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**SIXTH AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT
(Hunters Point Shipyard Phase 1)**

This SIXTH AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT (HUNTERS POINT SHIPYARD PHASE 1) (this "**Sixth Amendment**"), dated as of December 19, 2012 (the "**Sixth Amendment Reference Date**"), is entered into by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic (the "**Agency**"), and HPS DEVELOPMENT CO., LP, a Delaware limited partnership ("**Developer**"), with reference to the following facts and circumstances:

RECITALS

A. The Redevelopment Agency of the City and County of San Francisco (the "**Redevelopment Agency**") and Developer entered into that certain Disposition and Development Agreement Hunters Point Shipyard Phase 1, dated as of December 2, 2003, and recorded in the Official Records of the City and County of San Francisco (the "**Official Records**") on April 5, 2005 as Document No. 2005H932190 at Reel I861, Image 564 (the "**Original DDA**"), as amended by that certain First Amendment to Disposition and Development Agreement Hunters Point Shipyard Phase 1, dated as of April 4, 2005 and recorded in the Official Records on April 5, 2005 as document No. 2005H932191 at Reel I861, Image 565 (the "**First Amendment**"), and as further amended by that certain Second Amendment to Disposition and Development Agreement Hunters Point Shipyard Phase 1, dated as of October 17, 2006, and recorded in the Official Records on October 26, 2006 as Document No. 2006I275571 at Reel J254, Image 429 (the "**Second Amendment**"), and as further amended by that certain Amendment to Attachment 10 (Schedule of Performance For Infrastructure Development And Open Space "Build Out" Schedule of Performance) to the Disposition And Development Agreement Hunters Point Shipyard Phase 1, dated as of August 5, 2008, and recorded in the Official Records on March 24, 2009 as Document No. 2009-I738449 (the "**Third Amendment**"), and as further amended by that certain Fourth Amendment to Disposition and

Development Agreement (Hunters Point Shipyard Phase 1), as of August 29, 2008, and recorded in the Official Records on March 24, 2009, as Document No. 2009-1738450 (the "**Fourth Amendment**"), and as further amended by that certain Fifth Amendment to Disposition and Development Agreement (Hunters Point Shipyard Phase 1), dated as of November 3, 2009, and recorded in the Official Records on November 30, 2009, as Document No. 2009-1879123 (the "**Fifth Amendment**" and, together with the Original DDA, the First Amendment, the Second Amendment, the Third Amendment, and the Fourth Amendment, the "**DDA**").

B. The Agency and CP Development Co., LP, a Delaware limited partnership (as more particularly defined as "Developer" under the CP/HPS2 DDA, "**CP/HPS2 Developer**"), an Affiliate of Developer, entered into that certain Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated as of June 3, 2010, and recorded in the Official Records on November 18, 2010 as Document No. 2010-J083660-00, at Reel K273, Image 427 (the "**CP/HPS2 DDA**").

C. Under Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("**AB 26**") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, No. S194861, all redevelopment agencies in the State of California, including the Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies, which AB 26 charged with satisfying enforceable obligations of the former redevelopment agencies.

D. In June 2012, the California Legislature adopted legislation amending AB 26 as a trailer bill to the State's budget bill for the 2012-2013 fiscal year, known as Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session) ("**AB 1484**"), and the Governor signed that bill on June 27, 2012. While AB 26 defined the successor agency to be the sponsoring community, AB 1484 provided that (1) the successor agency is a separate public entity from the public agency that provides for its governance and the two entities shall not merge, (2) the successor agency has its own name and the capacity to sue and be sued, (3) the successor agency succeeds to the organizational status of the former redevelopment agency but without any legal authority to participate in redevelopment activities except to complete the work related to an approved enforceable obligation, and (4) the successor agency is a local entity for purposes of the Ralph M. Brown Act.

E. Pursuant to AB 26 and AB 1484, the Agency was designated as the successor agency to receive the non-affordable housing assets of the Redevelopment Agency, and the Agency succeeds, by operation of law, to the Redevelopment Agency's rights, title and interest in the DDA and the CP/HPS2 DDA, without the necessity for any assignment or other action on the part of any party. On October 2, 2012, the City's Board of Supervisors adopted Ordinance 215-12 (File No. 120898) acknowledging that the Agency is a separate legal entity, creating a commission for the Agency (the "**Commission**") as a policy body of the Agency and delegating to the Commission the authority to act in place of the former San Francisco Redevelopment Agency Commission to implement certain projects, including the Project and the CP/HPS2 Project. As required by AB 26, the City also established the oversight board of the Agency (the "**Oversight Board**").

