

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 52-2016

Adopted December 6, 2016

AUTHORIZING AN EXCLUSIVE NEGOTIATIONS AGREEMENT WITH TENDERLOIN NEIGHBORHOOD DEVELOPMENT CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, AND YOUNG COMMUNITY DEVELOPERS, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, AND A PREDEVELOPMENT LOAN AGREEMENT WITH TENDERLOIN NEIGHBORHOOD DEVELOPMENT CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED \$3,500,000, FOR THE DEVELOPMENT OF 140 AFFORDABLE RENTAL UNITS (INCLUDING ONE MANAGER'S UNIT) FOR LOW-INCOME FAMILIES AND FORMERLY HOMELESS HOUSEHOLDS AT CANDLESTICK POINT NORTH BLOCK 10A (BOUNDED BY INGERSON AVENUE, M STREET, EARL STREET AND A MID-BLOCK BREAK); AND PROVIDING NOTICE THAT THIS ACTION IS WITHIN THE SCOPE OF THE CANDLESTICK POINT AND HUNTERS POINT SHIPYARD PHASE 2 DISPOSITION AND DEVELOPMENT AGREEMENT (“DDA”) AND THAT THE PROGRAM ENVIRONMENTAL IMPACT REPORT FOR THE DDA ADEQUATELY DESCRIBES THIS ACTION FOR THE PURPOSE OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA

WHEREAS, In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, section 33000 *et seq.* the “CRL”), the former San Francisco Redevelopment Agency (the “Former Agency”) undertook programs for the reconstruction and construction of blighted areas in the City and County of San Francisco; and,

WHEREAS, In accordance with the CRL, the City, acting through its Board of Supervisors, approved a Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area (the “Project Area”) by Ordinance No.113-06, adopted on May 16, 2006. The Redevelopment Plan is referred to as the “Bayview Hunters Point Redevelopment Plan.” In cooperation with the City, the Former Agency was responsible for implementing the Bayview Hunters Point Redevelopment Plan; and,

WHEREAS, Pursuant to California Health and Safety Code §§ 34170 *et seq.* (the “Redevelopment Dissolution Law”), the Former Agency was dissolved as of February 1, 2012; and,

WHEREAS, The Successor Agency to the Redevelopment Agency of the City and County of San Francisco (commonly known as the Office of Community Investment and Infrastructure) (the “Successor Agency” or “OCII”) is completing the enforceable obligations of the Former Agency in the Project Area, under the authority of the CRL as amended by the Redevelopment Dissolution Law, and under San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency

Commission (“Commission”) and delegating to it state authority under the Redevelopment Dissolution Law); and,

WHEREAS, The Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (the “Phase 2 DDA”) between CP Development Co. LP and the Former Agency provides for the development of approximately 700 acres that includes the second phase of the Shipyard and the entire Candlestick Point area (“Phase 2 Project”). The Phase 2 DDA calls for 10,500 new housing units, 32% of which will be below market rate; and,

WHEREAS, On December 14, 2012, the California Department of Finance (“DOF”) determined “finally and conclusively” that the Phase 2 DDA and tax allocation pledge agreements, including the affordable housing programs are enforceable obligations under the Dissolution Law; and,

WHEREAS, On February 18, 2016, OCII issued a Housing Development Request for Proposals (the “RFP”), which RFP is incorporated herein by this reference, for the development and management of up to 140 units of affordable rental housing for low income and formerly homeless families (“Candlestick Point North 10a Project” or “CPN10a” or “Project”) on Lot 26¹ of that certain Final Transfer Map No. 7879-8583, recorded on August 16, 2016 and filed on pages 73-74 in Book GG of the County’s Survey Maps (the “Site”); and,

WHEREAS, OCII received four submittals in response to the RFP, and determined that the applicant team consisting of Tenderloin Neighborhood Development Center (“TNDC”) & Young Community Developers “YCD”) (together, the “Developer”), and the architecture firm Herman Coliver Locus Architecture was well-suited to develop the Site; and,

WHEREAS, The Request for Proposal required the inclusion of three (3) four-bedroom units and one (1) five-bedroom unit within the overall unit mix. These units were specified in order to comply with California Redevelopment Law’s requirement that an exact unit mix be replicated within a neighborhood undergoing redevelopment; the four- and five- bedroom units at CPN10a will serve as replacement units for Phase 4 Block 5 of the Alice Griffith HOPESF project, which required a higher number of one- and two-bedroom units, versus four- and five-bedroom units, in order to be financially feasible; and,

WHEREAS, On August 16, 2016 the OCII Commission approved the selection of the Developer as the CPN10a Project Development Team through Resolution No. 39-2016 and at that time the Commission was apprised that OCII staff would be requesting authorization to enter into an Exclusive Negotiations Agreement and Predevelopment Loan with the Developer in the coming months; and,

WHEREAS, The Citywide Affordable Housing Loan Committee (the “Loan Committee”) reviewed OCII staff’s evaluation of the request for funding at its meeting on November 4, 2016, and recommended to the OCII Commission that it authorize

¹ The Candlestick Point 10a lot number was incorrectly noted as Lot 35 in the original distribution of this resolution to the OCII Commission.

OCII to provide the Developer with a predevelopment loan in an amount not to exceed \$3,500,000 (the “Funds”) subject to certain terms and conditions (the “Loan”); and,

WHEREAS, Under Ordinance No. 215-12 and the Redevelopment Dissolution Law, OCII has the obligation and authority to provide the funds for the Phase 2 Project; and,

WHEREAS, On January 25, 2016 under Resolution No. 1-2016, the Oversight Board of the City and County of San Francisco approved an expenditure for funding including CPN 10a through Item No. 403 of the Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (“ROPS 16-17”). The California Department of Finance provided final approval of the expenditure for Item No. 219 HPS Phase 2 – CP Affordable Housing Obligation through its letter dated December 14, 2012; and,

WHEREAS, For purposes of implementation and to ensure consistency with the City’s overall affordable housing goals and priorities, OCII has engaged the Mayor’s Office of Housing and Community Development (MOHCD) to provide additional services, construction monitoring and design review, and loan disbursement review and processing. Upon completion of the CPN 10a Project, OCII intends, and is obligated, to transfer the affordable housing loan obligation, asset, and ground lease to MOHCD as the designated Successor Housing Agency of the City and County of San Francisco under Board Resolution No. 11-12, as required by Redevelopment Dissolution Law; and,

WHEREAS, The Developer desires to enter into and execute an exclusive negotiations agreement (the “ENA”) and an associated Option to Ground Lease. The ENA’s key components include: a \$10,000 Performance Deposit; an initial term of eighteen (18) months, until June 6, 2018 (with up to a twelve-month extension, granted at the discretion of the OCII Executive Director); and a Schedule of Performance which includes performance milestones. The ENA will lead to a long-term ground lease; and,

WHEREAS, A copy of the ENA, and the associated Option to Ground Lease, in substantially final form, is attached to the Commission memorandum associated with this Resolution; and,

WHEREAS, The Developer desires to enter into and execute a loan agreement and promissory note (the “Predevelopment Loan Documents”), which will provide funding in an amount not to exceed \$3,500,000 for predevelopment work associated with the construction of the CPN 10a Project; and,

WHEREAS, A copy of the Predevelopment Loan Documents, in substantially final form, is attached to the Commission memorandum associated with this Resolution; and,

WHEREAS OCII’s remaining discretionary approvals for the CPN 10a Project consist of review for consistency under the Design Review and Document Approval Procedure (“DRDAP”) for Candlestick Point and Phase 2 of the Hunters Point Shipyard and subsequent commitment of permanent financing; and,

WHEREAS, On June 3, 2010, the SFRA Commission by Resolution No. 58-2010 and the San Francisco Planning Commission by Motion No. 18096, certified the Final Environmental Impact Report (“FEIR”) for the Candlestick Point-Hunters Point Shipyard Phase 2 Project, a program environmental impact report that analyzed the Project, the DDA, the Project Documents, and the Redevelopment Plans, and made findings determining the FEIR to be adequate, accurate, and objective and in compliance with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) (“CEQA”) and the CEQA Guidelines (14 California Code of Regulations Sections 15000 et seq.); the Board of Supervisors affirmed the Planning Commission’s certification of the FEIR by Motion No. 10-110 on July 14, 2010; and,

WHEREAS, As part of its approval of the Project on June 3, 2010, in addition to certifying the FEIR, the SFRA Commission, by Resolution No. 59-2010 adopted findings pursuant to CEQA, regarding the alternatives, mitigation measures, and significant environmental effects analyzed in the FEIR, including a Mitigation Monitoring and Reporting Program and a Statement of Overriding Considerations for the Project, which findings are incorporated into this Resolution by this reference; and,

WHEREAS, Subsequent to the certification of the FEIR, the Planning Department, at the request of OCII, issued Addendum No. 1 to the FEIR (“Addendum No. 1”) (dated December 11, 2013) to the FEIR as part of the 2014 Major Phase 1 CP and Streetscape Plan; and,

WHEREAS, Addendum No. 1 addressed changes to the phasing schedule for the Project and corresponding changes to the schedules for implementation of related transportation system improvements in the Transportation Plan, including the Transit Operating Plan, the Infrastructure Plan and other public benefits; and minor proposed revisions in two adopted mitigations measures, Mitigation Measure TR-16 Widen Harney Way, and Mitigation Measure UT-2 Auxiliary Water Supply System; and,

WHEREAS, OCII as the lead agency, prepared, in consultation with the San Francisco Planning Department, Addendum No. 4 to the FEIR, (“Addendum No. 4”) which OCII staff issued on February 22, 2016. (Addenda Nos. 2 and 3 analyzed proposed changes to the Project, which are no longer being pursued.) Addendum No. 4 evaluated amendments to the Design for Development, Streetscape Plan and Major Phase 1 Application for Candlestick Point and the amendment of two adopted mitigation measures, that were, Mitigation Measure TR-16 to divide the Harney Way improvements into two phases and Mitigation Measure TR-23 to modify the cross-section design of Gilman Avenue; and,

WHEREAS, Copies of the FEIR, addenda, and supporting documentation are on file with the Commission Secretary and are incorporated in this Resolution by this reference; and,

WHEREAS, The approval of the ENA, Option to Ground Lease and the Loan is an undertaking pursuant to and in furtherance of the Project in conformance with CEQA Section 21166 and the CEQA Guidelines Sections 15180, 15162, 15163, and 15164; and,

WHEREAS, The FEIR and the CEQA Findings adopted by the SFRA Commission by Resolution No. 59-2010 on June 3, 2010, reflected the independent judgment and analysis of the SFRA Commission, remain adequate, accurate and objective, and were prepared and adopted following the procedures required by CEQA, and the findings in such resolution are incorporated by this reference as applicable to the approval of the ENA and Loan; and,

RESOLVED, The Commission finds and determines that the ENA and Loan, as recommended for approval, are consistent with the Phase 2 Project as analyzed in the FEIR and require no additional environmental review beyond the FEIR and addenda pursuant to CEQA Section 21166 and the CEQA Guidelines Sections 15180, 15162, 15163, and 15164; for the following reasons:

(1) Implementation of the Candlestick Point North 10a Project does not require major revisions to the FEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant impacts; and,

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

(3) No new information of substantial importance to the project analysis in the FEIR has become available, which would indicate that (i) the Candlestick Point North 10a Project will have significant effects not discussed in the FEIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible, which would reduce one or more significant effects, have become feasible; or (iv) mitigation measures or alternatives, which are considerably different from those in the FEIR, will substantially reduce one or more significant effects on the environment that would change the conclusions set forth in the FEIR; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to: (i) enter into the ENA with Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, and Young Community Developers, a California nonprofit public benefit corporation, and the Predevelopment Loan Documents with Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, substantially in the form of the documents approved by legal counsel for OCII, ; (ii) to make expenditures consistent with Redevelopment Dissolution Law; and (iii) to enter into any and all ancillary documents or to take any additional actions necessary to consummate the transaction contemplated by this Resolution.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of December 6, 2016.


Interim Commission Secretary



office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

Attachment 1

118-0272016-002

August 16, 2016

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee, Executive Director

SUBJECT: Approving the selection of Tenderloin Neighborhood Development Corporation and Young Community Developers for the development of 140 affordable rental housing units (including one manager's unit) for low income and formerly homeless families at Candlestick Point North Block 10a; Bayview Hunters Point Redevelopment Project Area

Approving the selection of San Francisco Housing Development Corporation and Mercy Housing California for the development of 150 affordable rental housing units (including one manager's unit) for low income and formerly homeless families at Candlestick Point South Block 11a; Bayview Hunters Point Redevelopment Project Area

EXECUTIVE SUMMARY

Edwin M. Lee
MAYOR

Tiffany Bohee
EXECUTIVE DIRECTOR

Mara Rosales
CHAIR

Miguel Bustos
Marily Mondejar
Leah Pimentel
Darshan Singh
COMMISSIONERS

On July 19, 2016, the Commission on Community Investment and Infrastructure ("Commission") received an informational memorandum regarding the results of the initial phase of the selection process for evaluating responses to the Request for Proposals ("RFP") for 140 units of affordable rental housing for low income and formerly homeless families at Candlestick Point North Block 10a ("CPN 10a" or "10a") in the Bayview Hunters Point Redevelopment Project Area and 150 units of affordable rental housing for low income and formerly homeless families at Candlestick Point South Block 11a ("CPS 11a" or "11a"). OCII staff now requests approval of the recommendation as described in this memorandum.

The Hunters Point Shipyard (the "Shipyard") and Candlestick Point ("CP," together "HPS/CP") form approximately 780 acres along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and the Bayview Hunters Point Redevelopment Plan in 2006. Both redevelopment plans were amended in 2010 to

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provide for the integrated planning and development of the Shipyard and the Candlestick Point portion of the Bayview Hunters Point Redevelopment Project Area. Candlestick Point is subject to State and local land transfer agreements that allow for the re-use of the Candlestick Stadium site and adjacent under-utilized parklands.

The *Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement* (the "Phase 2 DDA") between CP Development CO. LP ("Master Developer") and the former San Francisco Redevelopment Agency, now the Office of Community Investment and Infrastructure ("OCII"), provides for the development of approximately 700 acres that includes the second phase of the Shipyard and the entire Candlestick Point area ("Phase 2 Project"). The Phase 2 DDA calls for 10,500 new housing units, 32% of which will be Below Market Rate for a total of 3,345 BMR units. The 3,345 BMR units will be comprised of approximately:

- 1,140 Agency Affordable Units on ten (10) Agency Lots (to be leased to households earning 0% - 60% Area Median Income or "AMI") in the Phase 2 Project (10a and 11a are the first of the Agency Lots in Phase 2 to be developed and the selection of the developer teams is the first step in this process),
- 256 Alice Griffith Replacement Units and approximately 248 Agency Affordable Units on Alice Griffith Lots,
- 809 Inclusionary Units (to be leased or sold to households earning 80% - 120% AMI) and
- 892 Workforce Units (to be leased or sold to households earning 121% - 160% AMI).

On February 18, 2016 OCII released a Request for Proposals ("RFP") for the development and operation of two of OCII's Agency Lots in Candlestick Point, the first to be offered for development. Releasing two parcels in one RFP provided for economies of scale in the procurement process and more importantly furthered the Mayor's goal of accelerating affordable housing production. This is the first time OCII has included two affordable housing parcels in one RFP.

The subjects of the RFP were Candlestick Point South 11a ("CPS 11a") and Candlestick Point North 10a ("CPN 10a"). The development program for CPS 11a calls for up to 150 units of affordable rental housing, including a set aside for formerly homeless families and two family childcare units. The development program for CPN 10a calls for up to 140 units of affordable rental housing, including a set aside for formerly homeless families and two family childcare units. Applicant teams could submit responses for one or both parcels.

OCII staff made extensive outreach to attract RFP submittals by the April 27, 2016 deadline, and received four proposals (the "Proposals") for each parcel. All Proposals included qualified housing developers pursuant to the Phase 2 DDA, defined as a nonprofit or a for-profit organization with the ability to secure low-income housing tax credits and affordable housing financing and to develop Affordable Units consistent with the character and quality of the Residential Projects in the Phase 2 Project ("Qualified Housing Developers").

The following development teams, listed in alphabetical order, submitted proposals for each parcel:

- Integral Group LLC & Tabernacle Community Development Corporation ("Integral/TCDC")
- McCormack Baron Salazar & Bayview Hunters Point Multipurpose Senior Services ("MBS/BHPMSS")

- Mercy Housing California & San Francisco Housing Development Corporation (“Mercy/SFHDC”). This team proposed Mercy as lead developer for CPN 10a and SFHDC as lead developer for CPS 11a. As such when the team is discussed in regard to CPN 10a it will be shown as “Mercy/SFHDC” and when the team is discussed in regard to CPS 11a, this partnership will be shown as “SFHDC/Mercy.”
- Tenderloin Neighborhood Development Corporation & Young Community Developers (“TNDC/YCD”).

All Proposals were reviewed to ensure they met the minimum threshold submission requirements of the RFP. All the teams complied with the minimum threshold requirements and all were invited to interview. The interviews for each parcel were held on separate but consecutive days on June 27, 2016 and June 28, 2016 and were conducted by two eight-member multi-disciplinary evaluation panels.

Informed by the discussions that took place within the evaluation panels which was directed by the scoring criteria of the RFP and the Southeast capacity-building initiative outlined in Section 5.1(c) “Agency Community Partners” of Attachment G of the Phase 2 DDA (Community Benefits Agreement), OCII staff recommends, with CAC support, the following development teams:

1. CPN 10a: Tenderloin Neighborhood Development Corporation & Young Community Developers
2. CPS 11a: San Francisco Housing Development Corporation & Mercy Housing California

The recommendations are further described later in this memorandum. Staff has presented the evaluation process and these recommendations to the Mayor’s Hunters Point Shipyard Citizen Advisory Committee (“CAC”) Housing Subcommittee on July 21, 2016 and the full CAC voted in favor of moving the recommended teams for both parcels to the Commission for approval on August 8, 2016.

Staff recommends approving the developer team of Tenderloin Neighborhood Development Corporation and Young Community Developers for CPN 10a and approving the developer team of San Francisco Housing Development Corporation and Mercy Housing California for CPS 11a.

BACKGROUND

Affordable Housing Development in Phase 2 of Hunters Point Shipyard/Candlestick Point and Project Area Update

The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and the Bayview Hunters Point Redevelopment Plan in 2006. Both redevelopment plans were amended in 2010 to provide for the integrated planning and development of the Shipyard and the CP portion of the Bayview Hunters Point Redevelopment Project Area.

Development of the Shipyard will occur in two phases. The first phase of development at the Shipyard, which is governed by the Hunters Point Shipyard Phase 1 Disposition and Development Agreement (“Phase 1 DDA”), will ultimately include up to 1,600 homes, 27% to 40% of which will be affordable, and 26 acres of open space. The first residential units in the first phase became available for occupancy in Spring 2015.

The Phase 2 Project includes approximately 700 acres of the Shipyard and the entirety of Candlestick Point is governed by the Phase 2 DDA, which states that approximately 32% of the 10,500 planned residential units will be designated as Below Market Rate units.

BMR Housing Production Status

The Replacement Units and Agency Affordable Units that comprise the Alice Griffith site are the first BMR units to be developed in Candlestick Point and Hunters Point Shipyard Phase 2. Alice Griffith Phases 1 through 3, totaling 306 units, are under construction. Phase 4, comprised of 31 units, is in the predevelopment and planning stage. Phases 5 and 6, consisting of 167 units, have not yet started.

<i>Alice Griffith Unit Tracking</i>						
Phase	Block(s)	Actual/Est Construction Start	Estimated Construction Finish	Public Housing Replacement Units	Affordable New Units	Total Units
1	2	March 2015	December 2016	58	35	93
2	4	March 2015	December 2016	56	35	91
3A/ 3B	1	February 2016	September 2017	93	29	122
4	5	April 2017	May 2018	13	18	31
5	8,14, 9 (portion of)	TBD 2019	TBD 2021	36	0	36
6	9	TBD 2019	TBD 2021	0	131	131
Total Units				256	248	504

Candlestick Point North 10a and Candlestick Point South 11a are the first of the 10 Agency Lots reserved for 100% affordable projects to begin development. Agency Affordable Units will be built on Agency Lots, which have been pre-selected for affordable housing development; OCII will select development teams and provide funding for these affordable housing developments. Exhibit F "Below Market Rate Housing Plan" of the Phase 2 DDA ("BMR Housing Plan") establishes that "Agency Affordable Units" are units "constructed within an Agency Affordable Project or an Alice Griffith Replacement Project... for which the rental charge is Affordable with an AMI Percentage equal to a minimum of zero percent (0%) and a maximum of sixty percent (60%)." As an example and based on 2016 figures, income for a family of four at 60% of AMI as published by the Mayor's Office of Housing and Community Development ("MOHCD") would be \$64,600 per year with a monthly rent restricted to no more than \$1,615 for a three-bedroom unit.

The Workforce and Inclusionary units that comprise the remaining BMR units are still in a preliminary planning stage.

Project Area Update

On March 15, 2016 the Commission on Community Investment and Infrastructure adopted amendments to the first Major Phase Application for Candlestick Point ("Major Phase 1 CP"), the Candlestick Point Streetscape Master Plan ("Streetscape Plan"), Candlestick Design for Development ("D4D") and corresponding changes to exhibits in the Phase 2 DDA.

The updated Major Phase 1 CP is comprised of sixteen blocks of new development, and consists of two significant projects, the redevelopment of a major portion of the Alice Griffith public housing site and the CP Center mixed-use destination featuring housing, retail and entertainment.

Major Phase 1 CP encompasses the creation of a new neighborhood that is projected to include 1.1 million square feet of mixed commercial uses, 47,000 square feet of community facilities, and a total 2,214 new residential units, of which 939 units are affordable. As outlined above, the affordable units include 256 Alice Griffith Replacement Units, an additional 248 OCII Affordable Units to be built as part of the Alice Griffith project, and the 290 Agency Affordable Units on CPN 10a and CPS 11a.

Over nine acres of open spaces will be developed as part of this Major Phase to serve neighbors and visitors alike with a mix of gathering places for a range of active and passive pursuits. The new neighborhoods in Major Phase 1 CP will be easily accessible, with roadway improvements to serve automobiles, bicycles, pedestrians, and public transit.

Local Commitment to Increasing Affordable Housing Units and Housing the Homeless

The development programs for CPS 11a and CPN 10a are aligned with the goals outlined in the City of San Francisco and MOHCD's Consolidated Plans. The City's 2010-2014 Consolidated Plan prioritizes affordable family housing development in San Francisco. The plan for the sites is also in furtherance of the goals of MOHCD's Consolidated Plan (2010) by requiring that 20% of the units be set aside for formerly homeless families. Goal 4 of the Plan states, "San Francisco residents of all income levels will have safe, healthy and affordable housing;" the Plan's very first objective is to create housing for individuals and families earning 0-60% AMI. The Plan's fourth objective is to provide services and supportive housing for people with specific needs. Subsequent to the release of the RFP, and consistent with the City's efforts to combat family homelessness, OCII staff proposes to increase the percentage of homeless set aside from 20% to 25%, which will provide an additional 15 units at both sites combined for formerly homeless families for a total of 73 units set-aside for formerly homeless families at both development sites.

10a and 11a Request for Proposals Process

OCII developed the RFP through a multidisciplinary approach of engaging various stakeholders including the Master Developer of Phase 2, former HSA (now Department of Homeless and Supportive Housing or "DHS") employees, MOHCD and Office of Early Care and Education. As a result of this process, OCII and the stakeholders developed a plan for the site calling for 20% of the units to be set aside formerly homeless families including five (5) Transition Aged Youth Parenting Units, 80% of units to be leased to low-income households and two larger units to be set aside as Family Childcare Units to support the needs of larger families on-site. As mentioned above, the percentage of formerly homeless units is now proposed to be 25%, and the City through

MOHCD will fund the increased allocation of local operating subsidies available during the year the projects will be completed.

In order to ensure expedited development, OCII sought submittals from qualified teams comprised of a Qualified Housing Developer, a property manager, an architect, and a supportive services provider with experience in serving the target population (together, an "Applicant") to develop, manage and provide resident supportive services for up to 140 units (including one manager's unit) for formerly homeless families and low-income families on CPN 10a and up to 150 units (including one manager's unit) for formerly homeless families and low income families on CPS 11a. The Phase 2 DDA defines Qualified Housing Developers as "nonprofit or for-profit organizations with the ability to secure low-income housing tax credits and affordable housing financing and to develop Affordable Units consistent with the character and quality of the Residential Projects in the Project Block and with the Redevelopment Requirements." In conjunction with Section 5.1(b) Agency Community Builder Protégé Program and 5.1 (c) Agency Community Partners, of Attachment G of the Phase 2 DDA (Community Benefits Plan), Qualified Housing Developers were strongly encouraged to involve community partners (organizations from the Southeast area of the City) to act as co-developers or to provide social or clinical services.

As mentioned earlier, offering two affordable housing parcels for development in one RFP allows for an acceleration of affordable housing delivery; the RFP was the first time OCII has included two parcels for development simultaneously.

Upon completion of the project, OCII's assets related to the site will be transferred to MOHCD, which is the designated Housing Successor Agency under Dissolution Law. MOHCD reviewed the RFP, participated in the selection of the development team, and will also review and comment on the projects' financial underwriting and funding and disposition documents in order to ensure a smooth transition to MOHCD at project completion.

DISCUSSION

When OCII issued the RFP in February 2016, it was publicized to developers, architects, and real estate professionals, including SBEs, through direct mailing, advertisements in newspapers of general circulation and community newspapers, and postings on OCII's and the City's Office of Contract Administration websites. This robust outreach resulted in a strong turnout from the development, design and community based organization community at the pre-submittal meeting for the RFPs.

Development Program

Both CPN 10a and CPS 11a are part of a new mixed-use community in the Candlestick Point Area, which will consist of four distinct neighborhoods: Candlestick Center, Candlestick North, Candlestick South and Alice Griffith. Both Block 10a and Block 11a are within the Candlestick Mixed-use Residential District which will be comprised of low and mid-rise buildings. Design principles for the Candlestick Point area include: "locating lower density building forms nearest to the existing Bayview neighborhood; creating landmarks for "urban place-making;" clustering higher density near important nodes; linking highest density with adjacency to transit stops; minimizing impacts on public open space; and, framing view corridors and on Candlestick, preserving the view from Bayview Hill." CPN 10a and CPS 11a are both located near "important nodes" where higher density is recommended.

- CPN 10a is located in Candlestick Point North and is an approximately 57,000 square foot site bounded by M Street to the southeast, an unnamed mid-block break to the northeast, Earl Street to the northwest and Ingerson Avenue to the southwest.
- CPS 11a is located in Candlestick Point South and is an approximately 65,000 square foot site bounded by Candlestick Park Drive (which becomes Arelious Walker Drive) to the southeast, 9th Street to the northeast, Harney Way to the northwest, and an unnamed mid-block break to the southwest. The RFP called out the importance and prominence of this gateway location and sought designs responsive to that location.

The RFP sought proposals that included the following elements:

- Development of rental housing affordable to formerly homeless families and low-income families, with 20% (subsequently increased to 25%) of the units to be leased to formerly homeless families including 5 units set aside for Transition Aged Youth and the remaining units to be leased to low-income families;
- A unit mix including:
 - Three (3) four-bedroom units,
 - One (1) five-bedroom units, and
 - a remaining mix of one- two- and three-bedroom units
 - An average unit size of 2.5 bedrooms for each site
 - One (1) manager's unit per site;
- Formerly homeless units that will serve households not exceeding 30% AMI as defined by MOHCD, and based on the U.S. Department of Housing and Urban Development's ("HUD") AMI. Furthermore, the homeless units must include administrative and supportive services which will be coordinated with the Department of Homelessness and Supportive Housing;
- A formerly homeless housing model that depends on operating and services subsidies from the City's Local Operating Subsidy Program ("LOSP") and the Department of Homelessness and Supportive Housing to support the formerly homeless units including the 5 Transition Aged Youth units;
- Low income family units that will serve families with income levels not exceeding 60% AMI as published by MOHCD, and based on the HUD AMI for the area containing San Francisco adjusted only for individual and family size;
- On-site supportive services, associated services space and 24 hour front desk coverage;
- Two (2) Family Childcare Units to be leased to an income-qualified state licensed caregiver;
- A robust marketing plan that will outreach to and provide supportive services, technical assistance and rental readiness services to Certificate of Preference holders as well as other populations with leasing preference;

- 10,000 square feet of ground floor retail space on parcel CPS 11a and 15,000 square feet on parcel CPN 10a must be provided to meet the requirements of the Major Phase document as well as to complement the Master Developer's retail plan for Candlestick Point;
- An exterior design that distinguishes and emphasizes building corners, especially at the corner of Harney and Candlestick Point Drive for parcel 11a given its "gateway" location in the Candlestick Point neighborhood;
- A recommended parking ratio of 0.6-0.8 parking spaces per unit and 25 bicycle spaces plus one space for every 4 additional dwelling units over 50 units, and
- A program that incorporates "green" and sustainable building strategies in accordance with the City's requirements and is constructed to a minimum Green Point Rated standard of 125.

Pre-Submittal Meeting and Applicant Teams

On March 8, 2016 and as advertised prominently in the RFP document, a pre-submittal meeting was conducted by OCII housing, project area and design staff to review the requirements of the RFP and answer questions from prospective applicant teams. Thirty-four representatives of developers, service providers and architectural firms attended the meeting. A list of questions and answers resulting from pre-submittal meeting were distributed to prospective applicant teams who registered with OCII.

On April 27, 2016, four proposals were received for the 10a site, as follows (listed in alphabetical order by developer name):

Qualified Housing Developer	Architect	Property Manager	Services Provider
The Integral Group LLC and Tabernacle Development Corporation	GA Architects	John Stewart Company	Providence Foundation and United Council of Human Services
McCormack Baron Salazar and Bayview Hunters Point Multipurpose Senior Services	HKIT Architects	McCormack Baron Management	Bayview Hunters Point Multipurpose Senior Services as Lead Coordinator of BHP Foundation, Hunters Point Family, Rafiki Wellness and Young Community Developers
Mercy Housing and San Francisco Housing Development Corporation	Paulett Taggart Architects	Mercy Housing	Mercy Housing and SFHDC in partnership with Episcopal Community Services

Tenderloin Neighborhood Development Corp and Young Community Developers	Herman Coliver Locus Architects	Tenderloin Neighborhood Development Corp	Tenderloin Neighborhood Development Corp in partnership with Larkin Street Youth and Bayview YMCA
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Four proposals were received for the 11a site (listed in alphabetical order by developer name). As is seen, the Applicant teams were identical between both parcels with an exception of three parcel’s architectural teams.

Table 1: CPS 11a Applicant Teams			
Qualified Housing Developer	Architect	Property Manager	Services Provider
The Integral Group LLC and Tabernacle Development Corporation	David Baker Architects	John Stewart Company	Providence Foundation and United Council of Human Services
McCormack Baron Salazar and Bayview Hunters Point Multipurpose Senior Services	HKIT Architects	McCormack Baron Management	Bayview Hunters Point Multipurpose Senior Services as Lead Coordinator of BHP Foundation, Hunters Point Family, Rafiki Wellness and Young Community Developers
San Francisco Housing Development Corporation and Mercy Housing	Leddy Maytum Stacy Architects	Mercy Housing	Mercy Housing and SFHDC in partnership with Episcopal Community Services
Tenderloin Neighborhood Development Corp and Young Community Developers	Herman Coliver Locus Architects	Tenderloin Neighborhood Development Corp	Tenderloin Neighborhood Development Corp in partnership with Larkin Street Youth and Bayview YMCA

Selection Process and Criteria

The proposals were reviewed by each member of the Evaluation Panels in advance of the interviews. The interviews here held at OCII’s offices over a course of two days. The format of the interviews was as follows: a 20-minute presentation and 30 minute question and answer period to help the Evaluation Panel complete its evaluation.

Proposals were evaluated using the selection criteria set forth in the RFP: (1) a total of up to 50 points were awarded for the proposed development concept and (2) up to 50 points for developer team experience and

capacity, for an overall total of up to 100 points. A detailed breakdown of the RFP proposal criteria is provided below:

Table 3 Selection Criteria		
POINTS		CRITERIA
50		Proposed Development Concept
	20	Proposed Massing Concept: strength and constructability of proposed massing concept, number of units, conformance with the Redevelopment Plan, Major Phase, and the Design for Development
	15	Financial Feasibility & Level of OCII Subsidy
	10	Proposed Services Plan
	5	Proposed Marketing Plan
50		Developer Team Experience and Capacity
	10	Developer experience in developing and marketing affordable housing <i>comparable</i> to the housing proposed in this RFP
	5	Developer experience with government assisted affordable housing programs and financing sources and/or “green” housing; Developer Workload Capacity
	5	Workforce and Contracting Action Plan
	10	Architect experience & capacity, including “green” housing
	10	Service Provider experience & capacity
	10	Property Manager experience & capacity, including retail operation
100	100	Total Points

The RFP also stated that the selected development team would be required to comply with all of OCII's policies, including the Certificate of Preference Program, Bayview Hunters Point Employment and Contracting Policy, Small Business Enterprise (“SBE”) Program, Minimum Compensation Policy, Health Care Accountability Policy, Construction Workforce Agreement, Permanent Workforce Agreement and Prevailing Wage Policy.

Results of the Selection Process

Upon receipt of the four Applicants' submittals, OCII staff verified the completeness of each submittal. Each of the teams submitted complete proposal packages for each parcel and thus all teams were invited to interview.

The four teams were interviewed on June 27, 2016 and June 28, 2016 by two eight-member evaluation panels comprised of: one member from the Hunters Point Shipyard Citizens Advisory Committee, a representative from the Department of Homelessness and Supportive Housing, a representative from the Mayor's Office of Housing and Community Development and OCII staff including the Senior Project Manager for Hunters Point Shipyard and Candlestick Point, an architect, and three OCII housing staff members (collectively the “Evaluation Panels”). A representative from OCII Contract Compliance was also present but did not participate in scoring. After the interviews on the June 27th the evaluation panel scored each Applicant based upon the selection

criteria and point allocation described in the RFP. This same process was completed by a separate evaluation panel on June 28th.

For both CPN 10a and CPS 11a the evaluation panels determined that the proposals by Mercy/SFHDC were most responsive to the RFP criteria and comprehensive in content, with TNDC/YCD following with the second most responsive submittals for both parcels. These two proposals impressed the evaluation panels because of the quality of their design proposals and conformance to the Candlestick Point Design for Development requirements, composition of developer teams with Southeast partners, strong services programming for both the formerly homeless and family populations, extremely well thought out financial plans that included competitive strategies to obtain state financing sources in order to reduce the required subsidy from OCII and architecture teams with relevant experience and compelling precedent projects. The concept massings included in both the CPN 10a and CPS 11a proposals are included in this memo as Exhibit C.

Proposal Detail - Marketing

Both the Mercy/SFHDC and TNDC/YCD proposals included thorough marketing proposal summaries describing a strong understanding of OCII's marketing processes and a commitment to outreach to COP holders. The TNDC/YCD proposal stated a commitment to hiring a Rental Readiness and Homeownership Counseling Provider with experience in marketing and providing technical assistance to COP holders, while SFHDC/Mercy's proposal noted that SFHDC's Financial Empowerment Center would dedicate a 0.5 FTE staff person to specifically outreach to and work with COP holders to facilitate application preparation and submissions. Staff felt that both of these marketing proposals took into account the importance of COP outreach and either acknowledged in-house expertise in this area in the case of SFHDC/Mercy's proposal, or noted a commitment to partnering for that expertise in the case of TNDC's/YCD's proposal.

Proposal Detail - Workforce and Contracting Action Plan ("WCAP")

Both the SFHDC/Mercy and TNDC/YCD proposals included comprehensive preliminary workforce action plans; the Evaluation Panels assigned each of these two teams the same scores in this category. SFHDC will act as the workforce lead for the SFHDC/Mercy team with an in-house Workforce Development Coordinator staff person who would enforce and coordinate the WCAP. The SFHDC/Mercy team submitted an extensive preliminary plan for outreach, record keeping and capacity building for local small businesses at each stage of the development process, from predevelopment to pre-bidding, through construction and finally post-construction/building operations and maintenance. Over the past seven years, SFHDC has worked on two OCII related housing projects, Alice Griffith Phase 1 Block 2 and Alice Griffith Phase 3 Block 1 in the capacity of co-developer with an overall SBE participation of 53% on both professional services and construction contracts. Over the same period, Mercy has worked on four OCII stand-alone affordable housing projects with an overall SBE participation rate of 43.1% on professional services and construction contracts.

TNDC/YCD will both work to carry out the workforce action plan and will also contract with a to-be-determined SBE and Outreach Consultant, to be solicited through an RFP process. The TNDC/YCD proposal similarly included an extensive amount of detail on planned good faith efforts to meet SBE and local participation goals. The plan emphasizes communicating to community groups and training and development organizations early on in the process to create a database of possible construction hires to draw upon in addition to those sourced from OCII's partnership with CityBuild. In the past seven years, TNDC has worked on one OCII stand-alone affordable housing project, Mission Bay 6E, which is currently in the design stage. Thus far, TNDC has shown a

firm commitment towards complying with OCII's equal opportunity program, achieving an overall SBE participation of 54.4% for design services. Similarly, YCD has worked on one OCII related housing, project, Block 49 in the Shipyard, in past years in the capacity of co-developer and achieved an overall SBE participation of 56.8% for professional services and construction contracts on the project.

The highest scoring proposal overall was the SFHDC/Mercy (with SFHDC as lead developer) for CPS 11a.

Table 4: Candlestick Point 10a and 11a Scoring

Applicant Team	11a	10a
	Average Score	Average Score
Mercy & SFHDC	96	95
TNDC/YCD	93	83
MBS / BHPMSS	67	63
INTEGRAL/ TCDC	66	61

The evaluation panel for CPS 11a collectively agreed, in addition to the other scoring criteria described above, the strength of the SFHDC/Mercy proposal was especially strong due to the capacity- building opportunity offered by including a Southeast developer partner (SFHDC) as lead developer (with Mercy Housing actively involved) as well as an especially inspired design proposal that responded well to the RFP's criteria of emphasizing the "gateway" nature of the 11a site.

Below are some conclusions of the Evaluation Panel as well as scoring outcomes for CPS 11a:

1. The SFHDC/Mercy partnership proposed in the MOU submitted for CPS 11a best exemplifies the development partnership OCII is looking for in terms of a larger organization supporting and building the capacity for a smaller organization. The executed Memorandum of Understanding presented in the SFHDC/Mercy submittal proposed SFHDC play a lead role in most aspects of the development and to earn a 50% developer fee. For reference, third and fourth ranked proposals did not have as clearly defined relationships and had a lower fee split such as 90%/10%.
2. OCII's lead architect / planner scored SFHDC/Mercy ahead of TNDC/YCD for CPS 11a. This is of import as CPS 11a is a "gateway" parcel into the Candlestick Point neighborhood per the Major Phase document. CPS11a is a prominent neighborhood parcel and thus its design is especially important.

Overall, the CPS 11a SFHDC/Mercy proposal scored the highest when comparing the results from CPS 11a and CPN 10a. Based on the outcome of the Evaluation Panels as summarized above, staff recommends the SFHDC/Mercy development team for CPS 11a.

For CPN 10a, OCII staff recommends the TNCD/YCD development team, which scored second highest after the Mercy/SFHDC team, for the following reasons:

1. The TNDC/YCD team scored high on CPN 10a and offers a strong capacity building opportunity for an additional Southeast partner (YCD). Specifically, the ownership and developer fee split between TNDC and YCD is 80%/20%. Although TNDC will act as lead developer, the executed Memorandum of Understanding submitted in this team's proposal stated that YCD will "provide assistance and meaningful input on all key decisions and activities throughout the development process" and outlines clear roles for YCD for most managerial and decision making roles in the development process. Involving more than one Southeast community partner in the development of the two parcels was an outcome that was interpreted by the evaluation panels as working towards the goal laid out in Section 5.1(c) "Agency Community Partners" of Attachment G of the Phase 2 DDA (Community Benefits Agreement) which states that the "agency will keep within its customary practice of using good faith efforts to involve community partners in the development.... of Agency affordable units."
2. The proposed design submitted by the TNDC/YCD team was well conceived with residents' needs in mind and met the standards of the D4D. The TNDC/ YCD team scored second highest for design of the 10a parcel.
3. Having a different team on each parcel is consistent with OCII's objective of creating opportunities for community partners and diverse teams and represents an effort to bring about as many partnerships as possible with community based organizations in the Southeast, again consistent with Section 5.1(c) "Agency Community Partners" of Attachment G of the Phase 2 DDA (Community Benefits Agreement).
4. Staff concluded that one developer per site would result in the best outcome for OCII by eliminating any and all concerns about developer team capacity and ensuring timely delivery of both projects.

With the highest scoring team SFHDC/Mercy being recommended for the CPS 11a, the second highest scoring team TNDC/YCD is recommended for CPN 10a. It should be noted that both teams employed AMI tiering below the 60% AMI maximum to ensure that newly produced housing creates opportunities for households earning less than 60% AMI, with SFHDC/Mercy uniquely providing 23 units at 30% AMI. These units at 30% AMI will not be restricted to formerly homeless families and could benefit extremely low income Certificate of Preference holders who might not income qualify for units restricted at 50% and 60% AMI levels.

Team Roles & Biographies

TNDC / YCD

- Lead Developer: TNDC will act as lead developer in this partnership. TNDC has over 30 years of experience developing, managing and providing services to residents of affordable housing in San Francisco. As its name suggests, its primary neighborhood of focus has traditionally been the Tenderloin neighborhood. Its experience of building for and understanding the needs of this disadvantaged and in-danger-of-being-displaced community make it well-suited to work in the Southeast, in conjunction with its local partner YCD. TNDC is currently co-developing the following OCII projects: Mission Bay Block 6E (143 units in the Mission Bay South Project Area); and Transbay Block 8 (150 units in the Transbay Project Area). It has also developed numerous MOHCD projects including Mason Street Housing (143 units in the Tenderloin neighborhood) and Eddy and Taylor and Arnett Watson (83 units also in the Tenderloin neighborhood). Both of these MOHCD developments were built in conjunction with a smaller nonprofit partner (Glide Economic Development Corporation and Community Housing Partnership), similar to the partnership it proposes with YCD.

- Co-developer: YCD will act as co-developer and will participate in every decision making and action of the development process alongside Mercy, with the goal of gaining capacity to merge into a leadership role. YCD is a community based organization formed in 1973 that primarily provides professional training and support services for the residents of the Bayview Hunters Point neighborhood. YCD serves approximately 1,800 individuals annually through its job readiness programs and is seeking to build its capacity as an affordable housing developer. Recently it partnered with AMCAL Multi-Housing, a statewide builder of affordable and workforce housing, to complete 60 low income rental units on Block 49, which is an affordable housing obligation funded by the Shipyard master developer in the Hunters Point Shipyard Project Area.
- Architect: Herman Coliver Locus ("HCLA") will be the prime architect on the TNDC/YCD team. HCLA is a SBE architecture firm founded in 2009 and its principals have been designing in the Bay Area for almost 50 years. The firm has completed numerous MOHCD-funded projects including 1100 Ocean Avenue (71 units in the Balboa Park / Ingleside neighborhood); Canon Barcus Community House (48 units in the SOMA neighborhood) and Geary Polk Senior Housing (110 units in the Tenderloin neighborhood).
- Services Provider: TNDC will act as the lead services provider, in partnership with Bayview YMCA for afterschool programming and Larkin Street Youth. TNDC Resident Services staff includes licensed social workers with long-standing experience working with low income and disenfranchised individuals and families who have repeatedly experienced trauma in their lives.

SFHDC / Mercy

- Lead developer: SFHDC will act as the lead developer in this partnership, with support and guidance from Mercy Housing. SFHDC was formed in 1988 and focuses on serving people of color and the Bayview Hunters Point neighborhood. Its mission is to "foster financial stability through the development of affordable housing, the facilitation of homeownership and the economic empowerment and revitalization of Bayview Hunters Point and other neighborhoods of Southeast San Francisco." SFHDC has expertise in group and individual Financial Empowerment counseling and training and holds regular workshops in First Time Homebuying, Rental Readiness and Credit Matters and provides individualized follow-up. For over 12 years, the organization has provided supportive services to housing communities, including Bayview Commons in the Bayview Hunters Point ("BVHP") Project Area and Rental Assistance Demonstration ("RAD") projects Hunters Point East and West as well as Westbrook Apartments on Hunters Point Hill. In a housing development capacity, SFHDC is currently working with Mercy Housing on a 108-unit MOHCD project, Parcel O, in Hayes Valley and is acting as a Shipyard Community Builder on Block 48 Lot A, (16 homeownership units in the Shipyard Project Area). SFHDC was also the sole developer of Bay Oaks Condominiums, 18 San Francisco Redevelopment Agency ("SFRA") funded homeownership units located in Bayview Hunters Point and was the co-developer of Bayview Commons Apartments, 30 MOHCD- and SFRA-funded rental units located in the BVHP Project Area.
- Co-developer: Mercy Housing California will act as co-developer and as a resource to SFHDC as it builds capacity in affordable housing development. Mercy Housing California is a part of a national organization formed in 1981 that builds affordable housing and provides property management and resident services in cities across the U.S. Mercy Housing California has recently developed or is developing the following OCII projects: Bayview Hill Gardens (72 units in the Bayview); Bill Sorro, formerly known as the Hugo (67 units in the SOMA Project Area); Mission Creek Senior (140 units in the Mission Bay North Project Area); 1180 4th Street (150 units in the Mission

Bay South Project Area); and Transbay 6 and 7 (70 and 120 units, respectively, in the Transbay Project Area). Mercy Housing provides supportive services in-house all of its affordable buildings in San Francisco, while working with external providers to support populations with more extensive needs.

