VALUATION REPORT

JESSIE SQUARE/ PARCEL CB-1-MM/JESSIE SQUARE GARAGE
223 Stevenson Street
San Francisco, San Francisco County, California 94103
CBRE, Inc. File No. 13-231SF-0637

Tiffany Bohee
Executive Director
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO, A PUBLIC
BODY, CORPORATE AND POLITIC
One Van Ness Avenue, 5th Floor
San Francisco, California 94103
June 12, 2013

Tiffany Bohee  
Executive Director  
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, A PUBLIC BODY, CORPORATE AND POLITIC  
One Van Ness Avenue, 5th Floor  
San Francisco, California 94103

RE: Appraisal of Jessie Square/Parcel CB-1-MM/Jessie Square Garage  
223 Stevenson Street  
San Francisco, San Francisco County, California  
CBRE, Inc. File No 13-231SF-0637

Dear Ms. Bohee:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Self-Contained Appraisal Report.

The subject property consists of Jessie Square (Public Plaza), a 9,778-square foot vacant lot known as Parcel CB-1-MM aka. the “Mexican Museum Parcel”, and the Jessie Square Garage. Jessie Square is a 38,000 square foot public plaza that is situated between St. Patrick’s Church, the Jewish Museum, Parcel CB-1-MM, and Mission Street. Parcel CB-1-MM is concrete paved at grade level and is improved with an 18,000 square foot, two level substructure that is currently vacant. The Mission Street exit ramp from the Jessie Square Garage runs through Parcel CB-1-MM pursuant to an easement agreement. Parcel CB-1-MM is situated between Jessie Square to the west and a 10-story office building to the east. The Jessie Square Garage consists of a 178,780 square foot, four-level subterranean parking garage that is currently striped for 442 parking spaces. However, an adjacent land owner currently occupies a portion of the garage for storage and this area can be striped for additional parking. Thus, the total number of parking spaces in the Jessie Square Garage can increase from 442 to 470. At the client’s request we have appraised the Jessie Square Garage under the hypothetical condition that the Jessie Square Garage is striped for 470 parking spaces. The Jessie Square Garage is located underneath Jessie Square and the Contemporary Jewish Museum.

The subject consists of Assessor’s Block and Lot No. 3706-275 and a portion of Assessor’s Block and Lot No. 3706-277. Jessie Square, Parcel CB-1-MM, and the Jessie Square Garage are located on Block and Lot No. 3706-277. Block and Lot No. 3706-275 consists of a vehicular ramp from Stevenson Street into the Jessie Square Garage. The subject is proposed for development in
conjunction with the adjacent parcel (Assessor’s Block 3706, Lot 093) to the east, which is improved with a 10-story building commonly known as the Aronson Building. Assessor’s Block 3706, Lot 093 is not owned by subject owner, but rather by the project sponsor: 706 Mission Street Co., LLC. As part of the proposed project, the Successor Agency would convey Assessor’s Block and Lot Nos. 3706-277 and 3706-275 to the project sponsor. Thus, the proposed project will consist of three lots: Assessor’s Block 3706, Lots 093 and 275, and a portion of 277.

Parcel CB-1-MM is proposed for development of a new 43-story, 510-foot-tall tower (a 480-foot-tall building with a 30-foot-tall elevator/mechanical penthouse), with two floors below grade. The new tower will be adjacent to and physically connected to the existing 10-story, 154-foot-tall Aronson Building (a 144-foot-tall building with a 10-foot-tall mechanical penthouse), which is located at 700-706 Mission Street. As part of the proposed project, the historic Aronson Building would be restored and rehabilitated. The existing 10-foot-tall mechanical penthouse on the roof of the Aronson Building would be removed, and a 15-foot-tall solarium would be constructed, resulting in an overall building height of 159 feet. The proposed development would contain 537,770 gross square feet of residential space (190 residential condominium units), 22,200 gross square feet of residential amenity space, 52,285 gross square feet of museum space (Mexican Museum), 4,800 gross square feet of retail space, 15,552 square feet of storage space, 44,369 gross square feet of other (building core, mechanical, service, etc.) space, and 384 gross square feet for the ramp that leads out of the Jessie Square Parking Garage to Mission Street. The total project size would be 677,360 gross square feet (not including the Jessie Square Garage). It is noted that 18 residential units will be situated in the existing 10-story building that is located at 700-706 Mission Street. Therefore, 172 units will be located within the 43-story tower that is proposed on Parcel CB-1-MM.

The proposed tower will be constructed on Parcel CB-1-MM and partially on the Aronson Building Parcel (Block 3706, Lot 093), which is owned by the project sponsor. More specifically 73.1% (9,500 square feet) of the footprint of the proposed tower is within Parcel CB-1-MM and the remaining 26.9% (3,490 square feet) of the tower footprint is located within the Aronson Building parcel.

Jessie Square will remain as public open space and the Jessie Square Garage would be converted from a publicly owned garage to a privately owned garage and reconfigured so there would be a net increase of 28 parking spaces. As a result, the total number of parking spaces in the Jessie Square Garage would increase from 442 to 470 within the project development. Of the 470 parking spaces, 210 spaces on the upper two levels would remain available to the general public. These 210 spaces would include parking for St. Patrick’s Church, the Contemporary Jewish Museum, and The Mexican Museum. The remaining 260 spaces would include parking for the project residents and leased parking. The subject is more fully described, legally and physically, within the enclosed report.
At the Client’s request we have provided the following values for each component of the subject property:

**Jessie Square Garage**

A. The Fair Market Value of the Fee Simple Estate of the Jessie Square Garage.

**Parcel CB-1-MM**

A. The Fair Market Value of the Fee Simple Estate of Parcel CB-1-MM

B. The Restricted Use Value of the Fee Simple Estate of Parcel CB-1-MM assuming a deed restriction requiring a cultural facility of not less than 35,000 square feet on the site.

**Jessie Square**

A. The Restricted Use Value of the Fee Simple Estate of Jessie Square, which will be deed restricted as publically accessible open space.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>APPRAISAL PREMISE</th>
<th>INTEREST APPRAISED</th>
<th>DATE OF VALUE</th>
<th>VALUE CONCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jessie Square Garage</td>
<td>Hypothetical</td>
<td>Fee Simple Estate</td>
<td>April 30, 2013</td>
<td>$21,620,000</td>
</tr>
<tr>
<td>Parcel CB-1-MM</td>
<td>As Is - Scenario A</td>
<td>Fee Simple Estate</td>
<td>April 30, 2013</td>
<td>$12,570,000</td>
</tr>
<tr>
<td>Parcel CB-1-MM</td>
<td>As Is - Scenario B</td>
<td>Deed Restricted for use as a Cultural Facility</td>
<td>April 30, 2013</td>
<td>$780,000</td>
</tr>
<tr>
<td>Jessie Square Public Plaza</td>
<td>Hypothetical</td>
<td>Deed Restricted for use as Public Open Space</td>
<td>April 30, 2013</td>
<td>$0</td>
</tr>
</tbody>
</table>

Compiled by CBRE

Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and CBRE will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.
It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE, Inc. can be of further service, please contact us.

Respectfully submitted,

CBRE, Inc. - VALUATION & ADVISORY SERVICES

Thomas Corry  Stan E. Wolf, MAI
Appraiser  Vice President
California Trainee License No. AT043226  California Certification No. AG044533
Phone:  (415)-986-7258  Phone:  (415)-986-1548
Fax:  (415)-986-6862  Fax:  (415)-986-6862
Email:  Tom.Corry@cbre.com  Email:  Stan.Wolf@cbre.com

Elizabeth Champagne, MAI, MRICS
Senior Managing Director
CA Certification No. AG025144
Phone:  (415)-986-7395
Fax:  (415)-986-6862
Email:  Elizabeth.Champagne@cbre.com
CERTIFICATION OF THE APPRAISAL

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of CA.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Stan E. Wolf, MAI and Elizabeth Champagne, MAI, MRICS have completed the continuing education program of the Appraisal Institute.
11. Thomas Corry, Stan E. Wolf, MAI, and Elizabeth Champagne, MAI, MRICS have made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE. Although employees of other CBRE divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Thomas Corry, Stan E. Wolf, MAI and Elizabeth Champagne, MAI, MRICS have not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
CERTIFICATION OF THE APPRAISAL

Thomas Corry
California License No. AT043226

Stan E. Wolf, MAI
California Certification No. AG044533

Elizabeth Champagne, MAI, MRICS
CA Certification No. AG025144
AERIAL VIEW
VIEW OF JESSIE SQUARE PUBLIC PLAZA LOOKING NORTH FROM MISSION STREET (JEWISH MUSEUM IN BACKGROUND)

VIEW OF JESSIE SQUARE PUBLIC PLAZA LOOKING SOUTH FROM THE JEWISH MUSEUM
VIEW OF PARCEL CB-1-MM LOOKING NORTH

VIEW OF ADJACENT BUILDING THAT WILL BE INCLUDED IN OVERALL PROJECT
VIEW OF ADJACENT ST. PATRICK’S CHURCH (NOT PART OF SUBJECT)

VIEW OF ELEVATORS THAT PROVIDE ACCESS TO BELOW GRADE JESSIE SQUARE GARAGE
VIEW OF STEVENSON STREET RAMP FROM STEVENSON STREET

VIEW OF STEVENSON STREET RAMP FROM JESSIE SQUARE GARAGE
INTERIOR VIEW OF JESSIE SQUARE GARAGE

INTERIOR VIEW OF JESSIE SQUARE GARAGE – ENTRY/EXIT
VIEW OF TRUCK TURNTABLE, WESTIN HOTEL GARAGE, AND MISSION ST. EXIT RAMP FROM JESSIE SQUARE GARAGE

VIEW OF PARCEL CB-1-MM SUBSTRUCTURE
VIEW OF PARCEL CB-1-MM SUBSTRUCTURE

VIEW OF MISSION STREET LOOKING WEST
VIEW OF MISSION STREET LOOKING EAST

VIEW OF STEVENSON STREET LOOKING EAST
## SUMMARY OF SALIENT FACTS

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Location</th>
<th>Assessor's Parcel Numbers</th>
<th>Highest and Best Use</th>
<th>Highest and Best Use Details</th>
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</thead>
<tbody>
<tr>
<td>Jessie Square Garage</td>
<td>223 Stevenson Street, San Francisco, San Francisco County, California 94103</td>
<td>3706-275, 3706-277</td>
<td>Parking Garage</td>
<td>Existing Use</td>
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<table>
<thead>
<tr>
<th>Parcel CB-1-MM</th>
<th>As If Vacant</th>
<th>Development of the proposed mixed use project</th>
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<tbody>
<tr>
<td>Jessie Square Public Plaza</td>
<td>As If Vacant</td>
<td>Continued use as publically accessible open space</td>
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</table>

<table>
<thead>
<tr>
<th>Property Rights Appraised</th>
<th>Land Area - Total</th>
<th>Improvements - Parking Garage</th>
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</thead>
<tbody>
<tr>
<td>Fee Simple Estate</td>
<td>1.11 AC 48,476 SF</td>
<td>Parking Garage</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Buildings</th>
<th>Number of Stories</th>
<th>Gross Building Area</th>
<th>Clear Height</th>
<th>Year Built</th>
<th>Condition</th>
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<tbody>
<tr>
<td>1</td>
<td>4 (Subterranean)</td>
<td>178,780 SF</td>
<td>7 Ft. 9 Inch. to 9 Ft. 0 Inch.</td>
<td>2005</td>
<td>Good</td>
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</tbody>
</table>

### Estimated Exposure/Marketing Time
- 9 Months

### Pro Forma Operating Data - Parking Garage

<table>
<thead>
<tr>
<th>Total Per Unit</th>
<th>Total Per Unit</th>
<th>Total Per Unit</th>
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<tbody>
<tr>
<td>Effective Gross Income</td>
<td>$2,689,281</td>
<td>$5,722</td>
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<tr>
<td>Operating Expenses</td>
<td>$1,500,195</td>
<td>$3,192</td>
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<tr>
<td>Expense Ratio</td>
<td>55.78%</td>
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<tr>
<td>Net Operating Income</td>
<td>$1,189,086</td>
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</tbody>
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### VALUATION

<table>
<thead>
<tr>
<th>Jessie Square Garage - Hypothetical As Is On</th>
<th>April 30, 2013</th>
<th>Sales Comparison Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$20,000,000</td>
<td>$42,553</td>
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<table>
<thead>
<tr>
<th>Parcel CB-1-MM - Market Value Scenatrio A - As Is On</th>
<th>April 30, 2013</th>
<th>Sales Comparison Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>$12,570,000</td>
<td>$58,465</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Parcel CB-1-MM - Market Value Scenatrio B - As Is On</th>
<th>April 30, 2013</th>
<th>Sales Comparison Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>$780,000</td>
<td>$3,628</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Jessie Square - Hypothetical On</th>
<th>April 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

### CONCLUDED MARKET VALUE

<table>
<thead>
<tr>
<th>Component</th>
<th>Appraisal Premise</th>
<th>Interest Appraised</th>
<th>Date of Value</th>
<th>Value</th>
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<tr>
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<td>Hypothetical</td>
<td>Deed Restricted for use Public Open Space</td>
<td>April 30, 2013</td>
<td>$0</td>
</tr>
</tbody>
</table>

Compiled by CBRE
EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.”  

- The subject is proposed for development of a mixed use project and the developer has submitted two options for development: A residential flex option and an office flex option. The number of residential units and amount of office space differs between the two options. The residential flex option is considered the primary option by the developer and the office flex option is considered the secondary option. This appraisal has been made under the extraordinary assumption that the proposed residential flex option is legally permissible to be developed on-site. If the proposed development is not considered legally permissible by the City of San Francisco Planning Commission, it may have an impact on the value conclusions herein.

- The proposed project exceeds the height and FAR requirements under the existing Downtown Retail (C-3-R) zoning district and the developer is pursuing land use amendments, including a height reclassification and rezoning to a Special Use District (SUD). This appraisal has been made under the extraordinary assumption that all amendments to the existing land use and zoning requirements will be approved by the City of San Francisco Planning Commission. If the proposed zoning amendments are rejected by the City of San Francisco Planning Commission, it may have an impact on the value conclusions herein.

- The Restricted Use Value of the Fee Simple Estate of Parcel CB-1-MM is based on the extraordinary assumption that there is a deed restriction requiring a cultural facility of not less than 35,000 square feet on the site. If the site is not deed restricted or if a larger cultural facility is approved for development, it may have an impact on the value conclusions herein.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”

- The Jessie Square garage contains four subsurface levels (B1, B2, B3, and mezzanine levels) of parking. The Successor Agency has a management agreement with City Park to manage floors B1, B2, and B3 and the mezzanine level is leased to Millennium Partners. The Client has requested the Fee Simple Value of the parking garage; thus, it is a hypothetical condition that the parking garage is not encumbered by any lease agreements.

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1 Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 73.
2 Dictionary of Real Estate Appraisal, 97.
There are currently 442 parking spaces within the Jessie Square Garage. On the mezzanine level of the garage, there is an existing space underneath the Contemporary Jewish Museum that is part of the existing Jessie Square Garage, but this space is currently blocked off from the rest of the garage by an existing wall and is not accessible. It has been reported that this space can be striped to accommodate about 38 parking spaces. However, a total of 10 existing parking spaces on various levels of the garage would need to be removed for vehicular access and circulation. There would be a net increase of 28 spaces. As a result, the total number of parking spaces in the Jessie Square Garage would increase from 442 to 470. At the client’s request we have appraised the Jessie Square Garage under the hypothetical condition that it is striped for 470 parking spaces.

At the client’s request we have provided the Restricted Use Value of the Fee Simple Estate of Jessie Square based on the hypothetical condition that the site is deed restricted to be utilized as publically accessible open space.
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B  Multi-Family Land Sale Data Sheets  
C  Low Density Land Sale Data Sheets  
D  Parking Garage Operating Data  
E  Environmental Impact Report  
F  Client Contract Information  
G  Qualifications
INTRODUCTION

PROPERTY IDENTIFICATION

The subject property consists of Jessie Square (Public Plaza), a 9,778-square foot vacant lot known as Parcel CB-1-MM aka. the “Mexican Museum Parcel”, and the Jessie Square Garage. Jessie Square is a 38,000 square foot public plaza that is situated between St. Patrick’s Church, the Jewish Museum, Parcel CB-1-MM, and Mission Street. Parcel CB-1-MM is concrete paved at grade level and is improved with an 18,000 square foot, two level substructure that is currently vacant. The Mission Street exit ramp from the Jessie Square Garage runs through Parcel CB-1-MM pursuant to an easement agreement. Parcel CB-1-MM is situated between Jessie Square to the west and a 10-story office building to the east. The Jessie Square Garage consists of a 178,780 square foot, four-level subterranean parking garage that is currently striped for 442 parking spaces. However, an adjacent land owner currently occupies a portion of the garage for storage and this area can be striped for additional parking. Thus, the total number of parking spaces in the Jessie Square Garage can increase from 442 to 470. At the client’s request we have appraised the Jessie Square Garage under the hypothetical condition that the Jessie Square Garage is striped for 470 parking spaces. The Jessie Square Garage is located underneath Jessie Square and the Contemporary Jewish Museum.

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Jessie Square will remain as public open space and the Jessie Square Garage would be converted from a publicly owned garage to a privately owned garage and reconfigured so there would be a net increase of 28 parking spaces. As a result, the total number of parking spaces in the Jessie Square Garage would increase from 442 to 470 within the project development. Of the 470 parking spaces, 210 spaces on the upper two levels would remain available to the general public. These 210 spaces would include parking for St. Patrick’s Church, the Contemporary Jewish Museum, and The Mexican Museum. The remaining 260 spaces would include parking for the project residents and leased parking.

OWNERSHIP AND PROPERTY HISTORY

The subject property (Block and Lot Nos. 3706-275 and a portion of 277) is owned by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco. The subject site was previously part of the Yerba Buena Center (YBC) Redevelopment Project Area, which covered all or parts of 13 city blocks in an area generally bounded by Market Street on the north, Second Street on the east, Harrison Street on the south, and Fourth Street on the west. On February 1, 2012, the San Francisco Redevelopment Agency was dissolved pursuant to AB 26, approved by the Governor of California in June 2011 and the December 2011 decision of the California Supreme Court upholding AB 26. In its place, the City and County of San Francisco, as the successor agency to the San Francisco Redevelopment Agency (Successor Agency), assumed all responsibilities and obligations of the San Francisco Redevelopment Agency, and has established an Oversight Board to exercise enforceable obligations for the former YBC Redevelopment Project Area. There are no other listings, options, or agreements of sale affecting the subject property within the past three years.

The project sponsor is 706 Mission Street Co., LLC, in partnership with the Successor Agency. 706 Mission Street Co., LLC owns the adjacent property to the east of the subject (Block and Lot No. 3706-093), which is proposed for development in conjunction with the subject CB-1-MM parcel. The project sponsor entered into an Exclusive Negotiation Agreement (ENA) with the San Francisco Redevelopment Agency on May 4, 2010, which provides information regarding the terms of the real
estate transactions between the project sponsor and the Successor Agency related to this project proposal.

The Successor Agency would convey the Jessie Square Garage, Parcel CB-1-MM, and the Stevenson Street garage ramp to the project sponsor under the terms of the ENA. In addition to the real estate transactions described above, the ENA provides for the project sponsor to include the construction of the shell and core for the Mexican Museum space within the proposed development and to provide a $5 million endowment to be used for the operation of The Mexican Museum.

**PREMISE OF THE APPRAISAL**

The following table illustrates the various dates associated with the valuation of the subject, the valuation premise(s) and the rights appraised for each premise/date:

<table>
<thead>
<tr>
<th>Item</th>
<th>Date</th>
<th>Interest Appraised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Report</td>
<td>June 12, 2013</td>
<td></td>
</tr>
<tr>
<td>Date of Inspection</td>
<td>April 30, 2013</td>
<td></td>
</tr>
<tr>
<td>Date of Value As Is</td>
<td>April 30, 2013</td>
<td>Fee Simple Estate</td>
</tr>
<tr>
<td>Hypothetical</td>
<td>April 30, 2013</td>
<td>Fee Simple Estate</td>
</tr>
</tbody>
</table>

**PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to estimate the market value of the subject property. The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

INTENDED USE OF REPORT

This appraisal is to be used for internal decision making purposes, and no other use is permitted.

INTENDED USER OF REPORT

This appraisal is to be used by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic, and no other user may rely on our report unless as specifically indicated in the report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser’s responsibility is to the intended users identified in the report.

SCOPE OF WORK

The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied, all based upon the following problem-identifying factors stated elsewhere in this report:

- Client
- Intended use
- Intended user
- Type of opinion
- Effective date of opinion
- Relevant characteristics about the subject
- Assignment conditions

This appraisal of the subject has been presented in the form of a Self-Contained Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. That is, this report incorporates, to the fullest extent possible, practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. This report also includes

3 Office of Comptroller of the Currency (OCC), 12 CFR Part 34, Subpart C – Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 122-123. This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value as well as the updated Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

thorough descriptions of the subject and the market for the property type. CBRE, Inc. completed the following steps for this assignment:

**Data Resources Utilized in the Analysis**

<table>
<thead>
<tr>
<th>RESOURCE VERIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Site Data</strong> Source(s)/Verification:</td>
</tr>
<tr>
<td>Size Environmental Impact Report (EIR)</td>
</tr>
<tr>
<td>Excess/Surplus None</td>
</tr>
<tr>
<td>Compiled by CBRE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RESOURCE VERIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improved Data</strong> Source(s)/Verification:</td>
</tr>
<tr>
<td>Gross Size/Units Environmental Impact Report (EIR)</td>
</tr>
<tr>
<td>Net Size/Units Environmental Impact Report (EIR)</td>
</tr>
<tr>
<td>Area Breakdown/Use Appraiser</td>
</tr>
<tr>
<td>No. Bldgs. Appraiser</td>
</tr>
<tr>
<td>Clear Height Environmental Impact Report (EIR)</td>
</tr>
<tr>
<td>Parking Spaces Environmental Impact Report (EIR)</td>
</tr>
<tr>
<td>YOC Public Records</td>
</tr>
<tr>
<td>Compiled by CBRE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RESOURCE VERIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Data</strong> Source(s)/Verification:</td>
</tr>
<tr>
<td>Deferred Maintenance: N/A</td>
</tr>
<tr>
<td>Building Costs: N/A</td>
</tr>
<tr>
<td>Income Data: Ownership</td>
</tr>
<tr>
<td>Expense Data: Ownership</td>
</tr>
<tr>
<td>Compiled by CBRE</td>
</tr>
</tbody>
</table>

**Extent to Which the Property is Identified**

CBRE, Inc. collected the relevant information about the subject from the owner (or representatives), public records and through an inspection of the subject property. The property was legally identified through the following sources:

- postal address
- assessor’s records
- legal description
- environmental impact report (EIR)
- title report

**Extent to Which the Property is Inspected**

CBRE, Inc. inspected the interior and exterior of the subject, as well as its surrounding environs on the effective date of appraisal.

**Type and Extent of the Data Researched**

CBRE, Inc. reviewed the micro and/or macro market environments with respect to physical and economic factors relevant to the valuation process. This process included interviews with regional
and/or local market participants, available published data, and other various resources. CBRE, Inc. also conducted regional and/or local research with respect to the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- income and expense data
- comparable data

**Type and Extent of Analysis Applied**

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

**EXPOSURE/MARKETING TIME**

The reasonable exposure period is a function of price, time, and use. It is not an isolated estimate of time alone. Exposure time is different for various types of real estate and under various market conditions.

Exposure time is the estimated length of time the property would have been offered prior to a hypothetical market value sale on the effective date of appraisal. It is a retrospective estimate based on an analysis of recent past events, assuming a competitive and open market. It assumes not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable marketing effort. Exposure time is therefore interrelated with appraisal conclusion of value.

Based on the available information, an exposure time of 9 months is estimated for the subject property in as-is condition. CBRE, Inc. assumes the subject would have been competitively priced and aggressively promoted regionally.
SAN FRANCISCO BAY AREA

Geography

The San Francisco Bay Area consists of the nine counties including San Francisco, San Mateo, Santa Clara, Alameda, Contra Costa, Solano, Napa, Sonoma, and Marin, situated on the perimeter of San Francisco Bay and San Pablo Bay.

The large land area and highly diversified physical features of the Bay Area support a wide range of land uses. Land uses range from large agricultural areas to major urban centers, and environments range from mountain to marine. The mild climate of the Bay Area has played an important role in development and contributes to a desirable living environment.
Population Trends

The estimated population of the nine counties that make up the Bay Area is presented in the following table.

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Alameda County</td>
<td>1,443,741</td>
<td>1,505,300</td>
<td>1,549,800</td>
<td>1,626,100</td>
<td>1,705,900</td>
<td>1,787,300</td>
<td>1,874,600</td>
<td>1,966,300</td>
</tr>
<tr>
<td>Contra Costa County</td>
<td>948,816</td>
<td>1,023,400</td>
<td>1,090,300</td>
<td>1,130,700</td>
<td>1,177,400</td>
<td>1,225,500</td>
<td>1,273,700</td>
<td>1,322,900</td>
</tr>
<tr>
<td>Marin County</td>
<td>247,289</td>
<td>252,600</td>
<td>256,500</td>
<td>260,300</td>
<td>264,000</td>
<td>267,300</td>
<td>270,900</td>
<td>274,300</td>
</tr>
<tr>
<td>Napa County</td>
<td>124,279</td>
<td>133,700</td>
<td>138,800</td>
<td>142,300</td>
<td>144,600</td>
<td>146,300</td>
<td>147,500</td>
<td>148,800</td>
</tr>
<tr>
<td>San Francisco County</td>
<td>776,733</td>
<td>795,800</td>
<td>810,000</td>
<td>837,500</td>
<td>867,100</td>
<td>900,500</td>
<td>934,800</td>
<td>969,000</td>
</tr>
<tr>
<td>San Mateo County</td>
<td>707,163</td>
<td>721,900</td>
<td>733,300</td>
<td>766,900</td>
<td>801,300</td>
<td>832,400</td>
<td>862,800</td>
<td>893,000</td>
</tr>
<tr>
<td>Santa Clara County</td>
<td>1,682,585</td>
<td>1,763,000</td>
<td>1,822,000</td>
<td>1,945,300</td>
<td>2,043,100</td>
<td>2,185,800</td>
<td>2,310,800</td>
<td>2,431,400</td>
</tr>
<tr>
<td>Solano County</td>
<td>394,542</td>
<td>421,600</td>
<td>443,100</td>
<td>458,500</td>
<td>472,100</td>
<td>484,600</td>
<td>495,800</td>
<td>506,500</td>
</tr>
<tr>
<td>Sonoma County</td>
<td>458,614</td>
<td>479,200</td>
<td>497,900</td>
<td>509,900</td>
<td>522,500</td>
<td>535,200</td>
<td>548,400</td>
<td>561,500</td>
</tr>
<tr>
<td>Region (Total)</td>
<td>6,783,762</td>
<td>7,096,500</td>
<td>7,341,700</td>
<td>7,677,500</td>
<td>8,018,000</td>
<td>8,364,900</td>
<td>8,719,300</td>
<td>9,073,700</td>
</tr>
</tbody>
</table>

Source: ABAG, Projections 2009

During the 1960s and 1970s, the regional population grew at an average annualized rate of 1.9%. During the 1980s, the population grew by approximately 1.4% per year. Population growth during the period from 2010 through 2020 is projected at approximately 0.9% annually. The slowing in the rate of population growth reflects the diminishing supply of available land and the high cost of housing in the area. By 2035, the Bay Area’s population is forecasted to grow by approximately 23.6% over 2010 figures, or by about 1.73 million residents, for a total population of about 9.07 million people. Nearly 75% of this growth is projected to occur in Santa Clara, Alameda, and Contra Costa counties. ABAG projects that these three counties will remain the most populous in the region over the next two decades.

Economic Overview

The San Francisco MSA, which encompasses the Counties of San Francisco, San Mateo, and Marin, is the nation’s fourth largest metropolitan area. San Francisco is a main financial and business center in the western United States.

Beginning in late-1994 and early-1995, the strengthening high technology and computer-related industries located in the southern Bay Area began to lead the state out of its deep recession. In the second half of the 1990s, the local economy was driven by the growth in technology, particularly Internet, software, and other computer-related technology ventures. The technological advances during the mid- to late-1990s, coupled with a strong stock market and nearly limitless availability of capital provided an environment for surging employment growth, real estate values, and overall prosperity in the region. The explosion of the so-called dot.com industry, funded primarily from venture capital, fueled an economic boom in Bay Area in the late 1990’s and early 2000 of unprecedented proportion. As a result, every aspect of the real estate market experienced huge gains. Commercial and industrial vacancy rates became almost non-existent while lease rates doubled in some instances during this period. While sale prices never matched the increase in rents, there was
significant appreciation of commercial and industrial property sales prices. Apartment availability also became extremely tight with rents climbing 30% to 40%. Home prices surged, and appreciation was in the neighborhood of 25% to 35% in this short time period.

In March 2001 the tech-heavy NASDAQ declined significantly, followed by declines in the entire stock market. This trend continued further into 2001. The stock market downturn was compounded by the September 11, 2001 terrorist attacks and both the national and local economies contracted. Technology based companies were particularly impacted. The Bay Area, which is generally regarded as being top-heavy in the technology sector, suffered considerably. Many of the newer and more financially sensitive companies were put out of business, while the larger and more established companies, such as Cisco Systems, Hewlett-Packard and Oracle, had significant layoffs. A recovery started to take place in late 2004, and continued to build throughout early 2007, with historically low interest rates that helped the economy recover much more rapidly than in previous downturns.

The financial crisis that erupted in the summer of 2008 has lead to increases in the unemployment rate, declines in consumer and business spending, declines in the stock market, and significant softening in residential and commercial real estate.

Employment Growth by Sector: ABAG tracks employment by industry. In the Bay Area region, the industries with the highest percentage of jobs are the health, education and recreational service sector; followed by the financial and professional service sector. The following table summarizes historical and projected job data by industry for the region.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agric. / Nat. Resources</td>
<td>24,470</td>
<td>24,170</td>
<td>24,520</td>
<td>24,870</td>
<td>25,070</td>
<td>25,270</td>
<td>25,470</td>
<td>25,490</td>
</tr>
<tr>
<td>Manuf., Wholesale &amp; Transpor.</td>
<td>863,420</td>
<td>711,380</td>
<td>717,180</td>
<td>763,680</td>
<td>819,010</td>
<td>861,170</td>
<td>913,960</td>
<td>967,530</td>
</tr>
<tr>
<td>Retail</td>
<td>402,670</td>
<td>367,180</td>
<td>347,400</td>
<td>370,880</td>
<td>399,950</td>
<td>453,870</td>
<td>491,310</td>
<td>529,530</td>
</tr>
<tr>
<td>Financial &amp; Professional Service</td>
<td>851,610</td>
<td>780,260</td>
<td>766,860</td>
<td>824,190</td>
<td>893,550</td>
<td>990,840</td>
<td>1,076,540</td>
<td>1,166,260</td>
</tr>
<tr>
<td>Health, Edu. &amp; Rec. Service</td>
<td>1,056,030</td>
<td>1,053,510</td>
<td>1,120,700</td>
<td>1,216,120</td>
<td>1,322,650</td>
<td>1,403,080</td>
<td>1,529,930</td>
<td>1,659,740</td>
</tr>
<tr>
<td>Other</td>
<td>555,260</td>
<td>513,240</td>
<td>499,180</td>
<td>534,850</td>
<td>580,460</td>
<td>645,670</td>
<td>701,520</td>
<td>758,840</td>
</tr>
<tr>
<td>Total</td>
<td>3,753,460</td>
<td>3,449,740</td>
<td>3,475,840</td>
<td>3,734,590</td>
<td>4,040,690</td>
<td>4,379,900</td>
<td>4,738,730</td>
<td>5,107,390</td>
</tr>
</tbody>
</table>

Source: ABAG, Projections 2009

From 1990 to 2000, some sectors showed declines or very slight growth, reflecting the recession of the early-1990s. During the period from 1995 to 2000, there was a 14.3% increase in total employment, led by services, construction, and manufacturing. Only the government sector declined in employment during that period. The Bay Area region had a decline in employment between 2000 and 2005 due to soft economic conditions. Employment is projected to increase nominally between 2005 and 2010, with stronger growth anticipated between 2010 and 2015.

Location of Employment Within the Region: The region’s economy grew rapidly during the 1980s and, as a result of this growth, coupled with the density of development in San Francisco County, the surrounding counties experienced a marked increase in development. In particular, San Mateo County, which is on the San Francisco Peninsula directly south of San Francisco, experienced a
significant gain in office construction, and has become the primary suburban office market serving San Francisco. Further south, Santa Clara County achieved the largest economic growth of the region through the expansion of high technology industries. The East Bay counties of Contra Costa and Alameda also experienced significant growth, primarily through new residential and supporting commercial development.

Over the period from 2010 to 2035, Santa Clara County is expected to be the leader in jobs created, adding 506,350 jobs, or 31% of the new job totals during the period. The East Bay counties of Alameda and Contra Costa are projected to be strong creators of jobs as well. From 2010 to 2035, projected job growth the Alameda and Contra Costa Counties is expected to represent a total of 31% of the projected job growth.

**Household Income**

The following table summarizes mean household incomes for the Bay Area counties.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda County</td>
<td>$89,400</td>
<td>$88,800</td>
<td>$91,200</td>
<td>$96,300</td>
<td>$101,600</td>
<td>$107,200</td>
<td>$113,100</td>
<td>$119,400</td>
<td>34.5%</td>
</tr>
<tr>
<td>Contra Costa County</td>
<td>$100,500</td>
<td>$98,400</td>
<td>$102,000</td>
<td>$107,500</td>
<td>$113,500</td>
<td>$119,700</td>
<td>$126,200</td>
<td>$133,200</td>
<td>35.4%</td>
</tr>
<tr>
<td>Marin County</td>
<td>$126,500</td>
<td>$121,600</td>
<td>$127,200</td>
<td>$134,100</td>
<td>$141,600</td>
<td>$148,900</td>
<td>$157,700</td>
<td>$166,300</td>
<td>36.8%</td>
</tr>
<tr>
<td>Napa County</td>
<td>$85,600</td>
<td>$85,900</td>
<td>$89,500</td>
<td>$94,600</td>
<td>$99,800</td>
<td>$105,300</td>
<td>$111,100</td>
<td>$117,200</td>
<td>36.4%</td>
</tr>
<tr>
<td>San Francisco County</td>
<td>$98,300</td>
<td>$97,400</td>
<td>$102,200</td>
<td>$107,900</td>
<td>$113,800</td>
<td>$120,100</td>
<td>$126,700</td>
<td>$133,600</td>
<td>37.2%</td>
</tr>
<tr>
<td>San Mateo County</td>
<td>$136,600</td>
<td>$121,700</td>
<td>$123,300</td>
<td>$130,200</td>
<td>$137,300</td>
<td>$144,800</td>
<td>$152,700</td>
<td>$161,100</td>
<td>32.4%</td>
</tr>
<tr>
<td>Santa Clara County</td>
<td>$118,400</td>
<td>$97,900</td>
<td>$108,700</td>
<td>$114,600</td>
<td>$120,900</td>
<td>$127,600</td>
<td>$134,600</td>
<td>$142,000</td>
<td>45.0%</td>
</tr>
<tr>
<td>Solano County</td>
<td>$78,000</td>
<td>$84,400</td>
<td>$85,600</td>
<td>$90,100</td>
<td>$94,600</td>
<td>$99,300</td>
<td>$104,300</td>
<td>$109,400</td>
<td>29.6%</td>
</tr>
<tr>
<td>Sonoma County</td>
<td>$82,800</td>
<td>$82,600</td>
<td>$84,300</td>
<td>$89,000</td>
<td>$93,900</td>
<td>$99,100</td>
<td>$104,600</td>
<td>$110,300</td>
<td>33.5%</td>
</tr>
<tr>
<td>Region (Total)</td>
<td>$104,000</td>
<td>$97,300</td>
<td>$102,000</td>
<td>$107,600</td>
<td>$113,600</td>
<td>$119,800</td>
<td>$126,400</td>
<td>$133,400</td>
<td>37.1%</td>
</tr>
</tbody>
</table>

Source: ABAG, Projections 2009

The region’s mean household income in 2000 was $104,000. In 2005 the estimated mean household income declined to $97,300 due to the slowdown in the economy. Mean household income for the region is projected to grow to $133,400 by 2035. San Mateo and Marin Counties, as of 2010, are projected to have estimated mean household incomes of $123,300 and $127,200, respectively, which are the highest figures of the nine counties noted in the prior chart. As of 2010, Sonoma County is projected to have an estimated mean household income of $84,300, which is the lowest in the nine county Bay Area.

**Residential Real Estate**

The Bay Area has some of the highest housing costs in the nation. When the comparison is made between household income and housing costs, the Bay Area remains one of the least affordable areas in the nation.

The median home price in the Bay Area, as of February 2013, was $405,000 based on figures from DataQuick.
Due to soft economic and housing conditions, new and existing median home prices declined between 2007 and 2010. However, the Bay Area housing market appears to have bottomed out in 2010, and home values have since been trending upward. The current median home price reflects a 24.6% increase from the prior year.

**Governmental Forces**

The Bay Area is comprised of nine separate counties. Each county has its own government, with incorporated cities within each county also having their own government. Between the city and county levels, interaction is limited. On a regional level, this concept is magnified, with limited intercounty planning. Local city and county governments within the region implement land use policies through the use of zoning laws and general plans. Support services, such as transportation, schools, health care, police, and fire protection are provided by local governments.

California’s land use and growth controls are among the most stringent in the United States. These local land use controls include zoning, growth management systems, subdivision regulations, development fees and environmental restrictions. These policies raise the cost and reduce the volume of land development, especially in coastal metropolitan areas.

**Education**

Within the Bay Area there are over 80 public and private colleges and universities; among them are over 30 community colleges, four California State University campuses, the University of California at Berkeley, and Stanford University in Palo Alto. The University of California at Berkeley, and Stanford University, attract well-educated people to the area and provide the nucleus of activity in bio-medical technology, genetic engineering, and software production.
Transportation

The San Francisco MSA has a highly diversified transportation system with good water, rail, trucking, highway, and air facilities. The Bay Area's transportation infrastructure includes 1,500 miles of highway, eight toll bridges, 17,000 miles of local streets, six public ports, five passenger ferries, and five commercial airports. Transportation in the Bay Area is diversified because of the trend toward decentralized work places. More and more people are commuting longer distances to work, putting a heavy burden on the region's transportation network.

Air transportation is available through a number of airports in the Bay Area. San Francisco International Airport, located in San Mateo County, is one of the most active commercial airports in the world and is served by over 62 airlines. Furthermore, a two billion-dollar airport expansion was completed that expanded international travel capabilities. Additionally, Oakland International Airport in Alameda County, and San Jose International Airport in Santa Clara County offer facilities for international travel, air taxi, charter and cargo.

The Bay Area Rapid Transit system (BART), a high-speed rail system with approximately 104 miles of track, is a major commuter transportation system which links stations in Alameda, Contra Costa, San Mateo, and San Francisco counties. In addition, BART travels to the San Francisco International Airport. CalTrans operates commuter trains which run from San Jose to San Francisco. Additional rail transportation for the Bay Area is provided by Amtrak and freight rail companies.

Historically, ongoing efforts to improve the roads and public transit systems in the Bay Area have lagged behind growth in the population. Traffic congestion, considered a major problem in the Bay Area, makes close in, conveniently accessed locations particularly desirable.

Cultural and Recreational Resources

San Francisco is the cultural center of the Bay Area. Cultural and entertainment activities include nationally renowned live theaters, art museums, local symphonies, operas, and dance companies. In addition, local theaters, symphonies and ballet companies are found in Oakland, San Jose and other communities. The area supports six major professional sports teams, as well as college-level athletic programs of the University of California at Berkeley, Stanford University, and other regional colleges and universities.

CONCLUSION

Locational advantages, outstanding higher educational facilities, and a skilled labor force benefit the nine-county San Francisco Bay Area. However, structural problems including affordable housing, transportation capacity, and water and sewer capacity, along with local slow growth initiatives, could impair the region's competitive position. The Bay Area's economy has shifted towards service orientation. Agriculture, construction, and manufacturing have become less dominant while trade,
finance, government, and business, professional and other services have grown in prominence. The one notable exception to this trend has been the high technology sector, particularly computer-related, and manufacturing. In the near-term, the outlook for local business conditions and real estate markets is uncertain. In the longer-term, based on ABAG statistics shown earlier, population and employment growth is projected in the Bay Area region.

SAN FRANCISCO COUNTY AND CITY

San Francisco is located at the northern end of the San Francisco Peninsula and is bordered by the Pacific Ocean on the west, San Francisco Bay on the north and east, and San Mateo County on the south. These boundaries encompass a small metropolis of only 46.6 square miles. San Francisco is considered the commercial and cultural center of the nine-county Bay Area and is the nation's fourth largest metropolitan area. The hills in the city provide an excellent setting for the residential development and the surrounding waters of the Pacific Ocean and the San Francisco Bay contribute to the mild climate.

The following chart shows population, household, and person per household statistics.

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</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>776,733</td>
<td>795,800</td>
<td>810,000</td>
<td>837,500</td>
<td>867,100</td>
<td>900,500</td>
<td>934,800</td>
<td>969,000</td>
</tr>
<tr>
<td>Average Annual Change</td>
<td>N/A</td>
<td>0.49%</td>
<td>0.36%</td>
<td>0.68%</td>
<td>0.71%</td>
<td>0.77%</td>
<td>0.76%</td>
<td>0.73%</td>
</tr>
<tr>
<td>Households</td>
<td>329,700</td>
<td>338,920</td>
<td>346,680</td>
<td>359,170</td>
<td>372,750</td>
<td>386,800</td>
<td>400,700</td>
<td>415,000</td>
</tr>
<tr>
<td>Average Annual Change</td>
<td>N/A</td>
<td>0.56%</td>
<td>0.46%</td>
<td>0.72%</td>
<td>0.76%</td>
<td>0.75%</td>
<td>0.72%</td>
<td>0.71%</td>
</tr>
<tr>
<td>Average Household Size</td>
<td>2.36</td>
<td>2.35</td>
<td>2.34</td>
<td>2.33</td>
<td>2.33</td>
<td>2.33</td>
<td>2.33</td>
<td>2.33</td>
</tr>
</tbody>
</table>

Source: ABAG, Projections 2009

The following table presents employment by industry for San Francisco from 2000 to 2035.

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<tr>
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</thead>
<tbody>
<tr>
<td>Agric. / Nat. Resources</td>
<td>1,040</td>
<td>1,020</td>
<td>1,020</td>
<td>1,020</td>
<td>1,020</td>
<td>1,020</td>
<td>1,020</td>
<td>1,020</td>
</tr>
<tr>
<td>Manuf., Wholesale &amp; Transpor.</td>
<td>77,300</td>
<td>55,640</td>
<td>53,910</td>
<td>57,540</td>
<td>61,890</td>
<td>64,740</td>
<td>68,890</td>
<td>72,930</td>
</tr>
<tr>
<td>Retail</td>
<td>57,400</td>
<td>47,210</td>
<td>45,000</td>
<td>47,890</td>
<td>51,080</td>
<td>58,470</td>
<td>63,070</td>
<td>68,070</td>
</tr>
<tr>
<td>Financial &amp; Professional Serv.</td>
<td>208,020</td>
<td>180,220</td>
<td>181,680</td>
<td>192,780</td>
<td>207,290</td>
<td>226,000</td>
<td>243,190</td>
<td>262,550</td>
</tr>
<tr>
<td>Health, Edu. &amp; Rec. Serv.</td>
<td>192,880</td>
<td>180,600</td>
<td>198,800</td>
<td>213,010</td>
<td>225,650</td>
<td>234,380</td>
<td>252,860</td>
<td>273,340</td>
</tr>
<tr>
<td>Other</td>
<td>105,860</td>
<td>88,400</td>
<td>88,320</td>
<td>94,300</td>
<td>100,260</td>
<td>110,220</td>
<td>119,070</td>
<td>128,920</td>
</tr>
<tr>
<td>Total</td>
<td>642,500</td>
<td>553,090</td>
<td>568,730</td>
<td>606,540</td>
<td>647,190</td>
<td>694,830</td>
<td>748,100</td>
<td>806,830</td>
</tr>
</tbody>
</table>

Source: ABAG, Projections 2009
The following table summarizes current and historical employment levels for the city, the state, and the country:

<table>
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</thead>
<tbody>
<tr>
<td>San Francisco City &amp; County</td>
<td>6.3% ^2</td>
<td>7.4%</td>
<td>8.6%</td>
<td>9.5%</td>
<td>9.0%</td>
<td>5.4%</td>
<td>4.3%</td>
<td>4.2%</td>
<td>5.0%</td>
</tr>
<tr>
<td>California</td>
<td>9.7% ^1</td>
<td>10.5%</td>
<td>11.7%</td>
<td>12.4%</td>
<td>11.4%</td>
<td>7.2%</td>
<td>5.4%</td>
<td>4.9%</td>
<td>5.4%</td>
</tr>
<tr>
<td>United States</td>
<td>7.7% ^1</td>
<td>8.1%</td>
<td>8.9%</td>
<td>9.6%</td>
<td>10.1%</td>
<td>5.8%</td>
<td>4.6%</td>
<td>4.6%</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

^1 Seasonally adjusted.
^2 Not seasonally adjusted.

Unemployment rates for San Francisco have historically been lower than for California. The unemployment rate trended sharply upwards during 2009 and 2010 for California as well as the local area. The August 2012 data shows the average unemployment rate across the United States as lower than California, which has been typical historically; the difference was relatively narrow during 2005-2006 and began to widen in 2007. The February 2013 unemployment rate is at the lowest levels since the average during 2008 in the City and County of San Francisco. The average unemployment rate in San Francisco is lower than the national average and the State of California.

During 2012, the unemployment rate in San Francisco averaged 7.4% and improved significantly towards the end of the year. From January through August, the rate ranged from 7.4% to 8.1% (average 7.73%). From September through December, the unemployment rate in San Francisco ranged from 6.5% to 6.9% (average 6.75%). At year-end, the unemployment rate in San Francisco stood at 6.5%, 160 basis points lower than the January 2012 unemployment rate.

The following table presents historical and projected household income figures for San Francisco from 2000 to 2035.

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>SAN FRANCISCO</td>
<td>$98,300</td>
<td>$97,400</td>
<td>$102,200</td>
<td>$107,900</td>
<td>$113,800</td>
<td>$120,100</td>
<td>$126,700</td>
<td>$133,600</td>
<td>37.2%</td>
</tr>
</tbody>
</table>

Source: ABAG, Projections 2009

CONCLUSIONS

The nine-county San Francisco Bay Area is one of the nation’s most vital economic regions. As a result of economic and population growth since 1980, development moved outward from San Francisco to the surrounding counties.

While San Francisco remains the center of the region, the surrounding counties have developed economic centers of their own. Future projections by ABAG indicate increased growth in population...
and employment, albeit at a slower rate. Employment growth is expected to occur primarily in the service sector.

Locational advantages, outstanding higher educational facilities, and a skilled labor force benefit the Bay Area. However, structural problems including affordable housing, transportation capacity, and water and sewer capacity, along with local slow growth initiatives, could impair the region's competitive position. However, the economic base is well diversified, and should provide for moderate future growth in the Bay Area.

The outlook for the area is for stable performance with moderate improvement over the next several years. As a result, the demand for existing developments is expected to be average. Generally, the area is expected to maintain a relatively stable growth pattern in the foreseeable future.

ECONOMY.COM

Moody’s Economy.com provides the following San Francisco, CA [Metropolitan Division] metro area economic summary as of December 2012.

