SAN MATEO COUNTY
COUNTYWIDE OVERSIGHT BOARD MEETING

AGENDA

Monday, January 13, 2020 at 9:00 a.m.
400 County Center, 1st Floor
County Board of Supervisors' Chambers
Redwood City, California 94063

1. Call to Order

2. Roll Call

3. Oral Communications and Public Comment
This is an opportunity for members of the public to address the Oversight Board on any Oversight Board-related topics that are not on the agenda. If your subject is not on the agenda, the individual chairing the meeting will recognize you at this time. Speakers are customarily limited to two minutes.

4. Action to Set the Agenda

5. Approval of the December 9, 2019 Countywide Oversight Board Meeting Minutes

6. Adopt a Resolution Approving the Annual Recognized Obligation Payment Schedule (ROPS 20-21) and FY 2020-21 Administrative Budget of the Pacifica Successor Agency

7. Adopt a Resolution Approving the Annual Recognized Obligation Payment Schedule (ROPS 20-21) and FY 2020-21 Administrative Budget of the East Palo Alto Successor Agency

8. Adopt a Resolution Approving the Annual Recognized Obligation Payment Schedule (ROPS 20-21) and FY 2020-21 Administrative Budget of the San Bruno Successor Agency

9. Adopt a Resolution Approving the Annual Recognized Obligation Payment Schedule (ROPS 20-21) and FY 2020-21 Administrative Budget of the Foster City Successor Agency

10. Adopt a Resolution Approving the Annual Recognized Obligation Payment Schedule (ROPS 20-21) and FY 2020-21 Administrative Budget of the Redwood City Successor Agency

11. Adopt a Resolution Approving the Annual Recognized Obligation Payment Schedule (ROPS 20-21) and FY 2020-21 Administrative Budget of the South San Francisco Successor Agency

12. South San Francisco Successor Agency Informational Item on the Disposition of the 6.61 – Acre Site ("PUC Site") for High-Density, Mixed-Use Development (Discussion Only)

13. Adjournment

A copy of the Countywide Oversight Board agenda packet is available for review from the Clerk of the Board of Supervisors, 400 County Center, 1st Floor, Monday through Thursday 7:30 a.m.-5:30 p.m. and Friday 8 a.m.-5 p.m.

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact Sukhmani Purewal, Assistant Clerk of the Board of Supervisors, at least two working days before the meeting at (650) 363-1802 and/or spurewal@smcgov.org. Notification in advance of the meeting will enable the County to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it. Attendees to this meeting are reminded that other attendees may be sensitive to various chemical based products.

San Mateo County Countywide Oversight Board Meeting
Monday, December 9, 2019, 9:00 a.m.
400 County Center, 1st Floor, County of Board of Supervisors' Chambers, Redwood City, CA 94063

DRAFT MINUTES

1. Call to Order

   The meeting was called to order by Chair Jim Saco at 9:01 a.m.

2. Roll Call

   Present:
   Board Members: Mark Addiego; Chuck Bernstein; Tom Casey; Barbara Christensen; Mark Leach; Denise Porterfield; and Chair Jim Saco.

   Staff: Brian Wong, Deputy County Counsel; Shirley Tourel, Assistant Controller; Matthew Slaughter, Controller Division Manager; and Sukhmani Purewal, Assistant Clerk of the Board.

3. Oral Communications and Public Comment
   This is an opportunity for members of the public to address the Oversight Board on any Oversight Board-related topics that are not on the agenda. If your subject is not on the agenda, the individual chairing the meeting will recognize you at this time. Speakers are customarily limited to two minutes.

   None

4. Action to Set the Agenda

RESULT:	**Approved**
MOTION:	Denise Porterfield
SECOND:	Mark Leach
AYES [7]:	Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Mark Leach, Denise Porterfield, and Jim Saco.
NOES:	None
ABSTENTIONS:	None

5. Approval of the August 12, 2019 Countywide Oversight Board Meeting Minutes

MOTION:	Barbara Christensen
SECOND:	Chuck Bernstein
AYES [7]:	Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Mark Leach, Denise Porterfield, and Jim Saco.
NOES:	None
ABSTENTIONS:	None

6. Adopt a Resolution Approving the Final Sale Price of $1,250,000 As Set Forth in the Purchase and Sale Agreement for the Disposition of 323 Miller Avenue

Speakers:
Ms. Nell Sealander, Deputy Director of Economic & Community Development
Mr. Alex Greenwood, Director of Economic & Community Development
Mr. Matthew Slaughter, Controller Division Manager
Mr. Brian Wong, Deputy County Counsel

Board went into recess at 9:48 a.m.

Meeting resumed at 10:12 a.m.

Resolution was updated to include additional "Whereas" clauses and resolution language, which were read into the record:

WHEREAS, the approved LRPMP designated 323 Miller Avenue, County Assessor's Parcel Number 012-312-070, for governmental/public use, and, if sold for non-governmental/non-public use, the proceeds of the sale to be distributed to the taxing entities; and

WHEREAS, the City Council of South San Francisco reviewed and approved the unsolicited Letter of Interest from United Food and Commercial Workers Union Local 5 ("Buyer"), expressing interest in purchasing a vacant, unimproved commercial condominium space partially located on the parcel 012-312-070 (the "Property") for $1,250,000 at their closed session meeting on February 13, 2019; and

WHEREAS, staff has determined that the current appraised value of the Property is consistent with the original Appraisal Report, dated November 2019.

NOW, THEREFORE, BE IT RESOLVED that the San Mateo County Countywide Oversight Board does hereby resolve as follows:

4. Of the final sale price, the taxing entities will receive a portion of the net unrestricted sales proceeds, up to $352,250, in exchange for their interest in the property.

RESULT:	**Approved (Resolution No. 2019-13)**
MOTION:	Tom Casey
SECOND:	Barbara Christensen
AYES [7]:	Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Mark Leach, Denise Porterfield, and Jim Saco.
NOES:	None
ABSTENTIONS:	None

7. Oversight Board Staff Update

Ms. Shirley Tourel, Assistant Controller talked about future items that will be coming to the Board. At the January 13, 2020 Board meeting there will be 6 annual ROPS for approval

including last and final ROPS from City of San Bruno. A discussion item will be presented on PUC properties from City of South San Francisco. At the January 27, 2020 Board meeting, any items that will be carried over from the January 13th meeting will be discussed.

8. Adjournment

RESULT:	**Approved**
MOTION:	Tom Casey
SECOND:	Mark Addiego
AYES [7]:	Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Mark Leach, Denise Porterfield, and Jim Saco.
NOES:	None
ABSTENTIONS:	None

The meeting was adjourned at 10:17 a.m.

San Mateo County
Countywide Oversight Board

Date: January 2, 2020 **Agenda Item No. 6**

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: City of Pacifica Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 20-21

Background
California Health and Safety Code (HSC) Section 34180(g) requires all ROPS to be approved by the Oversight Board.

Discussion
The Annual ROPS 20-21 contains all the obligations of the former Redevelopment Agency (RDA) for fiscal year 2020-21. The SA is requesting approval by the Board to spend $187,520 on outstanding obligations and administrative expenses for Annual ROPS 20-21.

Enclosed is the SA's Annual ROPS 20-21 and supporting documents.

Fiscal Impact
Funding for ROPS reduces the amount of tax revenue available for "Residual" distributions to the affected taxing entities.

CAC Exhibit
A. City of Pacifica SA's Annual ROPS 20-21 Agenda Packet

CAC Exhibit A

Date: December 9, 2019

To: San Mateo County Countywide Oversight Board

From: Lorenzo Hines Jr., Assistant City Manager

Subject: Approval of the Recognized Obligation Payment Schedule (ROPS) 20-21 and FY 2020-21 Administrative Costs Budget of the Successor Agency to the Former City of Pacifica Redevelopment Agency (Pacifica SA)

Former RDA: **City of Pacifica**

Recommendation
Adopt resolution approving the Pacifica SA's ROPS 20-21 and FY 2020-21 Administrative Cost Allowance Budget.

Background
SAs that do not qualify under the Last and Final ROPS, must submit annually a ROPS listing the SA's enforceable obligations and expenses to the State Department of Finance (DOF) pursuant to Health & Safety Code (HSC) Sections 34177(m) and (o). The ROPS shall include an amount for the SA's Administrative Cost Allowance as authorized under the Dissolution Act which is subject to a cap as set forth under HSC 34171. The ROPS and the Budget for the SA's Administrative Cost Allowance must be approved by the Oversight Board.

Discussion
Submitted for the Oversight Board's approval is the ROPS 20-21. While the DOF's ROPS template requires all enforceable obligations to be listed, the Oversight Board approval is for the funding of those items to be paid in fiscal year 2020-21. The attached Exhibit C summarizes those items.

Financial Impact
No funds are involved with the approval of the ROPS.

Attachments:
1. Draft Resolution Approving Pacifica SA's ROPS 20-21 and FY 2020-21 Administrative Budget
2. Exhibit A - Pacifica SA's ROPS 20-21
3. Exhibit B - Pacifica SA's FY 2020-21 Administrative Budget
4. Exhibit C - Summary of Obligations and Supporting Documents

RESOLUTION NO. 2020-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 20-21 ("ROPS 20-21") AND FISCAL YEAR 2020-21 ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY TO THE FORMER PACIFICA REDEVELOPMENT AGENCY (RDA)

WHEREAS, California Health and Safety Code (HSC) Section 34177 requires the Successor Agencies to prepare a Recognized Obligation Payment Schedule ("ROPS") for each 12-month fiscal period, which lists the outstanding obligations of the former RDA and states the sources of funds for required payments; and

WHEREAS, the Successor Agency to the Former Pacifica Redevelopment Agency has prepared a draft ROPS for the period July 1, 2020 to June 30, 2021, referred to as "ROPS 20-21", claiming a total enforceable obligation amount of $187,520; and

WHEREAS, pursuant to HSC Section 34180(g) the Oversight Board must approve the establishment of each ROPS; and

WHEREAS, California HSC Section 34177 requires the Successor Agencies to prepare an administrative budget for Oversight Board approval; and

WHEREAS, the Successor Agency to the Former Pacifica Redevelopment Agency has prepared an administrative budget for the period July 1, 2020 to June 30, 2021, for $6,810; and

WHEREAS, California HSC Section 34179(e) requires all action items of Countywide Oversight Boards, including the San Mateo County Countywide Oversight Board, be accomplished by resolution.

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby approves the Pacifica Successor Agency ROPS 20-21 and the Pacifica Successor Agency Fiscal Year 2020-21 Administrative Budget, attached hereto as Exhibits A and B and incorporated herein by this reference;

BE IT FURTHER RESOLVED, that the Oversight Board directs the Successor Agency to submit the ROPS 20-21 to the State Department of Finance upon approval by the Oversight Board.

* * *

Exhibit A – Pacifica Successor Agency's Recognized Obligation Payment Schedule 20-21
Exhibit B – Pacifica Successor Agency's FY 2020-21 Administrative Budget

DRAFT

Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

Successor Agency: Pacifica

County: San Mateo

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	20-21A Total (July - December)	20-21B Total (January - June)	ROPS 20-21 Total
A Enforceable Obligations Funded as Follows (B+C+D)	**$ -**	**$ -**	**$ -**
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	**$ 81,604**	**$ 105,916**	**$ 187,520**
F RPTTF	81,604	99,106	180,710
G Administrative RPTTF	-	6,810	6,810
H Current Period Enforceable Obligations (A+E)	**$ 81,604**	**$ 105,916**	**$ 187,520**

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name Title

/s/

Signature Date

Pacifica
Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail
July 1, 2020 through June 30, 2021

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 20-21 Total	ROPS 20-21A (Jul - Dec)					20-21A Total	ROPS 20-21B (Jan - Jun)					20-21B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								$1,657,045		$187,520	$-	$-	$-	$81,604	$-	$81,604	$-	$-	$-	$99,106	$6,810	$105,916
1	2004 Tax Allocation Bond Series A	Bonds Issued On or Before 12/31/10	08/19/2004	07/30/2031	Bank of New York Mellon	2004 Tax Allocation Bonds that refinanced redevelopment activities	Rockaway Beach	1,368,174	N	$128,212	-	-	-	29,106	-	$29,106	-	-	-	99,106	-	$99,106
2	2004 Tax Allocation Bond Series A Fiscal Agent Fee	Fees	08/19/2004	07/30/2031	Bank of New York Mellon	Fiscal Agent fees associated with 2004 Tax Allocation Bonds	Rockaway Beach	-	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
3	Annual Audit	Admin Costs	07/01/2011	06/30/2020	Maze Associates	Annual Audit	Rockaway Beach	4,500	N	$4,500	-	-	-	-	-	$-	-	-	-	-	4,500	$4,500
4	Administration Successor Agency	Admin Costs	01/01/2014	06/30/2014	Successor Agency / Regional Government Services	Staffing / Administrative Costs - Prepare Meeting reports / forms	Rockaway Beach	1,310	N	$1,310	-	-	-	-	-	$-	-	-	-	-	1,310	$1,310
7	Administration - Legal	Admin Costs	01/01/2014	06/30/2015	Law Offices of Craig Labadie or Burke, Williamson, and Sorenson	Legal support for Oversight Board and Successor Agency	Rockaway Beach	1,000	N	$1,000	-	-	-	-	-	$-	-	-	-	-	1,000	$1,000
11	Reso 17-88 - Loan #4 From General Fund	City/ County Loan (Prior 06/28/11), Cash exchange	04/14/1988	06/30/2032	City of Pacifica	Loan from City of Pacifica to former RDA	Rockaway Beach	282,061	N	$52,498	-	-	-	52,498	-	$52,498	-	-	-	-	-	$-
12	Reso 19-89 -Loan #5 From General	City/ County Loan	05/08/1989	06/30/2032	City of Pacifica	Loan from City of Pacifica to former RDA	Rockaway Beach	-	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	**ROPS 20-21 Total**	**ROPS 20-21A (Jul - Dec)**					**20-21A Total**	**ROPS 20-21B (Jan - Jun)**					**20-21B Total**
											Fund Sources						**Fund Sources**					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
	Fund	(Prior 06/28/11), Cash exchange																				
13	Reso 20-90 -Loan #6 From General Fund	City/ County Loan (Prior 06/28/11), Cash exchange	05/14/1990	06/30/2032	City of Pacifica	Loan from City of Pacifica to former RDA	Rockaway Beach	-	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
14	Reso 9-91 -Loan #7 From General Fund	City/ County Loan (Prior 06/28/11), Cash exchange	04/08/1991	06/30/2032	City of Pacifica	Loan from City of Pacifica to former RDA	Rockaway Beach	-	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
15	Reso 1-92 -Loan #8 From General Fund	City/ County Loan (Prior 06/28/11), Cash exchange	01/27/1992	06/30/2032	City of Pacifica	Loan from City of Pacifica to former RDA	Rockaway Beach	-	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
16	Reso 15-94 -Loan #10 From General Fund	City/ County Loan (Prior 06/28/11), Cash exchange	04/11/1994	06/30/2032	City of Pacifica	Loan from City of Pacifica to former RDA	Rockaway Beach	-	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-

Pacifica
Recognized Obligation Payment Schedule (ROPS 20-21) - Report of Cash Balances
July 1, 2017 through June 30, 2018
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

A	B	C	D	E	F	G	H
	ROPS 17-18 Cash Balances (07/01/17 - 06/30/18)	**Fund Sources**					**Comments**
		Bond Proceeds		**Reserve Balance**	**Other Funds**	**RPTTF**	
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	
1	**Beginning Available Cash Balance (Actual 07/01/17)** RPTTF amount should exclude "A" period distribution amount.	127,876				16,196	131,725
2	**Revenue/Income (Actual 06/30/18)** RPTTF amount should tie to the ROPS 17-18 total distribution from the County Auditor-Controller				633	216,813	ROP 17-18B $100,204, and ROPS 18-19A $116,609
3	**Expenditures for ROPS 17-18 Enforceable Obligations (Actual 06/30/18)**	127,876				209,468	Fiscal Agent $2,364, RGS $2,936, Bond Pmt $127,876, Loan #4 loan repayment $70,594, Audit Cost $4,500, Legal BWS $1,198
4	**Retention of Available Cash Balance (Actual 06/30/18)** RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						
5	**ROPS 17-18 RPTTF Prior Period Adjustment** RPTTF amount should tie to the Agency's ROPS 17-18 PPA form submitted to the CAC		No entry required			7,175	
6	**Ending Actual Available Cash Balance (06/30/18) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)**	**$-**	**$-**	**$-**	**$633**	**$16,366**	

Pacifica
Recognized Obligation Payment Schedule (ROPS 20-21) - Notes
July 1, 2020 through June 30, 2021

Item #	Notes/Comments
1	
2	
3	Maze and Associates
4	Assistant City Manager Hourly (fully burdened) $131 □ 10 hours
7	Legal support
11	
12	
13	
14	
15	
16	

City of Pacifica Successor Agency
Administrative Costs Budget
FY 2020-21

Exhibit B

		Amount
Maze and Associates - Annual Audit	$	4,500.00
City of Pacifica - Staff Salary (Assistant City Manager - $131 x 10 hours)		1,310.00
Law Offices of Craig Labadie/Burke Williamson and Sorensen - Legal support for SA		1,000.00
Total	$	6,810.00

EXHIBIT C - SUMMARY OF OBLIGATIONS UNDER ROPS 20-21 AND SUPPORTING DOCUMENTS

ROPS Item #	ROPS Category	Description of Obligation	Payee	ROPS 20-21 Funding	Supporting Documentation
1	Bonds	2004 Tax Allocation Bond Series A	Bank of NY Mellon	$ 128,212	Attachment 1 - Debt Service Schedule
3	Admin	Annual Audit	Various	4,500	Attachment 2 - 2019 Audit Invoice
4	Admin	Staffing Costs	Various	1,310	Assistant City Manager Salary - $131 x 10 hours (Fully burdened)
7	Admin	Legal Costs	Various	1,000	Attachment 3 - 2019 Trial Balance
11	Loans/Borrowi	Advances from Public Agencie	City of Pacifica	52,498	Attachment 4 - Loan Repayment Amount Schedule & Board Resolutions Approving the Loans
Total Obligations Under ROPS 20-21				**$ 187,520**	

Debt Service Schedule

Scheduled debt service on the Bonds, without regard to any optional redemption, is shown in the following table.

Table 1
REDEVELOPMENT AGENCY OF THE CITY OF PACIFICA
Rockaway Beach Redevelopment Project
2004 Tax Allocation Bonds
Debt Service Schedule

Bond Year Ending (July 1)	Principal	Interest	Total
2005		$ 78,025.99	$ 78,025.99
2006	$ 35,000	92,096.26	127,096.26
2007	35,000	91,081.26	126,081.26
2008	35,000	89,856.26	124,856.26
2009	40,000	88,526.26	128,526.26
2010	40,000	86,866.26	126,866.26
2011	40,000	85,186.26	125,186.26
2012	45,000	83,386.26	128,386.26
2013	45,000	81,293.76	126,293.76
2014	50,000	79,133.76	129,133.76
2015	50,000	76,683.76	126,683.76
2016	55,000	74,183.76	129,183.76
2017	55,000	71,323.76	126,323.76
2018	60,000	68,408.76	128,408.76
2019	60,000	65,168.76	125,168.76
2020	65,000	61,868.76	126,868.76
2021	70,000	58,212.50	128,212.50
2022	75,000	54,222.50	129,222.50
2023	75,000	49,947.50	124,947.50
2024	80,000	45,672.50	125,672.50
2025	85,000	41,112.50	126,112.50
2026	90,000	36,225.00	126,225.00
2027	95,000	31,050.00	126,050.00
2028	100,000	25,587.50	125,587.50
2029	110,000	19,837.50	129,837.50
2030	115,000	13,512.50	128,512.50
2031	120,000	6,900.00	126,900.00
Total	$1,725,000	$1,655,369.89	$3,380,369.89

Mosser, Cindy

From: Mark Wong <markw@mazeassociates.com>
Sent: Wednesday, January 27, 2016 1:28 PM
To: Mosser, Cindy
Subject: Successor Agency Audit Cost for 6/30/15 Audit

Hi Cindy,

This is to confirm that the cost for the audit of the City of Pacifica Successor Agency Activities including footnotes is $4,500.

Please let us know if you have any additional questions.

Best regards,

Mark

mercedes yapching

From: tioyaos@ci.pacifica.ca.us
Sent: Monday, December 31, 2018 10:44 AM
To: mercedes yapching
Cc: HinesL@ci.pacifica.ca.us
Subject: RE: City of Pacifica ROPS submission - revised
Attachments: Admin expenditure back-up 17-18.pdf; Trial balance FY17-18.pdf

Hi Mercedes,

Please find attached the actual invoices for admin which includes the RGS invoices, legal and audit. For the audit expense, we get a bill from Maze and Associates but there is no breakdown for the RDA portion so we use the $4,500/year based on the email from Maze. Also attached is the trial balance.

Thanks,
Sheila

From: Hines, Lorenzo
Sent: Monday, December 31, 2018 10:27 AM
To: mercedes yapching <myapching@smcgov.org>
Cc: Tioyao, Sheila <tioyaos@ci.pacifica.ca.us>
Subject: RE: City of Pacifica ROPS submission - revised

Hi Mercedes

VENDOR NO. 03790 CHECK DATE 05/03/2019 CK. NO. 46678

INVOICE NO.	INVOICE DATE	DESCRIPTION	INVOICE AMOUNT	DISCOUNT	NET AMOUNT
32372	03/31/19	FY 18-19 AUP FUEL	5390.00	0.00	5390.00
32373	03/31/19	FY 18-19 CAFR SERV	18345.00	0.00	18345.00
MAZE & ASSOCIATES			23735.00	0.00	23735.00

VOID

CITY OF PACIFICA
170 SANTA MARIA AVENUE
PACIFICA, CA 94044

FIRST NATIONAL BANK
1450 LINDA MAR SHOPPING CENTER
PACIFICA, CA 94044

VOID AFTER 90 DAYS

90-118
1211

CHECK DATE	CHECK NO.
05/03/2019	46678

AMOUNT
$23,735.00

PAY TWENTY THREE THOUSAND SEVEN HUNDRED THIRTY FIVE DOLLARS AND 00 CENTS

TO THE ORDER OF
MAZE & ASSOCIATES
ACCOUNTANCY CORPORATION
3478 BURSKIRK AVE
SUITE 215
PLEASANT HILL, CA 94523

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

⑈46678⑈ ⑆121101189⑆ 02 200581⑈

S180050

MAZE & ASSOCIATES

RECEIVED
APR 15 2019
CITY OF PACIFICA
FINANCE DEPT.

City of Pacifica
170 Santa Maria Avenue
Pacifica, CA 94044
USA

March 31, 2019
Invoice: 32373

Billing for professional services performed in March in connection with our audit for the year ended June 30, 2019.

	Amount
Comprehensive Annual Financial Report	$16,856.00
MOIC	$399.00
Measure A	$874.00
GANN Limit Report	$216.00
Invoice Total	**$18,345.00**

PAYABLE UPON RECEIPT!
THANK YOU!

Fund	Dept	Div	Type	Acct #
01	30	0320	52	301

Project Grant
0000000

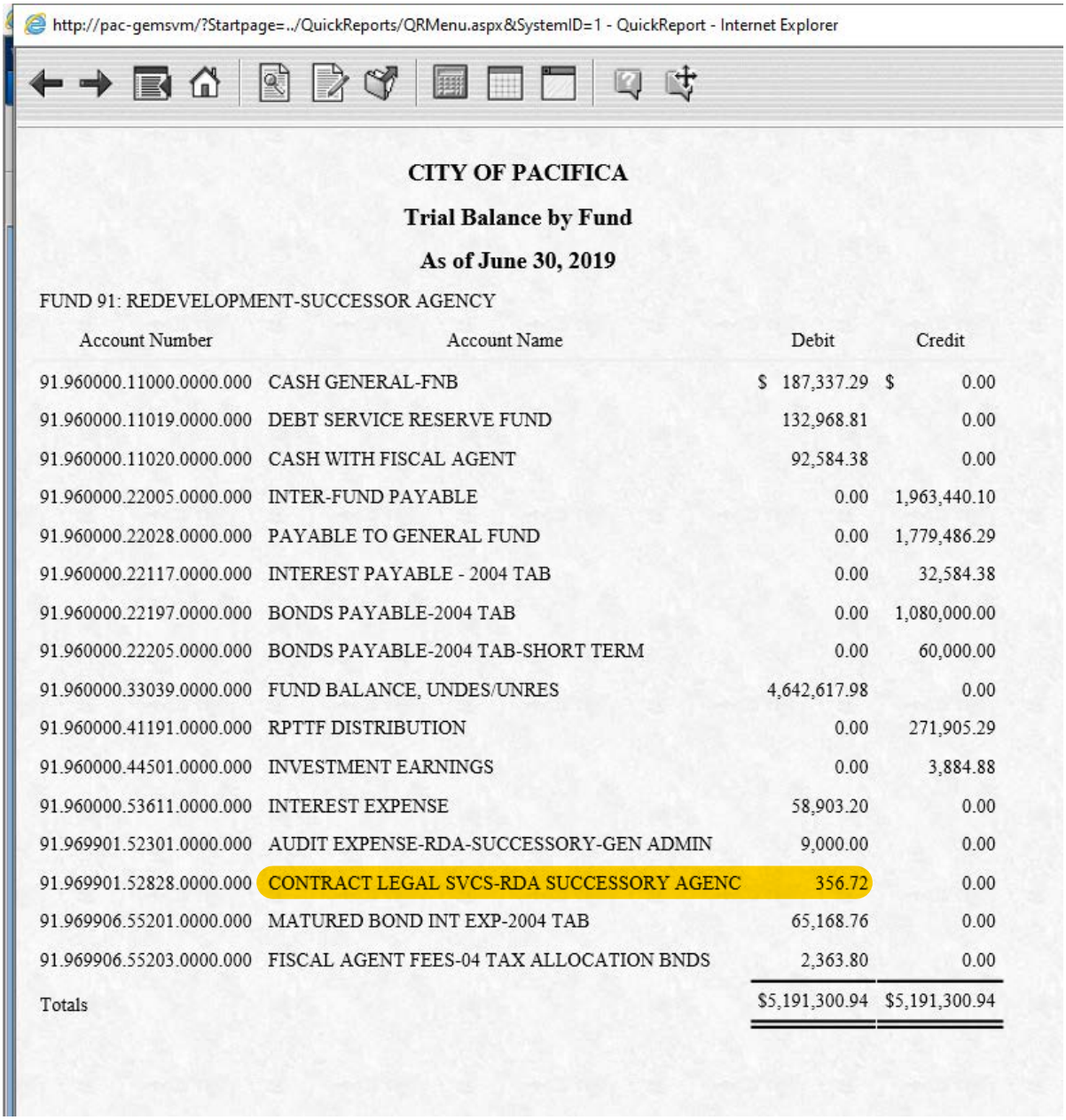
Totals Ckd By [illegible]

Sign [illegible]

Current	31 to 60	61 to 90	91 and Over	Total
23,735.00	0.00	0.00	0.00	23,735.00

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**



http://pac-gemsvm/?Startpage=../QuickReports/QRMenu.aspx&SystemID=1 - QuickReport - Internet Explorer

CITY OF PACIFICA

Trial Balance by Fund

As of June 30, 2019

FUND 91: REDEVELOPMENT-SUCCESSOR AGENCY

Account Number	Account Name	Debit	Credit
91.960000.11000.0000.000	CASH GENERAL-FNB	$ 187,337.29	$ 0.00
91.960000.11019.0000.000	DEBT SERVICE RESERVE FUND	132,968.81	0.00
91.960000.11020.0000.000	CASH WITH FISCAL AGENT	92,584.38	0.00
91.960000.22005.0000.000	INTER-FUND PAYABLE	0.00	1,963,440.10
91.960000.22028.0000.000	PAYABLE TO GENERAL FUND	0.00	1,779,486.29
91.960000.22117.0000.000	INTEREST PAYABLE - 2004 TAB	0.00	32,584.38
91.960000.22197.0000.000	BONDS PAYABLE-2004 TAB	0.00	1,080,000.00
91.960000.22205.0000.000	BONDS PAYABLE-2004 TAB-SHORT TERM	0.00	60,000.00
91.960000.33039.0000.000	FUND BALANCE, UNDES/UNRES	4,642,617.98	0.00
91.960000.41191.0000.000	RPTTF DISTRIBUTION	0.00	271,905.29
91.960000.44501.0000.000	INVESTMENT EARNINGS	0.00	3,884.88
91.960000.53611.0000.000	INTEREST EXPENSE	58,903.20	0.00
91.969901.52301.0000.000	AUDIT EXPENSE-RDA-SUCCESSORY-GEN ADMIN	9,000.00	0.00
91.969901.52828.0000.000	CONTRACT LEGAL SVCS-RDA SUCCESSORY AGENC	356.72	0.00
91.969906.55201.0000.000	MATURED BOND INT EXP-2004 TAB	65,168.76	0.00
91.969906.55203.0000.000	FISCAL AGENT FEES-04 TAX ALLOCATION BNDS	2,363.80	0.00
Totals		$5,191,300.94	$5,191,300.94

Controller's Note:
SA is requesting $1,000 for ROPS 20-21.

COUNT OF SAN MATEO
PACIFICA
LIMITATIONS ON REPAMENT OF SERAF AND CIT LOANS Per 34176 (e)(6)(B) and 34191.4 (b)(2)

Payments are limited to no more than half the increase in residual above a FY 2012-13 base year.
Payments of housing fund loan or deferral amounts are first in priority.

Maximum Allowable Repayment for F 2020-21

Residual in F 2012-13				
ROPS II Residual			5,308	*June 2012 Distribution*
ROPS III Residual			0	*January 2013 Distribution*
	(A)	$	5,308	
Residual in F 2019-20				
ROPS 19-20A Residual			60,837	*June 2019 Distribution*
ROPS 19-20B Residual			49,467	*January 2020 Distribution*
	(B)	$	110,304	
Increase in Residual over F 2012-13	(C)	$	104,996	
Not To Exceed Amount (50 of Increase)	(D)	$	52,498	
Reported Loan Repayments				
ROPS 20-21A - (uly to December)			52,498	
ROPS 20-21B - (anuary to une)			0	
	(E)	$	52,498	
Amount Exceeded, (E) - (D)		$	0	

OVERSIGHT BOARD RESOLUTION NO.01-2016

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PACIFICA RESTATING AND AMENDING RESOLUTION NO. 01-2015 APPROVING REPAYMENT OF AMOUNTS OWED TO THE CITY OF PACIFICA BY THE FORMER REDEVELOPMENT AGENCY

WHEREAS, April 26, 2013, the California Department of Finance granted a "Finding of Completion" allowing for loans to be added to the Recognized Obligation Payment Schedule (ROPS) provided certain findings were made; and

WHEREAS, June 19, 2013 the Oversight Board adopted Resolution No. 2013-4; and

WHEREAS, the Oversight Board resolution declared that the loans from the City to the Redevelopment Agency were for legitimate redevelopment purposes; and

WHEREAS, the Department of Finance was provided with the adopted Resolution; and

WHEREAS, the Resolution set forth a principal balance of $3,237,150 owed to the City of Pacifica pursuant to loan agreements from 1985 through 1994; and

WHEREAS, on February 11, 2015 the Oversight Board adopted Resolution No. 01-2015 which updated the presentation of loans outstanding including the origination date, amended balances, and rate of interest in accordance with the Redevelopment Dissolution process; and

WHEREAS, effective on September 22, 2015, the California Legislature enacted SB 107, a budget trailer bill amending various provisions of the Redevelopment Dissolution Law, including Health & Safety Code Section 34191.4(b)(3), which provides for interest on such loans to be calculated as simple interest at the rate of three percent (3%); and

WHEREAS, the Oversight Board reviewed at a public meeting the revised schedule which also included revised origination date(s) accounting for repayments of interest prior to dissolution; and

WHEREAS, the adjustment of the origination dates shorten the length of time the loans have been outstanding and will prevent the collection of interest by the City in excess of what is owed; and

WHEREAS, this restated and amended resolution does not alter the finding by the Oversight Board that the loans from the City to the Redevelopment Agency were for legitimate redevelopment purposes, and therefore such loans as presented shall be deemed an enforceable obligation of the former Pacifica Redevelopment Agency; and

RESOLUTION No. 01-2016 (January 26, 2016) Restated and Amended Resolution

RECORD OF LOANS BETWEEN CITY OF PACIFICA AND PACIFICA REDEVELOPMENT AGENCY

(Based on authorized ROPS and RPTTF funding available - payments as of 7/1/2015 Interest Accrued To 6/30/2016)

City Ref #	Origination Date	Revised Origination Date (Accounts For Payments of Interest Prior To Dissolution)	City Council Resolution Reference	Original Principal Amount Loaned	Unpaid Balance Owed To City 7/2/2015	Accrued Interest As of 6/30/2016	6/30/2016 Total Balance - Principal & Interest
RETIRED LOANS							
1	March 25, 1985			62,150.00	0.00		**Paid Off**
2	November 25, 1985		Reso 69-85	175,000.00	0.00		**Paid Off**
3	February 9, 1987		Reso 3-87	300,000.00	0.00		**Paid Off**
9	May 24, 1993		Reso 16-93	300,000.00	0.00		**Paid Off**
OUTSTANDING LOANS							
4	March 14, 1988	January 12, 1992	Reso 17-88	500,000.00	340,283.10	$323,817.78	**$664,100.88**
5	May 8, 1989	March 7, 1993	Reso 19-89	475,000.00	475,000.00	$332,239.73	**$807,239.73**
6	May 14, 1990	May 13, 1993	Reso 20-90	500,000.00	500,000.00	$346,972.60	**$846,972.60**
7	April 8, 1991	April 4, 1994	Reso 9-91	500,000.00	500,000.00	$333,452.05	**$833,452.05**
8	January 27, 1992	January 26, 1995	Reso 1-92	250,000.00	250,000.00	$160,684.93	**$410,684.93**
10	April 11, 1994	April 10, 1997	Reso 15-94	175,000.00	175,000.00	$100,915.07	**$275,915.07**
	TOTAL			**$3,237,150.00**	**$2,240,283.10**	**$1,598,082.16**	**$3,838,365.26**

OVERSIGHT BOARD RESOLUTION NO. 01-2015

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PACIFICA RESTATING AND AMENDING RESOLUTION NO. 2013-4 APPROVING REPAYMENT OF AMOUNTS OWED TO THE CITY OF PACIFICA BY THE FORMER REDEVELOPMENT AGENCY

WHEREAS, April 26, 2013, the California Department of Finance granted a "Finding of Completion" allowing for loans to be added to the Recognized Obligation Payment Schedule (ROPS) provided certain findings were made; and

WHEREAS, June 19, 2013 the Oversight Board adopted Resolution No. 2013-4; and

WHEREAS, the Oversight Board resolution declared that the loans from the City to the Redevelopment Agency were for legitimate redevelopment purposes; and

WHEREAS, the Department of Finance was provided with the adopted Resolution; and

WHEREAS, the Resolution set forth a principal balance of $3,237,150 owed to the City of Pacifica pursuant to loan agreements from 1985 through 1994; and

WHEREAS, to date no repayments have been granted on approved ROPS, due to insufficient balance available in the Redevelopment Property Tax Trust Fund as reported by the County Auditor Controller; and

WHEREAS, during the review of the 2014-15A ROPS it was indicated that the Agency may be eligible for funding in the 2015-16A ROPS (beginning July 1, 2015); and

WHEREAS, the Oversight Board desires to update with a detailed schedule of loans including the origination date, amended balances, and rate of interest in accordance with the Redevelopment Dissolution process; and

WHEREAS, this resolution shall amend and reduce the principal amount owed to $2,341,185.10 which accounts for repayments made prior to dissolution and not accounted for when Resolution 2013-4 was first presented; and

WHEREAS, this restated and amended resolution does not alter the finding by the Oversight Board that the loans from the City to the Redevelopment Agency were for legitimate redevelopment purposes, and therefore such loans as presented shall be deemed an enforceable obligation of the former Pacifica Redevelopment Agency; and

WHEREAS, in accordance with the dissolution laws the interest rate is to be recalculated beginning with the origination of the loan, and at the rate earned by the State Treasurer Local Agency Investment Fund (LAIF) at the time the Oversight Board makes its finding the interest; and

WHEREAS, the LAIF rate for June 2013 when Resolution No. 2013-4 was adopted was 0.24%; and

EXHIBIT A - (February 2015) Restated and Amended Resolution

RECORD OF LOANS BETWEEN CITY OF PACIFICA AND PACIFICA REDEVELOPMENT AGENCY

(Per authorized ROPS and RPTTF funding available - no repayments will occur prior to 7/1/2015)

	Origination Date	City Council Resolution Reference	Original Principal Amount Loaned	Unpaid Balance Owed To City	Accrued Interest As of 6/30/2015	6/30/2015 Total Balance - Principal & Interest
1	March 25, 1985		62,150.00	0.00		**Paid Off**
2	November 25, 1985	Reso 59-85	175,000.00	0.00		**Paid Off**
3	February 9, 1987	Reso 3-87	300,000.00	0.00		**Paid Off**
4	March 14, 1988	Reso 17-88	500,000.00	441,185.10	29,833.11	**$471,018.21**
5	May 8, 1989	Reso 19-89	475,000.00	475,000.00	30,722.69	**$505,722.69**
6	May 14, 1990	Reso 20-90	500,000.00	500,000.00	31,044.17	**$531,044.17**
7	April 8, 1991	Reso 9-91	500,000.00	500,000.00	29,898.08	**$529,898.08**
8	January 27, 1992	Reso 1-92	250,000.00	250,000.00	14,439.75	**$264,439.75**
9	May 24, 1993	Reso 16-93	300,000.00	0.00		**Paid Off**
10	April 11, 1994	Reso 15-94	175,000.00	175,000.00	9,131.74	**$184,131.74**
	TOTAL		**$3,237,150.00**	**$2,341,185.10**	**$145,069.55**	**$2,486,254.65**

San Mateo County
Countywide Oversight Board

Date: January 2, 2020 **Agenda Item No. 7**

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: East Palo Alto Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 20-21

Background
California Health and Safety Code (HSC) Section 34180(g) requires all ROPS to be approved by the Oversight Board.

Discussion
The Annual ROPS 20-21 contains all the obligations of the former Redevelopment Agency (RDA) for fiscal year 2020-21. The SA is requesting approval by the Board to spend $3,995,068 on outstanding obligations and administrative expenses for Annual ROPS 20-21.

Enclosed is the SA's Annual ROPS 20-21 and supporting documents.

Fiscal Impact
Funding for ROPS reduces the amount of tax revenue available for "Residual" distributions to the affected taxing entities.

CAC Exhibit
A. East Palo Alto SA's Annual ROPS 20-21 Agenda Packet

CAC Exhibit A

Date: December 11, 2019

To: San Mateo County Countywide Oversight Board

From: Brenda Cooley-Olwin; Treasurer/Finance Director

Subject: Approval of the Recognized Obligation Payment Schedule (ROPS) 20-21 and FY 2020-21 Administrative Cost Allowance Budget of the East Palo Alto Successor Agency (SA)

Former RDA: **City of East Palo Alto**

Recommendation
Adopt a resolution approving the City of East Palo Alto SA's ROPS 20-21 and Administrative Cost Allowance Budget.

Background
SAs who either do not qualify for, or are not currently on, a Last and Final ROPS must submit annually a ROPS listing the SA's enforceable obligations and expenses to the State Department of Finance (DOF) pursuant to Health & Safety Code Sections (HSC) 34177(m) and (o). The ROPS shall include an amount for the SA's Administrative Cost Allowance as authorized under the Dissolution Act which is subject to a cap as set forth under HSC 34171. The ROPS and the Budget for the SA's Administrative Cost Allowance must be approved by the Oversight Board.

Discussion
Submitted for the Oversight Board's approval is the ROPS 20-21 (Exhibit A). While the DOF's ROPS template requires all enforceable obligations to be listed, the Oversight Board approval is for the funding of those items to be paid in calendar year 2020. Exhibit C "Summary of Obligations and Supporting Documents" summarizes those items.

Financial Impact
No funds are involved with the approval of the ROPS.

Attachments:
1. Draft Resolution Approving East Palo Alto SA's ROPS 20-21 and FY 2020-21 Administrative Budget
2. Exhibit A - East Palo Alto SA's ROPS 20-21
3. Exhibit B - East Palo Alto SA's FY 2020-21 Administrative Budget
4. Exhibit C - Summary of Obligations and Supporting Documents

RESOLUTION NO. 2020-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 20-21 ("ROPS 20-21") AND FISCAL YEAR 2020-21 ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY TO THE FORMER EAST PALO ALTO REDEVELOPMENT AGENCY (RDA)

WHEREAS, California Health and Safety Code (HSC) Section 34177 requires the Successor Agencies to prepare a Recognized Obligation Payment Schedule ("ROPS") for each 12-month fiscal period, which lists the outstanding obligations of the former RDA and states the sources of funds for required payments; and

WHEREAS, the Successor Agency to the Former East Palo Alto Redevelopment Agency has prepared a draft ROPS for the period July 1, 2020 to June 30, 2021, referred to as "ROPS 20-21", claiming a total enforceable obligation amount of $3,995,068; and

WHEREAS, pursuant to HSC Section 34180(g) the Oversight Board must approve the establishment of each ROPS; and

WHEREAS, California HSC Section 34177 requires the Successor Agencies to prepare an administrative budget for Oversight Board approval; and

WHEREAS, the Successor Agency to the Former East Palo Alto Redevelopment Agency has prepared an administrative budget for the period July 1, 2020 to June 30, 2021, for $40,000; and

WHEREAS, California HSC Section 34179(e) requires all action items of Countywide Oversight Boards, including the San Mateo County Countywide Oversight Board, be accomplished by resolution.

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby approves the East Palo Alto Successor Agency ROPS 20-21 and the East Palo Alto Successor Agency Fiscal Year 2020-21 Administrative Budget, attached hereto as Exhibits A and B and incorporated herein by this reference;

BE IT FURTHER RESOLVED, that the Oversight Board directs the Successor Agency to submit the ROPS 20-21 to the State Department of Finance upon approval by the Oversight Board.

* * *

Exhibit A – East Palo Alto Successor Agency's Recognized Obligation Payment Schedule 20-21
Exhibit B – East Palo Alto Successor Agency's FY 2020-21 Administrative Budget

DRAFT

Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

Successor Agency: East Palo Alto
County: San Mateo

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	20-21A Total (July - December)	20-21B Total (January - June)	ROPS 20-21 Total
A Enforceable Obligations Funded as Follows (B+C+D)	**$ 6,146**	**$ -**	**$ 6,146**
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	6,146	-	6,146
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	**$ 1,996,899**	**$ 1,992,023**	**$ 3,988,922**
F RPTTF	1,971,899	1,977,023	3,948,922
G Administrative RPTTF	25,000	15,000	40,000
H Current Period Enforceable Obligations (A+E)	**$ 2,003,045**	**$ 1,992,023**	**$ 3,995,068**

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name Title

/s/

Signature Date

East Palo Alto
Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail
July 1, 2020 through June 30, 2021

Exhibit A Page 2 of 4

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 20-21 Total	ROPS 20-21A (Jul - Dec)					20-21A Total	ROPS 20-21B (Jan - Jun)					20-21B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								$29,960,261		$3,995,068	$-	$-	$6,146	$1,971,899	$25,000	$2,003,045	$-	$-	$-	$1,977,023	$15,000	$1,992,023
1	Repayment Agreement (06/1989)	City/County Loan (Prior 06/28/11), Cash exchange	06/19/ 1989	01/18/2045	City of East Palo Alto	Loan for Operation Advances	R	3,144,800	N	$1,075,145	-	-	6,146	1,068,999	-	$1,075,145	-	-	-	-	-	$-
3	Repayment Agreement (02/1995)	City/County Loan (Prior 06/28/11), Property transaction	02/21/ 1995	01/18/2045	City of East Palo Alto	Debt for Land Sold to Agency	G	5,266,630	N	$1,244,623	-	-	-	600,000	-	$600,000	-	-	-	644,623	-	$644,623
11	Operating Subsidy Loan	Business Incentive Agreements	05/04/ 2004	01/01/2026	Bay Road Housing LP	Courtyard Affordable Housing	G, UC	360,000	N	$60,000	-	-	-	-	-	$-	-	-	-	60,000	-	$60,000
12	Bank Charges for Bond Fiscal Agent Management	Fees	10/28/ 1999	01/01/2032	Wells Fargo Bank Trust	Trustee administrative charges	G, UC	76,500	N	$5,500	-	-	-	5,500	-	$5,500	-	-	-	-	-	$-
15	Administrative Costs	Admin Costs	02/01/ 2012	06/30/2045	City of East Palo Alto and 3rd Party Vendors	Administrative Allowance	G, UC, R	625,000	N	$40,000	-	-	-	-	25,000	$25,000	-	-	-	-	15,000	$15,000
20	2015 Tax Allocation Refunding Bonds, Series A	Bonds Issued After 12/31/10	10/28/ 1999	10/01/2032	Wells Fargo Bank Trust	Refunding of 1999 and 2003 Series A TABS	G, UC	20,487,331	N	$1,569,800	-	-	-	297,400	-	$297,400	-	-	-	1,272,400	-	$1,272,400

East Palo Alto
Recognized Obligation Payment Schedule (ROPS 20-21) - Report of Cash Balances
July 1, 2017 through June 30, 2018
(Report Amounts in Whole Dollars)

Exhibit A Page 3 of 4

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

A	B	C	D	E	F	G	H
	ROPS 17-18 Cash Balances (07/01/17 - 06/30/18)	**Fund Sources**					**Comments**
		Bond Proceeds		**Reserve Balance**	**Other Funds**	**RPTTF**	
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	
1	**Beginning Available Cash Balance (Actual 07/01/17)** RPTTF amount should exclude "A" period distribution amount.			1,330,505	51,765	-	
2	**Revenue/Income (Actual 06/30/18)** RPTTF amount should tie to the ROPS 17-18 total distribution from the County Auditor-Controller				11,250	2,655,666	
3	**Expenditures for ROPS 17-18 Enforceable Obligations (Actual 06/30/18)**				5,984	2,590,666	
4	**Retention of Available Cash Balance (Actual 06/30/18)** RPTTF amount retained should only include the amounts distributed as reserve for future period(s)			1,330,505	50,885	-	
5	**ROPS 17-18 RPTTF Prior Period Adjustment** RPTTF amount should tie to the Agency's ROPS 17-18 PPA form submitted to the CAC		No entry required				
6	**Ending Actual Available Cash Balance (06/30/18) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)**	**$-**	**$-**	**$-**	**$6,146**	**$65,000**	

East Palo Alto
Recognized Obligation Payment Schedule (ROPS 20-21) - Notes
July 1, 2020 through June 30, 2021

Item #	Notes/Comments
1	Outstanding Balance reduced by ROPS 19-20B payment of $864,410
3	
11	Outstanding Balance reduced by ROPS 19-20B payment of $60,000
12	
15	
20	

Exhibit B

Successor Agency to the Former City of East Palo Alto Redevelopment Agency
ROPS 20-21 Administrative Cost Allowance Budget
Period: 7/1/20 to 6/30/21

Description of Cost/Expense		Amount
Staff Time Estimates:		
Finance Director/Treasurer 40 hours ($125 per hour)	$	5,000
Finance Manager - 60 hours ($90 per hour)	$	5,400
Accounting Technician - 10 hours ($50 per hour)	$	500
	$	**10,900**
Legal Fees	$	7,500
Audit Fees	$	1,500
RBD Agreements, Projections	$	3,500
Debt Covenant Reporting	$	2,240
	$	**14,740**
Administrative Cost Allocation O/H PLAN 56%	$	14,360
Round	*$*	-
Total	**$**	**40,000**

Staff effort includes: ; bond payment processing; bond covenant reporting; SA annual budget preparation; general accounting reconciliation; management of annual financial transactions audit. On-going project to organize website and permanent files. Forecasting and informational requests from the County. Pass through contractual considerations and calculations.

Prior Year SA Admin Allowance = $50,000

EXHIBIT C - SUMMARY OF OBLIGATIONS AND SUPPORTING DOCUMENTS

ROPS Item No.	ROPS Category	Description of Obligation	Payee	ROPS 20-21 Funding Request	Supporting Documentation
1	Repayment Agreement (06/1989)	Loan for Operation Advances	City of East Palo Alto	$ 1,075,145	Attachment 1 - Loan Documentation Support
2	Repayment Agreement (02/1995)	Debt for Land Sold to Agency	City of East Palo Alto	1,244,623	Attachment 1 - Loan Documentation Support
11	Operating Subsidy Loan	Courtyard Affordable Housing	Bay Road Housing LP	60,000	Attachment 2 - Loan Agreement/Promissory Note
12	Bank Charges for Bond Fiscal Agent Management	Trustee administrative charges	Wells Fargo Bank Trust	5,500	Attachment 3 - Trustee Statement
15	Administrative Costs	Administrative Allowance	City of East Palo Alto and 3rd Party Vendors	40,000	Admin Support - Refer to Exhibit B of the Resolution
20	2015 Tax Allocation Refunding Bonds, Series A	Refunding of 1999 and 2003 Series A TABS	Wells Fargo Bank Trust	1,569,800	Attachment 4 - Debt Service Schedule
		TOTAL		**$ 3,995,068**	

ROPS Review Period:	ROPS 20-21

Sponsoring Entity Loan Repayment Calculator

Base Year:	ROPS II July thru December 2012	ROPS III January thru June 2013	Total For Base Year
Residual Balance	713,587	2,948,396	3,661,983

Comparison Year:	ROPS 19-20 A July thru December 2019	ROPS 19-20 B January thru June 2020	Total For Comparison Year
Residual Balance	3,275,121	5,026,397	8,301,518

A	Total Residual Balance for Comparison Year	8,301,518
B	Total Residual Balance for Base Year	3,661,983
A-B	Difference of Residual Balance	4,639,535
		2
	Maximum Repayment for Fiscal Year 2020-21	**2,319,768**

Controller's Note:

ROPS Item #1	$ 1,075,145
ROPS Item #2	1,244,623
	$ 2,319,768

EAST PALO ALTO
LIMITATIONS ON REPAYMENT OF SERAF AND CITY LOANS Per 34176 (e)(6)(B) and 34191.4 (b)(2)

Payments are limited to no more than half the increase in residual above a FY 2012-13 base year.
Payments of housing fund loan or deferral amounts are first in priority.

Maximum Allowable Repayment for FY 2020-21

Residual in FY 2012-13			
ROPS II Residual		713,587	*June 2012 Distribution*
ROPS III Residual		2,948,396	*January 2013 Distribution*
	(A)	$ 3,661,983	
Residual in FY 2019-20			
ROPS 19-20A Residual		3,275,121	*June 2019 Distribution*
ROPS 19-20B Residual		5,026,397	*January 2020 Distribution*
	(B)	$ 8,301,518	
Increase in Residual over FY 2012-13	(C)	$ 4,639,535	
Not To Exceed Amount (50% of Increase)	(D)	$ 2,319,768	
Reported Loan Repayments			
ROPS 20-21A - (July to December)		1,675,145	
ROPS 20-21B - (January to June)		644,623	
	(E)	$ 2,319,768	

Sponsoring Entity Agreements and Resolutions

Ravenswood Loan Agreement and Resolution

REPAYMENT AGREEMENT BY AND BETWEEN
THE CITY OF EAST PALO ALTO AND
THE EAST PALO ALTO REDEVELOPMENT AGENCY FOR
THE RAVENSWOOD INDUSTRIAL AREA

This Repayment Agreement ("Agreement") is entered into this 19 day of June, 1989, by and between the City of East Palo Alto ("City") and the East Palo Alto Redevelopment Agency ("Agency") with reference to the following facts, intentions, and purposes, and according to the following terms.

RECITALS

WHEREAS, the City has determined that it is in the interest of the City to pursue preparation of the Ravenswood Industrial Area Redevelopment Plan (the "Plan"); and

WHEREAS, the Agency is vested with the responsibility for formulating and carrying out the Plan; and

WHEREAS, the City has agreed to provide ongoing financial assistance and services to the Agency in accordance with the terms of this Agreement for implementation of the Plan with the expectation that the costs for such services will be repaid by the Agency out of tax increment funds generated within the Ravenswood Industrial Redevelopment Project Area to be designated by the City Planning Commission (the "Project Area"); and

WHEREAS, the City and the Agency are each ready and willing to assume the relationship described herein.

AGREEMENT

NOW, THEREFORE, pursuant to the California Health and Safety Code and in consideration of the benefits which will accrue to the City, the community and the citizens thereof from the Plan, and the mutual promises set forth below, the City and Agency agree as follows:

Section 1. PRINCIPAL SUM.

The Agency shall repay to the City, with interest, the Principal Sum (defined below) in the manner provided in Section 2. The Principal Sum consists of:

(a) The amount(s) of (i) any advance(s) hereafter made by the City to the Agency, (ii) any funds expended by the City on the Agency's behalf below, or (iii) the cost of any services provided by the City to the Agency, which amount(s) shall become part of the Principal Sum as of the date and in the manner described in Section 4 below; plus

(b) The amount of any interest accrued on the Principal Sum pursuant to Section 2(a) below which remains unpaid after June 30th in any fiscal year, as provided in the last sentence of Section 2(b) below.

Section 2. PAYMENT OBLIGATIONS.

Principal Sum Payments. Subject to the provisions of Section 3, the Agency shall make payments to the City of principal and interest on the Principal Sum as follows:

(a) Commencing on the July 1 immediately following the first advance of funds by the City to the Agency or the first incurrence by the City of costs on behalf of the Agency (such July 1 is hereafter referred to as the "Initial Payment Date"), the Principal Sum in existence from time to time shall bear simple interest of twelve percent (12%) per annum, not to exceed the maximum interest permitted by law.

(b) The Agency shall, commencing on the June 30 following the Initial Payment Date, and on each June 30th thereafter, pay to the City for credit against the unpaid balance of the Principal Sum and any accrued interest thereon an amount equal to the amount of Project Area tax increment revenues allocated to and received by the Agency during the fiscal year then ending, less the following amounts paid, deposited or secured by the Agency from such tax increment revenues during the fiscal year then ending: (i) any debt service payments or other payments made by the Agency from such revenues on bonds, notes or other Agency indebtedness, including indebtedness pursuant to tax sharing agreements, owner participation agreements, disposition and development agreements and other agreements; (ii) any amount required by statute to be paid or deposited for prescribed purposes (including, without limitation, any amount required to be deposited in the Agency's Low and Moderate Income Housing Fund pursuant to Health and Safety Code Sections 33334.2 and 33334.3); and (iii) any Agency operating expenses paid in accordance with the approved Agency budget. All payments made by the Agency

pursuant to this Section 2(b) shall first be credited toward any accrued interest owing, and then toward reduction of the Principal Sum. In the event that the payments made by the Agency in any fiscal year are not sufficient to pay the full amount of interest owed for that fiscal year, the unpaid interest shall be added to the Principal Sum pursuant to Section 1(b) above.

(c) Payments of principal and interest shall be made annually by the Agency in accordance with subparagraphs (a) and (b) above until the full amount of the Principal Sum plus accrued interest is repaid.

(d) In addition to the payments against principal to be made in accordance with subparagraph (b) above, the Agency may at any time and from any of its funds, and at its sole discretion, make additional payments in any amount to the City for credit against the unpaid balance of the Principal Sum.

Section 3. SUBORDINATION OF PAYMENT OBLIGATIONS.

It is expressly agreed and understood that any and all rights and claims by the City for repayment of amounts due under this Agreement from tax increment revenues are subordinate to the making of debt service payments or other payments on any bonds, notes or other indebtedness of the Agency (including indebtedness pursuant to tax sharing agreements, owner participation agreements, disposition and development agreements and other agreements) which are secured in whole or in part, directly or indirectly, by tax increment

revenues allocated from the Project Area pursuant to Section 33670 of the Health and Safety Code. An Agency obligation to make payments, pursuant to a reimbursement agreement or similar agreement, to reimburse or otherwise compensate a person or entity who has or is obligated to make payments of principal, interest or other amounts on bonds, notes or other indebtedness issued by the Agency to finance the implementation of the Plan shall be deemed to be a debt service payment obligation of the Agency in connection with such bonds, notes or other indebtedness for purposes of this Agreement. The Agency shall be required to make the payments set forth in this Agreement only to the extent that Project Area tax increment revenues have been received by the Agency and are available for that purpose.

Section 4. CITY ADVANCES.

The Agency may request and the City may, but is not required, to make such advances to the Agency or expend funds on behalf of the Agency as may be necessary and appropriate for the timely adoption and implementation of the Plan. Any advances to the Agency or funds expended by the City on behalf of the Agency shall be set forth in the adopted Agency and/or City budget, as applicable. The date and amount of each such advance or expenditure shall be memorialized by the parties on the attached Exhibit A, which is incorporated in this Agreement by this reference. Any advance or expenditure made pursuant to this Section 4 shall become part of the Principal

Sum as of the date of receipt of such advance by the Agency or the date of expenditure of such funds by the City, as further set forth in Section 1(a) above.

Section 5. INDEBTEDNESS.

The obligations of the Agency under this Agreement shall constitute an indebtedness of the Agency within the meaning of Section 33670 et seq. of the Health and Safety Code.

Section 6. SEVERABILITY.

If any provision of this Agreement is held invalid, the remainder of this Agreement shall not be affected thereby if such remainder would then continue to conform to the terms and requirements of the Health and Safety Code of the State of California or any other applicable State or Federal law.

Section 7. EXECUTION.

This Agreement shall be executed in four counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its behalf and its seal to be hereunto affixed and attested, and the Agency has caused the same to be duly executed in its behalf and its seal to be hereunto affixed and attested, all as of the date first above written.

CITY OF EAST PALO ALTO

By: William Vines
William Vines
Mayor

ATTEST:

Stanley H. Hall, City Clerk

EAST PALO ALTO
REDEVELOPMENT AGENCY

By:
Stanley H. Hall
Executive Director

By:
John Bostic, Chair

06/06/89
#B006/B55102

RESOLUTION NO. 55

A RESOLUTION OF THE EAST PALO ALTO REDEVELOPMENT AGENCY AUTHORIZING THE REPAYMENT OF COSTS AND SERVICES FROM THE CITY OF EAST PALO ALTO FOR THE RAVENSWOOD INDUSTRIAL AREA PROJECT AND THE EXECUTION OF AN AGREEMENT TO REPAY SUCH ADVANCES AND REIMBURSE THE CITY FOR COSTS INCURRED ON BEHALF OF REDEVELOPMENT EFFORTS

WHEREAS, by Resolution No. _____ dated May 16, 1989, the City Council of the City of East Palo Alto (the "City") designated a survey area for the Ravenswood Industrial Area pursuant to Health and Safety Code Section 33310 et seq., commencing the planning process for the adoption of a redevelopment plan for that area; and

WHEREAS, the East Palo Alto Redevelopment Agency (the "Agency") has determined that in order to carry out its redevelopment activities prior to adoption of a redevelopment plan for the Ravenswood Industrial Area and to fund the activities of the Agency until such time that tax increments are available for the support of the redevelopment function, it is necessary that the City provide the Agency with financial assistance and services (the "City Advances"); and

WHEREAS, it is the understanding of the Agency that the City Advances will be repaid out of tax increment funds, as such funds become available to the Agency, pursuant to the terms and conditions set forth in that certain Repayment Agreement by and between the City of East Palo Alto and the East Palo Alto Redevelopment Agency for the Ravenswood Industrial Area (the "Repayment Agreement"), attached and incorporated herein as Exhibit A; and

WHEREAS, it is the understanding of the Agency that it will reimburse the City out of tax increment funds for all costs incurred for the benefit of the Agency, pursuant to the terms of the Repayment Agreement.

NOW THEREFORE, BE IT RESOLVED that the Agency hereby approves the Repayment Agreement and authorizes the Executive Director and the Chair of the Agency to execute and deliver the Repayment Agreement, substantially in the form of the attached Exhibit A, on behalf of the Agency.

PASSED AND ADOPTED at a Regular Meeting of the East Palo Alto Redevelopment Agency, duly held on the 19 day of June, 1989, by the following vote:

AYES: Bostic, Coats, Mouton and Vines

NOES: Johnson

ABSENT: None

ABSTAIN: None

APPROVED:

Stanley H. Hall
Executive Director

John Bostic, Chair

06/06/89
#B012/B55102

EXHIBIT "A"

ADDITIONAL ADVANCES AND EXPENDITURES

TO BE ADDED TO PRINCIPAL SUM

Date of Advance or Expenditure	Amount of Advance or Expenditure
	$

55107

Gateway Loan Agreement and Resolution

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the "Agreement") is entered into as of February, 21, 1995 by and between the City of East Palo Alto, a municipal corporation (the "City") and the East Palo Alto Redevelopment Agency (the "Agency"), a public body, corporate and politic, with reference to the following facts and purposes:

RECITALS

A. The City Council of the City has adopted the Gateway/101 Corridor Redevelopment Plan by Ordinance No. 159, dated December 21, 1993 (the "Redevelopment Plan"). The Redevelopment Plan sets forth a plan for redevelopment of the Gateway/101 Corridor Redevelopment Project Area (the "Project Area").

B. The Agency is responsible for administering the Redevelopment Plan to cause redevelopment of the Project Area, including assembly, site preparation and redisposition of property within the Project Area for private redevelopment consistent with the Redevelopment Plan.

C. The City is the owner of that certain parcels containing approximately 30 acres of land within the Project Area generally known as the Ravenswood High School Site (the "Property"). A legal description of the Property is set forth in the attached Exhibit A. A/N 063-511-270 (10.312) 063-511-290 (8.087) 063-511-280 (11.293)

D. The Property is the site of an abandoned high school that has been unused since the closure of the high school due to lack of proper utilities and infrastructure that have prevented the private reuse of the Property in a manner consistent with the Redevelopment Plan.

E. Redevelopment of the Property for commercial use will promote the goals and objectives of the City as set forth in Part IV of the Redevelopment Plan (and quoted below) by enabling the reuse of currently underutilized land and eliminating blighted conditions.

1. The elimination and prevention of the spread of blight, non-conforming uses and deterioration and the conservation, rehabilitation and redevelopment of the Project Area in accordance with the General Plan, future specific plans, the Redevelopment Plan and local codes and ordinances, as they now exist or may hereafter be amended.

2. The elimination or amelioration of existing substandard conditions, including substandard vehicular circulation and parking systems; inadequate infrastructure; inadequate public improvements, insufficient off-street parking; and other similarly inadequate public improvements and facilities adversely affecting the Project Area.

3. The creation and development of local job opportunities through the adoption of policies providing for first source hiring of local residents and businesses to the extent permitted by law and the preservation and improvement of the City's existing employment base, so as to attract new businesses, stimulate economic revitalization, and provide business assistance within the Project Area and the City.

4. The provision of ongoing revenues to the City to support operation and capital projects, and an increase in revenues from property, sales, business license and other fees, taxes and revenues received by the City and other taxing entities.

5. The replacement of any low and moderate income housing units destroyed as a result of the Plan as expeditiously as possible by leveraging tax increment revenue with available local, state, federal and private revenue, and to the extent feasible at affordability levels affordable to East Palo Alto residents.

6. To the extent feasible and in accordance with individual desires, to relocate any persons or households displaced as a result of the Agency's activities within the City.

7. To the extent feasible to provide persons and households displaced as a result of the project with a first preference for replacement housing.

8. The utilization of the City's land ownership resources, such as the former Ravenswood High School site, to obtain the greatest overall economic benefit to the community for the value of the land.

9. The creation of an attractive gateway into the City from U.S. Highway 101 and other regional thoroughfares entering into and passing through the City.

10. The provision of a pedestrian and vehicular circulation system which is coordinated with land uses and densities and which is adequate to accommodate projected traffic volumes.

11. The provision of assistance to finance residential and commercial redevelopment in the Project Area to make the development economically feasible.

12. The promotion of new and continuing private sector investment within the Project Area to prevent the loss of and to facilitate the increase of commercial sales activity.

13. The alleviation of toxic contaminants in the Project Area.

14. The planning, replanning, redesign, development, reconstruction or rehabilitation of undeveloped, vacant and/or underdeveloped areas to facilitate a better utilization of the lands within the Project Area.

15. The achievement of an environment reflecting a higher level of concern for architectural, landscape, urban design and land use principles appropriate for attainment of the objectives of the Redevelopment Plan and the General Plan, as they now exist or may hereafter be amended.

16. The control of unplanned growth by guiding revitalization, rehabilitation and new development in such fashion as to meet the needs of the Project, the City and its citizens.

17. The reduction of the City's annual costs for the provision of local services to and within the Project Area.

F. The parties have determined that their respective goals and objectives, as set forth in the Redevelopment Plan, with respect to commercial redevelopment and reuse of the Property can best be achieved through conveyance of the Property by the City to the Agency in accordance with the terms of this Agreement. Conveyance to the Agency will facilitate the use of Agency legal powers for property disposition and reuse under the California Community Redevelopment Law, as well as Agency development expertise, monitoring capabilities, and financial resources to promote timely reconveyance and redevelopment of the Property by qualified commercial redevelopers (the "Redevelopers") for reuse consistent with the Redevelopment Plan.

G. Pursuant to Health and Safety Code Section 33220, for purposes of aiding and cooperating in the planning, undertaking, construction or operation of the redevelopment program within the Project Area, the City, upon the terms and with or without

consideration as it determines, may sell and convey any of its property, including the Property, to the Agency.

H. Pursuant to Health and Safety Code Section 33391 and Parts VI.B and D of the Redevelopment Plan, the Agency may acquire property in the Project Area for purposes of redevelopment, including acquisition of the Property by voluntary purchase from the City.

I. A Final Environmental Impact Report ("FEIR") was certified by the City and the Agency on December 6, 1993 in connection with adoption of the Redevelopment Plan.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the Agency and the City agree as follows:

Section 1. Purchase and Sale of the Property. Subject to the terms and conditions set forth below, the City agrees to sell, and the Agency agrees to purchase, the Property.

Section 2. Purchase Price; Payment of Purchase Price. Upon conveyance of the Property to the Agency, the Agency shall use diligent good faith efforts to further convey the Property to qualified Redevelopers for the purposes of commercial redevelopment and reuse of the Property consistent with the provisions of the Redevelopment Plan, the California Community Redevelopment Law, and all applicable local, state and federal laws and regulations.

The purchase price for the Property shall be ten dollars ($10.00) multiplied by an amount equal to the total gross square footage of the Property. The purchase price shall be paid by the Agency to the city to the extent of Available Tax Increment Revenue (as defined below). Available Tax Increment Revenue shall mean tax increment revenue generated from the Project Area minus (i) the funds to be set aside in the Housing Fund pursuant to Health and Safety Code Section 33334.2, (ii) any payments to taxing agencies pursuant to agreements entered into with such agencies prior to the date of this Agreement, (iii) any payments on bonds, notes, loans or other obligations entered into by the Agency either prior to or subsequent to the date of this Agreement to undertake and complete the activities contemplated in the Redevelopment Plan, and (iv) administrative costs of the Agency necessary to implement the Redevelopment Plan. The Agency shall not make any payment on the purchase price due hereunder until that date which is ten (10) years from the date of execution of this Agreement and then only to the extent of Available Tax Increment Revenue. In the event the Agency has not

paid to the City the full purchase price by the time the Agency's ability to collect tax increment funds expires under the Redevelopment Plan, the unpaid portion of the purchase price shall be forgiven.

Section 3. Conveyance of Property. Promptly following execution of this Agreement, and in any event by not later than May 1, 1995, the City shall convey the Property to the Agency by grant deed in form reasonably acceptable to the Agency to be recorded in the official records of the County Recorder of the County of San Mateo. The date of execution and recordation of the grant deed is referred to in this Agreement as the "Conveyance Date." Ad valorem property taxes and assessments, if any, shall be prorated as of the Conveyance Date. The City shall pay all costs of conveyance.

To effectuate the conveyance of the Property, the City and the Agency may establish an escrow with First American Title Company, 555 Marshall Street, Redwood City, California, 95063 (the "Title Company"). The Agency and the City shall execute any and all documents reasonably necessary or appropriate to close the purchase and sale of the Property pursuant to the terms of this Agreement.

Section 4. Condition of Title. The condition of title on the Conveyance Date shall be as set forth in the Preliminary Title Report for the Property issued by the Title Company and attached to this Agreement as Exhibit B (the "Preliminary Title Report") provided however, that item 13 of the Preliminary Title Report shall be removed. In connection with and as a condition of closing, the City shall cause to be delivered to the Agency a commitment for (and promptly after closing shall cause delivery of) a CLTA owners title policy for the Property consistent with the terms of the Preliminary Title Report, if the Agency so requests.

Section 5. Condition of Property. In fulfillment of the purposes of Health and Safety Code Section 25359.7(a), the City hereby represents and warrants that it has no knowledge, and has no reasonable cause to believe, that any release of hazardous substances has come to be located on or beneath the Property except as disclosed in that Environmental Assessment prepared by Roy F. Weston, Inc. dated January, 1995, a copy of which has been provided to the Agency.

The City and the Agency understand and agree that the Property shall be purchased by the Agency and that the City shall in no way be responsible for demolition, site preparation or any other removal or replacement of improvements thereon. The Agency

agrees to accept conveyance of the Property in its present condition, "as is" and without representation or warranty from the City with respect to the condition of the Property, including, but not limited to, the condition of the soil, presence of hazardous materials or contaminants, and all other physical characteristics. If the conditions of the Property are not in all respects entirely suitable for the use or uses to which the Property will be put as described in this Agreement, then it is the sole responsibility and obligation of the Agency or the Redeveloper to correct any soil conditions, correct any subsurface condition, correct any structural condition, demolish any improvements and otherwise put the Property in a condition suitable for the development and operation of the commercial development intended by the Agency.

Section 6. Representations and Warranties. The City represents, warrants and covenants to the Agency, as of the date of this Agreement and as of the Conveyance Date, as follows:

a. No Condemnation. To the best of the City's knowledge, there is no pending or threatened condemnation or similar proceeding effecting the Property, or any portion thereof, nor does the City have any knowledge that any such action is contemplated.

b. No Proceedings. To the best of the City's knowledge, there are no legal actions, suits, or other legal or administrative proceedings, including condemnation cases pending or threatened against or affecting the Property or the City's title to the Property. The City has not received notice from any public agency or entity with respect to any future proceeding or basis for any future proceeding against or affecting the Property or any part of the Property, or concerning any existing or potential, past, present or future toxic or hazardous material or conditions at the Property.

c. Clear Title. The City is the owner of the Property and has marketable and insurable fee simple title to the Property free of restrictions, leases, liens and other encumbrances, except for the matters set forth in the Preliminary Title Report. During the term of this Agreement, the City shall not convey or accept any offer to convey the Property or any portion of the Property nor shall the City encumber or permit encumbrance of the Property in any way nor grant any property, contract or occupancy right relating to the Property or any portion thereof without the prior written consent of the Agency, which may be withheld in the Agency's sole and absolute discretion.

Section 7. Operation of the Property Prior to Conveyance Date. Prior to the Conveyance Date, the City shall maintain the Property in a condition consistent with its current condition and shall make at its own expense, all repairs necessary to maintain the Property in such condition.

Section 8. Payment of Agency Obligations. The parties understand and agree that the sole source of payment of the purchase price by the Agency to the City shall be the Available Tax Increment Revenue as provided in Section 2 above;

Section 9. No Brokers. Each party represents to the other that it has not had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any real estate broker or other person who can claim a right to a commission or finder's fee. If any broker or finder makes a claim for a commission or finder's fee based upon a contact, dealings, or communications, the party through whom the broker or finder makes this claim shall indemnify, defend with counsel of the indemnified party's choice, and hold the indemnified party harmless from all expense, loss, damage and claims, including the indemnified party's attorneys' fees, if necessary, arising out of the broker's or finder's claim.

Section 10. Assignment. The Agency shall have no right, power, or authority to assign this Agreement or any portion hereof or to delegate any duties or obligations arising hereunder, either voluntarily, involuntarily or by operation of law.

Section 11. Subordination. The City hereby agrees that the Agency's obligation to pay the purchase price hereunder shall be subordinate to any loan, debt, bond or obligation entered into by the Agency in connection with the implementation of the Redevelopment Plan.

Section 12. General Provisions.

a. Headings. The title and headings of the various sections hereof are intended for means of reference and are not intended to place any construction on the provisions hereof.

b. Invalidity. If any provision of this Agreement shall be invalid or unenforceable the remaining provisions shall not be affected thereby, and every provision hereof shall be valid and enforceable to the fullest extent permitted by law.

c. Attorneys' Fees. In the event of any litigation between the parties hereto to enforce any of the provisions of this Agreement, the unsuccessful party to such litigation agrees to pay to the successful party all costs and expenses, including reasonable attorneys' fees incurred by the successful party, all of which may be included as part of the judgment rendered in such litigation.

d. Entire Agreement. The terms of this Agreement are intended by the parties as a final expression of their agreement and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Agreement constitute the exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial proceedings involving this Agreement. No provision of this Agreement may be amended except by an agreement in writing signed by the parties hereto or t heir respective successors in interest. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

e. Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto.

f. Time of the Essence. Time is of the essence in this Agreement.

g. Exhibits. Exhibit A and Exhibit B attached hereto are incorporated in this Agreement by this reference.

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

Attest:

By: _____, City Clerk

City

City of East Palo Alto, a municipal corporation

By: _____

Attest:

By: _____, Secretary

Agency

East Palo Alto Redevelopment Agency, a public body, corporate and politic

By: _____

5510MY.P50
02/10/95

RESOLUTION NO. ~~1052~~

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO APPROVING EXECUTION OF AN AGREEMENT WITH THE EAST PALO ALTO REDEVELOPMENT AGENCY FOR SALE OF PROPERTY WITHIN THE GATEWAY/101 CORRIDOR REDEVELOPMENT AREA; AND MAKING RELATED FINDINGS IN CONNECTION WITH SUCH TRANSACTION

WHEREAS, the City Council of the City of East Palo Alto (the "City") has adopted the Gateway/101 Corridor Redevelopment Plan, adopted by Ordinance No. 159, dated December 21, 1993 (the "Redevelopment Plan"); and

WHEREAS, the Redevelopment Plan sets forth a plan for redevelopment of the Gateway/101 Corridor Redevelopment Project Area (the "Project Area"); and

WHEREAS, the East Palo Alto Redevelopment Agency (the "Agency") is responsible for administering the Redevelopment Plan to cause redevelopment of the Project Area, including assembly, site preparation and redisposition of property within the Project Area for private redevelopment consistent with the Redevelopment Plan; and

WHEREAS, the City is the owner of two certain parcels containing approximately 30 acres within the Project Area generally known as the Ravenswood High School Site (the "Property"); and

WHEREAS, redevelopment of the Property for commercial use will promote the goals and objectives of the City and the Agency as set forth in Part IV of the Redevelopment Plan (and quoted below) by enabling the reuse of currently underutilized land:

1. The elimination and prevention of the spread of blight, non-conforming uses and deterioration and the conservation, rehabilitation and redevelopment of the Project Area in accordance with the General Plan, future specific plans, the Plan and local codes and ordinances, as they now exist or may hereafter be amended.

2. The elimination or amelioration of existing substandard conditions, including substandard vehicular circulation and parking systems; inadequate infrastructure; inadequate public improvements, insufficient off-street parking; and other similarly inadequate public improvements and facilities adversely affecting the Project Area.

3. The creation and development of local job opportunities through the adoption of policies providing for first source hiring of local residents and businesses to the extent permitted by law and the preservation and improvement of the City's existing employment base, so as to attract new businesses, stimulate economic revitalization, and provide business assistance within the Project Area and the City.

4. The provision of ongoing revenues to the City to support operation and capital projects, and an increase in revenues from property, sales, business license and other fees, taxes and revenues received by the City and other taxing entities.

5. The replacement of any low and moderate income housing units destroyed as a result of the Plan as expeditiously as possible by leveraging tax increment revenue with available local, state, federal and private revenue, and to the extent feasible at affordability levels affordable to East Palo Alto residents.

6. To the extent feasible and in accordance with individual desires, to relocate any persons or households displaced as a result of the Agency's activities within the city.

7. To the extent feasible to provide persons and households displaced as a result of the project with a first preference for replacement housing.

8. The utilization of the City's land ownership resources, such as the former Ravenswood High School site, to obtain the greatest overall economic benefit to the community for the value of the land;

9. The creation of an attractive gateway into the City from U.S. Highway 101 and other regional thoroughfares entering into and passing through the City.

10. The provision of a pedestrian and vehicular circulation system which is coordinated with land uses and densities and which is adequate to accommodate projected traffic volumes.

11. The provision of assistance to finance residential and commercial redevelopment in the Project Area to make the development economically feasible.

12. The promotion of new and continuing private sector investment within the Project Area to prevent the loss of and to facilitate the increase of commercial sales activity.

13. The alleviation of toxic contaminants in the Project Area.

14. The planning, replanning, redesign, development, reconstruction or rehabilitation of undeveloped, vacant and/or underdeveloped areas to facilitate a better utilization of the lands within the Project Area.

15. The achievement of an environment reflecting a higher level of concern for architectural, landscape, urban design and land use principles appropriate for attainment of the objectives of the Plan and the General Plan, as they now exist or may hereafter be amended.

16. The control of unplanned growth by guiding revitalization, rehabilitation and new development in such fashion as to meet the needs of the Project, the City and its citizens.

17. The reduction of the City's annual costs for the provision of local services to and within the Project Area.

WHEREAS, the Agency and the City have determined that their respective goals and objectives, as set forth in the Redevelopment Plan, with respect to commercial redevelopment and reuse of the Property can best be achieved through conveyance of the Property by the City to the Agency in accordance with the terms of a proposed Purchase and Sale Agreement, a copy of which is on file with the Agency Secretary (the "City/Agency Conveyance Agreement"); and

WHEREAS, conveyance of the Property to the Agency pursuant to the City/Agency Conveyance Agreement will facilitate the use of Agency legal powers for property disposition and reuse under the California Community Redevelopment Law, as well as Agency development expertise and monitoring capabilities, to promote timely reconveyance and redevelopment of the Property by qualified commercial redevelopers (the "Redevelopers") for reuse consistent with the Redevelopment Plan; and

WHEREAS, pursuant to Health and Safety Code Section 33220, for purposes of aiding and cooperating in the planning, undertaking, construction or operation of the redevelopment program within the Project Area, the City, upon the terms and with or without consideration as it determines, may sell and convey any of its property, including the Property, to the Agency; and

WHEREAS, pursuant to Health and Safety Code Section 33391 and Parts VI.B and D of the Redevelopment Plan, the Agency may acquire property in the Project Area for purposes of redevelopment, including acquisition of the Property by voluntary purchase from the City; and

WHEREAS, in accordance with the express authority cited above for conveyance of the Property by the City to the Agency and in light of the fact that such conveyance constitutes a continuing use of the Property for a vital public purpose of the City in implementing the goals and objectives of the City's Redevelopment Plan, the Property is not surplus property within the meaning of, and conveyance of the Property pursuant to the City/Agency Conveyance Agreement is not subject to the provisions of, the Surplus Lands Act (Government Code Section 54220 et seq.); and

WHEREAS, by resolution No. 93-2 dated November 8, 1993, the East Palo Alto Planning Commission made the finding of General Plan conformance pursuant to Government Code Section 65402 with respect to acquisition and disposition of the Property pursuant to the City/Agency Conveyance Agreement; and

WHEREAS, the City Council and the Agency have received and considered public input regarding the proposed City/Agency Conveyance Agreement; and

NOW, THEREFORE, BE IT RESOLVED that the City Council finds and determines that the above recitals are true and correct and have served as a basis, in part, for the findings and actions of the City Council set forth below.

BE IT FURTHER RESOLVED that the City Council finds and determines, based on information in the Staff Report and in the above recitals, that the approval, execution, and implementation of the City/Agency Conveyance Agreement will promote the goals and objectives of the Redevelopment Plan, will serve to eliminate blight in the Project Area, and will be of benefit to the redevelopment of the Project Area.

BE IT FURTHER RESOLVED that the City Council approves the City/Agency Conveyance Agreement and authorizes the Mayor or the City Manager to execute on behalf of the City the City/Agency Conveyance Agreement, substantially in the form on file with the Agency Secretary, with such changes as are approved by the City signatory, such approval to be conclusively evidenced by the execution of the City/Agency Conveyance Agreement.

BE IT FURTHER RESOLVED that the City Council hereby authorizes the City Manager to take such other actions and execute such other documents as are appropriate to effectuate the intent of the executed City/Agency Conveyance Agreement.

BE IT FURTHER RESOLVED that this Resolution shall take immediate effect from and after its passage and approval.

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of East Palo Alto at a regular meeting thereof held on February 21, 1995 by the following vote:

AYES, COUNCILMEMBERS: Gibson, Wilson, Vines, Jones, Walker

NOES, COUNCILMEMBERS: None

ABSTAIN, COUNCILMEMBERS: None

ABSENT, COUNCILMEMBERS: None

CLERK OF THE CITY OF EAST PALO ALTO

APPROVED:

BY: Jan Sandra Gibson
MAYOR OF THE CITY OF EAST PALO ALTO

Approved as to Form:
City Attorney

Oversight Board Resolution Approving Sponsoring Entity Loans as Obligations

RESOLUTION NO. OB 2016-02

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF EAST PALO ALTO APPROVING THE RAVENSWOOD OPERATING ADVANCES AGREEMENT WITH THE CITY OF EAST PALO ALTO IN THE AMOUNT OF $5,371,520 AS ENFORCEABLE OBLIGATION AND FINDING THAT THE LOAN WAS FOR LEGITIMATE REDEVELOPMENT PURPOSES

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding ABx1 26 (the "Dissolution Act") largely constitutional; and

WHEREAS, under the Dissolution Act and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency of the City of East Palo Alto (the "Dissolved RDA"), were dissolved on February 1, 2012; and

WHEREAS, on January 10, 2012, the City Council (the "City Council") of the City of East Palo Alto (the "City") adopted resolution 4226 accepting for the City the role of Successor Agency to the Dissolved RDA (the "Successor Agency"); and

WHEREAS, under the Dissolution Law, including the recently enacted SB 107, the definition of sponsoring entity loans was expanded; and

WHEREAS, pursuant to HSC section 34191.4 (b), loan agreements between the former redevelopment agency and the sponsoring entity may be placed on the ROPS if the following requirements are met: (1) the Successor Agency has received a Finding of Completion; and (2) the Successor Agency's Oversight Board approves the loan as an enforceable obligation and finds the loan was for legitimate redevelopment purposes; and

WHEREAS, the Successor Agency staff prepared, and the Oversight Board met at a duly noticed public meeting on January 28, 2016 to consider and information regarding the legitimate redevelopment purposes for which the Ravenswood Operating Advances Loan was made; and

WHEREAS, the Successor Agency received a Finding of Completion on July 16, 2013;

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board of the Successor Agency for the Dissolved RDA hereby finds, resolves, and determines as follows:

SECTION 1. The foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. Under the Health and Safety Code, the Oversight Board may reconsider disallowed enforceable obligations by the Department of Finance.

SECTION 3. The Oversight Board has reviewed the Ravenswood Operating Advances Loan, including the existing repayment schedule provided in Exhibit A to this resolution, and approves the loan as an enforceable obligation and finds the loan was made for legitimate redevelopment purposes. This finding is based upon information provided to the Oversight Board.

SECTION 4. The Oversight Board has reviewed the aforementioned obligation, and hereby approves this item to be listed in ROPS 16-17 as an enforceable obligation.

ADOPTED on January 28, 2016 by the Members of the Oversight Board of the Successor Agency for the Former Redevelopment Agency of the City of East Palo Alto with the following vote, to wit:

	Jellins	Farrales	Rutherford	Jackson	Sved (for Singh)	Chow	Martinez
AYES:	✓		✓	✓	✓		✓
NOES:							
ABSENT:		X				X	
ABSTAIN:							

Chair, Nicholas Jellins

Secretary, Joseph Prado

Approved as to form, OB Counsel

Ravenswood Operating Advances Loan Agreement
Amortization of Loan Payments

Rate	**0.75%** ***Per Quarter***	
	3.00% ***Annually***	

Quarter Ending	Beginning Balance	Interest		Payment	Principal Balance	
Jun-15	**$ 5,291,845.24**	**$ -**		**$0.00**	**$ 5,291,845.24**	
Sep-15	$ 5,291,845.24	$ 39,688.84		$0.00	$ 5,331,534.08	
Dec-15	$ 5,331,534.08	$ 39,986.51		$0.00	$ 5,371,520.58	
Mar-16	$ 5,371,520.58	$ 40,286.40		$1.00	$ 5,411,807.99	
Jun-16	**$ 5,411,807.99**	**$ 40,588.56**		**$0.00**	**$ 5,452,396.55**	**$ 160,550.31**
Sep-16	$ 5,452,396.55	$ 40,892.97		$0.00	$ 5,493,289.52	
Dec-16	$ 5,493,289.52	$ 41,199.67		$0.00	$ 5,534,489.19	
Mar-17	$ 5,534,489.19	$ 41,508.67		$0.00	$ 5,575,997.86	
Jun-17	**$ 5,575,997.86**	**$ 41,819.98**		**$0.00**	**$ 5,617,817.85**	**$ 165,421.30**
Sep-17	$ 5,617,817.85	$ 42,133.63		$0.00	$ 5,659,951.48	
Dec-17	$ 5,659,951.48	$ 42,449.64		$0.00	$ 5,702,401.12	
Mar-18	$ 5,702,401.12	$ 42,768.01		$0.00	$ 5,745,169.13	
Jun-18	**$ 5,745,169.13**	**$ 43,088.77**		**($1,075,145.00)**	**$ 4,713,112.89**	**$ 170,440.05**
Sep-18	$ 4,713,112.89	$ 35,348.35		$0.00	$ 4,748,461.24	
Dec-18	$ 4,748,461.24	$ 35,613.46		$0.00	$ 4,784,074.70	
Mar-19	$ 4,784,074.70	$ 35,880.56		$0.00	$ 4,819,955.26	
Jun-19	**$ 4,819,955.26**	**$ 36,149.66**		**($1,075,145.00)**	**$ 3,780,959.93**	**$ 142,992.03**
Sep-19	$ 3,780,959.93	$ 28,357.20		$0.00	$ 3,809,317.12	
Dec-19	$ 3,809,317.12	$ 28,569.88			$ 3,837,887.00	
Mar-20	$ 3,837,887.00	$ 28,784.15		$0.00	$ 3,866,671.16	
Jun-20	**$ 3,866,671.16**	**$ 29,000.03**		**($1,075,145.00)**	**$ 2,820,526.19**	**$ 29,000.03**
Sep-20	$ 2,820,526.19	$ 21,153.95		$0.00	$ 2,841,680.14	
Dec-20	$ 2,841,680.14	$ 21,312.60		$0.00	$ 2,862,992.74	
Mar-21	$ 2,862,992.74	$ 21,472.45		$0.00	$ 2,884,465.18	
Jun-21	$ 2,884,465.18	**$ 21,633.49**		**($1,075,145.00)**	$ 1,830,953.67	**$ 85,572.48**
Sep-21	$ 1,830,953.67	$ 13,732.15		$0.00	$ 1,844,685.82	
Dec-21	$ 1,844,685.82	$ 13,835.14		$0.00	$ 1,858,520.97	
Mar-22	$ 1,858,520.97	$ 13,938.91		$0.00	$ 1,872,459.87	
Jun-22	**$ 1,872,459.87**	**$ 14,043.45**		**($1,075,145.00)**	**$ 811,358.32**	**$ 55,549.65**
Sep-22	$ 811,358.32	$ 6,085.19		$0.00	$ 817,443.51	
Dec-22	$ 817,443.51	$ 6,130.83	=		$ 823,574.34	
Mar-23	$ 823,574.34	$ 6,176.81		$0.00	$ 829,751.14	
Jun-23	$ 829,751.14	$ 6,223.13		($835,974.28)	$ (0.00)	**$ 24,615.95**
		$913,629.90		**($5,375,724.00)**		

RESOLUTION NO. OB 2016-03

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF EAST PALO ALTO APPROVING THE GATEWAY LAND PURCHASE AND SALE AGREEMENT WITH THE CITY OF EAST PALO ALTO IN THE AMOUNT OF $6,413,730 AS ENFORCEABLE OBLIGATION AND FINDING THAT THE LOAN WAS FOR LEGITIMATE REDEVELOPMENT PURPOSES

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding ABx1 26 (the "Dissolution Act") largely constitutional; and

WHEREAS, under the Dissolution Act and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency of the City of East Palo Alto (the "Dissolved RDA"), were dissolved on February 1, 2012; and

WHEREAS, on January 10, 2012, the City Council (the "City Council") of the City of East Palo Alto (the "City") adopted resolution 4226 accepting for the City the role of Successor Agency to the Dissolved RDA (the "Successor Agency"); and

WHEREAS, under the Dissolution Law, including the recently enacted SB 107, the definition of sponsoring entity loans was expanded; and

WHEREAS, pursuant to HSC section 34191.4 (b), loan agreements between the former redevelopment agency and the sponsoring entity may be placed on the ROPS if the following requirements are met: (1) the Successor Agency has received a Finding of Completion; and (2) the Successor Agency's Oversight Board approves the loan as an enforceable obligation and finds the loan was for legitimate redevelopment purposes; and

WHEREAS, the Successor Agency staff prepared, and the Oversight Board met at a duly noticed public meeting on January 28, 2016 to consider and information regarding the legitimate redevelopment purposes for which the Gateway Land Purchase and Sale Loan was made; and

WHEREAS, the Successor Agency received a Finding of Completion on July 16, 2013;

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board of the Successor Agency for the Dissolved RDA hereby finds, resolves, and determines as follows:

SECTION 1. The foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. Under the Health and Safety Code, the Oversight Board may reconsider disallowed enforceable obligations by the Department of Finance.

SECTION 3. The Oversight Board has reviewed the Gateway Land Purchase and Sale Loan, including the existing repayment schedule provided in Exhibit A to this resolution, and approves the loan as an enforceable obligation and finds the loan was made for legitimate redevelopment purposes. This finding is based upon information provided to the Oversight Board.

SECTION 4. The Oversight Board has reviewed the aforementioned obligation, and hereby approves this item to be listed in ROPS 16-17 as an enforceable obligation.

ADOPTED on January 28, 2016 by the Members of the Oversight Board of the Successor Agency for the Former Redevelopment Agency of the City of East Palo Alto with the following vote, to wit:

	Jellins	Farrales	Rutherford	Jackson	Sved (for Singh)	Chow	Martinez
AYES:	✓		✓	✓	✓		✓
NOES:							
ABSENT:		X				X	
ABSTAIN:							

Chair, Nicholas Jellins

Secretary, Joseph Prado

Approved as to form, OB Counsel

Gateway Land Purchase and Sale Agreement
Amortization of Loan Payments

Rate	**0.00%**		
Fiscal Year Ending	**Beginning Balance**	**Payment**	**Principal Balance**
Jun-16	**$ 6,413,729.89**	**$0.00**	**$ 6,413,729.89**
Jun-17	$ 6,413,729.89	$0.00	$ 6,413,729.89
Jun-18	$ 6,413,729.89	($188,639.11)	$ 6,225,090.78
Jun-19	$ 6,225,090.78	($188,639.11)	$ 6,036,451.67
Jun-20	$ 6,036,451.67	($188,639.11)	**$ 5,847,812.56**
Jun-21	$ 5,847,812.56	($188,639.11)	$ 5,659,173.45
Jun-22	$ 5,659,173.45	($188,639.11)	$ 5,470,534.34
Jun-23	$ 5,470,534.34	($188,639.11)	$ 5,281,895.23
Jun-24	**$ 5,281,895.23**	($188,639.11)	**$ 5,093,256.12**
Jun-25	$ 5,093,256.12	($188,639.11)	$ 4,904,617.01
Jun-26	$ 4,904,617.01	($188,639.11)	$ 4,715,977.90
Jun-27	$ 4,715,977.90	($188,639.11)	$ 4,527,338.79
Jun-28	**$ 4,527,338.79**	($188,639.11)	**$ 4,338,699.68**
Jun-29	$ 4,338,699.68	($188,639.11)	$ 4,150,060.57
Jun-30	$ 4,150,060.57	($188,639.11)	$ 3,961,421.46
Jun-31	$ 3,961,421.46	($188,639.11)	$ 3,772,782.35
Jun-32	**$ 3,772,782.35**	($188,639.11)	**$ 3,584,143.24**
Jun-33	$ 3,584,143.24	($188,639.11)	$ 3,395,504.13
Jun-34	$ 3,395,504.13	($188,639.11)	$ 3,206,865.02
Jun-35	$ 3,206,865.02	($188,639.11)	$ 3,018,225.91
Jun-36	**$ 3,018,225.91**	($188,639.11)	**$ 2,829,586.80**
Jun-37	$ 2,829,586.80	($188,639.11)	$ 2,640,947.69
Jun-38	$ 2,640,947.69	($188,639.11)	$ 2,452,308.58
Jun-39	$ 2,452,308.58	($188,639.11)	$ 2,263,669.47
Jun-40	$ 2,263,669.47	($188,639.11)	$ 2,075,030.36
Jun-41	$ 2,075,030.36	($188,639.11)	$ 1,886,391.25
Jun-42	$ 1,886,391.25	($188,639.11)	$ 1,697,752.14
Jun-43	$ 1,697,752.14	($188,639.11)	$ 1,509,113.03
Jun-44	**$ 1,509,113.03**	($188,639.11)	**$ 1,320,473.92**
Jun-45	**$ 1,320,473.92**	($188,639.11)	**$ 1,131,834.81**
Jun-46	**$ 1,131,834.81**	($188,639.11)	**$ 943,195.70**
Jun-47	**$ 943,195.70**	($188,639.11)	**$ 754,556.59**
Jun-48	**$ 754,556.59**	($188,639.11)	**$ 565,917.48**
Jun-49	**$ 565,917.48**	($188,639.11)	**$ 377,278.37**
Jun-50	**$ 377,278.37**	($188,639.11)	**$ 188,639.26**
Jun-51	**$ 188,639.26**	($188,639.26)	**$ (0.00)**
		($6,413,729.89)	

$1,200,000
LOAN AGREEMENT
The Courtyard at Bay Road
(Bay Road Operating Subsidy)

This Loan Agreement (the "Agreement") is entered into as of December 30, 2004, by and between the Redevelopment Agency of the City of East Palo Alto, a public body, corporate, and politic (the "Agency") and Bay Road Housing L.P., a California limited partnership (the "Borrower"), with reference to the following facts:

A. The Borrower has acquired that certain property located at 1730 Bay Road and 1740 Bay Road, East Palo Alto (the "Property") and, on which it intends to develop seventy-seven (77) units of affordable housing (the "Improvements").

B. The Agency is required to replace housing units destroyed by the Agency as part of its redevelopment program. In consideration for the Agency loaning funds to the Borrower, the Borrower has agreed that the units in the Development will be regulated in order to comply with the requirements of the Health and Safety Code Section 33413 with regard to replacement housing, and the units will be counted towards the Agency's replacement housing obligation.

C. Through this Agreement, the Agency wishes to provide financial assistance to the Borrower for the Development, in the form of an operating subsidy loan in a maximum amount not to exceed One Million Two Hundred Thousand Dollars ($1,200,000) (the "Loan") to consist of an annual obligation to provide an operating subsidy until the Development is self-sustaining.

WITH REFERENCE TO THE FACTS RECITED ABOVE, the Agency and the Borrower (the "Parties") agree as follows:

ARTICLE 1 DEFINITIONS AND EXHIBITS

Section 1.1 Definitions

The following capitalized terms have the meanings set forth in this Section 1.1 wherever used in this Agreement, unless otherwise provided:

(a) "Adjusted Income" shall mean total anticipated annual income of all persons in a household as calculated in accordance with 24 CFR 92.203 (b)(1) (which incorporates 24 CFR 813).

(b) "Affordability Covenant" shall mean the affordability agreement between the Agency and the Borrower dated of even date herewith, and recorded against the Property on _____ as document no. _____.

(c) "Agency" shall mean the Redevelopment Agency of the City of East Palo Alto, a public body, corporate, and politic.

(d) "Agreement" shall mean this Loan Agreement.

(e) "Annual Operating Expenses" with respect to a particular calendar year shall mean the following costs reasonably and actually incurred for operation and maintenance of the Development to the extent that they are consistent with an annual independent audit performed by a certified public accountant using generally accepted accounting principles: property taxes and other taxes and assessments imposed on the Development; debt service currently due on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Development) on loans associated with development of the Development and approved by the Agency including debt service on loans from the County of San Mateo; property management fees and reimbursements, not to exceed fees and reimbursements which are standard in the industry and pursuant to a management contract approved by the Agency; partnership management fees (including any asset management fees), if any, not to exceed a total of Twenty Thousand Dollars ($20,000) per year increased by three percent (3%) per year, all as specifically approved in advance and in writing by the Agency at the time the tax credit syndication occurs and only during the approximately fifteen (15)-year time period when the tax credit investor is included in the Borrower's partnership, premiums for property damage and liability insurance; utility services not paid for directly by tenants, including but not limited to water, sewer, and trash collection; ordinary and extraordinary maintenance and repair; any annual license or certificate of occupancy fees required for operation of the Development; security services and systems; professional fees for legal, audit, accounting and tax returns, and others; advertising and marketing; cash deposited into reserves for capital replacements of the Development in an amount not to exceed six tenths of one percent (.6%) of the total development cost of the Development; cash deposited into an operating reserve in an amount not to exceed three percent (3%) of Annual Operating Expenses or the amount required in connection with the permanent financing and the tax credit syndication, whichever is greater (or any greater amount approved in writing by the Agency) but with the operating reserve capped at six (6) months gross rent from the Development (as such rent may vary from time to time); payment of any previously unpaid portion of the Developer Fee due Community Housing Developers (with interest at a rate not to exceed two percent (2%) simple interest) not exceeding a cumulative developer fee due Community Housing Developers in the maximum amount set forth in this Loan Agreement; extraordinary operating costs specifically approved in writing by the Agency; payments of deductibles in connection with casualty insurance claims not normally paid from reserves, the amount of uninsured losses actually replaced, repaired or restored, and not normally paid from reserves, and other ordinary and reasonable operating expenses approved in writing by the Agency and not listed above. Annual Operating Expenses shall not include the following: depreciation, amortization, depletion or other non-cash expenses; any amount expended from a reserve account; and any capital cost with respect to the Development, as determined by the accountant for the Development.

(f) "Approved Development Budget" shall mean the proforma development budget, including sources and uses of funds, attached to this Agreement as Exhibit B.

(g) "Approved Financing" shall mean financing approved by the Agency at the request of the Borrower and for which the Borrower demonstrates to the Agency's reasonable satisfaction that repayment of the additional loans will not jeopardize the repayment of the Loan.

(h) "Authorized Officers" shall mean, in the case of the Agency, its Executive Director, and in the case of the Borrower, its President or Executive Director.

(i) "Borrower" shall mean Bay Road Housing L.P., a California limited partnership.

(j) "Certificate of Occupancy" shall mean a temporary or permanent certificate of occupancy issued by the City of East Palo.

(k) "City" shall mean the City of East Palo Alto, a municipal corporation.

(l) "County" shall mean the County of San Mateo, a subdivision of the State of California.

(m) "Deed of Trust" shall mean the deed of trust securing the Loan to be recorded against the Property.

(n) "Default" shall have the meaning set forth in Section 6.1 below.

(o) "Development" shall mean Borrower's fee interest in the Property and in the Improvements.

(p) "Development Services Agreement" shall mean that certain agreement between the Borrower and the General Partner whereby the General Partner agrees to be the Developer for the purposes of the Development.

(q) "Financing Plan" shall mean evidence of the availability of the funds necessary to develop the Development on the Property as approved by the Agency prior to the execution of this Agreement.

(r) "Fiscal Year" shall mean the fiscal year observed by the Development, which shall extend from January 1 to December 31.

(s) "General Partner" shall mean Sands Drive Housing, Inc., a California nonprofit public benefit corporation, and the Borrower's general partner.

(t) "Gross Revenue" with respect to a particular calendar year shall mean all revenue, income, receipts, and other consideration actually received from operation and leasing of the Development. Gross Revenue shall include, but not be limited to: all rents, fees and charges paid by tenants, Section 8 payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; net proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance and not paid to senior lenders; the proceeds of casualty insurance not used to rebuild the Development and not paid to senior lenders; and condemnation awards for a taking of part or all of the Development for a temporary period. Gross Revenue shall not include tenants' security deposits, loan proceeds, capital contributions or similar advances.

(u) "Hazardous Materials" shall have the meaning set forth in Section 4.6 below.

(v) "Hazardous Materials Claim" shall have the meaning set forth in Section 4.6 below.

(w) "Hazardous Materials Law" shall have the meaning set forth in Section 4.6 below.

(x) "Improvements" shall mean the seventy-seven (77) apartment units to be operated as affordable housing and ancillary improvements on the Property pursuant to this Agreement.

(y) "Loan" shall mean the loan from the Agency to the Borrower for an operating subsidy in a total amount not to exceed One Million Two Hundred Thousand Dollars ($1,200,000) pursuant to this Agreement.

(z) "Loan Documents" shall mean this Agreement, the Note, the Deed of Trust, and the Affordability Covenant.

(aa) "Median Income" shall mean the median gross yearly income for households in San Mateo County, as published periodically by the California Department of Housing and Community Development ("HCD"). In the event such income determinations are no longer published by HCD, or are not updated for a period of at least twenty-four (24) months, the Agency shall provide Borrower with other income determinations which are reasonably similar with respect to method of calculation to those previously published by HCD.

(bb) "Net Annual Housing Fund Deposit" shall mean the tax increment funds deposited by the Agency in its Low and Moderate Income Housing Fund as required by Health and Safety Code Section 33334.2 minus the following:

(i) Debt-service obligations on housing bonds issued prior May 2, 2004;

(ii) Payments and commitments of funds for housing projects approved by the Agency Board prior to May 2, 2004; and

(iii) Federal, state, and local government pass-through payments required by law, including, but not limited to, state Education Resource Augmentation Fund ("ERAF") payments.

(cc) "Net Cash Flow" shall mean the total Gross Revenue generated by the Development, less Annual Operating Expenses.

(dd) "Note" shall mean the note that will evidence the Borrower's obligation to repay the Loan to be executed concurrently herewith.

(ee) "Parties" shall mean the Agency and the Borrower.

(ff) "Property" shall mean the real property located in East Palo Alto, California, more particularly described in the attached Exhibit A.

(gg) "Term" shall mean the term of the Loan, commencing on the date of this Agreement and continuing for twenty (20) years after the initial disbursement of the Loan to Borrower.

(hh) "Transfer" shall have the meaning set forth in Section 4.12 below.

(ii) "Unit" shall mean one of the seventy-seven (77) apartment units to be constructed on the Property.

Section 1.2 Exhibits

The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

EXHIBIT A: Legal Description of the Property

EXHIBIT B: Approved Development Budget

ARTICLE 2 LOAN PROVISIONS

Section 2.1 Loan.

The Agency shall loan to the Borrower the Loan in the maximum principal amount of One Million Two Hundred Thousand Dollars ($1,200,000) for the purposes set forth in Section 2.3 of this Agreement.

The Agency shall disburse the Loan in accordance with Section 2.6.

Section 2.2 Interest.

(a) Subject to Section 2.2(b), the outstanding principal balance of the Loan shall accrue simple interest at the rate of two percent (2%) per annum, commencing on the initial disbursement of the Loan to Borrower.

(b) In the event of a Default, interest on the Loan shall begin to accrue, as of the date of Default and continuing until such time as the Loan funds are repaid in full or the Default is cured, at the default rate of the lesser of eight percent (8%), compounded annually, or the highest rate permitted by law.

Section 2.3 Use of Loan Funds.

The Borrower shall use Loan funds to pay costs incurred by the Developer associated with the operation of the Development, and the Borrower shall not use the Loan funds for any other purpose.

Section 2.4 Security.

The Borrower's obligation under this Loan Agreement and the Note shall be secured by the Deed of Trust on the Property.

Section 2.5 Conditions Precedent to Disbursement of Loan.

(a) The City shall not be obligated to make any disbursements of Loan proceeds or take any other action under the Loan Documents unless the following conditions precedent are satisfied prior to each such disbursement of the Loan:

(i) There exists no Default nor any act, failure, omission or condition that would constitute an event of Default under this Agreement if not cured within the applicable cure period;

(ii) The Borrower has executed and delivered to the Agency all documents, instruments, and policies required under the Loan Documents.

(iii) A title insurer reasonably acceptable to the Agency is unconditionally and irrevocably committed to issuing an ALTA lender's policy insuring the priority of the Deed of Trust in the amount of the Loan, subject only to such exceptions and exclusions as may be reasonably acceptable to the Agency, and containing such endorsements as the Agency may reasonably require.

(iv) The Deed of Trust has been recorded against the Property in the Office of the Recorder of the County.

(v) The Affordability Covenant has been recorded against the Property in the Office of the Recorder of the County.

(vi) The Borrower has furnished the Agency with evidence of the insurance coverage meeting the requirements of Section 4.13 below.

(v) The Borrower has furnished the Agency with the audited financials required pursuant to Section 2.7 in a timely manner.

Section 2.6 Loan Disbursement.

(a) The Loan is intended to provide an operating subsidy to fill a gap in the operating budget of the Development when, and only when, such a gap exists. No later than October 31st of each Fiscal Year commencing in the Fiscal Year in which a Certificate of Occupancy is issued and continuing until the nineteenth Fiscal Year after issuance of a Certificate of Occupancy, Borrower shall submit to the Agency a proposed operating budget for the succeeding Fiscal Year. The operating budget shall include all projected revenue sources as

well as all projected expenses and shall be in sufficient detail for the Agency to determine any operating deficits projected for the Development for the succeeding Fiscal Year. The Agency may, after receipt of the operating budget request supporting information that will enable it to verify the projected budget. If there exists a gap in the operating budget for succeeding Fiscal Year, then the Borrower is eligible for an Annual Disbursement (as defined below). Notwithstanding the foregoing, in any year in which the proposed operating budget demonstrates that there exists Net Cash Flow, the Borrower shall not be eligible for an Annual Disbursement.

(b) If for a given Fiscal Year, there exists a gap in the operating budget submitted for that year, then the Borrower shall receive a disbursement of the Loan on January 30th of the applicable Fiscal year (the "Annual Disbursement"). If there does not exist a gap in the operating budget for a given Fiscal Year, then no Annual Disbursement shall be made in the following year.

(c) The maximum amount of the Annual Disbursement shall be the lesser of thirty percent (30%) of the Net Annual Housing Fund Deposit or Sixty Thousand Dollars ($60,000). The minimum amount of the Annual Disbursement shall be as follows:

Year 1 - $45,000
Year 2 - $40,000
Year 3 - $40,000
Year 4 - $35,000
(2011) Year 5 - $35,000
Year 6 - $25,000
Year 7 - $25,000
Year 8-20 $15,000

Section 2.7 Repayment Schedule.

The Loan shall be repaid as follows:

(a) The Loan and this Agreement shall have a term (the "Term") that expires on the date twenty (20) years after the initial disbursement of Loan Funds to the Borrower.

(b) For any Fiscal Year in which there exists Net Cash Flow from the operation of the Development, Borrower shall make a repayment of the Loan equal to seventy-five percent (75%) of the Net Cash Flow. No later than April 30 of each Fiscal Year commencing in the first full Fiscal Year after the Development has received an Annual Disbursement, Borrower shall submit to the Agency copies of an independent audit of the financial operations of the Development. The independent audit shall indicate the Net Cash Flow for the Development. All repayments shall be due no later than May 31st of each year. Payments made shall be credited first against accrued interest and then against outstanding principal.

(c) All principal and accrued interest on the Loan shall be due in full on the earlier to occur of (i) the date of any Transfer not authorized by the Agency, (ii) the date of any Default, and (iii) the expiration of the Term.

(d) The Borrower shall have the right to prepay the Loan at any time. However, the Affordability Covenant shall remain in effect for fifty-five (55) years, regardless of any prepayment.

(e) The Borrower shall owe a late charge of two percent (2%) of the amount due if an amount due under Section 2.6 (c) or under this Section 2.7 remains unpaid (i) ten (10) days after the due date, if the Borrower does not deliver an extension request to the Agency within such ten (10)-day period, or (ii) sixty (60) days after the due date, if the Borrower so requests an extension. After so requesting an extension, the Borrower's failure to make the payment by the sixty-first (61st) day after the due date shall be a Default without further notice and opportunity to cure.

Section 2.8 Non-Recourse

Except as provided below, the Borrower shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Agency with respect to the principal of, or interest on, the Note and defaults by Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; however, nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for the Note of all the rights and remedies of the Agency thereunder, or (b) be deemed in any way to impair the right of the Agency to assert the unpaid principal amount of the Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Agency under Sections 4.6 and 7.4 of this Agreement, or liability for (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

Section 2.9 Subordination.

The Agency may subordinate the Deed of Trust to the lien of certain deeds of trust securing the Approved Financing, including loans provided by the investor limited partner that are used for construction and development costs or provide permanent financing for the Development, provided the subordination documents provide the Agency with reasonably adequate notice and cure rights to enable the Agency to avoid foreclosure of the deeds of trust securing the Approved Financing.

