EXECUTIVE SUMMARY

The Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “Successor Agency”) submits Part 1 of its Long Range Property Management Plan (“LRPMP”) pursuant to Section 34191.5 of the California Health and Safety Code to dispose of three adjacent properties, the sale of which fulfills enforceable obligations and serves a governmental purpose. The three properties are: (1) an approximately 9,778-square-foot undeveloped parcel fronting Mission Street between Third and Fourth Streets, adjacent to Jessie Square Plaza (the “Mexican Museum Site”), (2) an improved subterranean public parking garage commonly known as the Jessie Square Garage located generally below Jessie Square Plaza (the “Jessie Square Garage”), and (3) a 3,690-square-foot air rights parcel above Jessie Square Plaza (the “Air Rights Parcel”) (collectively, the “Agency Property”). The former San Francisco Redevelopment Agency (“RDA”) acquired the Agency Property with federal urban renewal funds. The Agency Property is subject to an enforceable obligation with the federal government.

The Agency Property was also subject to the Redevelopment Plan for the Yerba Buena Center Approved Redevelopment Project Area D-1 (the “Project Area”), which was duly adopted in accordance with Community Redevelopment Law, and which expired by its own terms on January 1, 2011 (the “YBC Plan”).

The Successor Agency proposes to sell the Agency Property to a developer for its appraised value to construct a mixed-use project that includes: (1) a new 43-story tower (with up to 190 residential units) connected to existing historically significant Aronson Building, (2) approximately 48,000 net square feet of cultural space for The Mexican Museum, (3) up to approximately 4,800 gross square feet of ground-floor retail/restaurant space, and (4) use of Jessie Square Garage for private and public uses (the “Project”). Under this LRPMP, the Successor Agency proposes to sell the Agency Property to fulfill an enforceable obligation consistent with a federal governmental purpose, which is explained in greater detail later in this document.

BACKGROUND

The RDA, and now the Successor Agency, has long held the Agency Property for the purpose of fulfilling the YBC Plan and the federal mandates governing urban renewal grant funds (explained in further detail below). A brief summary of each property follows:

1. The Mexican Museum Site. This property is the last of the Successor Agency’s undeveloped parcels in the Project Area. The land is subject to a 1993 Land Disposition Agreement, as amended eight times, with The Mexican Museum, a California nonprofit
organization, for the purposes of constructing a museum for The Mexican Museum (the “LDA”). In the Eighth Amendment to the LDA, dated Dec. 7, 2004, the RDA and Mexican Museum agreed to pursue “a reduced scale of development on the Site providing for the potential of the Mexican Museum as a cultural component in a larger development.” Section 1 (amending Section 7 (f) of the LDA). The property subject to the LDA is currently unimproved, except for a foundation and basement that was previously constructed for a stand-alone museum, as part of the development of the Jessie Square Garage (described below).

2. **Jessie Square Garage.** This property is improved with a four-level underground public parking structure with 442 spaces, which includes a ramp for ingress and egress from Stevenson Street. Jessie Square Garage (along with Jessie Square Plaza and adjacent improvements) was built with $43.1 million in tax increment bonds. The garage was intended to serve the surrounding cultural uses, including The Mexican Museum. As of June 1, 2013, $25,284,468 of those bonds was outstanding. The Project depends on using a portion of Jessie Square Garage as private parking (at a 1:1 ratio) for the future owners of the condominium units.

3. **The Air Rights Parcel.** This is a small air rights parcel above Jessie Square Plaza, a completed 38,000-square-foot public plaza. It is needed for the Project because a portion of the museum space will cantilever over Jessie Square Plaza.

