

ATTACHMENT H-1

Tax Allocation Agreement

[ATTACHED]

**TAX INCREMENT ALLOCATION PLEDGE AGREEMENT
(CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD)**

This TAX INCREMENT ALLOCATION PLEDGE AGREEMENT (CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD) (as amended from time to time, this “**Agreement**”) dated for reference purposes as of June 3, 2010 (the “**Reference Date**”) is between the CITY AND COUNTY OF SAN FRANCISCO, a charter city and county (the “**City**”), and the REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic, of the State of California (together with any successor public agency, the “**Agency**”), in reference to the Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) dated for reference purposes as of June 3, 2010, by and between the Agency and CP DEVELOPMENT CO., LP, a Delaware limited partnership (together with its successors, “**Developer**”) (including all attached and incorporated exhibits and as amended from time to time, the “**DDA**”). Capitalized terms used but not otherwise defined in this Agreement shall have the meanings for such terms set forth in the DDA.

RECITALS

A. In accordance with the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq.) (the “**CCRL**”), the City approved: (1) the Hunters Point Shipyard Redevelopment Plan by Ordinance No. 285-97, adopted by the Board of Supervisors of the City and County of San Francisco (the “**Board of Supervisors**”) on July 14, 1997; and (2) an amendment to the Hunters Point Shipyard Redevelopment Plan by Ordinance No. 211-10, adopted August 3, 2010, providing for the Project (the “**Shipyard Plan Amendment**”) (the Hunters Point Shipyard Redevelopment Plan, as amended by the Shipyard Plan Amendment and as amended from time to time to the extent permitted under the DDA, the “**Shipyard Redevelopment Plan**”). The Shipyard Redevelopment Plan provides for the redevelopment, rehabilitation, reuse, and revitalization of the former Hunters Point Naval Shipyard consisting of approximately 1,120 acres along the southeastern waterfront of San Francisco, as described in the Shipyard Redevelopment Plan (the “**Shipyard Redevelopment Plan Area**”). The Shipyard Redevelopment Plan Area includes Parcels A through G.

B. The City also approved, in accordance with the CCRL: (1) the Hunters Point Redevelopment Plan by Ordinance No. 25-69, adopted January 20, 1969; (2) an amendment to the Hunters Point Redevelopment Plan by Ordinance No. 280-70, adopted August 24, 1970; (3) an amendment to the Hunters Point Redevelopment Plan by Ordinance No. 475-86, adopted December 1, 1986; (4) an amendment to the Hunters Point Redevelopment Plan by Ordinance No. 417-94, adopted December 12, 1994; (5) an amendment to the Hunters Point Redevelopment Plan by Ordinance No. 113-06, adopted June 1, 2006 (the “**BVHP Adoption Date**”), under which the Hunters Point Redevelopment Plan: (i) was renamed the Bayview Hunters Point Redevelopment Plan; (ii) the redevelopment project area was enlarged to add Project Area B (as defined in the BVHP Redevelopment Plan); and (iii) the financing plan for redevelopment was amended to provide for tax increment financing for Project Area B; and (6) an amendment to the Bayview Hunters Point Redevelopment Plan (the “**BVHP Plan Amendment**”) by Ordinance No. 210-10, adopted August 3, 2010, under which Project Area B was split into two zones: Zone 1 corresponding to the Candlestick Point Activity Node, including the Alice Griffith Site, and

Zone 2 consisting of the remainder of Project Area B (the Bayview Hunters Point Redevelopment Plan, as amended by the BVHP Plan Amendment and as amended from time to time to the extent permitted under the DDA, the “**BVHP Redevelopment Plan**”). The BVHP Redevelopment Plan provides for the redevelopment, rehabilitation, and revitalization of approximately 1,360 acres in the southeastern area of San Francisco north and west of the Shipyard Redevelopment Plan Area, as described in the BVHP Redevelopment Plan (the “**BVHP Redevelopment Plan Area**”).

C. San Francisco voters passed Proposition G on June 3, 2008. Consistent with Proposition G:

1. City policy encourages a mixed-use development of the Project Site, which includes the Candlestick Site and the Shipyard Site. At full build-out, this development is anticipated to include: over 300 acres of public park and open space improvements; 10,500 homes for sale or rent; 885,000 square feet of retail uses; about 2,650,000 square feet of green office, science and technology, and research and development uses; a 150,000 square foot hotel; a 10,000 seat arena or other public performance site; a 300 slip marina; a site in the Shipyard Site for a new stadium if the 49ers and the City timely determine that the stadium is feasible; and up to 2,500,000 square feet of additional green office, science and technology, research and development, and industrial uses if the stadium is not built.

2. City policy mandates that the Project: produce tangible community benefits for BVHP and the City; reconnect the Project Site with BVHP and protect BVHP’s character for existing residents; produce substantial new affordable and market-rate rental and for-sale housing and encourage rebuilding Alice Griffith; incorporate environmental sustainability; encourage the 49ers to remain in San Francisco by providing a new stadium site and supporting infrastructure; and require the project to be financially sound, all with or without a new stadium.

