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**DEVELOPMENT AGREEMENT
BY AND BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO
AND
1169 MARKET STREET, LP
RELATIVE TO THE DEVELOPMENT KNOWN AS
THE TRINITY PLAZA DEVELOPMENT PROJECT**

**DEVELOPMENT AGREEMENT BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO
AND 1169 MARKET STREET, LP
RELATIVE TO THE DEVELOPMENT KNOWN AS
THE TRINITY PLAZA DEVELOPMENT PROJECT**

THIS DEVELOPMENT AGREEMENT ("Agreement") dated for reference purposes only as of this 15th day of June, 2007, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a political subdivision and municipal corporation of the State of California (the "City"), acting by and through its Planning Department, and 1169 MARKET STREET, LP, a California limited partnership (the "Developer") pursuant to the authority of Section 65864 et seq. of the California Government Code and Chapter 56 of the San Francisco Administrative Code. City and Developer are also sometimes referred to individually as a "Party" and together as the "Parties."

RECITALS

This Agreement is made with reference to the following facts:

A. Determination of Public Benefits. The City has determined that as a result of the development of the Project Site in accordance with this Agreement and the Basic Approvals and the Subsequent Approvals, clear benefits to the public will accrue that could not be obtained through application of existing City ordinances, regulations, and policies. These public benefits include, without limitation:

A.1 One-for-one replacement of the 360 rent-controlled dwelling units currently existing on the Project Site with new units that are comparable in amenities, style, function and design ("Replacement Units");

A.2 The Developer's waiver of its rights under the Costa-Hawkins Rental Housing Act to exempt the Replacement Units from rent control, and the Developer's waiver of the Ellis Act with respect to all the dwelling units in Building A;

A.3 On-site provision of affordable housing dwelling units equal to fifteen percent (15%) of the total number of dwelling units, not including the Replacement Units;

A.4 Relocation by Developer of all existing tenants from their existing units to the Replacement Units; availability of lifetime leases to each existing tenant that elects to occupy a Replacement Unit; and

A.5 Redevelopment of an over four-acre, underdeveloped parcel within the proposed Mid-Market Redevelopment Plan Area.

A.6 Public, pedestrian access through the site, both east-west along the line of Stevenson Street, and north-south between Market and Mission Streets.

B. Code Authorization. In order to strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic risk of development, the Legislature of the State of California adopted Government Code Section 65864 et seq. (the "Development Agreement Statute"), which authorizes the City to enter into a development agreement with any person having a legal or equitable

interest in real property regarding the development of such property. Pursuant to Government Code Section 65865, the City has adopted Chapter 56 of the San Francisco Administrative Code establishing procedures and requirements for entering into a development agreement with a private developer pursuant to the Development Agreement Statute.

C. Property Subject to this Agreement. The property that is the subject of this Agreement consists of the real property located at 1167 Market Street (Assessor's Block 3702/Lot 053), 670 Stevenson Street (Assessor's Block 3702/Lot 051), 693 Stevenson Street (Assessor's Block 3702/Lot 052), 1164 Mission Street (Assessor's Block 3702/Lot 039, and a portion of former Jessie Street between 7th and 8th Streets, altogether consisting of approximately 177,295 square feet (4.07 acres) and commonly known as Trinity Plaza ("Trinity Plaza" or the "Project Site"). The Project Site is generally diagrammed in Exhibit A attached hereto and more particularly described in Exhibit B attached hereto. The Developer owns fee title to the Project Site.

D. Development Proposal; Intent of the Parties. The Developer proposes to demolish all existing improvements on the Project Site and to develop on the Project Site a mixed-use residential and commercial development with accessory parking and loading, as more specifically described in Section 3 below. The City wishes to ensure appropriate development of the Project Site as an important part of the City's ongoing effort to revitalize the Mid-Market area, to provide for the replacement of the 360 rent-controlled units and tenant amenities in the residential structure currently existing on the Project Site and proposed to be demolished, and to protect the tenants of the existing residential structure from displacement due to the proposed future development of the Project Site. The City acknowledges Developer's need to maintain some flexibility in the Project so long as the City receives the benefit of the minimum Replacement Units and BMR Units as set forth below. The Parties acknowledge that this Agreement is entered into in consideration of the respective burdens and benefits of the Parties contained in this Agreement and in reliance on their agreements, representations and warranties.

E. Compliance with All Legal Requirements. It is the intent of the Parties that all acts referred to in this Agreement shall be accomplished in such a way as to fully comply with the California Environmental Quality Act (Public Resources Code Section 21000 et seq., "CEQA"), the Development Agreement Statute, Chapter 56 of the San Francisco Administrative Code, the San Francisco Planning Code, the Enacting Ordinance and all other applicable laws and regulations.

F. Project's Compliance with CEQA. Pursuant to CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code, any significant environmental impacts associated with the Project were described and analyzed, and alternatives and mitigation measures that could avoid or reduce those impacts were discussed in the Final Environmental Impact Report ("FEIR") certified by the Planning Commission on August 3, 2006. No person appealed the FEIR to the Board of Supervisors, as required under Section 31.16 of the San Francisco Administrative Code. The information in the FEIR has been considered by all entities with review and approval authority over this Agreement and the Basic Approvals.

G. Planning Commission Hearing and Findings. On August 3, 2006, the Planning Commission held a public hearing on this Agreement, duly noticed and conducted under the Development Agreement Statute and Chapter 56 of the San Francisco Administrative Code. Following the public hearing, the Commission made the findings required by CEQA and determined that this Agreement is consistent with the objectives, policies, general land uses and programs specified in the General Plan and any

applicable area or specific plan, and the Priority Policies enumerated in Planning Code Section 101.1.

H. Board of Supervisors Hearing and Findings. Beginning on October 4, 2006 and on various dates thereafter the Board, having received the Planning Commission's final recommendation, held public hearings on this Agreement pursuant to the Development Agreement Statute and Chapter 56 of the San Francisco Administrative Code. Following the public hearings, the Board made the findings required by CEQA and approved this Agreement, incorporating by reference the Commission's findings of consistency with the City's General Plan and any applicable area or specific plan, and the Priority Policies enumerated in Planning Code Section 101.1.

I. Enacting Ordinance. On April 17, 2007, the Board adopted Ordinance No. 92-07 (File No. 061217), approving the Agreement and authorizing the Planning Director to execute the Agreement on behalf of the City (the "Enacting Ordinance"). The Enacting Ordinance was approved by the Mayor on April 27, 2007, and took effect thirty (30) days thereafter.

AGREEMENT

1. GENERAL PROVISIONS

1.1 Incorporation of Preamble, Recitals and Exhibits. The preamble paragraph, Recitals, and Exhibits, and all defined terms contained therein, are hereby incorporated into this Agreement as if set forth in full.

1.2 Definitions. In addition to the definitions set forth in the above preamble paragraph, Recitals and elsewhere in this Agreement, the following definitions shall apply to this Agreement:

1.2.1 "Administrative Code" shall mean the San Francisco Administrative Code.

1.2.2 "Agreement" means this Development Agreement.

1.2.3. "Assignment and Assumption Agreement" shall have the meaning set forth in Section 11.1.3.

1.2.4 "Basic Approvals" shall mean the following land use approvals, entitlements, and permits relating to the Project that were approved concurrently with this Agreement: the General Plan amendment (Board of Supervisors Ord. No. 91-07), the Planning Code text amendment (Board of Supervisors Ord. No. 90-07), the Zoning Map amendments (Board of Supervisors Ord. No. 89-07), the Conditional Use Authorization (Planning Commission Motion No. 17297), Section 309 review of permits in the Downtown area (Planning Commission Motion No. 17296), and the Shadow Impact Findings (Planning Commission Motion No. 17290).

1.2.5 "BMR Units" shall mean inclusionary affordable units per the City's Residential Inclusionary Affordable Housing Program, as set forth in Planning Code Section 315 et seq.

1.2.6 "Board of Supervisors" or "Board" shall mean the Board of Supervisors of the City and County of San Francisco.

1.2.7 "Building A" shall have the meaning set forth in Section 3.3.1.

1.2.8 "City" shall mean the City and County of San Francisco, a municipal corporation. Unless the context or text specifically provides otherwise, references to the City shall mean the City acting by and through the Planning Director or, as necessary, the Planning Commission or the Board of Supervisors.

1.2.9 "Commercial Uses" shall mean all uses listed in San Francisco Planning Code Sections 218 (not including Section 218.1), 219, 220, 221 and 222, as of the Effective Date.

1.2.10 "Developer" shall mean Trinity Properties, Inc., and, subject to the provisions of Section 11, any and all Transferees and successor fee owners of the Project Site.

1.2.11 "Director" or "Planning Director" shall mean the Director of Planning of the City and County of San Francisco.

1.2.12 "Effective Date" shall have the meaning set forth in Section 1.3.

1.2.13 "Enacting Ordinance" shall have the meaning set forth in Recital I.

1.2.14 "Existing Standards" shall have the meaning set forth in Section 2.1.

1.2.15 "Existing Tenant" shall have the meaning set forth in Section 4.2.

1.2.16 "Extension Term" shall have the meaning set forth in Section 1.4.

1.2.17 "Extension Notice" shall have the meaning set forth in Section 1.4.

1.2.18 "FEIR" shall have the meaning set forth in Recital F.

1.2.19 "Future Changes to Existing Standards" shall have the meaning set forth in Section 2.2.1.

1.2.20 "Material Change to the Basic Approvals" shall mean any substantive and material change to the Project, as defined by the Basic Approvals, as determined by the Zoning Administrator in keeping with City's standard practices and policies for changes that require substantive, discretionary review by City. Without limiting the foregoing, the following shall each be deemed a Material Change to the Basic Approvals: (i) any reduction in the number of Replacement Units; (ii) any reduction in the number of total dwelling units by more than ten percent (10%); (iii) any reduction in the total area of Commercial Space that is not in substantial conformity with Exhibit B of Developer's Section 309 authorization regarding Commercial Space on Market Street through to Stevenson Street, or that results in a reduction below seventy-five percent (75%) of the linear frontages along Mission Street and 8th Streets, as shown in Exhibit B, to be occupied by commercial uses at the ground floor that are oriented to public access and walk-up pedestrian activity, and generate human-oriented activity for the first 25 feet of depth from the street-facing facade (provided, further, that the space at the corner of Mission and 8th Streets shall be Commercial Space as shown in Exhibit B); (iv) any reduction in the amount of designated usable open space below 48.357 square feet of useable open space per residential unit; (v) any commencement of construction of Buildings B or C before completion of Building A and the Replacement Units; and (vi) any increase in the parking ratio per dwelling unit or per occupied floor area above the ratios set forth in Section 3.3.2 below.

1.2.21 "Occupied Floor Area" shall mean occupied floor area as defined under San Francisco Planning Code Section 102.10. as of the Effective Date.

1.2.22 "Parties" shall mean Developer and City, and their respective successors under this Agreement.

1.2.23 "Phase 1" shall have the meaning set forth in Section 3.4.2.

1.2.24 "Phase 2" shall have the meaning set forth in Section 3.4.2.

1.2.25 "Phase 3" shall have the meaning set forth in Section 3.4.2.

1.2.26 "Planning Code" shall mean the San Francisco Planning Code.

1.2.27 "Planning Commission" or "Commission" shall mean the Planning Commission of the City and County of San Francisco.

1.2.28 "Project" shall mean the development project at the Project Site as described in this Agreement and as consistent with the Basic Approvals and/or the Subsequent Approvals.

1.2.29 "Project Site" shall have the meaning set forth in Recital C.

1.2.30 "Replacement Units" shall have the meaning set forth in Recital A.1.

1.2.31 "Start Date" shall have the meaning set forth in Section 3.3.1.

1.2.32 "Subsequent Approval" shall mean any other land use approvals, entitlements, and permits other than the Basic Approvals, including any amendment to the Basic Approvals or to any other existing land use approval, entitlement or permit, that are sought by Developer and that may be necessary or desirable for the implementation of the Project. The Subsequent Approvals may include, without limitation, the following: amendments of the Basic Approvals, design review approvals, improvement agreements, use permits, demolition permits, grading permits, site permits, building permits, lot line adjustments, sewer and water connection permits, encroachment permits, certificates of occupancy, subdivision maps, re-subdivisions, and any amendments to, or repealing of, any of the foregoing.

1.2.33 "Term" shall have the meaning set forth in Section 1.4.

1.2.34 "Transferee" shall mean any person or entity to which Developer transfers or assigns all or any portion of the Project Site or any interest therein.

1.3 Effective Date. Pursuant to Section 56.14(f) of the Administrative Code, this Agreement shall take effect upon the later of (i) full execution of the Parties, and (ii) the effective date of the Enacting Ordinance ("Effective Date").