F. The DDA and the CP/HPS2 DDA are enforceable obligations within the meaning of AB 26 and AB 1484 (“**Enforceable Obligations**”), and both were in existence prior to June 28, 2011. The Oversight Board has recognized and approved the DDA and the CP/HPS2 DDA as Enforceable Obligations, and has approved recognized obligation payment schedules that include various obligations and commitments relating to these Enforceable Obligations.

G. California Health and Safety Code Section 34177 provides that the Agency, as a successor agency, is required to (1) perform obligations required pursuant to any Enforceable Obligation, and (2) continue to oversee development of properties until the contracted work has been completed.

H. This Sixth Amendment is consistent with and in furtherance of an Enforceable Obligation that existed prior to June 28, 2011, and is in the best interests of the Agency, Developer and the taxing entities. This Sixth Amendment will likely enable Developer to obtain financing and expedite the Project, and thereby significantly aid the completion of the Project and the winding down of the affairs of the Agency.

I. Under the DDA, Developer is required to complete certain Horizontal Improvements, including in order to support certain Agency Housing Parcels on which Agency Affordable Housing Units will be constructed by the Agency utilizing tax increment revenue dedicated to improving, preserving or producing affordable housing. Developer’s Lots are available to sell to Vertical Developers, including third parties or Affiliates of Developer, for market rate homes.

J. The DDA requires that fifteen percent (15%) of the Residential Units constructed in the Project by Vertical Developers will be Affordable Inclusionary Units, with approximately seventy percent (70%) of these Residential Units targeted to households earning no more than eighty percent (80%) of AMI (the “**80% AMI Units**”) and thirty percent (30%) of these Residential Units being targeted to households earning no more than fifty percent (50%) of AMI (the “**50% AMI Units**”). The DDA further requires that the 80% AMI Units and the 50% AMI Units would be evenly distributed throughout the Project.

K. In order to permit the 50% AMI Units to be constructed earlier, the Agency and Developer desire to dedicate Block 49 for the development of an Affordable Residential Project consisting of approximately sixty (60) 50% AMI Units, and that all of the Residential Units on Block 49 shall be 50% AMI Units. By doing so, the 80% AMI Units would remain as Inclusionary Units constructed by Vertical Developers and comprise, in the aggregate, 10.5% of the total Residential Units. Accordingly, there will be no change under this Sixth Amendment in the total number of Affordable Residential Units anticipated in the Project. In addition, Developer has agreed to contribute to the Block 49 affordable housing development construction and/or permanent funds for the development of such Affordable Residential Project to the extent required after application of funds not provided through other sources (the “**Block 49 Subsidy**”). Developer has also agreed to make a one million dollar (\$1,000,000) payment in connection with the dedication of Block 49 for the 50% AMI Units to be constructed on Block 49.

L. At the time the DDA was executed in 2005, the Parties anticipated that the issuance of Mello-Roos Bonds, together with revenue from Lots sales and other Developer

financing would provide sufficient financing for construction of the Horizontal Improvements without the need for land secured financing. Changes in the development schedule and capital markets provide the opportunity to efficiently finance the remaining Horizontal Improvements utilizing land secured financing in a manner consistent with that contemplated for the Residential Projects under the Vertical DDA and with other projects in the City, including development of Candlestick Point and Phase 2 of the Hunters Point Shipyard under the CP/HPS2 DDA (as more particularly described in the CP/HPS2 DDA, the "**CP/HPS2 Project**").

M. The Project is adjacent to the CP/HPS2 Project. While the development of the CP/HPS2 Project and the Project are undertaken by separate Persons under separate agreements with the Agency, each project is substantially aided by the success of the other. In order to facilitate the simultaneous development of the Project and the CP/HPS2 Project, CP/HPS2 Developer and Developer have cooperated to pursue financing for the development of the CP/HPS2 Project and the Project, respectively. In order to permit such financing to proceed efficiently, and in recognition of such interrelationships, the Agency and Developer desire to permit mortgages on the Project Site and to provide consistency between the rights of lenders under the DDA and the CP/HPS2 DDA. Concurrently with this Sixth Amendment, the Agency and CP/HPS2 Developer are amending the CP/HPS2 DDA (the "**Phase 2 Amendment**").