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Metro Product (C$B)</td>
<td>120.3</td>
<td>123.8</td>
<td>125.5</td>
<td>127.0</td>
<td>121.4</td>
<td>124.2</td>
<td>127.6</td>
<td>132.2</td>
<td>137.0</td>
<td>144.0</td>
<td>150.7</td>
<td>156.0</td>
</tr>
<tr>
<td>% Change</td>
<td>2.9</td>
<td>2.9</td>
<td>1.4</td>
<td>1.2</td>
<td>-4.4</td>
<td>2.3</td>
<td>2.8</td>
<td>3.6</td>
<td>3.6</td>
<td>5.2</td>
<td>4.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Total Employment (000)</td>
<td>947.9</td>
<td>967.5</td>
<td>988.8</td>
<td>996.9</td>
<td>944.1</td>
<td>931.8</td>
<td>948.2</td>
<td>977.8</td>
<td>998.0</td>
<td>1,023.1</td>
<td>1,055.3</td>
<td>1,084.3</td>
</tr>
<tr>
<td>% Change</td>
<td>0.9</td>
<td>2.1</td>
<td>2.2</td>
<td>0.8</td>
<td>-5.3</td>
<td>-1.3</td>
<td>1.8</td>
<td>3.1</td>
<td>2.1</td>
<td>2.5</td>
<td>3.1</td>
<td>2.8</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.6</td>
<td>3.9</td>
<td>4.0</td>
<td>5.0</td>
<td>8.5</td>
<td>9.0</td>
<td>8.2</td>
<td>7.1</td>
<td>6.4</td>
<td>5.9</td>
<td>5.6</td>
<td>5.3</td>
</tr>
<tr>
<td>Personal Income Growth</td>
<td>8.6</td>
<td>9.6</td>
<td>4.9</td>
<td>1.1</td>
<td>-8.1</td>
<td>3.1</td>
<td>7.6</td>
<td>5.5</td>
<td>2.5</td>
<td>3.2</td>
<td>6.8</td>
<td>5.7</td>
</tr>
<tr>
<td>Population (000)</td>
<td>1,697.3</td>
<td>1,703.4</td>
<td>1,718.8</td>
<td>1,743.4</td>
<td>1,766.4</td>
<td>1,777.7</td>
<td>1,795.1</td>
<td>1,808.3</td>
<td>1,821.3</td>
<td>1,835.3</td>
<td>1,851.2</td>
<td>1,866.6</td>
</tr>
<tr>
<td>Single-Family Permits</td>
<td>1,028.0</td>
<td>897.0</td>
<td>987.0</td>
<td>556.0</td>
<td>384.0</td>
<td>349.0</td>
<td>374.0</td>
<td>481.4</td>
<td>920.0</td>
<td>1,398.4</td>
<td>1,466.5</td>
<td>1,419.3</td>
</tr>
<tr>
<td>Multifamily Permits</td>
<td>3,015.0</td>
<td>3,088.0</td>
<td>2,735.0</td>
<td>3,023.0</td>
<td>598.0</td>
<td>869.0</td>
<td>2,376.0</td>
<td>3,430.1</td>
<td>1,704.4</td>
<td>1,875.4</td>
<td>1,584.7</td>
<td>1,403.5</td>
</tr>
<tr>
<td>Existing-Home Price ($Ths)</td>
<td>895.9</td>
<td>889.5</td>
<td>944.5</td>
<td>837.3</td>
<td>695.7</td>
<td>742.3</td>
<td>691.5</td>
<td>737.9</td>
<td>753.9</td>
<td>847.9</td>
<td>883.2</td>
<td></td>
</tr>
<tr>
<td>Mortgage Originations ($Mil)</td>
<td>42,517.4</td>
<td>34,869.6</td>
<td>34,251.8</td>
<td>20,041.8</td>
<td>31,157.8</td>
<td>29,691.7</td>
<td>27,506.4</td>
<td>37,424.1</td>
<td>24,850.2</td>
<td>14,563.1</td>
<td>14,374.5</td>
<td>16,154.6</td>
</tr>
<tr>
<td>Net Migration (000)</td>
<td>-11.6</td>
<td>-7.6</td>
<td>0.2</td>
<td>15.6</td>
<td>15.1</td>
<td>3.3</td>
<td>9.2</td>
<td>3.9</td>
<td>3.2</td>
<td>4.0</td>
<td>5.7</td>
<td>5.1</td>
</tr>
<tr>
<td>Personal Bankruptcies</td>
<td>5,976.0</td>
<td>1,346.0</td>
<td>1,841.0</td>
<td>2,693.0</td>
<td>4,491.0</td>
<td>5,584.0</td>
<td>5,105.0</td>
<td>4,231.3</td>
<td>3,686.7</td>
<td>3,632.9</td>
<td>3,573.7</td>
<td>3,621.3</td>
</tr>
</tbody>
</table>

Source: Moody’s Economy.com

RECENT PERFORMANCE

San Francisco’s recovery is strengthening, bolstered by technology, rising incomes, and an influx of visitors. Payrolls are growing because of service- and visitor-dependent industries. The unemployment rate has dipped below 7% even as the labor force continues to grow. The rate is the lowest among California’s major metro areas, signaling the advanced stage of San Francisco’s recovery.

The housing market is also improving. Amid a dwindling inventory of homes for sale, the median price for existing single-family homes is increasing. The issuance of multifamily permits has jumped.
TECH

Tech services geared toward internet and mobile-based applications will be the largest driver of near-term growth. Evidence of the still-positive tech outlook can be seen in San Francisco’s office market. The metro division’s increase in occupancy costs-rents plus local taxes and service charges-topped CBRE Group’s survey of global office markets with a 36% increase for the year ending September 30. Investment property sales are set to end the year at more than $6 billion, almost matching the metro area’s record of $8.5 billion set in 2007.

A permanent change to the City of San Francisco's payroll tax will help to reduce the outflow of growing tech firms. Voters in November replaced the tax, the only one of its kind in California, with a tax on gross receipts. The new tax scheme will help to retain and attract startup tech firms in their cash-poor IPO phases.

TOURISM

Expanding technology and an influx of well-heeled international visitors will spur visitor-dependent industries in 2013 and 2014. Rising hotel occupancy, room rates and passenger volumes at San Francisco International Airport (SFO) are evidence that visitation is growing robustly. Year to date through October, the number of air passengers rose by 10%, well ahead of other Bay Area airports. Although downsized from original plans, preliminary America’s Cup races drew large crowds during the summer and bode well for attendance at the final series of races that will be held in the spring and summer.

With a strong tech and tourism outlook, the environment for investments in existing and new hotels is improving. The number of hotel sales increased in 2012, and many sold above their asking price, suggesting that they had been improved. SFO is proposing the construction of an onsite hotel by 2017, as it expects passenger volume to rise by 2% per year over the next five years.

GOVERNMENT

Despite the improved outlook for state higher education, the City College of San Francisco faces a dark budget outlook. A major near-term downside risk for San Francisco’s public institutions of higher education was averted in November when Californians approved an increase to the state sales tax rate and the highest marginal personal income tax rate, diverting mid-fiscal year spending cuts that would have hurt San Francisco’s University of California, Cal State, and community college campuses.

Nonetheless, amid declining student enrollment, CCSF faces the loss of state funding, accreditation, and possible closure in 2013. The college has laid off hourly staff, cut non-union wages, and shuttered some campuses.
CONCLUSION

San Francisco’s recovery will deepen in 2013. Tech, tourism and other services will be the primary drivers, but financial services will weigh on improvements. The unemployment rate will fall below 6% by the middle of 2014, well ahead of the state and the nation. Longer term, San Francisco will benefit from its growing cluster of tech and R&D centers, which will help to offset slower growth in finance and its high business and living costs. As a result, the metro division will outpace the U.S. over most of the forecast horizon in output and employment gains.
NEIGHBORHOOD ANALYSIS

LOCATION

The neighborhood is located in the downtown section of the City of San Francisco, a built out urban location. Due to its location south of Market Street, the subject is located along the northeastern edge of the Yerba Buena submarket, bordering the South Financial District office submarket.

BOUNDARIES

The neighborhood boundaries are detailed as follows:

North: Market Street  
South: Harrison Street  
East: San Francisco Bay (Embarcadero)  
West: 7th Street

LAND USE/GROWTH PATTERNS

Land uses surrounding the project site include convention, cultural, hotel, office, open space, recreation, residential, and retail uses. Major structures near the subject include St. Patrick’s Church (748 Mission Street), the San Francisco Marriott Marquis Hotel (55 Fourth Street), the Metreon entertainment and retail complex (101 Fourth Street), the Fifth and Mission Garage (833 Mission Street), the Westfield San Francisco Centre retail complex (865 Market Street), the Four Seasons Hotel and Residences (757 Market Street), the Contemporary Jewish Museum (736 Mission Street), the
Westin Hotel (50 Third Street), the Paramount residences (680 Mission Street), the St. Regis (125 Third Street), the San Francisco Museum of Modern Art (151 Third Street), the W Hotel (181 Third Street), the Yerba Buena Center for the Arts (701 Mission Street), and the Moscone Convention Center (747 Howard Street).

Open space and recreation facilities in the vicinity include Jessie Square (subject), the Yerba Buena Gardens Esplanade and Martin Luther King, Jr. Memorial (south of the subject across Mission Street), a carousel and the Yerba Buena Ice Skating and Bowling Center (one block south of the subject), Union Square (approximately 0.2 mile northwest of the subject), and Hallidie Plaza (approximately 0.25 mile west of the subject).

An additional large development in the area, known as City Place, was proposed on Market Street (between 5th and 6th Streets). The development, focused on value-oriented retail, was approved by the City in mid-2010. In early-2011, it was reported that the lender had filed notices of default on five parcels comprising the proposed project. Reportedly, the financial backer of this project, CommonFund Realty, had suspended investments in this development due to a restructuring of the fund that had invested in the project. In June 2012, it was announced that the parcels will be sold to a joint venture of Cypress Equities and Carlyle Group, which will proceed with the approved 5-story, 260,000-square-foot retail project. It has been reported in early-2013 that the new owners are in discussions with Nordstrom Rack concerning a possible anchor tenancy at the project.

**TRANSBAY REDEVELOPMENT PROJECT**

One of the most significant redevelopment proposals in the neighborhood is the Transbay project. The Transbay Terminal, located on the south side of Mission Street, between 1st and Fremont Streets, is a mass-transit hub for public transit systems serving the City of San Francisco, San Mateo County, Alameda County, Marin County, and Sonoma County.

Much of the land to be redeveloped is located on the northwest side of Folsom Street, between Spear and Ecker Streets, and also along the southwest side of Main Street, between Folsom and Mission Streets.

Current plans developed by the Transbay Joint Powers Authority (TJPA) call for construction of nearly 3,500 residential units, including a combination of market-rate and affordable units. The development, as currently conceived, would consist of approximately 72% for-sale and 28% rental units. Proposed development would consist of podium-style buildings and high-rise towers. The proposal also includes 59,000 square feet of ground-level retail space.

The redevelopment project would also include a “signature” tower on the South side of Mission Street, between 1st and Fremont Streets, adjacent to the transit terminal. A signature tower proposal by the developer Hines and the architect Caesar Pelli has been selected by the TJPA. On March 26, 2013 TJPA sold the 50,000 square foot parcel of land located at 101 1st Street to a joint venture between
Boston Properties (95% owner) and Hines (5% owner) for nearly $192 million. The planned office building will contain approximately 1.4 million square feet, approximately 1,070 feet in height, and will make it the tallest building on the West Coast. Construction could begin as early as Summer of 2013 with project completion in 2016, just before the opening of the new transit facility.

ACCESS AND PARKING

The neighborhood currently has excellent means of access from the delineating streets and freeways (Market Street, Interstate 80, and US 101) which connect to the city’s overall gridiron street pattern, and thereby, to the various public transportation means such as the Bay Bridge, the BART facility under Market Street, and the south-bound freeway routes. The subject neighborhood is well served by transportation with surface streets and sub-surface facilities (BART stations below Market Street at Montgomery Street and The Embarcadero) and all utility, vehicular and pedestrian means of transit.

Property managers in the neighborhood report strong demand for parking since the Transbay Terminal construction project began. A number of old surface lots are no longer available for public parking. Over time, many of the remaining surface lots will be replaced with new office buildings and multi-family projects (most of them under-parked). This will tip the supply-demand dynamic further to the favor of owners of parking garages.

DEMOGRAPHICS

Selected neighborhood demographics in 1-, 3-, and 5-mile radii from the subject are shown in the following table:
Population and household numbers are increasing in the surrounding area and are projected to continue due to the residential development activity in the neighborhood.

**CONCLUSION**

The neighborhood is in a revitalization phase of its life cycle. Office and supporting retail/services remains the mainstay although high-end multifamily development has replaced obsolescent office buildings and older industrial buildings over the past several years.

The most significant anticipated neighborhood change is the Transbay redevelopment project. The Transbay Terminal will be re-made into a transportation hub for the entire San Francisco Bay Area and will be the focal point of private sector redevelopment activity including new offices, multi-family projects, hotels, and retail. Secondarily, the planned City Place development, located on Market Street, between 5th and 6th Streets, is projected to add a large value retail anchor to the neighborhood and revitalize a long-neglected section of Market Street.

The neighborhood provides good support for office, retail, and residential uses.
MARKET ANALYSIS

The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. The subject consists of a parking garage, vacant land, and public open space. The vacant land is proposed for development of a mixed use, retail/museum/residential project. The project would feature 190 residential condominium units.

As such, we have examined the national and local parking garage market, the for-sale residential market, the retail market, and the museum market.

DEMOGRAPHIC ANALYSIS

Demand for additional commercial properties, including parking garages is a direct function of population change and household income. Commercial properties are products of a clearly definable demand relating directly to population shifts and income patterns.

Housing, Population and Household Formation

The following table illustrates the population and household changes for the subject neighborhood with primary focus on the one-mile radius.

<table>
<thead>
<tr>
<th>POPULATION AND HOUSEHOLD PROJECTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2018 Population</td>
</tr>
<tr>
<td>2013 Population</td>
</tr>
<tr>
<td>2010 Population</td>
</tr>
<tr>
<td>2000 Population</td>
</tr>
<tr>
<td>Annual Growth 2013 - 2018</td>
</tr>
<tr>
<td>Annual Growth 2000 - 2013</td>
</tr>
<tr>
<td>Annual Growth 2000 - 2010</td>
</tr>
<tr>
<td>Households</td>
</tr>
<tr>
<td>2018 Households</td>
</tr>
<tr>
<td>2013 Households</td>
</tr>
<tr>
<td>2010 Households</td>
</tr>
<tr>
<td>2000 Households</td>
</tr>
<tr>
<td>Annual Growth 2013 - 2018</td>
</tr>
<tr>
<td>Annual Growth 2000 - 2013</td>
</tr>
<tr>
<td>Annual Growth 2000 - 2010</td>
</tr>
</tbody>
</table>

Source: Nielsen/Claritas

As shown, the subject’s neighborhood is experiencing moderate positive increases in both population and households.
**Income Distributions**

Household income available for expenditure on consumer items is a primary factor in determining the retail supply and demand levels in a given market area. In the case of this study, a projection of household income identifies (in gross terms) the market from which the subject submarket draws. The following table illustrates estimated household income distribution for the subject neighborhood.

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME DISTRIBUTION</th>
<th>1 Mile Radius</th>
<th>3 Mile Radius</th>
<th>5 Mile Radius</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households by Income Distribution - 2013</td>
<td>Less than $15K</td>
<td>27.56%</td>
<td>16.18%</td>
</tr>
<tr>
<td></td>
<td>$15K - $25K</td>
<td>13.43%</td>
<td>9.28%</td>
</tr>
<tr>
<td></td>
<td>$25K - $35K</td>
<td>8.05%</td>
<td>6.56%</td>
</tr>
<tr>
<td></td>
<td>$35K - $50K</td>
<td>8.37%</td>
<td>8.51%</td>
</tr>
<tr>
<td></td>
<td>$50K - $75K</td>
<td>10.59%</td>
<td>12.61%</td>
</tr>
<tr>
<td></td>
<td>$75K - $100K</td>
<td>7.66%</td>
<td>10.48%</td>
</tr>
<tr>
<td></td>
<td>$100K - $150K</td>
<td>11.26%</td>
<td>15.09%</td>
</tr>
<tr>
<td></td>
<td>$150K - $250K</td>
<td>4.83%</td>
<td>8.54%</td>
</tr>
<tr>
<td></td>
<td>$250K - $500K</td>
<td>4.05%</td>
<td>6.30%</td>
</tr>
<tr>
<td></td>
<td>$500K or more</td>
<td>1.90%</td>
<td>2.86%</td>
</tr>
</tbody>
</table>

Source: Nielsen/Claritas

The following table illustrates the median and average household income levels for the subject neighborhood.

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME LEVELS</th>
<th>1 Mile Radius</th>
<th>3 Mile Radius</th>
<th>5 Mile Radius</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013 Median HH Inc</td>
<td>$36,429</td>
<td>$68,374</td>
<td>$72,024</td>
</tr>
<tr>
<td>2013 Estimated Average Household Income</td>
<td>$78,568</td>
<td>$108,825</td>
<td>$110,266</td>
</tr>
<tr>
<td>2013 Estimated Per Capita Income</td>
<td>$43,078</td>
<td>$55,874</td>
<td>$50,383</td>
</tr>
</tbody>
</table>

Source: Nielsen/Claritas

Household income levels within a one mile radius are lower than surrounding areas (3 and 5 mile radius). An analysis of the income data indicates that the submarket is generally comprised of low to middle-income economic cohort groups.

**Outlook**

Based on this analysis, the immediate area surrounding the subject is projected to experience moderate, positive growth relative to households and population into the near future. Given the area demographics, it appears that demand for the subject will continue to be favorable.
PARKING STRUCTURE MARKET

National

The following excerpt is taken from the Colliers International 2012 Parking Rate Survey:

Reflecting slow growth trends in the greater economy, the cost of downtown daily parking rates increased by an average of 1.6 percent year-over-year in 2012. Fees remained flat or grew slightly in most North American cities. Only nine cities in the U.S. and Canada saw a drop in daily rates. This positive trend reflects the overall economic narrative of recent years. In 2010, daily parking rates dropped by 1.4 percent. Rates stabilized in 2011, showing a small increase of 0.8 percent. This price increase in 2012 shows garage owners and operators beginning to test the waters with modest rate increases as demand slowly rises.

The cost for monthly unreserved parking grew by 2.5 percent. Only 10 cities saw decreases in monthly unreserved rates, including Toronto, Boston and Vancouver. Hourly parking rates grew as well, increasing by an average 3.7 percent. Fifteen North American markets saw increases, including Chicago, Washington DC and San Francisco.

North American office markets have seen modest positive absorption each quarter since Q2 2010. With more office space leasing, we generally expect monthly parking to see a higher demand, which results in higher prices. Meanwhile, consumer gasoline costs have seen peaks and valleys in the past year, with lower prices early in the year now making way for recent price jumps. With gasoline futures climbing, we expect consumers to see even further cost hikes at the pump. This could prompt more urban commuters to carpool or take public transportation, decreasing demand for paid parking and dropping rates.

However, continued positive demand for office space will help to counteract the effects of gasoline prices.

Monthly Parking Rates

The following chart details the top CBD monthly parking rates in the United States:
The San Francisco Market has the 4th highest monthly parking rates among all markets in the United States with a median parking rate at $375 per space per month. The San Francisco median monthly parking rate is well above the national average, which is at $164.80 per space per month.
**Daily Parking Rates**

The following chart details the top 10 daily parking rates in North America:

![NORTH AMERICA – TOP 10 DAILY PARKING RATES](chart)

According to the Collier’s survey, the median daily rate in San Francisco is $29.00 for 2012, which is up from $26.00 in 2011.

As shown below, the hourly parking rate for the San Francisco Market in 2012 ranged from $2.50 to $18.00 per hour with a median of $10.00 per hour. According to the survey, the hourly parking rates for the San Francisco Market are up 11.1% from 2011.
PARKING SUPPLY/DEMAND OVERVIEW

The subject parking garage is located in the Yerba Buena neighborhood, just outside of the Financial District. The subject is situated within an area of multiple cultural institutions and public structures, including the Contemporary Jewish Museum, the Moscone Convention Center, the Museum of the African Diaspora, the San Francisco Museum of Modern Art, the Yerba Buena Center for the Arts, the Yerba Buena Gardens Esplanade, the Yerba Buena Ice Skating and Bowling Center, and the Children’s Creativity Museum, a children’s art and technology museum. Demand for parking in the area is generated by patrons of the surrounding cultural institutions along with office and retail users. Given the subject’s centralized location and proximate use to a diverse range of uses, the subject parking garage is expected to enjoy good demand.

Tenant Information

The Jessie Square garage contains four subsurface levels of parking with a total of 442 parking spaces. There are 70 parking spaces located on the mezzanine level, 107 spaces located on level B1,
131 spaces located on level B2, and 134 spaces located on level B3. The Successor Agency has a management agreement with City Park to manage floors B1, B2, and B3. It is noted that 2 parking spaces are reserved for St. Patrick’s Church; therefore, 370 parking spaces are available for public parking on these three floors. The management agreement is on a month to month basis and the current management fee is $5,002 per month. There is an additional parking incentive fee at 10% of revenue between $860,994 to $935,994 per month and 15% of revenue above $935,995 per month. The incentive rate increases in accordance with any parking rate increase. According to the parking manager, the monthly parking incentive threshold has not been reached in a few years and has only been exceeded a couple times since the lease conception.

The mezzanine level (70 spaces) is mastered lease to Millennium Partners. The current rent is $56,931.92 per month. The lease commenced when the parking garage was completed in February of 2005 and is for 30 years. The rent escalates annually based on scheduled rent increases.

As previously indicated there is a space on the mezzanine level of the garage underneath the Contemporary Jewish Museum that is part of the existing Jessie Square Garage, but this space is currently blocked off from the rest of the garage by an existing wall and is not accessible. It has been reported that this space can be striped to accommodate about 38 parking spaces. However, a total of 10 existing parking spaces on various levels of the garage would need to be removed for vehicular access and circulation. There would be a net increase of 28 spaces. As a result, the total number of parking spaces in the Jessie Square Garage would increase from 442 to 470. This appraisal is based on the hypothetical condition that the Jessie Square Garage is striped for 470 parking spaces.

**Comparable Garages**

The subject neighborhood includes several parking garages that serve the nearby cultural facilities, offices and shopping areas. The garages that are considered most similar to the subject are indicated as follows:

<table>
<thead>
<tr>
<th>Garage Name</th>
<th>Location</th>
<th>Hourly Rate*</th>
<th>Daily Rate</th>
<th>Monthly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yerba Buena Garage</td>
<td>833 Mission Street</td>
<td>$3.00-$3.50</td>
<td>$32.00</td>
<td>$305.00</td>
</tr>
<tr>
<td>MOMA Garage</td>
<td>147 Minna Street</td>
<td>$9.00</td>
<td>$30.00</td>
<td>$340.00</td>
</tr>
<tr>
<td>Moscone Center Garage</td>
<td>255 3rd Street</td>
<td>$3.00</td>
<td>$27.00</td>
<td>$275.00</td>
</tr>
<tr>
<td>Hearst Garage</td>
<td>155 Stevenson Street</td>
<td>$7.50</td>
<td>$25.00</td>
<td>$310.00</td>
</tr>
<tr>
<td>Ellis-O'Farrell Garage</td>
<td>123 O'Farrell Street</td>
<td>$3.00-$3.50</td>
<td>$32.00</td>
<td>$310.00</td>
</tr>
<tr>
<td>Subject (B1, B2, &amp; B3 levels)</td>
<td>220 Stevenson Street</td>
<td>$4.00</td>
<td>$26.00</td>
<td>$315.00</td>
</tr>
</tbody>
</table>

*Hourly rate based on first hour

Compiled by CBRE
The rent comparables indicate a range of hourly rates from $3.00 to $9.00 per hour, $25.00 to $32.00 per day, and $275 to $340 per month. The subject charges $4.00 per hour, $26.00 per day, and $315 per month. The subject parking rates are in-line with the comparable parking garages. The subject currently has 116 parking spaces that rented on a monthly basis.

**New Competition / New Construction**

The subject neighborhood is entirely built out, leaving no room for new construction or competition in regard to competing parking garages, other than through redevelopment which most likely will not occur as parking garage development would not be the highest and best use of the land.

**Vacancy Rate Analysis**

The parking manager has reported weekday occupancy from 88% – 100% and weekend (Saturday and Sunday) occupancy from 40% to 50%. The subject includes 116 spaces that are rented on a monthly basis. Vacancy is expected to be minimal for the monthly occupied space and we have applied a 95% average occupancy rate to the estimated 116 monthly tenants. Given that the remaining spaces will have a lower average occupancy, particularly on weekends and holidays, we have applied a 70% occupancy rate for the remaining 354 spaces.

**Parking Garage Conclusion**

Overall, San Francisco is currently under-parked, which results in high parking rates and high demand. The subject is well located within the Yerba Buena submarket, just outside of the Financial District and is in close proximity to a variety of uses. As such, the subject parking garage is expected to enjoy good demand.

**RESIDENTIAL MARKET OVERVIEW**

The subject is proposed for development of a mixed use, retail/museum/residential project. The project would feature 190 residential condominium units. As such, we have examined the for-sale residential market.

**For-Sale residential Market Overview**

The data in the following sections was obtained from the most recent following sources:

- Northern California Real Estate Report (Fourth Quarter 2012).
- February 2013 Standard Reports (The Mark Company).
Home Sale Prices

The graphs presented on the following page show the trend of sale prices for new and existing homes (attached and detached) in the nine-county San Francisco Bay Area.
The table on the following page presents the same data as the preceding graphs in numerical format.

For the San Francisco Bay Area, the median sale price during the fourth quarter 2012 was $465,232. This is down 27.5% from the median for the year 2007, which roughly corresponds to the last market peak. The median for the fourth quarter is up 23.2% from the 2009 annual figure, which corresponds roughly to the market trough.

Within San Francisco County, the median sale price during the fourth quarter 2012 was $779,341. This is almost exactly equal to the median for the year 2007 and up 19.4% from the median for all of 2009. The market for homes in San Francisco County has held-up better than the regional market, on average.

**Total Sales**

The graphs presented on the following page show the trend of total sales volumes for new and existing homes in the nine-county San Francisco Bay Area.
NEW & EXISTING HOME SALES

9-County Area

Alameda County

Contra Costa County

Marin County

Napa County

San Francisco County

San Mateo County

Santa Clara County

Solano County

Sonoma County

4th Quarter 2012 Report © Real Estate Research Council of Northern California. For Member use only.
The following table presents the same data as the preceding graphs in numerical format.

### NEW & EXISTING HOME SALES
#### 9 Bay Area Counties

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Area</th>
<th>Alameda County</th>
<th>Contra Costa County</th>
<th>San Mateo County</th>
<th>San Francisco County</th>
<th>Sonoma County</th>
<th>Marin County</th>
<th>Solano County</th>
<th>Napa County</th>
<th>Santa Clara County</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>129,435</td>
<td>25,068</td>
<td>25,068</td>
<td>11,266</td>
<td>7,029</td>
<td>10,824</td>
<td>4,061</td>
<td>10,717</td>
<td>2,525</td>
<td>29,200</td>
</tr>
<tr>
<td>2003</td>
<td>155,039</td>
<td>20,168</td>
<td>20,168</td>
<td>13,046</td>
<td>8,304</td>
<td>11,045</td>
<td>5,546</td>
<td>12,388</td>
<td>2,635</td>
<td>38,035</td>
</tr>
<tr>
<td>2004</td>
<td>183,039</td>
<td>24,786</td>
<td>24,786</td>
<td>15,872</td>
<td>9,890</td>
<td>13,524</td>
<td>6,583</td>
<td>13,398</td>
<td>2,951</td>
<td>46,292</td>
</tr>
<tr>
<td>2005</td>
<td>203,312</td>
<td>27,387</td>
<td>27,387</td>
<td>18,702</td>
<td>11,894</td>
<td>15,998</td>
<td>7,652</td>
<td>14,398</td>
<td>3,251</td>
<td>54,020</td>
</tr>
<tr>
<td>2006</td>
<td>205,025</td>
<td>20,796</td>
<td>20,796</td>
<td>19,724</td>
<td>12,924</td>
<td>17,340</td>
<td>8,353</td>
<td>15,825</td>
<td>3,569</td>
<td>62,286</td>
</tr>
<tr>
<td>2007</td>
<td>81,104</td>
<td>16,418</td>
<td>16,418</td>
<td>9,564</td>
<td>7,056</td>
<td>9,588</td>
<td>3,081</td>
<td>4,924</td>
<td>1,118</td>
<td>20,736</td>
</tr>
<tr>
<td>2008</td>
<td>76,110</td>
<td>14,783</td>
<td>16,941</td>
<td>6,224</td>
<td>6,033</td>
<td>5,595</td>
<td>2,405</td>
<td>6,215</td>
<td>1,206</td>
<td>16,708</td>
</tr>
<tr>
<td>2009</td>
<td>87,622</td>
<td>17,651</td>
<td>19,380</td>
<td>6,759</td>
<td>5,831</td>
<td>5,972</td>
<td>2,552</td>
<td>8,186</td>
<td>1,340</td>
<td>20,401</td>
</tr>
<tr>
<td>2010</td>
<td>79,804</td>
<td>16,325</td>
<td>18,267</td>
<td>6,026</td>
<td>5,506</td>
<td>5,417</td>
<td>2,823</td>
<td>6,890</td>
<td>1,343</td>
<td>18,956</td>
</tr>
<tr>
<td>2011</td>
<td>79,327</td>
<td>16,353</td>
<td>16,754</td>
<td>5,051</td>
<td>5,451</td>
<td>5,702</td>
<td>2,684</td>
<td>7,033</td>
<td>1,371</td>
<td>18,648</td>
</tr>
<tr>
<td>2012</td>
<td>91,056</td>
<td>16,556</td>
<td>17,774</td>
<td>5,820</td>
<td>6,685</td>
<td>6,730</td>
<td>3,654</td>
<td>7,135</td>
<td>1,578</td>
<td>20,934</td>
</tr>
</tbody>
</table>

#### Percentage change from the prior year

<table>
<thead>
<tr>
<th>Period</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>08-09</td>
<td>15</td>
</tr>
<tr>
<td>09-10</td>
<td>-1</td>
</tr>
<tr>
<td>10-11</td>
<td>-1</td>
</tr>
<tr>
<td>11-12</td>
<td>-2</td>
</tr>
<tr>
<td>12-13</td>
<td>-2</td>
</tr>
<tr>
<td>13-14</td>
<td>-2</td>
</tr>
<tr>
<td>14-15</td>
<td>-2</td>
</tr>
</tbody>
</table>

Source: The Council is grateful to DataQuick Information Systems in San Diego for providing the data on these pages to REORC Members. The original data are taken from county records (grant deeds and trust deeds recorded), and the prices are calculated from the documentary transfer tax. Some adjustments are made, e.g., very-high-end and very-low-end sales are removed. The quarterly, annual, and total 7-County area median prices have been calculated by the Council as the weighted average of the monthly median prices. The figures include both detached and attached homes. Recent data are subject to revision. Note the revised new home data for Alameda County, which also affects the 5-county totals.

4th Quarter 2012 Report © Real Estate Research Council of Northern California. For Member use only.
For the Bay Area overall, sales activity peaked in 2004 at 150,933, troughed in 2008 at 76,110, and was 91,050 for the most recent year (2012).

In San Francisco County, sales activity peaked in 2007 and troughed in 2009-2011. Sales activity during 2012 is up moderately from the previous year but still low by historical standards. Sale activity has been hampered by a lack of new product as well as few available listings.

**Summary - Northern California Housing Market**

The data shows a stabilizing housing market, albeit at a much lower level of activity than during the most recent market peak. Pricing in San Francisco is approximately at peak levels due to strong employment here, geographic constraints, and limited available product for sale (new and resale).

**SAN FRANCISCO RESIDENTIAL CONDOMINIUM MARKET OVERVIEW**

A demographic overview for the San Francisco condominium market is presented in the following sections.

**Employment and Population Trends**

**Population and Household Growth Trends**

The following table indicates the historical and projected population growth for the City and County of San Francisco.

<table>
<thead>
<tr>
<th>AREA POPULATION STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Population</td>
</tr>
<tr>
<td>Households</td>
</tr>
</tbody>
</table>

Source: Claritas.

As indicated in the table above, population and household numbers shows good rates of increase on a historical and projected basis.

**Employment Growth Trends**

San Francisco is part of one of the state’s busiest urban areas - the San Francisco Bay Area. There are nine counties that significantly contribute to the economy of the Bay Area as an urban center: Alameda, Contra Costa, Marin, Solano, Napa, San Mateo, Santa Clara, Sonoma and San Francisco. On an economic level, San Francisco County interacts closely with San Mateo County, its neighbor to the south, and Marin County, its neighbor to the north.
### 2010-2020 Industry Employment Projections

**San Francisco-San Mateo-Redwood City Metropolitan Division**  
(Marin, San Francisco, and San Mateo Counties)

<table>
<thead>
<tr>
<th>NAICS Code</th>
<th>Industry Title</th>
<th>Annual Average Employment</th>
<th>Employment Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2010</td>
<td>2020</td>
</tr>
<tr>
<td>Total Employment</td>
<td>1,047,900</td>
<td>1,243,900</td>
<td>196,000</td>
</tr>
<tr>
<td>Self Employment (A)</td>
<td>89,100</td>
<td>99,700</td>
<td>10,600</td>
</tr>
<tr>
<td>Unpaid Family Workers (B)</td>
<td>700</td>
<td>800</td>
<td>100</td>
</tr>
<tr>
<td>Private Household Workers (C)</td>
<td>23,800</td>
<td>29,500</td>
<td>5,700</td>
</tr>
<tr>
<td>Total Farm</td>
<td>2,400</td>
<td>2,200</td>
<td>-200</td>
</tr>
<tr>
<td>Total Nonfarm</td>
<td>931,900</td>
<td>1,111,700</td>
<td>179,800</td>
</tr>
<tr>
<td>23</td>
<td>Construction</td>
<td>32,400</td>
<td>41,000</td>
</tr>
<tr>
<td>31-33</td>
<td>Manufacturing</td>
<td>37,000</td>
<td>45,300</td>
</tr>
<tr>
<td>22,42-49</td>
<td>Trade, Transportation, and Utilities</td>
<td>147,100</td>
<td>171,900</td>
</tr>
<tr>
<td>42</td>
<td>Wholesale Trade</td>
<td>23,900</td>
<td>26,600</td>
</tr>
<tr>
<td>44-45</td>
<td>Retail Trade</td>
<td>86,800</td>
<td>103,700</td>
</tr>
<tr>
<td>22,48-49</td>
<td>Transportation, Warehousing, and Utilities</td>
<td>36,400</td>
<td>41,600</td>
</tr>
<tr>
<td>22</td>
<td>Utilities</td>
<td>5,500</td>
<td>5,200</td>
</tr>
<tr>
<td>48</td>
<td>Transportation and Warehousing</td>
<td>30,800</td>
<td>36,400</td>
</tr>
<tr>
<td>51</td>
<td>Information</td>
<td>38,800</td>
<td>52,700</td>
</tr>
<tr>
<td>52-53</td>
<td>Financial Activities</td>
<td>77,100</td>
<td>80,700</td>
</tr>
<tr>
<td>52</td>
<td>Finance and Insurance</td>
<td>58,100</td>
<td>59,700</td>
</tr>
<tr>
<td>53</td>
<td>Real Estate and Rental and Leasing</td>
<td>19,000</td>
<td>21,600</td>
</tr>
<tr>
<td>54-56</td>
<td>Professional and Business Services</td>
<td>193,600</td>
<td>250,900</td>
</tr>
<tr>
<td>54</td>
<td>Professional, Scientific, and Technical Services</td>
<td>121,500</td>
<td>168,100</td>
</tr>
<tr>
<td>55</td>
<td>Management of Companies and Enterprises</td>
<td>21,700</td>
<td>21,600</td>
</tr>
<tr>
<td>56</td>
<td>Administrative and Support and Waste Management and Remediation Services</td>
<td>50,300</td>
<td>61,200</td>
</tr>
<tr>
<td>61-62</td>
<td>Educational Services, Health Care, and Social Assistance</td>
<td>109,000</td>
<td>130,600</td>
</tr>
<tr>
<td>61</td>
<td>Educational Services (Private)</td>
<td>26,400</td>
<td>34,000</td>
</tr>
<tr>
<td>62</td>
<td>Health Care and Social Assistance</td>
<td>84,600</td>
<td>96,600</td>
</tr>
<tr>
<td>71-72</td>
<td>Leisure and Hospitality</td>
<td>132,700</td>
<td>155,800</td>
</tr>
<tr>
<td>71</td>
<td>Arts, Entertainment, and Recreation</td>
<td>19,600</td>
<td>23,500</td>
</tr>
<tr>
<td>72</td>
<td>Accommodation and Food Services</td>
<td>103,100</td>
<td>127,300</td>
</tr>
<tr>
<td>81</td>
<td>Other Services (excludes 814-Private Household Workers)</td>
<td>37,800</td>
<td>43,900</td>
</tr>
<tr>
<td>Government</td>
<td>136,300</td>
<td>143,700</td>
<td>7,400</td>
</tr>
<tr>
<td>Federal Government (D)</td>
<td>20,200</td>
<td>16,700</td>
<td>-3,500</td>
</tr>
<tr>
<td>State and Local Government</td>
<td>116,100</td>
<td>127,000</td>
<td>10,900</td>
</tr>
<tr>
<td>State Government</td>
<td>35,900</td>
<td>39,700</td>
<td>3,800</td>
</tr>
<tr>
<td>Local Government</td>
<td>80,200</td>
<td>87,300</td>
<td>7,100</td>
</tr>
</tbody>
</table>


Industry detail may not add up to totals due to independent rounding and suppression.  

(A) Self-employed persons work for profit or fees in their own business, profession, trade, or farm. Only the unincorporated self-employed are included in this category. The estimated and projected employment numbers include all workers who are primarily self-employed and wage and salary workers who hold a secondary job as a self-employed worker.  

(B) Unpaid family workers are those persons who work without pay for 15 or more hours per week on a farm or in a business operated by a member of the household to whom they are related by birth or marriage.  

(C) Private household workers are employed as domestic workers whose primary activities are to maintain the household. Industry employment is based on QCEW.  

(D) Temporary U.S. Census workers are included in the base and projected year employment numbers.

Source: [http://www.calmis.ca.gov/htmlfile/county/sanfran.htm](http://www.calmis.ca.gov/htmlfile/county/sanfran.htm)

As shown above, total employment is projected to grow by 18.7% between 2010 and 2020. The largest industry groups in terms of persons employed in 2010 are (in order) professional and business services (projected to grow 19.9% to 2020), government (projected to shrink by 17.3%), leisure and hospitality (projected to grow by 5.4%), professional/scientific/technical services (projected to grow by 38.4%), and educational services/health care/social assistance (projected to grow by 19.8%). These five categories comprise approximately 57% of total 2010 employment in the three-county area.
Housing Development Trends

The following graph summarizes new condominium construction in San Francisco since 1995.

Source: Pacific Polaris (February 2012)

Completions in San Francisco from 2010 forward have been lower than at any time since 1995, with the exception of 1999. Development spiked from 2006-2008, corresponding to the mortgage bubble that came to a head and burst during those years. Since then, the availability of debt and equity capital for new condominium projects has been severely curtailed. Of the 4,146 units projected to be completed this year, only 358 units are for-sale product and the rest are rental.

Despite having increased slightly in recent months, mortgage rates are at multi-decade low levels. The following chart details the mortgage for 30-year fixed loans over the past year.
As shown above, the national average for a 30-year fixed mortgage is 3.40% as of May 1, 2013. The rate reached a low of approximately 3.37% for brief moments during late-2012. Mortgage rates are currently at levels not seen in the lifetimes of most people currently interested in purchasing homes. As discussed previously, employment in San Francisco is currently strong and growing.

The combination of declining new condominium development and increasing demand for new units results in decreasing months of inventory and increasing prices. The following graph shows the trend in months of inventory over the past five years.
Data published by Pacific Polaris shows decreasing inventory in all price brackets during the past year.

The following table shows the median sale price trend for condominiums in San Francisco as well as the level of resale activity during each year since 1996.

As shown, prices peaked in 2007-2008 and fell during 2009. Since 2011, prices have resumed their previous upward trend and the median now stands significantly above the 2008 peak level. The graph also shows resale activity bottoming in 2009. During 2012, the number of resales reached a
level exceeding any year except for the period from 2003 to 2007. The annualized resale activity for January suggests that the pace of transactions is approaching the 2007-2007 range.

The following graph summarizes new condominium inventory currently available for sale:

![New Developments Currently Selling](image)

Source: Pacific Polaris (February 2013)

As shown, only nine projects in San Francisco currently have units available for sale. Of the 1,076 units included within these nine projects, all but 58 units are either sold or in contract as of February 2013.

### Pipeline Summary

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Currently Selling</th>
<th>Under Construction</th>
<th>Approved</th>
<th>Under Review</th>
<th>Conceptual Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condominium</td>
<td>95</td>
<td>388</td>
<td>4,461</td>
<td>1,040</td>
<td>883</td>
</tr>
<tr>
<td>Rental</td>
<td>-</td>
<td>3,788</td>
<td>5,326</td>
<td>88</td>
<td>1,286</td>
</tr>
<tr>
<td>TBD</td>
<td>-</td>
<td>0</td>
<td>15,786</td>
<td>1,787</td>
<td>4,186</td>
</tr>
<tr>
<td>Condominium - On Hold</td>
<td>-</td>
<td>0</td>
<td>286</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rental - On Hold</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>All Types</strong></td>
<td><strong>95</strong></td>
<td><strong>4,146</strong></td>
<td><strong>25,858</strong></td>
<td><strong>2,915</strong></td>
<td><strong>6,363</strong></td>
</tr>
</tbody>
</table>

Source: The Mark Company (February 2013)

As shown, less than 10% of all units currently under construction are for-sale condominiums, although a much larger number have been approved.
**Condominium Market Conclusion**

Following the downturn of the for-sale residential market in 2006-2007, the San Francisco development pipeline has gradually been cleared of an excess supply of units under construction and units available for sale. Little new construction has commenced in the past four years. There are buyers in the market for new developments although they are almost always owner-occupants (as opposed to investors) and they are more discriminating with respect to quality. Projects currently and recently selling-out have experienced good absorption as the amount of competition is low.

Prices of homes in San Francisco declined somewhat during late 2008 and 2009 but have been trending upward over the past year and are now at approximately the level where it was prior to the most recent market decline.

Price levels have fluctuated somewhat during 2010, but have been relatively level overall based on sales of new and previously owned homes. The supply of new condominiums in San Francisco is currently low as the overhang from the market peak has been worked-off with little new construction. The marketing agent for the subject property indicated that pricing for new units in strong neighborhoods trending upward, with very little in the way of concessions.

In the past one to two years there has been a spike in the amount of approval activity. However, new condominium development has been limited by the debt and equity capital markets. In general, debt financing is currently limited to smaller projects in the better neighborhoods. More marginal projects or larger developments (approaching 100 units, or more) may not be financeable or may require a personal guaranty by the developer.

At the same time, investor demand for (and pricing of) apartments is extremely strong. The level of development activity is currently high but nearly all of those units will be apartments. Even given a change in market conditions before these under-construction rental projects are completed, their capital structures generally will not allow them to be repositioned as condominium developments.

**RETAIL MARKET OVERVIEW**

The proposed development includes 4,800 square feet of ground floor retail space that will be located in the existing 10-story building.

The San Francisco retail climate is characterized by a large base of retail destinations, the majority of which are neighborhood oriented. Regional centers are located in Stonestown and downtown, which are situated in the southwest and northeast parts of the city, respectively. There are essentially no large developable parcels for new retail use. Rather, most new retail additions consist of renovations of existing properties.
One notable exception to this trend is the Westfield San Francisco Centre. The 1.5-million square foot development is located on Market Street between 4th and 5th Streets. The development includes a densely concentrated mixture of uses. In addition to the largest Bloomingdales west of New York, the property has 200 shops on five levels, three floors of offices, a nine-screen movie multiplex, and a high-end grocery and food court on the lower level. The complex, which opened in late-September 2006, is a development of Westfield Corporation Inc. and Forest City Development.

**Retail Sales Volumes**

The following table illustrates retail sales for the subject’s market area at given radii intervals from the subject.

<table>
<thead>
<tr>
<th>Product Sample</th>
<th>1 Mile Radius</th>
<th>3 Mile Radius</th>
<th>5 Mile Radius</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2018 /Yr</td>
<td>2013</td>
</tr>
<tr>
<td>All Retail Stores</td>
<td>1,651,700</td>
<td>1,925,077</td>
<td>3.1%</td>
</tr>
<tr>
<td>Grocery Stores</td>
<td>290,360</td>
<td>326,408</td>
<td>2.4%</td>
</tr>
<tr>
<td>Eating Places</td>
<td>149,937</td>
<td>169,240</td>
<td>2.5%</td>
</tr>
<tr>
<td>Drinking Places</td>
<td>4,518</td>
<td>5,103</td>
<td>2.5%</td>
</tr>
<tr>
<td>Health and Personal Care Stores</td>
<td>104,551</td>
<td>124,745</td>
<td>3.6%</td>
</tr>
<tr>
<td>Building Material &amp; Garden Equipment &amp; Supplies</td>
<td>32,446</td>
<td>38,750</td>
<td>3.6%</td>
</tr>
<tr>
<td>Hardware Stores</td>
<td>4,571</td>
<td>5,507</td>
<td>2.5%</td>
</tr>
<tr>
<td>Lawn &amp; Garden Equipment &amp; Supplies Dealers</td>
<td>5,566</td>
<td>6,632</td>
<td>2.4%</td>
</tr>
<tr>
<td>Furniture Stores</td>
<td>36,012</td>
<td>42,947</td>
<td>3.6%</td>
</tr>
<tr>
<td>Other Home Furnishing Stores</td>
<td>22,982</td>
<td>27,198</td>
<td>3.4%</td>
</tr>
<tr>
<td>Household Appliance Stores</td>
<td>6,611</td>
<td>8,105</td>
<td>4.8%</td>
</tr>
<tr>
<td>Radio/TV/Other Electronics Stores</td>
<td>32,573</td>
<td>49,247</td>
<td>8.6%</td>
</tr>
<tr>
<td>Department Stores (Excluding Leased)</td>
<td>142,029</td>
<td>174,638</td>
<td>4.2%</td>
</tr>
<tr>
<td>Clothing and Accessory Stores</td>
<td>117,090</td>
<td>142,427</td>
<td>4.0%</td>
</tr>
<tr>
<td>Shoe Stores</td>
<td>15,210</td>
<td>18,483</td>
<td>3.9%</td>
</tr>
<tr>
<td>General Merchandise Stores</td>
<td>278,223</td>
<td>336,606</td>
<td>3.9%</td>
</tr>
<tr>
<td>Warehouse Clubs and Superstores</td>
<td>138,570</td>
<td>165,120</td>
<td>3.6%</td>
</tr>
<tr>
<td>Full Service Restaurants</td>
<td>51,302</td>
<td>58,253</td>
<td>3.6%</td>
</tr>
<tr>
<td>Fast Food Restaurants</td>
<td>42,692</td>
<td>47,817</td>
<td>2.3%</td>
</tr>
<tr>
<td>Jewelry Stores</td>
<td>37,627</td>
<td>45,179</td>
<td>3.7%</td>
</tr>
<tr>
<td>Book Stores</td>
<td>20,154</td>
<td>24,444</td>
<td>3.9%</td>
</tr>
<tr>
<td>Gift, Novelty, and Souvenir Shops</td>
<td>6,269</td>
<td>7,536</td>
<td>3.7%</td>
</tr>
<tr>
<td>Florists</td>
<td>15,107</td>
<td>18,368</td>
<td>4.0%</td>
</tr>
<tr>
<td>Hobby, Toy, and Game Shops</td>
<td>9,668</td>
<td>11,502</td>
<td>3.5%</td>
</tr>
<tr>
<td>Sporting Goods Stores</td>
<td>16,279</td>
<td>23,414</td>
<td>7.5%</td>
</tr>
<tr>
<td>Camera/Photographic Supply Stores</td>
<td>2,060</td>
<td>2,941</td>
<td>7.4%</td>
</tr>
<tr>
<td>Luggage and Leather Goods Stores</td>
<td>1,909</td>
<td>2,305</td>
<td>3.8%</td>
</tr>
<tr>
<td>Sew/Needlework/Piece Goods Stores</td>
<td>3,032</td>
<td>3,732</td>
<td>4.2%</td>
</tr>
<tr>
<td>Convenience Stores</td>
<td>14,635</td>
<td>16,506</td>
<td>2.4%</td>
</tr>
<tr>
<td>Home Centers</td>
<td>16,062</td>
<td>19,248</td>
<td>3.7%</td>
</tr>
<tr>
<td>Nursery and Garden Centers</td>
<td>5,173</td>
<td>6,150</td>
<td>3.5%</td>
</tr>
<tr>
<td>Computer and Software Stores</td>
<td>11,007</td>
<td>16,877</td>
<td>8.9%</td>
</tr>
<tr>
<td>Clothing Accessory Stores</td>
<td>1,801</td>
<td>2,186</td>
<td>0.0%</td>
</tr>
<tr>
<td>Auto Dealers</td>
<td>304,586</td>
<td>324,198</td>
<td>1.3%</td>
</tr>
<tr>
<td>Automotive Parts, Accessories &amp; Tire Stores</td>
<td>13,167</td>
<td>15,214</td>
<td>2.9%</td>
</tr>
<tr>
<td>Gasoline Stations with Convenience Stores</td>
<td>126,584</td>
<td>135,652</td>
<td>1.4%</td>
</tr>
<tr>
<td>Gasoline Stations without Convenience Stores</td>
<td>36,687</td>
<td>38,528</td>
<td>1.0%</td>
</tr>
<tr>
<td>Electronic Shopping and Mail Order</td>
<td>73,761</td>
<td>96,128</td>
<td>5.4%</td>
</tr>
<tr>
<td>Total Accommodation and Food Services</td>
<td>229,752</td>
<td>260,145</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Source: Nielsen/Claritas
The annual rate of change for All Retail Stores is indicated as 3.1%, 2.7% and 2.5% on 1-, 3-, and 5-mile radii, respectively. When excluding the Auto Dealers category, the rate of change for all retail is 3.5%, 3.1% and 2.9%, respectively. The fastest-growing categories within a one-mile radius include computer and software sales (8.9%), radio/TV/other electronics (8.6%), sporting goods (7.5%) and camera/photographic supply stores (7.4%).

The following table shows the range of growth and/or contraction and corresponding category for each radius.

<table>
<thead>
<tr>
<th>RETAIL EXPENDITURE TRENDS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minimum Growth Categories</strong></td>
</tr>
<tr>
<td>Gasoline Stations without Convenience Stores (1 Mile Radius)</td>
</tr>
<tr>
<td>Gasoline Stations without Convenience Stores (3 Mile Radius)</td>
</tr>
<tr>
<td>Gasoline Stations without Convenience Stores (5 Mile Radius)</td>
</tr>
<tr>
<td><strong>Maximum Growth Categories</strong></td>
</tr>
<tr>
<td>Computer and Software Stores (1 Mile Radius)</td>
</tr>
<tr>
<td>Computer and Software Stores (3 Mile Radius)</td>
</tr>
<tr>
<td>Computer and Software Stores (5 Mile Radius)</td>
</tr>
</tbody>
</table>

Source: Nielsen/Claritas

**New Construction**

The proposed Transbay Redevelopment project would include approximately 59,000 square feet of ground-level retail space distributed among a number of residential and office buildings proposed throughout the development area. This project is located in the South of Market Street Area. The old terminal was closed in August 2010 and construction of the new terminal commenced during 2011. However, full realization of the redevelopment project requires the participation of private developers. It is likely to take several years and will be driven by market conditions.