- Architect: Leddy Maytum Stacy ("LMS") will be the prime architect on the SFHDC/ Mercy team. LMS has been designing residential, education-related and public buildings in the Bay Area since 2001. LMS designed the following OCII projects: Rene Cazenave (120 units in the Transbay Project Area); Plaza Apartments (106 units in the SOMA Project Area); and 474 Natoma Apartments (60 units located in the SOMA Project Area). In addition, LMS is the prime architect on OCII's 97-unit Block 3E project in the Mission Bay South Project Area.
- Services Provider: SFHDC and Mercy will act as the lead services providers, with Mercy providing Resident Services Coordinator positions and SFHDC providing Case Management positions. SFHDC will also contract with Episcopal Community Services to provide technical assistance through clinical, technical and mentoring support to SFHDC staff in the first year of building operations in order to build SFHDC's capacity. Episcopal Community Services, headquartered in the SOMA neighborhood, has worked with low income, formerly homeless and at-risk of homelessness populations in San Francisco for over 30 years and is the lead services provider at OCII's 1180 4th Street project in the Mission Bay South Project Area.

NEXT STEPS

In the winter of 2016, staff will request the Commission's authorization to enter in an ENA and predevelopment loan agreement with the selected teams, and in early 2018 for the approval of a permanent gap loan and long-term ground lease.

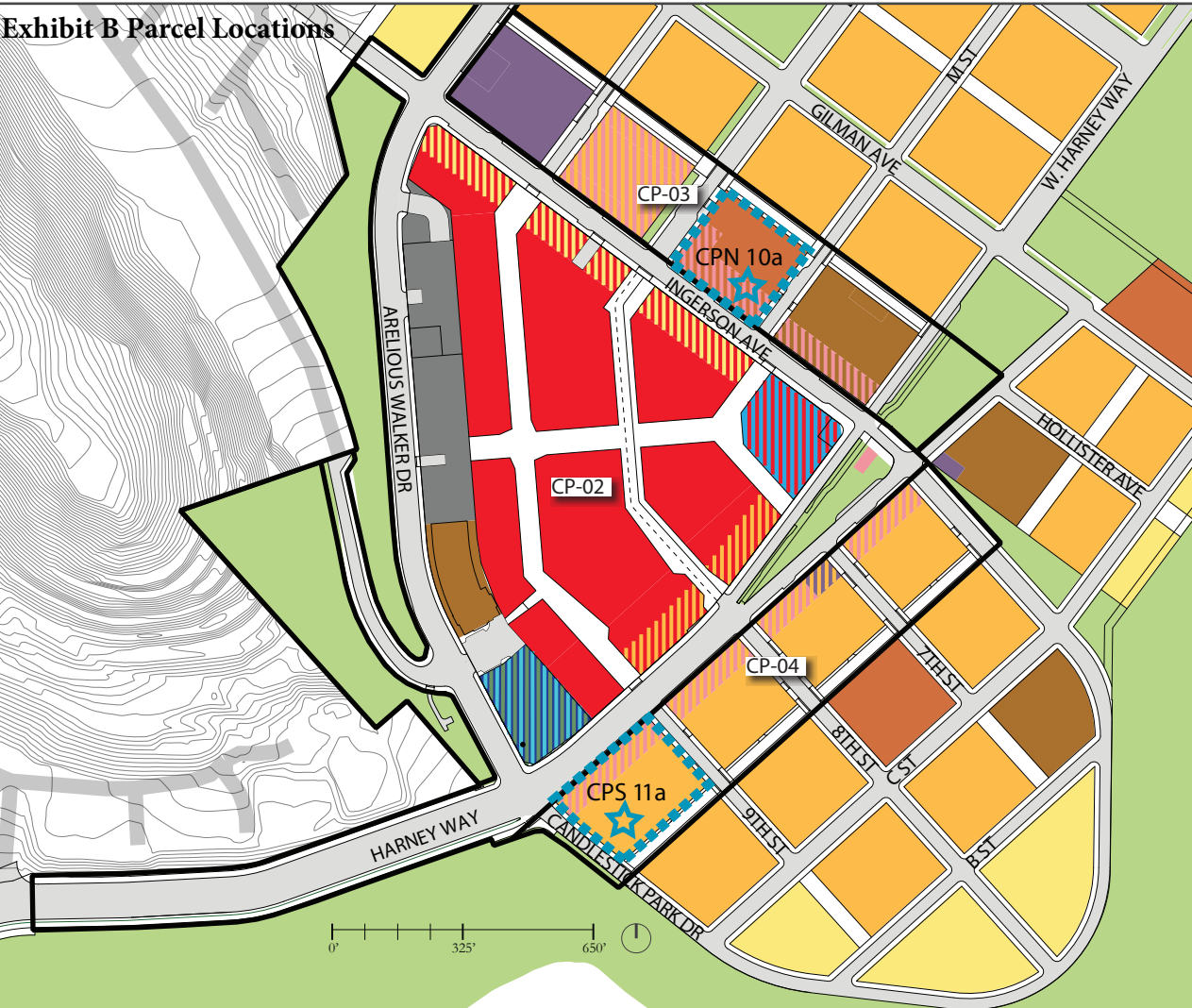
(Originated by Gretchen Heckman and Pamela Sims, Development Specialists)



Tiffany Bonee
Executive Director

- Exhibit A: Candlestick Point Location Map
- Exhibit B: Parcel Locations within Candlestick Point
- Exhibit C: TNDC/YCD Conceptual Design for CPN 10a and SFHDC/Mercy Conceptual Design for CPS 11a

Exhibit B Parcel Locations



Legend














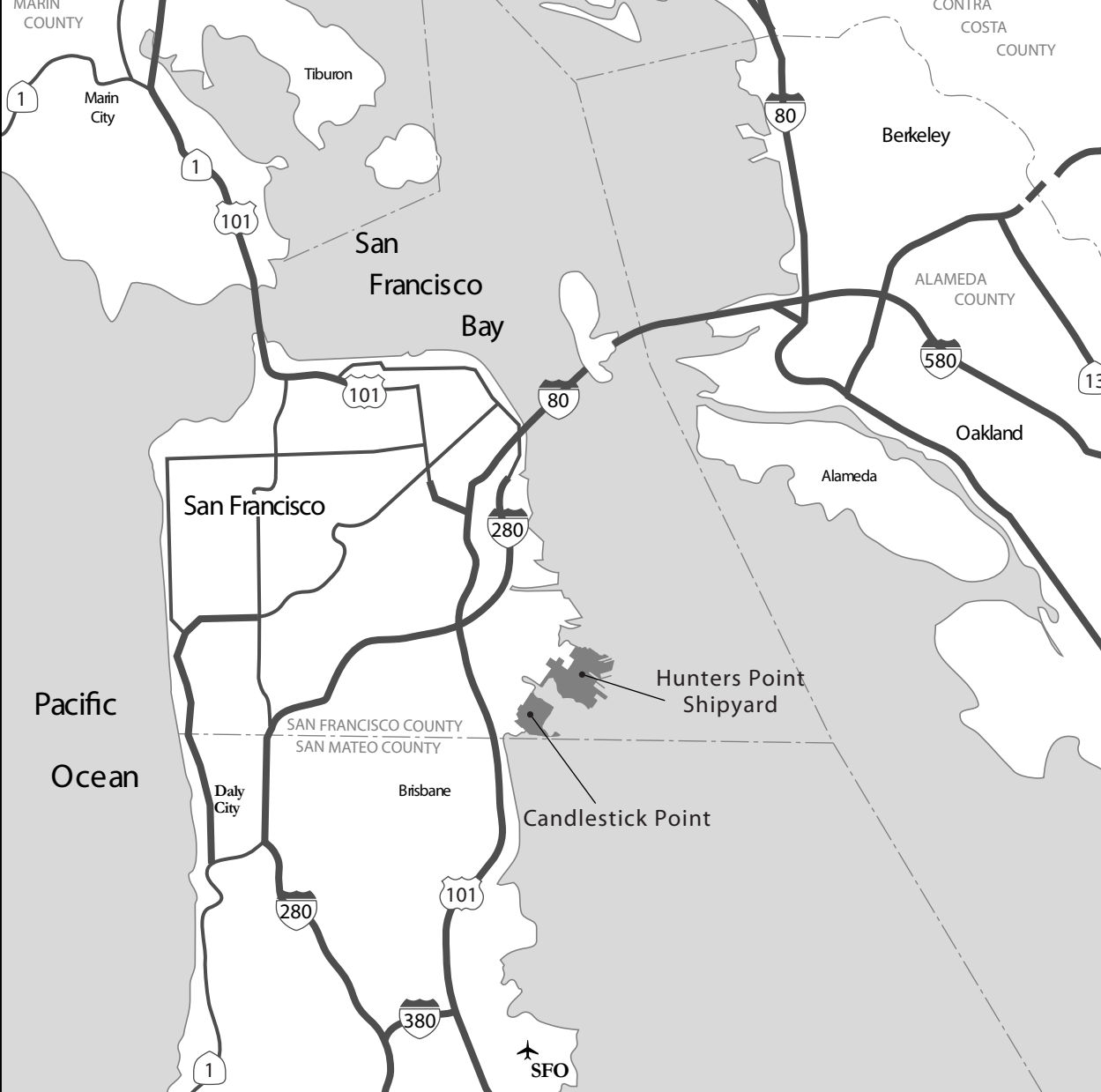
- | | |
|---|--|
|  Residential Density I (15-75 units per acre) |  Hotel |
|  Residential Density II (50-125 units per acre) |  Office |
|  Residential Density III (100-175 units per acre) |  Parking |
|  Residential Density IV (175-285 units per acre) |  Community Use |
|  Regional Retail |  Parks & Open Space |
|  Neighborhood Retail |  Sub-Phase Boundary |
|  Performance Venue/Film Arts Center | |

Exhibit A Candlestick Point Location Map



SOURCE: Clement Designs, 2008.







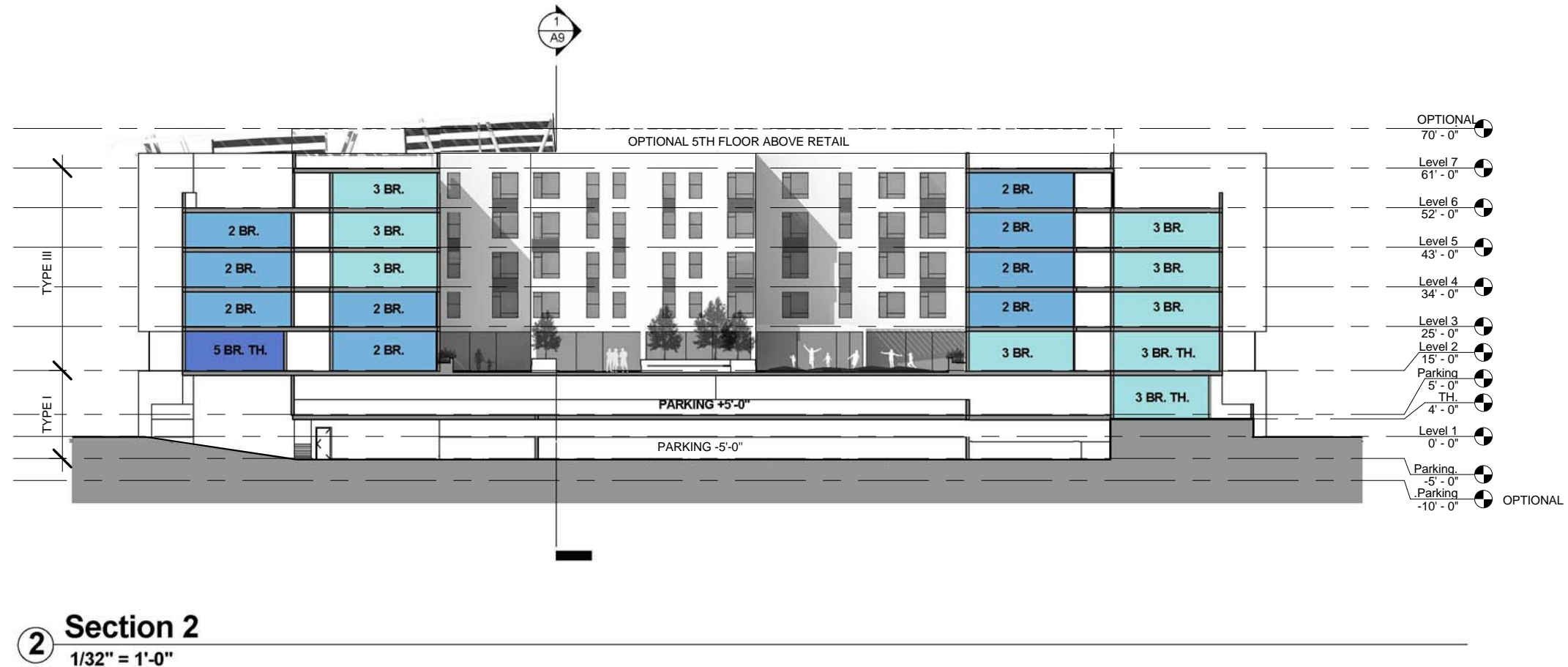
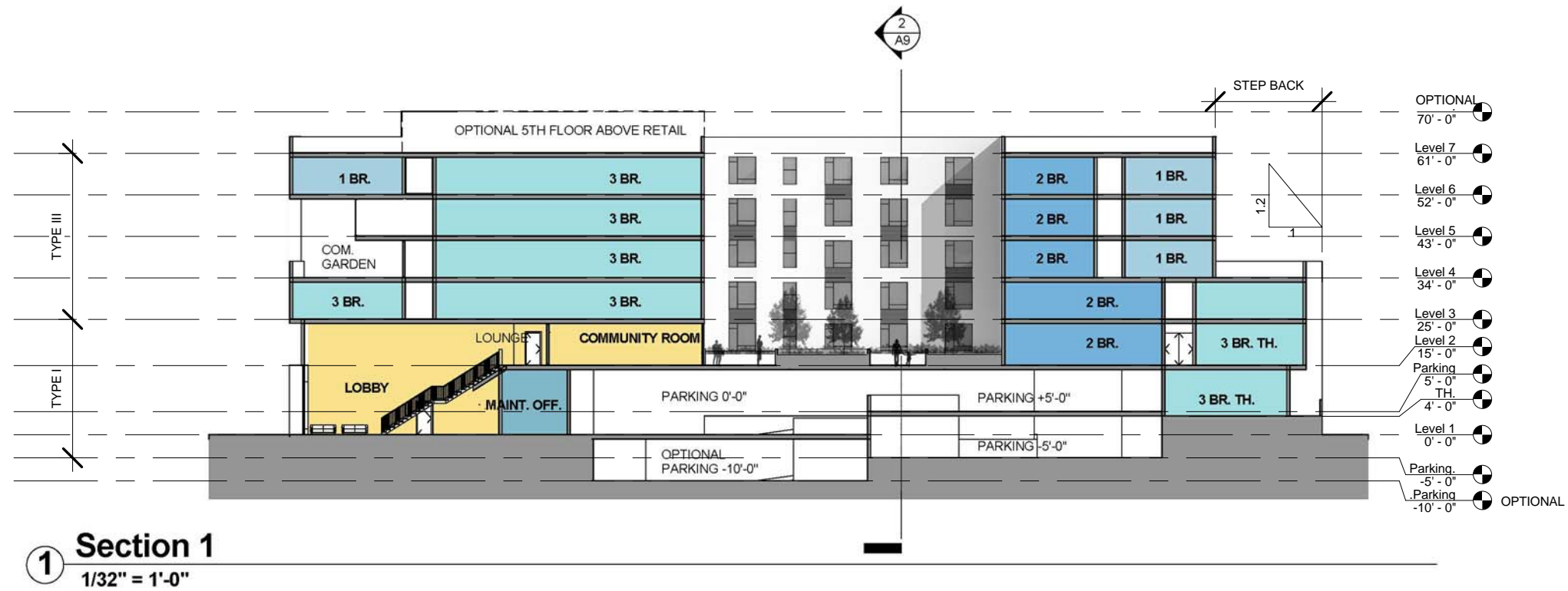
MID BLOCK BREAK



TNDC - YCD Renderings for CPN 10a

CANDLESTICK POINT
BLOCK 10A

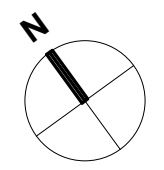




TNDC - YCD Site Plan for CPN 10a

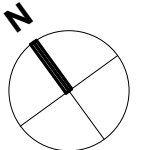
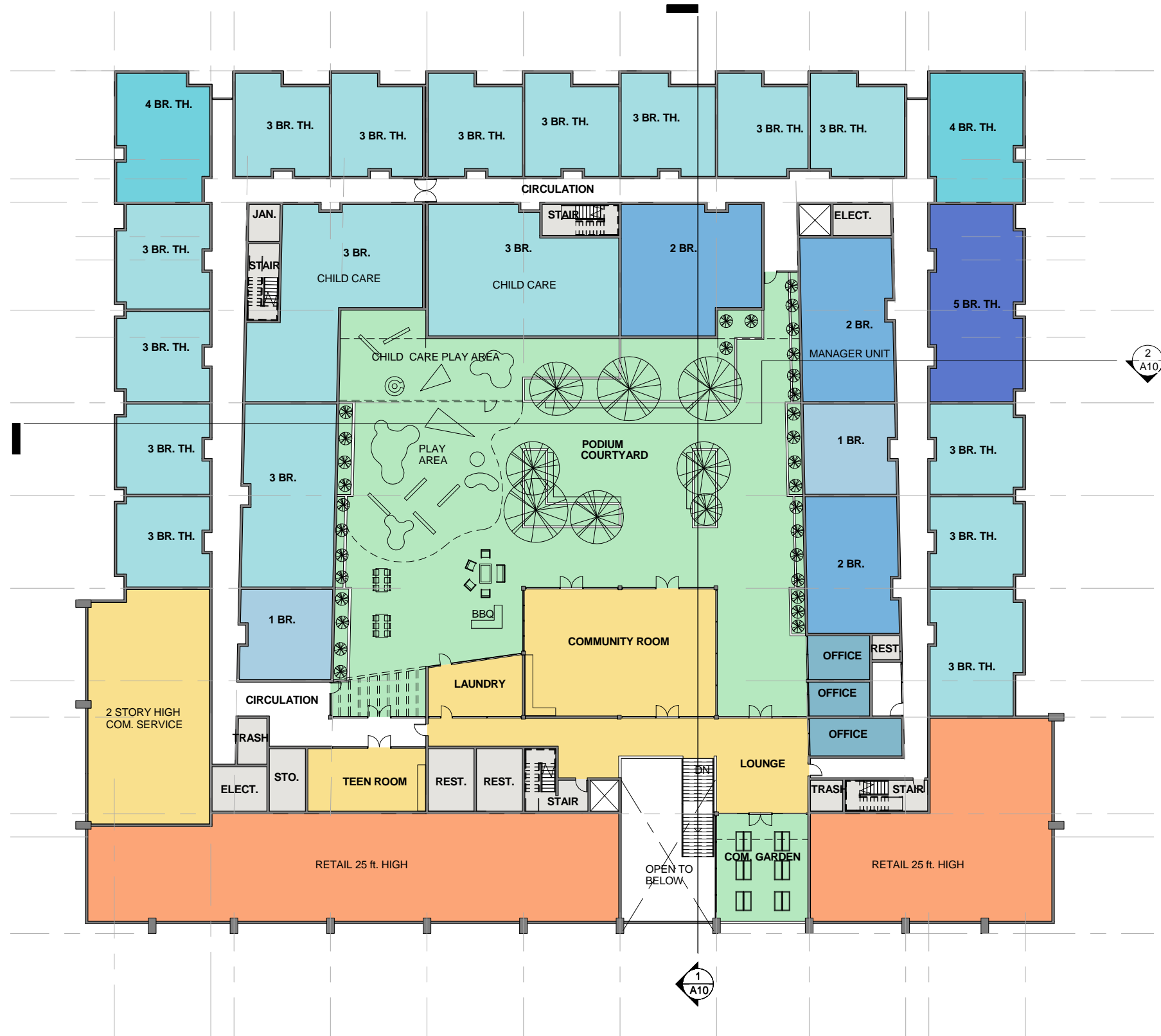


CANDLESTICK POINT
BLOCK 10A



1 Level 1
1/32" = 1'-0"

A2



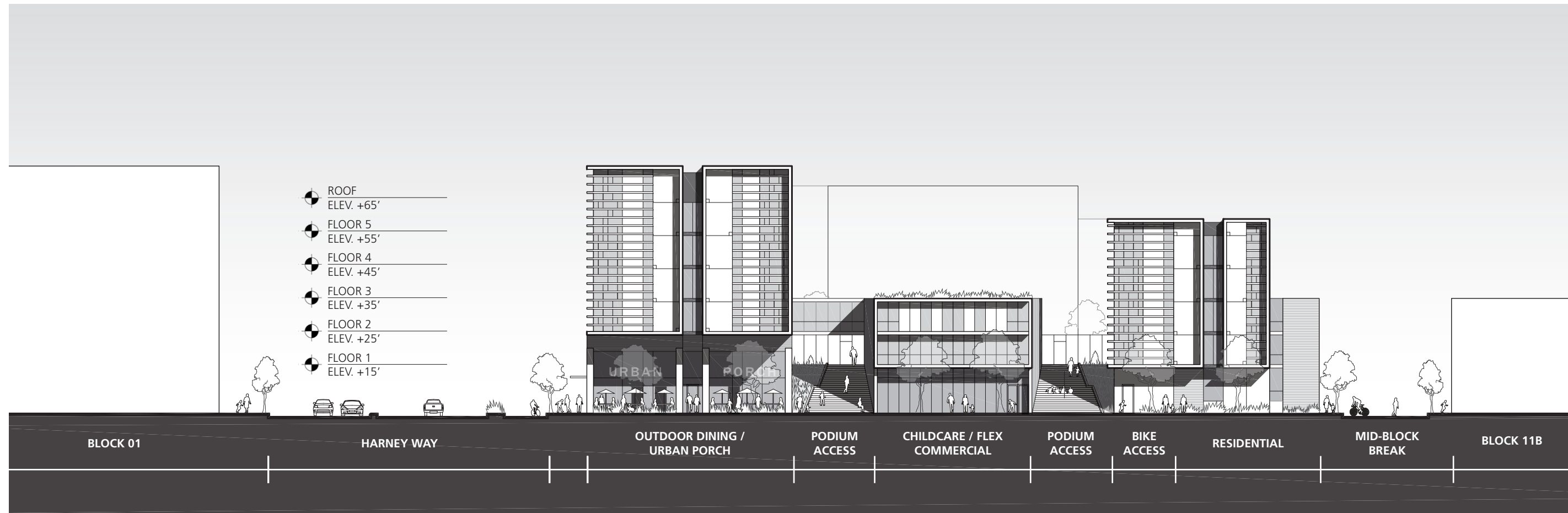


ELEVATIONS - HARNEY WAY

CANDLESTICK SOUTH BLOCK 11A



11 LMSA



ELEVATIONS - CANDLESTICK POINT DRIVE

CANDLESTICK SOUTH BLOCK 11A



10 LMSA

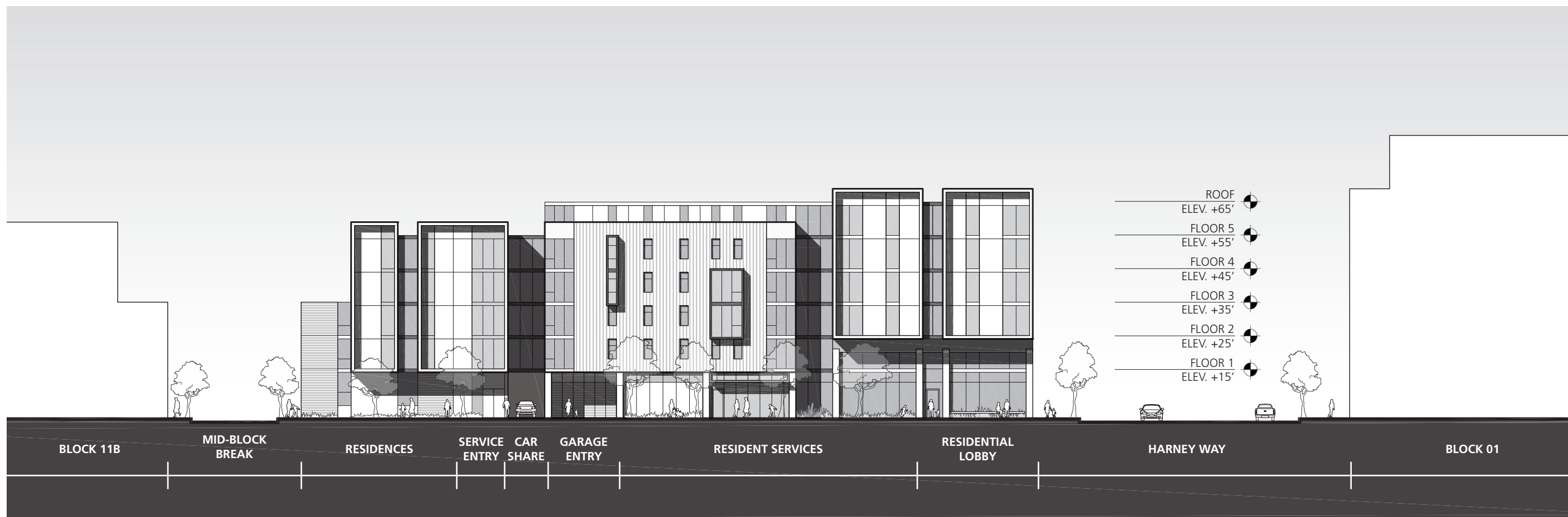


ELEVATIONS - MID BLOCK BREAK

CANDLESTICK SOUTH BLOCK 11A



13 LMSA

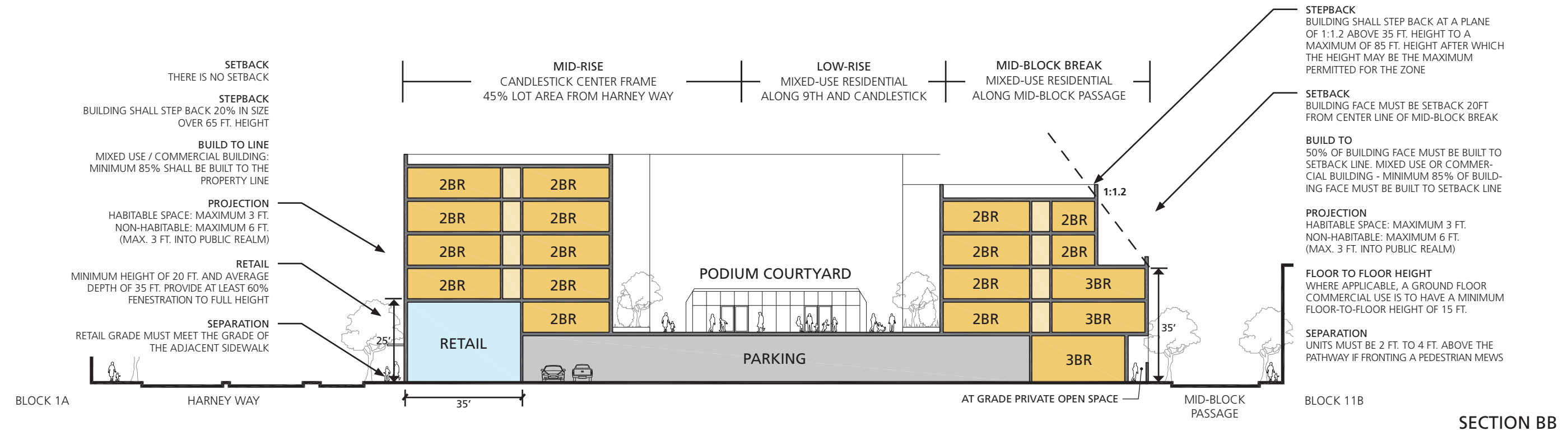
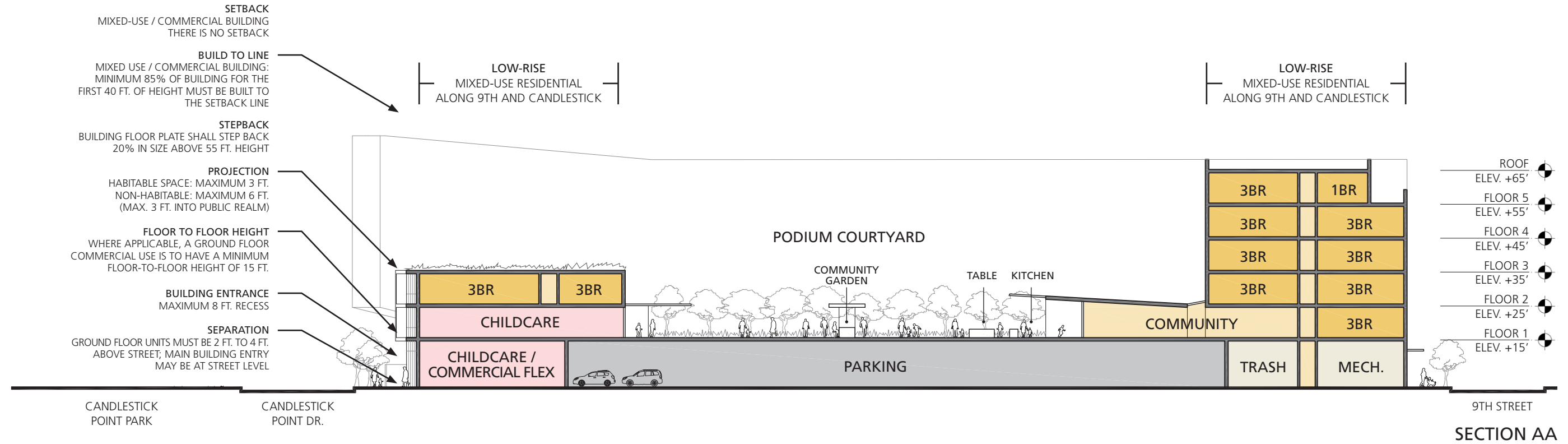


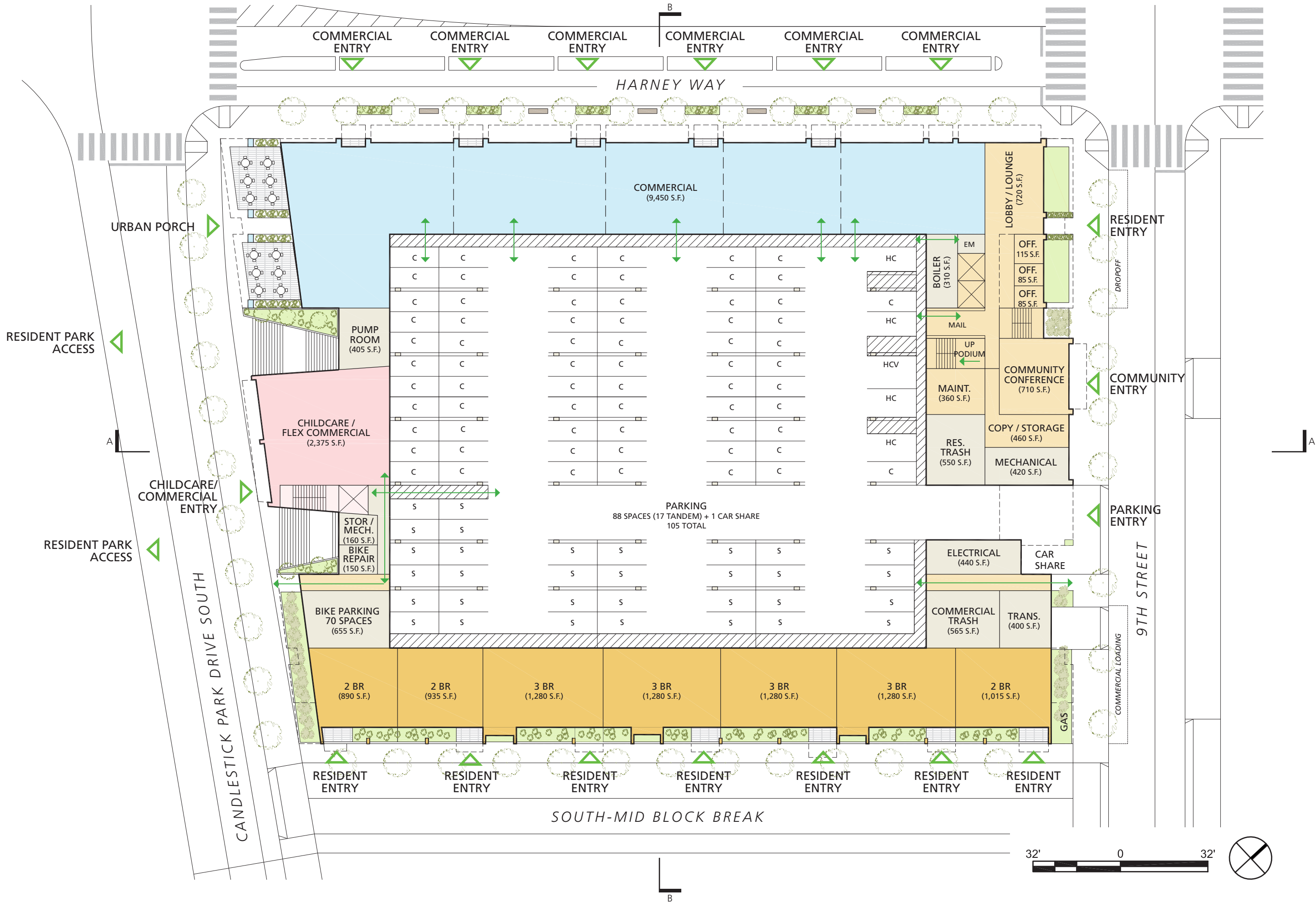
ELEVATIONS - 9TH STREET

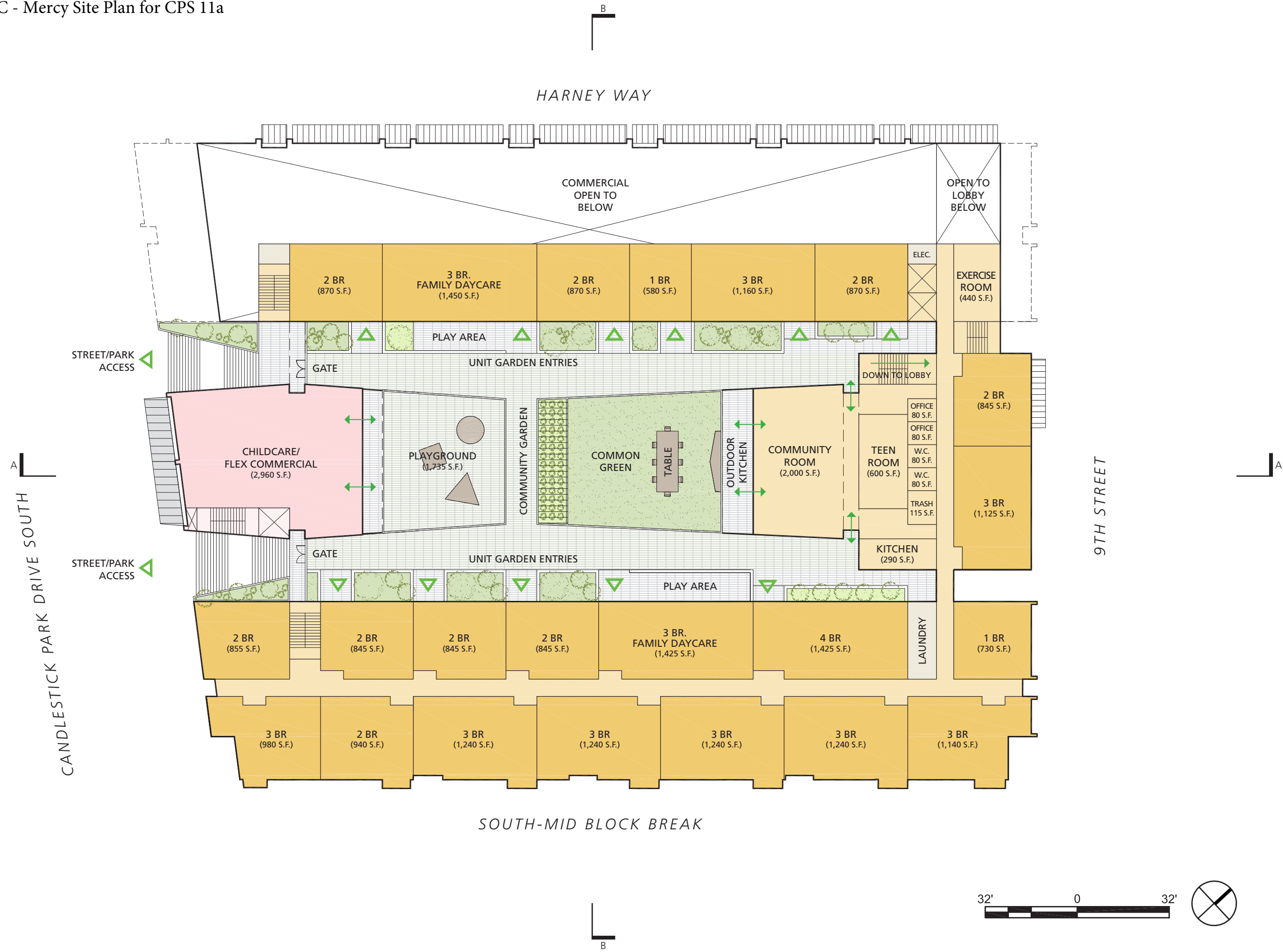
CANDLESTICK SOUTH BLOCK 11A



12 LMSA







2ND FLOOR



CANDLESTICK SOUTH BLOCK 11A

4 LMSA

Citywide Affordable Housing Loan Committee

San Francisco Mayor's Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure

Candlestick North Block 10a
\$3,500,000
Predevelopment Loan Financing

Evaluation of Request for:	Predevelopment Loan Funding
Loan Committee Date:	November 4, 2016
Prepared By:	Gretchen Heckman
Source of Funds Recommended:	Recognized Obligation Payment Line Item 403; Prior Year 2113 bond proceeds
NOFA/PROGRAM/RFP:	RFP
Total Previous City Funds Committed:	\$0
Applicant/Sponsor Name:	Tenderloin Neighborhood Development Corporation and Young Community Developers

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	Candlestick North Block 10a	Sponsor(s):	Tenderloin Neighborhood Development Corporation and Young Community Developers
Project Address (w/ cross St):	Ingerson Avenue (btwn. Earl and M Street)	Ultimate Borrower Entity:	Candlestick 10a Associates, L.P.

Project Summary:

Candlestick 10a Associates, L.P. and the sponsor, Tenderloin Neighborhood Development Corporation (TNDC), are requesting \$3,500,000 in predevelopment funding related to the Block 10A parcel in the Bayview Hunters Point Redevelopment Project area, associated with the development of 140 units of affordable rental housing units (“Project”). TNDC will be partnering with Young Community Developers (YCD), a Bayview-based, non-profit organization that focuses on employment and educational opportunities for the Southeast area residents; YCD is building capacity as a developer. Although TNDC will take the lead in the development process, YCD will participate in a variety of roles throughout the development process including critical community outreach, and promotion of resident and local hiring. Additionally, YCD will occupy a portion of the building’s non-residential space for long-term community activities and programming, along with the Bayview YMCA, which will provide out-of-school programming for school-aged children. In addition to the 140 residential units, the building will feature interior common areas for resident use along with a large outdoor courtyard with programming for children and several smaller outdoor courtyards for gardening activities and passive recreation. It is anticipated that the project will also include approximately 8,000 square feet, potentially more, of ground-level commercial retail space with frontage along Ingerson Avenue. 25% of the units will be for formerly homeless families, of which 5 will be Transition Aged Youth parenting units.

Project Description:

Construction Type:	Type III/Type I Podium	Project Type:	New Construction
Number of Stories:	5	Lot Size (acres and sf):	1.31 acres / 57,064 sf
Number of Units:	140	Architect:	Herman Coliver Locus
Total Residential Area:	141,786 sf	General Contractor:	TBD
Total Commercial Area:	~8,000 sf	Property Manager:	Tenderloin Neighborhood Development Corporation
Total Building Area:	243,747 sf	Supervisor and District:	Malia Cohen D10
Land Owner:	CP Development Co, LP		
Total Development Cost (TDC):	\$103,469,666	Total Acquisition Cost:	N/A
TDC/unit:	\$739,069	TDC less land cost/unit:	\$739,069
Loan Amount Requested:	\$3,500,000	Request Amount / unit:	\$25,000

PRINCIPAL DEVELOPMENT ISSUES

- **Development Costs and Per unit subsidy.** Per the Hunters Point Shipyard Phase 2 DDA (defined below), all OCII-sponsored affordable housing buildings should be designed to meet a minimum 2.5 bedroom average. In addition to the 2.5 bedroom average, OCII specified that 3 four-bedroom and 1 five-bedroom units were to be included in the design submittals; these units will be built to comply with California Redevelopment Law's requirement that an exact unit mix be replicated within a neighborhood undergoing redevelopment. These four and five bedroom units are being built in Candlestick 10a and OCII's other parcel Candlestick 11a, to accommodate Phase 4 Block 5 of Alice Griffith, where one-and two-bedroom units needed to be added to the existing program of larger units to increase the financial feasibility of the project. This compounded need for larger units have caused the development costs for CP10a to be currently projected at slightly higher levels than recently funded MOHCD and OCII projects, which will ultimately result in a higher per unit subsidy from OCII. Additionally, if CP10a is not competitive for other funds like AHSC or AHP, OCII's subsidy will be considerably higher than on prior projects. If both sources of funds are not obtained, OCII's subsidy will be \$52,290,000 or \$373,500 per unit. For reference, the Alice Griffith Phase 1&2 project, which is the same construction type as CP10a, would have required a per unit subsidy of approximately \$398,000 a unit if the HUD Choice Neighborhoods Initiative grant were not obtained. Finally, please see Section 3.1 for the construction manager's evaluation of the project costs as well as Exhibit E for a comparison with other City projects.
- **Competitiveness for AHSC and AHP funding.** Candlestick 10a is a part of the larger to-be-developed Candlestick Point neighborhood, which in total has a build out time period of approximately 18 years, with completion estimated in 2034. FivePoint, the Master Developer of Candlestick Point and Hunters Point Shipyard has signed a Disposition and Development Agreement with OCII that specifies land use and timeframes for new and redeveloped neighborhoods within the Bayview Hunters Point Redevelopment Area. CP10a is one of OCII's parcels that is set aside for 100% affordable housing and will be developed by TNDC & YCD who were recommended to develop the parcel through a competitive RFP process. While the Sponsor will coordinate predevelopment and financing activities separately of the Master Developer, it will depend on the Master Developer's ability to deliver neighborhood amenities such as a grocery store and other community serving retail in order to score competitively for other sources of funds. As such, the Sponsor will research AHSC and AHP scoring criteria and compare against the Master Developer's build out schedule to determine whether it will be competitive for other funds. See Section 2.4 for additional detail.
- **Coordination with Master Developer.** FivePoint, the master developer for Candlestick Point, is responsible for the build out of the neighborhoods streets and all utilities and will also lease and operate the ground floor retail on CP10a, and also on CP11a, another OCII 100% affordable site that was offered at the same time as CP 10a and will be seeking predevelopment funding shortly. As such, there will need to be some coordination between OCII, the Sponsor and FivePoint on at a minimum the following items: 1) parcel mapping 2) ground floor retail 3) utility line placement 4) electrical load sizing. In addition, terms of the OCII Ground Lease with the Sponsor will be subject to specifications of MOHCD's commercial space policy. As FivePoint and the Sponsor move forward with their respective projects, OCII will coordinate between the two in order to ensure that both development teams are working in tandem.