N. Pursuant to the DDA, Developer is constructing Infrastructure on the Project Site, including on the Hillside and the Hilltop, in accordance with the Schedule of Performance for Infrastructure Development and the Open Space Build-Out Schedule of Performance, each of which is attached to the DDA as Attachment 10 (the "**Schedule of Performance**"). The Schedule of Performance was formulated by Developer and the Agency to reflect the scope of the Infrastructure and the anticipated market demand for Residential Projects constructed on the Project Site. Developer is substantially complete with the construction of the Infrastructure on the Hilltop, and Lots are available for the development of Residential Projects by Vertical Developers. Developer has been actively engaged in efforts to sell portions of the Project Site to Vertical Developers, and anticipates that its Affiliates will develop Vertical Improvements on certain Lots on the Hilltop in the near term. However, certain adjustments to the Schedule of Performance are required in order to match the Schedule of Performance with anticipated market demand for Lots.

O. Developer's obligation to construct the Horizontal Improvements is secured by certain faithful performance and labor and material bonds provided under the Hunters Point Shipyard Phase 1 Public Improvement Agreement dated as of July 21, 2009 by and among Developer, the Agency and the City (as amended and as amended from time to time, the "**PIA**"). In addition, under the DDA, Developer has provided the Guaranty, which secures Developer's obligations under the DDA. Under the Fourth Amendment, Developer is permitted under the DDA to a release of any Reversionary Quitclaim Deed, or from the obligation to provide same, upon providing the Agency with specified additional security. Developer and the Agency wish to make certain changes to these provisions to decrease the amount of additional security required in order to release a Reversionary Quitclaim Deed, as described below. Consistent with other projects in the City, the Agency has determined that the provision of security in an amount equal to one hundred twenty five percent (125%) of the estimated cost to complete the Horizontal Improvements is sufficient to ensure the timely delivery of the Horizontal Improvements.

P. Under the DDA, the Vertical Developer Residential Units are restricted to For-Sale Residential Units. In order to reflect current market conditions, including increased demand for Lots on which For-Rent Residential Units may be constructed, the Agency and Developer desire to permit Vertical Developers to determine whether a Residential Project will contain For-Rent or For-Sale Residential Units.

Q. In order to (i) provide for the use of efficient and customary Mortgages on the Project Site, (ii) provide for the 50% AMI Units to be delivered on Block 49, (iii) match the Schedule of Performance to the anticipated market demand for Lots, (iv) efficiently secure Developer's performance of its obligations under the DDA in a manner consistent with other projects in the City, (v) promote the development of Affordable Residential Units within the Project Site, (vi) permit the delivery of For-Sale and For-Rent Residential Units consistent with market demand in the Bayview Hunters Point community, (vii) amend the purchase price for the Agency's option to acquire additional Residential Units in Vertical Developers' Residential Projects and (viii) make other conforming amendments, all for the purposes of achieving development of the Project and the significant public benefits that derive from the Project, the Agency and Developer wish to enter into this Sixth Amendment.

AGREEMENT

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

1. Block 49 Dedication and Block 49 Subsidy; Distribution of Inclusionary Units. Developer shall convey Block 49 to the Agency (or to the Mayor's Office of Housing or other designee), in form approved by the Agency and ready for vertical development consistent with the DDA, concurrently with the execution and approval of the Block 49 Vertical DDA. The Block 49 Vertical DDA shall be in form and substance approved by the Agency and Developer, and shall provide for the construction of approximately sixty (60) 50% AMI Units. Developer shall also (1) pay to the Agency (or to the Mayor's Office of Housing or other designee) at the time of conveyance of Block 49, one million dollars (\$1,000,000) for use on Alice Griffith or other affordable housing costs within the Project Site, and (2) provide a subsidy to the Block 49 project in an amount and at times required to fill any gap financing necessary in order to build the proposed 50% AMI Units (collectively, the "**Block 49 Subsidy**"), provided that the Block 49 project shall be eligible to apply for four percent (4%) low-income housing tax credits and no other competitively-sought funding sources. Following Developer's conveyance and the Agency's acceptance of Block 49 and execution and delivery of the Block 49 Vertical DDA: (i) Developer shall have the right to determine the number of Inclusionary Units to be located in each Residential Project (as such number will be set forth in the applicable Vertical DDA for each Residential Project), so long as the following minimum requirements are met: (a) at least ten and one-half percent (10.5%) of the aggregate number of all Vertical Developer Residential Units in Phase 1 constructed or restricted under a Vertical DDA (with the applicable recorded Declaration of Restrictions for For-Rent or For-Sale Affordable Housing) are 80% AMI Units on each of the following dates (each, a "**Milestone Date**"): the date on which the Lot permitting construction of the (1) 300th, (2) 600th, (3) 900th and (4) 1200th Residential Unit is transferred by Developer to a Vertical Developer, and (5) the date on which the last Residential Lot is transferred by Developer to a Vertical Developer, all in accordance with Article 15 of the DDA;