3. Under City Charter section 4.113, the voters authorized the City to transfer for non-recreational use any park land under Recreation and Park Commission jurisdiction within the Candlestick Site free of any park or recreational use restrictions if: the City’s approval is conditioned on a binding obligation to create new public park or public open space areas in the Project Site at least equal in size to the transferred park land; and the Board of Supervisors finds that the proposed new public park or public open space areas are suitable and will be dedicated for those purposes and that the transfer will further the objectives for the Project as set forth in Proposition G.

4. The City, the Agency, and other public agencies with jurisdiction over aspects of the Project are to proceed as expeditiously as possible to implement Proposition G and take actions such as adopting land use controls for the Project Site consistent with Proposition G’s objectives, subject to public review processes outlined in Proposition G. Finally, by adopting Proposition G, the voters “encourage the Board of Supervisors and other public agencies with applicable jurisdiction to approve such final development plans at the conclusion of the review process . . . so long as the Board of Supervisors and the Mayor then determine that such plans are generally consistent with [Proposition G’s] objectives”, even if the final development plan for and boundaries of the Project Site are materially different from those

identified in Proposition G due to variables such as market changes, economic feasibility, and the 49ers' decision regarding a stadium.

D. The Shipyard Redevelopment Plan authorizes the Agency to use tax increment funds from the Shipyard Redevelopment Plan Area to finance the redevelopment of the Shipyard Redevelopment Plan Area, including the issuance of tax allocation debt secured by a pledge of property tax increments from the Shipyard Redevelopment Plan Area, subject to the Shipyard Redevelopment Plan's time limits on incurring indebtedness. The Shipyard Redevelopment Plan limits the amount of bonded indebtedness of the Agency to be repaid from an allocation of tax increments under the CCRL from the Shipyard Redevelopment Plan Area that can be outstanding at one time to \$900 million in the aggregate. Under the Shipyard Redevelopment Plan, the Agency may not pay indebtedness or receive tax increments from the Shipyard Redevelopment Plan Area after forty five (45) years from the date the Agency begins collecting a total allocation of tax increment funds exceeding one hundred thousand dollars (\$100,000), unless such date is extended pursuant to an amendment to the Shipyard Redevelopment Plan.

E. The BVHP Redevelopment Plan authorizes the Agency to use tax increment funds from the BVHP Redevelopment Plan Area to finance the redevelopment of the BVHP Redevelopment Plan Area, including the issuance of tax allocation debt secured by a pledge of property tax increments from the BVHP Redevelopment Plan Area, subject to the BVHP Redevelopment Plan's time limits on incurring indebtedness. The BVHP Redevelopment Plan limits the amount of bonded indebtedness of the Agency to be repaid from an allocation of tax increments under the CCRL from Zone 1 of the BVHP Redevelopment Plan Area that can be outstanding at one time to \$820 million in the aggregate. Under the BVHP Redevelopment Plan, the Agency may not pay indebtedness or receive tax increments from the BVHP Redevelopment Plan Area after June 1, 2051, which is the date that is forty five (45) years after the BVHP Adoption Date, unless such date is extended pursuant to an amendment to the BVHP Redevelopment Plan.

F. The City and the Agency have made findings pursuant to CCRL sections 33445 and 33445.1 authorizing the payment of costs for the installation and construction of Infrastructure and Improvements relating to the Project to be acquired by the City or other public agencies.

G. In order to facilitate the implementation of the Project, the Agency and Developer entered into the DDA. Attached to the DDA is the Financing Plan under which the Agency has incurred certain executory financial obligations, including the obligation to pledge Net Available Increment for the purposes of the Financing Plan. The Shipyard Redevelopment Plan, the BVHP Redevelopment Plan, and their implementing documents, including the DDA, and related ordinances and regulations, are referred to in this Agreement collectively as the "**Plan Documents**". The Agency and Developer are also entering into the Acquisition and Reimbursement Agreement setting forth the procedures by which Developer will be reimbursed for Qualified Project Costs and Authorized Payments from the Funding Sources.

H. The redevelopment of the Project Site in accordance with the Plan Documents affords numerous public benefits for the City and its residents, which include: eliminating blighting influences from and revitalizing the blighted Project Site; constructing substantial new

rental and for-sale affordable and market-rate housing; creating publicly accessible open space and new, enhanced public access to the waterfront; and generating new jobs, including employment opportunities for economically disadvantaged individuals.

I. In accordance with the Financing Plan, the Agency will establish CFDs for the Project Site. The CFDs, through the Agency, will levy special taxes and issue CFD Bonds to finance the acquisition of Infrastructure and other Improvements as described in the Financing Plan before and after development in the Project Site will generate tax increment. In addition to CFD financing, tax increment from the Project Site and Tax Allocation Debt and Supplemental Obligation Financing secured by such tax increment will be used to pay or otherwise directly reimburse Qualified Project Costs. The Financing Plan establishes Funding Goals for Public Financing under the Financing Plan and describes the general terms and conditions under which the Agency will issue CFD Bonds, Tax Allocation Debt, Supplemental Obligation Financing, and Alternative Financing.