(continued on next page)

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
OCII Predevelopment	\$3,500,000	55 Years, 3% Deferred	Not Committed
TNDC Equity/Loan	\$583,388	TBD	Not Committed
Total	\$4,083,388		

Permanent Sources	Amount	Terms	Status
Perm Conventional Debt	\$3,580,000	20 Years, 5%	Not Committed
OCII Gap Loan	\$35,000,000	55 Years, 3% Deferred	Not Committed
FHLB AHP	\$1,400,000	N/A	Not Committed
HCD AHSC	\$15,890,000	55 Years, 3% Deferred	Not Committed
GP Equity	\$1,000,000	N/A	Committed
4% Tax Credit Equity	\$46,173,930	\$1.15/credit	Not Committed
Deferred Dev Fee	\$425,736	N/A	Not Committed
Total	\$103,469,666		

Uses	Amount	Per Unit	Per SF
Acquisition	\$0		
Hard Costs	\$87,862,797	\$627,591	\$360
Soft Costs	\$12,781,133	\$91,294	\$52
Developer Fee	\$2,825,736	\$20,184	\$12
Total	\$103,469,666	\$739,069	\$424

1. BACKGROUND

1.1. Project History Leading to This Request.

Candlestick Point 10a is a part of a new mixed-use community in the Candlestick Point Area, which will consist of four distinct neighborhoods: Candlestick Center, Candlestick North, Candlestick South and Alice Griffith. Candlestick Point is located within the Bayview Hunters Point Redevelopment Project Area

The Hunters Point Shipyard (the “Shipyard”) and Candlestick Point (“CP,” together “HPS/CP”) form approximately 780 acres along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and the Bayview Hunters Point Redevelopment Plan in 2006. Both redevelopment plans were amended in 2010 to provide for the integrated planning and development of the Shipyard and the Candlestick Point portion of the Bayview Hunters Point Redevelopment Project Area. Candlestick Point is subject to State and local land transfer agreements that allow for the re-use of the Candlestick Stadium site and adjacent under-utilized parklands.

The Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (the “Phase 2 DDA”) between CP Development CO. LP

(“Master Developer”) and the former San Francisco Redevelopment Agency, now the Office of Community Investment and Infrastructure (“OCII”), provides for the development of approximately 700 acres that includes the second phase of the Shipyard and the entire Candlestick Point area (“Phase 2 Project”). The Phase 2 DDA calls for 10,500 new housing units, 32% of which will be Below Market Rate for a total of 3,345 BMR units. The 3,345 BMR units will be comprised of approximately:

- 1,140 Agency Affordable Units on ten (10) Agency Lots (to be leased to households earning 0% - 60% Area Median Income or “AMI”) in the Phase 2 Project (10a and 11a are the first of the Agency Lots in Phase 2 to be developed),
- 256 Alice Griffith Replacement Units and approximately 248 Agency Affordable Units on Alice Griffith Lots,
- 809 Inclusionary Units (to be leased or sold to households earning 80% - 120% AMI) and
- 892 Workforce Units (to be leased or sold to households earning 121% - 160% AMI).

BMR Housing Production & Current Candlestick Point Status

The Replacement Units and Agency Affordable Units that comprise the Alice Griffith site are the first BMR units to be developed in Candlestick Point and Hunters Point Shipyard Phase 2. Alice Griffith Phases 1 through 3, totaling 306 units, are under construction. Phase 4, comprised of 31 units, is in the predevelopment and planning stage. Phases 5 and 6, consisting of 167 units, have not yet started.

Agency Affordable Units will be built on Agency Lots, which have been pre-selected for affordable housing development; OCII will select development teams and provide funding for these affordable housing developments. Exhibit F “Below Market Rate Housing Plan” of the Phase 2 DDA (“BMR Housing Plan”) establishes that “Agency Affordable Units” are units “constructed within an Agency Affordable Project or an Alice Griffith Replacement Project... for which the rental charge is Affordable with an AMI Percentage equal to a minimum of zero percent (0%) and a maximum of sixty percent (60%).” As an example and based on 2016 figures, income for a family of four at 60% of AMI as published by the Mayor’s Office of Housing and Community Development (“MOHCD”) would be \$64,600 per year with a monthly rent restricted to no more than \$1,615 for a three-bedroom unit.

To date Candlestick Point North 10a (“CP10a”) along with another parcel, Candlestick Point South 11a (“CP11a”) are the first of the 10 Agency Lots reserved for 100% affordable projects to begin development. These OCII funded lots are part of Major Phase 1 for Candlestick Point, and FivePoint is currently seeking OCII approval of Subphases CP-02, CP0-3, and CP-04. CP-02 is comprised of the Candlestick Retail Center, a 635,000 square foot luxury outlet center with underground parking and market rate rental housing; while CP10a is located in CP-03 and CP 11a is in CP-04. FivePoint is currently advancing the schematic designs for

the Candlestick Retail Center and three market rate residential projects on CP Blocks 6a, 8a, and 9a.

RFP and Developer Selection Process

OCII released an RFP for both the Candlestick Point North 10a and Candlestick Point South 11a parcels on February 18, 2016. OCII developed the RFP through a multidisciplinary approach of engaging various stakeholders including the Master Developer of Phase 2, former HSA (now Department of Homeless and Supportive Housing or “HSH”) employees, MOHCD and Office of Early Care and Education. As a result of this process, OCII and the stakeholders developed a plan for the site calling for 20% of the units to be set aside for formerly homeless families including five (5) Transition Aged Youth Parenting Units, 80% of units to be leased to low-income households and two larger units to be set aside as Family Childcare Units to support the needs of larger families on-site. The percentage of formerly homeless units is now proposed to be 25%, and the City through MOHCD will fund the increased allocation of local operating subsidies available during the year the projects will be completed. Other requirements of the RFP included an average bedroom size of 2.5 bedrooms per unit (as set forth by the Phase 2 DDA), ground floor retail space, on-site covered parking within the range of 0.6-0.8 spaces per unit, on-site supportive services, a design and construction plan producing a Green Point Rating of a minimum of 125 and a focus on partnership with organizations based out of the Southeast area of the City.

Four proposals were received by the RFP deadline. These proposals were reviewed for completeness and since all complied, all four teams were invited to interview. Interviews were conducted by an eight member evaluation panel consisting of one member from the Hunters Point Shipyard Citizens Advisory Committee, a representative from the Department of Homelessness and Supportive Housing, a representative from the Mayor’s Office of Housing and Community Development and OCII staff including the Senior Project Manager for Hunters Point Shipyard and Candlestick Point, an architect, and three OCII housing staff members. After each interview, the teams, based on their proposals submitted, were scored according to the criteria laid out in Section 9 “Ranking Criteria.”

A development team comprised of Tenderloin Neighborhood Development Corporation (“TNDC”) and Young Community Developers (“YCD”) as co-developers, Herman Coliver Locus Architecture as architect and TNDC as services provider and property manager was recommended for selection. The Bayview YMCA will also be providing ancillary after school programming and YCD will be providing job-training and placement services. The team lead by TNDC and YCD was recommended based on the scoring results as well as the desire to increase participation of as many Southeast partners as possible across both of the Candlestick parcels. This developer team was presented to the Hunters Point Shipyard Citizen’s Advisory Committee who supported the recommendation on August 8, 2016. On August 16, 2016, the OCII Commission approved the recommendation.

1.2. Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)

It is currently planned that the Sponsor will be Candlestick 10a Associates, L.P., where Turk Street, Inc. (a non-profit affiliate of TNDC) & YCD will develop the site as co-general partners via limited liability companies (LLCs) that jointly comprise the single General Partner LLC, Candlestick 10a GP LLC. TNDC will act as managing member of the partnership. If an LP is not formed before the predevelopment loan agreement is ready to be executed, Taylor Family Housing LP, a development entity owned by TNDC will be the initial sponsor and borrower of the predevelopment loan. The interest in the loan would then get assigned to Candlestick 10a Associates L.P. at or before construction financing.

TNDC

Since its founding in 1981, TNDC has developed 33 buildings with 2,644 units. The organization currently has two new construction projects and six rehab projects currently in construction, and four new construction projects in predevelopment.

TNDC has a housing development staff of 10 professionals with years of experience in the development of affordable housing, and relationships with a variety of lenders in the public and private sector as well as with community-based organizations. Other projects TNDC is currently working on includes: Franciscan Towers – 105 units (rehab of building owned by TNDC), Rosa Parks II – 98 units, O’Farrell Towers – 101 units (rehab of building owned by TNDC), 1036 Mission Street – 83 units, 430 Turk Street – 89 units (RAD), 939&951 Eddy – 62 units (RAD), Transbay Block 8 – 98 units, Fifth & Howard – 178 units, and Eddy & Taylor – 103 units.

YCD

Established in 1973, Young Community Developers, Inc. (YCD) provides a variety of training and support opportunities for residents of the Bayview Hunters Point neighborhood and San Francisco at large. Some 1,800 residents receive employment and training related services through YCD every year. YCD’s mission is to empower and inspire Southeast area residents to engage in employment and educational opportunities, resulting in each responsibly contributing to their own personal and professional development, the development of their families, and to the economic development of their neighborhoods.

Relevant Experience

As mentioned above, since its inception TNDC has developed 33 newly constructed or rehabbed buildings, all within San Francisco and most within the Tenderloin neighborhood. They have strong experience building for and working

with extremely low income and formerly homeless communities and working within a community facing strong displacement pressures.

YCD has worked in the Southeast for over 30 years, connecting local residents training and employment opportunities. The organization has a strong interest in developing its housing development capabilities, most recently demonstrated in its involvement in Amcal and FivePoint's Block 49 development in the Hunters Point Shipyard where it assisted in the development of 59 inclusionary affordable units.

TNDC Property Management Experience

TNDC's Property Management Department is comprised of more than 200 employees and manages 34 buildings housing 2,679 households. TNDC's goal is to create safe and secure environments while operating as efficiently as possible. A key element of its management practice is that building management staff work closely with the building's on-site support services staff to ensure residents retain their housing. TNDC believes that collaboration, through regular meetings between management and services, not only keeps people in their homes, but also reduces vacancy rates, increases rent receipts, and supports well-maintained properties. Management and services jointly coordinate activities and events that bring residents and staff together, thus engendering a community atmosphere within the building.

Roles and Responsibilities

TNDC and YCD have executed a Memorandum of Understanding (MOU) that outlines their respective roles and responsibilities in the planning, development and operation of Candlestick 10a. Per the MOU, TNDC will be the Managing Member in the General Partner LLC with an 80% interest and YCD will be an additional member with a 20% interest. Developer Fee and any surplus cash will be split 80%/20% between the two parties.

During the development and construction phases and through initial lease up, TNDC will act as lead developer and will also be the Management Agent once the property is fully leased and in operations. TNDC will also bear the financial responsibility of the project, including development cost overruns, and will act as the guarantor of the general partner's obligations required by lenders or the tax credit investor.

YCD will be the lead in community outreach, local hire and initial marketing and outreach. It will act as a community liaison during the planning and development stages of the project as well as during operations. It will also work with TNDC on all financing applications, on the RFP for and selection of a general contractor and will be involved in the overall design process.

2. SITE (See Attachment E for Site map with amenities)

Site Description	
Zoning:	Residential. Zoning for the site is form-based and is governed by the Hunters Point Shipyard Redevelopment Plan and the Bayview Hunters Point Redevelopment Plan and the Candlestick Point Design for Development. This block is included in the Major Phase 1 Candlestick Point. OCII will issue all design and project approvals.
Maximum units allowed by current zoning (N/A if rehab):	140
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4
Soil type:	The Master Developer facilitated geotechnical studies for various scopes of work including horizontal infrastructure for the Subphases CP-02, CP-03 and CP-04 as well as vertical development for neighboring parcels to CP10a. The findings of these various reports indicate that the soil present on the Sites is characterized by the existence of artificial fill and young bay mud deposits. These conditions are standard for the surrounding area. The Sponsor will complete its own geotechnical report for the site during the predevelopment period which may recommend soil stabilization techniques to mitigate the risks of soil compression. As shown earlier, piles have been included in the hard cost estimates.
Environmental Review:	The Sponsor will complete a Phase I report and Phase II if necessary during the predevelopment period.
Adjacent uses (North):	Please see Attachment L SubPhase and Block map for reference. Blocks 10b, 11b, 2b and 1b lie north of the Candlestick North 10a site. These blocks are a part of Major Phase II, which will be developed after Major Phase I, which includes the above mentioned retail center and surrounding blocks along Ingerson Avenue and Harney Way including CP10a, is completed. These sites will be comprised of market rate rental or for-sale housing, workforce units and affordable units financed by OCII.
Adjacent uses (South):	The Candlestick Point Retail Center will be a 635,000 square foot luxury outlet center with underground parking and market rate rental housing proposed for the upper floors of the development's street facing borders. The Retail Center will be developed by the Master Developer and its retail development partner. It is expected to be completed in 2020.
Adjacent uses (East):	Directly east of the site is block CPN 11a, planned for a market rate rental tower with ground floor retail to be developed by the Master Developer. Further east of the site are Major Phase I blocks 6a, 8a, 9a and 11a to be developed along the stretch of Harney Way that lines the Retail Center. 6a, 8a and 9a will be market rate and inclusionary rental units with ground floor retail, including an International African Marketplace. CP11a is an OCII-

	owned parcel that will be developed along the same timeline as CP10a and will include 150 affordable units. It is expected that these parcels will finish construction in 2020, with the tower to be completed last.
Adjacent uses (West):	Directly west of the site are the Major Phase I blocks 2a and 1a. Block 2a will be built by the Master Developer and will include a grocery store, ground floor small shop space and 132 units of market rate rental housing. 1a is slated as a community benefit parcel to be built by the Master Developer, with the specific use to be determined. Existing residential and the new Alice Griffith public housing site lie further west of the Site.
Neighborhood Amenities within 0.5 miles:	Bret Harte Elementary School is approximately half a mile away to the northwest and Gilman playground is adjacent to Bret Harte. Also on Gilman to the northwest of the site is the True Hope Church. Finally, Candlestick Point State Recreation Area is approximately a quarter mile to the southeast of the site. Third Street and the numerous neighborhood shops located there is located approximately 1 mile to the west. As described above, the surrounding neighborhood will be built by the Master Developer in the coming years, with the immediate surrounding parcels planned for completion in the next five years.
Public Transportation within 0.5 miles:	Currently, the Site is served by Muni's 29-line which connects the Southeast with the western neighborhoods and runs through the Visitacion Valley, Excelsior and Ingleside, Lakeside, Sunset and Richmond neighborhoods. Currently the nearest stop to the Site is on Ingerson Avenue and Griffith Street, approximately 0.25 miles from the Site. When units come online in Major Phase I, the 29 line will be extended to run further east along Ingerson Avenue, through the new Candlestick Point neighborhood. Muni's 56 line, which runs a loop within the Visitacion Valley neighborhood will be extended into the Candlestick Point neighborhood on an interim basis as well. Additional transit lines will include the Geneva – Harney Bus Rapid Transit line which will connect the Shipyard and Candlestick Point with the T Muni line on 3rd street, Caltrain's Bayshore station and the Balboa Park BART station and the Candlestick Point Xpress (CPX) that will run along Harney Way and will connect the neighborhood with downtown San Francisco.
Article 34:	Exempt. Confirmation will be obtained during the predevelopment period.
Article 38:	Exempt. Project is new construction and does not fall within the San Francisco DPH Air Pollutant Exposure Zone map.
Accessibility:	Per TCAC standards, 10% of units will include mobility features and 4% will have communications features. All of the units will be adaptable.
Green Building:	Green Point Rated with a minimum target of 125 points
Recycled Water:	While Candlestick Point does not fall within the boundaries of the City's recycled water use area, a reclamation plan for recycled water may be developed as part of green building

	strategies once sub consultants are procured during predevelopment.
Storm Water Management:	Developments that disturb 5,000 square feet or more of the ground surface must comply with the Stormwater Design Guidelines and submit a Stormwater Control Plan, the most recent guidelines of which were released in May of 2016, to the SFPUC for review. Development team will meet with SFPUC during the predevelopment period.

2.1. Zoning.

See above description of zoning.

2.2. Local/Federal Environmental Review. In June of 2010, the Final Environmental Impact Report (“FEIR”) for Candlestick Point and Phase 2 of the Hunters Point Shipyard Project was determined to be adequate and in compliance with CEQA Guidelines by the San Francisco Redevelopment Agency Commission and San Francisco Planning Commission; the Board of Supervisors affirmed the Planning Commission’s certification of the FEIR in July of 2010. The approved FEIR included an analysis of CEQA-related findings regarding the alternatives, mitigation measures, and significant environmental effects including a Mitigation and Monitoring Reporting program and Statement of Overriding Consideration. Subsequent to these approvals, Addenda 1 and 4 to the FEIR were issued during the period from December 2013 to February 2016 to account for changes to the schedule for implementation of transportation system improvements in the Transportation Plan, minor revisions to two mitigation measures, and most recently, changes to the Design for Development guidelines, Street Plan and the Major Phase 1 Application as well as minor changes to two additional two mitigation measures. FEIR addenda 2 and 3 analyzed proposed changes that are no longer being pursued; these addenda are no longer relevant.

At the time of schematic design approval for Candlestick Point 10a, OCII staff and Commission will provide a final confirmation on the consistency of the proposed design with the overall Candlestick Point and Phase 2 Hunters Point Shipyard project analyzed in the FEIR and its addenda.

2.3. Environmental Issues.

- Phase I/II Site Assessment Status and Results.

There are currently no known environmental issues. TNDC will procure a Phase I and Phase II environmental assessment and soils characterization assessment during the predevelopment process that will identify any and all environmental issues at the site, including the extent of hazardous soils and other material that will have to be off-hauled as part of the site excavation process.

- Potential/Known Hazards.

The Sponsor will complete soils testing in order confirm the appropriate foundation system; soils toxicity will also be tested per SFDPH requirements

to confirm required construction safety requirements and off-haul classification, as necessary.

2.4. Adjacent uses and neighborhood amenities. The site is a part of the master-planned Candlestick Point neighborhood, the majority of which is being designed and constructed by the Master Developer, FivePoint, with the exception of OCII parcels designated as 100% affordable (including CP10a). Once completed, the Candlestick Point neighborhood will contribute over 1 million square feet of retail, 47,000 square feet of community benefit space, over 100,000 acres of open space and over 3,000 units of housing, with just under a third designated as affordable, defined as OCII sponsored as well as inclusionary. The phasing of this neighborhood development prioritizes the neighborhood's anchor retail development first, slated to finish construction in early 2020. CP10a and OCII's other parcel CP11a, will follow afterwards, along with the construction of neighborhood streets, utilities infrastructure and interim transit route extensions. Finally, the market rate rental units on other parcels, with ground floor food service or community serving retail, including a grocery store, will be built from approximately 2020 – 2023. As mentioned earlier, Blocks 6a, 9a, and 8 are currently under OCII schematic design review. Because the neighborhood won't be fully built until approximately 2023 or later, any funding application that CP10a will submit will be based on existing conditions, with the nearest amenities located approximately a mile away on Bayview's 3rd Street corridor. This may have effects on the scoring and thus competitiveness of the parcel for AHSC or AHP funding. Also, because Candlestick Point is a new neighborhood, there is no census data to support a Disadvantaged Community designation under HCD's AHSC guidelines, although the new neighborhood borders census tracts that have received this designation. Since 50% of the program's funds are set aside for investing in Disadvantaged Communities, this is a significantly beneficial quality with which to be able to apply for funds.

2.5. Green Building.

As mentioned above CP10a will be Green Point Rated to at least 125 points and will include energy efficiency features including a solar domestic hot water system, high-efficiency heating systems, and high-efficiency lighting. Other green building features anticipated to be included in the scope include resilient flooring, low-VOC paint surfaces, and high-efficiency windows and doors.

3. OTHER ENTITLEMENTS ISSUES

3.1. Community Support.

The OCII Executive Director recommended team of TNCD –YCD was presented to the Hunters Point Shipyard Community Advisory Committee's Housing Subcommittee on July 21, 2016 and also presented to the full CAC on August 8, 2016. At those meetings, staff explained the RFP process and Evaluation Panel's scoring as well as the Executive Director's recommendation, while the TNDC and YCD team presented their proposals for the site and described their qualifications for working within the Bayview Hunters Point neighborhood. There were no objections by the Housing Subcommittee and the full CAC voted in favor of moving the

recommended CP10a Development Team to the OCII Commission for approval, which was obtained at the August 16, 2016 Commission meeting. The CAC is in support of the TNDC- YCD team due to TNDC's long-standing history of serving extremely low income households and due to YCD's history of workforce training within the Bayview Hunters Point neighborhood and desire to continue to build its development portfolio.

The Sponsors and OCII staff have planned a CAC committee meeting schedule to present early concept design and then further detailed design as the team proceeds with schematic design. OCII staff will work with the CAC's outreach consultant to notify interested parties of the opportunity to learn about and provide comment on the project's design. Through this series of design oriented sub-committee meetings, the CAC will recommend a final schematic design for presentation to the OCII Commission approval in late spring 2017.

DEVELOPMENT PLAN

3.2. Site Control.

The Master Developer currently owns the site, which will be transferred to OCII before the start of construction. OCII and the Sponsors will enter into a long-term ground lease.

3.2.1. Proposed Property Ownership Structure

OCII will own the land and will enter into a ground lease with the limited partnership. The limited partnership will own improvements.

3.3. Proposed Design.

The proposed CP10a building consists of four stories of housing over double height retail spaces along Ingerson Ave, drops to three stories of flats above townhouses along Earl and M Streets and to one story of apartments above townhouses along the mid-block break. Five stories of housing surround the shared central courtyard within.

The ground floor provides for an active mix of residential, commercial and community uses facing the street, and parking is tucked inside. Upon entering the lobby, a grand stairway rises straight ahead towards the natural light spilling down from the shared courtyard above. Townhouses line the mid-block break and turn the corners along Earl and M streets, each with a landscaped patio designed to balance a comfortable level of privacy with a street-activating public presence. Approximately 8,000 SF of retail, the square footage of which may increase, is arrayed along the Ingerson Avenue façade. The 24' wide structural bays provide space for 8-10 different vendors, each with its own set of double doors opening onto this prime retail corridor. Around the corner from the retail frontage, a 1,950 SF Community Services space faces onto Earl Street. The space is located for ease of use by residents as well as the community at large. YCD job training programs will make use of the space during the first part of the day and YMCA's out-of-school program will occupy the space during the afternoon.

The 17 townhouses are all at grade. Each sports an outdoor, landscaped patio situated at +4' above the sidewalk. The individual patios have been designed with an eye to making them truly useable by finding the balance between a comfortable level of privacy and a street-activating public presence. Rather than providing separate entries at each patio, every resident enters the building through a common lobby on Ingerson where a 24-hour desk clerk is stationed.

The split-level garage contains 84 car parking spaces, achieving a 0.6 parking ratio with an excavated depth of just -5' below grade. The garage includes (5) HC spaces (1) van space and (1) car share space within this total. The garage also contains secure parking for 84 bicycles (0.6 bike parking ratio) within two dedicated bike rooms. All cars and bikes enter and exit from M Street. There is direct access to the main residential lobby from the garage without the need to exit out to the sidewalk.

The design of CP10a complies with the Hunters Point Shipyard Design for Development document.

Avg Unit SF by type:	1-brdm avg sf: 558 sf 2-brdm avg sf: 932 sf 3-brdm avg sf: 1,222 sf 4-brdm avg sf: 1,640 sf 5-brdm avg sf: 1,798 sf
Residential SF:	141,786 sf
Retail SF:	10,000 sf (TBD)
Circulation SF:	30,196 sf
Parking Garage SF:	30,428 sf
Common Area SF:	25,701 sf
MPOE/Maintenance SF:	5,636 sf
Building Total SF:	243,747 sf

Unit sizes are in line with the ranges specified in the RFP as shown below, however the three-, four- and five-bedroom units are slightly larger than OCII's RFP ranges. However, the number of units designed, based on these sizes, was in line with the RFP.

Unit Sizes Specified in RFP

- 500 to 575 square feet for one-bedroom/one-bathroom units
- 850 to 925 square feet for two-bedroom/one-bathroom units
- 1,050 to 1,150 square feet for three bedroom/one and a half- or two-bathroom units
- 1,200-1,400 square feet for four bedroom/two bathroom units
- 1,475-1,725 square feet for five bedroom/two bathroom units

3.4. Construction Supervisor/Construction Specialist's evaluation The submission of the Request for Proposals dated April 22, 2016, from the successful development team of TNDC / YCD and Herman Coliver Locus Architects (HCLA), reflects the initial concept design and cost estimate for the project, in response to the RFP criteria. The team has just recently begun in earnest the process of refining the design, which should seek to respond to comments from the City and OCII staff and this loan evaluation. The Concept design by Herman Coliver Locus Architecture (and described in the RFP narrative), seeks to address the goals and criteria of the RFP with a development program that includes 140 units of 1, 2, 3, 4 & 5 bedrooms with community space (including teen activity space), courtyard, services and retail, along with community gardening spaces. The building is a typical podium design with first level parking located central to the site, with three split level parking areas, and an optional third level of parking (not included in the financial analysis at this time), with between 4 and 6 levels of Type III above. Two design alternatives to the proposed include an additional residential level along Ingerson of 4, 2 & 3 bedroom units, bringing the total unit count to 144, and another level of parking which would add 28 additional parking spaces. While the additional level of parking is likely to be cost prohibitive, OCII will evaluate the costs associated with the additional 4 units on a partial 5th story. The design reflects a thoughtful approach to the site and its relationship to the other planned community spaces, including the Candlestick retail center area located across Ingerson from the property. Around the corner on Earl Street, the first floor facing the street also provides a community services space which is envisioned to provide job training space to YCD. From the residential lobby, residents and visitors ascend a grand staircase to the podium level where the community room, teen and lounge spaces are located adjacent to the courtyard open space, laundry, play space, and services offices. There is also a small community gardening area that looks out over Ingerson and receives southern sunlight exposure. Located on the podium level are two family childcare units - 3 bedroom sized units which open onto the corridor as well as onto the child care play area. Rising up from the podium/courtyard level are 2-3 additional stacked levels of residential floors and three additional community gardens (1 each on levels 4, 5 and 6). The levels step back at the 4th and 5th levels, in order to reduce the overall massing of the building, particularly along the midblock break (a more pedestrian scaled façade) and Earl Street. As described, the site will incorporate approximately 84 parking spaces (0.6 to 1 ratio) on two levels. Within the Parking garage are also 84 Bicycle spaces. The Commercial space is currently estimated to comprise approximately 8,000 s.f. along the Ingerson Avenue façade broken up with the residential lobby entry, and with a stepped height of 25' at the frontage, to 15' height at the rear. The current design features solar photovoltaic as well as other green and sustainable features which reflect an anticipated 138.4 Green Point Rated points, which if achieved, rates a Gold level certification. The cost estimate, reflects a total hard cost value of \$87,862,797 inclusive of the residential, commercial (shell), parking, site improvements (no infrastructure), bid contingency of 5% and hard cost

contingency of 5%. This total hard cost value reflects a per sf. cost of approximately \$360 per s.f. or \$627,591 per unit. While the per unit cost appears relatively high, this is due partly to the larger family unit sizes. There are some unknowns at this time that may require adjustments to the proposed design, including the proposed three levels of parking, the numerous community gardening spaces (which are difficult to construct, waterproof, maintain and secure). Given these factors, and the early stage of design this current value may not adequately reflect current market conditions and will require the effort of the OCII, Development and MOHCD CM to continue to refine and contain costs. Construction is anticipated to commence in 2018.

3.5. Commercial Space. Due to its location directly across from the retail center, CP10a will have approximately 8,000 sq feet, potentially more, of ground floor retail space that will likely include food service related improvements per the Master Developer's plan for Ingerson to serve as the primary restaurant and food service amenity for the retail center's shoppers. The space is being designed to meet the Master Developer's leasing criteria and will most likely be formed into a condominium to separate the space from the affordable housing development. The Master Developer may own the condominium and hold a ground lease with OCII that will have the same maturity dates as the Sponsor's ground lease for the affordable units. Or, a separate commercial-space related entity of TNDC will own the condominium and hold the ground lease with OCII; the Master Developer would hold a master lease with this TNDC entity. In either scenario, OCII will seek a long-term agreement of profit sharing with the Master Developer in order to recoup funds invested in the cold shell of the commercial condominium. Once the details of this arrangement are more developed, staff will ensure that it is in conformance with MOHCD/OCII's Commercial Space Policy.

3.6. Service Space.

The project will contain offices for the supportive services staff (projected to be two full time employees, one Bachelor of Social Work level, and one Master of Social Work level), that will be utilized for one-on-one consultations with residents of the property. Additionally, there will be a 1,950 sf space reserved for additional community benefits, which will be utilized by YCD for education and workforce training during the first part of the day, and by the Bayview YMCA for afterschool programming during the latter part of the day.

3.7. Target Population. The population for CP10a will be low-income households earning 60% AMI and below and formerly homeless families, including 5 Transition Aged Youth parenting. Approximately 25% of the units (35 units in total) will be reserved for formerly homeless families earning no more than 30% of AMI, which will receive rental subsidies in the form of the San Francisco Local Operating Subsidy Program (LOSP). Additionally, five of the thirty-five LOSP units will be reserved for TAY populations as mentioned above.

3.8. Marketing & Occupancy Preferences

All units will be LIHTC units and will be restricted and affordable to families earning no more than 60% of the Area Median Income as defined by MOHCD. Occupancy priorities will follow the BVHP Redevelopment Plan and the CP-HPS2 Housing Plan, as follows: 1) Hunters Point Certificate of Preference Holders; 2) other Certificate of Preference Holders; 3) rent burdened residents (persons paying more than fifty percent (50%) of their income for housing) and assisted residents (persons residing in public housing or project-based section 8 housing); 4) Ellis Act Housing Preference (“EAHP”) certificate holders, which may be updated to the Displaced Tenant Housing Preference (“DTHP”), should the OCII Commission adopt that policy in the future 5) San Francisco residents or workers; and 6) members of the general public.

4. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Project Manager	TNDC, YCD	N	N
Architect	Herman Coliver Locus	Y	N
Landscape Architect	TBD	Y/N	Y/N (Describe below)
JV/other Architect	TBD	Y/N	Y/N (Describe below)
General Contractor	TBD	Y/N	Y/N (Describe below)
Owner’s Rep/Construction Manager	TBD	Y/N	Y/N (Describe below)
Financial Consultant	CHPC	N	N
Other Consultant	TBD	Y/N	Y/N (Describe below)
Legal	Gubb & Barshay	N	N
Property Manager	Tenderloin Neighborhood Development Corporation	N	N
Services Provider	Tenderloin Neighborhood Development Corporation	Y/N	N
Other Services Provider	Bayview YMCA	N	N
Other Services Provider	Larkin Street Youth Services	N	N

4.1. Outstanding Procurement Issues.

Given the early stage of the project there are no outstanding procurement issues to date. TNDC anticipates working directly with OCII staff, as well as YCD to successfully complete the procurement process and achieve all LBE/SBE related goals. TNDC is also considering hiring a local consultant to assist with the effort.

5. FINANCING PLAN (See Attachment G for Cost Comparison of City Investment in Other Housing Developments; See Attachment H for Sources and Uses)

5.1. Disbursement Status.

No sums of money have yet been disbursed. However, the Project has incurred costs dating back to October 15, 2016. Loan Committee approves payment of costs no earlier than October 15, 2016 so long as these costs are deemed acceptable and correspond to predevelopment budget attached herein.

5.2. Proposed Predevelopment Financing

5.2.1. Predevelopment Sources Evaluation Narrative

TNDC will utilize its own funds to pay for \$583,388 in costs out of the total predevelopment budget of \$4,083,388. A NCCLF or LISC predevelopment loan may be sought out later on in the predevelopment period to reimburse TNDC for its portion of already paid predevelopment expenses.

5.2.2. Predevelopment Uses Evaluation:

Predevelopment Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Acquisition Cost is based on appraisal	N/A	The budget does not include costs related to acquisition because the Master Developer, CP Development Co, LP currently owns the land. The parcel will be transferred to OCII and then ground leased to the limited partnership owner entity.
Architecture and Engineering Fees are within standards	Y	At \$2,808,062 the developer is including in the predevelopment budget represents slightly higher than 70% of the full A&E contract estimate. This will enable the design team to get almost all the way through construction drawings and fully permit the Project. The remaining ~30% of the full contract fee represents the value to complete the construction drawings, permit the Project, and perform the construction administration portion of the Project; this amount will be funded at/after construction loan closing. Total architecture and engineering costs are currently estimated at \$3,832,500 and are 4.4% of total hard costs. Once the competitive professional services RFQ has been released and those contractors selected, OCII will review the A&E draft contract.
Bid Contingency is at least 5% of total hard costs	Y	The predevelopment budget does not allocate any money to construction contingency but the permanent sources by uses do include a contingency. Each contingency is set at 5%. Bid Contingency is 5%.
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	Y	Escalation commensurate with a 2018 construction start has been included in the hard cost estimate in the permanent uses budget.

Construction Management Fees are within standards	Y	A construction management fee of \$60,600 is included which represents 40% of the total \$150,000 budget.
Developer Fee is within standards	Y	Total Cash Dev Fee is \$1,400,000 per HCD's Multifamily Regulations Total At-Risk Dev Fee is \$200,000 per the current OCII/MOHCD Developer Fee Policy
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 8.0%
Financing Costs are reasonable	Y	There are no predevelopment financing costs estimated at this time as TNDC is planning on covering the remaining predevelopment costs of \$583,388. A Permanent Loan origination fee of \$5,000 is included in the predevelopment as it may be paid before construction loan closing.

5.3. Potential [if acq/predev request]/Proposed Permanent Financing

Permanent financing is being presented to demonstrate the project's overall feasibility but not intended to be presented for Loan Committee approval at this time.

5.3.1. Permanent Sources Evaluation Narrative:

- **OCII Base Funding** - The current budget assumes an OCII subsidy of \$35M or \$250,000 a unit. According to Section 2.6(b)(2) of Exhibit F of the Phase 2 DDA, FivePoint will contribute a total of \$519,167 of subsidy to the OCII base funding amount, which is included in the \$35 million base funding estimate. Without HCD's AHSC funding, the OCII subsidy will rise to \$52.3M or \$363,500 a unit. The OCII subsidy will be used during predevelopment and construction. As currently proposed, it is also supporting a generous service offering on the site.
- **LIHTC Equity** - The Sponsor is projecting LIHTC equity in the amount of \$46.2M, or \$329,814 per unit. In October of 2016, HUD revised their SADDA definitions such that all of San Francisco is defined as a SADDA for 2017. This revision provides for a 30% basis boost in the allocation of tax credits, translating into an addition \$10 million in equity for the project, already assumed in the \$46.2 million projection. LIHTC equity is assumed to generate \$1.15 per credit, which is based on recent experience in San Francisco which still remains a prime targeting for CRA-motivated investors. The total equity based on this pricing is expected to be \$46.2M. A pricing discount to what has been seen on other City-funded projects is being assumed here because Candlestick Point is yet to be built. During the

predevelopment period, OCII staff will work with the Sponsor and its financial advisor to achieve the best possible tax credit pricing and other loan terms for the project with the goal of maximizing leveraged sources.

- **HCD/AHSC:** The Sponsor is projecting an award of \$15.9M, or \$113,500 per unit. This assumes that the project will score competitively, that the affordable housing development can partner with a relevant nearby transit improvement project and that State funds will be available. Staff has included a loan condition that the Developer evaluate the competitiveness of this source of funds during the predevelopment period and continue to monitor the availability of these funds.
- **Bond-Financed Construction Loan** - The Sponsor is projecting a tax exempt bond-financed construction loan of \$55,031,301 at 3.0% interest for a 24-month construction period, 6-month lease up period and 3-month period to close permanent financing.
- **Permanent Loan:** The Project budget currently includes a First Mortgage of \$3,580,000 with an interest rate of 5.0% and a 20 year amortization period. The project's DSCR ranges from 1.07x to 1.26x across a 20-year period.
- **AHP:** At \$1,400,000 the Sponsor has assumed a per unit subsidy of \$10,000/unit which allows it to maximize its funds request score for its AHP application. However, the Sponsor believes that if it is competitive for this source of funding, it will be able to ask for \$2,000,000 or \$14,285/unit given its experience on recent applications and awards for other San Francisco based projects. Staff has included a loan condition that the Developer evaluate the competitiveness of this source of funds during the predevelopment period. If CP10a is not competitive for AHP funds, OCII's subsidy would be \$36,400,000 or \$260,000 per unit.
- **GP Capital Contribution:** The Sponsor assume a capital contribution of \$1.0M to the Project that enable it will leverage additional tax credit equity as it will be included in the project's tax credit basis.

5.3.2. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	Y	A high number of large units (designated as such to meet the Phase 2 DDA's 2.5

		average bedroom size specification) are driving hard costs to be currently estimated at \$569,243/unit, including escalation and \$627,591/unit including a 5% construction contingency and 5% bid contingency. These costs per unit are slightly higher than the wood-frame buildings under construction listed in the Exhibit E's MOHCD/OCII Family Cost Chart Comparison. As mentioned in the Construction Evaluation narrative, the larger family units as well as the shallow excavation needed for the bi-level parking garage may be driving costs higher. Costs will be closely examined as the design and programming of the site become finalized.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5%
Architecture and Engineering Fees are within standards	Y	Total architecture and engineering costs of \$3,832,500 are 4.4% of total hard costs. Once professional services contractors are secured and a contract drafted, these fees will be evaluated more closely.
Construction Management Fees are within standards	Y	A construction management fee is \$150,000 which is reasonable for a 140 unit project.
Developer Fee is within standards, see also disbursement chart below	Y	Total Cash Dev Fee is \$1,400,000 per HCD's Multifamily Regulations Total At-Risk Dev Fee is \$200,000 per the current OCII/MOHCD Developer Fee Policy
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 8.0%
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months
Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	N/A	
Other soft costs	Y	The Sponsor is estimating \$269,000 worth of soft cost consultant reports including: LEED/Green Consultant, PML Consultant, Telecom/Data Consultant, Security Consultant, EBMS Consultant, Procurement Consultant, Commissioning Engineer, Solar Design Consultant, Archeological Consultant, Special Inspections and Testing. These are routine reports and services that TNDC has deemed necessary for their new construction properties
Common area furnishing and lease up reserves		The Sponsor is estimating \$257,600 worth of furnishings or approximately \$1,800 a

	<p>Y – furnishings</p> <p>Y - lease up reserve</p>	<p>unit. This is within MOHCD/OCII standards of \$2,000 a unit. In addition, TNDC is proposing a leasing reserve to help support 1st year operating expenses (above and beyond the operating reserve) during the lease up period. They have found this lease up reserve to be beneficial on other projects in supporting expenses before the property is fully leased.</p>
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Cash Developer Fee Disbursement Schedule		
Payment Milestone	% of Project Mgmt Fee	Amount
At Acquisition or closing of preconstruction financing	15%	\$180,000
During or at end of Predevelopment	35%	\$420,000
During or at End of Construction	35%	\$420,000
At Project Close Out	15%	\$180,000
At Risk		\$200,000
Total Developer Fee	100%	\$1,400,000

*HCD restricts developer fee for AHSC program to the maximum fee allowed in basis for a 9% LIHTC deal, or \$1.4M total. MOHCD’s underwriting guidelines stipulate that 50% of the maximum fee must be held back for potential cost overruns that exceed the available contingency funds in the final project budget approved by MOHCD/OCII. However, when outside funding sources limit the Maximum Fee to a value less than MOHCD’s standard, the At-Risk Fee shall be capped at \$200,000 or 20% of the Maximum Fee, whichever is less. Hence the Sponsor will earn a Project Management fee of \$1,200,000 and the remaining \$200K will be held back as at-risk fee.

Recent OCII and MOHCD projects that have received HCD funding and have had ground floor commercial space have also been able to include a commercial development fee representing 15% of the cost to build the commercial shell. This would equate to over \$300,000 in additional fee to be released once the tax credit cost certification is completed. However, any commercial developer fee must comply with MOCHD’s Commercial Space and Developer Fee policies.

If the project does not receive HCD funding, the total developer fee would represent the MOHCD/OCII maximum of \$2,000,000 plus \$10,000 per unit in excess of 100 units, or in CP10a’s case, an additional \$400,000 for a total of \$2,400,000. Half of that fee would be retained until construction completion as “at-risk.”

5.4. This Request/Phasing Narrative

N/A

6. PROJECT OPERATIONS (See Attachment I and J for Operating Budget and Proforma)

6.1. Annual Operating Budget

Since this is a predevelopment loan request, the annual operating budget is being presented to demonstrate the project’s overall feasibility but is not intended to be presented for their approval at this time. Please see Attachment J.

6.2. Income

Unit Type	Proposed Number of Units	Proposed Avg. Sq. Feet	Max. Rent or Tenant Contribution	Max. % AMI	Target % AMI	Rent or Operating Subsidies
1BR	6	558	200	25%	25%	LOSP
1BR	9	558	1015	50%	50%	
1BR	5	558	1293	60%	60%	
2BR	18	932	225	25%	25%	LOSP
2BR	18	932	1213	50%	50%	
2BR	21	932	1370	60%	60%	
3BR	11	1222	225	30%	30%	LOSP
3BR	19	1222	1346	50%	50%	
3BR	28	1222	1615	60%	60%	
4BR	2	1640	1454	50%	50%	
4BR	1	1640	1745	60%	60%	
5BR	1	1798	1563	50%	50%	
MGR	1	1222	0	NA	NA	
Total Units	140					

The units targeted for formerly homeless families (at 25% and 30% AMI) will receive operating subsidies in the form of the City of San Francisco Local Operating Subsidy Program (LOSP). The initial contract will be 15 years, which will be renewable at the end of the term. The City maintains a portfolio-wide transition reserve should the subsidy become not available during the contract period. AMI’s are initially assumed to be MOHCD AMI’s however that may shift if HCD funding is obtained.

6.3. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is between minimum 1.10:1 and maximum 1.15:1 at year 15	N	DSCR ranges from 1.07x to 1.26x across a 20 year period. Since HCD funding is being assumed for CP10a, the developer fee will be limited to \$1.4M. The remaining fee will be deferred and paid out of residual cash

		flow. The slightly higher DSCR's for the project reflect a balance in the amount of permanent debt taken on and the ability for the Sponsor to recoup as much deferred developer fee as possible. The DCR drops to 1.07x in Year 20 and as a result the partnership management fee cannot be taken in its entirety from Year 19 to Year 20.
Debt Service Coverage Ratio stays above 1.00:1 for entirety of projected 20-year cash flow	Y	DSCR is above 1.00:1 every year for 20 years.
Vacancy meets TCAC Standards	Y	Vacancy is 5%
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5% and the LOSP units escalate at 2% consistent with historical increases in benefit payments
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	N	<p>Total Operating Expenses are \$10,458 per unit excluding reserves and base ground lease payments and including the high services expenses mentioned previously and \$11,222 per unit including reserves and ground lease payments and services expenses.</p> <p>These operating expenses are slightly lower than the 2015 actual expenses at TNDC's family properties, however CP10a is significantly larger than the properties mentioned below which suggests some efficiencies of scale. Nevertheless, the operating expenses will be examined in closer detail during predevelopment to ensure they are adequate.</p> <p>The below pupy expenses exclude base ground rent and reserves.</p> <p>8th & Howard-Family (74 Units, no formerly homeless) = \$13,955 pupy with Services Mosaica-Family (93 Units, 25% formerly homeless) = \$10,805, without Services, (Services provided by LSS) Folsom-Dore (98 Units, no formerly homeless) = \$11,755 without Services, (Services provided by LSS)</p>
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$105,840 or \$63 PUPM in accordance with HUD's schedule

Property Management staffing level is reasonable per comparables	Y	<p>1 FTE General Manager 1 FTE Assistant Manager 4.3 FTE Desk Clerks 2 FTE Custodians 1 FTE Maintenance II 1 FTE Maintenance III</p> <p>The PM staffing is adequate for a 140 unit building with 35 units of formerly homeless households</p>
Asset Management and Partnership Management Fees meet standards	Y	<p>Annual AM Fee is \$19,080/yr Annual PM Fee is \$5,000/yr</p>
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	<p>Replacement Reserves are \$600 per unit per year as required by HCD and which exceed TCAC's \$400/unit minimum</p>
Limited Partnership Asset Management Fee meets standards	Y	<p>This is set at \$5,000 a year; escalation of 3.5% is factored in due to current investor expectations / requests on prior recent deals</p>

7. SUPPORT SERVICES

7.1. Services Plan.

The following organizations will carry out the Services Plan for CP10a:

Tenderloin Neighborhood Development Corporation (TNDC):

TNDC will act as lead service provider to the CP10a residents, providing comprehensive support services to all families in the building. TNDC's services team will lead service provision for a variety of needs, including: outreach and engagement, intake and assessment, community building, the fostering of self-sufficiency, case management, housing stabilization, crisis intervention, counseling, and advocacy.