1.4 Term. The term of this Agreement shall commence upon the Effective Date and shall continue in full force and effect for fifteen (15) years thereafter, so as to accommodate the phased development of the Project, unless extended or earlier terminated as provided herein ("Term"). Notwithstanding anything to the contrary set forth above, Developer shall have the right to extend the Term for an additional five (5) years (the "Extension Term") by providing written notice of extension to City (the

"Extension Notice") during the last year of the Term, but in no event later than thirty (30) days before the end of the Term; provided (i) Developer is not in default under this Agreement at the time of delivery of the Extension Notice or at the time of the commencement of the Extension Term, (ii) the Commission or the Board have not made a determination, at the time of delivery of the Extension Notice or at the time of commencement of the Extension Term, that Developer has not complied in good faith with the terms of the Development Agreement, as set forth in S.F. Administrative Code sections 56.17 and 56.18, and (iii) Developer pays a fee to City in the amount of Fifteen Thousand Dollars (\$15,000) at the time of delivery of the Extension Notice.

Following expiration of the Term and any extension thereof, this Agreement shall be deemed terminated and of no further force and effect. All references in this Agreement to the "Term" shall include the Extension Term, if any.

2. APPLICABLE LAW

2.1 Existing Standards. Except as expressly provided in this Section 2, during the Term and any Extension Term, any and all Basic Approvals and Subsequent Approvals shall be processed, considered, reviewed, and acted upon in accordance with the San Francisco General Plan, the San Francisco Municipal Code and any other applicable City policies, rules and regulations in effect on the Effective Date ("Existing Standards") and any permitted Future Changes to Existing Standards.

2.2 Future Changes to Existing Standards.

2.2.1 Future changes to Existing Standards and any other ordinances, laws, rules, regulations, plans or policies adopted by the City or adopted by voter initiative after the Effective Date ("Future Changes to Existing Standards") shall apply to the Project and the Project Site except to the extent they are in conflict with this Agreement or the terms and conditions of the Basic Approvals. In the event of such a conflict, the terms of this Agreement and the Basic Approvals shall prevail. Nothing in this Agreement, however, shall preclude the City from applying Future Changes to Existing Standards to the Project Site for a development project not within the definition of the "Project" under this Agreement.

2.2.2 Future Changes to Existing Standards shall be deemed to be "in conflict with this Agreement" and the Basic Approvals if they:

(a) limit or reduce the density or intensity of the Project, or any part thereof, or otherwise require any reduction in the square footage or number of proposed buildings (including number of residential dwelling units) or other improvements from that permitted under this Agreement, the Existing Standards and the Basic Approvals;

(b) limit or reduce the height or bulk of the Project, or any part thereof, or otherwise require any reduction in the height or bulk of individual proposed buildings or other improvements from that permitted under this Agreement, the Existing Standards and the Basic Approvals;

(c) change any land uses, including permitted or conditional uses, of the Project Site from that permitted under this Agreement, the Existing Standards and the Basic Approvals;

(d) except as provided in Articles 3 and 4 of this Agreement, limit or control the rate, timing, phasing, or sequencing of the approval, development, or construction of

all or any part of the Project in any manner, including the demolition of existing buildings at the Project Site, so long as all necessary infrastructure to serve such development is constructed by Developer as required by the Basic Approvals;

(e) require the issuance of permits or approvals by City other than those required under the Existing Standards;

(f) limit or control the availability of public utilities, services or facilities or any privileges or rights to public utilities, services, or facilities for the Project, including but not limited to water rights, water connections, sewage capacity rights, and sewer connections;

(g) impose any ordinance or regulation which controls commercial or residential rents or purchase prices charged within the Project or on the Project Site, except as such imposition is expressly required by Section 4 of this Agreement;

(h) materially limit the processing or procuring of applications and approvals of Subsequent Approvals that are consistent with Basic Approvals; and

(i) increase any impact fees and exactions contained in the San Francisco Municipal Code as of the Effective Date, as they apply to the Project, except as permitted pursuant to Section 2.3 of this Agreement.

2.2.3 The Developer may, in the exercise of its sole discretion, elect to have a Future Change to Existing Standards that conflicts with this Agreement applied to the Project or the Project Site by giving the City written notice of its election to have a Future Change to Existing Standards applied, in which case such Future Change to Existing Standards shall be deemed to be an Existing Standard.

2.3 Impact Fees and Exactions. The Project shall be subject to all impact fees and exactions contained in the San Francisco Municipal Code as of the Effective Date. The City may impose upon the Project an additional impact fee or exaction, or increase any existing impact fee or exaction, only if: (i) the City's establishment of such new or increased fee complies with all applicable laws, including the substantive requirements of the California Mitigation Fee Act (Government Code Section 66000 et seq.); (ii) Developer receives a credit against any such new or increased fee in an amount equal to (with appropriate adjustments for inflation) the value of any land, improvement, monetary contribution, tax, assessment, or other cost incurred or to be incurred by Developer under this Agreement or the Basic Approvals where such incurred cost pertains to the same subject matter or mitigates the same environmental impact, or furthers the same or similar public need to be addressed by such new or increased fee, and Developer has not previously received a credit for such land, improvement, contribution, tax, assessment or other cost; and (iii) such new or increased fee is not targeted or directed at the Project such that it is arbitrary and discriminatory spot zoning under applicable law, including, without limitation, any new or increased fee targeted solely at property located within the Assessor's Block where the Project Site is located, provided that zones of benefit may be designated with charges allocated based upon such zones.

2.4 Applicability of Uniform Codes. Nothing in this Agreement shall preclude the City's application to the Project of any provisions, requirements, rules, or regulations applicable citywide that are contained in the California Building Standards Code, as amended by the City in accordance with the California Health and Safety Code, including requirements of the San Francisco Building Code, Mechanical Code, Electrical

Code, Plumbing Code, Fire Code or other uniform construction codes. Nothing in this Agreement shall prevent the City from adopting regulations to protect the City and its citizens from an immediate risk to health and safety, or shall infringe upon the right of voters to act by initiative or referendum, but only to the extent the initiative or referendum does not interfere with any of Developer's vested rights under this Agreement (but subject to any referendum initiated within the legal period designed to revoke or repeal the City's approval of this Agreement).

2.5 Changes in State and Federal Rules and Regulations.

2.5.1 Pursuant to Section 65869.5 of the Development Agreement Statute, in the event that state or federal laws or regulations enacted after this Agreement have gone into effect and preclude or prevent compliance with one or more provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such state or federal laws or regulations. In such event, this Agreement shall be modified only to the extent necessary or required to comply with such law or regulation. In the event such modifications render the Project economically infeasible, Developer shall notify City and the Parties may negotiate additional amendments to this Agreement as may be necessary to satisfy both Developer and City, each in their sole discretion. If the Parties cannot reach agreement on additional amendments despite good faith negotiations for a period of not less than thirty (30) days, then Developer shall have the right to terminate this Agreement; provided, if Developer begins to construct Building A, then Developer may not terminate this Agreement until it relocates the Existing Tenants as set forth in Section 4.4 and provides the additional amenities as set forth in Sections 4.2 through 4.6 for the benefit of the Existing Tenants.

2.5.2 This Agreement has been entered into in reliance upon the provisions of the Development Agreement Statute as those provisions existed at the Effective Date. No amendment or addition to those provisions, which would materially affect the interpretation or enforceability of this Agreement, shall be applicable to this Agreement unless such amendment or addition is specifically required by the California Legislature, or is mandated by a court of competent jurisdiction. If such amendment or change is permissive rather than mandatory, this Agreement shall not be affected by same unless the Parties mutually agree in writing to amend the Agreement to permit such applicability. The Parties shall cooperate and shall undertake such actions as may be necessary to implement and reflect the intent of the Parties to allow and encourage development of the Project.

3. **DEVELOPMENT OF PROJECT SITE**

3.1 Development Rights. The City shall have the right to control development of the Project Site and Developer shall have the vested right to develop the Project Site in accordance with and subject to the provisions of this Agreement, the Basic Approvals, and any Subsequent Approvals. Developer agrees that all improvements on the Project Site shall be constructed in accordance with this Agreement, the Basic Approvals, and any Subsequent Approvals, and in accordance with all applicable laws.

3.2 Compliance with CEQA. The Developer acknowledges that development of the Project and the Project Site is subject to compliance with CEQA and the CEQA Guidelines, and will require the grant of certain entitlements that are discretionary in nature and subject to review by the City during public hearings in compliance with the San Francisco Charter and Municipal Code.

3.2.1 Status of the Basic Approvals. Concurrently with this Agreement, City has approved and adopted the Basic Approvals.

3.2.2 The Parties expressly acknowledge that this Agreement exempts the Project from the regulatory provisions of: (A) the proposed Mid-Market Redevelopment Plan, and therefore does not require any Basic Approvals from San Francisco Redevelopment Agency; and (B) the proposed Mid-Market Special Use District; provided that the Project conforms to the project as described in the Basic Approvals. In the event that the Developer proposes Material Changes to the Basic Approvals, then any such Material Change shall be subject to the City's prior review and approval, and the City may require consistency with the Mid-Market Redevelopment Plan and Special Use District, if then effective, or other applicable zoning with respect to such Material Change.

3.2.3 Pursuant to Section 65865.2 of the Development Agreement Statute, the Basic Approvals shall not prevent development of the Project for the uses and to the density or intensity of the development set forth in this Agreement.

3.3 Vested Rights: Demolition; Permitted Uses and Density; Building Envelope. By approving the Basic Approvals, City has made a policy decision that the Project, as currently described and defined in the Basic Approvals, is in the best interests of the City and promotes the public health, safety and general welfare. Accordingly, City shall not use its discretionary authority in considering any application for a Subsequent Approval to change the policy decisions reflected by the Basic Approvals or otherwise to prevent or to delay development of the Project as set forth in the Basic Approvals. Instead, the Subsequent Approvals (that conform to or implement the Basic Approvals) shall be deemed to be tools to implement those policy decisions and shall be issued by the City so long as they comply with this Agreement, the Basic Approvals, Existing Standards and permitted Future Changes to Existing Standards, if applicable. Nothing in the foregoing shall impact or limit City's discretion with respect to Subsequent Approvals that reflect or evidence Material Changes to the Basic Approvals.

3.3.1 If the Developer proceeds with the Project, and subject to any Excusable Delay, and Sections 3.4.1 and 7.2, below, the Developer shall: (a) submit an application to the Department of Building Inspection for a site permit to construct the building that will contain the Replacement Units required by Section 4 of this Agreement ("Building A") on or before the day that is one (1) month after the Effective Date; (b) commence to construct Building A (including all of the Replacement Units) on or before the day that is eighteen (18) months after the Effective Date (the "Start Date"); and (c) diligently pursue to completion construction of Building A within forty-two (42) months after the Effective Date. In the event that Developer does not commence construction before the Start Date, then this Agreement shall automatically terminate and be of no further force or effect. The parties acknowledge and agree that Developer's commitment to commence construction of Building A before the Start Date and diligently continue to completion as set forth above are material terms of this Agreement, and that City would not be willing to enter into this Agreement without such commitment.

3.3.2 The Developer shall have a vested right to develop at the Project site a mixed-use project including 1,900 residential dwelling units (including not less than 360 rent-controlled Replacement Units and the BMR Units as required by Section 4 of this Agreement), 60,000 square feet of space for Commercial Uses, and parking for up to 1,425 vehicles (1,200 for residential and 225 for the Commercial Uses), all as more particularly described in the Basic Approvals. The Project shall be built in two or more phases: (1) Building A consisting of approximately 440 residential units, including all of

the Replacement Units, (2) Building B consisting of approximately 545 residential units and 30,000 square feet of commercial space, and (3) Building C consisting of approximately 915 residential units and 30,000 square feet of commercial space. At all times during the phased construction, the parking ratio shall not be less than 0.25 or greater than 0.695 parking stalls per residential unit, and the floor area devoted to Commercial Parking (as defined in § 204.5(c) of the Planning Code) shall not exceed ten percent (10%) above the permitted one (1) space per 226.6 square feet of the constructed commercial occupied floor area. At Project completion, the ratio for parking accessory to the residential units shall not exceed 0.632 parking stalls per residential unit, and the Commercial Parking shall not exceed two hundred twenty-five (225), or one (1) space, per 226.6 square feet of the constructed commercial occupied floor area. The parties agree that the permitted parking and design approvals are based upon the vested rights granted to Developer under this Agreement. Accordingly, if Developer proposes to decrease the number of residential units or amount of commercial space in any of the buildings, then City may require a proportionate decrease in the number of parking spaces even if the decrease does not result in a Material Change to the Basic Approvals. The parties understand and agree that (1) Developer requires some flexibility in the sizing and phasing of the Project, and (2) the City requires proportionality with respect to each phase of the Project, to avoid the disproportionate results that would accrue if subsequent phases are not in fact built.