The City Place proposed retail project on Market Street (between 5th and 6th Streets) had been shelved for a few years but plans are now moving again forward. The development, focused on value-oriented retail, was approved by the City in mid-2010. In early-2011, it was reported that the lender had filed notices of default on five parcels comprising the proposed project. Reportedly, the financial backer of this project, CommonFund Realty, had suspended investments in this development due to a restructuring of the fund that had invested in the project. In June 2012, it was announced that the parcels will be sold to a joint venture of Cypress Equities and Carlyle Group, which will proceed with the approved 5-story, 260,000-square-foot retail project. It has been reported in early-2013 that the new owners are in discussions with Nordstrom Rack concerning a possible anchor tenancy at the project.
**Statistical Analysis**

The subject property is located just outside of the San Francisco Downtown Core and is situated in the Downtown South submarket, as defined by Costar.

As of the fourth quarter 2012, the San Francisco general retail market area (includes San Mateo Co.) comprises 67.26 million square feet and was 2.6% vacant with an average quoted rental rate of $29.51 per square foot, triple net. Year-to-date absorption is 81,674 square feet. The subject’s San Francisco Downtown South submarket comprises nearly 4.2 million square feet and was 2.1% vacant with an average asking rent of $25.95 per square foot (triple-net). A submarket map is presented below with historical data on the following page.

As shown in the table on the following page, the vacancy rate has fluctuated between 1.5% and 2.6% and the average quoted rental rate has fluctuated between $18.82 and $31.49 during the same period. With such a small amount of available space, the quoted rental rate figure is highly dependent on which spaces are available for lease at any given time.
Conclusion - Retail

Although not officially considered to be in recession, the economy of the nation and the local area remains somewhat fragile. The steep decline in retail sales during 2008 and 2009 was followed by a modest rebound beginning in 2010. Retail in the neighborhood and the subject property is driven by
the daytime population of workers in the downtown area. Office occupancies are increasing in the subject neighborhood indicating that increasing numbers of workers are in the downtown area during the week. Plans for the City Place retail development provides further evidence for retail demand in the subject area.

MUSEUM OVERVIEW

The Mexican Museum will occupy the floors 1 through 4 of the proposed development. Founded in 1975, The Mexican Museum has a collection of over 12,000 pieces of Mexican and Chicano art. From 1982 until 2006, the museum occupied gallery space at Fort Mason Center. In 2006, the museum closed the Fort Mason gallery and focused on fundraising efforts for a new permanent home. Following the closure of the Fort Mason gallery, the museum held temporary exhibitions at other locations in the San Francisco Bay Area. In December 2009, the museum reopened the Fort Mason gallery and is open Wednesday through Sunday, typically from noon to 4:00 PM. The integration of museum space into the proposed project would provide a new permanent home for the museum.

The International Council defines a Museum as: “A non-profit making, permanent institution in the service of society and of its development, and open to the public, which acquires, conserves, researches, communicates and exhibits, for purposes of study, education and enjoyment, material evidence of people and their environment.” Museums are not typical commercial properties which are owned for their income producing characteristics; rather museums are perceived to provide a benefit to the community.

Museums range from small organizations run by volunteers to large institutions with paid professional staff. A good museum is well planned and the people in charge have vision and an understanding of all aspects of running a museum.

Museums are set up by specialist groups, historical societies, local councils, state and commonwealth governments or individual enthusiasts. Early museums began as the private collections of wealthy individuals, families, or institutions of art and rare or curious natural objects and artifacts. Usually, people want to set up museums for good reasons: they have a commitment to the preservation of cultural heritage of a particular type or in a particular subject area. However, despite good intentions, a museum may not last if it is set up in an ad hoc way, or if it duplicates existing museums in the same area. Museums are usually not run for the purpose of making a profit, unlike private galleries which more often engage in the sale of objects. There are governmental museums, non-governmental or non-profit museums, and privately owned or family museums. Museums can be a reputable and generally trusted source of information about cultures and history.

There are various types of museums: archaeology, art, history, maritime, military and war, cultural, children’s, natural history, open air, science, virtual, zoological parks and botanic gardens. Within
these categories many museums specialize further, e.g. museums of modern art, local history, aviation history, agriculture or geology. The subject is considered to be a cultural museum.

**Museum Funding**

According to the American Association of Museums, the median cost of serving a museum visitor is $23.35 per person, while the median cost for museum attendance is $6 and, on average, visitors only spend an additional $1.55 in museum stores and $0.81 for food service. In all, a museum’s earned income generates only about 1/3 of the cost of serving a museum visitor. Private charitable donations are the largest source of operating income for museums (about 35%). Government funding provides just under 25%, and investment income about 10%.

**Local Museum/Cultural Facilities**

The subject is located within an area with a high concentration of cultural institutions and public structures. The following cultural uses are located within three blocks of the subject:

- California Historical Society (678 Mission Street);
- Cartoon Art Museum (655 Mission Street);
- Contemporary Jewish Museum (736 Mission Street);
- Museum of the African Diaspora (685 Mission Street);
- Museum of Craft and Folk Art (51 Yerba Buena Lane);
- San Francisco Museum of Modern Art (151 Third Street);
- Society of California Pioneers (300 Fourth Street);
- Yerba Buena Center for the Arts (701 Mission Street), which includes a gallery and a theater; and
- The Children’s Creativity Museum18 (221 Fourth Street), a children’s art and technology museum.

**Museum Admission Fees**

According to the American Association of Museums, approximately 60 percent of museums charge a general admission fee. Of these, approximately half charge between $5.00 and $9.00, and the overall median admission fee to all museums that do charge is $6.00 for a non-member adult. Museums most often provide for special fees or discounts to children (86 percent), seniors (77 percent), and members (76 percent). Further, more than 60 percent of all museums offer a “free admission” day.

The Mexican Museum is currently located in the Fort Mason Center and does not charge a daily fee. Memberships, which provide special events and exhibits are available and range from $25 to $5,000.
per year. We are unaware if the Mexican Museum will charge a daily rate after its relocation to the subject proposed building.

Admission rates at the cultural museums vary. A summary of the museum rates at nearby facilities is as follows.

<table>
<thead>
<tr>
<th>Museum</th>
<th>Location</th>
<th>Standard Adult Admission</th>
<th>Senior/Student Admission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children's Creativity Museum</td>
<td>221 4th Street</td>
<td>$11.00</td>
<td>Free</td>
</tr>
<tr>
<td>Jewish Museum</td>
<td>736 Mission Street</td>
<td>$12.00</td>
<td>$10.00</td>
</tr>
<tr>
<td>Museum of African Diaspora</td>
<td>685 Mission Street</td>
<td>$10.00</td>
<td>$5.00</td>
</tr>
<tr>
<td>Museum of Modern Art</td>
<td>151 3rd Street</td>
<td>$18.00</td>
<td>$13.00</td>
</tr>
</tbody>
</table>

Admission for nearby museums ranges from $10.00 to $18.00 per day for the general public and from $0.00 to $13.00 per day for seniors or students. Small children are generally free with age restrictions varied by museum.

**Community Benefits of Museums**

Museums are viewed as tourism generators for their communities which enhance their local economies each year by attracting visitors and employing workers. Museums also provide communities with an additional education forum for students to visit and enjoy onsite education program. Teachers are educated as well and profit from training workshops and effective teaching materials.

**Conclusion – Museum**

The subject is situated in a neighborhood with a high concentration of cultural facilities. In addition, it benefits from a centralized location in the City of San Francisco with excellent access to public transit and freeway systems. Overall, the subject is well positioned for a cultural facility/museum use.
PLAT MAP

Subject Block & Lot 3706-277
Subject Block & Lot 3706-277 (Subterranean) & 3706-275 (Garage Ramp)
SITE ANALYSIS

The following chart summarizes the salient characteristics of the subject site.

<table>
<thead>
<tr>
<th>SITE SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Physical Description</strong></td>
</tr>
<tr>
<td>Gross Site Area</td>
</tr>
<tr>
<td>Net Site Area</td>
</tr>
<tr>
<td>Primary Road Frontage</td>
</tr>
<tr>
<td>Secondary Road Frontage</td>
</tr>
<tr>
<td>Excess Land Area</td>
</tr>
<tr>
<td>Surplus Land Area</td>
</tr>
<tr>
<td>Shape</td>
</tr>
<tr>
<td>Topography</td>
</tr>
<tr>
<td>Zoning District</td>
</tr>
<tr>
<td>Flood Zone</td>
</tr>
<tr>
<td>Adjacent Land Uses</td>
</tr>
<tr>
<td>Earthquake Zone</td>
</tr>
</tbody>
</table>

Source: Various sources compiled by CBRE

COMMENTS

The subject consists of a portion of Block and Lot No. 3706-277 and the entirety of Block and Lot No. 3706-275. Block and Lot No. 3706-277 consists of 46,841 square feet and is comprised of the Jessie Square Public Plaza, Parcel CB-1MM (Mexican Museum Parcel), and the 4-level subterranean parking garage. This parcel is irregular shaped and the northern (rear) portion of the site is traversed by Block and Lot No. 3706-276 (Jewish Museum). Lot 277 also includes a triangular 313 square foot space that is located on the north side of Lot 276.

Lot 277 also contains the air space both above and below Lot 276 (Jewish Museum) and a 135 square foot rectangular area between the Jewish Museum and St. Patrick’s Church. These areas will be retained by the Successor Agency and will not be conveyed to the project sponsor.

Block and Lot No. 3706-275 is irregular shaped and consists of 1,635 square feet. This parcel is comprised of the Stevenson Street ramp, which provides access to the subterranean Jessie Square Garage.

Jessie Square

Jessie square is located on the north side of Mission Street and is bound by St. Patrick’s Church to the west, the Jewish Museum to the north, and Parcel CB-1-MM to the east. Jessie Square consists of 38,000 square feet and is generally rectangular shaped. Jessie Square is a public plaza that is improved with asphalt paving, landscaping, and numerous park benches. Landscaping consists of
trees, bushes, grass, and planter boxes with flowers. There is a water feature located near the northeastern portion of Jessie Square, which is served by water filtration and pumps located below grade in the Jessie Square Garage. Jessie Square is situated above the Jessie Square Garage and extends to the heavens a vertical limit.

**Parcel CB-1-MM**

Parcel CB-1-MM is located on the north side of Mission Street and is bound by Jessie Square to the west, a pedestrian path and the Westin Hotel to the north, and a 10-story office over retail building to the east (Aronson Building). Parcel CB-1-MM is rectangular shaped and consists of 9,778 square feet of grade level space and an approximate 18,000 square foot 2-level substructure. The above grade space is improved with concrete paving and is surrounded by a temporary fence. Parcel CB-1-MM shall extend from the center of the earth to the heavens (i.e., Parcel CB-1-MM shall have no upper or lower vertical limits).

**Jessie Square Garage**

The Jessie Square Garage is located underneath Jessie Square and the Contemporary Jewish Museum and consists of a four-level subterranean parking garage. The Jessie Square Garage has vehicular access from both Stevenson Street and Mission Street. Jessie Square Garage is subterranean and includes all land below without a lower vertical limit.

**LOCATION**

The Jessie Square Garage physical address is 233 Stevenson Street in San Francisco, California. The remainder of Block and Lot 3706-277 (Jessie Square and Parcel CB-1-MM) does not have a physical address. Block and Lot 3706-275 consists of a garage ramp and does not have a physical address. The subject is situated along Mission Street, which is main thoroughfare through City of San Francisco. The subject has additional access from Stevenson Street, which is a secondary street in the subject neighborhood.

**LAND AREA**

The site is considered adequate in terms of size and utility. There is no unusable, excess or surplus land area. Please refer to the Resource Verification table within the Scope of Work for the source of the land area size.

**SHAPE AND FRONTAGE**

The site is irregular shaped and has approximately 239 feet of frontage along the north side of Mission Street, and approximately 20 feet of frontage along the south side of Stevenson Street.
TOPOGRAPHY AND DRAINAGE

The site is generally level and the topography of the site is not seen as an impediment to the development of the property. During our inspection of the site, we observed no drainage problems and assume that none exist.

SOILS

A soils analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soils report, it is a specific assumption that the site has adequate soils to support the highest and best use.

EASEMENTS AND ENCROACHMENTS

A title policy dated January 30, 2013, produced by Chicago Title Company was provided for this report and is included in the addenda. The subject is encumbered by a number of easements. However, the easements are considered typical for the subject public parking garage and public open space uses and do not appear to negatively impact the site. It is recommended that the client/reader review the title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

COVENANTS, CONDITIONS AND RESTRICTIONS

There are no known covenants, conditions or restrictions impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a copy of the current covenants, conditions and restrictions, if any, prior to making a business decision.

UTILITIES AND SERVICES

The site is within the jurisdiction of San Francisco County or the City of San Francisco and is provided all municipal services, including police, fire and refuse garbage collection.

FLOOD ZONE

San Francisco does not participate in the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Mapping program.

SEISMIC HAZARDS (EARTHQUAKE)

All properties in California are subject to some degree of seismic risk. The Alquist-Priolo special Studies Zone Act of 1972 was enacted by the State of California to regulate development near active earthquake faults. The Act required the State Geologist to delineate “special studies zones” along known active faults in California. Cities and Counties affected by the identified zones must limit
certain development projects within the zones unless geologic investigation demonstrates that the sites are not threatened by surface displacement from future faulting.

According to “Fault-Rupture Hazard Zones in California” published in 1992 by the California Department of Conservation, Department of Mines and Geology, the subject is not within an area affected by the Alquist-Priolo Special Studies Zone Act. Related development limitations, therefore, do not apply.

ENVIRONMENTAL ISSUES

CBRE, Inc. is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

- North: Contemporary Jewish Museum/Westin Hotel/The Four Seasons
- South: Yerba Buena Gardens/Yerba Buena Center for the Arts (across Mission Street)
- East: 10-story office over retail building (Aronson Building)
- West: St. Patrick’s Chruch

CONCLUSION

The site is well-located and afforded good access and visibility from roadway frontage. The size of the site is typical for the area and use. There are no known detrimental uses in the immediate vicinity. Overall, there are no known factors that would prevent the site from being developed to its highest and best use, as if vacant, or are adverse to the existing use of the site.
EXISTING IMPROVEMENTS LAYOUT – JESSIE SQUARE GARAGE

Mezzanine Level
B1 Level
B2 Level
IMPROVEMENTS ANALYSIS

The following chart shows a summary of the Jessie Square Garage improvements.

<table>
<thead>
<tr>
<th>Floor</th>
<th>Size (SF)</th>
<th>No. of Spaces</th>
<th>Clear Height</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mezzanine Level*</td>
<td>42,850</td>
<td>98</td>
<td>7 Ft. 9 Inch.</td>
</tr>
<tr>
<td>B1 Level</td>
<td>45,310</td>
<td>107</td>
<td>9 Ft. 0 Inch.</td>
</tr>
<tr>
<td>B2 Level</td>
<td>45,310</td>
<td>131</td>
<td>7 Ft. 9 Inch.</td>
</tr>
<tr>
<td>B3 Level</td>
<td>45,310</td>
<td>134</td>
<td>7 Ft. 9 Inch.</td>
</tr>
<tr>
<td>Total/Average:</td>
<td>178,780</td>
<td>470</td>
<td></td>
</tr>
</tbody>
</table>

*Includes 28 parking spaces that are located in a storage area that is currently utilized by the Jewish Museum

Source: Various sources compiled by CBRE

BUILDING AREA

Please refer to the Resource Verification table in the Scope of Work for the source of the building area size. The following is a description of the subject improvements and basic construction features derived from CBRE, Inc.’s inspection.

The Jessie Square Garage is located underneath Jessie Square and the Contemporary Jewish Museum, but it does not extend underneath St. Patrick’s Church to the west or underneath the Mexican Museum parcel to the east. There are four levels in the garage: Basement Level B3 (the lowest), Basement Level B2, Basement Level B1, and Basement Level Mezzanine (the highest). Each level of the garage has a floor-to-ceiling height of about 7 feet, 9 inches, except Basement Level B1 which is taller at approximately 9 feet. The footprint of each level of the garage is generally rectangular, with the short axis running parallel to Mission Street and the long axis running parallel to Third Street.

On Basement Level B1, a panhandle extends east toward Third Street. The panhandle is owned by the Westin San Francisco Market Street Hotel (Westin Hotel). It connects Basement Level B1 of the Jessie Square Garage to the Stevenson Street entry/exit ramp and the Mission Street exit ramp. An access easement allows cars to drive across the panhandle when entering and exiting the garage. The panhandle is adjacent to and north of the structure that is underneath the Parcel CB-1-MM (Mexican Museum parcel), and connected to its upper level. The Jessie Square Garage contains 442 parking spaces. There are 134 spaces on Basement Level B3, 131 spaces on Basement Level B2, and 107
spaces on Basement Level B1. The panhandle portion of Basement Level B1 contains a truck turntable and loading facilities for the Westin Hotel. Basement Level Mezzanine has 70 parking spaces and 10 bicycle spaces. Basement Level Mezzanine includes an area that is underneath the Contemporary Jewish Museum. This space is separated from the rest of the garage by a wall, and is used as a storage area by the Contemporary Jewish Museum. It has been reported that the Jessie Square Garage can be increased by 28 parking spaces to a total of 470 parking spaces.

The footprint of the garage is approximately 45,310 square feet. Each of the three lowest floors, Basement Levels B3, B2, and B1, is approximately 45,310 square feet. The highest floor of the garage, Basement Level Mezzanine, is approximately 42,850 square feet. The total area of the Jessie Square Garage is approximately 178,780 square feet.

**YEAR BUILT**

The subject was built in 2005 according to public records.

**FOUNDATION**

The foundation is assumed to be of adequate load-bearing capacity to support the improvements.

**CONSTRUCTION COMPONENTS**

The construction components are assumed to be in working condition and adequate for the building.

**FLOOR STRUCTURE**

The floor structure is summarized as follows:

- **Ground Floor:** Concrete slab on compacted fill

**EXTERIOR WALLS**

The exterior wall structure includes concrete panels

**ELEVATOR/STAIR SYSTEM**

The subject includes two passenger elevators and numerous interior stairwells. The elevators provide access to all four floors as well as the above grade Jessie Square Plaza.

**HVAC**

The HVAC system is assumed to be in good working order and adequate for the building.

**ELECTRICAL**

The electrical system is assumed to be in good working order and adequate for the building.
PLUMBING
The plumbing system is assumed to be in good working order and adequate for the building.

RESTROOMS
The restrooms are adequate and assumed built to local code.

FIRE PROTECTION
It is assumed the improvements have adequate fire alarm systems, fire exits, fire extinguishers, fire escapes and/or other fire protection measures to meet local fire marshal requirements. CBRE is not qualified to determine adequate levels of safety & fire protection, whereby it is recommended that the client/reader review available permits, etc. prior to making a business decision.

QUALITY AND STRUCTURAL CONDITION
The overall quality of the facility is considered to be average for the neighborhood and age. However, CBRE is not qualified to determine structural integrity and it is recommended that the client/reader retain the services of a qualified, independent engineer or contractor to determine the structural integrity of the improvements prior to making a business decision.

FUNCTIONAL UTILITY
The overall layout of the property is considered functional in utility.

FURNITURE, FIXTURES AND EQUIPMENT
Any personal property items contained in the property are not considered to contribute significantly to the overall value of the real estate.

ADA COMPLIANCE
The subject appears to have handicap accessibility. The client/reader’s attention is directed to the specific limiting conditions regarding ADA compliance.

ENVIRONMENTAL ISSUES
CBRE, Inc. is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. The existence of such substances may affect the value of the
property. For the purpose of this assignment, we have specifically assumed that any hazardous materials that would cause a loss in value do not affect the subject.

**DEFERRED MAINTENANCE**

Our inspection of the property indicated no items of deferred maintenance

**ECONOMIC AGE AND LIFE**

CBRE, Inc.’s estimate of the subject improvements effective age and remaining economic life is depicted in the following chart:

<table>
<thead>
<tr>
<th>Economic Age and Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Age</td>
</tr>
<tr>
<td>Effective Age</td>
</tr>
<tr>
<td>MVS Expected Life</td>
</tr>
<tr>
<td>Remaining Economic Life</td>
</tr>
<tr>
<td>Accrued Physical Incurable Depreciation</td>
</tr>
<tr>
<td>Compiled by CBRE</td>
</tr>
</tbody>
</table>

The overall life expectancy is based upon our on-site observations and a comparative analysis of typical life expectancies reported for buildings of similar construction as published by Marshall and Swift, LLC, in the Marshall Valuation Service cost guide. While CBRE, Inc. did not observe anything to suggest a different economic life, a capital improvement program could extend the life expectancy.

**CONCLUSION**

The improvements are in good overall condition. Overall, there are no known factors that adversely impact the marketability of the improvements.
PROPOSED IMPROVEMENTS LAYOUT – JESSIE SQUARE GARAGE

Mezzanine Level - Proposed
B1 Level - Proposed
B2 Level- Proposed
B3 Level- Proposed
PROPOSED BUILDING DESCRIPTION – JESSIE SQUARE GARAGE

As part of the proposed development, the Successor Agency would convey the existing Jessie Square Garage to the project sponsor and convert it from a publicly owned garage to a privately owned garage. However, the upper basement levels (Basement Levels Mezzanine and B1) would remain open to the public.

As part of the proposed project, the existing parking spaces on all four levels of the Jessie Square Garage would be restriped. After restriping, Basement Level B3 of the existing garage would be occupied by about 137 parking spaces; Basement Level B2 by about 122 parking spaces; and Basement Level B1 by about 102 parking spaces (of which 12 would be designated as handicapped accessible parking spaces), 3 service vehicle spaces, and a cashier’s office. The panhandle portion of Basement Level B1, which is currently owned by the Westin Hotel, would continue to have a truck turntable and loading facilities for the hotel. The existing access easement that allows cars to drive across the panhandle when entering or exiting the garage would remain in place. Basement Level Mezzanine of the existing garage would be occupied by about 109 parking spaces and about 24 bicycle parking spaces.

Basement Level B3 of the proposed tower would be the mat slab foundation on which the tower would be built. Basement Level B2 of the proposed tower would be occupied by about 67 bicycle parking spaces, an approximately 2,100-square foot storage area for the museum, and approximately 10,020 square feet of space for mechanical equipment, the elevator core, storage, or building services and utilities. Basement Level B1 of the proposed tower would include two full-size loading spaces, one service vehicle space, and approximately 24,407 square feet of space for an office for building/garage security staff, a trash pick-up area, a trash room, mechanical equipment, the elevator core, storage, or building services and utilities. Basement Level B2 of the proposed tower would be connected to Basement Level B2 of the Jessie Square Garage through the partial demolition of an existing wall. Basement Level B1 of the proposed tower is already connected to the panhandle portion of Basement Level B1 of the Jessie Square Garage. The existing connection would be widened by demolishing an existing wall and relocating the existing ramp to the east.

The one existing basement level of the Aronson Building would be used for mechanical, storage, and utility space. There would be no parking spaces or loading spaces on the basement level of the Aronson Building, and the basement level of the Aronson Building would not be connected to Basement Level B1 of the proposed tower.

There are currently 442 parking spaces within the garage. On the mezzanine level of the garage, there is an existing space underneath the Contemporary Jewish Museum that is part of the existing Jessie Square Garage, but this space is currently blocked off from the rest of the garage by an existing wall and is not accessible. As part of the proposed project, this existing space would be connected to the rest of the garage through the demolition of the existing wall. After being connected to the rest of
the garage, this existing space would be striped to accommodate about 38 parking spaces. A total of 10 existing parking spaces on various levels of the garage would need to be removed for vehicular access and circulation. There would be a net increase of 28 spaces. As a result, the total number of parking spaces in the Jessie Square Garage would increase from 442 to 470.

Under the proposed residential flex option, 260 of the 470 parking spaces would be allocated to the proposed project or reserved for leased parking, and 210 parking spaces would continue to be available for use by the general public. The 260 private parking spaces would be on Basement Levels B2 and B3. Under the residential flex, there would be up to 190 residential parking spaces, 43 to 84 parking spaces for leased parking, and 1 to 2 car share spaces. Approximately 188 parking spaces would be available to the general public, including patrons of The Mexican Museum and the project’s retail/restaurant use, 2 parking spaces would be reserved for St. Patrick’s Church, and 15 special rate parking spaces would be reserved for the Contemporary Jewish Museum. There would also be five car share spaces.

Each level of the garage has existing elevators and stairs that lead to Jessie Square. The general public, museum patrons, retail customers, and office tenants in the office flex space option would use these publicly accessible elevators and stairs to access their bicycles and vehicles, which would be parked on Basement Levels Mezzanine and B1. Project residents would use the resident-only elevators in the proposed tower to access their bicycles and vehicles, which would be parked on Basement Levels B2 and B3. Project residents would also have the option of using the publicly accessible elevators and stairs.
PARCEL CB-1-MM – EXISTING IMPROVEMENTS

Parcel CB-1-MM (Mexican Museum Parcel) consists of 9,778 square feet and is improved with concrete paving. The site was used as a staging area for construction of the adjacent Jessie Square Garage in 2004 to 2005 and Jessie Square in 2008.

There is a two-level, approximately 18,000 square foot vacant structure underneath the Mexican Museum parcel that was constructed when the Jessie Square Garage was built. The upper level of this structure is connected to Basement Level B1 of the Jessie Square Garage. The lower level of this structure is separated from the Jessie Square Garage by a wall. The existing foundation of this structure extends to approximately 41 feet below grade.

PARCEL CB-1-MM – PROPOSED BUILDING PLAN

Parcel CB-1-MM is proposed for development of a new 43-story, 510-foot-tall tower (a 480-foot-tall building with a 30-foot-tall elevator/mechanical penthouse), with two floors below grade. The new tower will be adjacent to and physically connected to the existing 10-story, 154-foot-tall Aronson Building (a 144-foot-tall building with a 10-foot-tall mechanical penthouse), which is located at 700-706 Mission Street. As part of the proposed project, the historic Aronson Building would be restored and rehabilitated. The existing 10-foot-tall mechanical penthouse on the roof of the Aronson Building would be removed, and a 15-foot-tall solarium would be constructed, resulting in an overall building height of 159 feet. The proposed development would contain 537,770 gross square feet of residential space (190 residential condominium units), 22,200 gross square feet of residential amenity space, 52,285 gross square feet of museum space (Mexican Museum), 4,800 gross square feet of retail space, 15,552 square feet of storage space, 44,369 gross square feet of other (building core, mechanical, service, etc.) space, and 384 gross square feet for the ramp that leads out of the Jessie Square Parking Garage to Mission Street. The total project size would be 677,360 gross square feet (not including the Jessie Square Garage). It is noted that 18 residential units will be situated in the existing 10-story building that is located at 700-706 Mission Street. Therefore, 172 units will be located within the 43-story tower that is proposed on Parcel CB-1-MM.

The proposed tower will be constructed on Parcel CB-1-MM and partially on the Aronson Building Parcel (Block 3706, Lot 093), which is owned by the project sponsor. More specifically 73.1% (9,500 square feet) of the footprint of the proposed tower is within Parcel CB-1-MM and the remaining 26.9% (3,490 square feet) of the tower footprint is located within the Aronson Building parcel.

The project sponsor anticipates that the proposed project would include a combination of two-bedroom and three-bedroom units. All of the proposed units would be condominiums (ownership units). The proposed cultural/museum space would be occupied by The Mexican Museum, and the proposed ground-floor commercial space could include a variety of uses, such as a retail use, a restaurant, or any other use that is permitted in the C-3-R District. The project sponsor estimates that
construction of the proposed project would take up to 36 months at an estimated cost of $170 million.
PROPOSED ELEVATION PLAN

1 FLOOR @ 2 DUPLEX UNITS (2-LEVELS)

5 FLOORS @ 2 UNITS

UP TO 24 FLOORS @ 4 UNITS

6 PODIUM FLOORS @ UP TO 5 UNITS

AMENITY

RESIDENTIAL

RESIDENTIAL UP TO 42 UNITS

THE MEXICAN MUSEUM

MUSEUM RETAIL

© 2013 CBRE, Inc.
PROPOSED FLOOR PLAN – 2ND FLOOR
PROPOSED FLOOR PLAN – 13TH & 14TH FLOORS
JESSIE SQUARE

Jessie Square consists of 38,000 square feet and is generally rectangular shaped. Jessie Square is a public plaza that is improved with asphalt paving, landscaping, and numerous park benches. Landscaping consists of trees, bushes, grass, and planter boxes with flowers. There is a water feature located near the northeastern portion of Jessie Square, which is served by water filtration and pumps located below grade in the Jessie Square Garage. Under the proposed development Jessie Square would remain unchanged.
ZONING MAP
The following chart summarizes the subject’s zoning requirements.

<table>
<thead>
<tr>
<th>ZONING SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Zoning</strong></td>
</tr>
<tr>
<td><strong>Legally Conforming</strong></td>
</tr>
<tr>
<td><strong>Uses Permitted</strong></td>
</tr>
<tr>
<td><strong>Zoning Change</strong></td>
</tr>
<tr>
<td><strong>C-3-R (Downtown Retail)</strong></td>
</tr>
<tr>
<td><strong>Yes</strong></td>
</tr>
<tr>
<td><strong>See Comments</strong></td>
</tr>
<tr>
<td><strong>Assumed in accordance with the proposed development.</strong></td>
</tr>
</tbody>
</table>

**Source:** Planning & Zoning Dept.

**PREVIOUS ZONING REGULATIONS**

From April 25, 1966 through December 31, 2010, the project site was subject to the zoning controls of the Yerba Buena Center Redevelopment Plan. That plan expired on January 1, 2011. Under that plan, the project site was in District B (Downtown Retail), which allowed residential uses and a wide range of commercial uses. Pursuant to Chapter II.C.2 of the Yerba Buena Center Redevelopment Plan, the base floor area ratio (FAR) for the project site was 10.0 to 1. Pursuant to Chapter II.C.13 of the Yerba Buena Center Redevelopment Plan, the 400-foot height limit for the project site was set by reference to the 1979 Zoning Map.

**EXISTING ZONING REGULATIONS**

As of January 1, 2011, the project site is subject to the zoning controls established by the 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. Compact in area and easily traversed on foot, the C-3-R District is well-serviced 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 the C-3-R District. Land uses in the C-3-R District are regulated by Sections 215 through 227 of the Planning Code. The base FAR in the C-3-R District is 6.0 to 1. Pursuant to Sections 123(c)(2) and 128 of the Planning Code, the base FAR can be increased to a maximum FAR of 9.0 to 1 with the purchase of transferable development rights (TDR).

The project site is in 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. Pursuant to Section 270(a) of the Planning Code, the bulk controls in the “I” Bulk District become effective above a building height of 150 feet. Above a building height of 150 feet, the plan dimensions are limited to a maximum horizontal dimension of 170 feet and a maximum diagonal dimension of 200 feet.

As part of the entitlement process for the proposed project, provisions regarding FAR and height would need to be addressed for the project site. As part of the proposed project, the project sponsor
would pursue certain legislative land use amendments, including a height reclassification and rezoning to a Special Use District (SUD) to address Planning Code requirements related to FAR, height, and other land use controls. It is an extraordinary assumption that the proposed development is legally permissible to be developed on-site.
TAX AND ASSESSMENT DATA

In California, privately held real property is typically assessed at 100% of full cash value (which is interpreted to mean market value of the fee simple estate) as determined by the County Assessor. Generally, a reassessment occurs only when a property is sold (or transferred) or when new construction occurs (as differentiated from replacing existing construction). In the case of long-term ground leases, the general rule is that a reassessment is made at the time of assigning or terminating a lease where the remaining term is more than 35 years. For reassessment purposes, the lease term includes all options to extend. Assessments for properties that were acquired before the tax year 1975-1976 were stabilized as of the tax year 1975-1976. Property taxes are limited by state law to 1% of the assessed value plus voter-approved obligations and special assessments. If no sale (or transfer) occurs or no new building takes place, assessments may not increase by more than 2% annually. The following table summarizes the actual and pro forma assessment values.

<table>
<thead>
<tr>
<th>Ad Valorem Tax Information</th>
<th>2012/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessor's Market Value</td>
<td>$0</td>
</tr>
<tr>
<td>3706-275</td>
<td>$0</td>
</tr>
<tr>
<td>3706-277</td>
<td>-</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$0</td>
</tr>
<tr>
<td>Assessed Value @ 100%</td>
<td>$0</td>
</tr>
<tr>
<td>General Tax Rate (per $100 A.V.)</td>
<td>1.1691</td>
</tr>
<tr>
<td>General Tax:</td>
<td>$0</td>
</tr>
<tr>
<td>Special Assessments:</td>
<td>-</td>
</tr>
<tr>
<td>Effective Tax Rate (per $100 A.V.)</td>
<td>1.1691</td>
</tr>
<tr>
<td>Total Taxes</td>
<td>$0</td>
</tr>
</tbody>
</table>

Source: Assessor's Office

The base tax rate in the City of San Francisco is 1.1691%. However, the subject is owned by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco and therefore is exempt from real estate taxes.

CONCLUSION

For purposes of this analysis, CBRE, Inc. assumes that all taxes are current. If the subject sold for the value estimate in this report, a reassessment at that value would most likely occur, with tax increases limited to two percent annually thereafter until the property is sold again. The consequences of this reassessment have been considered in the appropriate valuation sections.
HIGHEST AND BEST USE

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed on the following pages.

JESSIE SQUARE GARAGE

AS VACANT

Legally Permissible

The subject is located 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. Compact in area and easily traversed on foot, the C-3-R District is 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 the C-3-R District.

Physically Possible

The underlying site for the subject property is adequately served by utilities, has an adequate shape and size, sufficient access, etc. Given that the subject consists of a subterranean site and does not have air rights above grade due to its position below the Jessie Square Public Plaza. Therefore, development of any above grade structure is not physically possible. There are numerous uses that are physically possible to be constructed; however, most uses would suffer from functional obsolesce due the below grade nature of improvements. A parking garage or ancillary uses such as a basement or utility room are the most likely physically possible uses that can be developed.

Financially Feasible

The subject is located within a densely populated area of San Francisco in close proximity to a diverse range of uses including cultural and religious facilities, office, retail and residential uses. Parking is in high demand in the immediate area. There are limited physically possible uses that can be developed on the Jessie Square Garage site due the below grade nature of improvements. A parking garage appears to be the most financially feasible use.
**Maximally Productive**

The final test of the highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land. In the case of the subject as if vacant, the analysis has indicated that a parking garage project would be most appropriate.

**Conclusion: Highest and Best Use As Vacant – Jessie Square Garage**

Based on the information presented above and upon information contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject as if vacant would be the development of a parking garage property.

**AS IMPROVED**

**Legal Permissibility**

The site has been improved with a parking garage development that is a legal, conforming use.

**Physical Possibility**

The physical characteristics of the subject improvements were discussed in detail in the Improvement Analysis section. The layout and positioning of the improvements are considered functional for a parking garage use. While it would be physically possible for a wide variety of uses, based on the legal restrictions and the design of the improvements, the continued use of the property for parking garage would be the most functional use.

**Financial Feasibility**

The financial feasibility of an existing parking garage development is based on the amount of rental income which can be generated, less operating expenses required to generate that income; if a residual amount is existing, then the land is being put to a productive use. As will be indicated in the Income Capitalization Approach section, the subject is producing a positive net operating income; continued utilization of the improvements for parking garage purposes is considered financially feasible.

**Maximum Profitability**

The maximum profitable use of the subject as improved should conform to neighborhood trends and be consistent with existing land uses. Although several uses may generate sufficient revenue to satisfy the required rate of return on investment and provide a return on the land, the single use that produces the highest price or value is typically the highest and best use.

The maximally profitable use of the subject is for continued for-pay parking garage operations.
Conclusion: Highest and Best Use as Improved – Jessie Square Garage

Based on the foregoing, the highest and best use of the property as improved is for continued use as a for-pay parking garage.

PARCEL CB-1-MM

AS VACANT

Legally Permissible

The subject is located 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. Compact in area and easily traversed on foot, the C-3-R District is 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 the C-3-R District.

The base FAR in the C-3-R District is 6.0 to 1. Pursuant to Sections 123(c)(2) and 128 of the Planning Code, the base FAR can be increased to a maximum FAR of 9.0 to 1 with the purchase of transferable development rights (TDR). The project site is in 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. Pursuant to Section 270(a) of the Planning Code, the bulk controls in the “I” Bulk District become effective above a building height of 150 feet. Above a building height of 150 feet, the plan dimensions are limited to a maximum horizontal dimension of 170 feet and a maximum diagonal dimension of 200 feet.

Parcel CB-1-MM is proposed for development in conjunction with the adjacent 10-story Aronson Building for a mixed-use project that includes 190 residential condominium units above four floors of the Mexican Museum and supporting retail space. The proposed project exceeds the zoning regulations established in the C-3-R District. As part of the entitlement process for the proposed project, provisions regarding FAR and height would need to be addressed for the project site. As part of the proposed project, the project sponsor would pursue certain legislative land use amendments, including a height reclassification and rezoning to a Special Use District (SUD) to address Planning Code requirements related to FAR, height, and other land use controls. It is an extraordinary assumption that the proposed development is legally permissible to be developed on-site.

Physically Possible

The subject is adequately served by utilities, and has an adequate shape and size, sufficient access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development (i.e. it appears adequate for development).
Existing structures on nearby sites provides additional evidence for the physical possibility of development.

**Financially Feasible**

The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses.

Condominium development in San Francisco is beginning to revive after a slowdown of several years following the peak and decline of the for-sale housing market. Since 2007, the supply of projects already selling or under construction has been worked-off with little new supply brought to market. Several condominium projects (Argenta, One Ecker Place, and 818 Van Ness) were removed from the for-sale market and operated as rentals. During 2010, two of those (One Ecker Place and 818 Van Ness) were returned to the for-sale market and have sold-out (as of early 2013, 818 Van Ness Avenue was reported to have 9 units in escrow and none remaining available for sale).

Brokers report that there is steady demand for new condominium units; new product and available resale inventory has been inadequate to satisfy the demand. The subject has a strong location near the downtown core of San Francisco. This area has become a popular residential location in the city and is well supported by attractive retail and services. The demand for condominiums is especially strong in this neighborhood and any new condominium units would be considered to be readily marketable to unit buyers.

**Maximally Productive**

The final test of highest and best use of the site as vacant is that the use be maximally productive, yielding the highest return to the land. In the case of the subject as if vacant, the analysis has indicated that the proposed residential condominium development built above four floors of the Mexican Museum and supporting retail space.

**Conclusion: Highest and Best Use As Vacant – Parcel CB-1-MM**

Based on the information presented above and upon information contained in the Market and Neighborhood Analyses sections, we conclude that the highest and best use of the subject as vacant, is for the proposed development including 190 residential condominium units built above four floors of the Mexican Museum and supporting retail space in conjunction with the adjacent 10-story Aronson Building.
JESSIE SQUARE

AS VACANT

Legally Permissible

This analysis is based on the hypothetical condition that Jessie Square is deed restricted as publically accessible open space; thus, it is not legally permissible to develop Jessie Square with any other uses. The only legally permissible use of Jessie Square is for publically accessible open space.

Physically Possible

The underlying site for the subject property is adequately served by utilities, has an adequate shape and size, sufficient access, etc. However, the deed restriction hinders the physical possibility for development. Publically accessible open space is the only physically possible use of the site.

Financially Feasible

The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. The subject is not legally permissible or physically possible for development of any type of use other than publically accessible open space. Publically accessible open space is intended to serve the general public in providing an amenity to the community and has intrinsic value to surrounding uses and the community. However, publically accessible open space it is deemed to have no monetary value as will be further discussed in the report.

Maximally Productive

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land. As the subject must remain as publically accessible open space, which has no monetary value other than intrinsic value to surrounding uses and the community, the maximum productive use of the site is not applicable.

Conclusion: Highest and Best Use As Vacant – Jessie Square

Based on the information presented above, we conclude that the highest and best use of the subject as if vacant would be for continued use as publically accessible open space.
APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

COST APPROACH

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject’s income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

METHODOLOGY APPLICABLE TO THE SUBJECT

The Client has requested that we provide the following values for each component of the subject property:

Jessie Square Garage

A. The Fair Market Value of the Fee Simple Estate of the Jessie Square Garage.

Parcel CB-1-MM

A. The Fair Market Value of the Fee Simple Estate of Parcel CB-1-MM
B. The Restricted Use Value of the Fee Simple Estate of Parcel CB-1-MM assuming a deed restriction requiring a cultural facility of not less than 35,000 square feet on the site.

**Jessie Square**

B. The Restricted Use Value of the Fee Simple Estate of Jessie Square, which will be deed restricted as publically accessible open space.

In valuing the Jessie Square Garage, only the sales comparison and income capitalization approaches are applicable and have been used. The cost approach is not applicable in the estimation of market value due to the age of the improvements, the subjectivity in accurately estimating all forms of obsolescence and depreciation, and the limited role of this approach with investors.

In estimating the Fair Market Value of the Fee Simple Estate of Parcel CB-1-MM, only the sales comparison approach to land value is applicable.

In estimating the Restricted Use Value of the Fee Simple Estate of Parcel CB-1-MM assuming a deed restriction requiring a cultural facility of not less than 35,000 square feet on the site, we have utilized the sales comparison approach and land extraction method.

In estimating the Restricted Use Value of the Fee Simple Estate of Jessie Square, only the sales comparison approach to land value is applicable.

The fair market value of the Jessie Square Garage will be estimated first and presented in the following section. We will then estimate the fair market value of Parcel CB-1-MM and the restricted use value of Parcel CB-1-MM assuming a deed restriction requiring a cultural facility of not less than 35,000 square feet on the site. Lastly, we will estimate the restricted use value Jessie Square, which is deed restricted as publically accessible open space.
The Jessie Square Garage consists of a 178,780 square foot, four-level subterranean parking garage that is currently striped for 442 parking spaces. There are 70 parking spaces located on the mezzanine level, 107 spaces located on level B1, 131 spaces located on level B2, and 134 spaces located on level B3. However, there is a space on the mezzanine level of the garage underneath the Contemporary Jewish Museum that is part of the existing Jessie Square Garage, but is currently utilized by the Contemporary Jewish Museum and is currently blocked off from the rest of the garage. It has been reported that this space can be striped to accommodate about 38 parking spaces. However, a total of 10 existing parking spaces on various levels of the garage would need to be removed for vehicular access and circulation. There would be a net increase of 28 spaces. As a result, the total number of parking spaces in the Jessie Square Garage would increase from 442 to 470. This appraisal is based on the hypothetical condition that the Jessie Square Garage is striped for 470 parking spaces.

The Successor Agency has a management agreement with City Park to manage floors B1, B2, and B3. It is noted that 2 parking spaces are reserved for St. Patrick’s Church; therefore, 370 parking spaces are available for public parking on these three floors. The management agreement is on a month to month basis and the current management fee is $5,002 per month. There is an additional parking incentive fee at 10% of revenue between $860,994 to $935,994 per month and 15% of revenue above $935,995 per month. The incentive rate increases in accordance with any parking rate increase. According to the parking manager, the monthly parking incentive threshold has not been reached in a few years and has only been exceeded a couple times since the lease conception.

The mezzanine level (70 spaces) is mastered lease to Millennium Partners. The current rent is $56,931.92 per month. The lease commenced when the parking garage was in February of 2005 and is for 30 years. The rent escalates annually based on scheduled rent increases.

The Client has requested the Fee Simple Value of the parking garage; thus, it is a hypothetical condition that the parking garage is not encumbered by any lease agreements.
SALES COMPARISON APPROACH

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.

### SUMMARY OF COMPARABLE PARKING GARAGE SALES

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Transaction Type</th>
<th>Year Built</th>
<th>No. Spaces</th>
<th>Actual Sale Price</th>
<th>Adjusted Sale Price</th>
<th>Price Per Space</th>
<th>NOI Per Space</th>
<th>OAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>300 3rd St., San Francisco, CA</td>
<td>Sale</td>
<td>1990</td>
<td>353</td>
<td>$12,750,000</td>
<td>$12,750,000</td>
<td>$36,119</td>
<td>$1,987</td>
<td>5.50%</td>
</tr>
<tr>
<td>2</td>
<td>490 Post St., San Francisco, CA</td>
<td>Sale</td>
<td>1925</td>
<td>180</td>
<td>$8,100,000</td>
<td>$8,100,000</td>
<td>$45,000</td>
<td>$2,770</td>
<td>6.16%</td>
</tr>
<tr>
<td>3</td>
<td>1160 Mission St., San Francisco, CA</td>
<td>Sale</td>
<td>2008</td>
<td>364</td>
<td>$7,500,000</td>
<td>$7,500,000</td>
<td>$20,604</td>
<td>$1,185</td>
<td>5.75%</td>
</tr>
<tr>
<td>4</td>
<td>1000 Van Ness Ave., San Francisco, CA</td>
<td>Sale</td>
<td>1998</td>
<td>400</td>
<td>$10,800,000</td>
<td>$10,800,000</td>
<td>$27,000</td>
<td>$1,404</td>
<td>5.20%</td>
</tr>
<tr>
<td>5</td>
<td>550 O’Farrell St., San Francisco, CA</td>
<td>Listing</td>
<td>1924</td>
<td>119</td>
<td>$7,250,000</td>
<td>$7,250,000</td>
<td>$60,924</td>
<td>$3,046</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

Subj: 223 Stevenson St., San Francisco, CA Pro Forma

*Transaction amount adjusted for cash equivalency and/or deferred maintenance (where applicable)*

Compiled by CBRE
Special use properties such as parking garages do not transfer frequently. Municipalities, including many quasi-governmental agencies and authorities such as airports, convention centers, and sports stadiums, own the majority of parking spaces nationwide and do not often sell or purchase these facilities. Additionally, most parking garages are owned by or are developed in conjunction with adjacent buildings as part of the entire project.

Given that very few comparable parking garages have sold in San Francisco over the past couple years, we included older sales, and sales of parking garage condominiums. The sales utilized in this analysis are considered to be the best available.

**DISCUSSION/ANALYSIS OF IMPROVED SALES**

**Improved Sale One**

This Comparable represents the sale of a 3-level, subterranean parking garage condominium that is located at 300 3rd Street in San Francisco, California. The parking garage unit is improved with 353 parking spaces and is located within a larger 233-unit residential condominium development. This comparable sold in February of 2012 for $12,750,000, or $36,119 per space. The broker reported that the garage sold with an in-place NOI of $701,250, indicating a capitalization rate of 5.50%.

This comparable sold under inferior market conditions in February of 2012; thus, an upward market conditions adjustment has been applied. It has a similar location within the Yerba Buena submarket of San Francisco and warrants no location adjustment. This parking garage has a smaller (superior) parking space count and receives a downward adjustment for size. The parking garage is older and of inferior condition in comparison to the subject and receives an upward age/condition adjustment. Overall, this Comparable receives a net upward adjustment.

**Improved Sale Two**

This comparable is a garage condominium that is located within the 490 Post Street medical office building, which is a 130-unit commercial condominium project. It is a 180-space parking garage condominium located on four floors, from the Basement Level through the 3rd Floor, with a building area of 42,539 square feet. The property sold in June 2011 for $8,100,000, or $45,000 per space. The property is master leased to Propark with almost 7 years remaining on the lease term. The broker reported that the garage sold with an in-place NOI of $498,619, indicating a capitalization rate of 6.16%.

This comparable sold under inferior market conditions in June of 2011; thus, an upward market conditions adjustment has been applied. It has a slightly inferior location in the Union Square submarket, but is situated within the ground floor of a prominent medical building that generates high volume of daily patients in addition to the office tenants themselves. Overall, this comparable does
not warrant a location adjustment. It receives a downward adjustment for its smaller (superior) parking count. Overall, this Comparable receives a net downward adjustment.

**Improved Sale Three**

This comparable represents a 164,000-square-foot parking garage condominium unit that is located with the SOMA Grand condominium building. The garage is improved with 364 spaces at is located 1160 Mission Street, San Francisco, CA. The property sold in December of 2010 for $7,500,000, or $20,604 per parking space. Approximately 30% of the users are owners in the condominium complex and received discount parking rates at $100 per month. At the time of sale, approximately 20% of the spaces were rented on a monthly basis at $200 per space. The remaining spaces are rented to transient parkers and the hourly rate was $1.00 per space at the time of sale. The property was purchased by a parking lot operator. Net operating income at the time of sale was reported at $431,250, indicating an overall capitalization rate of 5.75%.

This comparable sold under inferior market conditions in December of 2011; thus, an upward market conditions adjustment has been applied. This comparable is located within the SOMA submarket in area with less demand for parking and lower parking rates in comparison to the subject; thus, an upward location adjustment has been applied. It receives a downward adjustment for its smaller (superior) parking count. An upward adjustment has been applied for economic conditions given the parking garage is located within a condominium complex and many of the tenants are guaranteed discounted parking rent. Overall, this Comparable receives a net upward adjustment.

**Improved Sale Four**

The comparable represents the sale of parking garage condominium that is located within the 1000 Van Ness retail building, which is a mixed-use building that contains an AMC movie theater, a Studio Mix health club, 53 residential condominium units, and additional retail tenants. The parking garage is a 400-space parking garage condominium located on eight floors, which are comprised of the ground level, a mezzanine level, and six subterranean levels, with a net building area of 154,056 square feet. The property sold in January of 2010 for $10,800,000, or $27,000 per parking space. Of the subject’s 400 spaces, 190 were leased to the FBI at a monthly rent of $165 per space and 210 spaces were available for transient and monthly tenants. Monthly parking rents at the time of sale were roughly $180 per space. Net operating income at the time of sale was reported at $561,600, indicating an overall capitalization rate of 5.20%.