**LONG RANGE PROPERTY MANAGEMENT PLAN (PART I)**

**Date of Acquisition**

- Mexican Museum Site: December 10, 1969
- Jessie Square Garage: October 1967 – December 1971

**Value of Property at Time of Acquisition**

- Mexican Museum Site: Approx. $280,000
- Jessie Square Garage: Approx. $836,000
- Air Rights Parcel: (Included in value of Jessie Square Garage above)

**Estimate of the Current Value**

The Agency Property was appraised by CBRE, Inc.’s valuation and advisory group on June 12, 2013 (the “CBRE Appraisals”). The CBRE Appraisals (attached as Attachment A) valued the Agency Property, assuming the entitlements for the Project are approved, as of April 30, 2013, as follows:

- Mexican Museum Site: $12,570,000
- Jessie Square Garage: $21,620,000

Successor Agency to the San Francisco Redevelopment Agency
Long-Range Property Management Plan (Part 1)
Page 2 of 8
Purpose for which the Agency Property was Acquired

The RDA originally acquired the Agency Property with urban renewal funds provided through a federal Contract for Loan and Capital Grant dated December 2, 1966 (Contract No. Calif. R-59) and approved by the U.S. Department of Housing and Urban Renewal (the “HUD Contract”). Under the HUD Contract, the RDA was required to use the federal funds to carry out redevelopment activities in accordance with the YBC Plan and the federal standards for urban renewal under Title I of the Housing Act of 1949.

In 1983, the RDA and the City and County of San Francisco (the “City”) executed, with HUD concurrence, the Yerba Buena Center Redevelopment Project Closeout Agreement (the “YBC Closeout Agreement”) (attached as Attachment B) whereby the RDA agreed to retain the Agency Property (and other parcels identified as “Project Property” in Exhibit A to the YBC Closeout Agreement) for disposition, subject to applicable federal law and subject further to restrictions on the use of any proceeds received from the sale or lease of the Project Property (See Section 1(b) & (c) of the YBC Closeout Agreement).

Under the YBC Closeout Agreement, HUD required the RDA to use the Project Property and proceeds from its sale for “necessary and/or appropriate economic development activities,” which included “the development, operation, maintenance, and security of an office building, hotel, retail and housing and related parking integrated with open space . . . and cultural facilities.” YBC Closeout Agreement, § 1 (c) & Exhibit B, § 1 (a) (Aug. 10, 1983) (emphasis added). In approving the YBC Closeout Agreement, HUD emphasized that “all future proceeds from the sale or lease of Project Property must be treated as program income under the CDBG [Community Development Block Grant] program.” Letter, H. Dishroom, HUD Area Manager, to D. Feinstein, Mayor, Re: Project No. Calif. R-59 (Aug. 10, 1983).

In light of this federal enforceable obligation, proceeds from the disposition of the Agency Property are not available for distribution under Redevelopment Dissolution Law because the federal government characterizes the proceeds as program income under the CDBG program.

Address/Location

Mexican Museum Site: 720 Mission Street, between Third and Fourth Streets (Assessor’s Block 3706, portion of Lot 277)
Jessie Square Garage: 223 Stevenson Street (Assessor’s Block 3706, Lot 275 and portion of Lot 277)
Air Rights Parcel: 740 Mission Street (Assessor’s Block 3706, portion of Lot 277)

Lot Size

Mexican Museum Site: 9,778 Square Feet
Jessie Square Garage: 161,609 Square Feet
Air Rights Parcel: 3,690 Square Feet

Current Zoning under the San Francisco Planning Code

Since January 1, 2011, when the YBC Plan expired, the Agency Property has been subject to the zoning controls established by the City Planning Code within the Downtown Retail (C-3-R) District. The C-3-R District is a regional center for comparison shopper retailing and direct consumer services. The base Floor-Area-Ratio, or FAR, in the C-3-R District is 6.0 to 1. The base FAR can be increased to a maximum FAR of 9.0 to 1 with the purchase of transferable development rights.

The proposed Project lies within a 400-I Height and Bulk District, which means that building heights are limited to 400 feet. Bulk controls reduce the size of a building’s floorplates as the building increases in height. The bulk controls of the “I” Bulk District become effective above a building height of 150 feet. Above that height, the plan dimensions are limited to a maximum horizontal dimension of 170 feet and a maximum diagonal dimension of 200 feet.

The Project as proposed exceeds the height and FAR requirements under the City Planning Code, and the developer is pursuing land use amendments, including a height reclassification and a rezoning to a Special Use District. The Project has recently received City land use approvals (i.e., an Environmental Impact Report, a Permit to Alter, Section 295 shadow approvals, a Section 309 Permit) and is scheduled for final project approvals (including a Special Use District) in July 2013.