3.3.3 As shown in the Basic Approvals, Developer shall be required to complete and provide the following in connection with the phased construction of the Project: (i) the benefits and amenities described in Article 4 below in connection with the Replacement Units and the BMR Units, (ii) no fewer than four hundred (400) Class 1 bicycle parking spaces (proportionately divided with each phase of construction, as determined in accordance with the Planning Code as of the Effective Date), and (iii) carsharing for no fewer than ten (10) vehicles (proportionally divided with each phase of construction, as determined in accordance with the Planning Code as of the Effective Date). Developer further understands and agrees that there will be no vehicular access or curb cuts along Market Street, and, except as set forth in the Basic Approvals, all parking will be located underground or (with the exception of driveways) wrapped with uses at the ground floor that are oriented to public access and walk-up pedestrian activity, and generate human-oriented activity for the first 25 feet of depth from the street-facing facade. Any change to these requirements will be deemed a Material Change to the Basic Approvals.

3.3.4 So long as the Developer builds the Project as described in the Basic Approvals, the Developer shall have a vested right to construct buildings on the Project Site up to the maximum heights permissible under the Zoning Map amendments adopted by the Board concurrently with this Agreement (Board of Supervisors Ord. No. _____), or such lesser heights as the Zoning Administrator deems to be in substantial compliance with the Basic Approvals. Other building envelope requirements, including but not limited to bulk, shall be as set forth in the San Francisco Planning Code, including any modifications pursuant to San Francisco Planning Code Section 309.

3.3.5 The term of any Basic Approval or Subsequent Approval shall be extended automatically for the longer of the Term (including the Extension Term, if applicable, and any extensions, as provided under Section 10.2 of this Agreement) or the term otherwise applicable to such Basic Approval or Subsequent Approval if this Agreement is no longer in effect. Notwithstanding anything to the contrary above, each building, grading, demolition or similar permit shall expire at the time specified in the permit, with extensions as normally allowed under the Building Code.

3.4 Commencement of Construction; Development Timing.

3.4.1 If the Developer proceeds with the Project, and subject to any Excusable Delay, and Sections 3.3.1, and 7.2 of this Agreement, the Developer shall commence construction of Building A on or before the Start Date. Commencement shall be deemed to have occurred if (i) site and/or building permits have been issued (not merely approved) by the City for all or a portion of the Project Site, (ii) Developer has entered into one or more grading and/or construction contracts for the construction of Building A, and (iii) and some identifiable construction, such as grading of all or a portion of the Project Site, has been initiated prior to the Start Date. Upon commencement of any work, Developer shall diligently continue such work at a commercially reasonable pace to completion in accordance with applicable permits, and Developer shall seek permits and enter into contracts sufficiently in advance to ensure that there are no material gaps between the start and completion of work on Building A and between the completion of work under an existing permit and the start of work under the next permit for Building A. Subject to any Excusable Delay, and Sections 3.3.1, and 7.2 of this Agreement, and provided the Developer has commenced construction of Building A under this Section and Section 3.3.1, above, Developer shall obtain a certificate of occupancy for Building A on or before the day that is forty-two (42) months after the Effective Date.

3.4.2 To minimize displacement of the Existing Tenants (as defined in Section 4) at Trinity Plaza, the Developer shall construct the Project in phases, as follows:

(a) The Developer shall first construct Building A ("Phase 1").

(b) After Building A has been constructed and a certificate of occupancy has been issued for the building, the Developer shall relocate the Existing Tenants into the newly constructed Replacement Units in Building A and the Developer will demolish the existing structures on the Project Site ("Phase 2"). Developer shall not proceed with Phase 2 until Phase 1 is complete.

(c) The Developer will continue to operate Building A while the remainder of the Project is completed ("Phase 3"). Developer may, at its option, proceed with Phase 3 before Phase 2 is complete, consistent with Section 4.5.5 of this Agreement.

3.4.3 Without limiting the foregoing, it is the desire of the Parties to avoid the result in Pardee Construction Co. v. City of Camarillo, 37 Cal.3d 465 (1984), in which the California Supreme Court held that because the parties had failed to consider and expressly provide for the timing of development, a later-adopted initiative restricting the timing of development prevailed over the parties' agreement. Accordingly, the Parties hereto expressly acknowledge that except for the construction phasing required by Section 3.3.1 and this Section 3.4 and any express construction dates set forth in this Agreement, the Developer shall have the right to develop the Project in such order and at such rate and at such times as Developer deems appropriate within the exercise of its subjective business judgment; provided, however, that nothing herein shall limit the Developer's obligation to comply with the timing requirements of the San Francisco Building Code and other uniform construction codes and any applicable building permits, and provided further that nothing herein shall limit the City's right to require Developer to construct and provide in a timely manner all necessary infrastructure and environmental mitigation serving the Project.

3.5 Subdivision Maps. The Developer may from time to time file subdivision map applications with respect to some or all of the Project Site, to subdivide or

reconfigure the parcels comprising the Project Site as may be necessary or desirable in order to develop a particular phase of the Project or to lease, mortgage or sell all or some portion of it. No such subdivision shall be approved unless it is consistent with the Basic Approvals and any Subsequent Approvals and with the City's General Plan. Notwithstanding anything to the contrary set forth above, in any subdivision or condominium map placed on the Project Site, the Replacement Units shall not be subdivided and shall not be more than one condominium unit so as to ensure that the Replacement Units are rental units, under common ownership, for the life of Building A. On or before the date of filing any subdivision or condominium map affecting the Project Site, and in no event later than the date of issuance of a temporary certificate of occupancy for Building A, Developer shall record a restriction running with the land, in form and substance satisfactory to City (the "Recorded Restrictions"), binding upon Developer and successor owners of all or part of any of Building A, which shall, without limitation: (i) require that the residential units in Building A remain rental for the life of the building; (ii) waive any and all rights to evict tenants under the Ellis Act (California Gov't Code Section 7060 et seq.) and any other laws or regulations that permit owner move-in evictions; (iii) apply the Rent Ordinance to the Replacement Units (except for the provisions which allow owner move-in evictions); and (iv) waive any other laws or regulations that would limit the ability of City to enforce the rental-only requirements and the other benefits and amenities relative to the Replacement Units under this Agreement. Developer, on behalf of itself and successor owners, agrees that it shall not seek to challenge the applicability or enforceability of the Recorded Restrictions. Without limiting City's rights and remedies as set forth in this Agreement, the parties acknowledge and agree that City shall have the right of specific performance to enforce the Recorded Restrictions against Developer and all successor owners. City would not be willing to enter into this Agreement, or to allow a subdivision or condominium map, without the agreement and understanding as set forth above.

3.5.1 Nothing in this Agreement shall authorize the Developer to subdivide or use any of the Project Site for purposes of sale, lease or financing in any manner that conflicts with the State Subdivision Map Act, or with the San Francisco Subdivision Code, or that removes the Replacement Units from the rental market for the life of Building A, or that removes or renders ineffective or unenforceable the Rent Ordinance, or a similar successor ordinance, as applied against the Replacement Units, whether or not the initial Existing Tenant moves out of the unit. Developer's commitment to maintain the residential units in Building A as rental housing shall survive the termination or expiration of this Agreement for the life Building A, and Developer's commitment to maintain the Replacement Units as rent controlled shall survive the termination or expiration of this Agreement for so long as the Rent Ordinance, or a similar successor ordinance remains in effect, whether or not the initial Existing Tenant moves out of the unit, and such commitments shall be evidenced by a restriction recorded against the portion of the Property on which the Replacement Units and Building A are located and shall run with the land. Developer shall, as part of the Recorded Restrictions or as part of a subdivision map, waive any and all rights to evict tenants under the Ellis Act and any other laws or regulations that permit owner move-in evictions for any of the dwelling units in Building A.

3.5.2 Nothing in this Agreement shall prevent the City from enacting or adopting changes in the methods and procedures for processing subdivision and parcel maps so long as such changes do not conflict with the provisions of this Agreement or with the Basic Approvals or any Subsequent Approvals, or otherwise materially and adversely impact the Developer's rights under this Agreement.

3.5.3. Pursuant to Section 65867.5(c) of the Development Agreement Statute, any tentative map prepared for the Project shall comply with the provisions of Government Code Section 66473.7 concerning the availability of a sufficient water supply.

3.6 Developer Shall Bear All Costs of Project Improvements. Developer shall finance all improvements relating to Project, including all infrastructure and utilities (except where a public utility is obligated by law to do so), at no cost to City.

4. PUBLIC BENEFITS EXCEEDING THOSE REQUIRED BY EXISTING ORDINANCES, REGULATIONS, AND POLICIES

4.1. Developer's Waiver of Rights Under the Costa-Hawkins Rental Housing Act. The Parties acknowledge that under the Costa-Hawkins Rental Housing Act (California Civil Code Sections 1954.50 et seq.), the owner of newly constructed residential real property may establish the initial and all subsequent rental rates for that property without regard to the City's Residential Rent Stabilization and Arbitration Ordinance (Chapters 37 and 37A of the San Francisco Administrative Code) (the "Rent Ordinance"). Through this Agreement, the Developer expressly waives its rights under the Costa-Hawkins Rental Housing Act to exempt the Replacement Units from the Rent Ordinance, and binds itself and its successors in interest to the requirements of Section 4.2 below. While each Replacement Unit shall be subject to the Rent Ordinance, including its supporting fee provisions, Developer does not waive its right under the Costa-Hawkins Rental Housing Act to adjust the rent for a Replacement Unit to market rates upon vacancy; provided, following any such market rate adjustment, the rent control provisions of the Rent Ordinance shall apply to the new tenant (and each subsequent tenant) during the length of his or her tenancy.

4.2 Replacement Units; Affordability. The Developer shall provide one-for-one replacement in the Project of the 360 rent-controlled units currently existing on the Project Site ("Replacement Units"). The requirements of this Section 4 shall apply whether or not any or all of the Existing Tenants choose to reside in the Project. For purposes of this Agreement, "Existing Tenant" shall mean a person residing at Trinity Plaza, with a lease, on the date that Developer obtains a final certificate of occupancy for Building A including all of the Replacement Units.

4.2.1 The initial rent for a Replacement Unit to be occupied by an Existing Tenant in the Project shall be the then-existing rent being charged to said Existing Tenant at the time of relocation to the Replacement Unit. The Replacement Units shall be subject to the Rent Ordinance for the life of Building A and so long as the Rent Ordinance, or a similar successor ordinance remains in effect, whether or not the initial Existing Tenant moves out of the unit. Developer waives any and all rights to petition for a rent increase as a result of the construction of, and the moving of the Existing Tenants into, the Replacement Units. Should an Existing Tenant fail to occupy a Replacement Unit, the Rent Ordinance shall still apply to that Replacement Unit. However, Developer shall have the right to establish the initial rental rate for that Replacement Unit as if the Replacement Unit had been voluntarily vacated by the Existing Tenant, and there shall be no limit on the initial rental rate that may be charged to a new tenant that occupies such Replacement Unit.

4.2.2 The Developer shall assume all costs associated with the construction of the Replacement Units and making them ready for occupancy. None of these initial costs of construction shall be passed on to the current Trinity Plaza tenants or to any prospective tenants who would occupy any of the Replacement Units or BMR Units.

4.2.3 The one-for-one replacement requirements of this Section 4.2 shall apply whether or not any or all of the Existing Tenants choose to reside in Building A.

4.3 BMR Units. The minimum number of BMR Units in the Project shall be fifteen percent (15%), based on the number of units in the Project remaining after subtracting the number of Replacement Units. All BMR Units shall be provided on site. A Replacement Unit may not be used to meet the City's inclusionary housing requirements. For example, if the Project includes 1,900 units, then the minimum number of BMR Units included in the Project shall be 231 (i.e., 1,900 minus 360, multiplied by 15%).

4.4. Existing Tenant Moving Issues.

4.4.1 The Developer shall pay all moving expenses in relocating each Existing Tenant from their existing unit at Trinity Plaza to a Replacement Unit, including but not limited to any one-time utility hook-up fees incurred by the Existing Tenant in relocating to a Replacement Unit, and each Replacement Unit will be wired for telephone and cable access. If requested by an Existing Tenant, Developer shall relocate all furnishings, including existing landlord-provided furnishings, into the Replacement Unit, and those furnishings will thereafter belong to that Existing Tenant. The Developer shall not require a new security deposit in order for the Existing Tenant to move into the Replacement Unit, but shall transfer the Existing Tenant's existing security deposit to the Replacement Unit he or she moves into.

4.4.2 Any Existing Tenant whose unit may be reasonably impacted by the construction of the Replacement Units may apply for relocation within Trinity Plaza. The Developer shall, to the extent reasonably feasible, attempt to relocate the Existing Tenant to a similar unit within Trinity Plaza at a location removed from the proposed construction of the Replacement Units, also known as the development of Building A. All reasonable costs and expenses incurred by the Existing Tenant in relocating shall be borne by the Developer.

