall incorporate by reference or attach the Agreement to its contract with the Employer. The Project Sponsor and/or Employer shall retain the executed Agreement and make it available to the Agency Compliance Officer upon request.

#### **4. Review of Permanent / Temporary Workforce Policy**

Working with the PAC, the CBOs and the City's workforce development systems, the Agency will review the Permanent / Temporary Workforce Policy and will revise the procedures and goals as necessary to ensure that BVHP and San Francisco Residents are given First Consideration for these job opportunities.

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<sup>6</sup> The same procedure for permanent / temporary workforce hires applies to all Project Sponsors regardless of whether the project is an Agency Action, private Significant Project, or small Private Project when the Project Sponsor has voluntarily subscribed to the Employment and Contracting Policy.

## **XI. AGENCY EQUAL OPPORTUNITY PROGRAM**

### **A. COMPLIANCE WITH AGENCY'S EQUAL OPPORTUNITY PROGRAM**

Compliance with some or all of the Agency's Equal Opportunity Program may be mandatory or voluntary depending on whether the development is an Agency Action Project, private Significant Project, CityBuild / public improvement project or a small Private Project. The components of the Agency's Equal Opportunity Program are described briefly below for reference. The full policies and procedures associated with these programs are available from the Agency's Contract Compliance Division.

#### **1. Small Business Enterprise Program**

The Agency's Small Business Enterprise ("SBE") Program was adopted by Agency Resolution No. 133-2004 on November 16, 2004, as part of the Agency's Interim Purchasing Policy and Procedures, and may be amended from time to time. The SBE Program provides for first consideration in awarding subcontracts and sub-consulting opportunities to Agency certified local small business enterprises. The SBE Program is designed to help ensure that SBEs have a fair opportunity to compete for and participate in contracts related to Agency- Action Projects and other projects that are subject to the SBE Program. SBEs are divided into three groups: (1) Project Area SBEs, (2) Local SBEs (outside an Agency project or survey area, but within San Francisco), and (3) all other SBEs (outside of San Francisco). If subject to the SBE Program, the Project Sponsor and its Contractors and Employers must make good faith efforts to achieve the goal of 50% SBE participation for professional / personal services, and construction contracts. The SBE Program sets a contracting goal and thus is different from the Employment and Contracting Policy which sets hiring goals. The Project Sponsor's obligations under the SBE Program will be incorporated into a SBE Agreement ("**SBE Agreement**"). The Agency Executive Director will review and approve the SBE Agreement on behalf of the Agency. The Agency's Compliance Officer will ensure compliance with the requirements and will report periodically to the BVHP PAC and the Agency Commission on compliance matters.

#### **2. Nondiscrimination in Contracts and Equal Benefits Policy**

The Agency's Nondiscrimination in Contracts and Equal Benefits Policy was adopted by Agency Resolution No. 175-97 on September 9, 1997 and may be amended from time to time. The Nondiscrimination in Contracts and Equal Benefits Policy prohibits discrimination in contracting and which includes a prohibition on discrimination in providing benefits between employees with spouses and employees with domestic partners. This policy requires the Project Sponsor to agree not to discriminate against or segregate 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). This policy also requires that employee benefits be equally available to domestic partners as they are to spouses.

#### **3. Minimum Compensation Policy and Health Care Accountability Policies**

The Agency's Minimum Compensation Policy ("MCP") and Health Care Accountability Policy ("HCAP") were adopted by Agency Resolution 168-2001 on September 25, 2001 and may be amended from time to time. MCP requires that all "Covered Employees," as defined therein, receive a minimum level of compensation. HCAP requires offering health plan benefits to Covered 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.

#### **4. Agency's Prevailing Wage Policy**

The Agency's Prevailing Wage Policy (Labor Standards) was adopted by Agency Resolution No. 327-85 on November 12, 1985 and may be amended from time to time. The Agency's Prevailing Wage Policy applies to projects: (i) covered under Labor Code Section 1720 *et seq.*, (ii) that are Agency-Action Projects) or (iii) for which the Project Sponsor has voluntarily subscribed to this requirement. The Agency's Prevailing Wage Policy references the State's Labor Standards and the prevailing wage, benefits, eligibility, etc. are all calculated using the State's standards. In many instances, both the California Labor Code and the Agency's Prevailing Wage Policy will apply.

## **XII. EMPLOYMENT AND CONTRACTING POLICY - ADDITIONAL PROVISIONS**

Project Sponsors, Contractors and Employers that are subject to this Employment and Contracting Policy (including those who have voluntarily subscribed to this policy) are subject to the following additional provisions.

### **1. Designate a Point of Contact**

Each Project Sponsor, Contractor and Employer shall designate a responsible representative, manager or agent to monitor all employment-related activity under this Employment and Contracting Policy and to be the primary point of contact for issues arising under this policy.

### **2. No Retaliation**

No person hired pursuant to this policy shall be discharged or in any other manner discriminated against by the Project Sponsor, Contractor or Employer because such person has filed any complaint or instituted or caused to be instituted any proceeding under or relating to enforcement of this Employment and Contracting Policy.

### **3. No Discrimination**

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). The Project Sponsor, Contractors and Employers will ensure that applicants are employed, and that persons 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) or other protected class 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.

4. **Collective Bargaining Exclusion**

Notwithstanding anything to the contrary in this Employment and Contracting Policy, if an Agreement conflicts with an existing labor agreement or collective bargaining agreement to which a Project Sponsor, Contractor or Employer is a party, the labor agreement or collective bargaining agreement shall prevail. Nothing in this Employment and Contracting Policy shall be interpreted to interfere with or prohibit existing labor agreements or collective bargaining agreements. However, the Project Sponsor, Contractor or Employer will still be obligated to provide workforce needs information to the CBO prior to hiring and the Employer will be obligated to make good faith efforts to comply with the requirements of its Employment and Contracting Policy Agreement that do not conflict with the collective bargaining agreement.

5. **No Conflict with State or Federal Law**

This Employment and Contracting Policy is to be implemented in a manner that does not conflict with applicable federal or state laws.

6. **Existing Workforce**

Nothing in this Employment and Contracting Policy shall be interpreted in a manner that would require termination of the Project Sponsor's, Contractor's or Employer's existing workers and employees.

7. **Use of Debarred Entities Prohibited**

Neither the Project Sponsor, Contractor nor Employer shall enter into any subcontract with any person or firm that the Project Sponsor, Contractor or Employer knows or should have known is debarred from federal, state or local government contracts.

8. **Incorporation**

Whenever the Project Sponsor, Contractor or Employer subcontracts a portion of the work, it shall set forth verbatim and make binding on each subcontractor the provisions of this Employment and Contracting Policy. That subcontract shall then be deemed a Contractor or Employer for the purposes of this Employment and Contracting Policy and shall be subject to all of the requirements hereto.

9. **Severability**

If any part or provision of this Employment and Contracting Policy or the application thereof to any person or circumstance is held to be invalid, then the remainder of this Employment and Contracting Policy, including the application of such part or provision to other persons or circumstances, shall not be affected thereby and shall continue in full force and effect. To this end, the provisions of this Employment and Contracting Policy are severable.

10. **Waiver**

Any of the Employment and Contracting Policy requirements may be waived by the Agency's Executive Director, if he/she determines for good cause shown that a specific requirement is not relevant to the particular situation, would cause undue hardship, or that an alternative approach would better meet the goals of the Employment and Contracting Policy.

### **XIII. ARBITRATION OF DISPUTES**

#### **1. Arbitration by AAA**

Any dispute involving the alleged breach or enforcement of an Employment and Contracting Policy Agreement, including but not limited to disputes over qualification of referrals; whether termination was for good cause; and whether the Project Sponsor, Contractor or Employer has complied with this Employment and Contracting Policy Agreement in good faith shall be submitted to arbitration. The arbitration shall be submitted to the American Arbitration Association, San Francisco, California office (“AAA”) which will use the Commercial Rules of the AAA then applicable, but subject to the further revisions thereof. If there is a conflict between the Commercial Rules of the AAA and the arbitration provisions in this Employment and Contracting Policy, this Employment and Contracting Policy shall govern. The arbitration shall take place in the City and County of San Francisco.

#### **2. Demand for Arbitration**

The party seeking arbitration shall make a written demand for arbitration (“**Demand for Arbitration**”). The Demand for Arbitration shall contain at a minimum: (1) a cover letter demanding arbitration under this provision and identifying the entities believed to be involved in the dispute; (2) a copy of the notice of default, if any, sent from one party to the other; and (3) any written response to the notice of default.

#### **3. Parties’ Participation**

The Agency, Project Sponsor, Contractor, Employer and all persons or entities affected by the dispute shall be made Arbitration Parties. Any such person or entity not made an Arbitration Party in the Demand for Arbitration may intervene as an Arbitration Party and in turn may name any other such affected person or entity as an Arbitration Party.

#### **4. Agency Request to AAA**

Within seven (7) business days after service or receipt of a Demand for Arbitration, the Agency shall transmit to AAA a copy of the Demand for Arbitration and any written response thereto from the Project Sponsor, Contractor and/or Employer. Such material shall be made part of the arbitration record.

#### **5. Selection of Arbitrator**

One arbitrator shall arbitrate the dispute. The arbitrator shall be selected from the panel of arbitrators from AAA by the Arbitration Parties in accordance with the AAA rules. The parties shall act diligently in this regard. If the Arbitration Parties fail to agree on an arbitrator within seven (7) business days from the receipt of the panel, AAA shall appoint the arbitrator. A condition to the selection of any arbitrator shall be the arbitrator’s agreement to: (i) submit to all Arbitration Parties the disclosure statement required under California Code of

Civil Procedure Section 1281.9; and (ii) render a decision within thirty (30) days from the date of the conclusion of the arbitration hearing.

6. **Setting of Arbitration Hearing**

A hearing shall be held within ninety (90) days of the date of the filing of the Demand for Arbitration with AAA, unless otherwise agreed by the parties. The arbitrator shall set the date, time and place for the arbitration hearing(s) within the prescribed time periods by giving notice by hand delivery or first class mail to each Arbitration Party.

7. **Discovery**

In arbitration proceedings hereunder, discovery shall be permitted in accordance with Code of Civil Procedure §1283.05 as it may be amended from time to time.

8. **California Law Applies**

California law, including the California Arbitration Act, Code of Civil Procedure §§ 1280 through 1294.2, shall govern all arbitration proceedings in any Employment and Contracting Agreement.

9. **Arbitration Remedies and Sanctions**

The arbitrator may impose only the remedies and sanctions set forth below:

a. Order specific, reasonable actions and procedures, in the form of a temporary restraining order, preliminary injunction or permanent injunction, to mitigate the effects of the non-compliance and/or to bring any non-compliant Arbitration Party into compliance with the Employment and Contracting Policy Agreement.

b. Require any Arbitration Party to refrain from entering into new contracts related to work covered by the Employment and Contracting Policy Agreement, or from granting extensions or other modifications to existing contracts related to services covered by the Employment and Contracting Policy Agreement, other than those minor modifications or extensions necessary to enable compliance with the Employment and Contracting Policy Agreement.

c. Direct any Arbitration Party to cancel, terminate, suspend or cause to be cancelled, terminated or suspended, any contract or portion(s) thereof for failure of any Arbitration Party to comply with any of the requirements in the Employment and Contracting Policy Agreement. Contracts may be continued upon the condition that a program for future compliance is approved by the Agency.

d. If any Arbitration Party is found to be in willful breach of its obligations hereunder, the arbitrator may impose a monetary sanction not to exceed Fifty Thousand Dollars (\$50,000.00) or ten percent (10%) of the base amount of the breaching party's contract, whichever is less, for each such willful breach; provided that, in determining the amount of any monetary sanction to be assessed, the arbitrator shall consider the financial



capacity of the breaching party. No monetary sanction shall be imposed pursuant to this paragraph for the first willful breach of the Employment and Contracting Policy Agreement unless the breaching party has failed to cure after being provided written notice and a reasonable opportunity to cure. Monetary sanctions may be imposed for subsequent willful breaches by any Arbitration Party whether or not the breach is subsequently cured. For purposes of this paragraph, "willful breach" means a knowing and intentional breach.

e. Direct any Arbitration Party to produce and provide to the Agency any records, data or reports which are necessary to determine if a violation has occurred and/or to monitor the performance of any Arbitration Party.

#### 10. **Arbitrator's Decision**

The arbitrator will normally make his or her award within twenty (20) days after the date that the hearing is completed but in no event past thirty (30) days from the conclusion of the arbitration hearing; provided that where a temporary restraining order is sought, the arbitrator shall make his or her award not later than twenty-four (24) hours after the hearing on the motion. The arbitrator shall send the decision by certified or registered mail to each Arbitration Party.

#### 11. **Default Award; No Requirement to Seek an Order Compelling Arbitration**

The arbitrator may enter a default award against any person or entity who fails to appear at the hearing, provided that: (1) the person or entity received actual notice of the hearing; and (2) the complaining party has a proof of service for the absent person or entity. In order to obtain a default award, the complaining party need not first seek or obtain an order to arbitrate the controversy pursuant to Code of Civil Procedure §1281.2.

#### 12. **Arbitrator Lacks Power to Modify**

Except as expressly provided above in this Section XII, the arbitrator shall have no power to add to, subtract from, disregard, modify or otherwise alter the terms of the Employment and Contracting Policy Agreement or to negotiate new agreements or provisions between the parties.

#### 13. **Jurisdiction/Entry of Judgment**

The inquiry of the arbitrator shall be restricted to the particular controversy which gave rise to the Demand for Arbitration. A decision of the arbitrator issued hereunder shall be final and binding upon all Arbitration Parties. The prevailing Arbitration Party (ies) shall be entitled to reimbursement for the arbitrator's fees and related costs of arbitration. Each Arbitration Party shall pay its own attorneys' fees, provided, however, that attorneys' fees may be awarded to the prevailing party if the arbitrator finds that the arbitration action was instituted, litigated, or defended in bad faith. Judgment upon the arbitrator's decision may be entered in any court of competent jurisdiction.

|                                             | Agency-Action Projects | Private Significant Projects          | CityBuild & Public Improvements       | Small Private Projects   |
|---------------------------------------------|------------------------|---------------------------------------|---------------------------------------|--------------------------|
| BVHP Employment and Contracting Policy      | Mandatory <sup>7</sup> | Mandatory                             | Voluntary but Encouraged              | Voluntary but Encouraged |
| Small Business Enterprise Policy            | Mandatory              | Voluntary but Encouraged <sup>8</sup> | Voluntary but Encouraged              | Voluntary but Encouraged |
| Nondiscrimination and Equal Benefits Policy | Mandatory              | Voluntary but Encouraged              | Voluntary but Encouraged              | Voluntary but Encouraged |
| Minimum Compensation Policy                 | Mandatory              | Voluntary but Encouraged              | Voluntary but Encouraged              | Voluntary but Encouraged |
| Healthcare Accountability Policy            | Mandatory              | Voluntary but Encouraged              | Voluntary but Encouraged              | Voluntary but Encouraged |
| Agency's Prevailing Wage Policy             | Mandatory              | Voluntary but Encouraged              | Voluntary but Encouraged <sup>9</sup> | Voluntary but Encouraged |

<sup>7</sup> Mandatory means that the Project Sponsor **is required** to comply with the Agency's policy. However, each Agency policy has its own threshold and compliance requirements. For example, the Agency's Minimum Compensation Policy ("MCP") will apply to all Agency-Action projects but MCP has no compliance requirements for Project Sponsors with less than 25 employees.