This comparable sold under inferior market conditions in January of 2011; thus, an upward market conditions adjustment has been applied. This comparable is located within the Van Ness Corridor submarket in area with less demand for parking and lower parking rates in comparison to the subject; thus, an upward location adjustment has been applied. It receives a downward adjustment for its smaller (superior) parking count. An upward adjustment has been applied for economic conditions
given 190 spaces are leased on a long term basis at a discounted rent. Overall, this Comparable receives a net upward adjustment.

**Improved Sale Five**

This Comparable represents the listing of a 2-story, free standing parking garage that is located at 550 O’Farrell Street in San Francisco. The parking garage consists of 36,172 square feet and contains 119 parking spaces. This property is currently listed for $7,250,000, or $60,924 per parking space. The garage is currently mastered leased with a remaining lease term of 4 years. The tenant also has 3, 5-year renewal options. The listing broker reported that the in-place NOI is $362,500. The listing broker further indicated that the property has been on the market for approximately 6 months and has generated good interest.

This comparable is adjusted downward for conditions of sale because it is a listing and will likely sell for less than the asking price. It receives an upward adjustment for its inferior location and inferior age/condition and a downward adjustment for its smaller (superior) market count. Overall, this Comparable receives no net adjustment.

**SUMMARY OF ADJUSTMENTS**

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.
### PARKING GARAGE ADJUSTMENT GRID

| Comparable Number | 1 | 2 | 3 | 4 | 5 | Subj. Pro Forma |
|-------------------|---|---|---|---|---|--|--|
| Transaction Type  | Sale | Sale | Sale | Sale | Listing | --- |
| Transaction Date  | Feb-12 | Jun-11 | Dec-10 | Jan-10 | May-13 | --- |
| No. Spaces        | 353 | 180 | 364 | 400 | 119 | 470 |
| Actual Sale Price | $12,750,000 | $8,100,000 | $7,500,000 | $10,800,000 | $7,250,000 | --- |
| Adjusted Sale Price | $12,750,000 | $8,100,000 | $7,500,000 | $10,800,000 | $7,250,000 | --- |
| Price Per Space   | $36,119 | $45,000 | $20,604 | $27,000 | $60,924 | --- |
| NOI Per Space     | $1,987 | $2,770 | $1,185 | $1,404 | $3,046 | $2,530 |
| OAR               | 5.50% | 6.16% | 5.75% | 5.20% | 5.00% | --- |
| Adj. Price Per Space | $36,119 | $45,000 | $20,604 | $27,000 | $60,924 | --- |
| Property Rights Conveyed | 0% | 0% | 0% | 0% | 0% | 0% |
| Financing Terms 1 | 0% | 0% | 0% | 0% | 0% | 0% |
| Conditions of Sale | 0% | 0% | 0% | 0% | -20% | --- |
| Market Conditions (Time) | 10% | 15% | 20% | 20% | 0% | --- |
| Subtotal - Price Per Space | $39,731 | $51,750 | $24,725 | $32,400 | $48,739 | --- |
| Location          | 0% | 0% | 10% | 5% | 5% | 5% |
| Size              | -3% | -10% | -3% | -3% | -15% | --- |
| Age/Condition     | 5% | 0% | 0% | 0% | 10% | --- |
| Quality of Construction | 0% | 0% | 0% | 0% | 0% | --- |
| Tenancy           | 0% | 0% | 0% | 0% | 0% | --- |
| Amenities         | 0% | 0% | 0% | 0% | 0% | --- |
| Economic Factors  | 0% | 0% | 30% | 10% | 0% | --- |
| Total Other Adjustments | 2% | -10% | 37% | 12% | 0% | --- |
| Indicated Value Per Space | $40,526 | $46,575 | $33,874 | $36,288 | $48,739 | --- |
| Range (Min-Max)   | $33,874 | $48,739 | --- | --- | --- | --- |

1 Transaction amount adjusted for cash equivalency and/or deferred maintenance (where applicable)

Compiled by CBRE

### SALE PRICE PER SPACE CONCLUSION

The Comparables indicate an adjusted price range from $33,874 to $48,739 per parking space. Overall most weight is given to Comparable Sales 1 and 2, which represent the most recent parking garage sale transactions and have similar locations in comparison to the subject. Based on the comparable data obtained, we have concluded with a value range from $40,000 to $45,000 per parking space for the subject. The following chart presents the valuation conclusion:
**SALES COMPARISON APPROACH**

<table>
<thead>
<tr>
<th>Total Spaces</th>
<th>X</th>
<th>Value Per Space</th>
<th>=</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>470</td>
<td>X</td>
<td>$40,000</td>
<td>=</td>
<td>$18,800,000</td>
</tr>
<tr>
<td>470</td>
<td>X</td>
<td>$45,000</td>
<td>=</td>
<td>$21,150,000</td>
</tr>
</tbody>
</table>

**VALUE CONCLUSION**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated Stabilized Value</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Deferred Maintenance</td>
<td>$0</td>
</tr>
<tr>
<td>Lease-Up Discount</td>
<td>$0</td>
</tr>
<tr>
<td>Value Indication</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Rounded</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Value Per Space</td>
<td>$42,553</td>
</tr>
<tr>
<td>Value Per SF</td>
<td>$111.87</td>
</tr>
</tbody>
</table>

Compiled by CBRE
INCOME CAPITALIZATION APPROACH

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.

<table>
<thead>
<tr>
<th>Garage Name</th>
<th>Location</th>
<th>Hourly Rate*</th>
<th>Daily Rate</th>
<th>Monthly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yerba Buena Garage</td>
<td>833 Mission Street</td>
<td>$3.00-$3.50</td>
<td>$32.00</td>
<td>$305.00</td>
</tr>
<tr>
<td>MOMA Garage</td>
<td>147 Minna Street</td>
<td>$9.00</td>
<td>$30.00</td>
<td>$340.00</td>
</tr>
<tr>
<td>Moscone Center Garage</td>
<td>255 3rd Street</td>
<td>$3.00</td>
<td>$27.00</td>
<td>$275.00</td>
</tr>
<tr>
<td>Hearst Garage</td>
<td>155 Stevenson Street</td>
<td>$7.50</td>
<td>$25.00</td>
<td>$310.00</td>
</tr>
<tr>
<td>Ellis-O'Farrell Garage</td>
<td>123 O'Farrell Street</td>
<td>$3.00-$3.50</td>
<td>$32.00</td>
<td>$310.00</td>
</tr>
<tr>
<td><strong>Subject (B1, B2, &amp; B3 levels)</strong></td>
<td>220 Stevenson Street</td>
<td><strong>$4.00</strong></td>
<td><strong>$26.00</strong></td>
<td><strong>$315.00</strong></td>
</tr>
</tbody>
</table>

*Hourly rate based on first hour

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DISCUSSION/ANALYSIS OF PARKING GARAGE COMPARABLES

The rent comparables indicate a range of hourly rates from $3.00 to $9.00 per hour, $25.00 to $32.00 per day, and $275 to $340 per month. The subject charges $4.00 per hour, $26.00 per day. From a monthly standpoint, the rates are generally $315, but there are several nearby companies that receive discounted monthly rates in exchange for renting monthly spaces in bulk. There are three companies that rent a total of 63 monthly spaces at rates that range from $225 to $275 per month with an average of $248 per month.

The subject parking garage is located in the Yerba Buena neighborhood, just outside of the Financial District. The subject is situated within area of multiple cultural institutions and public structures, including the Contemporary Jewish Museum, the Moscone Convention Center, the Museum of the African Diaspora, the San Francisco Museum of Modern Art, the Yerba Buena Center for the Arts, the Yerba Buena Gardens Esplanade, the Yerba Buena Ice Skating and Bowling Center, and the Children’s Creativity Museum, a children’s art and technology museum. Demand for parking in the area is generated by patrons of the surrounding cultural institutions along with office and retail users. Given the subject’s centralized location and proximate use to a diverse range of uses, and scarcity of parking in the immediate neighborhood demand for parking is high.

Based on the comparable parking garages, the subject’s daily rates appear reasonable and the monthly rates appear to be very competitive.

JESSIE SQUARE GARAGE PARKING COUNT

The Jessie Square garage contains four subsurface levels of parking with a total of 442 parking spaces. There are 70 parking spaces located on the mezzanine level, 107 spaces located on level B1, 131 spaces located on level B2, and 134 spaces located on level B3. However, there is a space on the mezzanine level of the garage underneath the Contemporary Jewish Museum that is part of the existing Jessie Square Garage, but this space is currently blocked off from the rest of the garage by an existing wall and is not accessible. It has been reported that this space can be striped to accommodate about 38 parking spaces. However, a total of 10 existing parking spaces on various levels of the garage would need to be removed for vehicular access and circulation. There would be a net increase of 28 spaces. As a result, the total number of parking spaces in the Jessie Square Garage would increase from 442 to 470. This appraisal is based on the hypothetical condition that the Jessie Square Garage is striped for 470 parking spaces.

SUBJECT RENTAL INFORMATION

The Successor Agency has a management agreement with City Park to manage floors B1, B2, and B3. There are currently 372 parking spaces located on these three levels. However, 2 parking spaces are reserved for St. Patrick’s Church; therefore, 370 parking spaces are available for public parking on these three floors. The management agreement is on a month to month basis and the
current management fee is $5,002 per month. There is an additional parking incentive fee at 10% of revenue between $860,994 to $935,994 per month and 15% of revenue above $935,995 per month. The incentive rate increases in accordance with any parking rate increase. According to the parking manager, the monthly parking incentive threshold has not been reached in a few years and has only been exceeded a couple times since the lease conception.

The mezzanine level (70 spaces) is mastered lease to Millennium Partners. The current rent is $56,931.92 per month. The lease commenced when the parking garage was complete in February of 2005 and is for 30 years. The rent escalates annually based on scheduled rent increases.

The Client has requested the Fee Simple Value of the parking garage; thus, it is a hypothetical condition that the parking garage is not encumbered by any lease agreements.

**PARKING RATE CONCLUSIONS**

Based on the comparable parking garages, the subject’s daily rates appear reasonable and the monthly rates appear to be very competitive. The Jessie Square garage has 116 monthly parking spaces, of which 53 spaces are rented to individuals at market rates and 63 spaces are rented to companies at bulk discounted rates. We have concluded with monthly parking rate of $315 per space for the 53 market rate spaces and $250 per space for the 63 bulk discount spaces. We have concluded with a daily rate of $26.00 per space for the remaining 354 parking spaces.

The parking manager has reported weekday occupancy from 88% – 100% and weekend (Saturday and Sunday) occupancy from 40% to 50%. The subject includes 116 spaces that are rented on a monthly basis. Vacancy is expected to be minimal for the monthly occupied space and we have applied a 95% average occupancy rate to the estimated 116 monthly tenants. Given that the remaining spaces will have a lower average occupancy, particularly on weekends and holidays, we have applied a 70% occupancy rate for the remaining 354 spaces. Assuming there is no master lease in place, the total gross potential income is estimated as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th># Spaces</th>
<th>Rate/Mo.</th>
<th>Average Occupancy</th>
<th>Monthly Total</th>
<th>Annual Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Tenants</td>
<td>53</td>
<td>$315.00</td>
<td>x</td>
<td>$15,860</td>
<td>$190,323</td>
</tr>
<tr>
<td>Monthly Tenants (bulk discount)</td>
<td>63</td>
<td>$250.00</td>
<td>x</td>
<td>95%</td>
<td>$14,963</td>
</tr>
<tr>
<td>Transient Tenants</td>
<td>354</td>
<td>$780.00</td>
<td>x</td>
<td>$193,284</td>
<td>$2,319,408</td>
</tr>
<tr>
<td>Total Parking Income</td>
<td></td>
<td></td>
<td></td>
<td><strong>$224,107</strong></td>
<td><strong>$2,689,281</strong></td>
</tr>
</tbody>
</table>

Compiled by CBRE

**POTENTIAL RENTAL INCOME CONCLUSION**

Within this analysis, potential rental income is estimated based upon the forward looking market rental rates over the next twelve months. This method of calculating rental income is most prevalent in
the local market and is consistent with the method used to derive overall capitalization rates from the comparable sales data.

**OPERATING HISTORY**

The following table presents the available operating data for the subject.

<table>
<thead>
<tr>
<th>Year-Occupancy (June-Dec.)</th>
<th>2010 Total $/Unit</th>
<th>2011 Total $/Unit</th>
<th>2012 Total $/Unit</th>
<th>CBRE Estimate Total $/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transient Parking</td>
<td>$907,228</td>
<td>$2,452</td>
<td>$2,452</td>
<td>$2,319,408</td>
</tr>
<tr>
<td>Monthly Parking</td>
<td>618,160</td>
<td>1,671</td>
<td>1,965</td>
<td>369,873</td>
</tr>
<tr>
<td>Valuations</td>
<td>-</td>
<td>183</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Effective Gross Income</td>
<td>$1,525,388</td>
<td>$4,123</td>
<td>$4,123</td>
<td>$2,689,281</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate Taxes</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Property Insurance</td>
<td>7,800</td>
<td>21</td>
<td>15,600</td>
<td>19,740</td>
</tr>
<tr>
<td>Utilities</td>
<td>36,709</td>
<td>99</td>
<td>15,600</td>
<td>112,800</td>
</tr>
<tr>
<td>General Operating</td>
<td>136,018</td>
<td>368</td>
<td>278,076</td>
<td>752</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>20,738</td>
<td>56</td>
<td>51,453</td>
<td>56,344</td>
</tr>
<tr>
<td>Parking Taxes</td>
<td>157,440</td>
<td>426</td>
<td>357,518</td>
<td>426</td>
</tr>
<tr>
<td>Management Fee ¹</td>
<td>28,404</td>
<td>77</td>
<td>57,618</td>
<td>80,678</td>
</tr>
<tr>
<td>Other</td>
<td>24,112</td>
<td>65</td>
<td>34,132</td>
<td>173,900</td>
</tr>
<tr>
<td>Reserves for Replacement</td>
<td>11,070</td>
<td>30</td>
<td>11,070</td>
<td>14,100</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$422,291</td>
<td>$1,141</td>
<td>$881,665</td>
<td>$874,978</td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td>$1,103,097</td>
<td>$2,981</td>
<td>$1,053,789</td>
<td>$1,189,086</td>
</tr>
</tbody>
</table>

¹ (Mgmt. typically analyzed as a % of EGI) 1.9% 3.0% 2.8% 2.9% 3.0%

We have been provided historical operating history by City-park, which manages Levels B1, B2, and B3 of the Jessie Square Garage. There are currently 372 parking spaces located on these three levels. However, 2 spaces are reserved for St. Patrick’s Church; thus, the historical operating statements are reflective of 370 parking spaces. Our pro forma analysis is based on 470 parking spaces. Therefore, we have compared the subject historical operating trend to our pro forma analysis based on a per unit basis.

**TRANSIENT AND MONTHLY PARKING**

The subject is currently operated with a “fast-pass” type system, whereby transient customers have an electronic parking pass, which is linked to a payment account. Fast-pass customers pay no monthly fee and are charged on typical hourly/daily rates. Although the income generated from these spaces is based on the hourly daily rates, the current ownership includes this income with the monthly parking income. Since this income is technically not linked to monthly parking rates, we have not considered these spaces within our monthly parking count in our pro forma analysis. The difference in accounting for this income results in our pro forma per unit transient parking being higher than the historical trend and our pro forma per unit monthly parking being lower than the range indicated by the historical monthly trend.

However, as shown below the total pro forma transient and monthly income per unit is in-line with the historical trend.
### VALIDATIONS

Validation income was only collected in 2011 in the amount $183 per year, or $0.50 per unit. Given the lack of historical validation income, we have not included validation income in our pro forma analysis.

### EFFECTIVE GROSS INCOME

The subject’s effective gross income is detailed as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>$/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 Annualized (June-Dec.)</td>
<td>$1,525,388</td>
<td>$4,123</td>
</tr>
<tr>
<td>2011</td>
<td>$1,935,271</td>
<td>$5,230</td>
</tr>
<tr>
<td>2012</td>
<td>$2,139,446</td>
<td>$5,782</td>
</tr>
<tr>
<td>2013 Annualized (Jan.-March)</td>
<td>$2,103,224</td>
<td>$5,684</td>
</tr>
<tr>
<td>CBRE Estimate</td>
<td>$2,689,281</td>
<td>$5,722</td>
</tr>
</tbody>
</table>

Compiled by CBRE

Our pro forma estimate is in-line with our historical trend on a per unit basis.

### OPERATING EXPENSE ANALYSIS

**Expense Comparables**

Given that every parking garage is operated differently and many garages have adjoining retail or office, we could only find one expense comparable from the City of San Francisco. We have included two additional expense comparables from different markets as additional support. The following chart summarizes expenses obtained from the comparable properties.
### EXPENSE COMPARABLES

<table>
<thead>
<tr>
<th>Comparable Number</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>San Francisco, CA</td>
<td>Lansing, MI</td>
<td>Canton, OH</td>
</tr>
<tr>
<td>No. Units</td>
<td>400</td>
<td>550</td>
<td>450</td>
</tr>
<tr>
<td>Expense Year</td>
<td>2012</td>
<td>2011</td>
<td>2012 Budget</td>
</tr>
<tr>
<td>Effective Gross Income</td>
<td>$5,401</td>
<td>$1,432</td>
<td>$1,073</td>
</tr>
<tr>
<td>Expenses</td>
<td>$/Unit</td>
<td>$/Unit</td>
<td>$/Unit</td>
</tr>
<tr>
<td>Real Estate Taxes</td>
<td>$402</td>
<td>$116</td>
<td>$154</td>
</tr>
<tr>
<td>Property Insurance</td>
<td>18</td>
<td>13</td>
<td>22</td>
</tr>
<tr>
<td>Utilities</td>
<td>96</td>
<td>68</td>
<td>53</td>
</tr>
<tr>
<td>General Operating</td>
<td>1,253</td>
<td>60</td>
<td>107</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>229</td>
<td>174</td>
<td>7</td>
</tr>
<tr>
<td>Parking Taxes</td>
<td>956</td>
<td>286</td>
<td>215</td>
</tr>
<tr>
<td>Management Fee ¹</td>
<td>105</td>
<td>109</td>
<td>13</td>
</tr>
<tr>
<td>Other</td>
<td>25</td>
<td>48</td>
<td>11</td>
</tr>
<tr>
<td>Reserves for Replacement</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$3,113</td>
<td>$904</td>
<td>$611</td>
</tr>
<tr>
<td>Operating Expense Ratio</td>
<td>57.6%</td>
<td>63.2%</td>
<td>56.9%</td>
</tr>
<tr>
<td>¹ (Mgmt. typically analyzed as a % of EGI)</td>
<td>1.9%</td>
<td>7.6%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

Parking Tax at 20.0% of EGI has been added Comparel 2 and 3 for consistency with our proforma analysis.

Reserves for Replacement of $30 per space has been added to each comparable for consistency with our proforma analysis.

Compiled by CBRE

The following subsections represent the analysis for the pro forma estimate of each category of the subject’s stabilized expenses.

### Real Estate Taxes

The real estate taxes for the subject were previously discussed. The subject’s expense is detailed as follows:
The subject is owned by City of San Francisco and has historically been exempt from real estate taxes. Our estimate of real estate taxes is based on the current stabilized market value estimate multiplied by the current tax rate, plus special assessments.

**Property Insurance**

Property insurance expenses typically include fire and extended coverage and owner’s liability coverage. The subject’s expense is detailed as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>$/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 Annualized (June-Dec.)</td>
<td>$7,800</td>
<td>$21</td>
</tr>
<tr>
<td>2011</td>
<td>$15,600</td>
<td>$42</td>
</tr>
<tr>
<td>2012</td>
<td>$15,600</td>
<td>$42</td>
</tr>
<tr>
<td>2013 Annualized (Jan.-March)</td>
<td>$15,600</td>
<td>$42</td>
</tr>
<tr>
<td>Expense Comparable 1</td>
<td>N/A</td>
<td>$18</td>
</tr>
<tr>
<td>Expense Comparable 2</td>
<td>N/A</td>
<td>$13</td>
</tr>
<tr>
<td>Expense Comparable 3</td>
<td>N/A</td>
<td>$22</td>
</tr>
<tr>
<td><strong>CBRE Estimate</strong></td>
<td><strong>$19,740</strong></td>
<td><strong>$42</strong></td>
</tr>
</tbody>
</table>

Excluding the 2010 annualized data, the subject trend indicates a consistent insurance expense at $42 per unit. Equal weight has been given to the 2011, 2012, and 2013 annualized data.

**Utilities**

Utilities expenses typically include electricity, natural gas, water, sewer and trash removal. Utility expenses are typically very property specific, and comparables offer a minimal indication of an appropriate level. The subject’s expense is detailed as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>$/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 Annualized (June-Dec.)</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2011</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2012</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2013 Annualized (Jan.-March)</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Expense Comparable 1</td>
<td>N/A</td>
<td>$402</td>
</tr>
<tr>
<td>Expense Comparable 2</td>
<td>N/A</td>
<td>$116</td>
</tr>
<tr>
<td>Expense Comparable 3</td>
<td>N/A</td>
<td>$154</td>
</tr>
<tr>
<td><strong>CBRE Estimate</strong></td>
<td><strong>$252,756</strong></td>
<td><strong>$683</strong></td>
</tr>
</tbody>
</table>

Compiled by CBRE
UTILITIES

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>$/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 Annualized (June-Dec.)</td>
<td>$36,709</td>
<td>$99</td>
</tr>
<tr>
<td>2011</td>
<td>$76,198</td>
<td>$206</td>
</tr>
<tr>
<td>2012</td>
<td>$88,006</td>
<td>$238</td>
</tr>
<tr>
<td>2013 Annualized (Jan.-March)</td>
<td>$77,176</td>
<td>$209</td>
</tr>
<tr>
<td>Expense Comparable 1</td>
<td>N/A</td>
<td>$96</td>
</tr>
<tr>
<td>Expense Comparable 2</td>
<td>N/A</td>
<td>$68</td>
</tr>
<tr>
<td>Expense Comparable 3</td>
<td>N/A</td>
<td>$53</td>
</tr>
<tr>
<td>CBRE Estimate</td>
<td>$98,700</td>
<td>$210</td>
</tr>
</tbody>
</table>

Compiled by CBRE

The subject historical trend indicates a range from $99 to $238 per unit. Most weight is given to the 2011 and 2013 annualized data.

**General Operating**

General operating expenses typically include payroll, payroll taxes and benefits, liability insurance, employee mileage, accounting and software fees, licenses & permits, and telephone fees. The subject’s expense is detailed as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>$/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 Annualized (June-Dec.)</td>
<td>$136,018</td>
<td>$368</td>
</tr>
<tr>
<td>2011</td>
<td>$278,076</td>
<td>$752</td>
</tr>
<tr>
<td>2012</td>
<td>$87,508</td>
<td>$237</td>
</tr>
<tr>
<td>2013 Annualized (Jan.-March)</td>
<td>$90,672</td>
<td>$245</td>
</tr>
<tr>
<td>Expense Comparable 1</td>
<td>N/A</td>
<td>$1,253</td>
</tr>
<tr>
<td>Expense Comparable 2</td>
<td>N/A</td>
<td>$60</td>
</tr>
<tr>
<td>Expense Comparable 3</td>
<td>N/A</td>
<td>$107</td>
</tr>
<tr>
<td>CBRE Estimate</td>
<td>$112,800</td>
<td>$240</td>
</tr>
</tbody>
</table>

Compiled by CBRE

The subject historical trend indicates a range from $237 to $752 per unit. Most weight has been given to the 2012 and 2013 annualized data.

**Repairs and Maintenance**

Repairs and maintenance expenses typically include all payroll and payroll related items for all directly employed maintenance personnel. This expense category also typically includes all outside maintenance service contracts and the cost of maintenance and repairs supplies. The subject’s expense is detailed as follows:
The subject historical trend indicates a range from $56 to $256 per unit. Most weight is given to the 2013 annualized data with support from the historical and expense comparables.

**Parking Taxes**

The City of San Francisco charges a parking tax in the amount of 25% of rent charged for occupancy of parking. The historical figures for this category are indicated as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>$/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 Annualized (June-Dec.)</td>
<td>$157,440</td>
<td>$426</td>
</tr>
<tr>
<td>2011</td>
<td>$357,518</td>
<td>$966</td>
</tr>
<tr>
<td>2012</td>
<td>$387,370</td>
<td>$1,047</td>
</tr>
<tr>
<td>2013 Annualized (Jan.-March)</td>
<td>$382,140</td>
<td>$1,033</td>
</tr>
<tr>
<td>Expense Comparable 1</td>
<td>N/A</td>
<td>$956</td>
</tr>
<tr>
<td>Expense Comparable 2</td>
<td>N/A</td>
<td>$286</td>
</tr>
<tr>
<td>Expense Comparable 3</td>
<td>N/A</td>
<td>$215</td>
</tr>
<tr>
<td><strong>CBRE Estimate</strong></td>
<td><strong>$672,320</strong></td>
<td><strong>$1,817</strong></td>
</tr>
</tbody>
</table>

Compiled by CBRE

Since our Effective Gross Income (EGI) is comprised of transient and monthly parking income, which are both subjected to parking taxes, our pro forma parking tax is based on 25% of our projected EGI.

**Management Fee**

Management expenses are typically negotiated as a percentage of collected revenues (i.e., effective gross income). The subject’s expense is detailed as follows:
### MANAGEMENT FEE

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>% EGI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 Annualized (June-Dec.)</td>
<td>$28,404</td>
<td>1.9%</td>
</tr>
<tr>
<td>2011</td>
<td>$57,618</td>
<td>3.0%</td>
</tr>
<tr>
<td>2012</td>
<td>$59,226</td>
<td>2.8%</td>
</tr>
<tr>
<td>2013 Annualized (Jan.-March)</td>
<td>$60,024</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>CBRE Estimate</strong></td>
<td><strong>$80,678</strong></td>
<td><strong>3.0%</strong></td>
</tr>
</tbody>
</table>

Compiled by CBRE

Professional management fees in the local market range from 2.0% to 4.0% for comparable properties. Historically, the subject has incurred a 1.9% to 3.0% management fee. Given the subject’s size and the competitiveness of the local market area, we believe an appropriate management expense for the subject would be towards the middle of the range at 3.0%.

**Other**

Other expenses typically include supplies, bottled water, signs, ticket printing, and uniforms. The subject’s expense is detailed as follows:

### OTHER

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>$/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 Annualized (June-Dec.)</td>
<td>$24,112</td>
<td>$65</td>
</tr>
<tr>
<td>2011</td>
<td>$34,132</td>
<td>$92</td>
</tr>
<tr>
<td>2012</td>
<td>$137,767</td>
<td>$372</td>
</tr>
<tr>
<td>2013 Annualized (Jan.-March)</td>
<td>$181,952</td>
<td>$492</td>
</tr>
<tr>
<td>Expense Comparable 1</td>
<td>N/A</td>
<td>$25</td>
</tr>
<tr>
<td>Expense Comparable 2</td>
<td>N/A</td>
<td>$48</td>
</tr>
<tr>
<td>Expense Comparable 3</td>
<td>N/A</td>
<td>$11</td>
</tr>
<tr>
<td><strong>CBRE Estimate</strong></td>
<td><strong>$173,900</strong></td>
<td><strong>$370</strong></td>
</tr>
</tbody>
</table>

The subject historical trend indicates a range from $65 to $492 per unit. Most weight has been given to the 2012 data.

**Reserves for Replacement**

Reserves for replacement have been estimated based on market parameters with an indicated range of $20 to $40 per unit for comparable properties. For the subject, reserve of **$30 per unit** is deemed reasonable based on size, age, and condition.

**OPERATING EXPENSE CONCLUSION**

The subject’s expense is detailed as follows:
The subject’s per unit operating expense pro forma are above the historical data largely due to the higher projected taxes within the pro forma analysis. The subject’s per square unit operating expense pro forma are above Expense Comparables 2 and 3, which are located in different markets and similar to Expense Comparable 1, which is located in San Francisco.

NET OPERATING INCOME CONCLUSION

The subject’s net operating income is detailed as follows:

The subject’s per unit pro forma net operating income are below the historical data largely due to the higher projected taxes within the pro forma analysis.

DIRECT CAPITALIZATION

Direct capitalization is a method used to convert a single year’s estimated stabilized net operating income into a value indication. The following subsections represent different techniques for deriving an overall capitalization rate for direct capitalization.

Comparable Sales

The overall capitalization rates (OARs) confirmed for the comparable sales analyzed in the sales comparison approach are as follows:
The overall capitalization rates for these sales were derived based upon the actual income characteristics of the property. The comparable sales indicate a range of overall capitalization rates from 5.00% to 6.16%. Disregarding Comparable 5, which represents an active listing that will likely produce a higher capitalization upon commencement sale; the comparables indicate a much more narrow range from 5.20% to 6.16%.

In consideration of the subject’s size, location in the Yerba Buena submarket of San Francisco, age/condition, we have concluded that a capitalization rate in the lower end of range indicated by the comparables at 5.50% is deemed reasonable and appropriate for the subject.

**Market Participants**

In deriving an appropriate overall capitalization rate for the subject, numerous market participants active in the subject submarket were interviewed and consulted to gather applicable information. The market participants indicated that parking garages in the subject neighborhood are considered desirable and relatively safe investments due to the scarcity, yet strong demand of parking in San Francisco. The brokers we interviewed quoted return rates from 5.00% to 5.50% for a parking garage at the subject’s location. Considering the subject consists of a subterranean parking garage with lack of above grade development potential due to its position under Jessie Square Public Plaza, a capitalization rate in the higher end of the range indicated by the our broker survey at 5.50% appears applicable to the subject.

**Capitalization Rate Conclusion**

The following chart summarizes the OAR conclusions.

<table>
<thead>
<tr>
<th>Source</th>
<th>Indicated OAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable Sales</td>
<td>5.50%</td>
</tr>
<tr>
<td>Market Participants</td>
<td>5.50%</td>
</tr>
<tr>
<td>CBRE Estimate</td>
<td>5.50%</td>
</tr>
</tbody>
</table>

Compiled by: CBRE
In concluding an overall capitalization rate for the subject, equal weight has been placed upon the data obtained from the comparable sales and the market participant survey.

**Direct Capitalization Summary**

A summary of the direct capitalization at stabilized occupancy is illustrated in the following chart.

<table>
<thead>
<tr>
<th>DIRECT CAPITALIZATION SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
</tr>
<tr>
<td>Transient Parking</td>
</tr>
<tr>
<td>Monthly Parking (Market &amp; Bulk Spaces)</td>
</tr>
<tr>
<td>Validations</td>
</tr>
<tr>
<td><strong>Effective Gross Income</strong></td>
</tr>
</tbody>
</table>

| **Expenses** | |
| Real Estate Taxes | $683 | $252,756 |
| Property Insurance | 42 | 19,740 |
| Utilities | 210 | 98,700 |
| General Operating | 240 | 112,800 |
| Repairs & Maintenance | 160 | 75,200 |
| Parking Taxes | 1,430 | 672,320 |
| Management Fee | 172 | 80,678 |
| Other | 370 | 173,900 |
| Reserves for Replacement | 30 | 14,100 |
| **Operating Expenses** | $3,192 | $1,500,195 |
| **Operating Expense Ratio** | 55.78% |
| **Net Operating Income** | $2,530 | $1,189,086 |
| **OAR** | / | 5.50% |
| **Indicated Stabilized Value** | |
| Rounded | $21,619,744 |
| Deferred Maintenance | - |
| Lease-Up Discount | - |
| **Value Indication** | $21,619,744 |
| Rounded | $21,620,000 |
| **Value Per SF** | $120.93 |
| **Value Per Space** | $46,000 |

Compiled by CBRE
RECONCILIATION OF VALUE

The value indications from the approaches to value are summarized as follows:

| SUMMARY OF VALUE CONCLUSIONS - JESSIE SQUARE GARAGE |
|---------------------------------------------|----------|
| Sales Comparison Approach                     | $20,000,000 |
| Income Capitalization Approach                | $21,620,000 |
| Reconciled Value                              | $21,620,000 |
| Compiled by CBRE                             |          |

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered somewhat comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on investment properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to provide a reliable value indication, but has been given secondary emphasis in the final value reconciliation.

The income capitalization approach is applicable to the subject since it is an income producing property leased in the open market. Market participants are primarily analyzing properties based on their income generating capability. Therefore, the income capitalization approach is considered a reasonable and substantiated value indicator and has been given primary emphasis in the final value estimate.

Based on the foregoing, the market value of the subject has been concluded as follows:

<table>
<thead>
<tr>
<th>MARKET VALUE CONCLUSION - JESSIE SQUARE PARKING GARAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal Premise</td>
</tr>
<tr>
<td>As Is</td>
</tr>
<tr>
<td>Compiled by CBRE</td>
</tr>
</tbody>
</table>

HYPOTHETICAL CONDITIONS

- The Jessie Square garage contains four subsurface levels (B1, B2, B3, and mezzanine levels) of parking. The Successor Agency has a management agreement with City Park to manage floors B1, B2, and B3 and the mezzanine level is leased to Millennium Partners. The Client has requested the Fee Simple Value of the parking garage; thus, it is a hypothetical condition that the parking garage is not encumbered by any lease agreements.

- There are currently 442 parking spaces within the garage. On the mezzanine level of the garage, there is an existing space underneath the Contemporary Jewish Museum that is part of the existing Jessie Square Garage, but this space is currently blocked off from the rest of the garage by an existing wall and is not accessible. It has been reported that this space can be striped to accommodate about 38 parking spaces. However, a total of 10 existing parking spaces on
various levels of the garage would need to be removed for vehicular access and circulation. There would be a net increase of 28 spaces. As a result, the total number of parking spaces in the Jessie Square Garage would increase from 442 to 470. At the client’s request we have appraised the Jessie Square Garage under the hypothetical condition that is striped for 470 parking spaces.
PARCEL CB-1-MM

Parcel CB-1-MM (Mexican Museum Parcel) consists of 9,778 square feet and is improved with concrete paving. The site was used as a staging area for construction of the adjacent Jessie Square Garage in 2004 to 2005 and Jessie Square in 2008. There is a two-level, approximately 18,000 square foot vacant structure underneath the Mexican Museum parcel that was constructed when the Jessie Square Garage was built. The upper level of this structure is connected to Basement Level B1 of the Jessie Square Garage. The lower level of this structure is separated from the Jessie Square Garage by a wall. The existing foundation of this structure extends to approximately 41 feet below grade.

PARCEL CB-1-MM – PROPOSED BUILDING PLAN

Parcel CB-1-MM is proposed for development of a new 43-story, 510-foot-tall tower (a 480-foot-tall building with a 30-foot-tall elevator/mechanical penthouse), with two floors below grade. The new tower will be adjacent to and physically connected to the existing 10-story, 154-foot-tall Aronson Building (a 144-foot-tall building with a 10-foot-tall mechanical penthouse), which is located at 700-706 Mission Street. As part of the proposed project, the historic Aronson Building would be restored and rehabilitated. The existing 10-foot-tall mechanical penthouse on the roof of the Aronson Building would be removed, and a 15-foot-tall solarium would be constructed, resulting in an overall building height of 159 feet. The proposed development would contain 537,770 gross square feet of residential space (190 residential condominium units), 22,200 gross square feet of residential amenity space, 52,285 gross square feet of museum space (Mexican Museum), 4,800 gross square feet of retail space, 15,552 square feet of storage space, 44,369 gross square feet of other (building core, mechanical, service, etc.) space, and 384 gross square feet for the ramp that leads out of the Jessie Square Parking Garage to Mission Street. The total project size would be 677,360 gross square feet (not including the Jessie Square Garage). It is noted that 18 residential units will be situated in the existing 10-story building that is located at 700-706 Mission Street. Therefore, 172 units will be located within the 43-story tower that is proposed on Parcel CB-1-MM.

The proposed tower will be constructed on Parcel CB-1-MM and partially on the Aronson Building Parcel (Block 3706, Lot 093), which is owned by the project sponsor. More specifically 73.1% (9,500 square feet) of the footprint of the proposed tower is within Parcel CB-1-MM and the remaining 26.9% (3,490 square feet) of the tower footprint is located within the Aronson Building parcel.

The project sponsor anticipates that the proposed project would include a combination of two-bedroom and three-bedroom units. All of the proposed units would be condominiums (ownership units). The proposed cultural/museum space would be occupied by The Mexican Museum, and the proposed ground-floor commercial space could include a variety of uses, such as a retail use, a restaurant, or any other use that is permitted in the C-3-R District. The project sponsor estimates that
construction of the proposed project would take up to 36 months at an estimated cost of $170 million.

The fair market value of the Parcel CB-1-MM will be estimated first and presented in the following section. We will then estimate the restricted use value of Parcel CB-1-MM assuming a deed restriction requiring a cultural facility of not less than 35,000 square feet on the site.
LAND VALUE – FAIR MARKET VALUE

The planned development of Parcel CB-1-MM is proposed in conjunction with the adjacent building that is located at 700-706 Mission Street (Not part of the subject). The proposed development is for 190 residential condominium units, of which 172 resident units will be located in a new 43-story tower that is situated on Parcel CB-1-MM. However, 73.1% (9,500 square feet) of the footprint of the proposed tower is located within Parcel CB-1-MM and the remaining 26.9% (3,490 square feet) of the tower footprint is located within the Aronson Building parcel. Given the project is proposed as one economic unit, we must conclude with a land value based on the buildable unit of the total proposed project. We will then apply the concluded potential building unit value to the portion of the project that will be located within the 43-story tower. Since only 73.1% of the proposed tower footprint is located within Parcel CB-1-MM, we have multiplied the concluded land value by 73.1% to account for the pro rata share of the tower that will be situated solely on Parcel CB-1-MM.

The Mexican Museum will be located within both the proposed tower and the existing Aronson Building. 700-706 Mission Street consists of 15,460 square feet of land area; thus, the total site size is 25,238 square feet (9,778 sf Parcel CB-1-MM + 15,460 sf Aronson Building Parcel), or 0.58 acres.

The following map and table summarize the comparable data used in the valuation of Parcel CB-1-MM. A detailed description of each transaction is included in the addenda.
**DISCUSSION/ANALYSIS OF LAND SALES**

**Land Sale One**

The comparable represents the pending sale of Block 6 of Transbay Terminal project (12 blocks). The site is currently in contract at pending sale price of $30,000,000, or $62,630 per unit. Escrow is anticipated to close by the Fall of 2013 and is contingent upon approval of entitlements. The buyer is Golub Real Estate Corp. and Mercy Housing California. The site currently consists of a portion of Block and Lot 3738-004, but will be split into a three parcels totaling 42,625 square feet by the close of escrow.

The proposed development is for a 32-story residential building with an attached 6-story residential building that will include 402 market rate units, a fitness center, community room, outdoor amenity space, and retail space fronting Folsom Boulevard. The gross building area devoted to the residential uses (excluding the parking level) will be 361,983 square feet and the gross building area devoted the retail space will be 7,900 square feet. There will also be a 3-story townhouse building with 7 market rate residential units totaling 7,900 square feet. The average size of the residential units in the market rate project will be 714 square feet, which is comprised of 97 two bedroom units, 65 studio and junior one-bedroom units and 240 one bedroom and one bedroom + den units.

There will also be an 8-story building that will include 70 affordable residential units, laundry facilities, a community room, and retail space fronting Folsom Boulevard. The gross building area devoted to the residential units is 52,937 square feet and the gross building area devoted to the commercial space is 2,207 square feet. The average size of the affordable development will be approximately 562 square feet with 56 one bedroom units and 14 two bedroom units.
The project will also include the development of a parking garage to house 123 cars and a total of 10,300 square feet of shared open space. The total project will include 479 residential units and 10,107 square feet of retail space. The total gross building area is 432,412 square feet (not including the parking garage).

This comparable receives an upward adjustment for its larger (inferior) size (as measured by number of potential units). The project will consist of three buildings of 6-stories, 8-stories, and 32-stories and will feature inferior views in comparison to the subject, thus an upward height/views adjustment has been applied. The subject has received a certified EIR, pending appeals; but is not fully entitled. This comparable is in escrow contingent upon obtaining full entitlements and receives a downward entitlement adjustment. This project will feature smaller units in comparison to the subject with a higher (inferior) density; thus an upward zoning/density adjustment has been applied. It receives a downward adjustment for its superior lack of museum component. This comparable consists of a for-rent apartment project, which is inferior in comparison to the subject condominium development; thus, an upward adjustment for highest and best use has been applied. Overall, this comparable receives a net upward adjustment.

**Land Sale Two**

Transbay Block 9 is 27,000 square foot parcel that is located on Folsom Street between First and Essex Streets, anchoring the western edge of the Transbay Project Area. The project is proposed for development of a 41-story, 570 unit tower. The project will total 600,000 gross square feet and include a mix of studios, one, two and penthouse units. There will be 456 market rate units and 114 below market rate units. For now the project is proposed as a for-rent development, but could change to condos during the entitlement process. The project will also feature below ground parking, elevated gardens, and a green house. There will be 5,850 square feet of retail space on the ground floor fronting Folsom Street with a public park that connects Folsom to Clementina Street. The goal is start construction in early 2014 with occupancy in 2016.

The site is currently in contract for $43,320,000, or $76,945 per unit. The property entered escrow in February of 2013 and close of escrow is not anticipated until Spring of 2014 due to the entitlement process.

This comparable receives upward adjustment for its larger (inferior) size (as measured by number of potential units), inferior density, and downward adjustments for its superior in-place entitlements and lack of museum component. No adjustment is warranted for highest and best use, given the developer could opt for condominium units. Overall, this comparable receives a net upward adjustment.

**Land Sale Three**

This comparable represents the sale of a 0.82 acre site that is located at 55 9th Street in San Francisco, CA. The site sold in June of 2012 for $20,000,000, or $73,260 per unit. However, the
purchase was determined when the property entered escrow in June of 2011. The site is entitled for a 17-story, 273-unit multi-family residential project with approximately 3,000 square feet of retail space. The project will feature 60% 2 bedroom units and the balance will consist of studio and one bedroom units. There will be 36 affordable housing units. Project amenities include a fitness center, community room, and pet wash stations.

This comparable sold under inferior market conditions, thus an upward market conditions adjustment has been applied. This comparable has an inferior location near the Mid-Market area of San Francisco and receives an upward location adjustment. It receives upward adjustment for its larger (inferior) size (as measured by number of potential units), inferior building height/views and downward adjustments for its superior in-place entitlements and for lack of museum component. This comparable consists of a for-rent apartment project, which is inferior in comparison to the subject condominium development; thus, an upward adjustment for highest and best use has been applied. Overall, this comparable receives a net upward adjustment.

**Land Sale Four**

This comparable represents the sale of a 0.42 acre site that is located at 401 Harrison Street in San Francisco, CA. The site sold in February of 2012 for $29,750,000, or $99,498 per unit. Known as One Rincon Hill Phase II this is the companion tower to the existing 64-story, 390-unit One Rincon Hill development and is designed to achieve LEED certification. The site is entitled for a 52-story, 450 foot residential project that will contain 299-units. This comparable will be offered as rental apartments, but will have a condo map in place allowing for making units available for sale at a future date. The 299 units will include a mix of one, two and three bedroom homes, ranging from 613 junior one bedroom to 3,214 square foot three bedroom unit + den penthouses. The gross building area is reported at 485,000 square feet. Significant features in the new Phase II development include a 3,600 square foot fitness center on the plaza level and a 4,000 square foot penthouse “sky lounge” on the 49th floor.

This comparable sold under inferior market conditions, thus an upward market conditions adjustment has been applied. It receives upward adjustment for its larger (inferior) size (as measured by number of potential units), and inferior density. It receives a downward adjustment for its superior in-place entitlements, building height/views, and lack of museum component. Overall, this comparable receives a net downward adjustment.

**Land Sale Five**

This comparable represents the sale of a 0.868 acre site that is located at 355-399 Fremont Street in San Francisco, CA. The site sold in January of 2012 for $40,300,000. The site is entitled for a 400 foot tall, 452-unit multi-family residential project with 238 car parking spaces.
The entitlements can be considered for either condominiums or apartments. The project will total 361,085 net rentable square feet and include 132 studio units, 139 one bedroom units, 170 two bedroom units, and 11 three bedroom units. There will be a subterranean parking garage that will be striped for 251 parking spaces. The gross building area is reported at 597,000 square feet. The project includes 12% of the units to be designated for affordable housing. It has been reported that the buyer may pay the in-lieu fee in order to have the all units at market-rate.

This comparable sold under inferior market conditions, thus an upward market conditions adjustment has been applied. It receives upward adjustment for its larger (inferior) size (as measured by number of potential units), inferior building height/views versus the subject building height, and inferior density. It receives downward adjustments for its superior in-place entitlements and lack of museum component. Overall, this comparable receives a net upward adjustment.

**SUMMARY OF ADJUSTMENTS**

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.
**LAND SALES ADJUSTMENT GRID**

<table>
<thead>
<tr>
<th>Comparable Number</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction Type</td>
<td>Contract</td>
<td>Contract</td>
<td>Sale</td>
<td>Sale</td>
<td>Sale</td>
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<tr>
<td>Transaction Date</td>
<td>May-13</td>
<td>May-13</td>
<td>Jun-12</td>
<td>Feb-12</td>
<td>Jan-12</td>
<td>---</td>
</tr>
<tr>
<td>Proposed Use</td>
<td>479 residential units over 10,107 sf retail</td>
<td>570 residential units &amp; 5,850 sf retail</td>
<td>273 residential units</td>
<td>299 Residential Development</td>
<td>452 Residential Units</td>
<td>190 Residential Units, 52,285 sf museum &amp; 4,800 sf retail</td>
</tr>
<tr>
<td>Actual Sale Price</td>
<td>$30,000,000</td>
<td>$43,320,000</td>
<td>$20,000,000</td>
<td>$29,750,000</td>
<td>$40,300,000</td>
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<tr>
<td>Adjusted Sale Price</td>
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<td>$43,320,000</td>
<td>$20,000,000</td>
<td>$29,750,000</td>
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</tr>
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<td>Size (SF)</td>
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<td>332</td>
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<td>Price Per SF</td>
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<td>Price Per Unit</td>
<td>$62,630</td>
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<td>Property Rights Conveyed</td>
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<td>Market Conditions (Time)</td>
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<td>Subtotal</td>
<td>$62,630</td>
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<td>Project Size</td>
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<td>Frontage</td>
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</tr>
<tr>
<td>Topography</td>
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<td>Height/Views</td>
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<td>Entitlements (EIR)</td>
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<td>Museum Component</td>
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<td>Project Amenities</td>
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</tr>
<tr>
<td>Highest &amp; Best Use</td>
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<tr>
<td>Total Other Adjustments</td>
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<td>-6%</td>
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<tr>
<td>Value Indication for Subject</td>
<td>$81,419</td>
<td>$91,200</td>
<td>$101,099</td>
<td>$107,558</td>
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<tr>
<td>Range (Min-Max)</td>
<td>$81,419</td>
<td>$109,710</td>
<td>$109,710</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

1 Transaction amount adjusted for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

**CONCLUSION**

The Comparables indicate an adjusted range from $81,419 to $109,710 per buildable unit with an average of $98,197 per buildable unit. In consideration of the subject’s project size, location in the Yerba Buena submarket of San Francisco, mixed use development with 190 residential condominium units over four floors of the Mexican Museum and supporting retail space, current entitlement progress, and proposed unit density, we have concluded with a value near the middle of the range at $100,000 per buildable unit.

As previously indicated, 18 residential units will be situated within the adjacent 10-story building that is located at 700-706 Mission Street (not part of the subject). Thus, 172 residential units will be located within the proposed 43-story tower. We have concluded with a value of $17,200,000 ($100,000/unit x 172 units) for the underlying land area proposed for development of the 43-story tower.
However, only 73.1% (9,500 square feet) of the footprint of the proposed tower is located within Parcel CB-1-MM and the remaining 26.9% (3,490 square feet) of the tower footprint is located within the Aronson Building parcel, which is not part of the subject. Thus, we have multiplied the concluded land value by 73.1% to account for the pro rata share of the tower that will be situated solely on Parcel CB-1-MM. The following table presents the valuation conclusion:

<table>
<thead>
<tr>
<th>CONCLUDED LAND VALUE - PARCEL CB-1-MM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Tower Value</td>
</tr>
<tr>
<td>$17,200,000</td>
</tr>
<tr>
<td><strong>Indicated Value (Rounded):</strong></td>
</tr>
</tbody>
</table>

EXTRAORDINARY ASSUMPTIONS

- The subject is proposed for development of a mixed use project and the developer has submitted two options for development: A residential flex option and an office flex option. The number of residential units and amount of office space differs between the two options. The residential flex option is considered the primary option by the developer and the office flex option is considered the secondary option. This appraisal has been made under the extraordinary assumption that the proposed residential flex option is legally permissible to be developed on-site. If the proposed development is not considered legally permissible by the City of San Francisco Planning Commission, it may have an impact on the value conclusions herein.

- The proposed project exceeds the height and FAR requirements under the existing Downtown Retail (C-3-R) zoning district and the developer is pursuing land use amendments, including a height reclassification and rezoning to a Special Use District (SUD). This appraisal has been made under the extraordinary assumption that all amendments to the existing land use and zoning requirements will be approved by the City of San Francisco Planning Commission. If the proposed zoning amendments are rejected by the City of San Francisco Planning Commission, it may have an impact on the value conclusions herein.
LAND VALUE – DEED RESTRICTED

As previously indicated, the client has requested that we provide the restricted use value of Parcel CB-1-MM assuming a deed restriction requiring a cultural facility of not less than 35,000 square feet on the site. Parcel CB-1-MM consists of 9,778 square feet; therefore, a 35,000 square foot development indicates a FAR of 3.58.