4.5 Existing Tenant's Right to Occupy a Replacement Unit; Lifetime Leases.

4.5.1 Upon the completion of Building A, the Developer shall notify the Existing Tenants that they have the right to occupy a Replacement Unit in Building A. It is anticipated that each floor of Building A will contain 20 Replacement Units. Developer shall designate the units on floors 1 through 23 as the Replacement Units.

4.5.2 Each Existing Tenant shall be entitled to a Replacement Unit of the same size or larger than his or her existing unit at Trinity Plaza. Existing Tenants shall have the right to select the Replacement Unit of their choice as follows:

(a) Floor 2 through 9 – Existing Tenants shall have a choice of 18 out of 20 units on each floor excepting the two units facing Mission Street (total 144 units);

(b) Floors 10 through 19 – Existing Tenants shall have a choice of 17 units on each floor excepting two units facing Mission Street and one unit facing northwest (total 170 units);

(c) Floors 20 and 21 – Existing Tenants shall have a choice of 16 units on each floor excepting two units facing Mission Street and two units facing Market Street (total 32 units); and,

(d) Floors 22 and 23 – Existing Tenants shall have their choice of seven (7) units on each floor facing east, excepting two units facing north (Market Street) and two units facing south (Mission Street) (total 14 units).

(e) Any conflict among Existing Tenants in selecting units shall be resolved by seniority status.

4.5.3 An Existing Tenant and his or her existing roommate or future spouse or domestic partner shall be entitled to a lifetime lease in the Replacement Unit in Building A.

4.5.4 Developer shall notify Existing Tenants of the anticipated completion date of the Replacement Units (including regular updates to the Tenant's Association) and coordinate with such Existing Tenants on a mutually agreed upon move date to the Replacement Unit. All notifications to Existing Tenants hereunder shall be both by U.S. Mail and by personal delivery to the applicable residential unit on the Project Site. Upon written notification by Developer to an Existing Tenant that such Existing Tenant has the right to occupy a Replacement Unit in Building A, each Existing Tenant shall have thirty (30) days within which to send written notification of acceptance or rejection of the Replacement Unit to Developer that he or she intends to exercise the right to occupy. In the event that an Existing Tenant does not respond within the thirty day (30) period, Developer shall send a second written notice informing the Existing Tenant of its right to occupy the Replacement Unit (and send a copy of such second notice to the City). In the event that an Existing Tenant fails to respond to the second notice above within thirty (30) days or does not agree to move to a Replacement Unit, then Developer may initiate an unlawful detainer action to evict the Existing Tenant. Upon Developer's receipt of an Existing Tenant's written notification of his or her acceptance of a Replacement Unit, Developer shall relocate such Existing Tenant from its existing unit at Trinity Plaza to the Replacement Unit in Building A within sixty (60) days or such alternative time period as may be agreed to by the Existing Tenant. Failure by an Existing Tenant to give written notification of his or her acceptance or rejection of the Replacement Unit within thirty (30) days following Developer's second notification period shall constitute "just cause" under the demolition section of the Rent Ordinance (i.e., the demolition provisions of Section 37.9(a)(10)) for the Developer to evict that Existing Tenant from his or her existing unit (except that Developer is not required to have necessary permits at the time the notice is given); provided, in the event that an Existing Tenant agrees to move within thirty (30) days following the filing of an unlawful detainer complaint, Developer shall dismiss the unlawful detainer and move the Existing Tenant as set forth above.

4.5.5 During construction of Building A and following Developer's relocation of the Existing Tenants in accordance with this Agreement, Developer may continue to rent units in the existing Trinity Plaza building to new tenants provided, (i) Developer includes in a written lease agreement with each such new tenant a clear statement of Developer's intent to demolish the building (including an anticipated date for demolition) and Developer's right to terminate the lease on ninety (90) days' prior written notice, (ii) Developer provides not less than ninety (90) days' prior written notice of lease termination in order to afford the tenants a period of not less than ninety (90) days in which to relocate, and (iii) Developer informs the tenant's association, if any, at the time Developer applies to the City for a demolition permit for the building. So long as Developer has met the requirements set forth above, and Developer has the right to terminate the lease per the terms of the lease, then failure of a tenant to vacate its residential unit at the end of the ninety (90) day period set forth above shall constitute "just cause" under the demolition provisions of Section 37.9(a)(10) and (a)(15) of the

Rent Ordinance at any time after the ninety (90) day period referenced above has expired. Any and all evictions at the Project Site shall be performed at Developer's sole cost and at Developer's sole risk, and City shall have no liability or responsibility in connection therewith.

4.6 Size and Amenities of Newly Constructed Units.

4.6.1 Developer shall provide Replacement Units that are comparable in amenities, style, function, design and layout with the studio units in the other buildings of the Project and the Project as a whole. All studio Replacement Units will be larger than existing units. In Building A, the studio Replacement Units will be approximately 460 square feet. Each studio Replacement Unit will incorporate two large windows (6' by 6'). Each studio Replacement Unit will contain: a full walk-in closet; a kitchen that is a full, operable, standard kitchen including a stovetop, oven, full-size refrigerator, and garbage disposal; and one full bath with a sink, standard-sized bathtub, medicine cabinet and toilet. There will be a second closet at the front entry for guests.

4.6.2 Project Amenities.

(a) There will be an adequate laundry room with a minimum of two washers and three dryers and a trash/recycling room on each floor.

(b) A free fitness center will be provided to the Existing Tenants when the phased construction of the Project is complete. At all times before the completion of the fitness center, Developer shall install and maintain gym equipment in the multi-purpose room located in Building A.

(c) A multi-purpose room of at least 1,000 square feet will be provided in Building A free of charge and for the exclusive use of the tenants.

(d) Developer shall provide a children's playground of at least 225 square feet at the Project Site for the exclusive use of the tenants, which gated children's playground shall be available for use at the time Building A is completed and ready for occupancy.

(e) It is expressly understood that the Project amenities will not include any swimming or reflective pools, and City shall not have the right to require swimming or reflective pools notwithstanding any tenant petition for such amenities, nor shall the City's Rent Board deem the absence of a swimming or reflective pools to be a reduction in housing services under the Rent Ordinance.

5. **DEVELOPER REPRESENTATIONS, WARRANTIES AND COVENANTS.**

5.1 Interest of Owner; Due Organization and Standing. The Developer represents that it is the legal owner of the Project Site, and that all other persons holding legal or equitable interests in the Project Site have consented to the Project Site being bound by this Agreement. Developer is a California limited partnership, duly organized and validly existing and in good standing under the laws of the State of California. Developer has all requisite power to own its property and authority to conduct its business as presently conducted. Developer has made all required State filings and is in good standing in the State of California.

5.2 No Conflict With Other Agreements; No Further Approvals; No Suits. The Developer warrants and represents that it is not a party to any other agreement that would conflict with the Developer's obligations under this Agreement. Neither

Developer's articles of organization, bylaws, or operating agreement, as applicable, nor any other agreement or law in any way prohibits, limits or otherwise affects the right or power of Developer to enter into and perform all of the terms and covenants of this Agreement. No consent, authorization or approval of, or other action by, and no notice to or filing with, any governmental authority, regulatory body or any other person is required for the due execution, delivery and performance by Developer of this Agreement or any of the terms and covenants contained in this Agreement. To Developer's knowledge, there are no pending or threatened suits or proceedings or undischarged judgments affecting Developer or any of its members before any court, governmental agency, or arbitrator which might materially adversely affect Developer's business, operations, or assets or Developer's ability to perform under this Agreement.

5.3 Priority of Development Agreement. The Developer warrants and represents that there is no prior lien or encumbrance against the Project Site which, upon foreclosure, would be free and clear of the obligations set forth in this Agreement. Prior to the Effective Date of this Agreement, the Developer shall provide a title report in form and substance satisfactory to the Director of Planning and the City Attorney confirming the absence of any such liens or encumbrances. If there are any such liens or encumbrance, then Developer shall obtain written instruments from the beneficiaries of any such liens or encumbrances, in a form approved by the Director of Planning and the City Attorney, subordinating their interest in the Project Site to this Agreement.

5.4 No Inability to Perform; Valid Execution. The Developer warrants and represents that it has no knowledge of any inability to perform its obligations under this Agreement. The execution and delivery of this Agreement and the agreements contemplated hereby by Developer have been duly and validly authorized by all necessary action. This Agreement will be a legal, valid and binding obligation of Developer, enforceable against Developer in accordance with its terms.

5.5 Conflict of Interest. Through its execution of this Agreement, the Developer acknowledges that it is familiar with the provisions of Section 15.103 of the City's Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the California Government Code, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

5.6 Notification of Limitations on Contributions. Through execution of this Agreement, the Developer acknowledges that it is familiar with Section 1.126 of City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City, whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for the contract until three (3) months after the date the contract is approved by the City elective officer or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

5.7 Other Documents. No document furnished or to be furnished by Developer to the City in connection with this Agreement, contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading, under the circumstances under which any such statement shall have been made.

5.8 No Suspension or Debarment. Neither Developer, nor any of its officers, have been suspended, disciplined or debarred by, or prohibited from contracting with, the U.S. General Services Administration or any federal, state or local governmental agency.

5.9 No Bankruptcy. Developer represents and warrants to City that Developer has neither filed nor is the subject of any filing of a petition under the federal bankruptcy law or any federal or state insolvency laws or laws for composition of indebtedness or for the reorganization of debtors, and, to the best of Landlord's knowledge, no such filing is threatened.

5.10 Taxes. Without waiving any of its rights to seek administrative or judicial relief from such charges and levies, Developer shall pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, would become a lien upon the Project Site.

5.11 Notification. Developer shall promptly notify City in writing of the occurrence of any event which might materially and adversely affect Developer or Developer's business, or which would make any of the representations herein untrue, or which constitutes, or with the giving of notice or passage of time or both would constitute, a default under this Agreement.

6. OBLIGATIONS OF DEVELOPER

6.1 Completion of Project. The Developer shall timely commence and diligently prosecute to completion the construction of the Project in accordance with this Agreement and the Basic Approvals and any Subsequent Approvals. The expiration of any building permit or other Project Approval shall not limit Developer's vested rights as set forth in this Agreement, and Developer shall have the right to seek and obtain subsequent building permits or approvals consistent with this Agreement at any time during the Term.

6.2 Compliance with Conditions and CEQA Mitigation Measures. The Developer shall comply with all conditions of the Basic Approvals and any Subsequent Approvals, and shall comply with all mitigation measures imposed upon the Project pursuant to CEQA.

6.2.1 The Parties expressly acknowledge that the FEIR and the associated Mitigation Monitoring Program are intended to be used in connection with each of the Basic Approvals and the Subsequent Approvals to the extent appropriate and permitted under applicable law. Consistent with the CEQA policies and requirements applicable to the FEIR, the City agrees to use the FEIR in connection with the processing of any Subsequent Approval to the extent the Subsequent Approval does not change the Basic Approvals and to the extent allowed by law.

6.2.2 Nothing in this Agreement shall limit the ability of the City to impose conditions on any new, discretionary permit relating to material changes to the Project from that described by the Basic Approvals as such conditions are determined by the City

to be necessary to mitigate adverse environmental impacts identified through the CEQA process and associated with the granting of such permit or otherwise to address needs created by the approval of such permit; provided, however, any such conditions must be in accordance with applicable law.

6.3 Progress Reports. Developer shall make reports of the progress of construction of the Project in such detail and at such time as the Planning Director reasonably requests.

6.4 Cooperation By Developer.

6.4.1 The Developer shall, in a timely manner, provide the City with all documents, applications, plans and other information necessary for the City to comply with its obligations under this Agreement.

6.4.2 The Developer shall timely comply with all requests by the Planning Director for production of documents or other evidence of compliance with this Agreement.

6.5. Nondiscrimination.

6.5.1 In the performance of this Agreement, Developer agrees not to discriminate on the basis of the fact or perception of a person's, race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes, against any City employee, employee of or applicant for employment with the Developer, or against any bidder or contractor for public works or improvements, or for a franchise, concession or lease of property, or for goods or services or supplies to be purchased by the Developer. A similar provision shall be included in all subordinate agreements let, awarded, negotiated or entered into by the Developer for the purpose of implementing this Agreement.

6.6 First Source Hiring Ordinance. During any construction on the Project Site, the Developer shall comply with the First Source Hiring Ordinance (S.F. Administrative Code Chapter 83). Developer shall have entered into a First Source Hiring agreement with the City with respect to each phase of construction.

6.7 Payment of Fees and Costs.

6.7.1 The Developer shall timely pay to the City all impact fees and exactions applicable to the Project or the Project Site under the San Francisco Municipal Code as of the Effective Date and any new fees or increased fees to the extent authorized by Section 2.3 of this Agreement.