(b) the number of Inclusionary Units within each Residential Project shall be no less than five percent (5%) and no more than twenty percent (20%) of the total number of Residential Units in that Residential Project; and (c) all Inclusionary Units shall be 80% AMI Units, subject to the restrictions in the Affordable Housing Program for the Inclusionary Units. Following conveyance of Block 49 to the Agency, Developer shall not, without the prior written approval of the Agency Executive Director, close sale on the 450th Residential Unit (or any subsequent Residential Unit) in Phase 1 until the Block 49 Residential Project has achieved Final Completion as defined in the Block 49 Vertical DDA. To obtain any such approval from the Agency Executive Director under the preceding sentence, Developer must notify the Agency Executive Director that the proposed sale that will permit development of the 450th Residential Unit and cite to the requirements of this Section. For purposes of calculating the number of Inclusionary Units, any fraction equal to or greater than one half (1/2) shall be rounded up to the nearest whole number and any fraction less than one half (1/2) shall be rounded down to the nearest whole number. If Developer and the Agency are not able to reach agreement on the Block 49 Vertical DDA on or before December 31, 2014 (subject to extension so long as the parties continue to negotiate in good faith), then either party shall have the right to terminate the provisions of this Section 1 by delivery of written notice to the other party. The termination shall take effect sixty (60) days following delivery of the written notice if the parties do not reach agreement during that sixty (60) day period. Following any such termination, Developer shall be required to build all of the Affordable Residential Units as described in the DDA without the changes described in this Section 1. Any Vertical DDA for a Residential Project that is executed and delivered before the date on which Block 49 is conveyed and the Block 49 Vertical DDA is executed and delivered may provide that (x) any of the 50% AMI Units, and (y) any of the 80% AMI Units in excess of 10% of the aggregate number of Residential Units in such Residential Project, may be converted to Residential Units without any Affordability restrictions so long as such conversion does not impact any existing occupant of such converted unit.

2. Reversionary Security. The amount of security required under the Fourth Amendment for a release of the Reversionary Quitclaim Deed shall be one hundred twenty five percent (125%). The Agency Executive Director shall request that the Director of the Department of Public Works release that portion of the "Reversionary Security" (as defined in the PIA) provided by Developer that the Agency Executive Director reasonably determines exceeds one hundred twenty five percent (125%) of the estimated cost to complete the remaining Horizontal Improvements, and shall use reasonable efforts to obtain any consent required of the Department of Public Works to any such release, including any revisions to the PIA that may be necessary to implement such release. Nothing in this Sixth Amendment will impact or reduce the security required under the Candlestick Point/Hunters Point Shipyard Subdivision Code (San Francisco Subdivision Code sections 1600 et seq.). Furthermore, the Agency Executive Director is hereby authorized to execute an amendment to the Guaranty, or a replacement Guaranty, such that the guaranteed obligations thereunder are limited to the payment and performance of Developer's indemnification and reimbursement obligations under the DDA, are subject to the same cap and are otherwise generally in a form consistent with the "Base Security" provided under the CP/HPS2 DDA. Nothing in the foregoing shall reduce or limit any security provided under the CP/HPS2 DDA, nor shall any such security limit or reduce any security provided under the DDA or the PIA.

3. Financing; Rights of Mortgagees. Section 18 of the DDA is hereby deleted in its entirety and replaced with the language set forth in Exhibit 1 to this Sixth Amendment.