Based on our review of market data from a variety of sources, there have been no recent land sales of sites that were to be developed for a cultural facility in City of San Francisco or surrounding markets. Given the lack of recent cultural facility land sales, we have reviewed similar density land sales in San Francisco. We have made appropriate adjustments to land sales for their differences in comparison to the subject including land-use restrictions. We have obtained older and more regional land sales of sites that were purchased by non-profit organizations to be developed with community serving facilities as additional support. The sales utilized in this analysis are considered to be the best available.

The following map and table summarize the comparable data used in the valuation of Parcel CB-1-MM as deed restricted for a 35,000 square foot cultural facility. A detailed description of each transaction is included in the addenda.
DISCUSSION/ANALYSIS OF LAND SALES

**Land Sale One**

This comparable represents the sale two contiguous parcels totaling 0.16 acres that is located at 1441 Mendell Street and 1578 Palou Avenue in San Francisco, California. This site sold in February of 2013 for $550,000, or $78.57 per square foot. The portion of the site at 1441 Mendell Street is located in NC-3 zoning district and has a maximum FAR of 3.6 to 1 and maximum building height of 55 feet. The portion of the site at 1578 Palou Avenue is located in RH-1 zoning district and has a maximum FAR of 1.8 to 1 and maximum building height of 40 feet. It is assumed that site could be developed to the NC-3 requirements since the majority of the site is situated within this area. The site was not entitled at the time of sale. The buyer intends to develop the site with a church.

This comparable receives an upward adjustment for its inferior location. The subject site is assumed to be deed restricted for development of a cultural facility. Although the buyer intends to develop this comparable with a church, the site is located in a zoning district that allows for variety of commercial and residential uses. Therefore, a downward adjustment for highest and best use has been applied. The Highest and Best Use adjustment is supported by the secondary sales and land extraction comparables as presented later in this section of the report. Overall, this comparable warrants a downward net adjustment.

**Land Sale Two**

This comparable represents the sale of a 0.11 acre site that is located at 520 9th Street in San Francisco, California. This site sold in January of 2013 for $775,000, or $162.18 per square foot.
The site is located in UMU zoning district and has a building height development of 40 feet. The site was not entitled at the time of sale. The buyer has since submitted plans for a 12-unit (all 2 bedroom units) residential project that includes 9 garage parking spaces.

This comparable receives an upward adjustment for its inferior location and an upward adjustment for its superior highest and best use. Overall, this comparable warrants a downward net adjustment.

**Land Sale Three**

This comparable represents the sale of three contiguous assessor parcels totaling 0.19 acres that are located at 5670-5698 Mission Street in San Francisco, California. This site sold in January of 2013 for $625,000, or $76.16 per square foot. The site is located in NC-2 zoning district and has a building height development of 40 feet and maximum FAR of 2.5 to 1. The site was not entitled at the time of sale. The buyer intends to hold the site for future development.

This comparable receives an upward adjustment for its inferior location. The site is located in a zoning district that allows for a maximum FAR of 2.5 to 1, while subject’s FAR would be 3.58 to 1 based on the development of a 35,000 square foot cultural facility. Therefore, this comparable receives an upward adjustment for its inferior zoning/density. It receives a downward adjustment for its superior highest and best use. Overall, this comparable warrants a downward net adjustment.

**Land Sale Four**

This property consists of a 0.25 acre site located at the southeast corner of Ocean and Brighton Avenue. The site has no entitlements. Approximately half of this site zoned NCT - Ocean Avenue Commercial Transit District with a 45 foot height limit, and half is zoned RH-2, Two-Family Residential, which allows only one and two-family homes. The buyer’s intend to pursue the construction of a mixed-use development.

This comparable sold under inferior market conditions; thus, an upward adjustment has been applied for market conditions. It receives an upward adjustment for its inferior location and a downward adjustment for its superior highest and best use. Overall, this comparable warrants a downward net adjustment.

**Land Sale Five**

This comparable represents the sale of a 0.19 acre site that is located at 2200 Market Street in San Francisco, California. This site was improved with a vacant 3,000 square foot restaurant that was in poor condition. Although the site was not entitled at the time of sale, the buyer intends to demolish the existing improvements and construct a mixed-use residential over retail project on-site. We have estimated demolition costs at $5.00 per square foot, or $15,000, which are added to the purchase price. This site sold in January of 2012 at an adjusted price of $905,000, or $112.42 per square
foot. The site is located in NCT, Upper Market zoning district and has a maximum FAR of 3.0 to 1 and a maximum building height of 65 feet.

This comparable sold under inferior market conditions; thus, an upward adjustment has been applied for market conditions. It receives an upward adjustment for its inferior location and a downward adjustment for its superior highest and best use. Overall, this comparable warrants a downward net adjustment.

**SUMMARY OF ADJUSTMENTS**

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

<table>
<thead>
<tr>
<th>LAND SALES ADJUSTMENT GRID - LOW DENSITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable Number</td>
</tr>
<tr>
<td>Transaction Type</td>
</tr>
<tr>
<td>Transaction Date</td>
</tr>
<tr>
<td>Zoning</td>
</tr>
<tr>
<td>Actual Sale Price</td>
</tr>
<tr>
<td>Adjusted Sale Price</td>
</tr>
<tr>
<td>Size (Acres)</td>
</tr>
<tr>
<td>Size (SF)</td>
</tr>
<tr>
<td>Price Per SF</td>
</tr>
<tr>
<td>Price ($ PSF)</td>
</tr>
<tr>
<td>Property Rights Conveyed</td>
</tr>
<tr>
<td>Financing Terms</td>
</tr>
<tr>
<td>Conditions of Sale</td>
</tr>
<tr>
<td>Market Conditions</td>
</tr>
<tr>
<td>Subtotal</td>
</tr>
<tr>
<td>Location</td>
</tr>
<tr>
<td>Size</td>
</tr>
<tr>
<td>Corner</td>
</tr>
<tr>
<td>Frontage</td>
</tr>
<tr>
<td>Topography</td>
</tr>
<tr>
<td>Shape</td>
</tr>
<tr>
<td>Height/Views</td>
</tr>
<tr>
<td>Entitlements (EIR)</td>
</tr>
<tr>
<td>Zoning/Density</td>
</tr>
<tr>
<td>Utilities</td>
</tr>
<tr>
<td>Highest &amp; Best Use</td>
</tr>
<tr>
<td>Total Other Adjustments</td>
</tr>
<tr>
<td>Value Indication for Subject</td>
</tr>
<tr>
<td>Range (Min-Max)</td>
</tr>
</tbody>
</table>

1 Transaction amount adjusted for cash equivalency and/or development costs (where applicable)

Compiled by CBRE
SALE PRICE PER SQUARE FOOT CONCLUSION

The Comparables indicate an adjusted value range from $70.71 to $110.90 per square foot. In consideration of the subject’s site size, location in the Yerba Buena submarket of San Francisco, and restricted use as a cultural facility, we have concluded with a value in the lower end of the range at $80.00 per square foot.

ADDITIONAL COMPARABLE SALES

As previously stated, we were unable to locate any recent similar size land sales in the San Francisco Market (excluding Sale 1) that were purchased for development of community serving facilities. However, we have obtained older and more regional land sales of sites that were purchased by non-profit organizations to be developed with community serving facilities as additional support. Little weight has been given to these comparables and these sales have been analyzed more for secondary support. The additional sale comparables are shown below.

<table>
<thead>
<tr>
<th>No.</th>
<th>Property Location</th>
<th>Transaction Type</th>
<th>Date</th>
<th>Intended Use</th>
<th>Actual Sale Price</th>
<th>Adjusted Sale Price</th>
<th>Size (Acres)</th>
<th>Size (SF)</th>
<th>Price Per SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1918 N. Broadway, Los Angeles, CA</td>
<td>Sale</td>
<td>Oct-11</td>
<td>School</td>
<td>$3,900,000</td>
<td>$3,900,000</td>
<td>1.13</td>
<td>49,223</td>
<td>$79.23</td>
</tr>
<tr>
<td>2</td>
<td>510 S. 3rd St., Renton, WA</td>
<td>Sale</td>
<td>Jun-11</td>
<td>Library</td>
<td>$525,000</td>
<td>$525,000</td>
<td>0.38</td>
<td>16,353</td>
<td>$32.10</td>
</tr>
<tr>
<td>3</td>
<td>NEC of East and North 2nd St., Dixon, CA</td>
<td>Sale</td>
<td>Oct-08</td>
<td>Library</td>
<td>$650,000</td>
<td>$650,000</td>
<td>0.38</td>
<td>16,683</td>
<td>$38.96</td>
</tr>
<tr>
<td>4</td>
<td>SEC of 129th Ave. &amp; Newcastle Way, Newcastle, WA</td>
<td>Sale</td>
<td>Apr-06</td>
<td>Library</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>1.08</td>
<td>47,045</td>
<td>$42.51</td>
</tr>
<tr>
<td>5</td>
<td>401 S. Garfield Ave, Monterey Park, CA</td>
<td>Sale</td>
<td>Nov-02</td>
<td>Library</td>
<td>$915,000</td>
<td>$915,000</td>
<td>0.69</td>
<td>30,000</td>
<td>$30.50</td>
</tr>
<tr>
<td>6</td>
<td>6557 Comstock Ave., Whittier, CA</td>
<td>Sale</td>
<td>Jul-02</td>
<td>Library</td>
<td>$860,000</td>
<td>$860,000</td>
<td>0.24</td>
<td>10,537</td>
<td>$81.62</td>
</tr>
<tr>
<td>Subject</td>
<td>Parcel CB-1-MM, San Francisco, CA</td>
<td>---</td>
<td>---</td>
<td>Cultural Facility</td>
<td>---</td>
<td>---</td>
<td>0.22</td>
<td>9,778</td>
<td>---</td>
</tr>
</tbody>
</table>

1 Transaction amount adjusted for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

The comparables range in size from 0.24 to 1.13 acres and indicate a range from $30.50 to $81.62 per square foot. The subject is located within the San Francisco Market, which is superior in comparison to all of the comparables. Overall, these comparables suggest a value in the high end of the range for the subject and lend secondary support for our concluded value by the Sales Comparison Approach.
EXTRACTION TECHNIQUE

As additional support, we have utilized the land extraction method to value. The extraction method to value is a method to estimate land in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land. The construction costs are estimated by the comparative unit method, utilizing the Marshall Valuation Service (MVS) cost guide, published by Marshall and Swift, LLC. We examined improved land sales of similar community serving properties in San Francisco and analyzed their underlying land value by utilizing the extraction method. Little weight has been given to these comparables by land extraction method and is analyzed more for secondary support. The land extraction comparables are shown below.

Sale One

<table>
<thead>
<tr>
<th>LAND EXTRACTION - COMPARABLE 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Data</strong></td>
</tr>
<tr>
<td>Address:</td>
</tr>
<tr>
<td>Project Type:</td>
</tr>
<tr>
<td>Sale Date:</td>
</tr>
<tr>
<td>Purchase Price:</td>
</tr>
<tr>
<td>Price per SF:</td>
</tr>
<tr>
<td>Site Size:</td>
</tr>
<tr>
<td>Building Size (SF):</td>
</tr>
<tr>
<td>Indicated FAR:</td>
</tr>
<tr>
<td><strong>Development Costs</strong></td>
</tr>
<tr>
<td>Estimated Construction Costs ($/SF)</td>
</tr>
<tr>
<td>Entreprenurial Profit</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Incurable Physical Deterioration</td>
</tr>
<tr>
<td><strong>Depreciated Replacement Cost</strong></td>
</tr>
<tr>
<td>Residual Land Value</td>
</tr>
<tr>
<td>Rounded</td>
</tr>
<tr>
<td>Residual Land Value ($/SF of Site)</td>
</tr>
</tbody>
</table>

Compiled by CBRE

This comparable represents the sale of a church property that is located at 1811 34th Avenue in San Francisco, California. This property consists of a 0.23 acre site that is improved with a 13,256...
square foot building. The property sold in June of 2012 at purchase price of $2,690,000. The residual land value by the extraction method indicates a unit value of $76.02 per square foot of site area. This comparable has an inferior location in comparison to the subject and indicates a value above $76.02 for the subject site.

**Sale Two**

<table>
<thead>
<tr>
<th><strong>LAND EXTRACTION - COMPARABLE 2</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Data</strong></td>
</tr>
<tr>
<td>Address:</td>
</tr>
<tr>
<td>Project Type:</td>
</tr>
<tr>
<td>Sale Date:</td>
</tr>
<tr>
<td>Purchase Price</td>
</tr>
<tr>
<td>Price per SF</td>
</tr>
<tr>
<td>Site Size:</td>
</tr>
<tr>
<td>Building Size (SF)</td>
</tr>
<tr>
<td>Indicated FAR:</td>
</tr>
<tr>
<td><strong>Development Costs</strong></td>
</tr>
<tr>
<td>Estimated Construction Costs ($/SF)</td>
</tr>
<tr>
<td>Entreprenural Profit</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Incurable Physical Deterioration</td>
</tr>
<tr>
<td>$1,378,566</td>
</tr>
<tr>
<td>Depreciated Replacement Cost</td>
</tr>
<tr>
<td>Residual Land Value</td>
</tr>
<tr>
<td>Rounded</td>
</tr>
<tr>
<td>Residual Land Value ($/SF of Site)</td>
</tr>
</tbody>
</table>

Compiled by CBRE

This comparable represents the sale of a church property that is located at 651 Dolores Street in San Francisco, California. This property consists of a 0.34 acre site that is improved with a 9,462 square foot building. The property sold in October of 2011 at purchase price of $2,300,000. The residual land value by the extraction method indicates a unit value of $62.08 per square foot of site area. This comparable has an inferior location in comparison to the subject and indicates a value above $62.08 for the subject site.
**Sale Three**

**LAND EXTRACTION - COMPARABLE 3**

<table>
<thead>
<tr>
<th>Project Data</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td>480 Teresita Blvd., San Francisco, CA</td>
</tr>
<tr>
<td>Project Type:</td>
<td>Church</td>
</tr>
<tr>
<td>Sale Date</td>
<td>July 19, 2011</td>
</tr>
<tr>
<td>Purchase Price</td>
<td>$2,520,000</td>
</tr>
<tr>
<td>Price per SF</td>
<td>$214.74</td>
</tr>
</tbody>
</table>

| Site Size: | 11,735 SF | 0.27 Acs. |
| Building Size (SF) | 11,735 SF |
| Indicated FAR | 1.00 |

**Development Costs**

| Estimated Construction Costs ($/SF) | $264.90 |
| Entrepreneurial Profit | 10.0% |
| Total | $ 291.39 | $ 3,419,462 |
| Incurable Physical Deterioration | 50% | $ 1,709,731 |

**Depreciated Replacement Cost**

| $ 1,709,731 |

**Residual Land Value**

| $ 810,269 |
| Rounded | $810,000 |
| Residual Land Value ($/SF of Site) | $69.02 |

Compiled by CBRE

This comparable represents the sale of a church property that is located at 480 Teresita Boulevard in San Francisco, California. This property consists of a 0.27 acre site that is improved with a 11,735 square foot building. This property sold in July of 2011 at purchase price of $2,520,000. The residual land value by the extraction method indicates a unit value of $69.02 per square foot of site area. This comparable has an inferior location in comparison to the subject and indicates a value above $69.02 for the subject site.

**CONCLUSION – LAND EXTRACTION METHOD**

The comparables range in size from 0.23 to 0.34 acres and indicate a range from $62.08 to $76.02 per square foot of site area based on the land extraction method. Overall, these comparables have inferior, less centralized location in comparison to the subject and suggest a value in the high end of the range for the subject. This lends secondary support to our concluded value by the Sales Comparison Approach.
OVERALL CONCLUSION

The following table presents the valuation conclusion:

<table>
<thead>
<tr>
<th>PARCEL CB-1-MM LAND VALUE - DEED RESTRICTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ PSF</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>$80.00</td>
</tr>
</tbody>
</table>

Indicated Value (Rounded): $780,000

Compiled by CBRE

EXTRAORDINARY ASSUMPTIONS

- The Restricted Use Value of the Fee Simple Estate of Parcel CB-1-MM is based on the extraordinary assumption that there is a deed restriction requiring a cultural facility of not less than 35,000 square feet on the site. If the site is not deed restricted or if a larger cultural facility is approved for development, it may have an impact on the value conclusions herein.
JESSIE SQUARE

Jessie square is located on the north side of Mission Street and is bounded by St. Patrick’s Church to the west, the Jewish Museum to the north, and Parcel CB-1-MM to the east. Jessie Square consists of 38,000 square feet and is generally rectangular shaped. Jessie Square is a public plaza that is improved with asphalt paving, landscaping, and numerous park benches. Landscaping consists of trees, bushes, grass, and planter boxes with flowers. There is a water feature located near the northeastern portion of Jessie Square, which is served by water filtration and pumps located below grade in the Jessie Square Garage.

Jessie Square is deed restricted as publically accessible open space. Publically accessible open space is intended to serve the general public in providing an amenity to the community and has intrinsic value to surrounding uses and the community. Publically accessible open space typically does not generate any income and rarely transfers. Our research indicates that if a charge is imposed upon transfer of public open space, the transfer fee is typically at a nominal token sum of $1 to $10. There are limited potential buyers for public open space and primarily consist of government agencies or surrounding land owners. Given the assumed deed restriction, it is likely that a surrounding land owner would not be interested in the acquisition of the site due the maintenance costs and lack of potential income.

Based on the limited development potential resulting from the deed restriction and considering the limited income potential and maintenance costs associated with publically accessible open space, we have concluded that Jessie Square has no monetary value.

ALICE STREET GARDENS

As further analysis we have reviewed the sale of the Alice Street Gardens. The Alice Street Gardens is a community garden that is located on the north side of Lapu-Lapu Street in the Yerba Buena submarket of San Francisco. The site was restricted for open space and was transferred from the San Francisco Redevelopment agency to the adjacent land owner (Tenants & Owners Development Company) in December of 2010 at no consideration. This transfer lends secondary support to our conclusion that that Jessie Square has no monetary value.

Based on the foregoing, the market value of the subject has been concluded as follows:

<table>
<thead>
<tr>
<th>MARKET VALUE CONCLUSION - JESSIE SQUARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal Premise</td>
</tr>
<tr>
<td>As Is</td>
</tr>
</tbody>
</table>

Compiled by CBRE

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HYPOTHETICAL CONDITIONS

- At the client’s request we have provided the Restricted Use Value of the Fee Simple Estate of Jessie Square based on the hypothetical condition that the site is deed restricted to be utilized as publically accessible open space.
ASSUMPTIONS AND LIMITING CONDITIONS

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE, Inc. is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, Inc., however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject’s title should be sought from a qualified title company that issues or insures title to real property.

2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. CBRE, Inc. professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE, Inc. has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of CBRE, Inc. by ownership or management; CBRE, Inc. inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE, Inc. was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, CBRE, Inc. reserves the right to amend the appraisal conclusions reported herein.

3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. CBRE, Inc. has no knowledge of the existence of such materials on or in the property. CBRE, Inc., however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to CBRE, Inc. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.

5. It is assumed that all factual data furnished by the client, property owner, owner’s representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE, Inc. has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor’s Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE, Inc. reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should
carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE, Inc. of any questions or errors.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, CBRE, Inc. will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.

7. CBRE, Inc. assumes no private deed restrictions, limiting the use of the subject in any way.

8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.

9. CBRE, Inc. is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.

10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.

11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE, Inc. does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE, Inc.

12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE, Inc. to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.

13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.

14. This study may not be duplicated in whole or in part without the specific written consent of CBRE, Inc. nor may this report or copies hereof be transmitted to third parties without said consent, which consent CBRE, Inc. reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE, Inc. which consent CBRE, Inc. reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a “sale” or “offer for sale” of any “security”, as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. CBRE, Inc. shall have no accountability or responsibility to any such third party.

15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.

16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.

17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to CBRE, Inc. unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. CBRE, Inc. assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor CBRE, Inc. assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.

20. CBRE, Inc. assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient or super-efficient.

21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.

22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.

23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, CBRE, Inc. has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since CBRE, Inc. has no specific information relating to this issue, nor is CBRE, Inc. qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.

24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client approximately result in damage to Appraiser. Notwithstanding the foregoing, Appraiser shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by Appraiser. Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client’s failure or the failure of any of the Client’s agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.

25. As part of the client’s requested scope of work, an estimate of insurable value is provided herein. CBRE, Inc. has followed traditional appraisal standards to develop a reasonable calculation based upon industry practices and industry accepted publications such as the Marshal Valuation Service handbook. The methodology employed is a derivation of the cost approach which is primarily used as an academic exercise to help support the market value estimate and therefore is not reliable for Insurable Value estimates. Actual construction costs and related estimates can vary greatly from this estimate.

This analysis should not be relied upon to determine proper insurance coverage which can only be properly estimated by consultants considered experts in cost estimation and insurance underwriting. It is provided to aid the client/reader/user as part of their overall decision making process and no representations or warranties are made by CBRE, Inc. regarding the accuracy of this estimate and it is strongly recommend that other sources be utilized to develop any estimate of insurable value.
ADDENDUM A

PARKING GARAGE SALE DATA SHEETS
Parking Garage

Location Data
Location: 300 3rd Street
San Francisco, CA  94107
County: San Francisco
Parcel No: 3751-175

Physical Data
Type: Parking Structure
Land Area: 0.414 Acres
Gross Building Area: N/A
No. of Units: 353
Year Built: 1990
Stories: 3
Parking: Garage
Condition: Average
Exterior Walls: Concrete

Sales Data
Transaction Type: Sale
Date: 2/2012
Marketing Time: 2 Months
Grantor: Nason Family Trust
Grantee: UGP-Museum Parc
Document No.: 200099
Sale Price: $12,750,000
Financing: Market Terms
Cash Eq. Price: $12,750,000
Req. Capital Cost: 
Adj. Sale Price: $12,750,000

Occupancy / Lease Data
Source: Broker
Occupancy at Sale: 100.00%
Based On: Existing Income
Potential Gross Inc:
Vacancy & Credit Loss:
Effective Gross Inc:
Net Operating Inc: $701,250

Analysis
Underwriting Criteria:
Overall Cap Rate (OAR): 5.50%
Projected IRR:
Eff Gross Inc Mult (EGIM):
Op Exp Ratio (OER):
Price Per SF:
Price Per Unit: $36,119

Comments
This Comparable represents the sale of a 3-level, subterranean parking garage condominium. The parking garage unit is located within a larger 233-unit residential condominium development. The broker reported that the garage sold with an in-place NOI of $701,250, indicating a capitalization rate of 5.50%. The broker noted that the capitalization rate was a little high due to management issues that included missing historical revenue and expense information.
SPECIAL SALE No. 2

490 Post Garage

Location Data
Location: 490 Post Street
San Francisco, CA
County: San Francisco
Parcel No: 0296-015

Physical Data
Type: Parking Structure
Land Area: 0.000 Acres
Gross Building Area: 47,644 SF
Unit of Measure: Unit
No. of Units: 180
Year Built: 1925
Stories: 4
Parking: Condition: Average
Exterior Walls: Concrete

Sales Data
Transaction Type: Sale
Date: 6/2011
Marketing Time: NA
Grantor: 33 Grant, LLC
Grantee: 490 Tanzanite, LLC
Document No.: 11/200803
Sale Price: $8,100,000
Financing: Not Available
Cash Eq. Price: $8,100,000
Req. Capital Cost: $0
Adj. Sale Price: $8,100,000
Verification: Third Party Sources

Occupancy / Lease Data
Source: Broker
Occupancy at Sale: Based On: Existing Income
Potential Gross Inc: Total $0 Per SF $0.00
Vacancy & Credit Loss: $0 $0.00
Effective Gross Inc: $0 $0.00
Expenses & Reserves: $0 $0.00
Net Operating Inc: $498,619 $10.47

Analysis
Underwriting Criteria: Other
Overall Cap Rate (OAR): 6.16%
Projected IRR: 0.00%
Eff Gross Inc Mult (EGIM): 0.00
Op Exp Ratio (OER): 0.00%
Price Per SF: $170.01
Price Per Unit: $45,000

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Comments
This property is currently owned by 33 Grant, LLC, who purchased the property in January 2008 for $6,800,000. This sale was recorded via Document No. 518387 of the San Francisco County Records. The property was recently listed approximately two months ago without a specific asking price.
The property is the parking garage contained within the 490 Post Street medical office building, which is a 130-unit commercial condominium project. It is a 180-space parking garage condominium located on four floors, from the Basement Level through the 3rd Floor, with a building area of 42,539 square feet. The 490 Post Street building in which it is located is a 120,540-rentable-square-foot 17-story urban medical office building built in 1925, situated on a 0.434-acre site in the Union Square neighborhood within the City and County of San Francisco, that includes some ground-level retail space. The garage is leased to Propark with almost 7 years remaining on the lease term.
SPECIAL SALE No. 3

1160 Mission Parking Garage (Per unit)

Location Data

Location: 1160 Mission Street
San Francisco, CA  94103

County: San Francisco
Parcel No: 3702-060

Physical Data

Type: Parking Structure
Land Area: 0.000 Acres
Gross Building Area: 164,000 SF
Unit of Measure: Unit
No. of Units: 364
Year Built: 2008

Sales Data

Transaction Type: Sale
Date: 12/2010
Marketing Time: 3 Months
Grantor: 1160 Mission Associates, LLC
Grantee: Mission 1160 GSM LLC
Document No.: 10/103533
Sale Price: $7,500,000
Financing: Not Available
Cash Eq. Price: $7,500,000
Req. Capital Cost: $0
Adj. Sale Price: $7,500,000
Verification: CoStar, Broker

Occupancy / Lease Data

Source:
Occupancy at Sale:
Based On: N/A

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<td>Effective Gross Inc:</td>
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<td>Net Operating Inc:</td>
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Analysis

Underwriting Criteria: Other
Overall Cap Rate (OAR): 5.75%
Projected IRR: 0.00%
Eff Gross Inc Mult (EGIM): 0.00
Op Exp Ratio (OER): 0.00%
Price Per SF: $45.73
Price Per Unit: $20,604

Comments

This is the parking portion of the SOMA Grand condos. Approximately 30% of the users are owners in the condominium complex, who pay only about $100 per month, about 20% are monthly renters at approximately $200 per month, and the remainder of the spaces are leased to transient parkers. The hourly rate is $1/hr. The buyer can reportedly add stackers and increase parking to approximately 500 spaces. The seller was reportedly motivated because they had a tax liability to pay off and also did not want to be parking lot operators. This property was sold to a parking lot operator.
SPECIAL SALE No. 4

1000 Van Ness Avenue Parking Garage (TC)

Location Data

Location: 1000 Van Ness Avenue
San Francisco, CA  94109

County: San Francisco
Parcel No: 0715-015

Physical Data

Type: Parking Structure
Land Area: 1.058 Acres
Gross Building Area: 136,400 SF
Unit of Measure: Unit
No. of Units: 400
Year Built: 1998
Stories: 8
Parking: Garage
Condition: Average
Exterior Walls: Masonry

Sales Data

Transaction Type: Sale
Date: 1/2010
Marketing Time: NA
Grantor: Next Van Ness Garage LLC
Grantee: 1000 VN Garage LLC
Document No.: OI89900695
Sale Price: $10,800,000
Financing: Cash to Seller
Cash Eq. Price: $10,800,000
Req. Capital Cost: $0
Adj. Sale Price: $10,800,000
Verification: Buyer

Occupancy / Lease Data

Source: Occupancy at Sale: N/A
Based On: N/A

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Analysis

Underwriting Criteria: Direct Cap
Overall Cap Rate (OAR): 5.20%
Projected IRR: 0.00%
Eff Gross Inc Mult (EGIM): 0.00
Op Exp Ratio (OER): 0.00%
Price Per SF: $79.18
Price Per Unit: $27,000
Comments
The comparable represents the sale of parking garage condominium that is located within the 1000 Van Ness retail building, which is a mixed-use building that contains an AMC movie theater, a Studio Mix health club, 53 residential condominium units, and additional retail tenants. The parking garage is a 400-space parking garage condominium located on eight floors, which are comprised of the ground level, a mezzanine level, and six subterranean levels, with a net building area of 154,056 square feet. The building was constructed in 1998 and is situated on a 0.48-acre site in Van Ness Corridor area within the City and County of San Francisco. Of the subject’s 400 spaces, 190 were leased to the FBI at a monthly rent of $165 per space and 210 spaces were available for transient and monthly tenants. Monthly parking rents at the time of sale were roughly $180 per space.

It has been reported that the seller was not an experienced parking garage operator and did not maximize the revenue of the parking garage. The buyer is an experienced parking garage operator and has added significant value through obtaining additional income sources and maximizing the efficiency of the garage since obtaining ownership.
## SPECIAL SALE No. 5

### Parking Garage

#### Location Data

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#### Sales Data

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#### Occupancy / Lease Data

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#### Analysis

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#### Comments

This Comparable represents the listing of a 2-story, free standing parking garage that is located at 550 O’Farrell Street in San Francisco. The parking garage consists of 36,172 square feet and contains 119 parking spaces. The garage is currently mastered leased with a remaining lease term of 4 years. The tenant also has 3, 5-year renewal options. The listing broker reported that the in-place NOI is $362,500. The listing broker further indicated that the property has been on the market for approximately 6 months and has generated good interest.
ADDENDUM B

MULTI-FAMILY LAND SALE DATA SHEETS
## LAND SALE No. 1

### Transbay Terminal Site Block 6

#### Location Data

- **Location:** East side of Folsom between Beale & Fremont  
  San Francisco, CA 94105
- **County:** San Francisco
- **Parcel No:** 3738-004 (Portion)

#### Physical Data

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#### Analysis

- **Use At Sale:** Parking lot
- **Proposed Use or Dev.:** 479 residential units over 10,107 sf retail
- **Price Per Acre:** $30,659,172
- **Price Per SF of Land:** $703.81
- **Price Per Unit:** $62,630

#### Financial Data

- **Transaction Type:** Contract
- **Date:** 5/2013
- **Marketing Time:** NA
- **Grantor:** Transbay Joint Powers
- **Grantee:** Golub Real Estate & Mercy Housing
- **Document No.:** 
- **Sale Price:** $30,000,000
- **Financing:** Market Terms
- **Cash Eq.Price:** $30,000,000
- **Onsite/Offsite Costs:** 
- **Adj. Sale Price:** $30,000,000
- **Verification:** Seller’s Representative
LAND SALE No. 1

Comments

The comparable represents the pending sale of Block 6 of Transbay Terminal project (12 blocks). The site is currently in contract at a pending sale price of $30,000,000, or $62,630 per unit. Escrow is anticipated to close by the Fall of 2013. The buyer is Golub Real Estate Corp. and Mercy Housing California. The site currently consists of a portion of Block and Lot 3738-004, but will be split into a three parcels totaling 42,625 square feet by the close of escrow.

The proposed development is for a 32-story residential building with an attached 6-story residential building that will include 402 market rate units, a fitness center, community room, outdoor amenity space, and retail space fronting Folsom Boulevard. The gross building area devoted to the residential uses (excluding the parking level) will be 361,983 square feet and the gross building area devoted to the retail space will be 7,900 square feet. There will also be a 3-story townhouse building with 7 market rate residential units totaling 7,900 square feet. The average size of the residential units in the market rate project will be 714 square feet, which is comprised of 97 two bedroom units, 65 studio and junior one-bedroom units and 240 one bedroom and one bedroom + den units.

There will also be an 8-story building that will include 70 affordable residential units, laundry facilities, a community room, and retail space fronting Folsom Boulevard. The gross building area devoted to the residential units is 52,937 square feet and the gross building area devoted to the commercial space is 2,207 square feet. The average size of the affordable development will be approximately 562 square feet with 56 one bedroom units and 14 two bedroom units.

The project will also include the development of a parking garage to can house 123 cars and a total of 10,300 square feet of shared open space. The total project will include 479 residential units and 10,107 square feet of retail space. The close of escrow is contingent upon approval of entitlements.
Transbay Block 9

Location Data
Location: NWC of Folsom & Ecker
San Francisco, CA  94105
County: San Francisco
Parcel No: 3736-120

Physical Data
Type: Multi-Family
Land Area:
  Gross 0.620 0.620
  Square Feet 27,000 27,000
Topography: Generally Level
Shape: Irregular
Utilities: At Street
Zoning: TB DTR
Allowable Bldg Area: 600,000 SF
Floor Area Ratio: 22.22
No. of units: 570
Max FAR: NA

Analysis
Use At Sale: Vacant
Proposed Use or Dev. 570 residential units & 5,850 sf retail
Price Per Acre: $69,893,514
Price Per SF of Land: $1,604.44
Price Per Unit: $76,000
Price Per SF of Bldg: $72.20

Financial Data
Transaction Type: Contract
Date: 5/2013
Marketing Time: NA
Grantor: State of CA
Grantee: Avant and Essex
Document No.: 
Sale Price: $43,320,000
Financing: Market Terms
Cash Eq.Price: $43,320,000
Onsite/Offsite Costs:
Adj. Sale Price: $43,320,000
Verification: Seller’s representative

Comments
Transbay Block 9 is 27,000 square foot parcel that is located on Folsom Street between First and Essex Streets, anchoring the western edge of the Transbay Project Area. The project is proposed for development of a 41-story, 570 unit tower. The project will total 600,000 square feet and include a mix of studios, one, two and penthouse units. There will be 456 market rate units and 114 below market rate unit. For now the project is proposed as a for-rent development, but could change to condos during the entitlement process. The project will also feature below ground parking, elevated gardens, and a green house. There will 5,850 square feet of retail space on the ground floor fronting Folsom Street with a public park that connects Folsom to Clementina Street. The goal is start construction in early 2014 with occupancy in 2016. The site is currently in contract for $43,320,000, or $76,945 per unit. The property entered escrow in February of 2013 and close of escrow is not anticipated until Spring of 2014 due to the entitlement process.
LAND SALE No. 3

55 9th St.

Location Data
Location: 55 9th St.
San Francisco, CA  94103
County: San Francisco
Parcel No: 3701-066

Physical Data
Type: Multi-Family

<table>
<thead>
<tr>
<th>Land Area:</th>
<th>Gross</th>
<th>Usable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acres:</td>
<td>0.822</td>
<td>0.822</td>
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<tr>
<td>Square Feet:</td>
<td>35,802</td>
<td>35,802</td>
</tr>
</tbody>
</table>

Topography: Level, At Street Grade
Shape: Rectangular
Utilities: All to site
Zoning: C3G, Downtown General

Analysis

| No. of units: | 273 |
| Max FAR:      | 332.00 |
| Frontage:     | 9th St. - 175; |

Use At Sale: Vacant
Proposed Use or Dev. 273 residential

Price Per Acre: $24,333,861
Price Per SF of Land: $558.63
Price Per Unit: $73,260
Price Per SF of Bldg:

Financial Data
Transaction Type: Sale
Date: 6/2012
Marketing Time: NA
Grantor: Macquarie 55 Ninth St., LLC
Grantee: AvalonBay Communities, Inc.

| Document No.: | 12-424775 |
| Sale Price:   | $20,000,000 |
| Financing:    | Cash to Seller |
| Cash Eq.Price: | $20,000,000 |

Onsite/Offsite Costs:
Adj. Sale Price: $20,000,000
Verification: Public Records, Third Party

Comments

This comparable represents the sale of a 0.82 acre site that is located at 55 9th Street in San Francisco, CA. The site sold in June of 2012 for $20,000,000, or $73,260 per unit. However, the purchase was determined when the property entered escrow in June of 2011. The site is entitled for a 17-story, 273-unit multi-family residential project with approximately 3,000 square feet of retail space. The project will feature 60% 2 bedroom units and the balance will consist of studio and one bedroom units. There will be 36 affordable housing units. Project amenities include a fitness center, community room, and pet wash stations.

Reportedly, the project will cost $125,000,000. The residential density equates to 332 units per acre.
LAND SALE No. 4

One Rincon Hill Phase II

Location Data
Location: 401 Harrison St.
San Francisco, CA 94105
County: San Francisco
Parcel No: 3765-022

Physical Data
Type: Multi-Family
Land Area: Gross
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Square Feet: 18,273
Topography: Hilly
Shape: Irregular
Utilities: At Site
Zoning: RH DTR
Allowable Bldg Area: 485,000 SF
Floor Area Ratio: 26.54
No. of units: 299
Max FAR: NA

Analysis
Use At Sale: Vacant
Proposed Use or Dev: 299 Residential Development
Price Per Acre: $70,917,759
Price Per SF of Land: $1,628.09
Price Per Unit: $99,498
Price Per SF of Bldg: $61.34

Financial Data
Transaction Type: Sale
Date: 2/2012
Marketing Time: NA
Grantor: One Rincon Hill Phase II
Grantee: 401 Harrison Investors LLC
Document No.: 300764
Sale Price: $29,750,000
Financing: Market Terms
Cash Eq.Price: $29,750,000
Onsite/Offsite Costs:
Adj. Sale Price: $29,750,000
Verification: Broker

Comments
This comparable represents the sale of a 0.42 acre site that is located at 401 Harrison Street in San Francisco, CA. Known as One Rincon Hill Phase II this is the companion tower to the existing 64-story, 390-unit One Rincon Hill development and is designed to achieve LEED certification.

The site is entitled for a 52-story, 450 foot residential project that will contain 299-units. This comparable will be offered as rental apartments, but will have a condo map in place allowing for making units available for sale at a future date. The 299 units will include a mix of one, two and three bedroom homes, ranging from 613 junior one bedroom to 3,214 square foot three bedroom unit + den penthouses. The gross building area is reported at 485,000 square feet. Significant features in the new Phase II development include a 3,600 square foot fitness center on the plaza level and a 4,000 square foot penthouse “sky lounge” on the 49th floor.

Following this transaction the purchaser paid a fee of $13,500,000 to San Francisco County in lieu of any affordable housing obligations.
LAND SALE No. 5

355-399 Fremont Street

Location Data

Location: 355-399 Fremont
San Francisco, CA 94105

County: San Francisco
Parcel No: 3747-006, -001E, -002

Physical Data

Type: Multi-Family

Land Area:

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Topography: Moderate Slope
Shape: Rectangular
Utilities: All available
Zoning: RH DTR, High Density Res/Mixed Us

Allowable Bldg Area: 597,000 SF
Floor Area Ratio: 15.77
No. of units: 452
Max FAR: 0.00
Frontage: Fremont St. - 275 Ft. - ; Harrison St. - 137 Ft. - ;

Analysis

Use At Sale: Vacant (former buildings had been demo'd)
Proposed Use or Dev: 452 Apartment units

Price Per Acre: $46,428,571
Price Per SF of Land: $1,065.85
Price Per Unit: $89,159
Price Per SF of Bldg: $67.50

Financial Data

Transaction Type: Sale
Date: 1/2012
Marketing Time: NA
Grantor: Fifield Companies
Grantee: UDR Inc
Document No.: K568-17
Sale Price: $40,300,000
Financing: Cash to Seller
Cash Eq.Price: $40,300,000
Onsite/Offsite Costs: $0
Adj. Sale Price: $40,300,000
Verification: Buyer

Comments

This comparable represents the sale of a 0.868 acre site that is located at 355-399 Fremont Street in San Francisco, CA. The site sold in January of 2012 for $40,300,000. The site is entitled for a 400 foot tall, 452-unit multi-family residential project with 238 car parking spaces.

We understand that the entitlement can be considered for either condominiums or apartments. The gross building area is reported at 597,000 square feet.

UDR, Inc's proposed masterplan will total 361,085 net square feet and include 132 studio units, 139 one bedroom units, 170 two bedroom units, and 11 three bedroom units. The project is required to have 12% of the units designated for affordable housing. It has been reported that the buyer will likely pay an in-lieu fee to have all units at market-rate; but has not yet paid the fee.
ADDENDUM C

LOW DENSITY LAND SALE DATA SHEETS
LAND SALE No. 1

Land
Location Data
Location: 1441 Mendell St. & 1578 Palou
San Francisco, CA  94124
County: San Francisco
Parcel No: 5323-014 & 012A

Physical Data
Type: Other
Land Area:
- Acres: 0.161 0.161
- Square Feet: 7,000 7,000
Topography: Generally Level
Shape: Irregular
Utilities: At Street
Zoning: NC-3 & RH-1

Analysis
Use At Sale: Vacant
Proposed Use or Dev. None
Price Per Acre: $3,422,526
Price Per SF of Land: $78.57

Financial Data
Transaction Type: Sale
Date: 2/2013
Marketing Time: 3 Months
Grantor: San Francisco Housing Development
Grantee: Monte Sinai
Document No.: 200142
Sale Price: $550,000
Financing: All Cash
Cash Eq.Price: $550,000
Onsite/Offsite Costs: $550,000
Adj. Sale Price: $550,000
Verification: Listing Broker: Sam Stapleton @ Coldwell Banker. 650-343-5729

Comments
This comparable represents the sale two contiguous parcels totaling 0.16 acres that is located at 1441 Mendell Street and 1578 Palou Avenue in San Francisco, California. This site sold in February of 2013 for $550,000, or $78.57 per square foot. The portion of the site at 1441 Mendell Street is located in NC-3 zoning district and has a maximum FAR of 3.6 to 1 and maximum building height of 55 feet. The portion of the site at 1578 Palou Avenue is located in RH-1 zoning district and has a maximum FAR of 1.8 to 1 and maximum building height of 40 feet. The site was not entitled at the time of sale. The buyer intends to develop the site with a church.
**LAND SALE No. 2**

### Land

#### Location Data
- **Location:** 520 9th St.
  San Francisco, CA 94103
- **County:** San Francisco
- **Parcel No.:** 3526-005
- **Atlas Ref.:**

#### Physical Data
- **Type:** Mixed-Use
- **Land Area:**
  - Acres: 0.110
  - Square Feet: 4,778
- **Topography:** Generally Level
- **Shape:** Irregular
- **Utilities:** At Street
- **Zoning:** UMU, Urban Mixed Use
- **Floor Area Ratio:**
  - No. of units: 12
  - Max FAR: 4.00

### Financial Data
- **Transaction Type:** Sale
- **Date:** 1/2013
- **Marketing Time:** 4 Months
- **Grantor:** Levin M Living Trust
- **Grantee:** 520 9th Street LLC
- **Document No.:** 500291
- **Sale Price:** $775,000
- **Financing:** Market Terms
- **Cash Eq.Price:** $775,000
- **Onsite/Offsite Costs:**
- **Adj. Sale Price:** $775,000
- **Verification:** Marketing Package, Grant Deed

### Analysis
- **Use At Sale:** Vacant
- **Proposed Use or Dev.:**
  - **Price Per Acre:** $7,064,722
  - **Price Per SF of Land:** $162.20
  - **Price Per Unit:** $64,583
  - **Price Per SF of Bldg:**

### Comments
This comparable represents the sale of a 0.11 acre site that is located at 520 9th Street in San Francisco, California. This site sold in January of 2013 for $775,000, or $162.18 per square foot. The site is located in UMU zoning district and has a building height development of 40 feet. The site was not entitled at the time of sale. The buyer has since submitted plans for a 12-unit (all 2 bedroom units) residential project that includes 9 garage parking spaces.
LAND SALE No. 3

Land

Location Data
Location: 5670-5698 Mission St.
San Francisco, CA 94112
County: San Francisco
Parcel No: 7009-009, 010, & 011

Physical Data
Type: Mixed-Use
Land Area:
- Acres: 0.188
- Square Feet: 8,205

Topography: Generally Level
Shape: Irregular
Utilities: At Street
Zoning: NC-2

Analysis
Use At Sale: Vacant
Proposed Use or Dev.: Hold for future development

Price Per Acre: $3,317,410
Price Per SF of Land: $76.17
Price Per Unit: $62,500

Financial Data
Transaction Type: Sale
Date: 1/2013
Marketing Time: 2 Months
Grantor: Giusto Lois Trust
Grantee: Ellington Partners LLC
Document No.: 300697
Sale Price: $625,000
Financing: Market Terms
Cash Eq.Price: $625,000
Onsite/Offsite Costs: $625,000
Adj. Sale Price: $625,000
Verification: Marketing Package/Grant Deed

Comments
This comparable represents the sale of three contiguous assessor parcels totaling 0.19 acres that are located at 5670-5698 Mission Street in San Francisco, California. This site sold in January of 2013 for $625,000, or $76.16 per square foot. The site is located in NC-2 zoning district and has a building height development of 40 feet and maximum FAR of 2.5 to 1. The site was not entitled at the time of sale. The buyer intends to hold the site for future development. Based on the zoning regulations 10 residential units with ground floor supporting commercial could be developed on-site.
LAND SALE No. 4

270 Brighton Ave.

Location Data

Location: 270 Brighton Ave.
San Francisco, CA  94112
County: San Francisco
Parcel No: 6944-044

Physical Data

Type: Retail/Commercial
Land Area:

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<td>10,890</td>
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</table>

Topography:
Utilities: at Site
Zoning: NCT- Ocean Ave/ RH-2
Allowable Bldg Area: 0 SF
Floor Area Ratio: 0.00
No. of units: 0
Max FAR: 0.00
Frontage: Brighton Ave - 154' - ; Ocean Ave - 78' - ;

Analysis

Use At Sale: Vacant
Proposed Use or Dev. N/A
Price Per Acre: $6,700,000
Price Per SF of Land: $153.81
Price Per Unit:
Price Per SF of Bldg:

Financial Data

Transaction Type: Sale
Date: 10/2012
Marketing Time: 15 Months
Grantor: Khursheed Husain
Grantee: SST Investments, LLC
Document No.: 12-584223
Sale Price: $1,675,000
Financing: Cash to Seller
Cash Eq.Price: $1,675,000
Onsite/Offsite Costs: $0
Adj. Sale Price: $1,675,000
Verification: Broker

Comments

This property consists of a 0.25 acre site located at the southeast corner of Ocean and Brighton Avenue. The site has no entitlements. Approximately half of this site zoned NCT - Ocean Avenue Commercial Transit District with a 45 foot height limit, and half is zoned RH-2, Two-Family Residential, which allows only one and two-family homes. This property has been on the market for over year. The buyer's intend to pursue the construction of a mixed-use development.
LAND SALE No. 5

Land
Location Data
Location: 2200 Market St.
San Francisco, CA 94114
County: San Francisco
Parcel No: 3560-001

Physical Data
Type: Mixed-Use
Land Area:
Gross: 0.185
Usable: 0.185
Acres: 8,050
Square Feet: 8,050
Topography: Generally Level
Shape: Triangular
Utilities: At Site
Zoning: NCT - Upper Market

Analysis
Use At Sale: 3,000 sq restaurant
Proposed Use or Dev: None
Price Per Acre: $4,897,186
Price Per SF of Land: $112.42
Price Per Unit: 
Price Per SF of Bldg: 

Financial Data
Transaction Type: Sale
Date: 1/2012
Marketing Time: NA
Grantor: Leticia Luna
Grantee: 2200 Market Street LLC
Document No.: 600079
Sale Price: $890,000
Financing: Market Terms
Cash Eq.Price: $890,000
Onsite/Offsite Costs: $15,000
Adj. Sale Price: $905,000
Verification: Public Records/Grant Deed

Comments
This comparable represents the sale of a 0.19 acre site that is located at 2200 Market Street in San Francisco, California. This site was improved with a vacant 3,000 square foot restaurant that was in poor condition. Although the site was not entitled at the time of sale, the buyer intends to demolish the existing improvements and construct a mixed-use residential over retail project on-site. We have estimated demolition costs at $5.00 per square foot, or $15,000, which are added to the purchase price. This site sold in January of 2012 at an adjusted price of $905,000, or $112.42 per square foot. The site is located in NCT, Upper Market zoning district and has a maximum FAR of 3.0 to 1 and a maximum building height of 65 feet.
ADDENDUM D

PARKING GARAGE OPERATING DATA
### GROSS REVENUE:

<table>
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<tr>
<th></th>
<th>Jul-10</th>
<th>Aug-10</th>
<th>Sep-10</th>
<th>Oct-10</th>
<th>Nov-10</th>
<th>Dec-10</th>
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</thead>
<tbody>
<tr>
<td><strong>Taxable</strong></td>
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<tr>
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<td><strong>Total Taxable Revenue</strong></td>
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<td><strong>122,823</strong></td>
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<td><strong>98,258</strong></td>
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<td><strong>875</strong></td>
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### Operating Expenses

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<th>Oct-10</th>
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<td>Payroll Taxes billed</td>
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<td>1,077</td>
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<td><strong>Total Operating Expenses</strong></td>
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<td><strong>49,388</strong></td>
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<td><strong>Net Operating Income</strong></td>
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<td><strong>103,962</strong></td>
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$92,210 $108,490 $109,121

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ADDENDUM E

ENVIRONMENTAL IMPACT REPORT
II. PROJECT DESCRIPTION

A. PROJECT OVERVIEW

The project site is located at the northwest corner of Third and Mission Streets\(^1\) in San Francisco’s Financial District neighborhood (see Figure II.1: Project Location). The project site was previously part of the Yerba Buena Center (YBC) Redevelopment Project Area, which covered all or parts of 13 city blocks in an area generally bounded by Market Street on the north, Second Street on the east, Harrison Street on the south, and Fourth Street on the west. The Yerba Buena Center Redevelopment Plan was adopted on April 25, 1966, and it expired on January 1, 2011. With the expiration of the Yerba Buena Center Redevelopment Plan, the project site is now subject to the zoning controls established by the San Francisco Planning Code (Planning Code) and the height and bulk limits shown on Zoning Map HT01.