Upon a determination by the Agency Executive Director that the requirements of Health and Safety Code Section 33334.14 are satisfied, including that the Approved Financing documents contain provisions that are reasonably designed to protect the Agency's interest in the event of default under such loans, the Agency shall subordinate the Affordability Covenant to the liens of the deeds of trust securing the Approved Financing.

Section 2.10 Limitation on Development Fee.

The amount and terms of the Loan have been determined in light of the reasonably anticipated costs operation of the Development. As provided in the Financing Plan, the parties have determined that the reasonable development fee (the "Development Fee") for acquisition, construction, and operation of the Development is an amount not to exceed One Million Two Hundred Thousand Dollars ($1,200,000). Unless otherwise approved in writing by the Agency, the Development Fee shall not exceed One Million Two Hundred Thousand Dollars ($1,200,000).

No compensation from any source shall be received by or payable to the Borrower, the General Partner or any other person or entity in connection with the provision of development services for the acquisition, construction, or operation of the Development, except that Borrower may receive an incentive management fee in accordance with the Partnership Agreement, but only to the extent that such fee is paid from Net Cash Flow after repayment of the Agency Loan. The Agency acknowledges that the General Partner will be the Developer for the Development pursuant to a Development Services Agreement between the General Partner and the Borrower, and that the Development Fee described in this Section 2.10 will be paid to the General Partner.

ARTICLE 3 CONSTRUCTION OF THE DEVELOPMENT

Section 3.1 Commencement of Construction.

Borrower shall cause the commencement of construction of the Development no later than November 1, 2004. The Borrower and the Agency agree that commencement of construction shall include commencement of grading and foundation work for the Development.

Section 3.2 Completion of Construction.

Borrower shall diligently prosecute construction of the Development to completion, and shall cause the completion of the construction of the Development no later than December 31, 2005. Completion of construction shall be evidenced by receipt of a Temporary or permanent Certificate of Occupancy from the City.

Section 3.3 Construction Pursuant to Plans and Laws.

(a) Borrower shall construct the Development in conformance with the permits and approvals. Borrower shall notify the Agency in a timely manner of any changes in the work required to be performed under this Agreement, including any material additions, changes, or deletions to the plans and specifications approved by the Agency. A written change

order authorized by the Agency must be obtained before any of the following changes, additions, or deletions in work for the Development may be performed: (1) any change in the work the cost of which exceeds Twenty-Five Thousand Dollars ($25,000); or (2) any set of changes in the work the cost of which cumulatively exceeds Fifty Thousand Dollars ($50,000); or (3) any material change in building materials or equipment, specifications, or the structural or architectural design or appearance of the Development as provided for in the plans and specifications approved by the Agency. Consent to any additions, changes, or deletions to the work shall not relieve or release Borrower from any other obligations under this Agreement, or relieve or release Borrower or its surety from any surety bond. Agency shall utilize best efforts to approve or disapprove change orders within five (5) working days of receipt of a request for approval.

(b) The Borrower shall cause all work performed in connection with construction of the Improvements to be performed in compliance with all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and the Borrower shall be responsible to the Agency for the procurement and maintenance thereof, as may be required of the Borrower and all entities engaged in work on the Property.

(c) The Borrower shall comply with the City's Prevailing Wage Policy. Consistent with such policy, the Borrower shall and shall cause the contractor and subcontractors to pay prevailing wages in the construction of the Improvements as those wages are determined pursuant to Labor Code Sections 1720 et seq., and implementing regulations of the Department of Industrial Relations. The Borrower shall and shall cause the contractor and contractors to keep and retain such records as are necessary to determine if such prevailing wages have been paid as required pursuant to Labor Code Sections 1720 et seq. Copies of the currently applicable current per diem prevailing wages are available from the City of East Palo Alto Public Works Department, 2200 University Avenue, East Palo Alto, California 94303. During the construction of the Improvements, Borrower shall or shall cause the contractor to post at the Property the applicable prevailing rates of per diem wages. Borrower shall indemnify, hold harmless and defend, (with counsel reasonably acceptable to the Agency) the Agency and the City against any claims for damages, compensation, fines, penalties or other amounts arising out of failure or alleged failure of any person or entity (including Borrower, its contractor and subcontractors) to pay prevailing wages as determined pursuant to Labor Code Sections 1720 et seq., and implementing regulations in connection with construction of the Improvements or any other work undertaken or in connection with the Property.

(d) The Borrower shall comply with the City's First Source Hiring Policy and Local Business Enterprise Policy and shall include such policies in all contracts and subcontracts.

Section 3.4 Marketing and Management Plan.

(a) No later than six (6) months prior to the projected date of the completion of the Development, Borrower shall submit to the Agency for approval its plan for marketing the

Development to income-eligible households as required pursuant to the Affordability Covenant, including information on affirmative marketing efforts and compliance with fair housing laws. The Borrower agrees that it shall draw applicants for the Units from the City Central Wait List, and only if the Borrower is unable to rent all the Units to qualified applicants on the Central Wait List, will the Borrower market the Units.

(b) Upon receipt of the Marketing and Management Plan, the Agency shall promptly review the Marketing and Management Plan and shall approve or disapprove it within thirty (30) days after submission. If the Marketing and Management Plan is not approved, Borrower shall submit a revised Marketing and Management Plan within thirty (30) days. If the Agency does not approve the revised Marketing and Management Plan because Borrower fails to make specific revisions requested by the Agency, Borrower shall be in default hereunder.

Section 3.5 Equal Opportunity.

During the construction of the Development there shall be no discrimination on the basis of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin, ancestry, or disability in the hiring, firing, promoting, or demoting of any person engaged in the construction work.

Section 3.6 Progress Reports.

Until such time as Borrower has completed construction of the Property, as evidenced by a building permit sign-off by the City building official, Borrower shall provide the Agency with quarterly progress reports regarding the status of the construction of the Development, including a certification that the actual construction costs to date conform to the Approved Development Budget, as it may be amended from time to time pursuant to Section 3.10 below.

Section 3.7 Construction Responsibilities.

(a) It shall be the responsibility of Borrower to coordinate and schedule the work to be performed so that commencement and completion of construction will take place in accordance with this Agreement.

(b) Borrower shall be solely responsible for all aspects of Borrower's conduct in connection with the Development, including (but not limited to) the quality and suitability of the plans and specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the Agency with reference to the Development is solely for the purpose of determining whether Borrower is properly discharging its obligations to the Agency, and should not be relied upon by Borrower or by any third parties as a warranty or representation by the Agency as to the quality of the design or construction of the Development.

Section 3.8 Mechanics Liens, Stop Notices, and Notices of Completion.

(a) If any claim of lien is filed against the Property or the Development or a stop notice affecting the Loan is served on the Agency or any other lender or other third party in

connection with the Development, then Borrower shall, within twenty (20) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the Agency a surety bond in sufficient form and amount, or provide the Agency with other assurance satisfactory to the Agency that the claim of lien or stop notice will be paid or discharged.

(b) If Borrower fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then in addition to any other right or remedy, the Agency may (but shall be under no obligation to) discharge such lien, encumbrance, charge, or claim at Borrower's expense. Alternately, the Agency may require Borrower to immediately deposit with the Agency the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The Agency may use such deposit to satisfy any claim or lien that is adversely determined against Borrower.

(c) Borrower shall file a valid notice of cessation or notice of completion upon cessation of construction on the Development for a continuous period of thirty (30) days or more, and take all other reasonable steps to forestall the assertion of claims of lien against the Property. Borrower authorizes the Agency, but without any obligation, to record any notices of completion or cessation of labor, or any other notice that the Agency deems necessary or desirable to protect its interest in the Development and Property.

Section 3.9 Inspections.

Borrower shall permit and facilitate, and shall require its contractors to permit and facilitate, observation and inspection at the Development by the City and Agency and by public authorities during reasonable business hours for the purposes of determining compliance with this Agreement. Borrower may require that such observation and inspection visits be supervised by the Borrower's project coordinator.

Section 3.10 Approved Development Budget; Revisions to Budget.

As of the date of this Agreement, the Agency has approved the Approved Development Budget set forth in Exhibit B. Borrower shall submit any required amendments to the Approved Development Budget to the Agency for approval within fifteen (15) days of the date Borrower receives information indicating that actual costs of the Development vary or will vary from the costs shown on the Approved Development Budget. Written consent of the Agency shall be required to amend the Approved Development Budget. The Agency shall utilize best efforts to approve or disapprove requested amendments to the Approved Development Budget within five (5) working days of receipt of a request for approval.

ARTICLE 4 LOAN REQUIREMENTS

Section 4.1 Applicability.

The Borrower shall comply with this Article Four throughout the Term.

Section 4.2 Financial Accountings and Post-Completion Audits.

No later than April 1, 2007, the Borrower shall provide to the Agency a financial accounting of all sources and uses of funds for the Development, consisting of the audited report, and such additional information as may be reasonably necessary to evidence project sources and uses.

Section 4.3 Information.

The Borrower shall provide any information reasonably requested by the Agency in connection with the Development.

Section 4.4 Records.

(a) The Borrower shall maintain complete, accurate, and current records pertaining to the Development for a period of three (3) years after the end of the operating year in which such records are created (or such longer period as may be required by law or this Agreement), and shall permit any duly authorized representative of the Agency to inspect and copy records. Such records shall include all invoices, receipts, and other documents related to expenditures from the Loan funds. Records must be kept accurate and current.

(b) The Agency shall notify the Borrower of any records it deems insufficient. The Borrower shall have fifteen (15) calendar days after the receipt of such a notice to correct any deficiency in the records specified by the Agency in such notice, or if a period longer than fifteen (15) days is reasonably necessary to correct the deficiency, then the Borrower shall begin to correct the deficiency within fifteen (15) days and shall correct the deficiency as soon as reasonably possible.

Section 4.5 Audits.

The Borrower shall make available for examination at reasonable intervals and during normal business hours to the Agency all books, accounts, reports, files, and other papers or property with respect to all matters covered by this Agreement, and shall permit the Agency to audit, examine, and make excerpts or transcripts from such records. The Agency may make audits of any conditions relating to this Agreement.

Section 4.6 Hazardous Materials.

(a) The Borrower shall cause the Property to be kept or maintained in compliance with, and shall not cause or permit the Property to be in violation of, any federal, state or local laws, rules, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. The Borrower shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including without limitation, any substances defined as or included in the definition of "hazardous substances," hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or

state laws or regulations (collectively referred to as "Hazardous Materials") except such of the foregoing as may be customarily used in construction of projects like the Development or kept and used in and about residential property of this type.

(b) The Borrower shall immediately advise the Agency in writing if at any time it receives written notice of (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Borrower or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials (a "Hazardous Materials Law"); (ii) all claims made or threatened by any third party against the Borrower or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are referred to as "Hazardous Materials Claims"); and (iii) the Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" under the provision of California Health and Safety Code Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

(c) If the Agency reasonably believes that the Borrower is not acting prudently and with diligence, or if the Agency otherwise reasonably believes that its interests are not adequately protected, then the Agency shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by the Borrower. The Borrower shall indemnify and hold harmless the Agency and its Board members, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (i) all foreseeable consequential damages; (ii) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (iii) all reasonable costs and expenses incurred by the Agency in connection with clauses (i) and (ii), including but not limited to reasonable attorneys' fees. This obligation to indemnify shall survive termination of this Agreement.

(d) Without the Agency's prior written consent, which shall not be unreasonably withheld, the Borrower shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in the Agency's reasonable judgment, impair the value of the Agency's security hereunder; however, the Agency's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain the Agency's consent before taking such action (but in such event the Borrower shall notify the Agency as soon as practicable). The Agency agrees not to withhold its consent, where such consent is required hereunder, if either (i)

a particular remedial action is ordered by a court of competent jurisdiction, (ii) the Borrower will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) the Borrower establishes to the reasonable satisfaction of the Agency that there is no reasonable alternative to such remedial action which would result in less impairment of the Agency's security hereunder; or (iv) the action has been agreed to by the Agency.

(e) This Section is intended as the Agency's written request for information (and the Borrower's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and each representation and warranty in this Agreement (together with any indemnity obligation applicable to a breach of any such representation and warranty) with respect to the environmental condition of the Property is intended by the Parties to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

(f) In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Agency's or the trustee's rights and remedies under the Deed of Trust, the Agency may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the borrower to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the Agency's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Borrower shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Borrower knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the Agency in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, shall be added to the indebtedness secured by the Deed of Trust and shall be due and payable to the Agency upon its demand made at any time following the conclusion of such action.

Section 4.7 Maintenance and Damage.

(a) During the course of both construction and operation of the Development, the Borrower shall maintain the Development and the Property in good repair and in a neat, clean and orderly condition. If there arises a condition in contravention of this requirement, and if Borrower has not cured such condition within thirty (30) days after receiving notice of such a condition, then in addition to any other rights available to the Agency, the Agency shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or

other encumbrance against the Property, including payment from loan proceeds not yet disbursed to the Borrower (which shall be deemed disbursed if used for such payment).

(b) If any Improvement now or in the future on the Property is damaged or destroyed, then the Borrower shall, at its cost and expense, diligently undertake to repair or restore such Improvement.

Section 4.8 Fees and Taxes.

The Borrower shall be solely responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property.

Section 4.9 Notice of Litigation.

The Borrower shall promptly notify the Agency in writing of any litigation materially affecting the Borrower or the Property and of any claims or disputes that involve a material risk of such litigation.

Section 4.10 Operation of Development as Affordable Housing.

(a) Upon the execution of this Agreement or the recordation of the Affordability Covenant, whichever is later, the Borrower shall continuously operate and maintain the Development as multifamily housing rented to occupants and at rent levels in conformity with the Affordability Covenant.

(b) Before leasing any unit in the Development, the Borrower shall submit its proposed form of lease agreement for the Agency's review and approval.

(c) Before leasing the Development, the Borrower must provide the Agency, for its review and approval, with the Borrower's written tenant selection plan utilizing the City's Central Wait List.

(d) Information documenting the maximum household income of a household, and the total charges for rent, utilities, and related services to each household occupying the Development, shall be maintained as provided in the Affordability Covenant.

Section 4.11 Nondiscrimination.

The Borrower covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age, disability, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Borrower or any person claiming under or through the Borrower establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property. The foregoing covenant shall run with the land.

Section 4.12 Transfer.

(a) For purposes of this Agreement, "Transfer" shall mean any sale, assignment, or transfer, whether voluntary or involuntary, of (i) any rights and/or duties under this Agreement, and/or (ii) any interest in the Development, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a partnership interest, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Development is transferred and the Borrower retains title.

(b) No Transfer shall be permitted without the prior written consent of the Agency, which the Agency may withhold in its sole discretion, provided, however, the Borrower may transfer the general partnership interest to a wholly controlled affiliate or subsidiary of Community Housing Developers, Inc., provided the Borrower provides the Agency with notice of such transfer and an opportunity to review the bylaws or formation documents for such subsidiary or affiliate and provided further, the Borrower may transfer the limited partnership interest to a tax credit equity investor provided Community Housing Developers, Inc.or a wholly owned affiliate or subsidiary of Community Housing Developers, Inc., remains the general partner of the Borrower and the Agency has approved any amendments to the Partnership Agreement, which approval shall not be unreasonably withheld, denied or conditioned. The Loan shall automatically accelerate and be due in full upon any unauthorized Transfer.

(c) A reasonableness standard shall apply to certain Transfers, as provided in Section 7.14(b).

Section 4.13 Insurance Requirements.

The Borrower shall maintain or cause to be maintained, the following insurance coverages throughout the Term of the Loan:

(a) Worker's Compensation insurance to the extent required by law, including Employer's Liability coverage, with limits not less than One Million Dollars ($1,000,000) each accident.

(b) Comprehensive General Liability insurance with limits not less than Two Million Dollars ($2,000,000) each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Broadform Property Damage, Products and Completed Operations, provided, however, prior to construction of the Improvements, Borrower shall not be required to obtain Products and Completed Operations insurance.

(c) Comprehensive Automobile Liability insurance with limits not less than One Million Dollars ($1,000,000) each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for owned, non-owned and hired vehicles, as applicable; provided, however, that if the Borrower does not own or lease vehicles for purposes of this Agreement, then no automobile insurance shall be required.

(d) Property insurance covering the Development (including building risk insurance during the course of construction), in form appropriate for the nature of such property, covering all risks of loss, excluding earthquake, for one hundred percent (100%) of the

replacement value, with deductible, if any, acceptable to the Agency, naming the Agency as a Loss Payee, as its interests may appear. Flood insurance shall be obtained if required by applicable federal regulations.

(e) The Borrower shall cause any general contractor or agent working on the Development under direct contract with the Borrower, and any subcontractors to such general contractors or agents, to maintain insurance of the types and in at least the minimum amounts described in subsections (a), (b), and (c) above, except that the limit of liability for comprehensive general liability insurance for subcontractors shall be One Million Dollars ($1,000,000), and shall require that such insurance shall meet all of the general requirements of subsections (f) and (g) below. Subcontractors working on the Development under indirect contract with the Borrower shall be required to maintain the insurance described in subsections (a), (b), and (c) above. Comprehensive General Liability and Comprehensive Automobile Liability insurance required to be maintained by such contractors and agents pursuant to this subsection shall name as additional insureds the Agency, its officers, agents, employees and members of the Board of Directors.

(f) The required insurance shall be provided under an occurrence form, and Borrower shall maintain such coverage continuously so long as the Note is outstanding. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three times the occurrence limits specified above.

(g) All policies and bonds shall contain (a) the agreement of the insurer to give the Agency at least thirty (30) days' notice prior to cancellation (including, without limitation, for non-payment of premium) or any material change in said policies; (b) an agreement that such policies are primary and non-contributing with any insurance that may be carried by the Agency; (c) a provision that no act or omission of the Borrower shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; and (d) a waiver by the insurer of all rights of subrogation against the Agency and its authorized parties in connection with any loss or damage thereby insured against.

ARTICLE 5 REPRESENTATIONS OF BORROWER

Section 5.1 Representations.

(a) The Borrower hereby represents as follows:

(i) the Borrower is unaware of any event or condition that would reasonably be expected to make development of the Development infeasible; and

(ii) the Borrower is unaware of any event or condition that would reasonably be expected to make development of the Development more costly than as set forth in the Approved Development Budget.

ARTICLE 6 DEFAULT AND REMEDIES

Section 6.1 Events of Default.

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Each of the following shall constitute a "Default" by the Borrower under this Agreement:

(a) Failure to Construct. Subject to Section 7.13, failure of the Borrower to commence and complete construction of the Development within the times set forth in Article 3 above.

(b) Failure to Make Payment. Failure to repay the principal and any interest on the Loan within thirty (30) days of receipt of written notice from the Agency that such payment is due pursuant to the Loan Documents (except that in the event of an extension request under Section 2.7(e), a Default shall exist if the amount due under Section 2.7 remains unpaid on the sixty-first (61st) day after the due date, without further notice and opportunity to cure).

(c) Breach of Covenants. Failure by the Borrower to duly perform, comply with, or observe any of the other conditions, terms, or covenants of any of the Loan Documents, including, but not limited to failure to provide the Agency with the audited financial for the project annually as required pursuant to Section 2.7 and such failure having continued uncured for sixty (60) days after receipt of written notice thereof from the Agency to the Borrower, or if the breach cannot reasonably be cured within sixty (60) days, the Borrower shall not be in breach if the Borrower diligently undertakes to cure such breach and such breach is cured within a reasonable time; however, if a different period or notice requirement is specified under any other section of this Article 6, the specific provisions shall control.

(d) Default Under Other Loans. Failure to make any payment or perform any of the Borrower's covenants, agreements, or obligations under the documents evidencing and securing the Approved Financing following expiration of all applicable notice and cure periods.

(e) Insolvency. A court having jurisdiction shall have made or entered any decree or order (i) adjudging the Borrower to be bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization of the Borrower or seeking any arrangement for the Borrower under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (iii) appointing a receiver, trustee, liquidator, or assignee of the Borrower in bankruptcy or insolvency or for any of their properties, or (iv) directing the winding up or liquidation of the Borrower, if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days; or the Borrower shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive. The occurrence of any of the events in this paragraph shall act to accelerate automatically, without the need for any action by the Agency, the indebtedness evidenced by the Note.

(f) Assignment; Attachment. The Borrower shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed

upon shall have been returned or released within ninety (90) days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events in this paragraph shall act to accelerate automatically, without the need for any action by the Agency, the indebtedness evidenced by the Note.

(g) Suspension; Termination. The Borrower shall have voluntarily suspended its business, or while the Borrower is a partnership, the partnership shall have been dissolved or terminated, other than a technical termination of the partnership for tax purposes.

(h) Liens on Property and the Project. There shall be filed any claim of lien (other than liens approved in writing by the Agency) against the Development or any part thereof, or any interest or right made appurtenant thereto, or the service of any notice to withhold proceeds of the Loan and the continued maintenance of such claim of lien or notice to withhold for a period of twenty (20) days without discharge or satisfaction thereof or provision therefore (including, without limitation, the posting of bonds) satisfactory to the Agency.

(i) Unauthorized Transfer. Any Transfer other than as permitted by Section 4.12.

(j) Representation or Warranty Incorrect. Any Borrower representation or warranty contained in this Agreement, or in any application, financial statement, certificate, or report submitted to the Agency in connection with any of the Loan Documents, proving to have been incorrect in any material respect when made and causing a material adverse impact on the Agency that remains ten (10) days after receipt of written notice from the Agency.

Section 6.2 Remedies.

The occurrence of any Default (which by definition follows the expiration of all applicable notice and cure periods) will, either at the option of the Agency or automatically where so specified, relieve the Agency of any obligation to make or continue the Loan and shall give the Agency the right to proceed with any and all remedies set forth in this Agreement and the Loan Documents, including (but not limited to) the following:

(a) Acceleration of Note. The Agency shall have the right to cause all indebtedness of the Borrower to the Agency under this Agreement and the Note, together with any accrued interest thereon, to become immediately due and payable. The Borrower waives all right to presentment, demand, protest or notice of protest or dishonor. The Agency may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to the Agency as a creditor and secured party under the law including the Uniform Commercial Code and foreclosure under the Deed of Trust. The Borrower shall be liable to pay the Agency on demand all reasonable expenses, costs and fees (including, without limitation, reasonable attorney's fees and expenses) paid or incurred by the Agency in connection with the collection of the Loan and the preservation, maintenance, protection, sale, or other disposition of the security given for the Loan.

(b) Specific Performance. The Agency shall have the right to mandamus or other suit, action or proceeding at law or in equity to require the Borrower to perform its

obligations and covenants under the Loan Documents or to enjoin acts on things which may be unlawful or in violation of the provisions of the Loan Documents.

(c) Right to Cure at Borrower's Expense. The Agency shall have the right (but not the obligation) to cure any monetary default by the Borrower under a loan other than the Loan. The Borrower agrees to reimburse the Agency for any funds advanced by the Agency to cure a monetary default by Borrower upon demand therefor, together with interest thereon at the lesser of the maximum rate permitted by law or eight percent (8%) per annum from the date of expenditure until the date of reimbursement.

Section 6.3 Right of Contest.

The Borrower shall have the right to contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute a Default. Any such contest shall be prosecuted diligently and in a manner unprejudicial to the Agency.

Section 6.4 Remedies Cumulative.

No right, power, or remedy given to the Agency by the terms of this Agreement or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the Agency by the terms of any such instrument, or by any statute or otherwise against the Borrower and any other person. Neither the failure nor any delay on the part of the Agency to exercise any such rights and remedies shall operate as a waiver, nor shall any single or partial exercise by the Agency of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 6.5 Condemnation.

The condemnation, seizure, or appropriation of all or a portion of the Property shall be the basis for a no-fault termination of this Agreement unless the Property is restored by Borrower subsequent to the condemnation in a manner that allows the Property to continue to be used for affordable housing in accordance with this Loan Agreement. Repayment of the Loan shall be made before any distribution of condemnation proceeds to the Borrower, except to the extent that such proceeds are used to rebuild the Development or repay the Approved Financing that is prior to the Loan or the extent that condemnation only affects a portion of the Property and the Property is capable of being restored, in which case the condemnation proceeds will be used for restoration of the Property.

ARTICLE 7 GENERAL PROVISIONS

Section 7.1 Relationship of Parties.

Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the Agency and Borrower or

its agents, employees or contractors, and Borrower shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. Borrower has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. In regards to the ownership of the Property, construction of the Improvements, and operation of the Development, Borrower shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding, and all other laws and regulations governing such matters, and shall include requirements in each contract that contractors shall be solely responsible for similar matters relating to their employees. Borrower shall be solely responsible for its own acts and those of its agents and employees.

Section 7.2 No Claims.

Nothing contained in this Agreement shall create or justify any claim against the Agency by any person that Borrower may have employed or with whom Borrower may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the lease of the Property, the construction of the Improvements, or the operation of the Development, and Borrower shall include similar requirements in any contracts entered into for the lease of the Property, the construction of the Improvements, or the operation of the Development.

Section 7.3 Amendments.

No alteration or variation of the terms of this Agreement shall be valid unless made in writing by the Parties.

Section 7.4 Indemnification.

(a) The Borrower shall indemnify, defend and hold the City, the Agency, their councilmembers, board members, officers, employees, agents, successors and assigns harmless against all claims made against it and expenses (including reasonable attorneys' fees) which arise out of or in connection with the Property, or the development, construction, marketing and operation of the Development, except to the extent such claim arises from the grossly negligent or willful misconduct of the City or the Agency, their councilmembers, board members, officers, employees, agents, successors and assigns. The Borrower shall indemnify, defend and hold the City, the Agency, their councilmembers, board members, officers, employees, agents, successors and assigns harmless from any claims made against it or expenses, including reasonable attorneys' fees related to any relocation claims filed by occupants of the Property including any claims for relocation assistance, moving expenses, replacement housing payments, last resort housing or other claims pursuant to the Uniform Relocation Act, Section 104(d) and the California Relocation Law. The provisions of this Section 7.4(a) shall survive the expiration of the Term and the reconveyance of the Deed of Trust.

(b) The Agency shall indemnify, defend and hold the Borrower and its board members, officers, employees, agents, successors and assigns harmless against all claims made against it and expenses (including reasonable attorneys' fees) which arise out of or in connection

Agency's violation of this Agreement, except to the extent such claim arises from the grossly negligent or willful misconduct of the Borrower or its boardmembers, officers, employees, agents, successors and assigns. The provisions of this Section 7.4(b) shall survive the expiration of the Term and the reconveyance of the Deed of Trust.

Section 7.5 Non-Liability of Agency and Agency Officials, Employees and Agents.

No member, official, employee or agent of the Agency shall be personally liable to the Borrower in the event of any default or breach by the Agency or for any amount which may become due to the Borrower or its successor or on any obligation under the terms of this Agreement.

Section 7.6 No Third Party Beneficiaries.

There shall be no third party beneficiaries to this Agreement, except that the investor limited partner of the Borrower shall be a third party beneficiary with respect to notice and cure rights granted the limited partner in this Agreement.

Section 7.7 Discretion Retained By City.

The Agency's execution of this Agreement in no way limits the discretion of the City in the permit and approval process in connection with development of the Development.

Section 7.8 Notices, Demands and Communications.

Formal notices, demands, and communications between the Parties shall be sufficiently given if and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally, to the principal office of the Parties as follows:

Agency: Redevelopment Agency of the City of East Palo Alto
2415 University Avenue
East Palo Alto, CA 94303
Attention: Executive Director

Borrower: Bay Road Housing, L.P.
255 N. Market Street, Suite 290
San Jose, CA 95110
Attention: Executive Director

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate as provided in this Section 7.8. Receipt shall be deemed to have occurred on the date shown on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable).

Section 7.9 Applicable Law.

This Agreement shall be governed by California law.

Section 7.10 Parties Bound.

Except as otherwise limited herein, the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their heirs, executors, administrators, legal representatives, successors, and assigns.

Section 7.11 Attorneys' Fees.

If any lawsuit is commenced to enforce any of the terms of this Agreement, the prevailing Party will have the right to recover its reasonable attorneys' fees and costs of suit from the other Party.

Section 7.12 Severability.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 7.13 Force Majeure.

Performance by either Party shall not be deemed to be in default where defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; litigation (including suits filed by third parties concerning or arising out of this Agreement); weather which, in the opinion of the Borrower's contractor, will necessitate delays; acts of the other Party; acts or failure to act of any public or governmental agency or entity (other than the acts or failure to act of the Agency); or any other causes (other than the Borrower's inability to obtain financing for the Development) beyond the control or without the fault of the Party claiming an extension of time to perform. Times of performance under this Agreement may also be extended in writing by the Agency and the Borrower.

Section 7.14 Approvals.

(a) Whenever this Agreement calls for a Party's approval, consent, or waiver, the written approval, consent, or waiver of the Party's Authorized Officer shall constitute the approval, consent, or waiver of the Party, without further authorization required from the Party's board. The Parties hereby authorize their Authorized Officers to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of them.

(b) All approvals under this Agreement shall be subject to a reasonableness standard, except where a sole discretion standard is specifically provided.

Section 7.15 Waivers.

Any waiver by the Agency of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the Agency to take action on any breach or default of the Borrower or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to the Borrower to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the Agency to any act or omission by the Borrower shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the Agency's written consent to future waivers.

Section 7.16 Title of Parts and Sections.

Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 7.17 Entire Understanding of the Parties. This Agreement (and the other Loan Documents) constitute the entire understanding and agreement of the Parties with respect to the Loan.

Section 7.18 Multiple Originals; Counterpart.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Section 7.19 Legal Actions.

If any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach of this Agreement, then the Party prevailing in any such action shall be entitled to recover against the Party not prevailing all reasonable attorneys' fees and costs incurred in such action (and any subsequent action or proceeding to enforce any judgment entered pursuant to an action on this Agreement). The Superior Court of the County of San Mateo shall be the forum and venue for all litigation.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

BY SIGNING BELOW, the Parties confirm their agreement to the terms of this Agreement as of the date first written above.

4
Exhi

ATTEST:

By:_____

AGENCY:

C
Page
43
of
49

The Redevelopment Agency of the City of East Palo Alto, a public body, corporate, and politic

By: _____

Its: Executive Director

BORROWER:

Bay Road Housing, L.P., a California limited partnership

By: Sands Drive Housing, Inc., a California nonprofit public benefit corporation, its general partner

By: _____

Its: Executive Director

EXHIBIT A

Legal Description of the Property

EXHIBIT B

Approved Development Budget

RIDER TO LOAN AGREEMENT DATED DECEMBER___, 2004 BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF EAST PALO ALTO (the "AGENCY") AND BAY ROAD HOUSING, L.P., (the "BORROWER") CONCERNING PROPERTY LOCATED AT 1740 BAY ROAD, EAST PALO ALTO, CALIFORNIA (the "PROJECT")

Notwithstanding anything to the contrary set forth in any one or more of the documents (the "Loan Documents") evidencing or securing the Agency's $1,200,000 loan to the Borrower (the "Loan"), the Agency makes the covenants set forth in this Rider.

1. The Agency will give Wachovia Affordable Housing Community Development Corporation, together with its successors and assigns, (the "Limited Partner") a copy of any written notice it gives to the Borrower under the Loan Documents.

2. The Agency will give the Limited Partner ten (10) days after the Limited Partner's receipt of such notice to cure a non-payment of any sum due under the Loan Documents.

3. The Agency will give the Limited Partner thirty (30) days after the Limited Partner's receipt of such notice to cure any other default under the Loan Documents.

4. If a default is incapable of being cured within thirty (30) days, the Agency will give the Limited Partner such additional time as is reasonably necessary to cure such default provided it has commenced to cure such default within thirty (30) days and diligently proceeds to cure such default.

5. If the Limited Partner makes any such payment or otherwise cures such default, the Agency will accept such action as curing the respective default under the Loan Documents.

6. The Agency will permit the Limited Partner to transfer its limited partner interest to any person or entity at any time provided that, if at such time the Limited Partner has not made 100% of the capital contributions it is required to make to the Borrower, the Limited Partner shall remain liable to the Borrower for such capital contributions.

7. The Agency will permit the Limited Partner to remove the general partner of the Borrower in accordance with the Borrower's partnership agreement, provided that the substitute general partner shall be acceptable to the Agency in its reasonable discretion. An affiliate of the Limited Partner shall be an acceptable substitute general partner.

8. The Agency will permit insurance and condemnation proceeds to be used to rebuild the Project provided that (i) sufficient funds are provided from other sources to effectively rebuild the Project to a multifamily housing complex, and (ii) the Agency shall hold all such proceeds and disburse them based on the progress of construction, subject to such additional reasonable conditions as the Agency may impose.

9. If the Project cannot be restored on or before the maturity date of the Loan, the Agency will extend such maturity date for so long as may be required to restore the Project, provided: (i) the Borrower provides evidence acceptable to the Agency in its reasonable discretion that the Borrower has or will have sufficient funds to pay all interest and principal on the Loan during such extended period; (ii) the Borrower diligently commences the restoration of the Project; and (iii) thereafter, the Borrower diligently prosecutes the restoration of the Project to completion.

10. The Agency has not and will not cross-default or cross-collateralize the Loan with any other loan.

11. Limited Partner is intended to be a direct beneficiary of the covenants set forth in this Rider and shall be entitled to bring an action to enforce the same independent of any rights of the Borrower.

12. This Rider may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

AGENCY:

Redevelopment Agency of the City of East Palo Alto, a public body, corporate and politic

By: _____

Name: Alvin D. James

Its: Executive Director

BORROWER:

Bay Road Housing, L.P., a California limited partnership

By: Sands Drive Housing, Inc., a California nonprofit public benefit corporation, its general partner

By: _____

Name: Ronald Morgan

Its: Executive Director

Fee Invoice

Corporate Trust Services

WELLS FARGO

Invoice Number	Billing Date	Due Date
1730245	08/09/2019	09/08/2019

Amount Due
$5,500.00
Please mail or wire payment to:

Mailing Address:
Wells Fargo Bank
WF 8113
P.O. Box 1450
Minneapolis, MN 55485-8113

Wire Instructions:
ABA #: 121000248
DDA #: 1000031565
Swift Code: WFBIUS6S
Reference: Invoice #, Account Name, Attn Name

ACH Instructions:
ABA #: 091000019
DDA #: 1000031565
Memo: Invoice #, Account Name, Attn Name

Successor Agency to the Former Redevelopment Agenc
Brenda Cooley-Olwin, CPA
2415 University Ave
East Palo Alto, CA 94303

Please return this portion of the statement with your payment in the envelope provided:

Please retain this portion for your records

Account Number: 84308400
SA to FRA of City of E Palo Alto 15A/B

Administration Charges

	For the Period 09/01/2019 through 08/31/2020		
Trustee Fee	1 @ $5,000.00	Per Series	$5,000.00
	For the Period 09/01/2019 through 08/31/2020		
Disclosure/Dissemination Fee			$500.00
		Total Amount Due:	***$5,500.00***

VOUCHER WEL01
P.O.
VENDOR NAME Wells Fargo
ACCOUNT 705-9500-8210
AMOUNT $5,500.00
CLAIMANT Maxine. DATE 9/5/19
APPROVED BY [signature] DATE 10/14/19
DESCRIPTION Trustee Fee.
9/01/19-8/31/20

WEL01
F705 95008210

Billings past due are subject to an 18% annual finance charge of the balance due.

Bond Debt Service
Successor Agency to the East Palo Alto Redevelopment Agency
Series A (Tax-Exempt)
Dated Date 9/1/2015

Delivery Date 9/1/2015

Exhibit C - Attachment 4

ROPS Collected	ROPS Incurred	Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
ROPS 15-16B	ROPS 15-16B	4/1/2016			396,287.50	396,287.50	0.00
ROPS 15-16B	ROPS 16-17A	10/1/2016			339,675.01	339,675.01	
ROPS 16-17A	ROPS 16-17B	4/1/2017			339,675.01	339,675.01	0.00
ROPS 16-17B	ROPS 17-18A	10/1/2017			339,675.01	339,675.01	
ROPS 17-18A	ROPS 17-18B	4/1/2018			339,675.01	339,675.01	0.00
ROPS 17-18B	ROPS 18-19A	10/1/2018	0	4.000%	339,675.01	339,675.01	
ROPS 18-19A	ROPS 18-19A	10/1/2018	45,000	4.000%	45,000.00	45,000.00	
ROPS 18-19A	ROPS 18-19B	4/1/2019			338,775.01	338,775.01	0.00
ROPS 18-19B	ROPS 19-20A	10/1/2019	900,000	4.000%	338,775.01	1,238,775.01	
ROPS 19-20A	ROPS 19-20B	4/1/2020			320,775.01	320,775.01	1,559,550.02
ROPS 19-20B	ROPS 20-21A	10/1/2020	935,000	5.000%	320,775.01	1,255,775.01	
ROPS 20-21A	ROPS 20-21B	4/1/2021			297,400.01	297,400.01	1,553,175.02
ROPS 20-21B	ROPS 21-22A	10/1/2021	975,000	5.000%	297,400.01	1,272,400.01	
ROPS 21-22A	ROPS 21-22B	4/1/2022			273,025.01	273,025.01	1,545,425.02
ROPS 21-22B	ROPS 22-23A	10/1/2022	1,030,000	5.000%	273,025.01	1,303,025.01	
ROPS 22-23A	ROPS 22-23B	4/1/2023			247,275.01	247,275.01	1,550,300.02
ROPS 22-23B	ROPS 23-24A	10/1/2023	1,085,000	5.000%	247,275.01	1,332,275.01	
ROPS 23-24A	ROPS 23-24B	4/1/2024			220,150.01	220,150.01	1,552,425.02
ROPS 23-24B	ROPS 24-25A	10/1/2024	1,140,000	5.000%	220,150.01	1,360,150.01	
ROPS 24-25A	ROPS 24-25B	4/1/2025			191,650.01	191,650.01	1,551,800.02
ROPS 24-25B	ROPS 25-26A	10/1/2025	1,195,000	5.000%	191,650.01	1,386,650.01	
ROPS 25-26A	ROPS 25-26B	4/1/2026			161,775.01	161,775.01	1,548,425.02
ROPS 25-26B	ROPS 26-27A	10/1/2026	1,250,000	3.000%	161,775.01	1,411,775.01	
ROPS 26-27A	ROPS 26-27B	4/1/2027			143,025.01	143,025.01	1,554,800.02
ROPS 26-27B	ROPS 27-28A	10/1/2027	1,295,000	3.000%	143,025.01	1,438,025.01	
ROPS 27-28A	ROPS 27-28B	4/1/2028			123,600.01	123,600.01	1,561,625.02
ROPS 27-28B	ROPS 28-29A	10/1/2028	1,325,000	3.250%	123,600.01	1,448,600.01	
ROPS 28-29A	ROPS 28-29B	4/1/2029			102,068.76	102,068.76	1,550,668.77
ROPS 28-29B	ROPS 29-30A	10/1/2029	1,370,000	3.375%	102,068.76	1,472,068.76	
ROPS 29-30A	ROPS 29-30B	4/1/2030			78,950.00	78,950.00	1,551,018.76
ROPS 29-30B	ROPS 30-31A	10/1/2030	1,425,000	3.500%	78,950.00	1,503,950.00	
ROPS 30-31A	ROPS 30-31B	4/1/2031			54,012.50	54,012.50	1,557,962.50
ROPS 30-31B	ROPS 31-32A	10/1/2031	1,465,000	3.625%	54,012.50	1,519,012.50	
ROPS 31-32A	ROPS 31-32B	4/1/2032			27,459.38	27,459.38	1,546,471.88
ROPS 31-32B	ROPS 32-33A	10/1/2032	1,515,000	3.625%	27,459.38	1,542,459.38	1,542,459.38
			16,005,000		4,482,331.46	20,487,331.46	21,726,106.47

Total	
$	1,569,800.02

San Mateo County
Countywide Oversight Board

Date: January 2, 2020 **Agenda Item No. 8**

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: City of San Bruno Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 20-21

Background
California Health and Safety Code (HSC) Section 34180(g) requires all ROPS to be approved by the Oversight Board.

Discussion
The Annual ROPS 20-21 contains all the obligations of the former Redevelopment Agency (RDA) for fiscal year 2020-21. The SA is requesting approval by the Board to spend $1,225,398 on outstanding obligations and administrative expenses for Annual ROPS 20-21.

Enclosed is the SA's Annual ROPS 20-21 and supporting documents.

Fiscal Impact
Funding for ROPS reduces the amount of tax revenue available for "Residual" distributions to the affected taxing entities.

CAC Exhibit
A. City of San Bruno SA's Annual ROPS 20-21 Agenda Packet

CAC Exhibit A

Date: December 20, 2019

To: San Mateo County Countywide Oversight Board

From: Keith DeMartini, Finance Director for the City of San Bruno

Subject: Approval of the Recognized Obligation Payment Schedule (ROPS) 20-21 and Administrative Cost Allowance Budget of the San Bruno Successor Agency (SA)

Former RDA: City of San Bruno Redevelopment Agency

Recommendation
Adopt a resolution approving the San Bruno SA's ROPS 2020-21 and Administrative Cost Allowance Budget FY 2020-21.

Background
The San Bruno Successor Agency submits their 2020-21 ROPS listing the SA's enforceable obligations and expenses to the State Department of Finance (DOF) pursuant to Health & Safety Code Section (H&S) 34177(m) and (o). The ROPS include an amount for the SA's Administrative Cost Allowance as authorized under the Dissolution Act which is subject to a cap as set forth under H&S 34171. The ROPS and the Budget for the SA's Administrative Cost Allowance must be approved by the Oversight Board.

Discussion
Submitted for the Oversight Board's approval is the ROPS 20-21 (Exhibit A). While the DOF's ROPS template requires all enforceable obligations to be listed, the Oversight Board approval is for the funding of those items to be paid in calendar year 2020. The attached Exhibit C summarizes those items.

Financial Impact
No funds are involved with the approval of the ROPS.

Attachments:
1. Draft Resolution of the Oversight Board Approving the San Bruno Successor Agency's ROPS 20-21 and FY 2020-21 Administrative Costs Budget
2. Exhibit A – San Bruno SA's ROPS 2020-21
3. Exhibit B– San Bruno SA's FY 2020-21 Administrative Costs Budget
4. Exhibit C – Summary of Obligations Under ROPS 20-21 and Supporting Documents

RESOLUTION NO. 2020-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) 20-21 AND FY 2020-21 ADMINISTRATIVE BUDGET FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021 FOR THE SUCCESSOR AGENCY (SA) TO THE FORMER CITY OF SAN BRUNO REDEVELOPMENT AGENCY (RDA)

WHEREAS, California Health and Safety Code (HSC) Section 34177 requires the Successor Agencies to prepare a Recognized Obligation Payment Schedule (ROPS) for each 12-month fiscal period, which lists the outstanding obligations of the former RDA and states the sources of funds for required payments; and

WHEREAS, the Successor Agency to the former San Bruno Redevelopment Agency has prepared a draft ROPS for the period July 1, 2020 to June 30, 2021, referred to as "ROPS 20-21", claiming a total enforceable obligation amount of $1,225,398, as set forth in the attached Exhibit A; and

WHEREAS, pursuant to HSC Section 34180(g) the Oversight Board must approve the establishment of each ROPS; and

WHEREAS, HSC Section 34177 requires the Successor Agencies to prepare an administrative budget for Oversight Board approval; and

WHEREAS, the Successor Agency to the Former City of San Bruno Redevelopment Agency has prepared an administrative budget for the period July 1, 2020 to June 30, 2021, for $32,248; as set forth in the attached Exhibit B; and

WHEREAS, HSC Section 34179(e) requires all action items of Countywide Oversight Boards, including the San Mateo County Countywide Oversight Board (the "Board"), be accomplished by resolution;

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby approves the City of San Bruno Successor Agency's ROPS 20-21 and Fiscal Year 2020-21 Administrative Budget referenced hereto as Exhibits A and B and incorporated herein by this reference;

BE IT FURTHER RESOLVED, that the Oversight Board directs the Successor Agency to submit the ROPS 20-21 to the State Department of Finance upon approval by the Oversight Board.

* * *

Exhibit A – San Bruno Successor Agency's Recognized Obligation Payment Schedule 20-21
Exhibit B – San Bruno Successor Agency's FY 2020-21 Administrative Budget

Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

Successor Agency: San Bruno

County: San Mateo

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	20-21A Total (July - December)	20-21B Total (January - June)	ROPS 20-21 Total
A Enforceable Obligations Funded as Follows (B+C+D)	**$ -**	**$ -**	**$ -**
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	**$ 110,949**	**$ 1,114,449**	**$ 1,225,398**
F RPTTF	94,825	1,098,325	1,193,150
G Administrative RPTTF	16,124	16,124	32,248
H Current Period Enforceable Obligations (A+E)	**$ 110,949**	**$ 1,114,449**	**$ 1,225,398**

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name Title

/s/

Signature Date

San Bruno
Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail
July 1, 2020 through June 30, 2021

Exhibit A - Page 2 of 5

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 20-21 Total	ROPS 20-21A (Jul - Dec)					20-21A Total	ROPS 20-21B (Jan - Jun)					20-21B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								$12,366,136		$1,225,398	$-	$-	$-	$94,825	$16,124	$110,949	$-	$-	$-	$1,098,325	$16,124	$1,114,449
1	2019 San Bruno Series 2019 Refunding Series 2000	Bonds Issued On or Before 12/31/10	07/25/ 2000	02/01/2031	Union Bank	2019 Refunding 2000 Certificates of Participation Reimbursement Agreement	San Bruno Redevelopment Project Area	5,599,750	N	$509,650	-	-	-	92,325	-	$92,325	-	-	-	417,325	-	$417,325
2	2000 Certificates of Participation Fiscal Agent fees	Fees	07/25/ 2000	02/01/2031	Union Bank	Fiscal Agent fees associated with Certificate of Participation issuance for the Police Facility	San Bruno Redevelopment Project Area	27,500	N	$2,500	-	-	-	2,500	-	$2,500	-	-	-	-	-	$-
3	Archstone II Owner Participation Agreement	OPA/DDA/ Construction	03/04/ 2005	07/01/2020	ASN Tanforan Crossing LLC	Tax increment reimbursement of affordable housing subsidy	San Bruno Redevelopment Project Area	370,000	N	$370,000	-	-	-	-	-	$-	-	-	-	370,000	-	$370,000
4	Archstone I Owner Participation Agreement	OPA/DDA/ Construction	12/11/ 2002	07/01/2039	ASN Tanforan Crossing LLC	Tax increment reimbursement of affordable housing subsidy	San Bruno Redevelopment Project Area	6,220,000	N	$311,000	-	-	-	-	-	$-	-	-	-	311,000	-	$311,000
5	Administrative Costs	Admin Costs	01/01/ 2030	07/01/2039	Successor Agency	Administrative Allowance	San Bruno Redevelopment Project Area	148,886	N	$32,248	-	-	-	-	16,124	$16,124	-	-	-	-	16,124	$16,124

San Bruno
Recognized Obligation Payment Schedule (ROPS 20-21) - Report of Cash Balances
July 1, 2017 through June 30, 2018
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

A	B	C	D	E	F	G	H
	ROPS 17-18 Cash Balances (07/01/17 - 06/30/18)	**Fund Sources**					**Comments**
		Bond Proceeds		**Reserve Balance**	**Other Funds**	**RPTTF**	
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	
1	**Beginning Available Cash Balance (Actual 07/01/17)** RPTTF amount should exclude "A" period distribution amount.			-		1,003,415	1,374,615 Balance at 7.1.17 less $589,741 Distribution received □ recorded on 5/2017 plus 401,572 Advances transferred out 6/30/17, less subsidy from 16-17
2	**Revenue/Income (Actual 06/30/18)** RPTTF amount should tie to the ROPS 17-18 total distribution from the County Auditor-Controller					2,172,982	2,017
3	**Expenditures for ROPS 17-18 Enforceable Obligations (Actual 06/30/18)**					1,671,040	COP2000 principal and interest due 480□ 2.1.16, plus legal services 344, plus administrative allowance 40.5□ , plus affordable housing subsidy payment paid out 8.27.18 183,031, plus 165,234 minus credit on subsidy, plus Interest, plus advances 803□, plus fiscal agent fee
4	**Retention of Available Cash Balance (Actual 06/30/18)** RPTTF amount retained should only include the amounts distributed as reserve for future period(s)					-	

5	**ROPS 17-18 RPTTF Prior Period Adjustment** RPTTF amount should tie to the Agency's ROPS 17-18 PPA form submitted to the CAC		No entry required			494,970	per Revised PPA submitted to David Doezema via email dated 11/14/19
6	**Ending Actual Available Cash Balance (06/30/18)** **C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)**	**$-**	**$-**	**$-**	**$-**	**$1,010,387**	

San Bruno
Recognized Obligation Payment Schedule (ROPS 20-21) - Notes
July 1, 2020 through June 30, 2021

Item #	Notes/Comments
1	
2	
3	
4	
5	

Successor Agency of the San Bruno Redevelopment Agency
Administrative Budget
July 1, 2020 - June 30, 2021

Exhibit B - Page 1 of 1

Personnel Costs					
Department	**Monthly Salary Budget**	**Cost for FY19-20**	**Position**	**Percent Allocation**	**Budget**
Management Servic	**25,665**	**307,984**	**City Manager**	**1.00%**	**3,080**
Manage Successor Agency staff					
Legal Services	**30,492**	**365,909**	**City Attorney**	**1.00%**	**3,659**
Provide legal advice relating to Successor Agency matters					
Finance	**26,512**	**318,140**	**Finance Director**	**3.00%**	**9,544**
Reconcile actual expenses and cash balance to approved amounts					
Regular accounting services and payment administration					
Year-end financial activiities and audit					
Finance	**18,269**	**219,224**	**Finance Manager**	**4.00%**	**8,769**
Respond to inquiries from State, County and Taxing Agencies					
Maintain the financial records of the Successor Agency, including work on the annual audit of the Redevelopment Obligation Retirement Fund and related disclosures,					
Reconcile actual expenses and cash balance to approved amounts					
Year-end financial activiities and audit					
Community Develop	**16,766**	**201,192**	**Planning and Housi**	**1.00%**	**2,012**
Successor Agency Administration					
Continue to oversee the City's low and moderate income housing program and ensure continuing compliance with Archstone Owner Participation Agreements. Complete required compliance reports and review annual subsidy requests.					
Total Personnel Costs					**27,064**
Overhead Costs of 15% (Payroll, IT, Accounts Payable, etc)					**4,060**
Supplies and Materials					
Office supplies, utilities, communications, printing and copying					**125**
Outside legal costs for Successor Agency and Oversight Board					**1,000**
Total Annual Administrative Budget for July 1, 2020 - June 30, 2021					**$32,248**

EXHIBIT C - SUMMARY OF OBLIGATIONS UNDER ROPS 20-21 AND SUPPORTING DOCUMENTS

ROPS Item No.	ROPS Category	Description of Obligation	Payee	ROPS 20-21 Funding	Supporting Documentation
1	Bonds Issued	2000 Certificates of Participation	Union Bank	$ 509,650	Attachment 1 - 2019 Refunding COP Lease Agreement Attachment 2 - Reimbursement Agreement
2	Fees	2000 Certificates of Participation Fiscal Agent Fees	San Bruno	2,500	Attachment 3 - Union Bank Trustee Fee Invoice
3	OPA/DDA/Construction	Archstone II Owner Participation Agreement	AvalonBay	370,000	Attachment 4 - Housing Subsidy Amount Calculation & Agency Subsidy to Archstone I & II Owner Participation Agreements
4	OPA/DDA/Construction	Archstone I Owner Participation Agreement	AvalonBay	311,000	Attachment 4 - Housing Subsidy Amount Calculation & Agency Subsidy to Archstone I & II Owner Participation Agreements
5	Admin Costs	San Bruno Redevelopment Project Area	Succesor Agency	32,248	See Exhibit B - Admin Budget
		Total		**$ 1,225,398**	

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: David T. Fama, Esq.

CERTIFIED TO BE A TRUE AND CORRECT COPY OF THE ORIGINAL DOCUMENT RECORDED ON March 20, 2019 UNDER RECORDER'S INSTRUMENT NO. 2019-019193, SAN MATEO COUNTY RECORDS.

BY:

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX UNDER SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

LEASE AGREEMENT

Dated as of March 1, 2019

between the

SAN BRUNO PUBLIC FINANCING AUTHORITY,
as lessor

and the

CITY OF SAN BRUNO,
as lessee

Relating to:

$4,670,000
San Bruno Public Financing Authority
Lease Revenue Bonds, Series 2019

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LEASE AGREEMENT

This LEASE AGREEMENT (this "**Lease**"), dated for convenience as of March 1, 2019, is between the SAN BRUNO PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California, as lessor (the "**Authority**"), and the CITY OF SAN BRUNO, a municipal corporation and general law city duly organized and existing under the Constitution and laws of the State of California, as lessee (the "**City**").

B A C K G R O U N D :

1. The City has previously caused the execution and delivery of the City of San Bruno Certificates of Participation, Series 2000 (Police Facility Financing) in the aggregate initial principal amount of $9,600,000 in 2000 (the "**Prior Obligations**") for the purpose of financing certain obligations of the City.

2. In connection with the Prior Obligations, the City, as sub-lessee and the Authority, as sub-lessor, entered into a Lease Agreement dated as of December 1, 2000 and evidenced of record by a Memorandum of Lease Agreement recorded on December 12, 2000 as Instrument No. 2000-157340, whereby the City is obligated to pay lease payments (the "**Prior Lease Payments**") for the use and occupancy of the leased property described therein, and thereby financing the construction of the City's police facility.

3. The City has determined that, based on current interest rates, cost savings can be achieved by refinancing the Prior Lease Payments and in turn causing the Prior Obligations to be refunded.

4. To that end, the City is leasing certain real property and improvements thereon owned by the City, consisting of the Police Station, as described in Appendix A attached hereto (the "**Leased Property**"), to the Authority under a Site Lease dated as of March 1, 2019, and recorded concurrently herewith (the "**Site Lease**"), in consideration of the payment by the Authority of an upfront rental payment (the "**Site Lease Payment**"), the proceeds of which will be used by the City to prepay the Prior Lease Payments.

5. The Authority has authorized the issuance of its San Bruno Public Financing Authority Lease Revenue Bonds, Series 2019 in the aggregate principal amount of $4,670,000 (the "**Bonds**") under an Indenture of Trust dated as of March 1, 2019 (the "**Indenture**") by and between the Authority and MUFG Union Bank, N.A., as trustee (the "**Trustee**"), for the purpose of providing the funds to enable the Authority to pay the Site Lease Payment to the City in accordance with the Site Lease.

6. In order to provide revenues to enable the Authority to pay debt service on the Bonds, the Authority is leasing the Leased Property back to the City under this Lease, under which the City has agreed to pay semiannual Lease Payments as the rental for the Leased Property hereunder.

7. The lease payments made by the City under this Lease have been assigned by the Authority to the Trustee for the security of the Bonds under an Assignment Agreement, dated as of March 1, 2019, between the Authority as assignor and the Trustee as assignee, and recorded concurrently herewith.

8. The City and the Authority have found and determined that all acts and proceedings required by law necessary to make this Lease, when executed by the City and the Authority, the valid, binding and legal obligations of the City and the Authority, and to constitute this Lease a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Lease have been in all respects duly authorized.

A G R E E M E N T :

In consideration of the material covenants contained in this Lease, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease have the respective meanings given them in the Indenture.

SECTION 1.2. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular includes the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and includes the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Lease; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

SECTION 2.1. *Covenants, Representations and Warranties of the City.* The City makes the following covenants, representations and warranties to the Authority and the Trustee as of the date of the execution and delivery of this Lease:

(a) Due Organization and Existence. The City is a municipal corporation and general law city duly organized and validly existing under the Constitution and laws of the State of California, has full legal right, power and authority under the laws of the State of California to enter into the Site Lease and this Lease and to carry out and consummate all transactions contemplated hereby, and by proper action the City has duly authorized the execution and delivery of the Site Lease and this Lease.

(b) Due Execution. The representatives of the City executing the Site Lease and this Lease have been fully authorized to execute the same under a resolution duly adopted by the City Council of the City.

(c) Valid, Binding and Enforceable Obligations. The Site Lease and this Lease have been duly authorized, executed and delivered by the City and constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

(d) No Conflicts. The execution and delivery of the Site Lease and this Lease, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease and this Lease or the financial condition, assets, properties or operations of the City.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Site Lease and this Lease, or the consummation of any transaction therein and herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental

authority pending or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Site Lease and this Lease, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease and this Lease or the financial conditions, assets, properties or operations of the City.

SECTION 2.2. *Covenants, Representations and Warranties of the Authority.* The Authority makes the following covenants, representations and warranties to the City and the Trustee as of the date of the execution and delivery of this Lease:

(a) Due Organization and Existence. The Authority is a joint exercise of powers authority duly organized and existing under a joint powers agreement and the laws of the State of California; has power to enter into this Lease, the Site Lease, the Assignment Agreement and the Indenture; is possessed of full power to own and hold, improve and equip real and personal property, and to lease the same; and has duly authorized the execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms.

(b) Due Execution. The representatives of the Authority executing this Lease, the Site Lease, the Assignment Agreement and the Indenture are fully authorized to execute the same pursuant to official action taken by the governing body of the Authority.

(c) Valid, Binding and Enforceable Obligations. This Lease, the Site Lease, the Assignment Agreement and the Indenture have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(d) No Conflicts. The execution and delivery of this Lease, the Site Lease, the Assignment Agreement and the Indenture, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Authority is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any

of the property or assets of the Authority, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease, the Assignment Agreement and the Indenture or the financial condition, assets, properties or operations of the Authority.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease, the Site Lease, the Assignment Agreement or the Indenture, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease, the Site Lease, the Assignment Agreement or the Indenture, or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, the Site Lease, the Assignment Agreement or the Indenture or the financial conditions, assets, properties or operations of the Authority.

ARTICLE III

DEPOSIT AND APPLICATION OF FUNDS; SUBSTITUTION AND RELEASE OF PROPERTY

SECTION 3.1. *Deposit of Moneys.* On the Closing Date, the Authority will cause the proceeds of sale of the Bonds to be deposited with the Trustee. The Trustee shall deposit such proceeds in accordance with Section 3.02 of the Indenture.

SECTION 3.2. *Substitution of Property.* The City has the option at any time and from time to time, to substitute other real property (the "**Substitute Property**") for the Leased Property or any portion thereof (the "**Former Property**"), upon satisfaction of all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(a) No Event of Default has occurred and is continuing.

(b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the San Mateo County Recorder sufficient memorialization of, an amendment hereof which adds the legal description of the Substitute Property to Appendix A and deletes therefrom the legal description of the Former Property.

(c) The City has obtained a CLTA or an ALTA policy of title insurance insuring the City's leasehold estate hereunder in the Substitute Property, subject only to Permitted Encumbrances.

(d) The City has certified in writing to the Authority and the Trustee that the Substitute Property constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be necessary to the operation of the City.

(e) The Substitute Property does not cause the City to violate any of its covenants, representations and warranties made herein.

(f) The City has filed with the Authority and the Trustee a written certificate of the City or other written evidence stating that the useful life of the Substitute Property at least extends to the final maturity of the Bonds, that the estimated value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the aggregate Outstanding principal amount of the Bonds, and the fair rental value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the Lease Payments thereafter coming due and payable hereunder.

(g) The City has mailed written notice of such substitution to each rating agency which then maintains a rating on the Bonds.

(h) The City shall furnish to the Authority and the Trustee a written opinion of Bond Counsel stating that such substitution does not cause the interest on the Bonds to become included in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State of California.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property under this Section. The Authority and the City will execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease and the Assignment Agreement of record against the Former Property and to cause the Substitute Property to become subject to all of the terms and conditions of the Site Lease, this Lease and the Assignment Agreement.

SECTION 3.3. *Release of Property.* The City has the option at any time and from time to time to release any portion of the Leased Property from this Lease (the "**Released Property**") provided that the City has satisfied all of the following requirements which are hereby declared to be conditions precedent to such release:

(a) No Event of Default has occurred and is continuing.

(b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the San Mateo County Recorder sufficient memorialization of, an amendment hereof which removes the Released Property from the Site Lease and this Lease.

(c) The City has certified in writing to the Authority and the Trustee that the value of the Leased Property which remains subject to this Lease following such release is at least equal to the aggregate Outstanding principal amount of the Bonds, and the fair rental value of the Leased Property which remains subject to this Lease following such release is at least equal to the Lease Payments thereafter coming due and payable hereunder.

(d) The City has mailed written notice of such release to each rating agency which then maintains a rating on the Bonds.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Authority and the City shall execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease and the Assignment Agreement of record against the Released Property.

ARTICLE IV

LEASE OF LEASED PROPERTY; TERM OF THIS LEASE; LEASE PAYMENTS

SECTION 4.1. *Lease of Leased Property.* The Authority hereby leases the Leased Property to the City and the City hereby leases the Leased Property from the Authority, upon the terms and conditions set forth in this Lease. The City shall be entitled to, and shall, take possession of the Leased Property on the date of execution, delivery and recordation hereof. This Lease is subject and subordinate to the Ground Lease dated as of February 29, 2000, a Memorandum of which recorded on December 12, 2000 as Instrument No. 2000-157335 (the "Ground Lease") between San Francisco Bay Area Rapid Transit District, as lessor, and the City, as lessee.

SECTION 4.2. *Term*. The Term of this Lease commences on the Closing Date and ends on the date on which the Indenture is discharged in accordance with Section 10.03 thereof, but under any circumstances not later than May 1, 2041. The provisions of this Section are subject to the provisions of Section 6.2 relating to the taking in eminent domain of the Leased Property in whole or in part.

SECTION 4.3. *Lease Payments.*

(a) Obligation to Pay. Subject to the provisions of Sections 6.2 and 6.3 and the provisions of Article IX, the City agrees to pay to the Authority, its successors and assignees, the Lease Payments in the respective amounts specified in Appendix B attached to this Lease,

to be due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in Appendix B, and to be deposited by the City with the Trustee on each of the Lease Payment Dates specified in Appendix B. Any amount held in the Bond Fund, the Interest Account and the Principal Account on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole under Article IX, and amounts required for payment of past due principal or interest on any Bonds not presented for payment) will be credited towards the Lease Payment then required to be paid hereunder. The City is not required to deposit any Lease Payment with the Trustee on any Lease Payment Date if the amounts then held in the Bond Fund, the Interest Account and the Principal Account are at least equal to the Lease Payment then required to be deposited with the Trustee. The Lease Payments payable in any Rental Period are for the use of the Leased Property during that Rental Period.

(b) Effect of Prepayment. If the City prepays all Lease Payments in full under Sections 9.1, 9.2 or 9.3, the City's obligations under this Section will thereupon cease and terminate. If the City prepays the Lease Payments in part but not in whole under Sections 9.1, 9.2 or 9.3, the principal components of the remaining Lease Payments will be reduced in integral multiples of $5,000 among Lease Payment Dates on a basis which corresponds to the principal maturities of the Bonds which are redeemed thereby; and the interest component of each remaining Lease Payment will be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Bonds thereby redeemed under Section 4.01 of the Indenture.

(c) Rate on Overdue Payments. If the City fails to make any of the payments required in this Section, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment at the highest rate of interest on any Outstanding Bond.

(d) Fair Rental Value. The aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and are payable by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making that determination, consideration has been given to the estimated value of the Leased Property based on comparable properties, insurance appraisals and other records maintained by the City, other obligations of the City and the Authority under this Lease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

(e) Assignment. The City understands and agrees that all Lease Payments have been assigned by the Authority to the Trustee in trust, under the Assignment Agreement, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees to pay to the Trustee at its Office, all payments payable by the City under this Section and all amounts payable by the City under Article IX.

SECTION 4.4. *Source of Payments; Covenant to Budget and Appropriate.* The Lease Payments are payable from any source of available funds of the City, subject to the provisions of Sections 6.2 and 6.3. The City covenants to take all actions required to include the Lease

Payments in each of its annual budgets during the Term of this Lease and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. The foregoing covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the City.

SECTION 4.5. *Additional Rental Payments*. In addition to the Lease Payments, the City shall pay when due the following amounts of Additional Rental Payments in consideration of the lease of the Leased Property by the City from the Authority hereunder:

(a) all fees and expenses incurred by the Authority in connection with or by reason of its leasehold estate in the Leased Property, when due,

(b) all compensation to and indemnification of the Trustee pursuant to Section 8.07 of the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Indenture,

(c) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Lease or the Indenture,

(d) amounts coming due and payable as Excess Investment Earnings in accordance with Section 7.6(e), and

(e) the reasonable out-of-pocket expenses of the Authority in connection with the execution and delivery of this Lease or the Indenture, or in connection with the issuance of the Bonds, including but not limited to any and all expenses incurred in connection with the authorization, sale and delivery of the Bonds, or incurred by the Authority in connection with any litigation which may at any time be instituted involving this Lease, the Bonds, the Indenture or any of the other documents contemplated hereby or thereby, or otherwise incurred in connection with the administration of this Lease.

SECTION 4.6. *Quiet Enjoyment.* Throughout the Term of this Lease, the Authority shall provide the City with quiet use and enjoyment of the Leased Property and the City will peaceably and quietly have and hold and enjoy the Leased Property, without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority has the right to inspect the Leased Property as provided in Section 7.2.

SECTION 4.7. *Title.* Upon the termination of this Lease (other than under Section 8.2(b) hereof), all right, title and interest of the Authority in and to the Leased Property transfers to and vests in the City. The Authority shall take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

SECTION 5.1. *Maintenance, Utilities, Taxes and Assessments.* Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property are the responsibility of the City, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and will pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Leased Property. The City waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the City under the terms of this Lease.

The City shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the City affecting the Leased Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

The City may, at its expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority notifies the City that, in its reasonable opinion, by nonpayment of any such items the interest of the Authority in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

SECTION 5.2. *Modification of Leased Property.* The City has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of this Lease. Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City under this Section; except that if any such lien is established and the City first notifies or causes to be notified the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide

the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

SECTION 5.3. *Liability and Property Damage Insurance.* The City shall maintain or cause to be maintained throughout the Term of this Lease, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of Section 5.7, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

SECTION 5.4. *Casualty Insurance.* The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, casualty insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the Outstanding Bonds. Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and must include earthquake insurance if available at reasonable cost from reputable insurers in the judgment of the City. Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance must be applied as provided in Section 6.1.

SECTION 5.5. *Rental Interruption Insurance.* The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years during the term of the Lease. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

SECTION 5.6. *Recordation Hereof; Title Insurance.* On or before the Closing Date the City shall, at its expense, (a) cause the Site Lease, the Assignment Agreement and this Lease,

or a memorandum hereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the San Mateo County Recorder, and (b) obtain a CLTA or ALTA title insurance policy insuring the City's leasehold estate hereunder in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under any such title insurance policy must be deposited with the Trustee in the Bond Fund to be credited towards the prepayment of the remaining Lease Payments under Section 9.3.

SECTION 5.7. *Insurance Net Proceeds; Form of Policies.* Each policy of insurance maintained under Sections 5.4, 5.5 and 5.6 must name the Trustee as loss payee so as to provide that all proceeds thereunder are payable to the Trustee. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease. All such policies shall provide that the Trustee is given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a certificate of the City stating that all policies of insurance required hereunder are then in full force and effect. The Trustee has no responsibility for the sufficiency, adequacy or amount of any insurance or self-insurance herein required and is fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

If any insurance maintained under Section 5.3 is provided in the form of self-insurance, the City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a statement of the risk manager of the City or an independent insurance adviser engaged by the City identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. If any such insurance is provided in the form of self-insurance by the City, the City has no obligation to make any payment with respect to any insured event except from those reserves.

SECTION 5.8. *Installation of City's Personal Property.* The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of the City, in which neither the Authority nor the Trustee has any interest, and may be modified or removed by the City at any time, provided that the City must repair all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease prevents the City from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, so long as no such lien or security interest attaches to any part of the Leased Property.

SECTION 5.9. *Liens.* The City may not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than as herein contemplated and except for such encumbrances as the City certifies in writing to the Trustee do not materially and adversely affect the leasehold estate of the City in the Leased Property hereunder. If any such mortgage, pledge, lien, charge, encumbrance or claim does materially and adversely affect the leasehold estate of the City in the Leased Property hereunder, the City will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible; provided that the City is not required to do so prior to the time when such mortgage, pledge, lien, charge, encumbrance or claim actually causes such material adverse effect. The City will reimburse the Authority for any expense

incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

SECTION 5.10. *Advances.* If the City fails to perform any of its obligations under this Article V, the Authority may (but is not required to) take such action as it deems necessary to cure such failure, including the advancement of money, and the City shall repay all such advances as Additional Rental Payments hereunder, with interest at the rate set forth in Section 4.3(c).

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

SECTION 6.1. *Application of Net Proceeds.* The Trustee, as assignee of the Authority under the Assignment Agreement, has the right to receive all Net Proceeds. As provided in the Indenture, the Trustee will deposit all Net Proceeds in the Insurance and Condemnation Fund to be applied as set forth in Section 5.07 of the Indenture.

SECTION 6.2. *Termination or Abatement Due to Eminent Domain.* If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease thereupon ceases as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

(a) this Lease shall continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary; and

(b) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

Notwithstanding the foregoing, there shall be no abatement of the Lease Payments under this Section 6.2 in the event and to the extent that amounts in the Insurance and Condemnation Fund, the Bond Fund or the Reserve Fund are available to pay Lease Payments which would otherwise be abated, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

SECTION 6.3. *Abatement Due to Damage or Destruction.* The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease continues in full force and effect and the City waives any right to terminate this Lease by virtue of any such damage and destruction.

Notwithstanding the foregoing, there shall be no abatement of the Lease Payments under this Section 6.3 in the event and to the extent that amounts in the Insurance and Condemnation Fund, the Bond Fund or the Reserve Fund are available to pay Lease Payments which would otherwise be abated, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

The abatement of Lease Payments hereunder in accordance with the terms hereof shall not constitute an Event of Default (as defined in Section 8.1) hereunder.

ARTICLE VII

OTHER COVENANTS OF THE CITY

SECTION 7.1. *Disclaimer of Warranties.* THE AUTHORITY AND THE TRUSTEE MAKE NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE LEASED PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. THE CITY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE CITY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. The Authority has no liability for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease for the existence, furnishing, functioning or use of the Leased Property by the City.

SECTION 7.2. *Access to the Leased Property.* The City agrees that the Authority, any Authorized Representative of the Authority, and the Authority's successors or assigns have the right at all reasonable times to enter upon and to examine and inspect the Leased Property or any part thereof. The City further agrees that the Authority, any Authorized Representative of the Authority, and the Authority's successors or assigns may have such rights of access to the Leased Property or any component thereof as reasonably necessary to cause the proper maintenance of the Leased Property if the City fails to perform its obligations hereunder; *provided, however,* that neither the Authority nor any of its assigns has any obligation to cause such proper maintenance.

SECTION 7.3. *Release and Indemnification Covenants.* The City agrees to indemnify the Authority, the Trustee and their respective officers, agents, successors and assignees, against all claims, losses, liabilities and damages, including legal fees and expenses, arising out of any of the following:

(a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Property by the City,

(b) any breach or default on the part of the City in the performance of any of its obligations under this Lease,

(c) any negligence or willful misconduct of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property,

(d) any intentional misconduct or negligence of any sublessee of the City with respect to the Leased Property,

(e) the acquisition, construction, improvement and equipping of the Leased Property, or the authorization of payment of the costs thereof, or

(f) the acceptance and performance of the rights and duties of the Trustee under the Indenture and under this Lease.

No indemnification is made under this Section or elsewhere in this Lease for willful misconduct or negligence under this Lease by the Authority, the Trustee or their respective officers, agents, employees, successors or assigns.

SECTION 7.4. *Assignment and Subleasing by the City.* The City may sublease the Leased Property, or any portion thereof, subject to all of the following conditions:

(a) this Lease and the obligation of the City to make Lease Payments hereunder must remain obligations of the City;

(b) the City must, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) no such sublease by the City may cause the Leased Property to be used for a purpose which is not authorized under the provisions of the laws of the State of California; and

(d) the City must furnish to the Authority and the Trustee a written opinion of Bond Counsel stating that such sublease does not cause the interest on the Bonds to become included in gross income for purposes of federal income taxation or on the Bonds to become subject to personal income taxation by the State of California.

SECTION 7.5. *Amendment Hereof.* The Authority and the City may at any time amend or modify any of the provisions of this Lease, but only: (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the Outstanding Bonds; or (b) without the consent of the Trustee or any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in this Lease, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, to conform to the original intention of the City and the Authority;

(iii) to modify, amend or supplement this Lease in such manner as to assure that the interest on the Bonds remains excluded from gross income under the Tax Code;

(iv) to amend the description of the Leased Property to reflect accurately the property originally intended to be included therein, or in connection with any substitution or release of property under Sections 3.2 or 3.3;

(v) to obligate the City to pay additional amounts of rental for the use and occupancy of the Leased Property, but only if (A) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which are applied to finance or refinance the acquisition or construction of any real or personal property for which the City is authorized to expend funds subject to its control, and (B) the City has obtained and filed with the Trustee an appraisal or other written evidence that the value of the Leased Property is at least equal to the aggregate principal amount of the Outstanding Bonds and all such other bonds, notes, leases or other obligations; or

(vi) in any other respect whatsoever as the Authority and the City deem necessary or desirable, if in the opinion of Bond Counsel such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds.

No such modification or amendment may (a) extend or have the effect of extending any Lease Payment Date or reducing any Lease Payment or any premium payable upon the prepayment thereof, without the express consent of the Owners of the affected Bonds, or (b) modify any of the rights or obligations of the Trustee without its written assent thereto.

SECTION 7.6. *Tax Covenants*.

(a) Private Business Use Limitation. The City shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The City may not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The City may not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds or of any other obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(d) Maintenance of Tax Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(e) Rebate of Excess Investment Earnings to United States. The City shall calculate or cause to be calculated the Excess Investment Earnings in all respects at the times and in the manner required under the Tax Code. The City shall pay the full amount of Excess Investment Earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code. Such payments shall be made by the City from any source of legally available funds of the City, and shall constitute Additional Rental Payments hereunder.

The City shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this subsection (e). In order to provide for the administration of this subsection (e), the City may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the City may deem appropriate. The Trustee has no duty or obligation to monitor or enforce compliance by the City of any of the requirements under this subsection (e).

SECTION 7.7. *Continuing Disclosure*. The City shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the City as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Lease, failure of the City to comply with such Continuing Disclosure Certificate will not constitute an Event of Default, although any Participating Underwriter (as that term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section, including seeking mandate or specific performance by court order.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. *Events of Default Defined.* Any one or more of the following events constitute an Event of Default hereunder:

(a) Failure by the City to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding subsection (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee. If in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30-day period, the failure will not constitute an Event of Default if the City commences to cure the failure within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or

adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

(d) An event of default under the Ground Lease.

SECTION 8.2. *Remedies on Default.* Whenever any Event of Default has happened and is continuing, the Authority may exercise any and all remedies available under law or granted under this Lease. Notwithstanding anything herein or in the Indenture to the contrary, neither the Authority nor the Trustee may accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each covenant hereof to be kept and performed by the City is expressly made a condition and upon the breach thereof the Authority may exercise any and all rights granted hereunder; except that no termination of this Lease may be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Authority may exercise each and every one of the following remedies, subject in all respects to the limitations set forth in Section 8.3.

(a) Enforcement of Payments Without Termination. If the Authority does not elect to terminate this Lease in the manner hereinafter provided for in subparagraph (b) hereof, the City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Leased Property, or, if the Authority is unable to re-lease the Leased Property, then for the full amount of all Lease Payments to the end of the Term of this Lease, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Authority. The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Leased Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Leased Property, to place the Leased Property in storage or other suitable place in the County of San Mateo for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of the Leased Property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease constitute full and sufficient notice of the right of the Authority to re-lease the Leased Property in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing

is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease shall vest in the Authority to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The City agrees to surrender and quit possession of the Leased Property upon demand of the Authority for the purpose of enabling the Leased Property to be re-let under this paragraph, and the City further waives the right to any rental obtained by the Authority in excess of the Lease Payments and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-leasing the Leased Property.

(b) Termination of Lease. If an Event of Default occurs and is continuing hereunder, the Authority at its option may terminate this Lease and re-lease all or any portion of the Leased Property. If the Authority terminates this Lease at its option and in the manner hereinafter provided on account of default by the City (and notwithstanding any re-entry upon the Leased Property by the Authority in any manner whatsoever or the re-leasing of the Leased Property), the City nevertheless agrees to pay to the Authority all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Rental Payments. Any surplus received by the Authority from such re-leasing shall be deposited in the Bond Fund. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Authority shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the City shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease. The City covenants and agrees that no surrender of the Leased Property, or of the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(c) Proceedings at Law or In Equity. If an Event of Default occurs and continues hereunder, the Authority may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

SECTION 8.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy is cumulative and in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default impairs any such right or power or operates as a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VIII it is not necessary to give any notice, other than as expressly required in this Article VIII or by law.

SECTION 8.4. *Agreement to Pay Attorneys' Fees and Expenses.* If the Authority or the City defaults under any of the provisions of this Lease and the nondefaulting party employs attorneys or incurs other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party; *provided, however*, that the Trustee shall not be required to expend its own funds for any payment described in this Section.

SECTION 8.5. *No Additional Waiver Implied by One Waiver.* If the Authority or the City breaches any agreement in this Lease and thereafter the other party waives the breach, such waiver is limited to the particular breach so waived and does not operate to waive any other breach hereunder.

SECTION 8.6. *Application of Proceeds.* All net proceeds received from the re-lease of the Leased Property under this Article VIII, and all other amounts derived by the Authority or the Trustee as a result of the occurrence of an Event of Default, must be paid to and applied by the Trustee in accordance with Section 7.03 of the Indenture.

SECTION 8.7. *Trustee and Bond Owners to Exercise Rights.* Such rights and remedies as are given to the Authority under this Article VIII have been assigned by the Authority to the Trustee under the Assignment Agreement for the benefit of the Bond Owners, to which assignment the City hereby consents. The Trustee and the Bond Owners shall exercise such rights and remedies in accordance with the Indenture.

SECTION 8.8. *Covenant to Comply with Ground Lease.* The City hereby covenants and agrees during the term of this Lease to comply with all terms and conditions of the Ground Lease.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

SECTION 9.1. *Security Deposit.* Notwithstanding any other provision of this Lease, the City may on any date secure the payment of the Lease Payments allocable to the Leased Property in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts on deposit in the funds and accounts established under the Indenture, is either:

(a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Appendix B, or

(b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant, (which opinion must be addressed and delivered to the Trustee), together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due under Section 4.3(a), as the City instructs at the time of said deposit.

If the City makes a security deposit under this Section with respect to all unpaid Lease Payments, and notwithstanding the provisions of Section 4.2, (a) the Term of this Lease will continue, (b) all obligations of the City under this Lease, and all security provided by this Lease for said Lease Payments, will thereupon cease and terminate, excepting only the obligation of the City to make, or cause to be made all of said Lease Payments from such security deposit, and (c) under Section 4.7, title to the Leased Property will vest in the City on the date of said deposit automatically and without further action by the City or the Authority. Said security deposit constitutes a special fund for the payment of Lease Payments in accordance with the provisions of this Lease.

SECTION 9.2. *Optional Prepayment.* The City has the option to prepay the principal components of the Lease Payments in whole, or in part in any integral multiple of $5,000, from any source of legally available funds, on any date on or after May 1, 2029, at a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, together with the interest component of the Lease Payment required to be paid on such Interest Payment Date, and together with a prepayment premium equal to the premium (if any) required to be paid on the resulting redemption of Bonds under Section 4.01(a) of the Indenture. Such prepayment price shall be deposited by the Trustee in the Redemption Fund to be applied to the redemption of Bonds under Section 4.01(a) of the Indenture. The City shall give written notice to the Trustee of its intention to prepay the Lease Payments under this Section in sufficient time to enable the Trustee to give notice of the corresponding redemption of Bonds in accordance with Section 4.03 of the Indenture.

SECTION 9.3. *Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain.* The City shall prepay the principal components of the Lease Payments allocable to the Leased Property in whole or in part on any date, from and to the extent of any Net Proceeds of insurance award or eminent domain award with respect to the Leased Property theretofore deposited in the Redemption Fund for that purpose under Article VI hereof and Section 5.07 of the Indenture. Such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments, will be credited towards the City's obligations under this Section and applied to the corresponding redemption of Bonds under Section 4.01(b) of the Indenture.

SECTION 9.4. *Credit for Amounts on Deposit.* If the principal components of the Lease Payments are prepaid in full under this Article IX, such that the Indenture is discharged by its terms as a result of such prepayment, at the written election of the City filed with the Trustee any or all amounts then on deposit in the Bond Fund (and the accounts therein) or the Reserve Fund will be credited towards the amounts then required to be so prepaid.

ARTICLE X

MISCELLANEOUS

SECTION 10.1. *Notices.* Any notice, request, complaint, demand or other communication under this Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopy, email or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority or the City:	City of San Bruno 567 El Camino Real San Bruno, California 94066 Attention: Finance Director Email/Fax: Call 650-616-7080 for current information
If to the Trustee:	MUFG Union Bank, N.A., 350 California Street, 17th Floor San Francisco, California 94104 Attention: Corporate Trust Department Fax: 415-273-2492 Email: SFCT@unionbank.com

SECTION 10.2. *Binding Effect.* This Lease inures to the benefit of and binds the Authority, the City and their respective successors and assigns.

SECTION 10.3. *Severability.* If any provision of this Lease is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

SECTION 10.4. *Net-net-net Lease.* This Lease is deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments are an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 10.5. *Third Party Beneficiary.* The Trustee is hereby made a third party beneficiary hereunder with all rights of a third party beneficiary.

SECTION 10.6. *Further Assurances and Corrective Instruments.* The Authority and the City shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

SECTION 10.7. *Execution in Counterparts.* This Lease may be executed in several counterparts, each of which is an original and all of which constitute but one and the same instrument.

SECTION 10.8. *Applicable Law.* This Lease is governed by and construed in accordance with the laws of the State of California.

SECTION 10.9. *Authority and City Representatives.* Whenever under the provisions of this Lease the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority and for the City by an Authorized Representative thereof, and any party hereto may conclusively rely upon any such approval or request.

SECTION 10.10. *Captions.* The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease.

IN WITNESS WHEREOF, the Authority and the City have caused this Lease to be executed in their respective names by their duly authorized officers, all as of the date first above written.

SAN BRUNO PUBLIC FINANCING AUTHORITY, *as lessor*

By: _____
Jovan D. Grogan
Director

Attest:

_____
Assistant Secretary

CITY OF SAN BRUNO,
as lessee

By: _____
Jovan D. Grogan
City Manager

Attest:

_____
Deputy City Clerk

[Signature Page to Lease Agreement dated as of March 1, 2019]

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Mateo)

On March 18, 2019 before me, Vicky S. Hasha Notary Public
(insert name and title of the officer)

personally appeared Jovan D. Grogan,
who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is~~/are~~ subscribed to the within instrument and acknowledged to me that he~~/she/they~~ executed the same in his~~/her/their~~ authorized capacity(ies), and that by his~~/her/their~~ signature(s) on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

VICKY S. HASHA
COMM. 2183846
NOTARY PUBLIC • CALIFORNIA
SAN MATEO COUNTY
My commission expires March 9, 2021

Signature Vicky S. Hasha (Seal)

APPENDIX A

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of that certain real property situated in the State of California, County of San Mateo, City of San Bruno and described as follows:

BEING a portion of that certain parcel of land as described in the Grant Deed from Tanforan Park Shopping Center to Sears, Roebuck and Co., recorded on May 23, 1969, in Book 5642 of Official Records at page 609, in the Office of the Recorder of San Mateo County, State of California, said Grant Deed parcel to Sears, Roebuck and Co. being described as "all of Lot 2, all of Lot 3 and a portion of Lot 1, in Block 6 as said Lots and Block are shown on the map entitled "TANFORAN PARK, UNIT NO. 1, SAN BRUNO, CALIFORNIA", which Map was recorded on January 5, 1967, in Book 66 of Maps at pages 1, 2, 3 and 4, San Mateo County Records", said portion of certain Grant Deed parcel, more particularly described as follows:

BEGINNING at the most easterly corner of said Grant Deed parcel, said corner being on the Southwesterly line of Huntington Avenue as shown on said map; THENCE South 66° 40' 48" West, 130.15 feet to the **TRUE POINT OF BEGINNING** of this description.

THENCE North 24° 49' 28" West, 64.77 feet;

THENCE North 23° 31' 53" West, 178.40 feet;

THENCE North 66° 28' 07" East, 46.54 feet;

THENCE South 23° 31' 53" East, 32.15 feet to the beginning of a non-tangent curve, concave northerly, having a radius of 46.80 feet, from which point a radial line bears North 07° 39' 21" West;

THENCE Easterly along said curve through a central angle of 24° 17' 22", for an arc length of 19.84 feet;

THENCE North 23° 31' 53" West, 18.85 feet to the beginning of a non-tangent curve, concave Southwesterly, having a radius of 72.33 feet, from which point a radial line bears South 10° 03' 42" East;

THENCE Easterly, Southeasterly and Southerly along last said curve through a central angle of 91° 48' 49", for an arc length of 115.91 feet;

THENCE South 77° 02' 18" West, 9.94 feet to the beginning of a non-tangent curve, concave Westerly, having a radius of 193.73 feet, from which point a radial line bears South 76° 37' 16" West;

THENCE Southerly and Southwesterly along last said curve through a central angle of 54° 32' 23", for an arc length of 184.41 feet to the **TRUE POINT OF BEGINNING** of this description.

APN: 014-316-180

(End of Legal Description)

APPENDIX B
SCHEDULE OF LEASE PAYMENTS

Lease Payment Date*	Principal Component	Interest Component	Aggregate Lease Payment
Nov. 1, 2019	--	$119,930.56	$119,930.56
May 1, 2020	$290,000.00	98,125.00	388,125.00
Nov. 1, 2020	--	92,325.00	92,325.00
May 1, 2021	325,000.00	92,325.00	417,325.00
Nov. 1, 2021	--	85,825.00	85,825.00
May 1, 2022	340,000.00	85,825.00	425,825.00
Nov. 1, 2022	--	79,025.00	79,025.00
May 1, 2023	350,000.00	79,025.00	429,025.00
Nov. 1, 2023	--	72,025.00	72,025.00
May 1, 2024	365,000.00	72,025.00	437,025.00
Nov. 1, 2024	--	64,725.00	64,725.00
May 1, 2025	375,000.00	64,725.00	439,725.00
Nov. 1, 2025	--	57,225.00	57,225.00
May 1, 2026	395,000.00	57,225.00	452,225.00
Nov. 1, 2026	--	49,325.00	49,325.00
May 1, 2027	410,000.00	49,325.00	459,325.00
Nov. 1, 2027	--	41,125.00	41,125.00
May 1, 2028	430,000.00	41,125.00	471,125.00
Nov. 1, 2028	--	32,525.00	32,525.00
May 1, 2029	445,000.00	32,525.00	477,525.00
Nov. 1, 2029	--	23,625.00	23,625.00
May 1, 2030	460,000.00	23,625.00	483,625.00
Nov. 1, 2030	--	12,125.00	12,125.00
May 1, 2031	485,000.00	12,125.00	497,125.00

* Lease Payment Dates are the sixth (6th) Business Day immediately preceding each date listed in this Appendix B.

$4,670,000
SAN BRUNO PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2019

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Lease Agreement, dated as of March 1, 2019, by the San Bruno Public Financing Authority, as lessor, to the City of San Bruno (the "City"), as lessee, is hereby accepted by the undersigned officer on behalf of the City pursuant to authority conferred by resolution of the City Council of the City adopted on November 13, 2018, and the City consents to recordation thereof by its duly authorized officer.

Dated as of March 1, 2019

CITY OF SAN BRUNO

By: _____
Jovan D. Grogan
City Manager

Exhibit C - Attachment 2

AMENDED AND RESTATED REIMBURSEMENT AGREEMENT

by and between the

SUCCESSOR AGENCY TO THE SAN BRUNO REDEVELOPMENT AGENCY

and the

CITY OF SAN BRUNO

Dated as of March 1, 2019

(San Bruno Redevelopment Project)

AMENDED AND RESTATED REIMBURSEMENT AGREEMENT

This AMENDED AND RESTATED REIMBURSEMENT AGREEMENT ("**Reimbursement Agreement**"), dated as of March 1, 2019, by and between the SUCCESSOR AGENCY TO THE SAN BRUNO REDEVELOPMENT AGENCY (the "**Successor Agency**") and the CITY OF SAN BRUNO (the "**City**");

W I T N E S S E T H:

WHEREAS*,* the San Bruno Redevelopment Agency (the "**Former Agency**") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "**Law**");

WHEREAS*,* a redevelopment plan for the San Bruno Redevelopment Project Area (the "**Project Area**") in the City of San Bruno (the "**City**") was adopted in compliance with all requirements of the Law;

WHEREAS, pursuant to Section 34172(a) of the Health and Safety Code (unless otherwise noted, Section references hereinafter being to such Code), the Former Agency has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, and the Successor Agency has become the successor entity to the Former Agency;

WHEREAS, the redevelopment plan for the Project Area provided for tax increment financing in accordance with the provisions of Chapter 6, Part 1 of Division 24 of the Health and Safety Code and Section 16 of Article XVI of the Constitution of the State of California;

WHEREAS, the Former Agency was authorized, with the consent of the City Council of the City, to pay all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure or other improvements which was publicly owned within the Project Area, upon a determination by the Former Agency and said City Council that such buildings, facilities, structures or other improvements were of benefit to the Project Area;

WHEREAS, when the value of such land or the cost of the installation and construction of such building, facility, structure or other improvement, or both, was paid or provided for initially by the City, the Former Agency was authorized to enter into a contract with the City under which it agreed to reimburse the City for all or part of the value of such land or all or part of the cost of such building, facility, structure or other improvement, or both, by periodic payments over a period of years;

WHEREAS, the obligation of the Former Agency under such contract constituted an indebtedness of the Former Agency for the purpose of carrying out the redevelopment project for the Project Area, which indebtedness was authorized to be made payable out of taxes levied in the Project Area and allocated to the Former Agency under subdivision (b) of Section 33670, or out of any other available funds;

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency entered into a Reimbursement Agreement dated December 1, 2000 (the "**Original Reimbursement Agreement**"), under which the Former Agency incurred indebtedness in the form of an obligation to provide to the City certain Tax Increment Revenues (as defined in the Original Reimbursement Agreement) for payment of the obligation of the City to pay lease payments (the "**Prior Lease Payments**") under a Lease Agreement dated as of December 1, 2000 (the "**Prior Lease**") by and between the San Bruno Public Financing Authority (the "**Authority**"), as sub-sublessor, and the City, as sub-sublessee;

WHEREAS, payments made under the Prior Lease are the security for, and source of payment of, the City of San Bruno Certificates of Participation, Series 2000 (Police Facility Financing) executed and delivered in 2000 in the initial principal amount of $9,600,000 (the "**Prior Obligations**") for the purpose of financing certain obligations of the City relating to the original construction of the City's police facility (the "**Project**"), which Project was within, and of benefit to, the Project Area;

WHEREAS, by implementation of California Assembly Bill X1 26 approved by the Governor of the State on June 28, 2011 (as amended, the "**Dissolution Act**"), which amended provisions of the Law, and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, the Former Agency was dissolved on February 1, 2012, and the Successor Agency, in accordance with and pursuant to the Dissolution Act, assumed the duties and obligations of the Former Agency as provided in the Dissolution Act, including, without limitation, the obligations of the Former Agency under the Original Reimbursement Agreement;

WHEREAS, the City and the Authority have determined that, based on current interest rates, cost savings can be achieved by refinancing the Prior Lease Payments and in turn causing the Prior Obligations to be refunded;

WHEREAS, in order to provide moneys to refinance the Prior Lease Payments, the Authority is issuing Lease Revenue Bonds in the principal amount of $4,670,000 (the "**Bonds**") under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code, secured by lease payments as described in a Lease Agreement (defined below);

WHEREAS, to facilitate the issuance of the Bonds, the City proposes leasing certain real property and improvements thereon, consisting of the City's interest in the land and improvements comprising the Project (the "**Leased Property**"), to the Authority under a Site Lease dated as of March 1, 2019 (the "**Site Lease**") between the City and the Authority, in consideration of the payment by the Authority of an upfront rental payment, the proceeds of which the City will use to prepay the Prior Lease Payments;

WHEREAS, in order to secure the payments of principal of, and interest on, the Bonds, the City proposes leasing back the Leased Property from the Authority under a Lease Agreement dated as of March 1, 2019 (the "**Lease Agreement**") between the City and the Authority, in consideration of the payment by the City of certain lease payments (the "**Lease Payments**") which will secure the repayment of the Bonds;

WHEREAS, the parties hereto in consideration of their mutual undertakings, past and present, herein and otherwise, desire to provide for repayment by the Successor Agency to the City of the moneys paid as Lease Payments under the Lease Agreement, entered into between the Authority and the City providing for, among other things, the sub-sublease by the City of the

Project from the Authority, in the amounts specified in Exhibit A attached hereto and incorporated herein, by amending and restating the Original Reimbursement Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained it is agreed by and between the parties hereto as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Reimbursement Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the meanings herein specified. Any capitalized term not defined herein shall have the meaning given to such term in the Lease Agreement.

"Bonds" means the $4,670,000 initial principal amount of Lease Revenue Bonds, Series 2019 issued by the Authority pursuant to the Indenture, which are secured by and payable from the Lease Payments, and any bonds, notes, certificates or other evidences of indebtedness issued to refund such bonds.

"Business Day" means any day of the year other than a Saturday, Sunday or a day on which banks are authorized or required to be closed in the city in which the Trustee is located.

"Fiscal Year" means each 12-month period beginning on July 1 of any year and ending on June 30 of the succeeding year, or any other 12-month period hereafter adopted by the City as its official fiscal year period.

"Indenture" means that certain Indenture of Trust, by and between the Authority and the Trustee, dated as of March 1, 2019.

"Lease Agreement" means that certain Lease Agreement by and between the Authority, as lessor, and the City, as lessee, dated as of March 1, 2019, as it may be amended and supplemented.

"Lease Payments" means all amounts paid by the City as lease payments pursuant to Section 4.4 of the Lease Agreement.

"Tax Revenues" means all taxes that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated, or are available to be allocated, to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited in the Redevelopment Property Tax Trust Fund and transferred to the Successor Agency for deposit into the Redevelopment Obligation Retirement Fund, excluding amounts required to be paid to taxing entities pursuant to Sections 33607.5, 33607.7, and 33676 of the Law unless such payments are subordinated to payments under this Reimbursement Agreement pursuant to Section 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act.

"Trustee means MUFG Union Bank, N.A., its successors and assigns, acting as trustee under the Indenture, or any other entity then performing the function of trustee under the Indenture.

Section 2. Reimbursement; Other Payments. Subject to pledges of Tax Revenues heretofore or hereafter made by the Successor Agency, the Successor Agency and the City agree that, to the extent necessary but only to the extent available, and not in excess of the amounts specified in Exhibit A attached hereto and incorporated herein, in any Fiscal Year, Tax Revenues shall be used and applied to repay the City for all current or previously unreimbursed Lease Payments made by the City to the Authority under the Lease Agreement. Any Lease Payments or portions of Lease Payments made from the proceeds of the Bonds shall be deemed to have been made by the City. Each payment due and payable by the Successor Agency to the City pursuant to this Reimbursement Agreement with respect to a current Lease Payment shall be made by the Successor Agency directly to the Trustee not less than one (1) business day prior to the due date of the applicable Lease Payment. Each payment due and payable by the Successor Agency to the City pursuant to this Reimbursement Agreement with respect to previously unreimbursed Lease Payment shall be made to the City when Tax Revenues become available and shall bear interest at the rate of twelve (12) percent per annum from the due date of the applicable Lease Payment. This Reimbursement Agreement may be amended from time to time by the parties hereto for any purpose and with any effect whatsoever.

Section 3. Default by Agency. If the Successor Agency has available Tax Revenues and shall fail to repay the City or shall fail to pay any other payment required to be paid hereunder at the time specified herein, and such failure shall continue for a period of ten (10) days, then the City or, if applicable, any assignee, shall be entitled to exercise any and all remedies available pursuant to law.

Section 4. Remedies Not Exclusive. No remedy herein conferred upon the City shall be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or hereafter conferred on the City.

IN WITNESS WHEREOF, the parties hereto have executed this Reimbursement Agreement as of the day and year first above written.

CITY OF SAN BRUNO

By: _____
City Manager

Attest:

_____
Deputy City Clerk

SUCCESSOR AGENCY TO THE SAN BRUNO REDEVELOPMENT AGENCY

By: _____
City Manager
City of San Bruno

Attest:

_____
Deputy City Clerk
City of San Bruno

Approved As To Form:

_____
City Attorney

EXHIBIT A

SCHEDULE OF LEASE PAYMENTS

Lease Payment Date*	Principal Component	Interest Component	Aggregate Lease Payment
Nov. 1, 2019	--	$119,930.56	$119,930.56
May 1, 2020	$290,000.00	98,125.00	388,125.00
Nov. 1, 2020	--	92,325.00	92,325.00
May 1, 2021	325,000.00	92,325.00	417,325.00
Nov. 1, 2021	--	85,825.00	85,825.00
May 1, 2022	340,000.00	85,825.00	425,825.00
Nov. 1, 2022	--	79,025.00	79,025.00
May 1, 2023	350,000.00	79,025.00	429,025.00
Nov. 1, 2023	--	72,025.00	72,025.00
May 1, 2024	365,000.00	72,025.00	437,025.00
Nov. 1, 2024	--	64,725.00	64,725.00
May 1, 2025	375,000.00	64,725.00	439,725.00
Nov. 1, 2025	--	57,225.00	57,225.00
May 1, 2026	395,000.00	57,225.00	452,225.00
Nov. 1, 2026	--	49,325.00	49,325.00
May 1, 2027	410,000.00	49,325.00	459,325.00
Nov. 1, 2027	--	41,125.00	41,125.00
May 1, 2028	430,000.00	41,125.00	471,125.00
Nov. 1, 2028	--	32,525.00	32,525.00
May 1, 2029	445,000.00	32,525.00	477,525.00
Nov. 1, 2029	--	23,625.00	23,625.00
May 1, 2030	460,000.00	23,625.00	483,625.00
Nov. 1, 2030	--	12,125.00	12,125.00
May 1, 2031	485,000.00	12,125.00	497,125.00

* Lease Payment Dates are the sixth (6th) Business Day immediately preceding each date listed in this Appendix A.

Schedule of Fees

CORPORATE TRUST DIVISION

Schedule of Fees for Trustee, Paying Agent, Registrar and Escrow Services

Prepared for: San Bruno Public Financing Authority Lease Revenue Bonds, Series 2019

Acceptance and Set-up Fee:	$2,000*
Annual Administration Fee:	$3,000*
Annual Escrow Administration Fee (if applicable)	$ 1,000*
Legal Counsel Fee:	No Charge

Assumes use of in-house legal counsel

** **Acceptance and Set-up Fee,** first year's **Annual Administration Fee, Annual Escrow Administration Fee** (if applicable), and **Set-up and Review of Investment Agreement** (if applicable) are due and payable upon the execution of the governing agreement. Thereafter, the **Annual Administration Fee** and **Annual Escrow Administration Fee** (if applicable) are due and payable on the anniversary date. Administrative fees are not prorated for partial years.*

Transactional Charges

Redemptions	$ 350
Disbursements / wires (each)	$ 35
Investment settlement (per sale or purchase*)	$ 60

** Includes drawings and deposits under investment agreements or similar arrangements; not applicable to investments set up as sweep vehicles.*

Online Reporting (Internet access to account information)	No Charge

Extraordinary Services:

Extraordinary services are unforeseen duties or responsibilities not covered above. A reasonable charge will be assessed based on the nature of the service and the responsibility involved. This fee schedule assumes one issuance under one indenture. Additional fees apply for more than one indenture.
This fee schedule is for customary services in conjunction with the above book-entry issue. If we are called upon to perform any services not described above, or services during a default, an extra charge may apply.

Acknowledgement

Accepted by	3/14/19
	Date
Jovan D. Grogan	City Manager
Name	Title

The fees proposed here are made without having seen final governing documents, or are made on the assumption that no substantial changes will be made to any MUFG Union Bank, N.A. (the Bank) template agreement. The proposed fees are predicated on certain assumptions made by the Bank with respect to what it considers normal and routine duties and responsibilities for this type of appointment. The Bank reserves the right to revise these proposed fees based on its review and acceptance of final documents.

Market value used for fee calculations on fee schedules may differ slightly from market values on client statements due to posting of accruals, late pricing of securities, and/or other timing issues.

CITY OF SAN BRUNO INCORPORATED DEC. 23RD 1914 SAN MATEO CO CAL

Attest:

Vicky S. Hahn Deputy City Clerk

City Clerk

MUFG Union Bank, N.A.

MUFG

You may be assessed an overdraft charge for any negative balance in your account, provided such advance or overdraft is not related to Bank errors, omissions, or processes. If overdrafts are incurred, not attributable to the errors of MUFG Union Bank, N.A. ("MUFG Union Bank"), or its agents, MUFG Union Bank may debit the account for payment of the overdraft and MUFG Union Bank's fees and charges as set forth below.

If an overdraft was caused by an error of MUFG Union Bank, or its agents, MUFG Union Bank will not debit charges for that overdraft.

Please refer to the applicable account agreement for more information.

CALCULATION OF DEBIT RATES

In calculating debit rates, MUFG Union Bank will take the daily overdrawn balance times the applicable annual debit rate and divided by the relevant divisor shown below.

Overdraft debit charges will be accrued daily and posted monthly.

Effective as of July 15, 2016, MUFG Union Bank may charge the current United States federal funds rate, as announced daily by Bloomberg or another third party service as selected by MUFG Union Bank, plus a spread of +2.50 (+250 bps.). MUFG Union Bank may change the spread at any time.

Currency	Benchmark + Bank OD Charge	Market Divisor
USD	Fed Funds Effective +250 bps	360 days

ADDITIONAL COSTS

- MUFG Union Bank reserves the right to recoup additional costs incurred as a result of the introduction or change in any law or regulation, or additional costs related to the cost of borrowing not covered by the above-mentioned rates.

UnionBank℠

180663 (1/15 - not paid yet)

Ref No.1131544
December 19, 2018

Please Remit Payment To:
Union Bank
Union Bank Trust Department - Fees
P. O. Box 51477
Los Angeles, CA 90051-5777

DO 178716

Account Number: 6711658800
CITY OF SAN BRUNO 2000 COP(POL FAC)
Administrator: SEAN VACCAREZZA
415-273-2535

Wire Payment Instructions
ABA 122000496 | MUFG Union Bank, N.A.
Swift: BOFCUS33 (only for International Wires)
Account #: 37130196431
Account Name: TRUSDG
FFC: Fees - (Input above 671_____ Account Number) in Reference /Remittance Information

CITY OF SAN BRUNO
ATTN: FINANCE DEPT.
567 EL CAMINO ROAD
SAN BRUNO CA 94066

Amount Due:	**$2,013.00**

Return this Portion with Your Remittance or Your Instruction to Charge Your Account

Ref No. 1131544	Amount Due
Prior Period Balance	$2,013.00
Payments Received as of December 7, 2018 (thank you)	($2,013.00)
Beginning Balance	$0.00
Fee for Current Period	**$2,013.00**
Net Amount Due:	**$2,013.00**

Current Period	Over 30 Days	Over 60 Days	Over 90 Days	**Net Amount Due**
$2,013.00	$0.00	$0.00	$0.00	$2,013.00

Services for the Period December 1, 2018 - November 30, 2019

153-3513-6419

6711658800	CITY OF SAN BRUNO 2000 COP(POL FAC)
6711658801	CTY SAN BRUNO 2000 LEASE PYMT FD
6711658802	CTY SAN BRUNO 2000 RESERVE FD

	Rate	Annual Amount	This Period
Annual Administration Fee		$1,800.00	$1,800.00
Out of Pocket Expenses			
6% of Annual Administration Fee		$108.00	$108.00
Wires	3 @ $35.00	$105.00	$105.00
Services for the Period 12/01/2017 - 11/30/2018			

APPROVED PD 1/16/19

Fee for the Current Period **$2,013.00**

Fees not paid within 30 days of the date of this invoice will be charged to the account(s). If the account(s) cannot be charged after 30 days because of document restrictions or due to insufficient funds in the account, unpaid fees may be subject to a late charge of 1% per month on the unpaid balance.

Calculation of Annual Affordable Housing Subsidy
AvalonBay, The Crossing San Bruno
City of San Bruno Housing Successor Agency
FY 2018-2019

Exhibit C - Attachment 4

Avalon San Bruno I

Project Data		
Parcel Number: 020-013-210		
Date of Certificate of Completion		12/9/2005
Operating Year		14
Affordable Housing Subsidies Cap	$	311,000
Benchmark Debt Coverage Ratio		**1.75**

Debt Coverage Ratio - 2018		
Net Operating Income	$	7,953,342
Debt Service	$	2,565,071
Debt Coverage Ratio		3.10

Affodable Housing Set Aside Subsidy		
2018 Assessed Value	$	94,615,708
20% Affordable Housing Set-Aside	$	189,231
Set-Aside Subsidy %		100%
Set-Aside Subsidy Amount	$	189,231

Unrestricted Tax Increment Subsidy

The Project does not qualify to receive Unrestricted Tax Increment Subsidy in 2018 because the Project's Debt Coverage Ratio exceeds the Benchmark Debt Coverage Ratio, in accordance with Section Section 401.3(b) of the Owner Participation Agreement for The Crossing San Bruno Apartments, Phase 1 Project.

Total Subsidy	**$**	**189,231**

Subsidy Terms
Owner Participation Agreement
The Crossing San Bruno Apartments, Phase 1 Project
Section 401.3 Affordable Housing Subsidies

Affordable Housing Set Aside Subsidy
Years 1-30 = 100% up to $311,000
Years 31-35 = subject to 1.75 DCR cap
Unrestricted Tax Increment Subsidy
Years 1-35 = subject to 1.75 DCR cap

Avalon San Bruno II

Project Data		
Parcel Number: 020-013-220		
Date of Final Certificate of Occupancy		8/20/2007
Operating Year		12
Affordable Housing Subsidies Cap	$	370,000
Benchmark Debt Coverage Ratio		**1.15**

Debt Coverage Ratio - 2018		
Net Operating Income	$	4,808,494
Debt Service	$	1,592,217
Debt Coverage Ratio		3.02

Affodable Housing Fixed Subsidy

The Affordable Housing Fixed Subsidy ended after the Project's 5th operating year, pursuant to Section 401.2(a)(i) of the Owner Participation Agreement for The Crossing San Bruno Apartments, Phase 2 Project

Affordable Housing Variable Subsidy

The Project does not qualify to receive the Affordable Housing Variable Subsidy in 2018 because the Project's Debt Coverage Ratio exceeds the Benchmark Debt Coverage Ratio, in accordance with Section 401.2(a)(ii) of the Owner Participation Agreement for The Crossing San Bruno Apartments, Phase 2 Project.

Total Subsidy	**$**	**-**

Subsidy Terms
Owner Participation Agreement
The Crossing San Bruno Apartments, Phase 2 Project
Section 401.2 Affordable Housing Subsidy

Affordable Housing Set Aside Subsidy
Years 1-5 = 100% up to $370,000
Affordable Housing Variable Subsidy
Years 6-15 = up to $370,000
subject to 1.15 DCR cap

Years 1-5 = 100% up to $370,000
Years 6-15 = subject to 1.15 DCR cap

Agency Subsidy to Archstone I II
Owner Participation Agreements

Archstone I

Operating ears	Affordable Housing Set Aside Subsidy	Unrestricted Tax Increment
Year 0 To Year 30	100 , subject to the Affordable Housing Subsidies Cap ($311,000)	100 up to Cap of $311,000, but not exceed the Benchmark DCR (1.75)
Year 31 To 7/6/39	100 up to Cap of $311,000, but not exceed the Benchmark DCR (1.75)	100 up to Cap of $311,000, but not exceed the Benchmark DCR (1.75)

Archstone II

Operating ears	Affordable Housing Set Aside Subsidy	Unrestricted Tax Increment
Year 0 To Year 5	100 , subject to the Affordable Housing Subsidies Cap ($370,000)	100 up to Cap of $370,000, but not exceed the Benchmark DCR (1.15)
Year 6 To Year 15	100 up to Cap of $370,000, but not exceed the Benchmark DCR (1.15)	100 up to Cap of $370,000, but not exceed the Benchmark DCR (1.15)

401.3 Affordable Housing Subsidies. (Archstone I)

(a) Affordable Housing Set Aside Subsidy. Beginning with the Partial Operating Year and continuing each Operating Year thereafter until the first to occur of (a) the thirtieth (30th) Operating Year, (b) uly 6, 2039, the current expiration date of the Redevelopment Plan, or (c) termination of the Affordable Housing Covenant, Attachment No. 5, and subject to the Affordable Housing Subsidies Cap, Agency shall disburse to Participant (or to Trustee as provided in Section 407, below) an amount equal to one hundred percent (100) of the Net Affordable Housing Set Aside Revenues attributable to the Project during each such Operating Year (or, in the case of the Partial Operating Year, a prorated percentage of such Net Affordable Housing Set Aside Revenues based upon the number of calendar days in the Partial Operating Year) (the "Affordable Housing Set Aside Subsidy"). The Affordable Housing Set Aside Subsidy shall be payable after the end of the Partial Operating Year and each Operating Year thereafter and within thirty (30) days following receipt by Agency of the second biannual installment of tax increment from the County of San Mateo. During the first thirty (30) Operating Years, Agency shall not consider the Benchmark Debt Coverage Ratio for purposes of determining Participant's eligibility for the Affordable Housing Set Aside Subsidy. Beginning with the thirty-first (31st) Operating Year and continuing each Operating Year thereafter until the first to occur of (a) uly 6, 2039, the current expiration date of the Redevelopment Plan, or (b) termination of the Affordable Housing Covenant, Attachment No. 5, and subject to the Affordable Housing Subsidies Cap, Agency shall disburse to Participant (or to Trustee as provided in Section 407, below) an amount equal to one hundred percent (100) of the Net Affordable Housing Set Aside Revenues attributable to the Project during each such Operating Year, but only to the extent that the Project's Debt Coverage Ratio does not meet the Benchmark Debt Coverage Ratio .