Bayview YMCA:

The Bayview YMCA will provide out of school time (OST) services to school-aged children. This will occur on-site at Candlestick Block 10a. Their OST programming includes:

1. After-School Tutoring: Monday through Friday afternoons from 2:00 to 6:00 PM throughout the school year, YMCA tutors work one-on-one with students on homework, reading, and writing. After-school tutoring encourages students to complete homework and provides them with extra support outside of the classroom.
2. Exploratory Field Trips: In addition to after school tutoring, the Bayview Y will periodically plan fieldtrips for children in the program. These include trips to museums, zoos, colleges, etc. to expose children the world beyond their school and neighborhood and to foster and encourage a lifelong curiosity and desire to learn about the world around them.

Larkin Street Youth Services:

To support Transitional Aged Youth, TNDC will contract with Larkin Street Youth Services for 15 hours per month to provide specialized services to clients and to consult with TNDC staff for the 5 TAY parenting units on-site. Larkin Street Youth Services has a proven track record with helping TAY and TAY parents move toward stability. They will advise TNDC staff on how to provide a continuum of care for these youth as they transition from homelessness into housing, and to assist these particular residents with navigating the challenging task of parenting. Consultation may include program design and delivery, capacity building training, and clinical consultation. Direct service by Larkin Street’s trained staff will be based on identified needs, and it may include on-site individual and group services that support education, employment, and wellness outcomes, including: financial literacy, cooking and nutrition, self-care, conflict resolution, time management, career exploration, college enrollment, study skills, and parenting strategies. The partnership will leverage Larkin Street’s 30+ years delivering high-quality services with proven results to this hard-to-reach and vulnerable population.

Young Community Developers (YCD):

To encourage all youth and young adults (ages 14-24) with job training and employment opportunities, Young Community Developers will come on-site to provide pathways and opportunities to access their services on an ongoing basis. These services include comprehensive preparation and training techniques targeted towards enhancing workforce readiness, and includes: GED/H.S. Diploma services, recruitment and referral services to CityBuild and other City and County of San Francisco Sector Academies, job placement assistance, youth employment programs, summer work experience programs, career training and certification, job readiness training, and the Mayor’s Youth Employment & Education Program.

7.2. Service Budget.

SUPPORTIVE SERVICES EXPENSES	TNDC Services	ANNUAL BUDGET	COMMENTS
TNDC - Salaries	180,000	180,000	1 FTE Service Coordinator; 2 FTE Social Workers
TNDC - Benefits	39,600	39,600	22% Health.
TNDC - Payroll Taxes	16,200	16,200	9% of salaries
TNDC - Workers Comp.	1,800	1,800	1% of salaries
TNDC - Payroll Fee	570	570	
TNDC - Rent	0	0	
TNDC - Insurance	0	0	
TNDC - Prof fees	1,443	1,443	Fee for a clinical consultant to provide the Social Worker with consultation around mental health and substance use issues.

Supportive Services - Food Bank	0	0	Cost of an Emergency Food Pantry
TNDC - Program Expenses	1,500	1,500	Community Events
TNDC - Recruit & Train	1,000	1,000	
Supportive Services - Communications	0	0	Phone, fax, printer, scanner, internet
TNDC - Food and Bev	0	0	
TNDC - Temp Employees	0	0	
TNDC - Subcontractor	0	0	
TNDC - Supplies	750	750	Supplies
TNDC - Admin Fees	1,500	1,500	Home office indirect
TNDC - Salary Reimbursement	12,875	12,875	Supervision allocation
TNDC - Other Expenses	355	355	Misc fees
Supportive Services - Youth, After School		80,000	Bayview YMCA
Transitional Aged Youth Services		7,560	Larkin Street Youth Services
Total Social Services Uses	257,593	345,153	
SUPPORTIVE SERVICE SOURCES			
Human Services Agency		159,845	@ \$4,567/formerly homeless household per year for 35 LOSP households
Property Cash Flow; Commercial Income; Deferred Fee		185,308	Included as an annual operating expense
Total Social Services Sources		345,153	

7.3. Department of Homelessness and Supportive Housing Assessment of Service Plan and Budget.

HSH evaluated the preliminary service plan as part of the RFP submittal review and will be asked to approve the Service Plan and Budget prior to the approval of the gap loan. There are two aspects of the services budget that require additional evaluation:

- 1) With 1 FTE Service Coordinator, 1 LOSP Social Worker, 1 Non LOSP Social Worker and a small contract with Larkin Street Youth, and a larger contract for after-school services with the Bayview YMCA, the level of staffing currently proposed may be higher than average. However, a higher than average staffing may be merited due to the relative isolation of the site before the larger Candlestick Point neighborhood and Shipyard are built out. During the predevelopment period, comparison with similarly sized family and formerly homeless projects with LOSP funding will be conducted to evaluate if the proposed services staffing is indeed higher than average.
- 2) Currently, TNDC is requesting LOSP funding for 35% of the annual expenses associated with the Bayview YMCA and non-LOSP case manager

and service coordinator. Normally, LOSP funding is not used for personnel intended to serve the low income family households (non-formerly homeless households). However, the after school services and non-LOSP case manager may be utilized by the formerly homeless households (there will be no enforced separation of households served) and thus it may be appropriate to allocate a certain percentage of costs to the LOSP units.

8. THRESHOLD ELIGIBILITY REQUIREMENTS

The Request for Proposals defined minimum threshold requirements to be considered for selection. All four respondents to the RFP satisfied the minimum requirements for review and consideration.

9. RANKING CRITERIA

POINTS		CRITERIA
50		Proposed Development Concept
	20	Proposed Massing Concept: strength and constructability of proposed massing concept, number of units, conformance with the Redevelopment Plan, Major Phase, and the Design for Development
	15	Financial Feasibility & Level of OCII Subsidy
	10	Proposed Services Plan
	5	Proposed Marketing Plan
50		Developer Team Experience and Capacity
	10	Developer experience in developing and marketing affordable housing <i>comparable</i> to the housing proposed in this RFP
	5	Developer experience with government assisted affordable housing programs and financing sources and/or “green” housing; Developer Workload Capacity
	5	Workforce and Contracting Action Plan
	10	Architect experience & capacity, including “green” housing
	10	Service Provider experience & capacity
	10	Property Manager experience & capacity, including retail operation
100	100	Total Points

10. STAFF RECOMMENDATIONS

10.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$3,500,000

Loan Term:	The Repayment Term will begin on the date of execution of the loan and end at either (1) the close of construction financing for the Project or, (2) the Developer and OCII execute a permanent loan agreement that incorporates the predevelopment and permanent loan amounts.
Loan Maturity Date:	This predevelopment loan will convert to a permanent loan.
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3% (In the event that it is possible to conform to the true debt analysis to the satisfaction of the investor and lender the OCII loan interest rate may be reduced to a rate as low as 0% subject to approval from the Director of MOHCD and the Executive Director of OCII.)

10.2. Recommended disbursement conditions/schedule

- Sponsor will attempt to maximize AHSC and AHP program funds by reviewing and analyzing each program’s requirements in an effort to reduce OCII’s gap loan amount.
- Sponsor will work with OCII and the Department of Homelessness and Supportive Housing to further evaluate the Services Plan and Budget as well as the annual General Fund LOSP request.
- Sponsor will continue to evaluate the adequateness of the projected pupy operating expense.
- If appropriate, Sponsor will continue to evaluate how to maximize permanent debt on the project given the slightly high range of 1.07x to 1.26x across a 20-year period.
- Prior to a gap financing request Sponsor will demonstrate an effort and specify means and methods to contain the development costs, if needed. In an effort to attain this goal the Sponsor will take an interim step to meet with OCII staff and MOHCD construction manager to review 50% Construction Documents and the commensurate cost estimate, if needed.
- Sponsors will ensure that gap commitment request cash flow proforma debt service coverage ratio aligns with MOHCD/ OCII underwriting guidelines and developer fee policy and that permanent debt is maximized to the extent feasible.
- OCII must review and approve the investor and lender selection process for the Projects. Developer must allow OCII staff and its financial advisor to communicate directly with prospective and selected lenders/investors.

10.3. Recommended conditions prior to financing gap

Disbursement Condition	Date/Deadline	Amount of Developer Fee to be Disbursed
ENA Execution/Secure Predevelopment Funding	December 6, 2016	\$180,000
Funding application to SF FHLB for AHP Program	March 2017 or amended date	\$70,000
Submittal of schematic design & cost estimate	March 17, 2017 or amended date	\$70,000
Funding application to HCD for AHSC Program	2018, application round to be announced	\$70,000
Building/site permit application submitted	6/1/2017 or amended date	\$70,000
Submittal of 50% CD set and cost estimate	3/1/2018 or amended date	\$70,000
Selection of tax credit investor	9/1/19 or amended date	\$70,000

- In addition to the above milestones, before gap financing, the commercial space will be treated in a manner consistent with the current MOCHD Commercial Space Policy.
- Also in addition to the above milestones, before gap funding, OCII will review and approve the any other sources of predevelopment funding (from LIIF or NCCLF) for acceptable repayment policies.

11. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

APPROVE. DISAPPROVE. TAKE NO ACTION.

 Olson Lee, Director
 Mayor’s Office of Housing

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

 Joyce Crum, Acting Director of Housing and Homeless Programs
 Department of Homelessness and Supportive Housing

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Tiffany Bohee, Executive Director
Office of Community Investment and Infrastructure

Date: _____

- Attachments:
- A. Project Milestones/Schedule
 - B. Borrower Org Chart
 - C. Developer Resumes
 - D. Asset Management Analysis of Sponsor
 - E. Site Map with amenities
 - F. Elevations and Floor Plans, if available
 - G. Comparison of City Investment in Other Housing Developments
 - H. Sources and Uses
 - I. Development Budget
 - J. 1st Year Operating Budget
 - K. 20-year Operating Pro Forma
 - L. Candlestick Point SubPhase and Block Map

Attachment A: Project Milestones and Schedule

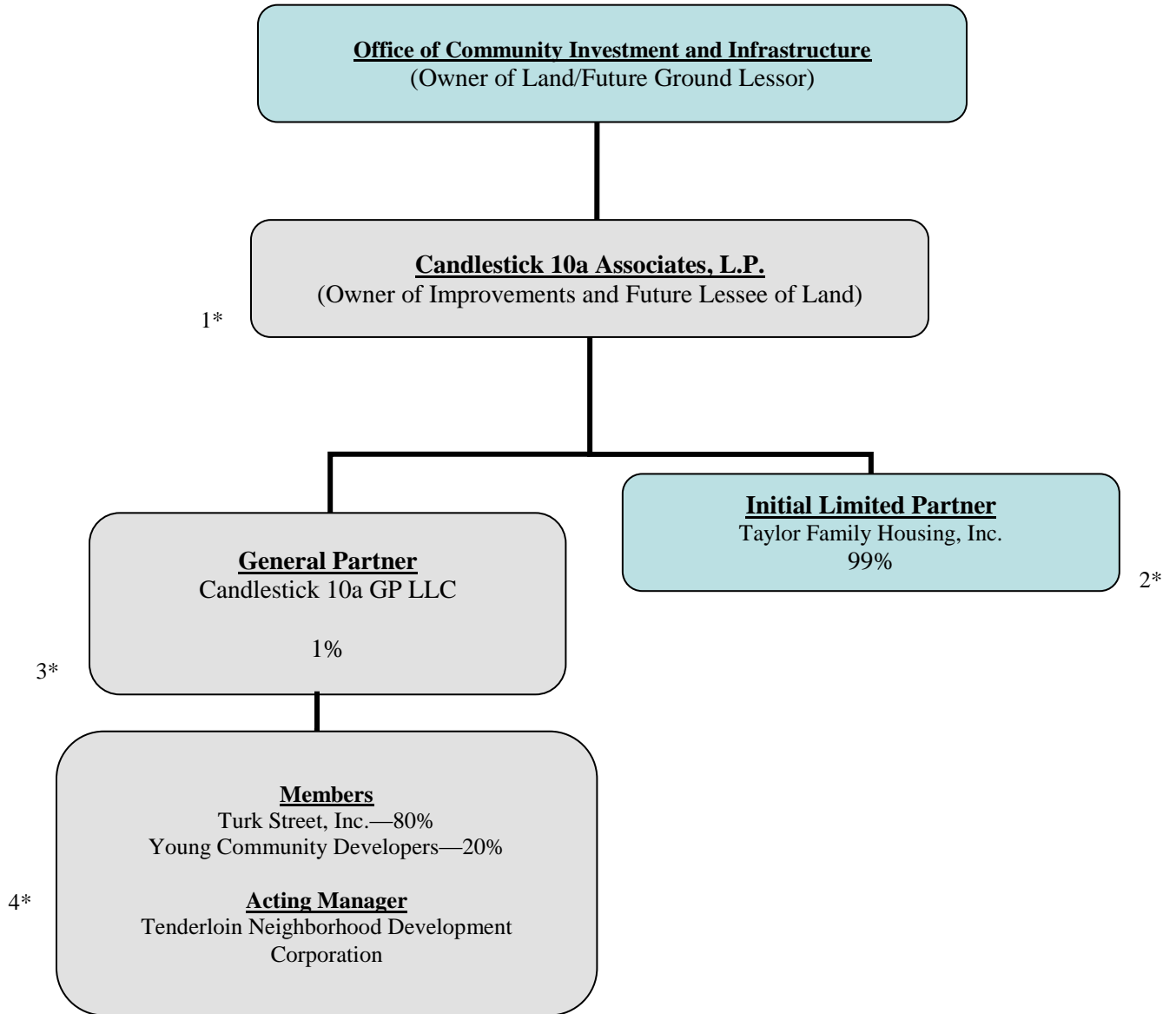
No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)		
1	Acquisition/Predev Financing Commitment	<u>11/4/16</u>	<u>TBD</u>
2.	Site Acquisition	<u>N/A</u>	<u>N/A</u>
3.	Development Team Selection		
a.	Architect	<u>3/1/2016 (completed)</u>	<u>TBD</u>
b.	General Contractor	<u>2/1/2017</u>	<u>TBD</u>
c.	Owner's Representative	<u>2/1/2017</u>	<u>TBD</u>
d.	Property Manager	<u>3/1/2016 (completed)</u>	<u>TBD</u>
e.	Service Provider	<u>3/1/2016 (completed)</u>	<u>TBD</u>
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>3/17/17</u> (OCII Commission approval 5/24/17)	<u>TBD</u>
b.	Submittal of Design Development & Cost Estimate	<u>10/1/2017</u>	<u>TBD</u>
c.	Submittal of 50% CD Set & Cost Estimate	<u>3/1/2018</u>	<u>TBD</u>
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>6/1/2018</u>	<u>TBD</u>
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	<u>N/A</u>	<u>TBD</u>
b.	NEPA Environ Review Submission	<u>N/A</u>	<u>TBD</u>
c.	CUP/PUD/Variances Submission	<u>N/A</u>	<u>TBD</u>
6.	Permits		
a.	Building / Site Permit Application Submitted	<u>6/1/2017</u>	<u>TBD</u>
b.	Addendum #1 Submitted	<u>1/15/2018</u>	<u>TBD</u>
c.	Addendum #2 Submitted	<u>1/15/2018</u>	<u>TBD</u>
7.	Request for Bids Issued	<u>7/15/2018</u>	<u>TBD</u>
8.	Service Plan Submission		
a.	Preliminary	<u>4/1/2019</u>	<u>TBD</u>
b.	Interim	<u>4/1/2019</u>	<u>TBD</u>
c.	Update	<u>N/A</u>	
9.	Additional OCII Financing		

a.	Predevelopment Financing Application #2	<u>N/A</u>	
b.	Gap Financing Application	<u>July 2018</u>	<u>TBD</u>
10.	Other Financing		
a.	AHSC Application	<u>2018 (TBD)</u>	<u>TBD</u>
b.	Construction Financing RFP	<u>March 2018</u>	<u>TBD</u>
c.	AHP Application	<u>March 2017</u>	<u>TBD</u>
d.	CDLAC Application	<u>March 2018</u>	<u>TBD</u>
e.	TCAC Application	<u>March 2018</u>	<u>TBD</u>
f.	HUD 202 or 811 Application	<u>N/A</u>	
g.	Other Financing Application	<u>N/A</u>	
h.	Select Tax Credit Investor	<u>9/1/19</u>	<u>TBD</u>
11.	Closing		
a.	Construction Closing	<u>1/15/19</u>	<u>TBD</u>
b.	Permanent Financing Closing	<u>8/1/2021</u>	<u>TBD</u>
12.	Construction		
a.	Notice to Proceed	<u>1/15/2019</u>	<u>TBD</u>
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>1/15/2021</u>	<u>TBD</u>
13.	Marketing/Rent-up		
a.	Early Outreach Plan Submission	<u>2/15/19</u>	<u>TBD</u>
b.	Marketing Plan Submission	<u>August 2020</u>	<u>TBD</u>
c.	Commence Marketing	<u>October 2020</u>	<u>TBD</u>
d.	95% Occupancy	<u>4/15/2021</u>	<u>TBD</u>
14.	Cost Certification/8609	<u>4/1/2022</u>	<u>TBD</u>
15.	Close Out MOH/OCII Loan(s)	<u>8/1/2021</u>	<u>TBD</u>

*Dates above may change depending on the availability of AHSC funding in 2017 and 2018 and subsequently when funding rounds are open for application.

Attachment B: Borrower Org Chart

(As of October 18, 2016)



At construction loan closing, Taylor Family Housing, Inc. will withdraw from the partnership as the Initial Limited Partner and the tax credit equity partner will be admitted as the Investor Limited Partner. At that time the percentage of interest for the General Partner will change from 1% to 0.01%, and the percentage of interest of the Investor Limited Partner will change from 99% to 99.99%

Current Ownership Structure for Candlestick Point 10a

As of October 18, 2016

(Fourth Amendment to Limited Partnership Agreement)

*1 Candlestick 10a Associates, L.P. a California limited partnership: 100% ownership entity (Owner of Improvements and future Lessee of Land).

*2 Initial Limited Partner with 1% interest in the limited partnership: Taylor Family Housing, Inc., a California nonprofit public benefit corporation. Taylor Family Housing, Inc. is the initial limited partner from the time the initial limited partnership agreement is executed in order to form a limited partnership until the investor limited partner is admitted via an amended and restated limited partnership.

*3 General Partner with a 1% interest in the limited partnership: Candlestick 10a GP LLC, a California Limited Liability Corporation.

*4 Members/Acting Manager of General Partner: Turk Street, Inc, a California nonprofit public benefit corporation, will hold 80% member interest, and Young Community Developers, a California nonprofit public benefit corporation, will hold 20% member interest. Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, is the acting manager of the LLC.

Attachment C: Developer Resume



Katie Lamont
Director of Housing Development
Tenderloin Neighborhood Development Corporation

Katie Lamont joined TNDC in April 2012 as Director of Housing Development, bringing with her over 19 years of affordable housing experience. She is responsible for leading the Housing Development team as it carries out all phases of development from feasibility through acquisition, predevelopment, construction, and completion. Prior to joining TNDC, Katie worked 9 years for Eden Housing, most recently as Associate Director of Real Estate Development, where she supervised junior staff, led new business development activity, worked on policy, and managed her own project teams implementing all aspects of affordable housing development, including mixed-use and mixed-tenure developments and joint ventures with homebuilders and service providers. Prior to joining Eden in 2003, Katie was a project manager at the Los Angeles Community Design Center, now Abode Communities. She began her career working in fair housing at Housing Opportunities Project for Excellence in Miami, Florida. Katie holds a Master in Urban Planning from the University of California, Los Angeles, and received a B.A. from Brown University.



Shamann Walton
Executive Director
Young Community Developers, Inc.

Shamann Walton is Executive Director of Young Community Developers, Inc., a workforce development organization in San Francisco's Bayview Hunters Point Community. At YCD he manages, develops and implements job readiness training, job placement and case management services for participants. Under his leadership, YCD works with SFUSD to provide quality tutorial, credit recovery and job training programs in several SFUSD high schools (including Balboa, Galileo, Thurgood Marshall, Phillip & Sala Burton and Wallenberg). Under his leadership, YCD's budget has increased more than 300 percent and its staff has grown to 90 employees during peak times throughout the year. In addition to their economic self-sufficiency work, YCD has more recently worked with AMCAL, Cahill and FivePoint, to develop 59 units of affordable housing on the Bayview Hunters Point Shipyard. Prior to joining YCD, he worked as a program officer for the San Francisco Department of Children, Youth & Their Families. Previously, he served as the Director of the Economic Opportunity Council of San Francisco's Potrero Hill Family Resource Center. He also currently serves on the Board of Directors for the San Francisco Bay Area Planning and Urban Research Association. Shamann graduated with a B.A. in Political Science from Morris Brown College in Atlanta, Georgia and he holds a Masters in Public Administration from San Francisco State University.

Chris Cummings
Lead Project Manager
Tenderloin Neighborhood Development Corporation

Chris Cummings will be the lead project manager on Candlestick Point 10a. He has been working at TNDC for two and a half years, and has primarily focused on four projects that include new

construction, acquisition/rehab, and portfolio resyndication projects. Chris secured MHP and TOD financing from the California Department of Housing and Community Development for TNDC's 1036 Mission project, which is an 83-unit new construction project in SOMA that Chris plans to close in July 2016. In addition to 1036 Mission, Chris closed a RAD Phase I project, 939 & 951 Eddy, and is currently supervising construction; he developed a financing plan for a rehab of one of TNDC's portfolio projects, Alexander Residence, which is currently in predevelopment; and is currently conducting feasibility analysis on another portfolio rehab project, Yosemite Apartments, involving 4% acquisition and rehab tax credits and federal historic tax credits, which he submitted for the 2016 Affordable Housing Sustainable Communities (AHSC) funding round. Chris has a background in capital planning and rehab scoping for multifamily affordable housing projects having worked as a consultant for a private real estate firm in Boston for six years prior to joining TNDC.

Leah Stockstrom

Co-Project Manager

Tenderloin Neighborhood Development Corporation

Leah Stockstrom will act as co-project manager for Candlestick 10a. She joined TNDC in May 2015, coming from a background in business and economic development consulting. Since joining TNDC, Leah has primarily focused on a new construction project, an occupied rehab, and on new acquisitions and financing applications. Her current projects include a 98-unit new construction multi-family senior project that recently completed construction, an occupied rehab of 101 senior units currently in construction, and a Candlestick 10a. Leah has experience with securing and closing on financing, completing the TCAC and CDLAC applications for TNDC's 1036 Mission project and closing on TNDC's O'Farrell Towers construction financing. She also has seen one project through construction completion and is actively managing another construction process. Leah holds a Master in City and Regional Planning from UC Berkeley, and received a Bachelor of Urban and Environmental Planning from the University of Virginia.

Cynthia Alvarez

Chief Portfolio Officer

Tenderloin Neighborhood Development Corporation

Cynthia comes to TNDC from Charities Housing Development in Silicon Valley where she was responsible for the operations of the organization's assets and provided oversight to property management staff and third party resident services providers. Among her accomplishments, she bid and won property management of a former Housing Authority of Santa Clara property. Cynthia began her life in the United States at the age of eight when her family immigrated to the United States from Mexico. She graduated with a B.A. in Political Science from the University of California San Diego Cum Laude and with Departmental Honors, and continued with graduate studies at Stanford University as a PhD student in Political Science. Cynthia currently serves in the Board of Directors of the Immigrant Legal Resource Center.

Yvette Robinson

Director of Tenant Services

Tenderloin Neighborhood Development Corporation

Yvette Robinson has held the position of Director of Tenant Services with TNDC since 1991. She is responsible for program management, compliance, budgeting and supervision of the organization's 28- person Social Work unit as well as the Tenderloin After School Program and TNDC's new Health & Wellness Program that supports our senior residents around healthy aging in place. She has extensive experience in community development and organizing, as well as a wealth of experience in counseling and women's issues across the country, with the Women's

Resources Center (Decatur, GA) and Mission Hill Extension (Boston, MA). She holds a BA in Social Welfare and Visual Arts from Antioch College, OH.

Attachment D: Asset Management Evaluation of Project Sponsor

TNDC's Asset Management ("AM") works across multiple disciplines to ensure portfolio success, including income maximization, expense reduction, and capital improvement completions. The AM department is a staff of three reporting to TNDC's Chief Financial Officer ("CFO"). Several support departments provide information resources to AM including a four person Facilities Management group, a three person Compliance group, and an eight person Accounting Department. TNDC's Portfolio planning is driven by an interdepartmental group convened by AM and is composed of the Executive Director ("ED"), CFO, Housing Development Director and AM staff. AM staff present property-specific Asset Management Plans to the group for critique and decision making. This planning process looks for high materiality risks and opportunities in our portfolio, while also making detailed predictions of re-capitalization needs and Year 15 plans. A property performance Watchlist Committee lead by AM is composed of the Director of Property Management, Chief Portfolio Officer, and Accounting Department Financial Manager.

TNDC's portfolio consists of 33 mid to high-rise rental properties comprising 2,625 units with multiple financing sources and largely low net cash. TNDC has the capacity to expand the portfolio for three reasons.

1. We plan to increase AM staff to four positions by 2016.
2. We have well developed information resources and portfolio planning processes including analytical tools and practices. As examples, every property has an Asset Management Plan, a Year 15 workbook, and a Capital Needs Assessment.
3. We have experienced staff. Current staff experience ranges between 8 and 18 years in real estate and asset management.

Total Number of Projects and Average Number of Units Per Project Currently in Sponsor's Asset Management Portfolio: 2,625 units in 33 properties, averaging 80 units per property.

The AM team is comprised of three full time employees including a Senior Asset Manager that reports to the CFO, an Asset Manager I that reports to the Senior Asset Manager, and a second Asset Manager I that reports to the Senior Asset Manager. The AM staff is responsible for management of reserves, surplus cash, insurance, property tax, management fees, mortgage agreements, operating subsidy agreements contract administration; year 15 analysis; annual capital improvement program budgeting and oversight; long-term capital needs planning, not limited to Capital Needs Assessments; and property asset management plan writing and execution, portfolio and long-term planning.

Portfolio planning is driven by an interdepartmental group convened by AM. It is composed of the ED, CFO, Housing Development Director and AM staff. Property asset management plans drafted by AM are presented for critique and decision making. High materiality portfolio financial problems and opportunities are identified for action by either AM or Housing Development.

Property Management ("PM"): principal venue for coordination with PM is the TNDC Watchlist Committee, composed of Chief Portfolio Officer (an Executive position), Director of Property Management, Compliance head and AM. AM proposes watchlisting criteria, annually proposes the watchlisted properties, finding consensus among the group for these choices. Workout plans are presented by DPM for group review.

Facilities Management (“FM”): the highest level of building system technical knowledge in TNDC. FM monitors site maintenance practices and outcomes, oversees system specialists, most particularly for elevator, fire response, boilers, structure. The FM team also identifies capital improvement needs and manages single system replacements completing 60-90 single system replacements or system assessments per year. FM drafts and proposes annual capital budgets; AM revises and proposes those budgets to the

Executive Team and Board of Directors. There is an additional, in-depth project approval process in the course of the following year: FM proposes plans, AM approves them. There are also Monthly Capital Improvement meetings between FM and AM.

Housing Development (HD): assigned execution of year 15 re-organizations; assigned project management of capital improvement projects which involve new financing. For projects in development, AM makes input to design and scope of work, prepares stabilized capital needs projections to test initial capitalization and annual deposit terms, reviews draft stabilized operating budgets, reviews draft permanent loan and equity agreements.

Compliance group (within PM): responsible for income and rent limit contract analysis; monitors operating compliance; oversees lender/investor inspections and follow-up to findings.

Accounting: Prepares and distributes monthly financial statements. For annual financial audit, Accounting prepares audited schedules and statements. AM prepares surplus cash calculation and reviews draft audited financial statements. AM is responsible for contract compliance regarding surplus cash calculation and distribution, fees, reserves. An Accounting Department Financial Manager oversees annual operating budget preparation by Property Management (PM) in a highly structured estimating process. AM reviews budgets, along with the Executive Team. Also, for projects in development, the Financial Manager prepares stabilized operating budgets, reviewed by AM.

Staffing ratios:

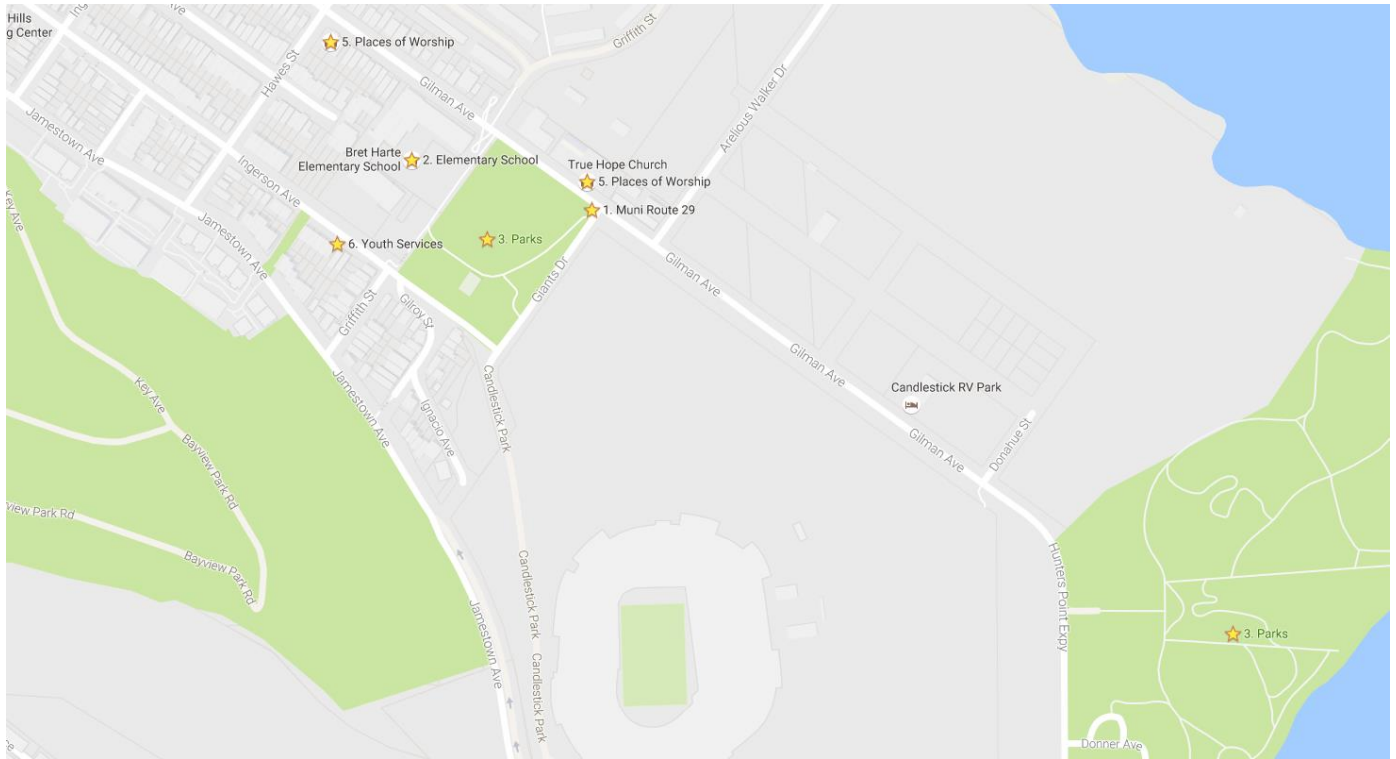
- Asset Management: 3.0 FTE for 33 properties
- Housing Development: 8.0 FTE’s for 14 projects in development
- Facilities Management: 3.0 FTE for 33 properties
- Compliance: 3.0 FTE for 33 properties
- Tenant Services, home office: 3.0 FTE
- Accounting: 8.5 FTE for 33 properties

Sponsor’s Budget for Asset Management Team Shown as Cost Center for SF Projects

- 2016 AM Department budget is \$325k; portfolio entirely SF properties.
- Number of Projects Expected to be in Sponsor’s Asset Management Portfolio in 5 Years and, If
- Applicable, Plans to Augment Staffing to Manage Growing Portfolio
- If no additional projects go into development, from 2015 to 2020 we expect to add 12 properties to our stabilized portfolio, 1,662 units. That will be 45 properties (dropping down to 44 when we withdraw from an SFHA acquisition joint venture with Glide).

Our planning assumption is one Asset Manager for every 10 properties, therefore, at a point in the next several years we will add one FTE to rise to 4.0 AM FTE’s. Because it is likely more properties will go into development in the next year, a fifth FTE is conceivable in 2019 or 2020.

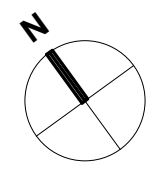
Attachment E: Site Map with amenities



Attachment F: Elevations and Floor Plans



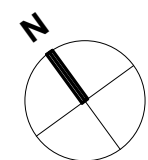
CANDLESTICK POINT
BLOCK 10A

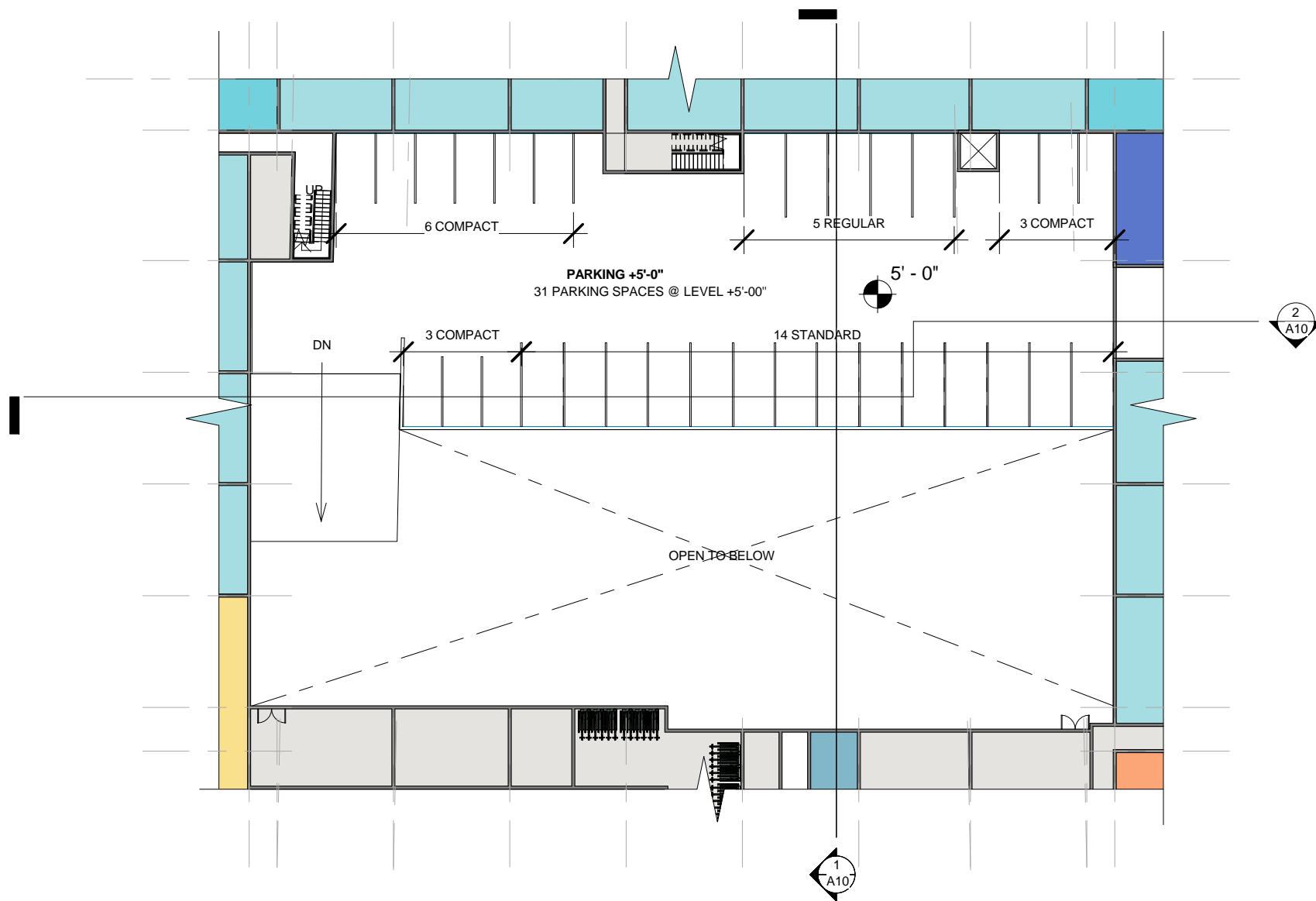


1 SITE PLAN
1/32" = 1'-0"



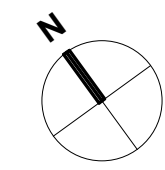
CANDLESTICK POINT
BLOCK 10A



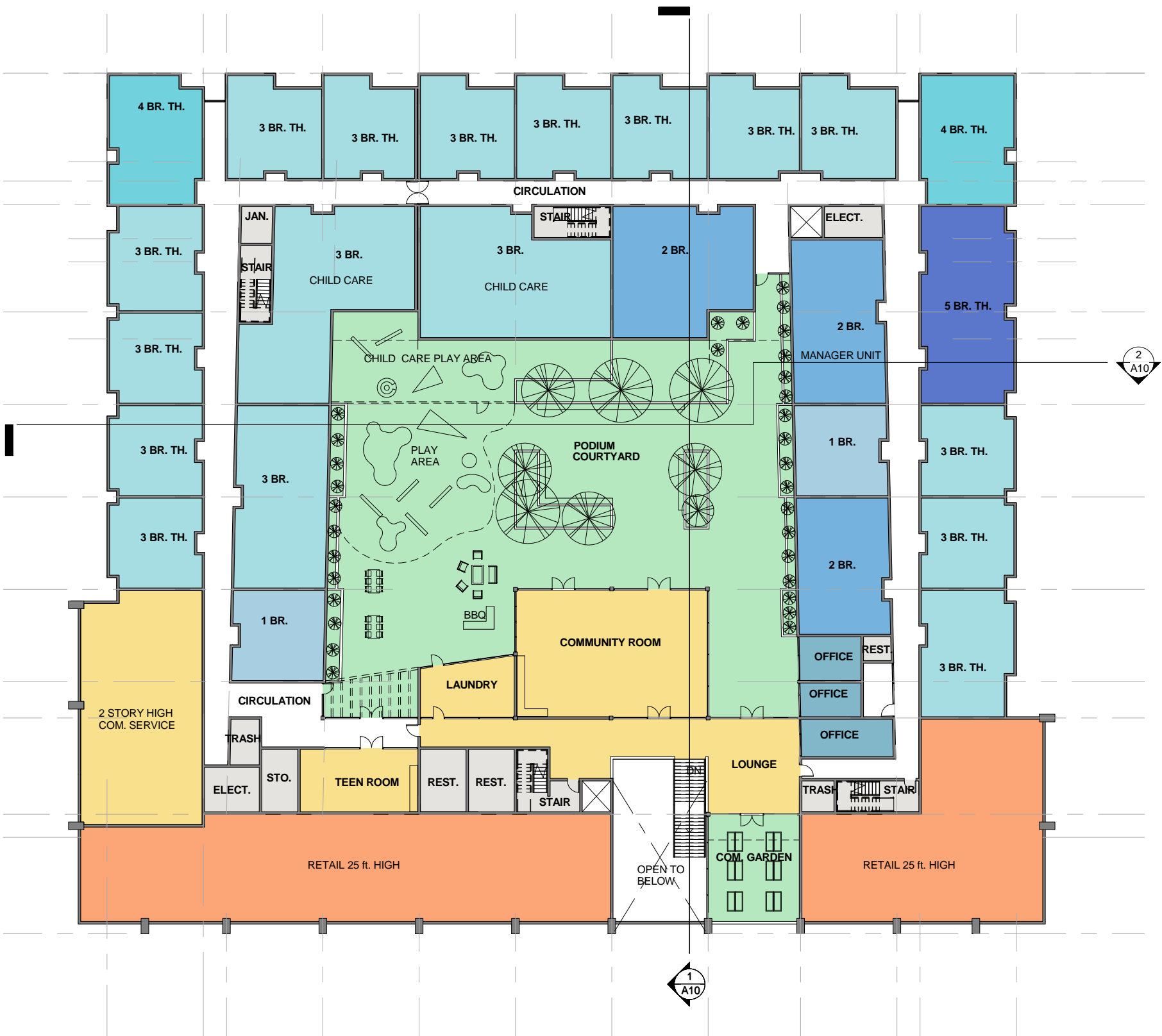
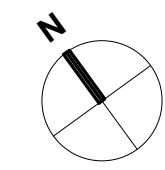


1 Parking +5'-0"
 1/32" = 1'-0"

OPTIONAL ADDITIONAL PARKING CAN BE ACHIEVED BY ADDING ONE MORE LEVEL OF PARKING AT -10'-0", WITH TOTAL NUMBER =112=0.8 PARKING RATIO