Estimate of the Current Value (Including Appraisal Information)

The CBRE Appraisals are attached to this document as Attachment A. As shown, the CBRE Appraisals dated June 12, 2013 valued the Agency Property as of April 30, 2013 as follows:

Mexican Museum Site: $12,570,000
Jessie Square Garage: $21,620,000
Air Rights Parcel: $ 90,000

Estimate of Revenues Generated (Including Contractual Requirements for Use of Funds)

Revenues generated from the Agency Property include parking revenues from the Jessie Square Garage, and lease revenues from a portion of the garage that is leased to a private party for private parking. Each of these revenue streams is discussed below.

Parking Revenues. The Jessie Square Garage was built as part of a larger construction project that included surrounding public improvements (including Jessie Square Plaza and the substructures for the Contemporary Jewish Museum and The Mexican Museum sites (“Jessie Square Garage/Improvements”). The Jessie Square Garage/Improvements were financed with approximately $43.1 million in tax increment bonds authorized by the City’s Board of Supervisors (the “Garage Bonds”). The Jessie Square Garage is operated by a parking operator, with revenue (comprised of parking and lease revenue) deposited into a separate garage fund.
After operating costs are paid, the net garage revenue is passed back to the City to offset tax increment provided to the Successor Agency to pay the debt service on the Garage Bonds pursuant to an enforceable obligation between the City and the Successor Agency dated January 13, 2003 (the “Cooperation and Tax Reimbursement Agreement”). For the fiscal year ending June 30, 2012, the net garage revenue paid to the City for debt service on the Garage Bonds was $1.6 million. These payments are recurring obligations that have been listed on the Successor Agency’s Recognized Obligations Payment Schedule since January 2012 and have been approved on each ROPS submittal by the State Department of Finance.

**Lease Revenues.** Other revenue generated from the Agency Property includes a lease between the Successor Agency and CB-1 Garage Co, LLC, a Delaware limited liability company (the “Mezzanine Tenant”) for 70 parking spaces on the mezzanine level of the Jessie Square Garage (the “Mezzanine Lease”). The Mezzanine Lease is for about 26,000 square feet (70 spaces) which allows the Mezzanine Tenant to supply parking for a neighboring sports club and hotel. The term of the Mezzanine Lease is 30 years (commencing in February 2005 and ending in February 2035). Lease revenue for 2012 was $666,000 and projected lease revenue for 2013 is $683,000. The Mezzanine Lease revenue is included in the overall Jessie Square Garage revenue and is, therefore, included in the debt service payment made to the City pursuant to the Cooperation and Tax Reimbursement Agreement. These payments are recurring obligations that have been listed on the Successor Agency’s Recognized Obligations Payment Schedule since January 2012 and have been approved on each ROPS submittal by the State Department of Finance.

**History of Environmental Contamination, Studies, Remediation Efforts**

The City has completed its environmental review of the Project pursuant to the California Environmental Quality Act (“CEQA”) (California Public Resources Code Sections 21000 et seq.), the CEQA Guidelines (California Code of Regulations, title 14, Sections 15000 et seq.), and Chapter 31 of the San Francisco Administrative Code. On March 21, 2013, the City Planning Commission certified the Final Environmental Impact Report for the Project (the “FEIR”). Several parties timely appealed the Planning Commission’s certification of the FEIR, and on May 7, 2013, the San Francisco Board of Supervisors heard the appeals and affirmed the Planning Commission’s certification of the FEIR. Also, in subsequent actions, CEQA Findings including Findings of Overriding Consideration for the Project were adopted by the City’s Historic Preservation Commission, the City’s Recreation and Park Commission, and the City Planning Commission.

The FEIR details the history of the environmental contamination, studies, and remediation efforts on the Agency Property, and the adjacent property owned by the developer of the Project. The FEIR reviewed two Environmental Site Assessments (“ESAs”) that were conducted on the Agency Property in 2005 and on the developer’s property in 2001. These ESAs revealed no landfill activity or large-scale hazardous materials storage or uses on the land. Historical uses of this land included furniture manufacture, metal roofing works, electrical fixture and curtain factory, surface parking, and other uses. Some of the key findings from the ESAs, which are detailed in the FEIR, are briefly summarized below:
- **Soil contamination from earthquake fill.** Historic fill from the 1906 earthquake may contain elevated levels of heavy metals and petroleum hydrocarbons. Most of the site has been previously excavated during construction of the Aronson Building and Jessie Square Garage. Earthquake fill in San Francisco is typically near the ground surface (i.e., immediately below sidewalks and other pavement, and is generally not thicker than 10 to 15 feet. Because of the prior excavation of the site, most of the earthquake fill has probably been removed.