<sup>8</sup> Voluntary but Encouraged means that the Project Sponsor **is not required** to comply with the Agency's policy as a condition to developing the project. However, the Agency's Contract Compliance Department will encourage the Project Sponsor to subscribe voluntarily to these Agency policies. If the Project Sponsor voluntarily agrees to comply with one or more Agency's policies, then those policies will be added as a condition to the building permit and at that point will become mandatory.

<sup>9</sup> Public Improvements and public/private project receiving City funds are subject to the State of California's prevailing wage requirements per California Labor Code Section 1720 *et seq.*

**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, the insurance and bonds 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.

- 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.

| <b>Insurance Type</b>                                            | <b>Coverage Amount (Minimum)</b>                                                                                                                                    | <b>Applicable Parties</b>                                                                                         | <b>Endorsement or Certificate Required</b>                                               |
|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Commercial General Liability (see Section B.1)                   | \$1,000,000 per occurrence/ \$2,000,000 aggregate*                                                                                                                  | Borrower's design and professional contractors; and Borrower (prior to start of construction)                     | Additional insured (see Section G)                                                       |
|                                                                  | \$10,000,000 per occurrence/ \$10,000,000 aggregate*                                                                                                                | Borrower (upon construction start), general contractor, and subcontractors to the general contractor              | Completed Operations Coverage endorsement (on construction stage policy) (see Section G) |
| Automobile Liability (see Section B.2)                           | \$1,000,000 per accident*                                                                                                                                           | Borrower and Borrower's contractors                                                                               | Additional insured (see Section G)                                                       |
|                                                                  | \$10,000,000 per accident*                                                                                                                                          | Upon construction start – general contractor and subcontractors to the general contractor                         |                                                                                          |
| 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>Insurance Type</b>                                                 | <b>Coverage Amount (Minimum)</b>                    | <b>Applicable Parties</b>                         | <b>Endorsement or Certificate Required</b> |
|-----------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|--------------------------------------------|
| Pollution Liability/Asbestos – During Construction (see Section B.6)  | \$1,000,000 per claim/<br>\$2,000,000 aggregate     | Borrower or Borrower's construction contractor(s) | Additional insured (see Section G)         |
| Builder's Risk – During Construction (see Section B.7a)               | 100% of replacement value                           | Borrower                                          | Loss payee endorsement                     |
| Property Insurance – After Construction Completion (see Section B.7b) | 100% of replacement value                           | Borrower or Borrower's property manager           | Loss payee endorsement                     |
| Performance and Payment Bonds (see Section B.8)                       | 100% of contract value (excluding the Modular Work) | Borrower's construction contractors               | OCII and Borrower named as dual obligees   |
| Modular Factory Performance Insurance (see Section B.9)               | 100% of Supply Agreement value                      | Modular manufacturer                              | General contractor named as loss payee     |

*\* Umbrella, excess liability policy, or owner controlled insurance program (OCIP) may be used to meet limits (see Section D)*

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 (form CG 20 10 or equivalent) (see Section G). Limits set forth below. Coverage must be included for contractual liability; explosion, collapse and underground (XCU); products and completed operations. Umbrella, Excess Liability, or an Owner Controlled Insurance Policy may be used to meet the terms of this section.
  - a. 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. These limit requirements apply to Borrower's design and professional contractors throughout the required coverage period;
  - b. During demolition/construction and occupancy of the Site and ongoing operations of the Project, Borrower and its Construction Contractors and/or Property Manager will maintain coverage of not less than Ten Million Dollars (\$10,000,000) combined single limit per occurrence and Ten Million Dollars (\$10,000,000) general aggregate limit. For subcontractors to the Construction General Contractor and the Property Manager, the Borrower, in consultation with the Construction General Contractor and the Property Manager, as appropriate, is required to assess the risks associated with such contractors and

determine, authorize, and verify the appropriate level of coverage provided by the subcontractor or consultant;

c. The construction period general liability policy must include completed operations coverage for a minimum of ten (10) years. Borrower must provide a completed operations coverage endorsement (form CG 20 37 or equivalent) and OCII must be named as an additional insured pursuant Section G below.

- 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 all general partners 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 (Employee Dishonesty Coverage) covering Borrower and Developer's officers and employees against employee dishonesty, forgery & alteration, theft of

money & securities, and theft via electronic means, endorsed to cover third party fidelity, covering all officers and employees with respect to the Funding Amount. One Million Dollars (\$1,000,000) each loss, with any deductible not to exceed Fifty Thousand Dollars (\$50,000). Borrower must provide an endorsement naming OCII as an additional obligee or loss payee.

Application of Crime Insurance Proceeds. Borrower shall promptly notify OCII of any claim under the required Crime Insurance Policy. OCII may retain from the proceeds of the required Crime Insurance Policy, a sufficient amount of the proceeds to pay the Funding Amount, if any, and shall pay the balance to Borrower. For the avoidance of doubt, OCII shall have no right or claim to the proceeds of the required Crime Insurance Policy in excess of the Funding Amount.

- 6) Pollution Liability and/or Asbestos Pollution Liability applicable to the work being performed, with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) aggregate per policy aggregate, this coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's construction contractor to maintain these minimum limits for no less than three (3) years beyond completion of the Project.
- 7) Property Insurance
  - a. Builder's Risk Insurance during the course of any construction, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and OCII property in the care, custody and control of Borrower or its contractor, including coverage in transit and storage off-site, with a deductible not to exceed Fifty Thousand Dollars (\$50,000) each loss, including OCII as loss payee. Builder's Risk must be maintained by the Borrower or the Borrower must cause its general contractor to maintain this insurance.
  - b. Property Insurance after completion of construction, special form coverage, excluding earthquake and flood, but including vandalism and malicious mischief, and including boiler and machinery insurance, for one hundred percent (100%) of the replacement value of all furnishings, fixtures, equipment, improvements, alterations and property of every kind located on or appurtenant to the Site, including coverage for loss of rental income due to an insured peril for twelve (12) months, with a deductible not to exceed Twenty Five Thousand Dollars (\$25,000) each loss, including OCII as a loss payee. A waiver of subrogation naming OCII is required (also known as "transfer of rights of recovery against others to us").
- 8) Performance and Payment Bonds for eligible construction contractors during construction and/or rehabilitation, each in the amount of one hundred percent (100%) of contract amounts (excluding the Modular Work), naming OCII and Borrower as dual obligees, or other completion security approved by OCII in its sole discretion. OCII has approved issuance of a Completion Guaranty by an affiliate of Borrower to Borrower's institutional lender as completion security. This requirement shall not apply to modular manufacturer.
- 9) Performance Insurance. Borrower shall require its general contractor to obtain performance insurance that insures against delay in delivery of modules, up to the amount of Borrower's or Borrower's general contractor's contract amount for the delivery of modules for the construction of the Project. Borrower shall limit general contractor's use of proceeds from the

performance insurance policy to be used to solely to reduce cost overruns in the construction of the Project related to or caused by delay in the delivery of modules, and Borrower shall, and shall require general contractor, to obtain OCII's approval prior to expending such proceeds.

- 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, Excess Liability, and Owner Controlled Insurance Policies (OCIP). An Umbrella and/or Excess Liability policy(ies) or an OCIP 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 recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property 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, 5<sup>th</sup> 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 Loan Closing 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.

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

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**EXHIBIT H****Form of Annual Monitoring Report**

**Owner Compliance Certification and Insurance & Tax Certification Form  
2020 Annual Monitoring Report  
San Francisco Mayor's Office of Housing and Community Development**

**\*\*\* This form must be completed by Project Owner or authorized agent. \*\*\***

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR\_RY2020 – project name.xlsx, audited financial statements, and current waiting list to [moh.amr@sfgov.org](mailto:moh.amr@sfgov.org).

Project Name: \_\_\_\_\_

Project Street Address: \_\_\_\_\_

Reporting Period – Start Date: \_\_\_\_\_ End Date: \_\_\_\_\_

**Owner Compliance Certification**

The undersigned owner, having received housing development funds pursuant to a housing development program funding agreement/s entered into with the City and County of San Francisco ("CCSF") for the purpose of purchasing, constructing and/or improving low-income housing, does hereby certify as follows:

*Initial all statements below, and supply data to make the statement complete where needed (look for underlined blanks; e.g.: \_\_\_\_). **For any statements that are not true or require additional clarification, you must supply a detailed explanation on the Annual Monitoring Report Narrative Worksheet.** The failure to provide a conforming response to all statements below will render incomplete the entire Annual Monitoring Report ("AMR") submission for this project, which may result in a default condition under the funding agreement/s, and also subject the owner to scoring penalties in future efforts to obtain funding from MOHCD for this project and any other project.*

|   | True | False |                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---|------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 |      |       | The CCSF Mayor's Office of Housing and Community Development ("MOHCD") has been alerted by the owner prior to any actions taken by the owner that affect the value of the property associated with this project, including but not limited to the establishment of any liens or encumbrances on the property; and, where required, the owner has obtained written authorization from MOHCD prior to taking any such actions. |
| 2 |      |       | The undersigned is not in default of the terms of any Agreements with CCSF for this project, nor has it been in default on any other loans, contracts or obligations on this property during the reporting period.                                                                                                                                                                                                           |
| 3 |      |       | The undersigned has not been the subject of any actions relating to any other loans, contracts or obligations on this property which might have a material adverse financial impact on the property.                                                                                                                                                                                                                         |

|    | True | False |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----|------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4  |      |       | The owner has not lost or failed to renew funding for supportive services for the project during the reporting period and has made available (or caused to be made available through another party) all supportive services that are required by existing, applicable funding and regulatory agreements.                                                                                                                        |
| 5  |      |       | The owner has not lost or failed to renew funding for operating subsidy/ies for the project during the reporting period.                                                                                                                                                                                                                                                                                                        |
| 6  |      |       | For any existing operating subsidies supporting the project, during the reporting period, the owner submitted a request for the maximum increase possible.                                                                                                                                                                                                                                                                      |
| 7  |      |       | The owner has paid all taxes due for the reporting period and prior reporting periods.                                                                                                                                                                                                                                                                                                                                          |
| 8  |      |       | The undersigned has marketed the units in the manner set forth in the marketing and resident selection provisions of the funding agreement/s entered into with CCSF.                                                                                                                                                                                                                                                            |
| 9  |      |       | The project has met affordability and other leasing provisions set forth in the funding agreement/s entered into with CCSF during the entire reporting period. As of the end date of the reporting period, _____ units ( <i>supply exact number</i> ) were occupied or held vacant and available for rental by low-income tenants meeting the income qualifications pursuant to the funding agreement/s entered into with CCSF. |
| 10 |      |       | The undersigned has obtained a tenant income certification and/or third party documentation to support that certification from each tenant household occupying a unit restricted to occupancy by income-qualified tenants. All income certifications are maintained onsite with respect to each qualified tenant who resides in a unit or resided therein during the immediately preceding business year.                       |
| 11 |      |       | The total charges for rent and a utility allowance to each income-qualified tenant in a restricted unit do not exceed the maximum rent specified in the funding agreement/s entered into with CCSF as adjusted by the most recent HUD income and rent figures, which have been taken from the figures that are supplied by MOHCD on its website.                                                                                |
| 12 |      |       | All withdrawals from the replacement and operating reserve accounts have been made in accordance with the MOHCD funding agreement/s, unless approved in writing by MOHCD.                                                                                                                                                                                                                                                       |
| 13 |      |       | Security deposits required of tenants of the project are in accordance with applicable laws and the funding agreement/s entered into with CCSF.                                                                                                                                                                                                                                                                                 |
| 14 |      |       | The undersigned has obtained and will maintain insurance policies in accordance with requirements of the funding agreement/s entered into with CCSF as may be reasonably updated from time to time, and has supplied with this AMR certificates of insurance that are current through the end of the reporting period.                                                                                                          |
| 15 |      |       | The undersigned has maintained the units and common areas in a decent, safe and sanitary manner in accordance with all local health, building, and housing codes and in accordance with the HUD Housing Quality Standards.                                                                                                                                                                                                      |
| 16 |      |       | The data submitted in Section 1A – Property & Residents of the Annual Monitoring Report regarding any violation/s of any health, building, or housing codes is complete and accurate; all required copies of violations/citations that were not resolved by the end of the reporting periods are also included with this AMR submission.                                                                                        |

|    | True | False |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----|------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 17 |      |       | The undersigned has made best efforts to: (a) keep the units in good repair and available for occupancy; (b) keep the Project fully rented and occupied; and (c) maximize rental revenue at the Project by increasing tenant rents, and if applicable, contract rents and commercial rents, the maximum amount permitted under all current regulatory agreements, contracts, regulations and leases, without causing undue rent burden on residential tenants. |
| 18 |      |       | All questions in the Annual Monitoring Report submitted for this reporting period have been answered fully and truthfully; answers have been supplied for all of questions requiring detailed responses on the Annual Monitoring Narrative Worksheet and any related documents have been submitted as attachments.                                                                                                                                             |
| 19 |      |       | The project has received additional equity proceeds in the amount of \$ _____ (supply amount) from low-income housing tax credit investors during the reporting period.                                                                                                                                                                                                                                                                                        |
| 20 |      |       | Accurate information has been provided in Worksheet 2 - Fiscal Activity about any Federal Program Income earned by this project during the reporting period.                                                                                                                                                                                                                                                                                                   |
| 21 |      |       | Any amounts charged as Asset Management Fees are reflected accurately under Income & Expenses in Worksheet 2 - Fiscal Activity of the Annual Monitoring Report, and all such amounts have been used exclusively toward asset management of this project. Asset Management Fees taken beyond pre-approved levels have been documented as required in response to question 7 in Section 4 - Narrative.                                                           |
| 22 |      |       | The calculation of cash flow in Worksheet 2 - Fiscal Activity accurately reflects all expenses incurred and income earned, and the proposed distribution of any Residual Receipts would be in accordance with all relevant agreements and policies.                                                                                                                                                                                                            |
| 23 |      |       | The Waiting List that has been submitted with the 2020 Annual Monitoring Report is an accurate and correct record as of the last day of the reporting period of the households who have applied to live at the Project, including the name of the head-of-household (or a suitable alternative), date of application, number of people in the household, stated household income and desired unit size.                                                        |

### Property and Liability Insurance

Enter the information requested below, and attach a current copy (each) of the Property and Liability Insurance Certificates. SCAN the documents and send them as an attachment along with the complete AMR to MOHCD via e-mail to: [moh.amr@sfgov.org](mailto:moh.amr@sfgov.org).

|                     |                          |  |
|---------------------|--------------------------|--|
| Property Insurance  |                          |  |
|                     | Property Street Address: |  |
|                     | Policy Number:           |  |
|                     | Policy Effective Date:   |  |
|                     | Policy Expiration Date:  |  |
| Liability Insurance |                          |  |
|                     | Property Street Address: |  |
|                     | Policy Number:           |  |
|                     | Policy Effective Date:   |  |
|                     | Policy Expiration Date:  |  |

**Tax Certification**

Enter the information requested below. You do **NOT** need to submit copies of the invoice or checks used to pay the tax.

|              |                                                              |  |
|--------------|--------------------------------------------------------------|--|
| Property Tax |                                                              |  |
|              | Tax Year:                                                    |  |
|              | Amount of Tax Paid:                                          |  |
|              | Date Paid:                                                   |  |
|              | Amount outstanding from taxes due for Reporting Period:      |  |
|              | Amount outstanding from taxes due prior to Reporting Period: |  |

**\*\*\* This form must be completed by Project Owner or authorized agent. \*\*\***

The undersigned, acting under authority of the ownership of this project, executes this Certification, subject to the pains and penalties of perjury, and certifies that the foregoing is true and correct in all respects.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

## EXHIBIT I

### Tenant Selection Plan Policy and Tenant Screening Criteria Policy

#### Tenant Selection Plan Policy

This policy is in addition to the obligations to comply with applicable federal, state and local civil rights laws, including laws pertaining to reasonable accommodation and limited English proficiency (LEP),<sup>10</sup> **and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.**

#### **Application Process**

- **Application Materials.** The housing provider's written and/or electronic application materials should:
  - outline the screening criteria that the housing provider will use;
  - be in compliance with San Francisco Police Code Article 49 or the Fair Chance Ordinance,
  - outline how an applicant may request a modification of the admission process and/or a change in admission policies or practices as a reasonable accommodation;
  - be written in language that is clear and readily understandable,
- **First Interview.** In accordance with the housing provider policies, an initial interview is required to assess each applicant's minimum eligibility requirements for housing units. All applicants shall be offered the opportunity for an interview in lottery rank order.
- **Second Interview.** Before issuing a denial, the housing provider should consider offering a second interview to resolve issues and inconsistencies, gather additional information, and assist as much as possible with a determination to admit the applicant.
- **Confidentiality.** All information provided will be kept confidential and be used only by the housing provider, the referring agency and the funding agency for the purpose of assisting and evaluating the applicant in the admission process. All applicant information shall be retained for 12 months after the final applicant interview.
- **Delays in the Process.** If delays have occurred or are likely to occur in the application and screening process or the process exceeds the housing provider's normal timeline for application and screening, the housing provider must immediately inform the referring agency and the funding agency, of the status of the application, the reason for the delay and the anticipated time it will take to complete the application process.
- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the housing provider must immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.