6.7.2 The Developer shall timely pay to the City all fees applicable to the processing or review of applications for the Basic Approvals or the Subsequent Approvals under the San Francisco Municipal Code. In connection with any environmental review relative to a Subsequent Approval, Developer shall reimburse City or pay directly for all reasonable costs relating to the hiring of consultants and the performing of studies as may be necessary to perform such environmental review. Prior to engaging the services of any consultant or authorizing the expenditure of any funds for such consultant, the City shall consult with the Developer in an effort to mutually agree

to terms regarding (i) the scope of work to be performed, (ii) the projected costs associated with the work, and (iii) the particular consultant that would be engaged to perform the work.

6.7.3 Pursuant to Section 56.20 of the Administrative Code, the Developer shall pay a fee (the "Development Agreement Fee") to the City to defray its actual, reasonable costs in preparing, adopting, or amending this Agreement, including but not limited to the costs of the City Attorney's Office. The fee shall be charged and collected in accordance with the procedures set forth in Section 56.20 of the Administrative Code and the requirements of state law, including Government Code Section 66005. The Development Agreement Fee shall be paid within thirty (30) days following City's providing Developer with written notice of the amount of such fee, and no sooner than the Effective Date.

6.8 Nexus/Reasonable Relationship Waiver. The Developer consents to, and waives any rights it may have now or in the future, to challenge with respect to the Project or Basic Approvals, the legal validity of, the conditions, requirements, policies, or programs required by this Agreement or the Existing Standards, including, without limitation, any claim that they constitute an abuse of police power, violate substantive due process, deny equal protection of the laws, effect a taking of property without payment of just compensation, or impose an unlawful tax. In the event Developer challenges any Future Change to an Existing Standard, or any increased or new fee permitted under Section 2.3 above, then City shall have the right to withhold additional development approvals or permits until the matter is resolved; provided, Developer shall have the right to make payment or performance under protest, and thereby receive the additional approval or permit while the matter is under dispute.

6.9 Taxes. The City may levy, assess, or impose against the Project any tax that is authorized by state law, or by any City law as of the Effective Date, or any tax that is levied, assessed, or imposed against one or more areas of the City for the purpose of financing the construction of area-specific facilities or infrastructure, payment of ongoing maintenance of public facilities, or payment of the operating costs of public services; provided that (i) no such tax shall be duplicative, in whole or in part, of any obligation the Developer may have under this Agreement or under the Basic Approvals, and (ii) no such tax or assessment is targeted or directed at the Project, including, without limitation, any tax or assessment targeted solely at property located within the Assessor's Block where the Project Site is located. Nothing in the foregoing prevents the City from imposing any tax or assessment against the Project Site, or any space therein, that is enacted in accordance with law and applies on a City-wide basis.

6.10 Hold Harmless and Indemnification of City. Developer shall indemnify, reimburse and save and hold harmless the City and its officers, agents and employees from and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims ("Losses") resulting directly or indirectly from this Agreement and Developer's performance of this Agreement, regardless of the negligence of and regardless of whether liability without fault is imposed or sought to be imposed on the City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the Effective Date, and except to the extent such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of City. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs, and the City's costs of investigating any claims against the City.

6.11 Equal Opportunity and Employment and Training Program. In accordance with Administrative Code Section 56.7, this Agreement must include a detailed equal opportunity program and employment and training program (the "Equal Opportunity and Employment Program") containing goals and timetables and a program for implementation. Before commencing any work on the Project Site, the parties agree to negotiate for a detailed agreement for the Equal Opportunity and Employment Program, which will be subject to the review and approval of Developer and the Planning Director, each in their sole and absolute discretion. Such agreement shall include compliance with the Local Business Enterprise and Nondiscrimination in Contracting Ordinance (LBE) as set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future, with a first preference for businesses located in the South of Market neighborhood and participation in the CITYBUILD Program, organized through the Mayor's Office of Economic and Workforce Development, with respect to any new hiring for construction on the Project. Developer and its contractors shall submit detailed workforce projections to the CITYBUILD Program at least sixty (60) days prior to the commencement of any work on the Project Site. Developer's rights under this Agreement are subject to and conditioned upon entering into such agreement before commencement of any construction on the Project Site. If the parties are unable to reach such agreement on or before the date Developer seeks to start construction, then this Agreement shall terminate without cost, liability or penalty to either party.

7. OBLIGATIONS OF CITY

7.1 No Action to Impede Basic Approvals. City shall take no action nor impose any condition that would conflict with this Agreement or the Basic Approvals. n action taken or condition imposed shall be deemed to be "in conflict with" this Agreement or the Basic Approvals if such actions or conditions result in one or more of the circumstances identified in Section 2.2.2 of this Agreement.

7.2 Expeditious Processing of Subsequent Approvals. Upon the City's receipt from Developer of a completed application for one or more Subsequent Approvals and the associated processing fees required by this Agreement, the City shall use reasonable efforts to commence and complete promptly and diligently all steps necessary to act on the Subsequent Approvals in a timely way, including without limitation (i) performing any environmental review, as may be required under CEQA, (ii) providing at the Developer's expense and subject to the Developer's request and prior approval, reasonable overtime assistance by consultants for processing of applications for such Subsequent Approvals and/or performing environmental review, (iii) providing the notice and holding of public hearings as required by applicable law, and (iv) making the decision to approve, modify, or disapprove the subject Subsequent Approvals.

7.3 Processing During Third Party Litigation. The filing of any third-party lawsuit(s) against the City or Developer relating to this Agreement, the Basic Approvals, the Subsequent Approvals, or other development issues affecting the Project or the Project Site, shall not delay or stop the development, processing or construction of the Project or the issuance of Subsequent Approvals unless the third party obtains a court order preventing the activity.

7.4 Criteria for Approving Subsequent Approvals. City may approve an application for a Subsequent Approval subject to any conditions necessary to bring the Subsequent Approval into compliance with this Agreement, the Basic Approvals, any Subsequent Approval, the Existing Standards, or Future Changes to Existing Standards (except to the extent such Future Changes to Existing Standards are in conflict with this

Agreement or the terms and conditions of the Basic Approvals). If City denies any application for a Subsequent Approval that implements the Project as contemplated by the Basic Approvals (as opposed to requests for Subsequent Approvals that effect a Material Change to the Basic Approvals), City must specify in writing the reasons for such denial and may suggest modifications. Any such specified modifications shall be consistent with this Agreement, the Basic Approvals, the Subsequent Approvals that have been previously granted, and the Existing Standards or Future Changes to Existing Standards and City staff shall approve the application if it is subsequently resubmitted for City review and corrects or mitigates, to the City's satisfaction, the stated reasons for the earlier denial in a manner that is consistent and compliant with this Agreement, the Basic Approvals, any Subsequent Approvals that have been granted, the Existing Standards, Future Changes to Existing Standards (if any) and applicable law.

7.5 Coordination of Offsite Improvements. City will use reasonable efforts to assist Developer in coordinating construction of offsite improvements in a timely manner; provided, City shall not be required to incur any costs in connection therewith, other than incidental administrative costs, such as staff time.

8. MUTUAL OBLIGATIONS

8.1 Notice of Completion or Revocation. Upon the Parties' completion of performance or revocation of this Agreement, a written statement acknowledging such completion or revocation, signed by the appropriate agents of City and Developer, shall be recorded in the Office of the Assessor/Recorder of the City and County of San Francisco, California.

8.2 Estoppel Certificate. Either Party may, at any time, and from time to time, deliver written notice to the other Party requesting such Party to certify in writing that to the best of 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, and if so amended or modified, identifying the amendments or modifications and stating their date and nature, (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) the findings of the City with respect to the most recent Annual Review performed pursuant to Section 9.2 below.

8.2.1 A Party receiving a request under this Section 8.2 shall execute and return such certificate within thirty (30) days following receipt of the request. Failure by a Party within such thirty (30) days to either execute and return such certificate or provide a detailed written explanation of why the Party has failed to do so shall be deemed to be a Default following notice and cure as set forth in Section 12.3 of this Agreement.

8.2.2 Each Party acknowledges that third parties with a property interest in the Project Site, including any mortgagee, acting in good faith may rely upon such a certificate. A certificate provided by the City establishing the status of this Agreement with respect to any lot or parcel shall be in recordable form and may be recorded with respect to the affected lot or parcel at the expense of the recording party.

8.3 Cooperation in the Event of Third-Party Challenge.

8.3.1 In the event any legal action or proceeding is instituted challenging the validity of any provision of this Agreement, the Project, the Basic Approvals or Subsequent Approvals, the adoption or certification of the FEIR, other actions taken

pursuant to CEQA, or other approvals under State or City codes, statutes, codes, regulations, or requirements, and any combination thereof relating to the Project or any portion thereof ("Third-Party Challenge"), the Parties shall cooperate in defending against such challenge. City shall promptly notify Developer of any Third-Party Challenge instituted against the City.

8.3.2 Developer shall assist and cooperate with City at its own expense in connection with any Third Party Challenge. The City Attorney's Office may use its own legal staff or outside counsel in connection with defense of the Third-Party Challenge, at the City Attorney's sole discretion. To the extent that any such action or proceeding challenges the Developer's right to proceed with the Project under this Agreement, including the City's actions taken pursuant to CEQA, Developer shall reimburse the City for its reasonable costs in defense of the action or proceeding, including but not limited to the time and expenses of the City Attorney's Office and any consultants; provided, (i) Developer shall have the right to monthly invoices for all such costs, and (ii) Developer may elect to terminate this Agreement, and upon any such termination, Developer's obligations to defend the Third Party Challenge shall cease and Developer shall have no responsibility to reimburse any City costs incurred after such termination date; provided, in the event that Developer has commenced Building A prior to such termination, Developer's obligations under Article 4 of this Agreement with respect to the Existing Tenants shall survive such termination until completion. The Developer shall indemnify the City from any other liability incurred by the City, its officers, and its employees as the result of any Third-Party Challenge, including any award to opposing counsel of attorneys' fees or costs, except where such award is the result of the willful misconduct of City or its officers or employees. This section shall survive any judgment invalidating all or any part of this Agreement.

8.4 Good Faith and Fair Dealing. The Parties shall cooperate with each other and act in good faith in complying with the provisions of this Agreement and implementing the Basic Approvals and any Subsequent Approvals. In their course of performance under this Agreement, the Parties shall cooperate and shall undertake such actions as may be reasonably necessary to implement the Project as contemplated by this Agreement.

8.5 Other Necessary Acts. Each Party shall execute, acknowledge and deliver to the other all further instruments and documents and shall take such further actions as may be reasonably necessary to carry out this Agreement, the Basic Approvals, the Subsequent Approvals, the Existing Standards and Future Changes to Existing Standards in order to provide and secure to each Party the full and complete enjoyment of its rights and privileges hereunder.

9. PERIODIC REVIEW OF DEVELOPER'S COMPLIANCE.

9.1 Initiation of Review. Pursuant to Section 56.17 of the Administrative Code as of the Effective Date, at the beginning of the second week of January following final adoption of this Agreement, the Planning Director shall commence a review to ascertain whether the Developer has, in good faith, complied with the Agreement.

9.2 Annual Review. Pursuant to Section 65865.1 of the Development Agreement Statute and Section 56.17 of the Administrative Code as of the Effective Date, the Planning Director shall review annually the Developer's compliance with this Agreement for as long as this Agreement is in effect. This review shall commence at the beginning of the second week of January of each year.

9.3 Review Procedure. In conducting the required initial and annual reviews of the Developer's compliance with this Agreement, the Director shall follow the process set forth in Section 56.17 of the Administrative Code as of the Effective Date.

10. AMENDMENT; TERMINATION; EXTENSION OF TERM

10.1 Amendment or Termination. Except as provided in Section 2.5 (Changes in State and Federal Rules and Regulations) or Section 12.5 (Remedies for Default), this Agreement may only be amended or terminated with the mutual written consent of the Parties. The amendment or termination, and any required notice thereof, shall be accomplished in the manner provided in the Development Agreement Statute and Chapter 56 of the Administrative Code as of the Effective Date.

10.1.1 Amendment Exemptions. No amendment of a Basic Approval or Subsequent Approval, or the approval of a Subsequent Approval, shall require an amendment to this Agreement. Upon approval, any such matter shall be deemed to be incorporated automatically into the Project and vested under this Agreement (subject to any conditions set forth in the amendment or Subsequent Approval). Notwithstanding the foregoing, in the event of any direct conflict between the terms of this Agreement and a Subsequent Approval, or between this Agreement and any amendment to a Basic Approval or Subsequent Approval, then the terms of this Agreement shall prevail and any amendment to this Agreement shall be accomplished as set forth in Section 10.1 above.