(b) Unrestricted Tax Increment Subsidy. Beginning with the Partial Operating Year and continuing each Operating Year thereafter until the first to occur of (a) uly

6, 2039, the current expiration date of the Redevelopment Plan, or (b) termination of the Affordable Housing Covenant, Attachment No. 5, and subject to the Affordable Housing Subsidies Cap, Agency shall disburse to Participant (or to Trustee as provided in Section 407, below) an amount equal to one hundred percent (100□) of the Net Unrestricted Property Tax Increment Revenues attributable to the Project during each such Operating Year (or, in the case of the Partial Operating Year, a prorated percentage of such Net Unrestricted Property Tax Increment Revenues based upon the number of calendar days in the Partial Operating Year), but only to the extent that the Project's Debt Coverage Ratio does not meet the Benchmark Debt Coverage Ratio (the "Unrestricted Tax Increment Subsidy"). The Unrestricted Tax Increment Subsidy shall be payable after the end of the Partial Operating Year and each Operating Year thereafter and within thirty (30) days following receipt by Agency of the second biannual installment of tax increment from the County of San Mateo. To the extent sufficient Affordable Housing Fund monies are available, Agency, at its option, may use such Affordable Housing Fund monies to pay all or a portion of the Unrestricted Tax Increment Subsidy.

(c) Affordable Housing Subsidies Cap. The sum total of the Affordable Housing Subsidies (i.e., the Affordable Housing Set Aside Subsidy and the Unrestricted Tax Increment Subsidy) payable to Participant in any given Operating Year, other than the Partial Operating Year, shall in no event exceed THREE HUNDRED THOUSAND AND NO/100 DOLLARS ($300,000.00) ("Affordable Housing Subsidies Cap"). The Affordable Housing Subsidies Cap for the Partial Operating Year shall be equal to the product of the Affordable Housing Subsidies Cap multiplied by a fraction, the numerator of which is the number of calendar days in the Partial Operating Year and the denominator of which is 365.

(d) Benchmar□ Debt Coverage Ratio. Beginning with the Partial Operating Year and continuing each Operating Year thereafter, the Unrestricted Tax Increment Subsidy shall be subject to reduction if, in the Operating Year in question, the Debt Coverage Ratio exceeds the Benchmark Debt Coverage Ratio. If the Debt Coverage Ratio exceeds the Benchmark Debt Coverage Ratio in any such Operating Year, the Unrestricted Tax Increment Subsidy for that Operating Year shall be reduced to the amount necessary to ensure that the Project's Debt Coverage Ratio meets, but does not exceed, the Benchmark Debt Coverage Ratio. Beginning with the thirty-first (31st) Operating Year and continuing each Operating Year thereafter, the Affordable Housing Set Aside Subsidy shall also be subject to reduction if, in the Operating Year in question, the Debt Coverage Ratio exceeds the Benchmark Debt Coverage Ratio. Accordingly, if the Debt Coverage Ratio exceeds the Benchmark Debt Coverage Ratio in the thirty-first (31st) Operating Year or any Operating Year thereafter, the Affordable Housing Subsidies for such Operating Year shall be reduced to the amount necessary to ensure that the Project's Debt Coverage Ratio meets, but does not exceed, the Benchmark Debt Coverage Ratio.

DEFINITIONS

"***Affordable Housing Set Aside Revenues***" means that portion of the property tax increment revenues allocated to and received by Agency attributable by the San Mateo County Assessor to the Site and the improvements thereon (currently twenty percent □20□ □of the gross property increment revenues), which Agency is required by law to set-aside in the Agency's Low and Moderate Income Housing Fund pursuant to the Community Redevelopment Law.

"***Unrestricted Property Tax Increment Revenues***" means the property tax increment revenues allocated to and received by the Agency pursuant to Section 33670(b) of the Community Redevelopment Law, as said statute may be amended from time to time, by application of the one percent (1 □) tax levied against real property Article □IIIA of the California

Constitution, in an amount attributable as permitted by the San Mateo County Assessor to the Site and the improvements thereon, but specifically excluding therefrom the following:

(a) charges for County administrative by charges, fees, or costs;

(b) the portion of tax increment revenues from the Site attributable to any special taxes or assessments or voter-approved indebtedness;

(c) an amount equal to the actual and reasonable costs incurred by Agency, including staff time, in reviewing Participant's compliance with the terms of this Agreement and the Affordable Housing Covenant in the preceding Operating Year;

(d) a portion of the tax increment revenues from the Site equal to the percentage of such revenue that the Agency is required to pay to any and all governmental entities as required by the Community Redevelopment Law, including payments required to be made following an amendment to the Redevelopment Plan in accordance with Section 33333.10 of the Community Redevelopment Law, as added by Senate Bill 211;

(e) a portion of the tax increment revenues from the Site equal to the amount of money that City is required to pay the County of San Mateo pursuant to the County of San Mateo Letter of Understanding and Agreement or any other agreements entered into by the City and the County of San Mateo implementing the County of San Mateo Letter of Understanding and Agreement;

(f) the portion of tax increment revenues from the Site equal to the percentage of such revenues in the Redevelopment Project as a whole which payments the State may mandate that the Agency pay from time to time in the future, including, for example, any payments which the Agency may be required to pay to the Education Revenue Augmentation Fund pursuant to Section 33681, et seq., of the Community Redevelopment Law; and

(g) Affordable Housing Set Aside Revenues.

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
City of San Bruno Redevelopment)
Agency)
567 El Camino Real)
San Bruno, California 94066)
Attention: Executive Director)
)

(Space Above This Line for Recorder's Use Only)
Exempt from recording fee per Gov. Code §27383

FIRST AMENDMENT TO OWNER PARTICIPATION AGREEMENT

This First Amendment to Owner Participation Agreement (the "First Amendment") dated for reference purposes March 9, 2004, is entered into by and between THE CROSSING APARTMENT ASSOCIATES I LLC, a Delaware limited liability company, having offices at 100 Bush Street, 26th Floor, San Francisco, California 94104 ("Participant"), and the CITY OF SAN BRUNO REDEVELOPMENT AGENCY, a public body, existing and organized under the California Community Redevelopment Law, having offices at 567 El Camino Real, San Bruno, California 94066 ("Agency").

RECITALS

Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Original OPA (defined below).

A. Agency and Participant entered into that certain Owner Participation Agreement dated December 11, 2002 (the "Original OPA"). The Original OPA is available for public inspection and copying at the office of the City Clerk, City of San Bruno, City Hall, 567 El Camino, San Bruno, California 94066.

B. The Original OPA provides for the development of a 300-unit multi-family residential rental project with ancillary recreational, commercial and parking uses (the "Housing Project"), including 60 below-market rate units restricted to households of very low income (the "Affordable Units") on that certain real property (the "Site") located in the City of San Bruno, County of San Mateo, State of California, legally described in Exhibit "A" attached hereto and incorporated herein by this reference.

C. In consideration of the Participant's obligations under the Original OPA, including the obligation to provide and maintain the Affordable Units, Agency

provided to Participant certain Affordable Housing Subsidies up to a maximum amount (the "Affordable Housing Subsidies Cap"). The amount of the Affordable Housing Subsidies Cap was determined based on the amount of assistance the Participant required in order to make the development and maintenance of the Affordable Units economically feasible, taking into consideration certain financial assumptions, including Participant's projected revenues from the granting of certain cable access rights to the Site.

D. Due to clarifications made pertaining to the Participant's granting of cable access rights to the Site, the cable access rights revenues anticipated by Participant will be less than projected and, therefore, the Participant has requested the Agency to increase the annual Affordable Housing Subsidies Cap by an amount equal to the difference between the Participant's projected cable access rights revenues and the revised projected cable access rights revenues.

E. In order for Participant and Commission to protect their respective investments and continue to ensure the economic viability of the Affordable Units, Participant and Agency desire to amend the Original OPA to increase the amount of the Affordable Housing Subsidies Cap.

AGREEMENTS

NOW THEREFORE, in consideration of the foregoing recitals, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Participant and Agency hereby agree as follows:

1. Amendment to Section 401.3(c). Section 401.3(c) of the Original OPA is hereby revised to read as follows:

> "(c) **Affordable Housing Subsidies Cap.** The sum total of the Affordable Housing Subsidies (i.e., the Affordable Housing Set Aside Subsidy and the Unrestricted Tax Increment Subsidy) payable to Participant in any given Operating Year, shall in no event exceed THREE HUNDRED ELEVEN THOUSAND AND FORTY DOLLARS ($311,040.00) ("Affordable Housing Subsidies Cap"). The Affordable Housing Subsidies Cap for the Partial Operating Year shall be equal to the product of the Affordable Housing Subsidies Cap Multiplied by a fraction, the numerator of which is the number of calendar days in the Partial Operating Year and the denominator of which is 365."

2. No Other Amendment. Except as amended hereby, the Original OPA remains unmodified and in full force and effect.

3. Date of First Amendment. The date of this First Amendment shall be the date when it shall have been signed by the Agency.

IN WITNESS WHEREOF, the parties have executed this First Amendment on the respective dates set forth below.

AGENCY:

CITY OF SAN BRUNO REDEVELOPMENT AGENCY, a public body, corporate and politic

Dated: March 10, 2004

By: _____
Executive Director

ATTEST:

_____
Secretary

APPROVED AS TO FORM:

_____
McDonough, Holland & Allen
Agency Co-Counsel

[Signatures continued on next page]

PARTICIPANT:

THE CROSSING APARTMENT ASSOCIATES I LLC, a Delaware limited liability company

By: TMG-REGIS APARTMENT ASSOCIATES I LLC, a California limited liability company
Its: Co-Managing Member

By: RHNC SB APARTMENT TEAM I LLC, a California limited liability company
Its: Managing Member

By: REGIS HOMES OF NORTHERN CALIFORNIA, INC., a California corporation
Its: Manager

By: _____
Mark R. Kroll
Title: President

By: _____
Robert W. Wagner
Its: Chairman

Dated: 2/6, 2004

APPROVED AS TO FORM:

_____
Beveridge & Diamond, P. C.
Counsel for Participant

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Mateo)

On March 10, 2004, before me, Edward R. Simon, Notary the undersigned, personally appeared Constance Jackson,

(X) personally known to me

( ) proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) (is/are) subscribed to the within instrument and acknowledged to me that (he/she/they) executed the same in (his/her/their) authorized capacity(ies), and that by (his/her/their) signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EDWARD R. SIMON
Commission # 1289349
Notary Public - California
San Mateo County
My Comm. Expires Jan 31, 2005

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Mateo)

On February 3, 2004, before me, Marlene Tyler, Notary Public, the undersigned, personally appeared Mark R. Kroll,

(X) personally known to me

( ) proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) (is/~~are~~) subscribed to the within instrument and acknowledged to me that (he/~~she/they~~) executed the same in (his/~~her/their~~) authorized capacity(~~ies~~), and that by (his/~~her/their~~) signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal:

Signature Marlene Tyler

MARLENE TYLER
Commission # 1354549
Notary Public - California
San Mateo County
My Comm. Expires May 29, 2006

MARLENE TYLER
Commission # 1354549
Notary Public - California
San Mateo County
My Comm. Expires May 29, 2006

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Mateo)

On February 3, 2004, before me, Marlene Tyler, Notary Public, the undersigned, personally appeared Robert W. Wagner,

(X) personally known to me

( ) proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) (is/~~are~~) subscribed to the within instrument and acknowledged to me that (he/~~she/they~~) executed the same in (his/~~her/their~~) authorized capacity(~~ies~~), and that by (his/~~her/their~~) signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal:

Signature Marlene Tyler

MARLENE TYLER
Commission # 1354549
Notary Public - California
San Mateo County
My Comm. Expires May 29, 2006

EXHIBIT "A"

LEGAL DESCRIPTION
MARTIN/REGIS PARCEL ONE

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY OF SAN BRUNO, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, BEING A PORTION OF THE PARCEL DEEDED TO THE RUSSO FAMILY TRUST, AS RECORDED ON DECEMBER 17, 1999, AS SERIES 1999-204453, OFFICIAL RECORDS OF SAN MATEO COUNTY AND A PORTION OF THE PARCEL DEEDED TO MARTIN/REGIS SAN BRUNO ASSOCIATES, L.P., AS RECORDED ON MARCH 27, 2001, AS SERIES 2001-040281, OFFICIAL RECORDS OF SAN MATEO COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID RUSSO FAMILY TRUST PARCEL;

THENCE ALONG NORTHWESTERLY LINE OF LANDS OF RUSSO FAMILY TRUST SOUTH 66°12'52" WEST, 2.28 FEET TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 24°11'22" EAST, A DISTANCE OF 10.68 FEET;

THENCE ALONG THE ARC OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 31.34 FEET, THROUGH A CENTRAL ANGLE OF 90°20'58" FOR A DISTANCE OF 49.42 FEET;

THENCE SOUTH 66°09'36" WEST, A DISTANCE OF 13.07 FEET;

THENCE ALONG THE ARC OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 220.12 FEET, THROUGH A CENTRAL ANGLE OF 07°39'42" FOR A DISTANCE OF 29.43 FEET;

THENCE SOUTH 24°42'02" EAST, A DISTANCE OF 75.09 FEET;

THENCE ALONG THE ARC OF A NON-TANGENT CURVE CONCAVE TO THE SOUTHWEST, WHOSE RADIAL BEARS SOUTH 30°22'03" EAST, HAVING A RADIUS OF 144.00 FEET, THROUGH A CENTRAL ANGLE OF 06°31'39" FOR A DISTANCE OF 29.43 FEET;

THENCE NORTH 66°09'36" EAST, A DISTANCE OF 37.02 FEET;

THENCE ALONG THE ARC OF A TANGENT CURVE CONCAVE TO SOUTHEAST, HAVING A RADIUS OF 19.85 FEET, THROUGH A CENTRAL ANGLE OF 89°43'33" FOR A DISTANCE OF 31.09 FEET;

THENCE NORTH 65°51'28" EAST, A DISTANCE OF 2.30 FEET;

THENCE ALONG SOUTHEASTERLY LINE OF LANDS OF RUSSO FAMILY TRUST SOUTH 24°07'54" EAST, A DISTANCE OF 1.00 FOOT;

THENCE SOUTH 65°51'28" WEST, A DISTANCE OF 4.29 FEET;

THENCE NORTH 23°37'16" WEST, A DISTANCE OF 7.12 FEET;

THENCE NORTH 68°37'16" WEST, A DISTANCE OF 7.02 FEET;

THENCE SOUTH 66°22'44" WEST, A DISTANCE OF 16.92 FEET;

THENCE NORTH 23°37'16" WEST, A DISTANCE OF 5.32 FEET;

THENCE SOUTH 66°22'44" WEST, A DISTANCE OF 51.34 FEET;

THENCE SOUTH 23°37'16" EAST, A DISTANCE OF 5.66 FEET;

THENCE SOUTH 66°22'44" WEST, A DISTANCE OF 29.55 FEET;

THENCE SOUTH 23°56'03" EAST, A DISTANCE OF 43.27 FEET;

THENCE SOUTH 66°05'33" WEST, A DISTANCE OF 37.65 FEET;

THENCE SOUTH 23°56'03" EAST, A DISTANCE OF 41.49 FEET;

THENCE SOUTH 66°03'57" WEST, A DISTANCE OF 10.49 FEET;

THENCE SOUTH 23°56'03" EAST, A DISTANCE OF 47.50 FEET;

THENCE SOUTH 66°03'57" WEST, A DISTANCE OF 20.17 FEET;

THENCE SOUTH 23°56'03" EAST, A DISTANCE OF 52.00 FEET;

THENCE SOUTH 66°03'57" WEST, A DISTANCE OF 57.50 FEET;

THENCE SOUTH 23°56'03" EAST, A DISTANCE OF 119.21 FEET;

THENCE SOUTH 66°03'57" WEST, A DISTANCE OF 104.42 FEET;

THENCE SOUTH 23°56'03" EAST, A DISTANCE OF 112.00 FEET;

THENCE SOUTH 66°03'57" WEST, A DISTANCE OF 229.06 FEET;

THENCE NORTH 23°56'03" WEST, A DISTANCE OF 112.00 FEET;

THENCE SOUTH 66°03'57" WEST, A DISTANCE OF 90.36 FEET;

THENCE NORTH 23°33'41" WEST, A DISTANCE OF 384.01 FEET;

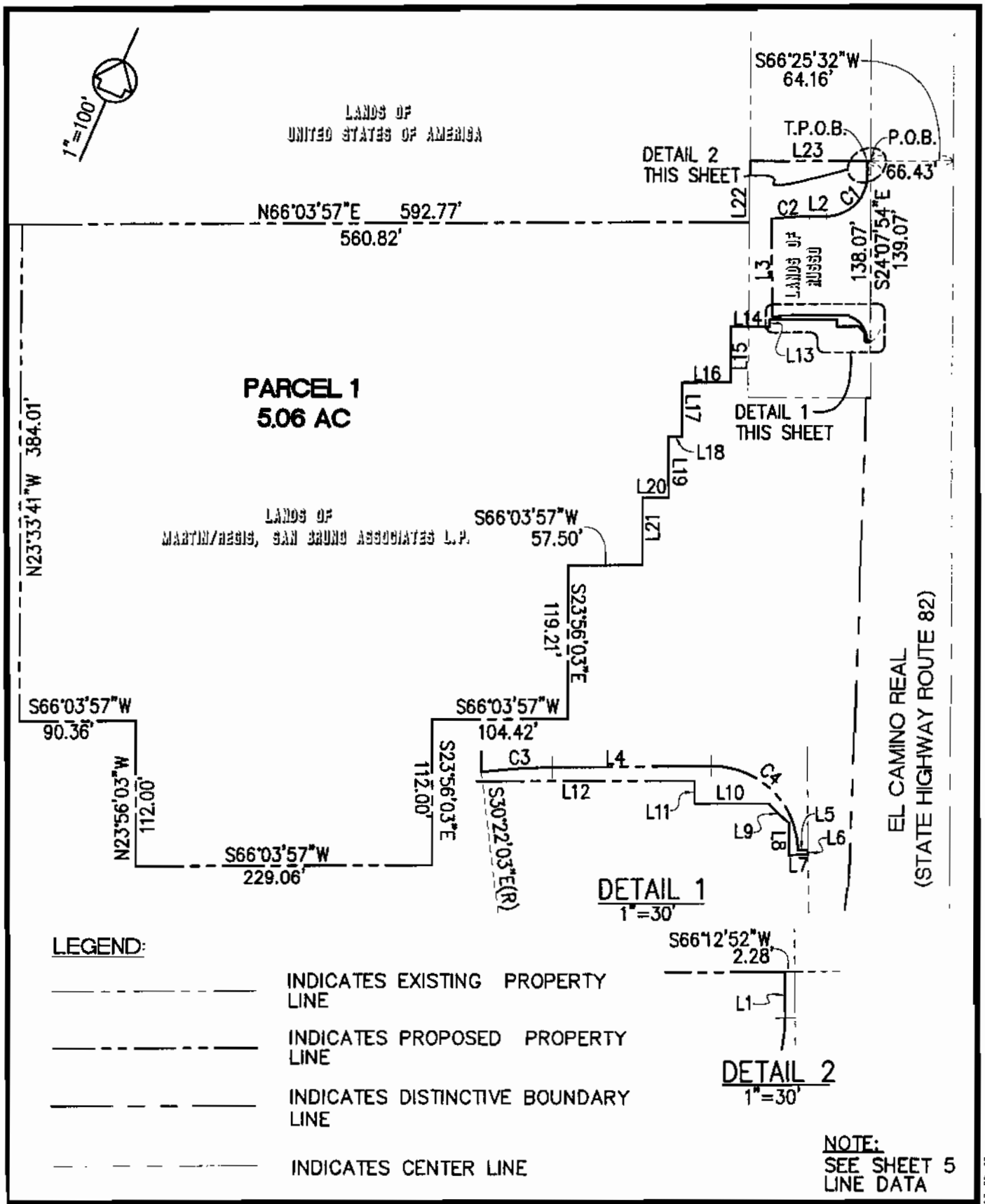
THENCE NORTH 66°03'57" EAST, A DISTANCE OF 560.82 FEET TO AN INTERSECTION WITH THE SOUTHWESTERLY LINE OF THE AFOREMENTIONED PARCEL DEEDED TO THE RUSSO FAMILY TRUST;

THENCE NORTH 23°47'08" WEST, ALONG SAID SOUTHWESTERLY LINE A DISTANCE OF 46.48 FEET TO AN INTERSECTION WITH THE NORTHEASTERLY LINE OF THE AFOREMENTIONED PARCEL DEEDED TO THE RUSSO FAMILY TRUST;

THENCE NORTH 66°12'52" EAST, A DISTANCE OF 90.43 FEET ALONG SAID NORTHEASTERLY LINE TO THE TRUE POINT OF BEGINNING.

CONTAINING A TOTAL AREA OF 220,434 SQUARE FEET, OR 5.06 ACRES, MORE OR LESS.

THE BEARING NORTH 39°23'52" EAST OF THE CENTERLINE OF SNEATH LANE BETWEEN SEA BISCUIT AVENUE AND HUNTINGTON AVENUE, AS FOUND MONUMENTED, AND SHOWN ON THAT CERTAIN MAP ENTITLED TANFORAN PARK UNIT NO. 1 FILED FOR RECORD IN VOLUME 66 OF SUBDIVISION MAPS, AT PAGES 1-4 SAN MATEO COUNTY RECORDS WAS TAKEN AS BASIS OF BEARINGS FOR THIS PLAT.



605 Castro Street
Mountain View CA
94041-2011
tel (650) 969-6900
Fax (650) 969-6472

SANDIS HUMBER JONES
CIVIL ENGINEERS SURVEYORS PLANNERS

DATE:	07-22-02
SCALE:	1"=100'
DRAWN BY:	RCC
APPROVED BY:	JMJ
DRAWING NO.	200231

EXHIBIT B
THE CROSSING
SAN BRUNO CALIFORNIA

SHEET 4 OF 5 SHEETS

07-22-02

LINE TABLE		
LINE	BEARING	LENGTH
L1	S24°11'22"E	10.68'
L2	S66°09'36"W	13.07'
L3	S24°42'02"E	75.09'
L4	N66°09'36"E	37.02'
L5	N65°51'28"E	2.30'
L6	S24°07'54"E	1.00'
L7	S65°51'28"W	4.29'
L8	N23°37'16"W	7.12'
L9	N68°37'16"W	7.02'
L10	S66°22'44"W	16.92'
L11	N23°37'16"W	5.32'
L12	S66°22'44"W	51.34'
L13	S23°37'16"E	5.66'
L14	S66°22'44"W	29.55'
L15	S23°56'03"E	43.27'
L16	S66°05'33"W	37.65'
L17	S23°56'03"E	41.49'
L18	S66°03'57"W	10.49'
L19	S23°56'03"E	47.50'
L20	S66°03'57"W	20.17'
L21	S23°56'03"E	52.00'
L22	N23°47'08"W	46.48'
L23	N66°12'52"E	90.43'

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	90°20'58"	31.34	49.42
C2	7°39'42"	220.12	29.43
C3	6°31'39"	144.00	16.41
C4	89°43'33"	19.85	31.09

07 22 02

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Fax (650) 964-6472

SANDIS HUMBER JONES
CIVIL ENGINEERS SURVEYORS PLANNERS

DATE 07-22-02
SCALE 1"=100'
DRAWN BY RCC
APPROVED BY JMH
DRAWING 200231

EXHIBIT B
THE CROSSING
SAN BRUNO CALIFORNIA

SHEET 5 OF 5 SHEETS

200231

401.2 Affordable Housing Subsidy. (Archstone II)

(a) Amount of Affordable Housing Subsidy. Subject to the terms hereof, including the Affordable Housing Subsidy Cap, Agency shall provide a subsidy to Participant (or to Trustee as provided in Section 407, below) for each Operating Year beginning with the first Operating Year and continuing for each of the next fourteen (14) Operating Years (through and including the fifteenth (15th) Operating Year) (the "Affordable Housing Subsidy"), which Affordable Housing Subsidy shall be disbursed to Participant in accordance with Section 401.2(c). The amount of the Affordable Housing Subsidy shall be calculated as follows:

(i) Affordable Housing Fixed Subsidy. Beginning with the first Operating Year and continuing for each of the next four **(4)** Operating Years (through and including the fifth (5th) Operating Year). The amount of the annual Affordable Housing Subsidy shall equal THREE HUNDRED SEVENTY THOUSAND DOLLARS ($370,000.00) ("Affordable Housing Fixed Subsidy"). The Agency shall not consider the Benchmark Debt Coverage Ratio for purposes of determining Participant's eligibility for the Affordable Housing Fixed Subsidy.

(ii) Affordable Housing Variable Subsidy. Beginning with the sixth (6th) Operating Year and continuing for each of the next nine (9) Operating Years thereafter (through and including the fifteenth (15th) Operating Year), the amount of the annual Affordable Housing Subsidy shall equal the lesser of: (I) the amount necessary for the Project to meet (and not exceed) the Benchmark Debt Coverage Ratio, or (2) THREE HUNDRED SEVENTY THOUSAND DOLLARS ($370,000.00) ("Affordable Housing Variable Subsidy").

(b) Source of Affordable Housing Subsidy Payments. Agency shall fund the Affordable Housing Subsidy from the following sources in the following order until the Affordable Housing Subsidy Cap is reached or the sources are exhausted (the "Affordable Housing Subsidy Payment Sources"): *(1)* up to 100 percent of the Net **Affordable Housing Set Aside** Revenues during each Operating Year attributable to (i) the Project, (ii) the Parcel 1 Project (but only to the extent that there is any *excess* after any and all payments have been made under the Parcel 1 Owner Participation Agreement, (iii) the Parcel 3 Project, and, then, (iv) the Parcel 4 Project; and then (2) up to 100 percent of the Net **Unrestricted** Property Tax Increment Revenues during each Operating Year attributable to (i) the Project, (ii) the Parcel 1 Project (but only to the extent that there is any excess after any and all payments have been made under the Parcel 1 Owner Participation Agreement), (iii) the Parcel 3 Project, and, then, (iv) the Parcel. 4 Project. Each Operating Year, Agency shall disburse to Participant all or that portion of the Affordable Housing Subsidy that can be funded by the Affordable Housing Subsidy Payment Sources. The actual payment made to Participant is referred to herein as the "Affordable Housing Subsidy Payment."

(c) Accrual and Payment of Unpaid Affordable Housing Subsidy. Each Operating Year, if any, that the Affordable Housing Subsidy is not paid in full, the difference between the Affordable Housing Subsidy and the Affordable Housing Subsidy

Payment (the "Affordable Housing Subsidy Payment Shortfall") shall accrue to Participant ("Affordable Housing Subsidy Accrual"). In addition, provided Parcels 3 and 4 achieve a total assessed valuation of not less than $3 1.6 million by property tax fiscal year 2006/07, $63.25 million by property tax fiscal year 2007/08, 594.9 million by property tax fiscal year 2008/09 and $126.5 million by property tax fiscal year 2009/10, simple interest at the rate of five percent *(5%)* per annum shall accrue to the Affordable Housing Subsidy Accrual. Beginning with *the* sixth (6th) Operating Year and continuing each Operating Year thereafter until the first to occur of (a) uly 6, 2039, the current expiration date of the Redevelopment Plan, (b) termination of the Affordable Housing Covenant, or (c) payment in full to Participant of the Affordable Housing Subsidy Accrual, as may be accrued through the fifteenth (15th) Operating Year, Agency shall disburse to Participant (or to Trustee as provided in Section 407, below), to the extent available from the Affordable Housing Subsidy Payment Sources and in the order listed in Section 401.2(b), a payment (the "Accrual Payment" up to the following maximum amounts:

(i) Beginning with the sixth (6th) Operating Year and continuing for each of the next nine (9) Operating Years thereafter (through and including the fifteenth (15th) Operating Year), the Accrual Payment shall be up to a maximum dollar amount equal to the difference between the Affordable Housing Subsidy Cap and the Affordable Housing Variable Subsidy.

(ii) In the event that the Affordable Housing Subsidy Accrual is not paid in full by the end of the fifteenth (15th) Operating Year, beginning in the sixteenth (I6th) Operating Year. The Accrual Payment shall be up to a maximum of THREE HUNDRED SEVENTY THOUSAND DOLLARS (*$370,000.00).*

(d) Timing of Affordable Housing Subsidy Payments and Accrual Payments. Agency shall pay the Affordable Housing Subsidy Payment or Accrual Payment, if any, each Operating Year within thirty (30) days following receipt by Agency of the second biannual installment of tax increment from the County of San Mateo, until the Affordable Housing Subsidy Accrual, if any, is paid in fill.

(e) Cap on Affordable Housing Subsidy Payment and Accrual Payment. In no event shall the sum of the Affordable Housing Subsidy Payment and the Accrual Payment payable to Participant in any given Operating Yea exceed THREE HUNDRED SEVENTY THOUSAND DOLLARS ($370,000.00) (the "Affordable Housing Subsidy Cap*").*

"Affordable Housing Set Aside Revenues" means that portion of the property tax increment revenues allocated to and received by Agency attributable by the San Mateo County Assessor to the Site and the improvements thereon (currently twenty percent 20 of the gross property increment revenues), which Agency is required by aw to set-aside in the Agency's Low and Moderate Income Housing Fund pursuant to the Community Redevelopment Law.

"Parcel 1 Project" means the 300-unit, multi-family residential rental project including sixty (60) Affordable Units and ancillary recreational and parking uses commonly known as the "Meridian Apartments," developed on that approximately 5.059-acre parcel of real property depicted as "Parcel I" on Final Map No. 02-01.

"Parcel 1 Owner Participation Agreement" means the Owner Participation Agreement entered into by and between the Agency and The Crossing Apartment Associates I LLC related to Parcel I and effective February 2002.

"Parcel 3 Project" means the development project that may be developed on that approximately 3.484-acre parcel of real property depicted as "Parcel 3" on Final Map No. *02-0* I.

"Parcel 4 Project" means the development project that may be developed on that approximately 3.525-acre" parcel of real property depicted as "Parcel 4" on Final Map No. 02-01.

"Unrestricted Property Tax Increment Revenues" means the property tax increment revenues allocated to and received by the Agency pursuant to Section 33670(b) of the Community Redevelopment Law, as said statute may be amended from time to time, by application of the one percent (1 □) tax levied against real property as permitted by Article □IIIA of the California Constitution, in an amount attributable by the San Mateo County Assessor to the Site and the improvements thereon, but specifically excluding therefrom the following:

(a) charges for County administrative charges, fees, or costs;

(b) the portion of tax increment revenues from the Site attributable to any special taxes or assessments or voter-approved indebtedness;

(c) an amount equal to the actual and reasonable costs incurred by Agency, including staff time, in reviewing Participant's compliance with the terms or this Agreement and the Affordable Housing Covenant in the preceding Operating Year;

(d) a portion of the tax increment revenues from the Site equal to the percentage of such revenue that the Agency is required to pay to any and all governmental entities as required by the Community Redevelopment Law, including payments required to be made following an amendment to the Redevelopment Plan in accordance with Section 33333.10 of the Community Redevelopment Law, as added by Senate Bill 21 L

(e) a portion of the tax increment revenues from the Site equal to the amount of money that City is required to pay the County of San Mateo pursuant to the County of San Mateo Letter of Understanding and Agreement or any other agreements entered into by the City and the County of San Mateo implementing the County of San Mateo Letter of Understanding and Agreement;

(f) the portion of tax increment revenues from the Site equal to the percentage of such revenues in the Redevelopment Project as a whole which payments the State may mandate that the Agency pay from time to time in the future. including, for example, any payments which the Agency may be required to pay to the Education Revenue Augmentation Fund pursuant to Section 33681, et seq., of the Community Redevelopment Law; and

(g) Affordable Housing Set Aside Revenues.

San Mateo County
Countywide Oversight Board

Date: January 2, 2020 **Agenda Item No. 9**

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: Foster City Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 20-21

Background
California Health and Safety Code (HSC) Section 34180(g) requires all ROPS to be approved by the Oversight Board.

Discussion
The Annual ROPS 20-21 contains all the obligations of the former Redevelopment Agency (RDA) for fiscal year 2020-21. The SA is requesting approval by the Board to spend $362,142 on outstanding obligations and administrative expenses for Annual ROPS 20-21.

Enclosed is the SA's Annual ROPS 20-21 and supporting documents.

Fiscal Impact
Funding for ROPS reduces the amount of tax revenue available for "Residual" distributions to the affected taxing entities.

CAC Exhibit
A. Foster City SA's Annual ROPS 20-21 Agenda Packet

CAC Exhibit A

Date: December 18, 2019

To: San Mateo County Countywide Oversight Board

From: Edmund Suen, Finance Director, City of Foster City

Subject: Approval of Foster City Successor Agency (SA) ROPS 20-21 and FY 2020-21 Administrative Budget

Former RDA: Foster City

Recommendation
Adopt a resolution approving the Foster City SA's ROPS 20-21 and FY 2020-21 Administrative Cost Allowance Budget.

Background
SAs that do not qualify under the Last and Final ROPS, must submit annually a ROPS listing the SA's enforceable obligations and expenses to the State Department of Finance (DOF) pursuant to Health & Safety Code (HSC) Sections 34177(m) and (o). The ROPS shall include an amount for the SA's Administrative Cost Allowance as authorized under the Dissolution Act which is subject to a cap as set forth under HSC Section 34171. The ROPS and the Budget for the SA's Administrative Cost Allowance must be approved by the Oversight Board.

Discussion
Submitted for the Oversight Board's approval is the ROPS 20-21. While the DOF's ROPS template requires all enforceable obligations to be listed, the Oversight Board approval is for the funding of those items to be paid in fiscal year 2020-21. Exhibit C summarizes those items and provides supporting documentation.

Financial Impact
No funds are involved with the approval of the ROPS.

Attachments:
1. Draft Resolution Approving Foster City's SA's ROPS 20-21 & FY 2020-21 Administrative Budget
2. Exhibit A – Foster City SA's ROPS 20-21
3. Exhibit B – Foster City SA's FY 2020-21 Administrative Budget
4. Exhibit C – Summary of Obligations and Supporting Documents

RESOLUTION NO. 2020-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 20-21 ("ROPS 20-21") AND FISCAL YEAR 2020-21 ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY TO THE FORMER FOSTER CITY REDEVELOPMENT AGENCY (RDA)

WHEREAS, California Health and Safety Code (HSC) Section 34177 requires the Successor Agencies to prepare a Recognized Obligation Payment Schedule ("ROPS") for each 12-month fiscal period, which lists the outstanding obligations of the former RDA and states the sources of funds for required payments; and

WHEREAS, the Successor Agency to the Former Foster City Redevelopment Agency has prepared a draft ROPS for the period July 1, 2020 to June 30, 2021, referred to as "ROPS 20-21", claiming a total enforceable obligation amount of $362,142, as set forth in the attached Exhibit A; and

WHEREAS, pursuant to HSC Section 34180(g) the Oversight Board must approve the establishment of each ROPS; and

WHEREAS, HSC Section 34177 requires the Successor Agencies to prepare an administrative budget for Oversight Board approval; and

WHEREAS, the Successor Agency to the Former Foster City Redevelopment Agency has prepared an administrative budget for the period July 1, 2020 to June 30, 2021, for $24,045, as set forth in the attached Exhibit B; and

WHEREAS, HSC Section 34179(e) requires all action items of Countywide Oversight Boards, including the San Mateo County Countywide Oversight Board (the "Board"), be accomplished by resolution;

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby approves the Foster City Successor Agency ROPS 20-21 and Fiscal Year 2020-21 Administrative Budget, attached hereto as Exhibits A and B and incorporated herein by this reference;

BE IT FURTHER RESOLVED, that the Oversight Board directs the Successor Agency to submit the ROPS 20-21 to the State Department of Finance upon approval by the Oversight Board.

* * *

Exhibit A – Foster City Successor Agency's Recognized Obligation Payment Schedule 20-21
Exhibit B – Foster City Successor Agency's FY 2020-21 Administrative Budget

Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

Successor Agency: Foster City

County: San Mateo

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	20-21A Total (July - December)	20-21B Total (January - June)	ROPS 20-21 Total
A Enforceable Obligations Funded as Follows (B+C+D)	**$ -**	**$ -**	**$ -**
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	**$ 87,488**	**$ 274,654**	**$ 362,142**
F RPTTF	76,543	261,554	338,097
G Administrative RPTTF	10,945	13,100	24,045
H Current Period Enforceable Obligations (A+E)	**$ 87,488**	**$ 274,654**	**$ 362,142**

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name Title

/s/

Signature Date

Foster City
Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail
July 1, 2020 through June 30, 2021

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	**ROPS 20-21 Total**	**ROPS 20-21A (Jul - Dec)**					**20-21A Total**	**ROPS 20-21B (Jan - Jun)**					**20-21B Total**
											Fund Sources						**Fund Sources**					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								$4,860,105		$362,142	$-	$-	$-	$76,543	$10,945	$87,488	$-	$-	$-	$261,554	$13,100	$274,654
3	DDA	OPA/DDA/ Construction	02/22/ 2000	01/31/2029	PWM Residential Ventures LLC	Affordable Housing Subsidy to Developer per the terms of the Disposition and Development Agreement for the Marlin Cove Project through anuary 2029	Marlin Cove	2,040,010	N	$209,110	-	-	-	-	-	$-	-	-	-	209,110	-	$209,110
4	DDA	OPA/DDA/ Construction	02/22/ 2000	01/31/2029	PWM Residential Ventures LLC	Utility Subsidy to Developer per the terms of the Disposition and Development Agreement for the Marlin Cove Project through anuary 2029	Marlin Cove	511,570	N	$52,444	-	-	-	-	-	$-	-	-	-	52,444	-	$52,444
9	Administrative Cost Allowance	Admin Costs	01/31/ 2012	12/31/2035	City of Foster City	Administrative Cost Allowance	All project areas	455,105	N	$24,045	-	-	-	-	10,945	$10,945	-	-	-	-	13,100	$13,100
11	Reinstatement Loan Agreement per H S 34191.4(b)	City/County Loan (Prior 06/28/11), Cash exchange	09/10/ 2014	12/31/2035	City of Foster City	Loan Repayment from Claw Back Period-Principal	All project areas	954,749	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
12	Reinstatement Loan Agreement per H S	City/County Loan (Prior 06/28/11), Cash	09/10/ 2014	12/31/2035	City of Foster City	Loan Repayment from Claw Back Period-	All project areas	898,671	N	$76,543	-	-	-	76,543	-	$76,543	-	-	-	-	-	$-

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	**ROPS 20-21 Total**	**ROPS 20-21A (Jul - Dec)**					**20-21A Total**	**ROPS 20-21B (Jan - Jun)**					**20-21B Total**
											Fund Sources						**Fund Sources**					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
	34191.4(b)	exchange				Interest																

Foster City
Recognized Obligation Payment Schedule (ROPS 20-21) - Report of Cash Balances
July 1, 2017 through June 30, 2018
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

A	B	C	D	E	F	G	H
	ROPS 17-18 Cash Balances (07/01/17 - 06/30/18)	**Fund Sources**					**Comments**
		Bond Proceeds		**Reserve Balance**	**Other Funds**	**RPTTF**	
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	
1	**Beginning Available Cash Balance (Actual 07/01/17)** RPTTF amount should exclude "A" period distribution amount.				3,084	86,535	Excludes ROPS 17-18A distribution payment from the County of $140,370
2	**Revenue/Income (Actual 06/30/18)** RPTTF amount should tie to the ROPS 17-18 total distribution from the County Auditor-Controller				6,280	624,946	Other Funds represent Interest Income. RPTTF include distribution payments from the County for ROPS 17-18A, ROPS 17-18B, and ROPS 18-19A
3	**Expenditures for ROPS 17-18 Enforceable Obligations (Actual 06/30/18)**					264,204	
4	**Retention of Available Cash Balance (Actual 06/30/18)** RPTTF amount retained should only include the amounts distributed as reserve for future period(s)				1,251	129,834	SA needs to retain $40,250 for ROPS 18-19A. Based on the 4/9/18 Dept. of Finance's ROPS 18-19 determination letter, the SA also needs to retain $90,835 in cash balance for its enforceable obligations in conjunction with RPTTF funding.

5	**ROPS 17-18 RPTTF Prior Period Adjustment** RPTTF amount should tie to the Agency's ROPS 17-18 PPA form submitted to the CAC		No entry required			203,461	
6	**Ending Actual Available Cash Balance (06/30/18)** **C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)**	**$-**	**$-**	**$-**	**$8,113**	**$113,982**	

Foster City
Recognized Obligation Payment Schedule (ROPS 20-21) - Notes
July 1, 2020 through June 30, 2021

Item #	Notes/Comments
3	
4	
9	
11	
12	

EXHIBIT B

Successor Agency to the Former Foster City Redevelopment Agency
ROPS 20-21 Administrative Cost Allowance Budget
Period 7/1/20 to 6/30/21

Description of Cost/Expense	Total Cost
Cost Recovery of Foster City staff time to administer SA	17,640
Burke, Williams Sorensen - SA legal consulting services for administering the obligations under the Marlin Cove project area and the wind-down of the former Agency's affairs through the Successor Agency's administration	1,980
Maze Associates - audit services for SA Fund and relevant sections for the City's CAFR	3,770
Urban Planning Partners - consultant services for review of affordable housing and utility subsidy per provisions of the DDA	555
Miscellaneous supplies and transportation costs to attend Countywide Oversight Board meetings	100
Total for F 2020-21	**$ 24,045**

Prior Year SA Admin Budget = $28,475

EXHIBIT C - SUMMARY OF OBLIGATIONS TO BE APPROVED UNDER ROPS 20-21 AND SUPPORTING DOCUMENTS

ROPS				ROPS 20-21	
Item No.	ROPS Category	Description of Obligation	Payee	Funding Requested	Supporting Documentation
3	DDA	Affordable Housing Subsidy to Developer per the terms of the Disposition and Development Agreement for the Marlin Cove Project through January 2029	PWM Residential Ventures LLC	$ 209,110	Attachment 1 -Copy of DDA and calculation of ROPS 20-21 amount of $209,110
4	DDA	Utility Subsidy to Developer per the terms of the Disposition and Development Agreement for the Marlin Cove Project through January 2029	PWM Residential Ventures LLC	52,444	Attachment 1 -Copy of DDA and calculation of ROPS 20-21 amount of $52,444
9	Admin	See Exhibit B	Various	24,045	Attachment 2 - Administrative Costs Budget
12	City Loan, Cash Exchange	Reinstatement Loan Agreement per H&S 34191.4(b)	City of Foster City	76,543	Attachment 3 - Loan repayment amount schedule
Total				**$ 362,142**	

ROPS 20-21
Affordable Housing and Utility Subsidy due to developer for Marlin Cove

	Marlin Cove	
Estimated Net Tax Increment	697,033	See Note 1
Payments Required per DDA:		
Tax Increment Housing Subsidy @30% of Net Tax Increment ($697,033 x 30%)	209,110	**ROPS Item 3**
Utility Subsidy (increases 2% per year)	52,444	**ROPS Item 4**
Payment due to Developer	261,554	

Note 1:

Net Tax Increment, June 2019	657,020
Estimated Net Tax Increment, June 2020 (assumes 3% annual growth)	676,731
Estimated Net Tax Increment, June 2021 (assumes 3% annual growth)	697,033

Note 2:

Utility subsidy paid in June 2019	50,408
Utility subsidy due in June 2020 (increases 2% annually)	51,416
Utility subsidy due in June 2021 (increases 2% annually)	52,444

DISPOSITION AND DEVELOPMENT AGREEMENT

By and Between

COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF FOSTER CITY

and **M. H. PODELL COMPANY, a California Corporation**

MARLIN COVE REDEVELOPMENT PROJECT

Prepared for

The Community Development Agency of the City of Foster City

Prepared by:
McDonough, Holland & Allen
A Professional Corporation
1999 Harrison Street, 13th Floor
Oakland, California 94612

McDONOUGH
HOLLAND
& ALLEN
Attorneys at Law

B. [§602] Agency Grant.

1. The Agency shall make a grant to Developer of FIVE MILLION NINE HUNDRED THOUSAND DOLLARS ($5,900,000) (the "Agency Grant"). FOUR MILLION NINE HUNDRED THOUSAND DOLLARS ($4,900,000) of the Agency Grant shall be disbursed to Developer in a lump sum upon the initial expenditure of funds by Developer for a Permitted Use (described below) but not earlier than the closing of the Developer's construction loan. The balance of the Agency Grant shall be due the Developer, with interest at seven percent (7%) per annum, amortized over fifteen (15) years and paid to the Developer in equal annual installments of ONE HUNDRED NINE THOUSAND SEVEN HUNDRED NINETY-FOUR DOLLARS ($109,794) (the "Amortized Portion"). The annual payments shall be paid on May 1 of each year commencing on May 1, 2000, provided Developer has provided the Agency by April 15 of each year written evidence satisfactory to the Agency that the Developer has paid prior to delinquency all real property taxes and assessments then due on the Site, and the Developer has delivered to the Agency the annual report required under the Affordable Housing Covenant **(Attachment No. 7)** and is not otherwise in default under the Affordable Housing Covenant. Provided no Material Event of Default (as that term is described below) has occurred and is continuing under the terms of this Agreement or the Affordable Housing Covenant, the Agency Grant shall not be required to be repaid. If there is a Material Event of Default hereunder or under the Affordable Housing Covenant, then the Developer must repay to the Agency the amount of the Agency Grant theretofore received by the Developer.

2. The Agency Grant shall be used solely for one or more of the following purposes ("Permitted Uses"): The cost of any off-site public improvements, the cost of remediating Hazardous Materials on the Site, the payment of any fees due the City in connection with the development of the Site, the cost of relocating site occupants, the cost to acquire the Agency Acquisition Parcels to the extent the Total Acquisition Cost exceeds the reuse value of the Agency Acquisition Parcels, the cost to demolish existing improvements on the Agency Acquisition Parcels, the cost of constructing the Affordable Units (as defined below), and the cost for seismic retrofit of any building on the Site.

3. Attached hereto as **Attachment No. 10** is the budget for the use of the Agency Grant (the "Grant Budget"). By written notice to Agency, Developer may reallocate dollar amounts among the budgeted line items to the extent permitted by laws governing the use of the Agency Grant. With the consent of Agency staff, the Developer may add additional line items provided the costs are incurred for the Permitted Uses listed above or for any other use for which the Agency Grant is legally permitted to be used.

4. Each month during the development of the Site in accordance with the Scope of Development, the Developer shall provide the Agency

an accounting for the use of the Agency Grant, itemizing the line items from the Grant Budget and the amounts expended to date. No later than its request of the City for a Certificate of Occupancy for the first completed portion of the Site, the Developer shall demonstrate to the reasonable satisfaction of the Agency that the Agency Grant has been spent for Permitted Uses only by providing the Agency a complete accounting of all amounts expended to date and supporting documentation evidencing all expenditures paid from the Agency Grant.

C. [§603] Park In Lieu Fees. As part of the development of the Site, the Developer shall construct and maintain at Developer's sole cost and expense a park area along the lagoon including a dock, gazebo and public thoroughfare (the "Park Improvements"). The Agency shall enter into a cooperation agreement with the City wherein the Developer will receive a credit for the Park Improvements against the amount of in lieu fees due the City for the development of the Site. In addition to the Agency Grant, the Agency shall pay any in lieu fees due in excess of the amount of credits the Developer receives for the Park Improvements.

D. [§604] Pledge of Tax Increment to Provide Rental Subsidies.

1. In addition to the Agency Grant, the Agency agrees to provide rental subsidies pursuant to California Health and Safety Code Section 33334.2(e)(8) to ensure the affordability of at least thirty percent (30%) of the units in the residential portion of the Site to persons and households of very low, low and moderate income (the "Affordable Units") in accordance with the Affordable Housing Covenant. The Agency hereby pledges to Developer annually thirty percent (30%) of the Net Tax Increment generated from the Site, plus ONE HUNDRED TEN THOUSAND DOLLARS ($110,000) ("Tax Increment Subsidy"). Net Tax Increment shall be defined as gross tax increment revenue allocated and paid to the Agency from the Site pursuant to California Health and Safety Code Section 33670(b) attributable to assessed values of the Site in excess of the values for the Site as of the date of this Agreement, before deducting the twenty percent (20%) housing set-aside, but after deducting payments to taxing agencies pursuant to Health and Safety Code Sections 33607.5 and/or 33676. *This section was amended. See Page 8 of this document.

2. The Tax Increment Subsidy shall be paid to the Developer on an annual basis on May 1 of each year in an amount equal to the difference between the fair market rents of the Affordable Units and the "affordable rent" for the Affordable Units as defined in the Affordable Housing Covenant (**Attachment No. 7**) but not more than the Tax Increment Subsidy. If, in any year commencing more than one (1) year after the execution of this Agreement the sum of the Tax Increment Subsidy, the "Utility Subsidy" (as defined herein) and the Amortized Portion of the Agency Grant exceeds Net Tax Increment, the Tax Increment Subsidy shall be reduced for that year such that the total amount paid to the Developer for the Tax Increment Subsidy, the Utility Subsidy and the Amortized Portion of the Agency Grant does not exceed Net Tax Increment for the applicable year. No later

than April 15 of each year, the Developer shall provide the Agency with a written accounting detailing the fair market rental rates for each of the Affordable Units and the actual amount of affordable rent paid by the tenants of the Affordable Units. As used in this Section 604, the term "year" shall mean a twelve (12) month period commencing May 1 and ending April 30.

3. In addition to the Tax Increment Subsidy, the Agency hereby pledges to the Developer a utility allowance subsidy in the amount of THIRTY-SIX THOUSAND DOLLARS ($36,000) annually (the "Utility Subsidy") for the Affordable Units. The Utility Subsidy shall be paid annually following the issuance of a Final Certificate of Completion for the residential portion of the Site and shall be increased annually at two percent (2%) to adjust for inflation.

4. Payment of the Tax Increment Subsidy and the Utility Subsidy shall commence on the May 1 following the issuance of a Final Certificate of Completion for the Residential Project pursuant to Section 421 of this Agreement, provided that the first such payment shall be adjusted pro rata if there have been fewer than twelve (12) months of occupancy or less than eighty-four (84) Affordable Units during the preceding year.

5. The Tax Increment Subsidy and the Utility Subsidy (collectively, the "Agency Subsidy") shall be paid to the Developer on May 1 of each year provided there is no Event of Default by the Developer under the Affordable Housing Covenant and the Developer has delivered evidence satisfactory to the Agency that the Developer has paid prior to delinquency all real property taxes and assessments then due on the Site, the annual report required under the Affordable Housing Covenant (**Attachment No. 7**) and the information required by paragraph 2 of this Section 604. The Agency represents that the Agency has not pledged or committed the Agency Subsidy to any other person or entity.

6. The Agency's obligation to pay the Agency Subsidy shall survive the issuance of the Certificate of Completion but shall terminate on January 4, 2029, or the termination of the Affordable Housing Covenant (attached hereto as **Attachment No. 7**), whichever shall first occur.

7. The Agency Subsidy shall inure to the benefit of any transferee of the Residential Project approved by the Agency, including any lender permitted hereunder who acquires the Residential Project following foreclosure of its deed of trust provided such lender or its successor agrees to maintain the Residential Project in accordance with the Affordable Housing Covenant.

E. [§605] Repayment. Provided no Material Event of Default of the Developer under the terms of this Agreement and the Affordable Housing Covenant has occurred and is continuing, neither the Agency Grant nor the Agency Subsidy shall be required to be repaid. If there is a Material Event of Default, then

the Developer must repay to the Agency the amount of the Agency Grant and the Agency Subsidy theretofore received by the Developer. The Developer's obligation to repay the Agency Grant and the Agency Subsidy shall be secured by a deed of trust on the Site subordinate to financing approved by the Agency hereunder. "Material Event of Default" shall mean the failure of the Developer, (A) after written notice and the expiration of the cure period (described below in Section 701) to: (i) advance any of the Total Acquisition Costs which it is required to advance under this Agreement, (ii) complete the construction of the Site, or (iii) to use the Agency Grant for Permitted Uses or as otherwise allowed by the Agency, or (B) after written notice and the failure of the Developer within thirty (30) days following such written notice, or, if such failure is not of a nature which can be cured with such thirty (30) day period, the failure of the Developer to commence to cure such failure with such thirty (30) day period and to prosecute such cure to completion diligently and continuously within a reasonable period of time thereafter, to operate the Site in accordance with paragraphs 1A and 1B of the Affordable Housing Covenant. Unless otherwise required to be repaid following a Material Event of Default, the obligation to repay the Agency Grant and the Agency Subsidy shall terminate on January 4, 2029 or the date on which the Affordable Housing Covenant terminates, whichever first occurs. Upon a transfer by Developer in accordance with Section 107, Developer shall be released from the obligation to repay the Agency Grant and the Agency Subsidy to the extent such obligations of Developer have been fully assumed in writing by the assignee.

VII. [§700] DEFAULTS, REMEDIES AND TERMINATION

A. [§701] Defaults - General.

Subject to the extensions of time set forth in Section 804, any failure by either party to perform any term or provision of this Agreement shall constitute an "Event of Default" (1) if such defaulting party does not cure such failure within thirty (30) days following written notice of default from the other party, or (2) if such failure is not of a nature which can be cured within such thirty (30) day period, the defaulting party does not within such thirty (30) day period commence substantial efforts to cure such failure, or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure.

Any notice of default given hereunder shall specify in detail the nature of the failure in performance which the noticing party claims constitutes the Event of Default and the manner in which such Event of Default may be satisfactorily cured in accordance with the terms and conditions of this Agreement.

During the time periods herein specified for cure of a failure to perform, the party charged therewith shall not be considered to be in default of this

DUPLICATE ORIGINAL

RECEIVED
2001
COMMUNITY DEVELOPMENT

FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT

This First Amendment to Disposition and Development Agreement is made as of June 4, 2001, by and between PWM RESIDENTIAL VENTURE LLC, a California limited liability company, having offices at 1201 Howard Avenue, Burlingame, California 94010 ("Developer"), and the COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF FOSTER CITY, a public body, corporate and politic, of the State of California, having offices at 610 Foster City Boulevard, Foster City, California 94404 ("Agency").

RECITALS:

Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the DDA (defined below).

A. Agency and Developer's affiliate, M.H. Podell Company, entered into that certain Disposition and Development Agreement dated November 15, 1999, as amended by that certain First Implementation Agreement dated February 22, 2000 (collectively, the "DDA"). M.H. Podell Company assigned its rights under the DDA to Developer pursuant to that certain Assignment of Disposition and Development Agreement dated February 22, 2000.

B. The DDA provides, among other things, for the acquisition, assembly, disposition and development of certain real property (the "Site") included within the boundaries of the Marlin Cove Redevelopment Project, more particularly described in the DDA, all in accordance with the Redevelopment Plan for said Project.

C. Pursuant to the DDA, Developer has entered into an Affordable Housing Covenant dated August 7, 2000, and recorded on, August 11, 2000, as Instrument No. 2000-099215 in the Official Records of the County of San Mateo, California, as supplemented by that certain Supplemental Affordable Housing Covenant dated as of, and recorded on, September 18, 2000, as Instrument No. 2000-115687 (collectively, the "Covenant"), encumbering the residential portion of the Site (the "Property").

D. Certain of Developer's obligations under the Covenant are secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of, and recorded on, August 11, 2000, as Instrument No. 2000-099216 in the Official Records of the County of San Mateo, California, as supplemented by that certain Supplemental Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of, and recorded on, September 18, 2000, as Instrument No. 2000-115688 (collectively, the "Agency Deed of Trust").

E. Pursuant to the DDA, Agency has disbursed to Developer $4,900,000, which amount represents a portion of the $5,900,000 Agency Grant, to pay a portion of the cost of acquiring the Property.

F. At the request of Developer, the City of Foster City, in cooperation with Agency, approved an increase in density of the Project from two hundred sixty four (264) rental housing units to two hundred eighty (280) rental housing units.

G. Pursuant to the DDA and the Covenant, eighty-four (84) of the two hundred eighty (280) rental housing units to be constructed on the Property must be designated as Affordable Units and are required to be rent-restricted and occupied by very low, lower, and moderate income households as more particularly described in the Covenant.

H. By letter dated June 7, 2000, Developer requested Agency's assistance in applying for tax exempt bond funding from the California Debt Limit Allocation Committee ("CDLAC") to reduce the cost of financing the Project. Agency agreed to support Developer's application to CDLAC on the condition that the DDA be amended to reduce the amount of rental subsidy provided by Agency's pledge of Tax Increment Subsidy and to increase the percentage of Affordable Units restricted to occupancy by very-low income households in the event CDLAC awarded tax exempt bond funding to Developer. Developer has received $30,000,000 in tax exempt bond financing (the "Bond Financing").

I. As a result of the increase in density of the residential project, Developer returned to Agency, on or about January 9, 2001, a portion of the Agency Grant in the amount of $544,318.

J. Developer and Agency now desire to amend the DDA, the Covenant and the Agency Deed of Trust (i) to reflect Developer's return of a portion of the Agency Grant as a result of an increase in density of the residential project, (ii) to modify the mix of Affordable Units, (iii) to reduce the amount of rental subsidy provided by Agency's pledge of Tax Increment Subsidy to reflect changes in sources of financing for the Project, and (iv) to make other changes related thereto.

AGREEMENTS:

NOW THEREFORE, in consideration of the foregoing recitals, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer and Agency hereby agree as follows:

1. Return of Portion of the Agency Grant. Agency acknowledges that on or about January 9, 2001, Developer returned to Agency a portion of the Agency Grant in the amount of FIVE HUNDRED FORTY FOUR THOUSAND THREE HUNDRED EIGHTEEN DOLLARS ($544,318).

2. Amendment of Section 604. The second sentence of the Paragraph 1 of Section 604 of the DDA is deleted in its entirety and replaced with the following:

"The Agency hereby pledges to Developer annually thirty percent (30%) of the Net Tax Increment generated from the Site ("Tax Increment Subsidy")."

3. Amendment of Affordable Housing Covenant. Concurrently herewith, Developer shall execute, acknowledge and deliver to Agency, for recordation in the Official Records of San Mateo County, a First Amendment to Affordable Housing Covenant in the form attached here as Attachment No. 1. Costs of recording the First Amendment to Affordable Housing Covenant shall be paid by Developer.

4. Modification of Deed of Trust. Concurrently herewith, Developer shall execute, acknowledge and deliver to Agency, for recordation in the Official Records of San Mateo County, a First Modification to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing in the form attached here as Attachment No. 2. Costs of recording the First Modification to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing shall be paid by Developer.

5. No Default. Agency acknowledges and agrees that as of the date of this First Amendment, no Event of Default by Developer has occurred under the DDA.

6. Subordination of Bank Deed of Trust. Developer shall utilize diligent good faith efforts to cause Developer's construction lender, Bank of the West, to subordinate the lien of Bank of the West's deed of trust(s) to the Covenant, as amended by the First Amendment to Affordable Housing Covenant.

7. Total Acquisition Costs. Agency acknowledges and agrees that as of the date of this First Amendment, Developer has paid to Agency all Total Acquisition Costs incurred in connection with the Project, other than (i) the invoice from Agency to Developer dated February 22, 2001, (ii) legal fees incurred or to be incurred in connection with this First Amendment, the subordination of the Bank of the West loan documents to the Covenant, as amended, and the subordination of the Agency Deed of Trust to the loan documents of Developer's permanent financing lender, and (iii) that portion of Total Acquisition Costs incurred or to be incurred in connection with the acquisition of the Baskin-Robbins and Sneak Preview leasehold interests and relocation of such tenants from the Project.

8. No Other Amendment. Except as amended hereby, the DDA remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first above-written.

COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF FOSTER CITY, a public body
corporate and politic

By: _____
Chair

Attest: _____
Agency Secretary

"AGENCY"

Approved as to form:

McDonough, Holland & Allen

By: _____
Agency Counsel

PWM RESIDENTIAL VENTURE LLC, a
California limited liability company

By: _____
Nick Podell,
President

"DEVELOPER"

City of Foster City

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

610 FOSTER CITY BOULEVARD
FOSTER CITY, CA 94404-2222
(650) 286-3200
FAX (650) 574-3483

June 13, 2001

Nick and Alex Podell
M.H. Podell
1201 Howard Avenue
Burlingame, CA 94010

Subject: First Amendment to the Disposition and Development Agreement for the Marlin Cove Redevelopment Project

Dear Messrs. Podell:

Enclosed please find a fully executed First Amendment to the Disposition and Development Agreement between the Foster City Community Development Agency and PWM Residential Venture, LLC.

Should you have any questions regarding the enclosed, please feel free to call me at (650) 286-3252.

Sincerely,

Doris L. Palmer
Deputy Secretary

Cc: Gerald J. Ramiza, McDonough, Holland & Allen, 1999 Harrison Street, Suite 1300, Oakland CA 94612
Diane McGrath, Deputy Executive Director, FC Community Development Agency
Ricardo Santiago, Foster City Finance Director

Exhibit C - Attachment 2

Successor Agency to the Former Foster City Redevelopment Agency
Supporting Schedule - ROPS 20-21 Administrative Cost Allowance Budget Details
Period 7/1/20 to 6/30/21

Description of Cost/Expense	Total Cost	Basis of Cost and/or Documentation
Cost Recovery of Foster City staff time to administer SA	17,640	Cost recovery of estimated Foster City administrative staff time, including Finance Department to administer SA
Burke, Williams □ Sorensen - SA legal consulting services for administering the obligations under the Marlin Cove project area and the wind-down of the former Agency's affairs through the Successor Agency's administration	1,980	placeholder for 6 hours of consulting services □ $330/hour
Maze □ Associates - audit services for SA Fund and relevant sections for the City's CAFR	3,770	annual audit fees
Urban Planning Partners - consultant services for review of affordable housing and utility subsidy per provisions of the DDA	555	estimated 3 hours of consulting services at $185/hour
Miscellaneous supplies and transportation costs to attend Countywide Oversight Board meetings	100	placeholder for office supplies, transportation and parking to Board meetings
Total	**$ 24,045**	

Prior □ear Amount = $28,475

Sponsoring Entity Loan Repayment Calculator

Base Year:	June 1 Distribution ROPS II July thru December 2012	Jan 2 Distribution ROPS III January thru June 2013	Total For Base Year
Total Residual Balance	295,511	8,009	303,520

Comparison Year:	ROPS 19-20A July thru December 2019	ROPS 19-20B January thru June 2020	Total For Comparison Year
Total Residual Balance	273,940	182,666	456,606

A	Total Residual Balance for Comparison Year	456,606
B	Total Residual Balance for Base Year	303,520
A-B	Difference of Residual Balance	153,086
	Divide Difference by two	2
	Maximum Repayment Amount Authorized for FY 20-21	**76,543**

Note: This is a tool provided by Finance to assist successor agencies in determining the maximum repayment amount per authorized fiscal year. Placing this amount on the ROPS does not automatically guarantee approval of the repayment amount.

Input fields (amounts from County Auditor-Controller RPTTF Distribution Report)

Formula fields, no input required.

COUNT OF SAN MATEO
FOSTER CIT
LIMITATIONS ON REPA MENT OF SERAF AND CIT LOANS Per 34176 (e)(6)(B) and 34191.4 (b)(2)

Payments are limited to no more than half the increase in residual above a FY 2012-13 base year. Payments of housing fund loan or deferral amounts are first in priority.

Maximum Allowable Repayment for F 2020-21

Residual in F 2012-13			
ROPS II Residual		295,512	*June 2012 Distribution*
ROPS III Residual		8,009	*January 2013 Distribution*
	(A)	$ 303,521	
Residual in F 2019-20			
ROPS 19-20A Residual		273,940	*June 2019 Distribution*
ROPS 19-20B Residual		182,666	*January 2020 Distribution*
	(B)	$ 456,606	
Increase in Residual over F 2012-13	(C)	$ 153,085	
Not To Exceed Amount (50 of Increase)	(D)	$ 76,543	
Reported Loan Repayments			
ROPS 20-21A - (uly to December)		76,543	
ROPS 20-21B - (anuary to une)		0	
	(E)	$ 76,543	
Amount Exceeded, (E) - (D)		$ -	

DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. ▪ GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

November 10, 2014

Mr. James C. Hardy, City Manager
City of Foster City
610 Foster City Boulevard
Foster City, CA 94404

Dear Mr. Hardy:

Subject: Approval of Oversight Board Action

This letter supersedes the California Department of Finance's (Finance) November 10, 2014 Oversight Board (OB) Resolution No. 2014-005 determination letter. A revision was necessary to correct a clerical error. The City of Foster City Successor Agency (Agency) notified Finance of its September 10, 2014 OB Resolution on September 25, 2014. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 2014-005 approving an agreement regarding reinstatement of a City of Foster City (City) loan made to the Former Redevelopment Agency is approved.

The Agency received a Finding of Completion on June 27, 2013. As a result of the OB finding the loan was for valid redevelopment purposes, the Agency may now place the loan on the Recognized Obligation Payment Schedule (ROPS). However, the repayment of the City loan is subject to the repayment formula outlined in HSC section 34191.4 (b) (2) (A). HSC section 34191.4 (b) (2) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the 2012-13 base year.

In addition, HSC section 34191.4 (b) (2) requires the interest be calculated from loan origination at the Local Agency Investment Fund (LAIF) rate. The accumulated interest on the loan should be recalculated from the date of loan origination using the quarterly LAIF interest rate at the time when the Agency's OB makes a finding that the City loan was for legitimate redevelopment purposes. This will supersede any existing interest rates in the loan agreement. Therefore, the repayment amounts of the agreements are subject to Finance's review and approval on subsequent ROPS.

This is Finance's determination with respect to the OB action taken.

Please direct inquiries to Wendy Griffe, Supervisor or Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Acting Program Budget Manager

cc: Ms. Lin-Lin Cheng, Finance Director, City of Foster City
Mr. Bob Adler, Auditor-Controller, County of San Mateo
California State Controller's Office

RESOLUTION No. 2014-005

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF FOSTER CITY APPROVING AN AGREEMENT REGARDING REINSTATEMENT OF A CITY LOAN MADE TO THE FORMER REDEVELOPMENT AGENCY

WHEREAS, pursuant to authority granted under Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq*.) ("CRL"), the former City of Foster City Community Development Agency ("Redevelopment Agency") had responsibility to implement the Redevelopment Plans for the Project One Community Development Project, the Marlin Cove Community Development Project, and the Hillsdale/Gull Community Development Project (collectively, the "Project Areas"); and

WHEREAS, pursuant to Resolution No. 2012-2, adopted by the City Council of the City of Foster City ("City Council") on January 9, 2012, the City of Foster City ("City") agreed to serve as the successor agency to the Redevelopment Agency ("Successor Agency") commencing upon dissolution of the Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill x1 26; and

WHEREAS, pursuant to Health and Safety Code Section 33220, the City was authorized to assist the Redevelopment Agency for the purpose of aiding and cooperating in the planning, undertaking, construction, and operation of redevelopment projects located within the jurisdiction of the City, upon the terms and with or without consideration as the City determined; and

WHEREAS, pursuant to Health and Safety Code Section 33445, the Redevelopment Agency was authorized to enter into agreements with the City pursuant to which the Redevelopment Agency would agree to reimburse the City for funds provided by the City for the cost of installation and construction of public improvements, structures and facilities located within or outside the Project Area; and

WHEREAS, pursuant to Health and Safety Code Sections 33132 and 33601, the Redevelopment Agency was authorized to borrow money and accept financial assistance from the City for redevelopment projects located within the Redevelopment Agency's jurisdiction; and

WHEREAS, consistent with the foregoing authority, the City made a loan to the Redevelopment Agency in the original principal amount of $5,000,000, in accordance with the terms set forth in City Council Resolution No. 2005-44 and Redevelopment Agency Resolution No. 247, each dated June 6, 2005, for the purpose of advancing funds to assist in the redevelopment of the Project Areas including the funding of capital improvement projects (the "Loan"); and

WHEREAS, pursuant to Health and Safety Code Section 34191.4(b), once a successor agency has received a Finding of Completion pursuant to Health and Safety Code Section 34179.7, loan agreements entered into between the redevelopment agency and the entity that created the redevelopment agency ("Sponsoring Jurisdiction Loans") shall be deemed to be enforceable obligations provided that the successor agency's oversight board makes a finding that the Sponsoring Jurisdiction Loans were for legitimate redevelopment purposes; and

WHEREAS, the Successor Agency received a Finding of Completion on June 27, 2014; and

WHEREAS, Health and Safety Code Section 34191.4(b)(2) provides that: (i) the accumulated interest on Sponsoring Jurisdiction Loans shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund ("LAIF"), (ii) Sponsoring Jurisdiction Loans shall be repaid to the sponsoring jurisdiction in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into LAIF, and (iii) the annual amount of repayments on Sponsoring Jurisdiction Loans provided for in the Recognized Obligation Payment Schedule ("ROPS") is subject to specified limitations; and

WHEREAS, Successor Agency staff have prepared an Agreement Regarding Reinstatement of Loan (the "Agreement") which provides for repayment of the Loan in accordance with the requirements of Health and Safety Code Section 34191.4(b) and commits the City to use the Loan repayment proceeds in accordance with Health and Safety Code Section 34191.4(b).

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency to the Community Development Agency of the City of Foster City, as follows:

1. The Oversight Board hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the adoption of this Resolution.

2. The Oversight Board hereby finds and determines that the Loan was made for legitimate redevelopment purposes.

3. The Agreement is approved, and the Executive Director of the Successor Agency or his designee is authorized to execute the Agreement on behalf of the Successor Agency substantially in the form presented with the staff report accompanying this Resolution.

4. The Successor Agency is authorized and directed to list the Agreement and the repayment of the Loan on the Successor Agency's ROPS for the July 1 to December 31, 2016 period ("ROPS 16-17A") and for each succeeding ROPS period until the Loan is repaid in full in accordance with the Agreement.

5. The Executive Director and his designees are authorized to take such further actions as may be necessary to carry out the intent of this Resolution.

PASSED AND ADOPTED a resolution of the Oversight Board of the Successor Agency to the Community Development Agency of the City of Foster City at the regular meeting held on the 10th day of September, 2014, by the following vote:

AYES: Members Acree, Koelling, McManus, Wykoff and Chair Bennett

NOES: None

ABSENT: Members Keller and Wilson

ABSTAIN: None

DICK W. BENNETT, CHAIRPERSON

ATTEST:

LIN-LIN CHENG, SECRETARY

ORIGINAL

AGREEMENT REGARDING REINSTATEMENT OF LOAN

(City of Foster City/Successor Agency to the City of Foster City Community Development Agency)

THIS AGREEMENT REGARDING REINSTATEMENT OF LOAN (this "**Agreement**") is entered into effective as of September 10, 2014 (**"Effective Date"**) by and between the Successor Agency to the City of Foster City Community Development Agency (**"Successor Agency"**) and the City of Foster City, a municipal corporation (**"City"**). The Successor Agency and the City are hereinafter collectively referred to as the "**Parties**."

RECITALS

A. Pursuant to authority granted under Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*) ("**CRL**"), the former City of Foster City Community Development Agency ("**Redevelopment Agency**") had responsibility to implement the Redevelopment Plans for the Project One Community Development Project, Marlin Cove Community Development Project and the Hillsdale/Gull Community Development Project (collectively, the **"Project Areas"**).

B. Pursuant to Resolution No. 2012-2, adopted by the City Council of the City of Foster City ("**City Council**") on January 9, 2012, the City agreed to serve as the successor agency to the Redevelopment Agency commencing upon dissolution of the Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill x1 26.

C. Pursuant to Health and Safety Code Section 33220, the City was authorized to assist the Redevelopment Agency for the purpose of aiding and cooperating in the planning, undertaking, construction, and operation of redevelopment projects located within the jurisdiction of the City, upon the terms and with or without consideration as the City determined.

D. Pursuant to Health and Safety Code Section 33445, the Redevelopment Agency was authorized to enter into agreements with the City pursuant to which the Redevelopment Agency would agreed to reimburse the City for funds provided by the City for the cost of installation and construction of public improvements, structures and facilities located within or outside the Project Areas.

E. Pursuant to Health and Safety Code Sections 33132 and 33601, the Redevelopment Agency was authorized to borrow money and accept financial assistance from the City for redevelopment projects located within the Redevelopment Agency's jurisdiction.

F. Consistent with the foregoing authority, the City made a loan to the Redevelopment Agency in the original principal amount of $5,000,000, in accordance with the terms set forth in City Council Resolution No. 2005-44 and Redevelopment Agency Resolution No. 247, each dated June 6, 2005, for the purpose of advancing funds to assist in the redevelopment of the Project Areas, including the funding of capital improvement projects (the "**Loan**").

G. Pursuant to Health and Safety Code Section 34191.4(b), once a successor agency has received a Finding of Completion pursuant to Health and Safety Code Section 34179.7, loan agreements entered into between the redevelopment agency and the entity that created the redevelopment agency ("**Sponsoring Jurisdiction Loans**") shall be deemed to be enforceable obligations provided that the successor agency's oversight board makes a finding that the Sponsoring Jurisdiction Loans were for legitimate redevelopment purposes.

H. The Successor Agency received a Finding of Completion on June 27, 2014.

I. Health and Safety Code Section 34191.4(b)(2) provides that: (i) the accumulated interest on Sponsoring Jurisdiction Loans shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund ("**LAIF**"), (ii) Sponsoring Jurisdiction Loans shall be repaid to the sponsoring jurisdiction in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into LAIF, and (iii) the annual amount of repayments for Sponsoring Jurisdiction Loans provided for in the Recognized Obligation Payment Schedule ("**ROPS**") is subject to specified limitations.

J. This Agreement provides for repayment of the Loan in accordance with the requirements of Health and Safety Code Section 34191.4(b), and commits the City to use the Loan repayment proceeds in accordance with Health and Safety Code Section 34191.4(b).

K. On September 10, 2014, the Oversight Board for the Successor Agency ("**Oversight Board**") adopted Resolution No. 2014-005 pursuant to which the Oversight Board adopted findings determining that the Loan was made for legitimate redevelopment purposes as authorized by and consistent with the CRL, authorized the Successor Agency to enter into this Agreement, and authorized the Successor Agency to list this Agreement and repayment of the Loan on the ROPS.

NOW, THEREFORE, the Successor Agency and the City agree as follows:

1. Reinstatement of Loan; Outstanding Principal Balances. The Parties acknowledge and agree that pursuant to the facts stated in the foregoing Recitals, which by this reference are incorporated into this Agreement, the Loan constitutes an enforceable obligation, eligible to be listed on the Successor Agency's ROPS and repaid pursuant to and in accordance with Health and Safety Code Section 34191.4(b). The Parties acknowledge and agree that as of the Effective Date, the outstanding principal balance of the Loan is $1,115,696.87.

2. Interest Rate. In accordance with Health and Safety Code Section 34191.4(b)(2), the interest accumulated on the outstanding principal balance of the Loan from origination through the Effective Date ("**Accumulated Interest**") is $15,567.76 based upon application of the LAIF Rate (defined below) in effect from time to time from the date of origination of the Loan through the Effective Date. When added to the outstanding $1,115,696.87 principal balance, the total due to the City for the Loan as of the Effective Date is $1,131,264.63.

Commencing upon the Effective Date, interest shall accrue on the outstanding principal balance of the Loan and the interest accrued thereon (including the Accumulated Interest) at a rate equal to the Local Agency Investment Fund Quarterly Apportionment Rate (the "**LAIF Rate**") in effect from time to time as posted on the State Treasurer's website (http://www.treasurer.ca.gov/pmia-laif/historical/quarterly.asp). The interest rate applicable to any payment due on the Loan, shall be the LAIF Rate in effect from time to time immediately prior to the date on which a ROPS that includes a payment hereunder is prepared and submitted to the Oversight Board for approval. Interest shall accrue in accordance with this Section until the Loan is repaid in full. Interest shall be calculated on the basis of a year of 365 days and charged for the actual number of days elapsed.

3. Repayment Term. The Loan shall be repaid in semi-annual installments in an amount not to exceed the sum determined pursuant to Health and Safety Code Section 34191.4(b)(2)(A) (i.e., in the aggregate, the payments made in each fiscal year shall not exceed one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 in each fiscal year and the amount distributed to the taxing entities pursuant to that paragraph in the 2012-13 base year). Payments shall be applied first to accrued interest, and then to outstanding principal.

If the amount of funds available to be distributed by the San Mateo County Auditor-Controller from the Redevelopment Property Tax Trust Fund for any ROPS period is not sufficient to fully fund the other enforceable obligations on the Successor Agency's ROPS, payments due on the Loan, and the administrative costs of the Successor Agency for that period, then the amount of the Loan payments due shall be reduced to the extent necessary to fully fund the other enforceable obligations and administrative costs. The reduced Loan payments shall be applied first to accrued interest and then to outstanding principal. In that event, the unpaid portion of the payment shall be deferred and the term for repayment of the Loan shall be extended for additional, successive semi-annual ROPS periods as necessary until all outstanding principal and accrued interest has been repaid in full.

As reflected in the attached Exhibit A, based on current projections, the Parties anticipate that the Loan will be repaid in full by not later than 2025.

4. Use of Loan Repayment Funds. The City shall use the Loan repayments in accordance with the requirements of Health and Safety Code Section 34191.4(b)(2)(B) and (C) to repay any amounts previously borrowed from the Low and Moderate Income Housing Fund of the Redevelopment Agency (if any) and to fund the City's Low and Moderate Income Housing Asset Fund established by the City in its capacity as the housing successor to the Redevelopment Agency. Any repayment amounts remaining after the foregoing obligations are satisfied may be used by the City for purposes identified in the discretion of the City Council.

5. Subordination. Notwithstanding any contrary provision hereof, the Parties agree that the Successor Agency's obligation to repay the Loan shall be subordinate to the pledge of tax increment revenue for the payment of debt service on tax allocation bonds or other indebtedness issued by the Redevelopment Agency, the payment of the Successor Agency's other enforceable obligations, and the payment of the Successor Agency's administrative costs.

6. Amendments. No amendment to or modification of this Agreement shall be effective unless and until such amendment or modification is in writing, properly approved in accordance with applicable procedures, and executed by the Parties.

7. Severability. If any term, provision, covenant, or condition set forth in this Agreement is held by the final judgment of a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions, covenants, and conditions shall continue in full force and effect to the extent that the basic intent of the Parties as expressed herein can be accomplished. In addition, the Parties shall cooperate in good faith in an effort to amend or modify this Agreement in a manner such that the purpose of any invalidated or voided provision, covenant, or condition can be accomplished to the maximum extent legally permissible.

8. No Third-Party Beneficiaries; Assignments. Nothing in this Agreement is intended to create any third-party beneficiaries to this Agreement, and no person or entity other than the Successor Agency and the City, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

9. Further Assurances. Each Party agrees to execute, acknowledge and deliver all additional documents and instruments, and to take such other actions as may be reasonably necessary to carry out the intent of the transactions contemplated by this Agreement.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

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

SIGNATURES ON FOLLOWING PAGES.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date first written above.

CITY:

CITY OF FOSTER CITY

By: James C Hardy
James C. Hardy, City Manager

Attest: Doris J Palmer
Doris L. Palmer, City Clerk

Approved as to form:

By: Jean B. Savaree
Jean B. Savaree, City Attorney

SUCCESSOR AGENCY:

SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF FOSTER CITY

By: James C Hardy
James C. Hardy, Executive Director

Attest: Doris J Palmer
Doris L. Palmer, Secretary

Approved as to form:

By: Gerald J. Ramiza
Gerald J. Ramiza, Successor Agency Counsel

Exhibit A

SUCCESSOR AGENCY CASH FLOW FORECAST – CITY LOAN REPAYMENT

Successor Agency of the Foster City Community Development Agency

Projected General Fund Loan Repayment Installment Schedule

(for illustration purposes only, subject to adjustments based on the provisions of the Restated Loan Agreement)

Pmt #	Date	Payment applied to Principal	Payment applied to Interest	Total Payment Amount	Accumulated Interest	Principal Balance (after Repayment)	Accumulated Interest Balance (after Repayment)
	9/9/2014					1,115,696.87	15,567.76
	7/1/2015	-	-	-	**2,696.01**	1,115,696.87	18,263.77
1	7/1/2016	**11,806.59**	**18,263.77**	**30,070.36**	**3,863.62**	1,103,890.28	3,863.62
2	7/1/2017	**34,723.55**	**3,863.62**	**38,587.16**	**4,276.67**	1,069,166.73	4,276.67
3	7/1/2018	**45,720.37**	**4,276.67**	**49,997.04**	**4,605.51**	1,023,446.37	4,605.51
4	7/1/2019	**114,330.67**	**4,605.51**	**118,936.18**	**4,545.58**	909,115.70	4,545.58
5	7/1/2020	**169,485.78**	**4,545.58**	**174,031.36**	**4,067.96**	739,629.92	4,067.96
6	7/1/2021	**171,351.84**	**4,067.96**	**175,419.81**	**3,409.67**	568,278.07	3,409.67
7	7/1/2022	**173,336.01**	**3,409.67**	**176,745.68**	**2,567.12**	394,942.06	2,567.12
8	7/1/2023	**175,492.17**	**2,567.12**	**178,059.29**	**1,536.15**	219,449.89	1,536.15
9	7/1/2024	**177,824.78**	**1,536.15**	**179,360.93**	**312.19**	41,625.11	312.19
10	7/1/2025	**41,625.11**	**312.19**	**41,937.30**	-	-	-
	TOTAL	**$1,115,696.87**	**$47,448.24**	**$1,163,145.11**			

Assumptions:

0.25 0% ***LAIF Quarterly Rate as of September 2014, actual interest rate for Q3 2014 will be published by LAIF on 10/15/14)***

Estimated 0.05% (total of 12 mo) increase each year thereafter

Repayment schedule will be recalculated annually based on the actual repayment amounts received from RPTTF and actual LAIF quarterly interest

San Mateo County
Countywide Oversight Board

Date: January 2, 2020 **Agenda Item No. 10**

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: Redwood City Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 20-21

Background
California Health and Safety Section Code (HSC) 34180(g) requires all ROPS to be approved by the Oversight Board.

Discussion
The Annual ROPS 20-21 contains all the obligations of the former Redevelopment Agency (RDA) for fiscal year 2020-21. The SA is requesting approval by the Board to spend $3,645,155 on outstanding obligations and administrative expenses for Annual ROPS 20-21.

Enclosed is the SA's Annual ROPS 20-21 and supporting documents.

Fiscal Impact
Funding for ROPS reduces the amount of tax revenue available for "Residual" distributions to the affected taxing entities.

CAC Exhibit
A. Redwood City SA's Annual ROPS 20-21 Agenda Packet

CAC Exhibit A

Date: December 16, 2019

To: San Mateo County Countywide Oversight Board

From: Kimbra McCarthy, Assistant City Manager – Administrative Services

Subject: Approval of the Recognized Obligation Payment Schedule (ROPS) 20-21 and Administrative Cost Allowance Budget of the Redwood City Successor Agency (SA)

Former RDA: **Redwood City Successor Agency**

Recommendation
Adopt resolution approving the Redwood City SA's ROPS 20-21 and Administrative Cost Allowance Budget.

Background
SAs who are not currently on the Last and Final ROPS, must submit annually a ROPS listing the SA's enforceable obligations and expenses to the State Department of Finance (DOF) pursuant to Health & Safety Code (HSC) Sections 34177(m) and (o). The ROPS shall include an amount for the SA's Administrative Cost Allowance as authorized under the Dissolution Act which is subject to a cap as set forth under HSC Section 34171. The ROPS and the Budget for the SA's Administrative Cost Allowance must be approved by the Oversight Board.

Discussion
Submitted for the Oversight Board's approval is the ROPS 20-21. While the DOF's ROPS template requires all enforceable obligations to be listed, the Oversight Board approval is for the funding of those items to be paid in calendar year 2020. The Administrative Cost Allowance Budget, which also requires Oversight Board's approval, is submitted and attached to this report.

Financial Impact
No funds are involved with the approval of the ROPS.

Attachments:
1. Draft Resolution Approving the Redwood City SA's ROPS 20-21 and FY 2020-21 Administrative Budget
2. Exhibit A - Redwood City SA's ROPS 20-21
3. Exhibit B - Redwood City SA's FY 2020-21 Administrative Cost Allowance Budget
4. Exhibit C – Summary of Obligations and Supporting Documents

RESOLUTION NO. 2020 -_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 20-21 ("ROPS 20-21") AND FISCAL YEAR 2020-21 ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY TO THE FORMER REDWOOD CITY REDEVELOPMENT AGENCY (RDA)

WHEREAS, California Health and Safety Code (HSC) Section 34177 requires the Successor Agencies to prepare a Recognized Obligation Payment Schedule ("ROPS") for each 12-month fiscal period, which lists the outstanding obligations of the former RDA and states the sources of funds for required payments; and

WHEREAS, the Successor Agency to the Former Redwood City Redevelopment Agency has prepared a draft ROPS for the period July 1, 2020 to June 30, 2021, referred to as "ROPS 20-21", claiming a total enforceable obligation amount of $3,645,155, as set forth in the attached Exhibit A; and

WHEREAS, pursuant to HSC Section 34180(g) the Oversight Board must approve the establishment of each ROPS; and

WHEREAS, HSC Section 34177 requires the Successor Agencies to prepare an administrative budget for Oversight Board approval; and

WHEREAS, the Successor Agency to the Former Redwood City Redevelopment Agency has prepared an administrative budget for the period July 1, 2020 to June 30, 2021, for $135,255, as set forth in the attached Exhibit B; and

WHEREAS, HSC Section 34179(e) requires all action items of Countywide Oversight Boards, including the San Mateo County Countywide Oversight Board (the "Board"), be accomplished by resolution;

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby approves the Redwood City Successor Agency ROPS 20-21 and Fiscal Year 2020-21 Administrative Budget, attached hereto as Exhibits A and B and incorporated herein by this reference;

BE IT FURTHER RESOLVED, that the Oversight Board directs the Successor Agency to submit the ROPS 20-21 to the State Department of Finance upon approval by the Oversight Board.

* * *

Exhibit A – Redwood City Successor Agency's Recognized Obligation Payment Schedule 20-21
Exhibit B – Redwood City Successor Agency's FY 2020-21 Administrative Budget

Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

Successor Agency: Redwood City

County: San Mateo

	Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	20-21A Total (July - December)	20-21B Total (January - June)	ROPS 20-21 Total
A	**Enforceable Obligations Funded as Follows (B+C+D)**	$ -	$ -	$ -
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	**Redevelopment Property Tax Trust Fund (RPTTF) (F+G)**	$ -	$ -	$ -
F	RPTTF	$ 2,450	$ 3,507,450	$ 3,509,900
G	Administrative RPTTF	$ 67,627	$ 67,628	$ 135,255
H	**Current Period Enforceable Obligations (A+E)**	**$ 70,077**	**$ 3,575,078**	**$ 3,645,155**

Certification of Oversight Board Chairman:

Name Title

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency. /s/

Signature Date

Redwood City

Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail July 1, 2020 through June 30, 2021

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 20-21 Total	ROPS 20-21A (Jul - Dec) Fund Sources					20-21A Total	ROPS 20-21B (Jan - Jun) Fund Sources					20-21B Total
												Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								46,095,609		$ 3,645,155	-	-	-	2,450	67,627	$ 70,077	-	-	-	3,507,450	67,628	$ 3,575,078.00
1	Tax allocation Bond, Series 2003A for infrastructure projects [34171 (d) 1 (A)]	Bonds Issued On or Before 12/31/10	10/15/ 2003	07/15/2032	US Bank	Debt service for bonds issued for RDA Project Area No. 2		11,608,767	N	$ 1,352,544	-	-	-		-	-	-	-	-	1,352,544	-	1,352,544
2	Tax allocation Bond, Series 2003A for infrastructure projects [34171 (d) 1 (A)]	Bonds Issued On or Before 12/31/10	10/15/ 2003	07/15/2032	US Bank	Interest payments for bonds issued for RDA Project Area No. 2		30,461,231	N	$ 2,152,456	-	-	-		-	-	-	-	-	2,152,456	-	2,152,456
7	On-going debt service bank and fiscal agent fees [34171 (d) 1 (A)]	Fees	10/15/ 2003	07/15/2032	US Bank and Willdan Financial	Bank fees and annual disclosure fees for the 2003 Bond		78,916	N	$ 4,900.00	-	-	-	2,450	-	2,450	-	-	-	2,450	-	2,450
22	Villa Montgomery-FCH [34171 (d) 1 (B)	City/ County Loan (Prior 06/ 28/11), Other	05/25/ 2006	12/01/2045	San Mateo County	Loan payable to San Mateo County on part of FCH loan		500,000	N	$ -	-	-	-	-	-	-	-	-	-	-	-	-
23	Successor Agency Administrative Cost Allowance [34171 (b)]	Admin Costs	07/01/ 2012	07/15/2032	Successor Agency	Minimum amount of property tax to Successor Agency for general administrative costs		3,446,695	N	$ 135,255	-	-	-		$ 67,627	$ 67,627	-	-	-	-	$ 67,628	$ 67,628

Exhibit A - Page 3 of 4

Redwood City ROPS 2020-21 Annual

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	Comments
	ROPS 17-18 Cash Balances (07/01/17 - 06/30/18)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	Comments
1	Beginning Available Cash Balance (Actual 07/01/17) RPTTF amount should exclude A" period distribution amount"	-	-	3,507,100	1,397,175	201,006	$3,507,100 recd with 16-17B for July 2017 DS payment
2	Revenue/Income (Actual 06/30/18) RPTTF amount should tie to the ROPS 17-18 total distribution from the County Auditor-Controller				163,530	5,853,968	17-18 A &B; rental income, interest income and settlement from litigation
3	Expenditures for ROPS 17-18 Enforceable Obligations (Actual 06/30/18)				93,322	5,853,968	$93,322 reduction of RPTTF due to cash on hand
4	Retention of Available Cash Balance (Actual 06/30/18) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)			3,507,100			
5	ROPS 17-18 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 17-18 PPA form submitted to the CAC	No entry required					
6	Ending Actual Available Cash Balance (06/30/18) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	$ -	$ -	$ -	$ 1,467,383	$ 201,006	Bal = $1668389 comprised of loan payoff amount, rental income and interest income

Redwood City Recognized Obligation Payment Schedule (ROPS 20-21) - Notes July 1, 2020 through June 30, 2021	
Item #	**Notes/Comments**
1	
2	
7	
22	This loan is to be paid from a portion of the net proceeds of the project (Villa Montgomery apartment building.) To date, no payments have been made.
23	

Exhibit B

Successor Agency to the Former City of Redwood City Redevelopment Agency
ROPS 20-21 Administrative Budget
Period: 7/1/20 to 6/30/21

Description of Cost/Expense	Amount
Audit of Successor Agency	$ 1,281
Staff costs	$ 133,974
Total	**$ 135,255**

EXHIBIT C - SUMMARY OF OBLIGATIONS UNDER ROPS 20-21 AND SUPPORTING DOCUMENTS

ROPS Item No.	ROPS Category	Description of Obligation	Payee	ROPS 20-21 Amount	Supporting Documentation
1	*Bonds*	*Tax Allocation Bonds, Series 2003A (Principal)*	*US Bank*	*$ 1,352,544*	*Attachment 1 - Debt Service Schedule*
2	*Bonds*	*Tax Allocation Bonds, Series 2003A (Interest)*	*US Bank*	*$ 2,152,456*	
7	*Other/Miscellaneous*	*On-going debt service bank and fiscal agent fees [34171 (d) 1 (A)]*	*US Bank/Willdan*	*$ 4,900*	*Attachment 2 -US Bank Invoice $2,800 & Willdan Invoices $2,100 and $2,000*
23	*Admin*	*Successor Agency Administrative Cost Allowance {34171 (b)}Legal, audit, staff costs*	*Successor Agency*	*$ 135,255*	*Attachment 3 - Admin Budget Details & Audit Invoice*
		Total		***$ 3,645,155***	

Debt Service Schedule

The following table presents debt service for the Bonds, as well as for the 1997 Bonds, which are payable from Tax Revenues on a parity with the Bonds. A portion of the 1997 Bonds were used for housing purposes and 20% of the debt service on the 1997 Bonds is payable from moneys in the Agency's Housing Set-Aside moneys. See "SECURITY FOR THE BONDS – Low and Moderate Housing Set-Aside."

TABLE 2
REDEVELOPMENT AGENCY OF THE CITY OF REDWOOD CITY
Redevelopment Project Area No. 2
Debt Service Schedule

Bond Year Ending July 15	1997 Bonds Debt Service (1)	2003A Current Interest Bonds Principal	2003A Current Interest Bonds Interest	2003A Capital Appreciation Bonds Denominational Amount	Series 2003A Capital Appreciation Bonds Compounded Interest	Series 2003A Bonds Total Debt Service	1997 Bonds and 2003A Bonds Aggregate Debt Service
2004	$1,548,977.50		$463,356.25			$ 463,356.25	$2,012,333.75
2005	1,545,746.75		654,150.00			654,150.00	2,199,896.75
2006	1,540,365.00		654,150.00			654,150.00	2,194,515.00
2007	1,544,265.00		654,150.00			654,150.00	2,198,415.00
2008	1,545,580.00		654,150.00			654,150.00	2,199,730.00
2009	1,543,350.00		654,150.00			654,150.00	2,197,500.00
2010	1,541,850.00	$1,225,000	654,150.00			1,879,150.00	3,421,100.00
2011	1,545,705.00	1,265,000	611,275.00			1,876,275.00	3,421,980.00
2012		2,480,000	560,675.00			3,040,675.00	3,040,675.00
2013		2,895,000	461,475.00			3,356,475.00	3,356,475.00
2014		3,045,000	309,487.50			3,354,487.50	3,354,487.50
2015		2,850,000	149,625.00	$ 292,668.60	$ 217,331.40	3,509,625.00	3,509,625.00
2016				1,889,860.95	1,615,139.05	3,505,000.00	3,505,000.00
2017				1,773,915.55	1,731,084.45	3,505,000.00	3,505,000.00
2018				1,663,893.60	1,841,106.40	3,505,000.00	3,505,000.00
2019				1,557,657.05	1,947,342.95	3,505,000.00	3,505,000.00
2020				1,450,684.45	2,054,315.55	3,505,000.00	3,505,000.00
2021				1,352,544.45	2,152,455.55	3,505,000.00	3,505,000.00
2022				1,256,332.20	2,248,667.80	3,505,000.00	3,505,000.00
2023				1,172,831.40	2,337,168.60	3,510,000.00	3,510,000.00
2024				1,090,125.10	2,414,874.90	3,505,000.00	3,505,000.00
2025				1,025,983.60	2,479,016.40	3,505,000.00	3,505,000.00
2026				967,415.05	2,537,584.95	3,505,000.00	3,505,000.00
2027				911,965.95	2,593,034.05	3,505,000.00	3,505,000.00
2028				859,566.20	2,645,433.80	3,505,000.00	3,505,000.00
2029				810,005.50	2,694,994.50	3,505,000.00	3,505,000.00
2030				763,178.70	2,741,821.30	3,505,000.00	3,505,000.00
2031				719,901.00	2,790,099.00	3,510,000.00	3,510,000.00
2032				678,918.50	2,826,081.50	3,505,000.00	3,505,000.00

(1) 20% of debt service on the 1997 Bonds is payable from Housing Set-Aside amounts.

CITY OF REDWOOD CITY
(650) 780-5958

Exhibit C - Attachment 2

CHECK NO. 011727

INVOICE NUMBER	AMOUNT	PURCHASE ORDER	DESCRIPTION	ACCOUNT NUMBER
5192821	2,800.00		ADMIN FEES IN ADVANCE 11/1/2018-10/31/2019	2946142350
TOTAL	2,800.00			

CITY OF REDWOOD CITY
P. O. BOX 391
REDWOOD CITY, CA 94063
(650) 780-5958

56-382
412

Wells Fargo Bank, N.A.

CHECK NO. 011727

DATE
12/17/18***

AMOUNT
******$2,800.00

VOID 180 DAYS AFTER DATE OF ISSUE

PAY ■TWO THOUSAND EIGHT HUNDRED DOLLARS AND ZERO CENTS **********

TO THE ORDER OF:
U. S. BANK
CM-9690
PO BOX 70870
ST. PAUL, MN 55170-9690

NON-NEGOTIABLE

Corporate Trust Services
EP-MN-WN3L
60 Livingston Ave.
St. Paul, MN 55107

Invoice Number:	5192821
Account Number:	94687200
Invoice Date:	11/23/2018
Direct Inquiries To:	MARY WONG
Phone:	415-677-3602

CITY OF REDWOOD CITY
ATTN DIRECTOR OF FINANCE
1017 MIDDLEFIELD RD
REDWOOD CITY CA 94063

REDEVELOPMENT AGENCY OF THE CITY OF REDWOOD CITY REDEVELOPMENT PROJECT AREA NO. 2 TAX ALLOCATION BONDSSERIES 2003 A SPECIAL FUND

PAID cc 12/14/18

The following is a statement of transactions pertaining to your account. For further information, please review the attached.

STATEMENT SUMMARY

PLEASE REMIT BOTTOM COUPON PORTION OF THIS PAGE WITH CHECK PAYMENT OF INVOICE.

TOTAL AMOUNT DUE $2,800.00

All invoices are due upon receipt.

V#27901
294-61423-50
OK to pay
CK 12/5/18

voucher 29205
cc 12/11/18

Please detach at perforation and return bottom portion of the statement with your check, payable to U.S. Bank.

Corporate Trust Services
EP-MN-WN3L
60 Livingston Ave.
St. Paul, MN 55107

REDEVELOPMENT AGENCY OF THE CITY OF REDWOOD CITY REDEVELOPMENT PROJECT AREA NO. 2 TAX ALLOCATION BONDSSERIES 2003 A SPECIAL FUND

Invoice Number:	5192821
Invoice Date:	11/23/2018
Account Number:	94687200
Direct Inquiries To:	MARY WONG
Phone:	415-677-3602

Accounts Included In This Relationship: 94687200 94687201 94687202 94687204 94687205

CURRENT CHARGES SUMMARIZED FOR ENTIRE RELATIONSHIP

Detail of Current Charges	Volume	Rate	Portion of Year	Total Fees
04200 Trustee	1.00	1,700.00	100.00%	$1,700.00
04070 Dissemination Agent	1.00	500.00	100.00%	$500.00
04120 Paying Agent	1.00	600.00	100.00%	$600.00
Subtotal Administration Fees - In Advance 11/01/2018 - 10/31/2019				**$2,800.00**
TOTAL AMOUNT DUE				**$2,800.00**

The fees shown on this invoice are reflective of the most recent fee schedule or notice of fee adjustment provided by U.S. Bank.

CITY OF REDWOOD CITY
(650) 780-5958

CHECK NO. 012793

INVOICE NUMBER	AMOUNT	PURCHASE ORDER	DESCRIPTION	ACCOUNT NUMBER
1040432	2,100.00	51062*1	FY 17/18 ANNUAL CONTINUING DISCLOSURE INFO STATEMENT PREP - REDEVELOPMENT PRJT AREA #2, TAX ALLOCATION BONDS, SERIES 2003A	2946142350
TOTAL	2,100.00			

CITY OF REDWOOD CITY
P. O. BOX 391
REDWOOD CITY, CA 94063
(650) 780-5958

56-382
412

Wells Fargo Bank, N.A.

CHECK NO. 012793

DATE
02/11/19***

AMOUNT
******$2,100.00

VOID 180 DAYS AFTER DATE OF ISSUE

PAY ■TWO THOUSAND ONE HUNDRED DOLLARS AND ZERO CENTS **********

TO THE ORDER OF:
WILLDAN FINANCIAL SERVICES
27368 VIA INDUSTRIA, SUITE 200
TEMECULA, CA 92590

NON-NEGOTIABLE

WILLDAN

INVOICE

INVOICE #: 010-40432
INVOICE DATE: 1/29/2019
PROJECT #: 105581
CLIENT # C40291
TERMS: NET 30 DAYS

Bus. # (650) 780-7070
Fax # (650) 366-2447

Attn: Kimbra McCarthy
Assistant City Manager of Administrative Services/Treasurer
City of Redwood City
1017 Middlefield Road
Redwood City, California 94063-1993

Description: FISCAL YEAR 2017/18 ANNUAL CONTINUING DISCLOSURE SERVICES

Annual Continuing Disclosure Information Statement Preparation:

Redevelopment Project Area No. 2, Tax Allocation Bonds, Series 2003A	$2,100.00
Dissemination to EMMA as required	Included
Dissemination to EMMA (Audited Financial Statements)	Included

Costs Advanced:

California Municipal Statistics, Inc.	Included
MuniServices, LLC	Included

PAID

INVOICE TOTAL **$2,100.00**

To set up a wire transfer or ACH payment, please e-mail Lisa Bromley at lbromley@willdan.com or call her at 951-587-3572.

OK to pay
2/1/19
P.O. # 51062

Vouch: 31653
2/5/19
VF 33434
Acct: 294-61423-50

Remit To:
Willdan Financial Services
27368 Via Industria, Suite 200
Temecula, California 92590

Terms: Accounts are payable within 15 days unless special arrangements are made. A service charge of 1.5% per month may be levied on overdue unpaid balances.

CITY OF REDWOOD CITY
(650) 780-5958

CHECK NO. 011610

INVOICE NUMBER	AMOUNT	PURCHASE ORDER	DESCRIPTION	ACCOUNT NUMBER
1039730	2,000.00	51062*2	ARBITRAGE REBATE SERVICES OCTOBER 30, 2013 THRU OCTOBER 30, 2018	2946142350
TOTAL	2,000.00			

CITY OF REDWOOD CITY
P. O. BOX 391
REDWOOD CITY, CA 94063
(650) 780-5958

56-382
412

Wells Fargo Bank, N.A.

CHECK NO. 011610

DATE
12/10/18***

AMOUNT
******$2,000.00

VOID 180 DAYS AFTER DATE OF ISSUE

PAY ■TWO THOUSAND DOLLARS AND ZERO CENTS **********

TO THE ORDER OF:
WILLDAN FINANCIAL SERVICES
27368 VIA INDUSTRIA, SUITE 200
TEMECULA, CA 92590

NON-NEGOTIABLE

WILLDAN

33434

INVOICE

Attn: Ms. Kimbra McCarthy
Assistant City Manager of Administrative Services/
Treasurer
City of Redwood City
1017 Middlefield Road
Redwood City, California 94063

INVOICE # : 010-39730
INVOICE DATE : 11/20/18
PROJECT # : 102640
CLIENT #: C40291
TERMS : NET 30 DAYS

(650) 780-7072
(650) 366-2447 (fax)

Description: **Purchase Order No: 51062**

ARBITRAGE REBATE SERVICES

Redevelopment Agency of the City of Redwood City
Redevelopment Project Area No. 2 Tax Allocation Bonds
Series 2003A
October 30, 2013 through October 30, 2018

Vouch : 27956 cc 12/4/18

Arbitrage Fee: $2,000.00

PO 51062-2

294-61423-50

OK to pay
CR 12/4/18

PAID

INVOICE TOTAL **$ 2,000.00**

Report received 11/19/18

To set up a wire transfer or ACH payment, please e-mail Lisa Bromley at lbromley@willdan.com or call her at 951-587-3572.

Remit To:
Willdan Financial Services
27368 Via Industria, Suite 200
Temecula, California 92590

Terms: Accounts are payable within 15 days unless special arrangements are made. A service charge of 1.5% per month may be levied on overdue unpaid balances.

Exhibit C - Attachment 3

REDWOOD CITY SUCCESSOR AGENCY ADMINISTRATIVE BUDGET
Personnel Costs
ROPS 20-21 July 1, 2020 - June 30, 2021

Personnel Costs and Duties	Department	FTE Allocation	Budget
Assistant City Manager - Administrative Services	Administrative Services Department	0.07	23,813
Finance Director/Treasurer to the City and Successor Agency. Oversight for all items related to the Successor Agency; attends Oversight Board			
Director - Community Development and Transportation	Community Development Department	0.06	16,018
Oversight for all items related to the former RDA, and the city's Successsor Agency. This includes working with the City Attorney and outside consultants on the disposition of real property. Attends Oversight Board meetings as needed.			
Financial Services Manager	Administrative Services Department	0.05	14,516
Attends all Oversight Board meetings; liason to Controller's Office and Department of Finance. Ensures accurate accounting and annual audit of all former RDA and Successor Agency transactions.			
City Manager	City Manager's Office	0.01	4,742
Executive Director to the Successor Agency. Oversight for all items related to the former RDA, Successor Agency, attends Oversight Board meetings as needed.			
City Attorney	City Attorney's Office	0.05	20,549
Ongoing legal support for all matters concerning the dissolution of the redevelopment agency and the Successor Agency. This includes working with outside legal counsel. Attends Oversight Board meetings as needed.			
Principal Analyst - Finance	Administrative Services Department	0.1	24,518
Attends all Oversight Board meetings; preparation of oversight board meeting agenda items; and continuing disclosure of former RDA debt. Liason to Controller's Office and Department of Finance. Submission of ROPS and actions to DOF, continuing disclosure, and maintains permenant files and			
Secretary	Community Development Department	0.04	5,639
Administrative assistance to the Community Development Director; assists with all tasks associated with the former RDA and Successor Agency items, including the disposition of real property.			
Senior Accountant	Administrative Services Department	0.08	17,638
Attends all Oversight Board meetings. Prepartion of Recognized Obligation Payment Schedules, Administrative Budgets. Oversight of accounting and financial obligations of the former RDA and Successor Agency including reconciliation of ledger and reporting for continuing disclosure of debt of the former RDA. Serve as liasion to Controller's Office and Department of Finance.			
Senior Assistant City Attorney	City Attorney's Office	0.02	6,541
Ongoing legal support for all matters concerning the dissolution of the redevelopment agency and the Successor Agency. This includes working with outside legal counsel.			
		0.48	**$ 133,974**

Badawi & Associates - Audit Contract fee by fund

	Account #	FY 2016-17	FY 2017-18	FY 2018-19	Allocation by 6.30.16 Revenues	
		TOTAL				
General	150-61710-50	$ 30,007	$ 30,907	$ 31,839	118435016	59.68%
Sewer	688-61710-50	$ 8,804	$ 9,069	$ 9,342	34751478	17.51%
Water	687-61710-50	$ 9,350	$ 9,631	$ 9,921	36906034	18.60%
Parking	681-61710-50	$ 608	$ 627	$ 645	2400997	1.21%
Docktown	695-61710-50	$ 168	$ 173	$ 178	663658	0.33%
	Direct Charges					
CDBG	258-66310-50-17001	$ 3,220	$ 3,320	$ 3,420		
Measure A	262-61710-50	$ 3,600	$ 3,700	$ 3,820		
UUT	153-61710-50	$ 1,800	$ 1,850	$ 1,910		
Successor Agency	293-66410-50	$ 1,343	$ 1,383	$ 1,425	5299083	2.67%
Gas Tax	261-61710-50	$ 1,100	$ 1,130	$ 1,160		
Port	paid directly by Port	$ 16,520	$ 17,020	$ 17,530		
	TOTAL	$ 76,520	$ 78,810	$ 81,190		

San Mateo County
Countywide Oversight Board

Date: January 2, 2020 **Agenda Item No. 11**

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: South San Francisco Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 20-21

Background
California Health and Safety Section Code (HSC) 34180(g) requires all ROPS to be approved by the Oversight Board.

Discussion
The Annual ROPS 20-21 contains all the obligations of the former Redevelopment Agency (RDA) for fiscal year 2020-21. The SA is requesting approval by the Board to spend $6,186,851 on outstanding obligations and administrative expenses for Annual ROPS 20-21.