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<sup>10</sup>See for e.g., Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), 42 U.S.C. §§ 3601, et seq.; 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d-2000d-7; Executive Order 13,166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000); Department of Housing and Urban Development Limited English Proficiency Guidance, 72 Fed. Reg. 2732 (Jan. 22, 2007); Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794; 24 C.F.R. Parts 8 and 9; Title II of the Americans with Disabilities Act of 1990, as amended; California Fair Employment and Housing Act, Gov't Code §§ **12,955-12,956.2; Unruh Civil Rights Act, Civil Code § 51; California Disabled Persons Act, Civil Code § 51.4; Dymally-Alatorre Bilingual Services Act, Gov't Code §7290-7299.8; San Francisco Language Access Ordinance, No. 202-09 (April 14, 2009)**

- **Limited English Proficiency Policy.** Throughout the application process, the housing provider must comply with City policy for language access requirements for applicants with limited English proficiency.

### **Reasonable Accommodation and Modification Policy**

**Reasonable Accommodation:** The application process should provide information about how an applicant may make a reasonable accommodation request. At any stage in the admission process, an applicant may request a reasonable accommodation, if the applicant has a disability and as a result of the disability needs a modification of the provider's rules, policies or practices, including a change in the way that the housing provider communicates with or provides information to the applicant that would give the applicant an equal chance to be selected by the housing provider to live in the unit.

**Reasonable Modification:** Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:

- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

**Response to Request:** The housing provider shall respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider shall grant the request if the provider determines that:

- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection must explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

### **Notice of Denial and Appeal Process**

- The housing provider shall:
  - Hold a comparable unit for the household during the entire appeal process.

- promptly send a written and electronic notice (to the addresses provided) to each applicant denied admission with a written and/or electronic copy to the referring agency and the funding agency. The notice should:
    - list all the reasons for the rejection, including the particular conviction or convictions that led to the decision in cases where past criminal offenses were a reason for rejection;
    - explain how the applicant can request an in person appeal to contest the decision;
    - state that an applicant with a disability is entitled to request a reasonable accommodation to participate in the appeal;
    - inform the applicant that he or she is entitled to bring an advocate or attorney to the in person appeal;
    - provide referral information for local legal services and housing rights organizations;
    - describe the evidence that the applicant can present at the appeal;
  - give applicants denied admission a date within which to file the appeal, which shall be at least ten (10) business days from the date of the notice;
  - unless an extension is agreed to by the applicant and the housing provider, hold the appeal within ten (10) business days of the request for the appeal;
  - confine the subject of the appeal to the reason for denial listed in the notice;
  - give the applicant a chance to present documents and/or witnesses showing that he or she will be a suitable tenant;
  - have an impartial supervisor or manager from the housing provider, but who is not the person who made the initial decision or a subordinate of the person who made the initial decision, conduct the appeal;
  - within 5 business days of the in person appeal, provide the applicant with a written decision that states the reason for the decision and the evidence relied upon. A copy of the written decision must be sent (electronically or otherwise) to the referring agency and the funding agency.
- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

### *Tenant Screening Criteria Policy*

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

### **Screening Criteria**

- Housing providers shall not automatically bar applicants who have a criminal record<sup>2</sup> in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers shall not consider:



- arrests that did not result in convictions, except for an open arrest warrant;
  - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;<sup>3</sup>
  - juvenile adjudications.
- Housing providers shall consider:
  - the individual circumstances of each applicant; and
  - the relationship between the offense, and
    - (1) the safety and security of other tenants, staff and/or the property; and
    - (2) mitigating circumstances such as those listed below.
  - only those offenses that occurred in the prior 7 years, except in exceptional situations, which must be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
  - mitigating factors, including, but not limited to:
    - (1) the seriousness of the offense;
    - (2) the age and/or circumstances of the applicant at the time of the offense;
    - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;
    - (4) if the offense is related to acts of domestic violence committed against the applicant;
    - (5) if the offense was related to a person's disability.

<sup>2</sup> The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

<sup>3</sup> The purpose of the statute is allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release "from all and disabilities resulting from the offense."

**EXHIBIT J**

Form of Deed of Trust

FREE RECORDING PURSUANT TO  
GOVERNMENT CODE §27383 & 27388.1 AT THE  
REQUEST OF THE SUCCESSOR AGENCY TO  
THE REDEVELOPMENT AGENCY OF THE  
CITY AND COUNTY OF SAN FRANCISCO

**WHEN RECORDED RETURN TO:**

The Successor Agency to the Redevelopment  
Agency of the City and County of San  
Francisco, One South Van Ness Avenue,  
5<sup>th</sup> Floor, San Francisco, California 94103  
Attn: Jane Suskin

Space above for Recorder

(Assessor's Block 4591C, Lots 271)

**LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**

(Hunters Point Shipyard Phase 1 Block 56)

**THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust")** is made as of \_\_\_\_\_, by Hunters Point Block 56, L.P., a California limited partnership ("**Trustor**"), whose address is \_\_\_\_\_, to \_\_\_\_\_ ("**Trustee**"), whose address is \_\_\_\_\_, for the benefit of 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 ("**Beneficiary**"). This Deed of Trust is executed pursuant to an Amended and Restated Loan Agreement by and between Trustor and Beneficiary dated as of \_\_\_\_\_, as it may be amended from time to time (the "**Agreement**"), the provisions of which are incorporated herein by reference. Unless otherwise specified, definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "**Property**"):

a. Its leasehold interest in that real property situated in the City and County of San Francisco, State of California, described in **Exhibit A** attached hereto and

incorporated herein by reference (the "**Land**"), on which Trustor intends to construct an affordable housing project with 141 residential units thereon, the "**Project**"; and

b. all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "**Improvements**"); and

c. all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions ("**Leases**") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

d. all of Trustor's interest in and under that certain Ground Lease dated as of \_\_\_\_\_, by and between Beneficiary, as lessor, and Trustor, as lessee, including any options of any nature whatsoever; and

e. except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

f. all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

g. all undisbursed Loan funds, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

h. all proceeds, including proceeds of all present and future fire or property insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

i. all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records

relating to the application and allocation of any federal, state or local tax credits or benefits;  
and

j. all rents, revenues, issues, royalties, proceeds and profits, including prepaid rent and security deposits ("**Rents**"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under Section 5(d); and

k. all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

This Deed of Trust constitutes a security agreement under, and a fixture filing in accordance with, the California Uniform Commercial Code, as it may be amended from time to time. The filing of a financing statement pertaining to personal property may not be construed in any way as derogating from or impairing the lien of, or the rights or obligations of the parties under, this Deed of Trust.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "**Secured Obligations**"):

a. performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the promissory note dated \_\_\_\_\_ made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "**Note**") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

b. payment of the indebtedness evidenced by the Agreement and the Note in the original principal amount of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), according to the terms of the Agreement and the Note; and

c. payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

3. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

a. to perform the Secured Obligations in accordance with their respective terms;

b. to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land subject to available insurance proceeds; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

c. to provide, maintain and deliver to Beneficiary property insurance as required under the Agreement and apply any insurance proceeds as provided below;

d. to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

e. to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

f. should Trustor fail to make any payment or to do any act as herein provided, then, without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

g. to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

4. Insurance and Condemnation Proceeds.

- Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.
- Any condemnation award or builders risk or property insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.
- If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction or repair of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.
- Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any OCII Document unless the default has been cured by the application or release of funds.

5. Further Agreements. Trustor further acknowledges and agrees as follows:

Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

As additional security, and subject to the rights of senior lenders, Trustor hereby irrevocably, absolutely and unconditionally assigns to Beneficiary all Rents, whether now due, past due or to become due, subject to Beneficiary's grant to Trustor of a license to collect and retain Rents as they become due and payable so long as Trustor has not defaulted in performance of the Secured Obligations.

Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

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

6. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods including such notice and cure periods provided to the Investor Limited Partner ("**Event of Default**"):

- a. Trustor's license to collect and retain Rents will terminate automatically.
- b. Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to



the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

c. Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("**Notice of Default**"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("**Notice of Sale**") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

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

7. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement. A copy of all notices delivered to Trustor hereunder shall be delivered to Trustor's limited partner at the address provided in the Agreement.



**"TRUSTOR:"**

**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.

[ALL SIGNATURES MUST BE NOTARIZED.]

**EXHIBIT A**  
(Legal Description of the Property)

The Site referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Being all of Lots 137, 138, 139, and 140, as said lots are shown and so designated on Final Map No. 4231, recorded August 12, 2009, in Book CC of Survey Maps, at Page 165, in the Office of the County Recorder of San Francisco, as amended by that certain Certificate of Correction, recorded December 23, 2011, as Instrument No. 2011-J324068-00, of Official Records, in said Office of the County Recorder of San Francisco County, being more particularly described as follows:

Beginning at the Eastern corner of said Lot 140;

Thence, from said point of beginning, along the boundary lines of said lots, the following five (5) courses:

1. South 36° 43' 28" West 175.92 feet,
2. North 53° 16' 32" West 164.02 feet,
3. North 36° 43' 28" East 158.92 feet,
4. Along the arc of a tangent 17.00 foot radius curve to the right, through a central angle of 90° 00' 00", an arc distance of 26.70 feet; and
5. South 53° 16' 32" East 147.02 feet to said point of beginning.

The above legal description is made pursuant that that Certificate of Compliance recorded August 8, 2013, in Reel K956, Image 0437, as Document No. 2013-J727687-00 of Official Records.

APN: LOT 217; BLOCK: 4591C

## EXHIBIT K

### FORM DECLARATION OF RESTRICTIONS

FREE RECORDING PURSUANT TO  
GOVERNMENT CODE §27383 & 27388.1 AT THE  
REQUEST OF THE SUCCESSOR AGENCY TO  
THE REDEVELOPMENT AGENCY OF THE  
CITY AND COUNTY OF SAN FRANCISCO

**WHEN RECORDED RETURN TO:**

The Successor Agency to the Redevelopment  
Agency of the City and County of San  
Francisco, One South Van Ness Avenue,  
5<sup>th</sup> Floor, San Francisco, California 94103  
Attn: Jane Suskin

Space above for Recorder

(Assessor's Block 4591C, Lot 271)

### **DECLARATION OF RESTRICTIONS**

Hunters Point Shipyard Phase 1 Block 56

**THIS DECLARATION OF RESTRICTIONS ("Declaration")** is made as of \_\_\_\_\_, 2022, by Hunters Point Block 56, L.P., a California limited partnership ("Declarant") owner of a leasehold interest in the land described in Exhibit A attached hereto (the "Property"), in favor of 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, commonly referred to as the Office of Community Investment and Infrastructure ("**OCII**", including any successors or assigns). The restrictions and covenants stated herein shall bind Declarant and its successors and assigns and shall be enforceable by OCII and its successors and assigns.

### **RECITALS**

A. OCII and Declarant have entered into that certain Ground Lease dated \_\_\_\_\_ (the "Ground Lease") and an Amended and Restated Loan Agreement dated as of \_\_\_\_\_, 2022 (as it may be amended from time to time, the "Loan Agreement"). The Ground Lease and Loan Agreement obligate Declarant to develop the Property as low-income housing (the "Project"). Definitions and rules of interpretation set forth in the Ground Lease apply to this Declaration, unless otherwise noted.

OCII and Declarant entered into the Loan Agreement to finance costs associated with the development of the Project). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

B. Pursuant to the Ground Lease and the Loan Agreement, Declarant has agreed to comply with certain affordability and other use and occupancy restrictions contained herein commencing on the date on which a certificate of occupancy is issued for the Project, and continuing for the Life of the Project (the "**Compliance Term**"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed.