10.2 Extension Due to Legal Action, Referendum, or Excusable Delay.

10.2.1 If any litigation affecting the Project Site is filed challenging this Agreement, the Basic Approvals or any Subsequent Approvals (including but not limited to any CEQA determinations) or the validity of this Agreement or any of its provisions, or if this Agreement, any Basic Approvals, or any Subject Approvals are suspended pending the outcome of an electoral vote on a referendum, the Term shall be extended pursuant to the provisions of this Section 10.2

10.2.2 In the event of changed conditions, changes in state or federal laws or regulations, inclement weather, delays due to strikes, inability to obtain materials, civil commotion, war, acts of terrorism, fire, acts of God, litigation, or other circumstances beyond the control of the Developer and not proximately caused by the acts or omissions of Developer that substantially interfere with carrying out the Project or any portion thereof or with the ability of Developer to perform its obligations or to perform overall under this Agreement ("Excusable Delay"), the Parties agree to: (i) extend the time periods for performance of Developer's obligations; and (ii) extend the term of this Agreement. In the event that an Excusable Delay occurs, the Developer shall notify the City in writing of such occurrence and the manner in which such occurrence substantially interferes with carrying out the Project or the ability of the Developer to perform under this Agreement. In the event of the occurrence of any such Excusable Delay, the time or times for performance of the obligations of Developer will be extended for the period of the delay; provided, however, (i) within thirty (30) days after the beginning of any such delay, Developer shall have first notified City of the cause or causes of such delay and claimed an extension for the reasonably estimated period of the delay, and (ii) Developer cannot, through commercially reasonable and diligent efforts, make up for the delay within the time period remaining prior to the applicable completion date. Notwithstanding anything to the contrary in this Section, (A) the lack of credit or financing shall not be considered to be a matter beyond Developer's control and therefore no lack of such financing shall be deemed an Excusable Delay, and (B) in no event shall an Excusable Delay last for more than twenty-four (24) months.

10.2.3 Any extension of time for performance of the Developer's obligations or extension of the term of this Agreement pursuant to Sections 10.2.1 and 10.2.2 above shall be limited to the period of time that such litigation, referendum, or Excusable Delay has the effect of delaying the ability of the Developer to implement the Project, or any portion thereof, in a manner and within the time frame contemplated under this Agreement or the Basic Approvals, subject to the time limitation set forth in Section 10.2.2 above.

11. TRANSFER OR ASSIGNMENT; RELEASE; RIGHTS OF MORTGAGEES; CONSTRUCTIVE NOTICE

11.1 Permitted Transfer of this Agreement.

11.1.1 Approval of City Required Until Completion of Building A. Developer understands and agrees that City is relying on Developer's expertise, reputation, and financial ability in entering into this Agreement. Except for a Permitted Transfer under Section 11.1.5 below, before completion of Building A, including all of the Replacement Units, the relocation of Existing Tenants, and the amenities described in Section 4.6, the duties and obligations of Developer under this Agreement are personal in character and neither this Agreement nor any duties or obligations hereunder may be directly or indirectly, in whole or in part, sold, pledged, assigned or transferred (each, a "Transfer") by the Developer unless first approved by the Planning Director by written instrument, such approval not to be unreasonably withheld or delayed.

11.1.2 In determining whether to grant such approval under Section 11.1 above, the Planning Director shall exercise his or her reasonable discretion based on the following criteria: (a) proposed transferee/assignee's experience in completing development projects of similar scope and nature as the Project; (b) transferee/assignee's financial ability to carry out the Project; (c) transferee/assignee's ability to complete all phases of the Project within the timeline established by this Agreement; and (d) such additional considerations as are permitted by applicable law.

11.1.3 In addition to the restriction on transfer in Section 11.1 above, Developer may only assign or transfer this Agreement, either before or after completion of Building A, to a purchaser of a fee interest in all or part of the Project Site, and this Agreement, and all of the rights and benefits of Developer under this Agreement, shall run with the land and benefit and burden each successor owner of all or part of the Project Site; provided no transfer or sale of Developer's rights and obligations hereunder shall occur without prior written notice to City (provided that this notice requirement shall not be deemed to require City consent or approval). In addition, if Developer proposes to Transfer less than the entire Project Site after the completion of Building A, including the amenities described in Section 4.6, and the relocation of the Existing Tenants, then any such Transfer shall be subject to City's prior written consent, which shall not be unreasonably withheld or delayed. City shall grant such consent so long as Developer provides, in a form reasonably acceptable to the Director of Planning and the City Attorney, a written assignment and assumption agreement that transfers all of Developer's rights and responsibilities under this Agreement with respect to the transferred portion of the Project Site and lists City as a third-party beneficiary, and does not leave gaps or uncertainty with respect to which party shall be responsible for one or more of the obligations under this Agreement concerning the transferred portion of the Project Site (an "Assignment and Assumption Agreement"). No City consent under this Agreement shall constitute or be deemed an approved subdivision of the Project Site. If

and to the extent Developer seeks to subdivide some or all of the Project Site, Developer shall take such steps and record such maps as may be required under applicable law.

11.1.4 Upon any Transfer of the entire Project Site, Developer shall provide a copy of this Agreement to the transferee and shall assign this Agreement, and require the transferee to assume this Agreement, as of the date of closing, either in the purchase agreement or as part of a separate assignment and assumption agreement with the transferee; provided, Developer's failure to do so shall not limit or affect the transferee's obligations under this Agreement from and after the date of closing.

11.1.5 Notwithstanding anything to the contrary set forth above, the following shall not be deemed a Transfer requiring City consent under this Agreement: (i) any sale, pledge, assignment or other transfer of the entire Project Site to an entity directly or indirectly controlled by Developer and (ii) any change in corporate form, such as a transfer from a corporation to a limited liability company or partnership, that does not affect or change beneficial ownership of the Project Site (each, a "Permitted Change"); provided, however, Developer shall provide to City written notice of any such Permitted Change, together with such backup materials or information reasonably requested by City, within thirty (30) days following the date of such Permitted Change or City's request for backup information, as applicable. The Parties expressly acknowledge that the Developer is a limited partnership, whose management and control may change from time to time, including, without limitation through the death or incapacity of the current manager of the general partner, Angelo Sangiacomo.

11.1.6 Any Transfer in violation of this Section 11.1 shall be deemed a material default, and City shall have the right to terminate this Agreement upon any such default by delivering written notice of termination to Developer, subject to Developer's cure rights as stated below. Notwithstanding anything to the contrary set forth in Section 12 below, this Agreement shall terminate on the date that is thirty (30) days following City's termination notice unless Developer cures such breach by voiding or reversing such unpermitted Transfer within said thirty (30) day period.

11.2 Rights of Developer. The provisions in this Section 11 shall not be deemed to prohibit or otherwise restrict Developer from (i) granting easements or licenses to facilitate development of the Project Site, (ii) encumbering the Project Site or any portion of the improvements thereon by any mortgage, deed of trust, or other device securing financing with respect to the Project Site or Project, (iii) granting a leasehold interest in portions of the Project Site in which persons or entities so granted will reside or will operate, (iv) entering into a joint venture agreement or similar partnership agreement to fulfill its obligations under this Agreement, provided that Developer retains control of such joint venture or partnership and provided none of the foregoing will affect or limit Developer's obligations or liabilities under this Agreement, (v) upon completion of a building, selling a fee interest in a condominium unit (excluding the Replacement Units, which shall all remain under common ownership as set forth above), or (vi) transferring all or a portion of the Project Site pursuant to a foreclosure, conveyance in lieu of foreclosure, or other remedial action in connection with a mortgage. None of the terms, covenants, conditions, or restrictions of this Agreement or the Basic Approvals or Subsequent Approvals shall be deemed waived by City by reason of the rights given to Developer pursuant to this Section 11.2. Developer shall give the City at least thirty (30) days' notice prior to any sale or conveyance of a fee interest in the Project Site or any portion thereof.

11.3 Developer's Responsibility for Performance. It is the intent of the Parties that as the Project is developed all applicable requirements of this Agreement and the

Basic Approvals and Subsequent Approvals shall be met. If Developer Transfers all or any portion of the Project Site to any other person or entity in accordance with Section 11.1 above ("Transferee"), Developer shall continue to be responsible for performing the obligations under this Agreement as to the transferred property interest until such time as there is delivered to the City a legally binding Assignment and Assumption Agreement. The City is entitled to enforce each and every such obligation assumed by the Transferee directly against the Transferee as if the Transferee were an original signatory to this Agreement with respect to such obligation. Accordingly, in any action by the City against a Transferee to enforce an obligation assumed by the Transferee, the Transferee shall not assert any defense against the City's enforcement of performance of such obligation that is attributable to Developer's breach of any duty or obligation to the Transferee arising out of the transfer or assignment, the Assignment and Assumption Agreement, the purchase and sale agreement, or any other agreement or transaction between the Developer and the Transferee.

11.4 Release Upon Transfer or Assignment. Upon the Developer's Transfer of all or a portion of the Project Site or any interest therein (together with an assignment and assumption of all or part of this Agreement in accordance with Section 11.1 above), Developer shall be released from any future obligations under this Agreement with respect to the portion of the Project Site so transferred; provided, however, that (i) Developer is not then in default under this Agreement, (ii) Developer has provided written notice to the City of such transfer or assignment, (iii) the Transferee executes and delivers to the City the legally binding Assignment and Assumption Agreement. Following any Transfer in accordance with the terms of this Section 11 that occurs after completion of Building A, including all of the Replacement Units and the amenities described in Section 4.6, a default under this Agreement by the Transferee shall not constitute a default by the Developer under this Agreement and shall have no effect upon the Developer's rights under this Agreement as to the remaining portions of the Project Site owned by the Developer. Further, a default under this Agreement by the Developer as to any portion of the Project Site not transferred shall not constitute a default by the Transferee and shall not affect any of Transferee's rights under this Agreement. Notwithstanding the foregoing, there can be no development on any portion the Project Site unless and until Building A and the related amenities are commenced and completed and the Existing Tenants are relocated as and when required under this Agreement and, in the event of a default by Developer or a Transferee prior all such items are completed, then City shall have the right to terminate this Agreement in its entirety with respect to the entire Project Site even if the Project Site has been subdivided and is owned by separate entities.

11.5 Rights of Mortgagees; Not Obligated to Construct; Right to Cure Default.

11.5.1 Notwithstanding anything to the contrary contained in this Agreement (including without limitation those provisions that are or are intended to be covenants running with the land), a mortgagee, including any mortgagee who obtains title to the Project Site or any portion thereof as a result of foreclosure proceedings or conveyance or other action in lieu thereof, or other remedial action ("Mortgagee") shall not be obligated under this Agreement to construct or complete improvements required by the Basic Approvals, Subsequent Approvals or this Agreement or to guarantee their construction or completion solely because the Mortgagee holds a mortgage or other interest in the Project Site or this Agreement. The foregoing provisions shall not be applicable to any other party who, after such foreclosure, conveyance, or other action in lieu thereof, or other remedial action, obtains title to the Project Site or a portion thereof from or through the Mortgagee or any other purchaser at a foreclosure sale other than the Mortgagee itself. A breach of any obligation secured by any mortgage or other lien against the mortgaged

interest or a foreclosure under any mortgage or other lien shall not by itself defeat, diminish, render invalid or unenforceable, or otherwise impair the obligations or rights of the Developer under this Agreement.

11.5.2 Subject to the provisions of the first sentence of Section 11.5.1, any person, including a Mortgagee, who acquires title to all or any portion of the mortgaged property by foreclosure, trustee's sale, deed in lieu of foreclosure, or otherwise shall succeed to all of the rights and obligations of the Developer under this Agreement and shall take title subject to all of the terms and conditions of this Agreement. Nothing in this Agreement shall be deemed or construed to permit or authorize any such holder to devote any portion of the Project Site to any uses, or to construct any improvements, other than the uses and improvements provided for or authorized by the Basic Approvals, Subsequent Approvals and this Agreement.

11.5.3 If City receives a written notice from a Mortgagee or from Developer requesting a copy of any Notice of Default delivered to Developer and specifying the address for service thereof, then City shall deliver to such Mortgagee at such Mortgagee's cost (or Developer's cost), concurrently with service thereon to Developer, any Notice of Default delivered to Developer under this Agreement. In accordance with Section 2924 of the California Civil Code, City hereby requests that a copy of any notice of default and a copy of any notice of sale under any mortgage or deed of trust be mailed to City at the address shown on the first page of this Agreement for recording.

11.5.4 A Mortgagee shall have the right, at its option, to cure any default or breach by the Developer under this Agreement within the same time period as Developer has to remedy or cause to be remedied any default or breach, plus an additional period of (i) thirty (30) calendar days to cure a default or breach by the Developer to pay any sum of money required to be paid hereunder and (ii) ninety (90) days to cure or commence to cure a non-monetary default or breach and thereafter to pursue such cure diligently to completion. Mortgagee may add the cost of such cure to the indebtedness or other obligation evidenced by its mortgage, provided that if the breach or default is with respect to the construction of the improvements on the Project Site, nothing contained in this Section 11.5 or elsewhere in this Agreement shall be deemed to permit or authorize such Mortgagee, either before or after foreclosure or action in lieu thereof or other remedial measure, to undertake or continue the construction or completion of the improvements (beyond the extent necessary to conserve or protect improvements or construction already made) without first having expressly assumed the obligation to the City, by written agreement reasonably satisfactory to the City, to complete in the manner provided in this Agreement the improvements on the Project Site or the part thereof to which the lien or title of such Mortgagee relates.