Funding Source
HSC 34177(l)(1) provides that sources of funding for ROPS includes Reserves, Other Revenues, Prior Period Adjustment and the Redevelopment Property Tax Trust Fund (RPTTF). Furthermore, the code states that RPTTF can be used only up to the extent no other funding source is available. The SA has $5,053,351 in Reserves/Other Funds/Prior Period Adjustment and is asking $1,133,500 from RPTTF.

SA Administrative Expenses
Pursuant to Health and Safety Code section 34171 (b) (4), administrative costs are limited to the greater of $250,000 or 3% of the property tax distributed to the Successor Agency to pay for enforceable obligations in the preceding fiscal year, as reduced by the administrative cost allowance (ACA) and loan repayments to the sponsoring entity. In addition, administrative costs are not to exceed 50% of property taxes allocated for enforceable obligations in the preceding fiscal year, as reduced by the ACA and any loan repayments made to the sponsoring entity.

The SA did not receive property taxes in the preceding fiscal year, therefore, it is our conclusion that they are not eligible for administrative costs payable from RPTTF or other funds in the current year. Staff's interpretation of the code was confirmed by the Department of Finance. The SA has requested OB staff to keep the $200,000 in their ROPS for the Oversight Board's approval.

Enclosed is the SA's Annual ROPS 20-21 and supporting documents.

Fiscal Impact
Funding for ROPS from RPTTF reduces the amount of tax revenue available for "Residual" distributions to the affected taxing entities.

CAC Exhibit
A. South San Francisco SA's Annual ROPS 20-21 and Supporting Documents

CAC Exhibit A

Date: January 13, 2020

To: San Mateo County Countywide Oversight Board

From: Mike Futrell, City Manager

Subject: Approval of the Recognized Obligation Payment Schedule and Administrative Cost Allowance Budget of the Successor Agency to the Former Redevelopment Agency of the City of South San Francisco for the period July 1, 2020 through June 30, 2021.

Former RDA: **Redevelopment Agency of the City of South San Francisco**

Recommendation
It is recommended that the San Mateo Countywide Oversight Board 1) adopt a resolution approving the Successor Agency Administrative Budget for Fiscal Year 2020-21; and 2) adopt a resolution approving the Recognized Obligation Payment Schedule for Fiscal Year 2020-21.

Background
The Recognized Obligation Payment Schedule ("ROPS") is required by Health and Safety Code ("HSC") Section 34177(l). The ROPS for the period July 1, 2020 through June 30, 2021 ("ROPS 20-21") requests necessary payments for enforceable obligations of the Former Redevelopment Agency of the City of South San Francisco ("RDA") for Fiscal Year 2020-21.

The Successor Agency to the Former Redevelopment Agency of the City of South San Francisco ("Successor Agency") has prepared the proposed ROPS 20-21, attached hereto and incorporated herein by this reference. It will be considered by the Successor Agency Board on January 9, 2020.

Staff has prepared a resolution adopting the ROPS 20-21 for the San Mateo Countywide Oversight Board's ("Oversight Board") consideration. If approved, it will be transmitted to the State Department of Finance ("DOF") for review by February 1, 2020.

Discussion
The ROPS 20-21 is attached to this report as Exhibit B. A total of $6,186,851 is requested to fund ROPS 20-21 obligations, including $1,133,500 from Redevelopment Property Tax Trust Funds ("RPTTF") and $5,053,351 from Other Funds and Reserve Balances. The request includes $200,000 to fund administrative costs.

<u>ROPS Obligations</u>
The ROPS 20-21 contains the following obligations:

- <u>Item 11 – Bond Administration / Continuing Disclosure Cost</u> – This item has been marked

as retired as all Successor Agency bonds were paid off in FY 2018-19 and there are no remaining bond administration costs.

- Items 12, 13, and 14 – Oyster Point Ventures DDA –$4,779,335 is requested for enforceable obligations associated with Sections 3.2.1, 3.4.1 and 5.2 of the DDA and for staff and legal expenses associated with Successor Agency implementation of the DDA Of this amount, only $1,133,500 is requested from RPTTF, $3,112,924 from Other Funds held by the Successor Agency, and $532,911 is from Reserve Balance held by the Successor Agency (Excess PPA unallocated in prior periods). The investment of RPTTF into the Oyster Point development will result in a significant increase in property tax revenues for affected taxing agencies, from $840,000 in annual revenues prior to dissolution in 2011 to $23.23 million in annual revenues projected in 2024.

  In summary, additional costs are required to be incurred resulting from: (1) the import of cover soil; (2) the import of clay; (3) the cement treatment of refuse for purpose of compaction and (4) the export/relocation of refuse on-site and off-site. The total amount of costs for these activities has increased during construction from $9,505,703 estimated in January 2019 to $19,395,376 as estimated in December 2019. The Developer and Successor Agency are sharing in these increased costs as part of a proposed settlement agreement. The Developer's agreement to share in these costs is expressly contingent on the approval of the Successor Agency funding proposed in this ROPS for line items 12 and 13. These additional costs are necessary to allow the infrastructure required by the DDA to be constructed as the additional work is necessary to provide, for example, a stable base under the streets and utilities to the hub, the streets and utilities to the point and the parking area between the beach park area and the ferry terminal. The necessity of this additional work was determined once the landfill cap on the project site was opened and the contractor began to excavate and relocate solid waste and other materials on site as required under the approved construction plans. The DDA anticipated the potential for additional costs such as these in the exhibits related to section 3.2.1 which provides, in part, that the "quantities, scope of work, and cost estimates [for the required infrastructure] will be modified when construction drawings are prepared." (See e.g. Exhibit 3.2.1A). Although not anticipated, any additional costs for these items beyond the amount sought herein would be sole responsibility of the Developer.

  Item 12 requests $3,310,464 ($3,112,924 from Other Funds and $197,540 from RPTTF) for additional costs associated with:

  1) Imported cover soil and clay that is necessary for street and utilities to the hub (the Successor Agency is responsible for 20 percent of these costs) [3.2.1(i)(1) and (ii)], the streets and utilities to point [3.2.1(i)(2) and (ii)] and the reconfiguration and reconstruction of parking [3.2.1(ii) and (iii)];

  2) Cement mixing treatment to create a stable base for the streets and utilities at the hub, the streets and utilities to point and the reconfigured parking area (3.2.1 (i) (1 &2) and (iii); and

  3) Off-haul/relocation of excess solid waste from areas under the streets and utilities

at the hub (20% Successor Agency Cost), the streets and utilities to the point and reconfigured parking areas [3.2.1(i)(2) and (iii)].

Item 13 requests $1,300,180 ($532,911 from Reserve Balance and $767,269 from RPTTF) for the Successor Agency portion of the cost of off-haul of excess solid waste from the streets and utilities to the Hub and adjacent areas including portion of Phase IID (Section 5.2) pursuant to a proposed settlement agreement.

Item 14 requests $168,691 (from RPTTF) for estimated project-related staff costs to implement these items.

Please note that the total increased costs for Items 12 and 13 is actually $5,818,160 but the Successor Agency is seeking approval to reallocate $1,207,516 in funds previously approved by the Oversight Board and DOF for Phase IC Cap Repair and cost savings associated with change from the use of GeoFoam to another form of soil stabilization treatment to offset $1,207,516 in costs. The funds were distributed as RPTTF in prior ROPS periods and transferred to an Oyster Point escrow account, and reported as "Reserve Balance" in the Cash Balances form. The $1,207,516 reallocation from the Oyster Point escrow account is requested as "Reserve Balance" under Item 12.

- Item 16 and 17 – Harbor District Agreement Fees – There are no costs associated with Harbor District enforceable obligations in Fiscal Year 2020-21. The line items should remain on the ROPS as there are potential remaining enforceable obligations.

- Items 21, 22, 23, and 24 – Train Station Improvement Phases I & II Fees – No expenses are anticipated for these enforceable obligations in Fiscal Year 2020-21. The line items should remain on the ROPS as there are potential remaining enforceable obligations.

- Item 48 – Administrative Cost Allowance - The Successor Agency is requesting $200,000 from Other Funds for Fiscal Year 2020-21 administrative expenses, which is within the maximum permitted by law. Administrative costs are needed to administer obligations and prepare required reports, such as the ROPS and audited financial statements. The Administrative Budget for Fiscal Year 2020-21 contains more detail, and is attached to the resolution accompanying this staff report.

  The maximum administrative cost allowance is based on the amount of Redevelopment Property Tax Trust Funds ("RPTTF", or property tax increment) distributed in the prior fiscal year. DOF approved $512,557 in obligations funded by RPTTF on the ROPS 19-20. However, no RPTTF was distributed because the Successor Agency had unspent funds remaining from prior ROPS periods. It is possible that DOF will reduce the Successor Agency's Fiscal Year 2020-21 administrative cost allowance to zero. Successor Agency staff will work with DOF on the administrative allowance during their review.

- Items 51 and 52– Accrued PERS Pension and Retiree Health Obligations – No expenses are requested for these items on the ROPS 20-21. The obligations are not being retired in case the Successor Agency wishes to request eligible costs in future years.

Report of Cash Balances

The "Report of Cash Balances" page reports available cash balances by type in Fiscal Year 2017-18. As of June 30, 2018, the Successor Agency had $532,911 in Reserve Balances leftover from prior ROPS periods. There were also $3,312,924 in Other Funds as of June 30, 2018. This includes revenues from a City payment to the Successor Agency related to an Oyster Point loan, rents and interest earned in Fiscal Year 2017-18, and Other Funds unspent from prior periods. Staff has allocated $1,207,516 in Reserve Balances ($531,911 in Excess PPA and $1,207,516 from the Oyster Point escrow account) and $3,312,924 in Other Funds toward ROPS 20-21 Items 12-14 and 48.

The Successor Agency anticipates that a $591,869 Prior Period Adjustment will be made to account for RPTTF that was unspent in the ROPS 17-18 period. This is reported on the "Report of Cash Balances" page, Column G, Row 5. The Prior Period Adjustment process is handled separately from the ROPS by the San Mateo County Auditor-Controller. The Successor Agency submitted a Prior Period Adjustment form to the County Auditor-Controller on October 1, 2019 to review ROPS 17-18 expenses. The County will make a determination on the Prior Period Adjustment amount and send it to DOF by February 1, 2020.

Administrative Budget

Health and Safety Code Section 34177(j) requires the Successor Agency to prepare an administrative budget and submit it to the Oversight Board for approval. An Administrative Budget for Fiscal Year 2020-21 is attached as an exhibit to the accompanying resolution for the Successor Agency's consideration. It will also be submitted to the Oversight Board for approval.

Staff proposes an administrative cost allowance of $200,000 for Fiscal Year 2020-21 to cover professional services (including preparation of the ROPS and auditor fees) and staff costs and overhead required to administer enforceable obligations and prepare legally mandated reports. This is the amount permitted by HSC Section 34171(b)(1).

Last and Final ROPS

Due to the Successor Agency's outstanding obligation related to environmental remediation at the Oyster Point site, which is an unknown cost, we cannot anticipate when or if the Successor Agency will file a last and final ROPS.

Financial Impact

The Oversight Board's approval of the ROPS and Administrative Budget is required to fund the Successor Agency's obligations in Fiscal Year 2020-21.

Attachments:

1. Resolution of the Oversight Board Approving South San Francisco SA's ROPS 20-21 and FY 2020-21 SA Administrative Costs Budget
2. Exhibit A – South San Francisco SA's Annual ROPS 20-21
3. Exhibit B – South San Francisco SA's FY 2020-21 Administrative Costs Budget

4. Exhibit C – Summary of Obligations and Supporting Documentations
5. Exhibit D – SSF SA Power Point Presentation

RESOLUTION NO. 2020-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 20-21 ("ROPS 20-21") AND FISCAL YEAR 2020-21 ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY TO THE FORMER SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY (RDA)

WHEREAS, California Health and Safety Code (HSC) Section 34177 requires the Successor Agencies to prepare a Recognized Obligation Payment Schedule ("ROPS") for each 12-month fiscal period, which lists the outstanding obligations of the former RDA and states the sources of funds for required payments; and

WHEREAS, the Successor Agency to the Former South San Francisco Redevelopment Agency has prepared a draft ROPS for the period July 1, 2020 to June 30, 2021, referred to as "ROPS 20-21", claiming a total enforceable obligation amount of $6,186,851, as set forth in the attached Exhibit A; and

WHEREAS, pursuant to HSC Section 34180(g) the Oversight Board must approve the establishment of each ROPS; and

WHEREAS, California HSC Section 34177 requires the Successor Agencies to prepare an administrative budget for Oversight Board approval; and

WHEREAS, the Successor Agency to the Former East Palo Alto Redevelopment Agency has prepared an administrative budget for the period July 1, 2020 to June 30, 2021, for $200,000, as set forth in the attached Exhibit B; and

WHEREAS, California HSC Section 34179(e) requires all action items of Countywide Oversight Boards, including the San Mateo County Countywide Oversight Board, be accomplished by resolution.

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby approves the South San Francisco Successor Agency ROPS 20-21 and the South San Francisco Successor Agency Fiscal Year 2020-21 Administrative Budget, attached hereto as Exhibits A and B and incorporated herein by this reference;

BE IT FURTHER RESOLVED, that the Oversight Board directs the Successor Agency to submit the ROPS 20-21 to the State Department of Finance upon approval by the Oversight Board.

* * *

Exhibit A – South San Francisco Successor Agency's Recognized Obligation Payment Schedule 20-21
Exhibit B – South San Francisco Successor Agency's FY 2020-21 Administrative Budget

DRAFT

Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

Successor Agency: South San Francisco

County: San Mateo

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	20-21A Total (July - December)	20-21B Total (January - June)	ROPS 20-21 Total
A Enforceable Obligations Funded as Follows (B+C+D)	**$ 5,053,351**	**$ -**	**$ 5,053,351**
B Bond Proceeds	-	-	-
C Reserve Balance	1,740,427	-	1,740,427
D Other Funds	3,312,924	-	3,312,924
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	**$ 1,133,500**	**$ -**	**$ 1,133,500**
F RPTTF	1,133,500	-	1,133,500
G Administrative RPTTF	-	-	-
H Current Period Enforceable Obligations (A+E)	**$ 6,186,851**	**$ -**	**$ 6,186,851**

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name Title

/s/

Signature Date

South San Francisco
Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail
July 1, 2020 through June 30, 2021

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 20-21 Total	ROPS 20-21A (Jul - Dec)					20-21A Total	ROPS 20-21B (Jan - Jun)					20-21B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								$31,052,083		$6,186,851	$-	$1,740,427	$3,312,924	$1,133,500	$-	$6,186,851	$-	$-	$-	$-	$-	$-
11	Bond Admin/ Disc Costs Hsg Bonds	Fees	01/01/ 1999	09/01/2018	Bank of New York/Willdan	Costs to administer the housing bonds	Merged	-	Y	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
12	Oyster Point Ventures DDA	OPA/DDA/ Construction	03/23/ 2011	11/11/2026	Oyster Pt Ventures, LLC	DDA Sections 3.2.1 Phase IC Improvements and 3.4.1 Improvement Costs	Merged	4,517,980	N	$4,517,980	-	1,207,516	3,112,924	197,540	-	$4,517,980	-	-	-	-	-	$-
13	Oyster Point Ventures DDA	OPA/DDA/ Construction	03/23/ 2011	11/11/2026	Various contractors/ staff	DDA Section 5.2 Environmental Indemnification	Merged	19,898,052	N	$1,300,180	-	532,911	-	767,269	-	$1,300,180	-	-	-	-	-	$-
14	Oyster Point Ventures DDA	Project Management Costs	03/23/ 2011	11/11/2026	Legal/Staff costs	Soft project management costs	Merged	1,063,144	N	$168,691	-	-	-	168,691	-	$168,691	-	-	-	-	-	$-
16	Harbor District Agreement	Improvement/ Infrastructure	03/25/ 2011	11/11/2026	Harbor District	Secs. 5.0 lease rev; 7.0 temp. office	Merged	1,793,248	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
17	Harbor District Agreement	Project Management Costs	03/25/ 2011	11/11/2026	Legal/Staff costs	Soft project management costs	Merged	798,341	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
21	Train Station Imprvmnts Ph 1(pf1002)	Remediation	03/11/ 2009	12/31/2014	TechAccutite/ Wisley Ham	Contracted work-site remediation	Merged	87,494	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
22	Train Station Imprvmnts Phase 1	Project Management Costs	03/11/ 2009	12/31/2014	Staff Costs	Soft project management costs	Merged	9,309	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
23	Train Station Imprvmnts Phase 2	Remediation	12/09/ 2009	12/31/2014	Various contractors	Site remediation per Cal Trans Agrmt.	Merged	620,000	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
24	Train Station Imprvmnts Phase 2	Project Management Costs	12/09/ 2009	12/31/2014	Legal/Staff costs	Soft project management costs	Merged	148,115	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
48	Administration Costs	Admin Costs	02/01/ 2012	12/31/2014	Legal/Staff costs	Costs to administer Successor Agency	Merged	1,750,000	N	$200,000	-	-	200,000	-	-	$200,000	-	-	-	-	-	$-

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	**ROPS 20-21 Total**	**ROPS 20-21A (Jul - Dec)**					**20-21A Total**	**ROPS 20-21B (Jan - Jun)**					**20-21B Total**
											Fund Sources						**Fund Sources**					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
51	Accrued PERS Pension Obligations	Unfunded Liabilities	01/01/1980	06/30/2016	CalPERS	Costs incurred through 02/01/2012	Merged	168,800	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
52	Accrued Retiree Health Obligations	Unfunded Liabilities	01/01/1980	06/30/2016	CalPERS Retiree Benefit Trust (CERBT)	Costs incurred through 02/01/2012	Merged	197,600	N	$-	-	-	-	-	-	$-	-	-	-	-	-	$-

South San Francisco
Recognized Obligation Payment Schedule (ROPS 20-21) - Report of Cash Balances
July 1, 2017 through June 30, 2018
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

A	B	C	D	E	F	G	H
	ROPS 17-18 Cash Balances (07/01/17 - 06/30/18)	**Fund Sources**					**Comments**
		Bond Proceeds		**Reserve Balance**	**Other Funds**	**RPTTF**	
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	
1	**Beginning Available Cash Balance (Actual 07/01/17)** RPTTF amount should exclude "A" period distribution amount.	310,509		30,482,661	1,620,908	626,343	C: 1999 Housing Bond Reserves ($310,509). E: Funds reserved in Oyster Point Escrow Account ($29,473,074) + Reserve Balances applied to ROPS 18-19 ($340,442) and ROPS 19-20 Item 48 ($136,234) + Excess PPA from ROPS 19-20 ($532,911). F: Other Funds reserved for ROPS 17-18 ($723,660), ROPS 18-19 ($508,985) and ROPS 19-20 ($388,263). G: PPA applied to ROPS 19-20, net of Excess PPA ($626,343).
2	**Revenue/Income (Actual 06/30/18)** RPTTF amount should tie to the ROPS 17-18 total distribution from the County Auditor-Controller	41,273		9,705,379	2,888,484	751,465	E: Deposits and interest earned Oyster Point Escrow Account (9,705,379). F: Other Funds revenues from rents and interest ($476,622), Commercial Rehab Loan ($28,862) and City repayment for Oyster Point "Advance to Other Funds" ($2,383,000)
3	**Expenditures for ROPS 17-18 Enforceable Obligations (Actual 06/30/18)**	26,128		5,554,982	299,220	159,596	E: Oyster Point Escrow Account drawdowns to make payments pursuant to DDA. F and G:

							Match PPA 17-18
4	**Retention of Available Cash Balance (Actual 06/30/18)** RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	325,654		34,100,147	897,248	626,343	E: Funds reserved for Oyster Point Escrow Account ($33,623,471) + Reserve Balances applied to ROPS 18-19 ($340,442) and ROPS 19-20 Item 48 ($136,234). F: Other Funds reserved for ROPS 18-19 ($508,985) and ROPS 19-20 ($388,263). G: PPA applied to ROPS 19-20, net of Excess PPA ($626,343).
5	**ROPS 17-18 RPTTF Prior Period Adjustment** RPTTF amount should tie to the Agency's ROPS 17-18 PPA form submitted to the CAC		No entry required			591,869	C: 1999 Housing Bond Reserves. Defeased in Dec 2018. G: PPA 17-18 pending County review
6	**Ending Actual Available Cash Balance (06/30/18)** **C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)**	**$-**	**$-**	**$532,911**	**$3,312,924**	**$-**	**E: Excess PPA from ROPS 19-20 ($532,911). F: Other Funds unspent from ROPS 17-18 ($424,440) + Other Funds revenue in 17-18 ($2,888,484). Use of Other Fund balances requested on ROPS 20-21 Items 12-14.**

South San Francisco
Recognized Obligation Payment Schedule (ROPS 20-21) - Notes
July 1, 2020 through June 30, 2021

Item #	Notes/Comments
11	
12	
13	
14	
16	
17	
21	
22	
23	
24	
48	
51	
52	

Exhibit B

Successor Agency to the Former South San Francisco Redevelopment Agency
ROPS 20-21 Administrative Cost Allowance Budget
Period: 7/1/20 to 6/30/21

Description of Cost/Expense		Amount
Staff salaries, benefits, and payroll taxes	$	120,000
Overhead costs and supplies	$	1,000
Professional Services - SA Consulting, RSG, Inc. (prepare ROPS, PPA, cash flow/budgeting, DOF and County Coordination)	$	25,000
Professional services - Auditors	$	4,000
Professional Services - Legal, Meyers Nave	$	50,000
Total	**$**	**200,000**

OB Staff's Note

Admin Cost Budget in the previous year was $250,000.

EXHIBIT C - SUMMARY OF OBLIGATIONS AND SUPPORTING DOCUMENTS

ROPS Item No.	ROPS Category	Description of Obligation	Payee	ROPS 20-21 Funding Request	Supporting Documentation
12	OPA/DDA/ Construction	Oyster Point Ventures DDA, Sections 3.2.1 Phase IC Improvements and 3.4.1 Improvement Costs	Oyster Pt Ventures, LLC	4,517,980	Attachment 1, Kilroy Oyster Point Change Order & Contingency Summary and Memo from SA (Pages 1-6)
13	OPA/DDA/ Construction	Oyster Point Ventures DDA, Section 5.2 Environmental Indemnification	Various contractors/ staff	1,300,180	Attachment 1, Kilroy Oyster Point Change Order & Contingency Summary and Memo from SA (Pages 1-6)
14	Project Management Costs	Oyster Point Ventures DDA, Soft Project Management Costs	Legal/Staff costs	168,691	Attachment 2, Oyster Point DDA Soft Project Management Costs
48	Admin Costs	Successor Agency Administrative Costs	Legal/Staff costs	200,000	Attachment 3 - Staffing Costs Attachment 4 - Professional Consulting Attachment 5 - Audit Services Attachment 6 - Legal Services
Total for ROPS 20-21				**$ 6,186,851**	

Kilroy Oyster Point
South San Francisco, CA

KILROY OYSTER POINT

Confidential
Phase IC, ID, & IID
1/2/2020

Change Order & Contingency Summary

Alternate Approach E

	TOTAL CO COST	PHASE IC		
		TOTAL	AGENCY	DEVELOPER
Disputed Changes				
Import of Cover Soil (EPL)				
CO - 008; 012, 019, 024 - Cover Soil Import	$2,377,070	$2,377,070	$373,761	$2,003,309
RFC - 073 - Add'l Sweeper - Cover Soil Import	$38,465	$38,465	$6,048	$32,417
RFC - 077 - Add'l Cover Soil Import	$1,963,882	$1,963,882	$308,793	$1,655,089
Import of Clay				
CO - 008; 012, 019, 024 - Clay Import	$1,345,214	$1,345,214	$160,643	$1,184,571
RFC - 045 - Add'l Clay Import	$326,470	$326,470	$38,986	$287,484
Cement Treatment (CT)				
CO - 008 & 012 - Cement Treatment & Testing	$1,588,029	$1,588,029	$867,612	$720,417
CO - 016 - Add'l Cement Treatment (11%)	$317,441	$317,441	$173,432	$144,009
CO - 024 - Lime Treat Test Strip (IID - Excess Material)	$5,245	$5,245	$2,865	$2,379
CO - 022 - Cement Treatment (ID - 9.5% Premium)	$43,283	$43,283	$23,647	$19,635
Export of Refuse				
CO-010 - Excess Refuse Offhaul	$4,887,509	$4,887,509	$3,096,163	$1,791,346
CO-014 - Relocate Class II Refuse to Mt Refuse	$772,661	$772,661	$489,469	$283,192
CO - 019 - Add'l Excess Refuse Offhaul (Non-RCRA)	$1,986,005	$1,986,005	$1,258,104	$727,901
RFC - 059 - Relocation of Refuse Outside Limits (IID & Hub)	$240,518	$240,518	$152,365	$88,153
RFC - 060 - Relocation & CT of Refuse - Stockpiled in IID	$832,334	$832,334	$527,271	$305,063
CO - 024 - Winterization (2/1 - 4/23/2019)	$283,251	$283,251	$179,435	$103,816
Excess Refuse - Holdback Funded	$2,088,000	$2,088,000	$0	$2,088,000
Sub-Total - Disputed Changes:	**$19,095,376**	**$19,095,376**	**$7,658,594**	**$11,436,782**

Total New Charges per Schedule	$19,095,376
Add: Additional Costs Related to Relocation of Refuse, Cement Treatment and Import of Soil/Clay from Phase IID and Additional Beach Park Property (Developer is asking $500,000 but SA negotiated a proposed cost allocation share of $300,000)	300,000
TOTAL	$19,395,376

Date: January 13, 2020

To: San Mateo Countywide Oversight Board

From: South San Francisco Successor Agency Staff

Subject: Information regarding cost allocation related to request for additional funds for enforceable obligations related to the Oyster Point Ventures DDA (Kilroy Realty)

The following information supplements the request for additional funding for ROPS 20-21 from the Successor Agency to the Former Redevelopment Agency of the City of South San Francisco for the period of July 1, 2020 through June 30, 2021. The information presented herein relates to ROPS Lines 12 and 13.

In summary, additional costs are required to be incurred resulting from: (1) the import of cover soil; (2) the import of clay; (3) the cement treatment of refuse for purpose of compaction and (4) the export/relocation of refuse on-site and off-site. The total amount of costs for these activities has increased during construction from $9,505,703 estimated in January 2019 to $19,395,376 as estimated in December 2019. The supported cost data for the revised total costs are included as Attached A to this letter.

The Developer and Successor Agency are sharing in these increased costs as part of a proposed settlement agreement. The Developer's agreement to share in these costs is expressly contingent on the approval of the Successor Agency funding proposed in this ROPS for line items 12 and 13 as the Developer contends that the Successor Agency is responsible for a greater share of the costs.

These additional costs are necessary to allow the infrastructure required by the DDA to be constructed as the additional work is necessary to provide, for example, a stable base under the streets and utilities to the hub, the streets and utilities to the point and the parking area between the beach park area and the ferry terminal. The necessity of this additional work was determined once the landfill cap on the project site was opened and the contractor began to excavate and relocate solid waste and other materials on site as required under the approved construction plans.

The DDA anticipated the potential for additional costs such as these in the exhibits related to section 3.2.1 which provides, in part, that the "quantities, scope of work, and cost estimates [for the required infrastructure] will be modified when construction drawings are prepared." (See e.g. Exhibit 3.2.1A). Although not anticipated, any additional costs for these items beyond the amount sought herein would be sole responsibility of the Developer.

The following chart shows the total estimated costs for the additional works as of January 2019 and the amount that Successor Agency staff believed as of January 2019 qualifies as a Successor Agency enforceable obligation.

January 2019 Cost Allocation and Estimated Total Amount

Work Required	DDA Section	Total Cost of Work[1]	Successor Agency Enforceable Obligation	Kilroy Obligation
Import of Clay Cover Soil	Sections 3.2.1(i)(1), 3.2.1(ii), 3.2.1(i)(2)[2]	$2,377,070	$415,316	$1,961,754
Import of Clay	Sections 3.2.1(i)(1), 3.2.1(ii), 3.2.1(i)(2)[3]	$1,345,214	$163,047	$1,182,167
Cement Treatment of refuse	Sections 3.2.1(i) (1 &2) and (iii)[4]	$1,588,029	$699,756	$888,273
Export of excess refuse	Sections 3.2.1(i)(2) and (iii) and 5.2[5]	$4,195,390	$862,315	$3,333,075
		$9,505,703	$2,140,434	$7,365,269

[1] The total costs presented in January 2019 were reviewed and validated by the Kilroy, Successor Agency staff, and the project construction manager – Cummings.

[2] Imported cover soil that is necessary for cap repair for: (1) street and utilities to the hub [3.2.1(i)(1) and (ii)](Successor Agency allocation 20% of these costs), (2) streets and utilities to point [3.2.1(i)(2) (Successor Agency allocation 100% of the costs) and (ii)] and (3) the reconfiguration and reconstruction of parking [3.2.1(ii) and (iii)] (Successor Agency 100% of the costs)

[3] Imported clay that is necessary for cap repair for (1) street and utilities to the hub [3.2.1(i)(1) and (ii)](Successor Agency allocation 20% of these costs), (2) the streets and utilities to point [3.2.1(i)(2) (Successor Agency allocation 100% of the costs) and (ii)] and (3) the reconfiguration and reconstruction of parking [3.2.1(ii) and (iii)] (Successor Agency 100% of the costs)

[4] Cement mixing treatment to create a stable base for the streets and utilities at the hub (Successor Agency allocation 20% of these costs), the streets and utilities to point and the reconfigured parking area (3.2.1 (i) (1 &2) (Successor Agency 100% of these costs)

[5] Off-haul of excess relocated solid waste from areas under the streets and utilities at the hub (20% Successor Agency Cost), and portion of the streets and utilities to the point and reconfigured parking areas [3.2.1(i)(2) 5.2] ROPS Line 12 $760,367 and ROPS Line 13 $101,948

The following chart shows the total estimated costs for the additional works as of December 2019 and the amount that Successor Agency staff and Developer propose, as part of a proposed settlement agreement, as a Successor Agency enforceable obligation. The increased Successor Agency amount is based both on an overall increase in the costs of completing the work previously approved in the 2019-2020 ROPS and as result of higher proportionate allocation of cement treatment of refuse and export of refuse relocations costs to the Successor Agency. The allocated amounts set forth herein are negotiated amounts by the parties and are contingent upon approval by the Oversight Board and DOF.

December 2019 Cost Allocation and Final Successor Agency Costs for the Items in ROPS 19-20, Lines 12 and 13

Work Required	DDA Section	Total Cost of Work[6]	Successor Agency Enforceable Obligation[7]	Kilroy Obligation
Import of Clay Cover Soil	Sections 3.2.1(i)(1), 3.2.1(ii), 3.2.1(i)(2)	$4,379,417	$688,601	$3,690,816
Import of Clay	Sections 3.2.1(i)(1), 3.2.1(ii), 3.2.1(i)(2)	$1,671,684	$199,630	$1,472,054
Cement Treatment of refuse	Sections 3.2.1(i) (1 &2) and (iii)	$1,953,998	$1,067,557	$886,441
Export of excess refuse	Sections 3.2.1(i)(2) and (iii) and 5.2	$11,090,277	$5,702,806	$5,387,471[8]
Total Costs		$19,095,376	$7,658,594	$11,436,782
Amount approved as part of ROPS 19-20			$2,140,434	
Net additional amount allocated to Successor Agency			$5,518,160	

[6] The total costs presented in December 2019 were reviewed and validated by the Kilroy, Successor Agency staff, and the project construction manager – Cummings. These are final costs for these specific items and if approved will be the final Successor Agency costs for these items.

[7] Of the total amount shown, ROPS 19-20 already authorized payment of $2,140,434 and those funds have already been paid into the project escrow account.

[8] This amount includes $2,088,000 provided as part of the purchase and sale agreement between Kilroy and OPD.

In addition to the costs shown in the prior chart, the Developer contends that additional costs of at least $500,000 will be necessary for additional costs related to relocation of refuse, cement treatment and import of soil/clay from Phase IID and additional beach park property. The Successor Agency staff and Developer have negotiated a proposed cost allocation where the Successor Agency will pay up to an additional maximum of $300,000 on a dollar-for-dollar matching cost basis for these costs in exchange for final resolution of all potential claims for refuse relocation, cement mixing, soil and clay import for the entire project. In exchange for these additional payments, the Developer will enter into a settlement agreement that will release the Successor Agency from any additional costs associated with refuse relocation, cement mixing, soil and clay import for the entire project.

3450940.1

SOUTH SAN FRANCISCO ROPS 20-21 ITEM ___ OYSTER POINT DDA SOFT PROJECT MANAGEMENT COSTS					
Item	Staff	Tasks	Average hours per month	Hourly Rate	Total Annual Costs
Successor Agency Engineering Project Management Staffing Costs	Eunejune Kim, Public Works Director	Project and contract management specific to Oyster Point DDA project	10	$168.26	$20,191
	West Coast Code Consultants Inc. WC-3	Daily project management; cost management; coordination with contractor, developer and other regulatory agencies	40	$165.00	$79,200
Legal Expenses	Meyers Nave	Contract interpretation, implementation and dispute resolution for all contracts related to the enforceable obligations included in the DDA	15	$385	$69,300
TOTAL					$168,691

3450936.1

Exhibit C - Attachment 3 - Staff Salaries
Page 1 of 1

City of South San Francisco
Successor Agency
Administrative Costs - Staff Allocation
FY 2020-21

Last Name	First Name	Position	Department	Fully Loaded Hourly Rate	Estimated Hours	Total Cost
Futrell	Mike	City Manager	City Manager	$ 210.21	240	$ 50,450.40
Greenwood	Alex	Director, Economic & Community Development	Economic & Community Development	$ 173.91	40	$ 6,956.40
Selander	Nell	Deputy Director, Economic & Community Development	Economic & Community Development	$ 127.27	60	$ 7,636.20
Lappen	Mike	Economic Development Coordinator	Economic & Community Development	$ 108.92	60	$ 6,535.20
Talavera	Deanna	Management Assistant II	Economic & Community Development	$ 91.30	100	$ 9,130.00
Ruiz	Heather	Management Analyst I	Economic & Community Development	$ 81.14	100	$ 8,114.00
Mendez	Ines	Administrative Assistant I	Economic & Community Development	$ 65.58	65	$ 4,262.70
Salisbury	Janet	Director, Finance	Finance	$ 165.12	60	$ 9,907.20
Crosby	Christina	Financial Services Manager	Finance	$ 115.30	48	$ 5,534.40
Lew	Steven	Senior Accountant	Finance	$ 93.09	100	$ 9,309.00
Parker	Amanda	Administrative Assistant II	Finance	$ 66.99	24	$ 1,607.76
Govea Acosta	Rosa	City Clerk	City Clerk	$ 112.05	24	$ 2,689.20
Rodriguez	Gabriel	Deputy City Clerk	City Clerk	$ 74.99	24	$ 1,799.76
Mouasher	Iman	City Clerk Records Technician	City Clerk	$ 68.25	12	$ 819.00
				FY2020-21 TOTAL Staff Costs:		**$ 124,751.22**

RSG, Inc.
17872 Gillette Ave.
Suite 350
Irvine, CA 92614

RSG
BETTER COMMUNITIES. BOLDER FUTURES.

12/18/2019

South San Francisco, City of
400 Grand Avenue
South San Francisco, CA 94080

Pursuant to our agreement for professional services, the following represents the hours and expenses accrued by RSG and any subconsultants for services rendered and invoiced during Fiscal Year 2018-19.

Should you have any questions please call (714) 541-4585 (Ext 100).

Job Summary	Amount

RSG1841 - Successor Agency ROPS 19-20

Date	No.	Billing Type	Type	Progress Date	Due	Amount
31-□ul-2018	I003817	Actual	Progress Invoice	31-□ul-2018	0.00	6,318.75
31-Aug-2018	I003916	Actual	Progress Invoice	31-Aug-2018	0.00	350.00
30-Sep-2018	I004011	Actual	Progress Invoice	30-Sep-2018	0.00	4,193.75
31-Oct-2018	I004096	Actual	Progress Invoice	31-Oct-2018	0.00	3,386.25
30-Nov-2018	I004154	Actual	Progress Invoice	30-Nov-2018	0.00	2,742.50
31-Dec-2018	I004291	Actual	Progress Invoice	31-Dec-2018	0.00	4,216.25
31-□an-2019	I004422	Actual	Progress Invoice	31-□an-2019	0.00	5,050.00
28-Feb-2019	I004552	Actual	Progress Invoice	28-Feb-2019	0.00	1,350.00
31-Mar-2019	I004658	Actual	Progress Invoice	31-Mar-2019	0.00	1,800.00
30-Apr-2019	I004737	Actual	Progress Invoice	30-Apr-2019	0.00	50.00
30-□un-2019	I004978	Actual	Progress Invoice	30-□un-2019	987.50	987.50

30,445.00

Exhibit C - Attachment 5 This is the contract between the City of SSF and Maze for audit services. The City estimates that $4,000 of the contract price is the prorated share of the SA.

CONTRACT/AGREEMENT APPROVAL FORM

Date:	6/22/18
Name of Contract/Agreement	Independent Audit Services
Originating Department/Responsible Person, ext.	Finance/Richard Lee
Vendor	Maze and Associates
Routing Instructions:	CAO - CM - Clerk - Finance

TYPE OF CONTRACT: Professional Services

Amendment Additional Funds

Have there been any changes to the Contract Template? ☒ No ☐ Yes

CONTRACT AMOUNTS: Specified Amount(s) indicated below

	DATE	AMOUNT		DATE	AMOUNT
Original	2/24/16	237,855.00	3rd Amendment		
1st Amendment	6/22/18	158,570.00	4th Amendment		
2nd Amendment			TOTAL		**396,425.00**

APPROVAL AUTHORITY: Council

INSURANCE REQUIREMENTS:

Waivers requested ☒ No ☐ Yes (If Yes, Route to Risk Manager for signature first)

BUDGETARY: ☐ Included in Budget (Simpler report attached showing amounts)

	Amount	Project String	Accounting String
(PER YEAR)	79,285.00		100-06110-5005

ATTACHMENTS:

☒ Agreement and all Exhibits ☒ Resolution (all contracts over $75k) ☐ SIR Questionnaire

☒ Certificate of Insurance, naming City of South San Francisco as an Additional Insured

DEPARTMENT HEAD ACKNOWLEDGEMENT: R

The contract, amendments, exhibits, insurance requirements/waivers and attachments have been reviewed and included.

RISK MANAGER APPROVAL OF INSURANCE WAIVER:

CITY ATTORNEY APPROVAL OF ENTIRE AGREEMENT:

Comments: City Council approval is not required. City Manager is authorized by Resolution No. 31-2016 to extend the agreement for an additional two years. Vendor has agreed to keep the rate of $79,285 per year. roval is

UPDATED COI ATTACHED

☐ Approval of Agreement ☒ Approval of Insurance ☐ Add Agreement to Contract Tracker

ASSISTANT CITY MANAGER'S APPROVAL:

(Only if amount is over $25,000)

FINAL APPROVAL: for MK

City Manager on behalf of Council

CITY CLERK:

☒ Please attest, keep a copy for your files, and return to Originating Department

☒ Please upload to Laserfiche and return to Originating Department

COPY SENT TO VENDOR:

FIRST AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF SOUTH SAN FRANCISCO AND MAZE AND ASSOCIATES

THIS FIRST AMENDMENT TO THE CONSULTING SERVICES AGREEMENT is made at South San Francisco, California, as of June 22, 2018 by and between THE CITY OF SOUTH SAN FRANCISCO ("City"), a municipal corporation, and Maze and Associates ("Contractor"), (sometimes referred together as the "Parties") who agree as follows:

RECITALS

A. On February 24, 2016, City and Contractor entered that certain Consulting Services Agreement ("Agreement") whereby Contractor agreed to provide independent audit services. A true and correct copy of the Agreement and its exhibits is attached as Exhibit A.

B. City and Contractor now desire to amend the Agreement.

NOW, THEREFORE, for and in consideration of the promises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Contractor hereby agree as follows:

1. All terms which are defined in the Agreement shall have the same meaning when used in this Amendment, unless specifically provided herein to the contrary.

2. Section 1. The March 31, 2019 end date for the term of services identified in Section 1 of the Agreement is hereby replaced with March 31, 2021.

3. Section 3. Section - of the Agreement shall be amended such that the City agrees to pay Contractor a sum not to exceed $396,425, with the understanding that up to $237,855 has already been paid to Contractor.

   Contractor agrees this is the City's total contribution for payment of costs under the Agreement unless additional payments are authorized in accordance with the terms of the Agreement and said terms of payment are mutually agreed to by and between the parties in writing.

All other terms, conditions and provisions in the Agreement remain in full force and effect. If there is a conflict between the terms of this Amendment and the Agreement, the terms of the Agreement will control unless specifically modified by this Amendment.

[SIGNATURES ON THE FOLLOWING PAGE]

Dated: 7/5/2018

CITY OF SOUTH SAN FRANCISCO

By: for MF
City Manager

CONTRACTOR

By:
[NAME]
Katherine Yuen

Approved as to Form:

By:
City Attorney

ATTEST:
DEPUTY CITY CLERK

KEQ# 200156

CONSULTING SERVICES AGREEMENT BETWEEN THE CITY OF SOUTH SAN FRANCISCO AND *MAZE AND ASSOCIATES*

THIS AGREEMENT for consulting services is made by and between the City of South San Francisco ("City") and Maze and Associates ("Consultant") (together sometimes referred to as the "Parties") as of February 24, 2016 (the "Effective Date").

Section 1. SERVICES. Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to City the services described in the Scope of Work attached as **Exhibit A**, attached hereto and incorporated herein, at the time and place and in the manner specified therein. In the event of a conflict in or inconsistency between the terms of this Agreement and Exhibit A, the Agreement shall prevail.

1.1 **Term of Services.** The term of this Agreement shall begin on the Effective Date and shall end on March 31, 2019, the date of completion specified in **Exhibit A**, and Consultant shall complete the work described in **Exhibit A** prior to that date, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8. The time provided to Consultant to complete the services required by this Agreement shall not affect the City's right to terminate the Agreement, as provided for in Section 8.

1.2 **Standard of Performance.** Consultant shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged in the geographical area in which Consultant practices its profession. Consultant shall prepare all work products required by this Agreement in a substantial, first-class manner and shall conform to the standards of quality normally observed by a person practicing in Consultant's profession.

1.3 **Assignment of Personnel.** Consultant shall assign only competent personnel to perform services pursuant to this Agreement. In the event that City, in its sole discretion, at any time during the term of this Agreement, desires the reassignment of any such persons, Consultant shall, immediately upon receiving notice from City of such desire of City, reassign such person or persons.

1.4 **Time.** Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Sections 1.1 and 1.2 above and to satisfy Consultant's obligations hereunder.

Section 2. COMPENSATION. City hereby agrees to pay Consultant a sum not to exceed $237,855.00 (TWO HUNDRED THIRTY SEVEN THOUSAND EIGHT HUNDRED FIFTY FIVE DOLLARS), notwithstanding any contrary indications that may be contained in Consultant's proposal, for services to be performed and reimbursable costs incurred under this Agreement. In the event of a conflict between this Agreement and Consultant's proposal, attached as **Exhibit A**, regarding the amount of compensation, the Agreement shall prevail. City shall pay Consultant for services rendered pursuant to this Agreement at the time and in the manner set forth herein. The payments specified below shall be the only payments from City to Consultant for services rendered pursuant to this Agreement. Consultant shall submit all invoices to

City in the manner specified herein. Except as specifically authorized by City, Consultant shall not bill City for duplicate services performed by more than one person.

Consultant and City acknowledge and agree that compensation paid by City to Consultant under this Agreement is based upon Consultant's estimated costs of providing the services required hereunder, including salaries and benefits of employees and subcontractors of Consultant. Consequently, the parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities to which Consultant and its employees, agents, and subcontractors may be eligible. City therefore has no responsibility for such contributions beyond compensation required under this Agreement.

2.1 **Invoices.** Consultant shall submit invoices, not more often than once per month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date.

2.2 **Monthly Payment.** City shall make monthly payments, based on invoices received, for services satisfactorily performed, and for authorized reimbursable costs incurred. City shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Consultant. City shall have no obligation to pay invoices submitted ninety (90) days past the performance of work or incurrence of cost.

2.4 **Total Payment.** City shall pay for the services to be rendered by Consultant pursuant to this Agreement. City shall not pay any additional sum for any expense or cost whatsoever incurred by Consultant in rendering services pursuant to this Agreement. City shall make no payment for any extra, further, or additional service pursuant to this Agreement.

In no event shall Consultant submit any invoice for an amount in excess of the maximum amount of compensation provided above either for a task or for the entire Agreement, unless the Agreement is modified prior to the submission of such an invoice by a properly executed change order or amendment.

2.5 **Hourly Fees.** Fees for work performed by Consultant on an hourly basis shall not exceed the amounts shown in Exhibit A.

2.6 **Reimbursable Expenses.** . Reimbursable expenses are included in the total amount of compensation provided under this Agreement that shall not be exceeded.

2.7 **Payment of Taxes.** Consultant is solely responsible for the payment of employment taxes incurred under this Agreement and any similar federal or state taxes. Contractor represents and warrants that Contractor is a resident of the State of California in accordance with California Revenue & Taxation Code Section 18662, as may be amended, and is exempt from withholding. Contractor accepts sole responsible for

verifying the residency status of any subcontractors and withhold taxes from non-California subcontractors as required by law.

2.8 **Payment upon Termination.** In the event that the City or Consultant terminates this Agreement pursuant to Section 8, the City shall compensate the Consultant for all outstanding costs and reimbursable expenses incurred for work satisfactorily completed as of the date of written notice of termination. Consultant shall maintain adequate logs and timesheets in order to verify costs incurred to that date.

2.9 **Authorization to Perform Services.** The Consultant is not authorized to perform any services or incur any costs whatsoever under the terms of this Agreement until receipt of authorization from the Contract Administrator.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Consultant shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the services required by this Agreement. City shall make available to Consultant only the facilities and equipment listed in this section, and only under the terms and conditions set forth herein.

City shall furnish physical facilities such as desks, filing cabinets, and conference space, as may be reasonably necessary for Consultant's use while consulting with City employees and reviewing records and the information in possession of the City. The location, quantity, and time of furnishing those facilities shall be in the sole discretion of City. In no event shall City be obligated to furnish any facility that may involve incurring any direct expense, including but not limited to computer, long-distance telephone or other communication charges, vehicles, and reproduction facilities.

Section 4. INSURANCE REQUIREMENTS. Before beginning any work under this Agreement, Consultant, at its own cost and expense, unless otherwise specified below, shall procure the types and amounts of insurance listed below against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the Consultant and its agents, representatives, employees, and subcontractors. Consistent with the following provisions, Consultant shall provide Certificates of Insurance, attached hereto and incorporated herein as **Exhibit B**, indicating that Consultant has obtained or currently maintains insurance that meets the requirements of this section and under forms of insurance satisfactory, in all respects, to the City. Consultant shall maintain the insurance policies required by this section throughout the term of this Agreement. The cost of such insurance shall be included in the Consultant's bid. Consultant shall not allow any subcontractor to commence work on any subcontract until Consultant has obtained all insurance required herein for the subcontractor(s).

4.1 **Workers' Compensation.** Consultant shall, at its sole cost and expense, maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Consultant. The Statutory Workers' Compensation Insurance and Employer's Liability Insurance shall be provided with limits of not less than ONE MILLION DOLLARS ($1,000,000) per accident. In the alternative, Consultant may rely on a self-insurance program to meet those requirements, but only if the program of self-insurance complies fully with the provisions of the California Labor

Code. Determination of whether a self-insurance program meets the standards of the Labor Code shall be solely in the discretion of the Contract Administrator (as defined in Section 10.9). The insurer, if insurance is provided, or the Consultant, if a program of self-insurance is provided, shall waive all rights of subrogation against the City and its officers, officials, employees, and volunteers for loss arising from work performed under this Agreement.

4.2 Commercial General and Automobile Liability Insurance.

4.2.1 General requirements. Consultant, at its own cost and expense, shall maintain commercial general and automobile liability insurance for the term of this Agreement in an amount not less than ONE MILLION DOLLARS ($1,000,000.00) per occurrence, combined single limit coverage for risks associated with the work contemplated by this Agreement. If a Commercial General Liability Insurance or an Automobile Liability form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. Such coverage shall include but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting there from, and damage to property resulting from activities contemplated under this Agreement, including the use of owned and non-owned automobiles.

4.2.2 Minimum scope of coverage. Commercial general coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001 or GL 0002 (most recent editions) covering comprehensive General Liability and Insurance Services Office form number GL 0404 covering Broad Form Comprehensive General Liability. Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001 (ed. 12/90) Code 8 and 9. No endorsement shall be attached limiting the coverage.

4.2.3 Additional requirements. Each of the following shall be included in the insurance coverage or added as a certified endorsement to the policy:

a. The insurance shall cover on an occurrence or an accident basis, and not on a claims-made basis.

b. Any failure of Consultant to comply with reporting provisions of the policy shall not affect coverage provided to City and its officers, employees, agents, and volunteers.

4.3 Professional Liability Insurance.

4.3.1 General requirements. Consultant, at its own cost and expense, shall maintain for the period covered by this Agreement professional liability insurance for

licensed professionals performing work pursuant to this Agreement in an amount not less than ONE MILLION DOLLARS ($1,000,000) covering the licensed professionals' errors and omissions. Any deductible or self-insured retention shall not exceed ONE HUNDRED FIFTY THOUSAND DOLLARS $150,000 per claim.

4.3.2 **Claims-made limitations.** The following provisions shall apply if the professional liability coverage is written on a claims-made form:

a. The retroactive date of the policy must be shown and must be before the date of the Agreement.

b. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the Agreement or the work, so long as commercially available at reasonable rates.

c. If coverage is canceled or not renewed and it is not replaced with another claims-made policy form with a retroactive date that precedes the date of this Agreement, Consultant must provide extended reporting coverage for a minimum of five (5) years after completion of the Agreement or the work. The City shall have the right to exercise, at the Consultant's sole cost and expense, any extended reporting provisions of the policy, if the Consultant cancels or does not renew the coverage.

d. A copy of the claim reporting requirements must be submitted to the City prior to the commencement of any work under this Agreement.

4.4 **All Policies Requirements.**

4.4.1 **Acceptability of insurers.** All insurance required by this section is to be placed with insurers with a Bests' rating of no less than A:VII.

4.4.2 **Verification of coverage.** Prior to beginning any work under this Agreement, Consultant shall furnish City with complete copies of all policies delivered to Consultant by the insurer, including complete copies of all endorsements attached to those policies. All copies of policies and certified endorsements shall show the signature of a person authorized by that insurer to bind coverage on its behalf. If the City does not receive the required insurance documents prior to the Consultant beginning work, it shall not waive the Consultant's obligation to provide them. The City reserves the right to require complete copies of all required insurance policies at any time.

4.4.3 **Notice of Reduction in or Cancellation of Coverage.** A certified endorsement shall be attached to all insurance obtained pursuant to this Agreement stating that coverage shall 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 the City. In the event that any coverage required by this section is reduced, limited, cancelled, or materially affected in any other manner, Consultant shall provide written notice to City at Consultant's earliest possible opportunity and in no case later than ten (10) working days after Consultant is notified of the change in coverage.

4.4.4 **Additional insured; primary insurance.** City and its officers, employees, agents, and volunteers shall be covered as additional insureds with respect to each of the following: liability arising out of activities performed by or on behalf of Consultant, including the insured's general supervision of Consultant; products and completed operations of Consultant, as applicable; premises owned, occupied, or used by Consultant; and automobiles owned, leased, or used by the Consultant in the course of providing services pursuant to this Agreement. The coverage shall contain no special limitations on the scope of protection afforded to City or its officers, employees, agents, or volunteers.

A certified endorsement must be attached to all policies stating that coverage is primary insurance with respect to the City and its officers, officials, employees and volunteers, and that no insurance or self-insurance maintained by the City shall be called upon to contribute to a loss under the coverage.

4.4.5 **Deductibles and Self-Insured Retentions.** Consultant shall disclose to and obtain the approval of City for the self-insured retentions and deductibles before beginning any of the services or work called for by any term of this Agreement. Further, if the Consultant's insurance policy includes a self-insured retention that must be paid by a named insured as a precondition of the insurer's liability, or which has the effect of providing that payments of the self-insured retention by others, including additional insureds or insurers do not serve to satisfy the self-insured retention, such provisions must be modified by special endorsement so as to not apply to the additional insured coverage required by this agreement so as to not prevent any of the parties to this agreement from satisfying or paying the self-insured retention required to be paid as a precondition to the insurer's liability. Additionally, the certificates of insurance must note whether the policy does or does not include any self-insured retention and also must disclose the deductible.

During the period covered by this Agreement, only upon the prior express written authorization of Contract Administrator, Consultant may increase such deductibles or self-insured retentions with respect to City, its officers, employees, agents, and volunteers. The Contract Administrator may condition approval of an increase in deductible or self-insured retention levels with a requirement that Consultant procure a bond, guaranteeing payment of losses and related investigations, claim administration, and defense expenses that is satisfactory in all respects to each of them.

4.4.6 **Subcontractors.** Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

4.4.7 **Wasting Policy.** No insurance policy required by Section 4 shall include a "wasting" policy limit.

4.4.8 **Variation.** The City may approve a variation in the foregoing insurance requirements, upon a determination that the coverage, scope, limits, and forms of such insurance are either not commercially available, or that the City's interests are otherwise fully protected.

4.5 **Remedies.** In addition to any other remedies City may have if Consultant fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, City may, at its sole option exercise any of the following remedies, which are alternatives to other remedies City may have and are not the exclusive remedy for Consultant's breach:

a. Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement;

b. Order Consultant to stop work under this Agreement or withhold any payment that becomes due to Consultant hereunder, or both stop work and withhold any payment, until Consultant demonstrates compliance with the requirements hereof; and/or

c. Terminate this Agreement.

Section 5. INDEMNIFICATION AND CONSULTANT'S RESPONSIBILITIES. Consultant shall indemnify, defend with counsel selected by the City, and hold harmless the City and its officials, officers, employees, agents, and volunteers from and against any and all losses, liability, claims, suits, actions, damages, and causes of action arising out of any personal injury, bodily injury, loss of life, or damage to property, or any violation of any federal, state, or municipal law or ordinance, to the extent caused, in whole or in part, by the willful misconduct or negligent acts or omissions of Consultant or its employees, subcontractors, or agents, by acts for which they could be held strictly liable, or by the quality or character of their work. The foregoing obligation of Consultant shall not apply when (1) the injury, loss of life, damage to property, or violation of law arises wholly from the gross negligence or willful misconduct of the City or its officers, employees, agents, or volunteers and (2) the actions of Consultant or its employees, subcontractor, or agents have contributed in no part to the injury, loss of life, damage to property, or violation of law. It is understood that the duty of Consultant to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by City of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been

determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Section 6. STATUS OF CONSULTANT.

6.1 **Independent Contractor.** At all times during the term of this Agreement, Consultant shall be an independent contractor and shall not be an employee of City. City shall have the right to control Consultant only insofar as the results of Consultant's services rendered pursuant to this Agreement and assignment of personnel pursuant to Subparagraph 1.3; however, otherwise City shall not have the right to control the means by which Consultant accomplishes services rendered pursuant to this Agreement. Notwithstanding any other City, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of City and entitlement to any contribution to be paid by City for employer contributions and/or employee contributions for PERS benefits.

6.2 **Consultant No Agent.** Except as City may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent or to bind City to any obligation whatsoever.

Section 7. LEGAL REQUIREMENTS.

7.1 **Governing Law.** The laws of the State of California shall govern this Agreement.

7.2 **Compliance with Applicable Laws.** Consultant and any subcontractors shall comply with all laws applicable to the performance of the work hereunder.

7.3 **Other Governmental Regulations.** To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, Consultant and any subcontractors shall comply with all applicable rules and regulations to which City is bound by the terms of such fiscal assistance program.

7.4 **Licenses and Permits.** Consultant represents and warrants to City that Consultant and its employees, agents, and any subcontractors have all licenses, permits, qualifications,

and approvals, including from City, of what-so-ever nature that are legally required to practice their respective professions. Consultant represents and warrants to City that Consultant and its employees, agents, any subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions. In addition to the foregoing, Consultant and any subcontractors shall obtain and maintain during the term of this Agreement valid Business Licenses from City.

7.5 **Nondiscrimination and Equal Opportunity.** Consultant shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided by Consultant under this Agreement. Consultant shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement, including but not limited to the satisfaction of any positive obligations required of Consultant thereby.

Consultant shall include the provisions of this Subsection in any subcontract approved by the Contract Administrator or this Agreement.

Section 8. TERMINATION AND MODIFICATION.

8.1 **Termination.** City may cancel this Agreement at any time and without cause upon written notification to Consultant.

Consultant may cancel this Agreement for cause upon 30 days' written notice to City and shall include in such notice the reasons for cancellation.

In the event of termination, Consultant shall be entitled to compensation for services performed to the date of notice of termination; City, however, may condition payment of such compensation upon Consultant delivering to City all materials described in Section 9.1.

8.2 **Extension.** City may, in its sole and exclusive discretion, extend the end date of this Agreement beyond that provided for in Subsection 1.1. Any such extension shall require a written amendment to this Agreement, as provided for herein. Consultant understands and agrees that, if City grants such an extension, City shall have no obligation to provide Consultant with compensation beyond the maximum amount provided for in this Agreement. Similarly, unless authorized by the Contract Administrator, City shall have no obligation to reimburse Consultant for any otherwise reimbursable expenses incurred during the extension period.

8.3 **Amendments.** The parties may amend this Agreement only by a writing signed by all the parties.

8.4 **Assignment and Subcontracting.** City and Consultant recognize and agree that this Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's unique personal competence, experience, and specialized personal knowledge. Moreover, a substantial inducement to City for entering into this Agreement was and is the professional reputation and competence of Consultant. Consultant may not assign this Agreement or any interest therein without the prior written approval of the Contract Administrator. Consultant shall not assign or subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors noted in the proposal, without prior written approval of the Contract Administrator.

8.5 **Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between City and Consultant shall survive the termination of this Agreement.

8.6 **Options upon Breach by Consultant.** If Consultant materially breaches any of the terms of this Agreement, City's remedies shall include, but not be limited to, the following:

8.6.1 Immediately terminate the Agreement;

8.6.2 Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Consultant pursuant to this Agreement;

8.6.3 Retain a different consultant to complete the work described in **Exhibit A** not finished by Consultant; or

8.6.4 Charge Consultant the difference between the cost to complete the work described in **Exhibit A** that is unfinished at the time of breach and the amount that City would have paid Consultant pursuant to Section 2 if Consultant had completed the work.

Section 9. KEEPING AND STATUS OF RECORDS.

9.1 **Records Created as Part of Consultant's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Consultant prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the City. Consultant hereby agrees to deliver those documents to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for the City and are

not necessarily suitable for any future or other use. City and Consultant agree that, until final approval by City, all data, plans, specifications, reports and other documents are confidential and will not be released to third parties without prior written consent of both parties unless required by law.

9.2 **Consultant's Books and Records.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the City under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement.

9.3 **Inspection and Audit of Records.** Any records or documents that Section 9.2 of this Agreement requires Consultant to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the City. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds TEN THOUSAND DOLLARS ($10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of City or as part of any audit of the City, for a period of three (3) years after final payment under the Agreement.

9.4 **Records Submitted in Response to an Invitation to Bid or Request for Proposals.** All responses to a Request for Proposals (RFP) or invitation to bid issued by the City become the exclusive property of the City. At such time as the City selects a bid, all proposals received become a matter of public record, and shall be regarded as public records, with the exception of those elements in each proposal that are defined by Consultant and plainly marked as "Confidential," "Business Secret" or "Trade Secret."

The City shall not be liable or in any way responsible for the disclosure of any such proposal or portions thereof, if Consultant has not plainly marked it as a "Trade Secret" or "Business Secret," or if disclosure is required under the Public Records Act.

Although the California Public Records Act recognizes that certain confidential trade secret information may be protected from disclosure, the City may not be in a position to establish that the information that a prospective bidder submits is a trade secret. If a request is made for information marked "Trade Secret" or "Business Secret," and the requester takes legal action seeking release of the materials it believes does not constitute trade secret information, by submitting a proposal, Consultant agrees to indemnify, defend and hold harmless the City, its agents and employees, from any judgment, fines, penalties, and award of attorneys fees awarded against the City in favor of the party requesting the information, and any and all costs connected with that defense. This obligation to indemnify survives the City's award of the contract. Consultant agrees that this indemnification survives as long as the trade secret information is in the City's possession, which includes a minimum retention period for such documents.

Section 10 MISCELLANEOUS PROVISIONS.

10.1 **Attorneys' Fees.** If a party to this Agreement brings any action, including arbitration or an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.

10.2 **Venue.** In the event that either party brings any action against the other under this Agreement, the parties agree that trial of such action shall be vested exclusively in the state courts of California in the County San Mateo or in the United States District Court for the Northern District of California.

10.3 **Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

10.4 **No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.

10.5 **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the parties.

10.6 **Use of Recycled Products.** Consultant shall prepare and submit all reports, written studies and other printed material on recycled paper to the extent it is available at equal or less cost than virgin paper.

10.7 **Conflict of Interest.** Consultant may serve other clients, but none whose activities within the corporate limits of City or whose business, regardless of location, would place Consultant in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Consultant shall not employ any City official in the work performed pursuant to this Agreement. No officer or employee of City shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

Consultant hereby warrants that it is not now, nor has it been in the previous twelve (12) months, an employee, agent, appointee, or official of the City. If Consultant was an employee, agent, appointee, or official of the City in the previous twelve (12) months, Consultant warrants that it did not participate in any manner in the forming of this Agreement. Consultant understands that, if this Agreement is made in violation of Government Code §1090 *et.seq.*, the entire Agreement is void and Consultant will not be entitled to any compensation for services performed pursuant to this Agreement, including

reimbursement of expenses, and Consultant will be required to reimburse the City for any sums paid to the Consultant. Consultant understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of Government Code § 1090 and, if applicable, will be disqualified from holding public office in the State of California.

10.8 **Solicitation.** Consultant agrees not to solicit business at any meeting, focus group, or interview related to this Agreement, either orally or through any written materials.

10.9 **Contract Administration.** This Agreement shall be administered by the Director of Finance ("Contract Administrator"). All correspondence shall be directed to or through the Contract Administrator or his or her designee.

10.10 **Notices.** All notices and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given (i) when received if personally delivered; (ii) when received if transmitted by telecopy, if received during normal business hours on a business day (or if not, the next business day after delivery) provided that such facsimile is legible and that at the time such facsimile is sent the sending Party receives written confirmation of receipt; (iii) if sent for next day delivery to a domestic address by recognized overnight delivery service (e.g., Federal Express); and (iv) upon receipt, if sent by certified or registered mail, return receipt requested. In each case notice shall be sent to the respective Parties as follows:

Consultant

Maze and Associates
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

City:

City Clerk
City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

10.12 **Integration.** This Agreement, including all Exhibits attached hereto, and incorporated herein, represents the entire and integrated agreement between City and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral pertaining to the matters herein.

10.13 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

10.14 **Construction.** The headings in this Agreement are for the purpose of reference only and shall not limit or otherwise affect any of the terms of this Agreement. The parties have had

an equal opportunity to participate in the drafting of this Agreement; therefore any construction as against the drafting party shall not apply to this Agreement.

The Parties have executed this Agreement as of the Effective Date.

CITY OF SOUTH SAN FRANCISCO

City Manager

NAME:

Consultants

TITLE: Katherine Yuen
VP of Audit

Attest:

Deputy City Clerk

for Krista Martinelli, City Clerk

Approved as to Form:

City Attorney

2051688.4

RESOLUTION NO. 31-2016

CITY COUNCIL, CITY OF SOUTH SAN FRANCISCO, STATE OF CALIFORNIA

A RESOLUTION APPROVING AN AGREEMENT WITH MAZE AND ASSOCIATES FOR INDEPENDENT AUDIT SERVICES IN AN AMOUNT NOT TO EXCEED $79,285 PER YEAR FOR A THREE YEAR PERIOD WITH OPTIONS TO EXTEND FOR TWO ADDITIONAL FISCAL YEARS AND AUTHORIZING THE CITY MANAGER TO EXECUTE SAID AGREEMENT.

WHEREAS, the City of South San Francisco ("City") published a Request for Proposals ("RFP") for independent audit services; and

WHEREAS, seven vendors submitted timely proposals, and three vendors were interviewed; and

WHEREAS, a panel comprised of external local governmental finance professionals interviewed three of the vendors and determined that and determined that Maze and Associates would best serve the City's needs; and

WHEREAS, both parties now wish to enter into an agreement, whereby Maze and Associates will provide independent audit services commencing FY 2015-16 through FY 2017-18 with options to extend two additional fiscal years and attached hereto as Attachment A; and

WHEREAS, this City Council has examined the Agreement and approves of it as to both form and content, and desires to enter into said Agreement;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of South San Francisco does hereby take the following action:

1. Approves an Agreement with Maze and Associates for independent audit services in an amount not to exceed $79,825 per year for a three year period, with options to extend for two additional fiscal years, substantially in the form attached hereto as Attachment A.

2. Authorizes the City Manager, or his designee, to execute an Agreement with Maze and Associates, subject to approval as to form by the City Attorney, for and on behalf of the City of South San Francisco, and to take any other actions necessary to carry out the intent of this resolution on behalf of the City Council.

* * * * *

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the City Council of the City of South San Francisco at a regular meeting held on the 24th day of February, 2016 by the following vote:

AYES: Councilmembers Richard A. Garbarino, and Liza Normandy

Vice Mayor Pradeep Gupta and Mayor Mark N. Addiego

NOES: Councilmembers Karyl Matsumoto

ABSTAIN: None

ABSENT: None

ATTEST: _____
Krista Martinelli, City Clerk

FEE PROPOSAL

Total All-inclusive Maximum Price

Our Total All-Inclusive Maximum Prices for the services specified in the Request for Proposal for the fiscal years ending June 30, 2016 through June 30, 2018 are detailed at the end of this section.

What Our Price Includes

Our price includes all the basic audit work and reports, statements and other deliverables specified in your request for proposal. Our price also includes the items below at **no additional cost:**

1) year-round support and telephone consultation on pertinent issues affecting your City,
2) copies of our journal entries and our leadsheets used to support the amounts in your financial statements,
3) a Study Session for the Council to discuss the audit process, financial statements and recommendations,
4) active Partner involvement in your work **every year,**
5) our Interim Audit Checklist,
6) our Annual Closing Checklist,
7) our interim Accounting Issues Memorandum,
8) preliminary draft financial statements **at interim,**
9) overviews and summaries of upcoming pronouncements and regulations affecting the audited financial statements,
10) direct dump of general ledger data into our ProSystems trial balance software which is fully linked to financial statement formats, and associated roll-up reports,
11) annual on-line training classes.

Fees and Billings

Our fees are on a not-to-exceed basis. In determining our fees, we understand that the City's records will be in condition to be audited; that is, transactions will be properly recorded in the general ledger and subsidiary records, these accounting records and the original source documents will be readily available to use, we will be furnished with copies of bank reconciliations and other reconciliations and analyses prepared by the City and City personnel will be reasonably available to explain procedures, prepare audit correspondence and obtain files and records.

We do not post separate rate structures for municipal audit work. We view this work as being every bit as important and valuable as the work we perform for other clients and we put our best people on it. Any consulting work you request will be performed at the same rates as our audit work.

Cost Rationale

We have always completed our work in the time budgeted and for the agreed upon fee. We have never requested additional fees after our work was completed. As always, we finish what we start, regardless of the accuracy of our budgets. **Since the City would be a continuing client we are offering an 8.00% discount to the 2016 audit fees, which would carry forward to subsequent years. That represents a $6,900 savings in 2016 alone – and a cumulative savings of $20,700 over the next three fiscal years!**

FEE PROPOSAL (Continued)

Additional Services

Any additional services will be performed and billed only on the City's prior authorization at our standard billing rates.

Manner of Payment

Progress billings will be sent on the basis of actual hours work completed during the course of the engagement. We do not bill for out-of-pocket expenses as they are included in our stated all-inclusive maximum price.

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total FY 2015-16 Audit	Total FY 2016-17 Audit	Total FY 2017-18 Audit
For All Audits/Reports						
Partner	71.00	$ 300	$ 300	$ 21,300	$ 21,300	$ 21,300
Manager		$ 160	$ 160	$ -	$ -	$ -
Supervisory Staff	201.00	$ 115	$ 115	$ 23,115	$ 23,115	$ 23,115
Staff	372.00	$ 85	$ 85	$ 31,620	$ 31,620	$ 31,620
Administrative	50.00	$ 64	$ 65	$ 3,250	$ 3,250	$ 3,250
Out-of Pocket, Expenses, Including Printing of Reports				$ -	$ -	$ -
Total All-Inclusive Maximum Price				$ 79,285	$ 79,285	$ 79,285

All-Inclusive Price by Report

	Total FY 2015-16 Audit	Total FY 2016-17 Audit	Total FY 2017-18 Audit
Basic City Audit/CAFR	$ 52,900	$ 52,900	$ 52,900
Single Audit	5,805	5,805	5,805
TDA Fund	3,040	3,040	3,040
Measure A	1,505	1,505	1,505
GANN Report	670	670	670
CAFR Preparation	6,860	6,860	6,860
State Transportation Improvement Program	1,505	1,505	1,505
Cities Financial Transactions Report	7,000	7,000	7,000
Other Recommended/Suggested Reports (List Separately)			
Total	$ 79,285	$ 79,285	$ 79,285

555 12th Street, Suite 1500
Oakland, California 94607
tel (510) 808-2000
fax (510) 444-1108
www.meyersnave.com

Jason S. Rosenberg
Attorney at Law
jrosenberg@meyersnave.com

meyers | nave

July 18, 2018

Via Hand Delivery

Krista Martinelli
South San Francisco City Clerk
City of South San Francisco
400 Grand Ave
South San Francisco, CA 94080

Re: Amendment No. 21 to the Professional Services Agreement between the City of South San Francisco and Meyers, Nave, Riback, Silver and Wilson

Dear Ms. Martinelli:

Attached you will find an executed Amendment No. 21 to the Professional Services Agreement between the City of South San Francisco and Meyers, Nave, Riback, Silver and Wilson. Please attest the agreement where indicated and place a copy of the agreement in the City's records.

Should you have any questions, please feel free to contact me.

Very truly yours,

Jason S. Rosenberg
City Attorney

JSR:LPS
2987145.1

AMENDMENT NO. 21 TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF SOUTH SAN FRANCISCO AND MEYERS, NAVE, RIBACK, SILVER AND WILSON

WHEREAS, the City of South San Francisco ("City") and Meyers, Nave, Riback, Silver & Wilson ("Meyers Nave") entered into a Professional Services Agreement in March 1994; and

WHEREAS, the City and Meyers Nave have approved twenty amendments to the Professional Services Agreement; and

WHEREAS, the City and Meyers Nave desire to amend said agreement to modify the compensation provided to Meyers Nave for basic and special legal services.

Effective July 1, 2018, the City of South San Francisco, the South San Francisco Successor Agency (collectively "City") and Meyers, Nave, Riback, Silver and Wilson ("Law Firm") do hereby agree to as follows:

1. Section 4 "Compensation - Basic Services" shall be amended to read as follows:

   City shall compensate Law Firm for all Basic Services as described in Section 1 on an hourly basis at the rate of $268 per hour for Principals and "Of Counsel" attorneys and $237 per hour for Associate attorneys.

   In addition to Basic Services compensation, Law Firm shall also be paid for: 1) successor agency services or redevelopment legal services at the rate of $294 per hour for Principals and "Of Counsel" attorneys and $237 per hour for Associate attorneys; 2) enterprise fund matters (e.g., Sewer, Storm water and Solid Waste) at the rate of $319 per hour for Principal and "Of Counsel" attorneys, $294 per hour for Senior Associate attorneys, and $252 per hour for Junior Associate attorneys; and 3) cost recovery matters involving land use entitlements at the rate of $370 per hour for Senior Principal attorneys, $319 per hour for Junior Principal and Of Counsel attorneys, $294 per hour for Senior Associate attorneys, $252 per hour for Junior Associate attorneys, and $150 per hour for paralegals, with the City's costs reimbursed by the development applicant.

2. The first sentence of Section 5 "Compensation – Special Services" is hereby amended to read as follows:

   City shall compensate Law Firm for all Special Services as described in Section 2 hereof on an hourly basis at the rate of $375 per hour for Senior Principals, $330 per hour for Junior Principals and Of Counsel attorneys, $280 per hour for Associate attorneys, and $150 per hour for paralegals, except that City shall compensate Law Firm for bond counsel services described in Section 2(g) at the standard market rates for bond counsel at bond closing.

Effective July 1, 2019, the City and Law Firm do hereby agree as follows:

3. Section 4 "Compensation - Basic Services" shall be amended to read as follows:

City shall compensate Law Firm for all Basic Services as described in Section 1 on an hourly basis at the rate of $276 per hour for Principals and "Of Counsel" attorneys and $244 per hour for Associate attorneys.

In addition to Basic Services compensation, Law Firm shall also be paid for: 1) successor agency services or redevelopment legal services at the rate of $303 per hour for Principals and "Of Counsel" attorneys and $244 per hour for Associate attorneys; 2) enterprise fund matters (e.g., Sewer, Storm water and Solid Waste) at the rate of $329 per hour for Principal and "Of Counsel" attorneys, $303 per hour for Senior Associate attorneys, and $260 per hour for Junior Associate attorneys; and 3) cost recovery matters involving land use entitlements at the rate of $380 per hour for Senior Principal attorneys, $329 per hour for Junior Principal and Of Counsel attorneys, $303 per hour for Senior Associate attorneys, and $260 per hour for Junior Associate attorneys, and $155 per hour for paralegals, with the City's costs reimbursed by the development applicant.

4. The first sentence of Section 5 "Compensation – Special Services" is hereby amended to read as follows:

City shall compensate Law Firm for all Special Services as described in Section 2 hereof on an hourly basis at the rate of $385 per hour for Senior Principals, $340 per hour for Junior Principals and Of Counsel attorneys, $290 per hour for Associate attorneys, and $155 per hour for paralegals, except that City shall compensate Law Firm for bond counsel services described in Section 2(g) at the standard market rates for bond counsel at bond closing.

Except as expressly provided herein, all other terms and conditions of the Professional Services Agreement between the City and Meyers Nave shall remain in full force and effect for the term of this Agreement. This amendment shall be effective as of July 1, 2018.

Date: 7/9/18

City of South San Francisco, a Municipal Corporation of the State of California and South San Francisco Successor Agency

By: _____
Mike Futrell, City Manager

Attest: _____

City Clerk

Approved as to Form:

Special Counsel

Meyers, Nave, Riback, Silver & Wilson

By: _____
Steven T. Mattas, Principal

2722815.1

RECD CITY CLERK
2019 APR 30 PM 12:08:43

ACORD

MEYENAV-01 KBORN

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 4/26/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 0757776 HUB International Insurance Services Inc. 2300 Clayton Rd. Concord, CA 94520	CONTACT NAME: PHONE (A/C, No, Ext): (925) 609-6500 FAX (A/C, No): (925) 609-6550 E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	NAIC #
INSURED Meyers Nave Riback Silver & Wilson 555 12th Street, Suite 1500 Oakland, CA 94607	INSURER A : Vigilant Insurance Company	20397
	INSURER B : Federal Insurance Company	20281
	INSURER C : Argonaut Insurance Company	19801
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY X PRO-JECT X LOC OTHER:	X		35904309	5/1/2019	5/1/2020	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 1,000,000 $ 10,000 $ 1,000,000 $ 2,000,000 $ Included
B	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY SCHEDULED AUTOS X HIRED AUTOS ONLY X NON-OWNED AUTOS ONLY			73557130	5/1/2019	5/1/2020	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
B	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED X RETENTION $ 0			79871939	5/1/2019	5/1/2020	EACH OCCURRENCE AGGREGATE	$ 10,000,000 $ 10,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		71726427	5/1/2019	5/1/2020	X PER STATUTE OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 1,000,000 $ 1,000,000 $ 1,000,000
C	Professional Liab			121 LPL 0000602-01	5/1/2019	5/1/2020	Deductible	100,000
C	Claims Made			121 LPL 0000602-01	5/1/2019	5/1/2020	Per Claim/Aggregate	5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Re: Work or Operations performed by or on behalf of the insured.
City of South San Francisco, as additional insured per attached 80022367-0507 as required by written contract.

CERTIFICATE HOLDER

City of South San Francisco;
City Manager
400 Grand Avenue
South San Francisco, CA 94083-0000

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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CHUBB®

Liability Insurance

Endorsement

Policy Period	MAY 1, 2019 TO MAY 1, 2020
Effective Date	MAY 1, 2019
Policy Number	3590-43-09 WUC
Insured	MEYERS NAVE RIBACK SILVER & WILSON A PROFESSIONAL CORP
Name of Company	VIGILANT INSURANCE COMPANY
Date Issued	APRIL 25, 2019

This Endorsement applies to the following forms:

GENERAL LIABILITY

Under Who Is An Insured, the following provision is added.

Who Is An Insured

Additional Insured - Scheduled Person Or Organization

Persons or organizations shown in the Schedule are **insureds**; but they are **insureds** only if you are obligated pursuant to a contract or agreement to provide them with such insurance as is afforded by this policy.

However, the person or organization is an **insured** only:

- if and then only to the extent the person or organization is described in the Schedule;
- to the extent such contract or agreement requires the person or organization to be afforded status as an **insured**;
- for activities that did not occur, in whole or in part, before the execution of the contract or agreement; and
- with respect to damages, loss, cost or expense for injury or damage to which this insurance applies.

No person or organization is an **insured** under this provision:

- that is more specifically identified under any other provision of the Who Is An Insured section (regardless of any limitation applicable thereto).
- with respect to any assumption of liability (of another person or organization) by them in a contract or agreement. This limitation does not apply to the liability for damages, loss, cost or expense for injury or damage, to which this insurance applies, that the person or organization would have in the absence of such contract or agreement.

CHUBB®

Liability Endorsement
(continued)

Under Conditions, the following provision is added to the condition titled Other Insurance.

Conditions

Other Insurance – Primary, Noncontributory Insurance – Scheduled Person Or Organization

If you are obligated, pursuant to a contract or agreement, to provide the person or organization shown in the Schedule with primary insurance such as is afforded by this policy, then in such case this insurance is primary and we will not seek contribution from insurance available to such person or organization.

Schedule

Persons or organizations that you are obligated, pursuant to a contract or agreement, to provide with such insurance as is afforded by this policy.

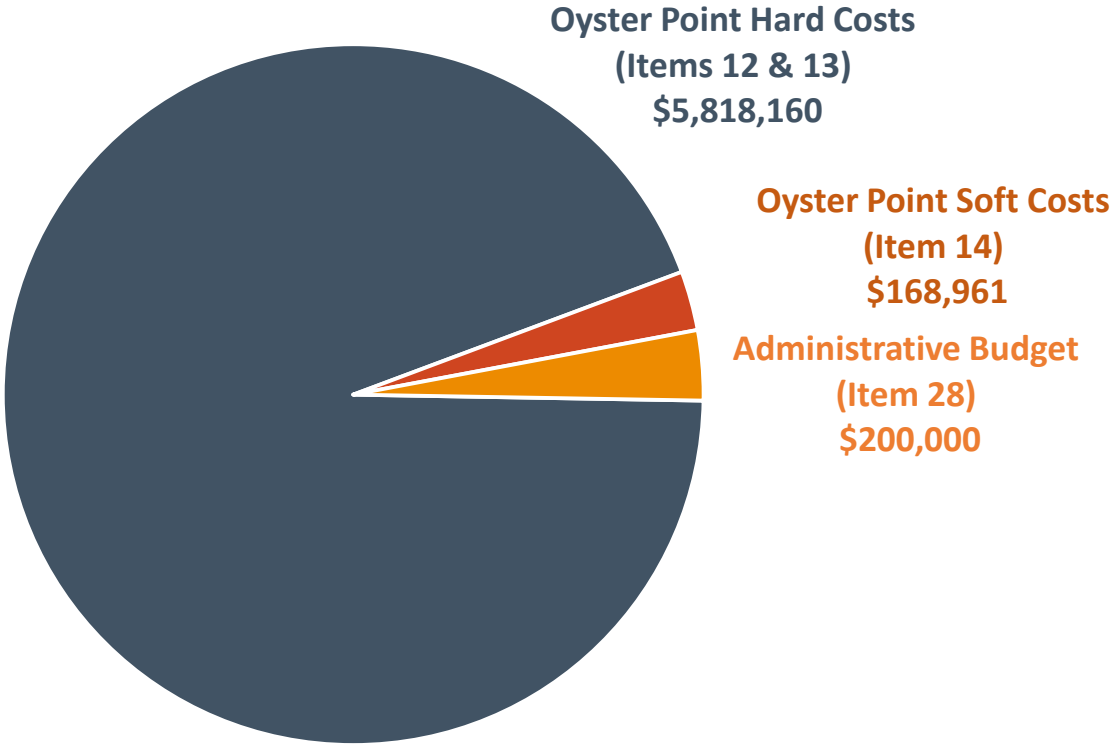
All other terms and conditions remain unchanged.

Authorized Representative

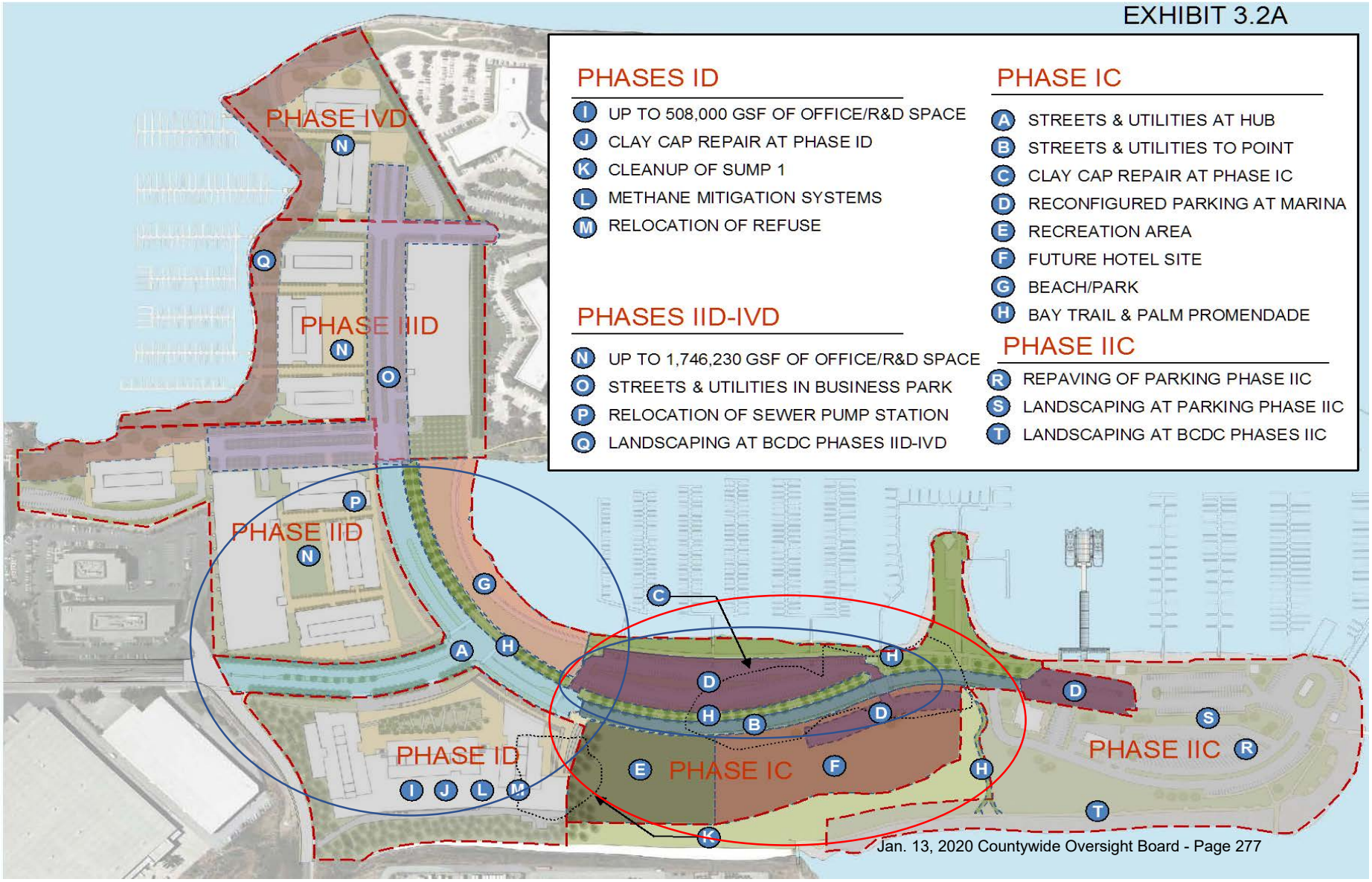
Exhibit D - Pages 1-11

South San Francisco ROPS 20-21

ROPS 20-21
$6.1 MILLION IN OBLIGATIONS
$1.1 MILLION FROM RPTTF



March 2011: DDA
OPV (Developer)/RDA/City



Landfill Construction Underway

October 2019 Aerial of Project Site

November 2019
Underground Utility Installation

Vision for Oyster Point : Kilroy Realty

O□STER POINT DDA (ROPS ITEMS 12 □ 13)
PROJECT COSTS - JANUAR□ 2019 ESTIMATE

Wor□ Required	DDA Sections	Total Cost of Wor□	Successor Agency Obligation	Kilroy Cost Obligation
Import of Clay Cover Soil	3.2.1(i)(1), 3.2.1(ii), 3.2.1(i)(2)	$2,377,070	$415,316 ROPS Line 12	$1,961,754
Import of Clay	3.2.1(i)(1), 3.2.1(ii), 3.2.1(i)(2)	$1,345,214	$163,047 ROPS Line 12	$1,182,167
Cement Treatment of Refuse	3.2.1(i) (1 &2) and (iii)	$1,588,029	$699,756 ROPS Line 12	$888,273
Export of Excess Refuse	3.2.1(i)(2) and (iii) and 5.2	$4,195,390	$862,315 ROPS Lines 12/13	$3,333,075
Total		**$9,505,703**	**$2,140,434**	**$7,365,269**

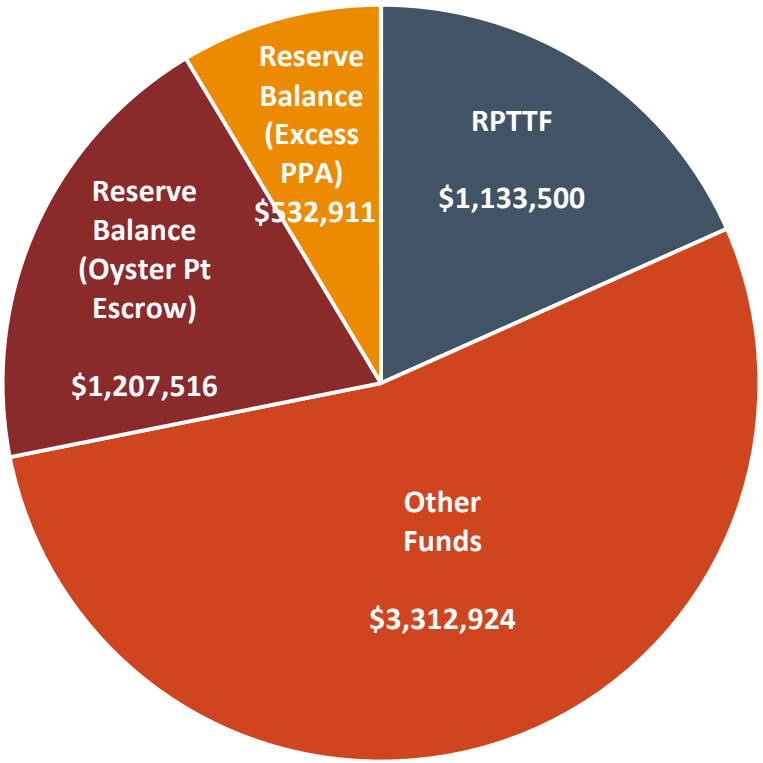
O□STER POINT DDA (ROPS ITEMS 12 □ 13)
PROJECT COSTS - DECEMBER 2019 UPDATE

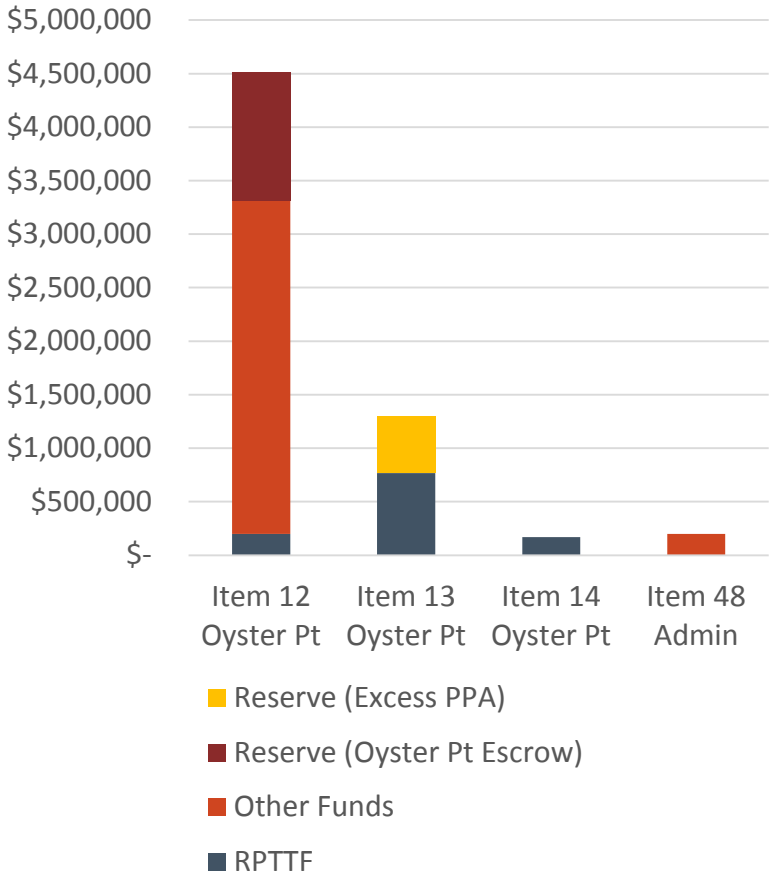
Wor□ Required	DDA Sections	Total Cost of Wor□	Successor Agency Obligation	Kilroy Cost Obligation
Import of Clay Cover Soil	3.2.1(i)(1), 3.2.1(ii), 3.2.1(i)(2)	$4.379,417	$688,601 ROPS Line 12	$3,690,816
Import of Clay	3.2.1(i)(1), 3.2.1(ii), 3.2.1(i)(2)	$1,671,684	$199,630 ROPS Line 12	$1,472,054
Cement Treatment of Refuse	3.2.1(i) (1 &2) and (iii)	$1,953,998	$1,067,557 ROPS Line 12	$886,441
Export of Excess Refuse	3.2.1(i)(2) and (iii) and 5.2	$11,090,277	$5,702,806 ROPS Lines 12/13	$5,387,471
Total		**$19,095,376**	**$7,658,594**	**$11,436,782**

O□STER POINT DDA
PROJECT MANAGEMENT (ITEM 14)

Position	Tas□s	Average Hours Per Month	Fully Loaded Hourly Rate	Total Annual Cost
Public Works Director	Project and contract management specific to Oyster Point DDA project	10	$168.26	$20,191
Project Management Services (WC-3)	Daily project management; cost management; coordination with contractor, developer and other regulatory agencies	40	$165.00	$79,200
Legal Services (Meyers Nave)	Contract interpretation, implementation and dispute resolution for all contracts related to the enforceable obligations included in the DDA	15	$385.00	$69,300
Total				**$168,691**

ROPS 20-21
OBLIGATIONS B□ FUNDING SOURCE

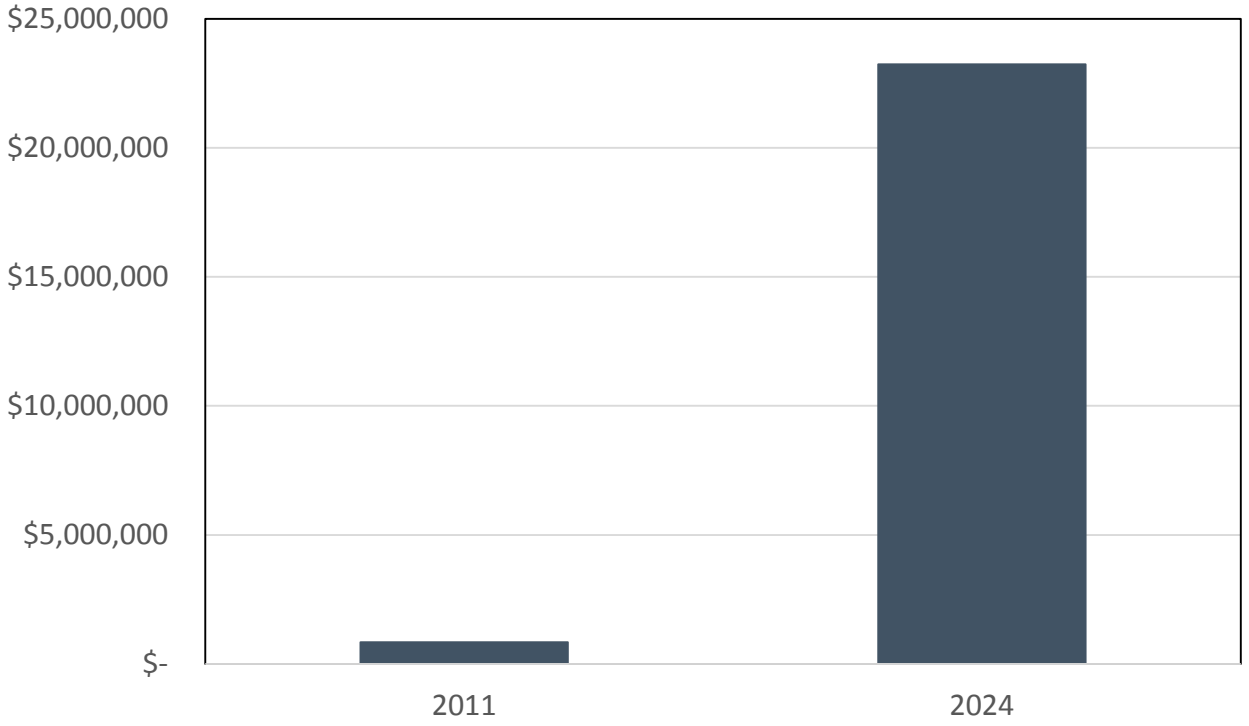




O□STER POINT DDA
PROPERT□ TA□ IMPACT

2011 Annual Property Taxes: $ 840,000

2024 Annual Property Taxes: $23,230,000



ADMINISTRATIVE BUDGET
F□ 2020-21 (ITEM 48)

Description of Cost/Expense	Amount
Staff salaries, benefits, and payroll taxes	$120,000
Overhead costs and supplies	1,000
Professional Services – Successor Agency Consulting (RSG, Inc.)	25,000
Professional Services – Auditors (Maze & Associates)	4,000
Professional Services – Legal (Meyers Nave)	50,000
Total	**$200,000**

San Mateo County
Countywide Oversight Board

Date: January 2, 2020 **Agenda Item 12**

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: Informational Item on the Disposition of a 6.61-Acre Site ("PUC" Properties) for High-Density, Mixed-Use Development Designed [Assessor Parcel Nos. 093-312-050 and 093-312-060]

Background and Discussion
The attached is intended to provide the Board background information and status report on the disposition of subject parcels which were originally owned by the former South San Francisco Redevelopment Agency (SSF RDA). The parcels are located at 1051 Mission Road in South San Francisco and are the subject of a high-density mixed-use development. The parcels are currently under negotiation for sale to the chosen developer, L37/KASA Partners.

The attachments were prepared by the City of South San Francisco who is the Successor Agency (SSF SA) to SSF RDA. Nell Selander, Economic & Community Development Deputy Director of the City of South San Francisco will be presenting to the Board.

Recommendation
This item is for information and discussion purposes only. No action is required by the Board at this time.

Fiscal Impact
None

Exhibit
A – SSF SA Staff Report

Date: December 9, 2019

To: San Mateo County Countywide Oversight Board

From: Nell Selander, Deputy Director of Economic and Community Development

Subject: Informational Item on the Disposition of a 6.61-Acre Site (the "PUC Site") for High-Density, Mixed-Use Development.

Former RDA: South San Francisco

INTRODUCTION

In January 2008, the former Redevelopment Agency of the City of South San Francisco ("former RDA") purchased 13.2 acres of land in the vicinity of El Camino Real and Chestnut Avenue. About one-half of the 13.2 acres was purchased by the City of South San Francisco for the Civic Community Center project. The remaining 6.61 acres – commonly referred to as the PUC Site – is envisioned in several policy documents as an ideal opportunity for mixed-use development due to its large contiguous land area, extensive frontage along Mission Road, and direct pedestrian access to SSF BART, El Camino Real shopping, Centennial Trail, and other amenities.

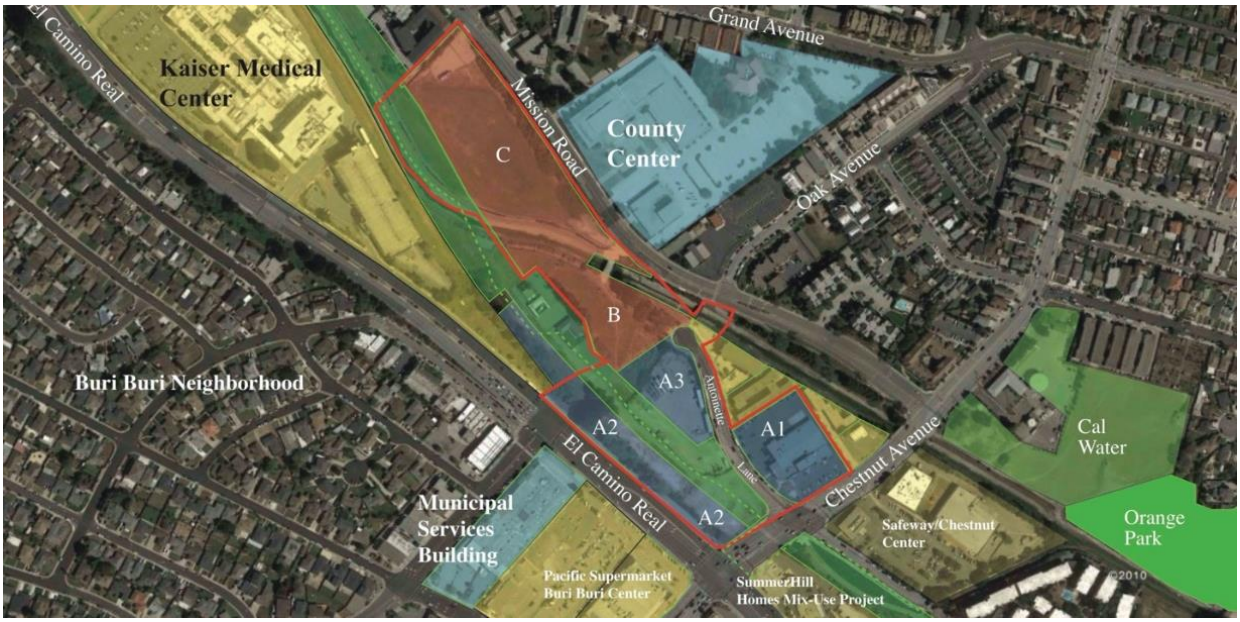
In May 2015, the former RDA Oversight Board ("City Oversight Board") and the State Department of Finance approved the former RDA Long Range Property Management Plan ("LRPMP"). The LRPMP contains a provision that authorizes the Successor Agency to retain the former PUC parcels for a period of time in order to obtain a master developer to redevelop the sites. Such a master developer would provide a more uniform and cohesive redevelopment that was also consistent with the adopted General Plan, El Camino Real Chestnut Area Plan and Zoning standards. The LRPMP approved by the City Oversight Board and the Department of Finance anticipates a development that includes the Oak Avenue Extension, walking trails, pedestrian connections to Centennial Trail, landscaping, and open space/park amenities. The planned redevelopment of the PUC sites includes a provision for active parks and recreation amenities to serve new residents in the area. The Park-in-lieu fees generated by housing development on the site would be a source of funding for these improvements.

BACKGROUND

On June 13, 2019, SSF Housing Partners, LLC (a venture formed by the developer team of L37/KASA) submitted an application for a mixed-use development on the PUC Site. The PUC Site is bordered by Mission Road to the east, and partially bordered by Colma Creek and the Centennial Way Trail to the west. It terminates roughly at Grand Avenue in the north, and the pedestrian bridge to the south. The site is also bounded by a BART easement. The combined total gross site area is 6.61 acres, with the useable site area measuring approximately 6.10 acres, or

265,867 square feet. The PUC Site is currently vacant and undeveloped and consists of two separate parcels identified as "B" and "C" in Figure 1 below and legally identified by the San Mateo County Assessor as a portion of APN 093-312-050 and as APN 093-312-060, respectively.

Figure 1: Site Location and Context



Planning History on El Camino Real

Construction of the South San Francisco BART Station ("SSF BART") created new opportunities for innovative planning along El Camino Real. With the adoption of the South San Francisco General Plan in 1999, the City Council recognized that the SSF BART Station area could be a new activity node serving local residents and attracting visitors to the City. Cumulatively, the City's policy and development decisions have positioned the PUC Site and its surroundings to become a development focal point close to transit and in the geographic center of South San Francisco. The LRPMP implements the former RDA goals and objectives.

El Camino Real/Chestnut Avenue Area Plan

In late 2011, the City Council adopted the El Camino Real/Chestnut Avenue Area Plan ("Area Plan") to guide future development on the PUC Site and adjacent parcels. The PUC Site is zoned according to the Area Plan, with the designation High Density Residential. The Area Plan was amended in 2017 to include the planned Community Civic Campus development on parcels purchased by the City from the former RDA, but otherwise remains unchanged.

Long Range Property Management Plan

The LRPMP requires the PUC Site to be redeveloped consistent with the original Redevelopment Plan and Implementation Plan, the underlying zoning as high-density housing, and includes specific zoning and development standard assumptions for the site.

The LRPMP includes an Economic and Housing Opportunities (ECHO) Assessment to study the potential to transform El Camino Real into a vibrant, multimodal corridor through the intensification of housing and employment. The ECHO Phase II report in the LRPMP focused on the implementation challenges to infill development in the El Camino Real Corridor. The report includes a case study of the PUC Site that addresses development scenarios, fiscal impacts, potential barriers to investment, and strategies for revitalization. A key finding of the report anticipated a negative residual land value for the PUC Site. The study found that to achieve a positive land value of $50 per square foot or approximately $13.2 million, residential rents would need to increase by 5% for site C and by 12% for Site B. While rents have indeed increased since the completion of the ECHO Assessment in 2013, there are several extraordinary costs associated with the development of the PUC Site that were not factored into its value assessments. These extraordinary costs are discussed in greater detail in the following sections.

Disposition Process

The LRPMP provides specific guidelines for the disposition of the properties and procedures to advance the development of the properties. These methods were applied during the disposition of the PUC properties and are outlined below:

- Request for Qualifications (RFQ) – to identify prospective developers
- Request for Proposals (RFP) – to obtain bids for development projects
- Exclusive Negotiating Rights Agreements (ENRA) – to negotiate with specific developers on properties posing significant development challenges
- Disposition and Development Agreements (DDA) – to dispose of land pursuant a development agreement
- Cooperation Agreements – to include the City's participation in the development of properties posing significant development challenges that necessitate public participation in order to advance the development of the property or a public goal such as (but not limited to) affordable housing

To dispose of the PUC Site in a manner consistent with the LRPMP, the site was transferred from the Successor Agency to the City in 2017. Later that year, the City/Successor Agency began the solicitation and selection process for a developer by issuing a Request for Qualifications ("RFQ") for a well-qualified development team to create a high-quality, mixed-use, transit-oriented development on the PUC Site. Twelve (12) development teams responded. A Review Panel of community members whittled the responding teams down to a short list of six developers, which it recommended to the Housing Standing Committee of the City Council and Planning Commission ("Standing Committee") for approval.

The Standing Committee reviewed and approved the Review Panel's recommended short list of developers and a draft Request for Proposals (RFP). In late October 2017, staff sent the approved RFP to the short listed developer teams. The 90-day solicitation period concluded on February 5,

2018, with five (5) developer teams responding: L37/KASA, Blake Griggs, Republic Metropolitan, Sares Regis, and SummerHill Housing Group. Ultimately, the City/Successor Agency selected L37 and KASA Partners as the preferred developer for the site and began the process of negotiating the terms of the sale.

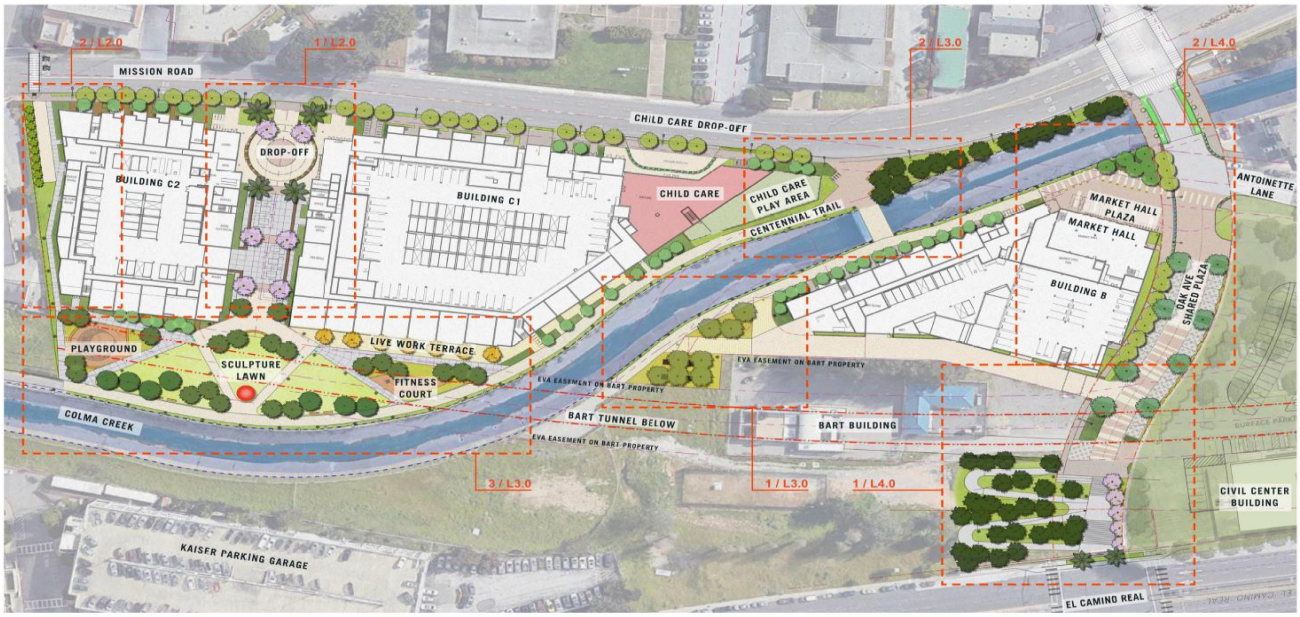
THE PUC PROJECT

Following nearly a year of community outreach and planning, the Developer submitted a formal Planning application in June 2018. The application was reviewed by the City's Design Review Board, Bicycle and Pedestrian Advisory Committee, Housing Standing Committee, Planning Commission, and City Council. The City Council approved the entitlements and the City Council acting on behalf of the Successor Agency approved sale of the property on November 13, 2019 and directed the City Manager to enter into a Development Agreement and Purchase and Sale Agreement for disposition and development of the PUC Site in accordance with the LRPMP.

The approved project illustrated in Figure 2 below comprises the following:

- 800 housing units, of which 158 will be affordable to households earning 80% and less of the area median income;
- Childcare center serving 70 to 100 children, of which 25-33% of the spaces will be subsidized and priced on a sliding scale for lower income families;
- Ground floor retail of approximately 13,000 square feet;
- About one acre of publicly accessible open space, which will include a small playground, public art, a lawn, and a fitness court; and
- Infrastructure, public access and utilities to support the Site.

Figure 2: Proposed Project Site Plan



APPRAISAL AND PRICE OFFER

The developer has offered to purchase the site for $5,500,000. Understanding that both the City Council and the Countywide Oversight Board would require an objective, third-party assessment of the value of the PUC Site prior to disposition, staff contracted with Watts Cohn and Partners, Inc. to perform an appraisal. The appraiser has provided a land valuation based on a combined sales comparison and residual land value approach. The value of land under this appraisal method is therefore a residual amount resulting from the necessary improvement of land for developable use.

In order to derive an as-is market value as a development site, these infrastructure and site improvements were considered extraordinary and were deducted from the value. The required improvements are described in detail below.