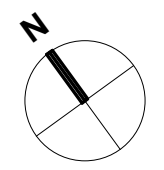


CANDLESTICK POINT
BLOCK 10A



1 Level 2
1/32" = 1'-0"

CANDLESTICK POINT
BLOCK 10A

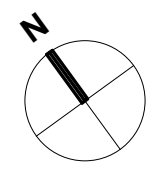


A5

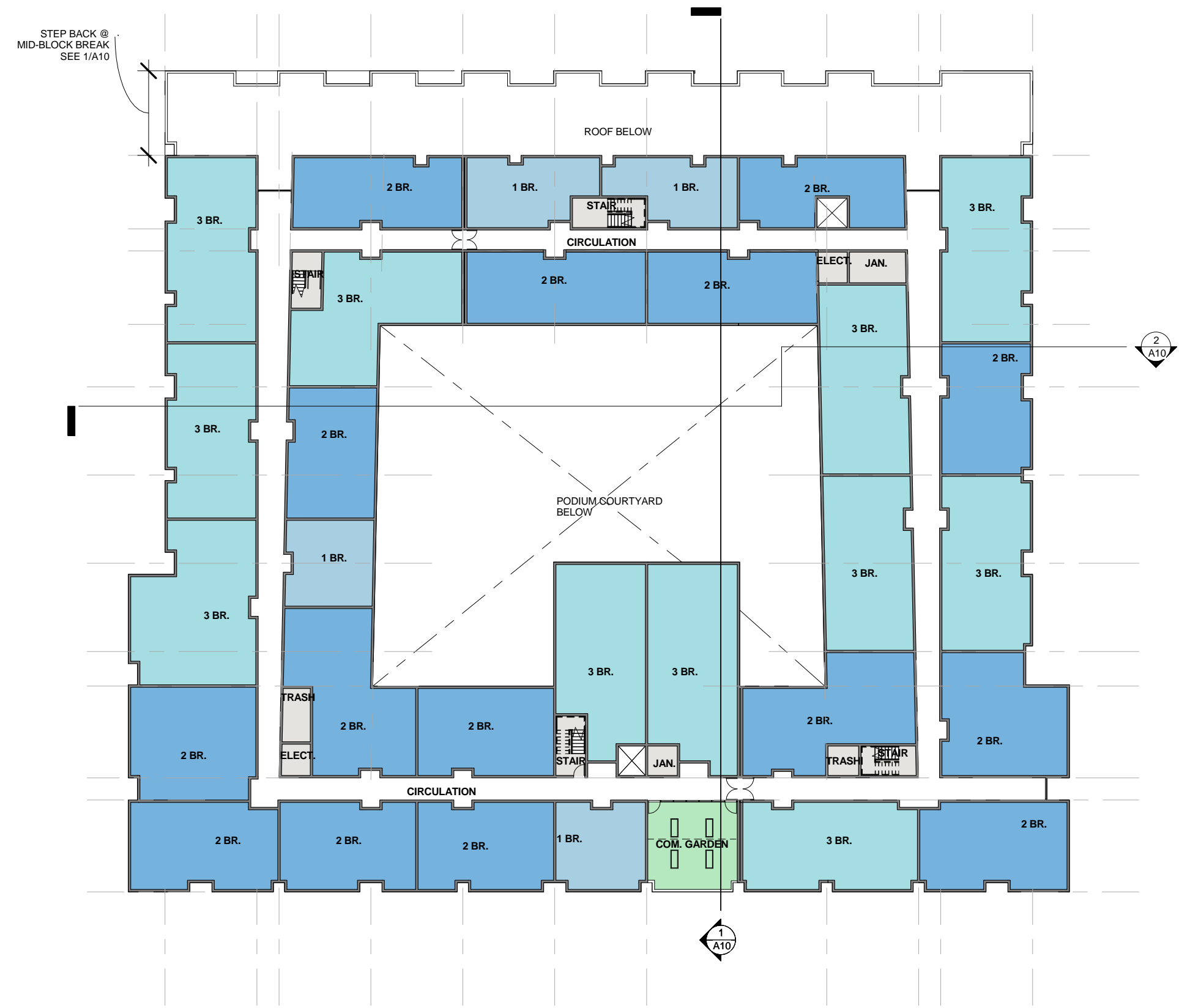


1 Level 3
1/32" = 1'-0"

CANDLESTICK POINT
BLOCK 10A

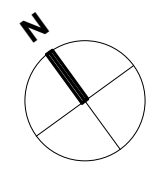


A6

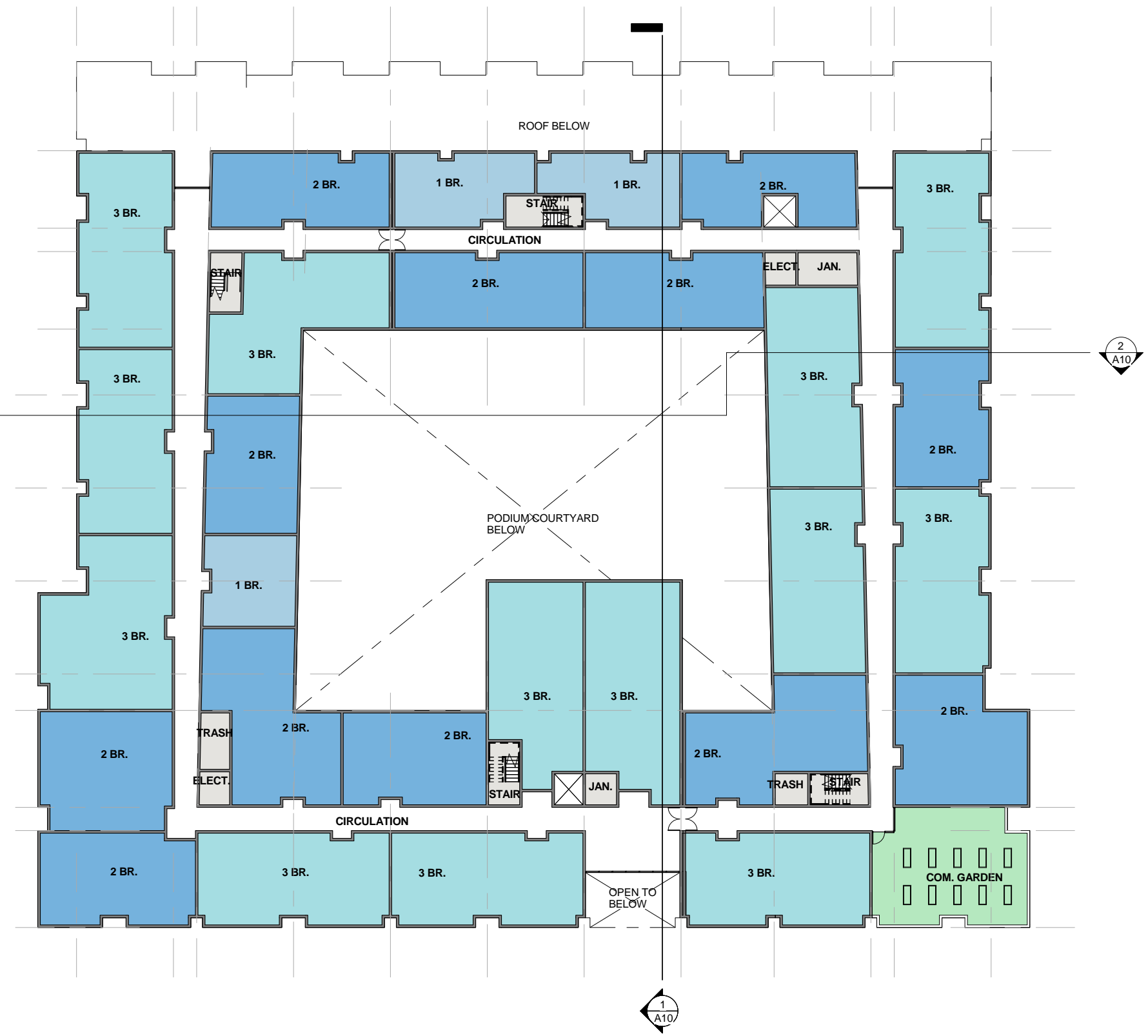


① Level 4
1/32" = 1'-0"

CANDLESTICK POINT
BLOCK 10A

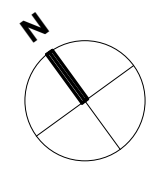


A7

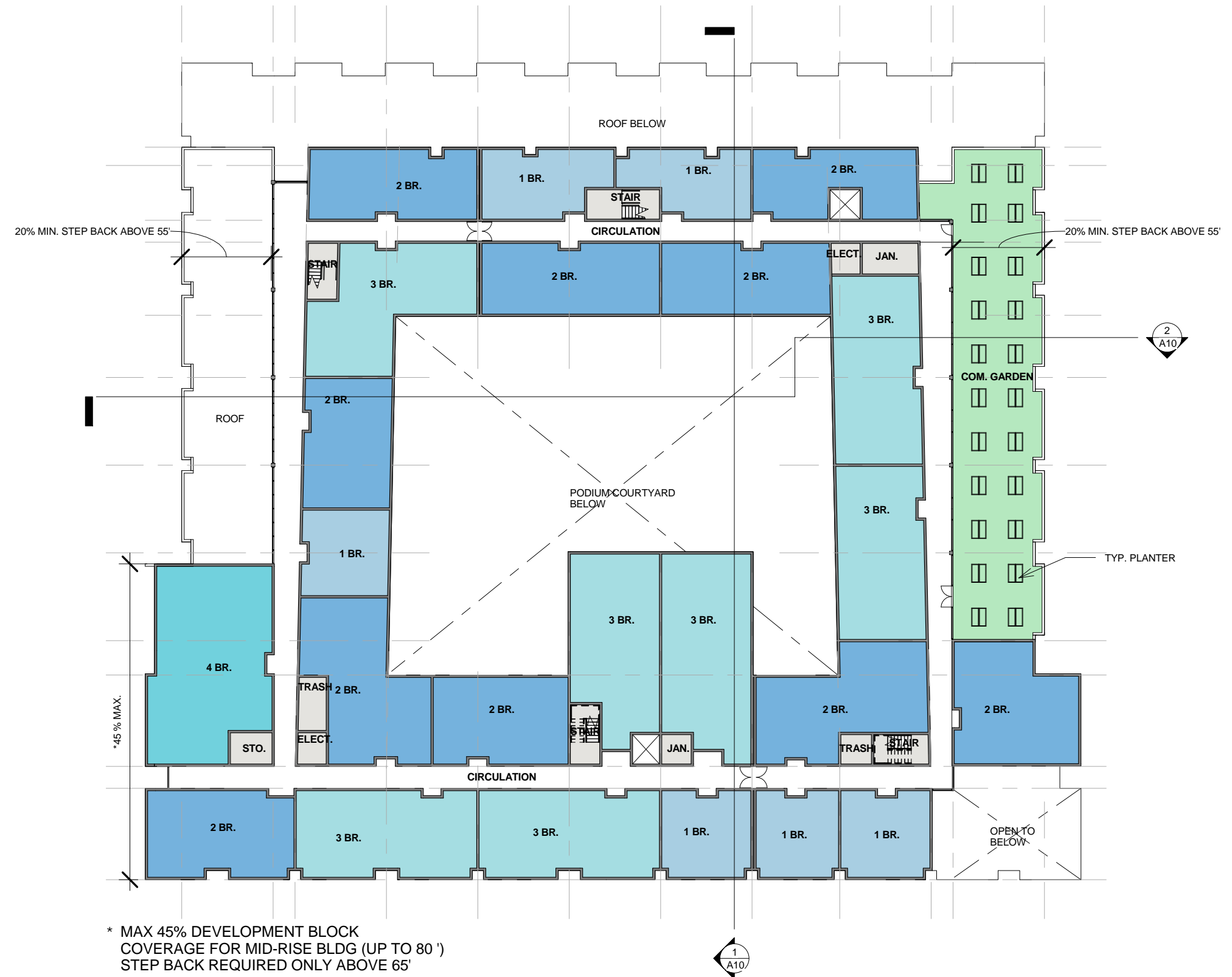


① Level 5
1/32" = 1'-0"

CANDLESTICK POINT
BLOCK 10A

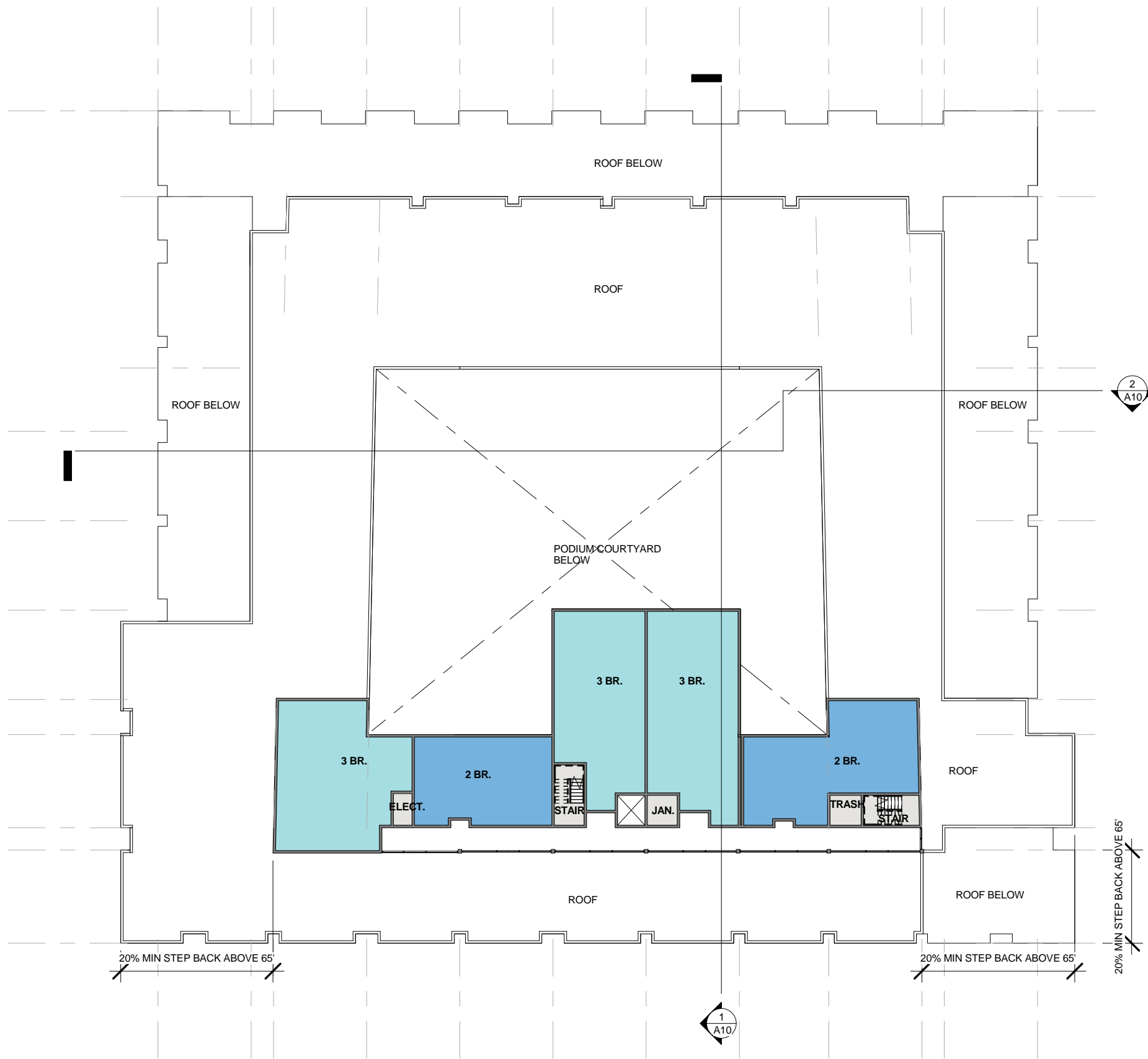


A8



* MAX 45% DEVELOPMENT BLOCK
COVERAGE FOR MID-RISE BLDG (UP TO 80')
STEP BACK REQUIRED ONLY ABOVE 65'

1 Level 6
1/32" = 1'-0"

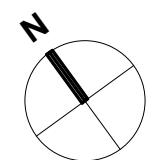


1

OPTIONAL 5TH FLOOR ABOVE RETAIL

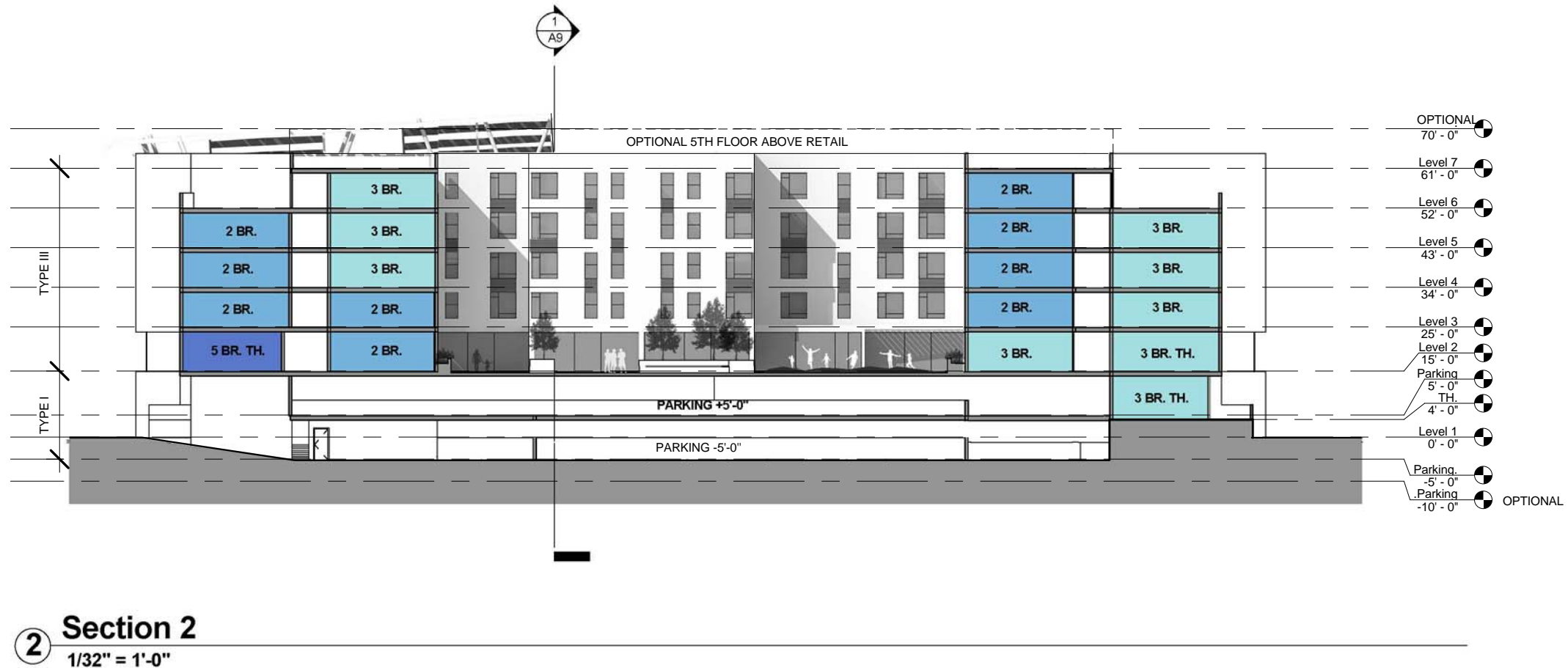
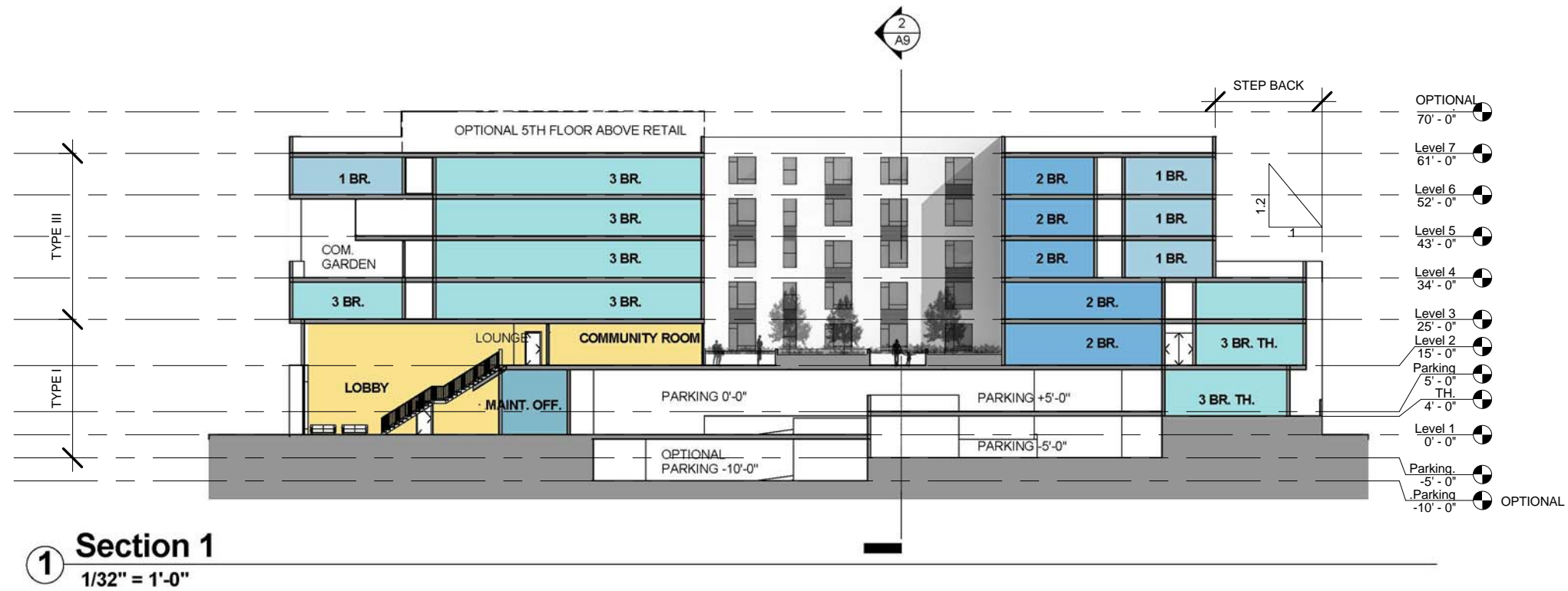
1/32" = 1'-0"

CANDLESTICK POINT
BLOCK 10A



A9

CANDLESTICK POINT BLOCK 10A



CANDLESTICK POINT
BLOCK 10A



CANDLESTICK POINT
BLOCK 10A



↑
GARAGE ENTRY & EXIT

M STREET



A12

CANDLESTICK POINT
BLOCK 10A



MID BLOCK BREAK



CANDLESTICK POINT
BLOCK 10A



Attachment G: Comparison of City Investment in Other Housing Developments

Attachment H: Sources and Uses

Application Date: 10/21/16 # Units: 140
 Project Name: Candlestick North Block 10A (CPN 10A) # Bedrooms: LOSP Project
 Project Address: # Beds:
 Project Sponsor: Tenderloin Neighborhood Development Corporation

	MOHCD/OCII	Other Sources:		Total Sources	Comments
SOURCES	3,500,000	583,388	-	4,083,388	
		TNDC Equity or Loan			

USES

ACQUISITION

Acquisition cost or value					0
Demolition					0
Legal/Closing costs					0
Broker's fee					0
TOTAL ACQUISITION	0	0	0	0	0

CONSTRUCTION (HARD COSTS)

Site Work

Environmental Remediation					0
Grading/Earthwork					0
Underpinning/shoring					0
Total Site Work	0	0	0	0	0
Unit Construction/Rehab	90,000				90,000
Parking					0
Landscaping					0
Overhead/Profit/Gen'l Conditions					0
TOTAL CONSTRUCTION COSTS	90,000	0	0	0	90,000

Construction Contingency					0	0.0%
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SOFT COSTS

Architecture/Engineering

Design	2,245,286	206,526				Includes architectural reimbursement for RFP - Chris I moved the 15k over to TNDC
Construction Administration						
Printing	191,250					Includes \$81,250 for add services
Total Arch/Engineer. Fees	2,436,536	206,526	0	0	2,643,062	#####

Survey & Engineering Studies

Survey	20,000				20,000
Geotechnical studies	85,000				85,000
Phase I & II Reports	60,000				60,000
Total Survey & Engineering	165,000	0	0	0	165,000

Financing Costs

Predevelopment Financing Costs						
Predev. Loan Application Fee						0
Predev. Loan Interest						0
Title & Recording						0
<i>Sub-total Predev. Financing Costs</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Construction Financing Costs						
Construction Loan Origination Fee						0
Construction Loan Interest						0
Title & Recording						0
<i>Sub-total Const. Financing Costs</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Permanent Financing Costs						
Permanent Loan Origination Fee	5,000					5,000
Credit Enhance. & Appl. Fee						0
Title & Recording						0
<i>Sub-total Perm. Financing Costs</i>	<i>5,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>5,000</i>
Total Financing Costs	5,000	0	0	0	0	5,000

Legal Costs

Lender Legal Pd. By Applicant		20,000				20,000
Tax Credit Attorney						0
Developer Legal Counsel						0
Total Legal Costs	0	20,000	0	0	0	20,000
Appraisal	15,000					15,000
Property Taxes						0
Insurance						0
Relocation						0
TCAC App/Alloc/Monitor Fees	31,000					31,000
CEQA Environmental Review						0
Entitlement/Permit Fees	203,248					203,248
Marketing/Rent-up	5,000					5,000
Furnishings						0
Market Study	15,000					15,000
NEPA/106 Review						0
Miscellaneous Design and Engineering	121,000					121,000
Sub-total Soft Costs	2,996,784	226,526	0	0	0	3,223,310
Soft Cost Contingency		351,862				351,862
TOTAL SOFT COSTS	2,996,784	578,388	0	0	0	3,575,172

RESERVES

Operating Reserves						0
Replacement Reserves						0
Other (specify)						0
Other (specify)						0
Other (specify)						0
Other (specify)						0
TOTAL RESERVES	0	0	0	0	0	0

DEVELOPER COSTS

Developer Overhead/Profit (Fee)	233,300					233,300
Development Consultant Fees						0
Financial Consultant Fees	13,000					13,000
Construction Management Fee	60,600					60,600
Project Administration		5,000				5,000
Bond Issuance Costs/CDLAC Deposit	106,316					106,316
TOTAL DEVELOPER COSTS	413,216	5,000	0	0	0	418,216
Syndication Costs						0

TOTAL DEVELOPMENT COST

	3,500,000	583,388	0	0	4,083,388
Development Cost/Unit	25,000	4,167	0	0	29,167

Construction Cost (including Construction Contingency)/SF					
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Tax Credit Equity Pricing:					
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Attachment I: Development Budget

Attachment J: 1st Year Operating Budget

Application Date: 10/21/2016
 Total # Units: 140
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2020

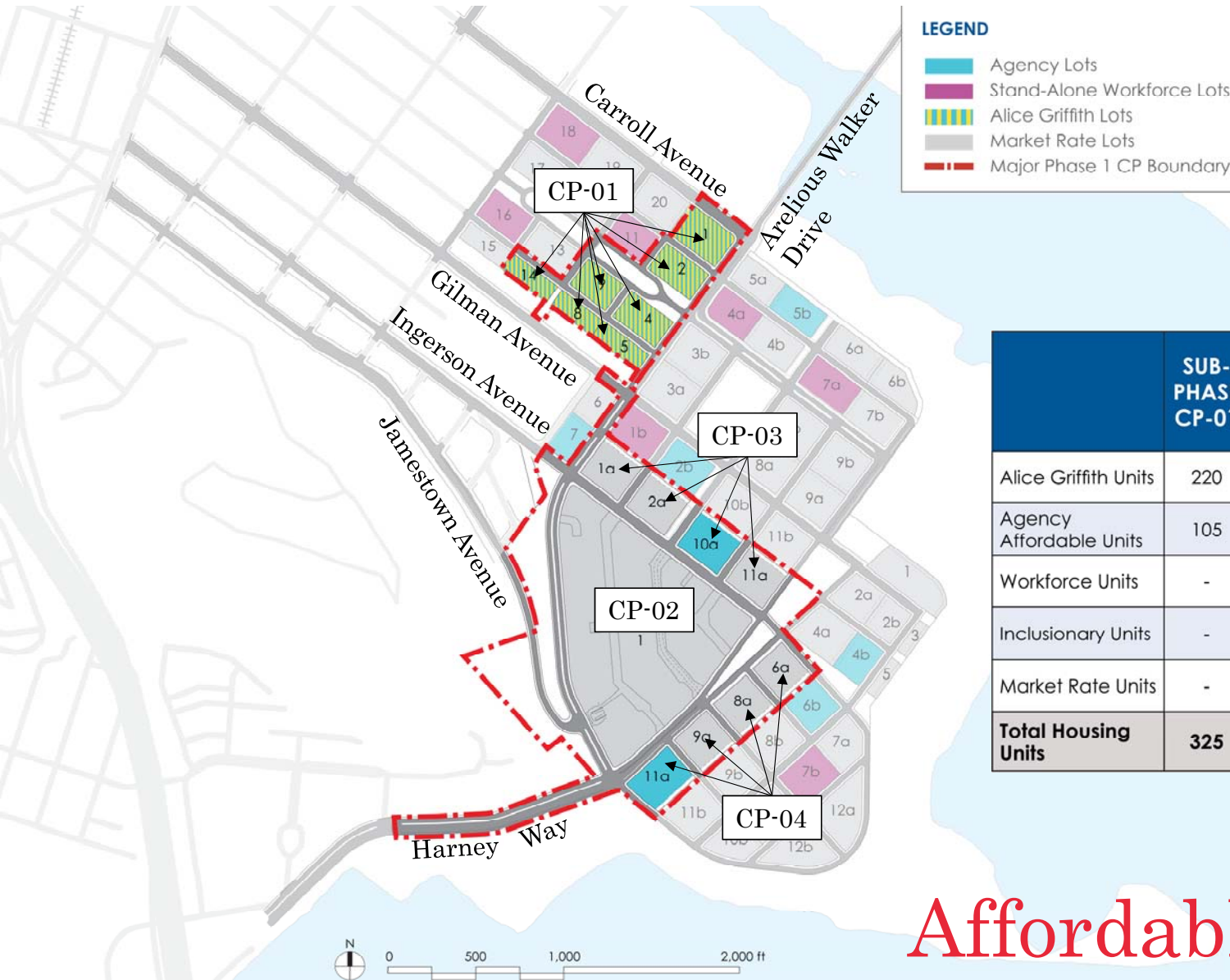
INCOME				
Residential - Tenant Rents	LOSP	non-LOSP	Approved By (reqd)	
Residential - Tenant Assistance Payments (Non-LOSP)	LOSP			
Residential - LOSP Tenant Assistance Payments				
Commercial Space				
Residential Parking				
Miscellaneous Rent Income	LOSP	non-LOSP	Approved By (reqd)	
Supportive Services Income				
Interest Income - Project Operations				
Laundry and Vending	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)	
Tenant Charges				
Miscellaneous Residential Income				
Other Commercial Income	LOSP	non-LOSP	Approved By (reqd)	
Withdrawal from Capitalized Reserve (deposit to operating account)	to operating account			
Gross Potential Income				
Vacancy Loss - Residential - Tenant Rents				
Vacancy Loss - Residential - Tenant Assistance Payments				
Vacancy Loss - Commercial				
EFFECTIVE GROSS INCOME				
OPERATING EXPENSES				
Management	LOSP	non-LOSP	Approved By (reqd)	
Management Fee				
Asset Management Fee				
Sub-total Management Expenses				
Salaries/Benefits	LOSP	non-LOSP	Approved By (reqd)	
Office Salaries				
Manager's Salary				
Health Insurance and Other Benefits				
Other Salaries/Benefits				
Administrative Rent-Free Unit				
Sub-total Salaries/Benefits				
Administration				
Advertising and Marketing				
Office Expenses				
Office Rent	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)	
Legal Expense - Property	25.00%	75.00%		
Audit Expense				
Bookkeeping/Accounting Services	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)	
Bad Debts	25.00%	75.00%		
Miscellaneous				
Sub-total Administration Expenses				
Utilities				
Electricity	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)	
Water	25.00%	75.00%		
Gas				
Sewer				
Sub-total Utilities				
Taxes and Licenses				
Real Estate Taxes	LOSP	non-LOSP	Approved By (reqd)	
Payroll Taxes				
Miscellaneous Taxes, Licenses and Permits				
Sub-total Taxes and Licenses				
Insurance				
Property and Liability Insurance				
Fidelity Bond Insurance	LOSP	non-LOSP	Approved By (reqd)	
Worker's Compensation				
Director's & Officers' Liability Insurance				
Sub-total Insurance				
Maintenance & Repair				
Payroll	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)	
Supplies	25.00%	75.00%		
Contracts				
Garbage and Trash Removal	LOSP	non-LOSP	Approved By (reqd)	
Security Payroll/Contract				
HVAC Repairs and Maintenance				
Vehicle and Maintenance Equipment Operation and Repairs				
Miscellaneous Operating and Maintenance Expenses				
Sub-total Maintenance & Repair Expenses				
Supportive Services	LOSP	non-LOSP	Approved By (reqd)	
Commercial Expenses	35.00%	65.00%		
TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE				
Reserves/Ground Lease Base Rent/Bond Fees				
Ground Lease Base Rent				
Bond Monitoring Fee	LOSP	non-LOSP	Approved By (reqd)	
Replacement Reserve Deposit				
Operating Reserve Deposit				
Other Required Reserve 1 Deposit				
Other Required Reserve 2 Deposit				
Required Reserve Deposits, Commercial				
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				
TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE				
NET OPERATING INCOME (INCOME minus OP EXPENSES)				
DEBT SERVICE ("hard debt"/amortized loans)	LOSP	non-LOSP	Approved By (reqd)	
Hard Debt - First Lender	0.00%	100.00%		
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender 42% pymt, or other 2nd Lender n, or other 3rd Lender)				
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				
Hard Debt - Fourth Lender				
Commercial Hard Debt Service				
TOTAL HARD DEBT SERVICE				
CASH FLOW (NOI minus DEBT SERVICE)				
Commercial Only Cash Flow				
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	LOSP (residual income)			
AVAILABLE CASH FLOW				
USES OF CASH FLOW BELOW (This row also shows DSCR.)				
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL				
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)				
Partnership Management Fee (see policy for limits)				
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	LOSP	non-LOSP	Approved By (reqd)	
Other Payments				
Non-amortizing Loan Pmtnt - Lender 1 (select lender in comments field)	lender in comments field			
Non-amortizing Loan Pmtnt - Lender 2 (select lender in comments field)	lender in comments field			
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	0.00%	100.00%		
TOTAL PAYMENTS PRECEDING MOHCD				
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)				
Residual Receipts Calculation				
Does Project have a MOHCD Residual Receipt Obligation?				
Will Project Defer Developer Fee?				
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	30,684			
% of Residual Receipts available for distribution to soft debt lenders in	1.000012221			
Soft Debt Lenders with Residual Receipts Obligations				
MOHCD/OCIL - Soft Debt Loans				
MOHCD/OCIL - Ground Lease Value				
HCD (soft debt loan) - Lender 3				
Other Soft Debt Lender - Lender 4				
Other Soft Debt Lender - Lender 5				
MOHCD RESIDUAL RECEIPTS DEBT SERVICE				
MOHCD Residual Receipts Amount Due				
Proposed MOHCD Residual Receipts Amount to Loan Repayment				
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease				
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE				
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE				
HCD Residual Receipts Amount Due				
Lender 4 Residual Receipts Due				
Lender 5 Residual Receipts Due				
Total Non-MOHCD Residual Receipts Debt Service				
REMAINDER (Should be zero unless there are distributions below)				
Owner Distributions/Incentive Management Fee				
Other Distributions/Uses				
Final Balance (should be zero)				

Attachment K: 20-year Operating Proforma

Candlestick North Block 10A (CPN 10A)

Total # Units:	LOSP Units		non-LOSP Units		Year 19			Year 20		
	140	35	105	105	2038			2039		
		25.00%	75.00%		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME										
Residential - Tenant Rents	2.0%	2.5%	2.5%		132,398	2,539,711	2,672,109	135,046	2,603,204	2,738,250
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a			-	-	-	-	-	-
Commercial Space	n/a	2.5%			-	-	-	-	-	-
Other Income					-	-	-	-	-	-
Gross Potential Income					773,663	2,563,129	3,336,792	795,622	2,627,207	3,422,830
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	n/a		(6,620)	(126,886)	(133,605)	(6,752)	(150,160)	(136,912)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a			-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a			-	-	-	-	-	-
EFFECTIVE GROSS INCOME					767,043	2,436,144	3,203,186	788,870	2,497,047	3,285,917
OPERATING EXPENSES										
Management	3.5%	3.5%			58,000	174,000	232,000	60,030	180,090	240,120
Salaries/Benefits	3.5%	3.5%			186,202	558,606	744,809	192,719	578,158	770,877
Administration	3.5%	3.5%			43,280	129,841	173,122	44,795	134,386	179,181
Utilities	3.5%	3.5%			98,480	295,441	393,921	101,927	305,782	407,709
Taxes and Licenses	3.5%	3.5%			29,056	87,169	116,225	30,073	90,220	120,293
Insurance	3.5%	3.5%			28,125	84,376	112,501	29,110	87,329	116,438
Maintenance & Repair	3.5%	3.5%			150,730	452,190	602,921	156,006	468,017	624,023
Supportive Services	3.5%	3.5%			120,473	223,735	344,208	124,689	231,566	356,255
Commercial Expenses					-	-	-	-	-	-
TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES					714,347	2,005,359	2,719,706	739,349	2,075,546	2,814,896
<i>PUPA (w/o Reserves/GL Base Rent/Bond Fees)</i>										
Reserves/Ground Lease Base Rent/Bond Fees							106,913			106,913
TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES					741,076	2,085,543	2,826,619	766,078	2,155,731	2,921,809
<i>PUPA (w/ Reserves/GL Base Rent/Bond Fees)</i>										
NET OPERATING INCOME (INCOME minus OP EXPENSES)					25,967	350,600	376,567	22,792	341,316	364,108
DEBT SERVICE ("hard debt"/amortized loans)										
Hard Debt - First Lender					-	272,698	272,698	-	272,698	272,698
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)					16,685	50,054	66,738	16,685	50,054	66,738
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					-	-	-	-	-	-
Hard Debt - Fourth Lender					-	-	-	-	-	-
Commercial Hard Debt Service					-	-	-	-	-	-
TOTAL HARD DEBT SERVICE					16,685	322,752	339,436	16,685	322,752	339,436
CASH FLOW (NOI minus DEBT SERVICE)										
Commercial Only Cash Flow					9,283	27,849	37,131	6,108	18,565	24,672
USES OF CASH FLOW BELOW (This row also shows DSCR.)										
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL					DSCR:		1.11			1.07
Deferred Developer Fee (Enter amt <= Max Fee from row 131)					-	-	-	-	-	-
"Below-the-line" Asset Mgt fee (uncomm in new projects, see policy)	3.5%	3.5%			-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%			6,961	20,883	27,844	3,705	11,114	14,819
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)					2,322	6,966	9,287	2,403	7,209	9,613
Other Payments					-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1					-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2					-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD					9,283	27,849	37,131	6,108	18,323	24,431
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)					(0)	0	0	0	241	241
Does Project have a MOHCD Residual Receipt Obligation? Yes										
Will Project Defer Developer Fee? Yes										
1st Residual Receipts Split - Lender/Deferred Developer Fee 50% / 50%										
MOHCD RESIDUAL RECEIPTS DEBT SERVICE					Dist. Soft Debt Loans					
MOHCD Residual Receipts Amount Due					68.87%	0	111			
Proposed MOHCD Residual Receipts Amount to Loan Repayment						0	111			
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease						-	-			
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE						0	131			
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE										
HCD Residual Receipts Amount Due					31.13%	0	50			
Lender 4 Residual Receipts Due					0.00%	-	-			
Lender 5 Residual Receipts Due					0.00%	-	-			
Total Non-MOHCD Residual Receipts Debt Service						0	50			
REMAINDER (Should be zero unless there are distributions below)						0	80			
Owner Distributions/Incentive Management Fee						0	80			
Other Distributions/Uses						-	-			
Final Balance (should be zero)										
RR Running Balance							1,596,000			1,680,000
OR Running Balance										
Other Required Reserve 1 Running Balance										
Other Required Reserve 2 Running Balance										
DEFERRED DEVELOPER FEE - RUNNING BALANCE										
Developer Fee Starting Balance							33,290			33,290
Deferred Developer Fee Earned in Year							-			-
Developer Fee Remaining Balance							33,290			33,290

Attachment L: Candlestick Point SubPhase and Block Map



	SUB-PHASE CP-01	SUB-PHASE CP-02	SUB-PHASE CP-03	SUB-PHASE CP-04	SUB-PHASE CP-05	MAJOR PHASE 1 CP TOTAL
Alice Griffith Units	220	-	-	-	36	256
Agency Affordable Units	105	-	140	150	143	538
Workforce Units	-	-	-	-	-	-
Inclusionary Units	-	58	47	40	-	145
Market Rate Units	-	512	413	350	-	1,275
Total Housing Units	325	570	600	540	179	2,214

Affordable Housing

EXCLUSIVE NEGOTIATIONS AGREEMENT

Candlestick Point North– Block 10a

Candlestick Point (as a portion of the Bayview Hunters Point Redevelopment Project Area)

THIS EXCLUSIVE NEGOTIATIONS AGREEMENT (hereinafter “**ENA**” or “**Agreement**”) dated as of December 6, 2016, is made by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, hereafter referred to as the Office of Community Investment and Infrastructure, a public body organized and existing under the laws of the State of California (“**OCII**” or “**Successor Agency**”) and Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation and its authorized successors and assigns and Young Community Developers, a California nonprofit public benefit corporation and its authorized successors and assigns (together, the “**Developer**”).

THIS AGREEMENT IS MADE WITH REFERENCE TO THE FOLLOWING FACTS AND CIRCUMSTANCES:

1. In accordance with the California Community Redevelopment Law (Health and Safety Code, section 33000 *et seq.*), the City and County of San Francisco (“**City**”), acting through its Board of Supervisors, approved a Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area by Ordinance No.113-06, adopted on May 16, 2006, (herein, the “**Redevelopment Plan**”).
2. Pursuant to California Health and Safety Code §§ 34170 *et seq.* (the “**Redevelopment Dissolution Law**”) and San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency Commission (“**Commission**”) and delegating to it state authority under the Redevelopment Dissolution Law), the Successor Agency is responsible for implementing the Redevelopment Plan, including administering the Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (the “**Phase 2 DDA**”) with CP Development Co. LP (“**Master Developer**”).
3. On February 18, 2016, OCII issued a Housing Development Request for Proposals (the “**RFP**”), which RFP is incorporated herein by this reference, for the development and management of up to 140 units of affordable rental housing for low income and formerly homeless families (the “**Project**”) (“**CPN 10a**” or the “**Site**”) on Lot 35 of that certain Final Transfer Map No. 7879-8583, recorded on August 16, 2016 and filed on pages 73-74 in Book GG of the County’s Survey Maps.
4. OCII received four submittals in response to the RFP, and determined that the applicant team consisting of Tenderloin Neighborhood Development Center & Young Community Developers (“**TNDC**” & “**YCD**”), and the architecture firm Herman Coliver Locus Architecture (“**HCLA**”) was well-suited to develop the Site.
5. On August 16, 2016, the Commission passed Resolution No. 39-2016, which approved the selection of TNDC & YCD for the development of the Project.

6. At its meeting on December 6, 2016, the Commission authorized the OCII Executive Director to negotiate and execute this ENA with the Developer (the development entity formed by TNDC & YCD for the Site) to enable the Developer to pursue predevelopment activities for the construction and management of the Project. The ENA will further define a series of milestones that will result in the execution of a long-term ground lease agreement for the Site between OCII and the Developer (“**Ground Lease**”) after public hearing and consideration by the Commission.

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

1. Exclusive Right

For the Exclusive Negotiations Period set forth in Section 2 below, and subject to the terms and conditions of this Agreement, OCII and the Developer, acknowledging that time is of the essence, agree to negotiate diligently and in good faith with each other to enter into the Ground Lease providing for the ground lease of the Site to the Developer, sufficient to establish “site control” meeting the requirements of potential project lenders and the California Tax Credit Allocation Committee. OCII grants to the Developer the exclusive right to negotiate the Ground Lease (the “**Exclusive Right**”) during the exclusive negotiations period. OCII agrees not to solicit any other proposals or negotiate with any other developer with respect to the subject of the negotiations set forth herein.

The Developer and OCII acknowledge and agree that, under this Agreement, OCII is not committing itself or agreeing to: (a) enter into the Ground Lease or undertake any exchange or transfer of real property, any disposition of any real property interests to the Developer, (b) approve any land use entitlements, or (c) undertake any other acts or activities relating to the subsequent independent exercise of discretion by OCII or any agency, commission or department of the City. This Agreement does not constitute the disposition of property or the transfer of OCII’s or the City’s exercise of control over the Site. However, this Agreement allows the OCII Executive Director to enter into an Option to Ground Lease, in the form attached hereto as Attachment 4, for the Project Site in her sole discretion should certain conditions be met, as described below in Section 6(f).

2. Term.

(a) The term of the Agreement shall be from December 6, 2016 until June 6, 2018 (“**Initial Term**”), unless extended or earlier terminated pursuant to the provisions herein (the Initial Term, as modified by any extension or early termination, is the “**Exclusive Negotiations Period**”).

(b) If not otherwise terminated in accordance with its terms, this ENA shall terminate upon OCII’s execution of any Ground Lease approved by the Commission.

3. Negotiation Deposits; OCII/City Costs.

3.1 Negotiation Deposits.

(a) In connection with its selection by the OCII Commission as the Developer of the Site, in response to the RFP, the Developer has paid to OCII the cash sum of One Thousand Dollars (\$1,000) as an earnest money deposit (the “**Deposit**”). The Developer will pay to OCII

an additional sum of Nine Thousand Dollars (\$9,000) in cash (the “**Additional Deposit**”) at the time it executes the ENA. The Additional Deposit shall be combined with the Deposit to form the performance deposit (“**Performance Deposit**”). Except as provided in Sections 3.1(a) and 3.1(b), the Performance Deposit shall be held by OCII until completion of construction of the Project.

(b) Subject to Section 3.1(b) below, if the parties fail to reach agreement on the Ground Lease despite the Developer’s good faith negotiations or if the Ground Lease is not approved by the OCII Commission, executed and delivered as contemplated hereby for any reason outside of the Developer’s control, and, in either instance, the Developer is not in default under this Agreement, then upon termination of this Agreement, OCII shall within 30 days return the Performance Deposit (together with interest actually accrued thereon) to the Developer.

(c) The parties agree that OCII’s actual damages for unreimbursed administrative expenses (exclusive of any transaction costs covered by Section 3.2 below), in the event of Developer’s default would be extremely difficult or impracticable to determine. The parties agree that, considering all the circumstances existing on the date of this Agreement, the amount of the Performance Deposit together with all accrued interest thereon as herein provided is a reasonable estimate of the damages for unreimbursed administrative expenses that OCII would incur in such event.

4. Extension of Exclusive Negotiations Period.

OCII’s Executive Director may extend the Exclusive Negotiations Period for any period up to a total of an additional 12 months, beyond the initial term in her sole discretion to permit the completion of the negotiations, the completion of milestones under the Schedule of Performance, to comply with statutory public notice requirements or for extensions required for any delays due to challenges, appeals, litigation or actions opposing Developer’s project.

5. Obligations of the Developer.

5.1 Schedule of Performance; Scope of Development.

The negotiations conducted under this Agreement shall be based on the development opportunity described in the RFP, the Schedule of Performance attached as Attachment 2 hereto, and the Scope of Development attached as Attachment 3 hereto. The Schedule of Performance may be modified at the request of the Developer; however, any modification and reason for modification to the Schedule of Performance shall be at the sole discretion of the OCII Executive Director, so long as the modification does not exceed the extensions of Exclusive Negotiations Period and authorized under Section 4 above.

5.2 Other Obligations of Developer.

(a) The Developer shall be required under this ENA to comply with the requirements of all City and OCII ordinances, resolutions, regulations or other regulatory approvals with respect to the planning, design, and approvals necessary for developing the Site, including, without limitation, OCII’s Small Business Enterprise Program (including, but not limited to, the selection of consultants during the pre-development period), the Bayview Hunters Point Employment and Contracting Policy, Labor Standards and Prevailing Wages Provisions,

Minimum Compensation Policy, and Health Care Accountability Policy, excluding violations of laws existing prior to the date of this ENA.