Implementation of the Yerba Buena Center Redevelopment Plan from April 25, 1966 through December 31, 2010 resulted in the construction of several cultural institutions and public structures within the YBC Redevelopment Project Area, including the Contemporary Jewish Museum, the Moscone Convention Center, the Museum of the African Diaspora, the San Francisco Museum of Modern Art, the Yerba Buena Center for the Arts, the Yerba Buena Gardens Esplanade, the Yerba Buena Ice Skating and Bowling Center, and the Children’s Creativity Museum, a children’s art and technology museum. In addition, over 2,500 residential units were added to the area. The area’s residential uses include the Four Seasons Hotel and Residences, the Paramount residences, the St. Regis Hotel and Residences (the St. Regis), and over 1,400 residential units in various buildings developed throughout the area that are affordable to low- to moderate-income households. Commercial uses developed under the Yerba Buena Center Redevelopment Plan include the Four Seasons Hotel and Residences, the San Francisco Marriott Marquis Hotel, the Metreon entertainment and retail complex, the St. Regis, the W Hotel, and the Westfield San Francisco Centre retail complex.\(^2\) The project site is the last remaining vacant infill site identified in the Yerba Buena Center Redevelopment Plan. On June 1, 1993, the San Francisco Redevelopment Agency Commission (Redevelopment Agency

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\(^1\) Third Street is oriented in a northwest-southeast direction, but it will be referred to as a north-south street in this report. Mission Street is oriented in a northeast-southwest direction, but it will be referred to as an east-west street in this report. This convention will be used to describe the locations of other buildings and uses in relation to the project site.

The project site includes three parcels (the subsurface Jessie Square Garage, the surface/subsurface Stevenson Street ramp, and the surface/subsurface Mexican Museum parcel) that would be conveyed to the project sponsor by the Successor Agency.
Commission) and The Mexican Museum Board of Trustees selected the project site as the future permanent home of The Mexican Museum.3

Founded in 1975, The Mexican Museum has a collection of over 12,000 pieces of Mexican and Chicano art. From 1982 until 2006, the museum occupied gallery space at Fort Mason Center. In 2006, the museum closed the Fort Mason gallery and focused on fundraising efforts for a new permanent home. Following the closure of the Fort Mason gallery, the museum held temporary exhibitions at other locations in the San Francisco Bay Area. In December 2009, the museum reopened the Fort Mason gallery and is open Wednesday through Sunday, typically from noon to 4:00 PM. The integration of museum space into the proposed project would provide a new permanent home for the museum.

On February 1, 2012, the San Francisco Redevelopment Agency was dissolved pursuant to AB 26, approved by the Governor of California in June 2011 and the December 2011 decision of the California Supreme Court upholding AB 26.4 In its place, the City and County of San Francisco, as the successor agency to the San Francisco Redevelopment Agency (Successor Agency), assumed all responsibilities and obligations of the San Francisco Redevelopment Agency, and has established an Oversight Board to exercise enforceable obligations for the former YBC Redevelopment Project Area.

The project sponsor is 706 Mission Street Co., LLC, in partnership with the Successor Agency. The project architects are Handel Architects and TEN Arquitectos. The project sponsor entered into an Exclusive Negotiation Agreement (ENA) with the San Francisco Redevelopment Agency on May 4, 2010, which provides information regarding the terms of the real estate transactions between the project sponsor and the Successor Agency related to this project proposal.5 The real estate transactions are briefly described below.

The project site consists of three lots: the entirety of Assessor’s Block 3706, Lots 093 and 275, and portions of Assessor’s Block 3706, Lot 277. Assessor’s Block 3706, Lot 093, which is

3 San Francisco Redevelopment Agency Commission Resolution No. 92-93, June 1, 1993. A copy of this document is available for review at the Planning Department, 1650 Mission Street, Suite 400, San Francisco, California, as part of Case File No. 2008.1084E.
4 On June 28, 2011, the Governor of California approved AB 26 and AB 27. AB 26 was the "dissolution" bill, which set November 1, 2011 as the date to dissolve all redevelopment agencies. The companion legislation AB 27, the "reinstatement" bill, allowed cities to keep their agencies in place by committing to substantial "community remittances" to be paid to the State. In July, a lawsuit was filed challenging the constitutionality of both AB 26 and AB 27. On December 29, 2011, the California Supreme Court issued its decision and upheld AB 26 but struck down AB 27. As a result, under the schedule set by the California Supreme Court, the San Francisco Redevelopment Agency was dissolved on February 1, 2012.
5 ENA, May 4, 2010, between the San Francisco Redevelopment Agency and 706 Mission Street Co., LLC. A copy of this document is available for review at the office of the Successor Agency, 1 South Van Ness Avenue, 5th Floor, San Francisco, California, as well as at the Planning Department, 1650 Mission Street, Suite 400, San Francisco, California, as part of Case File No. 2008.1084E.
II. Project Description

owned by the project sponsor, is occupied by the existing 10-story Aronson Building. Assessor’s Block 3706, Lots 275 and 277, are owned by the Successor Agency. Lot 275 is occupied by the existing vehicular ramp from Stevenson Street into the Jessie Square Garage. The vacant surface lot that is between the Aronson Building parcel and Jessie Square is a portion of Lot 277 and is part of the project site.\(^6\) This vacant surface lot is the location that was chosen by the Redevelopment Agency Commission and The Mexican Museum Board of Trustees as the future permanent home of the museum, and it is referred to as the “Mexican Museum parcel” in this EIR.\(^7,8\) The existing four-level subsurface Jessie Square Garage, which extends underneath Jessie Square and the Contemporary Jewish Museum, is another portion of Lot 277 that is part of the project site.\(^9\) All of the lots that make up the project site are discussed in more detail under “Project Site,” pp. II.7-II.11.

The Successor Agency, through the San Francisco Municipal Transportation Agency (SFMTA) and the SFMTA Board of Directors, which has jurisdiction over City-owned parking garages, would convey Lot 275 (the Stevenson Street garage ramp parcel) and a portion of Lot 277 (the Jessie Square Garage) to the project sponsor under the terms of the ENA. The Successor Agency would also convey another portion of Lot 277 (the Mexican Museum parcel) to the project sponsor under the terms of the ENA.\(^10\) In addition to the real estate transactions described above, the ENA provides for the project sponsor to include the construction of the shell and core for the Mexican Museum space within the proposed development and to provide a $5 million endowment to be used for the operation of The Mexican Museum.

The proposed project consists of the construction of a new 47-story, 550-foot-tall tower (a 520-foot-tall building with a 30-foot-tall elevator/mechanical penthouse), with two floors below grade. The new tower would be adjacent to and physically connected to the existing 10-story, 154-foot-tall Aronson Building (a 144-foot-tall building with a 10-foot-tall mechanical penthouse). As part of the proposed project, the historic Aronson Building would be restored and rehabilitated. The existing 10-foot-tall mechanical penthouse on the roof of the Aronson Building would be removed, and a 15-foot-tall solarium would be constructed, resulting in an overall building height of 159 feet. The overall project would contain up to 215 residential units, seven floors of flex space in the Aronson Building, which is analyzed in this EIR as being either residential use or office use, space for The Mexican Museum, a ground-floor retail/restaurant use, and associated building services.

\(^6\) ENA, Exhibits B-1 and B-2.
\(^7\) In 1998, Legorreta Arquitectos prepared architectural plans for a stand-alone museum on the Mexican Museum parcel. This design consisted of a six-story, 110-foot-tall building. This proposal was eventually deemed infeasible and abandoned in favor of the proposed project being analyzed in this EIR.
\(^8\) In the ENA, the Mexican Museum parcel is called the “Agency Property,” as described in Exhibit B-1 and as shown on Exhibit B-2 of the ENA.
\(^10\) ENA, May 4, 2010, Exhibit D.
As part of the proposed project, the SFMTA Board of Directors would convey the below-grade, four-level, 442-space Jessie Square Garage to the project sponsor. The garage would be converted from a publicly owned garage to a privately owned garage. As discussed in more detail on pp. II.22-II.23, there would be a net increase of 28 parking spaces. As a result, the total number of parking spaces in the Jessie Square Garage would increase from 442 to 470 with project development. Of the 470 parking spaces, 210 spaces on the upper two levels would remain available to the general public. These 210 spaces would include parking for St. Patrick’s Church, the Contemporary Jewish Museum, and The Mexican Museum. The remaining 260 spaces would include parking for the project residents and leased parking.

In addition to the proposed project, seven vehicular access variants to the proposed project are analyzed in this EIR. These variants differ from the proposed project in how vehicles enter and exit the project site and the Jessie Square Garage. The variants are discussed in more detail and analyzed in Chapter VI, Project Variants, but they are briefly summarized in Section II.E, Project Variants, on pp. II.70-II.71.

B. PROJECT OBJECTIVES

The overall purpose of the proposed project is to develop the last remaining vacant infill site identified in the *Yerba Buena Center Redevelopment Plan* for the YBC Redevelopment Project Area.

SUCCESSOR AGENCY OBJECTIVES

The objectives of the Successor Agency are as follows:

- To complete the redevelopment of the YBC Redevelopment Project Area envisioned under the *Yerba Buena Center Redevelopment Plan*.

- To stimulate and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site, thereby improving the City's overall economic health, employment opportunities, tax base, and community economic development opportunities.

- To provide for the development of a museum facility and an endowment for The Mexican Museum on Successor Agency-owned property located adjacent to Jessie Square, at the heart of San Francisco’s cultural district location, in a manner that is consistent with *General Plan* Policy VI-1.9, to “create opportunities for private developers to include arts spaces in private developments city-wide.”

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11 Pursuant to the terms of the ENA, the Successor Agency would convey the Mexican Museum parcel to the project sponsor, and the project sponsor would build the shell and core of the museum space and convey the museum space to the Successor Agency while retaining ownership of the underlying land. The Successor Agency intends to enter into a long-term lease with The Mexican Museum.
II. Project Description

- To ensure construction of a preeminent building with a superior level of design for this important site across from Yerba Buena Gardens and adjacent to Jessie Square in a manner that complements the landscaping and design of Jessie Square.
- To provide housing in an urban infill location to help alleviate the effects of suburban sprawl.
- To provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents both in the South of Market area and in the City generally, in a manner consistent with the City’s current and future equal opportunity programs.
- To create a development that is financially feasible and that can fund the project’s capital costs and ongoing operation and maintenance costs related to the redevelopment and long-term operation of the Mexican Museum parcel without reliance on public funds.
- To maximize the quality of the pedestrian experience along Mission Street and Third Street, while maintaining accessibility to the project site for automobiles and loading.
- To transfer ownership of the Jessie Square Garage to a private entity, while providing adequate parking in the Jessie Square Garage for the Contemporary Jewish Museum, St. Patrick’s Church, The Mexican Museum, and the public.
- To provide for rehabilitation of the historically important Aronson Building.
- To secure funding for new and affordable below-market-rate units beyond the amount currently required by City ordinances.\(^\text{12}\)
- To secure additional funding for operations, management, and security of Yerba Buena Gardens.\(^\text{13}\)

PRIVATE PROJECT SPONSOR OBJECTIVES

The objectives of the project sponsor, 706 Mission Street Co., LLC, are as follows:

- To construct a residential building of superior quality and design that complements and is generally consistent with the downtown area, furthering the objectives of the General Plan’s Urban Design Element and the Yerba Buena Center Redevelopment Plan.
- To redevelop the project site with a high-quality residential development that includes a ground-floor retail or restaurant use.
- To provide housing in downtown San Francisco that is accessible to local and regional transit, as well as cultural amenities and attractions, such as performing art centers, and art museums and exhibitions.
- To rehabilitate the historically important Aronson Building.
- To design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project’s carbon footprint and maximizing the energy efficiency of the building.

\(^{13}\) ENA, May 4, 2010, Exhibit D, Term D-1.
II. Project Description

- To develop a project that is financially feasible and financeable, and to create a level of
development sufficient to support the costs of providing the public benefits delivered by
the project, including space and funding for The Mexican Museum; rehabilitation of the
historically important Aronson Building; funding of affordable, below-market-rate
housing; and funding for the maintenance of Yerba Buena Gardens, and that can fund
project costs.

- To provide adequate parking and vehicular access to serve the needs of project residents
and their visitors.

C. PROJECT LOCATION AND EXISTING CONDITIONS

PROJECT SITE

The project site, which is roughly rectangular, is on the northwest corner of Third and Mission
Streets, at 706 Mission Street (see Figure II.1, p. II.2). It is approximately 227 feet wide along
Mission Street by 105 feet long along Third Street, but the western 80-foot-wide portion of the
site, is approximately 123 feet long (see Figure II.2: Existing Site Plan). The project site consists
of three lots: the entirety of Assessor’s Block 3706, Lots 093 and 275, and portions of Assessor’s
Block 3706, Lot 277. Together, these lots cover an area of approximately 63,468 square feet or
approximately 1.45 acres. The area of the project site includes the below-grade Jessie Square
Garage, which would be conveyed to the project sponsor as part of the proposed project pursuant
to the terms of the EIR.

Lot 093 is a rectangular parcel with approximately 105 feet of frontage along Third Street and
approximately 147 feet of frontage along Mission Street. This parcel has an area of
approximately 15,460 square feet. It is currently developed with the 10-story, 154-foot-tall
Aronson Building (a 144-foot-tall building with a 10-foot-tall mechanical penthouse). The
building was originally constructed in 1903, and two annexes were added in 1978. The Aronson
Building is rated “A” (highest importance) by the Foundation for San Francisco’s Architectural
Heritage, and it is eligible for listing on the National Register of Historic Places and the
California Register of Historical Resources.14 Including the annexes, the Aronson Building
contains a total of approximately 120,340 gross square feet15 (gsf), with approximately 13,700 gsf
of storage and utility space in the basement, a 10,660-gsf retail space on the ground floor, which
is currently occupied by a Rochester Big & Tall retail clothing store, and approximately
95,980 gsf of office space on the second through tenth floors. (See Table II.1: Existing Uses on
the Project Site, and Table II.2: Existing Uses on the Project Site by Floor, on p. II.9.)

June 23, 2011. A copy of this document is available for review at the Planning Department,
1650 Mission Street, Suite 400, San Francisco, California, as part of Case File No. 2008.1084E.
15 The term “gross square feet” refers to the total floor area of a building or a particular use within a
building.
## Table II.1: Existing Uses on the Project Site

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<td>178,780 gsf</td>
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<td>442 spaces</td>
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<td>120,340 gsf</td>
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<sup>Note:</sup>

<sup>a</sup> For the Aronson Building and the Mexican Museum parcel, this includes the square footage of loading, mechanical, storage, and utility space. For the Jessie Square Garage, this includes the square footage of space devoted to parking and circulation.

*Source:* Millennium Partners, Turnstone Consulting

## Table II.2: Existing Uses on the Project Site by Floor

<table>
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<tr>
<th>Floor/Level</th>
<th>Aronson Building</th>
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<th>Existing Jessie Square Garage</th>
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<td>Basement Level B2</td>
<td>N/A</td>
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<td>Parking (131 spaces)</td>
</tr>
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<td>Basement Level B1</td>
<td>Storage and utility space</td>
<td>Vacant&lt;sup&gt;a&lt;/sup&gt;</td>
<td>Parking (107 spaces) and loading</td>
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<td>Basement Level Mezzanine</td>
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<td>N/A</td>
<td>Parking (70 spaces)</td>
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<td>Ground Floor</td>
<td>Retail</td>
<td>N/A</td>
<td>Jessie Square (a landscaped public plaza)</td>
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<tr>
<td>Floors 2 through 10</td>
<td>Office</td>
<td>N/A</td>
<td>N/A</td>
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<sup>Note:</sup>

<sup>a</sup> Two double-height spaces were constructed underneath the Mexican Museum parcel when the Jessie Square Garage was built. Both spaces are currently unoccupied.

*Source:* Millennium Partners, Turnstone Consulting
Including the annexes, the Aronson Building covers approximately 74 percent of Lot 093. It is set back approximately 20 feet from both the western and northern property lines. On the west side of the building is a 10-story, 144-foot-tall annex, which contains the building’s elevator core, interior stairs, and restrooms. A 20-foot-wide-by-85-foot-long pedestrian walkway runs along the west side of this annex. At the northeast corner of the building is a three-story, 46-foot-tall annex. This annex is approximately 20 feet wide and 45 feet long. The ground floor of this three-story annex serves as a loading and trash pick-up area, and there are vacant offices on the second and third floors. Delivery and service vehicles access the loading and trash pick-up area using the existing curb cut on Third Street. To the west of this three-story structure, there is an approximately 20-foot-wide-and-100-foot-long driveway that is currently used as a service vehicle turnaround. There are no parking spaces on this property, and it does not include any open space. There is one significant tree16 (avocado) on the Aronson Building property adjacent to the northwest corner of the Aronson Building and one street tree (magnolia) on Mission Street, adjacent to the building.

The Aronson Building has three existing pedestrian entrances: one on Third Street near the northeast corner of the building; one on the corner of Third and Mission Streets that leads into the retail space; and one on the west side of the building that leads to the offices on the second through tenth floors of the building. The pedestrian entrance on Third Street near the northeast corner of the building is currently not used.

Lot 275 is occupied by the existing ramp that provides vehicular access from Stevenson Street to the subsurface Jessie Square Garage. This lot has an area of approximately 1,635 square feet.

On June 1, 1993, the Redevelopment Agency Commission and The Mexican Museum Board of Trustees selected the Mexican Museum parcel (a portion of Lot 277) as the future permanent home of The Mexican Museum. The Mexican Museum parcel is rectangular and approximately 80 feet wide and approximately 123 feet long. It has an area of approximately 9,780 square feet, and it is immediately west of and adjacent to the Aronson Building. It is vacant and was used as a staging area for the construction of the adjacent Jessie Square Garage from 2004 to 2005 and Jessie Square in 2008. There is no open space or vegetation on this portion of the project site.

There is a two-level, double-height, approximately 18,000-gsf vacant structure underneath the Mexican Museum parcel that was constructed when the Jessie Square Garage was built. The upper level of this structure is connected to Basement Level B1 of the Jessie Square Garage. This connection is described in more detail below. The lower level of this structure is separated from

16 The San Francisco Urban Forestry Ordinance (Article 16 of the San Francisco Public Works Code) identifies significant trees as trees that are within 10 feet of the property edge of the sidewalk and are more than 20 feet in height, have a canopy greater than 15 feet in diameter, or have a trunk diameter greater than 12 inches in diameter at breast height.
II. Project Description

The subsurface Jessie Square Garage is the other portion of Lot 277 that makes up the project site. The garage is underneath Jessie Square and the Contemporary Jewish Museum, but it does not extend underneath St. Patrick’s Church to the west or underneath the Mexican Museum parcel to the east. There are four levels in the garage: Basement Level B3 (the lowest), Basement Level B2, Basement Level B1, and Basement Level Mezzanine (the highest). Each level of the garage has a floor-to-ceiling height of about 7 feet, 9 inches, except Basement Level B1 which is taller at approximately 9 feet. The footprint of each level of the garage is generally rectangular, with the short axis running parallel to Mission Street and the long axis running parallel to Third Street (see Figure II.3: Existing Basement Level B3; Figure II.4: Existing Basement Level B2, p. II.13; Figure II.5: Existing Basement Level B1, p. II.14; and Figure II.6: Existing Basement Level Mezzanine, p. II.15).

On Basement Level B1, a panhandle extends east toward Third Street. The panhandle is owned by the Westin San Francisco Market Street Hotel (Westin Hotel). It connects Basement Level B1 of the Jessie Square Garage to the Stevenson Street entry/exit ramp and the Mission Street exit ramp. An access easement allows cars to drive across the panhandle when entering and exiting the garage. The panhandle is adjacent to and north of the structure that is underneath the Mexican Museum parcel, and connected to its upper level.

The Jessie Square Garage contains 442 parking spaces. There are 134 spaces on Basement Level B3, 131 spaces on Basement Level B2, and 107 spaces on Basement Level B1. The panhandle portion of Basement Level B1 contains a truck turntable and loading facilities for the Westin Hotel. Basement Level Mezzanine has 70 parking spaces and 10 bicycle spaces. Basement Level Mezzanine includes an area that is underneath the Contemporary Jewish Museum. This space is separated from the rest of the garage by a wall, and is used as a storage area by the Contemporary Jewish Museum.

The footprint of the garage is approximately 45,310 square feet. Each of the three lowest floors, Basement Levels B3, B2, and B1, is approximately 45,310 gsf. The highest floor of the garage, Basement Level Mezzanine, is approximately 42,850 gsf. The total area of the Jessie Square Garage is approximately 178,780 gsf.

SURROUNDING DEVELOPMENT

The project site is near the southern edge of San Francisco’s Financial District neighborhood. The South of Market neighborhood is approximately two blocks south of the project site, and

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17 The truck turntable is a circular platform that rotates 360 degrees, allowing trucks to turn around and exit the Jessie Square Garage without having to maneuver in the tightly confined space.
Figure II.3: Existing Basement Level B3
FIGURE II.4: EXISTING BASEMENT LEVEL B2
Union Square is approximately 0.2 mile northwest of the project site. The scale of development in the vicinity of the project site is diverse, with building heights in the area ranging from 80 to 500 feet. Three- and four-story buildings are located among buildings of 10 to 20 stories and taller along Third, Fourth, Market, and Mission Streets. The project site is in the Downtown Retail (C-3-R) District and a 400-I Height and Bulk District.

Land uses surrounding the project site include convention, cultural, hotel, office, open space, recreation, residential, and retail uses (see Figure II.7: Project Location and Nearby Land Uses). Major structures near the project site include St. Patrick’s Church (748 Mission Street), the San Francisco Marriott Marquis Hotel (55 Fourth Street), the Metreon entertainment and retail complex (101 Fourth Street), the Fifth and Mission Garage (833 Mission Street), the Westfield San Francisco Centre retail complex (865 Market Street), the Four Seasons Hotel and Residences (757 Market Street), the Contemporary Jewish Museum (736 Mission Street), the Westin Hotel (50 Third Street), the Paramount residences (680 Mission Street), the St. Regis (125 Third Street), the San Francisco Museum of Modern Art (151 Third Street), the W Hotel (181 Third Street), the Yerba Buena Center for the Arts (701 Mission Street), and the Moscone Convention Center (747 Howard Street).

The following cultural uses are located within three blocks of the project site:

- California Historical Society (678 Mission Street);
- Cartoon Art Museum (655 Mission Street);
- Contemporary Jewish Museum (736 Mission Street);
- Museum of the African Diaspora (685 Mission Street);
- Museum of Craft and Folk Art (51 Yerba Buena Lane);
- San Francisco Museum of Modern Art (151 Third Street);
- Society of California Pioneers (300 Fourth Street);
- Yerba Buena Center for the Arts (701 Mission Street), which includes a gallery and a theater; and
- The Children’s Creativity Museum18 (221 Fourth Street), a children’s art and technology museum.

Open space and recreation facilities in the vicinity include Jessie Square (adjacent to and west of the project site), the Yerba Buena Gardens Esplanade and Martin Luther King, Jr. Memorial (south of the project site across Mission Street), a carousel and the Yerba Buena Ice Skating and Bowling Center (one block south of the project site), Union Square (approximately 0.2 mile northwest of the project site), and Hallidie Plaza (approximately 0.25 mile west of the project site).

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18 The Children’s Creativity Museum was formerly known as Zeum.
The project site includes three parcels (the subsurface Jessie Square Garage, the surface/subsurface Stevenson Street ramp, and the surface/subsurface Mexican Museum parcel) that would be conveyed to the project sponsor by the Successor Agency.

SOURCE: Turnstone Consulting
Currently, pedestrians access the project site from Market Street via Yerba Buena Lane and Jessie Square, from Mission Street, or from Third Street. Vehicles can access the project site vicinity from Third, Fourth, Market, or Mission Streets. Vehicles enter the Jessie Square Garage from Stevenson Street and exit onto Stevenson or Mission Streets. The project site is served by public transportation, with Muni operating multiple streetcar and bus lines along Market Street and multiple bus lines along Third, Fourth, Market, and Mission Streets. Golden Gate Transit and SamTrans provide bus service along Mission Street, and the future Transbay Transit Center site is two blocks southeast of the project site. There are two BART stations within two blocks of the project site. The Powell Street BART station is one-and-one-half blocks to the northwest, and the Montgomery Street BART station is one block to the northeast.

PREVIOUS ZONING REGULATIONS

From April 25, 1966 through December 31, 2010, the project site was subject to the zoning controls of the Yerba Buena Center Redevelopment Plan. That plan expired on January 1, 2011. Under that plan, the project site was in District B (Downtown Retail), which allowed residential uses and a wide range of commercial uses. Pursuant to Chapter II.C.2 of the Yerba Buena Center Redevelopment Plan, the base floor area ratio (FAR) for the project site was 10.0 to 1. Pursuant to Chapter II.C.13 of the Yerba Buena Center Redevelopment Plan, the 400-foot height limit for the project site was set by reference to the 1979 Zoning Map.

EXISTING ZONING REGULATIONS

As of January 1, 2011, the project site is subject to the zoning controls established by the Planning Code and described below, and the height and bulk limits shown on Zoning Map HT01.

The project site is in the Downtown Retail (C-3-R) District. The C-3-R District is a regional center for comparison shopper retailing and direct consumer services. Compact in area and easily traversed on foot, the C-3-R District is well-served by City and regional transit. In order to encourage pedestrian activity and minimize conflicts between pedestrians and vehicles, parking

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19 The Transbay Terminal at First and Mission Streets has been demolished, and a temporary terminal is currently operating on the block bounded by Main, Folsom, Beale, and Howard Streets, which is approximately five blocks southeast of the project site. The new Transbay Transit Center will be constructed on Mission Street between Second and Beale Streets. The new Transbay Transit Center is scheduled to open in 2017. Detailed information is available on the Transbay Transit Center website at http://transbaycenter.org.


21 Floor area ratio is the ratio of gross floor area, as defined by Section 102.9 of the Planning Code, to lot area. For example, a building with a gross floor area of 10,000 square feet on a lot with an area of 4,000 square feet would have a floor area ratio of 2.5 to 1.

22 The 1979 Zoning Map is available for review at the Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.
facilities tend to be located at the periphery of the C-3-R District. Land uses in the C-3-R District are regulated by Sections 215 through 227 of the Planning Code. The base FAR in the C-3-R District is 6.0 to 1. Pursuant to Sections 123(c)(2) and 128 of the Planning Code, the base FAR can be increased to a maximum FAR of 9.0 to 1 with the purchase of transferable development rights (TDR).

The project site is in 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. Pursuant to Section 270(a) of the Planning Code, the bulk controls in the “I” Bulk District become effective above a building height of 150 feet. Above a building height of 150 feet, the plan dimensions are limited to a maximum horizontal dimension of 170 feet and a maximum diagonal dimension of 200 feet.

D. PROJECT CHARACTERISTICS

The project design characteristics described below are conceptual and based on the proposed development program, site constraints, and environmental considerations. As the environmental review and entitlement processes progress, this conceptual design will be subject to revision and further refinement. Subsequent modifications will be reviewed by the Planning Department for a determination regarding whether such changes alter the conclusions in this EIR.

The proposed project would include a 47-story, 550-foot-tall tower (a 520-foot-tall building with a 30-foot-tall elevator/mechanical penthouse), with two floors below grade on the Mexican Museum parcel and the western portion of the Aronson Building parcel. The new tower would be west of, adjacent to, and physically connected to the existing 10-story Aronson Building (a 144-foot-tall building with a 10-foot-tall mechanical penthouse). The overall project would contain space for The Mexican Museum, a ground-floor retail/restaurant use, up to 215 residential units, seven floors of flex space in the Aronson Building, which would remain as office use or be converted to residential use, and associated building services.

In the proposed tower, there would be up to 43 floors of residential space, including mechanical areas, and four floors of museum space. The Mexican Museum would occupy the ground through fourth floors, and residential uses would occupy the fifth through forty-seventh floors. The fifth floor of the tower would be occupied by residential or residential amenity space, unless the residential amenity space is on the tenth floor of the Aronson Building as discussed below. Approximately 2,100 gsf on Basement Level B2 would be allocated to The Mexican Museum for storage. About 15,900 gsf on Basement Levels B1 and B2 would be occupied by the elevator core and building services.

As part of the proposed project, the historically important Aronson Building would be restored and rehabilitated, and the existing mechanical penthouse on the roof of the Aronson Building would be removed.
would be removed. The Aronson Building currently contains approximately 10,660 gsf of retail space on the ground floor and approximately 95,980 gsf of office space on the second through tenth floors. With the proposed project, the Aronson Building would have lobby space and retail/restaurant space on the ground floor. The Mexican Museum would occupy the second and third floors and possibly some or all of the ground floor of the Aronson Building. The fourth through tenth floors of the Aronson Building have been designated as flex space for which two options are proposed. These are described in greater detail below. In addition to being designated as flex space, the tenth floor of the Aronson Building could be occupied by residential amenity space if the residential amenity is not provided on the fifth floor of the proposed tower. Building services would occupy a small portion of each floor, both above and below grade.

The flex space options for the Aronson Building are referred to as the “residential flex option” and the “office flex option.” The seven floors of flex space are currently occupied by approximately 61,320 gsf of office space, which could either be converted from office use to residential use or remain as office use with the proposed project. Under the residential flex option, the seven floors would be converted into up to 28 residential units. The proposed project would provide up to 215 residential units and no office space under the residential flex option. As discussed above, the tenth floor of the Aronson Building could be used as residential amenity space. Under the office flex option, the seven floors of existing office space would continue to be used as offices, which would result in up to 191 residential units and approximately 61,320 gsf of office space in the proposed project. If the tenth floor of the Aronson Building were used as residential amenity space instead of office space under the office flex option, there would be approximately 52,560 gsf of office space in the proposed project.

Under the residential flex option for the Aronson Building, the proposed project would contain a total of approximately 710,525 gsf, with approximately 580,630 gsf of residential uses, approximately 22,200 gsf of residential amenity space, approximately 52,285 gsf of museum space, approximately 4,800 gsf of retail/restaurant space, approximately 8,505 gsf of storage space, approximately 41,720 gsf of building core, mechanical, and service space, and approximately 385 gsf of space for the ramp that leads out of the existing Jessie Square Garage to Mission Street (see Table II.3: Proposed Project Characteristics – Residential Flex Option).

Under the office flex option for the Aronson Building, the proposed project would contain a total of approximately 710,525 gsf, with approximately 519,310 gsf of residential uses and approximately 61,320 gsf of office space. The approximate square footages of residential amenity space, museum space, retail/restaurant space, storage space, building core, mechanical, and service space, and space for the existing ramp that leads out of the existing Jessie Square Garage to Mission Street would be the same as they are for the residential flex option described above (see Table II.4: Proposed Project Characteristics – Office Flex Option, p. II.22).
## Table II.3: Proposed Project Characteristics – Residential Flex Option

<table>
<thead>
<tr>
<th>Use</th>
<th>Existing</th>
<th>Proposed</th>
<th>Change from Existing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>None</td>
<td>580,630 gsf</td>
<td>580,630 gsf</td>
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<tr>
<td>Residential Amenity</td>
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<td>22,200 gsf</td>
<td>22,200 gsf</td>
</tr>
<tr>
<td>Retail</td>
<td>10,660 gsf</td>
<td>4,800 gsf</td>
<td>-5,860 gsf</td>
</tr>
<tr>
<td>Museum</td>
<td>None</td>
<td>52,285 gsf</td>
<td>52,285 gsf</td>
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<tr>
<td>Office</td>
<td>95,980 gsf</td>
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</tr>
<tr>
<td>Otherb</td>
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<td>36,910 gsf</td>
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<tr>
<td>Vacant</td>
<td>18,000 gsf</td>
<td>None</td>
<td>-18,000 gsf</td>
</tr>
<tr>
<td>Parking</td>
<td>442 spaces</td>
<td>470 spaces</td>
<td>28 spaces</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>138,340 gsf</td>
<td>710,525 gsf</td>
<td>572,185 gsf</td>
</tr>
</tbody>
</table>

**Notes:**

- a This total assumes that the residential amenity would be on the fifth floor of the tower. The residential amenity could be on the tenth floor of the Aronson Building, which is approximately 8,760 gsf (approximately 3,410 gsf smaller than the fifth floor of the tower).
- b Includes square footage of loading, mechanical, storage, and utility space.
- c Approximately 18,000 gsf of existing vacant space on Basement Levels B1 and B2 underneath the western portion of the Aronson Building parcel would be converted to other uses as part of the proposed project. Approximately 2,100 gsf on Basement Level B2 would be allocated to The Mexican Museum. Some of the remaining 15,900 gsf on Basement Levels B1 and B2 would be dedicated to the elevator core, building services, and other uses in the tower.
- d Under the residential flex option, the parking spaces would be allocated in the following manner: 210 public spaces (including 5 car share spaces) and 260 private spaces (including up to 215 residential spaces, 43 to 84 spaces for leased parking, and 1 to 2 car share spaces).

*Source: Millennium Partners, Turnstone Consulting, 2012*
II. Project Description

<table>
<thead>
<tr>
<th>Use</th>
<th>Existing</th>
<th>Proposed</th>
<th>Change from Existing</th>
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<tbody>
<tr>
<td>Residential</td>
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<td>519,310 gsf</td>
<td>519,310 gsf</td>
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<tr>
<td>Residential Amenity</td>
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<td>22,200 gsf</td>
<td>22,200 gsf</td>
</tr>
<tr>
<td>Retail</td>
<td>10,660 gsf</td>
<td>4,800 gsf</td>
<td>-5,860 gsf</td>
</tr>
<tr>
<td>Museum</td>
<td>None</td>
<td>52,285 gsf</td>
<td>52,285 gsf</td>
</tr>
<tr>
<td>Office</td>
<td>95,980 gsf</td>
<td>61,320 gsf</td>
<td>-34,660 gsf</td>
</tr>
<tr>
<td>Other(^b)</td>
<td>13,700 gsf</td>
<td>50,610 gsf</td>
<td>36,910 gsf</td>
</tr>
<tr>
<td>Vacant</td>
<td>18,000 gsf</td>
<td>None</td>
<td>-18,000 gsf</td>
</tr>
<tr>
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<td>442 spaces</td>
<td>470 spacesd</td>
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<td></td>
<td>442 parking spaces</td>
<td>470 parking spaces</td>
<td>28 parking spaces</td>
</tr>
</tbody>
</table>

**Notes:**

\(^a\) This total assumes that the residential amenity would be on the fifth floor of the tower. The residential amenity could be on the tenth floor of the Aronson Building, which is approximately 8,760 gsf (approximately 3,410 gsf smaller than the fifth floor of the tower).

\(^b\) Includes square footage of loading, mechanical, storage, and utility space.

\(^c\) Approximately 18,000 gsf of existing vacant space on Basement Levels B1 and B2 underneath the western portion of the Aronson Building parcel would be converted to other uses as part of the proposed project. Approximately 2,100 gsf on Basement Level B2 would be allocated to The Mexican Museum. Some of the remaining 15,900 gsf on Basement Levels B1 and B2 would be dedicated to the elevator core, and the balance of the space would be allocated to the other uses in the tower.

\(^d\) Under the office flex option, the parking spaces would be allocated in the following manner: 210 public spaces (including 5 car share spaces) and 260 private spaces (including up to 191 residential spaces, 68 to 84 spaces for leased parking, and 1 car share space).

*Source: Millennium Partners, Turnstone Consulting, 2012*

The Jessie Square Garage, located underneath Jessie Square, was completed in 2005 and currently contains four subsurface levels of parking with a total of 442 parking spaces. The SFMTA Board of Directors would convey the adjacent subsurface Jessie Square Garage to the project sponsor pursuant to the terms of the ENA. The garage would be converted from a publicly owned garage to a privately owned garage. However, 210 parking spaces on the upper two levels of the garage would remain available to the public.

As described on p. II.11, Basement Level Mezzanine of the Jessie Square Garage includes an existing space underneath the Contemporary Jewish Museum. This space is currently blocked off from the rest of the garage by a wall, and it is used as a storage area by the Contemporary Jewish Museum. As part of the proposed project, this space would be connected to the rest of the garage through the demolition of the existing wall. After being connected to the rest of the garage, this
existing space would be striped to accommodate about 38 parking spaces. A net total of 10 parking spaces on various levels of the garage would need to be removed for vehicular access and circulation. As a result, there would be a net increase of 28 parking spaces. The total number of parking spaces in the Jessie Square Garage would increase from 442 to 470 with the project.

The project site is in the Downtown Retail (C-3-R) District and a 400-I Height and Bulk District. The base FAR for C-3-R is 6.0 to 1. FAR in excess of the base FAR requires the purchase of TDR. The proposed project would exceed the 400-foot height limit and the 6.0 to 1 base FAR. The proposed project would be within the limitations of the I Bulk District.

As part of the entitlement process for the proposed project, provisions regarding FAR and height would need to be addressed for the project site. As part of the proposed project, the project sponsor would pursue certain legislative land use amendments, including a height reclassification and rezoning to a Downtown Residential (DTR) District. The project sponsor could also request that a Special Use District (SUD) be established, either in conjunction with the DTR District or as a separate mechanism to address Planning Code requirements related to FAR, height, and other land use controls. A decision regarding whether to rezone to a DTR District or to establish an SUD to address these provisions for the proposed project has not yet been determined. However, any potential physical environmental effects from the proposed project have been addressed in this EIR.

PROPOSED USES

As noted previously, the proposed project would include residential, museum, retail/restaurant uses, and possibly office uses. The project sponsor anticipates that the proposed project would include a combination of two-bedroom and three-bedroom units with either flex space option. All of the proposed units would be condominiums (ownership units), and the residential component of the project would be subject to the affordable housing requirements of Sections 415 through 415.9 of the Planning Code. Additional requirements related to affordable housing are set forth in the ENA. Although the Planning Code provides the project sponsor with the option of constructing affordable units on-site (equal to 15 percent of the total number of units in the proposed project), constructing affordable units off-site (equal to 20 percent of the total number of units in the proposed project), paying a fee, or selecting any combination of these three options, the terms of the ENA require compliance with the Inclusionary Affordable Housing Program requirements through the payment of a fee. The terms of the ENA require the project sponsor, the Successor Agency, and the Contemporary Jewish Museum would need to negotiate an agreement to reallocate and reconfigure the storage area for the museum.

A total of 14 spaces on Levels B1 and B2 of the garage would be removed. Four of these spaces would be restored on other levels of the garage. One space would be restored on the mezzanine level, and three spaces would be restored on Level B3. This would result in the net removal of 10 spaces.
II. Project Description

sponsor to pay a fee that is calculated based on an affordable housing requirement of 28 percent of the total number of units in the proposed project.25

The proposed cultural/museum space would be occupied by The Mexican Museum, and the proposed ground-floor commercial space could include a variety of uses, such as a retail use, a restaurant, or any other use that is permitted in the C-3-R District.

Floor Layout

The uses proposed for each floor of the existing Jessie Square Garage, the existing Aronson Building, and the proposed tower are presented in Table II.5: Proposed Uses on the Project Site by Floor, and they are discussed in detail below beginning with the lowest basement level.

Basement Levels

As part of the proposed project, the existing parking spaces on all four levels of the Jessie Square Garage would be restriped. After restriping, Basement Level B3 of the existing garage would be occupied by about 137 parking spaces (see Figure II.8: Conceptual Basement Level B3, on p. II.26); Basement Level B2 by about 122 parking spaces (see Figure II.9: Conceptual Basement Level B2, on p. II.27); and Basement Level B1 by about 102 parking spaces (of which 12 would be designated as handicapped accessible parking spaces), 3 service vehicle spaces, and a cashier’s office (see Figure II.10: Conceptual Basement Level B1, on p. II.28). The panhandle portion of Basement Level B1, which is currently owned by the Westin Hotel, would continue to have a truck turntable and loading facilities for the hotel. The existing access easement that allows cars to drive across the panhandle when entering or exiting the garage would remain in place. Basement Level Mezzanine of the existing garage would be occupied by about 109 parking spaces and about 24 bicycle parking spaces (see Figure II.11: Conceptual Basement Level Mezzanine, on p. II.29).

Basement Level B3 of the proposed tower would be the mat slab foundation on which the tower would be built (see “Foundation and Earthwork” on pp. II.68-II.69 for more information). Basement Level B2 of the proposed tower would be occupied by about 67 bicycle parking spaces, an approximately 2,100-gsf storage area for the museum, and approximately 10,020 gsf of space for mechanical equipment, the elevator core, storage, or building services and utilities. Basement Level B1 of the proposed tower would include two full-size loading spaces, one service vehicle space, and approximately 24,407 gsf of space for an office for building/garage security staff, a trash pick-up area, a trash room, mechanical equipment, the elevator core, storage, or building

25 ENA, May 4, 2010, Exhibit D, Term A.5. A copy of this document is available for review at the Planning Department, 1650 Mission Street, Suite 400, San Francisco, California, as part of Case File No. 2008.1084E.
### Table II.5: Proposed Uses on the Project Site by Floor

<table>
<thead>
<tr>
<th>Floor/Level</th>
<th>Aronson Building</th>
<th>Proposed Tower</th>
<th>Existing Jessie Square Garage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basement Level B3</td>
<td>N/A</td>
<td>N/A</td>
<td>Parking</td>
</tr>
<tr>
<td>Basement Level B2</td>
<td>N/A</td>
<td>Storage and mechanical, bicycle parking</td>
<td>Parking</td>
</tr>
<tr>
<td>Basement Level B1</td>
<td>Storage and utility space</td>
<td>Storage, loading, mechanical, security staff office</td>
<td>Parking and loading</td>
</tr>
<tr>
<td>Basement Level Mezzanine</td>
<td>N/A</td>
<td>N/A</td>
<td>Parking and bicycle parking</td>
</tr>
<tr>
<td>Ground Floor</td>
<td>Residential lobby and retail/restaurant or museum</td>
<td>Museum, residential lobby, mechanical</td>
<td>Jessie Square (a landscaped public plaza)</td>
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<tr>
<td>Floors 2 and 3</td>
<td>Museum</td>
<td>Museum</td>
<td>N/A</td>
</tr>
<tr>
<td>Floor 4</td>
<td>Flex space and mechanical</td>
<td>Museum, roof terrace, mechanical</td>
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<tr>
<td>Floor 5</td>
<td>Flex space</td>
<td>Residential amenity or residential</td>
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<tr>
<td>Floors 6 through 9</td>
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<td>Residential</td>
<td>N/A</td>
</tr>
<tr>
<td>Floor 10</td>
<td>Flex space or residential amenity</td>
<td>Residential</td>
<td>N/A</td>
</tr>
<tr>
<td>Floors 11 and 12</td>
<td>N/A</td>
<td>Residential</td>
<td>N/A</td>
</tr>
<tr>
<td>Floor 13</td>
<td>Solarium, roof terrace</td>
<td>Residential</td>
<td>N/A</td>
</tr>
<tr>
<td>Floors 14 through 43</td>
<td>N/A</td>
<td>Residential</td>
<td>N/A</td>
</tr>
<tr>
<td>Floor 44</td>
<td>N/A</td>
<td>Residential, roof terrace</td>
<td>N/A</td>
</tr>
<tr>
<td>Floor 45</td>
<td>N/A</td>
<td>Residential</td>
<td>N/A</td>
</tr>
<tr>
<td>Floors 46 and 47</td>
<td>N/A</td>
<td>Residential, roof terrace, mechanical</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Source: Millennium Partners, Turnstone Consulting*
NOTE: The design shown is conceptual and is subject to revision and further refinement.

SOURCE: Handel Architects

FIGURE II.8: CONCEPTUAL BASEMENT LEVEL B3
SOURCE: Handel Architects

NOTE: The design shown is conceptual and is subject to revision and further refinement.

FIGURE 11.9: CONCEPTUAL BASEMENT LEVEL B2
NOTE: The design shown is conceptual and is subject to revision and further refinement.

SOURCE: Handel Architects

FIGURE II.10: CONCEPTUAL BASEMENT LEVEL B1
NOTE: The design shown is conceptual and is subject to revision and further refinement.

SOURCE: Handel Architects

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FIGURE II.11: CONCEPTUAL BASEMENT LEVEL MEZZANINE
services and utilities. Basement Levels B2 and B1 of the proposed tower are the existing double-
height spaces described on pp. II.10-II.11. Basement Level B2 of the proposed tower would be
connected to Basement Level B2 of the Jessie Square Garage through the partial demolition of an
existing wall (see Figure II.9, p. II.27). Basement Level B1 of the proposed tower is already
connected to the panhandle portion of Basement Level B1 of the Jessie Square Garage. The
existing connection would be widened by demolishing an existing wall and relocating the existing
ramp to the east (see Figure II.10, p. II.28). The Jessie Square Garage is discussed in greater
detail under “Site Access, Parking, and Loading” on pp.II.63-II.67.

The one existing basement level of the Aronson Building would be used for mechanical, storage,
and utility space. There would be no parking spaces or loading spaces on the basement level of
the Aronson Building, and the basement level of the Aronson Building would not be connected to
Basement Level B1 of the proposed tower.

Ground Floor

At the ground floor, there would be an approximately 3,500-gsf plaza surrounding the base of the
tower on the north, west, and south. This plaza would be connected to Jessie Square and the
pedestrian path between the Aronson Building and the Westin Hotel.

The ground floor of the tower would be occupied by approximately 3,733 gsf of space for the
museum lobby. There would be an approximately 8,784-gsf space spanning the tower and the
Aronson Building that would be used for the residential lobby, a bank of elevators, stairs, and
mechanical space. The ground floor of the Aronson Building would be occupied by an
approximately 4,800-gsf retail/restaurant use or a museum bookstore and café with frontages
along Mission and Third Streets. There would be one interior connection between the tower and
the Aronson Building on the ground floor. Under the residential flex option for the Aronson
Building, there would be up to seven pedestrian entrances on the ground floor. The museum
entrance would face Jessie Square, and there would be up to four retail/restaurant entrances: one
on Mission Street near the southwest corner of the Aronson Building, one on Mission Street
and/or Third Street near the southeast corner of the Aronson Building and one on Third Street
near the northeast corner of the Aronson Building. There would be two residential entrances: one
on the north side of the Aronson Building and one on Mission Street, to the east of the existing
ramp, which would be retained, that leads out of the Jessie Square Garage. Under the office flex
option for the Aronson Building, there would be up to seven pedestrian entrances on the ground
floor. Like the residential flex option, there would be one museum entrance, up to three
retail/restaurant entrances, and two residential entrances in the same locations described above.
The office flex option would include an office entrance on Mission Street, to the east of the
residential entrance on Mission Street. The office lobby would be separated from the residential
lobby by interior walls (see Figure II.12: Conceptual Ground Floor).
SOURCE: Handel Architects

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II.31

FIGURE II.12: CONCEPTUAL GROUND FLOOR

NOTE: The design shown is conceptual and is subject to revision and further refinement.

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II. Project Description

Floors 2 and 3

The second floor of the tower would be occupied by the museum and a centrally located elevator/mechanical core. An approximately 1,500-gsf area on the west side of the ground floor of the tower would be a double-height space for the museum that would extend from the ground floor to the second floor. The second floor of the Aronson Building would be occupied by the museum and a centrally located interior stairwell. There would be several interior connections between the tower and the Aronson Building on the second floor. The museum would span both buildings and occupy a total of approximately 19,244 gsf of space on the second floor (see Figure II.13: Conceptual Floor 2, on p. II.33).

The layout and use of the third floor of the tower and the Aronson Building would be similar to that of the second floor, except that there would be no double-height space spanning the second and third floors of the tower. There would be several interior connections between the tower and the Aronson Building on the third floor. The museum would span both buildings and occupy a total of approximately 23,307 gsf of space on the third floor (see Figure II.14: Conceptual Floor 3, on p. II.34).

Floor 4

The fourth floor of the tower would be occupied by approximately 3,901 gsf of museum space, approximately 8,269 gsf of mechanical space, an approximately 2,500-gsf outdoor terrace, and a centrally located elevator/mechanical core. The fourth floor of the Aronson Building would be occupied by approximately 8,760 gsf of flex space, which could either be converted to residential use or remain as office use, with a centrally located interior stairwell. There would be two interior connections between the tower and the Aronson Building (see Figure II.15: Conceptual Floor 4, on p. II.35).

Floor 5

The fifth floor of the tower would be occupied by approximately 12,170 gsf of residential uses or a residential amenity with a centrally located elevator/mechanical core. Potential uses for the residential amenity include a club/lounge for project residents, a meeting space, a fitness center, a children’s play area, or a combination of these uses. The residential amenity could be provided on the tenth floor of the Aronson Building, as discussed below. The fifth floor of the Aronson Building would be occupied by approximately 8,760 gsf of flex space, which could either be converted to residential use or remain office use, with a centrally located interior stairwell. There would be two interior connections between the tower and the Aronson Building (see Figure II.16: Conceptual Floor 5, on p. II.36).
NOTE: The design shown is conceptual and is subject to revision and further refinement.
SOURCE: Handel Architects

NOTE: The design shown is conceptual and is subject to revision and further refinement.

FIGURE 11.14: CONCEPTUAL FLOOR 3
NOTE: The design shown is conceptual and is subject to revision and further refinement.
Feet

NOTE: The design shown is conceptual and is subject to revision and further refinement.

SOURCE: Handel Architects

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FIGURE 11.16: CONCEPTUAL FLOOR 5

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II. Project Description

Floors 6 through 9

The sixth through ninth floors of the tower would each be occupied by approximately 12,170 gsf of residential uses with a centrally located elevator/mechanical core. The sixth through ninth floors of the Aronson Building would each be occupied by approximately 8,760 gsf of flex space, which could either be converted to residential use or remain office use, with a centrally located interior stairwell. On each of these floors, there would be one interior connection between the tower and the Aronson Building (see Figure II.17: Conceptual Floor for Floors 6 Through 9, on p. II.38).

