ASSIGNMENT, ASSUMPTION AND RELEASE AGREEMENT  
(Block 7 in Mission Bay South)

This ASSIGNMENT, ASSUMPTION AND RELEASE AGREEMENT (this "Agreement"), dated for reference purposes as of (Assessor’s Block ____, Lot ____), 2013 is by and among the THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a California public corporation ("The Regents"), MISSION BAY BLOCK 7 HOUSING PARTNERS, L.P., a California limited partnership ("The Partnership"), and 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 ("Successor Agency"), commonly known as the Office of Community Investment and Infrastructure.

RECITALS

This Agreement is made with reference to the following facts and circumstances:

A. The former Redevelopment Agency of the City and County of San Francisco (the "Agency") and The Regents entered into a Disposition and Development Agreement recorded in the Official Records of San Francisco County as Document No. 2005-I080844-00 on November 30, 2005 (the "2005 DDA"), which governs The Regents' purchase of that certain real property defined as the "Site Area" in the 2005 DDA ("Block 7-East") and The Regents' construction of a 160-unit affordable housing project on Block 7-East ("Phase 1 Affordable Housing Project") by a construction completion date established under the 2005 DDA (the "Phase 1 Project Completion Date"). The Redevelopment Agency and The Regents also entered into that certain Amended and Restated Memorandum of Understanding dated as of March 2, 2010 ("MOU").

B. The Agency and The Regents entered into a Disposition and Development Agreement recorded in the Official Records of San Francisco County as Document No. 2010-I939099-00 on March 18, 2010 (the "2010 DDA"), which governs The Regents' purchase of that certain real property defined as the "Site Area" in the 2010 DDA ("Block 7-West") and The Regents' construction of a 77-unit affordable housing project on Block 7-West (the "Phase 2 Affordable Housing Project") by a construction completion date established under the 2010 DDA (the "Phase 2 Project Completion Date").

C. Block 7-East and Block 7-West are owned by FOCIL-MB, LLC ("FOCIL"), and FOCIL was obligated to transfer fee ownership of Block 7-East and Block 7-West to the Agency pursuant to a Memorandum of Option recorded in the Official Records of San Francisco County as Document No. 2007-1413539-00 on July 5, 2007 (the "Block 7-East Option"), a Memorandum of Option recorded in the Official Records of San Francisco County as Document No. 2007-1413540-00 on July 5, 2007 (the "Block 7-West Option"), and a Mission Bay South
Owner Participation Agreement between Agency and Catellus Development Corporation dated as of November 16, 1998, as amended by the First Amendment to Mission Bay South Owner Participation Agreement dated February 17, 2004, the Second Amendment to Mission Bay South Owner Participation Agreement dated November 1, 2005, the Third Amendment to the Mission Bay Owner Participation Agreement dated May 21, 2013, and the Fourth Amendment to the Mission Bay Owner Participation Agreement dated June 4, 2013 (as may be further amended from time to time in accordance with its terms, the "OPA").

D. Under California State Assembly Bill No. 1X26 (Chapter 5, Statues of 2011-12, first Extraordinary Session) ("AB 26"), the Agency dissolved as a matter of law on February 1, 2012, and pursuant to AB 26 and Resolution No. 11-12, adopted by the City's Board of Supervisors and Mayor on January 26, 2012, Successor Agency is successor agency to the Agency and successor in interest to all of Agency's rights under the 2005 DDA, the 2010 DDA, the Block 7-East Option, the Block 7-West Option, and the OPA.

E. The Regents elected to pay $5,000,000.00 in liquidated damages to Successor Agency in lieu of constructing the Phase 1 Affordable Housing Project on Block 7-East, (the "2005 Fee") and the Successor Agency has released The Regents from all obligations under the 2005 DDA and from any obligations to construct affordable housing on Block 7 East under the MOU.

F. The Regents elects to pay $2,400,000.00 in liquidated damages to Successor Agency in lieu of constructing the Phase 2 Affordable Housing Project on Block 7-West, (the "2010 Fee") although under the 2010 DDA The Regents is not obligated to pay the 2010 Fee yet.

G. Although The Regents will not construct the Phase 1 Affordable Housing Project or the Phase 2 Affordable Housing Project, The Regents wishes to facilitate the development of Block 7-West with affordable housing to be built by Partnership by paying the 2010 Fee before it is due under the 2010 DDA.

H. To facilitate such housing developments, The Regents wishes to assign all of its rights and obligations under the 2010 DDA to the Partnership if The Regents is fully released from its obligation to pay the 2010 Fee to Successor Agency when such payment is made and from all its other obligations and liabilities under the 2010 DDA at the time of such assignment.

I. The Partnership wishes to assume all of The Regents' rights and obligations under the 2010 DDA if Successor Agency subsequently modifies those rights and obligations by duly executing and delivering the Amended and Restated Development and Disposition Agreement in the form attached hereto as Exhibit A (the "The Partnership DDA") to the Partnership.