- **Underground storage tanks.** There were four underground storage tanks for diesel fuel on the site. Three were removed in 1980 and the contents of the fourth was removed in 1994. The Jessie Square ESA concluded that nearby underground contamination, such as contamination from leaking underground storage tanks on surrounding city blocks, had not likely affected the site. In 2010, the City of San Francisco’s Department of Public Health recommended that a subsurface site characterization be conducted to determine the presence and level of hazardous waste in the soil and groundwater and the presence of any underground storage tanks. DPH also recommended that the remaining tank be abandoned properly or removed.

- **Asbestos-containing materials and lead-based paint.** Asbestos-containing materials and lead-based paint were not analyzed in the Aronson Building ESA, but the EIR concluded that both are likely to be present in the Aronson Building, given its age.

**Potential for Transit-Oriented Development; Advancement of Planning Objectives**

The Agency Property is well-served by public transit, with both local and regional service provided nearby. Local service is provided by the Muni bus lines, which can be used to access regional transit. Service to and from the East Bay is provided by BART, AC Transit, and ferries; service to and from the North Bay is provided by Golden Gate Transit buses and ferries; service to and from the Peninsula and South Bay is provided by Caltrain, SamTrans, and BART.

Under the City Planning Code, C-3-R Districts are compact in area and easily traversed on foot. They are well-served by City and regional transit. In order to encourage pedestrian activity and minimize conflicts between pedestrians and vehicles, parking facilities tend to be located at the periphery of C-3-R Districts.

The disposition of the Agency Property to build the Project fulfills the planning objectives contained in the YBC Plan, the YBC Closeout Agreement, and the CDBG Program Requirements (defined below).

**History of Previous Development and Leasing Proposals**

As mentioned, two of the three properties comprising the Agency Property have been developed. A portion of the Agency Property has been developed with a 442-space underground public parking garage (Jessie Square Garage) and a portion of the Agency Property includes air rights over a public plaza (Jessie Square Plaza). Development of Jessie Square Garage satisfied numerous objectives of the YBC Plan, the YBC Closeout Agreement, and the LDA with The
Mexican Museum. Among other things, the Jessie Square Garage met the future parking demand from the build-out of the Agency Property.

The only undeveloped portion of the Agency Property is the Mexican Museum Site. For over 30 years, the RDA held the Mexican Museum Site for the governmental purposes identified in the YBC Closeout Agreement and identified the Mexican Museum Site as the future, permanent home of The Mexican Museum. The 1993 LDA with The Mexican Museum contemplated the development of a stand-alone museum on the Mexican Museum Site. The LDA has been amended eight times, most recently on December 7, 2004. Under the Eighth Amendment, the RDA and The Mexican Museum agreed to work cooperatively to explore alternatives for the museum facility, including the inclusion of The Mexican Museum as a cultural component in a larger development.

**Disposition of the Agency Property**

The Successor Agency is proposing to sell the Agency Property to the developer of the Project at its appraised value to fulfill the enforceable obligation applicable to completion of urban renewal projects (i.e., disposition for economic development purposes) and thus to serve the federal governmental purposes.

*Sale Price.* The purchase price for the Agency Property is Thirty Four Million Two Hundred Eighty Thousand Dollars ($34,280,000), which is equal to the sum of (a) the $21,620,000 fair market value of the Jessie Square Garage and the $12,570,000 fair market value of Parcel CB-1-MM “As-Is Scenario A,” each as reflected in the Valuation Report for Jessie Square/Parcel CB-1-MM/Jessie Square Garage prepared by CBRE for the Successor Agency, dated June 12, 2013 and (b) the $90,000 fair market value of the Jessie Square Airspace Parcel as reflected in the Valuation Report for the Jessie Square Airspace Parcel prepared by CBRE for the Successor Agency, dated June 12, 2013. The developer has agreed to pay the purchase price by repaying the outstanding debt associated with the construction of the Jessie Square Garage and related public improvements. The amount of this indebtedness as of June 1, 2013 is $25,284,468 under the Garage Bonds and $18,311,670 under the Cooperation and Tax Reimbursement Agreement. The developer will receive a dollar-for-dollar credit toward the payment of the purchase price based on repaying this indebtedness.