### **AGREEMENT**

Now, therefore, in consideration of OCII's agreement to fund in accordance with the OCII Documents, Declarant agrees as follows:

A. Declarant must comply with the following regulatory obligations contained in this Section 1 (the "**Regulatory Obligations**") through the expiration of the Compliance Term, regardless of any reconveyance of the Deed of Trust. Specifically, Declarant agrees as follows, subject to additional terms as set forth in the Agreement:

1. With the exception of one manager's unit, Declarant covenants that all residential units in the Project will at all times be occupied, or held vacant and available, for rental only to households who qualify as Qualified Tenants at initial occupancy, specifically:

| <b>Unit Size</b> | <b>No. of Units</b> | <b>Maximum Income Level</b>                                                                                                                                                                               |
|------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Studios          | 4                   | 50% of Area Median Income as published annually by MOHCD, derived from the income limits determined by HUD for the San Francisco Area, adjusted solely for household size, but not high housing cost area |
| 1 bdrm           | 18                  | 50% of Area Median Income as published annually by MOHCD, derived from the income limits determined by HUD for the San Francisco Area, adjusted solely for household size, but not high housing cost area |
| 2 bdrm           | 31                  | 50% of Area Median Income as published annually by MOHCD, derived from the income limits determined by HUD for the San Francisco Area, adjusted solely for household size, but not high housing cost area |
| 3 bdrm           | 16                  | 50% of Area Median Income as published annually by MOHCD, derived from the income limits determined by HUD for the San Francisco Area, adjusted solely for household size, but not high housing cost area |
| 4 bdrm           | 2                   | 50% of Area Median Income as published annually by MOHCD, derived from the income limits determined by HUD for the San Francisco Area, adjusted solely for household size, but not high housing cost area |
| 5 bdrm           | 1                   | 50% of Area Median Income as published annually by MOHCD, derived from the income limits determined by HUD for the San Francisco Area, adjusted solely for household size, but not high housing cost area |
| 2 bdrm           | 1                   | Manager Unit (unrestricted)                                                                                                                                                                               |
| <b>Total</b>     | <b>73</b>           |                                                                                                                                                                                                           |

2. In addition to a tenant's qualification as a Qualified Tenant, the total amount for rent and utilities charged to a Qualified Tenant may not exceed either:

- i. thirty percent (30%) of the Maximum Income Level specified in the foregoing table; or
- ii. the fair market rent established by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.
- iii. Maximum income levels, as adjusted pursuant to Articles 6, 7, and 9 of Ground Lease

**B. Survival of Restrictions.**

(1) The affordability restrictions and covenants herein shall remain in effect for the life of the Project and shall survive the termination of the Ground Lease and the Loan Agreement, even if the loan under the Loan Agreement is repaid or otherwise satisfied or the Deed of Trust is reconveyed. Subject to the provisions of subsection (2) below, these affordability restrictions and covenants shall remain in first position and shall not be subordinated to the lien of any deed of trust or other financing, unless OCII determines, in its sole discretion, that subordination is necessary to secure adequate financing to ensure the viability of the Project.

(2) Unless otherwise prohibited by the Redevelopment Plan, the occupancy and rent restrictions of Section A herein may be altered only to the minimum extent required to meet the requirements of Section 42 of the United States Internal Revenue Code or as otherwise determined by OCII, each in its reasonable discretion, but in any event to include rent levels affordable to households earning no greater than 60% of AMI. The relief provided by the foregoing shall not be construed as authorizing Declarant to exceed any income or rent restriction imposed on the Project by CDLAC, TCAC or any other applicable agreement, and Declarant warrants that it shall have obtained any necessary approvals or relief from any other applicable income and rent limitations prior to implementing the relief provided by this Section. In addition, upon foreclosure (or acceptance of a deed in lieu thereof) under any security interest in the Project (including the Ground Lease) to which OCII has subordinated its own security interest therein, and notwithstanding anything to the contrary contained in either (i) this Declaration (including Section A); or (ii) the Ground Lease, the sole limitation on rental and occupancy of Units in the Project shall be that all residential units (except the manager's unit) shall at all times be occupied by Qualified Tenants and the monthly rent paid by such Qualified Tenants shall not exceed: (a) 50% of the Maximum Income Level (adjusted to 60% of AMI as permitted in this Section), (b) less utility allowance.

C. During the Compliance Term OCII may rely on the Deed of Trust and/or this Declaration, in OCII discretion, to enforce any of OCII's, rights under the OCII Documents.

D. This Declaration may be amended only with the prior written approval of OCII, and any attempt to otherwise amend this Declaration shall be void or voidable at OCII's sole discretion.

E. This Declaration and the Regulatory Obligations constitute covenants running with the land, including the leasehold interest and bind successors and assigns of Declarant and any non-borrower owner and lessee of the Property. In the event that Declarant fails to comply with the covenants and restrictions of this Declaration, including without limitation the Regulatory Obligations, to OCII's satisfaction, in its sole

discretion, within thirty (30) days of Declarant's receipt of written notice from OCII to so comply, if Declarant has not diligently begun efforts to comply, OCII at its option may exercise any rights available at equity or in law, including, without limitation, institute an action for specific performance. Declarant shall pay OCII's costs in connection with OCII's enforcement of the terms of this Declaration, including, without limitation, OCII's reasonable attorneys' fees and costs.

*(document continues on following page)*

Declarant has executed this Declaration as of the date first written above.

**DECLARANT:**

**Hunters Point Block 56, L.P.,**

a California limited partnership

Mercy HPSY Block 56 LLC, a California limited liability company, its managing  
general partner

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

By: \_\_\_\_\_

Name: Ramie Dare

Title: Vice President

General Partner:

SFHDC HPSY Block 56 LLC, a California limited liability company, its co-general  
partner

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

By: \_\_\_\_\_

Name: David Sobel

Title: President



**EXHIBIT A**  
(Legal Description of the Property)

The Site referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Being all of Lots 137, 138, 139, and 140, as said lots are shown and so designated on Final Map No. 4231, recorded August 12, 2009, in Book CC of Survey Maps, at Page 165, in the Office of the County Recorder of San Francisco, as amended by that certain Certificate of Correction, recorded December 23, 2011, as Instrument No. 2011-J324068-00, of Official Records, in said Office of the County Recorder of San Francisco County, being more particularly described as follows:

Beginning at the Eastern corner of said Lot 140;

Thence, from said point of beginning, along the boundary lines of said lots, the following five (5) courses:

6. South 36° 43' 28" West 175.92 feet,
7. North 53° 16' 32" West 164.02 feet,
8. North 36° 43' 28" East 158.92 feet,
9. Along the arc of a tangent 17.00 foot radius curve to the right, through a central angle of 90° 00' 00", an arc distance of 26.70 feet; and
10. South 53° 16' 32" East 147.02 feet to said point of beginning.

The above legal description is made pursuant that that Certificate of Compliance recorded August 8, 2013, in Reel K956, Image 0437, as Document No. 2013-J727687-00 of Official Records.

APN: LOT 217; BLOCK: 4591C

**EXHIBIT L****SCHEDULE OF PERFORMANCE**

| <b>No.</b> | <b>Performance Milestone</b>                           | <b>Estimated or Actual Date</b> | <b>Contractual Deadline</b> |
|------------|--------------------------------------------------------|---------------------------------|-----------------------------|
| A.         | Prop I Noticing (if applicable)                        |                                 |                             |
| 1.         | Acquisition/Predev Financing Commitment                | <u>COMPLETE</u>                 |                             |
| 2.         | Site Acquisition                                       | <u>N/A</u>                      |                             |
| 3.         | Development Team Selection                             |                                 |                             |
| a.         | Architect                                              | <u>COMPLETE</u>                 |                             |
| b.         | General Contractor                                     | <u>COMPLETE</u>                 | <u>COMPLETE</u>             |
| c.         | Owner's Representative                                 | <u>COMPLETE</u>                 | <u>COMPLETE</u>             |
| d.         | Property Manager                                       | <u>COMPLETE</u>                 |                             |
| e.         | Service Provider                                       | <u>COMPLETE</u>                 |                             |
| 4.         | Design                                                 |                                 |                             |
| a.         | Submittal of Schematic Design & Cost Estimate          | <u>COMPLETE</u>                 | <u>COMPLETE</u>             |
| b.         | Submittal of Design Development & Cost Estimate        | <u>COMPLETE</u>                 | <u>COMPLETE</u>             |
| c.         | Submittal of 50% CD Set & Cost Estimate                | <u>COMPLETE</u>                 | <u>COMPLETE</u>             |
| d.         | Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs) | <u>1/10/2022</u>                | <u>3/10/2022</u>            |
| 5.         | Environ Review/Land-Use Entitlements                   | <u>N/A</u>                      |                             |
| a.         | CEQA Environ Review Submission                         | <u>COMPLETE</u>                 | <u>COMPLETE</u>             |
| b.         | NEPA Environ Review Submission                         | <u>TBD</u>                      | <u>TBD</u>                  |
| c.         | CUP/PUD/Variances Submission                           | <u>COMPLETE</u>                 | <u>COMPLETE</u>             |
| 6.         | Permits                                                |                                 |                             |

|       |                                              |                                                                                  |                                                                                    |
|-------|----------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| a.    | Building / Site Permit Application Submitted | <u>COMPLETE</u>                                                                  | <u>COMPLETE</u>                                                                    |
| b.    | Addendum #1 Submitted                        | <u>COMPLETE</u>                                                                  | <u>COMPLETE</u>                                                                    |
| c.    | Addendum #2 Submitted                        | <u>COMPLETE</u>                                                                  | <u>COMPLETE</u>                                                                    |
| 7.    | Request for Bids Issued                      | <u>8/15/2022</u>                                                                 | <u>7/15/2023</u>                                                                   |
| 8.    | Service Plan Submission                      |                                                                                  |                                                                                    |
| a.    | Preliminary                                  | <u>COMPLETE</u>                                                                  |                                                                                    |
| b.    | Interim                                      | <u>COMPLETE</u>                                                                  | <u>COMPLETE</u>                                                                    |
| c.    | Update                                       | <u>6/21/2022</u>                                                                 | <u>8/1/2023</u>                                                                    |
| 9.    | Additional City Financing                    |                                                                                  |                                                                                    |
| a.    | Predevelopment Financing Application #2      |                                                                                  |                                                                                    |
| b.    | Gap Financing Application                    | <u>COMPLETE</u>                                                                  | <u>6/21/2022</u>                                                                   |
| 10.   | Other Financing                              |                                                                                  |                                                                                    |
| a.    | MHP Application                              | <u>n/a</u>                                                                       |                                                                                    |
| b.    | Construction Financing RFP                   | <u>11/1/2022</u>                                                                 | <u>2/10/2023</u>                                                                   |
| c.    | AHP Application                              | <u>3/1/2023</u>                                                                  | <u>3/1/2024</u>                                                                    |
| d.    | CDLAC Application                            | <u>Application:</u><br><u>7/7/2022</u><br><br><u>Award:</u><br><u>10/19/2022</u> | <u>Application:</u><br><u>03/15/2023</u><br><br><u>Award:</u><br><u>06/15/2023</u> |
| 12 e. | TCAC Application                             | <u>Application:</u><br><u>8/9/2022</u><br><br><u>Award:</u><br><u>11/30/2022</u> | <u>Application:</u><br><u>03/15/2023</u><br><br><u>Award:</u><br><u>6/15/2023</u>  |
| f.    | State Credit Application                     |                                                                                  |                                                                                    |

|     |                                                                   |                   |                                                                                                                     |
|-----|-------------------------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------|
| g.  | HUD 202 or 811 Application                                        | <u>n/a</u>        |                                                                                                                     |
| h.  | Other Financing Application (IIG)                                 | <u>COMPLETE</u>   | <u>TBD</u>                                                                                                          |
| 11. | Closing                                                           |                   |                                                                                                                     |
| a.  | Construction Closing                                              | <u>5/1/2023</u>   | <u>8/1/2023</u>                                                                                                     |
| b.  | Permanent Financing Closing                                       | <u>5/1/2025</u>   |                                                                                                                     |
| 12. | Construction                                                      |                   |                                                                                                                     |
| a.  | Notice to Proceed                                                 | <u>5/1/2023</u>   |                                                                                                                     |
| b.  | Temporary Certificate of Occupancy/Cert of Substantial Completion | <u>12/1/2024</u>  |                                                                                                                     |
| 13. | Marketing/Rent-up                                                 |                   |                                                                                                                     |
| a.  | Marketing Plan Submission                                         | <u>10/1/2023</u>  |                                                                                                                     |
| b.  | Commence Marketing                                                | <u>6/1/2024</u>   |                                                                                                                     |
| c.  | COP Outreach Obligation                                           | <u>05/01/2024</u> | At least three months prior to construction completion and prior to the initiation of any tenant selection process. |
| d.  | 95% Occupancy                                                     | <u>4/1/2025</u>   |                                                                                                                     |
| 14. | Cost Certification/8609                                           | <u>10/1/2025</u>  |                                                                                                                     |
| 15. | Close Out MOH/OCII Loan(s)                                        | <u>11/1/2025</u>  |                                                                                                                     |

**EXHIBIT M****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](mailto: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.

**THE PURPOSE OF THESE UPDATES IS TO TRACK PROJECT PROGRESS**

1. *during pre-construction*
2. *on non-construction issues during construction, and*
3. *after regular monthly construction meetings have ended*

**Project Summary Information**

|                           |  |
|---------------------------|--|
| <b>Project:</b>           |  |
| <b>Sponsor:</b>           |  |
| <b># Units:</b>           |  |
| <b>Target Population:</b> |  |

**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):                 |                 |
| Projected OCII gap commitment (excluding MOH funding committed to date):                            |                 |
| Expected date when OCII gap funding needed: Month _____                                             |                 |
| Year _____                                                                                          |                 |
| Procurement and bidding (architect, consultants and contractors)                                    |                 |
| Entitlements, permits and utilities (OCII, Planning Dept., DBI, SFFD, DPW, SFWD, MOD, PG&E and DRE) |                 |
| Major issues OCII needs to be aware of, including anything that may require OCII's involvement      |                 |

**Any changes in the scope, cost, schedule or financing plan? (Attach updated budget and/or schedule if any 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 USE ONLY

Major issues, delays, etc.

Items for discussion with Director

**EXHIBIT N**Developer Fee Schedule

|                                                                                                           |                          |                                                                           |
|-----------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------------------------------------------------|
| Total Developer Fee:                                                                                      | \$2,200,000              |                                                                           |
| Project Management Fee Paid to Date:                                                                      | \$325,000                |                                                                           |
| Amount of Remaining Project Management Fee:                                                               | \$775,000                |                                                                           |
| Amount of Fee at Risk (the "At Risk Fee"):                                                                | \$1,100,000              |                                                                           |
| Amount of Fee Deferred (the "Deferred Fee"):                                                              | \$0                      | No Deferred Fee recommended to maintain lower costs for CDLAC application |
| Amount of General Partner Equity Contribution (the "GP Equity"):                                          | \$0                      | No GPE recommended to maintain lower costs for CDLAC application          |
| Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management | Amount Paid at Milestone | Percentage Project Management Fee                                         |
| At closing of initial pre-development financing                                                           | \$50,000                 | 5%                                                                        |
| At approval of initial Value Engineering                                                                  | \$100,000                | 9%                                                                        |
| At submission of Schematic Design                                                                         | \$100,000                | 9%                                                                        |
| At Commission approval of Schematic Design                                                                | \$100,000                | 9%                                                                        |
| During Design Development and completion of Construction drawings                                         | \$150,000                | 14%                                                                       |
| Construction Close                                                                                        | \$200,000                | 18%                                                                       |
| During or at End of Construction                                                                          | \$200,000                | 18%                                                                       |
| Project close-out                                                                                         | \$200,000                | 18%                                                                       |
| Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee                       |                          | Percentage At Risk Fee                                                    |
| 100% lease up and draft cost certification                                                                | \$220,000                | 20%                                                                       |
| Permanent conversion                                                                                      | \$550,000                | 50%                                                                       |
| Project close-out                                                                                         | \$330,000                | 30%                                                                       |

## EXHIBIT O

### Assignment of Work Product

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 \$ , , .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.

*(document continues on following page)*



IN WITNESS WHEREOF, Borrower has caused this Assignment to be executed on \_\_\_\_\_, 2022.