11.5.5 If at any time there is more than one mortgage constituting a lien on any portion of the Project Site, the lien of the Mortgagee prior in lien to all others on that portion of the mortgaged property shall be vested with the rights under this Section 11.5 to the exclusion of the holder of any junior mortgage; provided that if the holder of the senior mortgage notifies the City that it elects not to exercise the rights sets forth in this Section 11.5, then each holder of a mortgage junior in lien in the order of priority of their respective liens shall have the right to exercise those rights to the exclusion of junior lien holders. Neither any failure by the senior Mortgagee to exercise its rights under this Agreement nor any delay in the response of a Mortgagee to any notice by the City shall extend Developer's or any Mortgagee's rights under this Section 11.5. For purposes of this Section 11.5, in the absence of an order of a court of competent jurisdiction that is served on the City, a then-current title report of a title company licensed to do business in the State of California and having an office in the City setting forth the order of priority

of lien of the mortgages shall be reasonably relied upon by the City as evidence of priority.

11.6 Constructive Notice. Every person or entity who now or hereafter owns or acquires any right, title or interest in or to any portion of the Project or the Project Site is, and shall be, constructively deemed to have consented to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Project or the Project Site. Every person or entity who now or hereafter owns or acquires any right, title or interest in or to any portion of the Project or the Project Site and either (i) undertakes any development activities at the Project Site, or (ii) owns the Replacement Units, is, and shall be, constructively deemed to have consented and agreed to, and is obligated by, all of the terms and conditions of this Agreement, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Project or the Project Site.

12. ENFORCEMENT OF AGREEMENT; REMEDIES FOR DEFAULT; DISPUTE RESOLUTION

12.1 Enforcement. The only parties to this Agreement are the City and the Developer. Except as provided in Section 12.2 below, this Agreement is not intended, and shall not be construed, to benefit or be enforceable by any other person or entity whatsoever.

12.2 Private Right of Action. In addition to the options available to the City to enforce this Agreement, the Existing Tenants shall have a private right of action against the Developer, but not against the City, to enforce the provisions of Section 4 of this Agreement, with attorneys' fees and costs awarded to the prevailing party in any court action.

12.3 Default. For purposes of this Agreement, the following shall constitute a default under this Agreement: the failure to make any payment within ten (10) days of when due, and the failure to perform or fulfill any other material term, provision, obligation, or covenant hereunder and the continuation of such failure for a period of thirty (30) calendar days following a written notice of default and demand for compliance; provided, however, if a cure cannot reasonable be completed within thirty (30) days, then it shall not be considered a default if a cure is commenced within said 30-day period and diligently prosecuted to completion thereafter, but in no event later than one hundred twenty (120) days.

12.4 Notice of Default. Prior to the initiation of any action for relief specified in Section 12.5 below, the Party claiming default shall deliver to the other Party a written notice of default. The notice of default shall specify the reasons for the allegation of default with reasonable specificity. If the alleged defaulting Party disputes the allegations in the notice of default, then that Party, within twenty-one (21) calendar days of receipt of the notice of default, shall deliver to the other Party a notice of non-default which sets forth with specificity the reasons that a default has not occurred. The Parties shall meet to discuss resolution of the alleged default. If, after good faith negotiation, the Parties fail to resolve the alleged default within thirty (30) calendar days, then the Party alleging a default may (i) institute legal proceedings pursuant to Section 12.5 to enforce the terms of this Agreement or (ii) send a written notice to terminate this Agreement pursuant to Section 12.5. The Parties may mutually agree in writing to extend the time periods set forth in this Section.

12.5 Remedies for Default. In the event of a default under this Agreement, the remedies available to a Party shall include specific performance of the Agreement in addition to any other remedy available at law or in equity. In addition, the non-defaulting Party may terminate this Agreement subject to the provisions of this Section 12 by sending a Notice of Intent to Terminate to the other Party setting forth the basis for the termination. The Agreement will be considered terminated effective upon receipt of a Notice of Termination. The Party receiving the Notice of Termination may take legal action available at law or in equity if it believes the other Party's decision to terminate was not legally supportable.

12.6 Dispute Resolution. The Parties recognize that disputes may arise from time to time regarding application to the Project and the Project Site of the Existing Standards or Future Changes to the Existing Standards. Accordingly, in addition and not by way of limitation to all other remedies available to the Parties under the terms of this Agreement, including legal action, the Parties agree to establish a dispute resolution procedure that is designed to expedite the resolution of such disputes. If, from time to time, a dispute arises between the Parties relating to application to the Project or the Project Site of Existing Standards or Future Changes to the Existing Standards, the dispute shall initially be presented by Planning staff to the Planning Director, or by Department of Public Works staff to the Public Works Director, whichever is appropriate, for resolution. If the Planning Director or Public Works Director decides the dispute to the Developer's satisfaction, such decision shall be deemed to have resolved the matter. Nothing in this section shall limit the right of the parties to seek judicial relief in the event that they cannot resolve disputes through the process set forth herein.

12.7 Attorneys' Fees. Should legal action be brought by either Party against the other for default under this Agreement or to enforce any provision herein, the prevailing party in such action shall be entitled to recover its reasonable attorneys' fees and costs.

12.8 No Waiver. Failure or delay in giving notice of default shall not constitute a waiver of default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failure or delay by a Party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies; nor shall it deprive any such Party of its right to institute and maintain any actions or proceedings that it may deem necessary to protect, assert, or enforce any such rights or remedies.

12.9 Future Changes to Existing Standards. Pursuant to Section 65865.4 of the Development Agreement Statute, unless this Agreement is cancelled by mutual agreement of the Parties as provided for under Section 10, above, or terminated pursuant to Section 12.5, above, either party may enforce this Agreement notwithstanding any change in any applicable general or specific plan, zoning, subdivision, or building regulation adopted by the City, including any Future Changes to Existing Standards.

12.10 Joint and Several Liability. If the Developer consists of more than one person or entity with respect to a legal parcel within the Project Site, then the obligations of each person and/or entity shall be joint and several.

13. MISCELLANEOUS PROVISIONS

13.1 Entire Agreement. This Agreement, including the preamble paragraph, Recitals and Exhibits, constitute the entire understanding and agreement between the Parties with respect to the subject matter contained herein.

13.2 Binding Covenants; Run With the Land. Pursuant to Section 65868 of the Development Agreement Statute, from and after recordation of this Agreement, all of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall be binding upon the Parties and, subject to Section 11 above, their respective heirs, successors (by merger, consolidation, or otherwise) and assigns, and all persons or entities acquiring the Project Site, any lot, parcel or any portion thereof, or any interest therein, whether by sale, operation of law, or in any manner whatsoever, and shall inure to the benefit of the Parties and their respective heirs, successors (by merger, consolidation or otherwise) and assigns. Subject to the limitations on Transfers set forth in Section 11 above, all provisions of this Agreement shall be enforceable during the term hereof as equitable servitudes and constitute covenants and benefits running with the land pursuant to applicable law, including but not limited to California Civil Code Section 1468.

13.3 Applicable Law and Venue. This Agreement has been executed and delivered in and shall be interpreted, construed, and enforced in accordance with the laws of the State of California. All rights and obligations of the Parties under this Agreement are to be performed in the City and County of San Francisco, and such City and County shall be the venue for any legal action or proceeding that may be brought, or arise out of, in connection with or by reason of this Agreement.

13.4 Construction of Agreement. The Parties have mutually negotiated the terms and conditions of this Agreement and its terms and provisions have been reviewed and revised by legal counsel for both City and Developer. Accordingly, no presumption or rule that ambiguities shall be construed against the drafting Party shall apply to the interpretation or enforcement of this Agreement. Language in this Agreement shall be construed as a whole and in accordance with its true meaning. The captions of the paragraphs and subparagraphs of this Agreement are for convenience only and shall not be considered or referred to in resolving questions of construction. Each reference in this Agreement to this Agreement or any of the Basic Approvals or Subsequent Approvals shall be deemed to refer to the Agreement or the Basic Approvals or Subsequent Approvals as amended from time to time pursuant to the provisions of the Agreement, whether or not the particular reference refers to such possible amendment.

13.5 Project Is a Private Undertaking; No Joint Venture or Partnership.

13.5.1 The development proposed to be undertaken by Developer on the Project Site is a private development, except for that portion to be devoted to public improvements to be constructed by Developer in accordance with the Basic Approvals. City has no interest in, responsibility for, or duty to third persons concerning any of said improvements. Developer shall exercise full dominion and control over the Project Site, subject only to the limitations and obligations of the Developer contained in this Agreement or in the Basic Approvals.

13.5.2 Nothing contained in this Agreement, or in any document executed in connection with this Agreement, shall be construed as creating a joint venture or partnership between City and Developer. Neither Party is acting as the agent of the other Party in any respect hereunder. The Developer is not a state or governmental actor with respect to any activity conducted by the Developer hereunder.

13.6 Recordation. Pursuant to Section 65868.5 of the Development Agreement Statute and Section 56.16 of the San Francisco Administrative Code as of the Effective Date, the Clerk of the Board shall have a copy of the Agreement recorded with the County Recorder within ten (10) days after execution of the Agreement or any amendment thereto, with costs to be borne by Developer.

13.7 Obligations Not Dischargeable in Bankruptcy. Developer's obligations under this Agreement are not dischargeable in bankruptcy.

13.8 Signature in Counterparts. This Agreement may be executed in duplicate counterpart originals, each of which is deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

13.9 Time of the Essence. Time is of the essence in the performance of each and every covenant and obligation to be performed by the Parties under this Agreement.

13.10 Notices. Any notice or communication required or authorized by this Agreement shall be in writing and may be delivered personally or by registered mail, return receipt requested. Notice, whether given by personal delivery or registered mail, shall be deemed to have been given and received upon the actual receipt by any of the addressees designated below as the person to whom notices are to be sent. Either Party to this Agreement may at any time, upon written notice to the other Party, designate any other person or address in substitution of the person and address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

To City:

Dean L. Macris
Director of Planning
San Francisco Planning Department
1660 Mission Street
San Francisco, California 94102

with a copy to:

Dennis J. Herrera, Esq.
City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

To Developer:

Angelo Sangiacomo, President
Trinity Properties, Inc.
1145 Market Street, Suite 1200
San Francisco, CA 94103

with a copy to:

James A. Reuben, Esq.
Jared Eigerman, Esq.
Reuben & Junius, LLP

235 Pine Street, Suite 1600
San Francisco, CA 94104

13.11 Limitations on Actions. Pursuant to Section 56.19 of the San Francisco Administrative Code, any decision of the Board of Supervisors made pursuant to Chapter 56 of the Administrative Code shall be final. Any court action or proceeding to attack, review, set aside, void, or annul any final decision or determination by the Board shall be commenced within ninety (90) days after such decision or determination is final and effective. Any court action or proceeding to attack, review, set aside, void or annul any final decision by (i) the Planning Director made pursuant to Section 56.15(d)(3) or (ii) the Planning Commission pursuant to Section 56.17(e) shall be commenced within ninety (90) days after said decision is final.

13.12 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect unless enforcement of the remaining portions of the Agreement would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement.

13.13 MacBride Principles. The City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. The City also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. The Corporation acknowledges that it has read and understands the above statement of the City concerning doing business in Northern Ireland.

13.14 Tropical Hardwood and Virgin Redwood. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood product, except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code.

13.15 Sunshine. The Developer understands and agrees that under the City's Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Government Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to the City hereunder public records subject to public disclosure.