J. Except as provided in the Financing Plan, no tax increment revenues generated outside the Project Site will be made available for the Project. Also, Developer agrees in the Financing Plan to pay certain shortfalls in the available tax increment after Tax Allocation Debt is issued by the Agency to finance Infrastructure and other Improvements. This payment obligation applies to a decrease in tax increment caused by Developer's initiation of a reassessment of property owned by Developer in the Project Site. Developer's payment obligation for any such shortfalls will terminate upon the occurrence of certain conditions described in the Financing Plan.

K. The CCRL requires the Agency to set aside at least twenty percent (20%) of the tax increment it receives to increase, improve, and preserve the City's supply of housing for persons and families of very low-, low-, or moderate income (the "**Low and Moderate Income Housing Fund**"). Attached to the DDA is the Below-Market Rate Housing Plan. The Agency and the City intend to reserve and dedicate Housing Increment as provided in the Below-Market Rate Housing Plan and the Financing Plan and consistent with Proposition G.

L. The Agency has committed to spend Excess Increment, if any, as provided in the Financing Plan. The Agency's use of Housing Increment and Excess Increment from the Project Site, as well as funds in the Low and Moderate Income Housing Fund from outside of the Project Site, to the extent required, is essential for: (1) developing the Agency Affordable Units in the Project Site; (2) the Agency's compliance with the CCRL requirement that at least fifteen percent (15%) of the new and rehabilitated housing units in the Shipyard Redevelopment Plan Area and BVHP Redevelopment Plan Area be affordable; and (3) achieving the DDA objectives for Affordable Units as more particularly described in the Below-Market Rate Housing Plan.

M. To promote development in accordance with objectives and purposes of the Shipyard Redevelopment Plan, the BVHP Redevelopment Plan, Proposition G and the DDA, the City and the Agency are entering into that certain Interagency Cooperation Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) to provide for their cooperation in administering the control and approval of subdivisions, and all other applicable land use, development, construction, improvement, infrastructure, occupancy, and use requirements applicable to the Project.

N. To create a reliable source of funds to pay all of the Agency's contractual obligations under the Financing Plan, the Parties now wish to: (1) agree to pledge irrevocably Net Available Increment to finance or refinance Qualified Project Costs; and (2) authorize and approve the Agency's incurrence of bonded indebtedness for these purposes, all on the terms and conditions further set forth below.

AGREEMENT

ACCORDINGLY, in consideration of the matters described in the foregoing recitals, the covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the City and the Agency agree as follows:

1. PURPOSE

The purpose of this Agreement is to facilitate the implementation of the Project in accordance with the Shipyard Redevelopment Plan, the BVHP Redevelopment Plan, Proposition G, the DDA and the other Plan Documents. The City and the Agency agree that: (a) the development of the Project in accordance with the DDA is in the best interests of the City and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state, and local laws; and (b) Developer is entitled to rely on this Agreement, receive the benefits of this Agreement for the Project and enforce any provision of this Agreement against any Party, but neither the Agency nor the City will be liable to Developer or any Transferee for damages under this Agreement, as provided in Section 9.2. The Parties intend that all Net Available Increment generated in the Project Site shall be irrevocably pledged to finance or refinance Qualified Project Costs, all in accordance with the terms and conditions of the Financing Plan.

2. PLEDGE OF NET AVAILABLE INCREMENT FOR INFRASTRUCTURE

In accordance with the CCRL, the City recognizes and approves the incurrence of indebtedness by the Agency under the Financing Plan for the purpose of financing or refinancing, in whole or in part, the Qualified Project Costs in accordance with the terms and conditions of the Financing Plan. The City agrees that all Net Available Increment and any interest earnings thereon shall be irrevocably pledged by the Agency, as a first pledge where applicable, for the payment of the Project Indebtedness of the Agency. Net Available Increment excludes: (a) Housing Increment; (b) payments to taxing agencies required under the CCRL; (c) debt service on Existing Indebtedness secured by or payable from tax increment generated in the BVHP Redevelopment Plan Area; and (d) the Mandated Payment Pro-Rata Portion that is attributable to the Project Site. The City and the Agency hereby determine and agree that Net Available Increment is being pledged to the payment of Project Indebtedness that has been incurred for "redevelopment activity" pursuant to section 33678 of the CCRL.

3. AUTHORIZATION OF AGENCY INDEBTEDNESS

3.1 Shipyard Indebtedness. The City authorizes and approves the Agency to:

(a) incur indebtedness (including Tax Allocation Debt and Supplemental Obligation Financing) to finance or refinance Qualified Shipyard Project Costs (the “**Shipyard Indebtedness**”);

(b) pledge irrevocably all Net Available Increment produced from the Shipyard Redevelopment Plan Area, plus any accrued interest earnings, to pay the Shipyard Indebtedness; and

(c) pledge irrevocably all Housing Increment generated in the Shipyard Redevelopment Plan Area, plus any accrued interest earnings, to finance or refinance development permitted under section 33334.2 of the CCRL.

3.2 BVHP Indebtedness. The City authorizes and approves the Agency to:

(a) incur indebtedness (including Tax Allocation Debt and Supplemental Obligation Financing) to finance or refinance Qualified Candlestick Project Costs (the “**BVHP Indebtedness**”, and together with the Shipyard Indebtedness, the “**Project Indebtedness**”);

(b) pledge irrevocably all Net Available Increment produced from Zone 1 of the BVHP Redevelopment Plan Area, plus any accrued interest earnings, to pay the BVHP Indebtedness; and

(c) pledge irrevocably all Housing Increment generated in the BVHP Redevelopment Plan Area, plus any accrued interest earnings, to finance or refinance development permitted under section 33334.2 of the CCRL.