In addition to receiving value in excess of the Agency Property’s appraised value, this transaction has the additional benefit of defeasing the Garage Bonds, which will free up future tax increment that would otherwise have been used for debt service. Thus, the transaction will result in an increase in payments to taxing entities during future years as well as facilitate the winding down of the Successor Agency’s obligations with respect to this existing obligation.

*Enforceable Obligations.* The disposition of the Agency Property fulfills the contractual obligations under the YBC Closeout Agreement, which is a “legally binding and enforceable agreement” that meets the definition of an “enforceable obligation.” Cal Health & Safety Code § 34171(d)(1)(E). As noted above, the disposition complies with the authorized uses described in Exhibit B, § 1(a) of the YBC Closeout Agreement (i.e. “appropriate economic development activities” with “related parking integrated with open space . . . and cultural facilities.”)
In addition, other legally binding agreements were created prior to June 28, 2011 that contemplate the development of a museum on the Agency Property. On July 15, 2008, the RDA entered into a Memorandum of Understanding with The Mexican Museum to provide grant funding and assistance to The Mexican Museum for predevelopment and planning activities related to The Mexican Museum’s participation in the Project as an alternative to the stand-alone museum contemplated by the LDA, which remains in effect with The Mexican Museum for the development of a 65,000-gross-square-foot museum on the Mexican Museum Site. If the Project were not completed, the LDA remains an enforceable obligation providing nominal consideration for transfer.

**Governmental Purpose.** The RDA, and now the Successor Agency, have held the Agency Property for the governmental purposes described in the YBC Closeout Agreement and the CDBG program (See 24 C.F.R. §§ 570.201 (completion of urban renewal projects under Title I of the Housing Act of 1949) and 24 C.F.R. § 570.800 (pre-1996 federal urban renewal regulations continue to apply to completion of urban renewal projects)) (“CDBG Program Requirements”).

The YBC Closeout Agreement is an enforceable obligation requiring the Successor Agency to retain the property until it is transferred for “necessary and/or appropriate economic development activities.” YBC Closeout Agreement, § 1 (b) (“The Project Property shall be retained for disposition by the Agency.”)

The YBC Closeout Agreement establishes that the disposition of the Agency Property serves a “governmental purpose” because it implements the federal requirements for the use of property acquired with federal funds. The proposed disposition of Agency Property for a cultural facility and ancillary parking complies with authorized uses under the YBC Closeout Agreement, Exhibit B, § 1(a) (i.e. “appropriate economic development activities” with “related parking integrated with open space . . . and cultural facilities.”) and the CDBG Program Requirements.

**Properties Dedicated to Governmental Use Purposes and Properties Retained for Purposes of Fulfilling an Enforceable Obligation**

See previous section.

Attachment A: CBRE Appraisals (Included in June 21, 2013 Info Memo)
Attachment B: YBC Closeout Agreement
Attachment B
YBC Closeout Agreement
Honorable Dianne Feinstein  
Mayor, City and County of San Francisco  
City Hall, Room 200  
San Francisco, CA 94102  

Dear Mayor Feinstein:  

SUBJECT: Project No. Calif. R-59  
Yerba Buena Center  
Financial Settlement  

This is to inform you that the Yerba Buena Center Urban Renewal Project has been financially settled. A copy of our letter to the Redevelopment Agency formally notifying it of the financial settlement, along with a copy of the executed Closeout Agreement, are enclosed for your information.  

Please note that as is the case with the other urban renewal projects which have been closed out under the provisions of Section 570.803 of the Community Development Block Grant Program Regulations, all future proceeds from the sale or lease of Project land must be treated as program income under the CDBG program, and accounted for accordingly.  