Soil Conditions and Deep Piles: The development site is in the flood plain of Colma Creek, resulting in sandy, unstable soil requiring placement of deep pilings into the soil prior to construction. The added cost of the deep piles to mitigate the negative condition of the site is $7,300,000.

Oak Avenue Extension: All the relevant planning documents, including the City's General Plan, the El Camino Real Chestnut Area Plan and the LRPMP, call for the building of a road extension connecting Oak Avenue with El Camino Real. The need is acute and necessary. One parcel is not accessible for development at all unless a road to the development site built, and the increase in traffic due to the development requires multiple transportation improvements to mitigate this negative impact. The developer has agreed to build as part of the development, Phase I of Oak Avenue Extension, connecting Oak Avenue with Antoinette Lane, at a maximum cost of $10,850,000 (which includes a $500,000 contribution towards purchase of a small part of land necessary to build the road). If Phase I cost exceeds this amount, the City of South San Francisco will pay the balance required.

Oak Avenue Extension Phase II is the road portion from Antoinette Lane to El Camino Real. The estimated cost of Phase II is between $10,500,000 and $12,500,000, providing critically needed access from Mission Road to El Camino Real. The developer has agreed to contribute $5,500,000 towards construction of Phase II, with the City responsible for building and paying all remaining costs associated with the road.

Other Site Improvements: In order to make the development site function from a transit and quality of life perspective, the following notable site improvements are included:

Park on adjacent BART property:	$1,250,000
Pedestrian Trail to Mission Road:	$ 200,000
Pedestrian Bridge Connection	$1,500,000

The scope of work for each improvement described above and corresponding cost impacts are summarized in Table 1 below:

Table 1: Extraordinary Cost Breakdown

Scope of Work	**Cost Impact**
Oak Avenue Right of Way	$15,850,000
Contribution for land purchase on Oak Avenue	$500,000
Soil conditions and deep piles	$7,300,000
Community Park on BART property	$1,250,000
Mission Road pedestrian trail connection	$200,000
Pedestrian bridge connection	1,500,000
Total Extraordinary site costs	**$26,600,000**

Based on the research and analyses contained in the Appraisal, it is the opinion of the appraisers that the as-is market value of the fee simple interest in the combined two subject properties, under the proposed terms and in consideration of the extraordinary costs is $5,500,000.

ANTICIPATED REVENUES FROM THE PUC SITE:

Currently, the taxing agencies receive no property tax revenues from the PUC site. Table 2 below lists the maximum amount of the sale proceeds that will be distributed to the various taxing entities. Taxing entities should anticipate receiving an amount slightly less than stated here. The Master Compensation Agreement between the Successor Agency and the Taxing Entities provides for the distribution of net unrestricted proceeds. Simply put, certain disposition expenses are deducted from the sale price prior to distribution to the Taxing Entities. The estimated $381 million property tax value is based on the hard construction cost for the market rate units (presuming that the affordable units would qualify for the property tax welfare exemption) plus the proposed sale price. This is a conservative estimate, subject to confirmation by the County Assessor's Office.

Table 2: Sales Proceeds and Property Tax Revenues

		Share of $5.5 Million Sale*	**Estimated Property Taxes on $381 Million Valuation**		
			Year 1	**Over 10 Years**	**Over 20 years**
SSF USD	44.00%	$2,420,000	$1,677,632	$18,369,602	$40,762,045
SMC	25.90%	$1,424,500	$987,515	$10,813,016	$23,994,022
SSF	16.80%	$924,000	$640,550	$7,013,848	$15,563,690
SMC CCD	7.40%	$407,000	$282,147	$3,089,433	$6,855,435
Other	5.90%	$324,500	$224,955	$2,463,197	$5,465,820
TOTALS			**$3,812,800**	**$41,749,096**	**$92,641,012**

IMPACT OF ACCEPTING SALE PRICE

Accepting the current offer of $5.5 million and allowing the proposed development to proceed allows for continued development momentum in South San Francisco's transit village area. The City is experiencing significant public and private investment in this area; however, this is not guaranteed to continue. In addition to generating substantial property tax revenue, the development will pay prevailing wage, offer substantial affordable housing, and much-needed childcare. The development strikes a balance between meeting community needs, while complying with the disposition process identified in the LRPMP.

IMPACT OF REJECTING SALE PRICE

Should the Oversight Board reject the current offer, sale of the PUC Site would be further restricted by new State law. Amendments to the Surplus Land Act codified in Assembly Bill 1486 clarify that the law applies not just to City-owned land, but also to land governed by an LRPMP. The Surplus Land Act requires a process of notice to and potential negotiations with housing providers, park and recreation agencies, and school districts. Essentially, non-property-tax-paying uses (affordable housing, parks, and schools) have first priority at vying for the purchase of the site.

Former RDA properties identified in an LRPMP are only exempt from the provisions AB 1486 if the property is subject to a binding agreement (such as an ENRA or PSA) as of December 31, 2019 and the land is conveyed prior to December 31, 2022. The property is currently subject to an ENRA that will expire on June 30, 2020. Rejecting the current offer for the PUC Site would necessitate terminating the existing binding agreement (the ENRA) and beginning anew, first adhering to the process required of the Surplus Land Act.

CONCLUSION

Successor Agency staff is seeking feedback from the Countywide Oversight Board on this report and the sales price prior to returning to the Board for an Action Item.

ATTACHMENTS:

1. LRPMP Sections about PUC
2. City Council Resolution Approving the Purchase & Sale Agreement
3. Select Site Plans/Renderings
4. Appraisal
5. Surplus Land Act as Amended

3450431.1

Chapter 3.4 of the General Plan specifies guiding and implementation policies for the El Camino Real area, many of which will be facilitated by the proposed development strategy described in the LRPMP:

> *3.4-G-2 Encourage development of a mix of uses, with pockets of concentrated activity that provide foci and identity to different parts of El Camino Real.*
>
> *3.4-G-3 Develop the South San Francisco BART station area as a vital pedestrian center, with intensity and mix of uses that complement the area's new role as a regional center.*
>
> *3.4-I-8 Require any new development within ½ mile of the BART station at a density of no less than 30 units per net acre for residential uses, or an FAR of 1.5 for non-residential uses, or an appropriate combination of the two.*
>
> *3.4-I-13 Develop the El Camino Real/Chestnut Area in accordance with the vision established for the area by the El Camino Real/Chestnut Area Plan*

2-3, 6-7. 1 Chestnut Avenue and Former PUC Properties APN 093-312-050, APN 093-312-060, APN 011-326-030

El Camino-Chestnut Avenue Property Assemblage

The City of South San Francisco has identified the intersection of El Camino Real and Chestnut Avenue as a key opportunity site for new development and economic revitalization. The El Camino Real/Chestnut Avenue Area Plan, adopted in 2011, establishes a compelling long-term vision for the area as a new mixed-use neighborhood with residential, retail, and civic uses at a range of densities, along with public plazas and open space that benefit the broader community. The Successor Agency owns approximately 9.5 acres of vacant and underutilized property between El Camino and Mission Road, originally purchased by the Agency with the goal of facilitating development in an area that faces a variety of implementation challenges.

Following the dissolution of the Agency in 2012, the Successor Agency is responsible for developing a strategy for these properties. This could consist of the sale of individual properties, or the entering into a master development agreement with a single developer identified through a Request for Proposals (RFP) process or a negotiated purchase and sale agreement. The goal of this recommendation is to adopt a strategy most likely to maximize the long-term revenue to the taxing agencies while also maintaining the vision expressed in the former Redevelopment Agency's El Camino Corridor Project Plan, the El Camino Real/Chestnut Avenue Area Plan and the City's General Plan.

The former PUC properties exemplify both the opportunities and challenges of infill development along El Camino Real in the post-redevelopment era. The relatively large size of the assembled parcels, combined with their location near the South San Francisco BART station, makes this one of the most important development opportunity sites along El Camino Real. Nevertheless, the study area has several physical characteristics that pose significant implementation challenges. There is a sharp slope downwards from El Camino Real toward Mission Road, with a grade change of up to 50 feet in certain

locations. The developable parcels are also oddly-shaped due to the BART easement and the Colma Creek Channel, both of which cut through the site.

The City of South San Francisco has already made substantial public improvements to the area with the construction of Centennial Way, a multi-use bikeway and linear park constructed on top of the underground BART tunnel and alongside the Colma Creek channel. The trail provides an open space connection between the South San Francisco and San Bruno BART Stations for residents, commuters and recreationalists, offering an alternative to sidewalks along El Camino Real and Mission Road. As of its completion in May 2009, the trail was 2.85 miles long.

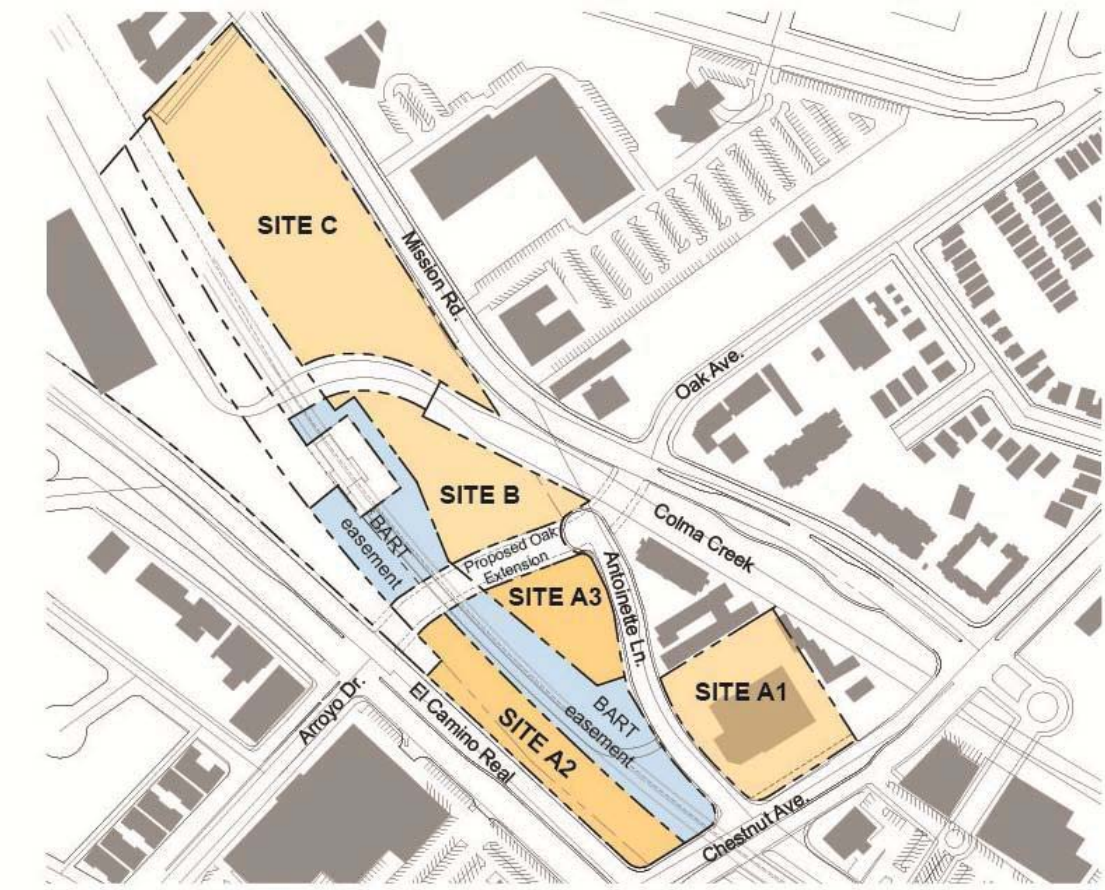
Another major public infrastructure project planned in the study area is the Oak Avenue extension, which would extend Oak Avenue from Mission Road through to Arroyo Drive, in accordance with the General Plan. This extension is expected to improve east-west connectivity.

Strategic Economics evaluated the potential for new residential, office retail, and mixed-use development in the study area with a focus on the next ten years or less (see Appendix I). Strategic Economics found that the area is well-positioned for residential development with supporting commercial uses. There is strong demand for new residential development in South San Francisco and the broader northern San Mateo County area. Employment growth in the Silicon Valley and San Francisco is a major driver of demand for housing in the market area. The study area offers excellent access to regional transit and freeways, and is an ideal location for professionals seeking a convenient commute to job centers in San Francisco or on the Peninsula.

Site Description

The properties included in the development feasibility analysis are shown in Figure 1 on page 71. In addition to the 9.5 acres owned by the Successor Agency (shown in brown), the development program includes 2.8 acres that are subject to an easement because they are in the BART right-of-way. Although the BART tunnel is underground, structural constraints limit improvements that can be made on the ground above to projects that do not involve any foundation work, and development along this easement would require BART approval. The Colma Creek Channel, Antoinette Lane and the planned Oak Avenue extension also play a major role in defining the shape and size of the developable acreage. For this reason the properties do not follow the parcel configurations described earlier in the LRPMP. Instead they are divided into the areas described in Figures 1 and on page 71.

Figure 1



Site A is the southernmost of the three development sites, located between Chestnut Avenue and the proposed Oak Avenue extension. The site is divided into three subsections by the BART easement and Antoinette Lane. Each of these parcels is described in more detail below.

- Parcel 1 is 1.9 acres with frontage along Antoinette Lane and Chestnut Avenue. It is currently home to a single-story retail building occupied by Pet Club. This parcel has received interest from businesses and developers. (Labeled "Site A1" in Figure 1.)
- Parcel 2 is a long, shallow parcel between El Camino Real and the BART easement, with a total area of 1.5 acres. (Labeled "Site A2" in Figure 1.)
- Parcel 3 is a triangular 0.9 acre parcel bounded by the proposed Oak Avenue extension, the BART easement and Antoinette Lane. (Labeled "Site A3" Figure 1.)

Site B is located on the north side of the proposed Oak Avenue extension, bounded by the BART easement to the southwest and the Colma Creek channel to the northeast. The developable area owned by the Successor Agency is 1.5 acres; the BART easement is 1.1 acres.

Site C is the largest parcel at 4.5 acres. Located on the north side of the proposed Oak Avenue extension, it is bounded by the BART easement and Centennial Trail to the southwest and by Mission Road to the northeast.

Strategic Economics worked with Successor Agency staff to devise a development program that is both market driven and consistent with the community's goals for the study area as expressed in the El Camino Real/Chestnut Avenue Area Plan and the goals of the El Camino Real Project Plan. The development program assumes redevelopment of all Successor Agency-owned parcels in a manner consistent with a master developer approach. In this approach, the property is redeveloped with the goal of maximizing the combined potential of all of the parcels. Orchestrating development across all parcels offers three major benefits:

1) **Economies of scale**. Larger projects can benefit from savings on some "soft" costs of development such as site planning, entitlements, financing and marketing. In some cases, they can also save on some of the "hard" costs related with construction. Larger projects are also more likely to be of sufficient scale to assist in addressing related public improvements in utilities, access, or other infrastructure.

2) **More efficient site design**. Developed incrementally, each parcel would need to address access, parking and open space separately. A master developer approach allows required parking to be provided in a more economical way, in particular by making use of the BART easement for retail parking for multiple buildings.

Consistent with findings of the market analysis, the development program consists primarily of residential uses with some supporting retail. The development program is summarized in Figures 2, and the drawings are provided in Figures 3 and 4**.**

Figure 2

	Site A	Site B	Site C
Developable Area (acres)	4.2	1.5	4.4
BART Easement	1.7	1.1	0
Description	Residential Over Ground Floor Retail and Podium Parking	Residential Over Podium Parking	Residential Over Podium Parking
Stories	4-5 Stories	5 Stories	6 Stories
Retail Area (sq. ft.)	32,400	0	0
Residential Units	194	100	420
Residential Parking Ratio	1.5	1.5	1.5

Source: VMWP, 2013.

3) **Development of all Properties**. In the event the Successor Agency elected to sell individual properties, Site C is the only site that would be developed consistent with the Agency's El Camino Corridor Project Plan, the El Camino Real/Chestnut Avenue Area Plan and the City's General Plan. Site A1 would most likely be purchased by a business that would retain the existing use. Site A2 would not be developed or sold given the site's development constraints and environmental condition. The size and accessibility constraints of Site A3 and Site B would most likely preclude the development and sale of

these properties as well. Such outcomes waste a tremendous opportunity to develop hundreds of housing units in a transit oriented area.

Development Description

Site A consists of three buildings with a total of 194 residential units and 32,000 square feet of retail. Each building has three to four residential levels over ground floor podium parking and retail. The retail businesses in all three buildings would be served by 131 shared surface parking spaces on the BART easement and Antoinette Lane, at a ratio of approximately 4 spaces per 1000 square feet.

Sites B and C are both entirely residential with one floor of ground floor podium parking. Site B contains 100 units in four levels above one level of podium parking. The structured parking is supplemented by an additional 26 surface parking spots on the BART easement. Site C is developed with 400 residential units in four levels above two levels of podium parking.

Figure 3

Figure 4

The financial feasibility results are summarized in Figure 5. Strategic Economics used a "land residual" approach to test the feasibility of the development program. This method estimates the amount that a developer can afford to pay for the property based on the expected costs and revenues associated with the development program. If the residual land value is similar to the expected cost of land, it suggests that the project is feasible. If the residual land value is less than the expected cost of land, or negative, it suggests that the project is not feasible.

Figure 5

	Site A	Site B	Site C
Development Costs			
Hard Costs	$67,830,000	$31,388,000	$125,861,000
Soft Costs	$20,349,000	$9,416,000	$37,758,000
Financing Costs	$3,224,000	$1,492,000	$5,982,000
Developer's Return	$10,968,000	$5,076,000	$20,352,000
Total Costs	**$102,372,000**	**$47,372,000**	**$189,953,000**
Total Revenue	**$104,580,000**	**$47,078,000**	**$189,477,000**
Residual Land Value	**$2,208,000**	**-$294,000**	**-$476,000**
Per Square Foot	**$8.03**	**-$2.63**	**-$2.46**

Source: Strategic Economics, 2013.

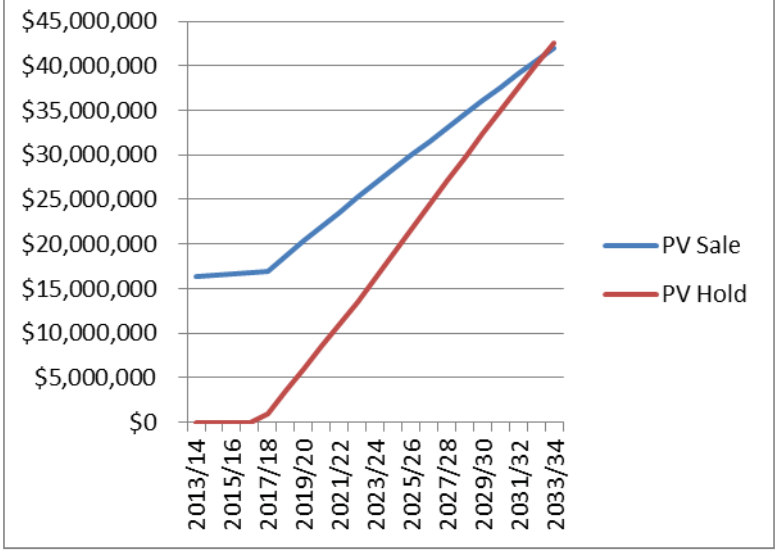
For the purposes of the analysis, land values for residential and mixed use development near the study area are estimated to range from $50 to $75 per square foot. This price range is based on recent transactions and asking prices for properties in the surrounding area, as well as interviews with brokers and developers active on the San Francisco Peninsula. It should be noted that land prices vary greatly depending on the location and specific characteristics of the property, as well as zoning, intended use and market conditions.

Financial Benefit to Taxing Agencies

While the benefit of the City retaining the properties for future development and the fulfillment of the El Camino Project Area Plan is the most beneficial option for the City, the property, the residents, the region and the State, the financial benefit to the taxing agencies is virtually equal between the two options. As summarized below, and shown in more detail in Appendix H and Table 3, the net financial benefit to the taxing agencies is virtually equal over a 20 year period. Notwithstanding the financial benefits of development discussed above, the City and the Taxing Entities will enter into a Compensation Agreement pursuant to Section 34180(f) as described in the Compensation Agreement section of this LRPMP.

Table 3

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option	$53,288,000	$41,968,000
Retain for Development Option	$61,944,000	$42,607,000



Downtown Central Project Area

The goal of the property strategy for the Downtown Central Project Area is to maximize the long-term revenue to the taxing agencies and achieve the redevelopment plan projects while also maintaining the vision expressed in the City's General Plan as well as the Downtown Station Area Specific Plan (DSASP). The following activities are directly relevant to the development of properties in the downtown as described in the LRPMP (excerpted from Section II. A pages II-1 and II-3 of the Implementation Plan):

> *2. Public Facilities–Streetscape improvements to Grand Avenue, the construction of the CalTrain plaza and other pedestrian plazas…creation of infill parks in the Downtown Central Area…development of new parks, and reconfiguration of landscaping and playfields to meet the current needs of residents.*
>
> *3. Economic Development–The projects and activities will be designed to promote economic development in the Project Areas and include the following: continued support of Downtown businesses through property improvement loans, Agency development of new housing in the Downtown Central Project Area, support for mixed-use development in the Downtown Central … Project Area….*
>
> *4. Property Acquisition, Demolition and Site Preparation– Major land improvement activities will include the Chestnut Avenue/CalWater site … scattered site acquisitions in the Downtown Central Project Area….*
>
> *5. Affordable Housing Program–The Housing Program promotes residential and mixed-use development on vacant and underutilized sites. Through this program the Agency will increase and preserve the low and moderate-income housing stock. Components of this program include assistance for the construction of new rental and ownership units, loans and grants for rehabilitation, and first-time homebuyer assistance.*

The General Plan seeks to reinforce the Downtown's identity and role as the physical and symbolic center of South San Francisco. General Plan strategies include increased residential development in the Downtown and better connections to surrounding areas. Chapter 3.1 of the General Plan specifies guiding and implementation policies for the Downtown area, many of which will be facilitated by the proposed development strategy described in the LRPMP:

> *3.1-G-1 Promote the Downtown's vitality and economic well-being and its presence as the city's center.*
> *3.1-G-2 Encourage development of Downtown as a pedestrian-friendly mixed-use activity center….*
> *3.1-G-3 Promote infill development, intensification and reuse of currently underutilized sites.*
> *3.1-I-3 Maintain land uses and development intensities in Downtown.*

Downtown Station Area Specific Plan (DSASP)

The City of South San Francisco recently adopted the Downtown Station Area Specific Plan (DSASP) for the area surrounding the City's Caltrain commuter rail station, located just east of Highway 101.The DSASP Area is located within one half mile of the South San Francisco Caltrain station, and includes the majority of commercial and civic development Downtown. A portion of the Plan Area extends east of Highway 101.

A primary goal of the DSASP is to implement transit-supportive development in Downtown South San Francisco that meets the diversity and affordability needs of the local community. In pursuit of this goal, the DSASP seeks to improve accessibility between the Caltrain station, Downtown, and the employment center east of Highway 101. The DSASP effort requires an analysis of land uses that can support these objectives, including additional housing opportunities, retail development, and office development, and an evaluation of existing development standards, such as parking requirements.

At present, the Caltrain station is currently situated between the downtown and the employment area east of Highway 101; however the highway, ramps, and overpasses create physical barriers that separate the Downtown from the employment center and limit accessibility to the Caltrain station from all directions. As a result the South San Francisco Caltrain station is significantly underutilized due primarily to these accessibility issues.

The City adopted the DSASP and the accompanying environmental impact report on January 28, 2015. The recent adoption of the DSASP has a significant impact on all of the properties in the downtown area due to its zoning revisions. The new zoning increases allowable densities, thereby enhancing the transit oriented nature of the area. Since the adoption of the DSASP, the value of developable sites has increased dramatically as a result of the zoning changes which allow for greater development intensity. All of the downtown properties currently owned by the Successor Agency have benefited from the DSASP. Their values have increased and their ability to fulfill the RDA Downtown Project Area plan have been enhanced. However, the ability to achieve these goals will be contingent on various sites remaining assembled in order to meet their development potential. Appendix J is a study of the development potential for all sites in the downtown area.

15-18. 201, 207, 217-219, and 227 Grand Avenue

Grand-Cypress Property Assemblage

The Grand-Cypress properties sit at the gateway to Downtown South San Francisco. The properties are an important component of the City's and the former Agency's efforts to create a vibrant, transit-oriented and diverse downtown. Development of these properties and other sites owned by the Successor Agency will craft a vision for the Downtown core that provide transit supported housing and easy connectivity to the downtown South San Francisco Caltrain station.

Site Description

South San Francisco
ECHO II Case Study
Draft Report

September 19, 2013

Prepared for:

Grand Boulevard Initiative

City of South San Francisco

VAN METER WILLIAMS POLLACK LLP

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APPENDIX 16

I. INTRODUCTION

Report Purpose

The City of South San Francisco has identified the intersection of El Camino Real and Chestnut Avenue as a key opportunity site for new development and economic revitalization. The El Camino Real/Chestnut Avenue Area Plan, adopted in 2011, establishes a compelling long-term vision for the area as a new mixed-use neighborhood with residential, retail, and civic uses at a range of densities, along with public plazas and open space that benefit the broader community. The City owns 10 acres of vacant and underutilized property between El Camino and Mission Road, originally purchased by the redevelopment agency with the goal of facilitating development in an area that faces a variety of implementation challenges. Following the dissolution of the redevelopment agency in 2012, the City of South San Francisco, as the successor agency, is responsible for developing a strategy for these properties. This could consist of the sale of individual properties, or the City could enter into a master development agreement with a single developer identified through a Request for Proposals (RFP) process. The goal of this case study is to shed light on these options and make recommendations to the City on the strategy most likely to maximize the long-term value of the properties while also maintaining the vision expressed in the El Camino Real/Chestnut Avenue Area Plan.

The ECHO II consultant team, led by Strategic Economics with sub-consultant Van Meter Williams Pollack (VMWP), worked closely with City staff to define a scope of work that would help the City to understand the short- to mid-term implementation options for the City-owned properties. The case study began with a market analysis to understand the short-term potential for development. Next, the team explored a range of options for phased development at the site, and tested the feasibility of a development program that would be consistent with a master-developed approach to the area. Based on this analysis, the team determined that an orchestrated master developer approach to development is most likely to meet City goals.

Grand Boulevard Initiative and ECHO II Project Background

Because the study area exemplifies both the opportunities and challenges of infill development along El Camino Real in the post-redevelopment era, it was selected as a case study for the second phase of the Economic and Housing Opportunities (ECHO II) Assessment funded by the Grand Boulevard Initiative (GBI). The Grand Boulevard Initiative is a regional collaboration of cities, two counties, and local and regional agencies dedicated to the revitalization of the 47-mile El Camino Real corridor from Daly City to San Jose. The GBI vision is for El Camino Real to achieve its potential as a vibrant multimodal corridor that connects places where residents work, live, shop and play. The vision will be achieved by integrated land use and transportation planning that targets infill development along the corridor and balances the need for cars and parking with transit, walking and biking.

The Economic and Housing Opportunities Assessment is an ongoing study sponsored by GBI. The first phase of the Economic and Housing Opportunities Assessment (ECHO I) assessed the economic benefits of infill development along El Camino Real, and provided building prototypes and renderings to illustrate the impact of change. The second phase of the study (ECHO II) addresses implementation challenges to infill development along the corridor.

To ensure that the ECHO II analysis reflected the variety of conditions found on the corridor, the consultant team conducted four case studies of cities along the corridor. In addition to South San Francisco, the other case study cities are Daly City, Belmont and Mountain View. Case study findings will be incorporated into an implementation guidebook that describes strategies and tools applicable to other GBI cities.

Report Contents

Following this introduction, Section II provides a more detailed overview of the study area. Section III summarizes the results of a market analysis prepared for the study area, and Section IV provides the results of the financial feasibility analysis. Major conclusions from the analysis are summarized in Section V. Detailed assumptions used in the financial feasibility analysis are included as an Appendix.

II. STUDY AREA OVERVIEW

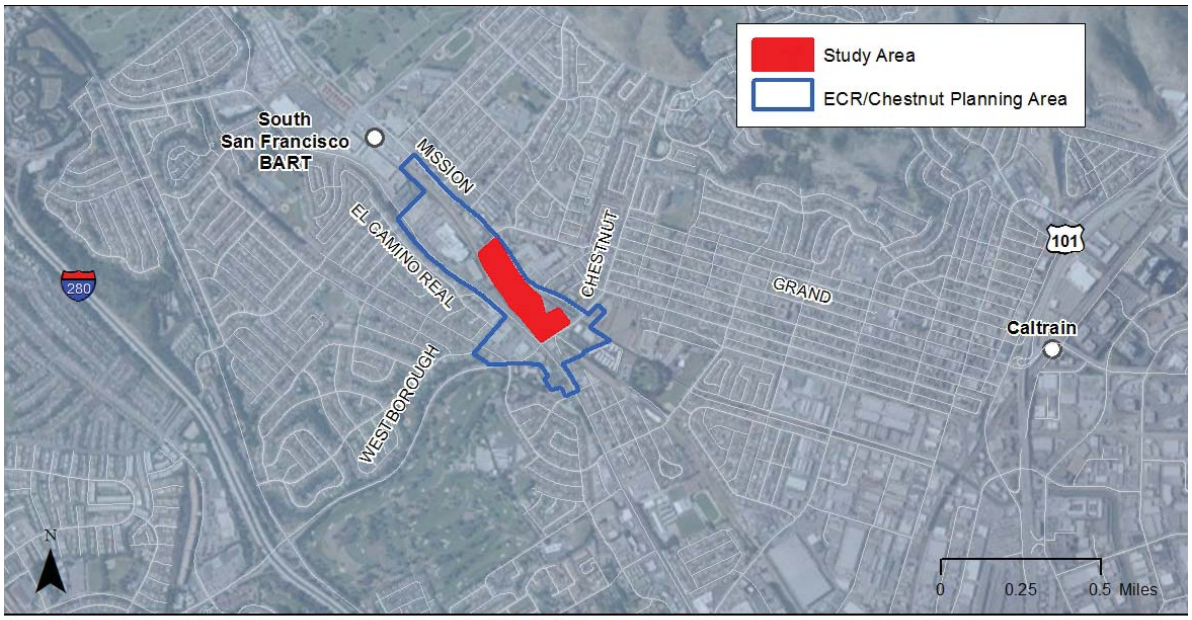
The South San Francisco study area comprises approximately 16 acres between El Camino Real and Mission Road, located at the heart of the 98-acre planning area in the El Camino Real/Chestnut Avenue Area Plan (see **Figures 1 and 2).**[1] The Area Plan accommodated a significant amount of future City growth within the core of the planning area, including 1,215 residential units, 186,800 square feet of ground floor retail, 73,000 square feet of office space and a 50,000 square feet library. The City's zoning regulations support the Plan's vision of intensified development, requiring a minimum floor area ratio (FAR), and allowing residential densities of up to120 units per acre by right. Foundation work is not allowed directly above the BART tunnel.

Figure 1. South San Francisco Study Area Boundary

Source: City of South San Francisco, 2010; Strategic Economics, 2013.

[1] The boundaries of the study area have been chosen to coincide with the boundaries of City-owned vacant and underutilized properties, reflecting the case study's focus on the City's strategy for these properties. The original study area proposed by the City of South San Francisco in its ECHO II case study application corresponds to the entire 98- acre planning area defined in the El Camino Real/Chestnut Area Plan, and includes numerous additional privately- and publicly-owned properties north and south of the study area.

Figure 2. Study Area Context



Source: City of South San Francisco, 2010; Strategic Economics, 2013.

The relatively large size of the assembled parcels, combined with its location near the South San Francisco BART station, makes this one of the most important development opportunity sites along El Camino Real. Nevertheless, the study area has several physical characteristics that pose significant implementation challenges. There is a sharp slope downwards from El Camino Real toward Mission Road, with a grade change of up to 50 feet in certain locations. The developable parcels are also oddly-shaped due to the BART easement and the Colma Creek Channel which both cut through the site.

The City of South San Francisco has already made substantial public improvements to the study area with the construction of Centennial Way, a multi-use bikeway and linear park constructed on top of the underground BART tunnel and alongside the Colma Creek channel. The trail provides an open space connection between the South San Francisco and San Bruno BART Stations for residents, commuters and recreationalists, offering an alternative to sidewalks along El Camino Real and Mission Road. As of its completion in May 2009, the trail was 2.85 miles long.

Another major public infrastructure project planned in the study area the Oak Avenue extension, which would extend Oak Avenue from Mission Road through to Arroyo Drive, in accordance with the General Plan. This extension is expected to improve east-west connectivity within the study area.

III. MARKET FINDINGS

Strategic Economics evaluated the potential for new residential, office retail, and mixed-use development in the study area with a focus on the next ten years or less. The analysis included a review of demographic, employment, and market trends and interviews with real estate brokers and developers with experience in South San Francisco and the broader North San Mateo County market area.[2] Key findings of the market analysis are summarized below. For additional details on the methodology and results, see Strategic Economics' market analysis memorandum.[3]

The study area is well-positioned for residential development with supporting commercial uses. There is strong demand for new residential development in South San Francisco and the broader northern San Mateo County area. Employment growth in the Silicon Valley and San Francisco is a major driver of demand for housing in the market area. The study area offers excellent access to regional transit and freeways, and is an ideal location for professionals seeking a convenient commute to job centers in San Francisco or on the Peninsula.

Recent development in North San Mateo County suggests that low-rise apartment development (3-5 stories over podium) will be the most feasible to build. Some small condo projects are currently planned in the area, however, these are mainly on small sites that do not offer sufficient economies of scale for rental projects. The return of the market for larger condo projects is anticipated to take several years, however the exact timing is difficult to predict. In general, demand for multi-family housing in the study area is projected to be between 50 and 104 units per year on average. The amount of residential development that could be absorbed in any one year will depend on a number of factors including the timing of other nearby projects.

In terms of retail, neighborhood-serving businesses such as restaurants, personal and financial services are most likely to be successful in the study area. The amount of retail that could be supported in the study area in the near term is on par with a traditional strip center (10,000 square feet) or possibly a grocery-anchored neighborhood center (30,000 to 120,000 square feet). The location is excellent for a grocery-anchored neighborhood center as evidenced by the success of the existing Safeway. Whether a new grocery store can serve as an anchor as part of redevelopment of the study area will depend in part on whether a new grocery store is provided as part of the nearby Centennial Village project. Strong competition from nearby regional centers makes a larger shopping center unlikely.

To attract prospective households and businesses, it will be important for the area to offer amenities such as local-serving retail. Residential and office brokers emphasized the importance of pedestrian-oriented retail, restaurants and activities to the success of new projects. While there are several grocery stores and other types of retail near the BART Station and near the intersection of El Camino Real and Chestnut Avenue, the existing development surrounding the study area currently lacks the walkable form and critical mass of retail to create a hub of activity. New retail uses intended to support pedestrian activity do not necessarily need to be integrated on the ground floor of residential buildings; depending on the project, it may be more effective to concentrate retail in a separate structure.

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[2] The North San Mateo County market area was defined to include Daly City, South San Francisco, Colma, San Bruno, and Millbrae. These cities share certain demographic and employment characteristics that differentiate them from cities farther south along the Peninsula, thus comprising a distinct market area in which households and businesses are likely to consider locational decisions.

[3] Strategic Economics, "South San Francisco Market Analysis Memo," Prepared for the City of South San Francisco and SamTrans, September 7, 2012.

The potential for office is limited in the near term. Although South San Francisco is an important center for the biotech and logistics industries, firms in these sectors are concentrated along the US-101 highway and are unlikely to be interested in locating in the study area. Due to the risk associated with an unproven location, a major tenant would need to be identified before a developer would proceed with an office project. For these reasons, office uses are not included in the development program described in Section IV.

IV. DEVELOPMENT FEASIBILITY ANALYSIS

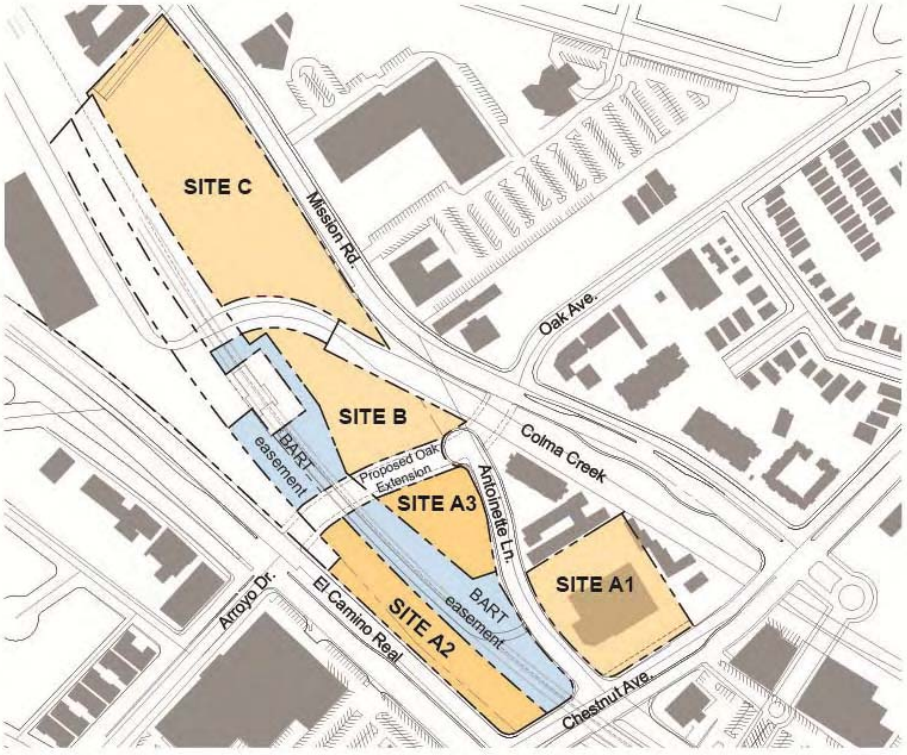
Working with city staff, the consultant team explored a range of development scenarios for the study area. The feasibility analysis focuses on the development program that was deemed to be market-driven, consistent with the community's vision, and likely to generate the greatest value.

This section begins with a description of the City-owned properties and the development program. Next, the results of the financial feasibility analysis are presented along with a summary of key findings. Assumptions used in the financial feasibility analysis are documented in the appendix.

Site Description

The properties included in the development feasibility analysis are shown in **Figure 3**. In addition to the 10 acres owned by the City (shown in blue), the development program includes 2.8 acres that are subject to an easement because they are in the BART right-of-way. Although the BART tunnel is underground, structural constraints limit improvements that can be made on the ground above to projects that do not involve any foundation work, and development along this easement would require BART approval.[4] The Colma Creek Channel, Antoinette Lane and the planned Oak Avenue extension also play a major role in defining the shape and size of the developable acreage.

Figure 3. Study Area Parcel Boundaries



Source: Van Meter Williams Pollack, 2013.

[4] City of South San Francisco, El Camino Real/Chestnut Ave Area Plan, July 2011.

Site A is the southernmost of the three development sites, located between Chestnut Avenue and the proposed Oak Avenue extension. The site is divided into three subsections by the BART easement and Antoinette Lane. Each of these parcels is described in more detail below.

- Parcel 1 is 1.9 acres with frontage along Antoinette Lane and Chestnut Avenue. It is currently home to a vacant single-story retail building. This parcel has received interest from businesses and developers. (Labeled "Site A1" in **Figure 3**.)
- Parcel 2 is a long, shallow parcel between El Camino Real and the BART easement, with a total area of 1.5 acres. (Labeled "Site A2" in **Figure 3**.)
- Parcel 3 is a triangular 0.9 acre parcel bounded by the proposed Oak Avenue extension, the BART easement and Antoinette Lane. (Labeled "Site A3" in **Figure 3**.)

Site B is located on the north side of the proposed Oak Avenue extension, bounded by the BART easement to the southwest and the Colma Creek channel to the northeast. The developable area owned by the City is 1.5 acres; the BART easement is 1.1 acres.

Site C is the largest parcel at 4.5 acres. Located on the north side of the proposed Oak Avenue extension, it is bounded by the BART easement and Centennial Trail to the southwest and by Mission Road to the northeast.

Development Program

The consultant team worked with City staff to devise a development program that is both market driven and consistent with the community's goals for the study area as expressed in the El Camino Real/Chestnut Avenue Area Plan. The development program assumes redevelopment of all City-owned parcels in a manner consistent with a master developer approach. In this approach, the property is redeveloped with the goal of maximizing the combined potential of all of the parcels. Orchestrating development across all parcels offers two major benefits:

1) **Economies of scale**. Larger projects can benefit from savings on some "soft" costs of development such as site planning, entitlements, financing and marketing. In some cases, they can also save on some of the "hard" costs related with construction. Larger projects are also more likely to be of sufficient scale to assist in addressing related public improvements in utilities, access, or other infrastructure.

2) **More efficient site design**. Developed incrementally, each parcel would need to address access, parking and open space separately. A master developer approach allows required parking to be provided in a more economical way, in particular by making use of the BART easement for retail parking for multiple buildings.

Consistent with findings of the market analysis, the development program consists primarily of residential uses with some supporting retail.[5] Because initial analysis found that construction costs are prohibitively high for buildings over six stories; the development program does not include buildings over that height. The final development program is summarized in **Figure 4**, and the drawings are provided in **Figures 5 and 6.**

Site A consists of three buildings with a total of 194 residential units and 32,000 square feet of retail. Each building has three to four residential levels over ground floor podium parking and retail. The retail businesses in all three buildings would be served by 131 shared surface parking spaces on the BART easement and Antoinette Lane, at a ratio of approximately 4 spaces per 1000 square feet.

[5] Earlier iterations of the analysis included a development scenario with more retail on Site A. This scenario was founded to be financially infeasible and was therefore excluded from consideration in later stages of the analysis.

Sites B and C are both entirely residential with one floor of ground floor podium parking. Site B contains 100 units in four levels above one level of podium parking. The structured parking is supplemented by an additional 26 surface parking spots on the BART easement. Site C is developed with 400 residential units in four levels above two levels of podium parking.

Figure 4.Summary of Sites and Building Prototypes Tested

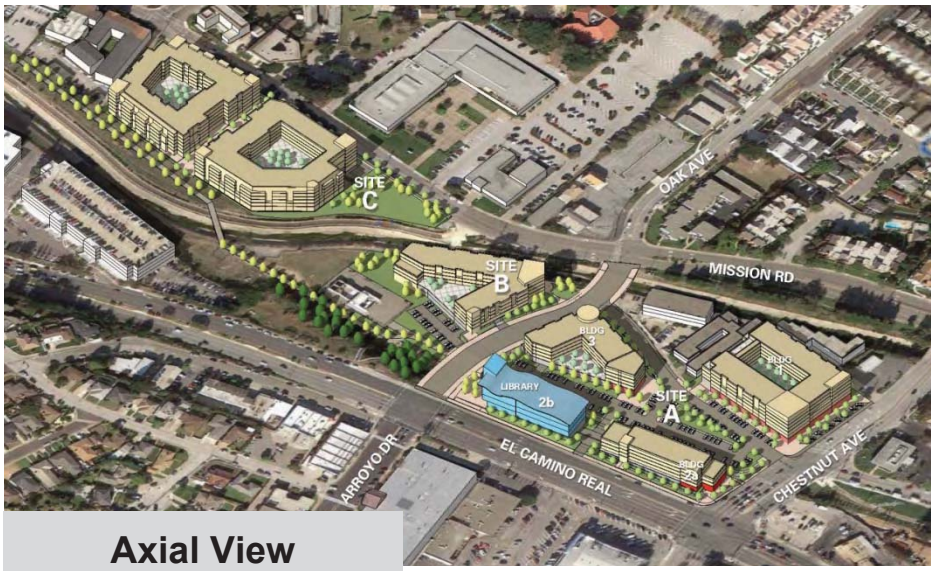
	Site A	Site B	Site C
Developable Area (acres)	4.2	1.5	4.4
BART Easement	1.7	1.1	0
Description	Residential Over Ground Floor Retail and Podium Parking	Residential Over Podium Parking	Residential Over Podium Parking
Stories	4-5 Stories	5 Stories	6 Stories
Retail Area (sq. ft.)	32,400	0	0
Residential Units	194	100	420
Residential Parking Ratio	1.5	1.5	1.5

Source: VMWP, 2013.

Figure 5. Plan View

Source: Van Meter Williams Pollack, 2013.

Figure 6. Axial View



Source: Van Meter Williams Pollack, 2013.

Financial Feasibility Results

The financial feasibility results are summarized in **Figure 7**. Strategic Economics used a "land residual" approach to test the feasibility of the development program. This method estimates the amount that a developer can afford to pay for the property based on the expected costs and revenues associated with the development program. If the residual land value is similar to the expected cost of land, it suggests that the project is feasible. If the residual land value is less than the expected cost of land, or negative, it suggests that the project is not feasible.

For the purposes of the analysis, land values for residential and mixed use development near the study area are estimated to range from $50 to $75 per square foot. This price range is based on recent transactions and asking prices for properties in the surrounding area, as well as interviews with brokers and developers active on the San Francisco Peninsula. It should be noted that land prices vary greatly depending on the location and specific characteristics of the property, as well as zoning, intended use and market conditions.

Figure 7. Financial Feasibility Results

	Site A	Site B	Site C
Development Costs			
Hard Costs	$67,830,000	$31,388,000	$125,861,000
Soft Costs	$20,349,000	$9,416,000	$37,758,000
Financing Costs	$3,224,000	$1,492,000	$5,982,000
Developer's Return	$10,968,000	$5,076,000	$20,352,000
Total Costs	**$102,372,000**	**$47,372,000**	**$189,953,000**
Total Revenue	**$104,580,000**	**$47,078,000**	**$189,477,000**
Residual Land Value	**$2,208,000**	**-$294,000**	**-$476,000**
Per Square Foot	**$8.03**	**-$2.63**	**-$2.46**

Source: Strategic Economics, 2013.

Key Findings

Low-rise residential projects with podium parking and ground floor retail are likely to be financially feasible within the next few years. The low and slightly negative residual land values in **Figure 4** indicate that none of the projects tested are feasible under current market conditions. However, the development program would become feasible with relatively small increases in residential rental rates, holding construction costs constant. A 5 percent increase in residential rents (from $2.80 to $2.95 per square foot) would be sufficient to achieve a residual land value of $50 per square foot on Site C (**Figure 8**). Due to the lower density of residential units on Site A and Site B, these sites would require a 12 percent increase in residential rents (from $2.80 to $3.15 per square foot) to achieve a residential land value of $50 per square foot.

Figure 8. Increase in Rent to Achieve Residual Land Value of $50/sq.ft.

	Site A	Site B	Site C
Residential Market Rent ($/sq. ft.)	$2.80	$2.80	$2.80
Required Rent ($/sq. ft.)	$3.15	$3.15	$2.95
Percent Increase	12%	12%	5%

Source: Strategic Economics

Significant densities can be achieved with buildings that are four to six stories. Site C achieves a residential density of 95 units per acre, in the range of the densities envisioned in the El Camino Real/Chestnut Avenue Area Plan, which envisions high-rise development. The advantage of this building type over high-rise towers is that the building costs are significantly lower per square foot,[6] making them much more likely to be feasible in the near term.

[6] In a development feasibility analysis conducted by Strategic Economics and VMWP elsewhere in the Bay Area, high-rise construction costs were estimated to be 40 to 50 percent higher than low-rise construction costs on a per-square-foot basis.

The financial feasibility of retail uses is dependent upon surface parking. In the development program, the BART easement and Antoinette Lane provide convenient and ample customer parking for Site A ground floor retail. This is an ideal use of the BART easement because development over the easement would be cost prohibitive. Use of this area for parking enables greater retail and residential development on the other developable sites. If the BART easement were not available for use as surface parking, the parking would need to be provided elsewhere on Site A, which would either take away from the building footprint of Parcels 1, 2 and 3, or require additional structured parking. The expected revenue generated by the retail uses is not sufficient to support the initial high cost of structured parking. ECHO II case studies in Mountain View and Daly City have also found that onsite parking can be a major challenge for retail uses, particularly for smaller properties. In this case, the use of the BART easement for shared parking is a critical advantage in facilitating development on the City-owned parcels.

A master-developer approach enables cost efficiencies and site design flexibility that translate into improved development feasibility. The development program tested in the financial feasibility analysis is a "best-case" scenario that maximizes shared costs and site design flexibility for all City-owned parcels. In contrast, redevelopment in other locations along El Camino Real is hindered by design and financial feasibility challenges associated with small, shallow parcels. In particular, shallow parcels constrain the ability to of a site to accommodate parking and vehicle access, a problem that is effectively solved in the study area with use of the BART easement. However, while a high-density transit-oriented project with the City's involvement seems likely to result in a favorable partnership with BART, an incremental development strategy is less likely to lead to a maximally beneficial surface parking arrangement.

V. CONCLUSION

The study area presents a unique opportunity for coordinated development to realize the vision of the neighborhood as a vibrant node of activity along the El Camino Real corridor. The market study and development feasibility analysis illustrate the substantial benefits of treating the City parcels as a single development opportunity that allows for coordinated, phased development of the study area.

A coordinated, master developer approach can maximize the value of the property and result in development that is consistent with the El Camino Real/Chestnut Avenue Area Plan. In the current market, certain properties, such as Parcel 1 on Site A, may be attractive for immediate sale because of their location, access and existing improvement. However, this would severely limit the ability to develop the adjacent properties on Site A, resulting in lower property value overall, and development that is inconsistent with the long term vision.

The City can facilitate development of the site through a RFP process and by entering into a development agreement with the chosen developer. The financial analysis found that the most profitable site for development is Parcel C, at the north end of the site. Including this area with more challenging to develop parcels at the south end of the site may be a useful incentive to help attract a developer. A development agreement can be structured to allow some flexibility for the developer to respond to the market, while also providing terms that will be financially favorable for the City. The City may also be able to help bring some public resources to help facilitate development, such as regional, state or federal grants for streetscape or other improvements that help to improve the attractiveness of the area for new development.

Given improving market conditions, it seems likely that development could occur within the next five years. The analysis shows that residential development with supporting retail is likely to be feasible soon with improving market conditions. Given the strong residential demand in San Mateo County, market conditions are likely to improve to the point where residential development is attractive for developers, meaning that the City will not need to hold the properties for a long time before development is possible.

APPENDIX

FINANCIAL FEASIBILITY ASSUMPTIONS

Cost Assumptions

Development costs consist of hard construction costs, soft costs such as permits and fees, financing costs and developer profit.

Hard Costs

Hard costs consist of material and labor costs for construction. The construction costs used in the model were provided by VMWP based on recent construction projects and information from local contractors. Figure A-3 summarizes the hard costs for major program elements. These costs assume prevailing wages for labor.

Note that certain variations exist in construction costs for different scenarios and sites, as follows:

- Residential construction costs are $171 per square foot for Type V, four-story construction and $182 per square foot for Type 3A, five-story construction.
- Parking construction costs range from $85 to $95 per square foot depending on the complexity of the structure.

Figure A-3. Summary of Hard Costs

Item	Cost Per Sq. Ft.
Retail Area (including TI)	$125
Retail Tenant Improvements	$50
Residential Area	$171/$182
Parking Structure	$85/$95
Podium Landscaping	$50
Landscaping	$25
Surface Parking	$25
Antoinette/Colma Creek Bridge	$75

Source: VMWP, 2013.

Soft Costs

Soft costs include permits, architectural fees, engineering fees, developer overhead, insurance, taxes, legal fees, accounting fees and marketing costs. . Soft costs are typically estimated to be a certain percentage of hard costs. In this model, Strategic Economics estimated soft costs to be 30 percent of hard costs.

Financing Costs

Financing costs were based on the assumption that a construction loan would be obtained for 65 percent of the cost of development for a term of 15 months, with a 6.0% interest rate and a 1.5% loan fee. The cost estimate assumes an average outstanding loan balance of 55 percent.

Developer Profit

The analysis assumes developer profit equal to 12 percent of development costs, not including land. Actual profit margin expectations depend on a variety of factors including market conditions and the expected project timeframe.

Revenue Assumptions

The value of apartments and retail space were estimated using an income capitalization approach, in which the expected rental income is divided by a standard capitalization rate to obtain value per square foot.

Residential Valuation

Residential valuation assumptions are listed in Figure.

The apartment rent of $2.80 per square foot is based an evaluation of overall market conditions in San Mateo County as well as asking rents for a sample of recently-constructed transit-oriented apartment projects in South San Francisco, Colma and San Bruno.

Figure A-4. Residential Valuation Assumptions

Parameter	Value
Monthly Rent per SF	$2.80
Vacancy	5.0%
Operating Expenses	28%
Capitalization Rate	5.0%
Capitalized Value per SF	$470

Source: Cassidy Turley, 2013, Strategic Economics, 2013.

Retail Valuation

Retail valuation assumptions are listed in Figure A-5.

Given that this will be new construction, the monthly rent assumption of $2.50 per square foot is higher than the North San Mateo County average asking rent of $2.15 for the fourth quarter of 2012.

The capitalization rate assumption is based on the 2012 average San Mateo County retail capitalization rate reported by Cassidy Turley.

Figure A-5. Retail Valuation Assumptions

Parameter	Value
Monthly Rent per SF (NNN)	$2.50
Vacancy	5%
Non-Reimbursable Expenses	10%
Capitalization Rate	6.5%
Capitalized Value per SF	$392

Source: Terranomics, 2012; Cassidy Turley, 2013, Strategic Economics, 2013.

City of South San Francisco

P.O. Box 711 (City Hall,
400 Grand Avenue)
South San Francisco, CA

City Council

Resolution: RES 153-2019

File Number: 19-910 **Enactment Number: RES 153-2019**

RESOLUTION APPROVING A PURCHASE AND SALE AND AFFORDABLE HOUSING AGREEMENT WITH SSF HOUSING PARTNERS LLC, FOR THE DISPOSITION OF CITY-OWNED PARCELS AT 1051 MISSION ROAD (APNS 093-312-050 AND 093-312-060) FOR $5,500,000.

WHEREAS, the City of South San Francisco ("City") is the owner of certain real property located in the City of South San Francisco, California, with the address of 1051 Mission Road, known as County Assessor's Parcel Numbers ("APN") 093-312-050 and 093-312-060 ("1051 Mission Road"); and

WHEREAS, on June 29, 2011, the Legislature of the State of California (the "State") adopted Assembly Bill x1 26 ("AB 26"), which amended provisions of the State's Community Redevelopment Law (Health and Safety Code sections 33000 et seq.) (the "Dissolution Law"), pursuant to which the former Redevelopment Agency of the City of South San Francisco was dissolved on February 1, 2012. The City became the Successor Agency to the Redevelopment Agency of the City of South San Francisco ("Successor Agency"), and in accordance with the Dissolution Law, the Successor Agency prepared a Long Range Property Management Plan ("LRPMP"), which was approved by a resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of South San Francisco ("Oversight Board") on May 21, 2015, and was approved by the Department of Finance ("DOF") on October 1, 2015; and

WHEREAS, consistent with the Dissolution Law and the LRPMP, certain real properties located in the City of South San Francisco, that were previously owned by the former Redevelopment Agency were transferred to the Successor Agency ("Agency Properties"); and

WHEREAS, on October 18, 2016, the City entered into an Amended and Restated Master Agreement for Taxing Entity Compensation ("Compensation Agreement") with the various local agencies who receive shares of property tax revenues from the former redevelopment project area ("Taxing Entities"), which provides that upon approval by the Oversight Board of the sale price, and consistent with the LRPMP, the proceeds from the sale of any of the Agency Properties will be distributed to the Taxing Entities in accordance with their proportionate contributions to the Real Property Tax Trust Fund for the former Redevelopment Agency; and

WHEREAS, on February 8, 2017, the City adopted Resolution 16-2017 approving the transfer of the Agency Properties from the Successor Agency to the City and in accordance with the requirements set forth in the LRPMP, and on February 21, 2017, the Oversight Board adopted a resolution approving the transfer of the Redevelopment Properties from the Successor Agency to the City; and

WHEREAS, consistent with the LRPMP and the Oversight Board resolution, the Successor Agency and City executed and recorded grant deeds transferring the Agency Properties to the City; and

WHEREAS, 1051 Mission Road, also known as the former Public Utilities Commission Opportunity Site ("PUC Site") is one of the Agency Properties and is subject to the provisions of the LRPMP and the Compensation Agreement; and

WHEREAS, to dispose of the PUC Site in a manner consistent with the LRPMP, on May 1, 2017 the City issued a Request for Qualifications (RFQ) for a well-qualified development team to create a high-quality, mixed-use, transit-oriented development on the PUC Site;

WHEREAS, pursuant to publicly noticed interviews and selection process, SSF Housing Partners LLC ("Developer") was selected as the developer; and the City and Developer entered into an Exclusive Negotiating Rights Agreement ("ENRA"); and

WHEREAS, the ENRA was effective on July 23, 2018, with an initial term of 365 days; and

WHEREAS, on May 21, 2019, the City approved a 161 day ENRA extension, expiring on December 31, 2019; and

WHEREAS, the Developer remitted an ENRA extension payment to the City in the amount of $67,083; and

WHEREAS, the Developer has proposed construction of a high-density mixed-use residential development, consisting of 800 rental units of which 158 will be affordable, an approximately 8,307 SF childcare facility, approximately 12,992 SF of retail space (market hall), 1 acre of public open space, pedestrian trail improvements and 800 parking spaces at 1051 Mission Road; and

WHEREAS, the City and Developer have negotiated a Purchase and Sale Agreement ("PSA") for the disposition 1051 Mission Road, which is attached to this resolution as Exhibit A; and

WHEREAS, the City obtained an appraisal of the PUC Site properties located at 1051 Mission Road; and

WHEREAS, the City and Developer have also negotiated an Affordable Housing Agreement with BRIDGE Housing, Inc. ("AHA") for Parcel 1, Building C2 located at 1051 Mission Road, and are included as Exhibit B; and

WHEREAS, pursuant to redevelopment law and the Master Compensation Agreement, final approval of the sale price of 1051 Mission Road must be approved by the Oversight Board to the Successor Agency of South San Francisco; and

WHEREAS, the City and the Developer now wish to enter into a Purchase and Sale Agreement ("PSA") for 1051 Mission Road, attached hereto and incorporated herein as Exhibit A; and

WHEREAS, approval of the PSA is considered a "project" for purposes of the California Environmental Quality Act, Pub. Resources Code §21000, et seq. ("CEQA") and the City Council has considered the environmental impacts by separate resolution; and

WHEREAS, on October 17, 2019, the Planning Commission determined that the proposed disposition of the PUC Site properties at 1051 Mission Road and the proposed development thereon was consistent with the South San Francisco General Plan and El Camino Real/Chestnut Area Plan.

NOW THEREFORE IT BE RESOLVED that the City Council of the City of South San Francisco does hereby resolve as follows:

1. Determines that the recitals are true and correct.

2. Subject to approval by the Oversight Board of the final sale price, approves a PSA with SSF Housing Partners LLC in substantially the same form attached hereto as Exhibit A, for the disposition of 1051 Mission Road (APNs 093-312-050 and 093-312-060) for $5,500,000

3. Approves the Affordable Housing Agreement and the Assignment and Assumption Agreement ("A&A") with BRIDGE Housing Corporation for 1051 Mission Road, in substantially the same form attached to the PSA.

4. Authorizes the City Manager to enter into and execute on behalf of the City Council the PSA, the AHA, and the A&A, in substantially the same form attached to the PSA and to make any non-material revisions, amendments or modifications deemed necessary to carry out the intent of this Resolution and subject to the Oversight Board's review of this transaction and approval and direction regarding the final sale price.

* * * * *

At a meeting of the City Council on 11/13/2019, a motion was made by Councilmember Addiego, seconded by Councilmember Nicolas, that this Resolution be approved. The motion passed.

Yes: 4 Mayor Matsumoto, Councilmember Addiego, Councilmember Nagales, and Councilmember Nicolas

No: 1 Vice Mayor Garbarino

Attest by Rosa Govea Acosta

Rosa Govea Acosta, City Clerk

PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS

(FORMER PUC SITES B AND C)

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("this **Agreement**") is made and entered into as of _____, 2019 (the "**Date of Agreement**") by and between the City of South San Francisco ("**Seller**" or "**City**") and SSF PUC Housing Partners, LLC, a Delaware limited liability company ("**Buyer**" or "**Developer**"). Seller and Buyer are each individually referred to herein as a "**Party**" and, collectively, as the "**Parties**."

RECITALS

A. WHEREAS, Seller is the fee owner of certain real property located on the approximately 1.7-acre "**Site B**," the approximately 3.43-acre "**Site C1**," (including 2.93 acres of developable property and a 21,821 sf portion of undevelopable Colma Creek), the approximately 1.48-acre "**Site C2**", and the approximately 0.38-acre "**Oak Avenue Phase 1 Extension Property**," each as more particularly described and depicted in Exhibit A. Collectively, Site C1, Site C2, Site B and the Oak Avenue Phase 1 Extension Property are the "**Property**." Additionally, the City will obtain and grant to Developer an easement or other similar legal or equitable right to construct and maintain improvements on the following, each as defined in this Agreement and depicted on Exhibit A:

(a) certain publicly-accessible open space improvements on (1) an approximately 3,286 square foot portion and an approximately 8,550 sf portion of existing City-owned property ("**City Open Space Properties**"), and (2) an approximately 33,981 square feet ("**sf**") portion of BART-owned property ("**BART Open Space Property**");

(b) portions of the Oak Avenue Phase 1 Extension (defined below) on (1) an approximately 14,270 sf portion of City-owned property ("**City ROW Property**"), (2) an approximately 7,296 sf portion of BART-owned property ("**BART ROW Property**"), and (3) an approximately 14,350 sf portion of Kaiser-owned property ("**Kaiser ROW Property**"); and

(c) certain access easements necessary to construct and operate the Project as defined in the Project Approvals (defined below).

The Property includes vacant properties purchased in 2008 by the former South San Francisco Redevelopment Agency ("**RDA**") from the San Francisco Public Utilities Commission by the former South San Francisco Redevelopment Agency for future redevelopment as mixed-use, transit-oriented development and open space and have been referred to as the "Former PUC" properties or sites. Site B is located just north of the proposed Oak Avenue extension, bounded by the BART easement and the Colma Creek channel to the north. Sites C1 and C2 are located just north of Site B across the Colma Creek channel, bounded by the BART easement and Centennial Trail and by Mission Road. The Parties acknowledge that the Project Site is strategically located, but affected by irregular configuration, existing BART easements and tunnel

proximity, Colma Creek and ground water, the future Oak Avenue extension, and development of the City's Civic Campus Site on Former PUC Site A.

B. WHEREAS, on June 29, 2011, the legislature of the State of California adopted Assembly Bill x1 26 ("**AB 26**"), which amended provisions of the Redevelopment Law, which together with the California Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al*., which upheld AB 26 (together with AB 1484, the "**Dissolution Law**"), dissolved the RDA on February 1, 2012.

C. WHEREAS, pursuant to the Dissolution Law, the Successor Agency to the RDA ("**Successor Agency**") prepared a Long Range Property Management Plan ("**LRPMP**"), which the former Oversight Board to the Former South San Francisco Redevelopment Agency ("**Former Oversight Board**") approved on May 21, 2015, and the Department of Finance ("**DOF**") approved on October 1, 2015.

D. WHEREAS, the LRPMP established a plan for transferring or selling the former RDA properties, including those properties identified in the LRPMP to be transferred from the Successor Agency to the City for redevelopment activities consistent with the Redevelopment Plan and the LRPMP, including the Property in accordance to the requirements set forth in the LRPMP.

F. WHEREAS, the City and Taxing Entities entered into an Amended and Restated Master Agreement for Taxing Entity Compensation, dated October 18, 2016 ("**Master Compensation Agreement**"), which governs the distribution of any net proceeds received from the sale of the Property.

G. WHEREAS, pursuant to the LRPMP and Dissolution Law, the Successor Agency transferred its real property assets to the City, including the Property, for future development subject to the provisions of the Master Agreement for Taxing Entity Compensation by all Taxing Entities.

H. WHEREAS, in late October 2017, staff sent a request for proposals ("**RFP**") to the selected final developer teams and in July 2018, after a competitive RFP process, the City and Buyer entered into an Exclusive Negotiation Rights Agreement ("**ENRA**") that established a mutual understanding among the City and the Buyer regarding the potential development of the Property, as extended by the Parties.

I. WHEREAS, on July 1, 2018, the Former Oversight Board was dissolved and the San Mateo Countywide Oversight Board ("**Countywide Oversight Board**") was established in accordance with California Health and Safety Code § 34179(j). The Countywide Oversight Board is responsible for providing direction and oversight to the Successor Agencies as they wind-down the affairs of their former redevelopment agencies, including the sale terms of the Property in accordance with the Dissolution Law and LRPMP.

J. WHEREAS, the LRPMP includes development plans for the Property consistent with this Agreement. As described in Section 2.6 of the LRPMP:

> "[f]ollowing the purchase of the former PUC properties, the City embarked on preparing an area wide plan for the northerly portion of El Camino Real between

Chestnut Avenue and the SSF BART station. The central aim of the plan is to develop the area into a vibrant high density mixed-use neighborhood allowing for improved auto access as well as attractive and accessible bicycle, pedestrian and open space connections. Located in the geographic heart of South San Francisco, the former PUC properties were acquired by the [Successor] Agency in order to redevelop them into new mixed-use, transit-oriented developments that would create a vibrant Transit Village district within South San Francisco. The properties are advantageously located at the City's busiest crossroads at Chestnut Avenue and El Camino Real. They are located in close proximity to the South San Francisco Bay Area Rapid Transit (BART) Station and the City's Transit Village Zoning District just north of the properties. The properties are also near key public amenities including Orange Memorial Park, the Centennial Way pedestrian and bike trail and the Municipal Services Building. The properties are adjacent to the right-of-way for the underground BART."

K. WHEREAS, consistent with the approved LRPMP, and subject to the terms of this Agreement, and contingent upon approval of the Countywide Oversight Board, the Seller wishes to sell the Property to Buyer at the Purchase Price required in Section 2.2, for the Buyer to obtain certain land use entitlements from the City, and to require the Buyer to construct the Project defined in Recital L, below.

L. WHEREAS, the proposed project consists of approximately 800 residential units, (approximately 13 market rate flex live-work units ("**Flex Units**"), approximately 158 below market rate units affordable to 30-80% AMI households (20% of the residential units excluding the Flex Units) (**Affordable Units**") and approximately 629 market rate apartment units ("**Market Rate Units**"), improved parks and landscaping, and active ground floor uses throughout the two sites, including retail and commercial spaces and a childcare center (collectively, the "**Project**"). The Flex Units are designated to have flexibility between residential or commercial uses in order to support a more active commercial and small business enterprise opportunity in the Project. The Project is anticipated to be approximately 1.1 million sf. Subject to final design, the Project anticipates a single building on Site B ("**Building B**"), a building on Site C1 ("**Building C1**") and a building on Site C2 ("**Building C2**"), as follows:

- Building B: Market Rate Units, Flex Units, and an approximately 12,992 square foot commercial/PDR/retail space that will be open to the public and is envisioned as a food and beverage themed Market Hall with space for one or more small scale production businesses ("**Market Hall**").

- Building C1: Market Rate Units and an approximately 8,307 square foot child care center open to families in and outside of the Project ("**Childcare Center**").

- Building C2: Affordable Units designed to attract a high quality affordable housing partner (anticipated to be BRIDGE Housing Corporation ("**BRIDGE**")) ("**Affordable Housing Developer**") and strategically located nearest to transit to qualify for tax-credit and other affordable housing financing.

All vertical development structures will be constructed with wood frame construction over two to three above grade stories of Type IA construction with portions of stair and elevator penthouses extending 15-feet in height above the roofs. The roofline will range between 35' and 85' with the lower elevations fronting Mission Street and in the northern portion of the Site adjacent to the existing residential buildings as provided in the Project Approvals. Building B and Building C1 are proposed to have a single basement level containing parking and building service and additional parking at grade (and on level 2 for Building B), while Building C2 will have its parking all at grade, including lifts that have parking pits below grade. Off-site landscaped areas and park programming will be included as part of the Project and have been designed to benefit both Project residents and the greater region, including the construction of the connection of Oak Avenue to Antoinette Lane ("**Oak Avenue Phase 1 Extension**") and the landscaped road and parking area connecting Mission Street (not including any future Oak Avenue to El Camino Real vehicular connection ("**Oak Avenue Phase 2 Extension**"), as shown on _____ and described in the Project Approvals (collectively, "**Offsite Improvements**") and payment of $5,500,000 towards construction costs for construction of the Oak Avenue Phase 2 connection of Oak Avenue from Antoinette Lane to El Camino Real.

M. WHEREAS, the Project Site is located in the El Camino Real/Chestnut Area Plan (and designated as El Camino Real Mixed Use North, High Intensity and High Density Residential) as well as the El Camino Real/Chestnut Area Plan – Residential High (ECR/C – RH) Zoning District. The City Council certified Environmental Impact Reports in accordance with the provisions of the California Environmental Quality Act, (Public Resources Code, §§ 21000, et seq. ("**CEQA**") and CEQA Guidelines, which analyzed the potential environmental impacts of the development of the El Camino Real/Chestnut Area Plan ("**ECR/CAP**") and Community Civic Campus Plan (the "**Civic Campus**") (collectively, the "**EIRs)**. The City Council also adopted a Statements of Overriding Consideration for the El Camino Real/Chesnut Area EIR ("**SOC**") in accordance with the provisions of CEQA and CEQA Guidelines for the EIRs, which carefully considered each significant and unavoidable impact identified in the EIRs and found that the significant environmental impacts are acceptable in light of the ECR/CAP and Civic Campus economic, legal, social, technological and other benefits. On _____, 2019 by Resolution No. _____, the City Council approved an Environmental Consistency Analysis for the Project prepared by the City in accordance with CEQA Guidelines § 15168 that confirmed that the Project would not result in any new significant environmental effects or a substantial increase in the severity of any previously identified effects beyond those disclosed and analyzed in the EIRs previously certified by City Council, require any new mitigation measures, and is consistent with the SOCs ("**ECA**") and adopted a Mitigation Monitoring and Reporting Plan identifying all applicable mitigation measures from the EIRs that are applicable to the Project ("**MMRP**").

N. WHEREAS, on _____, 2019, after duly noticed public hearing and review by the Planning Commission including making a finding, pursuant to Government Code Section 65402, that the Project was consistent with the South San Francisco General Plan and the El Camino Real/Chesnut Area Plan, the City Council also approved the following land use entitlements: Conditional Use Permit (for conditional uses, incentive bonuses and parking determination) in accordance with SSF Table 20.270.003 and Section 20.270.004(A) and Area Plan Table 4-1; Design Review in accordance with SSFMC Chapter 20.480; Vesting Tentative Tract Map in accordance with SSFMC Chapter 19.50 and Section 19.40.100; Build-To Line Waiver along Mission Road in accordance with SSFMC Code 20.270.004(C); Active Frontage

Chief Planner Waiver for 50% Active Use along Mission Road in accordance with SSFMC Code 20.270.005(B)(4); Ground Floor Entrance Chief Planner Alternative Design Approval for Buildings C1 and C2 facing BART right of way and Colma Creek in accordance with SSFMC Code 20.270.005(G)(5); State Density Bonus Law for (1) 25% bonus on Parcel B from General Plan and Area Plan density in accordance with Government Code Section 65915(f)(1) and (2) development standard waiver from rear yard setback requirements set forth in 20.270.004(D)(1-4) for Buildings Parcels B, C1 and C2 fronting BART and Colma Creek in accordance with Government Code Section 65915(e); this Agreement; and a Development Agreement in accordance with SSFMC Chapter 19.60 ("**Development Agreement**") to be executed concurrently with this Agreement. The entitlements listed in this Recital M are collectively referred to herein as the "**Project Approvals**."

O. WHEREAS, in compliance with Section 6.10 of the Development Agreement between the City and Buyer, the Buyer has agreed to pay prevailing wages pursuant to Labor Code Section 1720 *et seq*. for the Project.

P. WHEREAS, pursuant to Resolution No. _____ dated _____, 2019, the Seller found that the sale of the Property is consistent with the disposition provisions of the LRPMP and recommended that the Oversight Board approve this Agreement, and Buyer and Seller acknowledge the obligation to obtain Countywide Oversight Board approval pursuant to Health and Safety Code Section 34181(a)(1) pursuant to Section 1.2 of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged by the parties, Seller and Buyer hereby agree as follows:

1. RECITALS/OB APPROVAL.

1.1 Recitals and Exhibits. The Recitals set forth above and the Exhibits attached to this Agreement are each incorporated into the body of this Agreement as if set forth in full.

1.2 OB Approval. The Parties acknowledge that the sale of the Property under this Agreement is fully and expressly contingent on approval of the terms of sale by the Countywide Oversight Board pursuant to Health and Safety Code Section 34181(a)(1). The date of approval by the Countywide Oversight Board shall be the "**OB Approval Date**." The Parties shall cooperate in good faith to obtain Countywide Oversight Board approval pursuant to the Schedule of Performance set forth in Section 5.6. In the event that Countywide Oversight Board approval is not obtained within one (1) year of the Date of Agreement ("**Outside OB Approval Date**"), which date is subject to Force Majeure and may be extended the City Manager in his or her reasonable discretion, this Agreement shall terminate and have no further force of effect and the ENRA Deposits shall be refunded to Buyer, along with any accrued interest, along with any unused portion of the ENRA Reimbursement Deposit (each type of deposit contemplated by the ENRA is defined in more detail below in Section 3.5).

2. PURCHASE AND SALE.

2.1 Agreement to Buy and Sell. Subject to the terms and conditions set forth herein, and expressly contingent of the approval of the Countywide Oversight Board pursuant to Section 1.2 of this Agreement, Seller agrees to sell the Property to Buyer, and Buyer hereby agrees to acquire the Property from Seller.

2.2 Purchase Price. The purchase price for the Property to be paid by Buyer to Seller (the "**Purchase Price**") is FIVE MILLION FIVE HUNDRED THOUSAND ($5,500,000) subject to the applicable ENRA Deposit credits pursuant to Section 3.5, below. The Purchase Price shall be paid in cash at the Closing.

3. ESCROW.

3.1 Escrow Account. Within ten (10) business days after the OB Approval Date, Seller will open an interest-bearing escrow account (the "**Escrow**") maintained by First American Title Insurance Company at the address noted in Section 13.8 (the "**Escrow Holder**"), with interest accruing to the benefit of Buyer. Escrow Holder shall perform all escrow and title services in connection with this Agreement. The Parties understand and agree that the officer at the Escrow Holder must have experience with handling escrow in San Mateo County. First American Title Company shall be the Escrow Holder unless unwilling or unable to perform the functions or the Parties mutually agree otherwise in writing.

3.2 Opening of Escrow. Within ten (10) business days after the OB Approval Date, the Parties will deposit into Escrow the fully executed Agreement, or executed counterparts thereto. The date such fully executed Agreement is received by Escrow Holder will be deemed the "**Opening of Escrow**."

3.3 Buyer's Deposit. The ENRA Deposits defined in Section 3.4, below, shall be held in Escrow as the "**Buyer's Deposit**". The Buyer's Deposit shall become non-refundable except in the event of a failure to Close based on any of the following Buyer's Conditions to Closing, in which case the Buyer shall be entitled to a refund of the Buyer's Deposit: 5.2(a) [No Default], 5.2(b) [Representations and Warrantees], 5.2(c) [Title Policy], 5.2(d) [Absence of Proceedings], 5.2(e) [No Material Adverse Change], 5.2(g) [Project Approvals], 5.2(h) [Permits], 5.2(i) [No Leases or Parties in Possession], 5.2(j) [Remediation Plan Approval], 5.2(k) [Compliance with Dissolution Law], and 5.2(l) [Execution and Delivery of Documents], 5.2(m) [Third Party Approvals], 5.2(n) [FEMA Approval], and/or 5.2 (o) [Subdivision].

3.4 Application of ENRA Deposits. Pursuant to Section 3(c) and Section 5 of the ENRA, Buyer has already submitted directly to Seller the following deposits: (i) Fifty Thousand Dollars ($50,000) to cover the actual costs that the Seller has incurred and will incur in furtherance of this Agreement ("**ENRA Reimbursement Deposit**"), (ii) One Hundred and Fifty Thousand Dollars ($150,000) as an initial deposit, fully creditable against the Purchase Price ("**ENRA Deposit**"), and (iii) Sixty Seven Thousand and Eighty Three Dollars ($67,083) to extend the term of the ENRA to December 31, 2019 ("**ENRA Extension Deposit**"). Together the ENRA Deposit and the ENRA Extension Deposit are the "**ENRA Deposits**." Seller has deposited the ENRA Deposits in an interest bearing account and any interest, when received by Seller, will become part

of the ENRA Deposits. On or before expiration of this Agreement, the Seller may, draw on the ENRA Reimbursement Deposit to reimburse the Seller's cost for third-party assistance and staff time in the negotiations for and preparation of this Agreement. Upon Closing, the Seller will apply the ENRA Deposits and any unused portion of the ENRA Reimbursement Deposit (if any) to the Purchase Price.

3.5 Environmental Remediation Regulatory Approval Successor Agency Assistance. At Closing, the Buyer agrees to take title of the Property in AS IS WHERE IS condition with no environmental remediation work required by or indemnities from the Seller or the City. Seller, at Buyer's expense, agrees to cooperate with Buyer to obtain regulatory approval of the necessary environmental work for the Property (including but not limited to the California Land Reuse and Revitalization Act) to be suitable for unrestricted residential use consistent with the uses proposed in the Project Approvals prior to and as a Buyer condition to Closing. Buyer will then manage and complete the remediation work necessary to make the Property suitable for unrestricted residential use consistent with the uses proposed in the Project Approvals after Closing. After Closing, Seller shall have no further obligations with respect to environmental and/or natural hazards remediation costs.

4. PROPERTY DISCLOSURE AND PRE-CLOSING REQUIREMENTS.

4.1 Condition of Title/Preliminary Title Report. At the time provided on the Schedule of Performance, the City shall cause the Escrow Holder to issue an updated preliminary title report for the Property to Buyer ("**Preliminary Title Report**"). Within thirty (30) calendar days from receipt, Buyer shall review the Preliminary Title Report and deliver to Seller a written notice indicating any disapproved exceptions ("**Disapproved Exceptions**"). Buyer may not disapprove the following: (a) the lien of any non-delinquent property taxes and assessments (which, if any exist, shall be prorated by the Escrow Holder at Closing); (b) the Memorandum of Agreement, (c) the covenants, conditions and restrictions set forth in the Grant Deed, (d) the Development Agreement (e) the Affordable Housing Agreement with respect to Site C2 only; and (f) commercially reasonable standard printed exceptions in the Preliminary Report (the "**Pre-Approved Exceptions**"). The Pre-Approved Exceptions and those exceptions accepted by Buyer after review of the Preliminary Title Report as provided herein are hereinafter referred to as the "**Condition of Title**." Subject to the Seller's covenant in Section 6.1(b) to neither cause nor voluntarily permit, any new lien, encumbrance or any other matter that changes the condition of title to the Property, if any exceptions other than the Pre-Approved Exceptions are reported by the Escrow Holder then any such new exception shall be Disapproved Exceptions unless the new exceptions (i) are caused by Buyer, or (ii) are consented to or waived in writing by Buyer in its sole discretion.

4.2 Environmental and Natural Hazards Disclosure. California Health & Safety Code section 25359.7 requires owners of non-residential real property who know, or have reasonable cause to believe, that any release of hazardous substances are located on or beneath the real property to provide written notice of same to the Buyer of real property. Other applicable laws require Seller to provide certain disclosures regarding natural hazards affecting the Property. Seller warrants that as of the Date of Agreement, it has provided to Buyer all reports of potential hazardous substances located on or beneath the Property that Seller possesses. Seller further agrees to make all necessary disclosures required by law.

5. CLOSING, PAYMENT OF PURCHASE PRICE AND POST CLOSING OBLIGATIONS.

5.1 Closing. The closing (the "**Closing**" or "**Close of Escrow**") will occur for the Property no later than the date set forth in the Section of Performance (see Section 5.6), unless such date for Closing is extended by Force Majeure Delay or as provided on in Sections 5.6.1, 5.6.2 or 5.6.3 herein ("**Closing Date**"). In addition to the extensions of the Closing Date in Section 5.6.1, 5.6.2 and 5.6.3, the Closing Date shall be extended where a Party's Conditions to Closing under Section 5.2 (Buyer) and 5.3 (Seller) have not been satisfied as a result of a Force Majeure Event.

5.2 Buyer's Conditions to Closing. Buyer's obligation to purchase the Property is subject to the satisfaction of each and all of the following conditions precedent ("**Buyer Conditions Precedent**") or Buyer's written waiver thereof (each in Buyer's sole discretion) on or before the Closing Date:

(a) No Default. Seller is not in default and has performed all obligations to be performed by Seller pursuant to this Agreement, and the City is not in default under the Development Agreement.

(b) Representations and Warranties. Seller's representations and warranties herein are true and correct in all material respects as of the Closing Date.

(c) Title Policy. The Escrow Holder shall, upon payment of Escrow Holder's regularly scheduled premium, be irrevocably committed to issue an ALTA Extended Title Policy to Buyer upon recordation of the Grant Deed and effective as of the Closing Date, insuring title to Buyer in the full amount of the Purchase Price and subject only to the Pre-Approved Exceptions or the Condition of Title.

(d) Absence of Proceedings. There shall be an absence of any condemnation, environmental or other pending governmental or any type of administrative or legal proceedings with respect to the Property or this Agreement which would materially and adversely affect Buyer's intended uses of the Property or the value of the Property.

(e) No Material Adverse Change. There shall not have occurred between the Date of Agreement and the Closing a material adverse change to the physical condition of the Property that renders all or a material portion of the Property unusable for the Buyer's intended use for the Project.

(f) Financing Commitments. Buyer shall have financing commitments sufficient for the acquisition of the Property and construction of the Project and Buyer's construction loan, if any, shall have closed or shall be ready to close concurrently with the Closing.

(g) Project Approvals. The Project Approvals shall be final and non-appealable, and if any appeals, legal challenges, requests for rehearing, or referenda have been filed or instituted, such appeals, legal challenges, requests for rehearing, or referenda shall have been fully and finally resolved in a manner acceptable to Buyer in its sole and absolute discretion and such that no further appeals, legal challenges, requests for rehearing, or referenda are possible.

(h) Permits. Subject to payment of the applicable fees, the City shall be ready and willing to issue the ministerial demolition, grading, foundation permit and building permit(s) necessary for the Buyer to meet its obligations in the Schedule of Performance pursuant to Section 5.6.

(i) No Leases or Parties in Possession. Seller shall have demonstrated the ability to deliver fee title to the Property to Buyer free and clear of any tenants, lessees, licensees or any third party occupants or parties in possession.

(j) Remediation Plan Approval. Buyer shall, in the Buyer's reasonable business judgment, have obtained regulatory approval of any necessary environmental work for the Property (including but not limited to the California Land Reuse and Revitalization Act) to be suitable for residential use consistent with the uses proposed in the Project Approvals and that such regulatory approval would not cause or result in a material adverse delay in the time to commence or construct the Project or a material adverse impact to the Project or the use of the Project.

(k) Compliance with Dissolution Law. Seller shall have complied with all requirements and obtained any and all approvals required under the Dissolution Law with respect to Closing.

(l) Execution and Delivery of Documents by Seller. Seller shall have executed and acknowledged the Grant Deed and Memorandum of Agreement, and Seller shall have executed (and, where appropriate, acknowledged) and delivered into escrow all other documents that Seller is required to deliver into escrow pursuant to Section 5.5.1(a).

(m) Third Party Approvals. The Seller has obtained all third party real property approvals and real property rights necessary to construct the Oak Avenue Phase 1 Extension and Off-Site Improvements as defined in the Project Approvals ("**Off-Site Real Property Interests**"); provided, however, Buyer shall obtain any required permits or right of entry for the construction of the Oak Avenue Phase 1 Extension from BART and/or Kaiser, or other relevant parties, including any permits necessary to perform construction work on top of the underground BART tunnel consistent with such Off-Site Real Property Interests.

(n) FEMA Approval. FEMA shall have approved removal of the Property from the 100 year floodplain such that the Project Approvals do not require any material modification or amendment.

(o) Subdivision. The City shall have approved any necessary legal subdivision of the Property necessary to transfer the Property and implement the Project as contemplated in the Project Approvals, and such subdivision approval shall have been recorded (including, if any applicable exemptions).

5.3 Seller's Conditions to Closing. Seller's obligation to sell the Property is subject to the satisfaction of each and all of the following conditions precedent ("**Seller Conditions Precedent**") or Seller's written waiver thereof (each in Seller's sole discretion) on or before the Closing Date:

(a) No Default by Buyer. Buyer is not in default and has performed all obligations to be performed by Buyer pursuant to this Agreement.

(b) Development Agreement. The Development Agreement is executed by Buyer, is effective, is not subject to referendum, and the Buyer is not in default under the Development Agreement.

(c) Representations and Warranties. Buyer's representations and warranties set forth herein are true and correct in all material respects as of the Closing Date.

(d) Buyer's Financing Commitments. Buyer has provided Seller written confirmation, acceptable to Seller, which approval shall not be unreasonably withheld, that Buyer has obtained financing commitments for the acquisition and construction financing for the acquisition of the Property and the construction of the Project.

(e) Permits. The Buyer shall have submitted applications to the City and subject to payment of the applicable fees, the City shall be ready and willing to issue the ministerial demolition, grading and foundation permit(s) necessary for the Buyer to Commence of Construction as set forth in the Performance Schedule set forth in Section 5.6.

(f) Compliance with Dissolution Law. Seller shall have complied with all requirements and obtained any and all approvals required under the Dissolution Law with respect to Closing.

(g) Execution and Delivery of Documents by Buyer. Buyer shall have executed and acknowledged the Grant Deed and Memorandum of Agreement, and Buyer shall have executed (and, where appropriate, acknowledged) and delivered into escrow all other documents that Buyer is required to deliver into escrow pursuant to Section 5.5.1(b).

(h) Delivery of Funds. Buyer shall have delivered through escrow the Purchase Price and such other funds, including escrow costs, recording fees and other closing costs as are necessary to comply with Buyer's obligations under this Agreement.

5.4 Conveyance of Title. Seller will deliver marketable fee simple title to Buyer at the Closing, subject only to the Condition of Title pursuant to Section 4.1. The Property will be conveyed by Seller to Buyer in an "as is" condition, with no warranty, express or implied, by Seller as to the physical condition including, but not limited to, the soil, its geology, or the presence of known or unknown faults or Hazardous Materials or hazardous waste (as defined by Section 12); provided, however, that the foregoing shall not relieve Seller from disclosure of any such conditions of which Seller has actual knowledge.

5.5 Closing.

5.5.1 Delivery of Documents and Closing Funds. At or prior to Closing, Seller and Buyer shall each deposit such other instruments as are reasonably required by the Escrow Holder or otherwise required to close the escrow and consummate the conveyance of the Property in accordance with the terms hereof, including but not limited to the following:

(a) Deliveries by Seller. At or before Closing, Seller shall deposit the following into escrow:

A. one (1) original executed and acknowledged Grant Deed substantially in the form attached hereto as Exhibit B ("**Grant Deed**");

B. one (1) original executed and acknowledged Memorandum of Agreement, substantially in the form attached hereto as Exhibit D ("**Memorandum of Agreement**");

C. one (1) duly executed non-foreign certification for the Property in accordance with the requirements of Section 1445 of the Internal Revenue Code of 1986, as amended; and

D. one (1) duly executed California Form 593-W Certificate for the Property or comparable non-foreign person affidavit to satisfy the requirements of California Revenue and Taxation Code Section 18805(b) and 26131.

(b) Deliveries by Buyer. At or prior to Closing, Buyer shall deposit the following into escrow:

A. immediately available funds in the amount, which together with the Buyer's Deposit plus interest thereon, if any, is equal to an amount necessary to consummate the Closing, including the Purchase Price, escrow and Title Policy costs set forth in Section 5.5.5;

B. one (1) original executed and acknowledged Grant Deed;

C. one (1) original executed and acknowledged Memorandum of Agreement; and

D. one (1) original executed Preliminary Change of Ownership Report for the Property.

E. one (1) fully executed Affordable Housing Agreement as required and defined in the Development Agreement.

5.5.2 Escrow Instructions. This Agreement constitutes the joint escrow instructions of Seller and Buyer with respect to the conveyance of the Property to Buyer, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties shall use reasonable good faith efforts to close the escrow for the conveyance of the Property in the shortest possible time. Insurance policies for fire or casualty are not to be transferred, and each Party will cancel its own policies, if any, as of the Closing. All funds received in the escrow shall be deposited in interest-bearing accounts for the benefit of the depositing Party in any state or national bank doing business in the State of California. All disbursements shall be made by check or wire transfer from such accounts. If, in the opinion of either Party, it is necessary or convenient in order to accomplish the Closing, such Party may provide supplemental escrow instructions; provided that if there is any inconsistency between this

Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The Closing shall take place as set forth in Section 5.5.4 below. Escrow Agent is instructed to release Seller's and Buyer's escrow closing statements to the respective parties.

5.5.3 Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

(a) Pay and charge Buyer for the premium of the Title Policy, including any endorsements requested by Buyer.

(b) Pay and charge Buyer for escrow fees, charges, and costs as provided in Section 5.5.5.

(c) Disburse to Seller the Purchase Price, less Seller's share of any fees, costs and expenses allocated to Seller herein, and record the Grant Deed when both the Buyer Conditions Precedent and Seller Conditions Precedent have been fulfilled or waived in writing by Buyer and Seller, as applicable. Immediately following recordation of the Grant Deed, Escrow Agent shall record the Memorandum of Agreement, Development Agreement, Affordable Housing Agreement and all other recordable documents delivered into escrow for the Closing.

(d) Do such other actions as necessary, including obtaining and issuing the Title Policy, to fulfill its obligations under this Agreement.

(e) Direct Seller and Buyer to execute and deliver any instrument, affidavit, and statement, and to perform any act, reasonably necessary to comply with the provisions of FIRPTA, if applicable, and any similar state act and regulations promulgated thereunder.

(f) Prepare and file with all appropriate governmental or taxing authorities uniform settlement statements, closing statements, tax withholding forms including IRS 1099-S forms, and be responsible for withholding taxes, if any such forms are provided for or required by law.

5.5.4 Closing. The escrow for conveyance of the Property shall close ("**Close of Escrow**") within thirty (30) days after the satisfaction, or waiver by the appropriate Party, of all of the Buyer Conditions Precedent and all of the Seller Conditions Precedent, but not later than the "Outside Date" as defined in the Schedule of Performance. For purposes of this Agreement, the "Closing" shall mean the time and day the Grant Deed is recorded with the San Mateo County recorder.

5.5.5 Closing Costs. Buyer will pay all escrow fees (including the costs of preparing documents and instruments), and recording fees. Buyer will also pay title insurance, title report costs and all transfer taxes. Seller will pay all governmental conveyance fees, where applicable.

5.5.6 Pro-Rations. At the Close of Escrow, the Escrow Agent shall prorate the property taxes and assessments as of the Close of Escrow based upon the most recent tax bill available, including any property taxes which may be assessed after the Close of Escrow but which

pertain to the period prior to the transfer of title to the Property to Buyer, regardless of when or to whom notice thereof is delivered. Seller does not pay ad valorem taxes.

5.6 Schedule of Performance. Subject to Force Majeure Delay as set forth in Section 7.4 and the extensions to Buyer's obligations provided in Sections 5.6.1, 5.6.2, and 5.6.3, as applicable, the Parties shall complete the following in the time set forth on Exhibit C ("**Schedule of Performance**"). Notwithstanding the foregoing, if the Seller and Buyer mutually agree to a phasing plan for the construction of the Project, which includes distinct timeframes for the Commencement of Construction or the Substantial Completion of each defined phase that conflict with those set forth in the Schedule of Performance and that move forward the deadlines set forth in Schedule of Performance, the provisions of such phasing plan shall control. These obligations shall survive Closing, as applicable.

5.6.1 Seller's Extension. The deadlines set forth in Section 5.6 shall each be subject to a ninety (90) day extension, provided (1) that the Buyer submits a written request for an extension prior to the deadline which shall include the rationale for the request and summary of the actions Buyer has taken to satisfy the obligation prior to the deadline and (2) the extension request is approved by the City Manager, which such approval shall not be unreasonably withheld. If granted, such 90-day extension shall extend all following dates in the schedule by 90-days, unless the City Manager approval expressly states otherwise.

5.6.2 Buyer's Extension. At the Buyer's sole discretion, the deadlines set forth in Section 5.6 shall be subject to a maximum of four extensions of 30 days (no more than 120 days total) upon written notice to Seller and Buyer's payment to Seller of $25,000 for each such 30-day extension. Such extensions shall extend each following dates in the schedule.

5.6.3 City Review. The Developer's deadlines set forth on the Schedule of Performance are each contingent upon the City reviewing and providing comments or approving plans and permit applications submitted by Buyer within twenty one (21) days of submission of complete plans and/or applications. This 21 day period shall commence anew each time that Buyer submits revised plans in response to City comments on the prior version of the plans. Buyer shall be solely responsible for submitting complete plans that satisfy all federal, state and local code and City requirements. Buyer shall be responsible for payment of all required City building permit fees including costs for City to retain contract plan check services. In the event that City review exceeds 21 days, the deadlines set forth in Section 5.6 shall all be extended one day for each day the City review exceeds 21 days.

5.7 Compliance with Development Agreement. Buyer and City shall each execute, record and comply with all obligations under the Development Agreement, as applicable (including but not limited to those obligations of Buyer under Development Agreement) in substantially the form set forth on Exhibit C.

5.8 Maintenance of Property. Prior to Close of Escrow, the City, acting on behalf of the Successor Agency, shall be solely responsible for the maintenance of the Property. After Close of Escrow and through completion of construction for the entire Project, Buyer shall use commercially reasonable efforts to maintain any portion of the Property that has not been constructed and that is not in active construction in either approximately the same condition as that

at the time of Close of Escrow (for portions of the property where grading or construction has not occurred) or in its then current construction status with open areas seeded or otherwise managed to minimize erosion and dust from the Property and existing vegetation trimmed to minimize fire hazards. Buyer shall also erect and maintain a temporary fence around the Project construction site, with the type of fence subject to the approval by the Chief Planner, which approval shall not be unreasonably withheld, delayed or conditioned.

5.9 Allocation of Net Proceeds to Taxing Entities. Upon disbursal to Seller of the Purchase Price, Seller will remit the Net Unrestricted Proceeds (defined below) to the applicable Taxing Entities in accordance with the Amended and Restated Master Agreement for Taxing Entity Compensation. This obligation survives Closing and is the sole and exclusive obligation of the Seller.

For purposes of this Agreement and the Amended and Restated Master Agreement for Taxing Entity Compensation, "**Net Unrestricted Proceeds**" means the sale proceeds received by the Seller for the sale of the Property, less: (i) costs incurred by the Seller for expenses incurred in connection with the management and disposition of the Property, including reasonable and actual costs incurred for property management, maintenance, insurance, marketing, appraisals, brokers' fees, escrow, closing costs, survey, attorneys' and consultants' fees, and other reasonable costs incurred, including reasonable compensation for Seller staff performing functions associated with the management, maintenance and disposition of the Property provided that the Seller shall first apply any revenue generated from license, permit, lease, right-of-entry, or similar agreements received by the Seller to offset the management, insurance and maintenance costs of the Property (collectively, "**Permissible Expenditures**"), and (ii) any proceeds of sale that are restricted by virtue of the source of funds (e.g. grant funds or the proceeds of bonds) that were used for the original acquisition of the Property. Upon sale of Property, along with each Taxing Entity's pro-rata share of the Net Unrestricted Proceeds, the Seller shall deliver to the Taxing Entities an accounting of all such costs, expenses and restricted proceeds related to that particular parcel ("**Sale Accounting**").

6. REPRESENTATIONS, WARRANTIES AND COVENANTS.

6.1 Seller's Representations, Warranties and Covenants. In addition to the representations, warranties and covenants of Seller contained in other sections of this Agreement, Seller hereby represents, warrants and covenants to Buyer that the statements below in this Section 6.1 are each true and correct as of the Effective Date provided however, if to Seller's actual knowledge any such statement becomes untrue prior to Closing, Seller will notify Buyer in writing and Buyer will have three (3) business days thereafter to determine if Buyer wishes to proceed with Closing. If Buyer determines it does not wish to proceed, then the terms of Section 7.3 will apply.

(a) Authority. Seller is a municipal corporation, lawfully formed, in existence and in good standing under the laws of the State of California. Seller has the full right, capacity, power and authority to enter into and carry out the terms of this Agreement, subject to Section 1.2. This Agreement has been duly executed by Seller, and upon delivery to and execution by Buyer is a valid and binding agreement of Seller.

(b) Encumbrances. Other than the exceptions set forth in the Preliminary Title Report, Seller has not alienated, encumbered, transferred, mortgaged, assigned, pledged, or otherwise conveyed its interest in the Property or any portion thereof, nor entered into any agreement to do so, and there are no liens, encumbrances, mortgages, covenants, conditions, reservations, restrictions, easements or other matters affecting the Property, except as disclosed in the Preliminary Report. Seller shall not, directly or indirectly, alienate, encumber, transfer, mortgage, assign, pledge, or otherwise convey its interest prior to the Close of Escrow, as long as this Agreement is in force.

(c) No Right of Possession. There are no agreements, including any leases, licenses and occupancy agreements, affecting the Property. There are no agreements which will be binding on the Buyer or the Property after the Close of Escrow. Other than the utility easements set forth on the Preliminary Title Report, no person or entity other than Seller has the right to use, occupy, or possess the Property or any portion thereof. Seller will not enter into any lease or other agreement affecting the Property or any portion thereof without the written consent of Buyer.

(d) No Conflict. Seller's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Seller is a party or by which Seller is bound.

(e) No Litigation or Other Proceeding. To Seller's current actual knowledge, no litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of Seller to perform its obligations under this Agreement, or that would adversely affect the Property or Buyer's intended use of the Property for the Project.

(f) No Seller Bankruptcy. Seller is not the subject of any bankruptcy proceeding, and no general assignment or general arrangement for the benefit of creditors or the appointment of a trustee or receiver to take possession of all or substantially all of Seller's assets has been made.

(g) Condition of Property. Seller has no notice of any pending or threatened action or proceeding arising out of the condition of the Property or any alleged violation of any Environmental Laws. Except as otherwise disclosed by City and provided in Section 3.6, to Seller's actual current knowledge, the Property is in compliance with all Environmental Laws. The Seller will not make or allow any material adverse change to the condition of the Property.

The truth and accuracy of each of the representations and warranties, and the performance of all covenants of Seller contained in this Agreement are conditions precedent to Buyer's obligation to proceed with the Closing hereunder. The foregoing representations and warranties shall not be deemed merged into the deed upon closing and shall survive the Close of Escrow until the satisfaction of the Buyer's Post-Closing Obligations under Section 5.6 and shall survive any earlier expiration or termination of this Agreement for a period of twelve (12) months.

6.2 Buyer's Representations and Warranties. In addition to the representations, warranties and covenants of Buyer contained in other sections of this Agreement, Buyer hereby

represents, warrants and covenants to Seller that the statements below in this Section 6.2 are each true as of the Date of Agreement, and, if to Buyer's actual knowledge any such statement becomes untrue prior to Closing, Buyer shall so notify Seller in writing and Seller shall have at least three (3) business days thereafter to determine if Seller wishes to proceed with Closing. If Seller determines it does not wish to proceed, then the terms of Section 7.3 will apply.

(a) Authority. Buyer is a limited liability company. Buyer has the full right, capacity, power and authority to enter into and carry out the terms of this Agreement. This Agreement has been duly executed by Buyer, and upon delivery to and execution by Seller shall be a valid and binding agreement of Buyer.

(b) No Bankruptcy. Buyer is not bankrupt or insolvent under any applicable federal or state standard, has not filed for protection or relief under any applicable bankruptcy or creditor protection statute, and has not been threatened by creditors with an involuntary application of any applicable bankruptcy or creditor protection statute.

The truth and accuracy of each of the representations and warranties, and the performance of all covenants of Buyer contained in this Agreement are conditions precedent to Seller's obligation to proceed with the Closing hereunder. The foregoing representations and warranties shall survive the Closing and continue until satisfaction of the Buyer's Post-Closing Obligations under Section 5.6.

7. DEFAULT, REMEDIES, TERMINATION.

7.1 Default Remedies - General. Failure by either Party to perform any action or covenant required by this Agreement within thirty (30) days following receipt of written Notice from the other Party specifying the failure shall constitute a "**Default**" under this Agreement; provided, however, that if the failure to perform cannot be reasonably cured within such thirty (30) day period, a Party shall be allowed additional time as is reasonably necessary to cure the failure so long as such Party commences to cure the failure within the thirty (30) day period and thereafter diligently prosecutes the cure to completion. Subject to the limitations of Section 7.2 below, any default by the Buyer or Seller under the Development Agreement which is not cured following notice and expiration of any applicable cure periods thereunder shall also constitute a Default under this Agreement, and upon occurrence of such Default and without any right to further notice or additional cure period, the non-defaulting party shall have all remedies available to it under this Agreement, including the right to terminate this Agreement as set forth in Section 7.3 below.

7.2 Legal Actions.

7.2.1 Institution of Legal Actions and Remedies. Upon the occurrence of a Default under this Agreement, the non-defaulting Party shall have the right to institute any action at law or in equity to cure, correct, prevent or remedy such Default, subject to the express limitations on remedies provided in this Section 7.2.1. Neither Party shall have the right to recover any punitive, consequential, or special damages. Such legal actions must be instituted in the Superior Court of the County of San Mateo, State of California, or in the Federal District Court for the Northern District of the State of California.

7.2.1.1 Default by Buyer; Seller's Remedies. The Seller's remedies shall be expressly limited as follows:

a. Pre-Closing. Upon the occurrence of a Default by Buyer that occurs before Closing the Seller's remedies shall be limited to (i) liquidated damages pursuant to Section 7.2.2 and (ii) termination of this Agreement pursuant to Section 7.3.

b. Post-Closing. Upon the occurrence of a Default by Buyer that occurs after Closing, the Seller's remedies shall be limited to obtaining specific performance, declaratory or injunctive relief, or terminating this Agreement.

7.2.1.2 Default by Seller; Buyer's Remedies. Upon the occurrence of a Default by Seller under this Agreement, Buyer's remedies shall be limited to obtaining specific performance, declaratory or injunctive relief, or terminating this Agreement.

7.2.2 Liquidated Damages. SUBJECT TO NOTICE AND EXPIRATION OF APPLICABLE CURE PERIODS AND ANY PERMITTED EXTENSIONS OF TIME AS PROVIDED IN THIS AGREEMENT, IF IN THE EVENT OF A BUYER DEFAULT AS SET FORTH IN 7.2.1.1(a), THE SELLER WILL SUFFER DAMAGES AND THAT IT IS IMPRACTICABLE AND INFEASIBLE TO FIX THE ACTUAL AMOUNT OF SUCH DAMAGES. THEREFORE, CONSIDERING ALL THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, IN THE EVENT OF A CLOSING DEFAULT, BUYER, WITHIN THIRTY (30) DAYS FOLLOWING SELLER'S WRITTEN DEMAND THEREFOR, SHALL TURN OVER ALL REPORTS AND PLANS IN THE BUYER'S ACTUAL OR CONSTRUCTIVE POSSESSION THAT HAVE BEEN PREPARED BY AND FOR BUYER RELATED TO THE PROJECT AND THE PROPERTY (WITH THE EXCEPTION OF BUYER'S INTELLECTUAL PROPERTY, CONFIDENTIAL FINANCIAL INFORMATION, AND ANY INFORMATION SUBJECT TO LEGAL PRIVILEGE) (THE "**MATERIALS**.") THE BUYER'S ENRA DEPOSITS, AND MATERIALS SHALL SERVE AS LIQUIDATED DAMAGES TO THE SELLER FOR A DEFAULT SPECIFIED IN SECTION 7.2.1.1(a). THE VALUE OF THE BUYER'S ENRA DEPOSITS AND MATERIALS CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES THAT THE SELLER WOULD INCUR IN THE EVENT OF A CLOSING DEFAULT. RETENTION OF THE BUYER'S ENRA DEPOSITS AND MATERIALS SHALL BE THE SELLER'S SOLE AND EXCLUSIVE REMEDY AGAINST BUYER IN THE EVENT OF A DEFAULT A DEFAULT SPECIFIED IN SECTION 7.2.1.1(a), AND THE SELLER WAIVES ANY AND ALL RIGHT TO SEEK OTHER RIGHTS OR REMEDIES AGAINST BUYER, INCLUDING WITHOUT LIMITATION, SPECIFIC PERFORMANCE. THE LIQUIDATED DAMAGES PROVIDED FOR HEREIN IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF SECTIONS 3275 OR 3369 OF THE CALIFORNIA CIVIL CODE, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO THE SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. SELLER WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389. BY PLACING ITS INITIALS BELOW, BUYER AND SELLER SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE, THE REASONABLENESS OF THE AMOUNT OF LIQUIDATED DAMAGES AGREED UPON, AND THE FACT THAT EACH PARTY WAS REPRESENTED

BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION.

INITIALS: _____ _____
SELLER BUYER

7.2.3 Acceptance of Service of Process. In the event that any legal action is commenced by Buyer against Seller, service of process on Seller shall be made by personal service upon the City Manager at the address provided in Section 13.8 or in such other manner as may be provided by law. In the event that any legal action is commenced by Seller against Buyer, service of process on Buyer shall be made by personal service upon Eric Tao,, Buyer's registered agent for service of process in California, at 500 Sansome Street, Suite 750, San Francisco, CA 94111 or in such other manner as may be provided by law.

7.3 Termination. In addition to termination upon satisfaction of all material terms of this Agreement as evidenced by issuance of a Certificates of Completion as to each portion of the Project, this Agreement may be terminated by the Party for whom a condition is intended to benefit: (i) if there is an uncured Default, after notice from the Party not in default and expiration of all cure periods, (ii) if there is a failure of an express Buyer Condition Precedent or Seller Condition Precedent (which is not waived by the Party whom the condition benefits) by timely notice from the Party whom the condition benefits, (iii) a representation or warranty of a Party becomes untrue prior to Closing under Section 6.1 or 6.2 (which is not waived by the Party whom the condition benefits), (iv) upon mutual written consent of the Parties, each in its sole discretion. Upon termination, the Parties will also cooperate to record a notice of termination.

7.4 Force Majeure Delay. All obligations in this Agreement shall not be deemed to be in Default, all performance and other dates specified in those sections shall be extended, where delays are due to: war; insurrection; strikes and labor disputes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; litigation and arbitration, including court delays; legal challenges to this Agreement, legal challenges to the Project Approvals, or legal challenges to any other approval required from any public agency other than the City for the Project, or any initiatives or referenda regarding the same; environmental conditions that have not been previously disclosed or discovered or that could not have been discovered with reasonable diligence that delays the construction or development of the Property or any portion thereof; unusually severe weather but only to the extent that such weather or its effects (including, without limitation, dry out time) result in delays that cumulatively exceed thirty (30) days for every winter season occurring after commencement of demolition, grading, and/or construction of the Project; acts or omissions of the other Party; or acts or failures to act of any public or governmental agency or entity, including but not limited to delays in the Countywide Oversight Board process (except that acts or failures to act of Seller shall not excuse performance by Seller); moratorium; any delay caused by required coordination with the City's Civic Campus Project or the City obtaining the Off-Site Real Property Interests, so long as the Buyer is acting diligently and in good faith; or a Severe Economic Recession (each a "**Force Majeure Delay**"). An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within sixty (60) days of the commencement of the cause. If notice is sent after such sixty (60) day period, then the extension

shall commence to run no sooner than sixty (60) days prior to the giving of such notice. Buyer's inability or failure to obtain financing or otherwise timely satisfy shall not be deemed to be a cause outside the reasonable control of the Buyer and shall not be the basis for an excused delay unless such inability, failure or delay is a direct result of a Severe Economic Recession. "**Severe Economic Recession**" means a decline in the monetary value of all finished goods and services produced in the United States, as measured by initial quarterly estimates of United States Gross Domestic Product ("**GDP**") published by the United States Department of Commerce Bureau of Economic Analysis (and not subsequent monthly revisions), lasting more than four (4) consecutive calendar quarters. Any quarter of flat or positive GDP growth shall end the period of such Severe Economic Recession.

7.5 City Option to Repurchase, Reenter and Repossess Parcels B and C1.

7.5.1 As to Parcels B and C1, subject to notice and opportunity to cure under Section 7.1 and pplicable Force Majeure Delay under Section **Error! Reference source not found.**7.4, City shall have the additional right, at its sole option, to repurchase, reenter and take possession of either Parcel B1 or Parcel C if after conveyance of title to the Property and prior to Commencement of Construction on Parcels C1 and B, as part of Phases I or II respectively, as set for in the Schedule of Performance, Developer shall fail to Commence Construction on Parcels C1 or B as part of either Phase 1 or Phase II of the Project prior to the date and time required in Schedule of Performance.