(b) The Developer shall comply with the terms of the Redevelopment Plan as amended, Candlestick Point Major Phase and Candlestick Point Design for Development (amended as of March 15, 2016), Sub-Phase applications, once approved, and the Design Review and Document Approval Procedures (Phase 2 DDA Exhibit E), and any amendments thereto. The Developer shall also be responsible for submitting a preliminary marketing plan in compliance with the MOHCD and OCII requirements for the Project. At the request of OCII and/or the City and at the Developer's sole expense, which funds may come from the Predevelopment Loan Agreement, the Developer shall prepare (or cause expert consultants approved by OCII to prepare) and submit all reports, studies or other information reasonably necessary to obtain regulatory approvals, excluding privileged attorney-client communications, or confidential or proprietary information.

(c) The Developer shall commit sufficient financial and personnel resources required to undertake and complete the development of the Project at the Site as a priority project and to fulfill the Developer's obligations under this Agreement in an expeditious fashion.

(d) In making any entry onto the Site, neither the Developer nor any of its agents, contractors or representatives shall interfere with or obstruct the permitted, lawful use of the Site by its tenants or occupants, if any, or the conduct of their business operations thereon.

5.3 Indemnity.

5.3.1 The Developer shall indemnify and defend OCII, the City and their respective commissioners, officers, agents and employees (individually or collectively, an "Indemnified Party") against any and all losses arising out of (a) any default by the Developer in the observance or performance of any of the Developer's obligations under the ENA (including, without limitation, those obligations set forth in Section 5.2 above), (b) any failure of any representation by the Developer to be correct in all material respects when made, (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Site, caused by the negligence or any other act or omission of the Developer and its officers, agents and employees, (d) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnified Party that relates to or arises out of negligent performance by the Developer under the ENA or the development of the Site by the Developer, or any transaction contemplated by, or the relationship between the Developer and OCII under the Agreement, (e) any failure of the Developer or its agents or contractors to comply with all applicable environmental requirements relating to the development of the Site, or (f) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any governmental agency, whether meritorious or not, which directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (e) above, provided that no Indemnified Party shall be entitled to indemnification under this Section for matters caused solely by such Indemnified Party's gross negligence or willful misconduct. In the event any action or proceeding is brought against an Indemnified Party by reason of a claim arising out of any loss for which the Developer has indemnified the Indemnified Party, and upon

written notice from such Indemnified Party, the Developer shall at its sole expense answer and otherwise defend such action or proceeding using counsel approved in writing by the Indemnified Party. The Indemnified Party shall have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnified Party in connection with the matters covered by this Agreement. The provisions of this paragraph shall survive the termination of this Agreement.

5.3.2 The Developer shall further indemnify the Indemnified Party against any release, spill or escape of Hazardous Materials (as defined below) on or about the Site caused by the Developer or its agents, contractors or representatives; except for losses resulting from the gross negligence or willful misconduct of any of the Indemnified Parties. For purposes hereof, “Hazardous Material” means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a “hazardous substance,” or “pollutant” or “contaminant” under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”, also commonly known as the “Superfund” law), as amended, (42 U.S.C. Sections 9601 et seq.) or under Section 25281 or 25316 of the California Health & Safety Code; any “hazardous waste” as defined in Section 25117 or listed under Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Site, or are naturally occurring substances on, in or about the Site; and petroleum, including crude oil or any fraction, and natural gas or natural gas liquids.

5.3.3 The indemnity shall include, without limitation, the Developer's obligation to pay reasonable Attorney's Fees and Costs (as defined in Section 11.7) and fees of consultants and experts, laboratory costs, and related costs, as well as the Indemnified Party's costs of investigating any loss.

5.4 Insurance.

(a) Developers' Insurance. Without in any way limiting the Developers' indemnification obligations under this Agreement, and subject to reasonable approval by OCII of the insurers and policy forms, Developer shall obtain and maintain, or cause to be obtained and maintained at no cost to OCII, the following insurance during the Term, unless otherwise provided in this Agreement:

(b) Minimum Scope of Insurance. Coverage shall be at least as broad as:

(i.) Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01 01) or other form approved by OCII.

(ii.) Insurance Services Office Automobile Liability coverage, code 1 (form number CA 00 01 – “any auto”) or other form approved by OCII.

(iii.) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(iv.) Professional Liability Insurance: Developer must require that all architects, engineers, and surveyors that it directly contracts with for the Project have liability insurance covering their negligent acts, errors and omissions. Developer must provide OCII with copies of consultants' insurance certificates showing such coverage.

(c) Minimum Limits of Insurance. The Developer shall maintain limits no less than:

(i.) General Liability: \$2,000,000 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 (\$4,000,000). Applicable Umbrella or Excess Liability limits may be used to meet the terms of this paragraph.

(ii.) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

(iii.) Workers' Compensation and Employer's Liability: Workers' Compensation limits as required by the State of California and Employers 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.

(iv.) Professional Liability Insurance: \$2,000,000 per claim and in the annual aggregate. If the Developer's Professional Liability Insurance is "claims made" coverage, these minimum limits shall be maintained by the Contractor for no less than five (5) 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 OCII. At the option of OCII, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees; or Contractor shall provide a financial guarantee satisfactory to OCII 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:

(i.) The "Office of Community Investment and Infrastructure/Successor Agency to the Redevelopment Agency of the City and County of San Francisco, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees" 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 Developer; and liability arising out of work or operations performed by or on behalf of the Developer.

(ii.) For any claims related to this Contract, the Developer's insurance coverage must be primary insurance as respects to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents, and employees. Any insurance or self-insurance maintained by OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents or employees shall be in excess of Developer's insurance and shall not contribute with it.

(iii.) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the OCII, the City and County of San Francisco, and their respective commissioners, members, officers, agents or employees.

(iv.) Each insurance policy required by this clause must be endorsed to state that coverage will not be suspended, voided, canceled by either party, or reduced in coverage or in limits except after (30) thirty days prior written notice by certified mail, return receipt requested, has been given to OCII.

(v.) Developer hereby grants to OCII a waiver of any right to subrogation which any insurer of said Developer may acquire against OCII by virtue of the payment of any loss under such insurance. Developer agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not OCII has received a waiver of subrogation endorsement from the insurer.

(viii.) If any of the required policies provide coverage on a claims-made basis: The retroactive date must be shown and must be before the date of the contract or the beginning of contract work.

a. Insurance must be maintained and evidence of insurance must be provided for at least five years after completion of the contract work.

b. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Developer must purchase “extended reporting” coverage for a minimum of five years after completion of contract work.

(f) Acceptability of Insurers. Insurance is to be placed with insurers with a current A. M. Best’s rating of no less than A:VII, unless otherwise approved by OCII.

(g) Verification of Coverage. Developer must furnish OCII with certificates of insurance effecting coverage required by this Section 4.5 within thirty (30) days after execution of this ENA. 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. All certificates and endorsements are to be received and approved by OCII before work commences. OCII reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

(h) Design Professionals, Subcontractors and Consultants Insurance. Development Team’s architects, engineers and surveyors shall maintain professional liability insurance with minimum limits of \$1,000,000 per claim and \$2,000,000 in the annual aggregate covering all professional negligent acts, errors and omissions. Development Team shall cause its general contractor and all subcontractors and consultants to maintain workers compensation, automobile liability, and commercial general liability insurance in the amounts and in accordance with the requirements listed above, as applicable, unless otherwise approved by the OCII’s Risk Manager. Development Team must furnish OCII with general contractor’s, architects’ and engineers’ certificates of insurance and original endorsements effecting coverage required by this paragraph

(i) Review. The insurance coverage required under this Section shall be evaluated by OCII for adequacy if and when the Term of this Agreement is extended. OCII may require Developer to increase the insurance limits and/or forms of coverage in its reasonable discretion provided that such limits and/or coverage is generally available at commercially reasonable rates.

5.5 Force Majeure

The occurrence of any of the following events shall excuse performance of such obligations of Developer as are rendered impossible to perform while such event continues: acts of God; strikes; lockouts; labor disputes; inability to obtain labor, materials or reasonable substitutes therefor; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotions; fire or other casualty; nonperformance by OCII which prevents the performance of Developer; and other causes beyond the control of the Developer. The occurrence of such events shall excuse performance only in the event that the Developer has provided written notice to OCII within thirty (30) days after the occurrence or commencement of the event of force majeure and such excuse shall terminate thirty (30) days after the termination of the event giving rise to the delay. However, under no circumstances shall this force majeure provision apply to Developer's indemnification and defense obligations under Section 5.3 and/or Developer's insurance obligations under Section 5.4 above.

6. Obligations of OCII.

Subject to the provisions of Section 8, OCII agrees as follows:

- (a) Subject to environmental review under the California Environmental Quality Act ("CEQA") and the National Environmental Protection Act ("NEPA"), as applicable, the public review process and all required governmental approvals, as further provided in this Agreement, OCII shall use good faith efforts to diligently negotiate, prepare and submit for approval the Ground Lease.
- (b) Subject to environmental review under CEQA and the NEPA as applicable, the public review process and all required governmental approvals, as further provided in this Agreement, OCII shall use good faith efforts to acquire fee title to the Site from Master Developer.
- (c) OCII shall make available all public record studies and other documents in its possession as necessary to perform the Developer's due diligence investigations of the Site, provided that OCII makes no representations or warranties whatsoever regarding the completeness or accuracy of such information and the Developer must perform its own independent analysis.
- (d) OCII shall reasonably cooperate with the Developer in obtaining access to the Site from the Master Developer for the purpose of performing tests, surveys and inspections, and obtaining data necessary or appropriate to negotiate the Ground Lease provided, however, the Developer shall give prior written notice to OCII of any such entry and shall, if OCII, and/or the City so requires, obtain a permit to enter from OCII and/or the City for such entry and comply with such insurance and indemnification requirements as OCII and/or the City may impose with respect to such inspections as contained in the permit to enter. In the case of invasive tests under any permit to enter granted by OCII and/or the City, OCII and/or the City may impose such insurance, indemnification, guaranty and other requirements as OCII and/or the City determines appropriate, in their reasonable discretion as contained in the permit to enter. Subject to any required approval from Master Developer, OCII and/or the City shall provide the Developer with the same rights of access to the Site that OCII

may have from time to time during the Exclusive Negotiations Period, subject to all applicable laws and regulations.

- (e) OCII shall reasonably cooperate with the Developer in the provision of information necessary for and assistance in the filing, processing and obtaining of land use entitlements and regulatory approvals, and, to the extent required by law, join with the Developer as a co-applicant in the filing for such approvals, but neither OCII nor the City shall be required to satisfy any conditions for any approval, except as may be specifically agreed to by OCII, or the City, as applicable.
- (f) OCII Executive Director shall, at her reasonable discretion, enter into an Option to Ground Lease with Developer if Developer is in conformance with the obligations described in Article 5 and if such Option is necessary to secure Project financing.

7. Non-Assignment.

7.1 Definitions.

For purposes of this Section and where such initially capitalized terms are elsewhere used in this Agreement, the following term shall have the meaning given below:

“Significant Change” means any dissolution, merger, consolidation or other reorganization, or any issuance, sale, assignment, hypothecation or other transfer of legal or beneficial interests in the Developer.

7.2 Non-Assignment.

OCII and the Developer acknowledge and agree that OCII is entering into this Agreement and granting the Exclusive Right to the Developer on the basis of the particular experience, financial capacity, skills and capabilities of the Developer and its members. The Exclusive Right is personal to the Developer, is not assignable and, to the extent any Significant Change occurs under any circumstance (whether by agreement or operation of law), the Agreement shall not be assigned or transferred except by the prior written consent of OCII, which may be given, withheld or conditioned in OCII’s sole and absolute discretion.

8. Default and Remedies.

8.1 Events of Default by the Developer.

The occurrence of any of the following shall constitute an event of default on the part of the Developer after OCII gives notice of the default specifying in reasonable detail the basis for the determination of the default:

- (a) Failure to pay any sums due under this Agreement within thirty (30) days after written notice by OCII.
- (b) Failure to perform or abide by any material provision of this Agreement, including a performance milestone contained in the ENA Schedule of Performance.

- (c) Any material breach of any representation and warranty made by the Developer under Section 9 or any other provision of this Agreement.
- (d) Any assignment, attempted assignment or Significant Change in violation of Section 7.2.
- (e) Any filing of a petition to have the Developer or any affiliate of Developer adjudicated insolvent and unable to pay its debts as they mature or a petition for reorganization liquidation or arrangement under any bankruptcy or insolvency law, or any assignment for the benefit of creditors, or seeking appointment of a trustee, receiver, liquidator of the Developer or any substantial part of the Developer's assets, if such petition is not dismissed within sixty (60) days.
- (f) The debarment or prohibition of the Developer from doing business with any federal, state or local governmental agency, or any debarment or prohibition of any affiliate of the Developer from doing business with any federal, state or local governmental agency to the extent such debarment or prohibition of the affiliate could affect the redevelopment of the Site as contemplated hereby.
- (g) Failure to procure or maintain any of the insurance coverage required hereunder so that there is a lapse in required coverage and such breach is not cured within two (2) days.
- (h) The occurrence of an uncured default under the terms of the Predevelopment Loan Agreement.

8.2 Remedies of OCII.

(a) In the event of a default by the Developer, except as otherwise provided in this ENA, the Developer shall have thirty (30) days from the receipt of written notice from OCII to cure such default, or, if such default cannot reasonably be cured within such 30-day period, the Developer shall commence action to cure such failure within such 30-day period and diligently and continuously prosecute such action to completion, but in any event no longer than 90 days from the receipt of written notice from OCII to cure such default.

(b) If, after the time provided in Section 8.2(a) above, Developer has not cured the default, OCII may exercise any or all of the following exclusive remedies available to it under this Agreement: (i) terminating the ENA, (ii) retaining the Performance Deposit; and/or (iii) exercising its rights under the Work Product security described below in Section 8.2 (c). If OCII chooses to terminate the ENA, OCII shall provide written notice to Developer of such termination, the ENA shall be terminated as of the date of the notice, and neither party shall have any rights against or liability to the other, except those provisions that are specified to survive such termination shall remain in full force and effect.

(c) Plans, Specifications, Reports and Studies. If OCII terminates this ENA, then subject to the proprietary rights of their authors and any confidentiality agreements and privileges recognized by applicable law, the Developer shall deliver to OCII copies of any and all reports, studies, document lists and plans regarding the redevelopment of the Site in the

Developer's possession or prepared by or on behalf of the Developer (the Developer's "**Work Product**"). The Developer shall deliver its Work Product within ten (10) days after written demand from OCII, which obligation shall survive the termination of this Agreement. OCII may use the Work Product for any purpose relating to the Site, provided that OCII shall release the Developer and the Developer's contractor, architect, engineer and other consultants from any losses arising out of the OCII's use of such documents except to the extent that OCII retains any of them and they agree to such continued liability. The Developer and OCII acknowledge that the Work Product also serves as security pursuant to the Predevelopment Loan Agreement and that the provisions of Sections 3.1 and 24.21 of the Predevelopment Loan Agreement shall govern the assignment of the Work Product to OCII.

8.3 Termination and Developer's Risk.

The Developer acknowledges and agrees that, except as otherwise provided under the Predevelopment Loan Agreement, it is proceeding at its own risk and expense until such time as the Ground Lease is approved and without any assurance that the Ground Lease will be approved.

9. Representations and Warranties of the Developer.

9.1 Representations and Warranties.

The Developer represents, warrants and covenants as follows:

(a) Valid Existence; Good Standing. Developer is a California limited partnership duly organized and validly existing under the laws of the State of California. The Developer has all requisite power and authority to own its property and conduct its business as presently conducted. The Developer has made all filings and is in good standing in the jurisdiction of the State of California.

(b) Authority. The Developer has all requisite power and authority to execute and deliver this Agreement and the agreements contemplated by this Agreement and to carry out and perform all of the terms and covenants of this Agreement.

(c) No Limitation on Ability to Perform. Neither the Developer's partnership agreement or any other agreement or law in any way prohibit, limit or otherwise affect the right or power of the Developer to enter into and perform all of the terms and covenants of this Agreement. The Developer is not a party to or bound by any contract, agreement, indenture, trust agreement, note, obligation or other instrument, which could prohibit, limit or otherwise affect the same. No consent, authorization or approval of, or other action by, and no notice to or filing with, any governmental authority, regulatory body or any other person or entity is required for the due execution, delivery and performance by the Developer of this Agreement or any of the terms and covenants contained in this Agreement. There are no pending or threatened suits or proceedings or undischarged judgments affecting the Developer before any court, governmental agency, or arbitrator which might materially adversely affect the enforceability of this Agreement, the ability of the Developer to perform the transactions contemplated by this Agreement or the business, operations, assets or condition of the Developer.

(d) Valid Execution. The execution and delivery of this Agreement and the agreements contemplated hereby by the Developer have been duly and validly authorized by all necessary actions. This Agreement will be a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms. The Developer has

provided to OCII a written resolution of the Developer authorizing the execution of this Agreement and the agreements contemplated by this Agreement.

(e) Defaults. The execution, delivery and performance of this Agreement do not and will not violate or result in a violation of, contravene or conflict with, or constitute a default under (A) any agreement, document or instrument to which the Developer may be bound or affected, (B) any law, statute, ordinance, regulation, or (C) the partnership agreement of the Developer.

(f) Meeting Financial Obligations; Material Adverse Change. The Developer is meeting its current liabilities as they mature; no federal or state tax liens have been filed against it; and the Developer is not in default or claimed default under any agreement for borrowed money. The Developer shall immediately notify OCII of any material adverse change in the financial condition of the Developer that affect the Developer's ability to complete the Project and such material adverse change shall constitute a default under this Agreement, subject to the cure and remedy provisions of Section 8.

(g) Conflicts of Interest. The Developer is familiar with conflict of interest requirements, including (i) Section 87100 *et seq.* of the California Government Code, which provides that no member, official or employee of OCII, may have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to this Agreement which affects her or his personal interest or the interests of any corporation, partnership or association in which she or he is interested directly or indirectly and (ii) OCII's Personnel Policy, which prohibits former OCII employees and consultants from working on behalf of another party on a matter in which they have participated personally and substantially unless OCII consents to such scope of work. As to the provisions referred to in clause (i), the Developer does not know of any facts that constitute a violation of such provisions. As to the policy in clause (ii), the Developer has disclosed to OCII in writing any and all personnel or consultants covered by such policy as of the date of this Agreement, and concurrently herewith the OCII Commission has elected to waive or not to waive the conflict as to such specific personnel or consultants.

(h) Skill and Capacity. The Developer has the skill, resources and financial capacity to acquire, manage and fully redevelop the Site consistent with the development opportunity described in the RFP.

(i) Consultants. As of the date of this Agreement, the Developer has retained the following consultants in connection with the proposed redevelopment of the Site: Herman Coliver Locus Architects (planning and architecture), California Housing Partnership Corporation (financial consulting), and Gubb & Barshay LLP (tax attorney). The Developer shall promptly notify OCII of the termination of any consultant previously approved by OCII, and the Developer shall, to the extent required to fulfill its obligations under this Agreement, replace such consultant with a new consultant reasonably approved by OCII. In addition, the Developer shall promptly notify OCII of the addition of any new consultant associated with the Project. Nothing herein shall limit the provisions of subsection (g) above regarding conflicts of interest.

(j) Not Prohibited from Doing Business. The Developer (nor any affiliates of any of the foregoing) have been debarred or otherwise prohibited from doing business with any local, state or federal governmental agency.

(k) Business Licenses. The Developer has obtained all licenses required to conduct its business in the City and is not in default of any fees or taxes due to the City.

(l) No Claims. The Developer does not have any claim, and shall not make any claim, against OCII and the City, or either of them, or against the Site, or any present or future interest of OCII or the City therein, directly or indirectly, by reason of: any aspect of the RFP or the developer selection process; any statements, representations, acts or omissions made by OCII's and/or City's respective officers, commissioners, employees or agents with regard to the Site or any aspect of the negotiations under this Agreement; and OCII's exercise of discretion, decision and judgment in conformance with this Agreement.

9.2 Continued Accuracy.

If at any time during the Exclusive Negotiations Period any event or circumstance occurs that would render inaccurate or misleading any of the foregoing representations or warranties, the Developer shall immediately notify OCII thereof. It will be an event of default without the requirement of OCII notice specified in Section 8.1, above, if the Developer does not cure such inaccuracy within ten (10) days from the date on which the Developer was obligated to notify OCII and OCII shall have the rights and remedies provided in this Agreement, at equity and in law.

9.3 Survival.

The representations and warranties in this Section 9 shall survive any termination of this Agreement.

10. Notices.

A notice or communication under this Agreement by either party to the other shall be sufficiently given or delivered if dispatched by hand or by registered or certified mail, postage prepaid, addressed as follows:

- (i) In the case of a notice or communication to OCII:

Office of Community Investment and Infrastructure
Successor Agency to the San Francisco Redevelopment Agency
1 South Van Ness, 5th Floor
San Francisco, CA 94103
Attn: Executive Director
Email: tiffany.bohee@sfgov.org

With a copy to the City Attorney:

Deputy City Attorney
San Francisco City Attorney's Office
City Hall, Rm. 234
1 Dr. Carlton B. Goodlett Pl.
San Francisco, CA 94102-4682
Attn: Heidi J. Gewertz

OCII General Counsel:
Office of Community Investment and Infrastructure
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Aaron Foxworthy

- (ii) And in the case of a notice or communication sent to the Developer:

Tenderloin Neighborhood Development Corporation
201 Eddy Street
San Francisco, CA 94102
Attn: Chief Executive Officer
Email: dfalk@tndc.org

With a copy to:
Young Community Developers
1715 Yosemite Avenue
San Francisco CA 94124
Attn: Executive Director
Email: swalton@ycdjobs.org

For the convenience of the parties, copies of notice may also be given by email.

Every notice given to a party hereto, pursuant to the terms of this Agreement, must state (or must be accompanied by a cover letter that states) substantially the following:

- (a) the Section of this Agreement pursuant to which the notice is given and the action or response required, if any;
- (b) if applicable, the period of time within which the recipient of the notice must respond thereto;
- (c) if approval is being requested, shall be clearly marked “Request for Approval under the Bayview Hunters Point Redevelopment Project Area, Candlestick Point 10a, Exclusive Negotiations Agreement”; and
- (d) if a notice of disapproval or an objection, which requires reasonableness, shall specify with particularity the reasons therefor.

Any mailing address or email address may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

11. General Provisions.

11.1 Amendments.

This Agreement may be amended or modified only by a written instrument executed by OCII and the Developer.

11.2 Severability.

If any provision of this Agreement, or its application to any person or circumstance, is held invalid by any court, the invalidity or inapplicability of such provision shall not affect any other provision of this Agreement or the application of such provision to any other person or circumstance, and the remaining portions of this Agreement shall continue in full force and effect, unless enforcement of this Agreement as so modified by and in response to such invalidation would be unreasonable or grossly inequitable under all of the circumstances or would frustrate the fundamental purposes of this Agreement. Without limiting the foregoing, in the event that any applicable federal or state law prevents or precludes compliance with any material term of this Agreement, the parties shall promptly modify, amend or suspend this Agreement, or any portion of this Agreement, to the extent necessary to comply with such provisions in a manner which preserves to the greatest extent possible the benefits to each of the parties to this Agreement and to the Developer before such conflict with federal or state law. However, if such amendment, modification or suspension would deprive OCII or the Developer of the substantial benefits derived from this Agreement or make performance unreasonably difficult or expensive, then the affected party may terminate this Agreement upon written notice to the other party. In the event of such termination, neither party shall have any further rights nor obligations under this Agreement except as otherwise provided herein.

11.3 Non-Waiver.

No waiver made by either party with respect to the performance, or manner or time of performance, or any obligation of the other party or any condition to its own obligation under this Agreement will be considered a waiver with respect to the particular obligation of the other party or condition to its own obligation beyond those expressly waived to the extent of such waiver, or a waiver in any respect in regard to any other rights of the party making the waiver or any other obligations of the other party.

11.4 Non-Liability.

No member, official, agent or employee of OCII or the City will be personally liable to the Developer, or any successor in interest (if and to the extent permitted under this Agreement), in an event of default by OCII or for any amount that may become due to the Developer or successor or on any obligations under the terms of this Agreement. No director, officer, agent or employee of the Developer will be personally liable to OCII in an event of default by the Developer or for any amount that may become due to OCII or on any obligations under the terms of this Agreement.

11.5 Successors and Assigns; Third Party Beneficiary.

This Agreement shall inure to the benefit of and bind the respective successors and assigns of OCII and the Developer, subject to the limitations on assignment by the Developer set forth in Section 7 above. The City is an intended third party beneficiary of this Agreement, provided that no approval of the City shall be required to amend this Agreement. Except as

provided above with respect to the City, this Agreement is for the exclusive benefit of the parties hereto and not for the benefit of any other person and shall not be deemed to have conferred any rights, express or implied, upon any other person.

11.6 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of California. As part of the consideration for OCII's entering into this Agreement, the Developer agrees that all actions or proceedings arising directly or indirectly under this Agreement may, at OCII's sole option, be litigated in courts located within the County of San Francisco, State of California, and the Developer expressly consents to the jurisdiction of any such local, state or federal court, and consents that any service of process in such action or proceeding may be made by personal service upon the Developer wherever the Developer may then be located, or by certified or registered mail directed to the Developer at the address set forth in this Agreement.

11.7 Attorneys' Fees and Costs.

If either party fails to perform any of its respective obligations under this Agreement or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default or in enforcing or establishing its rights under this Agreement, including, without limitation, court costs and reasonable Attorneys' Fees and Costs (as defined below). Any such Attorneys' Fees and Costs incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such Attorneys' Fees and Costs obligation is intended to be several from the other provisions of this Agreement and to survive and not be merged into any such judgment. For purposes of this Agreement, the reasonable fees of attorneys from the City Attorney's office shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's office services were rendered who practice in the City in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. "**Attorneys' Fees and Costs**" means any and all attorneys' fees, costs, expenses and disbursements, including, but not limited to, expert witness fees and costs, travel time and associated costs, transcript preparation fees and costs, document copying, attachment preparation, courier, postage, facsimile, long-distance and communications expenses, court costs and the costs and fees associated with any other legal, administrative or alternative dispute resolution proceeding, fees and costs associated with execution upon any judgment or order, and costs on appeal.

11.8 Interpretation of Agreement.

(a) Attachments. Whenever an "Attachment" is referenced, it means an attachment to this Agreement unless otherwise specifically identified. All such Attachments are incorporated herein by reference.

(b) Captions. Whenever a section, article or paragraph is referenced, it refers to this Agreement unless otherwise specifically identified. The captions preceding the articles

and sections of this Agreement have been inserted for convenience of reference only. Such captions shall not define or limit the scope or intent of any provision of this Agreement.

(c) Words of Inclusion. The use of the term “including,” “such as” or words of similar import when following any general term, statement or matter shall not be construed to limit such term, statement or matter to the specific items or matters, whether or not language of non-limitation is used with reference thereto. Rather, such terms shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such statement, term or matter.

(d) References. Wherever reference is made to any provision, term or matter “in this Agreement,” “herein” or “hereof” or words of similar import, the reference shall be deemed to refer to any and all provisions of this Agreement reasonably related thereto in the context of such reference, unless such reference refers solely to a specific numbered or lettered, section or paragraph of this Agreement or any specific subdivision thereof.

(e) Recitals. In the event of any conflict or inconsistency between the recitals and any of the remaining provisions of this Agreement, the remaining provisions of this Agreement shall prevail.

(f) No Presumption Against Drafter. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to affect the purposes of the parties and this Agreement.

11.9 Entire Agreement

This Agreement, including the Attachments, contains all the representations and the entire agreement between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded in total by this Agreement. No prior drafts of this Agreement or changes from those drafts to the executed version of this Agreement shall be introduced as evidence in any litigation or other dispute resolution proceeding by either party or any other person and no court or other body shall consider those drafts in interpreting this Agreement.

11.10 Time for Performance

(a) Expiration. All performance dates, including cure dates, expire at 5:00 p.m., San Francisco, California time, on the performance or cure date.

(b) Weekends and Holidays. A performance date, which falls on a Saturday, Sunday, or City holiday is deemed extended to the next working day.

(c) Days for Performance. All periods for performance specified in this Agreement in terms of days shall be calendar days, and not business days, unless otherwise expressly provided in this Agreement.

(d) Time of the Essence. Time is of the essence with respect to each provision of this Agreement, including, without limitation, each milestone set forth in the attached Schedule of Performance.

11.11 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

11.12 Approvals and Consents.

Unless this Agreement otherwise expressly provides, all approvals, consents or determinations to be made by or on behalf of (i) OCII under this Agreement shall be made by the OCII's Executive Director or her designee and (ii) the Developer under this Agreement shall be made by the Chief Executive Officer of TNDC and the Executive Director of YCD (the "**Developer Representatives**") or such other employee or agent of the Developer as the Developer may designate to act as the Developer Representative for a particular matter. Unless otherwise herein provided, whenever approval, consent or satisfaction is required of a party pursuant to this Agreement, it shall not be unreasonably withheld or delayed. The reasons for disapproval shall be stated in reasonable detail in writing. Approval by the Developer or OCII to or of any act or request by the other shall not be deemed to waive or render unnecessary approval to or of any similar or subsequent acts or requests.

11.13 Real Estate Commissions.

The Developer and OCII each represents to the other that it engaged no broker, agent or finder in connection with this Agreement or the transactions contemplated hereby. In the event any broker, agent or finder makes a claim, the party through whom such claim is made agrees to indemnify the other party from any Losses arising out of such claim.

11.14 Survival.

Following expiration of the Exclusive Negotiations Period, this Agreement shall be deemed terminated and of no further force and effect except for any provision which, by its express terms, survive the expiration or termination of this Agreement. Upon termination of this Agreement (other than a termination due to a default by OCII), the Developer shall furnish copies of plans, specifications, studies and reports to OCII as provided in Section 8.2(c).

11.15 Nondiscrimination and Small Business Enterprise Policy.

(a) There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, creed, national origin or ancestry, sex, gender identity, age, marital or domestic partner status, sexual orientation or disability (including HIV or AIDS status) in the performance of this Agreement. The Developer will ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, creed, national origin or ancestry, sex, gender identity, age, marital or domestic partner status, sexual orientation or disability (including HIV or AIDS status). Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; selection for training, including apprenticeship; and provision of any services or accommodations to clients or the general public.

(b) The Developer will, in all solicitations or advertisements for employees placed by it or on its behalf, state it is an equal opportunity employer.

(c) The Developer will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement so that such provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

(d) If the Developer intends to utilize subcontractors in the provision of services under this Agreement, it must consult with OCII's Contract Compliance Division and comply with all the applicable provisions of OCII's Purchasing Policy and Procedures in regard to subcontracting pursuant to the Small Business Enterprise Policy and the Bayview Hunters Point Employment and Contracting Policy.

(e) The Developer agrees not to discriminate in the provision of benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, and shall comply fully with all provisions of the OCII's Nondiscrimination in Contracts Policy, adopted by Resolution No. 175-97, as such Policy may be amended from time to time.

(f) The Developer shall provide all services to the public under this Contract in facilities that are accessible to persons with disabilities as required by state and federal law.

11.16 Compliance With Minimum Compensation Policy And Health Care Accountability Policy.

The Developer agrees, as of the date of this Contract and during the term of this Contract, to comply with the provisions of OCII's Minimum Compensation Policy and Health Care Accountability Policy (the "**Policies**"), adopted by Resolution 168-2001, as such policies may be amended from time to time. Such compliance includes providing all "Covered Employees," as defined under Section 2.7 of the Policies, a minimum level of compensation and offering health plan benefits to such employees or to make payments to the City and County of San Francisco's Department of Public Health, or to participate in a health benefits program developed by the City and County of San Francisco's Director of Health.

11.17 Relationship of the Parties.

The subject of this Agreement is a private development with neither party acting as the agent of the other party in any respect. None of the provisions in this Agreement shall be deemed to render OCII a partner in the Developer's business, or joint venturer or member in any joint enterprise with the Developer.

11.18 Cooperation.

In connection with this Agreement, the Developer and OCII shall reasonably cooperate with one another to achieve the objectives and purposes of this Agreement. In so doing, the Developer and OCII shall each refrain from doing anything that would render its performance under this Agreement impossible and each shall do everything that this

IN WITNESS WHEREOF, OCII and the Developer have duly executed and delivered this Agreement as of the date first written above.

OCII, as Successor Agency to the
Redevelopment Agency of the City and
County of San Francisco, a public body,
organized and existing under the laws of the
State of California:

By: _____
Tiffany Bohee
Executive Director

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney, as counsel to OCII

By: _____
Heidi J. Gewertz
Deputy City Attorney

DEVELOPER:

Tenderloin Neighborhood Development
Corporation, a California nonprofit public
benefit corporation, its managing member

By: _____
Donald Falk, Chief Executive
Officer

Young Community Developers, a California
nonprofit public benefit corporation, its
member

By: _____
Shamann Walton, Executive
Director

Authorized by OCII Resolution No. ____53-2016, adopted ____December 6, 2016

EXCLUSIVE NEGOTIATIONS AGREEMENT

LIST OF ATTACHMENTS

ATTACHMENT 1	Site Description
ATTACHMENT 2	ENA Schedule of Performance
ATTACHMENT 3	ENA Scope of Development
ATTACHMENT 4	Form of Option to Ground Lease

ATTACHMENT 1

Site Description

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

CPN Block 10a is located in CP-03 in the Candlestick Point North area, and is a flat approximately 57,064 square foot lot. The block's frontage is as follows: 256 feet along Ingerson Avenue and an unnamed mid-block break, and 223 feet along M and Earl Streets. The Block is currently vacant.

ATTACHMENT 2

ENA Schedule of Performance

No.	Task	Deadline	Complete
1.	Submit a preliminary financing plan acceptable to OCII.	4.27.16	4.27.16
2.	Submit design concept drawings acceptable to OCII as described in Attachment 3.	4.27.16	4.27.16
3.	Submit schematic design drawings acceptable to OCII. The submission shall include the items specified in Attachment 3.	6.1.17	
4.	Identify a general contractor and obtain a cost estimate based on the schematic design acceptable to OCII.	8.1.17	
5.	Submit design development documents and cost estimates. The submission shall include the items specified in Attachment 3.	1.15.18	
6.	Execution of Ground Lease Agreement.	6.6.19	

ATTACHMENT 3

ENA Scope of Development

The development will include construction of up to 140 units of family rental housing for very low- and low-income families, including 25% of units serving formerly homeless families referred by the Department of Homeless and Supportive Housing; as part of the 25% formerly homeless set aside, 5 units will be reserved for parenting Transition Aged Youth. Two three-bedroom units will be reserved for the operation of family childcare, with slots made available to residents as a first priority. Units will be affordable to households earning between 30% and 60% of area median income (as defined by MOHCD). The Project's unit mix will be 20 one-bedrooms, 58 two-bedrooms 58 three-bedrooms 3 four-bedrooms and 1 five-bedroom with 5 of the one-bedroom units being reserved for parenting Transition Aged Youth. Unit sizes will be approximately:

- 500 to 575 square feet for one-bedroom/one-bathroom units
- 850 to 925 square feet for two-bedroom/one-bathroom units
- 1050 to 1150 square feet for three bedroom/one and a half- or two-bathroom units
- 1,200-1,400 square feet for four bedroom/two bathroom units
- 1,475-1,725 square feet for five bedroom/two bathroom units

The development team must include up to 15,000 square feet of retail space along the ground floor of the development.

The project will include 24-hour property management and supportive services designed to serve the prospective residents. Services should be designed to serve formerly homeless families and low-income families. Services should include, but are not limited to, creating community, mental health counseling and related services, and be available to tenants of the Project, the nature and extent of which shall be determined by the sponsor in cooperation with the Department of Homelessness and Supportive Housing. The Project requires a robust marketing plan that will outreach to Certificate of Preference holders and low-income families, and which will facilitate the lease-up of the Project to all residents.

Development amenities will include:

- A community room with kitchen,
- Exterior gathering and recreation spaces,
- 2 family childcare units with associated outdoor playspace
- A minimum of 60 sq ft of open space per unit
- Teen hang-out room,
- Offices/Meeting rooms to facilitate provision of supportive services,
- Bicycle Parking,
- Podium garage parking with recommended range of 0.6 - 0.8 spaces per unit and one car sharing spot and
- At least one laundry room sufficient to meet the needs of the number of units built in the site.

ATTACHMENT 4

OPTION TO GROUND LEASE AGREEMENT

This Option to Ground Lease Agreement (the "**Agreement**") is entered into as of this ____ day of _____, _____, by and between SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, hereafter referred to as the Office of Community Investment and Infrastructure, a public body, organized and existing under the laws of the State of California (the "**Successor Agency**" or "**OCII**") and Candlestick 10a Associates L.P., a California limited partnership, and its permitted assignees hereunder ("**Optionee**"), with reference to the following facts:

RECITALS

- A. The Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (the "**Phase 2 DDA**") between CP Development Co. LP and the Redevelopment Agency of the City and County of San Francisco (the "**Former Agency**") provides for the development of approximately 700 acres within the Bayview Hunters Point Redevelopment Project Area ("**Project Area**"), including 10,500 new housing units, 32% of which will be made available at below market rate rents.
- B. Pursuant to California Health and Safety Code §§ 34170 *et seq.* (the "**Redevelopment Dissolution Law**") and under San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency Commission ("**Commission**") and delegating to it state authority under the Redevelopment Dissolution Law), OCII is completing the enforceable obligations of the Former Agency in the Project Area, including affordable housing obligations under the Phase 2 DDA.
- C. OCII is the fee owner of that certain property located in the City and County of San Francisco ("**City**") identified Lot 35 of that certain Final Transfer Map No. 7879-8583, recorded on August 16, 2016 and filed on pages 73-74 in Book GG of the County's Survey Maps (the "**Property**").
- D. Pursuant to the Phase 2 DDA, the Property has been designated as the location of an Agency Affordable Project, which OCII is obligated to cause to be designed, constructed and completed.
- E. OCII has entered into an Exclusive Negotiations Agreement with the Optionee for the development of the Property into a 140-unit multifamily residential development available to extremely low income, low income, and formerly homeless families, including certain ancillary uses (the "**Project**").
- F. The Optionee is a limited partnership comprised of its managing general partner, Candlestick 10a GP LLC (of which Tenderloin Neighborhood Development Center ("**TNDC**") is the managing member and which Young Community Developers ("**YCD**") is a member).
- G. The Optionee intends to develop the Project with 4% Low Income Housing Tax Credits and tax-exempt bonds, local funds, and other sources, as necessary.

H. In order to apply for Project financing, Optionee desires to obtain from OCII, and OCII desires to grant to Optionee, upon the specific terms and conditions set forth in this Agreement, the exclusive right and option to lease the Property.

NOW, THEREFORE, IN CONSIDERATION OF RECITALS HEREOF AND THE MUTUAL PROMISES CONTAINED IN THIS AGREEMENT, THE PARTIES AGREE AS FOLLOWS:

AGREEMENT

SECTION 1. Grant of Option. OCII grants to Optionee the option to ground lease the Property for the consideration and under the terms and conditions set forth in this Agreement (the "**Option**").

SECTION 2. Term of Option: Exercise.

a. Term and Extension of Term. The term of the Option shall be for a period commencing on the date of this Agreement and ending on or before June 6, 2018, (the "**Initial Term**") unless extended (the Initial Term, plus any extension, referred to herein as the "**Term**"). So long as the Optionee is not then in default under this agreement or any other agreements with OCII, Optionee may request up to two 6 month extensions of the Initial Term by giving written notice, accompanied by payment of One Dollar (\$1.00) (the "**Extension Payment**"), to OCII, at any time prior to the expiration of the Initial Term. Any extension is subject to the approval of the OCII Executive Director. If both extensions are granted, the Term shall end on June 6, 2019. During the Term, Optionee and OCII staff agree to negotiate in good faith to complete all of the terms and conditions of the ground lease of the Property from OCII to Optionee consistent with this Agreement (upon completion of such negotiations, the "**Ground Lease**"). The final terms of the Ground Lease must be agreed to by Optionee and OCII, and approved by the OCII Commission, before Optionee's exercise of the Option. The Term shall end on the dates set forth above or, if earlier, on the effective date of the Ground Lease.

b. Exercise of Option. At any time following approval of the Ground Lease by the OCII Commission and before the expiration of the Term, so long as the Optionee is not then in default under this agreement or any other agreements with OCII, Optionee may exercise the Option by giving written notice to OCII (the "**Option Notice**"). The form of Ground Lease, as drafted by staff, will be subject to approval by the OCII Commission.

c. Expiration. The Option shall expire at midnight on the last day of the Term. If the expiration date of the Term falls on a Saturday, Sunday or legal holiday in the State of California, then the Option may be exercised on the next following business day. Upon termination of the Option and a written request by OCII, Optionee shall sign and deliver a quitclaim deed or such other document as may be reasonably required by OCII to evidence the termination of the Option.

SECTION 3. Option Consideration. The Option is granted in consideration of Optionee's obligation to negotiate in good faith for the Ground Lease and for the advancement of the Project. The Option consideration is related to the Option only and in no way relates to Ground Lease payments that will be owed to OCII.

SECTION 4. Ground Lease of the Project Property. OCII staff shall prepare the initial form of ground lease substantially in the form used by OCII for projects in which OCII is the fee owner of a particular property that will be developed for affordable housing. The Ground Lease shall be in accordance with the following:

a. Term of Ground Lease. The Ground Lease shall become effective immediately following the full execution by the parties and shall end fifty-five (55) years from the date of construction completion of the Project, provided that the tenant shall have an option to extend the term for an additional forty-four (44) years for no additional consideration (but rent shall continue during any extended term as set forth below).

b. Taxes and Assessments. The tenant shall be responsible for the payment of any and all property taxes and assessments levied against the leasehold estate and the Property during the entire term of the Ground Lease subject to any abatement available therefrom.

c. Project Use. The Property shall be used during the term of the Ground Lease only for affordable housing, specifically the construction, operation, maintenance and repair or reconstruction of a 140-unit multifamily residential development available to extremely low income, low income and formerly homeless families, as well as certain ancillary uses. The maximum rent and income levels shall be set at no greater than 60% of area median income, defined as the area median income as determined by the United States Department of Housing and Urban Development for the San Francisco area, adjusted solely for household size, but not high housing cost area. If required by the Project's tax credit investor based on the Project's residual analysis test, and if approved by the OCII Executive Director in his or her reasonable discretion, the Ground Lease may permit increases in the maximum rent and income levels after the 55th year of the Ground Lease term, but such increases shall be limited only to the extent necessary to satisfy the tax credit investor's residual analysis test.

d. Rent. The tenant shall pay the landlord annual rent in the amount of ten percent (10%) of the land value of the Property (as determined by a MAI appraiser selected by, and at the sole cost of, the tenant, and set in the Ground Lease), consisting of \$15,000 in base rent and the remainder in residual rent. The residual rent shall be payable only to the extent proceeds are available from the Project. The annual rent shall be adjusted on the fifteenth (15th) anniversary of the expiration of the first full calendar year of the lease term, and every fifteen (15) years thereafter, and shall be equal to ten percent (10%) of then appraised value of the land as determined by a MAI appraiser selected by, and at the sole cost of, the tenant. Any such adjustment shall be made to the residual rent and not the base rent. If required by the Project's tax credit investor based on the Project's residual analysis test, and if approved by the MOHCD Director in his or her reasonable discretion, residual rent shall only be payable after full repayment of any residual-receipts loan provided by OCII.

e. Construction and Operation of the Project. The tenant shall be responsible, at its sole cost, for construction, operation, and maintenance of the Project during the Ground Lease term.

f. Title to the Property. The Ground Lease shall provide that OCII will own fee title to the land comprising the Property, and the Optionee will own fee title to all improvements constructed or otherwise located on the land, during the Ground Lease term.

g. Disposition of Improvements at End of Lease. At the end of the Ground Lease term, fee title to all the improvements shall vest in OCII without further action of any party, without any obligation by OCII to pay any compensation therefor to the tenant and without the necessity of a deed from the tenant to OCII.

h. Mortgagee Protections. The Ground Lease shall include standard mortgagee protection provisions.

i. Defaults; Right to Cure. OCII will provide any notice of any defaults under the Ground Lease to the tenant's limited partners and lenders, and allow any such parties the right to cure a default by the tenant under the Ground Lease. Pursuant to the terms of the Ground Lease, OCII shall not be entitled to terminate the Ground Lease following any uncured default by the tenant during the fifteen (15) year tax credit compliance period for the Project, except if such default is failure to pay rent.

j. Encumbrances. The Ground Lease will permit the tenant to encumber its leasehold interest in the Property to secure any loans deemed necessary by the tenant, as approved by OCII. Any funds from a loan secured by the Property must be used in or on the Property.