3.3 Cooperation.

(a) The City agrees to aid the Agency, and the City and the Agency agree to cooperate with one another, to expeditiously implement the Project in accordance with the Plan Documents and undertake and complete all actions or proceedings reasonably necessary or appropriate to ensure that the objectives of the Plan Documents are fulfilled during the term of this Agreement; including making appropriate additional findings pursuant to sections 33445, 33445.1, and 33678 of the CCRL as necessary to fulfill the objectives of the Plan Documents.

(b) City actions and proceedings subject to this Agreement shall be through the Mayor or his or her designee and shall include:

(i) taking actions necessary to obtain the Board of Supervisors’ approval of the Agency’s budget and to allocate Net Available Increment and Housing Increment to the extent required to fulfill the terms of this Agreement and the DDA (including the Financing Plan);

(ii) upon the written request of the Agency, using the City’s good faith efforts to implement, or assist the Agency in the implementation of, any Supplemental Obligation Financing or Alternative Financing, provided that the City shall not be obligated to implement any Supplemental Obligation Financing or Alternative Financing that is not consistent with the Funding Goals; and

(iii) upon the written request of the Agency in compliance with and under CCRL Section 33607.5, subordinating the City's right to receive a portion of tax increment revenues collected from the Shipyard Site and Candlestick Site, to debt service on any Tax Allocation Debt or any Supplemental Obligation Financing issued on or after the Reference Date.

4. JOINT COMMUNITY FACILITIES AGREEMENT

4.1 Authorized Activities. The City and the Agency acknowledge and agree that the Infrastructure, other Improvements, and Qualified Pre-Agreement Costs described in the DDA to be constructed or provided by Developer and that will be ultimately owned by the City or other public agencies may be financed by one or more CFDs formed by the Agency over the Project Site under the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 (commencing with § 53311) of Part I of Division 2 of Title 5 of the California Government Code (as amended from time to time, the "**CFD Act**"). In addition, the CFDs will be formed for the purpose of financing certain services on property to be owned by the City and other public agencies. The CFDs are to be formed by the Agency from time to time in connection with the development of the Project. It is the intention of the Agency and the City that: (a) any CFD may finance Infrastructure or other Improvements that will be owned or controlled by the City and any other public agency; and (b) any CFD may finance services on property owned or operated by the City and any other public agency for the Project, as provided in the Financing Plan. This Agreement constitutes a joint community facilities agreement within the meaning of section 53316.2 of the CFD Act.

4.2 Benefit. The City and the Agency find and determine that this Agreement will be beneficial to the residents residing within the respective boundaries of the City and the Agency.

4.3 Limited Liability and Control. The City and the Agency agree that, as between themselves, the Agency will make all decisions regarding the CFDs (including boundaries, tax formulas, use of special tax or bond proceeds, and costs), and all proceeds of bonds and special taxes shall be allocated to the CFDs to be disbursed as determined by the CFDs in accordance with the Financing Plan, and the City will not have any liability for any CFD Bonds.

4.4 Cooperation. The City and the Agency agree to take all reasonable steps, and execute such documents necessary, to give effect to the provisions of this Section 4 and to consummate the financing of the Infrastructure, other Improvements, Qualified Project Costs, and services under the CFD Act as described in the Financing Plan.

4.5 Infrastructure. The Agency agrees to: (a) use CFD Bonds, CFD special taxes, Net Available Increment, Supplemental Obligation Financing, Tax Allocation Debt, and Alternative Financing in accordance with the Financing Plan and the Acquisition and Reimbursement Agreement to pay a portion of the City's or any other public agency's cost to acquire or finance Qualified Project Costs, Infrastructure, and other Improvements after the City or other public agency has inspected and found the components acceptable for acquisition; and (b) otherwise cooperate with the City and other public agency in accepting Infrastructure and other Improvements to be accepted as provided in the Financing Plan, the Interagency Cooperation Agreement, and the Acquisition and Reimbursement Agreement.

5. STATEMENT OF INDEBTEDNESS; COVENANT TO ALLOCATE

5.1 Agency Covenant. The Agency agrees to submit to the City Controller a Statement of Indebtedness annually for as long as the Agency is entitled to collect tax increment generated in the Project Site. The Statement of Indebtedness must report the amount of funds the Agency needs to meet its obligations under the Financing Plan and the Below-Market Rate Housing Plan and all other requirements of the CCRL for the Project.

5.2 City Covenant. The City covenants to take all actions necessary to allocate to the Agency, to the extent legally permissible, all Net Available Increment and Housing Increment, based on the Agency's Statement of Indebtedness.

5.3 Satisfaction of Indebtedness. The City and the Agency agree that Net Available Increment may be used only in accordance with this Agreement, the DDA, including the Financing Plan, and the CCRL.