7.5.2 Such right to repurchase, reenter and repossess, to the extent provided in this Agreement, shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

(a) Any mortgage, deed of trust or other security instrument permitted by this Agreement; or

(b) Any rights or interests provided in this Agreement for the protection of the holder of such mortgages, deeds of trust or other security instruments.

7.5.3 To exercise its right to repurchase, reenter and take possession with respect to either Parcel C1 or B, City shall pay to Developer in cash an amount equal to:

(a) The Purchase Price paid by Developer for either of Parcel C1 or B, whichever parcel is repurchased.

(b) The total amount of any mortgages, deeds of trust or other liens encumbering the specific parcel at the time of the repurchase, reentry and repossession.

In order to exercise such purchase option, City shall give Developer Notice of such exercise and Developer shall, within sixty (60) days after Developer's receipt of such Notice, provide City with a detailed accounting of all of Developer's costs incurred as provided above. If City elects, in its sole discretion to repurchase either or both parcels, City, within thirty (30) days thereafter, shall pay to Developer in cash all sums owing pursuant to this Section 7.5, if any, and Developer shall thereupon execute and deliver to City a grant deed transferring to City all of Developer's interest in the Property (or applicable portion thereof).

City's rights under this Section 7.5 shall terminate as to each Parcel C1 or B upon Commencement of Construction by Developer on each of Parcels C1 and B respectively.

8. BROKERS. Seller represents that no real estate broker has been retained by Seller in the sale of the Property or the negotiation of this Agreement. Buyer represents that no real estate broker has been retained by Buyer in the procurement of the Property or negotiation of this Agreement. Buyer and Seller shall indemnify, hold harmless and defend the other Party from any and all claims, actions and liability for any breach of the preceding sentence, and any commission, finder's fee, or similar charges arising out the other Party's conduct.

9. ASSIGNMENT. Until issuance of Certificate of Completion for the Project on the Property (or applicable portion thereof), neither Seller nor Buyer may assign its rights or delegate its duties under this Agreement, except for Buyer Permitted Transfers as defined below, without (i) the express written consent of the other Party, which consent will not be unreasonably withheld or delayed and (ii) a concurrent assignment of the Development Agreement in accordance with Section 8.1 of the Development Agreement. If Buyer proposes an assignment in relation to the entire Property or Parcels B and/or C1 separately (each a "**Property Transfer**"), Buyer will seek Seller's prior written consent to such Property Transfer, which consent will not be unreasonably withheld or delayed. Seller may refuse to give consent to a proposed Property Transfer only if, in light of the proposed transferee's reputation and financial resources, such transferee would not, in Seller's reasonable opinion, be able to perform the obligations proposed to be assumed by such transferee, and such determinations will be made by the City Manager and will be appealable by Buyer to the City Council. Prior to any Property Transfer, the Buyer and assignee shall enter into an assignment and assumption agreement that clearly assigns the rights and obligations between the parties, and subject to prior approval, which shall not be unreasonably be withheld or delayed, of the City Manager and the City Attorney. Notwithstanding the preceding language, any proposed assignment of Site C2 separately ("**Affordable Property Transfer**") to a party other than BRIDGE or an Affiliate of BRIDGE, including the form of assignment and assumption agreement and Affordable Housing Covenant, shall require the prior consent of the City Council.

Notwithstanding any other provision of this Agreement to the contrary, each of following transfers are permitted and shall not require Seller consent under this Section 9 (each a "**Buyer Permitted Transfer**"):

(a) Any transfer for financing purposes to secure the funds necessary for construction and/or permanent financing of the Project, including but not limited to any tax credit financing for the Affordable Units;

(b) An assignment of this Agreement to an Affiliate of Buyer (except that Affordable Property Transfer to an Affiliate of Buyer shall not be a Buyer Permitted Transfer);

(c) An Affordable Property Transfer to BRIDGE, or an Affiliate of BRIDGE. For the purposes of this section, an "**Affiliate of BRIDGE**" means an entity that is directly or indirectly controlling, controlled by, or under common control of BRIDGE Housing Corporation, including but not limited to a tax credit partnership in which BRIDGE or an Affiliate of BRIDGE is the managing general partner. For any Affordable Property Transfer to BRIDGE or an Affiliate of BRIDGE, the Buyer and assignee shall enter into an assignment and assumption

agreement in substantially the form set forth in Exhibit E, with the final form of the assignment and assumption agreement subject to approval by the City Manager;

(d) The sale or lease of the Child Care Center to a Childcare Operator, as defined in the Development Agreement;

(e) Transfers of common area to a property owners association;

(f) Dedications and grants of easements and rights of way required in accordance with the Project Approvals; or

(g) Any leasing activity.

For the purposes of this Section 9, "**Affiliate of Buyer**" means an entity or person that is directly or indirectly controlling, controlled by, or under common control with Buyer. For the purposes of this definition, "**control**" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity or a person, whether through the ownership of voting securities, by contract, or otherwise, and the terms "**controlling**" and "**controlled**" have the meanings correlative to the foregoing. No permitted assignment of any of the rights or obligations under this Agreement shall result in a novation or in any other way release the assignor from its obligations under this Agreement unless a release is provided in the form of assignment and assumption agreement approved by the reviewing Party.

10. ENVIRONMENTAL INDEMNITY. Effective upon Close of Escrow, and subject to Section 3.6, to the fullest extent allowed by law, Buyer agrees to unconditionally and fully indemnify, protect, defend (with counsel satisfactory to Buyer in Buyer's sole discretion), and hold Seller and the City, and their respective elected and appointed officers, officials, employees, and agents, ("**Seller Indemnified Parties**") harmless from and against any and all claims (including without limitation third party claims for personal injury, real or personal property damage, or damages to natural resources), actions, administrative proceedings (including without limitation both formal and informal proceedings), judgments, damages, punitive damages, penalties, fines, costs (including without limitation any and all costs relating to investigation, assessment, analysis or clean-up of the Property), liabilities (including without limitation sums paid in settlements of claims), interest, or losses, including reasonable attorneys' and paralegals' fees and expenses (including without limitation any such fees and expenses incurred in enforcing this Agreement or collecting any sums due hereunder), together with all other costs and expenses of any kind or nature (collectively, the "**Claims**") that arise directly or indirectly from or in connection with the presence, suspected presence, release, or suspected release, of any Hazardous Materials in, on or under the Property or to the extent emanating from the Property, in or into the air, soil, soil gas, groundwater, or surface water at, on, about, around, above, under or within the Property, or any portion thereof that are existing as of the Close of Escrow or are caused to exist during the period of ownership of the Property by Buyer, except those Costs that arise solely as a result of actions by Seller, the City (including their consultants and contractors) or Seller Indemnified Parties. Upon receipt of any Claim, the Seller Indemnified Parties shall promptly notify and tender such Claim to the Buyer. Any failure to timely tender such Claim to Buyer to allow Buyer to defend such Claim shall be deemed a waiver of such Seller Indemnified Party's rights under this Section 10. Buyer shall resolve such Claim in its sole and absolute discretion so long as the Seller Indemnified

Party is not subject to any costs or liability. The indemnification provided pursuant to this Section shall specifically apply to and include claims or actions brought by or on behalf of employees of Buyer or any of its predecessors in interest and Buyer hereby expressly waives any immunity to which Buyer may otherwise be entitled under any industrial or worker's compensation laws. The indemnification provided pursuant to this Section shall include, without limitation, all loss or damage sustained by the Seller due to any Hazardous Materials: (a) that are present or suspected by a governmental agency having jurisdiction to be present in the Property or in the air, soil, soil gas, groundwater, or surface water at, on, about, above, under, or within the Property (or any portion thereof) or to have emanated from the Property, or (b) to the extent emanating from the Property that migrate, flow, percolate, diffuse, or in any way move onto, into, or under the air, soil, soil gas, groundwater, or surface water at, on, about, around, above, under, or within the Property (or any portion thereof) after the date of this Agreement as a result of Seller's activities on the Property prior to Close of Escrow. The provisions of this Section 10 shall survive the termination of this Agreement and the Close of Escrow. If Buyer purchases an environmental pollution legal liability policy for the Property, the policy shall include the City and Agency as additional insureds.

11. RELEASE BY BUYER. Effective upon the Close of Escrow, Buyer waives, releases, remises, acquits and forever discharges Seller and the City, and its officers, directors, board members, managers, employees and agents, and any other person acting on behalf of Seller from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses and compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which Buyer now has or which may arise in the future on account of or in any way arising from or in connection with the physical condition of the Property or any law or regulation applicable thereto including, without limiting the generality of the foregoing, any federal, state or local law, ordinance or regulation pertaining to Hazardous Materials. This Section 11 shall not apply to the City for any portion of the Property that is, after Closing, dedicated for public use (e.g. public sidewalks) and is under the direct management and maintenance of the City. This Section 11 shall survive the termination of this Agreement and the Close of Escrow.

BUYER ACKNOWLEDGES THAT BUYER IS FAMILIAR WITH SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

BY INITIALING BELOW, BUYER EXPRESSLY WAIVES THE BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE WITH RESPECT TO THE FOREGOING RELEASE:

Buyer's initials: _____

12. HAZARDOUS MATERIALS; DEFINITIONS.

12.1 Hazardous Materials. As used in this Agreement, "**Hazardous Materials"** means any chemical, compound, material, mixture, or substance that is now or may in the future be defined or listed in, or otherwise classified pursuant to any Environmental Laws (defined below)

as a "hazardous substance", "hazardous material", "hazardous waste", "extremely hazardous waste", infectious waste", toxic substance", toxic pollutant", or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity. The term "Hazardous Materials" shall also include asbestos or asbestos-containing materials, radon, chrome and/or chromium, polychlorinated biphenyls, petroleum, petroleum products or by-products, petroleum components, oil, mineral spirits, natural gas, natural gas liquids, liquefied natural gas, and synthetic gas usable as fuel, perchlorate, and methyl tert butyl ether, whether or not defined as a hazardous waste or hazardous substance in the Environmental Laws.

12.2 Environmental Laws. As used in this Agreement, "**Environmental Laws**" means any and all federal, state and local statutes, ordinances, orders, rules, regulations, guidance documents, judgments, governmental authorizations or directives, or any other requirements of governmental authorities, as may presently exist, or as may be amended or supplemented, or hereafter enacted, relating to the presence, release, generation, use, handling, treatment, storage, transportation or disposal of Hazardous Materials, or the protection of the environment or human, plant or animal health, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. § 9601), the Hazardous Materials Transportation Act (49 U.S.C. § 5101 *et seq*.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq*.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq*.), the Clean Air Act (42 U.S.C. § 7401 *et seq*.), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq*.), the Oil Pollution Act (33 U.S.C. § 2701 *et seq*.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 *et seq*.), the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 *et seq*.), the Toxic Mold Protection Act (Cal. Health & Safety Code § 26100, *et seq*.), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 *et seq*.), the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 *et seq*.), the Hazardous Materials Release Response Plans & Inventory Act (Cal. Health & Safety Code § 25500 *et seq*.), and the Carpenter-Presley-Tanner Hazardous Substances Account Act (Cal. Health and Safety Code, Section 25300 *et seq*.).

13. MISCELLANEOUS.

13.1 Attorneys' Fees. If any Party employs counsel to enforce or interpret this Agreement, including the commencement of any legal proceeding whatsoever (including insolvency, bankruptcy, arbitration, mediation, declaratory relief or other litigation), the prevailing Party shall be entitled to recover its reasonable attorneys' fees and court costs (including the service of process, filing fees, court and court reporter costs, investigative fees, expert witness fees, and the costs of any bonds, whether taxable or not) and shall include the right to recover such fees and costs incurred in any appeal or efforts to collect or otherwise enforce any judgment in its favor in addition to any other remedy it may obtain or be awarded. Any judgment or final order issued in any legal proceeding shall include reimbursement for all such attorneys' fees and costs. In any legal proceeding, the "prevailing party" shall mean the Party determined by the court to most nearly prevail and not necessarily the Party in whose favor a judgment is rendered.

13.2 Interpretation. This Agreement has been negotiated at arm's length and each Party has been represented by independent legal counsel in this transaction and this Agreement has been

reviewed and revised by counsel to each of the Parties. Accordingly, each Party hereby waives any benefit under any rule of law (including Section 1654 of the California Civil Code) or legal decision that would require interpretation of any ambiguities in this Agreement against the drafting Party.

13.3 Survival. All indemnities, covenants, representations and warranties contained in Section 5.6, 6.1, Section 6.2, Section 10, and Section 11 of this Agreement shall survive Close of Escrow as expressly provided in each such section.

13.4 Successors. Except as provided to the contrary in this Agreement, this Agreement shall be binding on and inure to the benefit of the Parties and their successors and assigns.

13.5 Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

13.6 Integrated Agreement; Modifications. This Agreement contains all the agreements of the Parties concerning the subject hereof any cannot be amended or modified except by a written instrument executed and delivered by the Parties. There are no representations, agreements, arrangements or understandings, either oral or written, between or among the Parties hereto relating to the subject matter of this Agreement that are not fully expressed herein. In addition there are no representations, agreements, arrangements or understandings, either oral or written, between or among the Parties upon which any Party is relying upon in entering this Agreement that are not fully expressed herein. In the event that the Countywide Oversight Board approves a Purchase Price different from the Purchase Price set forth in Section 2.2 and the Buyer, in its sole and absolute discretion, agrees to the revised Purchase Price, the City Manager may, on behalf of the City and Successor Agency, approve and execute an amendment to this Agreement to incorporate the Purchase Price approved by the San Mateo Countywide Oversight Board.

13.7 Severability. If any term or provision of this Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from this Agreement, any such provision shall not be affected by the legality, enforceability, or validity of the remainder of this Agreement. If any provision or part thereof of this Agreement is stricken in accordance with the provisions of this section, then the stricken provision shall be replaced, to the extent possible, with a legal, enforceable and valid provision this is in keeping with the intent of the Parties as expressed herein.

13.8 Notices. Any delivery of this Agreement, notice, modification of this Agreement, collateral or additional agreement, demand, disclosure, request, consent, approval, waiver, declaration or other communication that either Party desires or is required to give to the other Party or any other person shall be in writing. Any such communication may be served personally, or by nationally recognized overnight delivery service (i.e., Federal Express) which provides a receipt of delivery, or sent by prepaid, first class mail, return receipt requested to the Party's address as set forth below:

If to Seller, to: City of South San Francisco
400 Grand Avenue
Attn: City Manager
South San Francisco, CA 94080
Phone: (650) 877-8500
Fax: (650) 829-6609

With a Copy to: Meyers, Nave, Riback, Silver & Wilson
555 12th Street, Suite 1500
Oakland, CA 94607
Attn: Sky Woodruff, City Attorney
Phone: (510) 808-2000
Fax: (510) 444-1108

If to Buyer, to: SSF PUC Housing Partners, LLC
Attn: Eric Tao
c/o L37 Partners
500 Sansome, Ste 750
San Francisco, CA 94111
Phone: (415) 394-9016
Email: eric@L37partners.com

With Copies to: Holland & Knight
50 California Street, #2500
San Francisco, CA 94111
Attn: Tamsen Plume
Phone: (415) 743-9461
Email: tamsen.plume@hklaw.com

Brookfield Residential
500 La Gonda Way, Suite 100
Danville, CA 94526
Attention: Josh Roden
Phone: (925) 743-8000
Email: josh.roden@brookfieldrp.com

If to Escrow Holder: First American Title Insurance Company
333 W Santa Clara St Ste 220,
San Jose, CA 95113
Attn: Linda Tugade, Senior Escrow Officer
Tel: (408) 579-8340
Fax: (714) 913-6757
Email: ltugade@firstam.com

Any such communication shall be deemed effective upon personal delivery or on the date of first refusal to accept delivery as reflected on the receipt of delivery or return receipt, as applicable. Any Party may change its address by notice to the other Party. Each Party shall make an ordinary, good faith effort to ensure that it will accept or receive notices that are given in accordance with this section and that any person to be given notice actually receives such notice.

13.9 Time. Time is of the essence to the performance of each and every obligation under this Agreement.

13.10 Days of Week. If any date for exercise of any right, giving of any notice, or performance of any provision of this Agreement falls on a Saturday, Sunday or holiday, the time for performance will be extended to 5:00 p.m. on the next business day.

13.11 Reasonable Consent and Approval. Except as otherwise provided in this Agreement, whenever a Party is required or permitted to give its consent or approval under this Agreement, such consent or approval shall not be unreasonably withheld or delayed. If a Party is required or permitted to give its consent or approval in its sole and absolute discretion or if such consent or approval may be unreasonably withheld, such consent or approval may be unreasonably withheld but shall not be unreasonably delayed.

13.12 Cooperation and Further Assurances. Each Party agrees to cooperate with the other in this transaction and, in that regard, shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.

13.13 Waivers. Any waiver by any Party shall be in writing and shall not be construed as a continuing waiver. No waiver will be implied from any delay or failure to take action on account of any default by any Party. Consent by any Party to any act or omission by another Party shall not be construed to be consent to any other subsequent act or omission or to waive the requirement for consent to be obtained in any future or other instance.

13.14 Signatures/Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any one of such completely executed counterparts shall be sufficient proof of this Agreement.

13.15 Date and Delivery of Agreement. Notwithstanding anything to the contrary contained in this Agreement, the parties intend that this Agreement shall be deemed effective, and delivered for all purposes under this Agreement, and for the calculation of any statutory time periods based on the date an agreement between parties is effective, executed, or delivered, as of the Effective Date.

13.16 Representation on Authority of Parties. Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each Party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such Party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.

13.17 Access to Property. Prior to the Closing, Seller shall cooperate to enable representatives of Buyer to obtain the right of access to all portions of the Property for the purposes of implementing this Agreement. Buyer agrees to provide written notice to Seller at least twenty four (24) hours prior to undertaking any studies or work upon the Property. Buyer shall indemnify, defend, protect and hold Seller and Seller Parties harmless from any Claims arising out of the acts, omissions, negligence or willful misconduct of Buyer or its employees, agents, contractors, subcontractors or representatives (each a "**Buyer Party**" and, collectively, the "**Buyer Parties**") in connection with such studies and investigations, except for Claims arising from or related to any pre-existing condition on or of the Property or Claims to the extent caused by the active negligence or willful misconduct of Seller or its employees, agents, contractors or representatives. In addition, in the event Buyer or any Buyer Party causes any damage to any portion of the Property, Buyer shall promptly restore the Property as nearly as possible to the physical condition existing immediately prior to Buyer's entry onto the Property.

13.18 Memorandum of Agreement. A Memorandum of Agreement in substantially the form of Exhibit D attached hereto and incorporated herein by this reference shall be executed and recorded against the Property immediately following recordation of the Grant Deed.

13.19 Relationship Between Seller and Buyer. It is hereby acknowledged that the relationship between Seller and Buyer is not that of a partnership or joint venture and that Seller and Buyer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the exhibits hereto, Seller shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Project.

13.20 Seller Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by Seller, the City Manager or his or her designee is authorized to act on behalf of Seller.

13.21 Estoppel Certificates. A Party may, at any time during the term of this Agreement, and from time to time, deliver written notice to another Party requesting such Party to certify in writing that, to the knowledge of the certifying Party, (i) this Agreement is in full force and effect and a binding obligation of the Parties, (ii) this Agreement has not been amended or modified either orally or in writing, or if amended; identifying the amendments, (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults, and (iv) any other information reasonably requested. The requesting Party shall be responsible for all reasonable costs incurred by the Party from which such certification is requested and shall reimburse such costs within thirty (30) days of receiving the certifying Party's request for reimbursement. The Party receiving a request hereunder shall execute and return such certificate or give a written, detailed response explaining why it will not do so within twenty (20) days following the receipt thereof. The failure of either Party to provide the requested certificate within such twenty (20) day period shall constitute a confirmation that this Agreement is in full force and effect and no modification or default exists. Seller acknowledges that a certificate hereunder may be relied upon by transferees and mortgagees.

13.22 Mortgagee Protection. After Close of Escrow, no violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument; provided, however, that any successor of Buyer to the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, of this Agreement whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise. Specifically:

(a) Mortgagee Not Obligated; Mortgagee as Transferee. No Mortgagee shall have any obligation or duty under this Agreement, except that nothing contained in this Agreement shall be deemed to permit or authorize any Mortgagee to undertake any new construction or improvement project, or to otherwise have the benefit of any rights of Developer, or to enforce any obligation of City, under this Agreement, unless and until such Mortgagee has received a transfer or assignment of rights pursuant to Article 8.

(b) Notice of Default to Mortgagee; Right of Mortgagee to Cure. If the City receives notice from a Mortgagee requesting a copy of any notice of an event of default given Developer hereunder and specifying the address for service thereof, then City shall deliver to such Mortgagee, concurrently with service thereon to Developer, any notice given to Developer with respect to any claim by City that Developer has committed a Default. Such Mortgagee shall have the right (but not the obligation) to cure or remedy, or to commence to cure or remedy, the default claimed or the areas of noncompliance set forth in City's notice within the applicable time periods for cure specified in this Agreement.

(c) Priority of Mortgages. For purposes of exercising any remedy of a Mortgagee pursuant to this Article, or for becoming an assignee or transferee in the manner specified in Article 9, applicable law shall govern the rights, remedies and priorities of each Mortgagee, absent a written agreement between Mortgagees otherwise providing.

13.23 Certificate of Completion. Promptly after completing the Project in accordance with those provisions of this Agreement that relate solely to the obligations of Developer to construct the Project (including the dates for beginning and completion thereof), upon the Developer's written request that the City issue a Certificate of Completion, the City will provide a Certificate of Completion within thirty (30) days of such a request if the Developer has met the requirements for such issuance (the "Certificate of Completion"). If the Developer requests issuance of a Certificate of Completion, but the City refuses, then the City shall provide the Developer with a written explanation of its refusal within ten (10) days of the Developer's request. The Certificate of Completion will be the conclusive determination that those covenants in this Agreement with respect to the obligations of the Developer to construct the Project and the dates for the beginning and completion thereof have been met. The Certificate of Completion shall be in such form as will enable such certificate to be recorded in the Official Records. The Certificate of Completion will not constitute evidence of compliance with or satisfaction of any obligation of the Developer to: (a) any holder of a Security Financing Interest; (b) pay prevailing wages; or (c) comply with the Accessibility Requirements. The Certificate of Completion may not be deemed a notice of completion under the California Civil Code.

13.24 Effective Date. This Agreement shall be deemed effective upon execution by the Parties.

SIGNATURES ON FOLLOWING PAGES

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

SELLER:

CITY OF SOUTH SAN FRANCISCO

By: _____
Mike Futrell
City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
Sky Woodruff
City Attorney

BUYER:

SSF PUC HOUSING PARTNERS, LLC,
a Delaware limited liability company

By: _____
Name:
Title:

LIST OF EXHIBITS

Exhibit A	Legal Description
Exhibit B	Form of Grant Deed
Exhibit C	Schedule of Performance
Exhibit D	Form of Memorandum of Agreement
Exhibit E	Form of Development Agreement
Exhibit F	Form of Affordable Housing Agreement (BRIDGE)
Exhibit G	Form of Affordable Housing (BRIDGE) Assignment & Assumption Agreement

EXHIBIT A

LEGAL DESCRIPTION

[Insert]

EXHIBIT B

FORM OF GRANT DEED

Recording Requested by

and when Recorded, return to:

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§6103, 27383

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged, the City of South San Francisco, a municipal corporation (the "**Grantor**") hereby grants to SSF PUC Housing Partners, LLC (the "**Grantee**") all that real property located in the City of South San Francisco, County of San Mateo, State of California at _____, designated as San Mateo County Assessor's Parcel Nos._____ and more particularly described in Exhibit A attached hereto and incorporated in this grant deed ("**Grant Deed"**) by this reference.

1. Development Agreement. The Property is conveyed subject to the LRPMP and that certain Development Agreement dated as of _____, entered into by and between Grantee and the Grantor, acting to carry out the LRPMP (the "**Development Agreement"**).

2. Use Restrictions. The Grantee hereby covenants and agrees, for itself and its successors and assigns, that the Property shall be used and developed solely for purposes consistent with the requirements of the City of South San Francisco General Plan, as it presently exists or may be amended.

3. Nondiscrimination. Grantee shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, on the basis of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information of any person . Grantee covenants for itself and all persons claiming under or through it, and this Grant Deed is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or part thereof, nor shall Grantee or any person claiming under or through Grantee establish or permit any such practice or practices of discrimination or

segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub lessees or vendees in, of, or for the Property or part thereof.

All deeds, leases or contracts made or entered into by Grantee, its successors or assigns, as to any portion of the Property or the Improvements shall contain the following language:

(a) In Deeds, the following language shall appear:

"(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub lessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

"(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 of the Civil Code and subdivisions (d) of Section 12955 of the Government Code shall apply to paragraph (1)."

(b) In Leases, the following language shall appear:

"(1) The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination of segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sub lessees, subtenants, or vendees in the property herein leased.

"(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 of the Civil Code and subdivision (d)of Section 12955 of the Government Code shall apply to paragraph (1)."

(c) In Contracts, the following language shall appear:

"There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sub lessees or vendees of the land."

4. Term of Restrictions. The covenants contained in Section 1 and Section 2 regarding use of the Property shall remain in effect until the date which is the expiration date of the Development Agreement. The covenants against discrimination contained in Sections 3 shall remain in effect in perpetuity.

5. Mortgagee Protection. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted by the Development Agreement; provided, however, that any successor of Grantee to the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

6. Binding On Successors. The covenants contained in Sections 2 and 3 of this Grant Deed, without regard to technical or legal classification or designation specified in this Grant Deed or otherwise, shall to the fullest extent permitted by law and equity, be binding upon Grantee and any successor in interest to the Property or any part thereof, for the benefit of Grantor, and its successors and assigns, for such period of time of applicable ownership, and such covenants shall run in favor of and be enforceable by the Grantor and its successors and assigns for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. In the event of any breach of any of such covenants, the Grantor and its successors and assigns shall have the right to exercise all rights and remedies available under law or in equity to enforce the curing of such breach.

7. Enforcement. The Grantor shall have the right to institute such actions or proceedings as it may deem desirable to enforce the provisions set forth herein. Any delay by the Grantor in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights hereunder shall not operate as a waiver of or limitation on such rights, nor operate to deprive Grantor of such rights, nor shall any waiver made by the Grantor with respect to any specific default by the Grantee, its successors and assigns, be considered or treated as a waiver of Grantor's rights with respect to any other default by the Grantee, its successors and assigns, or with respect to the particular default except to the extent specifically waived.

8. Amendment. Only the Grantor, its successors and assigns, and the Grantee and the successors and assigns of the Grantee in and to all or any part of the fee title to the Property shall have the right to consent and agree to changes or to eliminate in whole or in part any of the covenants contained in this Grant Deed. For purposes of this Section, successors and assigns of

the Grantee shall be defined to include only those parties who hold all or any part of the Property in fee title, and not to include a tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under deed of trust, or any other person or entity having an interest less than a fee in the Property and Improvements.

9. Conflict. In the event there is a conflict between the provisions of this Grant Deed and the Agreement, it is the intent of the parties that the Agreement shall control.

10. Counterparts. This Grant Deed may be executed in counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

SIGNATURES ON FOLLOWING PAGES.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of _____, 201__.

GRANTOR

CITY OF SOUTH SAN FRANCISCO

By: _____
Mike Futrell
City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

GRANTEE: **FORM – DO NOT SIGN**

SSF PUC Housing Partners, LLC
a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT A to Grant Deed

(Attach legal description)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss.
County of San Mateo)

On_____, 20____ before me, _____, a Notary Public, in and for said State and County, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss.
County of San Mateo)

On_____, 20____ before me, _____, a Notary Public, in and for said State and County, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
NOTARY PUBLIC

EXHIBIT C

SCHEDULE OF PERFORMANCE

NOTE: Capitalized terms used below shall have the meaning ascribed to such terms in the Purchase and Sale Agreement ("Agreement") to which this Exhibit C is attached. All of the dates and deadlines described herein shall be subject to extension by the City Manager pursuant to Section 5.6 of the Agreement and/or "Force Majeure" in accordance with Section 7.4 of the Agreement. The provisions of the Schedule of Performance are intended as a convenient guideline for the Parties and are not intended to supersede or amend the referenced operative sections listed therein. In the event of any conflict between this Schedule of Performance and the Agreement, the Agreement shall control.

#	MILESTONE	TIMING REQUIREMENT
	Pre-Escrow	
1	OB Approval Date (§1.2)	Prior to Outside OB Approval Date.
2	Identify Escrow Holder and Opening of Escrow (§3.2)	Within 10 days after the OB Approval Date.
	Pre-Closing	
3	Preliminary Title Report issued by Escrow Holder (§4.1)	Within 15 days of Opening of Escrow.
4	Buyer review of Preliminary Title Report (§4.1)	Within 30 days of receipt of Preliminary Title Report.
5	Buyer and City to provide regular updates on satisfaction and/or waiver of conditions precedent to Closing.	No less than monthly or more often as the circumstances warrant.
6	Satisfaction or waiver of conditions precedent to Closing (§5.2 and §5.3)	Prior to Closing.
7	Closing (§5.1)	Within 30 days after satisfaction or waiver of all conditions precedent, but no later than prior to March 31, 2022 ("**Outside Closing Date**").
	Post-Closing	
8	Buyer provides City regular updates on Project construction.	No less than quarterly or more often as the circumstances warrant.
9	Buyer Commences Construction of Building C1 and Building C2, and related Adjacent Areas as defined in the Project Approvals ("**Phase I**") For the purposes of this Schedule of Performance, "**Commences Construction**" means that the following have occurred as to the Project: (i) the City has issued the Buyer a demolition permit and/or a grading permit, (ii) the Buyer has signed contracts with a general contractor for the demolition and/or grading	In sufficient time to timely Substantially Complete Phase I pursuant to this Schedule of Performance, but within one (1) year after Closing.

	work, and (iii) the Buyer has given the general contractor a notice to proceed and has caused the general contractor to physically commence excavation and/or grading of the Property.	
10	Buyer Substantially Completes Construction of Phase I. For the purposes of this Schedule of Performance, "**Substantial Completion**" shall be deemed to have occurred when construction has been completed (subject only to punch list items) such that the Project (or applicable portion thereof) is ready for occupancy and the life safety systems, as applicable, have been installed and are functional.	Subject to diligence pursuit after Commencement of Construction; but in no event later than five (5) years after Closing.
11	Buyer Commences Construction of Oak Avenue Phase 1 Extension and shall make the Oak Avenue Phase II Extension Payment required under Section 3.4(a) of the Development Agreement.	Within one hundred and eighty (180) days from written notice to proceed from the City with respect to the Civic Campus Project; provided however, notice shall not be provided earlier than 180 days after Commencement of Construction of Phase I and no later than necessary as required to provide access for Phase II (defined below).
12	Buyer Completes Construction of Oak Avenue Phase 1 Extension. For the purposes of this Schedule of Performance "**Completes Construction of Oak Avenue Phase 1 Extension**" shall mean when the Oak Avenue Phase 1 Extension has been complete and accepted for dedication by the City.	Within eighteen (18) months from Commencement of Construction of Oak Avenue Phase 1 Extension.
13	Buyer Commences Construction of the Building B and related Adjacent Areas as defined in the Project Approvals ("**Phase II**").	In sufficient time to timely Substantially Complete Phase II pursuant to this Schedule of Performance, but in no event later than six (6) years after Closing.
14	Buyer Substantially Completes Construction of Phase II.	Subject to diligence pursuit after Commencement of Construction of Phase II; but in no event later than eight (8) years after Close of Escrow.
15	City shall provide the Certificate of Completion to Buyer (§13.23)	Within thirty (30) days following completion of the each applicable portion of the Project and Buyer's written request therefor.

EXHIBIT D

FORM OF MEMORANDUM OF AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City Clerk
City of South San Francisco
P.O. Box 711
South San Francisco, CA 94083

(Space Above This Line Reserved For Recorder's Use)

This instrument is exempt from recording fees pursuant to Government Code section 27383.

NOTICE OF AGREEMENT

This Notice of Agreement (this "Notice"), dated as of _____, 201__, is entered into by and between the City of South San Francisco, a municipal corporation ("**Seller**" or "**City**") and SSF PUC Housing Partners, LLC, ("**Buyer**").

A. On _____, 2019, Seller and Buyer entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions ("**PSA**") with respect to real property owned by Seller, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference ("**Property**").

B. The PSA sets forth certain agreements made by the Parties with respect to their the Property.

C. This Notice is prepared for the purpose of recordation only, and it in no way modifies the provisions of the PSA.

D. This Notice shall extend to and be binding upon the Parties hereto and their legal representatives, heirs, successors, and assigns.

E. This Notice may be executed in counterparts, each of which is deemed to be an original, and all such counterparts constitute one and the same instrument.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, Seller and Buyer have executed this Notice as of the date first written above.

SELLER:

CITY OF SOUTH SAN FRANCISCO

By: _____
Mike Futrell
City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

FORM – DO NOT SIGN

BUYER:

SSF Housing Partners, LLC
a Delaware limited liability company

By: _____
Name:
Title:

FORM – DO NOT SIGN

[*INSERT NOTARY FORMS IN EXECUTION COPY]*

EXHIBIT A
TO
NOTICE OF AGREEMENT

LEGAL DESCRIPTION OF PROPERTY

REAL PROPERTY IN THE CITY OF SOUTH SAN FRANCISCO, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

[Insert]

EXHIBIT E

FORM OF DEVELOPMENT AGREEMENT
[INSERT]

EXHIBIT F

FORM OF AFFORDABLE HOUSING AGREEMENT (BRIDGE)
[INSERT]

EXHIBIT G

FORM OF AFFORDABLE HOUSING (BRIDGE) ASSIGNMENT & ASSUMPTION AGREEMENT

[INSERT]

ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT AGREEMENT AND PURCHASE AND SALE AGREEMENT BY AND BETWEEN SSF PUC HOUSING PARTNERS, LLC AND BRIDGE HOUSING CORPORATION

This Assignment and Assumption of Development Agreement and Purchase and Sale Agreement (this "Agreement") is entered into as of _____, 20__ (the "Execution Date"), by and between SSF PUC Housing Partners, LLC, a Delaware limited liability company ("Assignor"), and BRIDGE Housing Corporation, a California nonprofit public benefit corporation ("Assignee"), collectively referred to herein as the "Parties," with reference to the following facts:

RECITALS

A. Assignor has acquired, pursuant to that certain Purchase and Sale Agreement dated _____, 2020 (the "PSA") with the City of South San Francisco, a municipal corporation (the "City"), a legal and or equitable interest in that certain real property described in Exhibit A-1 to this Agreement (the "Property").

B. Assignor intends to develop the Property pursuant to a Development Agreement with the City recorded as document number _____ in the official records of San Mateo County (the "DA") with a project (the "Project") described more particularly in the DA, and generally including 800 residential units, an approximately 8,307 square foot childcare center (the "Childcare Center"), an approximately 12,992 square foot commercial building (the "Market Hall"), landscaping and Park Improvements, and other improvements and Public Infrastructure. The DA also obligates Assignor to construct certain Offsite Improvements and to pay certain Impact Fees.

C. Of the 800 residential units to be constructed in the Project, 158 are designated in the DA as below market rate units affordable to households with incomes at or below 80 percent (80%) of area median income, exclusive of the manager's unit ("Affordable Units"). The 158 Affordable Units shall be affordable to residents with incomes in the range of 30 to 80% AMI with an overall average for all units at 60% AMI. Construction of these Affordable Units is a material obligation of the Developer under the PSA and DA, and certain benefits under Government Code Section 65915 will inure to the Project because of the Affordable Units. The DA contemplates construction of a building identified as "Building C2" to house the Affordable Units, which will be constructed on a portion of the Project designated in the vesting tentative tract map for the project as "Parcel 1" and described more particularly in Exhibit A-2 to this Agreement.

D. Assignor desires to assign Parcel 1 and its obligation to construct Building C2 to Assignee, and Assignee desires to accept the assignment of the same. The purpose of this Agreement is to memorialize said assignment and assumption of rights and obligations, to evidence site control of Parcel 1 by Assignee, and to delineate the Parties' respective obligations for development of the Project.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, the Parties agree as follows:

ARTICLE 1. RECITALS, DEFINITIONS, AND EXHIBITS

Section 1.1 Recitals.

The Parties hereby agree that each of the foregoing recitals is true and correct.

Section 1.2 Definitions.

The capitalized terms below shall have the following meanings:

(a) "Affiliate" shall mean, (i) a limited partnership in which Assignee is the managing general partner, formed for the purpose of leveraging tax credit financing for the development of Building C2; (ii) a limited liability company in which Assignee is the sole member, formed to be the managing general partner of such a tax credit limited partnership; or (iii) a tax credit limited partnership whose managing general partner is a limited liability company described in the previous clause or a corporation controlled by Assignee.

(b) "Affordable Units" is defined in Recital C.

(c) "Agreement" is defined in the opening paragraph.

(d) "Assignee" is defined in the opening paragraph.

(e) "Assignor" is defined in the opening paragraph.

(f) "Assignee Obligations" is defined in Section 4.1.

(g) "Assignor Obligations" is defined in Section 4.2.

(h) "Building C2" is defined in Recital C.

(i) "Childcare Center" is defined in Recital B.

(j) "City" is defined in Recital A.

(k) "Closing" shall have the meaning given in the PSA.

(l) "Conditions of Approval" shall mean requirements imposed by the City as a condition of any land use entitlement necessary for the development of the Project.

(m) "Consent " means the consent agreement to be executed by the City, attached hereto as Exhibit B.

(n) "DA" is defined in Recital B.

(o) "Developer" shall have the meaning given by the DA.

(p) “Effective Date” is defined in Section 5.6.

(q) "Execution Date" is defined in the opening paragraph.

(r) "Environmental Mitigation Measures" shall mean Conditions of Approval imposed upon the Project pursuant to the California Environmental Quality Act, as identified in an adopted Mitigation Monitoring and Reporting Program applicable to the Project.

(s) "Impact Fees" shall mean a monetary exaction other than a tax or special assessment, whether established for a broad class of projects by legislation of general applicability or imposed on a specific project on an ad hoc basis, that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project, but does not include fees for processing applications for governmental regulatory actions or approvals.

(t) "Market Hall" is defined in Recital B.

(u) "Oak Avenue Extensions" means, collectively, the Oak Avenue Phase 1 Extension and Oak Avenue Phase 2 Extension, as defined in the DA and PSA.

(v) "Offsite Improvements" shall mean Public Infrastructure, excluding Public Infrastructure to be constructed on the Property.

(w) "PALE" shall mean the approximately 33,981 square feet of land designated in the vesting tentative tract map for the Project as the Public Access and Landscape Easement on BART Property, together with approximately 8,529 square feet of land owned by the City adjacent thereto, to be subject to an Encroachment and Maintenance Agreement.

(x) "Parcel 1" is defined in Recital C.

(y) "Parties" are defined in the opening paragraph.

(z) "Park Improvements" means the landscaping, playground equipment, bioretention basins, emergency vehicle access, sidewalks, and other improvements proposed in the entitlement application for the Project to be constructed on the PALE.

(aa) "Paseo" means the paseo to be constructed between the Project's residential buildings and along the southeastern edge of Parcel 1 and northwestern edge of Parcel 2, as depicted on the vesting tentative tract map for the Project. "Paseo" also includes an initial asphalt driveway that will be constructed in the location of the Paseo for emergency vehicle access prior to full build-out of the Paseo improvements.

(bb) "Project" is defined in Recital B.

(cc) "Property" is defined in Recital A.

(dd) "PSA" is defined in Recital A.

(ee) "Public Infrastructure" shall mean infrastructure and other improvements constructed for use by, or for the benefit of, the general public, including, without limitation, utilities, sidewalks, roads, other rights of way, and Park Improvements.

Section 1.3 Exhibits.

The following exhibits are attached to this Agreement, and are incorporated herein by this reference:

Exhibit A-1: Legal Description of the Property
Exhibit A-2: Legal Description of Parcel 1
Exhibit B: City's Consent
Exhibit C: Depiction of Portions of PALE to be Developed by each Party

ARTICLE 2. ASSIGNMENT AND ASSUMPTION OF PSA

Section 2.1 Assignment and Assumption.

Assignor hereby assigns and delegates to Assignee, and Assignee hereby accepts and assumes from Assignor, Assignor's rights, title, and interest under the PSA to acquire Parcel 1 from the City for the purpose of developing, constructing, owning, and operating Building C2.

Section 2.2 Consideration.

At Closing, Assignee shall pay the City the Parcel 1 Purchase Price to acquire Parcel 1. The “Parcel 1 Purchase Price” is the lesser of $2,200,000 or 20% of the Purchase Price paid under the PSA. If Assignee pays the City the Parcel 1 Purchase Price to acquire Parcel 1, Assignor agrees to repay Assignee the amount of the Parcel 1 Purchase Price, which obligation shall be secured by recording a deed of trust or other security instrument, to be approved as to form by the City Manager and City Attorney, in first lien position against the remainder of the Property (i.e., that part of the Property not including Parcel 1) at the time of Close of Escrow between Assignor and the City. Notwithstanding the forgoing if Assignor acquires the remainder of the Property (or a portion thereof), before Assignee acquires Parcel 1, then Assignor will pay to the City the Parcel 1 Purchase Price for the benefit of Assignee and Assignee shall pay the City $1 to acquire Parcel 1.

Section 2.3 Consent and Release by City (PSA).

The City's consent and release to this partial assignment and assumption of the PSA is set forth in the Consent. Parties hereby mutually acknowledge and agree to every provision of the Consent.

ARTICLE 3. ASSIGNMENT AND ASSUMPTION OF DA

Section 3.1 Assignment by Assignor.

Assignor hereby assigns and delegates to Assignee the rights, title, duties, and interest of the Developer under the DA with respect to the development of Parcel 1 and the construction of Building C2.

Section 3.2 Assumption by Assignee.

Assignee hereby accepts and assumes from Assignor, Assignor's rights, title, duties, and interest under the DA, as assigned under Section 3.1; provided, however, that Assignee's obligations under the DA are expressly limited to the Assignee Obligations, as set forth in Article 4.

Section 3.3 Consent and Release by City (DA).

The City's consent and release to this partial assignment and assumption of the DA is set forth in the Consent. Parties hereby mutually acknowledge and agree to every provision of the Consent.

ARTICLE 4. OBLIGATIONS OF THE PARTIES

Section 4.1 Assignee Obligations.

(a) Assignee's obligations to develop the Project, perform Environmental Mitigation Measures and other Conditions of Approval, construct Offsite Improvements and other Public Infrastructure, and pay Impact Fees (the "Assignee Obligations"), shall consist of and be limited to the following obligations:

(1) To develop Building C2 to operate as an affordable housing project as set forth in the DA;

(2) To construct that portion of the Paseo located on Parcel 1;

(3) To construct those Park Improvements planned to be located on the portion of the PALE depicted on Exhibit C attached hereto, which is adjacent and to the southwest of Parcel 1;

(4) To construct any Public Infrastructure to be located on Parcel 1 and any Offsite Improvements required to be constructed by the Developer along that portion of the Mission Road right of way fronting onto Parcel 1;

(5) To construct a bicycle connection north of Building C2;

(6) Generally, to perform and comply with all Environmental Mitigation Measures and other Conditions of Approval that relate directly to the performance of the

foregoing obligations, including, in the performance of the Assignee Obligations, (i) compliance with the City's climate action plan; (ii) compliance with any transportation demand management or parking management plan for the Project; and (iii) compliance with any water quality control, flood control, engineering, or public safety conditions of approval; compliance with federal and state law, including but not limited to compliance with prevailing wage requirements and any obligation to obtain government approvals, with respect to Parcel 1 and Building C2; construction or undergrounding of any utility, but only directly serving Building C2 or located on Parcel 1 (subject to Government Code Section 66485, et seq.);

(7) To pay Impact Fees due and owing to the City pursuant to the DA for the 158 residential units to be constructed on Parcel 1, which are estimated as follows but will be finally determined at the time such Impact Fees are paid consistent with the provisions in the DA:

(A) Sewer capacity fee: $533,008,

(B) Park impact fees: $2,374,108,

(C) Bike and pedestrian fees: $20,066,

(D) Public safety impact fee (police): $26,686, and

(E) Public safety impact fee (fire): $62,268;

(8) To pay any other Impact Fees due and owing to any public agency other than the City for Parcel 1 or Building C2, whether calculated in proportion to the number of units in Building C2, the size of Parcel 1, or other measure that accounts for Assignee's proportional share of the fee; and

(9) To pay expedited plan check fees, but only if Assignee requests an expedited plan check.

(b) For greater clarity, and without limiting the generality of Subsection (a), Assignee shall not be responsible for, and the Assignee Obligations shall not include any obligations or requirements that do not directly relate to the development and operation of Parcel 1 and Building C2 or satisfaction of the obligations listed in Section 4.1(a). For non-exhaustive examples only:

(1) The performance of or compliance with any Environmental Mitigation Measure or Condition of Approval not directly relating to the development of Parcel 1 and Building C2 and the performance of the Assignee Obligations as defined in Section 4.1, including;

(2) The performance of any Environmental Mitigation Measure requiring construction of transportation Offsite Improvements, except any such improvements within the Mission Road right of way fronting Parcel 1 as provided in Section 4.1(a)(4), or requiring Assignee to fund more than its proportionate share of the cost of any such improvement;

(3) The construction of any improvement not described in Subsection (a), including, without limitation, (i) construction or undergrounding of any utility not on or serving Parcel 1 or Building C2; (ii) satisfaction of the Developer's public art commitment; or (iii) the construction of the Childcare Center, Market Hall, Oak Avenue Extensions, or other Project improvements or Off-Site Improvements to be located on any parcel other than Parcel 1, unless expressly identified in Subsection (a);

(4) The payment of any Impact Fee not described in Subsection (a); and

(5) Compliance with federal and state law, including but not limited to compliance with prevailing wage requirements and any obligation to obtain government approvals, except with respect to Parcel 1 and Building C2.

Section 4.2 Assignor Obligations.

Assignor shall be responsible for all obligations of the Developer, except for the Assignee Obligations, to develop the Project, perform and comply with Environmental Mitigation Measures and other Conditions of Approval, construct Offsite Improvements or other Public Infrastructure, and pay any and all Impact Fees associated with the Project (the "Assignor Obligations"). From and after the Effective Date, the Assignor shall not be responsible for the Assignee Obligations and Assignee shall not be responsible for performance of the Assignor Obligations.

ARTICLE 5. MISCELLANEOUS

Section 5.1 Further Assurances.

The Parties agree to take such further actions as may be necessary or advisable to effectuate, confirm, or document the assignment and assumption contemplated hereby.

Section 5.2 City Consent to Further Assignment.

To the extent applicable, this Agreement may not be assigned without the written consent the City consistent with the assignment provisions of the DA and PSA.

Section 5.3 Severability.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding, or unenforceability.

Section 5.4 Interpretation.

This Agreement shall be governed and interpreted in accordance with the laws of the state of California. This Agreement includes the contributions of both Parties, each of which is represented by competent counsel, and the rule stated in Civil Code Section 1654 that an agreement be construed against its drafter shall have no application hereto. Headings contained

in this Agreement are for convenience of reference only, and shall not alter the meaning of any provision hereof.

Section 5.5 Counterparts.

This Agreement may be executed in counterparts, each of which shall constitute one and the same instrument.

Section 5.6 Effective Date.

This Agreement shall be effective on the date fully executed by the Parties and the Consent has been duly executed by the City.

Section 5.7 Recordation.

Either this Agreement or a memorandum of this Agreement shall be recorded against the Property within ten (10) days of the Effective Date.

Section 5.8 Signatures.

The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the Parties. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

[**Signatures on the Following Page**]

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the Execution Date.

ASSIGNOR:

SSF PUC Housing Partners, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

ASSIGNEE:

BRIDGE Housing Corporation,
a California nonprofit public benefit corporation

By: _____
Name: _____
Title: _____

EXHIBIT A-1
PROPERTY LEGAL DESCRIPTION

EXHIBIT A-2
PARCEL 1 LEGAL DESCRIPTION

EXHIBIT B
CITY'S CONSENT AND RELEASE

The City hereby consents to the assignment and assumption set forth in this Agreement, and further agrees as follows:

1. Parcel 1 shall be conveyed to Assignee separately from the remainder of the Property to allow construction of Building C2 as contemplated under the PSA and DA, even if Assignor fails to Close on the remainder of the Property under the PSA, the City will convey Parcel 1 to Assignee or an Affiliate thereof at Closing in consideration of the lesser of $2,200,000 or 20% of the Purchase Price paid under the PSAfor all Property.

2. Assignee's obligations to the City under the PSA, DA, or other Project entitlements shall be limited to the Assignee Obligations, regardless of whether the Assignor Closes on the remainder of the Property or the remainder of the Project is constructed.

3. The City hereby affirms that construction of the Affordable Units, as a component of the Project, is a priority for the City. It is the intent of the City that Assignee have the ability to develop Building C2 independently from the market rate components of the Project and at the earliest possible opportunity. If warranted by changed circumstances, and at the City's discretion, the City will work with Assignee in good faith to refine and further delineate Assignee's obligations hereunder.

4. From and after the Execution Date of this Agreement, Assignor is fully released from the Assignee Obligations, Assignee is fully released from the Assignor Obligations, a default by the Assignor will not constitute a default by Assignee, and a default by Assignee will not constitute a default by Assignor. Notwithstanding anything to the contrary in this Agreement, the PSA, or the DA, the City may not exercise any remedy, whether contractual, regulatory, or otherwise, (i) with respect to Assignor because Assignee defaults under the Assignee Obligations, or (ii) with respect to Assignee because Assignor defaults under the Assignor Obligations. The limitations contained herein shall include the failure of the Assignor or Assignee to Close or to commence and complete construction within any specified time periods.

CITY OF SOUTH SAN FRANCISCO,
a municipal corporation

By: _____
Mike Futrell, City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT C

DEPICTION OF PORTIONS OF PALE TO BE DEVELOPED BY EACH PARTY

3426080.1

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080
Attn: City Manager

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§6103, 27383

Space above this line for Recorder's use.

[*FORM OF*]

AFFORDABLE HOUSING REGULATORY AGREEMENT

AND

DECLARATION OF RESTRICTIVE COVENANTS

Parcel 1, Building C2, South San Francisco

by and between

THE CITY OF SOUTH SAN FRANCISCO

and

BRIDGE HOUSING CORPORATION

144\324\2704905.1

This Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (this **"Agreement**") is entered into effective as of _____, 20__ ("**Effective Date**") by and between the City of South San Francisco, a municipal corporation ("**City**") and BRIDGE Housing Corporation, a California nonprofit public benefit corporation ("**Owner**"). City and Owner are hereinafter collectively referred to as the "**Parties**."

RECITALS

A. Owner owns that certain real property located in the City of South San Francisco referred to a "Site C2", located at 1051 Mission Road, and more particularly described in Exhibit A attached hereto (the "**Property**").

B. Under the Development Agreement executed by and between SSF PUC Housing Partners, LLC and the City dated as of _____ (the **"Development Agreement"**), as partially assigned to Owner, the Property is required to be used for one hundred fifty-eight (158) units of affordable housing and ancillary improvements (the "**Project**").

C. Pursuant to Government Code Section 65915 and South San Francisco Municipal Code Chapter 20.390, Owner has agreed that the Project will result in 55 units being available to residents with incomes at or below of fifty (50) percent of area median income. Furthermore, Developer has requested a density bonus of twenty five (25) percent and has, pursuant to Section 20.390.010.B.7, requested development standard waivers including a FAR increase above the maximum FAR for that site designated as "Site B" in the Development Agreement, and a waiver of setback requirements under South San Francisco Municipal Code Section 20.270.004(D) for the Property and for "Site C1" and "Site B," as designated in the Development Agreement. In addition, City, through its Commercial Linkage Fee fund, will provide $2,000,000 of financial assistance to Owner as referenced in the Loan Agreement attached hereto as Exhibit B.

D. As required by the Development Agreement, Owner shall record this Agreement against the Property. The execution of this Agreement shall take place prior to final map approval and shall be recorded upon final map recordation or, where a map is not being processed, prior to the issuance of building permits for the Project.. The Parties intend the covenants set forth in this Agreement to run with the land and to be binding upon Owner and Owner's successors and assigns for the full term of this Agreement.

NOW THEREFORE, in consideration of the foregoing, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

AGREEMENT

1. Definitions. The following terms have the meanings set forth in this Section wherever used in this Agreement or the attached exhibits.

"**Actual Household Size**" means the actual number of persons in the applicable household.

"**Adjusted for Family Size Appropriate for the Unit**" shall be determined as defined below, and for units of any other size consistent with applicable federal rules (if any) and Section 50052.5(h) of the California Health and Safety Code, as it exists or may be amended:

One Bedroom – 1.5 people

Two Bedroom – 3 people

Three Bedroom – 4.5 people

"**Adjusted Income**" means, the income from all persons in the household including nonrelated individuals, calculated using the methods to calculate income adopted by HUD or TCAC.

"Affordable Rent" means rents allowed by TCAC for the Unit's designated income level. If TCAC does not publish such rents, it means the following amounts, less a utility allowance and such other adjustments as required pursuant to the California Law: (i) for Units occupied by Extremely Low Income Households, a monthly rent that does not exceed one-twelfth (1/12) of thirty percent (30%) of AMI, Adjusted for Family Size Appropriate for the Unit; (ii) for Units occupied by Very Low Income Households, a monthly rent that does not exceed one-twelfth (1/12) of fifty percent (50%) of AMI, Adjusted for Family Size Appropriate for the Unit; and (iii) for Units occupied by Lower Income Households, a monthly rent that does not exceed one-twelfth (1/12) of eighty percent (80%) of AMI, Adjusted for Family Size Appropriate for the Unit. "

Area Median Income" or "**AMI**" means the median income for San Mateo County, California, adjusted for Actual Household Size, as determined by TCAC if the Project is restricted by a tax credit regulatory agreement, or by HUD pursuant to Section 8 of the United States Housing Act of 1937 and as published from time to time by the HCD in Section 6932 of Title 25 of the California Code of Regulations or successor provision published pursuant to California Health and Safety Code Section 50093(c). In the event that such income determinations are no longer published or are not updated for a period of at least eighteen (18) months, the City shall provide the Owner with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HCD.

"**Assignment and Assumption Agreement"** is defined as the Assignment and Assumption Agreement between the City of South San Francisco and BRIDGE Housing dated _____ and included as Exhibit F to the Development Agreement.

"**Claims**" is defined in Section 10.

"**Developer**" is defined in the Development Agreement.

"**Extremely Low Income Household"** means persons and families whose incomes do not exceed an annual gross household income for households of 30% Income Level as published by TCAC, adjusted for Actual Household Size, or if TCAC does not publish such levels, it shall have the meaning set forth in South San Francisco Municipal Code Section 20.390.002.P.

"**Indemnitees"** is defined in Section 10.

"**Lower Income Household**" persons and families whose incomes do not exceed an annual gross household income for households of 80% Income Level as published by TCAC, adjusted for Actual Household Size, or if TCAC does not publish such levels, it shall have the meaning set forth in South San Francisco Municipal Code Section 20.390.002.H.

"**Rent**" shall mean the total of monthly payments by the residents of a Unit (other than the manager's Unit) for the following: use and occupancy of the Unit and land and associated facilities, including parking; any separately charged fees or service charges assessed by Owner which are required of all residents, other than security deposits; the cost of an adequate level of service for utilities paid by the Resident, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not cable or telephone service; any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than Owner, and paid by the Resident.

"**Resident**" shall mean an individual or household occupying a Unit.

"**TCAC**" shall mean the California Tax Credit Allocation Committee.

"**Units**" shall mean the individual dwelling units to be constructed on the Property as part of the Project.

"**Very Low Income Household**" means persons and families whose incomes do not exceed an annual gross household income for households of 50% Income Level as published by TCAC, adjusted for Actual Household Size, or if TCAC does not publish such levels, it shall have the meaning set forth in South San Francisco Municipal Code Section 20.390.002.P.

2. Use and Affordability Restrictions. Owner hereby covenants and agrees, for itself and its successors and assigns, that the Property and Project shall be used solely for the operation of affordable rental housing and related improvements in compliance with the Development Agreement and the requirements set forth herein. Owner represents and warrants that it has not entered into any agreement that would restrict or compromise its ability to comply with the occupancy and affordability restrictions set forth in this Agreement, and Owner covenants that it shall not enter into any agreement that is inconsistent with such restrictions without the express written consent of City.

2.1 Affordability Requirements. For a term of fifty-five (55) years commencing upon the date of issuance of a final certificate of occupancy for the Project, fifty-five (55) of the Units in the Project shall be rented at an Affordable Rent to and occupied by or, if vacant, available for occupancy by Very Low Income Households at Very Low Income Rents. The remaining Units within the Project, exclusive of a manager's Unit, shall be rented at an Affordable Rent to and occupied by or, if vacant, available for occupancy by households whose incomes range between Extremely Low Income Households and Lower Income Households. The average affordable restriction by of all of the Units, exclusive of a manager's Unit, shall be sixty percent (60%) of AMI.

2.2 Rents for Very Low Income Units. The Rent charged to Residents of the Very

Low Income Units shall not exceed the rents allowed by TCAC for the Unit's designated income level (the " **Low Income Rents**"). If TCAC does not publish such rents, the monthly Very Low Income Rents shall be 1/12th of 30% of the Unit's designated income level.

2.3 Increased Income of Residents. If, upon recertification of the income of a Resident of a Unit, the Owner determines that the Resident has an Adjusted Income exceeding the maximum qualifying income for the Unit, such Resident shall be permitted to continue occupying the Unit upon expiration of the Resident's lease, and upon sixty (60) days written notice, the Rent shall be increased to the lesser of thirty percent (30%) of the Resident's Adjusted Income or fair market value, subject to the maximum rent allowed pursuant to other funding restrictions.

2.4 Termination of Occupancy. Upon termination of occupancy of a Unit by a Resident, Owner shall rent the Unit, to a Resident whose income is at or below the income level of the former Resident when they qualified for occupancy of such Unit within thirty (30) days of termination of occupancy by the former Resident

2.5 Condominium Conversion. Owner shall not convert the Units in the Project to condominium or cooperative ownership or sell condominium or cooperative rights to the residential portion of the Project or any part thereof unless Owner obtains the City's consent, which consent shall be conditioned upon Owner's agreement to ensure that the Units remain available as affordable housing. Prior to conveyance of any Unit(s), the buyer(s) of the for-sale Units shall enter into an affordable housing agreement, in a form approved by the City Manager and City Attorney, that maintains the affordability of the unit for the minimum term set forth in this Agreement or in California law whichever is greater.

2.6 Non-Discrimination; Compliance with Fair Housing Laws.

2.6.1 Preferences. In order to ensure that there is an adequate supply of affordable housing within the City for City residents and employees of businesses located within the City, to the extent permitted by fair housing laws and other applicable laws, and consistent with the program regulations for funding sources used for development of the Project, at initial lease up, Owner shall give a preference in the Project to households that include at least one member who lives or works in the City of South San Francisco. Owner will implement any preferences in the rental of Units in the Project pursuant to a preference plan approved by its lenders, investors and the City Manager. Notwithstanding the foregoing, in the event of a conflict between this provision and the provisions of Section 42 of the Internal Revenue Code of 1986, as amended, the provisions of such Section 42 shall control.

2.6.2 Fair Housing. Owner shall comply with state and federal fair housing laws in the marketing and rental of the Units. Owner shall accept as Residents, on the same basis as all other prospective households, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing Section 8 program or any successor thereto.

2.6.3 Non-Discrimination. Owner shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or Project, or any portion thereof, on the basis of race, color, religion, sex, gender, gender identity, gender expression,

sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information of any person. Owner covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, Project or part thereof, nor shall Owner or any person claiming under or through Owner establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub lessees or vendees in, of, or for the Property, Project or part thereof.

All deeds made or entered into by Owner, its successors or assigns, as to any portion of the Property or Project shall contain the following language, and all leases or contracts made or entered into by Owner, its successors or assigns, as to any portion of the Property or Project, shall reference this Section, and shall enforce the same diligently and in good faith:

"(a) Owner herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the Owner or any person claiming under or through the Owner establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub lessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

"(b) Notwithstanding paragraph (a), with respect to familial status, paragraph (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 of the Civil Code and subdivisions (d) of Section 12955 of the Government Code shall apply to paragraph (a)."

3. Reporting Requirements.

3.1. Household Certification. Owner or Owner's authorized agent shall obtain from each household prior to initial occupancy of each Unit, and on every anniversary thereafter, a written certificate containing all of the following in such format and with such supporting documentation as City may reasonably require:

(a) The identity of each household member; and

(b) The total gross household income;

Owner shall retain such certificates for not less than three (3) years, and upon City's request, shall make the certificates available for City inspection.

3.2 Annual Report; Inspections. By not later than April 30th of each year during the term of this Agreement, Owner shall submit an annual report ("**Annual Report**") to the City in form satisfactory to City, together with a certification that the Project is in compliance with the requirements of this Agreement (as of December 31 of the prior year). The Annual Report shall, at a minimum, include the following information for each Unit: (i) unit number; (ii) number of bedrooms; (iii) current rent and other charges; (iv) dates of any vacancies during the previous year; (v) number of people residing in the unit; (vi) total gross household income of residents; (vii) documentation of source of household income; and (viii) the information required by Section 3.1.

Owner shall include with the Annual Report, an income recertification for each household, documentation verifying Very Low Income Household eligibility, and such additional information as City may reasonably request from time to time in order to demonstrate compliance with this Agreement. The Annual Report shall conform to the format requested by City; provided however, during such time that the Project is subject to a TCAC regulatory agreement, Owner may satisfy the requirements of this Section by providing City with a copy of compliance reports required by TCAC.

3.3 On-site Inspection. Owner shall permit representatives of City to enter and inspect the Property and the Project during reasonable business hours in order to monitor compliance with this Agreement upon 48-hours advance notice of such visit to Owner or to Owner's management agent.

3.4 Additional Information. Owner shall provide any additional information reasonably requested by City. The City shall have the right to audit, examine and make copies of all books, records, or other documents of the Owner which pertain to the Project.

3.5 Records. The Owner shall maintain complete, accurate and current records pertaining to the Project, and shall permit any duly authorized representative of the City to inspect records, including records pertaining to income and household size of the Residents. All Resident lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner and shall be maintained in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City. The Owner shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least three (3) years, and for any period during which there is an audit undertaken by the City.

4. Term of Agreement.

4.1 Term of Restrictions. Unless extended by mutual agreement of the Parties, upon the 55th anniversary of issuance of the final certificate of occupancy for the Project, this Agreement shall automatically terminate and be of no further force or effect. The Owner shall provide all notices and rights to tenants required to be given prior to and upon the expiration of affordability covenants pursuant to Government Code Section 65863.10 or a successor statute.

4.2 Effectiveness Succeeds Conveyance of Property and Repayment of Loan. This Agreement shall remain effective and fully binding for the full term hereof, regardless of any sale, assignment, transfer, or conveyance of the Property or the Project or any part thereof or interest therein.

4.3 Reconveyance. Upon the expiration of this Agreement, the Parties agree to execute and record appropriate instruments to release and discharge this Agreement; provided, however, the execution and recordation of such instruments shall not be necessary or a prerequisite to evidence the expiration of this Agreement, or to evidence the release and discharge of this Agreement as a matter of title.

5. Binding Upon Successors; Covenants to Run with the Land. Owner hereby subjects its interest in the Property and the Project to the covenants and restrictions set forth in this Agreement. The Parties hereby declare their express intent that the covenants and restrictions set forth herein shall be deemed covenants running with the land and shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of the Parties, regardless of any sale, assignment, conveyance or transfer of the Property, the Project or any part thereof or interest therein. Each and every contract, deed, ground lease or other instrument affecting or conveying the Property or the Project or any part thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, restrictions, duties and obligations set forth herein, regardless of whether such covenants, restrictions, duties and obligations are set forth in such contract, deed, ground lease or other instrument. If any such contract, deed, ground lease or other instrument has been executed prior to the date hereof, Owner hereby covenants to obtain and deliver to City an instrument in recordable form signed by the parties to such contract, deed, ground lease or other instrument pursuant to which such parties acknowledge and accept this Agreement and agree to be bound hereby.

Owner agrees for itself and for its successors that in the event that a court of competent jurisdiction determines that the covenants herein do not run with the land, such covenants shall be enforced as equitable servitudes against the Property and the Project in favor of City.

6. Property Management; Repair and Maintenance; Marketing.

6.1 Management Responsibilities. Owner, or Owner's designee, shall be responsible for all management functions with respect to the Property and the Project, including without limitation the selection of Very Low Income Households and Residents, certification and recertification of household income and eligibility, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. City shall have no responsibility for management or maintenance of the Property or the Project.

6.2 Repair, Maintenance and Security. Throughout the term of this Agreement, Owner, or Owner's designee, shall at its own expense, maintain the Property and the Project in good physical condition, in good repair, and in decent, safe, sanitary, habitable and tenantable living conditions in conformity with all applicable state, federal, and local laws, ordinances, codes, and regulations. Without limiting the foregoing, Owner agrees to maintain the Project and the Property (including without limitation, the Units, common areas, meeting rooms,

landscaping, driveways, parking areas and walkways) in a condition free of all waste, nuisance, debris, unmaintained landscaping, graffiti, disrepair and abandoned vehicles/appliances, and shall take all reasonable steps to prevent the same from occurring on the Property or at the Project.

6.2.1 City's Right to Perform Maintenance. In the event that Owner breaches any of the covenants contained in Section 6.2, and such default continues for a period of thirty (30) days after written notice from City (with respect to graffiti, debris, and waste material) or thirty (30) days after written notice from City (with respect to landscaping, building improvements and general maintenance), then City, in addition to any other remedy it may have under this Agreement or at law or in equity, shall have the right, but not the obligation, to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and the landscaped areas on the Property.

6.2.2 Costs. All costs expended by City in connection with the foregoing Section 6.2.1, shall be paid by Owner to City upon demand. All such sums remaining unpaid thirty (30) days following delivery of City's invoice therefor shall bear interest at the lesser of 8% per annum or the highest rate permitted by applicable law. Notwithstanding anything to the contrary set forth in this Section, City agrees that it will provide Owner with not less than thirty (30) days' written notice prior to undertaking any work for which Owner will incur a financial obligation.

6.3 Marketing and Management Plan. Within 180 days following the Effective Date of this Agreement, Owner shall submit for City review and approval, a plan for marketing and managing the Property ("**Marketing and Management Plan**" or **"Plan**"). The Marketing and Management Plan shall address in detail how Owner plans to market the Units to prospective Extremely Low, Very Low and Lower Income Households in accordance with fair housing laws and this Agreement, Owner's Resident selection criteria, and how Owner plans to certify the eligibility of Residents. The Plan will also set forth the manner in which Owner will encourage or incentivize (including financial incentives, to the extent allowed by TCAC regulations) Residents who no longer qualify as Lower Income Households to transition to market rate housing opportunities within the City. The Plan shall also describe the management team and shall address how the Owner and the management entity plan to manage and maintain the Property and the Project. The Plan shall include the proposed management agreement and the form of rental agreement that Owner proposes to enter into with Residents. Owner shall abide by the terms of the Marketing and Management Plan in marketing, managing, and maintaining the Property and the Project, and throughout the term of this Agreement.

6.4 Approval of Amendments. If City has not responded to any submission of the Marketing and Management Plan, the proposed management entity, or a proposed amendment or change to any of the foregoing within sixty (60) days following City's receipt of such plan, proposal or amendment, the plan, proposal or amendment shall be deemed approved by City.

6.5 Fees, Taxes, and Other Levies. Owner shall be responsible for payment of all fees, assessments, taxes, charges, liens and levies applicable to the Property or the Project, including without limitation possessory interest taxes, if applicable, imposed by any public entity, and shall pay such charges prior to delinquency. However, Owner shall not be required to pay any such

charge so long as (a) Owner is contesting such charge in good faith and by appropriate proceedings, (b) Owner maintains reserves adequate to pay any contested liabilities, and (c) on final determination of the proceeding or contest, Owner immediately pays or discharges any decision or judgment rendered against it, together with all costs, charges and interest. Nothing in this Section is intended to prohibit Owner from applying for any exemption from property taxes and fees that may be available to the owners of low-income housing.

6.6 Insurance Coverage. Throughout the term of this Agreement Owner shall comply with the insurance requirements set forth in Exhibit B.

6.7 Property Damage or Destruction. If any part of the Project is damaged or destroyed, Owner shall repair or restore the same, consistent with the occupancy and rent restriction requirements set forth in this Agreement. Such work shall be commenced as soon as reasonably practicable after the damage or loss occurs and shall be completed within one year thereafter or as soon as reasonably practicable, provided that insurance proceeds are available to be applied to such repairs or restoration within such period and the repair or restoration is financially feasible. During such time that lenders or low-income housing tax credit investors providing financing for the Project impose requirements that differ from the requirements of this Section the requirements of such lenders and investors shall prevail.

7. Recordation; Subordination. This Agreement shall be recorded in the Official Records of San Mateo County concurrently with Owner's acquisition of the Property. Notwithstanding the foregoing, the City agrees the City will not withhold consent to reasonable requests for subordination of this Agreement to deeds of trust provided for the benefit of lenders providing financing for the acquisition, development or rehabilitation of the Project (and their successors and assigns), provided that the instruments effecting such subordination include reasonable protections to the City in the event of default, including without limitation, extended notice and cure rights.

Owner shall reimburse City for all City costs, including but not limited to reasonable attorneys' fees, incurred in reviewing instruments and other legal documents proposed to effect a subordination under this Agreement within ten (10) days following City's delivery of an invoice detailing such costs.

8. Transfer and Encumbrance.

8.1 Restrictions on Transfer and Encumbrance. Upon issuance of a final certificate of occupancy for the Project, or any portion thereof, Owner may, upon approval by the City which approval shall not be unreasonably withheld, transfer or assign all or any portion of its interests, rights or obligations in the Property, or under this Agreement, to any third party, and, as this Agreement "runs with the land" this Agreement shall be binding on Owner's successors and assigns for the full term of this Agreement.

Prior to issuance of a final certificate of occupancy for the Project, or any portion thereof, Owner may transfer or assign all or any portion of its interest, right or obligations in the Property to an affiliate of Owner, as set forth in the Development Agreement.

Consent to any proposed transfer may be given by the City's City Manager unless the City Manager, in his or her discretion, refers the matter of approval to the City's governing board. If a proposed transfer has not been approved by City in writing within thirty (30) days following City's receipt of written request by Owner, it shall be deemed rejected.

Owner shall reimburse City for all City costs, including but not limited to reasonable attorneys' fees, incurred in reviewing instruments and other legal documents proposed to effect a transfer under this Agreement and in reviewing the qualifications and financial resources of a proposed successor, assignee, or transferee within ten (10) days following City's delivery of an invoice detailing such costs.

The Parties contemplate that Owner will assign its rights under this Agreement or its interests, rights, or obligations in the Property or under this Agreement, to a tax credit limited partnership that is an affiliate of Owner. Notwithstanding anything to the contrary herein, a transfer by the investor limited partner of its limited partner interest in the affiliate, or the exercise by the investor limited partner of its remedies against Owner for breach of the partnership agreement, including removal of Owner as a general partner, shall not constitute an assignment of Owner's interests, rights, or obligations in the Property or under this Agreement that would require City approval.

8.2 Encumbrances. Owner agrees to use best efforts to ensure that all deeds of trust or other security instruments and any applicable subordination agreement recorded against the Property, the Project or part thereof for the benefit of a lender ("**Lender**") shall contain each of the following provisions: (i) Lender shall use its best efforts to provide to City a copy of any notice of default issued to Owner concurrently with provision of such notice to Owner; and, (ii) City shall have the reasonable right, but not the obligation, to cure any default by Owner within the same period of time provided to Owner for such cure extended by an additional 90 days. Owner agrees to provide to City a copy of any notice of default Owner receives from any Lender within thirty (30) business days following Owner's receipt thereof.

8.3 Mortgagee Protection. No violation of any provision contained herein shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value upon all or any portion of the Project or the Property, and the purchaser at any trustee's sale or foreclosure sale shall not be liable for any violation of any provision hereof occurring prior to the acquisition of title by such purchaser. Such purchaser shall be bound by and subject to this Agreement from and after such trustee's sale or foreclosure sale. Promptly upon determining that a violation of this Agreement has occurred, City shall give written notice to the holders of record of any mortgages or deeds of trust encumbering the Project or the Property that such violation has occurred.

9. Default and Remedies.

9.1 Events of Default. The occurrence of any one or more of the following events shall constitute an event of default hereunder ("**Event of Default**"):

(a) The occurrence of a transfer in violation of Section 8.1 hereof;

(b) Owner's failure to maintain insurance on the Property and the Project as required hereunder, and the failure of Owner to cure such default within thirty (30) days of written notice from City;

(c) Subject to Owner's right to contest the following charges, Owner's failure to pay taxes or assessments due on the Property or the Project or failure to pay any other charge that may result in a lien on the Property or the Project, and Owner's failure to cure such default within sixty (60) days of delinquency;

(d) A default arises under any loan secured by a mortgage, deed of trust or other security instrument recorded against the Property and remains uncured beyond any applicable cure period such that the holder of such security instrument has the right to accelerate repayment of such loan;

(e) Owner's default in the performance of any material term, provision or covenant under this Agreement (other than an obligation enumerated in this Subsection 9.1) or the Assignment and Assumption Agreement as defined in Section 1, and unless such provision specifies a shorter cure period for such default, the continuation of such default for thirty (30) days in the event of a monetary default or sixty (60) days in the event of a non-monetary default following the date upon which City shall have given written notice of the default to Owner, or if the nature of any such non-monetary default is such that it cannot be cured within 60 days, Owner's failure to commence to cure the default within sixty (60) days and thereafter prosecute the curing of such default with due diligence and in good faith.

9.2 Remedies. Upon the occurrence of an Event of Default and its continuation beyond any applicable cure period, City may proceed with any of the following remedies:

A. Bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking declaratory relief;

B. Pursue any other remedy allowed at law or in equity.

Each of the remedies provided herein is cumulative and not exclusive. The City may exercise from time to time any rights and remedies available to it under applicable law or in equity, in addition to, and not in lieu of, any rights and remedies expressly provided in this Agreement.

10. Indemnity. To the fullest extent permitted by law, Owner shall indemnify, defend (with counsel approved by City) and hold City and its respective elected and appointed officers, officials, employees, agents, and representatives (collectively, the **"Indemnitees"**) harmless from and against all liability, loss, cost, expense (including without limitation attorneys' fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively "**Claims**") arising directly or indirectly, in whole or in part, as a result of or in connection with Owner's construction, management, or operation of the Property and the Project or any failure to perform any obligation as and when required by this Agreement. Owner's indemnification obligations under

this Section 10 shall not extend to Claims resulting solely from the gross negligence or willful misconduct of Indemnitees. The provisions of this Section 10 shall survive the expiration or earlier termination of this Agreement. It is further agreed that City does not and shall not waive any rights against Owner that it may have by reason of this indemnity and hold harmless agreement because of the acceptance by, or the deposit with City by Owner, of any of the insurance policies described in this Agreement.

11. Miscellaneous.

11.1 Amendments. This Agreement may be amended or modified only by a written instrument signed by both Parties.

11.2 No Waiver. Any waiver by City of any term or provision of this Agreement must be in writing. No waiver shall be implied from any delay or failure by City to take action on any breach or default hereunder or to pursue any remedy allowed under this Agreement or applicable law. No failure or delay by City at any time to require strict performance by Owner of any provision of this Agreement or to exercise any election contained herein or any right, power or remedy hereunder shall be construed as a waiver of any other provision or any succeeding breach of the same or any other provision hereof or a relinquishment for the future of such election.

11.3 Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Agreement shall be made in writing and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Party in accordance with this Section. All such notices shall be sent by:

(i) personal delivery, in which case notice is effective upon delivery;

(ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered upon receipt if delivery is confirmed by a return receipt; or

(iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

If to City, to: City of South San Francisco
400 Grand Avenue
Attn: City Manager
South San Francisco, CA 94080
Phone: (650) 877-8500
Email: mike.futrell@ssf.net

With a Copy to: City of South San Francisco
400 Grand Avenue
Attn: ECD Director
South San Francisco, CA 94080
Phone: (650) 829-6622
Email: alex.greenwood@ssf.net

With a Copy to: Meyers Nave
Attn: Sky Woodruff, City Attorney
555 12th Street, Suite 1500
Oakland, CA 94607
Tel (510) 808-2000
Fax (510) 444-1108
Email swoodruff@meyersnave.com

If to Owner: [*Insert*]

11.4 Further Assurances. The Parties shall execute, acknowledge and deliver to the other such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Agreement.

11.5 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

11.6 Action by the City. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the City is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by the City Manager or by any person who shall have been designated by the City Manager, without further approval by the governing board of the City at the discretion of the City Manager.

11.7 Non-Liability of City Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to Owner or any successor in interest, in the event of any default or breach by the City, or for any amount of money which may become due to Owner or its successor or for any obligation of City under this Agreement.

11.8 Headings; Construction. The headings of the sections and paragraphs of this Agreement are for convenience only and shall not be used to interpret this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party.

11.9 Time is of the Essence. Time is of the essence in the performance of this Agreement.

11.10 Governing Law. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law.

11.11 Attorneys' Fees and Costs. If any legal or administrative action is brought to

interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

11.12 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired thereby.

11.13 Entire Agreement; Exhibits. This Agreement contains the entire agreement of Parties with respect to the subject matter hereof and supersedes all prior oral or written agreements between the Parties with respect thereto. Exhibit A and Exhibit B, attached hereto are incorporated herein by this reference.

11.14 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, the Parties have executed this Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants as of the date first written above.

CITY

THE CITY OF SOUTH SAN FRANCISCO,
a municipal corporation

By: _____

Name:_Mike Futrell

Title: City Manager

ATTEST:

By: _____
Rosa Govea Acosta, City Clerk

APPROVED AS TO FORM:

By: _____
Sky Woodruff, City Attorney

OWNER

By: _____

Its: _____

SIGNATURES MUST BE NOTARIZED.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF SAN MATEO)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF SAN MATEO)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

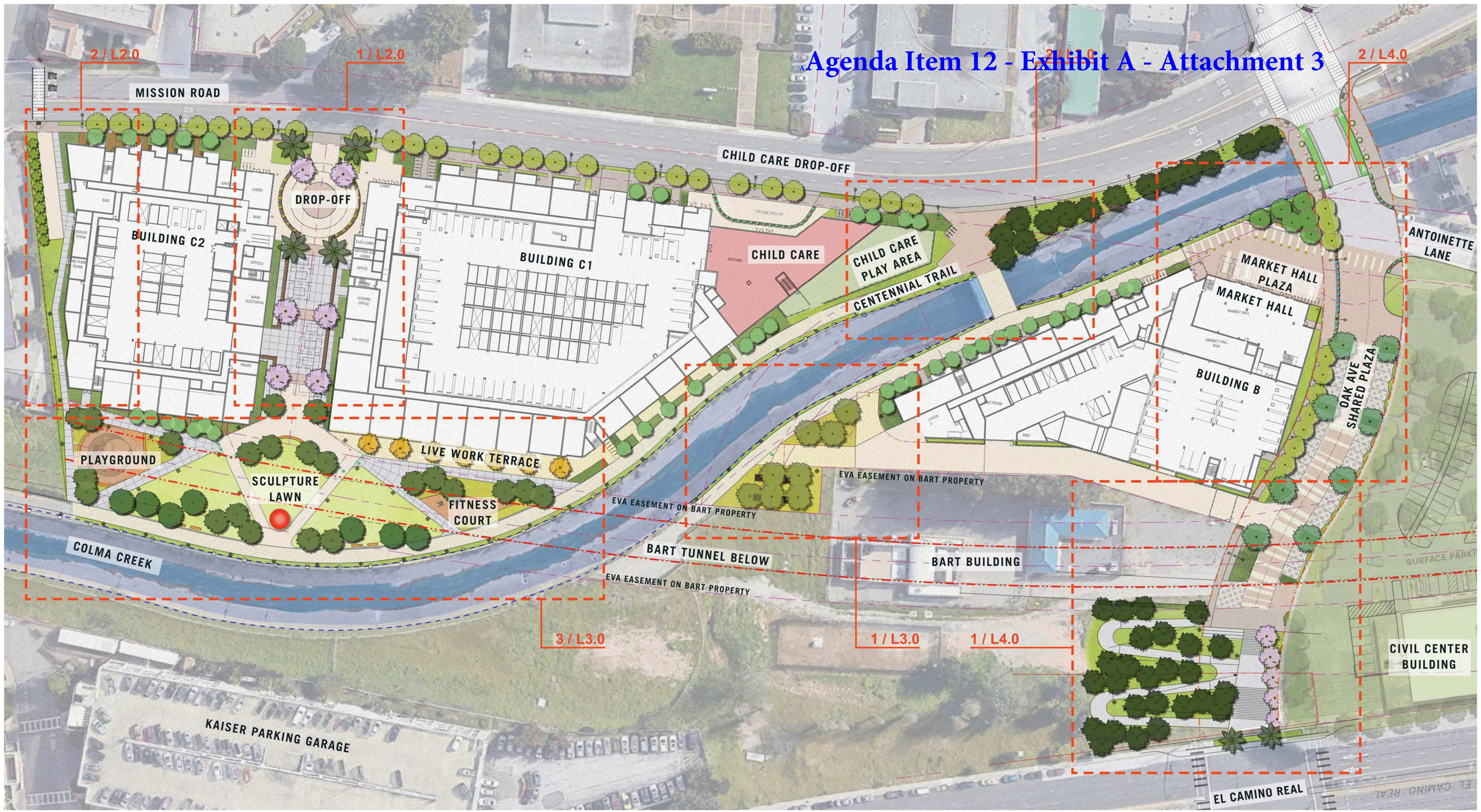
WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A

[*Insert Property Legal Description*]

3426169.1



SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

09/17/19 | 17057 | gls

AGI AVANT GROUP, INC. | KASA PARTNERS

OVERALL ILLUSTRATIVE SITE PLAN

20' 80' 0 40'

L1.0

2 OAK AVE SHARED STREET & MARKET HALL PLAZA ENLARGEMENT PLAN

1 OAK AVE SHARED STREET & OAK AVE GRAND STAIR ENLARGEMENT PLAN

N

SOUTH SAN FRANCISCO PUC DEVELOPMENT

SOUTH SAN FRANCISCO, CA

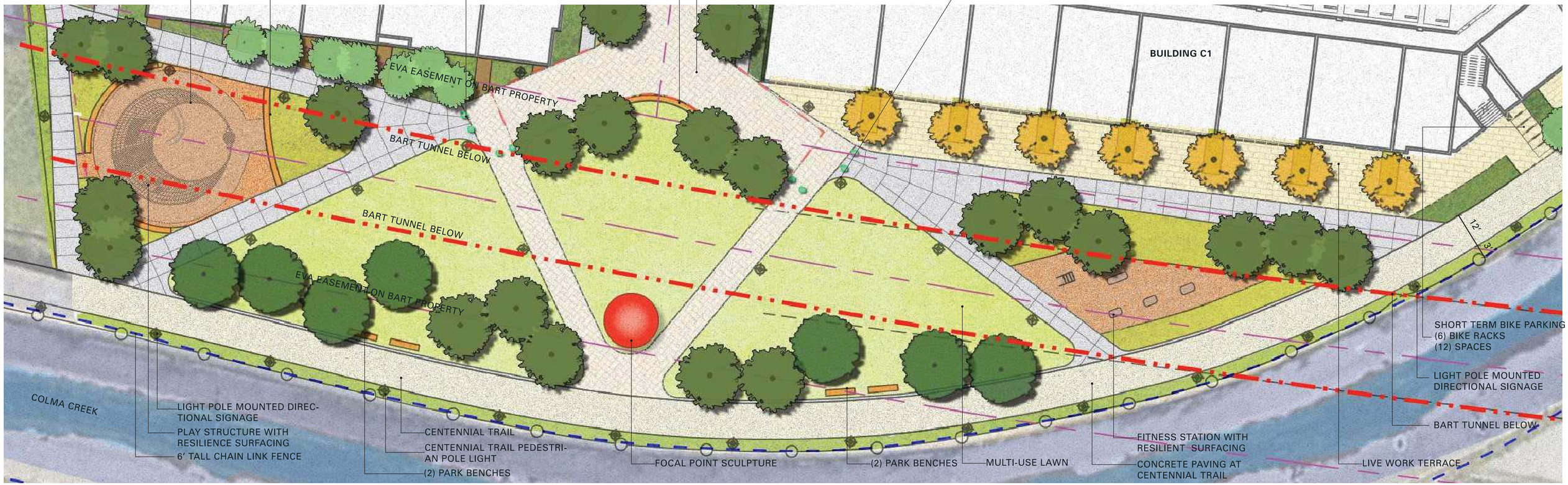
1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

09/17/19 | 17057 | gls

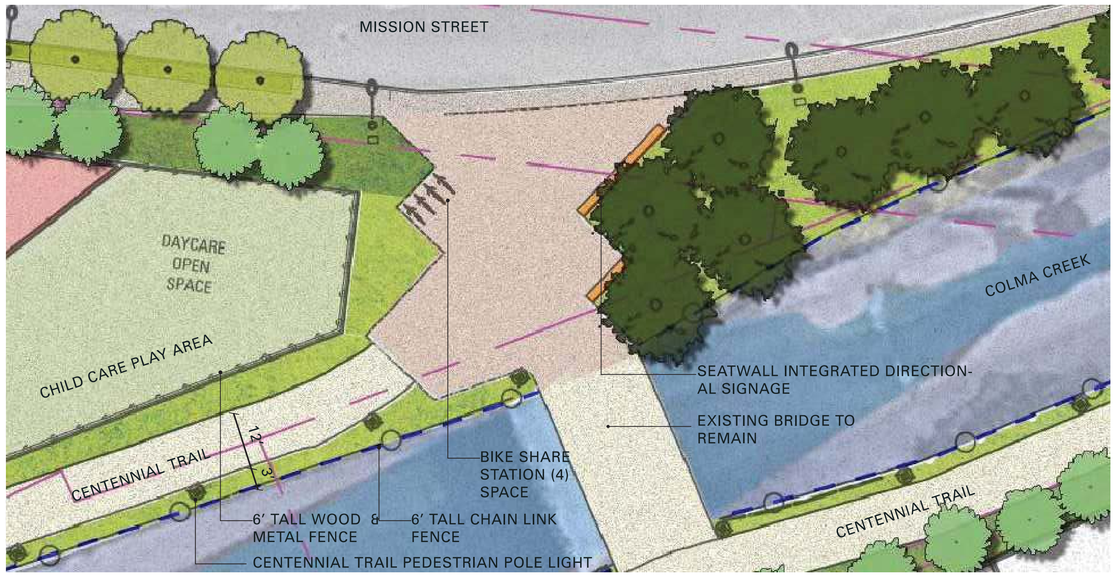
ENLARGEMENT GROUND FLOOR ILLUSTRATIVE SITE PLAN

AGI AVANT GROUP, INC. | KASAPARTNERS | 0 8' 16' 32'

L4.0

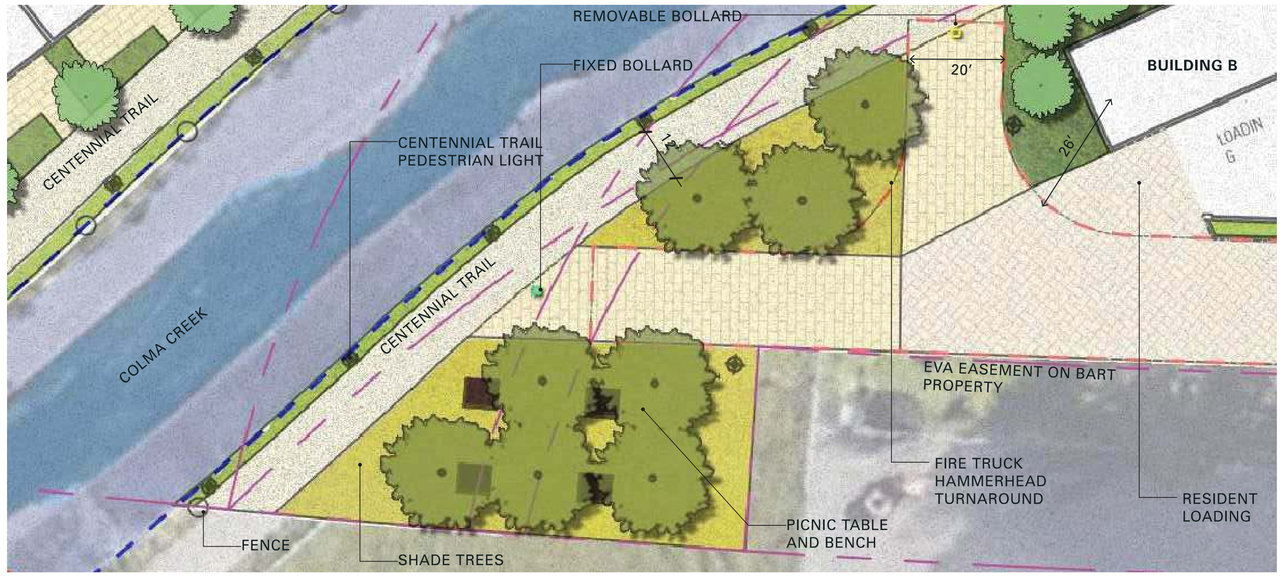


3



CENTENNIAL TRAIL GATHERING PLAZA ENLARGEMENT PLAN

2



PICNIC AREA AND BUILDING B RESIDENT LOADING AREA ENLARGEMENT PLAN

1

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SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

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ENLARGEMENT GROUND FLOOR ILLUSTRATIVE SITE PLAN

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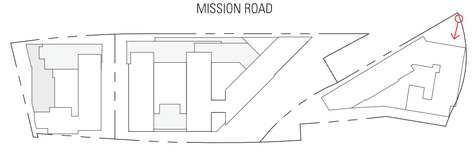

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PERSPECTIVES - BUILDING B

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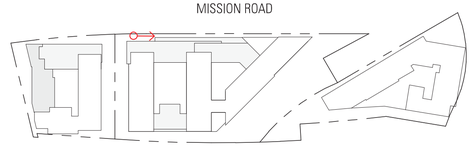

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PERSPECTIVES - BUILDING C1

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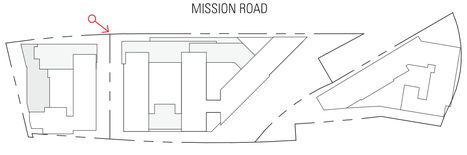

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PERSPECTIVES - BUILDING C1

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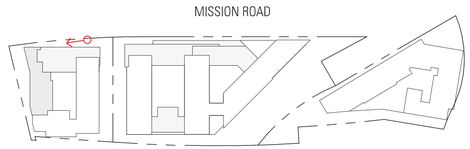

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PERSPECTIVES - BUILDING C2

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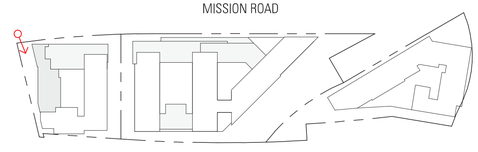

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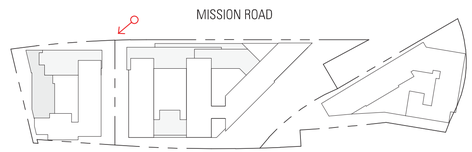

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PERSPECTIVES - BUILDING C2

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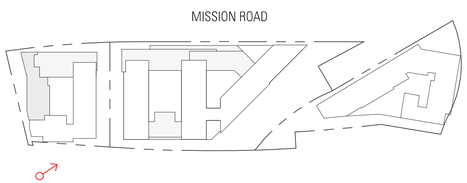

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PERSPECTIVES - BUILDING C2

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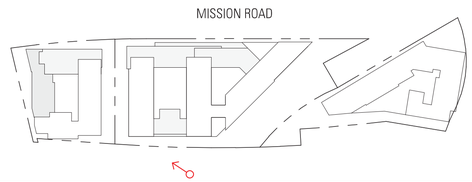

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PERSPECTIVES - BUILDING C1

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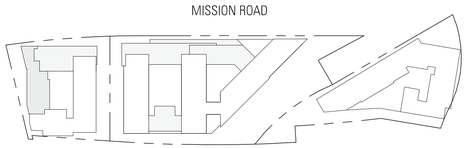

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PERSPECTIVES - BUILDING B

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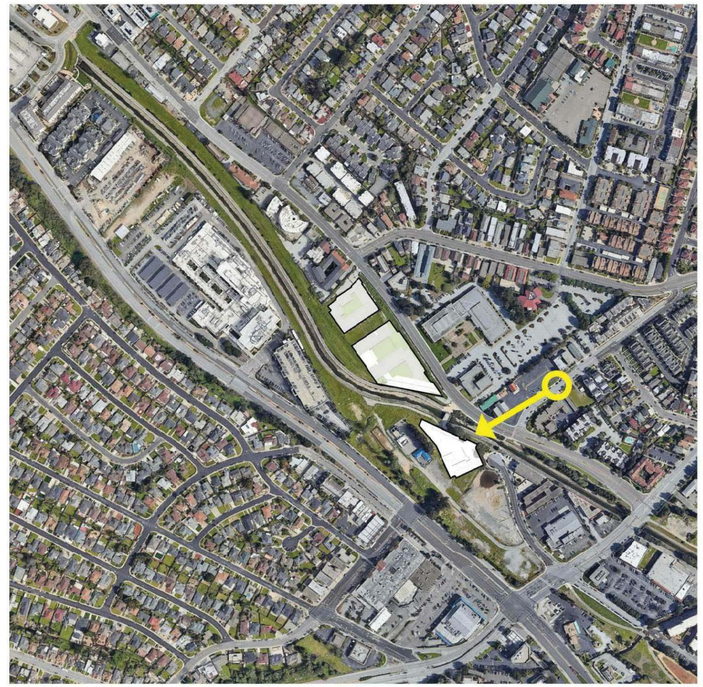
EXISTING VIEW FROM OAK AVE

PROPOSED VIEW FROM OAK AVE



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SITE RENDERINGS PER AREA PLAN

A08

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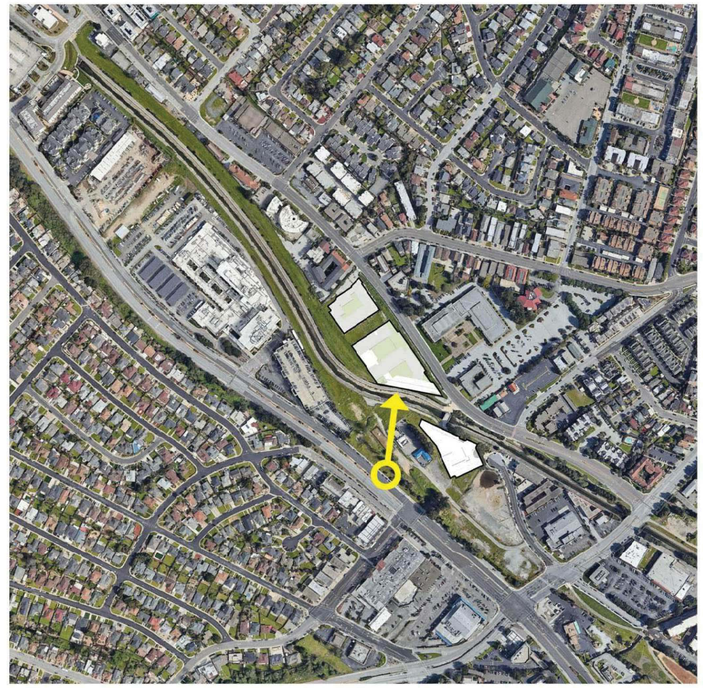
EXISTING VIEW FROM EL CAMINO

PROPOSED VIEW FROM EL CAMINO



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SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

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NEIGHBORHOOD VIEWS

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A09.7

WATTS, COHN and PARTNERS, INC.

COMMERCIAL REAL ESTATE APPRAISAL

APPRAISAL OF:

PUC SITES B AND C

SOUTH SAN FRANCISCO, CALIFORNIA

PREPARED FOR:

CITY OF SOUTH SAN FRANCISCO

SOUTH SAN FRANCISCO, CALIFORNIA

DECEMBER 2019

19-WCP-114

WATTS, COHN and PARTNERS, INC.
COMMERCIAL REAL ESTATE APPRAISAL

December 23, 2019

Mr. Mike Lappen
Economic Development Coordinator
City of South San Francisco
Community and Economic Development Department
400 Grand Avenue
South San Francisco, California 94080

Re: 19-WCP-114, Appraisal
PUC Sites B and C
1051 Mission Road and
Antionette Lane
South San Francisco, California

Dear Mr. Lappen:

At your request and authorization, Watts, Cohn and Partners, Inc. has made an appraisal of the above referenced property. The subject properties appraised are the "***PUC Site"*** parcels located at the west end of Antionette Lane and at 1051 Mission Road in the City of South San Francisco. The first subject property is located along the west side of Mission Road and is identified as "***PUC Site C"***. It contains a total of 4.91 gross acres (213,703 square feet) of which 21,821 square feet are located within the Colma Creek. The useable site area is therefore 4.41 acres or 191,882 square feet.

The second subject parcel, "***PUC Site B"***, is located off of Antionette Lane, to the north of Chestnut Avenue. It contains 1.70 acres, or 73,985 square feet and is currently part of a larger parcel. The combined total gross site area of both subject parcels is 6.61 acres and the useable site area is approximately 6.10 acres, or 265,867 square feet. The subject sites are transit oriented, currently vacant and are bisected by Colma Creek. The sites are located within one-half mile south of the South San Francisco BART Station.

The subject properties are currently proposed to be developed with a high-density residential project with a smaller retail component. The proposed project will include three separate buildings upon completion. The project is proposed to have 800 residential units, including 158 units (BMR) which will be affordable to low-income households (20% of the total units) 642 market rate residential units, 12,992 square feet of commercial space and 8,307 square feet of daycare space.

Upon being subdivided, PUC Site C will contain ***"Parcels 1 and 2"***. Parcel 1 is proposed to be built for affordable housing and the land will be given to BRIDGE housing for development of 158 BMR units. Parcel 2 is proposed to be developed with ***"Building C"*** which will have 408

582 Market Street, Suite 512 | San Francisco, CA 94104 | 415-777-2666
Mark Watts | mark@wattscohn.com | Sara Cohn, MAI | sara@wattscohn.com

market rate apartment units and the daycare facility. PUC Site B will also be subdivided from a larger parcel and will become ***"Parcel 3"***. This site is proposed to be developed with ***"Building B"*** which will contain 234 residential units and commercial space. The improvements are proposed to be seven to eight stories in height. Parking is proposed in each building with a total 879 on-site parking spaces.

The subject properties are further identified by the San Mateo County Assessor's office as PUC Site B/Parcel 3: APNs 093-312-050 (portion of) and PUC Site C/Parcels 1 & 2: 093-312-060.

The purpose of this appraisal is to estimate the as-is market value of the fee simple interest in each of the separate subject properties. It is our understanding that the intended use/user of the appraisal is for the exclusive use of the City of South San Francisco. The intended use (function) for which this appraisal was contracted is to establish the market value as part of the possible disposition of the property. ***This report should not be used or relied upon by any other parties for any reason.***

A more complete description of the subject property appraised, as well as the research and analyses leading to our opinion of value, is contained in the attached summary narrative report. Chapter I provides a basic summary of salient facts and conditions upon which this appraisal is based and reviews the value conclusion.

EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS

1. No title report has been provided for review. It is assumed that no adverse easements or encumbrances exist other than those discussed in this report, that would have a negative impact on title, site utility, or marketability.

2. Per the client's instructions, the appraisal considers all known or estimated extraordinary costs related to the Oak Avenue extension, on-site and off-site public and private improvements required to be constructed by the Developer under terms of the reviewed preliminary Development Agreement and the Project plans. Extraordinary Costs are those not being typical of the land market and not incurred by the comparable land sales. It is assumed that the costs provided to the appraiser are accurate. If the actual costs are different from the costs provided the market value of the subject could change. The value of the entire

3. The subject properties are in the process of obtaining entitlements for an 800-unit mixed-use residential project, with 158 affordable units. The market value of the subject properties assumes the project as described in this appraisal is approved and is a legally allowable use.

VALUE CONCLUSIONS

Combined PUC Sites B and C

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the as-is market value

of the fee simple interest in the combined two subject properties, under the proposed terms, as of October 11, 2019, is estimated to be:

FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS

($5,500,000)

Individual Market Values for PUC Site B and C

PUC Site B

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the as-is market value of the fee simple interest in the subject property identified as ***PUC Site B***, under the proposed terms, as of October 11, 2019, is estimated to be:

ONE MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS

($1,530,000)

PUC Site C

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the as-is market value of the fee simple interest in the subject property identified as ***PUC Site C***, under the proposed terms, as of October 11, 2019, is estimated to be:

THREE MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS

($3,970,000)

This letter must remain attached to the appraisal report, identified on the footer of each page as 19-WCP-114, plus related exhibits, in order for the value opinion set forth to be considered valid.

CERTIFICATION

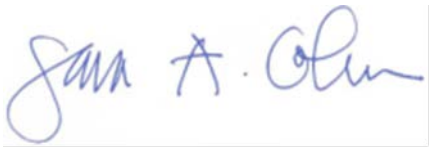
We, the undersigned, hereby certify that, to the best of our knowledge and belief: the statements of fact contained in this report are true and correct; the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions; we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved; we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; our engagement in this assignment was not contingent upon developing or reporting predetermined results, our compensation is not contingent upon the reporting of a predetermined value or direction in value

that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan; our analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice, Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, and is in compliance with FIRREA; we have made a personal inspection of the property that is the subject of this report; no one provided significant real property appraisal assistance to the persons signing this report. The use of this report is subject to the requirements of the Appraisal Institute related to review by its duly authorized representatives. In accordance with the Competency Rule in the USPAP, we certify that our education, experience and knowledge are sufficient to appraise the type of property being valued in this report. We have provided services regarding the property that is the subject of this report in the 36 months prior to accepting this assignment.

We are pleased to have had this opportunity to be of service. Please contact us if there are any questions regarding this appraisal.

Sincerely,

WATTS, COHN AND PARTNERS, INC.



Sara A. Cohn, MAI
Certified General Real Estate Appraiser
State of California No AG014469

Mark Watts
Certified General Real Estate Appraiser
State of California No. AG015362

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ADDENDA

Qualifications of Appraisers
State of California License

I. REPORT SUMMARY

A. Property Appraised

The subject properties appraised are the "***PUC Site"*** parcels located at the west end of Antionette Lane and at 1051 Mission Road in the City of South San Francisco. The first subject property is located along the west side of Mission Road and is identified as "***PUC Site C"***. It contains a total of 4.91 gross acres (213,703 square feet) of which 21,821 square feet are located within the Colma Creek. The useable site area is therefore 4.41 acres or 191,882 square feet.

The second subject parcel, "***PUC Site B"***, is located off of Antionette Lane, to the north of Chestnut Avenue. It contains 1.70 acres, or 73,985 square feet and is currently part of a larger parcel. The combined total gross site area of both subject parcels is 6.61 acres and the useable site area is approximately 6.10 acres, or 265,867 square feet. The subject sites are transit oriented, currently vacant and are bisected by Colma Creek. The sites are located within one-half mile south of the South San Francisco BART Station.

The subject properties are currently proposed to be developed with a high density residential project with a smaller retail component. The proposed project will include include three separate buildings upon completion. The project is proposed to have 800 residential units, including 158 units (BMR) which will be affordable to low-income households (approximately 20% of the total units) 642 market rate residential units, 12,992 square feet of commercial space and 8,307 square feet of daycare space.

Upon being subdivided, PUC Site C will contain ***"Parcels 1 and 2"***. Parcel 1 is proposed to be built for affordable housing and the land will be given to BRIDGE housing for development of 158 BMR units. Parcel 2 is proposed to be developed with ***"Building C"*** which will have 408 market rate apartment units and the daycare facility. PUC Site B will also be subdivided from a larger parcel and will become ***"Parcel 3"***. This site is proposed to be developed with ***"Building B"*** which will contain 234 residential units and commercial space. The improvements are proposed to be seven to eight stories in height. Parking is proposed in each building with a total 879 on-site parking spaces.

The subject properties are further identified by the San Mateo County Assessor's office as PUC Site B/Parcel 3: APNs 093-312-050 (portion of) and PUC Site C/Parcels 1 & 2: 093-312-060.

This appraisal addresses the fee simple interest in the subject property.

B. Subject Property Identifications

PUC Site B/Parcel 3

APN:	**093-312-050 (portion of)**
Zoning:	**ECR/C-MXH: El Camino Real/Chestnut Mixed-Use High Density**
Zip Code:	**94080**
Flood Zone:	**Flood Zone X**
Earthquake:	**No**

PUC Site C/Parcels 1 and 2

APN:	**093-312-060**
Zoning:	**ECR/C-RH: El Camino Real/Chestnut High Density Residential**
Zip Code:	**94080**
Flood Zone:	**(partially located within) Flood Zone A**
Earthquake:	**No**

C. Client, Purpose, Intended Use and Intended User

The client for this appraisal is Mr. Mike Lappen, Economic Development Coordinator with the City of South San Francisco Community and Economic Development Department. The purpose of this appraisal is to estimate the as-is market value of the fee simple interest in each of the separate subject properties. It is our understanding that the intended use/user of the appraisal is for the exclusive use of the City of South San Francisco. The intended use (function) for which this appraisal was contracted is to establish the market value as part of the possible disposition of the property. ***This report should not be used or relied upon by any other parties for any reason.***

D. Reporting Format

This Appraisal Report is presented in a narrative format. This report is intended to be an Appraisal Report prepared in conformance with USPAP Standard 2-2(a).

E. Scope of Work

The scope of work for this appraisal assignment report is to utilize the appropriate approaches to value in accordance with Uniform Standards of Professional Appraisal Practice (USPAP) to arrive at a market value conclusion. Specific steps include the inspection of the subject properties and the research, analysis and verification of comparable data to arrive at a value indication as put forth in this report. The Sales Comparison Approach is considered to be the best indicator for

the subject property. The Income and Cost Approaches are not considered relevant and are not included.

F. Date of Appraisal and Date of Report

The effective date of valuation is October 11, 2019.

The date of this report is December 23, 2019.

G. Definition of Terms

1. Market Value (OCC 12 CFR 34.42 (g)) (OTS 12 CFR, Part 564.2 (g))

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

a. Buyer and seller are typically motivated;

b. Both parties are well informed or well advised, and acting in what they consider their own best interests;

c. A reasonable time is allowed for exposure in the open market;

d. Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and

e. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

2. Fee Simple Interest (The Appraisal of Real Estate, 13th Edition, 2008)

A fee simple interest in valuations terms is defined as "…absolute ownership unencumbered by other interest or estate, subject only to the limitations imposed by governmental powers of taxations, eminent domain, police power, and escheat."

H. Market Value Conclusions

Combined PUC Sites B and C

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the as-is market value of the fee simple interest in the combined two subject properties, under the proposed terms, as of October 11, 2019, is estimated to be:

FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS

($5,500,000)

Individual Market Values for PUC Site B and C

PUC Site B

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the as-is market value of the fee simple interest in the subject property identified as ***PUC Site B***, under the proposed terms, as of October 11, 2019, is estimated to be:

ONE MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS

($1,530,000)

PUC Site C

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the as-is market value of the fee simple interest in the subject property identified as ***PUC Site C***, under the proposed terms, as of October 11, 2019, is estimated to be:

THREE MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS

($3,970,000)

It is our opinion that the above value could be achieved within a 12-month exposure period.

I. Assumptions and Limiting Conditions

Extraordinary Assumptions and Hypothetical Conditions

1. No title report has been provided for review. It is assumed that no adverse easements or encumbrances exist other than those discussed in this report, that would have a negative impact on title, site utility, or marketability.

2. Per the client's instructions, the appraisal considers all known or estimated extraordinary costs related to the Oak Avenue extension, on-site and off-site public and private improvements required to be constructed by the Developer under terms of the reviewed Development Agreement and the Project plans. Extraordinary Costs are those not being typical of the land market and not incurred by the comparable land sales. It is assumed that the costs provided to the appraiser are accurate. If the actual costs are different from the costs provided the market value of the subject could change.

3. The subject properties are in the process of obtaining entitlements for an 800-unit mixed-use residential project, with 158 affordable units. The market value of the subject properties assumes the project as described in this appraisal is approved and is a legally allowable use.

4. The use of any hypothetical conditions or extraordinary assumptions in this report might have affected the assignment results.

General Limiting Conditions

5. It is the client's responsibility to read this report and to inform the appraiser of any errors or omissions of which he/she is aware prior to utilizing this report or making it available to any third party.

6. No responsibility is assumed for legal matters. It is assumed that title of the property is marketable and it is free and clear of liens, encumbrances and special assessments other than as stated in this report.