J. Successor Agency is willing to consent to The Regents' assignment of all of its rights and obligations under the 2010 DDA to the Partnership if The Regents pays the 2010 Fee to Successor Agency on the terms specified in this Agreement, and the Partnership duly executes and delivers the Partnership DDA to Successor Agency on the Effective Date.

AGREEMENT

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

1. Assignment, Acceptance and Assumption. Effective as of the date this Agreement is fully executed (the "Effective Date"), The Regents hereby assigns to the Partnership all of The Regents' right, title and interest in and to the 2010 DDA. The Partnership hereby accepts and assumes from The Regents the assignment of such rights, title and interest in and to the 2010
DDA, provided that Successor Agency duly executes and delivers the Partnership DDA to the Partnership on the Effective Date.

2. **Consent to Assignment and Assumption.** As of the Effective Date, Successor Agency consents to the assignment of the 2010 DDA from The Regents to the Partnership, provided that the Partnership duly executes and delivers the Partnership DDA to Successor Agency on the Effective Date.

3. **Payment of Liquidated Damages and Release.**

   (a) Provided that Successor Agency receives fully executed copies of this Agreement and the Partnership DDA, Successor Agency fully releases The Regents from all of the obligations under the 2010 DDA and from any obligations to construct affordable housing on Block 7 West under the MOU as of the Effective Date, as set forth below, subject to The Regents’ obligation to pay the 2010 Fee to Successor Agency in the manner specified in this Section. If this Agreement or the Partnership DDA are not executed, The Regents will remain subject to the 2010 DDA, including having the option to pay the liquidated damages thereunder. The Successor Agency hereby warrants and represents that it is the appropriate entity to execute this Release and to receive the payment herein.

   Successor Agency hereby acknowledges that if any construction or pre-development loans for Partnership’s construction of affordable housing at Block 7 West are approved by the Successor Agency’s Commission, Successor Agency shall use the 2010 Fee to fund such loans. If Successor Agency does not obtain such loan approvals, the Successor Agency shall use the 2010 fee to fund the development of other affordable housing in the Plan Area (as defined in the 2010 DDA) or as may be otherwise required by any legislation adopted by the State of California.

   The Successor Agency on behalf of itself and its members, parents, subsidiaries, and affiliates, predecessors, successors and assigns hereby waives and releases The Regents and its members, parents, subsidiaries and affiliates, officers and employees, agents, insurers and representatives and each of its and their respective successors and assigns from and against any and all demands, claims, causes of action, legal or administrative proceedings, loss, liability, damage, penalty, fine, lien, judgment, cost or expense whatsoever, including, without limitation, attorney’s fees and costs, whether direct or indirect, known or unknown, foreseen or unforeseen, arising under, respecting or pursuant to the 2010 DDA subject to The Regents' obligation to pay the 2010 Fee to Successor Agency in the manner specified in this Section.

   The Successor Agency hereby warrants and represents that it understands the purpose, meaning, and effect of, but nevertheless expressly waives all rights under, California Civil Code Section 1542 which provides that:

   "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."

   (Successor Agency’s initials)

   The Successor Agency hereby expressly confirms that it was represented and advised by counsel regarding this Agreement including, but not limited to concerning the purpose, meaning and effect of the waivers and releases contained in this section including, but not limited to, respecting its rights under California Civil Code Section 1542 and hereby declares that such waivers and releases are freely given and with full understanding by it of the consequences thereof.
(b) As consideration for Successor Agency's agreement to release The Regents from its obligations under the 2010 DDA, The Regents shall deliver the 2010 Fee to Successor Agency on or prior to March 1, 2014.

(c) If The Regents fails to timely deliver all or any portion of an installment pursuant to Section 3(b), the sole remedy for such failure to pay such amount shall be an action for the unpaid amount of such 2010 Fee.

(d) The Partnership shall comply with the terms of the Tenant Selection Criteria Leasing System attached hereto as Exhibit B.

(e) All payments to be made pursuant shall be made in immediately available cash or by cashier's or certified check, and wired to a bank account provided by the Successor Agency or delivered to the following address: Successor Agency to the Redevelopment Agency of the City and County of San Francisco, 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, Attention: Executive Director.

(f) Any notice or demand delivered by Successor Agency to The Regents relating to the 2010 Fee shall be delivered to the following address by first class or certified mail, by overnight courier with a nationally-recognized courier that provides next business day delivery services, or by personal delivery:

University of California, San Francisco
Campus Planning
654 Minnesota Street, 2nd Floor
San Francisco, CA 94143-0286
Attention: Associate Vice Chancellor

Any notice hereunder shall be deemed to have been given three (3) business days after the date when it is mailed if sent by first class or certified mail, one (1) business day after the date it is made if sent by overnight courier, or upon the date personal delivery is made.