5.4 Qualified Pre-Agreement Costs. The City and the Agency agree that Qualified Pre-Agreement Costs may be financed from the Funding Sources in the same manner as Qualified Project Costs are financed under the Financing Plan.

6. EFFECTIVE DATES AND TERMS

6.1 Shipyards Effective Date and Term. As to the Shipyards Redevelopment Plan Area, the provisions of this Agreement other than Section 4 will:

(a) become effective (the "**Shipyards Effective Date**") on the latest of: (i) the date the Shipyards Plan Amendment becomes effective; (ii) the date a Board of Supervisors resolution authorizing and approving this Agreement becomes effective; and (iii) the date this Agreement, including Developer's consent, has been fully executed and delivered; and

(b) remain in effect until the date that is forty five (45) years from the date the Agency has received tax increment funds from the Shipyards Redevelopment Plan Area exceeding one hundred thousand dollars (\$100,000), unless such date is extended by an amendment to the Shipyards Redevelopment Plan.

6.2 BVHP Effective Date. As to the BVHP Redevelopment Plan Area, the provisions of this Agreement other than Section 4 will:

(a) become effective (the "**BVHP Effective Date**") on the latest of: (i) the date the BVHP Plan Amendment becomes effective; (ii) the date a Board of Supervisors resolution authorizing and approving this Agreement becomes effective; and (iii) the date this Agreement, including Developer's consent, has been fully executed and delivered; and

(b) remain in effect until June 1, 2051, which is the date that is forty five (45) years after the BVHP Adoption Date, unless such date is extended pursuant to an amendment to the BVHP Redevelopment Plan, or the BVHP Redevelopment Plan otherwise expires pursuant to the CCRL.

6.3 Effective Date and Term of Section 4. The provisions of Section 4 relating to CFDs shall become effective upon execution of this Agreement and shall remain in effect so long as CFDs exist on the Project Site.

6.4 Independent Operation of Provisions. The City and the Agency intend the provisions specifically applicable to the Shipyard Redevelopment Plan and the Shipyard Redevelopment Plan Area and the provisions specifically applicable to the BVHP Redevelopment Plan and the BVHP Redevelopment Plan Area to operate independently to the fullest extent possible, and agree that they may be severed if necessary or convenient. Because portions of both the Shipyard Redevelopment Plan Area and the BVHP Redevelopment Plan Area are included in the Project, the City and the Agency have entered into this Agreement covering both the plan areas for convenience.

7. NO GENERAL FUND COMMITMENT

This Agreement covers only Agency indebtedness payable from Net Available Increment and Housing Increment, including any accrued interest (and not from any other funds or assets of the Agency). This Agreement is not intended to and does not create any City commitment or obligation to satisfy any portion of the Agency's indebtedness from the City's General Fund, nor may this Agreement be construed in any manner that would violate the debt limitations under article XVI, section 18 of the State Constitution or of the City's Charter, including section 3.105 of the Charter. As further provided in the Financing Plan, the lack of sufficient tax increment proceeds to finance all of the Qualified Project Costs and Qualified Pre-Agreement Costs of the Project will not relieve Developer of its obligations under the DDA to complete the Infrastructure, so long as Net Available Increment is pledged and allocated consistent with this Agreement and the Financing Plan.

8. LIMITATIONS ON TAX INCREMENT

8.1 No Increment from Other Areas. The Parties recognize and agree that in accordance with the DDA, the Shipyard Redevelopment Plan and the BVHP Redevelopment Plan, no property tax increment or bond proceeds from areas other than the Project Site (other than the Citywide Housing Advance) will be made available for the Project.

8.2 Major Phase and Sub-Phase Allocations. The Parties recognize Net Available Increment pledged to pay the Shipyard Indebtedness and the BVHP Indebtedness is allocated among Major Phases under the Financing Plan.

9. DEFAULT

9.1 Default Procedures.

(a) Notice of Default. If any Party defaults in the performance of this Agreement (each a “**TAA Default**”), the non-defaulting Party may deliver a written notice of default to the other. The notice of default must state with reasonable specificity the nature of the alleged TAA Default, the provision(s) under which the TAA Default is claimed to arise, and the manner in which the TAA Default may be cured.

(b) Meet and Confer. After notice of a TAA Default is delivered, the City and the Agency, together with Developer, will meet promptly to discuss the TAA Default and the manner in which the defaulting Party can cure the same so as to satisfy the noticing Party’s concerns. The City, the Agency, and Developer will continue meeting regularly, discussing, investigating, and considering alternatives for up to sixty (60) days from the delivery of the notice of a TAA Default. After the sixty (60) day meet and confer period, if the noticing Party no longer holds the view that the other Party is in default, the noticing Party will rescind the notice of a TAA Default.

(c) Cure. No later than the end of the sixty (60) day meet and confer period, the defaulting Party must begin to cure the noticed TAA Default, and proceed diligently to cure the TAA Default. If: (i) the defaulting Party does not commence within sixty (60) days after the end of the meet and confer period and diligently pursue a cure, or the TAA Default is not cured within a reasonable time, not to exceed sixty (60) days after the end of the sixty (60) day meet and confer period; or (ii) the defaulting Party refuses to meet and confer regarding the noticed TAA Default, then, subject to Section 9.2, the noticing Party or Developer may institute proceedings to obtain a cure and remedy for the TAA Default, including proceedings to compel specific performance by the defaulting Party. Nothing in this Section 9.1(c) requires a Party to postpone instituting any injunctive proceeding if it believes in good faith that postponement will cause it irreparable harm. The Parties acknowledge that termination of this Agreement is a remedy only if the Plan Documents terminate, as further provided in this Agreement.