Floor-to-Ceiling Heights

The floor-to-ceiling heights of the tower would vary in height from approximately 9 to 12 feet and would not be uniform throughout the tower in order to align with the floor-to-ceiling heights in the existing Aronson Building, which vary in height from approximately 13 to 20 feet. The first through fifth floors of the tower are anticipated to align with the existing first through fifth floors of the Aronson Building. With shorter floor-to-ceiling heights in the tower, the sixth through tenth floors of the tower would not align with the existing and taller sixth through tenth floors of the Aronson Building. The eleventh floor of the tower would be at approximately the same level as the existing tenth floor of the Aronson Building, which is a double-height space (approximately 20 feet tall). The ceiling of the twelfth floor of the tower would align with the ceiling of the tenth floor of the Aronson Building (see Figure II.31, presented later in this chapter on p. II.58).

Floors 10 through 12

The tenth through twelfth floors of the tower would each be occupied by approximately 12,300 gsf of residential uses with a centrally located elevator/mechanical core. The tenth floor of the Aronson Building would be occupied by approximately 8,760 gsf of flex space with a centrally located interior stairwell or by a residential amenity. The flex space could remain as office use or be converted to residential use. The flex space or the residential amenity would be in an existing double-height space, so the ceiling of this space would align with the ceiling of the twelfth floor of the tower. If the residential amenity is not provided on the tenth floor of the Aronson Building, it would be provided on the fifth floor of the tower, as discussed above (see Figure II.18: Conceptual Floor for Floors 10 Through 12 – Tower, Conceptual Floor 10 – Aronson Building, on p. II.39).

Floors 13 through 15

The thirteenth through fifteenth floors of the tower would each be occupied by approximately 12,300 gsf of residential uses with a centrally located elevator/mechanical core. The thirteenth
SOURCE: Handel Architects

NOTE: The design shown is conceptual and is subject to revision and further refinement.

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FIGURE II.18: CONCEPTUAL FLOOR FOR FLOORS 10 THROUGH 12 - TOWER, CONCEPTUAL FLOOR 10 - ARONSON BUILDING
II. Project Description

floor of the tower would align with the roof of the Aronson Building in order to provide access to an approximately 8,625-gsf outdoor terrace, which would be located on the roof of the Aronson Building. The existing 10-foot-tall mechanical penthouse on the roof of the Aronson Building would be removed. The outdoor terrace would be landscaped and would be common open space for project residents; it would not be accessible to the public. There would be an approximately 1,245-gsf solarium in the middle of the outdoor terrace. Both the solarium and the outdoor terrace would be suitable for passive recreation (see Figure II.19: Conceptual Floor for Floors 13 and 14 – Tower, Conceptual Roof – Aronson Building, on p. II.41).

Floors 16 and Above

The sixteenth through forty-third floors of the tower would each be occupied by approximately 12,990 gsf of residential uses with a centrally located elevator/mechanical core. On or near the thirty-fourth floor, there would be approximately 5,630 gsf of mechanical space on the east side of the building core26 (see Figure II.20: Conceptual Floor for Floors 15 Through 43 – Tower, on p. II.42).

The forty-fourth and forty-fifth floors of the tower would each be occupied by approximately 12,330 gsf of residential uses with a centrally located elevator/mechanical core. There would be an approximately 550-gsf private roof terrace along the eastern edge of the forty-fourth floor. Depending on the number and the configuration of residential units on this floor, this terrace would be divided into smaller roof terraces in a manner that would provide each residential unit with a private roof terrace. The forty-fifth floor would not have a roof terrace (see Figure II.21: Conceptual Floor for Floors 44 and 45 – Tower, on p. II.43).

On the forty-sixth floor of the tower, there would be approximately 8,640 gsf of residential uses with a centrally located elevator/mechanical core and two approximately 820-gsf private roof terraces. The roof terraces would be separated by an approximately 1,900-gsf enclosed mechanical area on the east side of the building core. These terraces would be divided into smaller roof terraces in a manner that would provide each residential unit with a private roof terrace (see Figure II.22: Conceptual Floor 46 – Tower, on p. II.44).

On the forty-seventh floor of the tower, there would be approximately 5,440 gsf of residential uses on the north and south sides of the building, the centrally located elevator/mechanical core, and an approximately 2,870-gsf private roof terrace on the west side of the building core. This terrace would be divided into smaller roof terraces in a manner that would provide each residential unit with a roof terrace (see Figure II.23: Conceptual Floor 47 – Tower, on p. II.45).

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26 This additional mechanical space could be located on another floor.
FIGURE II.19: CONCEPTUAL FLOOR FOR FLOORS 13 AND 14 - TOWER, CONCEPTUAL ROOF - ARONSON BUILDING

SOURCE: Handel Architects

NOTE: The design shown is conceptual and is subject to revision and further refinement.
Figure II.21: Conceptual Floor for Floors 44 and 45 - Tower

SOURCE: Handel Architects

NOTE: The design shown is conceptual and is subject to revision and further refinement.
SOURCE: Handel Architects

NOTE: The design shown is conceptual and is subject to revision and further refinement.

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FIGURE II.22: CONCEPTUAL FLOOR 46 - TOWER

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NOTE: The design shown is conceptual and is subject to revision and further refinement.
II. Project Description

Approximately 1,900 gsf of elevator and mechanical equipment on the roof of the proposed tower would be enclosed and screened from view by a 30-foot-tall architectural element at the top of the building and by other methods, as necessary, at lower levels of the building (see Figure II.24: Conceptual Roof – Tower).

PROJECT DESIGN

The project sponsor has submitted an Architectural Design Intent Statement27 that establishes the design intent and parameters for the treatment of the historic Aronson Building as well as the relationship between the proposed tower and the existing Aronson Building. The design features set forth in the Architectural Design Intent Statement would be incorporated into the proposed project, as described in detail below.

The project design described below is a conceptual design developed by the project sponsor based on the proposed development program, site constraints, and environmental considerations. As the environmental review and entitlement processes progress, this conceptual design will be subject to revision and further refinement. While the maximum height, massing, and square footage are not expected to change substantially, the exact setbacks, elevations, floor layouts, materials, and other design features of the project are subject to change. Furthermore, the interior layout of The Mexican Museum is only in preliminary design development. While the maximum square footage for the museum is not expected to change substantially, the layout, access, and exterior expression of the museum remain subject to future design development and modification, in accordance with the parameters specified for the Aronson Building and the proposed tower in the Architectural Design Intent Statement.

The project design consists of two components: the proposed 550-foot-tall tower and the existing Aronson Building. The design intent is to construct a new high-rise building that would be integrated into the existing context of the project site and the surrounding development. After the non-historic annexes on the north and west sides of the Aronson Building are removed, the tower would be constructed adjacent to and west of the Aronson Building. Although the tower would be adjacent to and physically connected to the Aronson Building, the tower would be designed such that the two buildings would appear to be visually separate structures. The Mexican Museum would span both buildings, occupying the ground through fourth floors of the tower as well as the second and third floors, and possibly all or part of the ground floor, of the Aronson Building.

27 Handel Architects, 706 Mission Street Architectural Design Intent Statement, January 11, 2012. A copy of this document is available for review at the Planning Department, 1650 Mission Street, Suite 400, San Francisco, California, as part of Case File No. 2008.1084E.
NOTE: The design shown is conceptual and is subject to revision and further refinement.
II. Project Description

Proposed Tower

The proposed tower would be 550 feet tall (520 feet to the roof of the highest occupied floor plus a 30-foot-tall elevator/mechanical penthouse) (see Figure II.25: Conceptual South Elevation; Figure II.26: Conceptual West Elevation, on p. II.50; Figure II.27: Conceptual North Elevation, on p. II.51; and Figure II.28: Conceptual East Elevation, on p. II.52). The tower would generally be rectangular, with the short axis of the tower parallel to Mission Street and the long axis of the tower parallel to Third Street. According to the project sponsor’s Architectural Design Intent Statement, the design features of the project would be as follows:

New Tower

- The tower massing would be a series of undulating planes intended to reflect the character of San Francisco’s urban form as well as the fabric and texture of the neighboring Jessie Square. The tower would be detailed with glass, masonry, and metal to integrate with and reflect the materials of the adjacent turn of the century Aronson Building.

- The new tower design would use a modern vocabulary of sculptural materials, detailing, and proportions to provide a form with texture and surface variation that is distinct, yet compatible with the historic Aronson Building’s façade and horizontal and vertical divisions.

- The new tower’s palette of materials would include a glazed aluminum curtain wall system comprised of a combination of vision and masonry panel façades articulated with metal, masonry and glass spandrel panels; masonry cladding would be used to delineate the glazed from more solid building volumes. Colors and tones of new tower materials would be selected to be distinct but complementary to the existing Aronson Building.

- The new tower would be set back along Mission Street approximately 6 feet from the existing south façade of the Aronson Building, to emphasize that it relates to, but is separate from, the Aronson Building. The setback would allow the return of the cornice line at the southwest corner of the Aronson Building.

- New exterior and interior connections between the tower and the existing Aronson Building would be established for programmatic and structural requirements, while still maintaining a visual separation between the buildings.

- The east façade of tower volume would cantilever approximately 7 feet over the Aronson Building and would be set back approximately 15 feet from the south façade of the Aronson Building.

- The tower would be built adjacent to the Aronson Building west party wall and connected with a structural seismic joint, which would be obscured and visually screened as much as possible. The tower and the Aronson Building would be structurally separate, with an air space in between as required for structural movement, and the seismic joint would span the two structures.
NOTE: The design shown is conceptual and is subject to revision and further refinement.
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New Tower Base (Floors 1 through 4)

- The Mexican Museum’s location at the base of the building is intended to integrate and complete the surrounding Yerba Buena arts district and gardens, with unique massing distinguished from the tower. The base of the building would cantilever slightly over Jessie Square at the third and fourth floors to visually draw pedestrians in as an extension of the plaza, and to complete the eastern edge of Jessie Square. Museum interior space would span both the new and existing buildings at the second and third floors, with ground floor entry within the new tower base. Museum interior space may also include all or a portion of the first floor of the Aronson Building, and/or a portion of the fourth floor of the tower for exterior terrace access and mechanical spaces.

- The new tower base design would use a modern, sculptural vocabulary of materials, detailing, and proportions to provide a form with texture and surface variation that is distinct, yet compatible with the historic Aronson Building’s façade bays and horizontal and vertical divisions.

- The new tower base’s palette of materials would include a combination of a glazed aluminum curtain wall system, articulated with vision, masonry, metal, and/or spandrel panel façade elements, in addition to masonry and metal façade elements.

- Colors and tones of new tower base materials would be carefully selected to be distinct but complementary to the color palette of the existing Aronson Building.

- The façade of the new tower base would be set back approximately 6 feet from the existing south façade of the Aronson Building, to emphasize that it relates to, but is separate from, the Aronson Building.

- The new tower base would align with the existing Aronson Building floor levels but would be set back as stated above.

- New exterior and interior connections between the tower base and existing Aronson Building would be established for programmatic and structural requirements, while still maintaining a visual separation between the buildings.

- The tower base ground level façade design would continue and extend the existing Aronson Building’s ground level storefront openings, utilizing glass, metal and masonry window and wall systems, and façade setbacks to activate and connect to the adjacent sidewalk and plaza areas.

- The tower base would be built adjacent to the existing Aronson Building west exterior party wall and connected with a structural seismic joint along this edge, which would be obscured and visually screened as much as possible. The tower base and Aronson Building would be structurally separate, with an air space in between as required for structural movement, and the seismic joint would span the two structures.

- The proposed approximate exterior dimensions of the tower base are as follows, located to the west of the existing Aronson Building west exterior wall, on portions of Lots 093 and 277:
  - Ground Floor – approximately 107 feet east-west by 116 feet, 6 inches north-south, with an approximate 6-foot setback from the existing south façade of the Aronson
Building, chamfered\textsuperscript{28} southwest corner, and articulation around the western and northern façade perimeter to conform to property line and other design setbacks. The ground floor of the tower base would be approximately 8,950 gsf.

- Second Floor – approximately 107 feet east-west by 116 feet, 6 inches north-south, with an approximate 6-foot setback from the existing south façade of the Aronson Building, chamfered southwest corner, and articulation around the western and northern façade perimeter to conform to property line and other design setbacks. The second floor of the tower base would be approximately 10,500 gsf.

- Third Floor – approximately 129 feet, 6 inches east-west by 123 feet north-south, with an approximate 6-foot setback from the existing south façade of the Aronson Building, an approximately 10-foot overhang beyond the western property line, and articulation around the northern façade perimeter to conform to property line and other design setbacks. The third floor of the tower base would be approximately 14,550 gsf.

- Fourth Floor – approximately 129 feet, 6 inches east-west by 123 feet north-south, with an approximate 6-foot setback from the existing southern façade of the Aronson Building, an approximately 10-foot cantilever beyond the western property line, and articulation around the northern façade perimeter to conform to property line and other design setbacks. The fourth floor of the tower base would be approximately 12,200 gsf.

The ground and second floors of the tower base would not extend to the property lines but would be set back as described below. Some of the setbacks would vary due to the shape of the tower base.

The ground floor and the second floor of the tower would be set back approximately 6 feet from the southern project site boundary, approximately 13 feet from the western project site boundary, and approximately 6 feet, 6 inches to 17 feet, 8 inches from the northern project site boundary (see Figure II.29: Conceptual Ground Floor Setbacks). The southwest corner of the tower base at the ground and second floors would be chamfered. The setbacks at other levels of the tower would vary, as described below.

The third floor of the tower would cantilever over the second floor by approximately 18 feet on the north side, by approximately 6 to 16 feet on the south side, and by approximately 23 feet on the west side. The cantilevered third floor would extend to the southern and northern project site boundaries and extend over the western project site boundary and overhang Jessie Square by approximately 10 feet.

Beginning at the fifth floor, vertical volumes on all sides of the tower that run the full height of the tower would project approximately 6 to 8 feet from the façade of the tower and provide articulation. These projecting vertical volumes would result in varying setbacks from the project

\textsuperscript{28} In the context of architecture, chamfer means to cut off or bevel a corner of a building, usually at a 45-degree angle.
NOTE: The design shown is conceptual and is subject to revision and further refinement.
site boundaries of approximately 6 feet and 36 feet on the south side of the tower, approximately 3 feet and 13 feet on the west side of the tower, and approximately 6 feet and 18 feet on the north side of the tower. Beginning at the fifteenth floor, the east side of the tower would include an approximately 300-foot-tall projecting vertical volume that would overhang the Aronson Building by approximately 8 feet (see Figure II.30: Conceptual Upper Level Setbacks).

The floor-to-ceiling heights of the tower would vary in height from 9 to 12 feet and would not be uniform throughout the tower in order to align with the floor-to-ceiling heights in the Aronson Building, which vary in height from 13 to 20 feet. The first through fifth floors of the tower are anticipated to align with the existing first through fifth floors of the Aronson Building. With shorter floor-to-ceiling heights in the tower, the sixth through tenth floors of the tower would not align with the existing and taller sixth through tenth floors of the Aronson Building. The eleventh floor of the tower would be at approximately the same level as the existing tenth floor of the Aronson Building, which is a double-height space. The ceiling of the twelfth floor of the tower would align with the ceiling of the tenth floor of the Aronson Building. The thirteenth floor of the tower would align with and connect to the proposed 8,625-gsf outdoor terrace on the roof of the 10-story Aronson Building (see Figure II.31: Conceptual Building Section, on p. II.58).

The proposed project would be required to incorporate Bird-Safe Glazing Treatments, as required by Planning Code Section 139, Standards for Bird Safe Buildings. See Section IV.M, Biological Resources, pp. IV.M.6-IV.M.7.

**Proposed Restoration and Rehabilitation of the Aronson Building**

The envelope of the original 1903 Aronson Building would remain (10 stories and 144 feet to the top of the roof), and the two non-historic annexes that were added to this building along its northern and western walls in 1978 would be removed. As part of the proposed project, the Aronson Building would be restored and rehabilitated in accordance with the project sponsor’s Architectural Design Intent Statement as described below.

**South and East Façades**

- Rehabilitate the historically significant existing façade features in a manner that is consistent with the Historic Structure Report:29
  - The existing Colusa entablatures would be retained. Existing paint and any unsound material would be removed. The existing substrate, anchorage, and reinforcing would be assessed and repaired as required. Units would be reinforced and patched. Material would be replaced in kind or with a compatible substitute material where damage is severe and beyond repair. Flashing systems would be repaired or replaced as required.

NOTE: The design shown is conceptual and is subject to revision and further refinement.
FIGURE II.31: CONCEPTUAL BUILDING SECTION
II.  Project Description

- Buff-colored glazed terra cotta brick and giant order, buff-colored glazed terra cotta brick pilasters with terra cotta capitals at the fourth through eighth stories would be retained. The terra cotta would be cleaned and identified spalls\textsuperscript{30} would be reinforced and patched. Where damage is severe and beyond repair, it would be replaced in kind or with a substitute material as appropriate. Cracked units and substrates would be stabilized and repointed, as needed.

- Terra cotta brick spandrel panels, headers at the fourth through eighth stories, and terra cotta ornament at the ninth and tenth stories, including archivolt moldings, remaining keystones, egg-and-dart molding, spandrel bas relief ornament, banded bay leaf garland, pilasters, wall panels, and olive leaf swags would be retained and cleaned. Identified spalls would be reinforced and patched. Where damage is severe and beyond repair, it would be replaced in kind or with a substitute material as appropriate. Cracked units and substrates would be stabilized and repointed, as needed.

- Architectural cast iron elements would be retained. Failing and deteriorated paint would be removed and missing cast iron elements, such as scroll capitals along Third Street, would be replaced with an acceptable substitute material. All elements would be repainted.

- The original existing entrance opening and ornament, including bronze door frame and arched transom frame at the Third Street entrance, would be retained, cleaned, and protected.

- At the original Mission Street entrance, any extant historic entryway exposed during demolition would be retained, cleaned and protected; if no historic entryway exists, a new compatible contemporary arched opening would be constructed in this location.

- Rusticated sandstone piers and cast iron divisions at the third story would be retained. Failing paint, rust, and corrosion would be removed, and elements would be repainted. Where damage is severe and beyond repair, it would be replaced in kind or with a substitute material as appropriate.

- Massive sheet metal entablature with paired scrolled brackets, block modillions, and architectural sheet metal cornice would be retained. Failing paint, rust, and corrosion would be removed, and all elements would be repainted. Cornice openings where the fire escape is removed would be repaired; the cornice at the southwest corner of the building that was removed for the addition of the west annex would be repaired and/or replaced as required to complete the original return at the roofline.

- Interior wood window trim and sills would be retained. The existing paint would be stripped and a new clear, stained, or painted finish would be applied.

- New exterior paint and coating colors would be carefully selected to either closely match the existing historic materials (e.g. the south and east façades above the second floor) or to be complementary to existing building façades. The proposed storefront color would be a deep earth tone, with surrounding base elements slightly lighter to anchor the base of the building.

\textsuperscript{30} A spall is a chip or fragment broken off from a piece of stone.
Ground Level

- The existing non-historic wall infill between the pilasters would be removed.
- The southeast corner bay exterior walls that were previously removed would be replaced with new storefront glazing at Mission and Third Streets.
- The existing non-historic cornice at the southeast corner column would be removed.
- New transparent storefront glazing would be installed to activate the commercial and pedestrian experience along Mission and Third Streets and as a means of introducing natural light into the ground-floor spaces.
- The new storefront framing would extend to the perimeters of the opening between the existing pilasters and cornice. The new storefront would be metal with a dark painted finish. It would have a prominent horizontal transom division corresponding with the original storefront configuration. The storefront would have minor vertical divisions to align with existing window openings above. The storefront would also have a base that aligns with the existing pilaster bases. The storefront frame, profile, and depth would be compatible with the historic façade and proportions and would use contemporary detailing.
- The existing original main entry at Third Street would be utilized for the primary commercial space entrance. The original main entry location at Mission Street would be utilized for the primary lobby entry for the office flex levels, or for the primary/secondary commercial entrance.
- Secondary commercial entrances/exits would be located at the southeast corner storefront bays.
- The existing coating on the first- and second-floor base elements (e.g. pilasters and cornices), would be removed. These elements would be repaired and repainted in a color compatible with the existing façades and the new storefront system.
- Signage and lighting would be designed to be compatible with the historic façades and in accordance with applicable guidelines.
- The new interior layout and features, including partition walls, stairs, and other major building elements, would be designed to not obscure the fenestration of the rehabilitated entrances and storefronts on the Third and Mission Street façades.
- A separate elevator core within the Aronson Building would serve the Aronson Building residential or office flex levels.

Above Ground Levels

- New metal-framed, high-performing windows for Title 24 Energy Code compliance and overall building energy efficiency would be installed.
- New metal window frame profiles, subdivisions, color, and operation would be compatible with the historic façade proportions and character, while addressing functional requirements of the residential or office and museum program within, and would either:
  1) have similar proportions to the stiles and rails in the historic photographs and have a profile compatible to what might have been used at that time, or
II. Project Description

2) have similar proportions to the stiles and rails in the historic photographs and have no profile.

- The existing fire escape stairs and landings would be removed to return the building to its original composition, with impacted materials and cornice line openings repaired to their original appearance.
- Signage and lighting would be designed to be compatible with the historic façades and in accordance with applicable guidelines.
- The new interior layout and features, including partition walls, stairs, and other major building elements, would be designed to not obscure the fenestration of the rehabilitated Third and Mission Street façades.

West Façade
- The common red brick west wall would be inspected, repaired, cleaned, repointed, and seismically upgraded as required. Salvaged bricks would be used in areas where brick needs to be replaced.
- After demolition of the non-historic annex, existing windows, doors, and grilles would be removed and unused openings within the party wall would be patched utilizing salvaged brick that is removed for new openings.
- New selective openings for interior circulation would be made within the existing brick party wall for the museum, residential or office, mechanical/electrical/plumbing, and ground floor uses as required. The existing wall area to remain would be assessed and evaluated after demolition of the existing annex.
- The new tower volume would be set back from the southern edge with a return of approximately 6 feet from the southwest corner to expose the existing west brick wall and allow the two buildings to be expressed independently. This would also allow the existing cornice to complete itself at the southwest building corner.
- A seismic joint between the tower and the seismically upgraded historic building would be installed.

North Façade
- The common red brick at the north wall would be inspected, repaired, cleaned, repointed, and seismically upgraded as required. Damaged or missing bricks would be replaced with salvaged brick where possible.
- After demolition of the non-historic annex, existing windows, doors and grilles would be removed and openings within the party wall would be patched utilizing salvaged brick removed for new openings.
- New selective openings would be made within the existing brick party wall for exterior windows to bring natural light and ventilation into new residential or office and museum spaces, for mechanical openings as may be required, and for ground floor entry and circulation functions. Approximately 70 percent of the existing wall area would be retained.
- New openings above the ground level would be organized in a regular pattern that corresponds with the existing structural bays and would be set back approximately 14 feet, 5 inches from the northeast corner at Floors 4 through 10, and approximately
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27 feet at Floors 1 through 3. The new metal framed windows would be expressed as simple punched openings.

- New metal framed transparent storefront openings and a metal canopy would be added at the ground level to encourage pedestrian activity and connections to the ground floor program. The new storefront framing would be similar to that on the east and south façades in material, divisions, frame profile, and depth.
- The new metal framed canopy above the new storefronts would provide a pedestrian scale.
- A recessed horizontal metal channel at the ground floor canopy level would be added. The new channel would extend to and align with the east façade cornice datum line and serve to integrate the new canopy.
- A new recessed vertical metal reveal would be added at the northeast corner of the ground floor.

**Roof**

- The Aronson Building roof would be rehabilitated to function as a residential amenity (solarium and outdoor terrace/roof garden).
- The existing roofing material would be removed, with selective demolition. The roof structure would be reinforced and seismically upgraded as required.
- New transparent glass perimeter railings/windscreens would be set back from the existing parapet edge and cornice line.
- Roof elements, including architectural, landscape, and mechanical components, would be designed to ensure that they are not visually dominant from the sidewalk or street below.
- A solarium structure would be substantially set back from the existing cornice lines. The solarium would be comprised of glazing similar to that on the east and south façades in terms of material, divisions, frame profile, and depth. The solarium would have exterior masonry and metal materials and colors complementary to the existing Aronson Building.
- The existing wood flagpole would be retained and rehabilitated.

**Existing Structure**

- The existing Roebling structural system interior and the exterior wall steel column structure encased in terra cotta and concrete would be retained and incorporated into the upgraded structural system. New interior finishes would cover the existing structural systems.
- The project would maintain approximately 90 percent of the existing concrete floor slabs, with upgrades and modifications to meet structural, mechanical/electrical/plumbing, and Building Code requirements.
- The existing structure would be upgraded to meet current seismic code requirements.
- Recommendations for the seismic and structural upgrades would be completed by a structural engineer in consultation with the preservation architect, and may include the following:
II. Project Description

- Separation above grade from the new adjacent tower. While functional elements may connect the programming of the two buildings, the two buildings would be structurally separate.
- Interior bracing at perimeter windows that consists of a concrete frame backing to the perimeter brick exterior columns and beam spandrels, or a centralized core of bracing and/or concrete walls within the interior of the building.
- Retention of the existing perimeter brick façade of beams and columns.
- Retention of the existing interior slab, beam, and column framing. These elements would be preserved and/or seismically upgraded, to the extent functionally possible to satisfy the new program of the building.
  - Where elements are removed to accommodate new construction and seismic upgrade requirements, sensitivity to maintaining the existing character of the original building would be exercised.
  - All interior infill/non-structural basement walls would be demolished to allow for the configuration of utility rooms to accommodate the new building program.
  - The existing Aronson Building roof would be rehabilitated to accommodate a new structural roof diaphragm for the exterior cornice and parapet anchorage. This improvement may include partial to full demolition and roof replacement, or selective modifications. The extent of the modifications would be determined by a structural engineer upon demolition and investigation of the integrity and vertical and seismic load carrying capacity of the existing roof construction.

The Aronson Building would continue to extend up to the southern and eastern project site boundaries. After demolition of the existing three-story annex on the north side, the Aronson Building would be set back approximately 20 feet from the northern project site boundary to accommodate the proposed driveway from Third Street. The driveway would lead to two proposed car elevators that would transport vehicles down to the existing Jessie Square Garage. There would be a residential drop-off area adjacent to and south of the driveway.

SITE ACCESS, PARKING, AND LOADING

Pedestrian Access

Currently, pedestrians can access the project site from Market Street via Yerba Buena Lane and Jessie Square, from Mission Street, or from Third Street.

Under the residential flex option for the Aronson Building, there would be up to seven pedestrian entrances on the ground floor. The museum entrance would face Jessie Square, and there would be up to four retail/restaurant entrances: one on Mission Street near the southwest corner of the Aronson Building, one on Mission Street and/or Third Street near the southeast corner of the Aronson Building, and one on Third Street near the northeast corner of the Aronson Building. There would be two residential entrances: one on the north side of the Aronson Building and one
II. Project Description

on Mission Street, to the east of the existing ramp, which would be retained, that leads out of the Jessie Square Garage (see Figure II.12 on p. II.31).

Under the office flex option for the Aronson Building, there would be up to seven pedestrian entrances on the ground floor. Like the residential flex option, there would be one museum entrance, up to three retail/restaurant entrances, and two residential entrances in the same locations described above. The office flex option would have an office entrance on Mission Street, to the east of the residential entrance on Mission Street. The office lobby would be separated from the residential lobby by interior walls (see Figure II.12 on p. II.31).

Vehicular Access

Vehicles reach the immediate project site vicinity using Third, Fourth, Market, or Mission Streets. Currently, vehicles enter the Jessie Square Garage from Stevenson Street and exit onto either Stevenson or Mission Streets.

Under the proposed project, all non-project vehicles would continue to enter the Jessie Square Garage from Stevenson Street. Project residents would have the option of parking their own vehicles or using a valet service. Project residents who choose to park their own vehicles would be required to enter the garage from Stevenson Street; they would not be allowed to access the project site from Third Street using the car elevators to enter the garage. Project residents who choose to use the valet service would drive onto the project site from Third Street using the existing curb cut and driveway. There would be a residential drop-off area adjacent to and south of the driveway (see Figure II.32: Vehicular Access – Proposed Project). Project residents would leave their vehicles with the valet service, which would be provided at the residential drop-off area. The valet service would use the two new car elevators to enter the garage and park the residents’ vehicles. Changes to the north wall of the Aronson Building would include a new canopy over the proposed driveway and residential drop-off area, a new residential entrance and new windows on the ground floor, and new windows on the second through tenth floors. Currently, the north wall of the Aronson Building does not have any windows on the first through seventh floors.

As under current conditions, all loading trucks would exit the Jessie Square Garage onto Stevenson Street only, but delivery vans, service vehicles, and all other vehicles would have the option of exiting the garage onto either Stevenson or Mission Streets. The existing curb cuts on Mission and Third Streets would not be widened, but the existing curb cut on Mission Street would be relocated approximately 2 feet, 8.5 inches to the east. The existing curb cut on Mission Street would continue to be for egress only, and the existing curb cut on Third Street would be for ingress only. Under the proposed project, the project sponsor would request that the following changes be made by the SFMTA. The existing 70-foot-6-inch-long passenger drop-off zone on Mission Street in front of Jessie Square would be extended approximately 83 feet, 6 inches to the
TO BE RELOCATED 2'-81/2" TO THE EAST

SOURCE: Handel Architects

Existing (E) New (N)

STEFSON STREET

TO STEVENSON SELF PARK RESIDENT ENTRY AND EXIT PROJECT LOADING ENTRY AND EXIT

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SOURCE: Handel Architects

706 MISSION STREET

FIGURE II.32: VEHICULAR ACCESS - PROPOSED PROJECT

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east, resulting in a 154-foot-long passenger drop-off zone. The existing 80-foot-5-inch long loading zone (yellow zone) on Third Street in front of the Aronson Building would be converted to an 80-foot-5-inch-long passenger loading zone (white zone).

Vehicular Access Variants

In addition to the proposed project, seven vehicular access variants to the proposed project are analyzed in this EIR. Two of these variants (Variants 6 and 7) were requested for evaluation in comments received on the Notice of Preparation of an EIR (NOP). All of these variants differ from the proposed project in how vehicles enter and exit the project site and the Jessie Square Garage. The variants are discussed in more detail and analyzed in Chapter VI, Project Variants, but they are briefly summarized in Section E, Project Variants, of the Project Description, on pp. II.70-II.71.

Parking

The SFMTA Board of Directors would convey the existing Jessie Square Garage to the project sponsor and convert it from a publicly owned garage to a privately owned garage. However, the upper basement levels (Basement Levels Mezzanine and B1) would remain open to the public. There are currently 442 parking spaces within the garage. On the mezzanine level of the garage, there is an existing space underneath the Contemporary Jewish Museum that is part of the existing Jessie Square Garage, but this space is currently blocked off from the rest of the garage by an existing wall and is not accessible. As part of the proposed project, this existing space would be connected to the rest of the garage through the demolition of the existing wall. After being connected to the rest of the garage, this existing space would be striped to accommodate about 38 parking spaces. A total of 10 existing parking spaces on various levels of the garage would need to be removed for vehicular access and circulation. There would be a net increase of 28 spaces. As a result, the total number of parking spaces in the Jessie Square Garage would increase from 442 to 470.

Under both the residential flex and office flex options for the Aronson Building, 260 of the 470 parking spaces would be allocated to the proposed project or reserved for leased parking, and 210 parking spaces would continue to be available for use by the general public. The 260 private parking spaces would be on Basement Levels B1, B2, and B3. Depending on the number of dwelling units, there would be between 175 and 215 residential parking spaces, 43 to 84 parking spaces for leased parking, and 1 to 2 residential car share spaces. The 210 public parking spaces would be on Basement Levels Mezzanine and B1. Approximately 188 parking spaces would be available to the general public, including patrons of The Mexican Museum and the project’s

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31 A total of 14 spaces on Levels B1 and B2 of the garage would be removed. Four of these spaces would be restored on other levels of the garage. One space would be restored on the mezzanine level, and three spaces would be restored on Level B3. This would result in the net removal of 10 spaces.
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retail/restaurant use, 2 parking spaces would be reserved for St. Patrick’s Church, and 15 special-rate parking spaces would be reserved for the Contemporary Jewish Museum. There would also be five car share spaces.

The 260 private parking spaces would be on Basement Levels B2 and B3. Under the residential flex option for the Aronson Building, there would be up to 215 residential parking spaces, 43 to 84 parking spaces for leased parking, and 1 to 2 car share spaces. Under the office flex option for the Aronson Building, there would be up to 191 residential parking spaces, 68 to 84 parking spaces for leased parking, and 1 car share space.

There are approximately 10 existing bicycle parking spaces on the mezzanine level of the garage. These existing bicycle parking spaces would be replaced as part of the proposed project. Assuming that a maximum of 215 units would be constructed, the proposed project would be required to and would provide a total of 91 private and public bicycle parking spaces on the basement levels. There would be approximately 24 Class II bicycle parking spaces for the general public on Basement Level Mezzanine of the Jessie Square Garage, and there would be approximately 67 Class I bicycle parking spaces for project residents on Basement Level B2 of the proposed tower. If fewer dwelling units are constructed, the bicycle parking requirement for the residential component of the project would change accordingly as set forth in Planning Code Section 155.5.

Each level of the garage has existing elevators and stairs that lead to Jessie Square. The general public, museum patrons, retail customers, and office tenants in the office flex space option would use these publicly accessible elevators and stairs to access their bicycles and vehicles, which would be parked on Basement Levels Mezzanine and B1. Project residents would use the resident-only elevators in the proposed tower to access their bicycles and vehicles, which would be parked on Basement Levels B2 and B3. Project residents would also have the option of using the publicly accessible elevators and stairs.

**Loading**

The proposed project would provide two full-size loading spaces and four service vehicle spaces on Basement Level B1 (see Figure II.10, on p. II.28) within the existing Jessie Square Garage.

**LANDSCAPING AND OPEN SPACE**

Pursuant to Section 135 of the Planning Code, the residential open space requirement for the proposed project would be 36 square feet of private open space per residential unit. Common

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32 There would be one handicapped accessible van parking space for project residents on Basement Level B1. Due to requirements related to ceiling clearance and stall size, this parking space cannot be provided on Basement Levels B2 or B3.
open space may be substituted at a ratio of 1.33 square feet for each square foot of private open space per residential unit. Under the residential flex option for the Aronson Building, there would be up to 215 residential units. With 215 units, the residential open space requirement for the proposed project would be 7,740 square feet of private open space (215 units multiplied by 36 square feet per unit) or 10,294 square feet of common open space (7,740 square feet times 1.33). Under the office flex option for the Aronson Building, there would be up to 191 units. With 191 units, the residential open space requirement for the proposed project would be 6,876 square feet of private open space (191 units multiplied by 36 square feet per unit) or 9,145 square feet of common open space (6,876 square feet times 1.33).

Pursuant to Section 138(b) of the Planning Code, institutional uses, such as museums, are not required to provide open space. However, the museum may include an approximately 2,500-gsf outdoor terrace on the roof of the tower podium, which would be located on the fourth floor. The existing office and retail uses in the Aronson Building do not provide any open space. If these existing uses are retained but reduced in size, they would not be required to provide any additional open space.

The proposed project would include common residential open space in the form of an approximately 8,625-gsf outdoor terrace on the roof of the Aronson Building as well as public open space in the form of an approximately 3,500-gsf ground-floor plaza that would run along the southern, western, and northern façades of the proposed tower. In addition, there would be several private roof terraces at the upper levels of the tower, as described earlier.

There is one existing tree (avocado tree) on the project site near the northwest corner of the Aronson Building and one street tree (magnolia tree) adjacent to the project site along Mission Street. The tree near the northwest corner of the Aronson Building is a significant tree, because it exceeds a height of 20 feet. Neither tree is a landmark tree. Both trees would be removed (subject to approval by the Department of Public Works), and replacement trees would be planted in compliance with the Urban Forestry Ordinance described in Article 16 of the San Francisco Public Works Code. The proposed project would be required to comply with the provisions of Section 138.1(c)(1) of the Planning Code, which requires the installation of street trees in the case of the construction of a new building. In any case in which the Department of Public Works cannot grant approval for installation of a tree in the public right-of-way on the basis of inadequate sidewalk width, interference with utilities, or other reasons regarding the public welfare, and where installation of such tree on the lot itself is impractical, the tree planting requirements may be modified or waived by the Zoning Administrator.

FOUNDATION AND EARTHWORK

The proposed project would require disturbance of soil underneath the site of the 10-story 1978 annex (proposed for demolition) on the west side of the Aronson Building and underneath
the 20-foot-wide-by-85-foot-long pedestrian walkway on the west side of the annex. Excavation to a depth of approximately 41 feet below the surface would occur underneath the site of the annex following its demolition and underneath the pedestrian walkway. Approximately 9,610 cubic yards of soil would be excavated and removed. There would be no excavation underneath the Mexican Museum parcel.

Underneath the Mexican Museum parcel, there is an existing 41-foot-deep subsurface structure that rests on a mat slab foundation. This subsurface structure would be retained as part of the proposed project. A portion of the proposed tower would be built on the Mexican Museum parcel. The structural load of the proposed tower would be accommodated through the thickening of the existing mat slab foundation, the installation of drilled piles, or a combination of the two. If drilled piles are used, the piles would reach a depth of approximately 80 feet.

The proposed project would result in minimal soils disturbance on the north side of the Aronson Building for removal of the three-story annex and installation of the driveway. The proposed project would not require excavation along the north side of the Aronson Building, but two of the vehicular access variants would require excavation along the north side of that building for a proposed ramp into the existing garage (see Variants 2 and 4, discussed in more detail in Chapter VI, Project Variants). The depth of the excavation would angle downward from approximately 4 feet below the surface at the east end of the ramp to approximately 30 feet below the surface at the west end of the ramp where it would enter the existing garage. Approximately 1,085 cubic yards of soil would be excavated and removed for the ramp.

RELOCATION OF EXISTING TENANTS

The proposed project would displace one retail tenant, Rochester Big & Tall, and several office tenants. All of the office tenants currently hold leases that extend into 2013. All of the office tenants would be allowed to remain in the Aronson Building until their leases end. The leases would not be renewed, and all of the office tenants would be required to relocate elsewhere. Rochester Big & Tall, whose lease expired in 2011, has exercised a lease term extension option and holds additional options through 2016. The project sponsor intends to meet with Rochester Big & Tall to discuss extension of the lease and relocation to a comparable off-site space.

CONSTRUCTION COST AND SCHEDULE

The project sponsor estimates that construction of the proposed project would take up to 36 months at an estimated cost of approximately $170 million. If the proposed project is approved in 2012, construction is anticipated to begin in 2013, with the building being ready for occupancy in late 2015 or 2016.
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E. PROJECT VARIANTS

In addition to the proposed project, seven vehicular access variants are being analyzed for the proposed project. Two of these variants were suggested by commenters during the NOP comment period (see Chapter I, Introduction, on p. I.3) and have been included in the analysis. For all of the vehicular access variants, the number of dwelling units, the mix of uses, the flex options, and the square footages of uses would be the same as the proposed project; the vehicular access variants differ from the proposed project in how vehicles would enter and exit the project site and the Jessie Square Garage. The vehicular access variants are discussed in more detail in Chapter VI, Project Variants, and a brief summary of each is provided below.

- **Variant 1: No Third Street Access** – Under this variant, access to and from the Jessie Square Garage would not change from existing conditions. All vehicles, both public and project-related, would enter the garage from Stevenson Street. Delivery trucks and service vehicles would exit the garage onto Stevenson Street only, and all other public and project-related vehicles could exit the garage onto Mission Street or Stevenson Street. Unlike the proposed project, there would be no public or project-related vehicular access to the Jessie Square Garage from Third Street.

- **Variant 2: Residential Ingress from Third Street and Stevenson Street** – Under this variant, project residents could enter the Jessie Square Garage from Third Street via a new ramp or via the existing entrance on Stevenson Street, and all other vehicles would have to enter the garage from Stevenson Street only. As under existing conditions, delivery trucks and service vehicles would exit the garage onto Stevenson Street only, but all other public and project-related vehicles could exit the garage onto Mission Street or Stevenson Street.

- **Variant 3: Residential Ingress from Mission Street and Stevenson Street** – Under this variant, project residents could enter the Jessie Square Garage from Mission Street or Stevenson Street, and all other vehicles would have to enter the Jessie Square Garage from Stevenson Street only. To accommodate residential ingress from the Mission Street garage entrance, the existing ramp would be widened from 16 feet, 8 inches to 25 feet to allow for two-way operations. As under existing conditions, larger delivery trucks and service vehicles would exit the garage onto Stevenson Street only, but all other public and project-related vehicles could exit the garage onto either Mission Street or Stevenson Street. Unlike the proposed project, there would be no public or project-related vehicular access to the Jessie Square Garage from Third Street.

- **Variant 4: Truck and Service Vehicle Access from Third Street** – Under this variant, delivery trucks and service vehicles would enter the Jessie Square Garage only from Third Street via a new ramp, and all other public and project-related vehicles would enter the garage only from Stevenson Street. As under existing conditions, large delivery trucks would exit the garage onto Stevenson Street only, but all other public and project-related vehicles could exit the garage onto Mission Street or Stevenson Street.

- **Variant 5: Residential Drop-Off within Aronson Building** – Under this variant, project residents could drive onto the project site from Third Street and leave their vehicles with a valet parking attendant in the residential drop-off area on the ground floor of the Aronson Building. The drop off would be created by the demolition of an approximately
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16-foot-tall-by-20-foot-wide-by-80-foot-long portion of the ground floor along the north wall of the Aronson Building. The second through tenth floors of the Aronson Building would cantilever over the residential drop-off area. Project residents who choose to park their own vehicles would be required to enter the Jessie Square Garage from Stevenson Street. All other public and project-related vehicles would enter the garage from Stevenson Street. As under existing conditions, larger delivery trucks and service vehicles would exit the garage onto Stevenson Street only, but all other public and project-related vehicles could exit the garage onto Mission Street or Stevenson Street.

- **Variant 6: Vehicular Ingress/Egress from Mission Street Only Except for Trucks** – Under this variant, all public and project-related vehicles except for delivery trucks and service vehicles would enter and exit the Jessie Square Garage from Mission Street only. To accommodate residential ingress from the Mission Street garage entrance, the existing ramp would be widened from 16 feet, 8 inches to 25 feet to allow for two-way operations. As under existing conditions, delivery trucks and service vehicles would enter and exit the garage from Stevenson Street only. Unlike the proposed project, there would be no public or project-related vehicular access to the Jessie Square Garage from Third Street.

- **Variant 7: All Vehicular Ingress/Egress from Mission Street Only** – Under this variant, all public and project-related vehicles would enter and exit the Jessie Square Garage from Mission Street only. To accommodate residential ingress from the Mission Street garage entrance, the existing ramp would be widened from 16 feet, 8 inches to 25 feet and the vertical clearance increased from 9 feet, 6 inches to 14 feet in order to accommodate both ingress and egress by truck. There would be no public or project-related vehicular access to and from the garage via Third Street or Stevenson Street. Unlike existing conditions and unlike the proposed project, the existing Stevenson Street entrance to and exit from the Jessie Square Garage would be permanently closed.

F. REQUIRED APPROVALS

The required discretionary approvals for the proposed project may include, but are not limited to, the following:

**Approvals by the Board of Supervisors**

- Adoption of a Zoning Map amendment to reclassify the existing 400-foot height limit for the project site, shown on Zoning Map Sheet HT01.
- Possible adoption of an SUD to address FAR, height, and other land use controls for the project site, which may include additional provisions regarding bulk.
- Possible adoption of a Zoning Map amendment to rezone the project site to a DTR District.
- Approval of the Agreement of Purchase and Sale for the Mexican Museum parcel.\(^{33}\)

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\(^{33}\) As part of this agreement, the Successor Agency would convey the Mexican Museum parcel to the project sponsor, and the project sponsor would build the shell and core of the museum space and convey the museum space to the Successor Agency while retaining ownership of the underlying land. The Successor Agency would enter into a long-term lease with The Mexican Museum or another similar cultural institution.
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- Approval of the Agreement of Purchase and Sale for the Jessie Square Garage.\(^{34}\)

**Actions by the Planning Commission**

- Recommendation of Zoning Map amendment to reclassify the existing 400-foot height limit for the project site, shown on Zoning Map Sheet HT01.
- Possible recommendation of adoption of an SUD to address FAR, height, and other land use controls for the project site, which may include additional provisions regarding bulk.
- Possible recommendation of adoption of a Zoning Map amendment to rezone the project site to a DTR District.
- Approval of a *General Plan* referral to determine project consistency with the *General Plan* and the Priority Policies (pursuant to Charter Section 4.105 and Administrative Code Section 2A.53).
- Approval of a Section 309 Determination of Compliance and Request for Exceptions for the construction of a new building in a C-3 District, or approval of a Section 309.1 Determination on Design Modifications and Request for Exceptions for the construction of a new building in a DTR District.
- Approval of the conditional use authorization, if required, if the proposed project would:
  1. provide dwelling units in an amount exceeding 1 unit for every 125 square feet of lot area; or
  2. utilize or widen the existing curb cut on Mission Street for vehicular access.
- Approval of a determination that the net new shadow being cast on Union Square is not adverse to the use of the park, and amendment of the quantitative shadow standard for Union Square that was established on February 7, 1989 pursuant to Planning Commission Resolution No. 11595.

**Approval by the Recreation and Park Commission**

- Approval of a determination that the net new shadow being cast on Union Square is not adverse to the use of the park, and amendment of the quantitative shadow standard for Union Square that was established on February 7, 1989 pursuant to Planning Commission Resolution No. 11595.

**Actions by the Successor Agency and the Oversight Board of the Successor Agency**

- Approval of the Agreement of Purchase and Sale for the Mexican Museum parcel.\(^{35}\)
- Approval of a parking structure bond purchase/defeasance documents.

**Actions by the Planning Department**

- Approval of the site permit.

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\(^{34}\) The purchase and sale of the Mexican Museum parcel and the Jessie Square Garage may be combined into one purchase and sale agreement.

\(^{35}\) As part of this agreement, the Successor Agency would convey the Mexican Museum parcel to the project sponsor, and the project sponsor would build the shell and core of the museum space and convey the museum space to the Successor Agency while retaining ownership of the underlying land. The Successor Agency would enter into a long-term lease with The Mexican Museum.
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- Approval of the Vesting Tentative Map.
- Approval of demolition, grading, and building permits.

Actions by Other City Departments

- Approval of the Agreement of Purchase and Sale for the Jessie Square Garage (SFMTA Board of Directors).
- Approval of the site permit (Department of Building Inspection).
- Approval of the Vesting Tentative Map (Department of Public Works).
- Approval of demolition, grading, and building permits (Department of Building Inspection).
- Approval of compliance with requirements of the Stormwater Management Ordinance for projects with over 5,000 square feet of disturbed ground area (San Francisco Public Utilities Commission).
- Approval of a street improvement permit and/or encroachment permit to (Department of Public Works and SFMTA):
  (1) extend the existing Jessie Square passenger loading/unloading zone on Mission Street by approximately 83 feet, 6 inches to the east, resulting in a 154-foot-long passenger loading/unloading zone;
  (2) designate the curb along Third Street in front of the project site as a white zone for passenger loading/unloading; and
  (3) widen the existing curb cut on Mission Street under Variants 3, 6, and 7 only (not required for the proposed project or Variants 1, 2, 4, and 5) (the Variants are discussed in Chapter IV, Project Variants).
ADDENDUM F

CLIENT CONTRACT INFORMATION
SUCCESSION AGENCY TO THE SAN FRANCISCO REDEVELOPMENT AGENCY

PERSONAL SERVICES CONTRACT

This PERSONAL SERVICES CONTRACT ("Contract") is entered into as of _______________, 2013 (the "Effective Date") by and between the SUCCESSION AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic (the "Successor Agency"), and CBRE, Inc. (the "Contractor").

RECITALS

A. The City and County of San Francisco (the "City") and Successor Agency have an ongoing need for services from real estate appraisal firms to provide valuation and evaluation services regarding a variety of real estate properties and interests throughout the City and in all redevelopment project areas under the Successor Agency's jurisdiction.

B. A Request for Qualifications ("RFQ") for Real Estate Appraisal Services was issued by the City's Department of Real Estate on January 8, 2008.

C. On March 11, 2008, a Notice of Intent ("NOI") was issued to the firms selected to be on the pre-qualified real estate appraisal panel. The Contractor was one of the firms on the list.

D. The scope of services, budget, deliverables, and timeline are negotiated for each project and the contracting department may select any contractor from this list. In consultation with the Successor Agency Contract Compliance department, the Contractor was selected from the list of qualified consultants based on a number of factors including, but not limited to: (1) the particular expertise of the firm's available staff to take lead responsibility for the assignment; (2) potential conflicts of interest; and (3) the response time within which the firm can complete the task.

E. The Successor Agency has requested that the Contractor provide assistance with its valuation of certain properties that the Successor Agency owns in San Francisco, California. These properties are commonly known as (1) the Jessie Square Garage; (2) Parcel CB-1-MM; and (3) Jessie Square, as such properties are more particularly described in the Scope of Development attached hereto as Attachment A. The Successor Agency is considering sale of the Jessie Square Garage and Parcel CB-1-MM to 706 Mission Street Co LLC (the "Developer") as part of a planned mixed-use residential/museum/retail project to be constructed on Parcel CB-1-MM and an adjacent property that is owned by the Developer and is commonly known as 706 Mission Street. Pursuant to the Exclusive Negotiation Agreement between the Successor Agency and Developer (the "ENA"), the Developer is responsible for paying all of the Successor Agency's project-related transaction costs, which include this Contract.