SECTION 5. Closing.

a. Expenses. All expenses, fees or costs (except attorneys' fees and costs) incurred in connection with the Ground Lease of the Property, including but not limited to city and county documentary transfer tax, conveyance taxes, recording charges (if any), and costs of title insurance shall be borne by the Optionee. Each party shall bear its own attorneys' fees and costs incurred in connection with negotiation and execution of this Agreement and the Ground Lease.

b. Proration of Taxes. Real property taxes on the Property shall be prorated as of the date of closing of the Ground Lease.

c. Title Insurance. The closing of the Ground Lease shall be conditioned on the issuance to the tenant of an ALTA leasehold policy of title insurance, from a title company chosen by the tenant, insuring the tenant's leasehold interest in the Property subject only to reasonable exceptions approved by the tenant.

SECTION 6. Notices. All notices or other communications made pursuant to this Agreement shall be in writing and shall be deemed properly delivered, given or served to the parties at the following addresses when (i) mailed by certified mail, postage prepaid, return receipt requested; (ii) sent by express delivery service, charges prepaid with a delivery receipt; or (iii) personally delivered when a delivery receipt is obtained:

OCII: Office of Community Investment and Infrastructure
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Executive Director

City Attorney: Deputy City Attorney
San Francisco City Attorney's Office
City Hall, Rm. 234
1 Dr. Carlton B. Goodlett Pl.
San Francisco, CA 94102-4682
Attn: Heidi Gewertz

OCII General Counsel: Office of Community Investment and Infrastructure
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Aaron Foxworthy

Optionee: Candlestick 10a Associates, L.P.
c/o Tenderloin Neighborhood Development Corporation
201 Eddy Street
San Francisco, CA 94102
Attn: Chief Executive Officer

With a copy to:

Candlestick 10a Associates, L.P.
c/o Young Community Developers
1715 Yosemite Avenue
San Francisco, CA 94122
Attn: Executive Director

All notices so delivered, mailed or sent shall be deemed received as of the date shown on the delivery receipt as the date of delivery, the date delivery was refused or the date the notice was returned as undeliverable. Either party may change its address for the purposes of this paragraph by giving prior written notice of the change to the other party in the manner provided in this Section 6. Any notice required under this Agreement that is sent by a Party shall be sent to, or contemporaneously copied to, all of the other Parties.

SECTION 7. Assignment of Option. Without the prior written consent of OCII, Optionee may assign its rights and obligations under this Agreement to any limited liability company in which Candlestick 10a Associates, L.P. or its corporate affiliate is the managing general partner, or a limited partnership in which Candlestick 10a Associates, L.P. or its corporate affiliate is a general partner. All other transfers by Optionee shall require the prior written consent of OCII.

SECTION 8. Binding Effect. This Agreement and its terms and conditions shall bind upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

SECTION 9. Time. Time is of the essence of this Agreement.

SECTION 10. Further Documents. Upon the reasonable request of the other party, each party will execute, acknowledge and deliver or cause to be executed, acknowledged and delivered, such further instruments and documents as may be reasonably necessary in order to carry out the intent and purpose of this Agreement, including escrow instructions.

SECTION 11. Commission. Each party to this Agreement represents to the other party that it has not engaged or used the services of any person, firm or corporation that may claim a broker's commission or finder's fee upon execution of this Agreement or the Ground Lease, and each party to this Agreement agrees to hold the other party harmless from any loss, damage, expense or liability, including attorney's fees, resulting from any claim by any person, firm or corporation based upon its having acted as broker or finder on behalf of said indemnifying party.

SECTION 12. Captions. The captions of the paragraphs of this Agreement are for convenience and reference only, and the words contained in the captions shall in no way be held to explain, modify, amplify or aid in the interpretations, constructions or meaning of the provisions of this Agreement.

SECTION 13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

SECTION 14. Entire Agreement; Signatures. This Agreement contains the entire agreement between the parties respecting the matters set forth, and supersedes all prior agreements between the parties respecting the matters set forth.

SECTION 15. Attorneys' Fees. In any action between Optionee and OCII to enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to recover costs of suit and expenses including, without limitation, reasonable attorneys' fees.

SECTION 16. Effective Date. Notwithstanding anything to the contrary contained herein, this Agreement shall not be effective until the date on which the OCII Commission enacts a resolution approving and authorizing this Agreement and the transactions contemplated hereby, following execution of this Agreement by both parties.

(signatures begin on following page)

IN WITNESS WHEREOF, Optionee and OCII have executed this Agreement as of the date first written above.

OCII:

Office of Community Investment
And Infrastructure, Successor Agency
to the Redevelopment Agency of the
City and County of San Francisco,
a public body, organized and existing
under the laws of the State of
California

By: _____

Tiffany Bohee
Executive Director

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney, as counsel to OCII

By: _____

Heidi J. Gewertz
Deputy City Attorney

OPTIONEE:

Candlestick 10a Associates, L.P.,
a California limited partnership

By: Candlestick 10a GP LLC, a California
limited liability company,
its managing general partner

By: Tenderloin Neighborhood
Development Corporation, a California
nonprofit public benefit corporation, its
managing member

By: _____
Donald Falk
Chief Executive Officer

By: Young Community Developers,
a California nonprofit public benefit
corporation, its member

By: _____
Shamann Walton
Executive Director

EXHIBIT A

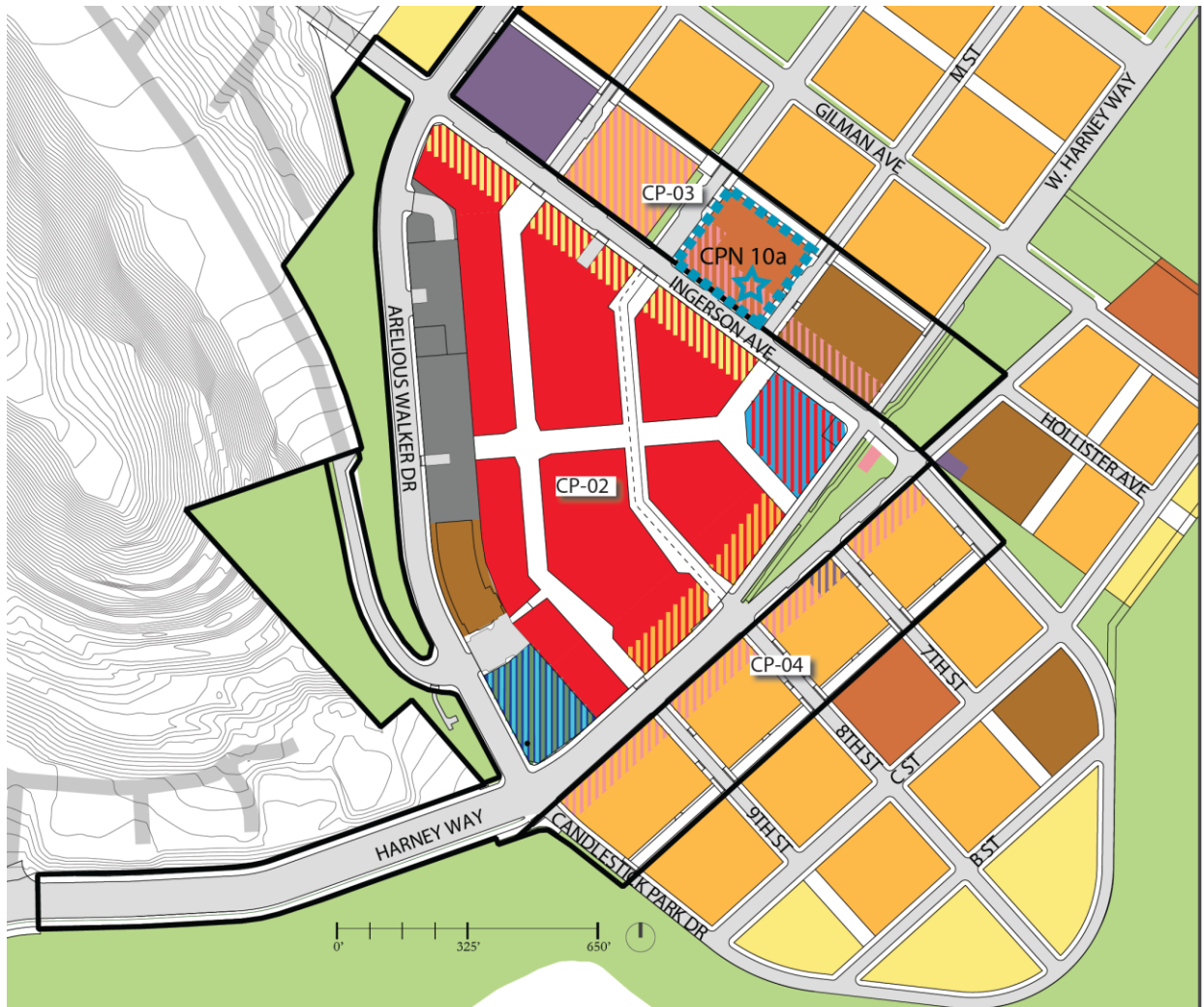
Property Description

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

CPN Block 10a is located in CP-03 in the Candlestick Point North area, and is a flat approximately 57,064 square foot lot. The block's frontage is as follows: 256 feet along Ingerson Avenue and an unnamed mid-block break, and 223 feet along M and Earl Streets. The Block is currently vacant.

EXHIBIT B -1

Context Map



Legend














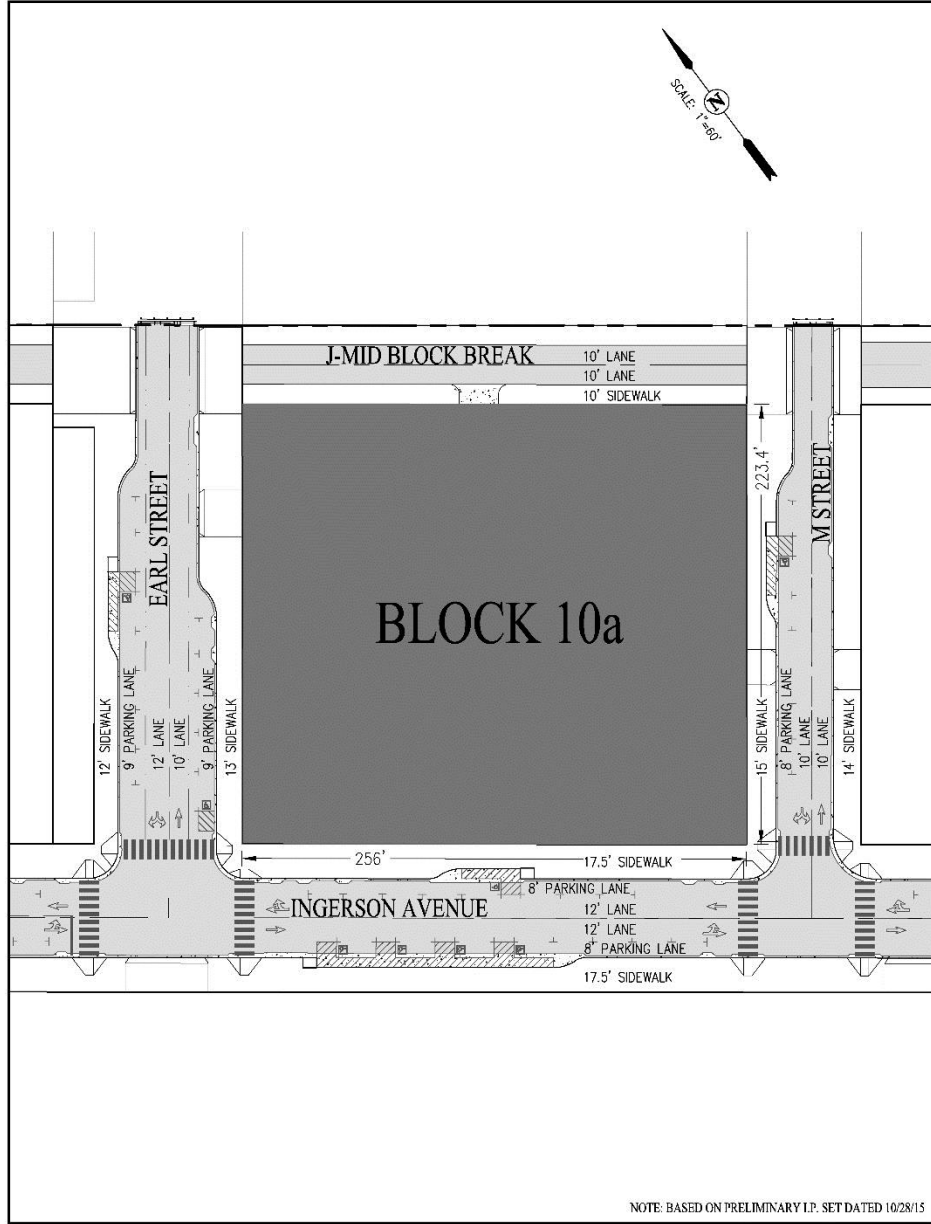
- | | | | |
|---|--|---|--------------------|
|  | Residential Density I (15-75 units per acre) |  | Hotel |
|  | Residential Density II (50-125 units per acre) |  | Office |
|  | Residential Density III (100-175 units per acre) |  | Parking |
|  | Residential Density IV (175-285 units per acre) |  | Community Use |
|  | Regional Retail |  | Parks & Open Space |
|  | Neighborhood Retail |  | Sub-Phase Boundary |
|  | TBD | | |

EXHIBIT B -2

Site Plan



NOTE: BASED ON PRELIMINARY I.P. SET DATED 10/28/15

G:\1804-040\ACAD\EXHIBITS\XB-BLOCK 10A AND 11A.DWG

2/8/2016 3:32 PM

Attachment 4

LOAN AGREEMENT

By and Between

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

and

Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit
corporation,

for

Candlestick Point North Block 10a
\$3,500,000

Dated as of December 6, 2016

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* * * * *

EXHIBITS

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G	Lobbying/Debarment Certification Form
H	Intentionally Omitted
I	Intentionally Omitted
J	Intentionally Omitted
K	Intentionally Omitted
L	Schedule of Performance
M	OCII Monthly Project Update Form
N	Developer Fee Schedule
O	Assignment of Work Product
P	Consent to Assignment of Work Product
Q	Promissory Note

LOAN AGREEMENT
Candlestick Point North – Block 10a
Bayview Hunters Point Redevelopment Project Area

THIS LOAN AGREEMENT ("Agreement") is entered into as of December 6, 2016 by and between the **SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO**, hereafter referred to as the Office of Community Investment and Infrastructure, a public body, corporate and politic ("OCII"), and Tenderloin Neighborhood Development Corporation ("Borrower").

RECITALS

A. In accordance with the California Community Redevelopment Law (Health and Safety Code, section 33000 et seq., the "CRL"), the City and County of San Francisco ("City"), acting through its Board of Supervisors, approved a Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area by Ordinance No.113-06, adopted on May 16, 2006, (herein, the "Redevelopment Plan.")

B. Pursuant to California Health and Safety Code §§ 34170 et seq. (the "Redevelopment Dissolution Law") and San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency Commission ("Commission") and delegating to it state authority under the Redevelopment Dissolution Law), OCII is responsible for implementing the Redevelopment Plan, including administering the Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (the "Phase 2 DDA") with CP Development Co. LP ("Master Developer").

C. On February 18, 2016, OCII issued a Housing Development Request for Proposals (the "RFP") for the development and management of 140 units of low-income rental housing on Candlestick Point Block 10a (including one manager's unit), located on Lot 35 of that certain Final Transfer Map No. 7879-8583, recorded in the Official Records of the City on August 16, 2016 on Pages 73-78 of Book GG of Survey Maps (the "Site"). The units will be leased to households earning no more than sixty percent of the unadjusted Area Median Income as established by the San Francisco Mayor's Office of Housing and Community Development ("MOHCD") with twenty-five percent of the units to be set aside for formerly homeless households (the "Project"). An evaluation panel consisting of one member from the Hunters Point Shipyard Citizens Advisory Committee, a representative from the Department of Homelessness and Supportive Housing, a representative from the Mayor's Office of Housing and Community Development and OCII staff including the Senior Project Manager for Hunters Point Shipyard and Candlestick Point, an architect, and three OCII housing staff members (the "Evaluation Panels") thoroughly reviewed the submittals by four teams. The Evaluation Panel that reviewed the applicants' submittals also interviewed the teams on June 28, 2016. After the interviews, the Evaluation Panel scored each Applicant based upon the selection criteria and point allocation described in the RFP. The Evaluation Panel determined that the proposal submitted by the Borrower was responsive to the RFP criteria, and that maximizing the participation of Southeast partners in the development of OCII-sponsored parcels was also consistent with Section 5.1(c) (Agency Community Partners) of Attachment G to the Phase 2 DDA (Community Benefits Agreement) which states that the "agency will keep within its customary practice of using good faith efforts to involve community partners in the development.... of Agency affordable units" and thus recommended their selection. Accordingly, OCII and Borrower intend to execute an exclusive negotiations agreement (the "ENA") substantially concurrently herewith, subject to approval of the ENA by the OCII Commission.

D. Prior to this approval, the Citywide Affordable Housing Loan Committee (the “Loan Committee”) reviewed OCII staff’s evaluation of the request for funding at its meeting on November 4, 2016, and recommended to the OCII Commission authorizing OCII to provide Borrower with a predevelopment loan of funds (the “Funds”) subject to certain terms and conditions (the “Loan”). Also prior to this approval, under Resolution No. 1-2016, adopted by the City's Oversight Board as of January 25, 2016, funding for this Loan was approved by the Oversight Board as part of the Recognized Obligation Payment Schedule for the July 1, 2016 to June 30, 2017 (“ROPS 16 – 17”).

E. Also prior to this approval, by OCII Commission Resolution No. 53-2016, OCII has agreed to make a loan to the Borrower in an initial amount of Three Million Five Hundred Thousand Dollars (\$3,500,000.00) (the "Funding Amount") under this Agreement to fund certain costs related to the Project.

F. Pursuant to Ordinance 215-12, Oversight Board Resolution No. 12-2015, the DOF “final and conclusive” determination, and Redevelopment Dissolution Law, OCII has the obligation and authority to provide the Funds for the Project.

G. For purposes of implementation and to ensure consistency with the City’s overall affordable housing goals and priorities, OCII has engaged the MOHCD to provide additional services, including construction monitoring, construction management services and processing loan disbursements. Upon completion of the project and permanent financial conversion, OCII intends to transfer the affordable housing loan obligation, asset, and ground lease to MOHCD as the designated Housing Successor to the Former Agency under Board Resolution 11-12, as required by Redevelopment Dissolution Law. Furthermore, MOHCD will acquire OCII’s interest in the Project upon OCII’s issuance of a certificate of completion, as described in the Memorandum of Understanding for the implementation of Affordable Housing Obligations under San Francisco Successor Agency Ordinance 215-12 between OCII and MOHCD (May 6, 2014).

AGREEMENT

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

ARTICLE 1 DEFINITIONS.

1.1 **Defined Terms.** As used in this Agreement, the following words and phrases have the following meanings:

"**Accounts**" means all depository accounts, including reserve and trust accounts, required or authorized under this Agreement or otherwise by the OCII in writing. All Accounts must be maintained in accordance with Section 2.3.

"**Agreement**" has the meaning given in the first paragraph hereof.

"**Agreement Date**" means the date written in the first paragraph hereof.

"Authorizing Resolutions" means: (a) in the case of a corporation, a certified copy of resolutions adopted by its board of directors; (b) in the case of a partnership (whether general or limited), a certificate signed by all of its general partners; and (c) in the case of a limited liability company, a certified copy of resolutions adopted by its board of directors or members, satisfactory to the City and evidencing Borrower's authority to execute, deliver and perform the obligations under the OCII Documents to which Borrower is a party or by which it is bound.

"Borrower" means Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, and its authorized successors and assigns.

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement. The Charter Documents must be delivered to OCII in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

"City" means the City and County of San Francisco, a municipal corporation, represented by the Mayor, acting by and through MOHCD. Whenever this Agreement provides for a submission to the City or an approval or action by the City, this Agreement refers to submission to or approval or action by MOHCD unless otherwise indicated.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements.

"Control of the Site" means Borrower's acquisition of fee ownership or a leasehold interest in the Site (or a portion thereof).

"CRL" has the meaning set forth in Recital A.

"Developer" means Candlestick 10a Associates, L.P., a California limited partnership whose general partner is: Candlestick 10a GP LLC,, whose manager is Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation and its authorized successors and assigns , and whose members are Turk Street, Inc., a California nonprofit public benefit corporation, and Young Community Developers, a California nonprofit public benefit corporation, and their authorized successors and assigns.

"Developer Fees" has the meaning set forth in Section 15.1.

"**Disbursement**" means the disbursement of all or a portion of the Funding Amount by OCII as described in Article 4.

"**Dissolution Law**" has the meaning set forth in Recital B.

"**Distributions**" has the meaning set forth in Section 13.1.

"**ENA**" has the meaning set forth in Recital C.

"**Environmental Activity**" means any actual, proposed or threatened spill, leak, pumping, discharge, leaching, storage, existence, release, generation, abatement, removal, disposal, handling or transportation of any Hazardous Substance from, under, into or on the Site.

"**Environmental Laws**" means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly known as the "Superfund" law) (42 U.S.C. §§ 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq.*); the National Environmental Policy Act of 1969 ("NEPA") (24 CFR §§ 92 and 24 CFR §§ 58); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the "California Superfund" law) (Cal. Health & Safety Code §§ 25300 *et seq.*); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (Cal. Health & Safety Code §§ 25249.2 *et seq.*); and Sections 25117 and 25140 of the California Health & Safety Code.

"**Event of Default**" has the meaning set forth in Section 19.1.

"**Expenditure Request**" means a written request by Borrower for a Disbursement from the Funding Amount, which must certify that the Project costs covered by the Expenditure Request have been paid or incurred by Borrower.

"**Funding Amount**" has the meaning set forth in Recital E.

"**Funds**" has the meaning set forth in Recital D.

"**GAAP**" means generally accepted accounting principles in effect on the date of this Agreement and at the time of any required performance.

"**Governmental Agency**" means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community facility or other special taxing district; (c) any governmental or quasi-governmental agency, authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

"Hazardous Substance" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any Governmental Agency to pose a present or potential hazard to human health or safety or to the environment. Hazardous Substance includes any material or substance listed, defined or otherwise identified as a "hazardous substance," "hazardous waste," "hazardous material," "pollutant," "contaminant," "pesticide" or is listed as a chemical known to cause cancer or reproductive toxicity or is otherwise identified as "hazardous" or "toxic" under any Environmental Law, as well as any asbestos, radioactive materials, polychlorinated biphenyls and any materials containing any of them, and petroleum, including crude oil or any fraction, and natural gas or natural gas liquids. Materials of a type and quantity normally used in the construction, operation or maintenance of developments similar to the Project will not be deemed "Hazardous Substances" for the purposes of this Agreement if used in compliance with applicable Environmental Laws.

"HUD" means the United States Department of Housing and Urban Development acting by and through the Secretary of Housing and Urban Development and any authorized agents.

"Indemnify" means, whenever any provision of this Agreement requires a person or entity (the "Indemnitor") to Indemnify any other entity or person (the "Indemnitee"), that the Indemnitor will be obligated to defend, indemnify and protect and hold harmless the Indemnitee, its officers, employees, agent, constituent partners, and members of its boards and commissions harmless from and against any and all Losses arising directly or indirectly, in whole or in part, out of the act, omission, event, occurrence or condition with respect to which the Indemnitor is required to Indemnify an Indemnitee, whether the act, omission, event, occurrence or condition is caused by the Indemnitor or its agents, employees or contractors, or by any third party or any natural cause, foreseen or unforeseen; *provided that* no Indemnitor will be obligated to Indemnify any Indemnitee against any Loss arising or resulting from the gross negligence or intentional wrongful acts or omissions of the Indemnitee or its agents, employees or contractors. If a Loss is attributable partially to the grossly negligent or intentionally wrongful acts or omissions of the Indemnitee (or its agents, employees or contractors), the Indemnitor must Indemnify the Indemnitee for that part of the Loss not attributable to its own grossly negligent or intentionally wrongful acts or omissions or those of its agents, employees or contractors.

"Indemnitee" has the specific meaning set forth in Section 23.1 and the general meaning set forth in the definition of "Indemnify."

"Indemnitor" has the meaning set forth in the definition of "Indemnify."

"Laws" means all statutes, laws, ordinances, regulations, orders, writs, judgments, injunctions, decrees or awards of the United States or any state, county, municipality or Governmental Agency, including the CRL.

"Loan" has the meaning set forth in Recital D.

“**Loan Closing**” means the date on which all conditions to closing of the loan under Section 4.3 have been met and Borrower and OCII authorize recordation of the Deed of Trust and Declaration of Restrictions.

“**Loan Committee**” has the meaning set forth in Recital D.

"**Loss**" or "**Losses**" includes any loss, liability, damage, cost, expense or charge and reasonable attorneys' fees and costs, including those incurred in a proceeding in court or by mediation or arbitration, on appeal or in the enforcement of OCII's or the City's rights or in defense of any action in a bankruptcy proceeding.

"**Maturity Date**" has the meaning set forth in Section 3.1.

"**Median Income**" means area median income as determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area.

"**MOHCD**" means the Mayor's Office of Housing and Community Development or its successor.

"**Note**" means the promissory note executed by Borrower in favor of OCII in the original principal amount of the Funding Amount.

“**OCII**” means the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, known as the Office of Community Investment and Infrastructure.

"**OCII Documents**" means this Agreement, the Note, and any other documents executed or, delivered in connection with this Agreement.

“**OCII Monthly Project Update**” has the meaning set forth in Section 10.2.

"**Opinion**" means an opinion of Borrower's California legal counsel, satisfactory to OCII and its legal counsel, that Borrower is a duly formed, validly existing California limited partnership in good standing under the laws of the State of California, has the power and authority to enter into the OCII Documents and will be bound by their terms when executed and delivered, and that addresses any other matters OCII reasonably requests.

"**Permitted Exceptions**" means liens in favor of OCII, real property taxes and assessments that are not delinquent, and any other liens and encumbrances OCII expressly approves in writing in its escrow instructions.

"**Project**" means the development described in Recital C. If indicated by the context, "Project" means the Site and the improvements developed on the Site.

“**Public Benefit Purposes**” means activities or programs that primarily benefit low-income persons, are implemented by one or more nonprofit 501(c)3 public benefit organizations,

or have been identified by OCII, a City agency or a community planning process as a priority need in the neighborhood in which the Project is located.

"**Publication**" means any report, article, educational material, handbook, brochure, pamphlet, press release, public service announcement, webpage, audio or visual material or other communication for public dissemination, which relates to all or any portion of the Project or is paid for in whole or in part using the Funding Amount.

"**Schedule of Performance**" means the schedule attached hereto as Exhibit L that sets forth Project tasks and milestones and the dates by which they will be completed.

"**Section 8**" means rental assistance provided under Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. § 1437f) or any successor or similar rent subsidy programs.

"**Site**" means the real property described in Recital C of this Agreement.

"**Table**" or "**Table of Sources and Uses**" means a table of sources and uses of funds attached hereto as Exhibit B-1, including a line item budget for the use of the Funding Amount, which table may not be adjusted without OCII's prior written approval.

"**Tenant**" means any residential household in the Project.

"**Unit**" means a residential rental unit within the Project.

"**Work Product**" has the meaning set forth in Section 24.21.

1.2 Interpretation. The following rules of construction will apply to this Agreement and the other OCII Documents.

(a) The masculine, feminine or neutral gender and the singular and plural forms include the others whenever the context requires. The word "include(s)" means "include(s) without limitation" and "include(s) but not limited to," and the word "including" means "including without limitation" and "including but not limited to" as the case may be. No listing of specific instances, items or examples in any way limits the scope or generality of any language in this Agreement. References to days, months and years mean calendar days, months and years unless otherwise specified. References to a party mean the named party and its successors and assigns.

(b) Headings are for convenience only and do not define or limit any terms. References to a specific OCII Document or other document or exhibit mean the document, together with all exhibits and schedules, as supplemented, modified, amended or extended from time to time in accordance with this Agreement. References to Articles, Sections and Exhibits refer to this Agreement unless otherwise stated.

(c) Accounting terms and financial covenants will be determined, and financial information must be prepared, in compliance with GAAP as in effect on the date of

performance. References to any Law, specifically or generally, will mean the Law as amended, supplemented or superseded from time to time.

(d) The terms and conditions of this Agreement and the other OCII Documents are the result of arms'-length negotiations between and among sophisticated parties who were represented by counsel, and the rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not apply to the construction and interpretation of the OCII Documents. The language of this Agreement must be construed as a whole according to its fair meaning.

1.3 Websites for Statutory References. The statutory and regulatory materials listed below may be accessed through the following identified websites.

(a) CFR provisions: www.access.gpo/nara/cfr

(b) OMB circulars: www.whitehouse.gov/OMB/circulars

(c) S.F. Administrative Code:
www.sfgov.org/site/government_index.asp#codes

1.4 Contracting Requirements. Borrower shall use the OCII contract compliance requirements for procurement activities, as further set forth in Exhibit E of this Agreement.

ARTICLE 2 FUNDING.

2.1 Funding Amount. OCII agrees to lend to Borrower a maximum principal amount of Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000.00) (the "Funding Amount") in order to finance predevelopment costs associated with the Project. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the OCII's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in Section 2.1 and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Predevelopment expenses incurred by Borrower beginning October 15, 2016 that are consistent with Exhibit B-1 are reimbursable to Borrower. Such expenses are subject to all conditions of a Expenditure Request, including review and approval by OCII in accordance with the terms of this Agreement.

2.3 Accounts; Interest. Each Account to be maintained by Borrower under this Agreement must be held in a bank or savings and loan institution acceptable to OCII as a segregated account that is insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program. With the exception of tenant security deposit trust accounts, any interest earned on funds in any Account must be used for the benefit of the Project.

2.4 Records. Borrower must maintain and provide to the OCII upon request records that accurately and fully show the date, amount, purpose and payee of all expenditures from each Account authorized under this Agreement or by the OCII in writing and keep all estimates, invoices, receipts and other documents related to expenditures from each Account. In addition Borrower must provide to the OCII promptly following Borrower's receipt, complete copies of all monthly bank statements, together with a reconciliation, for each Account until all funds (including accrued interest) in each Account have been disbursed for eligible uses.

2.5 Conditions to Additional Financing. The OCII may grant or deny any application by Borrower for additional financing for the Project in its sole discretion.

ARTICLE 3 TERMS. Borrower's repayment obligations with respect to the Funding Amount will be evidenced and governed by the Note, which will govern in the event of any conflicting provision in this Agreement.

3.1 Maturity Date. Borrower must repay all amounts owing under the OCII Documents on the date that is the earliest to occur of: (i) the close of construction financing for the Project, or (ii) the date the Borrower and OCII execute a permanent loan agreement that incorporates the Loan Amount and all accrued interest, or (iii) three (3) years from the Agreement Date (the "**Maturity Date**"). Notwithstanding the foregoing, if Borrower's failure to close the construction financing or execute a permanent loan agreement with OCII by the Maturity Date is not caused by Borrower's acts or omissions, whether direct or indirect, and if Borrower has acted in good faith and no event has occurred and is continuing that constitutes or with the passage of time would constitute, an Event of Default under any of the OCII Documents, then in such an event, Borrower shall deliver to OCII all of the Work Product, the Note shall be deemed satisfied in full and Borrower shall be deemed to be released from all obligation or liability with respect to this Agreement and the Loan.

3.2 Intentionally Omitted.

3.3 Interest. The outstanding principal balance of the Loan will bear simple interest at a rate of three percent (3%) per annum, as provided in the Note.

3.4 Default Interest Rate. Upon the occurrence of an Event of Default under any OCII Document, the principal balance of the Loan will bear interest at the default interest compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, with such default interest rate commencing as of the date an Event of Default occurs and continuing until such Event of Default is fully cured. In addition, the default interest rate will apply to any amounts to be reimbursed to the OCII under any OCII Document if not paid when due or as otherwise provided in any OCII Document.

3.5 Repayment of Principal and Interest. Subject to Section 3.1 above, the outstanding principal balance of the Loan will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

3.6 Changes In Funding Streams. OCII's agreement to make the Loan on the terms set forth in this Agreement and the Note is based in part on Borrower's projected sources and uses of all activities associated with the Project, as set forth in the Table of Sources and Uses. Borrower covenants to give written notice to the OCII within thirty (30) days of any significant changes in budgeted funding or income set forth in documents previously provided to the OCII. OCII reserves the right to modify the terms of this Agreement based upon any new information so provided in its reasonable discretion.

3.7 Additional OCII Approvals. Borrower understands and agrees that OCII is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by OCII into this Agreement nor any approvals given by OCII under this Agreement shall be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, OCII is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

3.8 Additional Borrower Covenants. There are no borrower covenants in addition to those specified in 4.5 Disbursements (d).

ARTICLE 4 CLOSING; DISBURSEMENTS.

4.1 Generally. Subject to the terms of this Agreement, OCII will make Disbursements in an aggregate sum not to exceed the Funding Amount to or for the account of Borrower in accordance with this Agreement and the approved line item budget contained in the Table of Sources and Uses. The disbursement schedule may be revised at the request of the Borrower, subject to the written approval of the OCII Executive Director and the MOHCD Director prior to the Loan Closing if needed to ensure the repayment of the Loan complies with applicable financing requirements.

4.2 Closing. In the event Borrower does not satisfy all of the conditions to closing the Loan within a reasonable time, as determined by the OCII in its sole discretion, OCII may declare this Agreement to be null and void.

4.3 Conditions Precedent to Closing. OCII will authorize the close of the Loan upon satisfaction of the conditions in this Section.

(a) Borrower must have delivered to OCII fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the OCII: (i) the Note; (ii) this Agreement (in triplicate); (iii) the Opinion; (iv) the Authorizing Resolutions; and (v) any other OCII Documents reasonably requested by OCII.

(b) Borrower must have delivered to OCII Borrower's Charter Documents.

(c) Borrower must have delivered to OCII insurance endorsements and, if requested by OCII, copies of policies for all insurance required under Exhibit F of this Agreement.

4.4 Intentionally Omitted.

4.5 Disbursements. OCII's obligation to approve any expenditure of Funds after Loan Closing is subject to Borrower's satisfaction of the following conditions precedent.

(a) Borrower must have delivered to OCII an Expenditure Request in form and substance satisfactory to OCII, together with: (i) copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. Any request from Borrower to reallocate Funds between the line items or to change the budget limits for a line item from what is shown in the Table of Sources and Uses must be approved as follows: (1) except for funds moved from the contingency line item to another line item, a requested reallocation of Funds in an amount up to ten percent (10%) of the Loan Amount in the aggregate may be made with the express written approval of OCII's Housing Manager; and (2) except for funds moved from the contingency line item to another line item, a requested reallocation of Funds in an amount that exceed ten percent (10%) of the Loan Amount may be made only with the express written approval of the OCII Executive Director. Reallocations of Funds from contingency line items to other line items shall not require the consent of OCII.

(b) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, may have occurred that remains uncured as of the date of the Expenditure Request.

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower must have certified to OCII that the Project complies with the labor standards set forth in Exhibit E, Section 1, if applicable.

(d) Borrower must have complied with the following loan conditions, ii-x of which are required by the Citywide Affordable Housing Loan Committee through its approval of the Project's Loan Evaluation on November 4, 2016. Condition (i) is required and adds to the existing conditions as required by the Citywide Affordable Housing Loan Committee.

- (i) Borrower shall provide a level of AMI tiering such that a certain number of units will be available to households at no more than 40% AMI (as published by MOHCD) in order target the needs of Certificate of Preference holder households; Borrower will communicate to OCII any financial impact on the project sources and uses when determining the number of units set at 40% or below; and,
- (ii) Borrower shall comply with OCII's occupancy preferences, marketing, and lease-up policies; and,
- (iii) Borrower will attempt to maximize Affordable Housing and Sustainable Communities ("AHSC") or a similar funding program and the San Francisco Federal Home Loan Bank's Affordable Housing Program ("AHP") funds by reviewing and analyzing each program's requirements in an effort to reduce OCII's gap loan amount; and,
- (iv) Borrower will work with OCII and the Department of Homelessness and Supportive Housing to further evaluate the Services Plan and Budget as well as the annual San Francisco General Fund Local Operating Subsidy Program ("LOSP") request; and,
- (v) Borrower will continue to evaluate the adequateness of the projected operating expenses; and
- (vi) Borrower will continue to evaluate how to maximize permanent debt on the project; and,
- (vii) Prior to a gap financing request, Borrower will demonstrate an effort and specify means and methods to contain the development costs, if needed. In an effort to attain this goal the Sponsor will take an interim step to meet with OCII staff and MOHCD construction manager to review 50% Construction Documents and the commensurate cost estimate, if needed; and,
- (viii) Borrower will ensure that gap commitment request cash flow proforma debt service coverage ratio aligns with MOHCD/ OCII underwriting guidelines and developer fee policy and that permanent debt is maximized to the extent feasible; and,
- (ix) Borrower shall allow for OCII to review and approve the investor and lender selection process for the Project and must allow OCII staff and its financial advisor to communicate directly with prospective and selected lenders/investors; and,

- (x) Prior to gap financing, the commercial space will be treated in a manner consistent with the current MOCHD Commercial Space Policy; and,
- (xi) Prior to gap financing, OCII will review and approve any other sources of predevelopment funding for acceptable repayment policies.

4.6 Schedule of Performance. Borrower must perform in accordance with the Schedule of Performance (Exhibit L). The Schedule of Performance may be modified at the request of the Borrower; however, any modification to the Schedule of Performance shall be at the reasonable discretion of the OCII Executive Director.

4.7 Intentionally Omitted.

4.8 Limitations on Approved Expenditures. OCII may refuse to approve any expenditure: (a) during any period in which an event that, with notice or the passage of time or both, would constitute an Event of Default remains uncured; or (b) for disapproved, unauthorized or improperly documented expenses. OCII is not obligated to approve expenditure of the full Funding Amount unless approved Expenditure Requests support disbursement of the full Funding Amount, and in no event may the aggregate amount of all Funds disbursed to Borrower under this Agreement exceed the Funding Amount.

ARTICLE 5 INTENTIONALLY OMITTED

ARTICLE 6 INTENTIONALLY OMITTED

ARTICLE 7 INTENTIONALLY OMITTED

ARTICLE 8 INTENTIONALLY OMITTED

ARTICLE 9 GOVERNMENTAL REQUIREMENTS.

9.1 Borrower Compliance. Borrower must comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including the requirements of the CRL, Redevelopment Plan, and those Laws set forth in Exhibit E. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to Section 23.1, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings. Construction-related requirements will not apply until Borrower has acquired Control of the Site; *provided that*, construction-related requirements will apply to the Project whether or not OCII approves and provides additional financing for the Project.

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

(a) Borrower understands and agrees that it will be monitored by OCII from time to time to assure compliance with all terms and conditions in this Agreement and all Laws. Borrower acknowledges that, if and after Borrower acquires Control of the Site, OCII may also conduct periodic on-site inspections of the Project provided access to the interior of any residential unit is preceded by no less than 48 hours' prior notice. Borrower must cooperate with the monitoring by OCII and ensure full access to the Project and all information related to the Project as reasonably required by OCII.

(b) Borrower must keep and maintain books, records and other documents relating to the receipt and use of all Funds. Borrower must maintain records of all income, expenditures, assets, liabilities, contracts, operations, tenant eligibility and condition of the Project. All financial reports must be prepared and maintained in accordance with GAAP as in effect at the time of performance.

(c) Borrower must provide written notice of the replacement of: the manager, executive director, director of housing development, director of property management and/or any equivalent position of either member of the general partner or the manager of the general partner, within thirty (30) days after the effective date of such replacement.

10.2 Monthly Reporting. Borrower must submit monthly reports (the "**OCII Monthly Project Update**") describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month. The OCII Monthly Project Update must be submitted by email in substantially the form attached hereto as Exhibit M until the Project has finalized its Form 8609.

10.3 Response to Inquiries. At the request of OCII, its agents, employees or attorneys, Borrower must respond promptly and specifically to questions relating to the income, expenditures, assets, liabilities, contracts, operations and condition of the Project, the status of any mortgage encumbering the Project and any other requested information with respect to Borrower or the Project.

10.4 Delivery of Records. At the request of OCII, made through its agents, employees, officers or attorneys, Borrower must provide OCII within a reasonable period of time of no less than sixty (60) days from request therefor with copies of each of the following documents, certified in writing by Borrower to be complete and accurate:

(a) all tax returns filed with the United States Internal Revenue Service, the California Franchise Tax Board and/or the California State Board of Equalization on behalf of Borrower and any general partner or manager of Borrower;

(b) all certified financial statements of Borrower and, if applicable, its general partner or manager, the accuracy of which must be certified by an auditor satisfactory to OCII; and

(c) any other records related to Borrower's ownership structure and the use and occupancy of the Site.

10.5 Access to Other Project Books and Records. In addition to Borrower's obligations under Sections 2.4, 10.1, 10.2, and 10.3, any other obligations to provide reports or maintain records in any OCII Document, Borrower agrees that duly authorized representatives of OCII (which shall include but not be limited to MOHCD staff) will have access to and the right to inspect, copy, audit and examine all books, records and other documents Borrower is required to keep at all reasonable times, following reasonable notice, for the retention period required under Section 10.6.

10.6 Records Retention. Borrower must retain all records required for the periods required under applicable Laws.

ARTICLE 11 INTENTIONALLY OMITTED.

ARTICLE 12 INTENTIONALLY OMITTED.

ARTICLE 13 INTENTIONALLY OMITTED.

ARTICLE 14 INTENTIONALLY OMITTED.

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. OCII has approved the payment of fees in an amount not to exceed One Million Four Hundred Thousand and No/100 Dollars (\$1,400,000.00), the amount of developer fee allowable by the Department of Housing and Community Development, if AHSC funding or other HCD funds are obtained, and Two Million Four Hundred Thousand and No/100 Dollars (\$2,400,000.00) if HCD funds are not obtained to Developer for the development of the Project ("Developer Fees"). The amount available for the predevelopment period shall not exceed Six Hundred Thousand and No/100 Dollars (\$600,000.00). All Developer Fees will be paid in accordance with the Developer Fee Schedule attached hereto as Exhibit N.

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) transfers of the general partnership or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by OCII; or (b) removal of a general partner of Borrower in accordance with the terms of Borrower's limited partnership agreement. Any other transfer, assignment, encumbrance or lease without OCII's prior written consent will be voidable

and, at OCII's election, constitute an Event of Default under this Agreement. OCII's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of OCII's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS.

17.1 Borrower's Insurance. Subject to approval by OCII's Deputy Director for Finance and Administration of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in Exhibit F throughout the term of this Agreement at no expense to OCII.

ARTICLE 18 GOVERNMENTAL APPROVALS.

18.1 Compliance. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to Section 23.1, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 19 DEFAULT.

19.1 Event of Default. Any material breach by Borrower of any covenant, agreement, provision or warranty contained in this Agreement or in any of the OCII Documents that remains uncured upon the expiration of any applicable notice and cure periods contained in any OCII Document will constitute an "**Event of Default**," including the following:

- (a) Borrower fails to make any payment required under this Agreement within fifteen (15) days after the date when due; or
- (b) intentionally omitted; or
- (c) Borrower fails to perform or observe any other term, covenant or agreement contained in any OCII Document, and the failure continues for thirty (30) days after Borrower's receipt of written notice from OCII to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by OCII, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or
- (d) Any representation or warranty made by Borrower in any OCII Document proves to have been incorrect in any material respect when made; or
- (e) Borrower is in default of its obligations with respect to the Ground Lease, once executed, or any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable cure periods or

(f) Borrower is dissolved or liquidated or merged with or into any other entity; or, if Borrower is a corporation, partnership, limited liability company or trust, Borrower ceases to exist in its present form (unless otherwise approved pursuant to Article 16) and (where applicable) in good standing and duly qualified under the laws of the jurisdiction of formation and California for any period of more than ten (10) days; or, if Borrower is an individual, Borrower dies or becomes incapacitated; or all or substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under Section 16.1; or

(g) Without OCII's prior written consent as required under the terms of this Agreement, Borrower assigns or attempts to assign any rights or interest under any OCII Document, whether voluntarily or involuntarily, except as permitted under Section 16.1; or

(h) Without OCII's prior written consent, Borrower voluntarily or involuntarily assigns or attempts to sell, lease, assign, encumber or otherwise transfer all or any portion of the ownership interests in Borrower except as permitted under Article 16; or

(i) Without OCII's prior written consent, Borrower transfers, or authorizes the transfer of, funds in any Account required or authorized under this Agreement; or

(j) intentionally omitted; or

(k) Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee or similar official for Borrower or for all or any part of its property (or an appointment is made without its consent and the appointment continues undischarged and unstayed for sixty (60) days); or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to Borrower or to all or any part of its property under the laws of any jurisdiction (or a proceeding is instituted without its consent and continues undismissed and unstayed for more than sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, the improvements or any other property of Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(l) Any material adverse change that occurs in the financial condition or operations of Borrower, that has a material adverse impact on the Project such that absent intervention an Event of Default (other than under this Section 19.1(l)) is likely to occur and Borrower has not, within 90 days of the material adverse change, remedied the situation or presented to OCII a plan that in OCII's reasonable judgment is likely to remedy the situation; or

(m) intentionally omitted; or

(n) intentionally omitted; or

(o) Borrower is in default of its obligations with respect to any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable cure periods; or

(p) Borrower is in default of its obligations under any other agreement entered into with OCII or the City and County of San Francisco, including but not limited to the ENA, and the default remains uncured following the expiration of any applicable cure periods.