9.2 No Monetary Damages. The Parties have determined that monetary damages are generally inappropriate and that it would be extremely difficult and impractical to fix or determine the actual damages to a Party as a result of a TAA Default and that equitable remedies including specific performance, but not including damages, are the appropriate remedies for enforcement of this Agreement. The Parties would not have entered into this Agreement if either of them were liable to the other or to any other Person, for damages under or with respect to this Agreement. Consequently, the Parties have agreed that neither Party will be liable in damages to the other, or to any other Person, and each Party covenants not to sue for or claim any damages and expressly waives its right to do so: (a) for any TAA Default; or (b) arising from or connected with any dispute, controversy, or issue regarding the application, interpretation, or effect of this Agreement.

9.3 Attorneys’ Fees. In the event of any dispute or any legal action or other dispute resolution mechanism to enforce or interpret any provision of this Agreement, each Party will bear its own attorneys’ fees, whether or not one Party prevails.

10. NOTICES

All notices, requests for consent or approval, and responses to requests under this Agreement by either Party to the other must be delivered by hand or by registered or certified mail, postage prepaid, addressed as follows:

To the Agency: San Francisco Redevelopment Agency
One South Van Ness Avenue, 5th Floor
San Francisco, California 94102
Attn: Executive Director
Re: CP/HPS Tax Allocation Agreement

With a copy to: San Francisco Redevelopment Agency
One South Van Ness Avenue, 5th Floor
San Francisco, California 94102
Attn: General Counsel
Re: CP/HPS Tax Allocation Agreement

To the City: Office of Economic and Workforce
Development
City and County of San Francisco
City Hall, Rm. 448
1 Dr. Carlton B. Goodlett Place, Third Floor
San Francisco, California 94102
Attn: Director
Re: CP/HPS Tax Allocation Agreement

With a copy to: Office of the Controller
City and County of San Francisco
875 Stevenson Street, Rm. 235
San Francisco, California 94103
Attn: Controller
Re: CP/HPS Tax Allocation Agreement

And to: Office of the City Attorney
City Hall, Rm. 234
1 Dr. Carlton B. Goodlett Place, Rm. 232
San Francisco, California 94102
Attn: Real Estate/Finance
Re: CP/HPS Tax Allocation Agreement

And copies of all notices to:

CP Development Co., LP
c/o Lennar Urban
One California Street, Suite 2700
San Francisco, California 94111
Attn: Kofi Bonner

And to:

Paul Hastings LLP
55 Second Street, 24th Floor
San Francisco, California 94105
Attn: Charles V. Thornton
David A. Hamsher

Every notice given under this Agreement must be in writing and must state (or must be accompanied by a cover letter that states) substantially the following, as applicable:

1. the Section of this Agreement under which the notice is given and the action or response required;
2. the period of time within which the recipient of the notice must respond;
3. a “Request for Approval under the Tax Allocation Agreement”; and
4. the specific reasons for disapproval or objection, if the notice conveys disapproval or an objection for which reasonableness is required.

Any mailing address may be changed at any time by giving written notice of the change in the manner provided above at least ten (10) days before the effective date of the change. All notices under this Agreement will 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. RELATED AGREEMENTS

11.1 Amendments to Agreement. Except as otherwise provided in this Agreement, this Agreement may be amended or modified only by a written instrument executed by the City and the Agency. Developer’s written consent to any amendment or modification of this Agreement will be required until Developer has been reimbursed for all Qualified Project Costs provided in the Financing Plan and has completed all Infrastructure and other Improvements contemplated in the DDA. The Mayor and the City Controller (or any successor City officer as designated by law) may consent on the City’s behalf to any Non-Material Change or other modifications to this Agreement. A “**Non-Material Change**” means any change that does not increase or decrease the pledge of tax increment that is the subject of this Agreement or otherwise materially increase the City’s liabilities or obligations or materially decrease the availability of Net Available Increment for the Project. All amendments to this Agreement that do not constitute a Non-Material Change must be first approved by the Board of Supervisors by resolution.

11.2 Amendments to DDA Documents. Except as otherwise provided in the Financing Plan, the Agency agrees not to amend the Financing Plan, the Infrastructure Plan or the Below-Market Rate Housing Plan in any manner that would increase or decrease the pledge of Net

Available Increment or increase or decrease the pledge of Housing Increment contemplated by this Agreement without in each case obtaining the City's prior written consent, which the City may give or withhold in its sole discretion. The Mayor and the City Controller (or any successor City officer as designated by law) may act on the City's behalf in response to a request for the City's consent under this Section 11.2.

11.3 Developer Consents. Any consent required of Developer under this Agreement must be given by a Developer Representative.