F. Under the Redevelopment Dissolution Law Successor Agencies only have the authority to enter into new contracts in compliance with enforceable obligations that existed prior to June 28, 2011 and in accordance with Health and Safety Code 341773 (a). The Successor Agency has determined that the Contract complies with the terms of the ENA, an existing enforceable obligation that commenced on July 15, 2008.
NOW, THEREFORE, the Successor Agency and the Contractor agree as follows:

1. **SCOPE OF SERVICES**

   Contractor shall provide the services described in Attachment A, “Scope of Services”.

2. **TIME OF COMPLETION**

   A. **Term.** The term of this Contract shall begin as of the Effective Date and end on the earlier of the completion of services or termination by either party as provided by the Contract.

   B. **Notice to Proceed.** Work will commence on the date set forth in the Notice to Proceed for that assignment and must be completed within the time determined by mutual agreement between Successor Agency and Contractor as indicated in the Notice to Proceed.

3. **COMPENSATION AND METHOD OF PAYMENT**

   A. **Compensation.** The amount payable under this Contract is Twenty Thousand Dollars ($20,000). Compensation shall be based upon the mutually agreed upon “Scope of Services” (Attachment A) and “Budget and Schedule” (Attachment B), and as provided in this Section 3. All expenses of Contractor are intended to be covered by the compensation paid to Contractor pursuant to the Contract, and no expenses of Contractor shall be reimbursed separately.

   B. **Method of Payment.** Contractor will submit one or more invoices to the Successor Agency. The invoice shall include the billing amount, description of services rendered, supporting documentation and Contractor’s signature.

      Pursuant to Section 3.B of the ENA, the Successor Agency shall submit Contractor’s invoices to Developer for payment. Developer shall pay such invoices directly to Contractor within sixty (60) days of receipt of such invoices.

   B. **Taxes.** No payroll or employment taxes of any kind will be withheld or paid by Successor Agency on behalf of Contractor. Successor Agency will not treat Contractor as an employee with respect to the Contract services for any purpose, including federal and state tax purposes. Contractor understands and agrees that it is Contractor’s responsibility to pay all taxes required by law, including self-employment social security tax. Successor Agency will issue an IRS 1099 Form, or other appropriate tax-reporting document, to Contractor for the Contract services.

   C. **Benefits.** Contractor will not be eligible for, and will not participate in, any health, pension, or other benefit of Successor Agency which exists solely for the benefit of Successor Agency employees during the Contract Term.

4. **NO PERSONAL LIABILITY**

   No member, official or employee of the Successor Agency shall be liable personally to Contractor or any successor in interest in the event of any default or breach by the Successor Agency or
for any amount which may become due to Contractor or any successor or on any obligation under the terms of this Contract.

5. ASSIGNMENT OF CONTRACT

Contractor shall not assign this Contract, or any part thereof, without the prior express written consent of the Successor Agency.

6. INTENTIONALLY DELETED - “TERMS AND CONDITIONS-CDBG FUNDED CONTRACTS”

7. NON-FEDERAL LABOR STANDARDS

Contractor agrees that any employees performing work or services for Contractor shall be paid not less than the prevailing wage rate and shall be subject to the same hours and working conditions and shall receive the same benefits provided for similar work or services performed in San Francisco. Contractor further agrees that the inclusion of the above provisions in this Contract shall not be construed to relieve Contractor or any subcontractor from the pertinent requirements of any applicable Federal labor standards provisions; and Contractor also agrees that the limitations, if any, in these non-Federal labor standards provisions upon hours per day, per week, or per month which the employees engaged on the work covered by this Contract may be required to work thereon shall not be exceeded. Where minimum rates of pay required under State or local law are higher than the minimum rates of pay required by or set forth in applicable Federal labor standards, said State or local minimum rates shall be the applicable minimum rates of pay for such classifications.

8a. INDEMNIFICATION

Contractor shall defend, hold harmless and indemnify the Successor Agency, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees of and from all claims, loss, damage, injury, actions, causes of action and liability of every kind, nature and description directly or indirectly arising out of or connected with the performance of this Contract and any of Contractor’s operation or activities related thereto, excluding (i) the willful misconduct or the gross negligence of the person or entity seeking to be defended, indemnified or held harmless or (ii) breach of Section 21.N by the Successor Agency, the City and County of San Francisco or any of their respective commissioners, members, officers, agents and employees. If the Contractor maintains additional coverage and/or higher limits than the minimums shown in this Article 8, the Successor Agency requires and shall be entitled to the additional coverage and/or the higher limits maintained by the Contractor. This section does not apply to contracts for construction design services provided by a design professional, as defined in California Civil Code Section 2782.8.

8b. INTENTIONALLY DELETED - INDEMNIFICATION BY DESIGN PROFESSIONALS

9. INDEPENDENT CONTRACTOR

Contractor hereby declares that it is engaged in an independent business and agrees to perform its services as an independent contractor and not as the agent or employee of the Successor Agency. Contractor has and hereby retains the right to exercise full control and supervision of the services and
work to be provided under this Contract and full control over the employment, direction, compensation and discharge of all persons assisting it in the performance of the services and work hereunder. Contractor agrees to be solely responsible for all matters relating to payment of employees, including, but not limited to, compliance with all federal, state and local payroll tax and withholding requirements, workers’ compensation requirements and all regulations governing such matters. Contractor agrees to be solely responsible for its own acts and those of its subordinates and employees during the term of the Contract.

10. INSURANCE

A. Contractor must procure and maintain for the duration of the Contract, including any extensions, insurance against claims for injuries to person or damages to property which may arise from or in connection with the performance of the work under this Contract by the Contractor, its agents, representatives, employees or subcontractors. If the Contractor maintains additional coverages and/or higher limits than the minimums shown in this Article 10, the Successor Agency requires and shall be entitled to the additional coverage and/or the higher limits maintained by the Contractor.

B. Minimum Scope of Insurance. Coverage must be at least as broad as:

(1) Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01).

(2) Insurance Services Office Automobile Liability coverage, code 1 (form number CA 00 01- any auto).

(3) Workers’ Compensation insurance as required by the State of California and Employer’s Liability Insurance.

(4) Professional Liability Insurance appropriate to the Contractor’s profession covering all negligent acts, errors and omissions.

C. Minimum Limits of Insurance. Contractor must maintain limits no less than:

(1) General Liability: $1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit must apply separately to this project/location or the general aggregate limit must be twice the required occurrence limit.

(2) Automobile Liability: $1,000,000 per accident for bodily injury and property damage.

(3) Workers’ Compensation and Employer’s Liability: Workers’ Compensation limits as required by the State of California and Employer’s Liability limits of $1,000,000 for bodily injury by accident and
$1,000,000 per person and in the annual aggregate for bodily injury by disease. (Required only if Contractor has employees).

(4) Professional Liability Insurance: $1,000,000 per claim and in the annual aggregate. If the Contractor’s Professional Liability Insurance is “claims made” coverage, these minimum limits shall be maintained by the Contractor for no less than three (3) years beyond completion of the Scope of Services.

D. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the Successor Agency. At the option of the Successor Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to the Successor Agency, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees; or Contractor shall provide a financial guarantee satisfactory to the Successor Agency guaranteeing payment of losses and related investigations, claim administration and defense expenses.

E. Other Insurance Provisions. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

(1) The “Successor Agency to the San Francisco Redevelopment Agency, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees” and Developer are to be covered as additional insureds as respects: liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Contractor; and liability arising out of work or operations performed by or on behalf of the Contractor.

(2) For any claims related to this Contract, the Contractor’s insurance coverage must be primary insurance as respects to the Successor Agency, the City and County of San Francisco and their respective commissioners, members, officers, agents, and employees, and Developer, but only to the extent of Contractor’s negligence. Any insurance or self-insurance maintained by the Successor Agency, the City and County of San Francisco and their respective commissioners, members, officers, agents or employees, or by Developer, shall be in excess of Contractor’s insurance and shall not contribute with it.

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

(4) Contractor shall provide the Successor Agency, City and Developer with not less than 30 days prior written notice of cancellation of any of the insurance required to maintained pursuant to this Contract.
F. **Acceptability of Insurers.** Insurance is to be placed with insurers with a current A. M. Best’s rating of no less than A:VIII, unless otherwise approved by the Successor Agency’s Risk Manager.

G. **Verification of Coverage.** Contractor must furnish the Successor Agency with certificates of insurance and with original endorsements evidencing coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements may be on forms provided by the Successor Agency. All certificates and endorsements are to be received and approved by the Successor Agency before work commences. The Successor Agency reserves the right to review complete, certified copies of all required insurance policies, including endorsements demonstrating the coverage required by these specifications at any time.

H. **Subcontractors.** Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all the requirements stated herein.

11. **RECORDS, REPORTS AND AUDITS**

A. **Records**

   (1) Records shall be established and maintained for a period of four years from the date of the termination of the Contract; except that records that are the subject of audit findings shall be retained for four years or until such audit findings have been resolved, whichever is later.

   (2) All costs shall be supported by properly executed payrolls, time records, invoices, contracts, vouchers or other official documentation evidencing in proper detail the nature and propriety of the charges. All checks, payrolls, invoices, contracts, vouchers, orders or other accounting documents pertaining in whole or in part to this Contract shall be clearly identified and readily accessible.

B. **Reports and Information.** At such times and in such forms as the Successor Agency, the City and County of San Francisco or HUD, if the Contract is funded with CDBG funds, may require, there shall be furnished to the Successor Agency or its designated representative such statements, records, reports, data and information as the Successor Agency, the City and County of San Francisco or HUD may request pertaining to matters covered by this Contract.

C. **Audits and Inspections.** At any time during normal business hours and as often as the Successor Agency, the City and County of San Francisco or HUD, and/or the Comptroller General of the United States, if the Contract is funded with CDBG funds, may deem necessary, there shall be made available to the Successor Agency or its representatives for examination all records with respect to all matters covered by this Contract and Contractor will permit the Successor Agency, the City and County of San Francisco, HUD and/or the Comptroller General of the United States to audit, examine
and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Contract.

12. CONFLICTS

Except for approved eligible administrative or personnel costs, no employee, agent, contractor, officer or official of the Successor Agency who exercises any functions or responsibilities with respect to this Contract or who is in a position to participate in a decision making process or gain inside information with regard to it, shall obtain a personal or financial interest in or benefit from any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for himself or herself or for those with whom they have family or business ties, during his or her tenure or for two years thereafter. The term “Contractor” also includes the employees, officers (including board members), agents and subcontractors of a Contractor under this Contract. In order to carry out the purposes of this Section, Contractor shall incorporates, or cause to be incorporated, in all contracts and subcontracts relating to activities pursuant to this Contract, a provision similar to that of this Section.

13. CONTRACTOR’S DUTY OF LOYALTY

Contractor for itself and subcontractors, if any, agrees to abide by the Successor Agency’s duty of loyalty, which appears at Section IX.H. (Prohibited Activities of Present and Former Employees, Commissioners and Consultants) of the Successor Agency’s Personnel Policy and which states in part the following: “Unless approved in advance in writing by the Successor Agency, no present or former employee, Commissioner or consultant of the Successor Agency shall knowingly act for anyone other than the Successor Agency in connection with any particular matter in which the Successor Agency is a party, or has a direct and substantial interest, and in which he or she participated personally and substantially as an Successor Agency employee, Commissioner or consultant whether through decisions, recommendations, advice, investigation or otherwise. Violation of this section by a present employee, consultant or Commissioner may, in the case of an employee or consultant, be grounds for discharge or termination of the consultant contract, and in the case of a Commissioner, be considered misconduct in office pursuant of California Health and Safety Code Section 33115.”

14. LIMITATIONS ON CONTRIBUTIONS

Through execution of this Agreement, Contractor acknowledges that it is familiar with section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the Successor Agency for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) the Mayor or members of the Board of Supervisors, (2) a candidate for Mayor or Board of Supervisors, or (3) a committee controlled by such office holder or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Contractor acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Contractor further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of
Contractor’s board of directors; Contractor’s chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Additionally, Contractor acknowledges that Contractor must inform each of the persons described in the preceding sentence of the prohibitions contained in section 1.126.

Finally, Contractor agrees to provide to the Successor Agency the names of each member of Contractor’s board of directors; Contractor’s chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Contractor; any subcontractor listed in the bid or contract; and any committee that is not sponsored or controlled by Contractor.

15. CONFIDENTIALITY/PROPERTY OF SUCCESSOR AGENCY

All of the reports, information, data or other materials prepared or assembled by Contractor under this Contract, including Contractor’s opinions and conclusions based upon such items, are confidential. Notwithstanding the foregoing, the following information, data and other materials are not confidential: (i) information, data and other materials that are publicly available through no breach of this Section by Contractor, (ii) information, data and other materials obtained by Contractor from another source without any obligation of confidentiality to the Successor Agency, or (iii) information, data and other materials independently developed by Contractor without use or reference to the information obtained hereunder. Contractor agrees that such reports, information, opinions or conclusions shall not be made available to or discussed with any individual or organization, including the news media, without the prior written approval of the Successor Agency. Unless otherwise stated in the Scope of Services, all such reports, information, data or other materials and work product shall become the property of the Successor Agency. Notwithstanding anything herein to the contrary, Contractor may disclose information, data or other materials as required by law, court order, or a government authority.

16. COMPLIANCE WITH CALIFORNIA GOVERNMENT CODE

It is understood and agreed that Contractor shall comply with California Government Code Section 7550. California Government Code Section 7550 provides in part that when the total cost for work performed for a local agency by nonemployees of such agency exceeds $5,000.00, any document or written report prepared in whole or in part by nonemployees for such agency shall contain, in a separate section, the numbers and dollar amount of all contracts and subcontracts relating to the preparation of such document or written report.

17. NONDISCRIMINATION AND EQUAL BENEFITS

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

B. Contractor will, in all solicitations or advertisements for employees placed by it or on its behalf, state it is an equal opportunity employer.

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

D. Contractor agrees not to discriminate in the provision of benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, and shall comply fully with all provisions of the Successor Agency’s Nondiscrimination in Contracts Policy (“Policy”), adopted by Resolution No. 175-97, as such Policy may be amended from time to time.

E. Contractor shall provide all services to the public under this Contract in facilities that are accessible to persons with disabilities as required by state and federal law and execute Attachment C, “Nondiscrimination in Contracts and Benefits Form”.

18. COMPLIANCE WITH SMALL BUSINESS ENTERPRISE PROGRAM

The Successor Agency has adopted a Small Business Enterprise (“SBE”) Program, which provides first consideration in awarding contracts in the following order: (1) Project Area SBEs, (2) Local SBEs (outside an Successor Agency Project or Survey Area, but within San Francisco), and (3) all other SBEs (outside of San Francisco). Non-local SBEs should be used to satisfy participation goals only if Project Area SBEs or Local SBEs are not available, qualified, or if their bids or fees are significantly higher than those of non-local SBEs. (See “SBE Agreement”, Attachment D). Contractor shall make good faith efforts to achieve the goals of the SBE Program, which are 50% SBE participation for professional, personal services, and construction contracts. SBEs must be certified with the Successor Agency. If Contractor intends to utilize subcontractors/subconsultants in the provision of services, it must consult with the Successor Agency’s Contract Compliance Division and comply with all the provisions of the Small Business Enterprise Agreement.

19. COMPLIANCE WITH MINIMUM COMPENSATION POLICY AND HEALTH CARE ACCOUNTABILITY POLICY

Contractor agrees, as of the date of this Contract and during the term of this Contract, to comply with the provisions of the Successor Agency’s Minimum Compensation Policy and Health Care Accountability Policy (the “Policies”), adopted by Resolution 168-2001, as such policies may be amended from time to time (See “Minimum Compensation Policy”, Attachment E and “Health Care Accountability Policy”, Attachment F). Such compliance includes providing all “Covered Employees,” as defined under
Section 2.7 of the Policies, a minimum level of compensation and offering health plan benefits to such employees or to make payments to the City and County of San Francisco’s Department of Public Health, or to participate in a health benefits program developed by the City and County of San Francisco’s Director of Health.

20. TERMINATION

The Successor Agency may terminate this Contract at any time without cause upon written Notice of Termination to the Contractor; provided, however, that in the event of such termination, the Successor Agency shall compensate the Contractor for work completed to the satisfaction of the Successor Agency as of the date of such notice or the date of termination specified in and directed by such notice.

21. MISCELLANEOUS PROVISIONS

A. Notices. All notices, demands, consents or approvals required under this Contract shall be in writing and shall be deemed given when delivered personally or by facsimile transmission or three (3) business days after being deposited in the U.S. Mail, first class postage prepaid, return receipt requested, addressed as follows:

If to the Successor Agency: Successor Agency to the San Francisco Redevelopment Agency
One South Van Ness Avenue, Fifth Floor
San Francisco, CA 94103
(415) 749-2400
(415) 749-2565 Fax
Attention: Executive Director

If to Contractor: CBRE, Inc.
350 Sansome Street, Suite 840
San Francisco, CA 94104
(415) 986 7395
(415) 986 6862 Fax
Attention: Elizabeth Champagne

or to such other addresses as the parties may designate by notice as set forth above.

B. Time of Performance

(1) Time is of the essence in the performance of all the terms and conditions of this Contract.

(2) All performance and cure periods expire at 5 p.m., San Francisco, California time, on the applicable date.
(3) A performance or cure date which otherwise would be a Saturday, Sunday or Successor Agency holiday shall be extended to the next Successor Agency working day.

C. Successors and Assigns. This Contract shall be binding upon and inure to the benefit of the successors and assigns of the Successor Agency and the Contractor. Where the term “Contractor” or “Successor Agency” is used in this Contract, it shall mean and include their respective successors and assigns; provided, however, that the Successor Agency shall have no obligation under this Contract to, nor shall any benefit of this Contract accrue to, any unapproved successor or assign of Contractor where Successor Agency approval of a successor or assign is required by this Contract.

D. Modification, Waiver and Amendment. Any modification, waiver or amendment of any of the provisions of this Contract must be in writing and signed by both the Successor Agency and Contractor.

E. Entire Contract. This Contract represents the complete agreement between the parties as to the matters described herein, and there are no oral understandings between Contractor and the Successor Agency affecting this Contract not set forth herein. This Contract supersedes all previous negotiations, arrangements, agreements and understandings between Contractor and the Successor Agency with respect to the subject matter hereof.

F. Severability. If any provision of this Contract shall be determined to be illegal or unenforceable, such determination shall not affect any other provision and all such other provisions shall remain in full force and effect.

G. Governing Law. This Contract shall be governed by the laws of the State of California. It is the responsibility of Contractor to be informed of local, state and federal laws and requirements applicable to this Contract and to perform all work in compliance with those laws and requirements.

H. Headings. Titles of parts or sections of this Contract are inserted for convenience only and shall be disregarded in construing or interpreting its provisions.

I. Attorneys’ Fees. In any action or proceeding arising out of this Contract, the prevailing party shall be entitled to reasonable attorneys’ fees and costs.

J. Authority. The undersigned represents and warrants that he or she has full power and authority to enter into this Contract and to bind the Contractor in accordance with its terms.

K. Designated Representative. The initial designated representative for the Successor Agency for this Contract is Christine Maher, Development Specialist. The initial Contractor designated representative for this Contract is Elizabeth Champagne.

L. Incorporation of Attachments and Recitals. All Attachments to this Contract and Recitals are incorporated herein and made a part hereof as if set forth in full.
IN WITNESS WHEREOF the Successor Agency and Contractor have executed this Contract as of the date first above written.

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

By: [Signature]
Tiffany J. Boksee
Executive Director

CBRE, INC., a Delaware corporation

By: [Signature]
Elizabeth Champagne

Federal Tax Identification No. 95-2743174

APPROVED AS TO FORM:

By: [Signature]
Heidi J. Gewertz
Deputy City Attorney
**ATTACHMENTS**

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ATTACHMENT A: SCOPE OF SERVICES

The Contractor shall prepare a self-contained narrative summary appraisal report (in accordance with the Appraisal Institute’s Standards Rule 2-2 (a)) on three Successor Agency-owned properties in the former Yerba Buena Center Redevelopment Project Area: (1) Jessie Square Garage; (2) Parcel CB-1-MM; and (3) Jessie Square, each as more particularly described below. Each of these three (3) parcels shall be separately appraised. The reasons, purposes and requirements for the appraisal report are as described below.

The appraisal report shall be prepared in full compliance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, and the Code of Professional Ethics including the Standards of Professional Appraisal Practice (SPP) as established by the Appraisal Institute. Notwithstanding anything in the Contract to the contrary, Contractor shall have no liability in connection with any incorrect or misleading information provided by or on behalf of the Successor Agency.

A. Jessie Square Garage

The Jessie Square Garage (Block 3706, Lot 275 and portion of Lot 277) is a below grade parking garage that currently contains approximately 442 spaces of public parking over four subterranean levels and is managed by a professional garage operator. Of those 442 spaces, 70 spaces are leased to an adjacent property owner for reserved parking for a health club and there are letter agreements with several of the neighboring property owners for use of the garage. The Successor Agency is considering selling the Jessie Square Garage to 706 Mission Street Co LLC (the “Developer”) as part of a planned mixed-use residential/museum/retail project on CB-1-MM Parcel and the adjacent 706 Mission Street Parcel (“706 Mission Mixed-Use Project”).

The Successor Agency wants to know the current “fair market value” of the fee simple interest of the Jessie Square Garage, as the term “fair market value” is professionally defined in the real estate community. For the purposes of this Contract, the “Jessie Square Garage” is comprised of (a) the existing 442-space garage, including that certain portion of the garage area below the existing Jewish Museum and adjacent to the mezzanine level of the garage, and (b) the Stevenson Street ramp for the Jessie Square Garage (which is a separate legal parcel) (the “Ramp Parcel”), and (c) all land below the Jessie Square Garage without a lower vertical limit, in each case together with all appurtenant easements and other rights related thereto.

B. Parcel CB-1-MM

Parcel CB-1-MM (Block 3706, portion of Lot 277) is also known as the Mexican Museum Parcel. Parcel CB-1-MM is an approximately 9,778-square-foot parcel fronting Mission Street between 706 Mission Street and Jessie Square, and is improved with an approximately 18,000 gsf, two level substructure that was constructed when the Jessie Square Garage was built. The Mission Street exit ramp from the Jessie Square Garage runs through Parcel CB-1-MM pursuant to an easement agreement. The Successor Agency is considering selling Parcel CB-1-MM to the Developer as part of the 706 Mission Mixed-Use Project.

The Successor Agency wants to know the following:
1. The current “fair market value” of the fee simple interest of Parcel CB-1-MM, as the term “fair market value” is professionally defined in the real estate community.

2. The “restricted use value” of the fee simple interest of Parcel CB-1-MM assuming a deed restriction requiring a cultural facility of not less than 35,000 NSF on the site.

For the purposes of the Contract, Parcel CB-1-MM shall extend from the center of the earth to the heavens (i.e., Parcel CB-1-MM shall have no upper or lower vertical limits), and shall be deemed to include all appurtenant easements and other rights related thereto.

C. Jessie Square

Jessie Square (Block 3706, portion of Lot 277) is a 38,000-square-foot public plaza situated between St. Patrick’s church, the Jewish Museum, and Parcel CB-1-MM, and shall be deemed to include all appurtenant easements and other rights related thereto, but shall exclude (a) all real property interests that constitute the Jessie Square Garage (since Jessie Square is located in part above the Jessie Square Garage), and (b) the Jessie Square Airspace Parcel. The Successor Agency is required to dispose of Jessie Square pursuant to AB 1484, although a potential Buyer has not yet been identified. The Successor Agency wants to know the “restricted use value” of the fee simple interest of Jessie Square, which will be deed restricted as publically accessible open space.

D. Draft Appraisal Report

Prior to finalizing the appraisal report, Contractor shall provide an administrative draft to the Successor Agency and Developer, and the Successor Agency and Developer shall have five (5) business days to review and provide any comments to Contractor (a copy of the Successor Agency’s comments will also be sent to Developer and a copy of the Developer’s comments will also be sent to the Successor Agency) regarding such administrative draft. Contractor agrees to in good faith consider and address in the final appraisal report any such comments provided by Successor Agency and/or Developer within such period.
ATTACHMENT B: BUDGET AND SCHEDULE

A. **Budget.** The amount payable under this Contract is Twenty Thousand Dollars ($20,000). Compensation shall be paid in one or more payments, based upon completion of the mutually agreed upon “Scope of Services” (Attachment A). All expenses of Contractor are included, and no expenses shall be reimbursed separately.

B. **Schedule.** The Scope of Services shall be completed within three (3) weeks of the Effective Date.
A. **What is the Nondiscrimination in Contracts Policy?**
The Successor Agency to the San Francisco Redevelopment Agency’s Nondiscrimination in Contracts Policy (Policy) requires companies or organizations providing products or services to, or leasing a real property from, the Successor Agency to agree not to discriminate against groups who are protected from discrimination under the Policy, and to include a similar provision in subcontracts and other agreements. Those provisions are the subjects of this form. The Policy is posted on the Web at: www.ci.sf.ca.us/sfra.

If you do not comply with the Policy, the Successor Agency cannot do business with you, except under certain very limited circumstances.

B. **What Successor Agency contracts are covered by the Policy?**
- Contracts or purchase orders where the Successor Agency purchases products, services or construction with contractors/vendors whose total amount of business with the Successor Agency exceeds a cumulative amount of $5,000 in a 12-month period.
- Leases of property owned by the Successor Agency for a term of 30 days or more. In these cases, the Successor Agency is the landlord. The Policy also applies to leases for a term of 30 days or more where the Successor Agency is the tenant.

C. **What are the groups protected from discrimination under the Policy?**
You may not discriminate against:
- your employees
- an applicant for employment
- any employee of the Successor Agency or the City and County of San Francisco
- a member of the public having contact with you.

D. **What are prohibited types of discrimination?**
You may not discriminate against the specified groups for the following reasons (see Question 1a on the declaration form).
- Race
- creed
- ancestry
- age
- sexual orientation
- marital status
- disability
- color
- religion
- national origin
- sex
- gender identity
- domestic partner status
- AIDS/HIV status

In the provision of benefits, you also may not discriminate between employees with spouses and employees with domestic partners, or between the spouses and domestic partners of employees, subject to the conditions listed in F.2 below.

E. **How are subcontracts affected?**
For any subcontract, sublease, or other subordinate agreement you enter into which is related to a contract you have with the Successor Agency, you must include a nondiscrimination provision (See Question 1b on the Declaration Form). The subcontracting provision need not include nondiscrimination in benefits as part of the nondiscrimination requirements. If you’re unsure whether a contract qualifies as a subcontract, contact the Successor Agency division administering your contract with the Successor Agency. “Subcontract” also includes any subcontract of your subcontractor for performance of 10% or more of the subcontract.
F. **Nondiscrimination in benefits for spouses and domestic partners**

1. **Who are domestic partners?**
   If your employee and another person are currently registered as domestic partners with a state, county or city that authorizes such registration, then those two people are domestic partners. It doesn’t matter where the domestic partners now live or whether they are a same-sex couple or an opposite sex couple. A company/organization may also institute its own domestic partnership registry (contact the Successor Agency for more information).

2. **What is nondiscrimination in benefits?**
   You must provide the same benefits to employees with spouses and employees with domestic partners, and to spouses and domestic partners of employees, subject to the following qualifications (See Question 2c on the Declaration Form).
   - If your cost of providing a benefit for an employee with a domestic partner exceeds that of providing it for an employee with a spouse, or vice versa, you may require the employee to pay the excess cost.
   - If you are unable to provide the same benefits, despite taking all reasonable measures to do so, you must provide the employee with a cash equivalent. This qualification is intended to address situations where your benefits provider will not provide equal benefits and you are unable to find an alternative source or state or federal law prohibit the provision of equal benefits. (See Question 2d on the Declaration form).
   - The Policy does not require any benefits be offered to spouses or domestic partners. It does require, however, that whatever benefits are offered to spouses be offered equally to domestic partners, and vice versa.

3. **Examples of benefits**
The law is intended to apply to all benefits offered to employees with spouses and employees with domestic partners. A sample list appears in Question 2c on the Declaration Form.

G. **Form required**
Complete the Declaration Form to tell the Successor Agency whether you comply with the Policy. All parties to a Joint Venture must submit separate Declarations.

Please submit an original of the Declaration Form and keep a copy for your records. If an Successor Agency division should ask you to complete the form again, you may submit a copy of the form you originally submitted (if the information has not changed), unless you are advised otherwise.

H. **Attachments**
If you provide equal benefits, as indicated by your answers to Question 2c on the Declaration form, **YOU MUST ATTACH DOCUMENTATION TO THIS FORM**, unless such documentation does not exist. See item 3, “Documentation for Nondiscrimination in Benefits.” If documentation does not exist, attach an explanation (e.g., some of your policies are unwritten).

I. **If your answers change**
If, after you submit the Declaration, your company/organization’s nondiscrimination policy or benefits change such that the information you provided to the Successor Agency is no longer accurate, you must advise the Successor Agency promptly by submitting a new Declaration.
Nondiscrimination in Contracts and Benefits

Declaration Form

1. Nondiscrimination—Protected Classes
   a. Is it your company/organization’s policy that you will not discriminate against your employees, applicants for employment, employees of the Successor Agency to the San Francisco Redevelopment Agency (Successor Agency) or City and County of San Francisco (City), or members of the public for the following reasons:
      - race
      - color
      - creed
      - religion
      - ancestry
      - national origin
      - age
      - sex
      - sexual orientation
      - gender identity
      - marital status
      - domestic partner status
      - disability
      - national origin
      - AIDS or HIV status

   b. Do you agree to insert a similar nondiscrimination provision in any subcontract you enter into for the performance of a substantial portion of the contract that you have with the Successor Agency or the City?

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

2. Nondiscrimination—Equal Benefits (Question 2 does not apply to subcontracts or subcontractors)
   a. Do you provide, or offer access to, any benefits to employees with spouses or to spouses of employees?

   b. Do you provide, or offer access to, any benefits to employees with domestic partners (Partners) or to domestic partners of employees?

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

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

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Yes, for Spouses</th>
<th>Yes, for Partners</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical (health, dental, vision)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bereavement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family leave</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parental leave</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee assistance programs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relocation and travel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company discounts, facilities, events</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit union</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child care</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other ________________________________</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other ________________________________</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
If you answered “yes” to Question 2a or 2b, and in 2c indicated that you do not provide equal benefits, you may still comply with the Policy if you have taken all reasonable measures to end discrimination in benefits, have been unable to do so, and now provide employees with a cash equivalent.

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

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

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

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

Executed this ___th day of ___ , 2013, at ___ , ___.
(City) (State)

Name of Company/Organization: CBRE, Inc.
Doing Business As (DBA): CBRE, Valuation and Advisory Services
Also Known As (AKA):
General Address: 350 Sansome Street, Suite 840, San Francisco, CA 94104
(For General Correspondence)
Remittance Address: __________________________
(If different from above address)
Name of Signatory: Elizabeth Champagne Title: Senior Managing Director
(Please Print)
Signature: [Signature]
Phone Number: 415-986-7395 Federal Tax ID Number: 95-2743174
Approximate number of employees in the U.S.: 22,400 Vendor Number: __________________

☐ Check here if your address has changed.
☐ Check here if your organization is a non-profit.
☐ Check here if your organization is a governmental entity.

THIS FORM MUST BE RETURNED WITH THE ORIGINAL SIGNATURE
Please return this form to: Successor Agency to the San Francisco Redevelopment Agency, One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103.

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ATTACHMENT D: SMALL BUSINESS ENTERPRISE AGREEMENT

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

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

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

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSTRUCTION</td>
<td>50%</td>
</tr>
<tr>
<td>PROFESSIONAL SERVICES</td>
<td>50%</td>
</tr>
<tr>
<td>SUPPLIERS</td>
<td>50%</td>
</tr>
</tbody>
</table>

A. Trainee Hiring Goal. In addition to the goals set forth above in Section III, there is a trainee hiring goal for architects, designers and other professional services consultants as follows:

<table>
<thead>
<tr>
<th>Trainees</th>
<th>Design Professional Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$ 0 – $99,000</td>
</tr>
<tr>
<td>1</td>
<td>$ 100,000 – $249,999</td>
</tr>
<tr>
<td>2</td>
<td>$ 250,000 – $499,999</td>
</tr>
<tr>
<td>3</td>
<td>$ 500,000 – $999,999</td>
</tr>
<tr>
<td>4</td>
<td>$1,000,000 – $1,499,999</td>
</tr>
<tr>
<td>5</td>
<td>$1,500,000 – $1,999,999</td>
</tr>
<tr>
<td>6</td>
<td>$2,000,000 - $4,999,999</td>
</tr>
<tr>
<td>7</td>
<td>$5,000,000 - $7,999,999</td>
</tr>
<tr>
<td>8</td>
<td>$8,000,000 – or more</td>
</tr>
</tbody>
</table>

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

V. FIRST CONSIDERATION. First consideration will be given by the Agency or Agency-Assisted Contractor in awarding contracts in the following order: (1) Project Area SBEs, (2) San Francisco-based SBEs (outside an Agency Project or Survey Area, but within San Francisco), and (3) Non-San Francisco-based SBEs. Non-San Francisco-based SBEs should be used to satisfy participation goals only if Project Area SBEs or San Francisco-based SBEs are not available, qualified, or if their bids or fees are significantly higher than those of non-San Francisco-based SBEs.
VI. CERTIFICATION. The Agency no longer certifies SBEs but instead relies on the information provided in other public entities’ business certifications to establish eligibility for the Agency’s program. Only businesses certified by the Agency as SBEs that have not expired and economically disadvantaged businesses that meet the Agency’s SBE Certification Criteria will be counted toward meeting the participation goals. The SBE Certification Criteria are set forth in the Policy (as defined in Section VII below).

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

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

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

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

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

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

Annual Receipts means “total income” (or in the case of a sole proprietorship, “gross income”) plus “cost of goods sold” as these terms are defined and reported on Internal Revenue Service tax return forms. The term does not include net capital gains or losses; taxes collected for and remitted to a taxing authority if included in gross or total income, such as sales or other taxes collected from customers and excluding taxes levied on the concern or its employees; proceeds from transactions between a concern and its domestic or foreign affiliates; and amounts collected for another by a travel agent, real estate agent, advertising agent, conference management service provider, freight forwarder or customs broker. For size determination purposes, the only exclusions from receipts are those specifically provided for in this paragraph. All other items, such as subcontractor costs, reimbursements for purchases a contractor makes at a customer’s request, and employee-based costs such as payroll taxes, may not be excluded from receipts. Receipts are averaged over a concern’s latest three (3) completed fiscal years to determine its average annual receipts. If a concern has not been in business for three (3) years, the average weekly revenue for the number of weeks the concern has been in business is multiplied by 52 to determine its average annual receipts.
Arbitration Party means all persons and entities who attend the arbitration hearing pursuant to Section XII, as well as those persons and entities who are subject to a default award provided that all of the requirements in Section XII.L. have been met.

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

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

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

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

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

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

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

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

**Small Business Enterprise (SBE)** means an economically disadvantaged business that: is an independent and continuing business for profit; performs a commercially useful function; is owned and controlled by persons residing in the United States or its territories; has average gross annual receipts in the three years immediately preceding its application for certification as a SBE that do not exceed the following limits: (a) construction--$14,000,000; (b) professional or personal services--$2,000,000 and (c) suppliers--$7,000,000; and is (or is in the process of being) certified by the Agency as a SBE and meets the other certification criteria described in the SBE application.

In order to determine whether or not a firm meets the above economic size definitions, the Agency will use the firm’s three most recent business tax returns (i.e., 1040 with Schedule C for Sole Proprietorships, 1065s with K-1s for Partnerships, and 1120s for Corporations). Once a business reaches the 3-year average size threshold for the applicable industry the business ceases to be economically disadvantaged, it is not an eligible SBE and it will not be counted towards meeting SBE contracting requirements (or goals).

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

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

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

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

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

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

**C. Follow-up.** Follow up initial solicitations of interest by contacting the SBES to determine with certainty whether the enterprises are interested in performing specific items involved in work.
D. **Subdivide Work.** Divide, to the greatest extent feasible, the contract work into small units to facilitate SBE participation, including, where feasible, offering items of the contract work which the Contractor would normally perform itself.

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

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

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

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

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

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

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

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

### X. ADDITIONAL PROVISIONS

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

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

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

“Amounts for work performed by a subcontractor shall be paid within ten (10) days of receipt of funds by the contractor, pursuant to California Business and Professions Code Section 7108.5 et seq. Failure to include this provision in a subcontractor or failure to comply with this provision shall constitute an event of default which would permit the Agency to exercise any and all remedies available to it under contract, at law or in equity.”

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

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

XI. PROCEDURES

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

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

B. Affidavit. If the Agency-Assisted Contractor or Contractor(s) contend that the contract has been awarded to a SBE, the Agency-Assisted Contractor or Contractor(s) shall, at the same time also submit to the Agency a SBE Application for Certification and its accompanying Affidavit completed by the SBE owner. However, a SBE that was previously certified by the Agency shall submit only the short SBE Eligibility Statement.
C. **Good Faith Documentation.** If the 50% SBE Participation Goals are not met in each category (Construction, Professional Services and Suppliers), the Agency-Assisted Contractor or Contractor(s) shall meet and confer with the Agency at a date and time set by the Agency. If the issue of the Agency-Assisted Contractor’s or Contractor’s good faith efforts is not resolved at this meeting, the Agency-Assisted Contractor or Contractor shall submit to the Agency within five (5) days, a declaration under penalty of perjury containing the following documentation with respect to the good faith efforts (“**Submission**”):

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

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

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

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

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

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

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

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

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

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

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

D. **Presumption of Good Faith Efforts.** If the Agency-Assisted Contractor or Contractor(s) achieves the Participation Goals, it will not be required to submit Good Faith Effort documentation.
E. **Waiver.** Any of the SBE requirements may be waived if the Agency determines that a specific requirement is not relevant to the particular situation at issue, that SBEs were not available, or that SBEs were charging an unreasonable price.

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

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

XII. **ARBITRATION OF DISPUTES.**

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

B. **Demand for Arbitration.** Where the Agency-Assisted Contractor or Contractor disagrees with the Agency’s Notice of Non-Qualification or Notice of Non-Compliance, the Agency-Assisted Contractor or Contractor shall have seven (7) business days, in which to file a Demand for Arbitration, unless otherwise stipulated by the parties. The Demand for Arbitration shall contain at a minimum: (1) a cover letter demanding arbitration under this provision and identifying any entities believed to be involved in the dispute; (2) a copy of the Notice of Non-Qualification or Notice of Non-Compliance; and (3) any written response to the Notice of Non-Qualification or Notice of Non-Compliance. If the Agency-Assisted Contractor and Contractor fails to file a timely Demand for Arbitration, the Agency-Assisted Contractor and Contractor shall be deemed to have accepted and to be bound by the finding of Non-Qualification or the findings and recommendations contained in the Notice of Non-Compliance.

C. **Parties’ Participation.** The Agency and all persons or entities who have a contractual relationship affected by the dispute shall be made an Arbitration Party. Any such person or entity not made an Arbitration Party in the Demand for Arbitration may intervene as an Arbitration Party and in turn may name any other such person or entity as an Arbitration Party, provided however, that the Agency-Assisted Contractor or Contractor made an initial timely Demand for Arbitration pursuant to Section XII.B. above.
D. **Agency Request to AAA.** Within seven (7) business days after service of a Demand for Arbitration, the Agency shall transmit to AAA a copy of the Demand for Arbitration, the Notice of Non-Qualification or Notice of Non-Compliance, and any written response thereto from the affected party. Such material shall be made part of the arbitration record.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

N. **Jurisdiction/Entry of Judgment.** The inquiry of the arbitrator shall be restricted to the particular controversy which gave rise to the Demand for Arbitration. A decision of the arbitrator issued hereunder shall be final and binding upon all Arbitration Parties. The non-prevailing Arbitration Party(ies) shall pay the arbitrator’s fees and related costs of arbitration (or reimburse the Arbitration Parties that advanced such arbitration fees and costs). Each Arbitration Party shall pay its own attorneys’ fees, provided, however, that attorneys’ fees may be awarded to the prevailing party if the arbitrator finds that the arbitration action was instituted, litigated, or defended in bad faith. Judgment upon the arbitrator’s decision may be entered in any court of competent jurisdiction.

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

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

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

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

_____________________________    ____________________________
Agency                             Agency-Assisted Contractor

XIII. **AGREEMENT EXECUTION**

Note: If you are seeking Agency certification as a SBE, you should fill out the “Application for SBE Certification”. If you are already an Agency certified SBE, you should execute the “SBE Eligibility Statement”.

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

_____________________________    ____________________________
Signature                      Date

_____________________________    ____________________________
Elizabeth Champagne        Senior Managing Director
Print Your Name               Title

_____________________________    ____________________________
CBRE, Inc.  415-986-7395
Company Name and Phone Number
What the Ordinance does. The Successor Agency to the San Francisco Redevelopment Agency adopted the San Francisco Health Care Accountability Policy (the “HCAP”), which became effective on September 25, 2001. The HCAP requires contractors and subcontractors that provide services to the Successor Agency, contractors and subcontractors that enter into leases with the Successor Agency, and parties providing services to tenants and sub-tenants on Successor Agency property to choose between offering health plan benefits to their employees or making payments to the Successor Agency or directly to their employees.

Specifically, contractors can either: (1) offer the employee minimum standard health plan benefits approved by the Oversight Board (2) pay the Successor Agency $3.75 per hour for each hour the employee works on the covered contract or subcontract or on property covered by a lease (but not to exceed $120 in any week) and the Successor Agency will appropriate the money for staffing and other resources to provide medical care for the uninsured, or (3) participate in a health benefits program developed by the Successor Agency.

The Successor Agency may require contractors to submit reports on the number of employees affected by the HCAP.

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

- in each contract, the contractor will agree to abide by the HCAP and to provide its employees the minimum benefits the HCAP requires, and to require its subcontractors to do the same.

- if a contractor does not provide the HCAP’s minimum benefits, the Successor Agency can award a contract to that contractor only if the contract is exempt under the HCAP, or if the contract has received waiver; from the Successor Agency.

What this form does. If you can assure the Successor Agency now that, beginning with the first Successor Agency’s contract or amendment you receive after September 25, 2001 and until further notice, you will provide the minimum benefit levels specified in the HCAP to your covered employees, and will ensure that your subcontractors also subject to the HCAP do the same, this will help the Successor Agency contracting process. The Successor Agency realizes that it may not be possible to make this assurance now.

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

For more information, (1) see the complete text of the HCAP, available from the Successor Agency’s Contract Compliance Department at: (415) 749-2400.

Routing. Return this form to: Contact Compliance Department, Successor Agency to the San Francisco Redevelopment Agency, 1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103.

Declaration

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

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

_______________________________
Signature

_______________________________
Print Name

_______________________________
Company Name

4/9/13
Date

415-986-7395
Phone
ADDENDUM G

QUALIFICATIONS
QUALIFICATIONS OF

ELIZABETH CHAMPAGNE, MAI, MRICS
Senior Managing Director

CBRE, Inc., Valuation & Advisory Services
350 Sansome Street, Suite 840
San Francisco, California 94104
T: (415) 986-7395
F: (415) 986-6862
Elizabeth.Champagne@cbre.com

EDUCATIONAL

Bachelor of Science Degree, Horticulture, Washington State University, Pullman, Washington
Successfully completed all the necessary courses to qualify for the MAI designation, and to meet
continuing education requirements.

LICENSE(S)/CERTIFICATION(S)

California OREA Certified General Real Estate Appraiser No. AG025144 Expires 11/17/14

PROFESSIONAL

Appraisal Institute
Designated Member (MAI), Certificate No. 9390

Royal Institution of Chartered Surveyors
Designated Member (MRICS), Certificate No. 1277002

EMPLOYMENT EXPERIENCE

Over 20 years of professional experience in the fee preparation/review of real estate appraisals,
feasibility studies, rent analyses and market studies of commercial and residential properties.
Primary experience encompasses a wide variety of property types including office, retail, industrial,
multifamily, hotel, medical office, skilled nursing facility, residential care, restaurant, parking
garage, car wash, residential subdivision, bank branch and special purpose.

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<th>Year</th>
<th>Company</th>
<th>Position</th>
<th>City, State</th>
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<td>1997-Present</td>
<td>CBRE, Inc.</td>
<td>Senior Managing Director</td>
<td>San Francisco, CA</td>
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<td>1994-1997</td>
<td>The Property Sciences Group Inc.</td>
<td>Senior Vice President</td>
<td>Pleasant Hill, CA</td>
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<td>1990-1992</td>
<td>The Codman Company</td>
<td>Senior Appraiser &amp; Manager</td>
<td>Boston, MA</td>
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<td>1985-1990</td>
<td>Hunneman Appraisal &amp; Consulting Company</td>
<td>Staff Appraiser</td>
<td>Boston, MA</td>
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<tr>
<td>1983-1985</td>
<td>The Krupp Company</td>
<td>Acquisitions Analyst</td>
<td>Boston, MA</td>
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<td>1982-1983</td>
<td>City of Newton, Assessor</td>
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<td>Newton, MA</td>
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<td>1977-1981</td>
<td>USDI Fish and Wildlife Service</td>
<td>Staff Appraiser</td>
<td>Newton, MA</td>
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<td>1975-1977</td>
<td>USDA Farmers Home Admin. and HUD</td>
<td></td>
<td>Franklin, PA and Boston, MA</td>
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Business, Transportation & Housing Agency
OFFICE OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

M. Elizabeth Champagne

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title "Certified General".

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

OREA APPRAISER IDENTIFICATION NUMBER: AG 025144

Effective Date: November 18, 2012
Date Expires: November 17, 2014

Jim Martin, Director, OREA
QUALIFICATIONS OF

STAN WOLF, MAI
Vice President

CBRE, Inc., Valuation & Advisory Services
350 Sansome Street, Suite 840
San Francisco, California 94104
T: (415) 986-1548
F: (415) 986-6862
Stan.Wolf@cbre.com

EDUCATIONAL

Bachelor of Science Degree, Business (major), Communications (minor)
Southern Oregon State College, Ashland, Oregon

Master of Science Degree, Business Management
Troy State University, Troy, Alabama

Successfully completed all the necessary courses to qualify for the MAI designation, and to meet continuing education requirements.

LICENSE(S)/CERTIFICATION(S)

California OREA Certified General Real Estate Appraiser No. AG044533 Expires 05/16/14

PROFESSIONAL

Appraisal Institute
Designated Member (MAI), Certificate No. 11474

EMPLOYMENT EXPERIENCE

Approximately 20 years of professional experience in the fee preparation/review of real estate appraisals, feasibility studies, rent analyses and market studies of commercial, industrial and residential properties. Primary experience encompasses a wide variety of property types including office, retail, industrial, restaurant, multifamily, medical office, manufacturing home communities, mini-storage, and subdivision. Experience also includes special purpose properties such as skilled nursing facility, residential care, parking garage, regional malls, service stations, churches, banks, schools, etc.

<table>
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<th>Position</th>
<th>Location</th>
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<td>2010-Present</td>
<td>CBRE, Inc. – Staff Appraiser</td>
<td>San Francisco, CA</td>
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<tr>
<td>2007-2010</td>
<td>PGP Valuation, Inc. – Managing Director</td>
<td>Dallas, TX</td>
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<td>1999-2007</td>
<td>CB Richard Ellis – Staff Appraiser</td>
<td>Seattle, WA</td>
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<td>1994-1999</td>
<td>Herrmann &amp; Company – Staff Appraiser</td>
<td>Portland, OR</td>
<td></td>
</tr>
<tr>
<td>1992-1994</td>
<td>Powell, Goss &amp; Herrmann – Staff Appraiser</td>
<td>Portland, OR</td>
<td></td>
</tr>
<tr>
<td>1991-1992</td>
<td>Mark D. Barry &amp; Associates - Staff Appraiser</td>
<td>Portland, OR</td>
<td></td>
</tr>
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</table>
STANLEY E. WOLF

has successfully met the requirements for a license as a general real estate appraiser in the State of California and is, therefore, entitled to use the title "Certified General Real Estate Appraiser".

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

OREA APPRAISER IDENTIFICATION NUMBER

AG044533

Date Issued: May 17, 2012
Date Expires: May 16, 2014

Diane Westphal
Deputy Director, OREA
QUALIFICATIONS OF

Thomas A. Corry
Appraiser

CBRE, Inc., Valuation & Advisory Services
350 Sansome Street, Suite 840
San Francisco, California 94104
T: 415.986.7258
F: 415.986.6862
Tom.Corry@cbre.com

EDUCATIONAL

Bachelor of Science in Agricultural Business
California Polytechnic State University, San Luis Obispo, CA

LICENSE(S)/CERTIFICATION(S)

Appraiser Trainee License: State of California (No. AT043226)

EMPLOYMENT EXPERIENCE

Professional experience in providing real estate valuation and consulting services for a wide variety of property types including office, retail, industrial, multifamily, land, and special purpose facilities.

2011 - Present Appraiser; CBRE, Inc. San Francisco, CA
2007 - 2011 Appraiser; Dunn & Associates Walnut Creek, CA
2005 - 2007 Project Administrator; Walsh Construction Co. Sacramento, CA
OFFICE OF REAL ESTATE APPRAISERS

TRAINEE

REAL ESTATE APPRAISER LICENSE

TOM A. CORRY

has successfully met the requirements for trainee licensing as a real estate appraiser in the State of California and is, therefore, entitled to use the title "Real Estate Trainee Appraiser".

This trainee license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

OREA APPRAISER IDENTIFICATION NUMBER

AT043226

Date Issued: October 31, 2011
Date Expires: October 30, 2013

Bob Clark
Director, OREA

Audit No. 136709