4. Schedule of Performance. Attachment 10 of the DDA is hereby amended by providing that the date for Complete Infrastructure Construction of Block 48 shall be December 31, 2017.

5. For-Sale and For-Rent Residential Units. Without limiting the Affordability requirements of the DDA, (i) Developer and each Vertical Developer may cause Residential Units in a Residential Project to be offered either For-Sale or For-Rent, which determination will be set forth in the applicable Vertical DDA and apply to all of the Residential Units in that Residential Project, and (ii) no Declaration of Rental Use Restriction shall be required. Before completion of a Residential Project, a Vertical Developer may change the Residential Project from For-Sale to For-Rent, or vice-a-versa, by notification to the Agency. Following completion of a Residential Project, a Vertical Developer may request the ability to rent a For-Sale Residential Unit or sell a For-Rent Residential Unit based on market conditions, with appropriate tenant and resident restrictions as contemplated by the Affordable Housing Program, and any such request shall be subject to the prior written approval of the Agency Executive Director, which approval shall not be unreasonably withheld, conditioned or delayed. Subject to any such consent, nothing in this Section 5 shall limit the requirements of the Affordable Housing Program that a Declaration of Restrictions for For-Rent Affordable Housing Units be recorded against each For-Rent Affordable Residential Unit, that each For-Sale Affordable Residential Unit be sold to qualified members of the public using an Affordable Housing Parcel Deed, together with a Declaration of Restrictions for For-Sale Affordable Residential Unit and Option to Purchase Agreement.

6. Option to Acquire Residential Units; Purchase Price. The Option Purchase Price, as defined in section 3.5(e) of the Affordable Housing Program (attached as Attachment 22 to the DDA and Attachment F to the Vertical DDA form), shall be the price offered to the public minus six percent (6%).

7. Conforming Amendments.

(a) Definitions.

(i) The following defined terms are hereby added to section 1.1 of the DDA:

“**Block 49**” is a residential development site located in Parcel A-1 (i.e., the Hilltop area of Phase 1), as such location is generally depicted on the Land Use Plan (“**Block 49**”).

“**CP/HPS2 DDA**” means that certain Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) dated as of June 3, 2010, as the same may have been, and may be, amended or supplemented from time to time.

“CP/HPS2 Developer” means CP Development Co., LP, a Delaware limited partnership, or its transferees as “Developer” of the CP/HPS2 Project.

“CP/HPS2 Project” means the development of Candlestick Point and Phase 2 of the Hunters Point Shipyard under the CP/HPS2 DDA.

(ii) The following defined terms in section 1.1 of the DDA are hereby amended and restated in their entirety:

“Mortgage” is defined in Section 18.1.

8. Miscellaneous.

(a) Incorporation. This Sixth Amendment constitutes a part of the DDA and any reference to the DDA shall be deemed to include a reference to the DDA as amended by this Sixth Amendment.

(b) Ratification. To the extent of any inconsistency between this Sixth Amendment and the DDA, the provisions contained in this Sixth Amendment shall control. As amended by this Sixth Amendment, all terms, covenants, conditions and provisions of the DDA shall remain in full force and effect.

(c) Other Definitions. All capitalized terms used but not defined herein shall have the meanings assigned thereto in the DDA.

(d) Successors and Assigns. This Sixth Amendment shall be binding upon and inure to the benefit of the successors and assigns of the Agency and Developer, subject to the limitations set forth in the DDA.

(e) Counterparts. This Sixth Amendment may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one and the same document, binding on all parties hereto notwithstanding that each of the parties hereto may have signed different counterparts. Delivery of this Sixth Amendment may be effectuated by hand delivery, mail, overnight courier or electronic communication (including by PDF sent by electronic mail, facsimile or similar means of electronic communication). Any electronic signatures shall have the same legal effect as manual signatures.

(f) Governing Law; Venue. This Sixth Amendment shall be governed by and construed in accordance with the laws of the State of California. The parties hereto agree that all actions or proceedings arising directly or indirectly under this Sixth Amendment shall be litigated in courts located within the County of San Francisco, State of California.