**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: Ramie Dare

Title: Vice President

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: David Sobel

Title: President

**EXHIBIT P**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 \$\_\_\_\_,\_\_\_\_,\_\_\_\_.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: \_\_\_\_\_, 2022

ARCHITECT:

Van Meter Williams Pollack

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

*(signatures continue on following page)*

ENGINEER:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

*(signatures continue on following page)*

ENGINEER:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **EXHIBIT Q**

### **Legal Description of the Site**

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Being all of Lots 137, 138, 139, and 140, as said lots are shown and so designated on Final Map No. 4231, recorded August 12, 2009, in Book CC of Survey Maps, at Page 165, in the Office of the County Recorder of San Francisco, as amended by that certain Certificate of Correction, recorded December 23, 2011, as Instrument No. 2011-J324068-00, of Official Records, in said Office of the County Recorder of San Francisco County, being more particularly described as follows:

Beginning at the Eastern corner of said Lot 140;

Thence, from said point of beginning, along the boundary lines of said lots, the following five (5) courses:

11. South 36° 43' 28" West 175.92 feet,
12. North 53° 16' 32" West 164.02 feet,
13. North 36° 43' 28" East 158.92 feet,
14. Along the arc of a tangent 17.00 foot radius curve to the right, through a central angle of 90° 00' 00", an arc distance of 26.70 feet; and
15. South 53° 16' 32" East 147.02 feet to said point of beginning.

The above legal description is made pursuant that that Certificate of Compliance recorded August 8, 2013, in Reel K956, Image 0437, as Document No. 2013-J727687-00 of Official Records.

APN: LOT 217; BLOCK: 4591C

**EXHIBIT R**

**Final Financial Plan Confirmation Letter**

To be attached on or before the Loan Closing Date

## **EXHIBIT S**

### **Operational Rules for San Francisco Housing Lotteries and Rental Lease-Up Activities**

The Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities may be found in the current version of the Housing Preferences and Lottery Procedures Manual which is incorporated herein by this reference and may be downloaded from the Mayor's Office of Housing and Community Development website at the following link:

<https://sfmohcd.org/sites/default/files/Documents/MOH/Lottery Preferences/Lottery Preferences Manual.pdf>

**EXHIBIT T-1****Early Outreach Plan Template**

**Form of Early Outreach Plan for Initial Lease Up or Sale of Units (2016 edition)  
Projects Approved by the Office of Community Investment and Infrastructure (OCII)**

*City and County of San Francisco  
Mayor's Office of Housing and Community Development (MOHCD)  
Working as OCII's agent*

This plan is subject to OCII and/or its agent's (MOHCD's) review within 10 business days from the date it is received and complete. **Please set all dates in this plan so that no date commences sooner than 30 working days before the date of your plan submission.**

**Please complete and return this form in computer "Microsoft Word" document format so that our office may track changes directly onto the document.** The approval process typically involves a back-and-forth process between OCII and/or its agent, and the developer's representative. Please do not submit incomplete plans. This plan may be updated from time to time at the discretion of OCII and/or its agent. Thank you.

*Special Note: Projects initially approved by OCII will be transferred to MOHCD for long-term marketing and asset management after project completion.*

**I. General Information** *(Suggestion: Cut and paste sections I - VIII from this form into your marketing plan. This is the exact information required to be included.)*

I/We agree that ("Developer's Name") goal is to ensure that all applicants are screened using consistently applied, fair criteria, to provide a desirable, well-maintained and affordable place to live for an economically, racially, and ethnically integrated resident population, while complying with the provisions of any federal, state, or local law prohibiting discrimination in housing on the basis of race, religion, sex, color, family status, disability status, national origin, marital status, ancestry, gender identity or sexual orientation, source of income, or HIV/AIDS status.

In order to inform the public, owners, and prospective tenants/buyers about federal fair housing laws and affirmative fair marketing procedures per the (insert relevant contractual document with OCII), ("Developer's Name") will include the Equal Housing Opportunity logotype and/or slogan, and a logotype indicating accessibility to the disabled, in all press releases, solicitations, and program information materials.

|                                                                                                     |  |
|-----------------------------------------------------------------------------------------------------|--|
| Today's Date                                                                                        |  |
| Proposed Outreach Launch Date<br>(Must be no sooner than 30 days from the date of first submission) |  |
| Name of Building                                                                                    |  |

|                                                                                                                                                    |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Property Address<br>(Street address used<br>for marketing and<br>mailing to new renters<br>/ buyers)                                               |  |
| Property Address as<br>Stated in Planning<br>Approval                                                                                              |  |
| Planning Motion<br>Number                                                                                                                          |  |
| Notice of Special<br>Restrictions<br>Document #,<br>Disposition and<br>Development or<br>Owner Participation<br>Agreement # or Loan<br>Agreement # |  |
| Other Relevant<br>Document(s)                                                                                                                      |  |
| Name of City and Co.<br>of SF Planner                                                                                                              |  |

The following developer contact information for is for internal use only.

|                   |  |
|-------------------|--|
| Name of Developer |  |
| Developer Address |  |
| Developer Phone   |  |
| Developer Email   |  |

|                              |  |
|------------------------------|--|
| Name of Marketing<br>Company |  |
| Marketing Agent              |  |
| Marketing Agent<br>Address   |  |
| Marketing Agent<br>Phone     |  |
| Marketing Agent<br>Email     |  |

|                                        |  |
|----------------------------------------|--|
| Date of Building<br>Permit Issuance    |  |
| Expected Issuance<br>Date of Temporary |  |



|                                                                     |  |
|---------------------------------------------------------------------|--|
| Certificate of Occupancy                                            |  |
| Expected Issuance Date of Final Certificate of Occupancy            |  |
| Date on Which You Expect Affordable Units to Begin Occupancy        |  |
| Date on Which You Expect All Affordable Units to Complete Occupancy |  |

The section below applies to rental projects only.

|                                                                                                                                                                    |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| List all Sources of Government Financing for the Project (e.g. CDLAC, TCAC, HUD Loan, Infill Grant, etc.)                                                          |  |
| If there is a source of government financing, how long and at what % Area Median Income must your units be restricted <b>as rental units</b> under this financing? |  |
| Are your units condo mapped (i.e. subdivided) through the Department of Real Estate?                                                                               |  |
| Do you intend to convert to ownership units in the future? Please explain.                                                                                         |  |

## II. Overall Building Composition

|                                                  |  |
|--------------------------------------------------|--|
| Total # Units in Building (including affordable) |  |
| Number of Residential Floors in the Building     |  |

## III. Market Rate Units (if applicable)

| Unit Type | Total # |
|-----------|---------|
| SRO       |         |

|               |  |
|---------------|--|
| Studio        |  |
| Jr. 1 Bedroom |  |
| 1 Bedroom     |  |
| 1+ Bedroom    |  |
| 2 Bedroom     |  |
| 2+ Bedroom    |  |
| 3 Bedroom     |  |
| 3+ Bedroom    |  |
| 4 Bedroom     |  |
| Other         |  |

- IV. Affordable Units

|                                             |  |
|---------------------------------------------|--|
| Total # affordable (only) Units in Building |  |
|---------------------------------------------|--|

- AFFORDABLE UNITS BY BEDROOM SIZE

| Unit Type     | Total # | Minimum Household Occupancy Size | *Maximum Household Occupancy Size |
|---------------|---------|----------------------------------|-----------------------------------|
| SRO           |         |                                  |                                   |
| Studio        |         |                                  |                                   |
| Jr. 1 Bedroom |         |                                  |                                   |
| 1 Bedroom     |         |                                  |                                   |
| 1+ Bedroom    |         |                                  |                                   |
| 2 Bedroom     |         |                                  |                                   |
| 2+ Bedroom    |         |                                  |                                   |
| 3 Bedroom     |         |                                  |                                   |
| 3+ Bedroom    |         |                                  |                                   |
| 4 Bedroom     |         |                                  |                                   |
| Other         |         |                                  |                                   |

\*Please note that children under 6 years do not count toward household size.

- DETAILED DESCRIPTION OF AFFORDABLE UNITS BY BEDROOM SIZE

*Refer to Area Median Income Levels Set by MOHCD/ OCII for Table Below.*

| Unit # | Bedroom Count | Bath Count | Square Feet | Please Indicate if Unit Accessible or Adaptable (including Visually or Hearing Impaired) | % Area Median Income Limit | For rent units: Min. Monthly Household Income Required (ex: 2 or 2.5 times rent) | For sale units: Min. Down payment Required (BMR program requires only 5%) |
|--------|---------------|------------|-------------|------------------------------------------------------------------------------------------|----------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------|
|        |               |            |             |                                                                                          |                            |                                                                                  |                                                                           |
|        |               |            |             |                                                                                          |                            |                                                                                  |                                                                           |
|        |               |            |             |                                                                                          |                            |                                                                                  |                                                                           |
|        |               |            |             |                                                                                          |                            |                                                                                  |                                                                           |
|        |               |            |             |                                                                                          |                            |                                                                                  |                                                                           |

#### V. Renter / Buyer Outreach

I/We understand that it is our responsibility to read and understand the rules of the regulatory agreement(s) for this development as well as the marketing and outreach policies set forth by OCII.

At least 18 months, and 8 months prior to initiation of the affirmative marketing obligations or other public advertising and marketing of the Affordable Housing Units, (as the term is defined in the relevant development agreement(s)), the Developer shall provide occupancy preference, prioritized by the applicant category (based on a list developed by Developer and OCII and/or its agent) below.

Advanced notice (the "Advance Notice"); however, must be provided through a series of three postcards to Certificate of Preference Holders (COP). Two of the three total postcards shall alert COP preference holders during (the "Advance Notice Period") of affordable and/or market rate housing opportunities in the Project that will become available:

1. COP Postcard Template 1, shall also encourage those interested to seek a housing counseling agency to assist with advanced preparation for qualifying.
2. COP Postcard Template 2, shall market workshops specific to qualifying for the Project in conjunction with your chosen housing counseling agency, and may include a description of the housing, and income qualifications for tenancy or ownership.
3. The third and final postcard shall align with the open marketing period and include notification about the information session, lottery, and how to apply (see marketing plan).

Once postcards are approved by the COP Coordinator, the Developer/ Marketing Agent shall deliver the postcards in a quantity specified by the COP Coordinator corresponding with current number of Active COP holders. Postcard mailings shall coincide with marketing intervals as described in section VII. Application/Selection Process and Timeline. The Developer/ Marketing Agent will be invoiced for associated costs such as labels, and postage after each mailing. The Return Address side of the postcard must have matt finish to allow for postage metering.

The outreach materials will include the following information, as applicable:

**1) Occupancy Preferences** (Verify with OCII and/or its agent)

Preference will be given to:

| Preference | Applicant Category                                                            |
|------------|-------------------------------------------------------------------------------|
| 1          | Persons Displaced by Project Activity                                         |
| 2          | Certificate of Preference Holders:<br>a. Western Addition<br>b. Hunters Point |
| 3          | Displaced Tenant Housing Preference                                           |
|            | Neighborhood Resident Housing Preference                                      |
| 4          | San Francisco Residents or Workers                                            |
| 3          | All Others                                                                    |

**2) POST CARD TEMPLATE 1 & 2**

1. Anticipated occupancy date
2. A description of the total number of Affordable Units in the Project;
2. List Housing Counseling Agency and/or workshop dates to assist prospective applicants.

**Side One:**



**Coming Summer, Spring, Fall,  
Winter YEAR!  
Affordable Homes for Rent or Sale  
in San Francisco**

**Two-bedroom and three-bedroom rental or ownership  
units at Lakeside Village in the XX Neighborhood  
coming soon!**

*For more information about the COP Program, please call 415-701-5526.*

**Side Two:**

**Return Address:**

San Francisco Mayor's Office of Housing and Community Development  
1 South Van Ness, 5<sup>th</sup> Floor San Francisco, CA 94103

Beautiful new Lakeside Village apartments or homes  
with modern design + amenities coming XXXXXXXX!  
Affordable apartments or homes available to  
households at an affordable price.

Get prepared now! For help with credit repair,  
building savings for your deposit, maintaining financial  
documentation and any housing need that requires  
time, effort and care contact:

XXXX Housing Counselor  
(415) 701-1022 or [www.sfxxx.org](http://www.sfxxx.org)  
Lakeside Village specific workshops coming February 2019.



Reserve for COP mailing label



**COP Postcard Template 2**

**Side One:**



**Coming Summer, Spring, Fall,  
Winter YEAR!  
Affordable Homes for Rent or Sale  
in San Francisco**

**2 two-bedroom + 3 three-bedroom rental or ownership units  
available at  
Lakeside Village, in the XX neighborhood at  
1125 Laurel Court, San Francisco, CA 94124 coming soon!**

*For more information about the COP Program, please call 415-701-5526.*

**Side Two:****Return Address:**

San Francisco Mayor's Office of Housing and Community Development  
1 South Van Ness, 5<sup>th</sup> Floor San Francisco, CA 94103

Beautiful new Lakeside Village apartments or homes  
with modern design + amenities coming XXXXXXXX!  
Affordable apartments or homes available to  
households at an affordable price.

Get prepared! Free workshops to help you qualify:

XXX Housing Counselor  
(415) 701 – 1022 or [www.sfxxx.org](http://www.sfxxx.org)  
"Rental Readiness" Tuesday 3/20 5-7pm

XXX Housing Services  
(415) 701 – 5353 or [www.hsxxx.org](http://www.hsxxx.org)  
"How to make 1125 Laurel Court home" Thursday 3/15 6-8pm



Reserve for COP mailing label



- **VI. Marketing Strategy**

- Beginning in the early outreach period and through the **lease up** of BMR units, the Developer is required to work with a Housing Counseling Agency to assist with counseling. The Developer must identify a Housing Counseling Agency in the list below. Please note the top two Housing Counseling Agencies listed have an ongoing relationship with the current population of Certificate of Preference holders:

San Francisco Housing Development Corporation (SFHDC)  
Contact: Sheri Powers (415) 822-1022

Bayview Senior Services (BVSS)  
Contact: Cathy Davis (415) 647-5353

SF LGBT Community Center (415) 865-5555  
Veteran's Equity Center (415) 255-2347  
Mission Economic Development Agency (415) 282-3334  
Consumer Credit Counseling of San Francisco (800) 777-7526  
Asian, Inc. (415) 928-5910

The scope of work should include the services below:

*Rental Scope of Work:*

To provide comprehensive outreach and marketing services integrating with education, individualized support, group workshops, and peer-support counseling to ensure COP holders have the opportunity to be prospective residents in your development..

List of services include:

- Outreach and affirmative marketing with an emphasis on Certificate of Preference holders
- Housing placement
- Budgeting and Asset Building
- Credit counseling which should address any credit issues
- Housing education
- One on one follow ups
- Tenant counseling
- Financial education including credit building techniques
- Rental application assistance and preparation
- Eviction prevention
- Workshops for application process, income eligibility, down payment requirements, credit checks, etc.
- Workshop for COP holders
- Housing rights
- Fair housing rights
- Landlord/ tenant relations and issues

Please provide any additional scope or recommendations you may have to help COP holders to be prospective residents in your development.

- b) Beginning in the early outreach period and through the **sale** of BMR units, the Developer is required to work with a Housing Counseling Agency to assist with counseling. The Developer must identify a MOHCD-approved Housing Counseling Agency in the list below. Please contact HomeownershipSF Shannon Way at (415) 202-5464 for assistance. Please note the top Housing Counseling Agency listed has an ongoing relationship with the current population of Certificate of Preference holders:

San Francisco Housing Development Corporation (SFHDC)  
Contact: Sheri Powers (415) 822-1022

Bayview Hunters Point Multipurpose Senior Services, Inc. (415) 822-1444  
SF LGBT Community Center (415) 865-5555  
Mission Economic Development Agency (415) 282-3334  
Balance (800) 777-7526  
Asian, Inc. (415) 928-5910

Please also refer to [www.homeownershipsf.org](http://www.homeownershipsf.org) for more information about HomeownershipSF Housing Counseling Agencies.