Sincerely,  

[Signature]  
Henry Dijkstra  
Area Manager, 9.35  

Enclosures  

cc: Mr. Wilbur W. Hamilton, Executive Director  
San Francisco Redevelopment Agency  

Mr. James Johnson, Executive Director  
Mayor's Office of Housing and Community Development
YERBA BUENA CENTER REDEVELOPMENT PROJECT
CLOSEOUT AGREEMENT

THIS AGREEMENT, entered into by and between the Redevelopment Agency of the City and County of San Francisco (the local public agency carrying out the project, hereafter called the "Agency") and the City and County of San Francisco (the unit of general local government in which the project is located, hereafter called the "City"),

WITNESSETH

WHEREAS, the Agency and the United States of America, acting by and through the Secretary of Housing and Urban Development "HUD") entered into Contract No. Calif. R-59 (City) dated December 2, 1966 ("HUD Contract") for the purpose of providing Federal financial assistance under Title I of the Housing Act of 1949, as amended, to carry out redevelopment activities in the Yerba Buena Center Project ("Project") in accordance with a duly adopted Redevelopment Plan ("Plan"), which HUD Contract, Project and Plan have been amended from time to time; and

WHEREAS, an environmental review of the early financial settlement of the Project has been completed in accordance with the provisions of 24 CFR 58.15(a) and the citizen participation requirements under 24 CFR 570.803(e)(2) have been complied with; and

WHEREAS, Community Development Block Grant regulations (24 CFR Part 570) permit financial settlement of urban renewal projects prior to completion, and such regulations require a closeout agreement executed by the Agency and the City pertaining to certain remaining obligations under the HUD Contract; and

WHEREAS, the Agency desires to use any grant earned under the HUD Contract, and any unearned grant as defined in Title 24 CFR Section 570.800(c) to repay the outstanding project temporary loan obligation for Calif. R-59 in the amount of $11,100,000 plus interest; and

WHEREAS, there are no surplus grant funds as defined in Title 24 CFR Section 570.800(d); and

WHEREAS, the City has a Community Development Block Grant entitlement of $22,104,722 for Fiscal year 1983 for which a Grant agreement has been executed; and

WHEREAS, a request for financial settlement of the Yerba Buena Center Redevelopment Project Calif. R-59 has been submitted to the Department of HUD by the Agency and City; and

-1-
WHEREAS, in Resolution No. 659-83, adopted on July 25, 1983, the Board of Supervisors of the City and County of San Francisco has approved this Close Out Agreement and has authorized the Mayor to make application for financial settlement of the said Yerba Buena Center Redevelopment Project to HUD;

NOW THEREFORE, in consideration of the mutual covenants, promises and representations contained herein, the parties hereto agree as follows:

Section 1. Project Property

(a) The Project Property is composed of the parcels (some with structures thereon) described in the Project Property Inventory, attached hereto as Exhibit "A", and made a part hereof.

(b) The Project Property shall be retained for disposition by the Agency. The requirement for disposition at fair use value under Section 110(c)(4) of Title I of the Housing Act of 1949, as amended, is not applicable to the disposition of any such Project Property.

(c) Subject to applicable federal and other law and regulation, the proceeds received from the sale and/or lease of Project Property may be used to complete the Redevelopment Project and for necessary and/or appropriate economic development activities in the Project and may also be used to repay any loan (or loans) obtained by the Agency for the purpose of repayment of its Temporary Loan obligation to HUD and any loan (or loans) obtained by the Agency for the purpose of land acquisition necessary for the completion of the Project.

(d) A description of the proposed Project Completion and Economic Development Activities is shown on Exhibit B attached hereto, and made a part hereof.

Section 2. Displacement

On displacement from any above listed occupied property, the displacees shall be provided all benefits to which they may be entitled under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

No displacement of any person from occupied residential properties listed above is involved.

Section 3. Low- and Moderate-Income Housing

The low- and moderate-income housing required to be provided due to the demolition or removal of residential
structures with Project funds, pursuant to Section 105(h) of Title I of the Housing Act of 1949, as amended, have been satisfied and provided.

Section 4. Unearned Grants

Any and all unearned grants made available as a result of the financial settlement will be applied to repayment of the outstanding Project temporary loan.