Exhibits

- A. Project Site Diagram
- B. Project Site Description

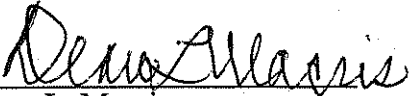
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

CITY

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

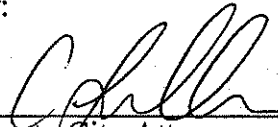
Approved as to form:
Dennis J. Herrera, City Attorney

By:



Dean L. Macris
Director of Planning

By:



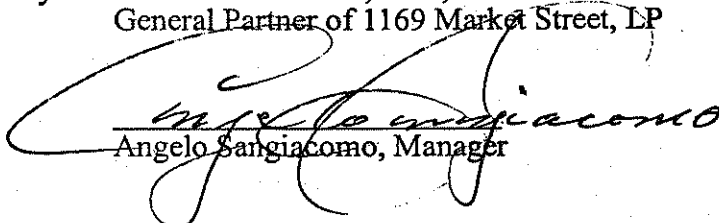
Deputy City Attorney

Approved on April 17, 2007
Board of Supervisors Ordinance No. 92-07 (File No. 061217)

DEVELOPER

1169 Market Street, LP,
a California limited partnership

By: 1169 Market Street, LLC,
General Partner of 1169 Market Street, LP



Angelo San Giacomo, Manager

ACKNOWLEDGMENT

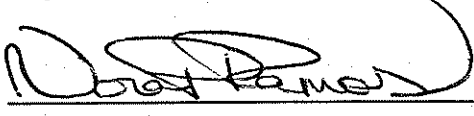
State of California
County of San Francisco

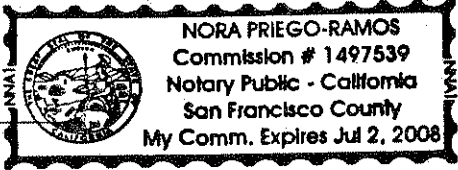
On 7-17-07 before me, Nora Priego Ramos - Notary Public
(here insert name and title of the officer)

personally appeared Dean L. Macris

~~personally known to me~~ (or 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 

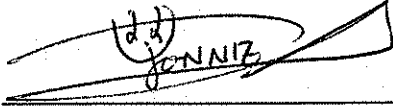


(Seal)

State of California)
County of San Francisco) ss

On July 18, 2007, before me, CONNIE CHI-CHUN PONG^{LAM}, a notary public in and for said State, personally appeared ANGELO SANGIACOMO, personally known to me (or 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 on behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature 

(Seal)



State of California)
County of San Francisco) ss

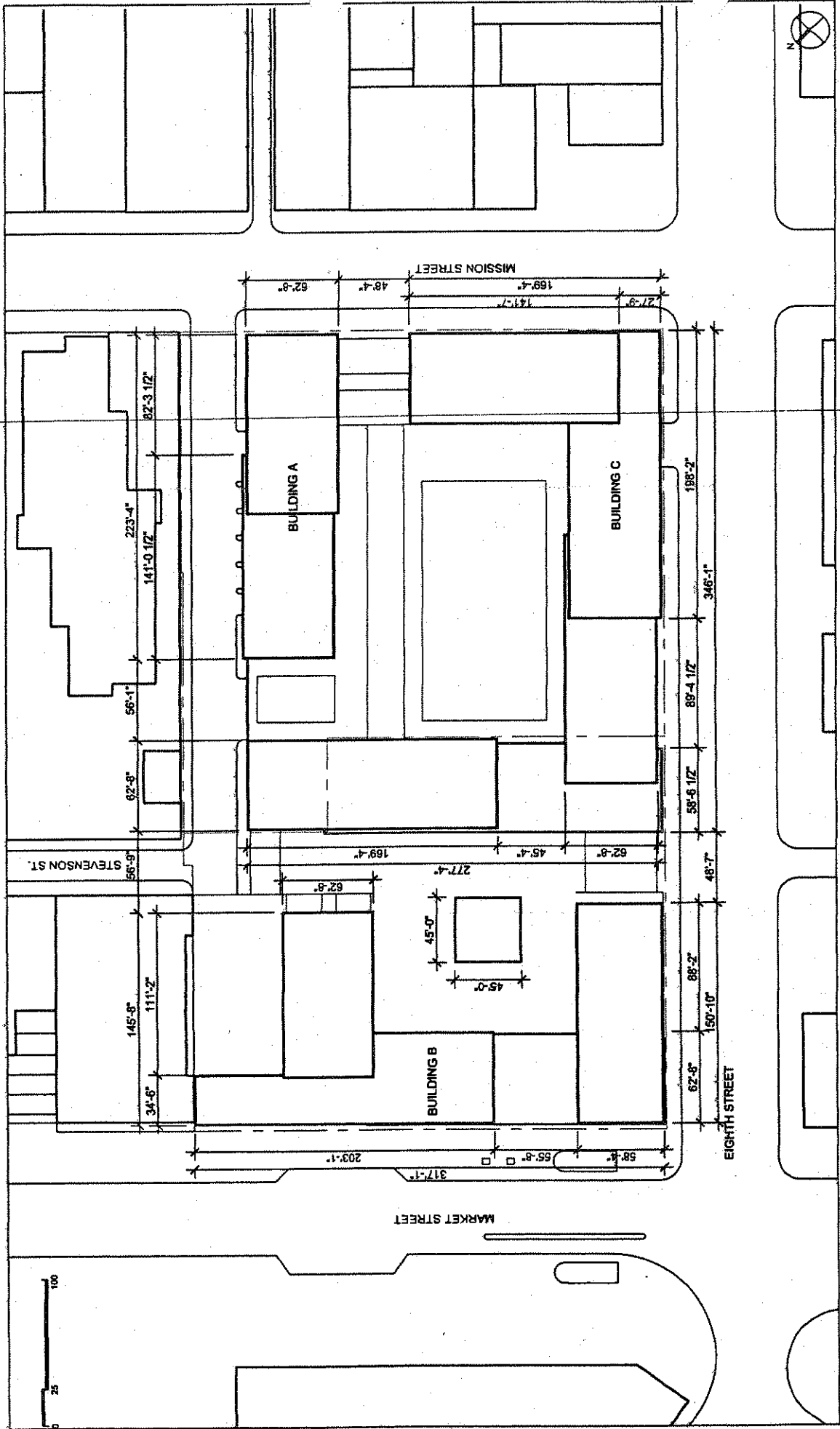
On _____, 200_, before me, _____, a notary public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed 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 on behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

(Seal)

Exhibit A
Project Site Diagram
[attached]



BUILDING DIMENSIONS
SCALE: 1" = 60'-0"

1177 MARKET STREET
SAN FRANCISCO, CALIFORNIA
JANUARY 24, 2006



ARQUITECTONICA
818 WEST SEVENTH STREET, SUITE 800
LOS ANGELES, CA 90017
TEL: 213.695.7800 FAX: 213.695.7808

Exhibit B

Description of Property

The land referred to herein is situated in the City and County of San Francisco, State of CALIFORNIA, and is described as follows:

[attached]

(City of San Francisco)**Parcel One:**

Commencing at the point of intersection of the Southeasterly line of Market Street and the Northeasterly line of 8th Street; running thence northeasterly along said line of Market Street, 275 feet; thence at a right angle Southeasterly 165 feet, 1-7/8 inches, more or less, to the Northwesterly line of Stevenson Street, extended Southwesterly; thence Northwesterly along the Northwesterly line of Stevenson Street so extended, 1/4 of an inch, more or less, to the Southwesterly line of Stevenson Street; thence Southeasterly along the Southwesterly line of Stevenson Street, 35 feet to the Southeasterly line of Stevenson Street; thence in a straight line, Southeasterly 150 feet, 1-5/8 inches, more or less, to the Westerly terminus of the Northwesterly line of Jessie Street; thence Southeasterly along the Southwesterly line of Jessie Street, 35 feet to the Southeasterly line of Jessie Street; thence at a right angle Southwesterly 1-3/8 inches; thence at a right angle Southeasterly 165 feet to the Northwesterly line of Mission Street; thence at a right angle Southwesterly, along said Northwesterly line of Mission Street, 275 feet to the Northeasterly line of 8th Street; thence at a right angle Northwesterly, along the Northeasterly line of 8th Street, 550 feet, 3-1/2 inches, more or less, to the point of commencement.

Being part of 100 Vara Block No. 406.

Parcel Two:

Commencing at the Westerly terminus of the Southeasterly line of Stevenson Street, said point of commencement being also perpendicularly distant 275 feet, 1/4 of an inch Northeasterly from the Northeasterly line of 8th Street; thence Northeasterly along said Southeasterly line of Stevenson Street, 50 feet; thence at a right angle Southeasterly 150 feet, 1-5/8 inches, more or less, to the Northwesterly line of Jessie Street; thence at a right angle Southwesterly, along the Northwesterly line of Jessie Street, 50 feet, more or less, to the Southwesterly line of Jessie Street; thence in a straight line Northwesterly 150 feet, 1-5/8 inches, more or less, to the point of commencement.

Being part of 100 Vara Block No. 406.

Parcel Three:

Commencing at a point on the Southeasterly line of Market Street, distant thereon 506 feet Southwesterly from the Southwesterly line of 7th Street; running thence Southwesterly and along said line of Market Street, 44 feet; thence at a right angle Southeasterly 165 feet to the Northwesterly line of Stevenson Street; thence at a right angle Northeasterly, along said line of Stevenson Street, 44 feet; thence at a right angle Northwesterly 165 feet to the point of commencement.

Being part of 100 Vara Block No. 406.

Parcel Four:

Commencing at the point of intersection of the former Northwesterly line of Stevenson Street, as said Street existed prior to the vacation of a portion thereof by Resolution No. 85-61, adopted February 14, 1961, by the Board of Supervisors of the City and County of San Francisco, State of California, with the former Southwesterly terminal line of said Stevenson Street; thence running Southeasterly along said former Southwesterly terminal line, 35 feet to the former Southeasterly line of said Stevenson Street; thence at a right angle Northeasterly, along said former Southeasterly line of said Stevenson Street, 50 feet to a point distant thereon 500 feet Southwesterly from the Southwesterly line of 7th Street; thence at a right angle Northwesterly 17.50 feet to the former center line of said Stevenson Street; thence at a right angle Southwesterly, along said former center line of Stevenson Street, 6 feet; thence at a right angle Northwesterly 17.50 feet to the former Northwesterly line of said Stevenson Street; thence at a right angle Southwesterly, along said former line of said Stevenson Street, 44 feet to the point of commencement.

Being part of 100 Vara Block No. 406.

Being also a portion of former Stevenson Street, as vacated by Resolution referred to above.

Parcel Five:

Beginning at a point on the Northwesterly line of Mission Street, distant thereon 275 feet Northeasterly from the Northeasterly line of 8th Street; running thence Northeasterly from the Northwesterly line of Mission Street, 51 feet; thence at a right angle Northwesterly 165 feet; thence at a right angle Southwesterly 51 feet; thence at a right angle Southeasterly 165 feet to the point of beginning.

Being part of 100 Vara Block No. 406.

Excepting therefrom all minerals, oil, gas and other hydrocarbon substances below a depth of 500 feet of said real property, without the right of surface entry, as reserved by Greyhound Lines, Inc., a California corporation, in Deed recorded September 19, 1984, as Instrument No. 84-D548849, Official Records of said County.

Parcel Six:

Beginning at a point on the Southeasterly line of Jessie Street, distant thereon 499.247 feet Southwesterly from the Southwesterly line of 7th Street, said point being the Westerly corner of Parcel Two, as said Parcel is described in that certain Grant Deed recorded February 28, 1989 as Instrument No. 89-E328115, Official Records; thence Southwesterly along said line of Jessie Street 50.886 feet to the Southwesterly line of Jessie Street; thence at a right angle Northwesterly along said Southwesterly line of Jessie Street 35 feet to the Northwesterly line of Jessie Street; thence at a right angle Northeasterly along said Northwesterly line of Jessie Street 50.019 feet to the Southerly corner of Parcel One, as said Parcel is described in said Grant Deed; thence along a deflection angle to the right of 88 Deg, 34' 52", 35.01 feet to the point of beginning.

Being part of 100 Vara Block 406.

Parcel Seven:

Beginning at a point on the Southeasterly line of Market Street, distant thereon 275 feet Northeasterly from the Northeasterly line of 8th Street; thence Northeasterly along said line of Market Street 0.247 feet to a point distant thereon 550 feet Southwesterly from the Southwesterly line of 7th Street; thence at a right angle Southeasterly 165.157 feet to the Southwesterly prolongation of the Northwesterly line of Stevenson Street; thence at a right angle Southwesterly along said Southwesterly prolongation 0.247 feet to a point perpendicularly distant 275 feet Northeasterly from the Northeasterly line of 8th Street; thence at a right angle Northwesterly 165.157 feet to the point of beginning.

Being a portion of 100 Vara Block No. 406.

Also being a portion of Assessor's Block No. 3702.

Parcel Eight:

Beginning on the Southwesterly prolongation of the Southeasterly line of Stevenson Street, distant thereon 500.114 feet Southwesterly from the Southwesterly line of 7th Street; thence Southwesterly along said Southwesterly prolongation 0.112 feet to a point perpendicularly distant 325.021 feet Northeasterly from the Northeasterly line of 8th Street; thence Southeasterly at a right angle to said line of Stevenson Street 150.135 feet to the Northwesterly line of former Jesse Street, vacated per Ordinance No. 196-00 dated August 11, 2000; thence at a right angle Northeasterly along said line of former Jessie Street 0.112 feet to a point perpendicularly distant 500.114 feet Southwesterly from the Southwesterly line of 7th Street; thence at a right angle Northwesterly 150.135 feet to the point of beginning.

Being a portion of 100 Vara Block No. 406.

Also being a portion of Assessor's Block No. 3702.

**Assessor's Parcel Number: Lot 39, Block 3702
Lot 51, Block 3702
Lot 52, Block 3702
Lot 53, Block 3702**