(g) Integration. This Sixth Amendment contains the entire agreement between the parties hereto with respect to the subject matter of this Sixth Amendment. Any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded in total by this Sixth Amendment. No prior drafts of this Sixth Amendment or changes from those drafts to the executed version of this Sixth Amendment shall be introduced as evidence in any litigation or other dispute resolution proceeding by either party

hereto or any other person, and no court or other body shall consider those drafts in interpreting this Sixth Amendment.

(h) Further Assurances. The Agency Executive Director and Developer shall execute and deliver all documents, amendments, agreements and instruments reasonably necessary or reasonably required in furtherance of this Sixth Amendment, including as required in connection with the PIA, documents and agreements attached to the DDA or incorporated therein by reference, and other documents reasonably related to the foregoing.

(i) Effective Date. This Sixth Amendment shall become effective on the latest to occur of (the "**Sixth Amendment Effective Date**") (i) the date that it is duly executed and delivered by the parties hereto, (ii) the effective date of a resolution adopted by the Oversight Board approving this Sixth Amendment and the Phase 2 Amendment, and (iii) the effective date of a resolution adopted by the Commission approving this Sixth Amendment and the Phase 2 Amendment.

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IN WITNESS WHEREOF, the Agency and Developer have each caused this Sixth Amendment to be duly executed on its behalf as of the Sixth Amendment Effective Date.

AGENCY:

Authorized by Agency Resolution No. 2-2012
adopted December 18, 2012

Oversight Board Resolution No. 15-2012
Adopted December 10, 2012

Approved as to Form:

DENNIS J. HERRERA, City Attorney,
as counsel to the Agency

By: 
Name: Charles Sullivan, Deputy City Attorney

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO,
a public body, corporate and politic

By: 
Name: Tiffany Bohee
Title: Executive Director

DEVELOPER:

HPS DEVELOPMENT CO., LP,
a Delaware limited partnership

By: CP/HPS Development Co. GP, LLC,
a Delaware limited liability company
Its General Partner

By: _____
Name: Kofi Bonner
Its: Authorized Representative

State of California
County of San Francisco

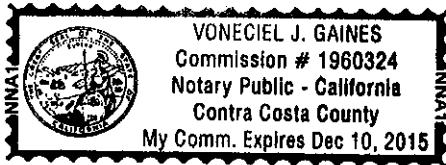
On December 20, 2012 before me, Voneciel J. Gaines, Notary Public, personally appeared Tiffany Jane Bohem who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Voneciel J. Gaines
Signature of Notary Public

(Notary Seal)



IN WITNESS WHEREOF, the Agency and Developer have each caused this Sixth Amendment to be duly executed on its behalf as of the Sixth Amendment Effective Date.

AGENCY:

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Approved as to Form:

DENNIS J. HERRERA, City Attorney,
as counsel to the Agency

By: _____
Name: Charles Sullivan, Deputy City Attorney


SUCCESSOR AGENCY TO THE
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By: CP/HPS Development Co. GP, LLC,
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Its General Partner

By: 
Name: Kofi Bonner
Its: Authorized Representative

State of California
County of San Francisco

On 12/20/2012, 2012 before me, June D. Branch, Notary Public, personally appeared Kelci Bonner who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

June D. Branch
Signature of Notary Public

(Notary Seal)

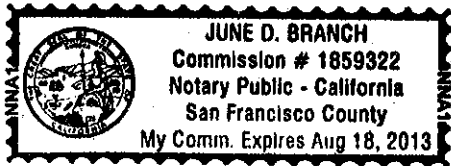


EXHIBIT 1

New Section 18

SECTION 18. Financing; Rights of Mortgagees.