12. MISCELLANEOUS

12.1 Severability. If a final court order finds any provision of this Agreement invalid or inapplicable to any Person or circumstance, then the invalid or inapplicable provision will not affect any other provision of this Agreement or its application to any other Person or circumstance, and the remaining portions of this Agreement will continue in full force and effect, unless enforcement of this Agreement as so modified would be unreasonable or grossly inequitable under all of the circumstances or would frustrate the fundamental purposes of this Agreement. If any applicable federal or state law prevents or precludes compliance with any material term of this Agreement, the Parties agree to modify or amend this Agreement, or any portion of this Agreement, in a manner that preserves to the greatest extent possible the benefits of this Agreement absent the conflict with federal or state law. However, if: (a) such amendment, modification or suspension would deprive the City or the Agency of the substantial benefits derived from this Agreement or make performance unreasonably difficult or expensive, and (b) Developer has been reimbursed for all Qualified Project Costs provided in the Financing Plan and has completed all Infrastructure and other Improvements contemplated in the DDA; then either the City or the Agency may terminate all provisions of this Agreement except Section 4, which will remain in effect so long as CFDs exist on the Project Site, upon written notice to the other Party. Termination will be effective on the date stated in the notice, and following that date, all rights and obligations under this Agreement, except Section 4, will be extinguished.

12.2 Non-Waiver. A Party's (or Developer's) delay or failure to exercise any right under this Agreement may not be deemed a waiver of that or any other right contained in this Agreement.

12.3 Successors and Assigns; Third Party Beneficiary. This Agreement inures to the benefit of and binds the City's and the Agency's respective successors and assigns. Developer (and its Transferees) and Vertical Developers are intended third party beneficiaries of this Agreement. Except for Developer (and its Transferees) and Vertical Developers, this Agreement is for the exclusive benefit of the Parties and not for the benefit of any other Person and may not be deemed to have conferred any rights, express or implied, upon any other Person.

12.4 Governing Law. This Agreement is governed by and must be construed in accordance with the laws of the State of California.

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

12.6 Entire Agreement. This Agreement contains all of 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 by this Agreement. No prior drafts of this Agreement or changes from those drafts to the executed version of this Agreement may 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 may consider those drafts in interpreting this Agreement.

13. INTERPRETATION

13.1 Captions. All references to a Section, Article, or paragraph refer to this Agreement unless otherwise specified. The captions preceding the Articles and Sections of this Agreement have been inserted for convenience of reference only and do not define or limit the scope or intent of any provision of this Agreement.

13.2 Words of Inclusion. The words “including”, “such as” or words of similar import when following any general term may not be construed to limit the general term to the specific terms that follow, whether or not language of non-limitation is used in the reference. Rather, these terms will be deemed to refer to all other terms that could reasonably fall within the broadest possible scope of the term.

13.3 References. All references to any provision, term, or matter “in this Agreement”, “herein” or “hereof” or words of similar import will be deemed to refer to any and all provisions of this Agreement reasonably related to the provision, term, or matter in the context of the reference, unless the reference refers solely to a specific numbered or lettered, Section, paragraph, or subdivision of this Agreement.

13.4 Recitals. Recitals provide the context for this Agreement and do not have legal effect.

13.5 Further Assurances. The Agency and the City each agree to take all actions and do all things, and execute, with acknowledgment or affidavit if required, any and all documents that may be necessary or appropriate to achieve the purposes of this Agreement.

13.6 Definitions. The following terms have the meanings given to them below or are defined where indicated.

“**Agency**” is defined in the introductory paragraph

“**Agency Affordable Units**” is defined in the Below-Market Rate Housing Plan.

“**Agreement**” is defined in the introductory paragraph.

“**Alice Griffith Replacement Units**” is defined in the Below-Market Rate Housing Plan.

“**Alternative Financing**” is defined in the Financing Plan.

“**Below-Market Rate Housing Plan**” is defined in the DDA.

“**BVHP Adoption Date**” is defined in Recital B.

“**BVHP Effective Date**” is defined in Section 6.2(a).

“**BVHP Indebtedness**” is defined in Section 3.2(a).

“**BVHP Plan Amendment**” is defined in Recital B.

“**BVHP Redevelopment Plan**” is defined in Recital B.

“**BVHP Redevelopment Plan Area**” is defined in Recital B.

“**Board of Supervisors**” is defined in Recital A.

“**Candlestick Housing Increment**” is defined in the Financing Plan.

“**Candlestick Site**” is defined in the DDA.

“**CCRL**” is defined in Recital A.

“**CFD**” is defined in the Financing Plan.

“**CFD Act**” is defined in Section 4.1.

“**CFD Bonds**” is defined in the Financing Plan.

“**City**” is defined in the introductory paragraph.

“**Citywide Housing Advance**” is defined in the Financing Plan.

“**DDA**” is defined in the introductory paragraph.

“**Developer**” is defined in the introductory paragraph.

“**Developer Representative**” is defined in the DDA.

“**Excess Increment**” is defined in the Financing Plan.

“**Existing Indebtedness**” is defined in the Financing Plan.

“**Funding Goals**” is defined in the Financing Plan.

“**Funding Sources**” is defined in the Financing Plan.

“General Fund” means the City’s general operating fund, into which taxes are deposited, excluding dedicated revenue sources for certain municipal services, capital projects, and debt service.