7. Plot plans and maps are included to assist the reader in visualizing the property. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraisers is assumed by the appraisers.

8. All information has been checked where possible and is believed to be correct, but is not guaranteed as such.

9. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The

appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors. It is assumed that no additional soil contamination exists, other than as outlined herein, as a result of chemical drainage or leakage in connection with any production operations on or near the property.

10. In this assignment, the existence (if any) of potentially hazardous materials used in the construction or maintenance of the improvements or disposed of on the site has not been considered. These materials may include (but are not limited to) the existence of formaldehyde foam insulation, asbestos insulation, or toxic wastes. The appraiser is not qualified to detect such substances. The client is advised to retain an expert in this field.

11. Any projections of income and expenses in this report are not predictions of the future. Rather, they are an estimate of current market thinking of what future income and expenses will be. No warranty or representation is made that these projections will materialize.

12. The appraisers are not required to give testimony or appear in court in connection with this appraisal unless arrangements have been previously made.

13. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event only with the proper written qualification, only in its entirety, and only for the contracted intended use as stated herein.

14. Neither all nor part of the contents of this report shall be conveyed to the public through advertising, public relations, news sales, or other media without the written consent and approval of the appraiser, particularly as to the valuation conclusions, the identity of the appraiser, or any reference to the Appraisal Institute or the MAI designation.

15. Information regarding any earthquake and flood hazard zones for the subject property was provided by outside sources. Accurately reading flood hazard and earthquake maps, as well as tracking constant changes in the zone designations, is a specialized skill and outside the scope of the services provided in this appraisal assignment. No responsibility is assumed by the appraiser in the misinterpretation of these maps. It is strongly recommended that any lending institution re-verify earthquake and flood hazard locations for any property for which they are providing a mortgage loan.

II. AREA AND NEIGHBORHOOD DESCRIPTION

A. San Mateo County

San Mateo County is one of the nine counties comprising the San Francisco Bay Area. It totals approximately 450 square miles of land extending from the Pacific Ocean on the west to San Francisco Bay on the east, and benefits from its proximity to both San Francisco and the Silicon Valley. The county is geographically divided into eastern and western portions by the Santa Cruz foothills, with most development traditionally having taken place along the more accessible eastern portion, facing the San Francisco Bay.

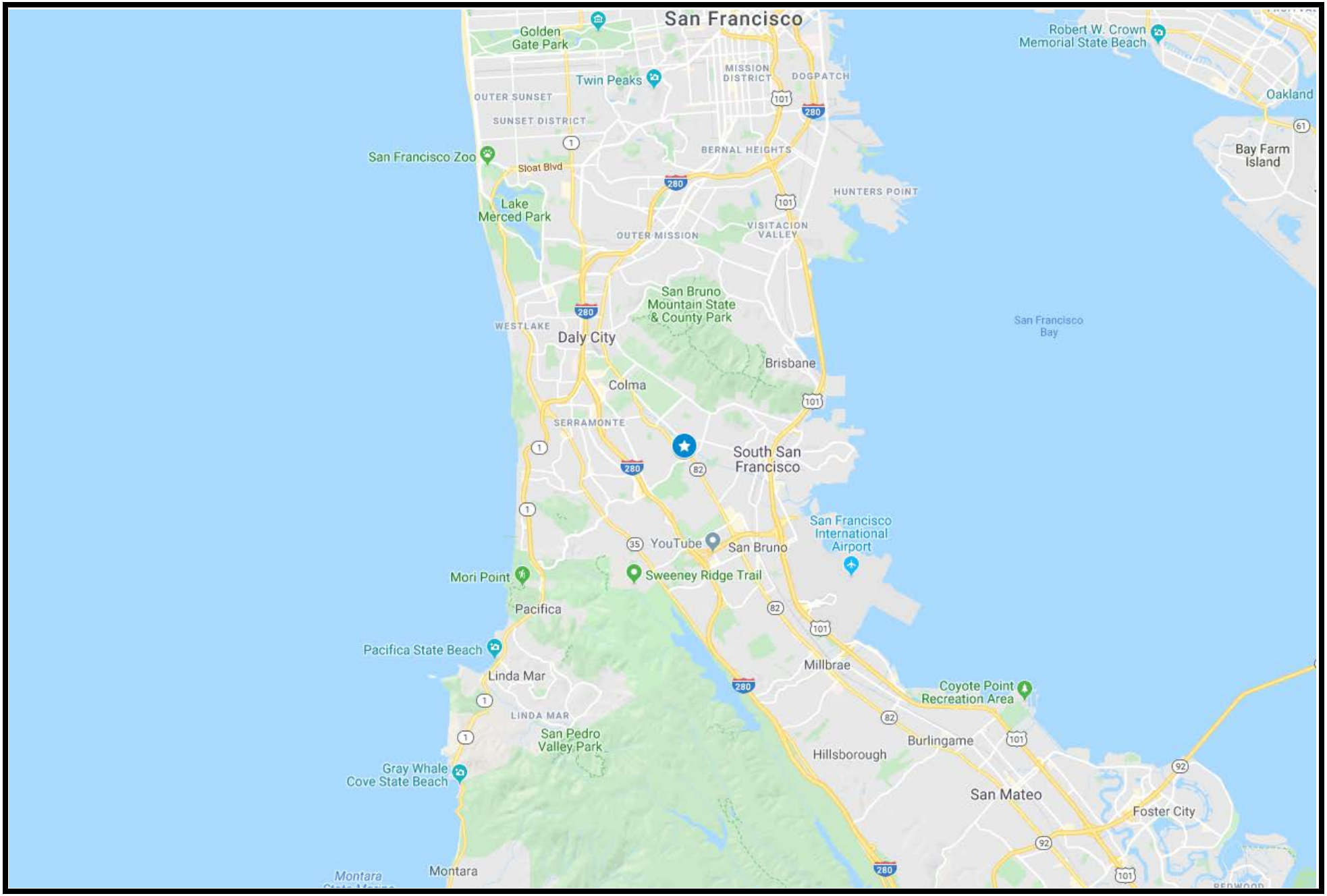
The county is characterized by a ribbon of manufacturing, engineering and technical products firms closest to the bay, with business and residential areas stretching westward into the foothills. Land available for development is in short supply. Consequently, population expansion has slowed. As of January 1, 2019 (most recent information available), the California State Department of Finance (DOF) estimated the county's population at 774,485, a 0.3 percent increase from the prior year. The Association of Bay Area Governments (ABAG) 2013 projections estimate that San Mateo County's population will rise to 805,600 by 2025.

In terms of employment, San Mateo County has a diversified economy. Its unemployment has historically been below state and national levels. The California Economic Development Department (EDD) reports that as of August 2019 (most recent data available), San Mateo County had an unemployment rate of 2.1 percent, compared to 2.3 percent one year prior.

County residents' household earnings, average education levels, and spending power are all above average for the region. Both rents and home sale prices are high in San Mateo County, and there is a generally recognized dearth of affordable housing for area residents. Consequently, many workers commute from other counties and cities, adding to traffic congestion throughout the area.

Transportation systems serving the county are well established and heavily used by area residents and workers. Two primary freeways running north/south through the area are the Bayshore Freeway (Highway 101) and Interstate 280 (I-280). Highway 92 and I-380 connect these arteries in the central and north/central portions of the county. El Camino Real is the main, commercially developed surface street on the San Francisco Peninsula. Caltrain passenger trains and limited rail freight serve the area, and SamTrans bus service is also available. The San Francisco International Airport is the region's main airport.

REGIONAL MAP



B. City of South San Francisco

The city of South San Francisco is located in the northern portion of San Mateo County, approximately three miles south of the city and county of San Francisco. The city is generally bordered by Daly City and Pacifica to the west, San Bruno and the San Francisco International Airport to the south, and the San Francisco Bay to the east. Its northern boundary is formed by the cities of Brisbane and Colma, and the San Bruno Mountain County Park. South San Francisco is the county's fourth largest city. Based on Department of Finance estimates, as of January 2019, the city has a population of 67,078, which is a 0 percent increase from the previous year. The CA EDD reports that as of August 2019, the unemployment rate was 2.4 percent, which is a slight decrease from one year prior.

South San Francisco's proximity to city and county of San Francisco and the San Francisco International Airport have been the principal factors in its development. While the majority of the city's development took place over the past three decades, much of the city predates World War II. South San Francisco is in a stage of mature development with little vacant land available. Most new development is occurring in the form of reuse projects in older districts, and in the form of hillside construction for new residential areas.

Land uses in the city can be characterized as industrial development in the south and eastern portions of the city, and residential neighborhoods to the north and west. While the city lacks a well-defined core downtown area, downtown South San Francisco is generally defined as a strip of older retail stores and offices located along Grand Avenue, west of Highway 101.

South San Francisco is served by three major routes, Highway 101 on the east, El Camino Real (State Highway 82) through the central portion of the city, and Interstate 280 on the west. In addition, Interstate Highway 380 is located just outside the southern boundary of South San Francisco and links these three routes. The city also has a network of major surface streets, rail lines, numerous truck carriers, and public and private bus services.

C. El Camino Real/Chestnut Avenue Area Plan

The subject is located within the El Camino Real/Chestnut Avenue Area Plan. This plan was adopted by the City of South San Francisco in July 2011 and encompasses approximately 98 acres along El Camino Real, from Southwood Drive to just north of Sequoia Avenue. The Plan was created to guide future development on the PUC Site and adjacent parcels. The majority of the area is situated between El Camino Real and Mission Road. The right-of-way for the underground Bay Area Rapid Transit (BART) line runs through the length of the planning area. The area includes approximately 58 acres of developable land, excluding streets, BART, creeks, and other rights-of-way.

This area is planned for use as a new, mixed-use, walkable neighborhood with new streets and pedestrian connections. In addition, there are plans for a new Community Civic Campus at Chestnut and Antionette Lane, to the south of the subject, which will include new municipal facilities such as a library, a community center, fire station and police station.

According to the plan "The BART right-of-way that extends through the length of the Planning Area will be transformed into a linear park and a pedestrian-oriented "Main Street", lined with restaurants, cafés, and outdoor seating in a portion of the right-of-way. Development will be at high densities, reflecting adjacent transit access." Also proposed is the extension of Oak Avenue, which will connect Mission Road to Antionette Lane and ultimately to El Camino Real. This roadway and bridge are proposed to improve east-west connectivity in the area. Additionally, Centennial Way, a bike and pedestrian path along Colma Creek, is planned for expansion along a portion of the BART right-of-way, north of Oak Avenue. Centennial Way is proposed to form the primary spine of pedestrian and bicycle circulation through the Planning Area between South San Francisco BART Station to the north and Orange Memorial Park to the south.

D. Neighborhood and Immediate Environs

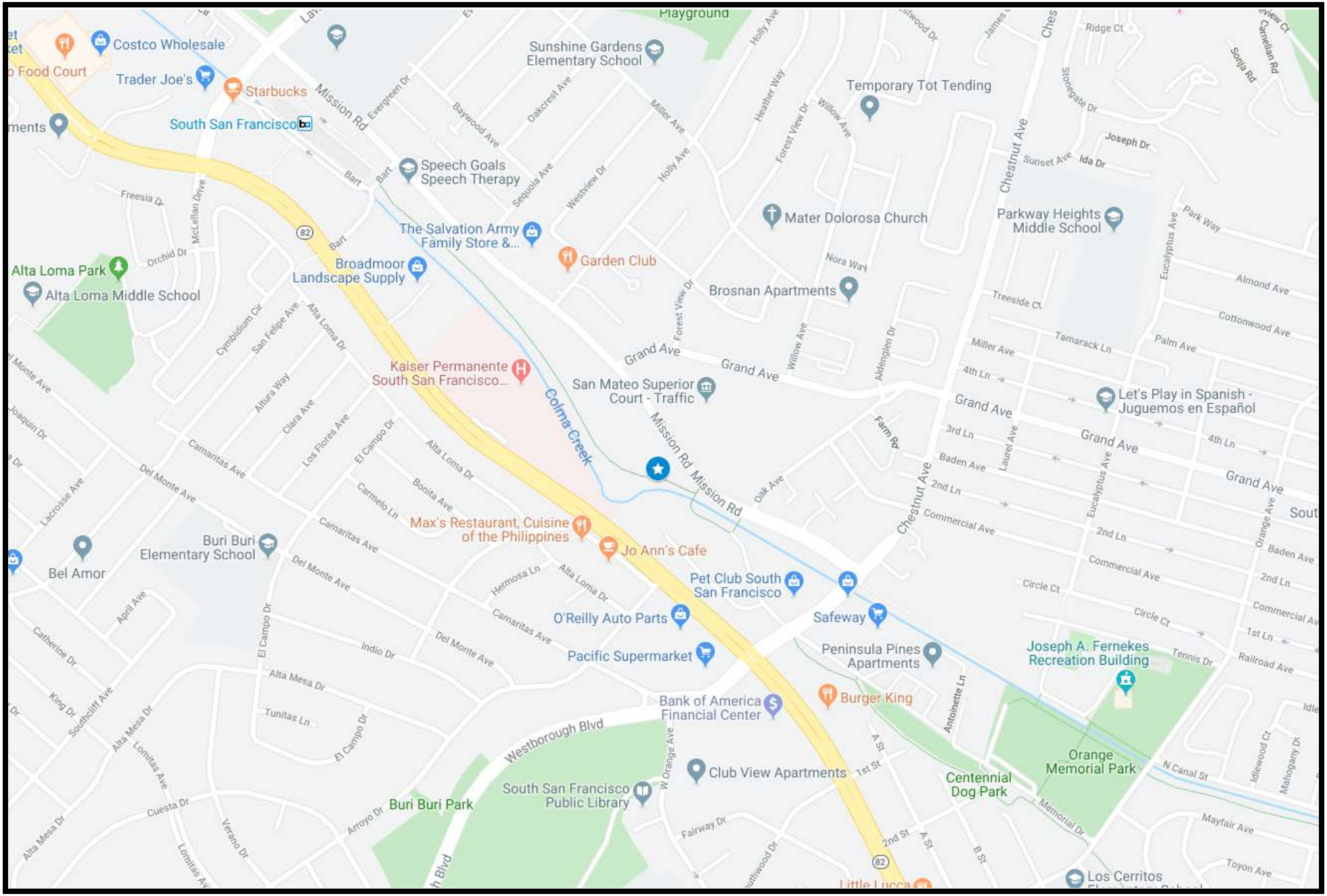
The subject property consists of two parcels and is located between El Camino Real and Mission Road in central portion of the City of South San Francisco. The subject is generally known as the "***PUC Site***" and consists of two properties ***(PUC Site B*** and ***PUC Site C***) which are bisected by Colma Creek. The subject ***PUC Site B*** is located on Antionette Lane just north of Chestnut Avenue and east of El Camino Real. The subject ***PUC Site C*** has frontage on the west side of Mission Road between Oak and Grand Avenues. The subject general neighborhood is bounded by Chestnut Avenue to the south, Lawndale Boulevard to the north, Hillside Boulevard to the east and El Camino Real to the west.

The general area is mixed in nature, including commercial, limited service hotels, office, as well as residential, public and school uses. The subject area is generally comprised of a variety of commercial uses along El Camino Real, while the larger neighborhood includes a variety of single-family and multi-family residential uses.

To the northwest of the subject is the Kaiser Permanente South San Francisco campus, a feature of the neighborhood since 1966. The hospital and campus have been upgraded and expanded over the past decade and the parking garage was added at a later date. The Kaiser campus is situated on El Camino Real to the north of Arroyo Drive.

To the east of the subject ***PUC Site C***, across Mission Road along Oak Avenue, is the Northern Branch of the Superior Court of California, San Mateo County Superior Traffic Court, and the San Mateo County Probation Department. This block also includes several institutional uses, such as a Santo Christo Society Hall

NEIGHBORHOOD MAP



and a Kingdom of Jehovah's Witnesses Hall. The other improvements to the east are comprised of mostly multi and single-family residential developments. This neighborhood is known as Sunshine Gardens, and is comprised of several townhome, single family, and multifamily developments that date from the 1940s through to the late 1980s. The original subdivision, Sunshine Gardens, consisted of 800, detached, two- and three-bedroom ranch style homes. Construction continued in the neighborhood into the early 2000s, with subdivisions such as the Hillside and Chestnut Estates. The majority of housing in the neighborhood is single-family; however, there are pockets of multi-family residential and townhome style homes.

Further north of Sunshine Gardens, at the intersection of McLellan Drive/Lawndale Boulevard, is the South San Francisco BART Station. Located on the border between Colma and South San Francisco is one of the region's three main public high schools, El Camino High School. Supporting retail uses in the area include the South San Francisco Costco, and Trader Joe's situated on El Camino Real.

To the southeast of the subject ***PUC Site B***, on Antoinette Lane are two multi-family buildings. Plans for a new Community Civic Campus are proposed on the vacant parcels adjacent to the south of the subject on Antionette Lane. The Campus is envisioned to contain a Police Operations Center, a 911 Dispatch Center, a Fire Station, and a Library/Parks & Recreation Community Center. The project is projected to be completed by 2021 at a cost of $150 million. It is proposed to be funded from proceeds of Measure W.

Retail and commercial uses in the subject neighborhood are mostly centered along El Camino Real, in proximately of Chestnut Avenue. On the northern side of El Camino, at Westborough Boulevard is a small shopping center consisting of Pacific Supermarket, O'Reilly Auto Parts and other small shops. At the northeast corner of Chestnut Avenue and Antoinette Lane is a commercial structure that is occupied by Pet Club and a pet hospital to the east. To the south, across Chestnut Avenue is a shopping center that is anchored by Safeway.

At the southeast corner of Chestnut and El Camino is an entitled development site at 988 El Camino Real. This site is proposed for a 6-story mixed-use building. It will be comprised of approximately 172 units, and 10,500 square feet of ground floor retail. The building will also have two subterranean levels of parking. The developer is Summerhill Apartment Communities, and the project is currently under construction.

El Camino Real in the vicinity of the subject is a two-way, four-lane divided thoroughfare with turning lane and signal. Chestnut Avenue is a two-lane, two-way street that extends from Hillside Boulevard to El Camino Real and then becomes Westborough Boulevard west of El Camino Real. Mission Road runs in north/south direction from Chestnut Avenue to the El Camino Real in Colma.

Freeway access is average for the area. Access to Interstate 280 is approximately 1.5 miles west of the subject, the closest freeway access is at Westborough Boulevard. There is also access to Highway 380, approximately two miles to the south, which connects to Interstate 280 and Highway 101 to the south of the subject. San Francisco International Airport is east of the subject, but the closest access is via Interstate380 to Highway 101. The South San Francisco BART station is located approximately half a mile north of the subject.

The subject's Walkscore (www.walkscore.com) is 67, Somewhat Walkable, and most errands can be accomplished on foot. The Bike Score is 62, or Bikeable. Walk Score uses a proprietary algorithm to measure the proximity of a property to basic services.

Overall, the subject property is located within a mixed commercial and residential area of South San Francisco. The site has good transportation access and is close to supporting services such as grocery stores, commercial shops, hospital and schools. The outlook for the area and neighborhood is positive in the long term.

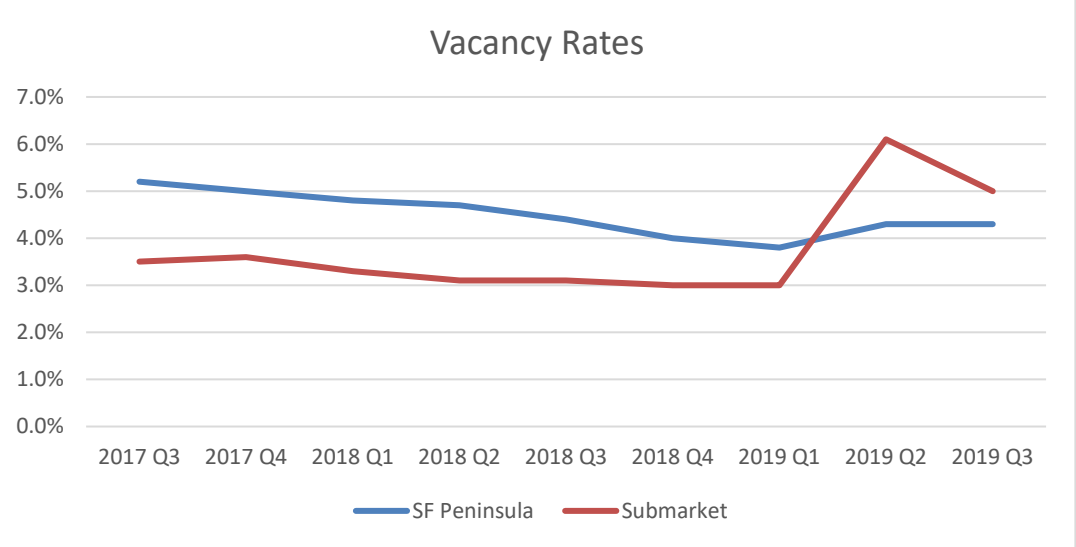
III. MARKET OVERVIEW

A. Apartment Market

According to CoStar's South San Francisco/San Bruno/Millbrae Multifamily Submarket report: "Limited construction in this zoning challenged submarket allowed the vacancy rate to compress for much of the current economic expansion. The recent delivery of the 260-unit Cadence apartments in June 2019, and the 83-unit Aperture apartments in May 2019 changed this trend, with the submarket vacancy rate increasing temporarily prior to lease up. Demand in this submarket has been bolstered by the presence of major employers like YouTube and Genentech. Rent growth in South San Francisco has outpaced the metro average this cycle, reducing the submarket's discount from the metro average asking rent. Over the long erm, South San Francisco's numerous ongoing biotech developments – one of the most notable being The Cove at Oyster Point, a multitenant spec development totaling nearly 900,000 SF – will attract additional life sciences tenants, who will in turn bring with them a new cohort of highly educated, well compensated prospective residents. This future positive outlook on the submarket has translated into the sales market. Where pricing has risen above the metro average."

Vacancy Rates

The following table shows vacancy rates for the Bay Area and San Mateo County as reported by CoStar's South San Francisco/San Bruno/Millbrae Multi-Family Submarket.



As shown on the table, the delivery of new construction in South San Francisco has currently spiked vacancy rates to approximately 5 percent. However historically,

South San Francisco has a history of relatively tight vacancy due to supply constraints according to CoStar.

Rental Rates

The following table shows asking rental rates as reported by CoStar's for the South San Francisco/San Bruno/Millbrae Multi-Family Submarket.

Asking Rents			
Type	Oct 2018	Oct 2019	% Change
All Units	$2,941	$3,166	7.65%
Studio	$1,871	$1,932	3.26%
1-Bed	$2,607	$2,761	5.91%
2-Bed	$3,124	$3,278	4.93%
3-Bed	$4,530	$5,543	22.36%

While "South San Francisco rents lie below the metro average…strong rent growth this economic cycle, and the addition of new higher quality inventory has decreased the spread between the submarket average and the metro average in recent years."

Construction

CoStar is currently tracking 7,518 units in the subject submarket, across 531 existing buildings. Approximately are 254 units under construction, a 50 percent decrease from a year prior. However, that is mostly due to the delivery of approximately 343 units in the past twelve months. This reflects the "recently delivered 260-unit Cadence, which is located a little over a quarter of a mile from the South San Francisco Caltrain station, and includes a rooftop lounge, fitness center and club rooms. The Cadence is the largest project the submarket has seen since the completion of Avalon San Bruno. This was developer Sares-Regis' second completion in 2019Q2, after delivering the 83-unit Aperture Apartments in San Bruno in May 2019," according to CoStar.

Proposed Multifamily Development in South San Francisco

An October 25, 2019 article by the San Francisco Business Times indicated that the following projects are in the city of South San Francisco development pipeline. These include:

-988 El Camino Real: the 172-unit apartment project is approved and under construction. The developer is Summerhill Apartment Communities.
-150 Airport Boulevard: 157 units approved and under construction. The developer is Fairfield Development
-200 Linden Avenue: 97 units approved and under construction. The developer is Hisense.

-Cadence Phase 2/405 Cypress Avenue: 195 units approved. The developer is Sares Regis Group of Northern California
-200 Airport Boulevard: 94 units approved. The developer is Fairfield Residential Development.

This is equal to a total of 715 units that are under construction or approved for development. Of this total 426 units are currently under construction and will likely take several years to complete.

Other proposed projects (excluding the subject) that are pending approval in South San Francisco include:

-124 Airport Boulevard and 100 Produce Avenue: 480-unit apartment project by Hanover Company
-7 South Linden Avenue: 445-unit apartment project by Essex Property Trust
-410 Noor Avenue: 342-unit project by Syufy Properties LLC
-40 Airport Boulevard: 283 units by Bella Vista Development

As noted in the San Francisco Business Times article San Mateo County added 83,000 new jobs from 2010 to 2017, but only added 7,100 new housing units, which is a 12 to 1 ratio. This high ratio indicates that San Mateo County has created more jobs than housing and that there is greater demand than supply. The article noted that housing experts indicated a 2 to 1 ratio is needed to keep housing costs in check. The reported median San Mateo County apartment rent per month in September 2019 was $4,100 per month up from $3,200 in September 2010.

Investment Market

In the CoStar South San Francisco/San Bruno/Millbrae submarket, approximately 30 properties have sold in the past year, at a sales volume of approximately $21.1 million. This is a decrease of approximately 9 percent from one year ago, however the market sale price per unit increased by 14 percent to approximately $672,000 per unit. The market cap rate was reported at 3.6 percent, which is in line with the greater San Francisco Bay Area cap of 3.6 percent as well. CoStar reports that "South San Francisco/San Bruno/Millbrae typically ranks toward the bottom of the metro in sales activity, which is due in large part of the older age of most of the submarket inventory. With over 65 percent of the submarket inventory consisting of 1 & 2 Star assets, the majority of transactions that take place are smaller size deals, averaging around $3 million."

B. Exposure Period Conclusion

The exposure period is defined as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." Thus

it is assumed to have occurred prior to the appraisal date. In contrast the marketing period is the estimated time that it would take to consummate the sale after the appraisal date.

To allow for adequate marketing and negotiating time and the closing of escrow, an exposure period for the subject is estimated at 12 months.

IV. PROPERTY DATA AND ANALYSIS

A. Site Description

The subject properties is comprised to two legal parcels and are identified as the "***PUC Site"***. The parcels are located at the west end of Antionette Lane and at 1051 Mission Road in the City of South San Francisco. The first subject property is located along the west side of Mission Road and is identified as "***PUC Site C"***. It contains a total of 4.91 gross acres (213,703 square feet) of which 21,821 square feet are undevelopable and located within the Colma Creek. The useable site area is therefore 4.41 acres or 191,882 square feet. The subject is legally identified by the San Mateo County Assessor as APN: 093-312-060.

The second subject parcel, "***PUC Site B"***, is located off of Antionette Lane, to the north of Chestnut Avenue. It contains 1.70 acres, or 73,985 square feet and is currently part of a larger parcel. The irregularly shaped parcel is bounded by the BART easement and the Colma Creek to the north. The subject is legally identified by the San Mateo County Assessor as a portion of 093-312-050.

PUC Site C is bordered by Mission Road to the east, and partially bordered by Colma Creek and the Centennial Way Trail to the west. It terminates roughly at Grand Avenue in the north, and the pedestrian bridge to the south. The site is bounded by the BART easement and Colma Creek.

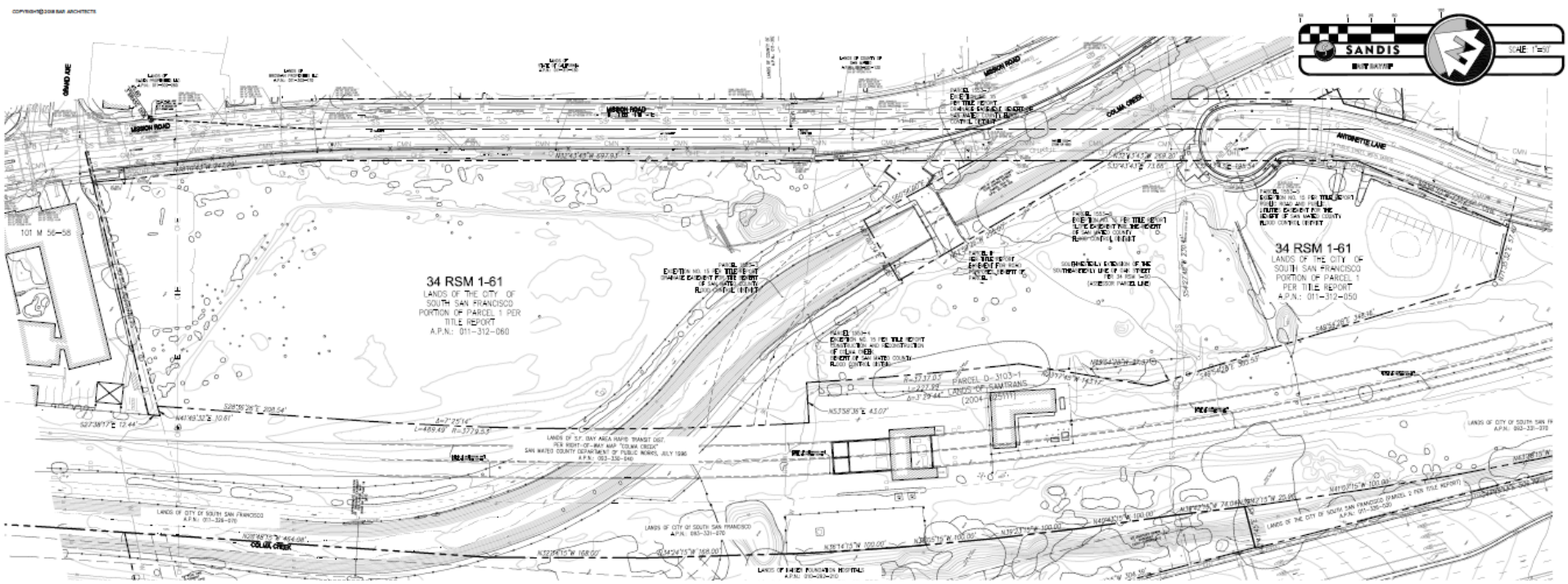
The combined total gross site area of both subject parcels is 6.61 acres and the useable site area is approximately 6.10 acres, or 265,867 square feet. The subject sites are currently vacant and are bisected by Colma Creek.

According to a Vesting Tentative Map dated September 17, 2019, prepared by Sandis (Civil Engineers, Surveyors and Planners) the subject will be subdivided into three parcels. The adjacent Parcel 4 delineates a 0.38 acre private street with public access and utility easement. In the proposed Phase 2 of the Oak Avenue extension Parcel 4 will be transferred to a public right-of-way as Oak Avenue is extended to El Camino Real.

Upon being subdivided ***PUC Site C*** will contain ***"Parcels 1 and 2"***. Parcel 1 will be the northernmost site and will contain 1.48 acres. It is proposed to be built with affordable housing and the land will be given to BRIDGE housing for development of 158 BMR units. ***Building C2*** is proposed to be situated on this parcel. Parcel 2 will contain 2.93 developable acres (excluding the 21,821 square feet of creek area) and is proposed to be developed with ***"Building C1"*** which will have 408 market rate apartment units and a daycare facility. This will be an irregular shaped parcel adjacent to Colma Creek.

PUC Site B will be subdivided from a larger parcel and will become ***"Parcel 3"***. This site is proposed to be developed with ***"Building B"*** which will contain 234

EXISTING PARCELS



SURVEY NOTES

1. ALL DISTANCES AND DIMENSIONS ARE SHOWN IN FEET AND DECIMALS THEREOF.
2. DATES OF FIELD SURVEY: 11/09/18
3. HORIZONTAL CONTROL FOR THE SURVEY IS ESTABLISHED PER COORDINATES AS SHOWN ON THAT CERTAIN RECORD OF SURVEY NO. 2007 FILED FOR RECORD ON 10 FEBRUARY 2014, 2015 IN VOLUME 34 OF L.L.S. MAPS AT PAGES 144 - 148. SAID COORDINATES WERE HELD AT POINTS 1001 AND 1002 SHOWN ON SHEET 5 OF SAID SURVEY AND GRAPHICALLY DEPICTED ON SHEET T1-C2.
4. THE ELEVATIONS SHOWN ARE BASED PER GPS OBSERVATIONS ON LOCAL SITE CONTROL ELEVATIONS WERE NOT KEPT CHECKED AGAINST A PHYSICAL BENCHMARK AS NONE WERE FOUND IN THE VICINITY A REASONABLE VICINITY TO THE SITE.

BART TUNNEL SURVEY NOTES

THE FOLLOWING NOTES ARE FROM A SURVEY PERFORMED BY DPF OF THE UNDERGROUND BART TUNNEL.

1. MEASUREMENTS WERE TAKEN INSIDE THE BART TUNNEL USING 3D SCANNING. THE OUTSIDE OF THE TUNNEL STRUCTURE WAS MAPPED BY USING THE MEASURED INTERIOR OF THE TUNNEL AND KNOWING THE BART PROVIDED AS-BUILT DRAWINGS. EXTERIOR TUNNEL STRUCTURE WAS THEREFORE CALCULATED AS GIVEN BY BART AND APPROPRIATE CAUTION SHOULD BE TAKEN WHEN USING THIS DATA.
2. ELEVATIONS SHOWN ARE PROVIDED BASED ON THE MEASURED INTERIOR OF THE TUNNEL AND THE PROVIDED DRAWINGS TO THE EXTERIOR OF THE TUNNEL USING SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT DRAWINGS 205060 PAGE 001 AND 205067 PAGE 002.
3. THE BASIS OF THE SURVEY IN THE MONUMENT LINE OF HEGENBERGER ROAD AS SHOWN ON THAT CERTAIN PARCEL MAP NO. 11-2004 BY CARLSON, BARBEE & GIBSON, INC., SAID PARCEL MAP BEING CURRENTLY UNDER REVIEW AT THE COUNTY OF SAN MATEO.

ABBREVIATIONS

BM	– BASIS OF BEARING	ELEC	– ELECTRIC / TRAFFIC PEDESTAL
CALC	– SURVEY CALCULATED POINT	PP	– POWER POLE
CONT	– SURVEY CONTROL POINT	SMH	– SANITARY SEWER MANHOLE
COL	– COLUMN	SDMH	– STORM DRAIN MANHOLE
COMM-MH	– COMMUNICATIONS MANHOLE	SVMH	– SURVEY VAULT MANHOLE
COMM-PB	– COMMUNICATIONS PULLBOX	TEL-MH	– TELE-COM / STREET LIGHT MH
CONC	– CONCRETE	STPB	– STREET LIGHT PULLBOX
DR	– CONCRETE PAVED	TC	– TOP OF CURB
EP	– EDGE OF PAVEMENT	TCRD	– TOP OF CURB AT CATCH BASIN
FL	– FLOW LINE	TRANS	– TRANSFORMER
FC	– FLOW POINT	WP	– WOOD POLE
FND MON	– FOUND SURVEY MONUMENT		
GUY	– GUY WIRE ANCHOR		
GV	– GAS VALVE		
LIP	– LIP OF GUTTER		
MISC-PB	– MISCELLANEOUS PULLBOX		
SME	– SURVEY MARK ELECTRIC		
P	– PAVEMENT ELEVATION		

UNDERGROUND UTILITY NOTE

THE TYPES, LOCATIONS, SIZES AND/OR DEPTHS OF EXISTING UNDERGROUND UTILITIES AS SHOWN ON THE TOPOGRAPHIC SURVEY ARE APPROXIMATE AND WERE OBTAINED FROM SOURCES OF VARYING RELIABILITY. ONLY ACTUAL EXCAVATION WILL REVEAL THE TYPES, EXISTENCE, LOCATIONS AND DEPTHS OF SUCH UNDERGROUND UTILITIES. A REASONABLE EFFORT HAS BEEN MADE TO LOCATE AND DESCRIBE ALL KNOWN UNDERGROUND UTILITIES HOWEVER, THE SURVEYOR CAN ASSUME NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF ANY DESIGNATION OF SUCH UNDERGROUND UTILITIES WHICH MAY BE ENCOUNTERED, BUT WHICH ARE NOT SHOWN ON THIS SURVEY.

LEGEND

ALL DISTANCES AND DIMENSIONS ARE SHOWN IN FEET AND DECIMALS THEREOF.

- PROPERTY LINE
- LOT LINE
- EASEMENT
- CURB LINE
- APPROXIMATE LOCATION OF BART TUNNEL
- CURB & GUTTER LINE
- HANDRAIL
- BUILDING EDGE
- FENCE LINE, TYPE / HEIGHT AS INDICATED
- SD — STORM DRAIN LINE
- SS — SANITARY SEWER LINE
- W — WATER LINE
- G — NATURAL GAS LINE
- E — UNDERGROUND ELECTRIC LINE
- OHE — OVERHEAD ELECTRIC LINE
- CMN — COMMUNICATION LINE
- G — (DEACTIVATED) NATURAL GAS LINE
- OHC — OVERHEAD COMMUNICATIONS LINE
- SD — STORM DRAIN MANHOLE
- DRAIN INLET ON CURB
- SANITARY SEWER MANHOLE
- GAS VALVE
- COMMUNICATIONS MANHOLE
- COMMUNICATIONS VAULT / PULLBOX
- ELECTROLIER WITH MAST ARM
- POWER POLE
- GUY WIRE ANCHOR
- STREET LIGHT PULLBOX
- SIGN
- BOLLARD
- SPOT ELEVATION
- DRAIN INLET (SAN FRANCISCO STANDARD)
- CATHODIC / ANODE TEST HOLE

SOUTH SAN FRANCISCO PUC DEVELOPMENT SOUTH SAN FRANCISCO, CA	1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080				EXISTING CONDITIONS PLAN	
	SANDIS	09/17/19	17057	BAR architects	AGI / KASAPARTNERS	T-2

residential units and commercial space. The irregular shaped site will be 1.70 acres in size.

The topography of the subject sites slope slightly to the east. The precise nature and condition of subsurface soils is not known; however, judging from the condition and appearance of the subject improvements and adjacent properties, it is assumed that soil conditions are satisfactory for the construction of conventional building improvements.

All streets adjacent to the subject PUC Site B are fully paved and contain sidewalks, curbs, gutters and street lighting. All streets adjacent to the subject PUC Site C are fully paved and contain curbs, gutters and street lighting. The property will be serviced with typical urban utilities, including public water and sewer systems. Local companies will supply electricity, gas, and telephone service.

B. Environmental Observations

A Draft Environmental Site Assessment prepared by CSS Environmental Services, Inc. (CSS) dated August 26, 2016 was provided to the appraisers by the client. CSS conducted a Phase I environmental site assessment (ESA) for the property located identified as Parcel 2 – which is a portion of the subject. No recognized environmental conditions were found or identified as a result of the environmental records review on the subject site.

The appraisers are not experts in environmental surveys or remediation. Please refer the extraordinary limiting condition in the preface of this report, which assumes that the site is clean.

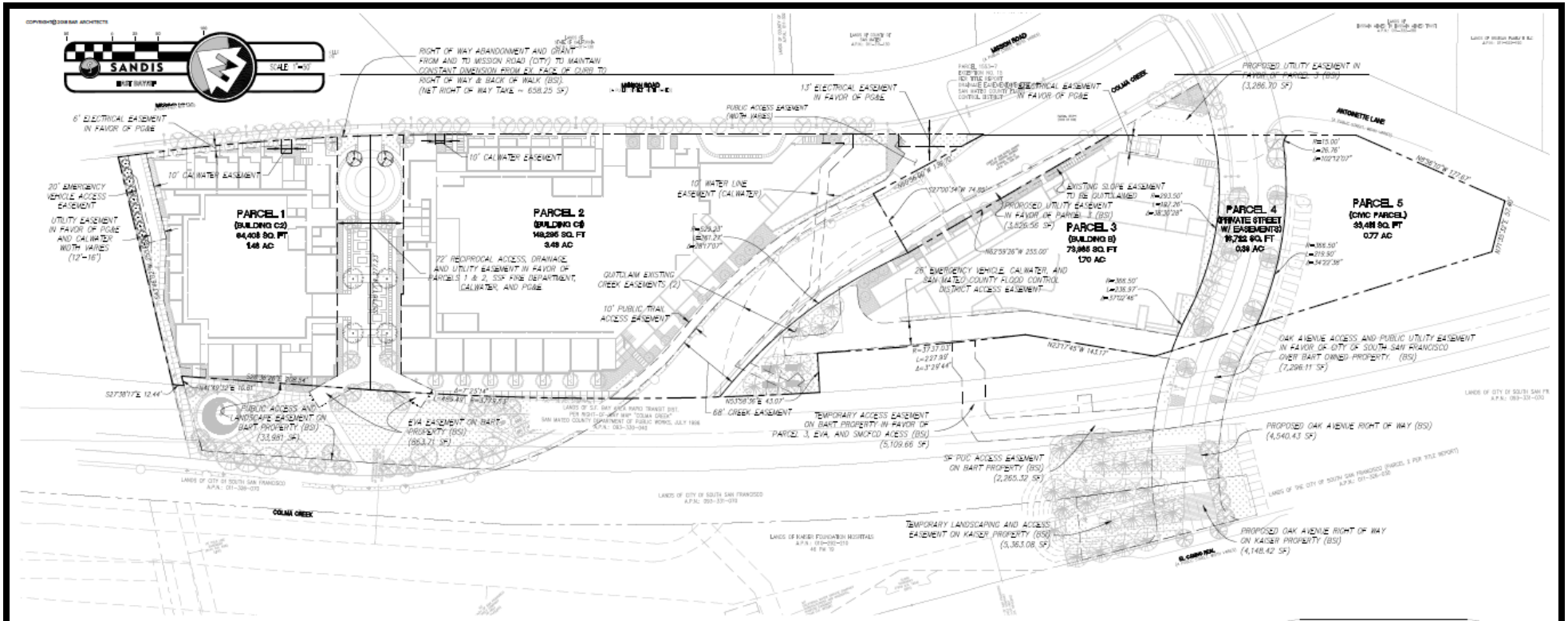
C. Ownership and Sales History

According to public records the subject property is currently vested in the Successor Agency/ City of South San Francisco, a public entity. The subject property was purchased in January 2008 by the City of South San Francisco and was transferred to the Successor Agency of the City of South San Francisco Redevelopment Agency in September 2013.

The City has been under an Exclusive Negotiating Rights Agreement (ENRA) with L37-Kasa Partners for the purchase of the subject property as of July 11, 2018. The selection of the developer/purchaser was made through a RFQ (Request for Qualifications) in 2017 and a competitive bidding process. The developer selection was made with public and city input. The subject is currently in negotiations under the ENRA and negotiations have not been finalized. As of the date of this appraisal the client reports there is no agreed upon purchase price.

Based on our research, there have been no other transfers of the subject property within the past three years.

VESTING TENTATIVE TRACT MAP



PARCEL INFORMATION:

APN:	093-312-050, 093-312-060
TOTAL AREA:	337,932 SF (7.74 AC)
EXISTING BUILDINGS:	NONE
OWNER / SUBDIVIDER:	CITY OF SOUTH SAN FRANCISCO / AGI / KASA PARTNERS
OWNER ADDRESS:	400 GRAND AVENUE, SOUTH SAN FRANCISCO, CA 94080
ZONING:	APN: 093-312-060 ZONING CODE = DTC/H-MXN ZONE DESCRIPTION = EL CAMINO REAL/CHESTNUT HIGH DENSITY RESIDENTIAL APN: 093-312-050 ZONING CODE = DTC/H-MXN ZONE DESCRIPTION = EL CAMINO REAL/CHESTNUT MIXED USE
FLOOD ZONE:	BY GRAPHIC PLOTTING ONLY, THIS PROPERTY IS IN A ZONE "X" AND ZONE X OF THE FLOOD INSURANCE RATE MAP NO. 0 (UNPROTECTED AND UNDESIGNATED BUT HAVING AN EFFECTIVE DATE OF OCTOBER 16, 2012.

LEGEND

— — —	EXISTING PROPERTY LINE
———	PROPOSED PROPERTY LINE
— — —	PROPOSED EASEMENT LINE
—— – ——	STREET CENTERLINE
(BSI)	BY SEPARATE INSTRUMENT

TENTATIVE TRACT MAP NOTES:

1. OAK AVENUE EXTENSION FROM MISSION ROAD TO EL CAMINO REAL IS PLANNED TO BE PHASED AS PART OF THE DEVELOPMENT IMPROVEMENTS. PHASE 1 IMPROVEMENTS WILL INCLUDE CONNECTING COLMA CREEK TO ANTOINETTE. PHASE 2 WILL INCLUDE CONSTRUCTION FROM ANTOINETTE TO EL CAMINO REAL.
2. DURING PHASE 1, PARCEL 4 WILL BE A PRIVATE STREET WITH PUBLIC ACCESS AND UTILITY EASEMENTS GRANTED TO CITY. PARCEL 4 WILL BE TRANSFERRED TO PUBLIC RIGHT OF WAY AS PART IS EXTENDED TO EL CAMINO REAL.
3. A PORTION OF THE MISSION ROAD RIGHT OF WAY IS PROPOSED TO BE REALIGNED TO MATCH THE CURB TO CURB ALIGNMENT OF THE SOUTH SIDE OF MISSION ROAD. A PORTION OF THE ROAD WOULD BE VACATED AND A PORTION (PARCEL 1 BSI) IS TO BE DEDICATED. THE RESULT WILL BE A 64' RIGHT OF WAY AS IS EXISTING MISSION STREET. THIS WILL BE DONE AS A SEPARATE INSTRUMENT FROM THE PROPOSED MAP.
4. A PORTION OF THE MISSION ROAD RIGHT OF WAY NEAR PARCEL 1 IS PROPOSED TO BE VACATED AND GRANTED TO PARCEL 1 AND PARCEL 2 SEE SHEET T-4 FOR PLACES. THE UNDERLYING UTILITY EASEMENTS (EVA, SEWER AND A PUBLIC ACCESS EASEMENT) WILL BE MAINTAINED. THIS WILL BE DONE AS A SEPARATE INSTRUMENT FROM THE PROPOSED MAP.
5. EVENTUAL IMPROVEMENTS TO THIS PROJECT INCLUDE UNDERGROUNDING THE EXISTING OVERHEAD ELECTRICAL ALONG THE SOUTH SIDE OF MISSION ROAD, THE CONSTRUCTION OF A BIO-SWALE ON MISSION AND REMOVAL OF AN EXISTING DRAINAGE DITCH, THE RELOCATION OF WATER, SEWER, AND ELECTRICAL LINES, NEW LANDSCAPING AND SIDEWALK ON MISSION ROAD, AND THE EXTENSION OF OAK AVENUE (PHASE 1).
6. PUBLIC OPEN SPACES WILL INCLUDE THE PLAZA NORTH OF BUILDING B, THE PARK SOUTH OF BUILDINGS C1 AND C2, AND THE LEVEE/TRAIL IMPROVEMENTS ALONG COLMA CREEK.
7. OFFSITE CIRCULATION IMPROVEMENTS WILL INCLUDE THE FOLLOWING:
   - MISSION ROAD / OAK AVENUE AND 4-WAY CONTROLLED STOP.
   - EL CAMINO REAL / MCLELLAN DRIVE RESTRIPING AND SIGNAL TIMING IMPROVEMENTS.

CONDOMINIUM MAP NOTE:

ONE OR MORE OF THE BUILDINGS PROPOSED MAY BE MAPPED AS CONDOMINIUMS AS PART OF THIS DEVELOPMENT.

UTILITY PROVIDERS:

WATER:	CALIFORNIA WATER SERVICE
STORM:	CITY OF SOUTH SAN FRANCISCO
SEWER:	CITY OF SOUTH SAN FRANCISCO
ELECTRIC:	PACIFIC GAS & ELECTRIC
NATURAL GAS:	PACIFIC GAS & ELECTRIC
CABLE TELEVISION:	COMCAST

SEE PRELIMINARY UTILITY PLAN (SHEET T-5 AND T-6 FOR LOCATION OF EXISTING AND PROPOSE UTILITIES)

SHEET INDEX

T-1	TENTATIVE TRACT MAP
T-2	EXISTING CONDITIONS PLAN
T-3	SITE AND GRADING PLAN
T-4	SITE AND GRADING PLAN
T-5	UTILITY PLAN
T-6	UTILITY PLAN
T-7	STORMWATER MANAGEMENT PLAN
T-8	PHASE 2 OAK AVENUE EXTENSION

VICINITY MAP
N.T.S.

SOUTH SAN FRANCISCO PUC DEVELOPMENT SOUTH SAN FRANCISCO, CA	1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080				VESTING TENTATIVE TRACT MAP
SANDIS	09/17/19	17057	BAR architects	AGI / KASA PARTNERS	T-1

D. Easements and Encumbrances

No preliminary title report was available for review. This appraisal assumes that no other easements or exceptions to title exist that would adversely affect utility or marketability of title of the subject parcels.

E. Flood Zone and Seismic Information

The City of South San Francisco is a participant in the National Flood Insurance Program administered by the Federal Emergency Management Agency (FEMA). FEMA relies on flood insurance rate maps (FIRMs) to determine flood risk. According to the flood insurance map Panel Number 06081C0041E, effective October 16, 2012 the subject PUC Site C is in Flood Zones A. PUC Site B is located in Flood Zone X.

According to the subject developer they are currently in the process of seeking a Flood map revision for subject PUC Site C to remove it from Flood Zone A. The site reportedly has a higher elevation than previously noted and they are in the process of having it formally removed.

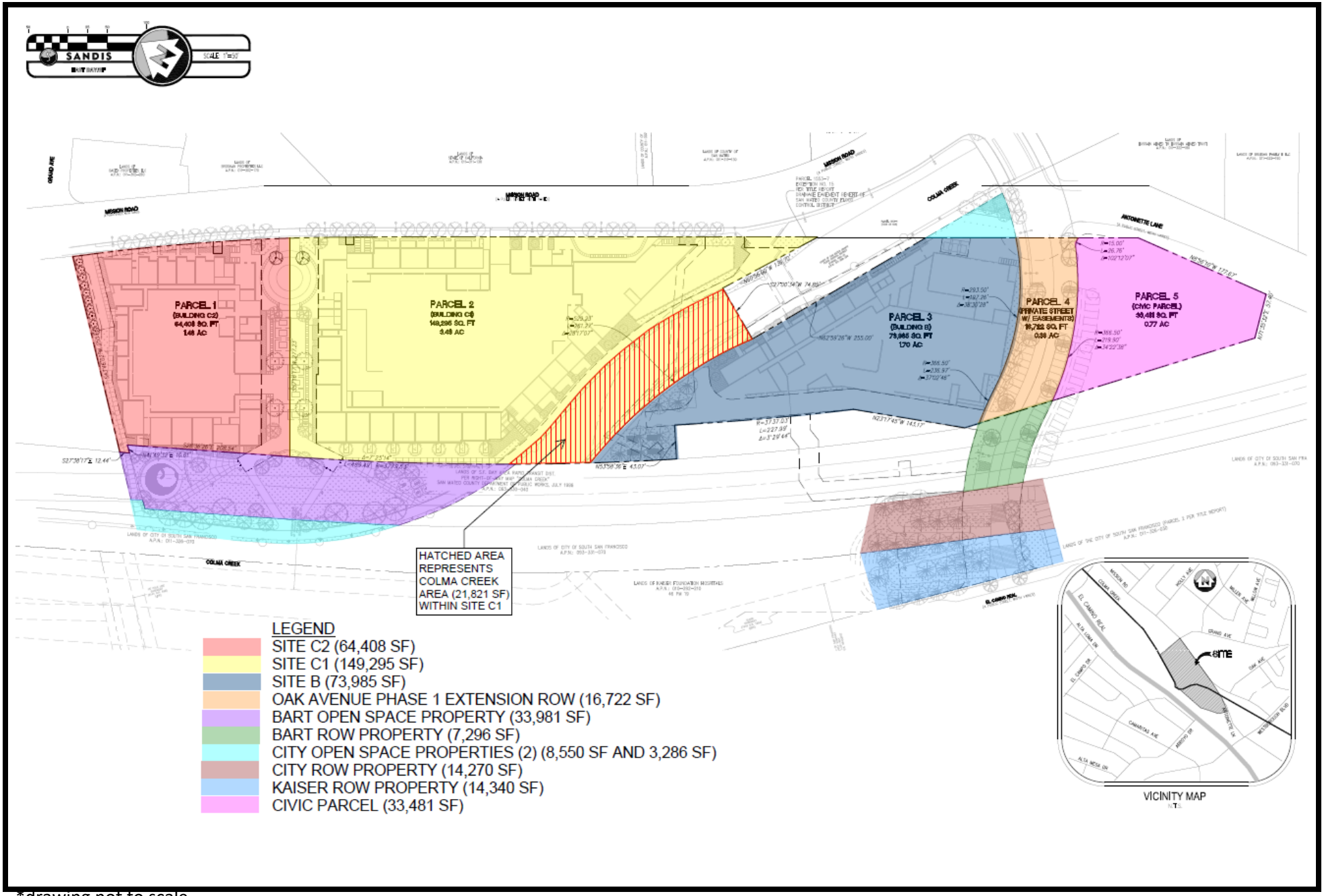
An Existing Conditions Plan prepared by Sandis dated September 17, 2019 indicates that several drainage easements for Colma Creek, which bisects the subject, are already in existence in order to mitigate any potential flooding. Additionally, the site will include a Stormwater Management Plan, with strategic street cross sections designed to accommodate the 100 Year Storm Event via Overland Flow. According to the Stormwater Management Plan: "the project shall design the private onsite storm drain system for the 10-year peak storm drain event that will be conveyed in pipes below grade. Any storm events that exceed this design event will discharge offsite via overland flow to public streets. The project will limit the 10-year peak discharge from the site to the 10-year pre-development rate."

According to governmental geological evaluations, the entire San Francisco Bay Area is located in a seismic zone. No active faults, however, are known to exist on the subject property. Inasmuch as similar seismic conditions generally affect competitive properties, no adverse impact on the subject property is considered. The subject is not located in an Alquist Priolo earthquake zone.

F. Assessed Valuation and Real Estate Taxes

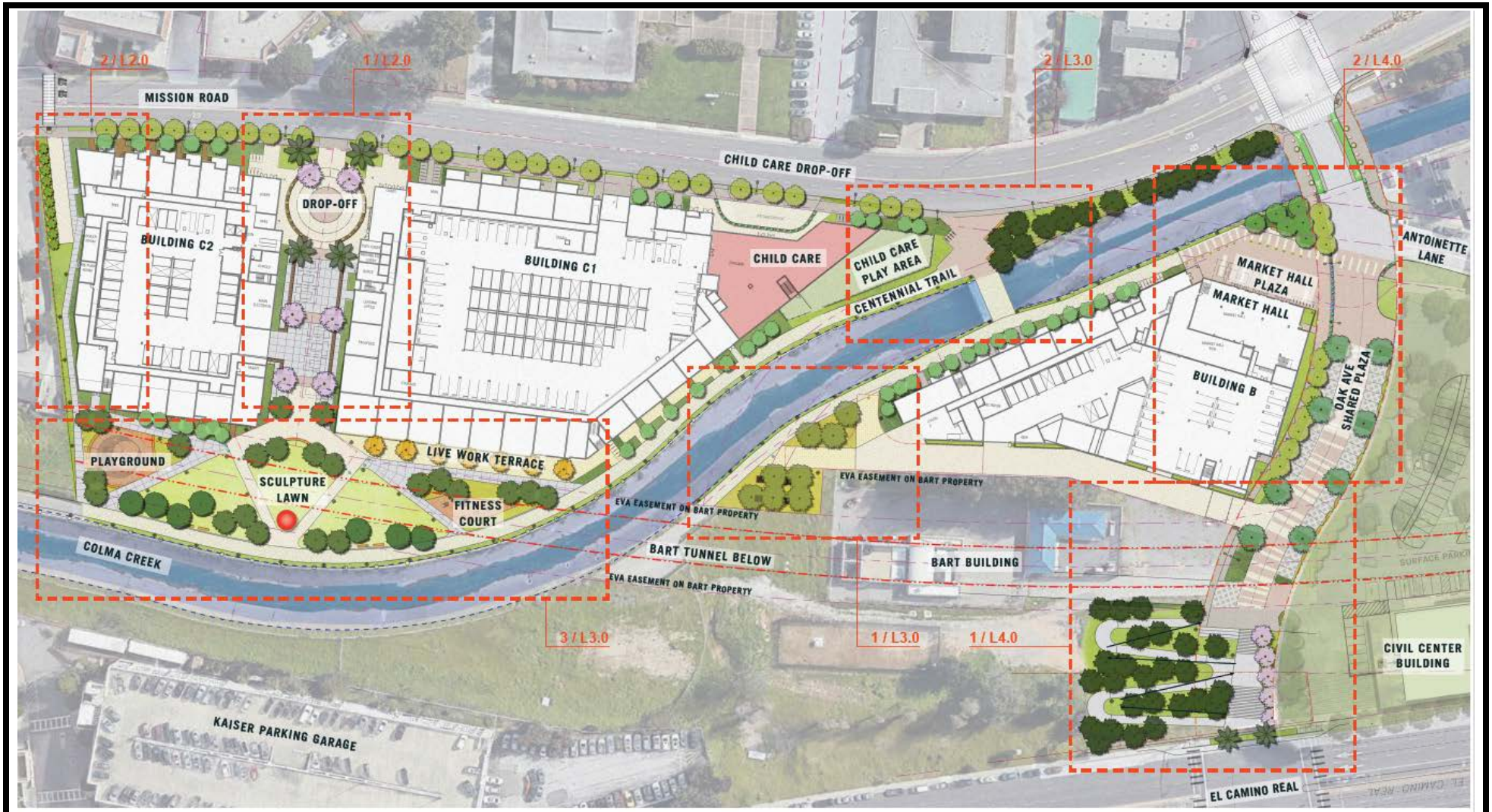
The subject property is owned by a public entity and is exempt from property taxes. Special assessments include charges for SMC Mosquito Abate Benefit Assessment. The special assessments total $37.36 for both parcels.

PROPOSED PARCEL PLAN



*drawing not to scale

SITE PLAN



SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

09/17/19 | 17057 | gls | AGI | KASA PARTNERS | 0 20' 40' 80'

OVERALL ILLUSTRATIVE SITE PLAN

L1.0

Under California law, property assessments can increase a maximum of two percent per year. Reassessment is permitted upon change of ownership, or upon improvement of the property, and is typically based on the estimated market value.

G. General Plan, Zoning and Use

Long Range Property Management Plan

The subject property is restricted by the Long Range Property Management Plan (LRPMP) of the Successor Agency of the former Redevelopment Agency of the City of South San Francisco. Within this plan, the subject ***PUC Sites B and C*** are identified for Transit Oriented Development as they are located in closed proximity to the BART Station. The Agency owns seven parcels in this project area. The parcels are grouped into the following three assemblages: five former Public Utilities Commission (PUC) parcels; 1 Chestnut Avenue, which was purchased to augment the development of the PUC properties; and 80 Chestnut, which was purchased to expand Orange Memorial Park.

Following the purchase of the former PUC parcels, the City of South San Francisco prepared an area wide plan for El Camino Real, between Chestnut Avenue and the South San Francisco BART Station. According to the LRPMP, "The central aim of the plan is to develop the area into a vibrant high-density mixed-use neighborhood allowing for improved auto access as well as attractive and accessible bicycle, pedestrian and open space connections. Located in the geographic heart of South San Francisco, the former PUC properties were acquired by the Agency in order to redevelop them into new mixed-use, transit-oriented developments that would create a vibrant Transit Village district within South San Francisco."

The development plan outlined in the Long Range Property Management Plan assumes redevelopment of all Successor Agency owned parcels in a manner consistent with a master developer approach. The goal of the redevelopment is to maximize the combined potential of all the parcels. The redevelopment plan indicates a development consisting of multi-family residential units with ground floor retail that is consistent with the El Camino Real/Chestnut Avenue Area Plan.

El Camino Real/Chestnut Avenue Area Plan

The subject properties are located in the El Camino Real/Chestnut Avenue Plan Area. ***PUC Site B*** has a General Plan designation of El Camino Real Mixed-Use North, High Intensity. According to the El Camino Real/Chestnut Avenue Area Plan, the designation of El Camino Real Mixed-Use North, High Intensity "is intended to accommodate high-intensity active uses and mixed-use development. Retail and department stores; eating and drinking establishments; hotels; commercial recreation; financial, business, and personal services; residential; educational and social services; and office uses are permitted."

AERIAL MAP

*drawings are for illustrative purposes only and may not reflect accurate property boundaries

The El Camino Real Mixed-Use North, High Intensity land use allows a maximum residential density of 110 dwelling units per acre, or a FAR (floor area ratio) of a maximum of 2.0 exclusive of structured parking, or 3.0 FAR for development meeting specified criteria.

The subject ***PUC Site C*** on Mission Road has a General Plan designation of High Density Residential. This designation allows for higher densities reflecting the area's close proximity to the South San Francisco BART Station. Allowed densities range from 80 to 120 dwelling units per acre. A maximum density of 180 units per acre may be achieved for development meeting specific criteria.

The plan area is proposed to be a new, mixed-use, pedestrian friendly neighborhood with new streets and pedestrian connections. It was adopted by the City of South San Francisco in July 2011 and encompasses approximately 98 acres along El Camino Real, from Southwood Drive to just north of Sequoia Avenue. The majority of the area is situated between El Camino Real and Mission Road. The right-of-way for the underground Bay Area Rapid Transit (BART) line runs through the length of the site. The area includes approximately 58 acres of developable land, excluding streets, underground BART line, creeks, and other rights-of-way. New development in the plan area is expected to result in 369,400 square feet of new retail/services development, 73,000 square feet of office space, a 50,000 square foot library, and over 1,500 new high-density residential units.

According to the plan "The BART right-of-way that extends through the length of the Planning Area will be transformed into a linear park and a pedestrian-oriented "Main Street", lined with restaurants, cafés, and outdoor seating in a portion of the right-of-way. Development will be at high densities, reflecting adjacent transit access." Also proposed is the extension of Oak Avenue. This roadway and bridge will connect to Arroyo Drive and will improve east-west connectivity in the area. It will also improve the utility of the PUC parcels by providing access to landlocked sites. Additionally, Centennial Way, a bike and pedestrian path along Colma Creek, is planned for expansion along the BART right-of-way, north of Oak Avenue. Centennial Way is currently a 2.87 mile linear park with a bike and pedestrian path that forms the primary spine of pedestrian and bicycle circulation through the Planning Area.

Zoning – PUC Site B
El Camino Real/Chestnut Mixed-Use High Density (ECR/C-MXH)

In accordance with the El Camino Real/Chestnut Avenue Area Plan, the subject PUC Site B has a zoning designation of ECR/C-MXH, El Camino Real/Chestnut Mixed-Use High Density. The purpose of the zoning designation is to "provide sites for mixed-use development at high-intensities. The ECR/C-MXH sub-district requires active uses that are accessible to the general public, generate walk-in pedestrian clientele, and contribute to a high level of pedestrian activity on the ground floor along El Camino Real and Chestnut Avenue, with commercial,

SUBJECT PHOTOGRAPHS

Subject Property PUC Site B facing west

Subject PUC Site B adjacent to Colma Creek

Centennial Trail Entrance on Antoinette Lane

Subject PUC Site B facing Northwest

SUBJECT PHOTOGRAPHS

Subject PUC Site B facing North towards Pedestrian Bridge

Subject PUC B Site facing south towards Antionette Lane

Subject PUC Site B

Subject PUC Site C on Mission Road facing West

SUBJECT PHOTOGRAPHS

Colma Creek

Subject PUC Site C to the North

Subject PUC Site C to the Northwest

Subject PUC Site C along Mission Road facing South

SUBJECT PHOTOGRAPHS

PUC Site C

PUC Site C

Subject PUC Site on Mission Road facing north

residential, or public space up above, as well as eating and drinking establishments with outdoor dining along the new "Main Street" like pedestrian promenade along the Bay Area Rapid Transit (BART) right of way. The commercial activities in the district are intended to be a destination, with regional and neighborhood serving establishments as well as civic uses. A public plaza along the BART right of way, just south of Oak Avenue, will provide a focus to the area, and a community wide gathering space."

The zoning allows a variety of commercial and residential uses such as single unit attached residential, multi-family residential, mixed use buildings, public and institutional facilities, commercial uses, food related uses, and professional and service uses. A minimum of 65 percent of the frontage of a site along El Camino Real must be devoted to active uses, of which 50 percent of the active uses shall be in the form of Retail Sales and/or Eating and Drinking Establishments.

More pertinent details of the base zoning code include:

- Maximum Lot Coverage 90%
- Minimum Lot Area 20,000 Square Feet
- Minimum Lot Width 50 Feet
- Maximum Height 120 Feet or 160 feet with discretionary approval
- Minimum FAR 0.6 exclusive of parking areas, 0.3 for active uses
- Maximum FAR 2.0 or 3.0 with incentive program
- Maximum Residential Density 80 DU/AC or 110 DU/AC with incentive Program

Required parking is determined by the Chief Planner based on the particular characteristic of the project and proposed use. Generally parking shall not exceed two spaces per unit for residential uses and one space per 300 square feet of commercial use.

The subject property is currently vacant. The subject site is part of a proposed larger, high density mixed-use project. The subject PUC Site B is currently planned to be developed with 234 dwelling units and 12,992 square feet of commercial space with a market hall. The proposed project will be eight stories in height with one level of basement parking. There is planned to be 289 parking stalls on site. The density is equal to 138 units per acre, which exceeds the allowed density for proposed parcel. However, the developer has requested a State Density Bonus which will allow the site to comply with the zoning standards.

Zoning – PUC Site C
El Camino Real/Chestnut Residential, High Density (ECR/C-RH)

In accordance with the El Camino Real/Chestnut Avenue Area Plan, the subject PUC Site C is zoned ECR/C-RH. According to the City of South San Francisco zoning ordinance, "The El Camino Real/Chestnut Residential, High Density sub-district is intended to provide for high-density residential development in the form of high rises, fronted by townhomes at the ground level, close to the BART station. Active uses are required at the lower levels along Mission Road and Centennial Way Linear Park to maintain visual interest and promote safety along the public rights-of-way."

The zoning allows a variety of commercial and residential uses such as single unit attached residential, multi-family residential, mixed use buildings, public and institutional facilities, commercial uses, food related uses, and professional and service uses. A minimum of 65 percent of the frontage of a site along El Camino Real must be devoted to active uses, of which 50 percent of the active uses shall be in the form of Retail Sales and/or Eating and Drinking Establishments.

More pertinent details of the base zoning code include:

• Maximum Lot Coverage	90%
• Minimum Lot Area	20,000 Square Feet
• Minimum Lot Width	50 Feet
• Maximum Height	120 feet, up to 160 feet
• Minimum FAR	N/A
• Maximum FAR	N/A
• Maximum Residential Density	120 DU/AC, 150 DU/AC with TDM Program or 180 DU/AC with Incentive Program

Required parking is determined by the Chief Planner based on the particular characteristic of the project and proposed use. Generally, parking shall not exceed two spaces per unit for residential uses and one space per 300 square feet of commercial use.

The subject property is currently vacant and is proposed to be part of a larger high density mixed-use project. The subject PUC Site C is currently proposed to be subdivided into two parcels and developed with two structures. One of the proposed parcel will contain 408 residential units with 8,300 square feet of commercial space. The other proposed parcel is planned to be developed with 158 affordable units. The proposed buildings will be seven and eight stories in height. There is proposed to be a total of 590 parking stalls in both structures. The density is equal to 115 units per gross acre.

Proposed Project- Entitlements

The proposed PUC Site Project is planned to provide a total of 800 residential units, including 13 live/work units, and 158 units which will be affordable to low income households (20% of total units). The project is also proposed to include parks and landscaping as well as a day care center and market hall. The developer has submitted plans to the city dated September 17, 2019, Entitlement Resubmittal-3 (Entitlement Comments Response) for the proposed mixed-use development on the PUC Site. The entire proposed site contains 6.61 gross acres and based on the entire development of 800 residential units the density is equal to 121 units per acre. The developer has been working with the City and Community Economics Department on the proposed project. A resolution was passed by the Planning Commission recommending that the City Council approve the project on October 17, 2019.

The proposed project was approved by the City Council in November 13, 2019. At that time the Environmental Consistency Analysis for the El Camino Real/Chestnut Area Plan Environmental Impact Report and Community Civic Campus Plan Supplemental Environmental Impact Report was approved by the City Council. The project received a Conditional Use Permit, Design Review and Vesting Tentative Tract Map approvals by the City Council on November 13, 2019. The Development Agreement (DA) was introduced on November 13, 2019 and adopted on December 11, 2019. It will go into effect January 10, 2020.

H. Inclusionary Housing Requirements

In November 2018, the City of South San Francisco passed an Inclusionary Housing Requirement. The Inclusionary Housing requirement applies to "all residential market-rate dwelling units resulting from new construction of for-sale and rental residential developments consisting of five or more dwelling units, as well as the conversion of apartments to condominiums or condominiums to apartments." Developments that acquired a Vesting Tentative Map or development agreement prior to the date of November 1, 2018 are exempt from the requirements, as are existing residences seeking alterations/renovations, mobile home park conversions, and accessory dwelling units. Proposed projects with development agreements after November 2018 are required to include inclusionary housing as shown below.

The current inclusionary requirement is as follows:

Rental	10% of units must be made affordable to low income households up to 80% AMI (effective 11/1/18)
	15% of units must be made affordable (effective 11/1/19) this includes:
	10% to low income households (up to 80% AMI)
	5% to very low-income households (up to 50% AMI)

For Sale	15% must be made affordable to moderate- and low-income households

	50% of units available to low income households (up to 80% AMI)
	50% of units available to moderate income households (up to 120% AMI)

The following tables break down the San Mateo County Income Limits (as determined by HUD, State of California HCD, and the County of San Mateo) as effective of June 1, 2019.

HUD-defined Area Median Income $136,800 (based on householdof 4). State median $136,800 (household of 4) due to hold harmless policy.

	Income Limits by Family Size ($)							
Income Category	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Extremely Low (30% AMI) *	33,850	38,700	43,550	**48,350**	52,250	56,100	60,000	63,850
Very Low (50% AMI) *	56,450	64,500	72,550	**80,600**	87,050	93,500	99,950	106,400
HOME Limit (60% AMI) *	71,170	81,340	91,500	**101,630**	109,830	117,920	126,060	134,220
HERA Special VLI (50% AMI) ***	56,450	64,500	72,550	**80,600**	87,050	93,500	99,950	106,400
HERA Special Limit (60% AMI) ***	71,170	81,340	91,500	**101,630**	109,830	117,920	126,060	134,220
Low (80% AMI) *	90,450	103,350	116,250	**129,150**	139,500	149,850	160,150	170,500
State Median (100% AMI)	95,750	109,450	123,100	**136,800**	147,750	158,700	169,650	180,600

		Maximum Affordable Rent Payment ($)				
Income Category	**SRO *+**	**Studio**	**1-BR**	**2-BR**	**3-BR**	**4-BR**
Extremely Low *		846	907	1,088	1,256	1,401
Very Low *		1,411	1,512	1,814	2,096	2,338
Low HOME Limit*	1,552	**1,411**	**1,512**	**1,814**	**2,096**	**2,338**
High HOME Limit *	1,552	**1,906**	**2,044**	**2,456**	**2,827**	**3,131**
HERA Special VLI (50% AMI) ***		**HERA Spec. Rents - Go to www.treasurer.ca.gov/ctcac/2018/supplemental.asp**				
HERA Special Limit (60% AMI) ***						
Low**		2,260	2,423	3,078	3,557	3,746
HUD Fair Market Rent (FMR)		**2,069**	**2,561**	**3,170**	**4,153**	**4,392**
Median **		2,964	3,176	3,811	4,405	4,913

Per the Entitlement Resubmittal dated September 17, 2019, the subject will include 158 affordable units in Building C2. Per the reviewed Development Agreement, the building units are proposed to have rents ranging from 30 to 80 percent of Area Median Income (AMI) levels with an average or blended affordable rental rate of 58% AMI. The proposed unit mix will be comprised of 19 studios, 45 one-bedroom units, 54 two-bedroom units, and 40 three-bedroom units. The subject developer has indicated that it is anticipated that the BRIDGE Housing Corporation will develop the affordable housing.

I. Proposed Improvement Description

The subject is the proposed South San Francisco PUC Development Site, located at 1051 Mission Road and Antionette Lane in South San Francisco. According to an Entitlement Resubmittal dated September 17, 2019 (previously referenced in this report) the site is proposed for a large mixed-use, transit-oriented development. The project will contain three buildings upon completion, with one building per each parcel after the property is subdivided.

Building C1

Building C1 is planned to be located on ***Parcel 2***. It is proposed for an eight-story plus basement mixed-use structure, located directly south of Building C2 on Mission Road. The building will be wood frame construction over three above grade stories of concrete. The structure will also have one basement level. The improvements are proposed to be developed with 408 units, of which 13 units are live/work, and approximately 8,372 square feet of daycare space. The structure is designed in an irregular trapezoidal shape, with the units located around two central courtyards. The garage area is located in the center of the building, on the basement level and first floor. The basement level will be improved with 313 spaces of vehicle parking, 408 bicycle spaces, and additional tenant storage. This level will also contain the electrical and mechanical closets.

The following table breaks down the units by floor and type.

Level	Studio	1 Bed	2 Bed	3 Bed	Flex	Total
8	10	20	11	4		45
7	11	22	12	3		48
6	7	29	16	2		54
5	7	31	23	2		63
4	7	31	23	2		63
3	6	28	23	5		62
2	5	25	22	4		56
1			4		13	17
B1						
Total	53	186	134	22	13	408

The entrance is to be located on the first story, adjacent to the circular driveway in the north-eastern corner of the structure. The garage on this level contains approximately 162 parking spaces, the trash room, and other mechanical closets. The first floor contains the lobby, mail room, leasing and management offices, tenant storage, and leasing office. The flex units are located on this level, along the western and southern frontages. The daycare is located on this level as well, in the southernmost corner of the structure. An additional lobby entrance is located adjacent to the daycare as well.

Level 2 has an interior community courtyard, with a fitness room. This level has 56 units. Levels 3 and 4 have similar floor plans, without any additional community rooms. Level 6 is improved with a roof deck on the eastern frontage, with an additional sky lounge. This level has 54 units. The eastern frontage on Level 7 lacks any additional units, and instead has a non-accessible roof. This level has 48 units, while Level 8 has a total of 45 units. This is the top level of the building and is improved with additional roof deck. The following table breaks down the preliminary building area.

PRELIMINARY BUILDING AREA TABULATIONS

9/11/2019

Level	Residential Net Rentable GSF*	Residential Amenity GSF**	Residential Core GSF***	Residential Total GSF	Day Care Total GSF	Garage Total GSF****	Grand Total GSF
8	35,980		7,021	43,001			43,001
7	38,102	1,005	7,346	46,453			46,453
6	44,406	2,355	9,714	56,475			56,475
5	53,295		11,051	64,346			64,346
4	53,295		11,051	64,346			64,346
3	58,031		12,003	70,034			70,034
2	52,676	2,885	11,655	67,216			67,216
1	17,845	3,689	11,354	32,888	8,372	42,952	84,212
B1			16,003	16,003		44,936	60,939
Total	353,630	9,934	97,198	460,762	8,372	87,888	557,022

NOTES:

* Residential Net Rentable GSF calculation includes exterior, corridor and party walls

** Residential Amenity GSF includes entry lobby, leasing office, club room, fitness room, etc

*** Residential Core GSF include corridors, residential level lobbies, stairs, elevators, res. level utility spaces, etc

**** Garage Total GSF includes all spaces inside garage footprint, such as mechanical/utility spaces, etc

Building C2

Building C2 will be located on ***Parcel 1*** to the north of Building C1. The proposed structure is a seven-story building containing a total of 158 residential units. The building will have parking on the ground level including lifts that have parking pits below grade. The building will be located at the northern end of the property on Mission Road. Building C2 will be 100 percent affordable with rents ranging from 25 to 80 percent Area Median Income levels (AMI) with an average of 58% of AMI. The proposed unit mix will be comprised of 19 studios, 45 one-bedroom units, 54 two-bedroom units, and 40 three-bedroom units. The following table summarizes the unit breakdown by floor and floor-plan type.

PRELIMINARY UNIT MIX*

LEVEL	STUDIO AF S1 15' x 27'6" 405 GSF TYP	1 BR AF A1 24' x 27'6" 655 GSF	2 BR AF B1 34' x 27'6" 895 GSF	2 BR AF B2 26'4" x 36' 935 GSF	2 BR AF B3 36'2" x 32'6" 1,065 GSF TYP	2 BR AF B4 62'4" x 21'6" 1,210 GSF	3 BR AF C1 46' x 27'6" 1,220 GSF TYP	3 BR AF C2 36' x 39'4" 1,205 GSF	UNIT TOTAL
									0
7	1	3	1	3		1	4		13
6	1	3	7	3		1	5		20
5	5	8	7	3	1		6		30
4	5	8	4	3	1		6		27
3	4	9	4	3	1		7	1	29
2	3	10	2	3	1		6	1	26
1		4	2	3			3	1	13
TOTAL	19	45	27	21	4	2	37	3	158
	19	45	54				40		
%	12%	28%	34%				25%		100%
AVERAGE UNIT SIZE									
								Residential GSF**	141,720
								Average Unit Size (GSF)	897

* Unit GSF includes exterior, corridor and party walls

** As calculated in the Preliminary Building Area Tabulation

Source: Entitlement Resubmittal / Floor Plans by BAR architects

According to Floor Plans provided in the Entitlement Resubmittal, and prepared by BAR Architects, the proposed building will be mostly rectangular, with the units arranged around an inner courtyard, and an interior hallway. Each floor will contain a laundry room and storage space. The building height is split and one side will contain four levels, while the other side will contain seven levels.

The building entrance is located on the first level of the eastern corner, adjacent to the circular driveway with drop off spaces. In the center of the building will be the garage, with stacked parking for approximately 115 vehicles and 158 bicycles. Approximately 13 units will be located on this level, on the eastern and western building exposures. The second level residential units will be situated around an open center courtyard. This level contains a resident community space and a laundry room. The upper levels will have between 13 and 29 residential units per floor.

In total, the proposed improvements will contain approximately 185,398 square feet of residential space, and a total of 204,913 gross square feet including the garage. The following table breaks down the preliminary building area.

PRELIMINARY BUILDING AREA TABULATIONS 9/11/2019

Level	Residential Net Rentable GSF*	Residential Amenity GSF**	Residential Core GSF***	Residential Total GSF	Garage Total GSF****	Grand Total GSF
7	15,599		3,267	18,866		18,866
6	15,599		3,267	18,866		18,866
5	21,654		4,827	26,481		26,481
4	21,654		4,827	26,481		26,481
3	29,841		6,015	35,856		35,856
2	27,569	2,294	6,053	35,916		35,916
1	9,804	850	12,278	22,932	19,515	42,447
Total	141,720	3,144	40,534	185,398	19,515	204,913

NOTES:

* Residential Net Rentable GSF calculation includes exterior, corridor and party walls

** Residential Amenity GSF includes entry lobby, leasing office, club room, fitness room, etc

*** Residential Core GSF include corridors, residential level lobbies, stairs, elevators, res. level utility spaces, etc

**** Garage Total GSF includes all spaces inside garage footprint, such as mechanical/utility spaces, etc

Building B

Building B is proposed to be located on the southernmost parcel, south of Colma Creek. The site is proposed to be subdivided and is noted as Parcel 3 on the Vesting Tentative Map. The building will be 8 stories plus a single basement level. The building will be of wood frame construction over two to three levels of concrete. The building will have parking on three levels. Building B will have a total of 234 units, and 12,992 square feet of commercial space which is envisioned as a market hall. This building will have a double height market hall facing an outdoor market plaza.

The following table summarizes the unit mix per floor.

PRELIMINARY UNIT MIX*

LEVEL	STUDIO S1 15' x 30' 445 GSF	STUDIO S2 34'4" x 24' 500 GSF	STUDIO S3 24'6" x 33'4" 680 GSF	1 BR A1 24' x 30' 715 GSF	1 BR A2 20' x 33' 655 GSF TYP	1 BR A4 30' x 25'6" 760 GSF TYP	1 BR A7 40' x 40' puzzle 560 & 600 GSF	2 BR B1 35' x 30' 1,045 GSF	2 BR B9 49'8" x 39'8" 1,220 GSF	3 BR C2 36' x 35'4" 1,245 GSF	3 BR C6 60'2" x 24' 1,430 GSF	UNIT TOTAL
8	1	1		12	5	7	2	3	1	1		33
7	1	1		12	5	7	2	8	1	1		38
6	1	1		12	5	7	2	8	1	1		38
5	1	1		12	5	7	2	8	1	1		38
4	1	1		12	5	7	2	8	1	1		38
3	1	1	2	10	5	7	1	8		1		36
2			2			7						9
1						3					1	4
B												0
TOTAL	6	6	4	70	30	52	11	43	5	6	1	234
	16			163				48		7		
%	7%			70%				21%		3%		100%
AVERAGE UNIT SIZE												
											Residential GSF**	186,141
											Average Unit Size (GSF)	795

The unit mix will be comprised of (16) studios, (163) one-bedroom units, (48) two-bedroom units, and (7) three-bedroom units. The basement level will have parking for 195 vehicles. The first level will also have parking for 24 vehicles, as well as a separate retail garage with 25 spaces. Approximately 234 spaces of bike parking will be included. The first level has the market hall (located on the eastern frontage), lobby, leasing office and property management office. There will be four residential units on this level, mostly on the northern frontage. The second level has 9 units on the northern frontage, as well as the market hall mezzanine level. There will also be parking for 45 vehicles on the second level. The third level is the first fully residential level in the building, with 36 units arranged around an open courtyard. This level as features an amenity room. Levels 4 through 7 have similar layouts, with 38 units per floor. Level 8 features a roof deck and a sky lounge and contains 33 units. The following table breaks down the building area.

PRELIMINARY BUILDING AREA TABULATIONS

9/11/2019

Level	Residential Net Rentable GSF*	Residential Amenity GSF**	Residential Core GSF***	Residential Total GSF	RETAIL Total GSF	Garage Total GSF****	Grand Total GSF
8	25,424	2,094	4,688	32,206			32,206
7	30,644		4,688	35,332			35,332
6	30,644		4,688	35,332			35,332
5	30,644		4,688	35,332			35,332
4	30,644		4,688	35,332			35,332
3	28,542	2,174	4,795	35,511			35,511
2	5,955		5,450	11,405	3,631	25,324	40,360
1	3,644	2,229	6,993	12,866	9,361	24,003	46,230
B			10,012	10,012		36,802	46,814
Total	186,141	6,497	50,690	243,328	12,992	86,129	342,449

Off-site landscaped areas include a proposed community park at the western side of Parcel 1 and 2 and Colma Creek. The community park will include a children's play area, sculpture lawn, adult fitness stations, and picnic and public seating. The Centennial Trail will also be updated to include better lighting, signs, seating and bike share stations. There is also proposed to be a plaza in front of the market hall

area in Building B which will contain approximately 6,600 square feet. The plans include attractive landscaping.

In total, the development is proposed to contain approximately 800 residential units, 158 of which will be affordable to low-income households. The unit-mix will be comprised of studios, one-, two-, and three-bedroom units, as well as 13 live-work-flex units. There is currently proposed to be a total of 845 residential parking spaces, and 34 commercial parking spaces.

Conclusion

Overall, the proposed development represents a total of three, mixed-use multifamily residential buildings. Proposed commercial uses include community supportive services such as childcare, and a local market/food hall. The project includes other higher-end amenities such as a gym, roof decks, community rooms and open space. The building exteriors are considered attractively designed and the project has been planned as a transit-oriented project in conjunction with the city requirements. The proposed project appears to be functional and appealing.

V. HIGHEST AND BEST USE AND VALUATION METHODOLOGY

A. Highest and Best Use

The highest and best use is that use, from among reasonably probable and legal alternative uses, found to be legally permissible, physically possible, financially feasible, and which results in the highest land value.

The four criteria the highest and best use must meet are physical possibility, legal permissibility, financial feasibility, and maximum productivity. Analysis of the subject's highest and best use is made as if the site were vacant, and as improved with the existing improvements.

1. As-If Vacant

a. Physically Possible

The subject properties consist of two irregular shaped parcels which total 6.61 gross acres. The two subject parcels are bisected by Colma Creek. The subject ***PUC Site C*** is situated along the west side of Mission Road and contains a total of 4.91 gross acres (213,703 square feet) of which 21,821 square feet are situated within the Colma Creek. The useable site area is therefore 4.41 acres or 191,882 square feet. The second subject parcel ***PUC Site B*** is located off of Antionette Lane, to the north of Chestnut Avenue. It is a portion of a larger parcel and contains 1.70 acres, or 73,985 square feet. The combined useable site area is approximately 6.10 acres, or 265,867 square feet.

The subject parcels have mid block locations with frontage on Mission Road and Antionette Lane. All utilities are available to the site for immediate development. The sites are level and the physical characteristics of the site generally do not preclude any legally allowed development.

b. Legally Permissible

The subject is located in the El Camino Real/Chestnut Avenue Area Specific Plan district. Based on the development requirements under the General Plan, Specific Plan and zoning a high-density multifamily development would be allowed. Under the zoning the minimum density permitted on the property is 80 units per acre with a maximum of 120 units per acre. A project is eligible for an increased density up to 180 units per acre if a Transportation Demand Management project is provided, and high-quality innovative design or maximum pedestrian and bicycle use infrastructure is included.

The subject is proposed to be developed with 800 residential units, including 158 affordable units and 12,992 square feet of commercial and 8,372 square feet for daycare center. The project is proposed to have three buildings and will be between 7 and 8 stories in height. The subject generally complies with the zoning and has requested a State Density Bonus Law to permit the higher density on ***PUC Site B***. Based on a total gross site area the subject has a proposed development density of 121 dwelling units per acre.

c. Financially Feasible

As discussed in the Market Overview chapter, the residential market is currently strong in San Mateo County and South San Francisco. Therefore, speculative development of a residential project with a small commercial component is considered to be currently feasible.

d. Maximally Productive

The maximally productive use is that use, from among financially feasible uses, that provides the highest rate of return or value. Based on this analysis, a high-density mixed use residential and commercial development is considered the maximum productive use of the subject at this time.

e. Conclusion

Overall, based on these factors, the highest and best use of the subject property as if vacant is for development with a mixed use residential and commercial multifamily development at the maximum allowed density for the site.

B. Valuation Methodology

The valuation of any parcel of real estate is derived principally through three approaches to the market value. From the indications of these analyses, and the weight accorded to each, an opinion of value is reached. Each approach is more particularly described below.

1. Cost Approach

This approach is the summation of the estimated value of the land, as if vacant, and the reproduction of replacement cost of the improvements. From these are deducted the appraiser's estimate of physical deterioration, functional obsolescence and economic obsolescence, as observed during inspection of the property and its environs. The Cost Approach is based on the premise that,

except under most unusual circumstances, the value of a property cannot be greater than the cost of constructing a similar building on a comparable site.

2. Sales Comparison Approach

This approach is based on the principal of substitution, i.e., the value of a property is governed by the prices generally obtained for similar properties. In analyzing the market data, it is essential that the sale prices be reduced to common denominators to relate the degree of comparability to the property under appraisal. The difficulty in this approach is that two properties are never exactly alike.

3. Income Approach

An investment property is typically valued in proportion to its ability to produce income. Hence the Income Approach involves an analysis of the property in terms of its ability to provide a net annual income. This estimated income is then capitalized at a market-oriented rate commensurate with the risks inherent in ownership of the property, relative to the rate of return offered by other investments.

The Sales Comparison Approach is considered to be the best indicator for the subject property. The Income and Cost Approaches are not considered relevant and are not included.

VI. VALUATION BY THE SALES COMPARISON APPROACH

The approach utilized in estimating the current market value of the subject property is the Sales Comparison Approach. In this analysis, value is estimated by comparing the subject to similar land sites which have transferred prior to the effective date of appraisal. The index properties show characteristics which are similar to the property being appraised. Those transactions which are considered appropriate to indexing the value of the subject are summarized on the table on the following page. The prices paid for the comparable properties are shown on a price per unit and per square foot basis. However, for entitled residential or mixed-use sites, a value on a per unit is more relied upon. Therefore, the subject property is valued on a price per unit basis with a price per square foot also acknowledged.

In valuing the subject site, adjustments are made as necessary to each comparable for location, accessibility, permitted density, functional utility, date of sale, terms of sale, size, and other characteristics.

It is noted that the comparables are analyzed on a per unit basis excluding any affordable units. The concluded per unit value is then applied to the subject market rate 642 units. Affordable units (BMR's) are typically viewed as an extraction necessary to gain project approvals and they do not generate a profit sufficient to justify a land value component. As such, the economic unit of production is the market rate units on which the value analysis is based.

The table on the following page lists the recent sales of properties considered similar to the subject. The comparables are summarized on the table on the following page and individually discussed below.

A. Comparable Land Sales

Comparable 1 is located at 200 Airport Boulevard in South San Francisco. The property is located on the east side of Airport Boulevard to the immediately north of Land Sale 4. The site consists of five contiguous parcels which contains 26,795 square feet, or 0.62 acres. At the time of sale, the site was improved with three older buildings which contain a total of 14,194 square feet. The site has a zoning designation is DTC (Downtown Transit Core). The property was entitled by the buyer and received approvals in July 2019 for a seven-story mixed use building with 94 residential units and 3,650 square feet of commercial space and two levels of parking. This is equal to a density of 153 units per acre. The property is proposed to have 5 affordable housing units, which results in a total of 89 market rate units.

In September 2019, this property transacted for $5,058,000. equivalent to a unit value of approximately $56,831 per unit or $189 per square foot.

Comparable 2 is located at 988 El Camino Real in South San Francisco. The property is situated at the southeast corner of Chestnut Avenue and El Camino Real.

COMPARABLE LAND SALES

Appraisal of PUC Sites B and C at Antionette Lane and Mission Road
South San Francisco, California

	Location	Sale Date	Sale Price	Land Area	Proposed No. of Units / Density	Price Per Mkt Unit/ Per SF		Zoning / General Plan / Height Limit	Comments	Grantor / Grantee / Doc #
1	**200 Airport Boulevard** South San Francisco APN: 012-338-010, -020, -030, -040 and -050	9/19 Contract 2017	**$5,058,000** (entitled by buyer)	26,795 SF 0.62 AC	94 Units 153 DU/Ac ***89 Market Rate Units***	**$56,831** $189	(1)	Downtown Transit Core (DTC) Downtown Transit Core 85'	Proposed for 7-story mixed use with 94 units and 3,650 sf of retail over 2 levels of underground parking. Purchased by adjacent property owner. 5 BMR units.	Marisa & William Borba Jr./ Fairfield 200 Airport Lp
2	**988 El Camino Real** South San Francisco APN: 011-325-030, -070, 014-011-260 & -280	7/18 Contract 10/16	**$6,500,000** (entitled by buyer)	70,794 SF 1.63 AC	172 Units 106 DU/Ac ***172 Market Rate Units***	**$37,791** $92		ECR/C-MXH El Camino Real Mixed Use North, High Intensity 80'-120'	Proposed for 6-story mixed use bldg with 172 unit apartments and 10,500 sf of gr floor retail with 2 levels of underground parking. No BMR units.	Petricchi Trust Shac 988 Ecr Apartments #055228
3	**200 Linden Avenue** South San Francisco APN: 012-334-040, -130, 030 and -160	10/18 Contract 8/16	**$3,050,000** (entitled by buyer)	31,500 SF 0.72 AC	97 Units 134 DU/Ac ***78 Market Rate Units***	**$39,103** $97	(1)	Downtown Transit Core (DTC) Downtown Transit Core 85'	Proposed for 8 story 97 condo units with 6,200 sf of commercial space with 3 stories of parking. 19 BMR units (20% BMR).	City of South San Francisco/ Hisense REUS LLC #077870
4a	**150 Airport Boulevard** South San Francisco APN: 012-338-140 and -150	12/17	**$12,050,000** (entitled by seller)	47,654 SF 1.09 AC	107 Units 98 DU/Ac			Downtown Transit Core (DTC) Downtown Transit Core 85'	Proposed for 5 story apartment bldg. with 157 units with two level parking garage. No BMR units.	150 Airport SSF, LLC/ Fairfield 150 Airport, LP #114045
4b	**178 & 190 Airport Blvd** APN: 012-338-060 and -070	12/17	**$2,450,000** (entitled by seller)	21,589 SF 0.50 AC	50 Units 101 DU/Ac				Adjacent property purchased from city of South San Francisco	City of South San Francisco Fairfield 150 Airport, LP #114047
			$14,500,000	69,243 1.59	157 Units 99 DU/Ac ***157 Market Rate Units***	**$92,357** $209			Approvals obtained in January 2017 for 157 units including the adjacent 178 & 190 Airport parcels.	
	150 Airport Boulevard South San Francisco	11/16 Contract Early 2015	**$4,600,000** (entitled by buyer)	47,654 SF 1.09 AC	107 Units 98 DU/Ac	**$42,991** $97			Earlier sale of Comparable 4a	JP & J Bertelsen Tr/ 150 Airport SSF, LLC #114028

COMPARABLE LAND SALES

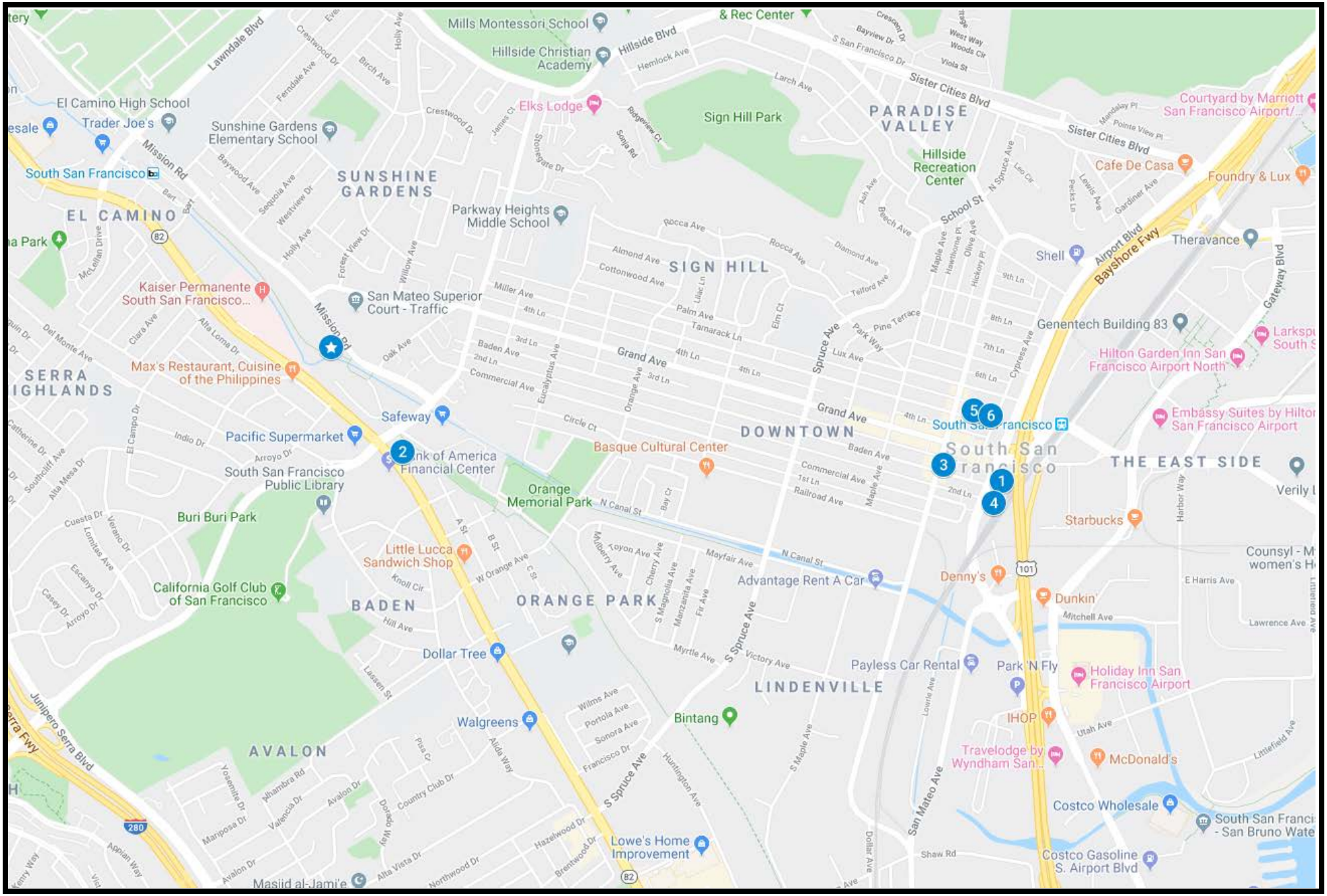
Appraisal of PUC Sites B and C at Antionette Lane and Mission Road
South San Francisco, California

Location	Sale Date	Sale Price	Land Area	Proposed No. of Units / Density	Price Per Mkt Unit/ Per SF	Zoning / General Plan / Height Limit	Comments	Grantor / Grantee / Doc #
Cadence Phase 2								
5a 216 Miller Avenue South San Francisco APN: 012-314-220	1/19 renego. 2018	$2,250,000 (3) $870,000 (4) **$3,120,000**	17,678 SF 0.41 AC			Downtown Transit Core (DTC) Downtown Transit Core 85'	Mid Block Site improved with a parking lot. 37% pro rata share of development	City of South San Francisco/ SSF Miller Cypress PRI, LLC #035957
5b 208 Miller Avenue APN: 012-314-180	7/19	**$6,000,000**	7,288 SF 0.17 AC			Downtown Transit Core (DTC) Downtown Transit Core 85'	Site is improved with 13,226 sf office/union hall.	United Food & Coml Workers Lo. SSF Miller Cypress PRI, LLC #059299
5c 212-214 Miller Avenue APN: 012-314-190	2/19	**$2,500,000**	6,917 SF 0.16 AC			Downtown Transit Core (DTC) Downtown Transit Core 85'	Site is improved 6,186 sf office.	Nancy Garcia/ SSF Miller Cypress PRI, LLC #007578
5d 204 Miller Avenue APN: 012-314-110	7/19	**$1,050,000**	7,086 SF 0.16 AC			Downtown Transit Core (DTC) Downtown Transit Core 85'	Site is improved 750 sf bldg.	Gary Filizetti/ SSF Miller Cypress PRI, LLC #007578
5e 405 Cypress Avenue APN: 012-314-100	12/16 nego. 2015	**$462,916** (2)	8,763 SF 0.20 AC			Downtown Transit Core (DTC) Downtown Transit Core	Vacant lot	City of South San Francisco/ SSF Miller Cypress PRI, LLC #127232
		$13,132,916 (entitled by buyer)	47,732 SF 1.10 AC	195 Units 178 DU/Ac ***195 Market Rate Units***	**$67,348** $275		Proposed for 7 and 8 story apt bldg with 195 units. No BMR units. Prevailing wage.	
*****SUBJECT*****								
Site B- Southern Site Portion of APN: 093-312-050			73,985 SF 1.70 AC	234 Units 138 DU/Ac		ECR/C-MXH El Camino Real Mixed Use North, High Intensity 120'-160'	Proposed for 8 story mixed use apt. project with 12,992 sf of commercial space with three levels of parking.	
Site C - Northern Site/Mission Road APN: 093-312-060 South San Francisco			213,703 SF 4.91 AC	566 Units 115 DU/Ac		ECR/C-RH El Camino Real/Chestnut High Density Resid. 120'-160'	Proposed for two buildings: One 8 story mixed use with 8,372 sf daycare center and two levels of parking. The second bldg is 7 story affordable project with 158 units and ground level parking. 20% BMRs based on entire project.	
		(entitled by buyer)	287,688 SF 6.60 AC	800 Units 121 DU/Ac ***642 Market Rate Units***				

(1) Based on market rate units
(2) Purchased in Phase 1 price allocated on psf basis.
(3) Cost of original sale agreement and supplemental purchase price
(4) Estimated cost of Soil Remediation

Source: Watts, Cohn and Partners, Inc., December 2019
19-WCP-114

COMPARABLE LAND SALES MAP



The irregular shaped site consists of four contiguous parcels and contains 1.63 acres or 70,784 square feet. The site was improved with a car wash prior to its sale. The site is zoned ECR/MXH (El Camino Real Mixed-Use District, High Intensity). The property received entitlements in February 2018 and is proposed to be developed with a six-story mixed use project. The development is proposed to contain 172 residential units including 10,500 square feet of ground floor commercial with two levels of below grade parking. The design includes 3 level, 256 parking garage with two subterranean levels and one level at street grade. The comparable is located approximately one-half mile from South San Francisco BART station and is a transit-oriented project. It has a density of 106 units per acre.

The comparable sold in July 2018 for $6,500,000. This is equal to $37,791 per unit and $92 per square foot. The project will provide an outdoor fitness park for the public as well as a trail spur to connect to Centennial Way. The buyer also reported that due to the site constraints and conditions the costs to build the structure is approximately 25 percent higher than a typical building.

Comparable 3 is located at 200 Linden, 212 and 216 Baden Avenue, at the southeast corner of Baden and Linden Avenues, in the downtown area of City of South San Francisco. The property consists of four separate, but contiguous, legal parcels containing a combined total land area of approximately 0.72 acres or 31,500 square feet. The rectangular shaped site and includes frontage on three streets. The property was listed for sale with a Request for Qualifications (RFQ) by the City of South San Francisco as an infill mixed use site for possible hotel, office, retail or multifamily development. The property received entitlements for a seven-story mixed use development with 97 residential condominium units with 20% BMR units (19 units), 6,200 square feet of ground floor commercial uses and three levels of parking. The property was originally improved with a one story, 7,000 square foot building occupied by the City IT Department as well as paved parking lots. The site has a zoning designation is DTC (Downtown Transit Core). The property received entitlements in November 2017. Based on the proposed development the density is equal to 134 units per acre.

The Omi Investment (Hisense REUS LLC) offer to purchase the property was approved in August 2016 by the Successor Agency to the Redevelopment Agency of the City of South San Francisco. The property was purchased in October 2018 for $3,050,000, which is equivalent to a unit value of approximately $39,103 per unit (excluding the 19 BMR units) and $97 per square foot.

Comparable 4a is located at 150 Airport Boulevard in South San Francisco. The site consists of two separate, but contiguous, legal parcels containing a combined total land area of approximately 47,654 square feet, or 1.09 acres. The property is located on the east side of Airport Boulevard to the south of Baden Avenue. The site is irregular in shape, but is functional. It is currently improved with two older industrial buildings containing a total of 26,974 square feet. The site has a zoning

COMPARABLE LAND SALES ADJUSTMENT GRID

Appraisal of PUC Sites B and C at Antionette Lane and Mission Road

South San Francisco, California

Location:	**Comparable 1** **200 Airport Boulevard** **South San Francisco**	**Comparable 2** **988 El Camino Real** **South San Francisco**	**Comparable 3** **200 Linden Avenue** **South San Francisco**	**Comparable 4** **150 Airport Boulevard** **South San Francisco**	**Comparable 5** **Miller and Cypress Avenue** **South San Francisco**
Land Area Sq. Ft.:	26,795	70,794	31,500	69,243	47,732
No. of Market Rate Units:	89	172	78	157	195
Density DU/AC:	153	106	134	99	178
Sale Date:	9/19	7/18	10/18	12/17	12/16-7/19
Transaction Price:	**$5,058,000**	**$6,500,000**	**$3,050,000**	**$14,500,000**	**$13,132,916**
Unadjusted Price Per Unit:	**$56,831**	**$37,791**	**$39,103**	**$92,357**	**$67,348**
Financing Terms:	0.0%	0.0%	0.0%	0.0%	0.0%
Property Interest:	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Sale Price:	$5,058,000	$6,500,000	$3,050,000	$14,500,000	$13,132,916
Adjusted Price/Per Unit:	$56,831	$37,791	$39,103	$92,357	$67,348
Conditions of Sale:	0.0%	0.0%	0.0%	0.0%	0.0%
Market Conditions:	5.0%	10.0%	10.0%	5.0%	0.0%
Price Adj. For Mkt. Cond.	$59,673	$41,570	$43,013	$96,975	$67,348
Location:	-10.0%	0.0%	-5.0%	-10.0%	-10.0%
Size:	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Site Conditions/Utility:	0.0%	20.0%	0.0%	0.0%	-5.0%
Zoning / Approvals:	0.0%	0.0%	0.0%	-20.0%	0.0%
Density:	5.0%	0.0%	0.0%	-5.0%	5.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%
Total Adjusted %:	-15.0%	10.0%	-15.0%	-45.0%	-20.0%
Adjusted Per SF Value for the Subject:	**$50,722**	**$45,727**	**$36,561**	**$53,336**	**$53,879**

Source: Watts, Cohn and Partners, Inc., December 2019

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designation is DTC (Downtown Transit Core) and is located within the Downtown Station Area Specific Plan district.

Comparable 4b is located at 178 and 190 Airport Boulevard adjacent to the north of ***Comparable 4a***. The comparable contains two parcels and contains a total of 21,589 square feet. The property was in vacant condition at the time of sale. The site has a zoning designation is DTC (Downtown Transit Core) and is located within the Downtown Station Area Specific Plan district.

Comparables 4a and 4b received entitlements for development of a 157-unit apartment complex in January 2017. Based on both comparables the total site area is 1.59 acres or 69,243 square feet. The density is equal to 99 units per acre. The two comparables were purchased in December 2017 for a total of $14,500,000. This is equal to $92,357 per unit and $209 per square foot.

The property at 150 Airport Boulevard had previously been purchased in November of 2016 for $4,600,000, or approximately $42,991 per unit. This is based on 107 units allocated to the parcel. The property had been in contract for two years prior to its sale while the purchaser was seeking entitlements.

Comparable 5 pertains to the second phase of the Cadence development project. The comparable consists of five adjacent sites which were assembled by SSF Miller Cypress SSF, LLC aka Sares Regis Group to form a single 1.10 acre development site. The comparables are located on the north side of Miller Avenue between Cypress Avenue and 216 Miller Avenue. The developer received entitlements in December 2018 to build 195 apartment units in two, seven and 8 story buildings. The density is equal to 177 units per acre. Sares Regis completed the first phase of Cadence in 2019 which contains 260 residential units and is located on Cypress Avenue and Airport Boulevard between Lux and Miller Avenues. The sale components of the assemblage are discussed below.

Comparable 5a is located at 216 Miller Street. It contains 17,678 square feet and was originally purchased as part of a purchase and sale agreement dated February 2016. As part of the agreement the property was purchased for $250,000 on April 2017. However, there was a condition in the agreement for a supplemental purchase price to be paid for the site if the buyer constructs on the site, which was to be based on an appraisal. The supplemental purchase price of $2,000,000 was agreed upon by the City and buyer and the property was purchased January 2019. The site was improved with a parking lot at the time of sale and required some soil remediation property estimated at $870,000. Adding the cost of the soil remediation the total cost to the purchaser was $3,120,000, or $176 per square foot. Based on the comparable's pro rata share of which is equal to 72 units the price per unit is equal to $43,333.

Comparable 5b is the sale of a property at 208 Miller Avenue. The property contains 7,288 square feet of site area. It is improved with a two-story office

property which contains 13,226 square feet. The property was occupied by an owner/user. The property was purchased in July 2019 for $6,000,000 for assemblage as part of a multifamily redevelopment project. The sale price is equal to $823 per square foot of land area and $200,000 per pro rata unit.

Comparable 5c pertains to the sale of a property at 212-214 Miller Avenue. The two-story property contains 6,186 square feet and has a site of 6,917 square feet. The comparable sold in February 2019 for $2,500,100, which is equal to $361 per square foot or $89,289 per pro rata unit.

Comparable 5d is the sale of 204 Miller Avenue. This property contains 7,086 square feet and is improved with a one-story building which contains 750 square feet. The site was purchased in July 2019 for $1,050,000 which is equal to $148 per square foot of land area and $36,207 per pro rata unit.

Comparable 5e pertains to the sale of 405 Cypress Avenue. The comparable is located at the corner of Cypress Avenue and Miller Street. The vacant lot contains 8,763 square feet. This property was purchased by the developer as part of the first phase of Cadence in December of 2016. The allocated purchase price was $53 per square foot which is equal to a sale price of $426,916. This is also equal to a prorate unit value of $12,859.

The total sale price of the assemblage is $13,132,916. Based on the approved 195 residential units this is equal to a price per unit of $67,348. The project will also provide public art, local streetscape enhancements, undergrounding of utilities and a local hire program at standard wages.

B. Analysis

Price Per Unit

The comparable sales indicate unadjusted unit values ranging from approximately $37,791 to $92,357 per market rate dwelling unit. The comparables range in size from 26,795 to 70,794 square feet and range in density from 99 to 178 dwelling units per acre. The variation in per unit prices from the residential land sales reflects differences in location, size, density, height limit, and site utility. On a per unit basis, the relationship between cost and density is generally inversely related.