18.1 Right to Mortgage. Developer and any Person to whom it transfers its interest in this Agreement, as permitted under this Agreement (collectively and individually, as the case may be, a “**Mortgagor**”) shall have the right, at any time and from time to time during the term of this Agreement, to grant a mortgage, deed of trust or other security instrument (each a “**Mortgage**”) encumbering all or a portion of such Mortgagor’s respective interests in all or a portion of the Project and/or the Project Site, including any such Mortgagor’s interest in any Land Proceeds Accounts relating to such portions of the Project and/or the Project Site (including the right to receive payments or other revenue emanating from the Project and/or the Project Site), for the benefit of any Person (together with its successors in interest, a “**Mortgagee**”) as security for one or more loans related to the Project, the Project Site, the CP/HPS2 Project or the real property comprising the CP/HPS2 Project, the proceeds from which are used to pay or reimburse costs incurred in connection with the Project, the Project Site, the CP/HPS2 Project or the real property comprising the CP/HPS2 Project, subject to the terms and conditions contained in this Section 18. For any Mortgage that cross-collateralizes and/or cross-defaults the obligations of Developer and CP/HPS2 Developer, Developer shall promptly provide to the Agency written notice of such Mortgage. Except as provided in this Section 18.1, no Mortgage shall be granted to secure obligations unrelated to the Project or the Project Site or to provide compensation or rights to a Mortgagee in return for matters unrelated to the Project or the Project Site. A Mortgagee may transfer or assign all or any part of or interest in any Mortgage without the consent of or notice to any Party; provided, however, that the Agency shall have no obligations under this Agreement to a Mortgagee unless the Agency is notified of such Mortgagee. Furthermore, the Agency’s receipt of notice of a Mortgagee following the Agency’s delivery of a notice or demand to Developer or to one or more Mortgagees under Section 18.4 shall not result in an extension of any of the time periods in this Section 18, including the cure periods specified in Section 18.5.

18.2 Certain Assurances. The Agency agrees to cooperate reasonably with each Mortgagor or prospective Mortgagor in confirming or verifying the rights and obligations of the Mortgagee hereunder.

18.3 Mortgagee Not Obligated to Construct. Notwithstanding any other provision of this Agreement, including those that are or are intended to be covenants running with the land, a Mortgagee, including any Person who obtains title to all or any portion of or any interest in the Project or the Project Site as a result of foreclosure proceedings, or conveyance or other action in lieu thereof, or other remedial action, including (a) any other Person who obtains title to real property in the Project Site or such portion from or through such Mortgagee or (b) any other purchaser at foreclosure sale, shall in no way be obligated by the provisions of this Agreement to Commence Construction or Complete Construction. Nothing in this Section 18.3 or any other provision of this Agreement shall be deemed or construed to permit or authorize any Mortgagee or any other Person to devote all or any portion of the Project Site to any uses, or to

construct any improvements, other than uses consistent with this Agreement and the Redevelopment Requirements.

18.4 Copy of Notice of Default and Notice of Failure to Cure to Mortgagee.

Whenever the Agency shall deliver any notice or demand to a Mortgagor for any breach or default by such Mortgagor in its obligations or covenants under this Agreement, the Agency shall at the same time forward a copy of such notice or demand to each Mortgagee having a Mortgage on the portion of the Project or the Project Site or any interest in the revenues therefrom or related thereto that is the subject of the breach or default who has previously made a written request to the Agency for a copy of any such notices. The Agency's notice shall be sent to the address specified by such Mortgagee in its most recent notice to the Agency. In addition, if such breach or default remains after any cure period permitted under this Agreement, as applicable, has expired, the Agency shall deliver a notice of such failure to cure such breach or default to each such Mortgagee at such applicable address. A delay or failure by the Agency to provide such notice required by this Section 18.4 shall extend, for the number of days until notice is given, the time allowed to the Mortgagee for cure.

18.5 Mortgagee's Option to Cure Defaults. Before or after receiving any notice of failure to cure referred to in Section 18.4, each Mortgagee shall have the right (but not the obligation), at its option, to commence within the same period as Developer to cure or cause to be cured any Event of Default, plus an additional period of (a) thirty (30) days to cure a monetary Event of Default and (b) sixty (60) days to cure a non-monetary Event of Default that is susceptible of cure by the Mortgagee without obtaining title to the applicable property subject to the applicable Mortgage. If an Event of Default is not cured within the applicable cure period (or cannot be cured by the Mortgagee without obtaining title to the applicable property), the Agency nonetheless shall refrain from exercising any of its remedies for the Event of Default and shall permit the cure by Mortgagee of such Event of Default if, within the Mortgagee's applicable cure period: (i) the Mortgagee has a recorded security interest in the applicable real property or perfected security interest in other applicable property and notifies the Agency in writing that the Mortgagee intends to proceed with due diligence to foreclose the Mortgage or otherwise obtain title to the subject property; (ii) the Mortgagee commences foreclosure proceedings within sixty (60) days after giving such notice, and diligently pursues such foreclosure to completion; and (iii) after obtaining title, the Mortgagee diligently proceeds to cure those Events of Default: (A) that are susceptible of cure by the Mortgagee; and (B) of which the Mortgagee has been given written notice by the Agency under Section 18.4 or thereafter. Notwithstanding the foregoing, no Mortgagee shall be required to cure any Event of Default that is personal to the Mortgagor (by way of example and not limitation, such Mortgagor's bankruptcy, failure to submit required information in the possession of such Mortgagor), and the completion of a foreclosure and acquisition of title to the applicable property by the Mortgagor shall be deemed to be a cure of such Events of Default. Although no Mortgagee is obligated to do so, any Mortgagee that directly or indirectly obtains title and that properly Completes Construction of the Infrastructure relating to the applicable portion of the Project Site in accordance with this Agreement shall be entitled, upon written request made to the Agency, to a Certificate of Completion.