Section 5. Repayment of Project Temporary Loan

The project temporary loan of $11,100,000 due August 9, 1983 will be repaid from a portion of the proceeds of the public sale of Agency bonds, in an amount not to exceed $29,000,000 (authorized by Board of Supervisors Resolution No. 429-83), less any unearned grant as described in Section 4. Bonds are expected to be sold not later than July 28, 1983.

Section 6. Claims

Any costs or obligations incurred in connection with the Yerba Buena Center Redevelopment Project with respect to claims which are disputed, contingent, unliquidated, or unidentified, and for the payment of which insufficient project funds have been reserved under financial settlement shall be borne by the City. Such additional expenses may be paid from Community Development Block Grant funds made available under 24 CFR 570.

Section 7. Program Management

The obligations under this Closeout Agreement are subject to the applicable Program Management requirements of 24 CFR Part 570, Subpart O.

Section 8. Special Provisions of Contract

(a) The GSA property located at 49 Fourth Street, San Francisco, California is not covered by the HUD contract but is part of the Agency and City approved Yerba Buena Center Redevelopment Project and is subject to the Agency and City approved Yerba Buena Center Redevelopment Plan as amended. Accordingly, as between the Agency and the City, the Project and the Project Property shall for purposes of Section 1, and the attached Exhibits A and B to this Agreement, include the acquisition of the GSA property by the Agency, and its disposition.

(b) Pursuant to the provisions of 24 CFR Part 58, City agrees to assume all duties of HUD under the National Historic Preservation Act of 1966, as amended, (16 U.S.C. 470 et.seq.), Executive Order 11593, and the regulations
issued pursuant thereto. Such duties are those specified in that Memorandum of Agreement of May 7, 1983, between the Advisory Council on Historic Preservation, the California State Historic Preservation Office and HUD, and in any supplemental Memorandum of Agreement or supplementary or amendatory stipulations respecting the Jessie Hotel and the Williams Building that the City, the Agency, the California State Historic Preservation Office and the Advisory Council on Historic Preservation agree to.

ATTEST: City and County of San Francisco

[Signature]

Acting Clerk

[Signature]

Mayor

ATTEST: Redevelopment Agency of the City and County of San Francisco

[Signature]

Secretary

[Signature]

Executive Director

Concurred in: United States of America
Secretary of Housing and Urban Development

[Signature]

San Francisco Area Office
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EXHIBIT B

Description of Proposed Project

Completion and Economic Development Activities

1. The CENTRAL BLOCKS 1, 2, and 3 (Between Market, Folsom, Third and Fourth Streets). (Presently under negotiation by the Agency.)

   (a) On Central Block 1, the development, operation, maintenance, and security of an office building, hotel, retail and housing and related parking integrated with the development, operation, maintenance and security of open space developed with plazas, walkways and landscaping and cultural facilities;

   (b) On Central Blocks 2 and 3, the development, operation, maintenance and security of retail, ARE (Amusement, Recreation, Entertainment) and parking integrated with the existing Moscone Convention Center and the development, operation, maintenance and security of open space developed with plazas, walkways, landscaping, parks, gardens, and fountains and cultural facilities on Central Block 2. The estimated commencement of the Central Blocks 1, 2, and 3 development is within 1 year with an estimated completion within 5 years thereafter.

2. East Block 2 (on Third Street south of Mission and on Mission east of Third). (Presently under negotiation by the Agency.)

   The development, operation, maintenance and security of an office building, housing and related parking and retail. The estimated completion of the development is no later than three years after the completion of Central Blocks 1, 2, and 3.

3. Remaining Project Land (areas other than described in 1 and 2 above.)

   This land will be disposed of as quickly as possible consistent with development of Central Blocks 1, 2, 3, East Block 2, and appropriate economic absorption standards.

4. Housing Assistance
It is anticipated that assistance to low and moderate income housing adjacent to (south and west of) the Project Area may be made available before completion of the Central Blocks 1, 2, and 3 development. An objective of such assistance will be to stabilize and thus keep available such existing low and moderate income housing.

5. Jobs and Minorities

It is estimated that the Project Completion and Economic Development Activities on Central Blocks 1, 2, 3, and East Block 2 will result in hundreds of construction jobs and 8,000 permanent jobs, of which 5,700 will be new jobs, many benefiting low and moderate income persons. Minority and women entrepreneurship in construction and post-construction will be provided for.