19.2 Remedies. During the pendency of an uncured Event of Default, OCII may exercise any right or remedy available under this Agreement or any other OCII Document or at law or in equity. All of OCII's rights and remedies following an Event of Default are cumulative, including:

(a) OCII at its option may declare the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other OCII Documents, immediately due and payable without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which Borrower expressly waives.

(b) OCII at its option may terminate all commitments to make Disbursements, or, without waiving the Event of Default, OCII may determine to make further Disbursements upon terms and conditions satisfactory to OCII in its sole discretion.

(c) OCII may perform any of Borrower's obligations in any manner, in OCII's reasonable discretion.

(d) OCII may terminate this Agreement.

(e) OCII, either directly or through an agent or court-appointed receiver, may take possession of the Project and enter into contracts and take any other action OCII deems appropriate to complete or construct all or any part of the improvements, subject to modifications and changes in the Project OCII deems appropriate.

(e) OCII may apply to any court of competent jurisdiction for specific performance, or an injunction against any violation, of this Agreement or for any other remedies or actions necessary or desirable to correct Borrower's noncompliance with this Agreement.

(f) Upon the occurrence of an Event of Default described in Section 19.1(k), the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other OCII Documents, will become due and payable automatically.

(g) All costs, expenses, charges and advances of OCII in exercising its remedies or to protect the Project will be deemed to constitute a portion of the principal balance of the Note, even if it causes the principal balance to exceed the face amount of the Note, unless Borrower reimburses OCII within ten (10) days of OCII's demand for reimbursement.

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of OCII or Borrower to the extent such causes result in enforced delays in the performance of such parties obligations hereunder: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to OCII within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

20.1 Borrower Representations and Warranties. As a further inducement for OCII to enter into this Agreement, Borrower represents and warrants as follows:

(a) The execution, delivery and performance of the OCII Documents will not contravene or constitute a default under or result in a lien upon assets of Borrower under any applicable Law, any Charter Document of Borrower or any instrument binding upon or affecting Borrower, or any contract, agreement, judgment, order, decree or other instrument binding upon or affecting Borrower.

(b) When duly executed, the OCII Documents will constitute the legal, valid and binding obligations of Borrower. Borrower hereby waives any defense to the enforcement of the OCII Documents related to alleged invalidity of the OCII Documents.

(c) No action, suit or proceeding is pending or, to the best of the Borrower's knowledge, threatened that might affect Borrower or the Project adversely in any material respect.

(d) Borrower is not in default under any agreement to which it is a party, including any lease of real property.

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with any Governmental Agency.

(f) All statements and representations made by Borrower in connection with the Loan remain true and correct as of the date of this Agreement.

(g) Borrower agrees to provide notice to OCII in accordance with Section 21.1 of the occurrence of any change or circumstance that: (a) will have an adverse effect on the physical condition or intended use of the Project; (b) causes the Loan to be out of balance; or (c)

will have a material adverse effect on Borrower's operation of the Property or ability to repay the Loan.

ARTICLE 21 NOTICES.

21.1 Written Notice. All notices required by this Agreement must be made in writing and may be communicated by personal delivery, facsimile (if followed within one (1) business day by first class mail) or by United States certified mail, postage prepaid, return receipt requested. Any notice sent by email will be accompanied by a written notice and email notices will not be effected unless accompanied by a written notice. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or five (5) days after mailing, *provided that* any notice that is received after 5 p.m. on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices must be addressed as follows:

To OCII: Office of Community Investment and Infrastructure
Successor Agency to the San Francisco Redevelopment Agency
1 South Van Ness, 5th Floor
San Francisco, CA 94103
Attn: Executive Director
Email: tiffany.bohee@sfgov.org

To OCII General Counsel: Office of Community Investment and Infrastructure
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Aaron Foxworthy
Email: aaron.foxworthy@sfgov.org

To MOHCD: Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Director

To City Attorney's Office: Deputy City Attorney
San Francisco City Attorney's Office
City Hall, Rm. 234
1 Dr. Carlton B. Goodlett Pl.
San Francisco, CA 94102-4682
Attn: Heidi J. Gewertz

To Borrower: Tenderloin Neighborhood Development Corporation
Housing Development
201 Eddy Street
San Francisco CA 94102
Attn: Chief Executive Officer
Email: dfalk@tndc.org

With a copy to:
Young Community Developers

1715 Yosemite Avenue
San Francisco CA 94124
Attn: Executive Director
Email: swalton@ycdjobs.org

With a copy to: Gubb & Barshay LLP
505 14th Street, Suite 1050
Oakland, CA 94612
Attn: Scott R. Barshay, Esq.
Email: sbarshay@gubbandbarshay.com

or any other address a party designates from time to time by written notice sent to the other party in manner set forth in this Section.

ARTICLE 22 HAZARDOUS SUBSTANCES.

22.1 Borrower's Representations. Intentionally omitted.

22.2 Covenant. Unless OCII otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower must: (a) comply with all applicable Environmental Laws relating to the Site and the Project, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; and (b) deliver to OCII notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

ARTICLE 23 INDEMNITY.

23.1 Borrower's Obligations. Borrower must Indemnify OCII, the City, and their respective officers, agents and employees (individually or collectively, an "Indemnitee") against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the OCII Documents (including those covenants set forth in Article 22 above); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) from and after the date Borrower acquires Control of the Site, injury or

death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) from and after the date Borrower acquires Control of the Site, any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements performed by Borrower or its agents; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the OCII Documents, the Loan, the Site (from and after the date Borrower acquires Control of the Site), or the Project or any transaction contemplated by, or the relationship between Borrower and OCII or Borrower and the City or any action or inaction by OCII or the City under, the OCII Documents; (f) the occurrence, from and after the date Borrower acquires Control of the Site, before the expiration of the term of this Agreement, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the termination of this Agreement, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the termination of this Agreement; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under Sections 9.1, 18.1 and 22.2; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

23.2 No Limitation. Borrower's obligations under Section 23.1 are not limited by the insurance requirements under this Agreement.

ARTICLE 24 GENERAL PROVISIONS.

24.1 Intentionally Omitted

24.2 No Third Party Beneficiaries other than City. Nothing contained in this Agreement, nor any act of OCII, may be interpreted or construed as creating the relationship of third party beneficiary, limited or general partnership, joint venture, employer and employee, or principal and agent between OCII and Borrower or Borrower's agents, employees or contractors. Notwithstanding the forgoing, OCII and Borrower hereby acknowledge and agree that as the

intended assignee of OCII's rights under the OCII Documents, the City is a third party beneficiary under the OCII Documents.

24.3 No Claims by Third Parties. Nothing contained in this Agreement creates or justifies any claim against OCII by any person or entity with respect to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Project. Borrower must include this requirement as a provision in any contracts for the development of the Project.

24.4 Entire Agreement. This Agreement and its Exhibits incorporate the terms of all agreements made by OCII and Borrower with regard to the subject matter of this Agreement. No alteration or variation of the terms of this Agreement will be valid unless made in writing and signed by the parties hereto. No oral understandings or agreements not incorporated herein will be binding on OCII or Borrower.

24.5 OCII Obligations. OCII's sole obligation under this Agreement is limited to providing the Funds as described in this Agreement, up to the Funding Amount. Under no circumstances, including breach of this Agreement, will OCII be liable to Borrower for any special or consequential damages arising out of actions or failure to act by OCII in connection with any of the OCII Documents.

24.6 Borrower Solely Responsible. Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance contemplated under this Agreement. Borrower is solely responsible for: (a) its own acts and those of its agents, employees and contractors and all matters relating to their performance, including compliance with Social Security, withholding and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees; (b) any losses or damages incurred by Borrower, any of its contractors or subcontractors and OCII and its officers, representatives, agents and employees on account of any act, error or omission of Borrower in the performance of this Agreement or any other OCII Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the OCII Documents, the delivery to OCII of documents, information or items under or in connection with any of the OCII Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any OCII Document or document required under any OCII Document.

24.7 No Inconsistent Agreements. Borrower warrants that it has not executed and will not execute any other agreement(s) with provisions materially contradictory or in opposition to the provisions of this Agreement.

24.8 Inconsistencies in OCII Documents. In the event of any conflict between the terms of this Agreement and any other OCII Document, the terms of this Agreement control unless otherwise stated; *provided, however*, that any provision in this Agreement in conflict with any Law will be interpreted subject to that Law.

24.9 Governing Law. This Agreement is governed by California law without regard to its choice of law rules.

24.10 Joint and Several Liability. If Borrower consists of more than one person or entity, each is jointly and severally liable to OCII for the faithful performance of this Agreement.

24.11 Successors. Except as otherwise limited herein, the provisions of this Agreement bind and inure to the benefit of the undersigned parties and their heirs, executors, administrators, legal representatives, successors and assigns. This provision does not relieve Borrower of its obligation under the OCII Documents to obtain OCII's prior written consent to any assignment or other transfer of Borrower's interests in the Loan, the Site or the ownership interests in Borrower.

24.12 Attorneys' Fees. If any legal action is commenced to enforce any of the terms of this Agreement or rights arising from any party's actions in connection with this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Agreement, reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter of law for which the City Attorney's services were rendered, who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. An award of attorneys' fees and costs will bear interest at the default rate under the Note from the date of the award until paid.

24.13 Severability. The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

24.14 Time. Time is of the essence in this Agreement. Whenever the date on which an action must be performed falls on a Saturday, Sunday or federal holiday, the date for performance will be deemed to be the next succeeding business day.

24.15 Further Assurances. Borrower agrees to: (a) pursue in an effective and continuous manner; (b) use best efforts to achieve; and (c) take all actions reasonably required by OCII from time to time to confirm or otherwise carry out the purpose of this Agreement.

24.16 Binding Covenants. The provisions of the OCII Documents constitute covenants running with the land and will be binding upon Borrower and Borrower's successors and assigns, and all parties having or acquiring any right, title or interest in whatever form, including leasehold interests (other than Tenants and approved commercial tenants), in or to any part of the Property, except that the same will terminate and become void automatically at the expiration of the term of this Agreement. Any attempt to transfer any right, title or interest in the Property in violation of these covenants will be void.

24.17 Consent. Except as expressly provided otherwise, whenever consent or approval of a party is required in any OCII Document, that party agrees not to withhold or delay its consent or approval unreasonably.

24.18 Counterparts. This Agreement may be executed in any number of counterparts, all of which will constitute but one agreement.

24.19 Borrower's Personnel. The Project shall be implemented only by competent personnel under the direction and supervision of Borrower.

24.20 Borrower's Board of Directors. Borrower or its managing general partner (or managing member of its managing general partner) shall at all times be governed by a legally constituted and fiscally responsible board of directors. Such board of directors shall meet regularly and maintain appropriate membership, as established in its bylaws and other governing documents, and shall adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. Said board of directors shall exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Borrower of its obligations under this Agreement.

24.21 Ownership of Results. Any interest of Borrower or any sub-borrower, in drawings, plans, specifications, studies, reports, memoranda, computation sheets, the contents of computer diskettes, or other documents or Publications prepared by or on behalf of Borrower or any sub-borrower in connection with this Agreement, the implementation of the Project, the services to be performed under this Agreement, or acquired through the use of any Loan proceeds ("**Work Product**"), is hereby pledged to OCII as security for Borrower's obligations under this Agreement and the Note, and upon an Event of Default, subject to all applicable notice and cure periods, shall become the property of and be promptly transmitted by Borrower to OCII. Notwithstanding the foregoing, Borrower may retain and use copies for reference and as documentation of its experience and capabilities.

This Agreement constitutes a security agreement under the California Uniform Commercial Code, as it may be amended from time to time, and Borrower authorizes OCII to file any financing statements OCII elects and deems necessary to perfect its security interest in the Work Product.

24.22 Works for Hire. If, in connection with this Agreement or the implementation of the Project, Borrower or any sub-borrower creates artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, source codes or any other original works of authorship or Publications, such creations shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such creations shall be the property of OCII. If it is ever determined that any such creations are not works for hire under applicable law, Borrower hereby assigns all copyrights thereto to OCII, and agrees to provide any material, execute such documents and take such other actions as may be necessary or desirable to effect such assignment. With the prior written approval of OCII, Borrower may retain and use copies of such creations for reference and as documentation of its experience and capabilities. Borrower shall use commercially reasonable efforts to obtain all releases, assignments or other agreements from sub-borrowers or other persons or entities implementing the Project to ensure that OCII obtains the rights set forth in this Section.

24.23 Recourse. OCII's recourse against Borrower following an Event of Default is limited as set forth more specifically in the Note.

24.24 Assignment. OCII and Borrower hereby acknowledge and agree that, effective upon the date of issuance of the certificate of completion, all of OCII's rights, interests and obligations under this Agreement shall be assigned to MOHCD. OCII and Borrower hereby agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Section 24.24. Upon assignment to MOHCD, all references herein to OCII shall be deemed references to MOHCD.

24.25 Exhibits. The following exhibits are attached to this Agreement and incorporated by reference:

EXHIBITS

- A Site Description
- B-1 Table of Sources and Uses of Funds
- B-2 Intentionally Omitted
- B-3 Intentionally Omitted
- C Intentionally Omitted
- D Intentionally Omitted
- E Contract Compliance Policies
- F Insurance Requirements
- G Lobbying/Debarment Certification Form
- H Intentionally Omitted
- I Intentionally Omitted
- J Intentionally Omitted
- K Intentionally Omitted
- L Schedule of Performance
- M OCII Monthly Project Update Form
- N Developer Fee Schedule
- O Assignment of Work Product
- P Consent to Assignment of Work Product
- Q Promissory Note

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at San Francisco, California as of the date first written above.

OCII:

BORROWER:

Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation

By: _____
Tiffany Bohee
Executive Director

By: _____
Donald Falk, Chief Executive Officer

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

as counsel to OCII

By: _____
Heidi J. Gewertz
Deputy City Attorney

EXHIBIT A
Site Description

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

CPN Block 10a is located in CP-03 in the Candlestick Point North area, and is a flat approximately 57,064 square foot lot. The block's frontage is as follows: 256 feet along Ingerson Avenue and an unnamed mid-block break, and 223 feet along M and Earl Streets. The Block is currently vacant.

EXHIBIT B-1

Table of Sources and Uses of Funds

Application Date: 10/21/16 **# Units:** 140
Project Name: Candlestick North Block 10A (CPN 10A) **# Bedrooms:**
Project Address: **# Beds:**
Project Sponsor: Tenderloin Neighborhood Development Corporation

SOURCES	MOHCD/OCIL	Other Sources:	Total Sources	
	3,500,000	583,388	-	-
		TNDC Equity or Loan		
				4,083,388

USES

ACQUISITION

Acquisition cost or value					0
Demolition					0
Legal/Closing costs					0
Broker's fee					0
TOTAL ACQUISITION	0	0	0	0	0

CONSTRUCTION (HARD COSTS)

Site Work

Environmental Remediation					0
Grading/Earthwork					0
Underpinning/shoring					0
Total Site Work	0	0	0	0	0
Unit Construction/Rehab	90,000				90,000
Parking					0
Landscaping					0
Overhead/Profit/Gen'l Conditions					0
TOTAL CONSTRUCTION COSTS	90,000	0	0	0	90,000

Construction Contingency					0
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SOFT COSTS

Architecture/Engineering

Design	2,245,286	206,526			
Construction Administration					
Printing	191,250				
Total Arch./Engineer. Fees	2,436,536	206,526	0	0	2,643,062

Survey & Engineering Studies

Survey	20,000				20,000
Geotechnical studies	85,000				85,000
Phase I & II Reports	60,000				60,000
Total Survey & Engineering	165,000	0	0	0	165,000

Financing Costs

Predevelopment Financing Costs

Predev. Loan Application Fee					0
Predev. Loan Interest					0
Title & Recording					0
Sub-total Predev. Financing Costs	0	0	0	0	0

Construction Financing Costs

Construction Loan Origination Fee					0
Construction Loan Interest					0
Title & Recording					0
Sub-total Const. Financing Costs	0	0	0	0	0

Permanent Financing Costs

Permanent Loan Origination Fee	5,000				5,000
Credit Enhance. & Appl. Fee					0
Title & Recording					0
Sub-total Perm. Financing Costs	5,000	0	0	0	5,000
Total Financing Costs	5,000	0	0	0	5,000

Legal Costs

Lender Legal Pd. By Applicant		20,000			20,000
Tax Credit Attorney					0
Developer Legal Counsel					0
Total Legal Costs	0	20,000	0	0	20,000

Appraisal	15,000				15,000
Property Taxes					0
Insurance					0
Relocation					0
TCAC App/Alloc/Monitor Fees	31,000				31,000
CEQA Environmental Review					0
Entitlement/Permit Fees	203,248				203,248
Marketing/Rent-up	5,000				5,000
Furnishings					0
Market Study	15,000				15,000
NEPA/106 Review					0
Miscellaneous Design and Engineering	121,000				121,000
Sub-total Soft Costs	2,996,784	226,526	0	0	3,223,310
Soft Cost Contingency		351,862			351,862
TOTAL SOFT COSTS	2,996,784	578,388	0	0	3,575,172

RESERVES

Operating Reserves					0
Replacement Reserves					0
Other (specify)					0
Other (specify)					0
Other (specify)					0
Other (specify)					0
TOTAL RESERVES	0	0	0	0	0

DEVELOPER COSTS

Developer Overhead/Profit (Fee)	233,300				233,300
Development Consultant Fees					0
Financial Consultant Fees	13,000				13,000
Construction Management Fee	60,600				60,600
Project Administration		5,000			5,000
Bond Issuance Costs/CDLAC Deposit	106,316				106,316
TOTAL DEVELOPER COSTS	413,216	5,000	0	0	418,216
Syndication Costs					0

TOTAL DEVELOPMENT COST	3,500,000	583,388	0	0	4,083,388
Development Cost/Unit	25,000	4,167	0	0	29,167

EXHIBIT B-2
Intentionally Omitted

EXHIBIT B-3
Intentionally Omitted

EXHIBIT C
Intentionally Omitted.

EXHIBIT D
Intentionally Omitted.

EXHIBIT E
Contract Compliance Policies

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

- (i) Small Business Enterprise (SBE) Policy (adopted by Resolution No. 43-2015, July 7, 2015);
- (ii) Bayview Hunters Point Employment and Contracting Policy (adopted by Resolution No. 127-2007, and as amended by the DDA);
- (iii) Prevailing Wage Policy (adopted by Resolution No. 327-1985 Nov. 12, 1985);
- (iv) Nondiscrimination in Contracts and Benefits (adopted by Resolution No. 175-1997);
- (v) Health Care Accountability Policy (adopted by Resolution No. 168-2001); and
- (vi) Minimum Compensation Policy (adopted by Resolution No. 168-2001).

Copies of the aforementioned policies are available on the OCII website at sfocii.org/index.aspx?page=126

2. Environmental Review. The Project must meet the requirements of the California Environmental Quality Act (Cal. Pub. Res. Code §§ 2100 *et seq.*) and implementing regulations.

3. Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no employee, agent, consultant, officer or official of Borrower or OCII who exercises or has exercised any function or responsibilities with respect to activities assisted by Funds, in whole or in part, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in or benefit from the activities assisted under this Agreement, or have an interest, direct or indirect, in any contract, subcontract or agreement with respect thereto, or in the proceeds thereunder either for himself/herself or for those with whom he/she has family or business ties, during his/her tenure and for one year thereafter. In order to carry out the purpose of this Section, Borrower must incorporate, or cause to be incorporated, in all contracts, subcontracts and agreements relating to activities assisted under the Agreement, a provision similar to that of this Section. Borrower will be responsible for obtaining compliance with conflict of interest provisions by the parties with whom it contracts and, in the event of a breach, Borrower must take prompt and diligent action to cause the breach to be remedied and compliance to be restored.

(b) Borrower represents that it is familiar with the provisions of Sections 1090 through 1097 and 87100 *et seq.* of the California Government Code, all of which relate to prohibited conflicts of interest in connection with government contracts. Borrower certifies that it knows of no facts that constitute a violation of any of these provisions and agrees to notify OCII immediately if Borrower at any time obtains knowledge of facts constituting a violation.

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

4. Disability Access. Borrower must comply with all applicable disability access Laws, including the Americans With Disabilities Act (42 U.S.C. §§ 1201 *et seq.*), Section 504 of the Rehabilitation Act (29 U.S.C. § 794) and the Fair Housing Amendments Act (42 U.S.C. §§ 3601 *et seq.*). Borrower is responsible for determining which disability access Laws apply to the Project, including those applicable due to the use of Funds. In addition, before occupancy of the Project, Borrower must provide to OCII a written reasonable accommodations policy that indicates how Borrower will respond to requests by disabled individuals for accommodations in Units and common areas of the Project.

5. Lead-Based Paint. Borrower must satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq.*) and implementing regulations at 24 CFR part 35. Borrower must also comply with the provisions contained in 17 CCR 350000 *et seq.*, and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

6. Relocation. Borrower must meet any applicable requirements of the California Relocation Assistance Act (Cal. Gov. Code §§ 7260 *et seq.*) and implementing regulations in Title 25, Chapter 6 of the California Administrative Code and similar Laws.

7. Non-Discrimination in OCII Contracts and Benefits Policy.

(a) Borrower May Not Discriminate. In the performance of this Agreement, Borrower agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, height, weight, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with Borrower, in any of Borrower's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by Borrower.

(b) Non-Discrimination in Benefits. Borrower does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco or where the work is being performed for OCII or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a Governmental Agency under state or local law authorizing such registration, subject to the conditions set forth in the Agency's Nondiscrimination in Contracts Policy, adopted by Agency Resolution 175-97, as amended from time to time.

8. Public Disclosure.

(a) Borrower understands and agrees that under the State Public Records Law (Cal. Gov. Code §§ 6250 *et seq.*), this Agreement and any and all records, information and materials submitted to OCII or the City hereunder are public records subject to public disclosure. Borrower hereby authorizes OCII and the City to disclose any records, information and materials submitted to OCII or the City in connection with this Agreement as required by Law.

9. Compliance with Minimum Compensation Policy and Health Care Accountability Policy. Borrower agrees, as of the date of this Agreement and during the term of this Agreement, to comply with the provisions of the Agency's Minimum Compensation Policy and Health Care Accountability Policy (the "Policies"), adopted by Agency Resolution 168-2001, as such policies may be amended from time to time. Such compliance includes providing all "Covered Employees," as defined under Section 2.7 of the Policies, a minimum level of compensation and offering health plan benefits to such employees or to make payments to the City's Department of Public Health, or to participate in a health benefits program developed by the City's Director of Health.

10. Limitations on Contributions. Through execution of this Agreement, Borrower acknowledges that it is familiar with section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the Agency for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) the Mayor or members of the Board of Supervisors, (2) a candidate for Mayor or Board of Supervisors, or (3) a committee controlled by such office holder or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Borrower acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Borrower further

acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Borrower's board of directors; Borrower's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Borrower; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Borrower. Additionally, Borrower acknowledges that Borrower must inform each of the persons described in the preceding sentence of the prohibitions contained in section 1.126.

Finally, Borrower agrees to provide to OCII the names of each member of Borrower's general partners' (or, if applicable, general partners' managing members) board of directors; Borrower's general partners' (or, if applicable, general partners' managing members) chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Borrower's general partners (or, if applicable, general partners' managing members); any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Borrower.

EXHIBIT F
Insurance Requirements

Borrower 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 Borrower, its agents, representatives, employees or subcontractors. If the Borrower maintains additional coverages and/or higher limits than the minimums shown in this Article 10, OCII requires and shall be entitled to the additional coverage and/or the higher limits maintained by the Borrower.

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 Borrower's profession covering all negligent acts, errors and omissions.

C. Minimum Limits of Insurance. Borrower must maintain limits no less than:

- (1) General Liability:
 - a. For contracts not involving demolition or construction, or during phases of contracts prior to demolition or construction: \$2,000,000 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 (\$4,000,000). Applicable Umbrella or Excess Liability limits may be used to meet the terms of this paragraph.
 - b. For contracts involving demolition or construction or during phases involving demolition or construction: \$5,000,000 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 (\$10,000,000). Applicable Umbrella or Excess Liability limits may be used to meet the terms of this paragraph.
- (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 Borrower has employees).

- (4) Professional Liability Insurance: \$2,000,000 per claim and in the annual aggregate. If the Borrower's Professional Liability Insurance is "claims made" coverage, these minimum limits shall be maintained by the Borrower for no less than five (5) 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 OCII. At the option of OCII, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees; or Borrower shall provide a financial guarantee satisfactory to OCII guaranteeing payment of losses and related investigations, claim administration and defense expenses.

E. Other Insurance Provisions. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

- (1) The "Office of Community Investment and Infrastructure/Successor Agency to the Redevelopment Agency of the City and County of San Francisco, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees" 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 Borrower; and liability arising out of work or operations performed by or on behalf of the Borrower.
- (2) For any claims related to this Contract, the Borrower's insurance coverage must be primary insurance as respects to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents, and employees. Any insurance or self-insurance maintained by OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents or employees shall be in excess of Borrower's insurance and shall not contribute with it.
- (3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents or employees.
- (4) Each insurance policy required by this clause must be endorsed to state that coverage will not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to OCII.
- (5) Borrower hereby grants to OCII a waiver of any right to subrogation which any insurer of said Borrower may acquire against OCII by virtue of the payment of any loss under such insurance. Borrower agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not OCII has received a waiver of subrogation endorsement from the insurer.
- (6) If any of the required policies provide coverage on a claims-made basis:
 - a. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.

- b. Insurance must be maintained and evidence of insurance must be provided for at least five years after completion of the contract of work.
- c. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Borrower must purchase “extended reporting” coverage for a minimum of five years after completion of contract work.

F. Acceptability of Insurers. Insurance is to be placed with insurers with a current A. M. Best's rating of no less than A:VII, unless otherwise approved by OCII's Risk Manager.

G. Verification of Coverage. Borrower must furnish OCII 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 OCII. All certificates and endorsements are to be received and approved by OCII before work commences. OCII reserves the right to require complete, certified copies of all required insurance policies, including endorsements demonstrating the coverage required by these specifications at any time.

H. Subcontractors. Borrower 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.

EXHIBIT G
Lobbying/Debarment Certification Form

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

This lobbying certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed under Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for such failure.

3. Neither the undersigned nor its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. The undersigned will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities and will obtain the certification of each contractor or subcontractor whose bid is accepted that such contractor or subcontractor is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities.

By: Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation

By: _____
Name: Donald Falk
Title: Executive Director

EXHIBIT H
Intentionally Omitted.

EXHIBIT I
Intentionally Omitted

EXHIBIT J
Intentionally Omitted

EXHIBIT K
Intentionally Omitted

EXHIBIT L
Schedule of Performance

	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)		
	Acquisition/Predev Financing Commitment	<u>11/4/16</u>	<u>TBD</u>
2.	Site Acquisition	<u>N/A</u>	<u>N/A</u>
3.	Development Team Selection		
a.	Architect	<u>3/1/2016</u> (completed)	<u>TBD</u>
b.	General Contractor	<u>2/1/2017</u>	<u>TBD</u>
c.	Owner's Representative	<u>2/1/2017</u>	<u>TBD</u>
d.	Property Manager	<u>3/1/2016</u> (completed)	<u>TBD</u>
e.	Service Provider	<u>3/1/2016</u> (completed)	<u>TBD</u>
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>3/17/17</u> (OCII Commission approval 5/24/17)	<u>TBD</u>
b.	Submittal of Design Development & Cost Estimate	<u>10/1/2017</u>	<u>TBD</u>
c.	Submittal of 50% CD Set & Cost Estimate	<u>3/1/2018</u>	<u>TBD</u>
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>6/1/2018</u>	<u>TBD</u>
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	<u>N/A</u>	<u>TBD</u>
b.	NEPA Environ Review Submission	<u>N/A</u>	<u>TBD</u>
c.	CUP/PUD/Variances Submission	<u>N/A</u>	<u>TBD</u>
6.	Permits		
a.	Building / Site Permit Application Submitted	<u>6/1/2017</u>	<u>TBD</u>
b.	Addendum #1 Submitted	<u>6/1/2018</u>	<u>TBD</u>
c.	Addendum #2 Submitted	<u>6/15/2018</u>	<u>TBD</u>

7.	Request for Bids Issued	<u>9/1/2018</u>	<u>TBD</u>
8.	Service Plan Submission		
a.	Preliminary	<u>4/1/2019</u>	<u>TBD</u>
b.	Interim	<u>4/1/2019</u>	<u>TBD</u>
c.	Update	<u>N/A</u>	
9.	Additional OCII Financing		
a.	Predevelopment Financing Application #2	<u>N/A</u>	
b.	Gap Financing Application	<u>July 2018</u>	<u>TBD</u>
10.	Other Financing		
a.	AHSC Application	<u>2018 (TBD)</u>	<u>TBD</u>
b.	Construction Financing RFP	<u>March 2018</u>	<u>TBD</u>
c.	AHP Application	<u>March 2017</u>	<u>TBD</u>
d.	CDLAC Application	<u>March 2018</u>	<u>TBD</u>
e.	TCAC Application	<u>March 2018</u>	<u>TBD</u>
f.	HUD 202 or 811 Application	<u>N/A</u>	
g.	Other Financing Application	<u>N/A</u>	
h.	Select Tax Credit Investor	<u>9/1/18</u>	<u>TBD</u>
11.	Closing		
a.	Construction Closing	<u>1/15/19</u>	<u>TBD</u>
b.	Permanent Financing Closing	<u>8/1/2021</u>	<u>TBD</u>
12.	Construction		
a.	Notice to Proceed	<u>1/15/2019</u>	<u>TBD</u>
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>1/15/2021</u>	<u>TBD</u>
13.	Marketing/Rent-up		
a.	Early Outreach Plan Submission	<u>2/15/19</u>	<u>TBD</u>
b.	Marketing Plan Submission	<u>August 2020</u>	<u>TBD</u>
c.	Commence Marketing	<u>October 2020</u>	<u>TBD</u>
d.	95% Occupancy	<u>4/15/2021</u>	<u>TBD</u>
14.	Cost Certification/8609	<u>4/1/2022</u>	<u>TBD</u>
15.	Close Out MOH/OCII Loan(s)	<u>8/1/2021</u>	<u>TBD</u>

EXHIBIT M
OCII Monthly Project Update Form

Any changes in the scope, cost, schedule or financing plan? (Attach updated budget and/or schedule, if any, that have occurred since prior month.)

Significant milestones reached during the past month, and any planned to be reached during the coming month. Also include any projected milestones not reached during the last month and the reasons why. (Depending on the phase of the project, please cover efforts to obtain additional financing, relocation, planning, service planning, marketing and rent-up, etc., as applicable for the project.)

FOR OCII STAFF ONLY

Major issues, delays, etc.:

Items for discussion with Director:

EXHIBIT N

Developer Fee Schedule

Cash Developer Fee Disbursement Schedule		
Payment Milestone	% of Project Mgmt Fee	Amount
At Acquisition or closing of preconstruction financing	15%	\$180,000
During Predevelopment:		
Funding application to SF FHLB for AHP Program	5%	\$70,000
Submittal of schematic design & cost estimate	5%	\$70,000
Funding application to HCD for AHSC Program other other comparable funding	5%	\$70,000
Building/site permit application submitted	5%	\$70,000
Submittal of 50% CD set and cost estimate	5%	\$70,000
Selection of tax credit investor	5%	<u>\$70,000</u>
Total during or at end of Predevelopment	35%	<u>\$420,000</u>
During or at End of Construction	35%	\$420,000
At Project Close Out	15%	\$180,000
At Risk		<u>\$200,000</u>
Total Developer Fee	100%	<u>\$1,400,000</u>

*HCD restricts developer fee for AHSC program to the maximum fee allowed in basis for a 9% LIHTC deal, or \$1.4M total. MOHCD's underwriting guidelines stipulate that 50% of the maximum fee must be held back for potential cost overruns that exceed the available contingency funds in the final project budget approved by MOHCD/OCII. However, when outside funding sources limit the Maximum Fee to a value less than MOHCD's standard, the At-Risk Fee shall be capped at \$200,000 or 20% of the Maximum Fee, whichever is less. Hence the Sponsor will earn a Project Management fee of \$1,200,000 and the remaining \$200K will be held back as at-risk fee.

Recent OCII and MOHCD projects that have received HCD funding and have had ground floor commercial space have also been able to include a commercial

development fee representing 15% of the cost to build the commercial shell. This would equate to over \$300,000 in additional fee to be released once the tax credit cost certification is completed. However, any commercial developer fee must comply with MOCHD's Commercial Space and Developer Fee policies.

If the project does not receive HCD funding, the total developer fee would represent the MOHCD/OCII maximum of \$2,000,000 plus \$10,000 per unit in excess of 100 units, or in CP10a's case, an additional \$400,000 for a total of \$2,400,000. Half of that fee would be retained until construction completion as "at-risk."

EXHIBIT O ASSIGNMENT OF WORK PRODUCT

Assignment of Architects and Engineers Agreement Plans and Specifications

FOR VALUE RECEIVED, Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation (“Borrower”) does hereby sell, assign, pledge, transfer and set over to the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, organized and existing under the laws of the State of California, (“Agency”) all of its rights, title and interest in and to that certain architect’s agreement (“Agreement”) entered into by and between Borrower and Herman Coliver Locus Architects and any other contracts entered into between Borrower and any licensed design profession or engineer (“Architect” or “Engineer”), and those certain Plans and Specifications and all amendments, modifications, supplements, general conditions and addenda thereto (“Plans”) prepared by the Architects and Engineers for the account of Borrower in connection with the development of 140 units of affordable rental housing at Candlestick Point North Block 10a, on Lot 35 of that certain Final Transfer Map No. 7879-8583, recorded on August 16, 2016 and filed on pages 73-74 in Book GG of the County’s Survey Maps (“Project”). The Agreement and the Plans are assigned as collateral security for certain indebtedness of Borrower to Agency evidenced by that certain Promissory Note of even date herewith in the principal amount of \$3,500,000.00.

Borrower and Architect or Engineer, by executing the Consent to this assignment, agree that Agency does not assume any of Borrower’s obligations or duties concerning the Agreement and the Plans, including, but not limited to, the obligation to pay for the preparation of the Agreement and the Plans, until and unless Agency shall exercise its right hereunder.

Borrower hereby irrevocably constitutes and appoints Agency as its attorney-in-fact to demand, receive, and enforce Borrower’s rights with respect to the Agreement and the Plans, to give appropriate receipts, releases and satisfactions for and on behalf of Borrower and to do any and all acts in the name of Borrower or in the name of Agency with the same force and effect as Borrower could do if this Assignment had not been made.

Borrower hereby represents and warrants to Agency that no previous assignment of its interest in the Agreement and the Plans has been made, and Borrower agrees not to assign, sell, pledge, transfer, mortgage or otherwise encumber its interest in the Agreement and the Plans so long as this Assignment is in effect.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, or successors in interest of the Borrower and Agency.

(document continues on following page)

IN WITNESS WHEREOF, Borrower has caused this Assignment to be executed
on _____, 2016.

BORROWER:

Tenderloin Neighborhood Development Corporation, a
California nonprofit public benefit corporation manager

By: _____
Donald Falk, Chief Executive Officer

EXHIBIT P CONSENT TO ASSIGNMENT OF WORK PRODUCT

Consent to Assignment

FOR VALUE RECEIVED, Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, (“Borrower”) does hereby sell, assign, pledge, transfer and set over to the Successor Agency to the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, organized and existing under the laws of the State of California, (“Agency”) all of its rights, title and interest in and to that certain architect’s agreement (“Agreement”) entered into by and between Borrower and Herman Coliver Locus Architects (“Architect/Engineer”) and those certain Plans and Specifications and all amendments, modifications, supplements, general conditions and addenda thereto (“Plans”) prepared by the Architect/Engineer and others for the account of Borrower in connection with the development of 140 units of affordable rental housing at Candlestick Point North Block 10a, on Lot 35 of that certain Final Transfer Map No. 7879-8583, recorded on August 16, 2016 and filed on pages 73-74 in Book GG of the County’s Survey Maps (“Project”). The Agreement and the Plans are assigned as collateral security for certain indebtedness of Borrower to Agency evidenced by that certain Promissory Note of even date herewith in the principal amounts of \$3,500,000.00.

The undersigned has prepared the Plans, hereby consents to the above Assignment and represents that he/she has received payment in full for services rendered to date for the Plans and accordingly hereby waives his/her lien rights, if any, for services rendered to date with respect to the Plans. The undersigned also agrees that in the event of a breach by Borrower of any of the terms and conditions of the Agreement or any other agreement entered into with the undersigned in connection with the Plans, that so long as Borrower’s interest in the Plans is assigned to Agency, it will give written notice to Agency of such breach. Agency shall have sixty (60) days from the receipt of such notice of default to remedy or cure said default; however, nothing herein shall require the Agency to cure said default, but only gives it the option to do so.

The undersigned also agrees that in the event of default by Borrower under any of the documents or instruments entered into in connection with said Note, the undersigned, at Agency’s request, shall continue performance under the Agreement in accordance with the terms hereof, provided that the undersigned shall be reimbursed in accordance with the Agreement for all services rendered on Agency’s behalf including all services rendered on Borrower’s behalf.

Dated: _____, 2016

ARCHITECT:

Herman Coliver Locus Architects

By: _____

Name: _____

Title: _____

(signatures continue on following page)

ENGINEER:

By: _____

Name: _____

Title: _____

EXHIBIT Q
Promissory Note

PROMISSORY NOTE

Principal Amount: \$3,500,000

San Francisco, CA

Date: December 6, 2016

FOR VALUE RECEIVED, the undersigned, TENDERLOIN NEIGHBORHOOD DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation ("Maker"), hereby promises to pay to the order of the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, hereafter referred to as the Office of Community Investment and Infrastructure, a public body, organized and existing under the laws of the State of California ("OCII", including any successors or assigns), or holder (as the case may be, "Holder"), the principal sum of Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000.00)(the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, together with interest thereon, as provided in this Note.

1. Agreement. This Secured Promissory Note ("Note") is given under the terms of a Loan Agreement by and between Maker and Holder (the "Agreement") dated as of the date set forth above, which Agreement is incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

2. Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of three percent (3%) per annum, simple interest, from the date of disbursement of funds by Holder through the date of full payment of all amounts owing under the OCII Documents. If a Construction/Permanent Loan for the Project from OCII is subsequently approved by OCII Commission the parties acknowledge that the Borrower may request and OCII may approve a reduced interest rate in order to maintain Project feasibility.

3. Default Interest Rate. Upon the occurrence of an Event of Default under any OCII Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date on which Maker receives written notice from Holder of the Event of Default through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the OCII Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any OCII Document.

4. Repayment of Funding Amount. Maker must repay all amounts owing under the OCII Documents in accordance with Section 3.1 of the Agreement.

All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the Maturity Date, as such term is defined in the Agreement. Any Payment Date, including the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

If this Note becomes due and payable, and provided no Event of Default under any of the OCII Documents is then continuing, the Maker may satisfy this Note in full by either (i) making payment in full; or (ii) delivering to the Holder all of the following: (x) the Work Product, as such term is defined in the Agreement, (y) an absolute and unconditional assignment to the Holder of all of Maker's right, title and interest in and to said Work Product; and (z) the written consent to such assignment of any architect, engineer or other person or firm that has any right, title or interest in or to the Work Product, to the extent Maker is able to obtain such consent using commercially reasonable efforts.

5. Security. Maker's obligations under this Note are secured by, the pledge of Work Product given in the Assignment of Work Product.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 Subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, or exercise of Holder's rights under the Assignment of Work Product, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, *provided, however*, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the OCII Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover from Maker sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including

Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

6.6 This Note may be prepaid in whole or in part at any time, and from time to time, without penalty provided that notice is given to Holder no later than ninety (90) days prior to prepayment.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Loan subject to all applicable notice and cure rights.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the OCII Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

"MAKER"

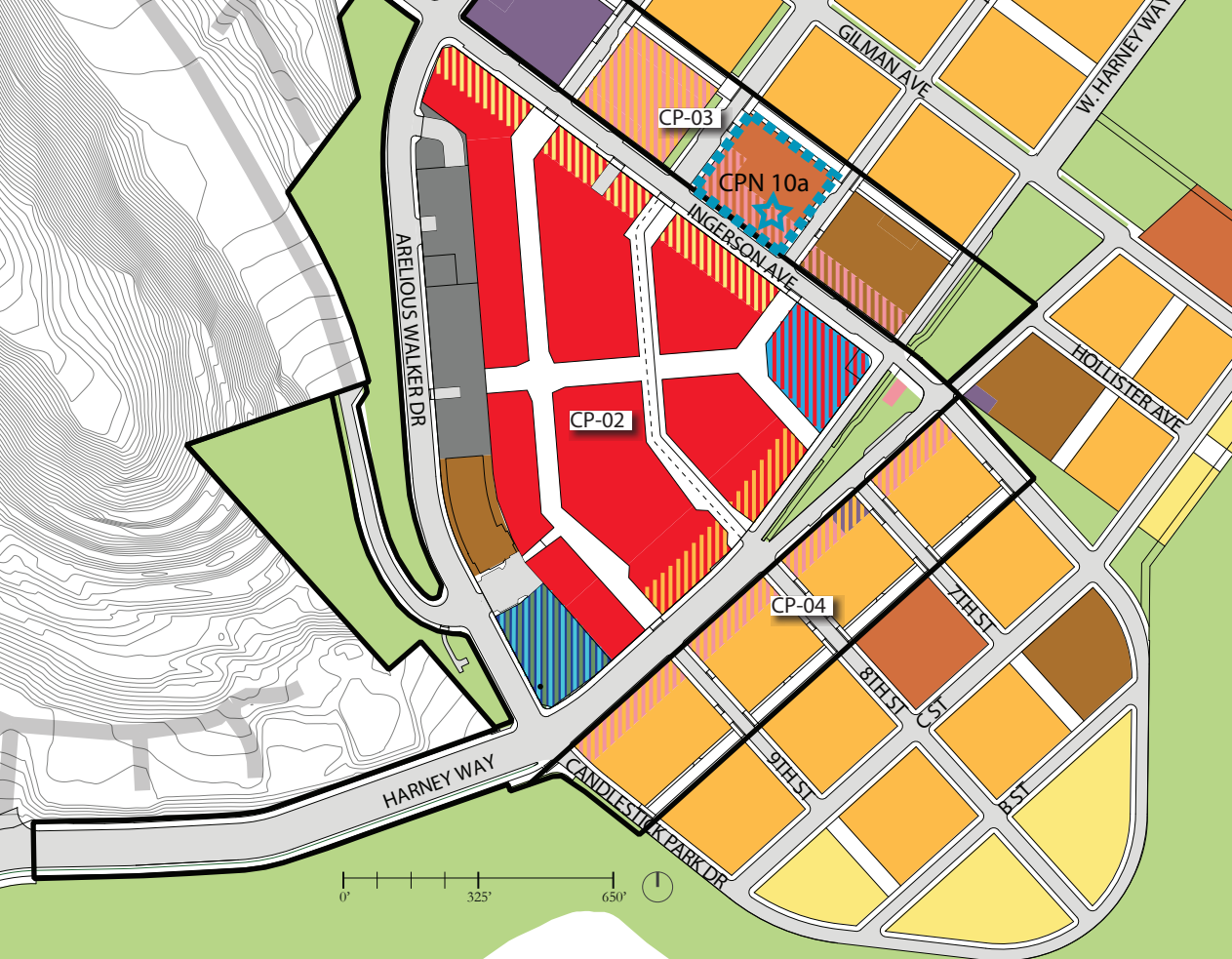
Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation

By: _____














Name: Donald Falk

Title: Chief Executive Officer

Attachment 5 Location Map



Legend

- | | | | |
|--|--|---|--------------------|
|  | Residential Density I (15-75 units per acre) |  | Hotel |
|  | Residential Density II (50-125 units per acre) |  | Office |
|  | Residential Density III (100-175 units per acre) |  | Parking |
|  | Residential Density IV (175-285 units per acre) |  | Community Use |
|  | Regional Retail |  | Parks & Open Space |
|  | Neighborhood Retail |  | Sub-Phase Boundary |
|  | Performance Venue/Film Arts Center | | |