18.6 Mortgagee's Obligations with Respect to the Property. Except as set forth in this Section 18, no Mortgagee shall have any obligations or other liabilities under this

Agreement unless and until it acquires title by any method to all or some portion of or interest in the Project or the Project Site (referred to as "**Foreclosed Property**"), and expressly assumes Developer's rights and obligations under this Agreement in writing. A Mortgagee (or its designee) that acquires title to any Foreclosed Property (a "**Mortgage Acquisition**"), shall take title subject to all of the terms and conditions of this Agreement to the extent applicable to the Foreclosed Property, including any claims for payment or performance of obligations that are due as a condition to enjoying the benefits under this Agreement from and after the Mortgagee Acquisition. Upon completion of a Mortgagee Acquisition and written assumption of Developer's rights and obligations under this Agreement, the Agency shall recognize the Mortgagee as Developer under this Agreement. The Agency shall have no right to enforce any obligation under this Agreement personally against any Mortgagee unless such Mortgagee expressly assumes and agrees to be bound by this Agreement in a form reasonably approved in writing by the Agency (for the avoidance of doubt, the foregoing shall not limit the Agency's rights and remedies against Developer notwithstanding any interest Mortgagee may have in Developer). However, the Agency shall have the right to terminate this Agreement with respect to the Foreclosed Property if the Mortgagee does not agree to assume the rights and obligations of Developer relating to the Foreclosed Property in writing within ninety (90) days following a Mortgagee's acquisition of title to the Foreclosed Property. If a Mortgagee or any Person who acquires title to real property in the Project Site from a Mortgagee assumes obligations to construct Improvements under this Agreement, the Schedule of Performance with respect to the Foreclosed Property shall be extended as needed to permit such construction.

18.7 No Impairment of Mortgage. No default by a Mortgagor under this Agreement shall invalidate or defeat the lien of any Mortgage. Neither a breach of any obligation secured by any Mortgage or other lien against the mortgaged interest nor a foreclosure under any Mortgage shall defeat, diminish, render invalid or unenforceable or otherwise impair Developer's rights or obligations or constitute, by itself, a default under this Agreement.

18.8 Multiple Mortgages. If at any time there is more than one Mortgage constituting a lien on a single portion of the Project or the Project Site or any interest therein, the lien of the Mortgagee prior in time to all others on that portion of the mortgaged property shall be vested with the rights under this Section 18 to the exclusion of the holder of any other Mortgage; provided, however, that if the holder of a senior Mortgage fails to exercise the rights set forth in this Section 18, each holder of a junior Mortgage shall succeed to the rights set forth in this Section 18 only if the holders of all Mortgages senior to it have failed to exercise the rights set forth in this Section 18 and holders of junior Mortgages have provided written notice to the Agency under Section 18.4. No failure by the senior Mortgagee to exercise its rights under this Section 18 and no delay in the response of any Mortgagee to any notice by the Agency shall extend any cure period or Developer's or any Mortgagee's rights under this Section 18. For purposes of this Section 18.8, in the absence of an order of a court of competent jurisdiction that is served on the Agency, a title report prepared by a reputable title company licensed to do business in the State of California and having an office in the City of San Francisco, setting forth the order of priorities of the liens of Mortgages on real property may be relied upon by the Agency as conclusive evidence of priority.

18.9 Cured Defaults. Upon the curing of any Event of Default by a Mortgagee within the time provided in Section 18.5, the Agency's right to pursue any remedies for the cured Event of Default shall terminate.