*Ownership Scope of Work:*

To provide comprehensive outreach and marketing services integrating with education, individualized support, group workshops, and peer-support counseling to ensure COP holders have the opportunity to apply to and secure housing in your development.

List of services include:

- Outreach and affirmative marketing with an emphasis on Certificate of Preference holders
- Individual pre-purchase counseling housing workshops
- One on one follow ups
- Budgeting and Asset Building
- Financial education including credit building techniques
- Credit counseling which should address any credit issues
- Homebuyer application assistance and preparation
- Workshops for application process, income eligibility, down payment requirements, credit checks, etc.
- Housing rights
- Fair housing rights

Please provide any additional scope or recommendations that will help find and prepare prospective residents.

Outreach Materials (i.e. post cards)

I/We understand that our project must provide a post card **as a part of this submission** for the AFFORDABLE units available that includes the following information. (Please refer to sample template in section V. Renter / Buyer Outreach)

- Certificate of Preference and Displaced Tenant Housing Preference indication (if applicable)
- Exterior and interior photo of the development
- Information on workshops
- Fair Housing logo
- Equal Opportunity logo

**Please attach the Memorandum of Understanding you have negotiated with the Housing Counseling Agency.**

Outreach to Certificate of Preference Holders

- I/We understand that we are responsible for marketing our Affordable Rental or Homeownership units to Certificate of Preference holders. Certificate of Preference holders are primarily households displaced in Redevelopment Project Areas during the 1960's and 1970's, but may also include other persons displaced by Agency action. For more information, applicants may contact 415-701-5526.

I/We understand that I/we shall provide post cards for the mailing of an affordable housing announcement to all Certificate of Preference holders. We are responsible for printing the post cards, once approved by the COP Outreach Coordinator. OCII and/or its agent shall coordinate



the mailing and invoice the developer for the full cost of the first class mailing, including postage and labels.

- 
- **VII. Application/Selection Process and Timeline**

I have read the City and County of San Francisco's Operational Rules for San Francisco Housing Lotteries and Rental Lease-up Activities (Exhibit S) and understand the application, selection, preparation and review and Lottery process.

[Please complete the following timeline as part of your Plan]

Timeline of Entire Process (add info as needed)

| TASK                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | TIME FRAME                                                                                                                                                                            | DATE |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| OCII provides developer with: <ul style="list-style-type: none"> <li>• Early Outreach Plan and Marketing Plan (which includes Tenant Selection Criteria) ("Plans") template</li> <li>• Fair Chance Ordinance link on HRC website</li> <li>• Operational Rules for Lotteries &amp; Lease Up (another exhibit of the DDA or Loan Agreement or other relevant document)</li> <li>• Link to list of rental readiness service providers who can assist potential applicants or Homeownership SF if for-sale project</li> </ul> | Developer will have template prior to or by construction commencement. Developer must submit <i>draft</i> Early Outreach and Marketing Plans 30 days after construction commencement. |      |
| Developer provides OCII and/or its agent (MOHCD) with the Early Outreach Plan                                                                                                                                                                                                                                                                                                                                                                                                                                             | At least 1 month after construction commencement                                                                                                                                      |      |
| OCII and/or its agent reviews Outreach Plan for accurate project information, partnering with a community outreach organization, and consistency with template.                                                                                                                                                                                                                                                                                                                                                           | OCII will provide approval no later than 10 business days after final draft is received.                                                                                              |      |
| OCII and/or its agent reviews and approves Outreach Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Approval is provided within 5 business days.                                                                                                                                          |      |
| Early Outreach begins: <ul style="list-style-type: none"> <li>• OCII and/or its agent monitors developer's progress on Early Outreach timeline and activities</li> </ul>                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                       |      |
| Developer provides OCII and/or its agent with Early Outreach marketing materials and OCII and/or its agent does 1 <sup>st</sup> of 3 COP mailings <ul style="list-style-type: none"> <li>• Notice of Workshop dates to come,</li> <li>• encouragement to contact housing counseling agency</li> <li>• help with credit repair</li> <li>• asset building</li> <li>• maintaining financial documentation etc.</li> </ul>                                                                                                    | 3 months after construction commencement or 18 to 12-months prior to the anticipated Temporary Certificate of Occupancy ("TCO").                                                      |      |
| Developer submits refined draft Marketing Plan. Upon receipt of draft Marketing Plan, OCII notifies its agent, if any, that the tenant selection and marketing plans are forthcoming. (If no agent represents OCII proceed to next task below.)                                                                                                                                                                                                                                                                           | 12-months prior to the anticipated Temporary Certificate of Occupancy ("TCO").                                                                                                        |      |

|                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                  |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|--|
| OCII reviews Plan for consistency with development agreements (loan agreements, VDDAs, DDAs, OPA/DDAs), including appropriate rent ranges, AMIs and occupancy preferences, engages with developer if any discrepancies, and confirms with its agent, if any, first draft of plan is consistent with applicable agreement, and sends to its agent, if any.        | Within 30 days of receipt of plan (no later than 45 days after receipt of draft plan) OCII sends to plan to MOHCD                |  |
| OCII and/or its agent meet with leasing agent and Access to Housing Partner to go over all marketing, lease-up & lottery processes                                                                                                                                                                                                                               | After draft Marketing Plan (with the Tenant Selection Criteria) are approved and before marketing plan is finalized and approved |  |
| OCII and/or its agent approves revised draft Plans & transmits Marketing Plan approval to developer                                                                                                                                                                                                                                                              | Within 60 days after the receipt of the Marketing Plan                                                                           |  |
| Developer provides OCII and/or its agent with marketing materials and OCII and/or its agent does 2 <sup>nd</sup> of 3 COP mailings <ul style="list-style-type: none"> <li>• Notice of project specific Workshop dates</li> <li>• Get prepared, free workshops to help with qualification</li> <li>• Unit specific, # of units etc.</li> </ul>                    | 5-8 months before TCO                                                                                                            |  |
| OCII and/or its agent requests any/all Plan updates from developer with finalized dates and actual pricing                                                                                                                                                                                                                                                       | 7 months before lease up/sales                                                                                                   |  |
| Developer submits final plan and COP postcard to OCII and/or its agent <ul style="list-style-type: none"> <li>• OCII and/or its agent does 3<sup>rd</sup> of 3 COP mailings</li> <li>• Notice of open Marketing period</li> <li>• Unit specific, rent, # of units etc.</li> <li>• Information sessions</li> <li>• Open house dates</li> <li>• lottery</li> </ul> | 30-day period, 6 months sales                                                                                                    |  |
| For projects where lease-up begin between Jan-May: If a new AMI has been published since the first draft of the Marketing Plan was created, then OCII will determine if the new AMI & Rent limits should be used in the final version of the marketing Plan. Alert OCII and/or its agent if the AMI numbers are revised.                                         | Same 30-day period as above                                                                                                      |  |
| Developer sends advertisements to OCII and/or its agent for review and approval                                                                                                                                                                                                                                                                                  | Same 30-day period as above                                                                                                      |  |
| OCII and/or its agent considers final Marketing Plan with advertisements for approval <ul style="list-style-type: none"> <li>• Final postcard to be delivered week prior to open marketing period.</li> </ul>                                                                                                                                                    | Same 30-day period as above                                                                                                      |  |
| Marketing Period begins. OCII and/or its agent does COP mailing and posts to website, housing alert system; Front Desk                                                                                                                                                                                                                                           | 90 days before sales                                                                                                             |  |
| Marketing period                                                                                                                                                                                                                                                                                                                                                 | 28 days (rent) / 45 days (homeownership)                                                                                         |  |
| OCII and/or its agent confirms DTHP & COP                                                                                                                                                                                                                                                                                                                        | Prior to applicant interviews                                                                                                    |  |

|                                                                                                                                                                                                                                                                        |                                         |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--|
| OCII attends a specialized rental readiness workshop session for COP holders)                                                                                                                                                                                          | When scheduled                          |  |
| OCII fields consumer complaints and works with leasing agent to address pre-lottery issues                                                                                                                                                                             | As needed                               |  |
| Lottery –OCII and/or its agent assists developer                                                                                                                                                                                                                       | Three weeks after marketing period ends |  |
| Developer follows MOHCD’s post-lottery instructions which includes but are not limited to, reaching out to applicants in lottery rank order.                                                                                                                           |                                         |  |
| Lease-up / Sales begin <ul style="list-style-type: none"> <li>The appeals process needs to be included on the application, next to the signature line and in every denial letter sent to applicants</li> </ul>                                                         |                                         |  |
| If applicant files an appeal: <ul style="list-style-type: none"> <li>Developer tracks the appeal on weekly lease-up/sales list</li> <li>Developer hears the appeal</li> <li>Before 2<sup>nd</sup> denial is sent OCII and/or its agent needs to review file</li> </ul> |                                         |  |
| OCII and/or its agent reviews all denials and confirms Developer is correct in calculations and following marketing procedures                                                                                                                                         |                                         |  |
| OCII’s agent, if any, alerts OCII to problems/concerns with lease-up. (If no agent represents OCII proceed to next step below.)                                                                                                                                        |                                         |  |
| OCII addresses lease-up / sales issues with Developer                                                                                                                                                                                                                  |                                         |  |
| OCII addresses lease-up / sales issues with consumers and hears denial appeals after initial review by OCII and/or its agent                                                                                                                                           |                                         |  |
| Developer provides OCII and/or its agent with a clean copy of the Final Waitlist                                                                                                                                                                                       |                                         |  |

### VIII. Document Review

I/We certify that I/we and all agents involved in the process of renting affordable units have read applicable documents.

Representative (sign) \_\_\_\_\_

Representative (print) \_\_\_\_\_

Title (print) \_\_\_\_\_

Company (print) \_\_\_\_\_

Date (print) \_\_\_\_\_

**EXHIBIT T-2**

**Marketing Plan Template and Tenant Selection Plan Template**  
**City and County of San Francisco**  
**Mayor's Office of Housing and Community Development (MOHCD)**

**Marketing and Tenant Selection Plan for Initial Rental Units**

---

This marketing and tenant selection plan is subject to City review within 15 business days from the date it is received and complete. **Please set all advertising dates in this plan so that no date commences sooner than 45 calendar days from the date of your plan submission.**

**Please complete and return this form as a "Word" document so that our office may track changes directly onto the document.** The approval process typically involves a back-and-forth process between MOHCD and the developer's representative. Please do not submit incomplete plans. This marketing and tenant selection plan may be updated from time to time at the discretion of MOHCD.

**I. General Information**

Our goal is to ensure that all applicants are screened using consistently applied, fair criteria, to provide a desirable, well-maintained and affordable place to live for an economically, racially, and ethnically integrated resident population, while complying with the provisions of any federal, state, or local law prohibiting discrimination in housing on the basis of race, religion, sex, color, family status, disability status, national origin, marital status, ancestry, gender identity or sexual orientation, source of income, or HIV/AIDS status.

In order to inform the public, owners, and prospective tenants about federal fair housing laws and affirmative fair marketing procedures per the MOHCD Loan Agreement, we will include the Equal Housing Opportunity logotype and/or slogan, and a logotype indicating accessibility to the disabled, in all press releases, solicitations, and program information materials.

|                                                                                                                     |  |
|---------------------------------------------------------------------------------------------------------------------|--|
| Today's Date                                                                                                        |  |
| Proposed Marketing Launch Date<br>(Must be no sooner than 45 days from the date of first marketing plan submission) |  |
| Name of Building                                                                                                    |  |
| Property Address<br>(Street address used for marketing and mailing to new renters)                                  |  |

|                                                 |                                                                             |
|-------------------------------------------------|-----------------------------------------------------------------------------|
| Property Address as Stated in Planning Approval |                                                                             |
| Planning Motion Number                          |                                                                             |
| Loan Agreement Name & Date                      | If multiple MOHCD/OCII loan agreements, list all agreement names and dates. |
| Name of City and Co. of SF Planner              |                                                                             |

The following developer contact information for is for internal use only.

|                   |  |
|-------------------|--|
| Name of Developer |  |
| Developer Address |  |
| Developer Phone   |  |
| Developer Email   |  |

|                           |  |
|---------------------------|--|
| Name of Marketing Company |  |
| Marketing Agent           |  |
| Marketing Agent Address   |  |
| Marketing Agent Phone     |  |
| Marketing Agent Email     |  |

|                                                              |  |
|--------------------------------------------------------------|--|
| Date of Building Permit Issuance                             |  |
| Expected Construction Completion Date                        |  |
| Expected Issuance Date of Temporary Certificate of Occupancy |  |
| Expected Issuance Date of Final Certificate of Occupancy     |  |
| Actual Issuance Date of Temporary Certificate of Occupancy   |  |

|                                                        |  |
|--------------------------------------------------------|--|
| Actual Issuance Date of Final Certificate of Occupancy |  |
| Date on which you expect units can be occupied         |  |

|                                                                                                                                                                    |                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| List all Sources of Government Financing for the Project (e.g. CDLAC, TCAC, HUD Loan, Infill Grant, etc.)                                                          |                                                                                                                                            |
| If there is a source of government financing, how long and at what % Area Median Income must your units be restricted as <b>rental units</b> under this financing? | <b>Please include:</b><br>Funder name,<br>% AMI restriction(s),<br>Number of units at each income level, and<br>Date when restrictions end |

## II. Overall Building Composition

|                                                  |  |
|--------------------------------------------------|--|
| Total # Units in Building (including affordable) |  |
| Number of Residential Floors in the Building     |  |
| Number of Commercial Floors in the Building      |  |

## III. Market Rate Units *(if applicable)*

| Unit Type     | Total # | Rent Range of Market Rate Units |
|---------------|---------|---------------------------------|
| SRO           |         |                                 |
| Studio        |         |                                 |
| Jr. 1 Bedroom |         |                                 |
| 1 Bedroom     |         |                                 |
| 1+ Bedroom    |         |                                 |
| 2 Bedroom     |         |                                 |
| 2+ Bedroom    |         |                                 |
| 3 Bedroom     |         |                                 |
| 3+ Bedroom    |         |                                 |
| 4 Bedroom     |         |                                 |
| Other         |         |                                 |

## • IV. Affordable Units

|                                                       |  |
|-------------------------------------------------------|--|
| Total # of affordable units in building               |  |
| Total # of manager/staff units <i>(if applicable)</i> |  |

•

*Attach the excel template named "DAHLIA-Unit Table" containing detailed information about the units*

## V. Renter Qualifications

We understand that it is our responsibility to read and understand the rules of the Regulatory Agreement(s) for this development as well as the marketing and outreach policies set forth by the City and County of San Francisco Mayor's Office of Housing and Community Development.