“Housing Increment” is defined in the Financing Plan.

“Improvements” is defined in the DDA.

“Infrastructure” is defined in the DDA.

“Low and Moderate Income Housing Fund” is defined in Recital K.

“Mandated Payment” is defined in the Financing Plan.

“Mandated Payment Pro-Rata Portion” is defined in the Financing Plan.

“Net Available Increment” is defined in the Financing Plan.

“Non-Material Change” is defined in Section 11.1.

“Parties” or **“Party”** means the Agency or the City, or both, as the context requires.

“Person” is defined in the DDA.

“Plan Documents” is defined in Recital G.

“Pre-Agreement Costs” is defined in the Financing Plan.

“Project” is defined in the DDA.

“Project Costs” is defined in the Financing Plan.

“Project Indebtedness” is defined in Section 3.2(a).

“Project Site” is defined in the DDA.

“Public Financing” is defined in the Financing Plan.

“Qualified” is defined in the Financing Plan.

“Reference Date” is defined in the introductory paragraph.

“Shipyard Effective Date” is defined in Section 6.1(a).

“Shipyard Housing Increment” is defined in the Financing Plan.

“Shipyard Indebtedness” is defined in Section 3.1(a).

“Shipyard Plan Amendment” is defined in Recital A.

“Shipyard Redevelopment Plan” is defined in Recital A.

“Shipyard Redevelopment Plan Area” is defined in Recital A.

“Shipyard Site” is defined in the DDA.

“Statement of Indebtedness” is defined in the Financing Plan.

“Supplemental Obligation Financing” is defined in the Financing Plan.

“TAA Default” is defined in Section 9.1(a).

“Tax Allocation Debt” is defined in the Financing Plan.

“Transferee” is defined in the DDA.

“Vertical Developer” is defined in the DDA.

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This Agreement was executed and delivered as of the Reference Date.

CITY AND COUNTY OF SAN FRANCISCO

By


Gavin Newsom, Mayor

By

Angela Calvillo
Clerk of the Board of Supervisors

By

Ben Rosenfield, Controller

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By

Deputy City Attorney

REDEVELOPMENT AGENCY OF THE CITY
AND COUNTY OF SAN FRANCISCO

By

Fred Blackwell
Executive Director

APPROVED AS TO FORM:

James B. Morales
General Counsel

This Agreement was executed and delivered as of the Reference Date.

CITY AND COUNTY OF SAN FRANCISCO

By _____
Gavin Newsom, Mayor

By Angela Calvillo
Angela Calvillo
Clerk of the Board of Supervisors

By _____
Ben Rosenfield, Controller

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By D. J. Herrera
Deputy City Attorney

REDEVELOPMENT AGENCY OF THE CITY
AND COUNTY OF SAN FRANCISCO

By _____
Fred Blackwell
Executive Director

APPROVED AS TO FORM:

James B. Morales
General Counsel

This Agreement was executed and delivered as of the Reference Date.

CITY AND COUNTY OF SAN FRANCISCO

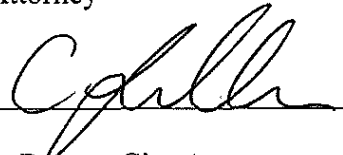
By _____
Gavin Newsom, Mayor

By _____
Angela Calvillo
Clerk of the Board of Supervisors

By  _____
Ben Rosenfield, Controller

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By  _____
Deputy City Attorney

REDEVELOPMENT AGENCY OF THE CITY
AND COUNTY OF SAN FRANCISCO

By _____
Fred Blackwell
Executive Director

APPROVED AS TO FORM:

James B. Morales
General Counsel

This Agreement was executed and delivered as of the Reference Date.

CITY AND COUNTY OF SAN FRANCISCO

By _____
Gavin Newsom, Mayor

By _____
Angela Calvillo
Clerk of the Board of Supervisors

By _____
Ben Rosenfield, Controller

APPROVED AS TO FORM:

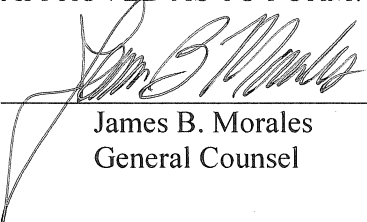
DENNIS J. HERRERA
City Attorney

By _____
Deputy City Attorney

REDEVELOPMENT AGENCY OF THE CITY
AND COUNTY OF SAN FRANCISCO

By  _____
Fred Blackwell
Executive Director

APPROVED AS TO FORM:

 _____
James B. Morales
General Counsel


DEVELOPER'S CONSENT AND AGREEMENT

By signing below, the undersigned, on behalf of Developer, acknowledges that Developer is an intended third party beneficiary of the Tax Increment Allocation Pledge Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) dated for reference purposes as of June 3, 2010 (the "Agreement"), to which this consent is attached, consents to the Agreement, may enforce this Agreement, and specifically agrees to be bound by all limitations on remedies under the Agreement applicable to Developer.

Executed and delivered as of June 3, 2010

CP DEVELOPMENT CO., LP,
a Delaware limited partnership

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

By: 
Name: Kofi Bonner
Its: Authorized Representative