4. Indemnification. The Partnership hereby agrees to indemnify, defend, protect and hold harmless The Regents, its affiliates, agents, employees, partners, members, successors and assigns from and against any loss, cost, damage, liability, action, cause of action, suit, penalty, fine, or expense, including, without limitation, reasonable attorneys’ fees, court costs, costs of investigation and expert witnesses and costs of appeal, incurred as a result of the breach or default of any of the obligations, covenants, agreements, indemnifications, representations or warranties relating, in any case, to the 2010 DDA on or after the Effective Date.

5. Miscellaneous.

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

(b) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.

(c) Each party agrees to perform any further acts, and to execute and deliver any further documents that may be reasonably necessary or required to carry out the intent and provisions of this Agreement and the transactions contemplated hereby.

(d) This Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, grantees, successors and assigns of the parties hereto.
(e) This Agreement constitutes the entire agreement among the parties hereto, with respect to the subject matter hereof, and supersedes all previous negotiations, agreements, whether oral or written including, without limitation, any letters of intent or memorandum of understanding which may have been executed by the parties hereto. This Agreement may not be amended, altered or modified except by an instrument in writing and signed by the parties hereto.

(f) If any party to this Agreement brings a legal action to enforce rights under this Agreement, the prevailing party in the proceeding will be entitled to recover its reasonable attorneys' fees and costs of the proceeding, which will include expert witness fees, document copying expenses, exhibit preparation costs, carrier expenses and postage and communication expenses and any other amount the court adjudges to be reasonable attorneys' fees for the services rendered to the prevailing party in such action or proceeding. Attorneys' fees under this Section include reasonable attorneys' fees and costs incurred on any appeal. For the purposes of this Agreement, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

(g) Except as expressly provided herein, nothing in this Agreement, whether express or implied, is intended to confer any rights under or by reason of this Agreement on any persons other than the parties hereto and their respective permitted successors and assigns.

[REMAINDER OF PAGE INTENTIONALLY BLANK]
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their duly authorized officers as of the day and year first written above.

THE REGENTS:  
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a California public corporation  
By:  
Name:  
Title:  
Date:  

THE PARTNERSHIP:  
MISSION BAY BLOCK 7 HOUSING PARTNERS, L.P., a California limited partnership  
By: Related/Mission Bay Block 7 Development Co., LLC, a California limited liability company, its administrative general partner  
By:  
Name: William A. Witte  
Title: President  
Date:  

By:  
Name: Norman Fong  
Title: Executive Director  
Date:  

SUCCESSOR AGENCY:  
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:  
Name: Tiffany Bohee  
Title: Executive Director  
Date:  

APPROVED AS TO FORM:  
DENNIS J. HERRERA,  
City Attorney  
By:  
Heidi J. Gewertz  
Deputy City Attorney
EXHIBIT A
THE PARTNERSHIP DDA

[SEE ATTACHED]
EXHIBIT B

TENANT SELECTION CRITERIA LEASING SYSTEM

The following is the tenant section criteria leasing system that will be included in the Partnership DDA. The terms below will be as defined by the Partnership DDA attached at Exhibit A to this Agreement.

Applicants will be processed in order as established below:

a. Category #1: Per the Partnership DDA, first priority will be given to income-eligible applicants (“Applicants”) who are also eligible for a priority in OCII-assisted affordable housing under the Property Owner and Occupant Preference Program (October 1, 2008), as amended from time to time;

b. Category #2: Twenty-five percent of the units available to rent (50 units) will be available to applicants who score at least one point as follows. Applicants with highest points will be processed first. Those with the same point score will be processed in order as determined by lottery. One point will be assigned for each characteristic, for a total possible of 2 points:

   i. Applicant is an employee of a public higher education institution located in San Francisco (1 point)

   ii. Applicant is an employee of a public healthcare institution located in San Francisco (1 point)

If there are insufficient Applicants in Category #2 resulting from the outreach and lottery process, units will not be held open for Category #2 Applicants; but rather, units will be made available to Applicants in Category #3.

c. Category #3: The remaining units after Categories #1 and #2 will be available to income-eligible members of the general public without application of additional selection criteria.

Nothing in this Section C of the Selection Criteria Leasing System shall be construed as prohibiting changes to the selection criteria if, upon mutual agreement by the parties, additional funding is secured that requires such changes. The parties agree that any additional selection criteria adopted under Category #2 or #3 will be in compliance with Fair Housing Law.

d. Procedure for Re-Leasing Units: The Marketing and Management Plan will outline in detail the process for releasing units that are vacated after initial occupancy. In general, Applicants, including those on any waitlists, will be identified according to their eligibility under all three Categories above. Any unit that becomes available for re-lease will be offered to qualifying households in the following order:
• First to an Applicant that is identified as qualifying under Category #1;

• To the extent that the list of potential Applicants in Category #1 is exhausted and if less than 50 units are occupied by households qualifying under Category #2, the unit will then be offered to an Applicant qualifying under Category #2 in accordance with total points scored;

• To the extent that the list of potential Applicants in Categories #1 and #2 (up to 50 units for Category #2) are exhausted, then the unit will be offered to Applicants qualifying in Category #3.