You must attach a resident selection criteria document for our review in addition to completing the section below. The resident selection criteria must also specify any preferences or program-specific resident selection criteria applicable to the project, such as lottery preferences, and/or Access Point referrals from the Human Services Agency or Department of Public Health for Local Operating Subsidy Program units, etc. The resident selection criteria must also incorporate references to the Fair Chance Ordinance and how criminal background checks will not be used until after all other qualifications have been reviewed. The resident selection criteria should also include the following information as applicable:

### 3) Applicant Eligibility Criteria

All applicants must qualify based upon:

- Commitment to use the unit as the principal residence.
- Commitment to participate in rental restrictions and compliance recertification.
- Insert project specific eligibility information (household size, income, age, etc.)

### 4) Occupancy Preferences

Insert, project-specific preference chart, per the project's OCII Loan Documents and/or Ground Lease:

SAMPLE:

| Preference | Applicant Category                                                            |
|------------|-------------------------------------------------------------------------------|
| 1          | Persons Displaced by Project Activity                                         |
| 2          | Certificate of Preference Holders:<br>c. Western Addition<br>d. Hunters Point |
| 3          | Displaced Tenant Housing Preference<br>(20% Set Aside)                        |
| 4          | Neighborhood Resident Housing<br>Preference (40% Set Aside)                   |
| 5          | Live or Work in San Francisco<br>Preference                                   |
| 6          | All Others                                                                    |

For more information about the lottery process and housing preferences, please refer to the MOHCD Housing Preferences and Lottery Procedures Manual.

### 5) Local Operating Subsidy Program

If your project is receiving Local Operating Subsidy Program ("LOSP") funds from Department of Homelessness and Supportive Housing for designated LOSP units, then describe the total number of units and number of units receiving the LOSP subsidy along with the referral process for those units. Please insert the following language:

“Certificate of Preference Holders who meet eligibility for HSH’s LOSP units will have priority status over other LOSP applicants. Certificate holders will be required to apply for the LOSP units by going through the HSH designated Access Sites/Points for LOSP eligibility screening.”

6) Basis of Disqualification for Lottery Winners

*Please list the reasons for which a household could be disqualified. Please note that you must abide by Article 49 of the San Francisco Police Code (Fair Chance Ordinance): <http://sf-hrc.org/fair-chance-ordinance>.*

*Please complete with each ground for disqualification. Be specific.*

Ability to pay rent standard –

Credit Standard (credit may only be ran after income qualification)–

Rental History Standard –

Criminal History Standard –

Maximum Household Size Standard –

Other -

7) Mitigating Circumstances

Please describe your mitigating circumstances policy and procedures.

8) Reasonable Accommodations

Please include instructions on filing a Request for a Reasonable Accommodation; guidelines for considering and evaluating a Request for Reasonable Accommodation, and the appeal process.

9) Grievance Policy

Your Grievance Policy must be available to all applicants. Please review the sample language and list your Grievance Policy below:

**SAMPLE GRIEVANCE POLICY:**

“If, at any time during the application process, you feel that your rights, duties, welfare, or status are or may have been adversely affected by (“Developer’s Name and/or Service Provider’s”) action or failure to act, you may submit your grievance for informal or formal review. You may call (insert phone #) and leave a voicemail if necessary, and your call will be returned as soon as possible, but no later than 3 business days after your call date. If your grievance is not resolved at that point, you may request an informal hearing, which is a meeting with the (“Developer’s Name and/or Service Provider”) Staff and Director. The goal of the informal hearing is to settle the problem without the need for a formal hearing. In the event the problem is not settled, you are entitled to request a formal hearing. A formal hearing is between you and (“Developer’s Name and/or Service Provider”), and a designated member of MOHCD. To request a formal hearing, you must already have attempted to resolve the issue with the



(“Developer’s Name and/or Service Provider”) and through an informal hearing described above. All requests for informal or formal meetings must be in writing, and must contain specific grounds for complaint. Hearing requests should be mailed to: (insert “Developer’s Name and/or Service Provider” & contact info).

If you have a grievance with any entity related to the project, including MOHCD, please contact the (“Developer’s Name and/or Service Provider”) to advise you on pursuing the appropriate next steps.”

#### 10) Appeal Process

Please describe your appeal process.

### • **VI. Marketing Strategy**

#### • Advertising

We understand that our affordable units must be advertised over a period of at least three (3) weeks in five (5) local newspapers that outreach to minority and low and moderate-income communities in San Francisco. The marketing must occur during the first 2 weeks of the 28 day required marketing period. Ads must appear in the “housing,” “real estate” and/or “community” sections of the publications. I understand that we must save copies of our ads and make them available to MOHCD at the culmination of our marketing period.

- We will post in the following five (5) local venues throughout a 3-week period at least one time each week:

| <b>Newspaper or publication</b>                                           | <b>Exact Advertisements Dates</b> |
|---------------------------------------------------------------------------|-----------------------------------|
| <i>Suggestion: Bayview or Sun Reporter (African American audience)</i>    |                                   |
| <i>Suggestion: El Tecalote (Spanish speaking audience)</i>                |                                   |
| <i>Suggestion: Philippine News or Asian Journal (Filipino audience)</i>   |                                   |
| <i>Suggestion: Asian Weekly or Singtao Daily (Chinese audience)</i>       |                                   |
| <i>Suggestion: Bay Area Reporter or SF Bay Times</i>                      |                                   |
| <i>Suggestion for Other: Choose a paper that is local to the building</i> |                                   |

- We will announce the affordable housing opportunity in at least 5 of the following non-print electronic media outlets throughout the marketing period.

| <b>Social Media and Online Publications</b>          | <b>Exact Advertisement Dates</b> |
|------------------------------------------------------|----------------------------------|
| <i>Suggestion: Facebook, Twitter, Nextdoor, etc.</i> |                                  |
| <i>Suggestion: SF Gate</i>                           |                                  |
| <i>Suggestion: agency website</i>                    |                                  |
| <i>Suggestion: Craig’s List</i>                      |                                  |
| <i>Other:</i>                                        |                                  |

- **Optional** - We will post in one of the following City-wide Paper for at least 1 weekend on a Saturday or Sunday:

| Newspaper or publication        | Exact Advertisements Dates |
|---------------------------------|----------------------------|
| <i>Suggestion: SF Examiner</i>  |                            |
| <i>Suggestion: SF Chronicle</i> |                            |

All newspaper ads and postings will state income maximums by household size; renter qualifications; project team contact information as the primary contact information; and identify MOHCD as the monitor of the affordable rental program. Ads may refer applicants to the MOHCD website at [www.sfmohcd.org](http://www.sfmohcd.org) but will not list MOHCD telephone numbers or email addresses. A copy of the wording to be used in all advertising will be sent to MOHCD for initial review and copies of all placed ads will be sent to MOHCD upon the completion of the marketing period. All postings will display an "Equal Housing Opportunity" symbol on all marketing materials, advertisements and notices at the rental office:



#### SAMPLE AD LANGUAGE:

2 one-bedroom Affordable Rental Units available at 333 Birch Street. Rents range from \$800-950 per month. Households must earn no more than the maximum income levels below:

#### **55% of Area Median Income**

One person - \$45,600; 2 persons - \$52,100; 3 persons - \$58,600; 4 persons - \$65,100 etc.

Application information found on the SF Housing Portal - DAHLIA at [housing.sfgov.org](http://housing.sfgov.org)  
Applications due by 5pm on DATE. Please contact the Green Company for building information at (415) xxx-xxxx or [333birchaffordable@green.com](mailto:333birchaffordable@green.com).

Units available through the San Francisco Mayor's Office of Housing and Community Development and are subject to monitoring and other restrictions. Visit [www.sfmohcd.org](http://www.sfmohcd.org) for program information.



We will use the following ad language when advertising the affordable rental units:

#### Building Signage

I will prominently display MOHCD prescribed and approved signage on the construction site of this project. The signage/banner should be no smaller than 5' by 5' and state Affordable Rental

Units Available Soon and include a web address and/or telephone number for interested applicants to learn more.

We will use the following building signage language when advertising the affordable rental units:

MOHCD will provide template

#### Website

I will create a website for the affordable units or create a link for the units on our existing website at \_\_\_\_\_.

#### Board of Supervisors

- I will announce the affordable housing opportunity at least twice to the Board of Supervisors District Office where the project is located by providing a copy of the flyer I will be available to discuss any possible issues related to this project with the District Supervisor, district residents, and the public at large.

| Board of Supervisor's Name | Notification Dates, Name of Staff Member Responsible for the Communication and How the Communication Will be Made |
|----------------------------|-------------------------------------------------------------------------------------------------------------------|
|                            |                                                                                                                   |
|                            |                                                                                                                   |

#### Outreach Materials

We understand that our project must provide (1) a flyer and (2) a COP postcard **as a part of this submission** for the affordable rental units available that includes the following information. (Please see sample COP postcard and flyer at the end of this document).

- Reference to the MOHCD Affordable Rental Program
- Reference to the non-profit developer/project sponsor
- All applicable lottery preferences (must appear on flyer only, not COP postcard)
- Maximum and minimum income qualifications
- Rent levels
- Description of units
- Exterior and interior (if available) photo of the development
- Information Session date, time and location
- Information on how to obtain an application
- Open house dates and times (if applicable)
- Lottery date, time and location
- Fair housing logo
- Equal Opportunity Logo
- Your website

#### Outreach to Certificate of Preference Holders

- We understand that we are responsible for marketing our BMR units to Certificate of Preference (COP) holders. Certificate of Preference holders are primarily households

displaced in Redevelopment Project Areas during the 1960's and 1970's, but may also include other persons displaced by Agency action. For more information, applicants may contact 415-701-5613.

We understand that we shall provide **5 x7** postcards for the mailing of an affordable housing announcement to all Certificate of Preference holders. MOHCD shall coordinate the printing, mailing and invoice us for the full cost of the printing, first class mailing, including postage and labels.

- 

#### Outreach to Organizations Who Serve People with Disabilities

We will include organizations that serve people with disabilities on our Marketing Outreach List to market our accessible units.

- 

#### Strategy for Marketing to Residents of the Immediate Neighborhood

We understand we must present a strategy for reaching out to the local community surrounding the building. Suggestions include posting flyers in local community meeting places, posting the units in local papers, and reaching out to local community groups. This strategy is above and beyond your ad placements in local or citywide newspapers. At a minimum, list 10 local venues in which you will post your flyer or otherwise distribute your flyer.

#### *• Your Strategy for Marketing to Residents of the Immediate Neighborhood Here:*

- 

- 

#### Strategy for Language Access

I/We understand we must be able to provide assistance to applicants who may not speak English. More information about the Language Access Ordinance can be found here: <http://sfgov.org/oceia/language-access-services>. Please list the languages spoken by your staff. Describe how language assistance in Cantonese, Filipino and Spanish will be provided and include your strategy for reviewing applications submitted in these languages (i.e., translation service used, in house assistance available, etc.).

Throughout the marketing period, you must have copies of the SF Housing Resource Guide available in all four languages for applicants who require additional assistance or referrals to housing counseling. The SF Housing Resource Guide is available on our website here: <http://sfmohcd.org/san-francisco-housing-resource-guide>

Furthermore, assistance in these languages must be provided at the lottery. Please indicate whether you have the capacity to provide this service.

#### *• Your Strategy for Providing Language Access:*

-

- 
- **VII. Application/Selection Process and Timeline**

Please complete the following timeline as part of your Marketing Plan.

Timeline of Entire Process

| <b>Task Name</b>                                  | <b>Date</b>                                   |
|---------------------------------------------------|-----------------------------------------------|
| Submittal of Marketing Plan to MOHCD              |                                               |
| Marketing period (28 days)                        |                                               |
| Copy of Advertisements to required newspapers     | <i>One week before marketing start period</i> |
| Informational Workshop                            | <i>One week after marketing start date</i>    |
| Additional Community Outreach                     | <i>Marketing start date</i>                   |
| Application Deadline                              | <i>28 days from marketing start date</i>      |
| Paper applications entered in Salesforce          | <i>One week after marketing deadline</i>      |
| Flags reviewed in Salesforce                      | <i>One week after marketing deadline</i>      |
| Email removed applicants                          | <i>Two weeks after marketing deadline</i>     |
| Lottery                                           | <i>Three weeks after marketing deadline</i>   |
| Application Review / Approval Process- start date | <i>One week after lottery</i>                 |
| Lease-up process / timeline                       |                                               |
| Initial approvals                                 |                                               |
| First Occupancy                                   |                                               |
| Project Closing- projected date                   |                                               |

## **VII. Review of Program Documents**

We certify that we and all agents involved in the process of renting affordable units have read and reviewed the following documents:

- MOHCD Housing Preferences and Lottery Procedures Manual  
<https://sfmohcd.org/lottery-preference-programs>
- Rental program application [housing.sfgov.org](https://housing.sfgov.org)
- City and County of San Francisco Fair Chance Ordinance (FCO)  
<https://sfgov.org/olse/fair-chance-ordinance-fco>

I have included the following documents with my request: (Please check)

- ☐ Multifamily Marketing Plan – DAHLIA - Unit Table (Excel Document)
- ☐ Marketing Flyer
- ☐ COP Postcard

- \_\_\_ Marketing Outreach list
- \_\_\_ A copy of Building's Lease Agreement, including any and all addendums
- \_\_\_ A copy of Building's Acceptance Letter
- \_\_\_ A copy of Building's Denial Letter
- \_\_\_ A copy of Building's Landlord Verification
- \_\_\_ A copy of Resident Selection Criteria
- \_\_\_ A copy of Building's Post-Lottery Rental Application
- \_\_\_ A copy of the Tenant Income Certification Worksheet (Excel Document)

Representative (sign) \_\_\_\_\_

Representative (print) \_\_\_\_\_

Title (print) \_\_\_\_\_

Company (print) \_\_\_\_\_

Date (print) \_\_\_\_\_

- 
- 
- 

- **DAHLIA Web Posting**

We understand that Affordable units must be posted on SF Housing Portal – DAHLIA for at least 28 calendar days prior to the application deadline. The following template will be posted on DAHLIA during the marketing period.