The table on the following page presents an adjustment grid for the subject property. It should be emphasized that although the adjustment process is a mechanical one, the analysis applied by the appraiser is actually less mechanical and more intuitive in nature. Specific adjustments are intended to represent the appraiser's best judgment concerning the differential between each comparable and the subject. Any specific adjustment should be considered general in nature and the overall process is intended to narrow the pattern indicated by the comparable data.

Comparable 1 is the recent sale of 200 Airport Boulevard. The property was purchased for $56,831 per unit based only on the market rate units. An upward adjustment is made for market conditions as the property was in contract for over 21 months prior to closing. The comparable has a superior location in close proximity to downtown South San Francisco as well as the Caltrans warranting a downward adjustment. The property is smaller in size and investment magnitude indicating a downward adjustment in relation to the subject. The proposed density at 153 units per acre is higher which suggests an upward adjustment. Overall, a lower unit value is indicated for the subject.

Comparable 2 pertains to the sale of 988 El Camino Real in South San Francisco. Although the property closed in July 2018 an upward adjustment for market conditions is made as this comparable has been in contract for over 21 months. The comparable is located in proximity to the subject at the corner of Chestnut Street and El Camino Real and no adjustment is indicated for location. However, the property is smaller in size. The comparable is similar to the subject in terms of utility, zoning, appeal and density. However, the site conditions and utility of the parcel is inferior warranting an upward adjustment. After adjustments a higher unit value is indicated for the subject.

Comparable 3 reflects the sale of a property located at 200 Linden Avenue, in downtown South San Francisco. The comparable was purchased for $39,103 per market rate unit in October 2018. An upward adjustment is made for market conditions as the property was in contract 26 months prior to closing. The comparable has a good downtown location. The subject is located to the west, in proximity to El Camino Real, and has a good residential location close to supporting services and transit. However, the subject has a secondary commercial location and a downward adjustment for location is indicated. The comparable is similar to the subject in terms of zoning and entitlements. Overall, a higher per unit value is indicated for the subject.

Comparable 4 reflects the sale for a property located at 150, 178 and 190 Airport Boulevard. The property was purchased for a total price of $14,500,000 or $92,357 per unit. The comparable closed in December 2017 and an upward adjustment for market conditions is made. The property was purchased fully entitled and a downward adjustment is made for this factor. The property has a superior more centralized location and it is smaller in size. In addition, it has a lower density. Overall, a lower per unit value is indicated for the subject.

Comparable 5 pertains to the sale of multiple sites for assemblage into a high-density residential project on Miller Street. The property was purchased for a total of $67,348 per unit based on the sales of five properties. The project is planned as the second phase of Cadence which is located directly east. No adjustments are made for market condition or conditions of sale. The comparable has a superior location in downtown South San Francisco and a negative adjustment is made for

this factor. In addition, the comparable is smaller in size and has superior site conditions given its frontage on two streets. However, the property has a higher density which warrants a positive adjustment. Overall a lower unit value is indicated for the subject based on this sale.

Value Conclusion

After adjustment, the comparables reflect a per unit value range of between approximately $37,000 and $54,000. Less weight is placed on the low end of the range which reflects the sale of a condominium project on Linden Avenue. This project went into contract in 2016, and market conditions have improved. The remaining comparables indicate a range between $46,000 to $54,000 per unit. Given the subject's size and location, a mid-range unit value of $50,000 is concluded. As was noted earlier, this unit value is applied to only the market rate dwelling units. The affordable units are not considered to have any independent land value given the required rent restrictions on the property.

The land value before consideration of extraordinary costs is calculated as follows:

642 Market Rate Units x	$50,000 per unit =	$32,100,000
Rounded:		$32,100,000

The above value conclusion equates to approximately $121 per square foot of site area, based on 6.10 useable acres, or 265,867 square feet. Relative to the comparables this is in the middle of the range and appears supported on per square foot basis.

It is noted again that this conclusion is only a benchmark value for the subject. Further analysis is necessary for the extraordinary site costs.

VII. EXTRAORDINARY COSTS IMPACTS

The subject property is currently vacant land. As part of the Development Agreement (DA) the developer has agreed to construct and complete certain public improvements, as well as provide some public benefits which are atypical of most projects and therefore considered to be extraordinary costs relative to the comparable sales.

In addition, during the public hearing for the subject's approval with the City Council, an additional extraordinary cost was added. This extraordinary cost was for the Oak Avenue Phase II, Right of Way. The City Council was concerned that this section of the road would not be constructed and directed that the developer would be required to contribute $5.5 million towards the construction of Oak Avenue Phase II extension as part of the Development Agreement. This additional cost is discussed in greater detail below.

In order to derive an as-is market value as a development site these infrastructure and site development costs considered to be extraordinary in the sense of not being typical of the market, are analyzed and discussed below.

A. Extraordinary Costs

1. Oak Avenue Extension Infrastructure Requirements, Phase 1

An integral part of the El Camino Real/Chestnut Avenue Area Plan is the proposed extension of Oak Avenue from Mission Road over Colma Creek and into Antionette Lane. The first phase of the road and bridge includes a new traffic signal at Mission Road and Oak Avenue. According to the Development Agreement, the Developer shall undertake the design and construction of Phase 1 of Oak Avenue and continue to advance design and approval (with BART, Caltrans, etc.) of Oak Avenue Phase 2, so that reviewing departments can ensure a future design for Phase 2 is physically feasible.

The roadway extension and bridge will be 25 feet in width and there will be a signal interchange at Oak Avenue and Mission Road. The road will connect to Antionette Way and terminates into a private street with public access. The street terminates at the western with a wide staircase and accessible switchback path that traverses up the bank to the El Camino Real.

The developer and City are jointly responsible for right-of-way improvements on City/BART/Kaiser and PUC property leading up to El Camino Real, west of Antionette Lane/Colma Creek. This area will be improved with stairs, pathways, ramps, paving and landscaping.

The appraisers reviewed letter from Brian Baker from AGI/Kasa Partners dated August 6, 2019. The letter estimates projected cost for the Oak Avenue Phase 1 extension/bridge based on four design alternatives. The cost range is from $10,248,540 to $12,156,598. The differences in costs are due to the length of

the bridge as well as the base flood elevation clearances. The estimated costs for the Additional Oak Avenue ROW, which includes walkways, ramps, grading and landscaping has been estimated at $4,153,124.

The developer has indicated per the Development Agreement that their contribution for the Oak Avenue and Bridge, signal construction and Right-of-Way improvements will be $10,350,000. Any costs greater than that will be reimbursed by the City in an amount not to exceed $5,500,000. This is considered an extraordinary cost for a City transportation improvement serving a wide area beyond just the subject development. A deduction is made to the subject land value to reflect this additional extraordinary cost.

2. Developer Contribution toward Purchase of Land for Oak Ave. Extension

The developer also stated that they must contribute $500,000 to the City toward the purchase of right-of-way land at Oak Avenue and Mission Road as well as on Antionette Lane for the proposed Oak Avenue extension. According to the representative of the developer, the City will be required to purchase a small portion of land from two different property owners to facilitate the Oak Avenue extension. The city confirmed this requirement. A deduction is made to the subject land value to reflect this additional extraordinary cost.

3. Community Park on BART Property

As part of the approvals the developer has agreed to install a community park on the adjacent BART Open Space Property and the City of South San Francisco Open Space Property to the west of Building C1 and C2. The park will be approximately 42,531 square feet and will be partially located above the BART Tunnel. The park is proposed to be improved with a lawn area, park benches, seat walls, paving, a playground, fitness station, lighting and pathways. The developer's reported that the estimated cost is $2,500,000, which is equal to approximately $59 per square foot.

Other proposed projects in South San Francisco have been required to provide some outdoor public space. Such an extraction in return for City development approvals is not unusual. What is extraordinary in this situation is the scope of the public improvement serving the surrounding neighborhood. As such, although the park is considered to be an amenity that adds value to the property it is also more extensive than would be expected from a development on non-city owned land. Therefore, 50 percent of the total cost is deducted as an extraordinary cost equal to $1,250,000.

4. Maintenance of Offsite Landscape Improvements

Per the Development Agreement (DA) the developer is to maintain offsite improvements that they construct. In exchange for the use of certain portions of

property from BART and Kaiser as part of the project for public open space, the developer is required to provide the maintenance for the improvements.

The developer has indicated an annual maintenance cost of $125,000 or $10,417 per month, or $195 per unit per year. This includes maintenance of street improvements along Mission Road as well as the community park and Market Hall Plaza.

The maintenance of on and off-site improvements around a major apartment project in order to increase the appeal to potential renters is considered to be a normal market activity is not considered an extraordinary cost. The total estimated cost for this item is minimal relative to the overall operating expenses and are further deferred by on-site maintenance staff.

5. Soil Conditions/Pilings

Due to an historic water course, the subject property is affected by poor soil conditions which requires 450, 75 feet deep piles across both sites rather than more typical and less expensive matt style foundations. In addition, due to the project's proximity to BART tunnel, the subject requires double cased piles and extra dewatering and monitoring measures on some piles. This cost has been estimated by the developer at approximately $6,500,000 for the deep piles and $800,000 for the double cased piles.

These foundation costs are not typical of other development land parcels in the market and a deduction is made for these factors.

6. Upgrade of Centennial Trail, Undergrounding of Power Lines, Relocation of new Sewer Main, SSF Impact Fees and Childcare Facility

The subject developer has indicated that there are additional project costs being incurred due to the upgrading of Centennial Trail, the undergrounding of power lines on Mission Road, the relocation of new sewer main into Oak Avenue, the building of a childcare facility with below market rents and the higher South San Francisco Impact Fees. These items are estimated at a cost of $6,750,000.

Although these are additional project costs, they are not considered extraordinary relative to the market and no deductions are made for these costs. All of the comparable sales used in the valuation analysis are located in South San Francisco and have similar impact fees. The undergrounding of power lines, relocation of a new sewer main and upgrade of Centennial Trail are typical extractions and project amenities required for new development in South San Francisco. The building of a Childcare facility in Building C1 is considered an amenity of the project not unusual for an 800-unit apartment complex. In addition, the cost of this amenity would likely be offset by the fees generated by having a childcare facility on site.

Therefore, no deductions are made for these project costs.

7. Prevailing Wage

The Development Agreement indicates that the subject will be affected by a prevailing wage agreement.

Discussions with developers indicate that most of the construction work in new projects in the area is from union labor. This is due to the larger pool of workers available and the experience required. The spread between union and nonunion labor costs typically narrows in a strong economy. This is due to the fact that union contract wages are static whereas the market spot wages increase in a strong market. The complexity of the project can also affect the spread between union and nonunion labor.

The subject developer is currently estimating a 3 to 5 percent increase in construction costs due to prevailing wage. This increase is based on typical union labor for 2/3 of the project and nonunion labor for the finishing trades. Based on a 10 to 15 percent increase in cost on 1/3 of the labor the increase is equal to 3 to 5 percent, or a mid-range of 4 percent. The subject developer has estimated an additional construction cost of $16 million for prevailing wage requirement based on 5 percent of construction costs.

However, in the current strong job market, developers are forced to pay prevailing wage given the complexity of proposed high-density residential projects and the tight labor market.

In addition, Comparables Land Sales 3 and 5 reflected land sales of property with the prevailing wage requirements. Given the subject's location in a historically strong pro-union city and that other projects are encumbered with the same requirements no adjustment is made.

8. Mission Road Pedestrian Trail Connection and Pedestrian Bridge Connection to Centennial Tail

Per the Development Agreement the developer has agreed to pay to the City $200,000 for costs associated with the ***Mission Road Pedestrian Trial Connection.*** This is a proposed pedestrian trail connecting Mission Road to the Centennial Trail near the intersection of Sequoia Avenue and Mission Road, to the north of the subject.

The additional cost item pertains to the ***Pedestrian Bridge Connection to Centennial Trail.*** The developer is required to design and construct a pedestrian bridge and pathway connecting the Kaiser property to Centennial Trail at the same time as the construction of the Centennial Trail improvements. The City states it will not impose requirements that will cause the cost to exceed

$1,500,000. Further, the City will cooperate with the developer to ensure that any other governmental agencies requirements do not cause the cost to exceed the Maximum Centennial Trail Bridge Cost or $1,500,000.

The developer is required to design and construct the ***Centennial Trail Bridge*** and pay the City for costs associated with the ***Mission Road Pedestrian Trail Connection*** as part of the DA. These two items are presented as an obligation by the developer that will be required for the development of the subject project. Given that these are requirements in the DA, and that they are not project specific, they are considered an extraordinary cost and are deducted from the land value.

9. Oak Avenue Extension Infrastructure Requirements, Phase 2

At the public hearing for the subject property, the City Council required that the developer contribute toward the construction of Oak Avenue Phase II extension to gain approvals. The requirement was added to the Development Agreement that the Developer would make a payment of $5,500,000 to partially fund the construction of Phase II of the Oak Avenue Extension Infrastructure Requirements. This improvement will connect Oak Avenue to the El Camino Real as contemplated in the Chestnut/El Camino Real Area Plan.

City of South San Francisco has indicated that the subject PUC Sites bear a sufficient nexus to the Oak Avenue Phase II extension, that they should carry a portion of the development costs. The Assistant City Attorney provided the following explanation/instruction to the appraiser:

> ***"I am writing in my capacity as Assistant General Counsel/Assistant City Attorney for the South San Francisco Successor Agency/City of South San Francisco. I understand that Watts Cohn has requested that we provide an opinion related to the nexus between the proposed SSF PUC Housing Partners, LLC project and the Oak Avenue Phase II extension. Based on our review of the South San Francisco General Plan ("General Plan") and the El Camino/Chestnut Area Plan ("E/C Area Plan"), the nexus analysis between Oak Avenue Extension Phase II and the PUC Site project are as follows.***
>
> ***The General Plan sets forth policies and guidelines for the El Camino Real area, which is further divided into North and South El Camino subareas. The North El Camino Real Subarea covers Kaiser Hospital and the El Camino Real/Chestnut area, where the PUC project site is located (GP Planning Element pp. 3-28). The General Plan policies for the North El Camino Real Subarea provide that the area should be developed in accordance with the vision established by the E/C Area Plan (GP Policy 3.4-G-6, 3.4-1-13, 14). Additionally, the General Plan specifically directs that these subarea policies are to be***

implemented by, among other things, connecting Arroyo Drive to the west of El Camino Real with Oak Avenue to the east. This policy requirement would provide "a new east-west connection parallel to Chestnut Avenue", provide traffic relief, and link Buri Buri and Sunshine Garden neighborhoods. Thus, the General Plan already contemplates extending Oak Avenue all the way to Arroyo Drive in implementing development policies envisioned for the North El Camino Real area which includes the current project site.

Likewise, the E/C Area Plan specifically envisioned the extension of Oak Avenue as an integral part of the policies and guidelines for the development of the plan area. The E/C Area Plan identifies the area between Mission Road and El Camino Real (north to Grand Avenue) as a "focus area" with the greatest development opportunities (pp. 2). This focus area includes parcels near Chestnut Avenue and El Camino Real, as well as parcels north of the "proposed Oak Avenue extension along Mission Road." These areas include the current PUC Project site as well as the City's Community Civic Campus project which is located at the corner of Chestnut Avenue and Antoinette Lane. In identifying this focus area, the E/C Area Plan contemplated extension of Oak Avenue to El Camino Real as illustrated in Figure 1-2.

Additionally, the E/C Area Plan specifically notes the Oak Avenue extension will affect the plan area which includes the current project site. The Area Plan states that the City currently plans to extend Oak Avenue through to Arroyo Drive in accordance with the General Plan, as it is a part of the City's current Capital Improvements Program being implemented. This proposed extension will be a key feature in the planning area with significant improvements in connectivity (pp. 42). The Oak Avenue extension is also an integral part of the Area Plan's guiding principles on circulation and providing enhanced linkages within the plan area. The proposed extension would provide a secondary east-west connection between adjacent neighborhoods, relieve traffic congestion at the El Camino Real/Chestnut Avenue intersection, and provide access to Centennial Way. On-street parking and wider sidewalks/travel lanes would also serve this neighborhood and the fronting active uses, which covers the current PUC Site development. The bicycle-pedestrian connection policies for this area also anticipates the extension of Oak Avenue and encourages pedestrian-oriented connections through development between Chestnut Avenue and the Oak Avenue extension. (pp. 80-84, Figure 3-7, Policy C-4). The Area Plan continuously incorporates the construction of Oak Avenue Extension into its policy and guideline considerations for parking needs, phasing and development of residential and retail constructions in

the plan area, and utility/sewer connections for the resulting developments (i.e. see pp. 106-07, 113). These considerations all affect the development of the current PUC site. The project area is included in Phase One and Phase Two of the EC Area Plan. The circulation and implementation sections of the EC Area Plan provides that the Oak Avenue extension should commence construction during Phases One and Two and be completed prior to completion of Phase Three (pps. 83 and 107).

Based on the foregoing, the proposed Oak Avenue extension is necessary for and has been an integral part of the consideration in the General Plan and the E/C Area Plan policies and guidelines relating to the current PUC Site development. Phase 1 of the Oak Avenue extension will connect Oak Avenue to Antoinette Lane, and Phase 2 will connect from Antoinette Lane to El Camino Real. These construction phases are consistent with the policies outlined in both plans, are necessary for the SSF PUC project to proceed and would serve the goal to improve circulation and connectivity for the PUC Site development and surrounding neighborhood. Thus, the obligations to design to 35% level and pay for a portion of the cost of the Oak Avenue Phase II extension have a nexus to the proposed SSF PUC Housing Partners, LLC project."

"Based on cost estimating prepared by Fehr and Peers and reviewed by the City's Principal Engineer, the estimated costs for construction of Phase II is between $10,500,000 and $12,500,000 depending on when construction starts and the price escalation that will likely occur if the project commences construction later in time. Thus, the proportionate share allocated to SSF PUC Housing Partners, LLC is between 44% and 52% of the total project costs for Oak Avenue Phase II depending on when construction commences."

Consequently, an extraordinary cost of $5,500,000 is deducted for this item.

10. Extraordinary Cost Conclusions

The table on the following page shows the Extraordinary Costs presented by the developer and city. Based on our analysis a total cost of $26,600,000 is deducted for the previously concluded land value to derive a value for the subject property as a development site. The market value of the subject is shown below:

Value of the Subject Property Before Extraordinary Cost Impacts:	***$32,100,000***

Extraordinary Costs

Appraisal of PUC Sites B and C at Antionette Lane and Mission Road
South San Francisco, California

Scope of Work	*Cost Impact*		*Amount Allocated by Appraiser*		
Phase 1 of Oak Avenue Bridge, Right of Way (city and developer jointly responsible)	$10,350,000	x	100%	=	$10,350,000
Contribution of towards purchase of land for Oak Ave extension	$500,000	x	100%	=	$500,000
Poor Soil Conditions requiring deep piles instead of mat foundations	$6,500,000	x	100%	=	$6,500,000
Proximity to BART /double cased piles and extra dewatering & monitoring	$800,000	x	100%	=	$800,000
Community Park on BART Property	$2,500,000	x	50%	=	$1,250,000
Upgrade Centennial Trail, paving. Lighting and benches	$300,000	x	0%	=	$0
Underground Power Lines on Mission Road	$500,000	x	0%	=	$0
Relocation new sewer main	$200,000	x	0%	=	$0
Building Childcare facility with below market rent	$750,000	x	0%	=	$0
SSF Impact Fees	$5,000,000	x	0%	=	$0
Maintenance of all off-site landscape improvements	$2,950,000	x	0%	=	$0
Prevailing Wage	$16,000,000	x	0%	=	$0
Mission Road Pedestrian Trail Connection	$200,000	x	100%	=	$200,000
Pedestrian Bridge Connection to Centennial Trail	1,500,000	x	100%	=	$1,500,000
Oak Avenue Phase II, (city and developer jointly responsible)	5,500,000	x	100%	=	$5,500,000
TOTAL	***$53,550,000***				***$26,600,000***
	$83,411 Per unit				***$41,433 Per Unit***

Source: Watts, Cohn and Partners, Inc., December 2019
19-WCP-114

Less:	
Oak Avenue Bridge Phase 1, Right of Way	($10,350,000)
Contribution for Land Purchase on Oak Avenue	($500,000)
Soil Conditions and Deep Piles	($7,300,000)
Community Park	($1,250,000)
Mission Road Pedestrian Trail Connection	($200,000)
Pedestrian Bridge Connection	($1,500,000)
Oak Avenue Phase 2, Right of Way	($5,500,000)
Total Extraordinary Site Costs	($26,600,000)

As-Is Market Value of the Subject Properties PUC Sites B & C After Deducting Extraordinary Costs*:*	***$5,500,000***

VIII. VALUE CONCLUSIONS

A. As-Is Market Value for PUC Sites B and C

The subject properties consist of two separate parcels identified as ***PUC Sites B and C***. Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the market value of the fee simple interest in the combined two subject properties, in its present, as-is condition, under the proposed terms, as of October 11, 2019 is estimated to be:

FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS

($5,500,000)

B. Individual Market Values of PUC Site B and PUC Site C

The above concluded value is for the combined two subject properties which consists of ***PUC Sites B and C***. The above market value of $5,500,000 is equal $20.69 per useable square foot based on 265,867 square feet.

The combined two subject parcels are viewed as a cohesive whole with approvals for a single project. In order to obtain the approvals, the developer must agree to build a certain amount of affordable housing. Although the affordable units may be on only a single parcel, the impact is spread across the entire land holding which received approvals. As such, the total market value is allocated across the two separate parcels on a price per square foot of useable land area.

PUC Site B

PUC Site B contains 73,985 square feet. The square foot value is multiplied by the site area to derive an as-is market value conclusion for PUC Site B as follows;

73,985 square feet x $20.69 per square foot	=	$1,530,530
Rounded	=	$1,530,000

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the market value of the fee simple interest in the subject property identified as ***PUC Site B***, in its present, as-is condition under the proposed terms, as of October 11, 2019 is estimated to be:

ONE MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS

($1,530,000)

PUC Site C

PUC Site C contains 191,882 useable square feet. The per unit square foot value is multiplied by the useable site area to derive as-is market value conclusion for PUC Site C as follows:

191,882 square feet x $20.69 per square foot	=	$3,969,470
Rounded	=	$3,970,000

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the market value of the fee simple interest in the subject property identified as ***PUC Site C***, in its present, as-is condition under the proposed terms, as of October 11, 2019 is estimated to be:

THREE MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS

($3,970,000)

ADDENDA

SUBJECT PROPOSED PERSPECTIVES

Building B

Building B

Building C1

Building C1

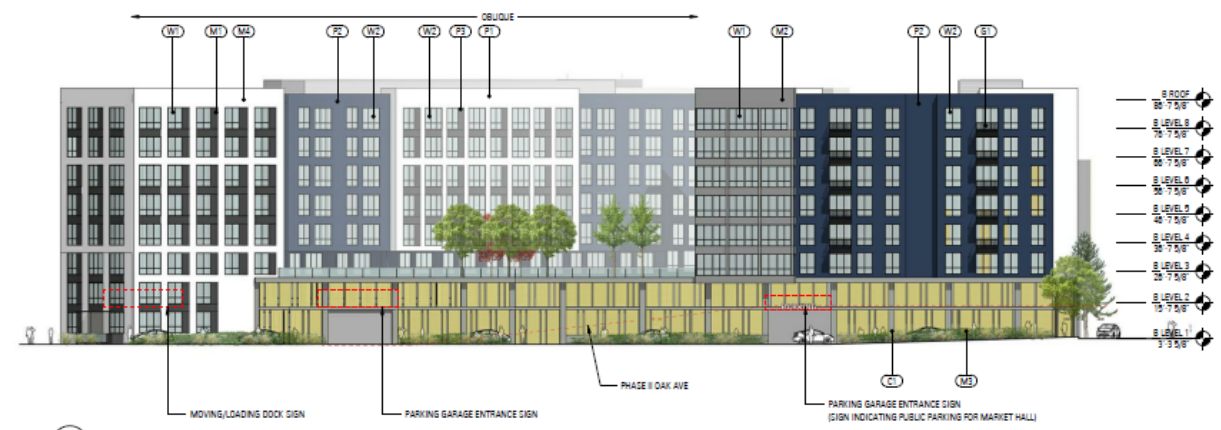
SUBJECT PROPOSED PERSPECTIVES

Building C2

Building C2

Building C2

PROPOSED ELEVATIONS



4 A30 **ELEVATION B - WEST**
1" = 20'-0"

3 A30 **ELEVATION B - EAST**
1" = 20'-0"

2 A30 **ELEVATION B - SOUTH**
1" = 20'-0"

1 A30 **ELEVATION B - NORTH**
1" = 20'-0"

MATERIALS LEGEND

M - METAL SIDING
B - BRICK VENEER
T - CERAMIC TILE
C - CONCRETE
P - CEMENT PLASTER
W - WINDOWS
G - GUARDRAIL

SEE A32 FOR DETAILED MATERIAL BOARD

SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

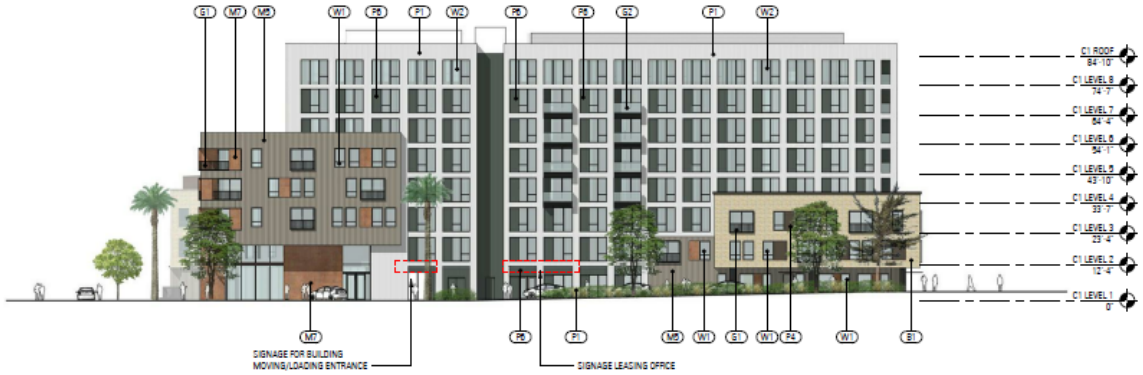
09/17/19 | 17057 | BAR architects | AGI | KASA PARTNERS

EXTERIOR ELEVATIONS - BUILDING B

A30

PROPOSED ELEVATIONS

2 / A50 **ELEVATION C1 - WEST**
1" = 20'-0"



1 / A50 **ELEVATION C1 - NORTH**
1" = 20'-0"

MATERIALS LEGEND

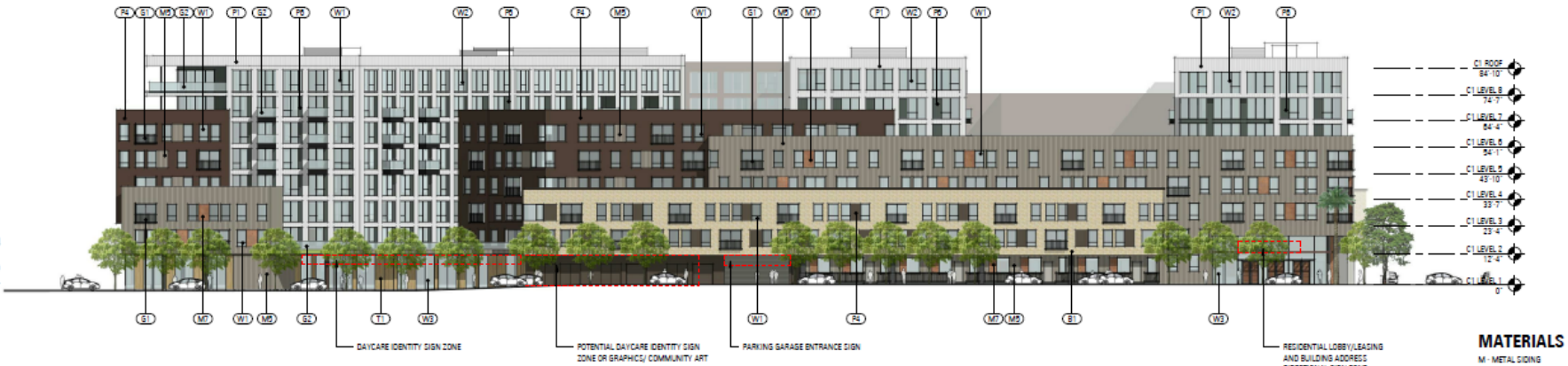
M - METAL SIDING
B - BRICK VENEER
T - CERAMIC TILE
C - CONCRETE
P - CEMENT PLASTER
W - WINDOWS
G - GUARDRAIL

SEE A53 FOR DETAILED MATERIAL BOARD

SOUTH SAN FRANCISCO PUC DEVELOPMENT SOUTH SAN FRANCISCO, CA	1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080			EXTERIOR ELEVATIONS - BUILDING C1	
	09/17/19	17057	BAR architects	AGI / KASA PARTNERS	A50

PROPOSED ELEVATIONS

2 A51 **ELEVATION C1 - SOUTH**
1" = 20'-0"



1 A51 **ELEVATION C1 - EAST**
1" = 20'-0"

MATERIALS LEGEND

M - METAL SIDING
B - BRICK VENEER
T - CERAMIC TILE
C - CONCRETE
P - CEMENT PLASTER
W - WINDOWS
G - GUARDRAIL

SEE A53 FOR DETAILED MATERIAL BOARD

SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

09/17/19 | 17057 | BAR architects | AGI | KASA PARTNERS

EXTERIOR ELEVATIONS - BUILDING C1

A51

PROPOSED ELEVATIONS

4 A70 ELEVATION C2 - WEST
1" = 20'-0"

3 A70 ELEVATION C2 - SOUTH
1" = 20'-0"

2 A70 ELEVATION C2 - EAST
1" = 20'-0"

1 A70 ELEVATION C2 - NORTH
1" = 20'-0"

MATERIALS LEGEND

M - METAL SIDING
B - BRICK VENEER
T - CERAMIC TILE
C - CONCRETE
P - CEMENT PLASTER
W - WINDOWS
G - GUARDRAIL

SEE A72 FOR DETAILED MATERIAL BOARD

SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

09/17/19 | 17057 | BAR architects | AGI | KASA PARTNERS

EXTERIOR ELEVATIONS - BUILDING C2

10' 0 20' 40'

A70

QUALIFICATIONS OF SARA A. COHN, MAI
California Certified General Real Estate Appraiser No. AG014469

EXPERIENCE

Sara A. Cohn is a Partner with Watts, Cohn and Partners, Inc. a new firm providing commercial real estate valuation. From 1988 to 2016, she worked for Carneghi and Partners and was a Senior Project Manager/Partner in their San Francisco office. Carneghi and Partners, and now Watts, Cohn and Partners, provide real estate appraisal and consulting services in the San Francisco Bay Area. Clients include financial institutions, government agencies, law firms, development companies and individuals. Typical assignments include both valuation and evaluations of a broad variety of property types, uses and ownership considerations.

Ms. Cohn has over 30 years of appraisal experience. She has completed a wide variety of valuation and evaluation analyses. Ms. Cohn has extensive knowledge of the San Francisco Bay Area and has appraised many property types including office buildings, industrial properties, retail centers, hotels, residential projects, mixed-use properties and development sites. Recent work has involved the analysis of commercial buildings, residential subdivisions, valuation of affordable housing developments with bond financing and/or Low-Income Housing Tax Credits (LIHTCs), assessment districts, as well as co-housing projects.

EDUCATION

Bachelor of Arts, University of California, Berkeley, 1978

Successful completion of all professional appraisal courses offered by the Appraisal Institute as a requirement of membership.

Continued attendance at professional real estate lectures and seminars.

PROFESSIONAL AFFILIATION AND STATE CERTIFICATION

Appraisal Institute - MAI Designation (Member Appraisal Institute) No. 12017
Continuing Education Requirement Complete

State of California Certified General Real Estate Appraiser No. AG014469
Certified Through March 2021

State of California Licensed Landscape Architect No. 2102

Member, Board of Directors, Northern California Chapter of the Appraisal Institute, 2008-2010

Seminars Co-Chair, Northern California Chapter of the Appraisal Institute, 2005-2007

Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

Sara A. Cohn

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 014469

Effective Date: March 10, 2019
Date Expires: March 9, 2021

Jim Martin, Bureau Chief, BREA

3044510

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"

QUALIFICATIONS OF MARK A. WATTS

Mark A. Watts is a Partner with Watts, Cohn and Partners, Inc.

Following is a brief summary of his background and experience:

EXPERIENCE

Commercial Real Estate Appraisal Experience

Mr. Watts has been a commercial real estate appraiser since 1987, and has over 20 years experience in the analysis of commercial real estate. He has completed valuation assignments on a variety of projects, including industrial facilities, residential subdivisions, apartments, shopping centers, cemeteries and recreational facilities. He has also performed feasibility studies and assisted owners in making asset management decisions.

Mr. Watts has provided litigation support and served as an expert witness in court. He has also served in arbitrations as an expert witness. He has been qualified as an expert in San Francisco and San Mateo County Superior Courts.

He served on the San Francisco County Assessment Appeals Board from 2011 to 2016.

Commercial Real Estate Investment Experience

Simultaneous to his work as a commercial appraiser, Mr. Watts has been an active real estate investor/developer. He is experienced in the acquisition, redevelopment and management of commercial properties. He has witnessed and experienced many real estate cycles and stays abreast of current trends. His personal experience as an investor makes him uniquely qualified to appraise commercial real estate.

Over the last 20 years he has completed more than 30 investment real estate transactions, an average of 1.5 transactions per year. He has negotiated with buyers and sellers directly as a principal. He has completed nearly a dozen 1031 exchanges. Beginning with a small initial capital investment, he has built a large real estate portfolio. Based on his ownership experience, Mr. Watts is keenly aware that the success or failure of an acquisition is closely related to its location. Likewise, he is sensitive to locational differences in the appraisal of real estate.

Mr. Watts has broad experience with the construction, maintenance and repair of real estate. He has demolished and re-built two structures from the ground up. He has completed fire damage repairs and remediated toxic mold. He has remodeled kitchens and baths. He has replaced foundations on structures, made additions, and made other improvements. As the quality and condition of real estate has a strong correlation with its value, his experience enables superior judgement of these attributes in his work as a commercial real estate appraiser.

Community Involvement

Mr. Watts served on the Board of Managers of the Stonestown Family YMCA from 2002 to 2017. This is an approximately 30,000 square foot health club facility. He was active on the Facilities Committee. He served as the Board Chair in 2008. He has been a member of the Olympic Club in San Francisco since 1976. He served the Forest Hill Neighborhood Association as President from 2013 to 2017.

EDUCATION

Bachelor of Arts, University of California, Davis

PROFESSIONAL AFFILIATION

State Accredited Affiliate of the Appraisal Institute
State of California Certified General Real Estate Appraiser No. AG015362

Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

Mark A. Watts

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 015362

Effective Date: August 16, 2019
Date Expires: August 15, 2021

Jim Martin, Bureau Chief, BREA

3046767

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"

STATE OF CALIFORNIA
LEGISLATIVE COUNSEL BUREAU
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL

Assembly Bill No. 1486

CHAPTER 664

An act to amend Sections 54220, 54221, 54222, 54222.3, 54223, 54225, 54226, 54227, 54230.5, 54233, and 65583.2 of, and to add Sections 54230.6, 54233.5, 54234, 65400.1, and 65585.1 to, the Government Code, relating to surplus land.

[Approved by Governor October 9, 2019. Filed with Secretary of State October 9, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1486, Ting. Surplus land.

(1) Existing law prescribes requirements for the disposal of surplus land by a local agency. Existing law defines "local agency" for these purposes as every city, county, city and county, and district, including school districts of any kind or class, empowered to acquire and hold real property. Existing law defines "surplus land" for these purposes as land owned by any local agency that is determined to be no longer necessary for the agency's use, except property being held by the agency for the purpose of exchange. Existing law defines "exempt surplus land" to mean land that is less than 5,000 square feet in area, less than the applicable minimum legal residential building lot size, or has no record access and is less than 10,000 square feet in area, and that is not contiguous to land owned by a state or local agency and used for park, recreational, open-space, or affordable housing.

This bill would expand the definition of "local agency" to include sewer, water, utility, and local and regional park districts, joint powers authorities, successor agencies to former redevelopment agencies, housing authorities, and other political subdivisions of this state and any instrumentality thereof that is empowered to acquire and hold real property, thereby requiring these entities to comply with these requirements for the disposal of surplus land. The bill would specify that the term "district" includes all districts within the state, and that this change is declaratory of existing law. The bill would revise the definition of "surplus land" to mean land owned in fee simple by any local agency, for which the local agency's governing body takes formal action, in a regular public meeting, declaring, supported by written findings, that the land is surplus and is not necessary for the agency's use, as defined. The bill would provide that "surplus land" for these purposes includes land held in the Community Redevelopment Property Trust Fund and land that has been designated in the long-range property management plan, either for sale or for future development, as specified. The bill would also broaden the definition of "exempt surplus land" to include specified types of lands.

(2) Existing law requires a local agency disposing of surplus land to send, prior to disposing of that property, a written offer to sell or lease the property

to specified entities. Existing law requires that a local agency, upon a written request, send a written offer to sell or lease surplus land to a housing sponsor, as defined, for the purpose of developing low- and moderate-income housing. Existing law also requires the local agency to send a written offer to sell or lease surplus land for the purpose of developing property located within an infill opportunity zone, designated as provided, to, among others, a community redevelopment agency.

This bill would instead require, except as provided, the local agency disposing of surplus land to send, prior to disposing of that property or participating in negotiations to dispose of that property with a prospective transferee, a written notice of availability. The bill would make various related conforming changes. With regards to a housing sponsor, the bill would require that a notice of availability be sent if the housing sponsor has notified the Department of Housing and Community Development of its interest in the land, rather than upon written request. With regards to surplus land to be used for the purpose of developing property located within an infill opportunity zone, as described above, the bill would instead require that the written notice of availability be sent to a successor agency to a former redevelopment agency. The bill would require the Department of Housing and Community Development to maintain an up-to-date listing of all notices of availability throughout the state on its internet website.

(3) After the disposing agency has received a notice from an entity desiring to purchase or lease the land, existing law requires the disposing agency to enter into good faith negotiations to determine a mutually satisfactory sales price or lease terms.

This bill would prohibit the terms agreed to pursuant to these negotiations from doing certain things, including, among other things, disallowing residential use of the site as a condition of the sale or lease.

(4) Existing law requires a local agency to give priority to the development of affordable housing for lower income elderly or disabled persons or households, and other lower income households when disposing of surplus land.

This bill would remove that priority.

(5) If the local agency receives offers from more than one entity that agrees to meet specified requirements related to the provision of affordable housing on the surplus land, existing law requires the local agency to give priority to the entity that proposes to provide the greatest number of units that meet those requirements. Notwithstanding that requirement, existing law requires the local agency to give first priority to an entity in specified circumstances.

In the event that more than one entity proposes the same number of units that meet the above-described affordable housing requirements, this bill would require that priority be given to the entity that proposes the deepest average level of affordability for the affordable units. The bill would authorize a local agency to negotiate concurrently with all entities that provide notice of interest to purchase or lease land for the purpose of developing affordable housing.

(6) Under existing law, failure by a local agency to comply with these requirements for the disposal of surplus land does not invalidate the transfer or conveyance of real property to a purchaser or encumbrancer for value.

This bill would require a local agency, prior to agreeing to terms for the disposition of surplus land, to provide the Department of Housing and Community Development with a specified description of the process followed to dispose of the land and a copy of any recorded restrictions against the property, as specified, in a form prescribed by the Department of Housing and Community Development. The bill would require the Department of Housing and Community Development to, among other things, review the description and submit written findings to the local agency within 30 days of receiving the description if the proposed disposal of the land will violate specified provisions of law. The bill would require the Department of Housing and Community Development to provide the local agency a reasonable time, as specified, to respond to the department's findings prior to taking certain actions and would require the local agency to take specified actions in response.

This bill would, with certain exceptions, impose a penalty of 30% of the final sale price of the land upon a local agency that disposes of land in violation of specified provisions of law after receiving the notification from the Department of Housing and Community Development to that effect, and a 50% penalty for subsequent violations. The bill would authorize specified entities or persons to bring an action against a local agency to enforce these provisions and would allow a local agency 60 days to cure or correct an alleged violation before the action may be brought, except as specified. The bill would require a penalty assessed pursuant to these provisions to be deposited into a local housing trust fund or, in certain circumstances, the Building Homes and Jobs Trust Fund or the Housing Rehabilitation Loan Fund, as provided. The bill would make the expenditure of penalty moneys deposited into the Building Homes and Jobs Trust Fund or the Housing Rehabilitation Loan Fund pursuant to these provisions subject to appropriation by the Legislature.

This bill would require the department to implement these provisions commencing on January 1, 2021.

(7) If a local agency does not agree to price and terms with an entity to which notice and an opportunity to purchase or lease are given and disposes of the surplus land to an entity that uses the property for the development of 10 or more residential units, existing law requires the purchasing entity or a successor in interest to provide not less than 15% of the total number of units developed on the parcels at an affordable housing cost or affordable rent to lower income households.

This bill would revise this requirement to apply if the local agency does not agree to price and terms with an entity to which notice of availability of land was given, or if no entity to which a notice of availability was given responds to that notice, and 10 or more residential units are developed on the property.

This bill, if a local agency that is a district, except as specified, disposes of surplus land where local zoning permits development of 10 or more residential units or is rezoned within 5 years of the disposal to permit the development of 10 or more residential units, and 10 or more residential units are developed on the property, would require not less than 15% of the total number of residential units developed on the parcel to be sold or rented at affordable housing cost or affordable rent to lower income households.

(8) The Planning and Zoning Law requires a city or county to adopt a general plan for land use development within its boundaries that includes, among other things, a housing element. That law requires the planning agency of a city or county to provide by April 1 of each year an annual report to, among other entities, the Department of Housing and Community Development that includes, among other specified information, the number of net new units of housing that have been issued a completed entitlement, a building permit, or a certificate of occupancy thus far in the housing element cycle, as provided.

This bill would require a city or county to include as a part of that report a listing of specified sites owned by the city or county that have been sold, leased, or otherwise disposed of in the prior year.

The Planning and Zoning Law requires that the housing element include, among other things, an inventory of land suitable for residential development to be used to identify sites that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need determined pursuant to specified law.

This bill would require the housing element to provide a description of nonvacant sites owned by the city or county and provide whether there are any plans to dispose of the property during the planning period and how the city or county will comply with specified provisions relating to the disposal of surplus land by a local agency.

(9) Existing law requires the Department of Housing and Community Development to notify a city or county and authorize notice to the Attorney General when a city or county has taken an action that violates the Housing Accountability Act, specified provisions relating to local housing elements, and the Density Bonus Law.

This bill would also require the Department of Housing and Community Development to notify the city or county and authorizes notice to the Attorney General when the city or county has taken an action that violates these provisions relating to surplus property.

(10) Existing law makes various findings and declarations as to the need for affordable housing and the use of surplus government land for that purpose.

This bill would revise these findings.

(11) This bill would incorporate additional changes to Section 65583.2 of the Government Code proposed by AB 957 to be operative only if this bill and AB 957 are enacted and this bill is enacted last.

(12) By adding to the duties of local officials with respect to the disposal of surplus land, and expanding the scope of local agencies subject to the bill's requirements, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

The people of the State of California do enact as follows:

SECTION 1. Section 54220 of the Government Code is amended to read:

54220. (a) The Legislature reaffirms its declaration that housing is of vital statewide importance to the health, safety, and welfare of the residents of this state and that provision of a decent home and a suitable living environment for every Californian is a priority of the highest order. The Legislature further declares that a shortage of sites available for housing for persons and families of low and moderate income is a barrier to addressing urgent statewide housing needs and that surplus government land, prior to disposition, should be made available for that purpose.

(b) The Legislature reaffirms its belief that there is an identifiable deficiency in the amount of land available for recreational purposes and that surplus land, prior to disposition, should be made available for park and recreation purposes or for open-space purposes. This article shall not apply to surplus residential property as defined in Section 54236.

(c) The Legislature reaffirms its declaration of the importance of appropriate planning and development near transit stations, to encourage the clustering of housing and commercial development around such stations. Studies of transit ridership in California indicate that a higher percentage of persons who live or work within walking distance of major transit stations utilize the transit system more than those living elsewhere, and that lower income households are more likely to use transit when living near a major transit station than higher income households. The sale or lease of surplus land at less than fair market value to facilitate the creation of affordable housing near transit is consistent with goals and objectives to achieve optimal transportation use. The Legislature also notes that the Federal Transit Administration gives priority for funding of rail transit proposals to areas that are implementing higher density, mixed-use, and affordable development near major transit stations.

SEC. 2. Section 54221 of the Government Code is amended to read:

54221. As used in this article, the following definitions shall apply:

(a) (1) "Local agency" means every city, whether organized under general law or by charter, county, city and county, district, including school, sewer,

water, utility, and local and regional park districts of any kind or class, joint powers authority, successor agency to a former redevelopment agency, housing authority, or other political subdivision of this state and any instrumentality thereof that is empowered to acquire and hold real property.

(2) The Legislature finds and declares that the term "district" as used in this article includes all districts within the state, including, but not limited to, all special districts, sewer, water, utility, and local and regional park districts, and any other political subdivision of this state that is a district, and therefore the changes in paragraph (1) made by the act adding this paragraph that specify that the provisions of this article apply to all districts, including school, sewer, water, utility, and local and regional park districts of any kind or class, are declaratory of, and not a change in, existing law.

(b) (1) "Surplus land" means land owned in fee simple by any local agency for which the local agency's governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency's use. Land shall be declared either "surplus land" or "exempt surplus land," as supported by written findings, before a local agency may take any action to dispose of it consistent with an agency's policies or procedures. A local agency, on an annual basis, may declare multiple parcels as "surplus land" or "exempt surplus land."

(2) "Surplus land" includes land held in the Community Redevelopment Property Trust Fund pursuant to Section 34191.4 of the Health and Safety Code and land that has been designated in the long-range property management plan approved by the Department of Finance pursuant to Section 34191.5 of the Health and Safety Code, either for sale or for future development, but does not include any specific disposal of land to an identified entity described in the plan.

(3) Nothing in this article prevents a local agency from obtaining fair market value for the disposition of surplus land consistent with Section 54226.

(c) (1) Except as provided in paragraph (2), "agency's use" shall include, but not be limited to, land that is being used, is planned to be used pursuant to a written plan adopted by the local agency's governing board for, or is disposed to support pursuant to subparagraph (B) of paragraph (2) agency work or operations, including, but not limited to, utility sites, watershed property, land being used for conservation purposes, land for demonstration, exhibition, or educational purposes related to greenhouse gas emissions, and buffer sites near sensitive governmental uses, including, but not limited to, waste water treatment plants.

(2) (A) "Agency's use" shall not include commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development. Property disposed of for the sole purpose of investment or generation of revenue shall not be considered necessary for the agency's use.

(B) In the case of a local agency that is a district, excepting those whose primary mission or purpose is to supply the public with a transportation system, "agency's use" may include commercial or industrial uses or

activities, including nongovernmental retail, entertainment, or office development or be for the sole purpose of investment or generation of revenue if the agency's governing body takes action in a public meeting declaring that the use of the site will do one of the following:

(i) Directly further the express purpose of agency work or operations.

(ii) Be expressly authorized by a statute governing the local agency, provided the district complies with Section 54233.5 where applicable.

(d) "Open-space purposes" means the use of land for public recreation, enjoyment of scenic beauty, or conservation or use of natural resources.

(e) "Persons and families of low or moderate income" has the same meaning as provided in Section 50093 of the Health and Safety Code.

(f) (1) Except as provided in paragraph (2), "exempt surplus land" means any of the following:

(A) Surplus land that is transferred pursuant to Section 25539.4.

(B) Surplus land that is (i) less than 5,000 square feet in area, (ii) less than the minimum legal residential building lot size for the jurisdiction in which the parcel is located, or 5,000 square feet in area, whichever is less, or (iii) has no record access and is less than 10,000 square feet in area; and is not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes. If the surplus land is not sold to an owner of contiguous land, it is not considered exempt surplus land and is subject to this article.

(C) Surplus land that a local agency is exchanging for another property necessary for the agency's use.

(D) Surplus land that a local agency is transferring to another local, state, or federal agency for the agency's use.

(E) Surplus land that is a former street, right of way, or easement, and is conveyed to an owner of an adjacent property.

(F) Surplus land that is put out to open, competitive bid by a local agency, provided all entities identified in subdivision (a) of Section 54222 will be invited to participate in the competitive bid process, for either of the following purposes:

(i) A housing development, which may have ancillary commercial ground floor uses, that restricts 100 percent of the residential units to persons and families of low or moderate income, with at least 75 percent of the residential units restricted to lower income households, as defined in Section 50079.5 of the Health and Safety Code, with an affordable sales price or an affordable rent, as defined in Sections 50052.5 or 50053 of the Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing, and in no event shall the maximum affordable sales price or rent level be higher than 20 percent below the median market rents or sales prices for the neighborhood in which the site is located.

(ii) A mixed-use development that is more than one acre in area, that includes not less than 300 housing units, and that restricts at least 25 percent of the residential units to lower income households, as defined in Section 50079.5 of the Health and Safety Code, with an affordable sales price or an affordable rent, as defined in Sections 50052.5 and 50053 of the Health and

Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing.

(G) Surplus land that is subject to valid legal restrictions that are not imposed by the local agency and that would make housing prohibited, unless there is a feasible method to satisfactorily mitigate or avoid the prohibition on the site. An existing nonresidential land use designation on the surplus land is not a legal restriction that would make housing prohibited for purposes of this subparagraph. Nothing in this article limits a local jurisdiction's authority or discretion to approve land use, zoning, or entitlement decisions in connection with the surplus land.

(H) Surplus land that was granted by the state in trust to a local agency or that was acquired by the local agency for trust purposes by purchase or exchange, and for which disposal of the land is authorized or required subject to conditions established by statute.

(I) Land that is subject to Sections 17388, 17515, 17536, 81192, 81397, 81399, 81420, and 81422 of the Education Code and Part 14 (commencing with Section 53570) of Division 31 of the Health and Safety Code, unless compliance with this article is expressly required.

(J) Real property that is used by a district for agency's use expressly authorized in subdivision (c).

(K) Land that has been transferred before June 30, 2019, by the state to a local agency pursuant to Section 32667 of the Streets and Highways Code and has a minimum planned residential density of at least one hundred dwelling units per acre, and includes 100 or more residential units that are restricted to persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code, with an affordable sales price or an affordable rent, as defined in Sections 50052.5 and 50053 of the Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing. For purposes of this paragraph, not more than 20 percent of the affordable units may be restricted to persons and families of moderate income and at least 80 percent of the affordable units must be restricted to persons and families of lower income as defined in Section 50079.5 of the Health and Safety Code.

(2) Notwithstanding paragraph (1), a written notice of the availability of surplus land for open-space purposes shall be sent to the entities described in subdivision (b) of Section 54222 prior to disposing of the surplus land, provided the land does not meet the criteria in subparagraph (H) of paragraph (1), if the land is any of the following:

(A) Within a coastal zone.

(B) Adjacent to a historical unit of the State Parks System.

(C) Listed on, or determined by the State Office of Historic Preservation to be eligible for, the National Register of Historic Places.

(D) Within the Lake Tahoe region as defined in Section 66905.5.

SEC. 3. Section 54222 of the Government Code is amended to read:

54222. Except as provided in Division 23 (commencing with Section 33000) of the Public Resources Code, any local agency disposing of surplus land shall send, prior to disposing of that property or participating in

negotiations to dispose of that property with a prospective transferee, a written notice of availability of the property to all of the following:

(a) (1) A written notice of availability for the purpose of developing low- and moderate-income housing shall be sent to any local public entity, as defined in Section 50079 of the Health and Safety Code, within whose jurisdiction the surplus land is located. Housing sponsors, as defined by Section 50074 of the Health and Safety Code, that have notified the Department of Housing and Community Development of their interest in surplus land shall be sent a notice of availability of surplus land for the purpose of developing low- and moderate-income housing. All notices shall be sent by electronic mail, or by certified mail, and shall include the location and a description of the property.

(2) The Department of Housing and Community Development shall maintain on its internet website an up-to-date listing of all notices of availability throughout the state.

(b) A written notice of availability for open-space purposes shall be sent:

(1) To any park or recreation department of any city within which the land may be situated.

(2) To any park or recreation department of the county within which the land is situated.

(3) To any regional park authority having jurisdiction within the area in which the land is situated.

(4) To the State Resources Agency or any agency that may succeed to its powers.

(c) A written notice of availability of land suitable for school facilities construction or use by a school district for open-space purposes shall be sent to any school district in whose jurisdiction the land is located.

(d) A written notice of availability for the purpose of developing property located within an infill opportunity zone designated pursuant to Section 65088.4 or within an area covered by a transit village plan adopted pursuant to the Transit Village Development Planning Act of 1994 (Article 8.5 (commencing with Section 65460) of Chapter 3 of Division 1 of Title 7) shall be sent to any county, city, city and county, successor agency to a former redevelopment agency, public transportation agency, or housing authority within whose jurisdiction the surplus land is located.

(e) The entity or association desiring to purchase or lease the surplus land for any of the purposes authorized by this section shall notify in writing the disposing agency of its interest in purchasing or leasing the land within 60 days after the agency's notice of availability of the land is sent via certified mail or provided via electronic mail.

(f) For the purposes of this section, "participating in negotiations" does not include the commissioning of appraisals, due diligence prior to disposition, discussions with brokers or real estate agents not representing a potential buyer, or other studies to determine value or best use of land, issuance of a request for qualifications, development of marketing materials, or discussions conducted exclusively among local agency employees and elected officials.

SEC. 4. Section 54222.3 of the Government Code is amended to read:

54222.3. This article shall not apply to the disposal of exempt surplus land as defined in Section 54221 by an agency of the state or any local agency.

SEC. 5. Section 54223 of the Government Code is amended to read:

54223. (a) After the disposing agency has received a notice of interest from the entity desiring to purchase or lease the land on terms that comply with this article, the disposing agency and the entity shall enter into good faith negotiations to determine a mutually satisfactory sales price and terms or lease terms. If the price or terms cannot be agreed upon after a good faith negotiation period of not less than 90 days, the land may be disposed of without further regard to this article, except that Section 54233 shall apply.

(b) Residential use shall be deemed an acceptable use for the surplus land for the purposes of good faith negotiations with a local agency conducted pursuant to this article. Nothing in this subdivision shall restrict a local jurisdiction's authority or discretion to approve land use, zoning, or entitlement decisions in connection with the surplus land. Except as provided in subdivision (c), terms agreed to pursuant to the negotiations shall not do any of the following:

(1) Disallow residential use of the site as a condition of the disposal.

(2) Reduce the allowable number of residential units or the maximum lot coverage below what may be allowed by zoning or general plan requirements.

(3) Require as a condition of disposal, any design standards or architectural requirements that would have a substantial adverse effect on the viability or affordability of a housing development for very low, low-, or moderate-income households, other than the minimum standards required by general plan, zoning, and subdivision standards and criteria.

(c) Terms agreed to pursuant to the negotiations required by subdivision (a) may include limitations on residential use or density if, without the limitations, the residential use or density would have a specific, adverse impact, supported by written findings, upon the public health or safety or upon the operation or facilities of a local agency, and there is no feasible method to satisfactorily mitigate the impact.

SEC. 6. Section 54225 of the Government Code is amended to read:

54225. Any public agency disposing of surplus land to an entity described in Section 54222 that intends to use the land for park or recreation purposes, for open-space purposes, for school purposes, or for low- and moderate-income housing purposes may provide for a payment period of up to 20 years in any contract of sale or sale by trust deed for the land. The payment period for surplus land disposed of for housing for persons and families of low and moderate income may exceed 20 years, but the payment period shall not exceed the term that the land is required to be used for low- or moderate-income housing.

SEC. 7. Section 54226 of the Government Code is amended to read:

54226. This article shall not be interpreted to limit the power of any local agency to sell or lease surplus land at fair market value or at less than

fair market value, and any sale or lease at or less than fair market value consistent with this article shall not be construed as inconsistent with an agency's purpose. No provision of this article shall be applied when it conflicts with any other provision of statutory law.

SEC. 8. Section 54227 of the Government Code is amended to read:

54227. (a) In the event that any local agency disposing of surplus land receives a notice of interest to purchase or lease that land from more than one of the entities to which notice of available surplus land was given pursuant to this article, the local agency shall give first priority to the entity or entities that agree to use the site for housing that meets the requirements of Section 54222.5. If the local agency receives offers from more than one entity that agrees to meet the requirements of Section 54222.5, then the local agency shall give priority to the entity that proposes to provide the greatest number of units that meet the requirements of Section 54222.5. In the event that more than one entity proposes the same number of units that meet the requirements of Section 54222.5, priority shall be given to the entity that proposes the deepest average level of affordability for the affordable units. A local agency may negotiate concurrently with all entities that provide notice of interest for the purpose of developing affordable housing that meets the requirements of Section 54222.5.

(b) Notwithstanding subdivision (a), first priority shall be given to an entity that agrees to use the site for park or recreational purposes if the land being offered is already being used and will continue to be used for park or recreational purposes, or if the land is designated for park and recreational use in the local general plan and will be developed for that purpose.

SEC. 9. Section 54230.5 of the Government Code is amended to read:

54230.5. (a) (1) A local agency that disposes of land in violation of this article after receiving a notification from the Department of Housing and Community Development pursuant to subdivision (b) that the local agency is in violation of this article shall be liable for a penalty of 30 percent of the final sale price of the land sold in violation of this article for a first violation and 50 percent for any subsequent violation. An entity identified in Section 54222 or a person who would have been eligible to apply for residency in any affordable housing developed or a housing organization as defined in Section 65589.5, or any beneficially interested person or entity may bring an action to enforce this section. A local agency shall have 60 days to cure or correct an alleged violation before an action may be brought to enforce this section, unless the local agency disposes of the land before curing or correcting the alleged violation, or the department deems the alleged violation not to be a violation in less than 60 days.

(2) A penalty assessed pursuant to this subdivision shall, except as otherwise provided, be deposited into a local housing trust fund. The local agency may elect to instead deposit the penalty moneys into the Building Homes and Jobs Trust Fund or the Housing Rehabilitation Loan Fund. Penalties shall not be paid out of funds already dedicated to affordable housing, including, but not limited to, Low and Moderate Income Housing Asset Funds, funds dedicated to housing for very low, low-, and

moderate-income households, and federal HOME Investment Partnerships Program and Community Development Block Grant Program funds. The local agency shall commit and expend the penalty moneys deposited into the local housing trust fund within five years of deposit for the sole purpose of financing newly constructed housing units that are affordable to extremely low, very low, or low-income households.

(3) Five years after deposit of the penalty moneys into the local housing trust fund, if the funds have not been expended, the funds shall revert to the state and be deposited in the Building Homes and Jobs Trust Fund or the Housing Rehabilitation Loan Fund for the sole purpose of financing newly constructed housing units located in the same jurisdiction as the surplus land and that are affordable to extremely low, very low, or low-income households. Expenditure of any penalty moneys deposited into the Building Homes and Jobs Trust Fund or the Housing Rehabilitation Loan Fund pursuant to this subdivision shall be subject to appropriation by the Legislature.

(b) (1) Prior to agreeing to terms for the disposition of surplus land, a local agency shall provide to the Department of Housing and Community Development a description of the notices of availability sent, and negotiations conducted with any responding entities, in regard to the disposal of the parcel of surplus land and a copy of any restrictions to be recorded against the property pursuant to Section 54233 or 54233.5, whichever is applicable, in a form prescribed by the Department of Housing and Community Development. A local agency may submit this information after it has sent notices of availability required by Section 54222 and concluded negotiations with any responding agencies. A local agency shall not be liable for the penalty imposed by subdivision (a) if the Department of Housing and Community Development does not notify the agency that the agency is in violation of this article within 30 days of receiving the description.

(2) The Department of Housing and Community Development shall do all of the following:

(A) Make available educational resources and materials that informs each agency of its obligations under this article and that provides guidance on how to comply with its provisions.

(B) Review information submitted pursuant to paragraph (1).

(C) Submit written findings to the local agency within 30 days of receipt of the description required by paragraph (1) from the local agency if the proposed disposal of the land will violate this article.

(D) Review, adopt, amend, or repeal guidelines to establish uniform standards to implement this section. The guidelines adopted pursuant to this subdivision are not subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2.

(E) Provide the local agency reasonable time, but not less than 60 days, to respond to the findings before taking any other action authorized by this section.

(3) (A) The local agency shall consider findings made by the Department of Housing and Community Development pursuant to subparagraph (B) of paragraph (2) and shall do one of the following:

(i) Correct any issues identified by the Department of Housing and Community Development.

(ii) Provide written findings explaining the reason its process for disposing of surplus land complies with this article and addressing the Department of Housing and Community Development's findings.

(B) If the local agency does not correct issues identified by the Department of Housing and Community Development, does not provide findings explaining the reason its process for disposing of surplus land complies with this article and addressing the Department of Housing and Community Development's findings, or if the Department of Housing and Community Development finds that the local agency's findings are deficient in addressing the issues identified by the Department of Housing and Community Development, the Department of Housing and Community Development shall notify the local agency, and may notify the Attorney General, that the local agency is in violation of this article.

(c) The Department of Housing and Community Development shall implement the changes in this section made by the act adding this subdivision commencing on January 1, 2021.

(d) Notwithstanding subdivision (c), this section shall not be construed to limit any other remedies authorized under law to enforce this article including public records act requests pursuant to Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1.

SEC. 10. Section 54230.6 is added to the Government Code, to read:

54230.6. The failure by a local agency to comply with this article shall not invalidate the transfer or conveyance of real property to a purchaser or encumbrancer for value.

SEC. 11. Section 54233 of the Government Code is amended to read:

54233. If the local agency does not agree to price and terms with an entity to which notice of availability of land was given pursuant to this article, or if no entity to which a notice of availability was given pursuant to this article responds to that notice, and 10 or more residential units are developed on the property, not less than 15 percent of the total number of residential units developed on the parcels shall be sold or rented at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or affordable rent, as defined in Section 50053 of the Health and Safety Code, to lower income households, as defined in Section 50079.5 of the Health and Safety Code. Rental units shall remain affordable to, and occupied by, lower income households for a period of at least 55 years for rental housing and 45 years for ownership housing. The initial occupants of all ownership units shall be lower income households, and the units shall be subject to an equity sharing agreement consistent with the provisions of paragraph (2) of subdivision (c) of Section 65915. These requirements shall be contained in a covenant or restriction recorded against the surplus land prior to land use entitlement of the project, and the covenant or restriction

shall run with the land and shall be enforceable, against any owner who violates a covenant or restriction and each successor in interest who continues the violation, by any of the entities described in subdivisions (a) to (f), inclusive, of Section 54222.5. A local agency shall provide a copy of any restrictions recorded against the property to the Department of Housing and Community Development on a form prescribed by the department.

SEC. 12. Section 54233.5 is added to the Government Code, to read:

54233.5. If a local agency that is a district, excepting those whose primary mission or purpose is to supply the public with a transportation system, disposes of surplus land where local zoning permits development of 10 or more residential units or is rezoned within five years of the disposal to permit the development of 10 or more residential units, and 10 or more residential units are developed on the property, not less than 15 percent of the total number of residential units developed on the parcel shall be sold or rented at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or affordable rent, as defined in Section 50053 of the Health and Safety Code, to lower income households as defined in Section 50079.5 of the Health and Safety Code. Rental units shall remain affordable to, and occupied by, lower income households for a period of at least 55 years for rental housing and 45 years for ownership housing. The initial occupants of all ownership units shall be lower income households, and the units shall be subject to an equity sharing agreement consistent with the provisions of paragraph (2) of subdivision (c) of Section 65915. These requirements shall be contained in a covenant or restriction recorded against the restriction and each successor in interest who continues the violation, by any of the entities described in subdivisions (a) to (f), inclusive, of Section 54222.5. This section shall not apply to projects as defined in subdivision (j) of Section 32121 of the Health and Safety Code. A local agency shall provide a copy of any restrictions recorded against the property to the Department of Housing and Community Development in a form prescribed by the department.

SEC. 13. Section 54234 is added to the Government Code, to read:

54234. (a) (1) If a local agency, as of September 30, 2019, has entered into an exclusive negotiating agreement or legally binding agreement to dispose of property, the provisions of this article as it existed on December 31, 2019, shall apply, without regard to the changes made to this article by the act adding this section, to the disposition of the property to the party that had entered into such agreement or its successors or assigns, provided the disposition is completed not later than December 31, 2022.

(2) The dates specified in paragraph (1) by which the disposition of property must be completed shall be extended if the disposition of property, the local agency's right or ability to dispose of the property, or a development project for which such property is proposed to be transferred, is the subject of judicial challenge, by petition for writ of mandate, complaint for declaratory relief or otherwise, to the date that is six months following the final conclusion of such litigation.

(b) (1) With respect to land held in the Community Redevelopment Property Trust Fund pursuant to Section 34191.4 of the Health and Safety Code, or that has been designated in a long-range property management plan pursuant to Section 34191.5 of the Health and Safety Code, either for sale or retained for future development, this article as it existed on December 31, 2019, without regard to the changes made to this article by the act adding this section which take effect on January 1, 2020, shall apply to the disposition of such property if both of the following apply:

(A) An exclusive negotiating agreement or legally binding agreement for disposition is entered into not later than December 31, 2020.

(B) The disposition is completed not later than December 31, 2022.

(2) If land described in paragraph (1) is the subject of litigation, including, but not limited to, litigation challenging the disposition of such property, the right or ability to dispose of the property, or a development project for which such property is proposed to be transferred, the dates specified in paragraph (1) shall be extended to the date that is six months following the final conclusion of such litigation.

(c) Nothing in this section shall authorize or excuse any violation of the provisions of this article as it existed on December 31, 2019, in the disposition of any property to which such provisions apply pursuant to subdivision (a) or (b).

SEC. 14. Section 65400.1 is added to the Government Code, to read:

65400.1. In the annual report provided by the planning agency to the legislative body, the Office of Planning and Research, and the Department of Housing and Community Development required pursuant to paragraph (2) of subdivision (a) of Section 65400, the planning agency shall also include a listing of sites owned by the city or county and included in the inventory prepared pursuant to Section 65583.2 that have been sold, leased, or otherwise disposed of in the prior year. The list shall include the entity to whom each site was transferred and the intended use for the site.

SEC. 15. Section 65583.2 of the Government Code, as amended by Section 3 of Chapter 958 of the Statutes of 2018, is amended to read:

65583.2. (a) A city's or county's inventory of land suitable for residential development pursuant to paragraph (3) of subdivision (a) of Section 65583 shall be used to identify sites throughout the community, consistent with paragraph (9) of subdivision (c) of Section 65583, that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels pursuant to Section 65584. As used in this section, "land suitable for residential development" includes all of the sites that meet the standards set forth in subdivisions (c) and (g):

(1) Vacant sites zoned for residential use.

(2) Vacant sites zoned for nonresidential use that allows residential development.

(3) Residentially zoned sites that are capable of being developed at a higher density, including the airspace above sites owned or leased by a city, county, or city and county.

(4) Sites zoned for nonresidential use that can be redeveloped for residential use, and for which the housing element includes a program to rezone the site, as necessary, rezoned for, to permit residential use, including sites owned or leased by a city, county, or city and county.

(b) The inventory of land shall include all of the following:

(1) A listing of properties by assessor parcel number.

(2) The size of each property listed pursuant to paragraph (1), and the general plan designation and zoning of each property.

(3) For nonvacant sites, a description of the existing use of each property. If a site subject to this paragraph is owned by the city or county, the description shall also include whether there are any plans to dispose of the property during the planning period and how the city or county will comply with Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5.

(4) A general description of any environmental constraints to the development of housing within the jurisdiction, the documentation for which has been made available to the jurisdiction. This information need not be identified on a site-specific basis.

(5) (A) A description of existing or planned water, sewer, and other dry utilities supply, including the availability and access to distribution facilities.

(B) Parcels included in the inventory must have sufficient water, sewer, and dry utilities supply available and accessible to support housing development or be included in an existing general plan program or other mandatory program or plan, including a program or plan of a public or private entity providing water or sewer service, to secure sufficient water, sewer, and dry utilities supply to support housing development. This paragraph does not impose any additional duty on the city or county to construct, finance, or otherwise provide water, sewer, or dry utilities to parcels included in the inventory.

(6) Sites identified as available for housing for above moderate-income households in areas not served by public sewer systems. This information need not be identified on a site-specific basis.

(7) A map that shows the location of the sites included in the inventory, such as the land use map from the jurisdiction's general plan, for reference purposes only.

(c) Based on the information provided in subdivision (b), a city or county shall determine whether each site in the inventory can accommodate the development of some portion of its share of the regional housing need by income level during the planning period, as determined pursuant to Section 65584. The inventory shall specify for each site the number of units that can realistically be accommodated on that site and whether the site is adequate to accommodate lower income housing, moderate-income housing, or above moderate-income housing. A nonvacant site identified pursuant to paragraph (3) or (4) of subdivision (a) in a prior housing element and a vacant site that has been included in two or more consecutive planning periods that was not approved to develop a portion of the locality's housing need shall not be deemed adequate to accommodate a portion of the housing

need for lower income households that must be accommodated in the current housing element planning period unless the site is zoned at residential densities consistent with paragraph (3) of this subdivision and the site is subject to a program in the housing element requiring rezoning within three years of the beginning of the planning period to allow residential use by right for housing developments in which at least 20 percent of the units are affordable to lower income households. A city that is an unincorporated area in a nonmetropolitan county pursuant to clause (ii) of subparagraph (B) of paragraph (3) shall not be subject to the requirements of this subdivision to allow residential use by right. The analysis shall determine whether the inventory can provide for a variety of types of housing, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. The city or county shall determine the number of housing units that can be accommodated on each site as follows:

(1) If local law or regulations require the development of a site at a minimum density, the department shall accept the planning agency's calculation of the total housing unit capacity on that site based on the established minimum density. If the city or county does not adopt a law or regulation requiring the development of a site at a minimum density, then it shall demonstrate how the number of units determined for that site pursuant to this subdivision will be accommodated.

(2) The number of units calculated pursuant to paragraph (1) shall be adjusted as necessary, based on the land use controls and site improvements requirement identified in paragraph (5) of subdivision (a) of Section 65583, the realistic development capacity for the site, typical densities of existing or approved residential developments at a similar affordability level in that jurisdiction, and on the current or planned availability and accessibility of sufficient water, sewer, and dry utilities.

(A) A site smaller than half an acre shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site is adequate to accommodate lower income housing.

(B) A site larger than 10 acres shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site can be developed as lower income housing. For purposes of this subparagraph, "site" means that portion of a parcel or parcels designated to accommodate lower income housing needs pursuant to this subdivision.

(C) A site may be presumed to be realistic for development to accommodate lower income housing need if, at the time of the adoption of

the housing element, a development affordable to lower income households has been proposed and approved for development on the site.

(3) For the number of units calculated to accommodate its share of the regional housing need for lower income households pursuant to paragraph (2), a city or county shall do either of the following:

(A) Provide an analysis demonstrating how the adopted densities accommodate this need. The analysis shall include, but is not limited to, factors such as market demand, financial feasibility, or information based on development project experience within a zone or zones that provide housing for lower income households.

(B) The following densities shall be deemed appropriate to accommodate housing for lower income households:

(i) For an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan area: sites allowing at least 15 units per acre.

(ii) For an unincorporated area in a nonmetropolitan county not included in clause (i): sites allowing at least 10 units per acre.

(iii) For a suburban jurisdiction: sites allowing at least 20 units per acre.

(iv) For a jurisdiction in a metropolitan county: sites allowing at least 30 units per acre.

(d) For purposes of this section, a metropolitan county, nonmetropolitan county, and nonmetropolitan county with a micropolitan area shall be as determined by the United States Census Bureau. A nonmetropolitan county with a micropolitan area includes the following counties: Del Norte, Humboldt, Lake, Mendocino, Nevada, Tehama, and Tuolumne and other counties as may be determined by the United States Census Bureau to be nonmetropolitan counties with micropolitan areas in the future.

(e) (1) Except as provided in paragraph (2), a jurisdiction shall be considered suburban if the jurisdiction does not meet the requirements of clauses (i) and (ii) of subparagraph (B) of paragraph (3) of subdivision (c) and is located in a Metropolitan Statistical Area (MSA) of less than 2,000,000 in population, unless that jurisdiction's population is greater than 100,000, in which case it shall be considered metropolitan. A county, not including the City and County of San Francisco, shall be considered suburban unless the county is in an MSA of 2,000,000 or greater in population in which case the county shall be considered metropolitan.

(2) (A) (i) Notwithstanding paragraph (1), if a county that is in the San Francisco-Oakland-Fremont California MSA has a population of less than 400,000, that county shall be considered suburban. If this county includes an incorporated city that has a population of less than 100,000, this city shall also be considered suburban. This paragraph shall apply to a housing element revision cycle, as described in subparagraph (A) of paragraph (3) of subdivision (e) of Section 65588, that is in effect from July 1, 2014, to December 31, 2028, inclusive.

(ii) A county subject to this subparagraph shall utilize the sum existing in the county's housing trust fund as of June 30, 2013, for the development

and preservation of housing affordable to low- and very low income households.

(B) A jurisdiction that is classified as suburban pursuant to this paragraph shall report to the Assembly Committee on Housing and Community Development, the Senate Committee on Housing, and the Department of Housing and Community Development regarding its progress in developing low- and very low income housing consistent with the requirements of Section 65400. The report shall be provided three times: once, on or before December 31, 2019, which report shall address the initial four years of the housing element cycle, a second time, on or before December 31, 2023, which report shall address the subsequent four years of the housing element cycle, and a third time, on or before December 31, 2027, which report shall address the subsequent four years of the housing element cycle and the cycle as a whole. The reports shall be provided consistent with the requirements of Section 9795.

(f) A jurisdiction shall be considered metropolitan if the jurisdiction does not meet the requirements for "suburban area" above and is located in an MSA of 2,000,000 or greater in population, unless that jurisdiction's population is less than 25,000 in which case it shall be considered suburban.

(g) (1) For sites described in paragraph (3) of subdivision (b), the city or county shall specify the additional development potential for each site within the planning period and shall provide an explanation of the methodology used to determine the development potential. The methodology shall consider factors including the extent to which existing uses may constitute an impediment to additional residential development, the city's or county's past experience with converting existing uses to higher density residential development, the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites.

(2) In addition to the analysis required in paragraph (1), when a city or county is relying on nonvacant sites described in paragraph (3) of subdivision (b) to accommodate 50 percent or more of its housing need for lower income households, the methodology used to determine additional development potential shall demonstrate that the existing use identified pursuant to paragraph (3) of subdivision (b) does not constitute an impediment to additional residential development during the period covered by the housing element. An existing use shall be presumed to impede additional residential development, absent findings based on substantial evidence that the use is likely to be discontinued during the planning period.

(3) Notwithstanding any other law, and in addition to the requirements in paragraphs (1) and (2), sites that currently have residential uses, or within the past five years have had residential uses that have been vacated or demolished, that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low

or very low income, subject to any other form of rent or price control through a public entity's valid exercise of its police power, or occupied by low or very low income households, shall be subject to a policy requiring the replacement of all those units affordable to the same or lower income level as a condition of any development on the site. Replacement requirements shall be consistent with those set forth in paragraph (3) of subdivision (c) of Section 65915.

(h) The program required by subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583 shall accommodate 100 percent of the need for housing for very low and low-income households allocated pursuant to Section 65584 for which site capacity has not been identified in the inventory of sites pursuant to paragraph (3) of subdivision (a) on sites that shall be zoned to permit owner-occupied and rental multifamily residential use by right for developments in which at least 20 percent of the units are affordable to lower income households during the planning period. These sites shall be zoned with minimum density and development standards that permit at least 16 units per site at a density of at least 16 units per acre in jurisdictions described in clause (i) of subparagraph (B) of paragraph (3) of subdivision (c), shall be at least 20 units per acre in jurisdictions described in clauses (iii) and (iv) of subparagraph (B) of paragraph (3) of subdivision (c) and shall meet the standards set forth in subparagraph (B) of paragraph (5) of subdivision (b). At least 50 percent of the very low and low-income housing need shall be accommodated on sites designated for residential use and for which nonresidential uses or mixed uses are not permitted, except that a city or county may accommodate all of the very low and low-income housing need on sites designated for mixed uses if those sites allow 100 percent residential use and require that residential use occupy 50 percent of the total floor area of a mixed-use project.

(i) For purposes of this section and Section 65583, the phrase "use by right" shall mean that the local government's review of the owner-occupied or multifamily residential use may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Any subdivision of the sites shall be subject to all laws, including, but not limited to, the local government ordinance implementing the Subdivision Map Act. A local ordinance may provide that "use by right" does not exempt the use from design review. However, that design review shall not constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Use by right for all rental multifamily residential housing shall be provided in accordance with subdivision (f) of Section 65589.5.

(j) Notwithstanding any other provision of this section, within one-half mile of a Sonoma-Marin Area Rail Transit station, housing density requirements in place on June 30, 2014, shall apply.

(k) For purposes of subdivisions (a) and (b), the department shall provide guidance to local governments to properly survey, detail, and account for sites listed pursuant to Section 65585.

(*l*) This section shall remain in effect only until December 31, 2028, and as of that date is repealed.

SEC. 15.5. Section 65583.2 of the Government Code, as amended by Section 3 of Chapter 958 of the Statutes of 2018, is amended to read:

65583.2. (a) A city's or county's inventory of land suitable for residential development pursuant to paragraph (3) of subdivision (a) of Section 65583 shall be used to identify sites throughout the community, consistent with paragraph (9) of subdivision (c) of Section 65583, that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels pursuant to Section 65584. As used in this section, "land suitable for residential development" includes all of the sites that meet the following standards set forth in subdivisions (c) and (g):

(1) Vacant sites zoned for residential use.

(2) Vacant sites zoned for nonresidential use that allows residential development.

(3) Residentially zoned sites that are capable of being developed at a higher density, including sites owned or leased by a city, county, or city and county.

(4) Sites zoned for nonresidential use that can be redeveloped for residential use, and for which the housing element includes a program to rezone the site, as necessary, rezoned for, to permit residential use, including sites owned or leased by a city, county, or city and county.

(b) The inventory of land shall include all of the following:

(1) A listing of properties by assessor parcel number.

(2) The size of each property listed pursuant to paragraph (1), and the general plan designation and zoning of each property.

(3) For nonvacant sites, a description of the existing use of each property. If a site subject to this paragraph is owned by the city or county, the description shall also include whether there are any plans to dispose of the property during the planning period and how the city or county will comply with Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5.

(4) A general description of any environmental constraints to the development of housing within the jurisdiction, the documentation for which has been made available to the jurisdiction. This information need not be identified on a site-specific basis.

(5) (A) A description of existing or planned water, sewer, and other dry utilities supply, including the availability and access to distribution facilities.

(B) Parcels included in the inventory must have sufficient water, sewer, and dry utilities supply available and accessible to support housing development or be included in an existing general plan program or other mandatory program or plan, including a program or plan of a public or private entity providing water or sewer service, to secure sufficient water,

sewer, and dry utilities supply to support housing development. This paragraph does not impose any additional duty on the city or county to construct, finance, or otherwise provide water, sewer, or dry utilities to parcels included in the inventory.

(6) Sites identified as available for housing for above moderate-income households in areas not served by public sewer systems. This information need not be identified on a site-specific basis.

(7) A map that shows the location of the sites included in the inventory, such as the land use map from the jurisdiction's general plan, for reference purposes only.

(c) Based on the information provided in subdivision (b), a city or county shall determine whether each site in the inventory can accommodate the development of some portion of its share of the regional housing need by income level during the planning period, as determined pursuant to Section 65584. The inventory shall specify for each site the number of units that can realistically be accommodated on that site and whether the site is adequate to accommodate lower income housing, moderate-income housing, or above moderate-income housing. A nonvacant site identified pursuant to paragraph (3) or (4) of subdivision (a) in a prior housing element and a vacant site that has been included in two or more consecutive planning periods that was not approved to develop a portion of the locality's housing need shall not be deemed adequate to accommodate a portion of the housing need for lower income households that must be accommodated in the current housing element planning period unless the site is zoned at residential densities consistent with paragraph (3) of this subdivision and the site is subject to a program in the housing element requiring rezoning within three years of the beginning of the planning period to allow residential use by right for housing developments in which at least 20 percent of the units are affordable to lower income households. An unincorporated area in a nonmetropolitan county pursuant to clause (ii) of subparagraph (B) of paragraph (3) shall not be subject to the requirements of this subdivision to allow residential use by right. The analysis shall determine whether the inventory can provide for a variety of types of housing, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. The city or county shall determine the number of housing units that can be accommodated on each site as follows:

(1) If local law or regulations require the development of a site at a minimum density, the department shall accept the planning agency's calculation of the total housing unit capacity on that site based on the established minimum density. If the city or county does not adopt a law or regulation requiring the development of a site at a minimum density, then it shall demonstrate how the number of units determined for that site pursuant to this subdivision will be accommodated.

(2) The number of units calculated pursuant to paragraph (1) shall be adjusted as necessary, based on the land use controls and site improvements requirement identified in paragraph (5) of subdivision (a) of Section 65583,

the realistic development capacity for the site, typical densities of existing or approved residential developments at a similar affordability level in that jurisdiction, and on the current or planned availability and accessibility of sufficient water, sewer, and dry utilities.

(A) A site smaller than half an acre shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site is adequate to accommodate lower income housing.

(B) A site larger than 10 acres shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site can be developed as lower income housing. For purposes of this subparagraph, "site" means that portion of a parcel or parcels designated to accommodate lower income housing needs pursuant to this subdivision.

(C) A site may be presumed to be realistic for development to accommodate lower income housing need if, at the time of the adoption of the housing element, a development affordable to lower income households has been proposed and approved for development on the site.

(3) For the number of units calculated to accommodate its share of the regional housing need for lower income households pursuant to paragraph (2), a city or county shall do either of the following:

(A) Provide an analysis demonstrating how the adopted densities accommodate this need. The analysis shall include, but is not limited to, factors such as market demand, financial feasibility, or information based on development project experience within a zone or zones that provide housing for lower income households.

(B) The following densities shall be deemed appropriate to accommodate housing for lower income households:

(i) For an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan area: sites allowing at least 15 units per acre.

(ii) For an unincorporated area in a nonmetropolitan county not included in clause (i): sites allowing at least 10 units per acre.

(iii) For a suburban jurisdiction: sites allowing at least 20 units per acre.

(iv) For a jurisdiction in a metropolitan county: sites allowing at least 30 units per acre.

(d) For purposes of this section, a metropolitan county, nonmetropolitan county, and nonmetropolitan county with a micropolitan area shall be as determined by the United States Census Bureau. A nonmetropolitan county with a micropolitan area includes the following counties: Del Norte, Humboldt, Lake, Mendocino, Nevada, Tehama, and Tuolumne and other

counties as may be determined by the United States Census Bureau to be nonmetropolitan counties with micropolitan areas in the future.

(e) (1) Except as provided in paragraph (2), a jurisdiction shall be considered suburban if the jurisdiction does not meet the requirements of clauses (i) and (ii) of subparagraph (B) of paragraph (3) of subdivision (c) and is located in a Metropolitan Statistical Area (MSA) of less than 2,000,000 in population, unless that jurisdiction's population is greater than 100,000, in which case it shall be considered metropolitan. A county, not including the City and County of San Francisco, shall be considered suburban unless the county is in an MSA of 2,000,000 or greater in population in which case the county shall be considered metropolitan.

(2) (A) (i) Notwithstanding paragraph (1), if a county that is in the San Francisco-Oakland-Fremont California MSA has a population of less than 400,000, that county shall be considered suburban. If this county includes an incorporated city that has a population of less than 100,000, this city shall also be considered suburban. This paragraph shall apply to a housing element revision cycle, as described in subparagraph (A) of paragraph (3) of subdivision (e) of Section 65588, that is in effect from July 1, 2014, to December 31, 2028, inclusive.

(ii) A county subject to this subparagraph shall utilize the sum existing in the county's housing trust fund as of June 30, 2013, for the development and preservation of housing affordable to low- and very low income households.

(B) A jurisdiction that is classified as suburban pursuant to this paragraph shall report to the Assembly Committee on Housing and Community Development, the Senate Committee on Housing, and the Department of Housing and Community Development regarding its progress in developing low- and very low income housing consistent with the requirements of Section 65400. The report shall be provided three times: once, on or before December 31, 2019, which report shall address the initial four years of the housing element cycle, a second time, on or before December 31, 2023, which report shall address the subsequent four years of the housing element cycle, and a third time, on or before December 31, 2027, which report shall address the subsequent four years of the housing element cycle and the cycle as a whole. The reports shall be provided consistent with the requirements of Section 9795.

(f) A jurisdiction shall be considered metropolitan if the jurisdiction does not meet the requirements for "suburban area" above and is located in an MSA of 2,000,000 or greater in population, unless that jurisdiction's population is less than 25,000 in which case it shall be considered suburban.

(g) (1) For sites described in paragraph (3) of subdivision (b), the city or county shall specify the additional development potential for each site within the planning period and shall provide an explanation of the methodology used to determine the development potential. The methodology shall consider factors including the extent to which existing uses may constitute an impediment to additional residential development, the city's or county's past experience with converting existing uses to higher density

residential development, the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites.

(2) In addition to the analysis required in paragraph (1), when a city or county is relying on nonvacant sites described in paragraph (3) of subdivision (b) to accommodate 50 percent or more of its housing need for lower income households, the methodology used to determine additional development potential shall demonstrate that the existing use identified pursuant to paragraph (3) of subdivision (b) does not constitute an impediment to additional residential development during the period covered by the housing element. An existing use shall be presumed to impede additional residential development, absent findings based on substantial evidence that the use is likely to be discontinued during the planning period.

(3) Notwithstanding any other law, and in addition to the requirements in paragraphs (1) and (2), sites that currently have residential uses, or within the past five years have had residential uses that have been vacated or demolished, that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low or very low income, subject to any other form of rent or price control through a public entity's valid exercise of its police power, or occupied by low or very low income households, shall be subject to a policy requiring the replacement of all those units affordable to the same or lower income level as a condition of any development on the site. Replacement requirements shall be consistent with those set forth in paragraph (3) of subdivision (c) of Section 65915.

(h) The program required by subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583 shall accommodate 100 percent of the need for housing for very low and low-income households allocated pursuant to Section 65584 for which site capacity has not been identified in the inventory of sites pursuant to paragraph (3) of subdivision (a) on sites that shall be zoned to permit owner-occupied and rental multifamily residential use by right for developments in which at least 20 percent of the units are affordable to lower income households during the planning period. These sites shall be zoned with minimum density and development standards that permit at least 16 units per site at a density of at least 16 units per acre in jurisdictions described in clause (i) of subparagraph (B) of paragraph (3) of subdivision (c), shall be at least 20 units per acre in jurisdictions described in clauses (iii) and (iv) of subparagraph (B) of paragraph (3) of subdivision (c) and shall meet the standards set forth in subparagraph (B) of paragraph (5) of subdivision (b). At least 50 percent of the very low and low-income housing need shall be accommodated on sites designated for residential use and for which nonresidential uses or mixed uses are not permitted, except that a city or county may accommodate all of the very low and low-income housing need on sites designated for mixed uses if those sites allow 100 percent

residential use and require that residential use occupy 50 percent of the total floor area of a mixed-use project.

(i) For purposes of this section and Section 65583, the phrase "use by right" shall mean that the local government's review of the owner-occupied or multifamily residential use may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Any subdivision of the sites shall be subject to all laws, including, but not limited to, the local government ordinance implementing the Subdivision Map Act. A local ordinance may provide that "use by right" does not exempt the use from design review. However, that design review shall not constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Use by right for all rental multifamily residential housing shall be provided in accordance with subdivision (f) of Section 65589.5.

(j) Notwithstanding any other provision of this section, within one-half mile of a Sonoma-Marin Area Rail Transit station, housing density requirements in place on June 30, 2014, shall apply.

(k) For purposes of subdivisions (a) and (b), the department shall provide guidance to local governments to properly survey, detail, and account for sites listed pursuant to Section 65585.

(*l*) This section shall remain in effect only until December 31, 2028, and as of that date is repealed.

SEC. 16. Section 65583.2 of the Government Code, as amended by Section 4 of Chapter 958 of the Statutes of 2018, is amended to read:

65583.2. (a) A city's or county's inventory of land suitable for residential development pursuant to paragraph (3) of subdivision (a) of Section 65583 shall be used to identify sites throughout the community, consistent with paragraph (9) of subdivision (c) of Section 65583, that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels pursuant to Section 65584. As used in this section, "land suitable for residential development" includes all of the sites that meet the standards set forth in subdivisions (c) and (g):

(1) Vacant sites zoned for residential use.

(2) Vacant sites zoned for nonresidential use that allows residential development.

(3) Residentially zoned sites that are capable of being developed at a higher density, and sites owned or leased by a city, county, or city and county.

(4) Sites zoned for nonresidential use that can be redeveloped for residential use, and for which the housing element includes a program to rezone the sites, as necessary, to permit residential use, including sites owned or leased by a city, county, or city and county.

(b) The inventory of land shall include all of the following:

(1) A listing of properties by assessor parcel number.

(2) The size of each property listed pursuant to paragraph (1), and the general plan designation and zoning of each property.

(3) For nonvacant sites, a description of the existing use of each property. If a site subject to this paragraph is owned by the city or county, the description shall also include whether there are any plans to dispose of the property during the planning period and how the city or county will comply with Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5.

(4) A general description of any environmental constraints to the development of housing within the jurisdiction, the documentation for which has been made available to the jurisdiction. This information need not be identified on a site-specific basis.

(5) (A) A description of existing or planned water, sewer, and other dry utilities supply, including the availability and access to distribution facilities.

(B) Parcels included in the inventory must have sufficient water, sewer, and dry utilities supply available and accessible to support housing development or be included in an existing general plan program or other mandatory program or plan, including a program or plan of a public or private entity providing water or sewer service, to secure sufficient water, sewer, and dry utilities supply to support housing development. This paragraph does not impose any additional duty on the city or county to construct, finance, or otherwise provide water, sewer, or dry utilities to parcels included in the inventory.

(6) Sites identified as available for housing for above moderate-income households in areas not served by public sewer systems. This information need not be identified on a site-specific basis.

(7) A map that shows the location of the sites included in the inventory, such as the land use map from the jurisdiction's general plan for reference purposes only.

(c) Based on the information provided in subdivision (b), a city or county shall determine whether each site in the inventory can accommodate the development of some portion of its share of the regional housing need by income level during the planning period, as determined pursuant to Section 65584. The inventory shall specify for each site the number of units that can realistically be accommodated on that site and whether the site is adequate to accommodate lower income housing, moderate-income housing, or above moderate-income housing. A nonvacant site identified pursuant to paragraph (3) or (4) of subdivision (a) in a prior housing element and a vacant site that has been included in two or more consecutive planning periods that was not approved to develop a portion of the locality's housing need shall not be deemed adequate to accommodate a portion of the housing need for lower income households that must be accommodated in the current housing element planning period unless the site is zoned at residential densities consistent with paragraph (3) of this subdivision and the site is subject to a program in the housing element requiring rezoning within three years of the beginning of the planning period to allow residential use by right for housing developments in which at least 20 percent of the units are

affordable to lower income households. A city that is an unincorporated area in a nonmetropolitan county pursuant to clause (ii) of subparagraph (B) of paragraph (3) shall not be subject to the requirements of this subdivision to allow residential use by right. The analysis shall determine whether the inventory can provide for a variety of types of housing, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. The city or county shall determine the number of housing units that can be accommodated on each site as follows:

(1) If local law or regulations require the development of a site at a minimum density, the department shall accept the planning agency's calculation of the total housing unit capacity on that site based on the established minimum density. If the city or county does not adopt a law or regulation requiring the development of a site at a minimum density, then it shall demonstrate how the number of units determined for that site pursuant to this subdivision will be accommodated.

(2) The number of units calculated pursuant to paragraph (1) shall be adjusted as necessary, based on the land use controls and site improvements requirement identified in paragraph (5) of subdivision (a) of Section 65583, the realistic development capacity for the site, typical densities of existing or approved residential developments at a similar affordability level in that jurisdiction, and on the current or planned availability and accessibility of sufficient water, sewer, and dry utilities.

(A) A site smaller than half an acre shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site is adequate to accommodate lower income housing.

(B) A site larger than 10 acres shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site can be developed as lower income housing. For purposes of this subparagraph, "site" means that portion of a parcel or parcels designated to accommodate lower income housing needs pursuant to this subdivision.

(C) A site may be presumed to be realistic for development to accommodate lower income housing need if, at the time of the adoption of the housing element, a development affordable to lower income households has been proposed and approved for development on the site.

(3) For the number of units calculated to accommodate its share of the regional housing need for lower income households pursuant to paragraph (2), a city or county shall do either of the following:

(A) Provide an analysis demonstrating how the adopted densities accommodate this need. The analysis shall include, but is not limited to, factors such as market demand, financial feasibility, or information based on development project experience within a zone or zones that provide housing for lower income households.

(B) The following densities shall be deemed appropriate to accommodate housing for lower income households:

(i) For an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan area: sites allowing at least 15 units per acre.

(ii) For an unincorporated area in a nonmetropolitan county not included in clause (i): sites allowing at least 10 units per acre.

(iii) For a suburban jurisdiction: sites allowing at least 20 units per acre.

(iv) For a jurisdiction in a metropolitan county: sites allowing at least 30 units per acre.

(d) For purposes of this section, a metropolitan county, nonmetropolitan county, and nonmetropolitan county with a micropolitan area shall be as determined by the United States Census Bureau. A nonmetropolitan county with a micropolitan area includes the following counties: Del Norte, Humboldt, Lake, Mendocino, Nevada, Tehama, and Tuolumne and other counties as may be determined by the United States Census Bureau to be nonmetropolitan counties with micropolitan areas in the future.

(e) A jurisdiction shall be considered suburban if the jurisdiction does not meet the requirements of clauses (i) and (ii) of subparagraph (B) of paragraph (3) of subdivision (c) and is located in a Metropolitan Statistical Area (MSA) of less than 2,000,000 in population, unless that jurisdiction's population is greater than 100,000, in which case it shall be considered metropolitan. A county, not including the City and County of San Francisco, shall be considered suburban unless the county is in an MSA of 2,000,000 or greater in population in which case the county shall be considered metropolitan.

(f) A jurisdiction shall be considered metropolitan if the jurisdiction does not meet the requirements for "suburban area" above and is located in an MSA of 2,000,000 or greater in population, unless that jurisdiction's population is less than 25,000 in which case it shall be considered suburban.

(g) (1) For sites described in paragraph (3) of subdivision (b), the city or county shall specify the additional development potential for each site within the planning period and shall provide an explanation of the methodology used to determine the development potential. The methodology shall consider factors including the extent to which existing uses may constitute an impediment to additional residential development, the city's or county's past experience with converting existing uses to higher density residential development, the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or

other incentives or standards to encourage additional residential development on these sites.

(2) In addition to the analysis required in paragraph (1), when a city or county is relying on nonvacant sites described in paragraph (3) of subdivision (b) to accommodate 50 percent or more of its housing need for lower income households, the methodology used to determine additional development potential shall demonstrate that the existing use identified pursuant to paragraph (3) of subdivision (b) does not constitute an impediment to additional residential development during the period covered by the housing element. An existing use shall be presumed to impede additional residential development, absent findings based on substantial evidence that the use is likely to be discontinued during the planning period.

(3) Notwithstanding any other law, and in addition to the requirements in paragraphs (1) and (2), sites that currently have residential uses, or within the past five years have had residential uses that have been vacated or demolished, that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low or very low income, subject to any other form of rent or price control through a public entity's valid exercise of its police power, or occupied by low or very low income households, shall be subject to a policy requiring the replacement of all those units affordable to the same or lower income level as a condition of any development on the site. Replacement requirements shall be consistent with those set forth in paragraph (3) of subdivision (c) of Section 65915.

(h) The program required by subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583 shall accommodate 100 percent of the need for housing for very low and low-income households allocated pursuant to Section 65584 for which site capacity has not been identified in the inventory of sites pursuant to paragraph (3) of subdivision (a) on sites that shall be zoned to permit owner-occupied and rental multifamily residential use by right for developments in which at least 20 percent of the units are affordable to lower income households during the planning period. These sites shall be zoned with minimum density and development standards that permit at least 16 units per site at a density of at least 16 units per acre in jurisdictions described in clause (i) of subparagraph (B) of paragraph (3) of subdivision (c), shall be at least 20 units per acre in jurisdictions described in clauses (iii) and (iv) of subparagraph (B) of paragraph (3) of subdivision (c), and shall meet the standards set forth in subparagraph (B) of paragraph (5) of subdivision (b). At least 50 percent of the very low and low-income housing need shall be accommodated on sites designated for residential use and for which nonresidential uses or mixed uses are not permitted, except that a city or county may accommodate all of the very low and low-income housing need on sites designated for mixed uses if those sites allow 100 percent residential use and require that residential use occupy 50 percent of the total floor area of a mixed uses project.

(i) For purposes of this section and Section 65583, the phrase "use by right" shall mean that the local government's review of the owner-occupied

or multifamily residential use may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Any subdivision of the sites shall be subject to all laws, including, but not limited to, the local government ordinance implementing the Subdivision Map Act. A local ordinance may provide that "use by right" does not exempt the use from design review. However, that design review shall not constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Use by right for all rental multifamily residential housing shall be provided in accordance with subdivision (f) of Section 65589.5.

(j) For purposes of subdivisions (a) and (b), the department shall provide guidance to local governments to properly survey, detail, and account for sites listed pursuant to Section 65585.

(k) This section shall become operative on December 31, 2028.

SEC. 16.5. Section 65583.2 of the Government Code, as amended by Section 4 of Chapter 958 of the Statutes of 2018, is amended to read:

65583.2. (a) A city's or county's inventory of land suitable for residential development pursuant to paragraph (3) of subdivision (a) of Section 65583 shall be used to identify sites throughout the community, consistent with paragraph (9) of subdivision (c) of Section 65583, that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels pursuant to Section 65584. As used in this section, "land suitable for residential development" includes all of the following sites that meet the standards set forth in subdivisions (c) and (g):

(1) Vacant sites zoned for residential use.

(2) Vacant sites zoned for nonresidential use that allows residential development.

(3) Residentially zoned sites that are capable of being developed at a higher density, and sites owned or leased by a city, county, or city and county.

(4) Sites zoned for nonresidential use that can be redeveloped for residential use, and for which the housing element includes a program to rezone the site, as necessary, to permit residential use, including sites owned or leased by a city, county, or city and county.

(b) The inventory of land shall include all of the following:

(1) A listing of properties by assessor parcel number.

(2) The size of each property listed pursuant to paragraph (1), and the general plan designation and zoning of each property.

(3) For nonvacant sites, a description of the existing use of each property. If a site subject to this paragraph is owned by the city or county, the description shall also include whether there are any plans to dispose of the property during the planning period and how the city or county will comply with Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5.

(4) A general description of any environmental constraints to the development of housing within the jurisdiction, the documentation for which has been made available to the jurisdiction. This information need not be identified on a site-specific basis.

(5) (A) A description of existing or planned water, sewer, and other dry utilities supply, including the availability and access to distribution facilities.

(B) Parcels included in the inventory must have sufficient water, sewer, and dry utilities supply available and accessible to support housing development or be included in an existing general plan program or other mandatory program or plan, including a program or plan of a public or private entity providing water or sewer service, to secure sufficient water, sewer, and dry utilities supply to support housing development. This paragraph does not impose any additional duty on the city or county to construct, finance, or otherwise provide water, sewer, or dry utilities to parcels included in the inventory.

(6) Sites identified as available for housing for above moderate-income households in areas not served by public sewer systems. This information need not be identified on a site-specific basis.

(7) A map that shows the location of the sites included in the inventory, such as the land use map from the jurisdiction's general plan for reference purposes only.

(c) Based on the information provided in subdivision (b), a city or county shall determine whether each site in the inventory can accommodate the development of some portion of its share of the regional housing need by income level during the planning period, as determined pursuant to Section 65584. The inventory shall specify for each site the number of units that can realistically be accommodated on that site and whether the site is adequate to accommodate lower income housing, moderate-income housing, or above moderate-income housing. A nonvacant site identified pursuant to paragraph (3) or (4) of subdivision (a) in a prior housing element and a vacant site that has been included in two or more consecutive planning periods that was not approved to develop a portion of the locality's housing need shall not be deemed adequate to accommodate a portion of the housing need for lower income households that must be accommodated in the current housing element planning period unless the site is zoned at residential densities consistent with paragraph (3) of this subdivision and the site is subject to a program in the housing element requiring rezoning within three years of the beginning of the planning period to allow residential use by right for housing developments in which at least 20 percent of the units are affordable to lower income households. A city that is an unincorporated area in a nonmetropolitan county pursuant to clause (ii) of subparagraph (B) of paragraph (3) shall not be subject to the requirements of this subdivision to allow residential use by right. The analysis shall determine whether the inventory can provide for a variety of types of housing, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. The city or county shall

determine the number of housing units that can be accommodated on each site as follows:

(1) If local law or regulations require the development of a site at a minimum density, the department shall accept the planning agency's calculation of the total housing unit capacity on that site based on the established minimum density. If the city or county does not adopt a law or regulation requiring the development of a site at a minimum density, then it shall demonstrate how the number of units determined for that site pursuant to this subdivision will be accommodated.

(2) The number of units calculated pursuant to paragraph (1) shall be adjusted as necessary, based on the land use controls and site improvements requirement identified in paragraph (5) of subdivision (a) of Section 65583, the realistic development capacity for the site, typical densities of existing or approved residential developments at a similar affordability level in that jurisdiction, and on the current or planned availability and accessibility of sufficient water, sewer, and dry utilities.

(A) A site smaller than half an acre shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site is adequate to accommodate lower income housing.

(B) A site larger than 10 acres shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site can be developed as lower income housing. For purposes of this subparagraph, "site" means that portion of a parcel or parcels designated to accommodate lower income housing needs pursuant to this subdivision.

(C) A site may be presumed to be realistic for development to accommodate lower income housing need if, at the time of the adoption of the housing element, a development affordable to lower income households has been proposed and approved for development on the site.

(3) For the number of units calculated to accommodate its share of the regional housing need for lower income households pursuant to paragraph (2), a city or county shall do either of the following:

(A) Provide an analysis demonstrating how the adopted densities accommodate this need. The analysis shall include, but is not limited to, factors such as market demand, financial feasibility, or information based on development project experience within a zone or zones that provide housing for lower income households.

(B) The following densities shall be deemed appropriate to accommodate housing for lower income households:

(i) For an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan area: sites allowing at least 15 units per acre.

(ii) For an unincorporated area in a nonmetropolitan county not included in clause (i): sites allowing at least 10 units per acre.

(iii) For a suburban jurisdiction: sites allowing at least 20 units per acre.

(iv) For a jurisdiction in a metropolitan county: sites allowing at least 30 units per acre.

(d) For purposes of this section, a metropolitan county, nonmetropolitan county, and nonmetropolitan county with a micropolitan area shall be as determined by the United States Census Bureau. A nonmetropolitan county with a micropolitan area includes the following counties: Del Norte, Humboldt, Lake, Mendocino, Nevada, Tehama, and Tuolumne and other counties as may be determined by the United States Census Bureau to be nonmetropolitan counties with micropolitan areas in the future.

(e) A jurisdiction shall be considered suburban if the jurisdiction does not meet the requirements of clauses (i) and (ii) of subparagraph (B) of paragraph (3) of subdivision (c) and is located in a Metropolitan Statistical Area (MSA) of less than 2,000,000 in population, unless that jurisdiction's population is greater than 100,000, in which case it shall be considered metropolitan. A county, not including the City and County of San Francisco, shall be considered suburban unless the county is in an MSA of 2,000,000 or greater in population in which case the county shall be considered metropolitan.

(f) A jurisdiction shall be considered metropolitan if the jurisdiction does not meet the requirements for "suburban area" above and is located in an MSA of 2,000,000 or greater in population, unless that jurisdiction's population is less than 25,000 in which case it shall be considered suburban.

(g) (1) For sites described in paragraph (3) of subdivision (b), the city or county shall specify the additional development potential for each site within the planning period and shall provide an explanation of the methodology used to determine the development potential. The methodology shall consider factors including the extent to which existing uses may constitute an impediment to additional residential development, the city's or county's past experience with converting existing uses to higher density residential development, the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites.

(2) In addition to the analysis required in paragraph (1), when a city or county is relying on nonvacant sites described in paragraph (3) of subdivision (b) to accommodate 50 percent or more of its housing need for lower income households, the methodology used to determine additional development potential shall demonstrate that the existing use identified pursuant to paragraph (3) of subdivision (b) does not constitute an impediment to

additional residential development during the period covered by the housing element. An existing use shall be presumed to impede additional residential development, absent findings based on substantial evidence that the use is likely to be discontinued during the planning period.

(3) Notwithstanding any other law, and in addition to the requirements in paragraphs (1) and (2), sites that currently have residential uses, or within the past five years have had residential uses that have been vacated or demolished, that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low or very low income, subject to any other form of rent or price control through a public entity's valid exercise of its police power, or occupied by low or very low income households, shall be subject to a policy requiring the replacement of all those units affordable to the same or lower income level as a condition of any development on the site. Replacement requirements shall be consistent with those set forth in paragraph (3) of subdivision (c) of Section 65915.

(h) The program required by subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583 shall accommodate 100 percent of the need for housing for very low and low-income households allocated pursuant to Section 65584 for which site capacity has not been identified in the inventory of sites pursuant to paragraph (3) of subdivision (a) on sites that shall be zoned to permit owner-occupied and rental multifamily residential use by right for developments in which at least 20 percent of the units are affordable to lower income households during the planning period. These sites shall be zoned with minimum density and development standards that permit at least 16 units per site at a density of at least 16 units per acre in jurisdictions described in clause (i) of subparagraph (B) of paragraph (3) of subdivision (c), shall be at least 20 units per acre in jurisdictions described in clauses (iii) and (iv) of subparagraph (B) of paragraph (3) of subdivision (c), and shall meet the standards set forth in subparagraph (B) of paragraph (5) of subdivision (b). At least 50 percent of the very low and low-income housing need shall be accommodated on sites designated for residential use and for which nonresidential uses or mixed uses are not permitted, except that a city or county may accommodate all of the very low and low-income housing need on sites designated for mixed uses if those sites allow 100 percent residential use and require that residential use occupy 50 percent of the total floor area of a mixed-use project.

(i) For purposes of this section and Section 65583, the phrase "use by right" shall mean that the local government's review of the owner-occupied or multifamily residential use may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Any subdivision of the sites shall be subject to all laws, including, but not limited to, the local government ordinance implementing the Subdivision Map Act. A local ordinance may provide that "use by right" does not exempt the use from design review. However, that design review shall not constitute a

"project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Use by right for all rental multifamily residential housing shall be provided in accordance with subdivision (f) of Section 65589.5.

(j) For purposes of subdivisions (a) and (b), the department shall provide guidance to local governments to properly survey, detail, and account for sites listed pursuant to Section 65585.

(k) This section shall become operative on December 31, 2028.

SEC. 17. Section 65585.1 is added to the Government Code, to read:

65585.1. (a) The department shall notify the city, county, or city and county and may notify the office of the Attorney General that the city, county, or city and county is in violation of state law, as provided in subdivision (j) of Section 65585, as amended by Chapter 159 of the Statutes of 2019, if the department finds that any local government has taken an action in violation of Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5.

(b) Subdivisions (k), (*l*), (m), and (n) of Section 65585, as amended by Chapter 159 of the Statutes of 2019, shall apply for any violation of Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5. Any fines imposed pursuant to subdivision (*l*) of Section 65585 for a violation of Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5 and deposited into the Building Homes and Jobs Trust Fund shall be available for expenditure upon appropriation by the Legislature.

SEC. 18. (a) Section 15.5 of this bill incorporates amendments to Section 65583.2 of the Government Code, as amended by Section 3 of Chapter 958 of the Statutes of 2018, proposed by this bill and Assembly Bill 957. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2020, (2) each bill amends Section 65583.2 of the Government Code, as amended by Section 3 of Chapter 958 of the Statutes of 2018, and (3) this bill is enacted after Assembly Bill 957, in which case that code section, as amended by Assembly Bill 957, shall remain operative only until the operative date of this bill, at which time Section 15.5 of this bill shall become operative, and Section 15 of this bill shall not become operative.

(b) Section 16.5 of this bill incorporates amendments to Section 65583.2 of the Government Code, as amended by Section 4 of Chapter 958 of the Statutes of 2018, proposed by this bill and Assembly Bill 957. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2020, (2) each bill amends Section 65583.2 of the Government Code, as amended by Section 4 of Chapter 958 of the Statutes of 2018, and (3) this bill is enacted after Assembly Bill 957, in which case that code section, as amended by Assembly Bill 957, shall remain operative only until the operative date of this bill, at which time Section 16.5 of this bill shall become operative, and Section 16 of this bill shall not become operative.

SEC. 19. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

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