*Please complete this template thoroughly. Please remove red sections and italicized descriptions once complete.*

|                                               |                                                                                                  |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>Posting Date</b>                           | <b>Must be at least 45 days from the date of the submission of this marketing plan to MOHCD.</b> |
| <b>Type of Unit(s)</b>                        | For example: Senior Housing                                                                      |
| <b>Building Name</b>                          | <i>If different than development name</i>                                                        |
| <b>Project ID</b>                             | <i>MOHCD will add</i>                                                                            |
| <b>Photo URL</b>                              | <i>URL of a high-resolution photo of the outside of your building</i>                            |
| <b>Year Built</b>                             |                                                                                                  |
| <b>Website</b>                                |                                                                                                  |
| <b>Neighborhood</b>                           |                                                                                                  |
| <b>Waitlist</b>                               | <i>Final Waitlist Size</i>                                                                       |
| <b>Application Contact Person and Address</b> |                                                                                                  |
| <b>Phone Office Hours</b>                     |                                                                                                  |
| <b>Email</b>                                  |                                                                                                  |

|                                                                           |                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Application deadline</b>                                               | <p><b>Set the application deadline 21 calendar days from the posting date.</b></p> <p>_____, 5pm</p> <p>Applications must be <u>received</u> in paper form (no faxes or emails) by 5pm on the date of the deadline. <b>Postmarks will not be accepted.</b><br/> <b>Applications received after the deadline will not be accepted.</b></p> |
| <b>Open House Dates (if applicable)</b>                                   | <p>Date:<br/>Time:</p> <p>Date:<br/>Time:</p> <p>Date:<br/>Time:</p>                                                                                                                                                                                                                                                                      |
| <b>Information Session</b>                                                | <p><i>Project Sponsor will present floor plans, timeline for the project, amenities of the building and neighborhood and any specific eligibility requirements.</i></p> <p>Date:<br/>Time (beginning no earlier than 5pm):<br/>Location:</p>                                                                                              |
| <b>Lottery</b>                                                            | <p>Date:<br/>Time:<br/>Location:</p>                                                                                                                                                                                                                                                                                                      |
| <b>Building Accessibility</b>                                             | <i>Accessibility features in common areas like lobby – wheelchair ramps, wheelchair accessible bathrooms and elevators. Please indicate what specific ADA accessible features the units have or can be modified to have.</i>                                                                                                              |
| <b>Building Amenities</b>                                                 | <i>Example: Laundry room, parking, gym, etc.</i>                                                                                                                                                                                                                                                                                          |
| <b>Parking</b>                                                            | <i>How many spaces available for renters. Limit one parking space per household. Parking is offered to households in lottery rank order.</i>                                                                                                                                                                                              |
| <b>Application Fee</b>                                                    | <i>Application fees are only to be collected post-lottery once a household is contacted by your building.</i>                                                                                                                                                                                                                             |
| <b>Other fees &amp; utilities paid by the renter (Costs Not Included)</b> | <i>Please list any fees for renter's insurance, utilities paid by the renter etc. here.</i>                                                                                                                                                                                                                                               |
| <b>Credit History Eligibility Rule</b>                                    |                                                                                                                                                                                                                                                                                                                                           |
| <b>Rental History Eligibility Rule</b>                                    |                                                                                                                                                                                                                                                                                                                                           |
| <b>Smoking Policy</b>                                                     |                                                                                                                                                                                                                                                                                                                                           |
| <b>Pet Policy</b>                                                         | <i>Please include any fees for pet rent, pet deposit, etc. Please specify that service and companion animals are welcome and pet fees do not apply.</i>                                                                                                                                                                                   |

|                          |                    |        |           |           |
|--------------------------|--------------------|--------|-----------|-----------|
| <b>Utility Allowance</b> | Utility            | Studio | 1 Bedroom | 2 Bedroom |
|                          | <i>Add Utility</i> |        |           |           |
|                          | <i>Add Utility</i> |        |           |           |
|                          | TOTAL ALLOWANCE    |        |           |           |
| <b>Special Notes</b>     |                    |        |           |           |



# COP Postcard Template

(Postcards must be at 5x7 and have a matte finish on Side Two)

**Side One:**

## Affordable Homes for Rent in San Francisco

|                |                |
|----------------|----------------|
| Exterior Photo | Interior Photo |
|----------------|----------------|

**VENMOA, 333 Garfield Street, San Francisco, CA 94103**

**5 studio rental units available at \$991 per month**

**20 one-bedroom rental units available at \$1,133 per month**

**15 two-bedroom rental units available at \$1,264 per month**

Households must have a minimum monthly income of two times the rent.

Households' income must fall within the maximum range below:

| Household Size         | 1 Person             | 2 Persons            | 3 Persons            | 4 Persons            | 5 Persons            |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Maximum monthly income | Divide max AMI by 12 | Divide max AMI by 12 | Divide max AMI by 12 | Divide max AMI by 12 | Divide max AMI by 12 |



*Please contact 415-701-5626 for more information about the COP program.*

**Side Two: (Please Make Room For Address Label and Postage)**

**Applications must be received by 5PM on Thursday, January 12, 2018**

Apply online to ensure your application is received on time at <http://housing.sfgov.org> or mail a self-addressed stamped envelope to: VENMOA BMR, P.O. Box 420847, San Francisco, CA 94142. Postmarks are not considered.

Return Address:

Mayor's Office of Housing and  
Community Development

Reserved for

For assistance with your application contact:  
<http://housing.sfgov.org/housing-counselors>

For more information contact VENMOA leasing:  
(415) 555-1212 or [bmr@venmoa.com](mailto:bmr@venmoa.com)

**Information Session**

12/20 at 3PM at:  
SF Main Public Library – Latino-Hispanic Room  
100 Larkin Street, San Francisco, CA 94102

**Open House Dates**

12/19, 5-7PM; 12/29, 12-2PM; 12, 5-7PM  
333 Garfield Street, San Francisco, CA 94103

**Lottery** (attendance is optional)

2/2 at 3PM at:  
SF Main Public Library – Koret Auditorium  
100 Larkin Street, San Francisco, CA 94102

SPACE RESERVED FOR USPS

## Flyer Template

### Front Page:

#### Affordable Homes for Rent in San Francisco

|                |                |
|----------------|----------------|
| Exterior Photo | Interior Photo |
|----------------|----------------|

### VENMOA, 333 Garfield Street, San Francisco, CA 94103

5 studio rental units available at \$991 per month

20 one-bedroom rental units available at \$1,133 per month

15 two-bedroom rental units available at \$1,264 per month

- New Units with Modern Design + Amenities
- Households must have a minimum monthly income of two times the rent
- Households must earn no more than the monthly income levels listed below:

| Household Size         | 1 Person             | 2 Persons            | 3 Persons            | 4 Persons            | 5 Persons            |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Maximum monthly income | Divide max AMI by 12 | Divide max AMI by 12 | Divide max AMI by 12 | Divide max AMI by 12 | Divide max AMI by 12 |

**Applications must be received by 5PM on Thursday, January 12, 2018.** Postmarks will not be considered. *Apply online to ensure your application is received on time.*

**Applications must either be submitted online at <http://housing.sfgov.org> or mailed in with a self-addressed stamped envelope to: VENMOA BMR, P.O. Box 420847, San Francisco, CA 94142**

Applications versions can be downloaded from <http://housing.sfgov.org> or picked up from one of the housing counseling agencies listed at <http://housing.sfgov.org/housing-counselors>

#### Information Session

12/20 at 3PM at:

SF Main Public Library – Latino-Hispanic Room  
100 Larkin Street, San Francisco, CA 94102

**Open House Dates**

12/19, 5-7PM; 12/29, 12-2PM; 12, 5-7PM  
333 Garfield Street, San Francisco, CA 94103

**Lottery (attendance is optional)**

2/2 at 3PM at:  
SF Main Public Library – Koret Auditorium  
100 Larkin Street, San Francisco, CA 94102

**For more information contact VENMOA leasing at (415) 555-1212 or [bmr@venmoa.com](mailto:bmr@venmoa.com)**

All applicants are encouraged to apply. Please see the project posting at <http://housing.sfgov.org> for applicable lottery preferences. Units are monitored through the San Francisco Mayor's Office of Housing and Community Development and are subject to monitoring and other restrictions.



## ATTACHMENT F

## SBE Consultant Summary

## HPSY Block 56

## Professional Consultant List

|                                                      |                                                        |                     |                     |                     |            | For Informational Purposes Only |                   |                     |             |
|------------------------------------------------------|--------------------------------------------------------|---------------------|---------------------|---------------------|------------|---------------------------------|-------------------|---------------------|-------------|
| Consultant                                           | Discipline                                             | Fee                 | SBE Credit*         | SF-SBE              |            | MBE                             | M/WBE             | WBE                 | Ethnicity** |
| CSDA Design Group                                    | Acoustic                                               | \$ 23,000           | \$ 23,000           |                     |            |                                 |                   |                     |             |
| Van Meter Williams Pollack (In association with KMA) | Associate Architect                                    | \$ 1,270,046        | \$ 1,270,046        | \$ 1,270,046        |            |                                 |                   | \$ 1,270,046        |             |
| Luk and Associates                                   | Civil Engineering                                      | \$ 68,000           | \$ 68,000           |                     |            |                                 | \$ 68,000         |                     | Asian-Pac   |
| Luk and Associates                                   | Civil Survey                                           | \$ 19,000           | \$ 19,000           |                     |            |                                 | \$ 19,000         |                     | Asian-Pac   |
| Langan + Acumen Industrial                           | Environmental, Phase II, SMP,                          | \$ 193,950          | \$ 193,950          | \$ 193,950          |            |                                 |                   |                     |             |
| Regent Construction Management LLC                   | Construction Manager/Owner's Rep                       | \$ 153,195          | \$ 153,195          | \$ 153,195          | \$ 153,195 |                                 |                   |                     | Latin       |
| EDesignC                                             | Electrical/ IT/ Communications/ Security (Low Voltage) | \$ 122,250          | \$ 122,250          | \$ 122,250          |            |                                 | \$ 122,250        |                     | Latina      |
| Redwood Energy                                       | Energy Modeling/T24                                    | \$ 14,250           | \$ 14,250           |                     |            |                                 |                   |                     |             |
| Langan + Divis Industrial                            | Geotechnical                                           | \$ 106,900          | \$ 106,900          | \$ 106,900          |            |                                 |                   |                     |             |
| Redwood Energy                                       | GPR                                                    | \$ 31,550           | \$ 31,550           |                     |            |                                 |                   |                     |             |
| Fletcher Studio                                      | Landscape                                              | \$ 115,000          | \$ 115,000          | \$ 115,000          |            |                                 |                   |                     |             |
| WDAL                                                 | Lighting                                               | \$ 44,420           | \$ 44,420           | \$ 44,420           |            |                                 |                   | \$ 44,420           |             |
| Newport Realty Advisors                              | Market Study                                           | \$ 13,000           | \$ 13,000           | \$ 13,000           | \$ 13,000  |                                 |                   |                     | Latin       |
| MHC Engineers                                        | Mechanical, Plumbing, and Fire                         | \$ 175,000          | \$ 175,000          | \$ 175,000          | \$ 175,000 |                                 |                   |                     | Asian-Pac   |
| JD Consulting                                        | Permit Expediter                                       | \$ 73,000           |                     |                     |            |                                 |                   |                     |             |
| Scaffold Testing and Inspection Co                   | OSHA/OPOS (Building Maintenance System)                | \$ 16,000           |                     |                     |            |                                 |                   |                     |             |
| CalSolar                                             | Solar PV                                               | \$ 12,500           |                     |                     |            |                                 |                   |                     |             |
| Topflight                                            | Specifications                                         | \$ 41,000           | \$ 41,000           | \$ 41,000           |            |                                 |                   |                     |             |
| OLMM                                                 | Structural                                             | \$ 152,000          | \$ 152,000          | \$ 152,000          | \$ 152,000 |                                 |                   |                     | SE Asian    |
| American Trash Management                            | Trash Consultant                                       | \$ 17,000           |                     |                     |            |                                 |                   |                     |             |
| UDCE                                                 | Utility/Joint Trench                                   | \$ 79,275           | \$ 79,275           | \$ 79,275           | \$ 79,275  |                                 |                   |                     | Asian-Pac   |
| Steelhead Engineers                                  | Waterproofing                                          | \$ 41,200           |                     |                     |            |                                 |                   |                     |             |
| <b>Total</b>                                         |                                                        | <b>\$ 2,781,536</b> | <b>\$ 2,621,836</b> | <b>\$ 2,466,036</b> |            | <b>\$ 572,470</b>               | <b>\$ 209,250</b> | <b>\$ 1,314,466</b> |             |
| <b>% of Total Fees</b>                               |                                                        |                     | <b>94.3%</b>        | <b>88.7%</b>        |            | <b>20.6%</b>                    | <b>7.5%</b>       | <b>49.0%</b>        |             |

\* Full SBE credit is granted to joint ventures and associations where the SBE partner performs at least 35% of the joint venture or association agreement.

\*\* Ethnicity and/or gender data were gathered from third-party sources and presented for informational purposes only. Such data have not been verified.

## **ATTACHMENT G: Consultant Biographies**

### **KERMAN MORRIS ARCHITECTS LLP (Associate Architect)**

Established in 1994, Kerman Morris Architects is a small, woman-owned business recognized by the City and County of San Francisco as a Green Business. The firm brings a deep commitment to excellence in design and creating responsive, well-crafted places for living and working. Our practice specializes in a range of residential developments, including infill housing, affordable housing, custom homes, and mixed-use projects as well as developing projects themselves.

### **Weller Design Architectural Lighting (WDAL) (Architectural Lighting)**

Weller Design Architectural Lighting is a woman-owned business with over 20 years of expertise to both residential and commercial lighting projects. The LEED certified team has experience which encompasses architectural lighting and construction management as well as electrical engineering. It is this understanding of the built environment that allows us to have a unique and efficient approach to each project.

### **EDesignC (Electrical & Low Voltage)**

The minority and woman-owned firm was founded in 2008 to provide collaborative and innovative engineering solutions for the built environment. EDesignC Inc. values and supports work/life balance, communal ownership, and regional workplaces utilizing local staff and resources.

### **MHC Engineers (Mechanical, Plumbing, & Fire Protection Engineer)**

MHC Engineers, a minority owned firm was founded on the belief that the best solution requires more than just meeting the bottom line. In our engineering design, we work dynamically with our clients to meet their specific set of contextual needs from site and sustainability to acoustics and user specific design. We do not cut-and-paste solutions. MHC Engineers' mission is to foster an environment where the entire team is ready and able to exceed their goals. All project design decisions are discussed, critically evaluated, and revised by the entire project team while maintaining constant communication with the client. Our emphasis is on high quality processes that produce high quality results.

### **OLMM (Structural Engineer)**

OLMM Consulting Engineers, a local minority owned business is a reputable and award-winning structural engineering firm with offices in San Francisco and Oakland. We provide complete structural design, seismic analysis, and retrofit design services to both public and private sector clients. Firm is highly disciplined and has always prided itself in meeting schedules and bringing in projects within established budgets. Our solutions to structural challenges are not only imaginative and innovative but also practical and cost-effective. Our contributions have helped achieve LEED and Green Point certification for major projects.

### **Regent Construction Management LLC (Construction Manager/Owner's Representative)**

This company is a minority owned business that has been in business for 27 years. I have built, managed, estimated, or consulted on a wide variety of projects throughout the Bay Area, Sacramento, Napa Valley, and parts of the Central Valley. In 2007, I established Regent Construction Management, LLC. Prior to establishing Regent, I worked for Cahill Contractors, Inc., one of San Francisco's leading and most reputable General Contractors. While at Cahill I held positions ranging from hands on Field Engineer, to Pre-Con Estimator/Project Manager and for the last 6 years I served as Sr. Project Manager, overseeing multiple teams, and earning a reputation for hands on involvement and attention to detail. Regent Construction Management incorporates into the project team and provides services necessary to keep Pre-Construction, Construction and Turn Over successfully moving forward, on schedule and budget.

### **Newport Realty Advisors (Market Study)**

Newport Realty Advisors LLC is a Real Estate Consulting Firm providing Economic and Market Advisory Services to Financial Institutions, Public Agencies, Private Real Estate Investment Firms, Syndicators, Equity Partners, Debt Lenders, Not-For-Profit Development Firms and Market Rate Developers throughout California. Newport Realty

Advisors provide clients with a highly competitive advantage in today's marketplace by applying analytically based quantitative methodologies and market-driven qualitative results as a means of deriving investment conclusions. Research methodologies are predicated on our fundamental understanding of real estate cycles, competition and supply and demand market conditions.