SAN MATEO COUNTY
COUNTYWIDE OVERSIGHT BOARD MEETING

AGENDA

Monday, January 14, 2019 at 9:00 a.m.
400 County Center, 1st Floor
County Board of Supervisors' Chambers
Redwood City, California 94063

1. Call to Order

2. Roll Call

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

4. Action to Set the Agenda

5. Approval of the November 26, 2018 Countywide Oversight Board Meeting Minutes

6. South San Francisco Successor Agency Study Session – PUC Properties Developer Selection Process (Discussion Only)

7. Closed Session

   Conference with Legal Counsel - Anticipated Litigation
   Significant exposure to litigation pursuant to subdivision (d)(2) of Gov't Code Section 54956.9
   One case

8. Adopt Resolutions Approving the Annual Recognized Obligation Payment Schedule (ROPS 19-20) and FY 2019-20 Administrative Budget of the South San Francisco Successor Agency

9. Adopt Resolutions Approving the Annual Recognized Obligation Payment Schedule (ROPS 19-20) and FY 2019-20 Administrative Budget of the Pacifica Successor Agency

10. Adopt Resolutions Approving the Annual Recognized Obligation Payment Schedule (ROPS 19-20) and FY 2019-20 Administrative Budget of the Foster City Successor Agency

11. Adopt Resolutions Approving the Annual Recognized Obligation Payment Schedule (ROPS 19-20) and FY 2019-20 Administrative Budget of the East Palo Alto Successor Agency

12. Adopt Resolutions Approving the Annual Recognized Obligation Payment Schedule (ROPS 19-20) and FY 2019-20 Administrative Budget of the San Bruno Successor Agency

13. Adopt Resolutions Approving the Annual Recognized Obligation Payment Schedule (ROPS 19-20) and FY 2019-20 Administrative Budget of the San Carlos Successor Agency

14. Adopt Resolutions Approving the Annual Recognized Obligation Payment Schedule (ROPS 19-20) and FY 2019-20 Administrative Budget of the Redwood City Successor Agency

15. Adjournment

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

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

San Mateo County Countywide Oversight Board Meeting
Monday, November 26, 2018, 9:00 a.m.
400 County Center, 1st Floor, County of Board of Supervisors' Chambers, Redwood City, CA 94063

DRAFT MINUTES

1. Call to Order

   The meeting was called to order by Chair Tom Casey at 9:04 a.m.

2. Roll Call

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

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

   Absent:
   Board Member Trish Blinstrub

3. Oral Communications and Public Comment

   None

4. Action to Set the Agenda

   Motion to set the agenda and to hear the Closed Session item regarding Real Property Negotiation before Item No. 11:

RESULT:	Approved
MOTION:	Denise Porterfield
SECOND:	Barbara Christensen
AYES [6]:	Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.
NOES:	None
ABSENT:	Trish Blinstrub
ABSTENTIONS:	None

5. Approval of the October 16, 2018 Countywide Oversight Board Meeting Minutes

RESULT:	Approved
MOTION:	Barbara Christensen
SECOND:	Mark Addiego
AYES [6]:	Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.
NOES:	None
ABSENT:	Trish Blinstrub
ABSTENTIONS:	None

7. Redevelopment Agency Dissolution Status Update – Foster City (Discussion Only)

   Speakers:
   Edmund Suen, Financial Services Director, City of Foster City

8. Redevelopment Agency Dissolution Status Update – East Palo Alto (Discussion only)

   Speakers:
   Brenda Olwin, Finance Director, City of East Palo Alto

9. Redevelopment Agency Dissolution Status Update – Redwood City (Discussion only)

   Speakers:
   Aaron Aknin, Asst. City Manager and Community Development Director, City of Redwood City
   Veronica Ramirez, City Attorney, City of Redwood City

10. South San Francisco Successor Agency Update on Oyster Point Development Project (Discussion Only)

    Speakers:
    Mike Futrell, City Manager, City of South San Francisco

6. Adopt a Resolution Approving the Amendment to the 2000 Reimbursement Agreement Between City of San Bruno and San Bruno Successor Agency

   Speakers:
   Keith DeMartini, Director of Finance, City of San Bruno
   James Fabian, Principal Associate with Fieldman, Rolapp & Associates
   Shirley Tourel, Assistant Controller

   Motion to approve the resolution:

RESULT:	Approved
MOTION:	Jim Saco
SECOND:	Chuck Bernstein
AYES [6]:	Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.
NOES:	None
ABSENT:	Trish Blinstrub
ABSTENTIONS:	None

The Board adjourned to Closed Session at 10:02 a.m. to discuss the following closed session item:

12. Conference re Real Property Negotiation
    Property: 216 Miller Ave., South San Francisco, California
    Agency Negotiator: To Be Determined
    Negotiating Parties: San Mateo County Countywide Oversight Board; South San Francisco Successor Agency; Miller Cypress SSF, LLC
    Under Negotiation: Instruction to negotiator concerning price and terms of payment

The Board returned to open session at 10:47 a.m. with no further action to report out by Brian Wong, Deputy County Counsel.

11. First Amendment to the Purchase and Sale Agreement Between South San Francisco Successor Agency and SSF Miller/Cypress Phase 2 LLC with Final Sale Price of $1,118,538 (Discussion and Potential Action)

Speakers:
Alex Greenwood, Director of Economic & Community Development, City of South San Francisco
Drew Hudacek, Sares Regis Group
John Nunes, South San Francisco
Nico Naglee, Mountain View
Timothy Reyff, Foster City
Bob Planthold, San Francisco
Rich Hedges, City of San Mateo
Mike Futrell, City Manager, City of South San Francisco
Jason Rosenberg, City Attorney, South San Francisco

The Board recessed at 11:27 a.m.

Board Members Jim Saco, Chuck Bernstein and Barbara Christensen met with Sares Regis to negotiate the final sale price.

The meeting resumed at 12:02 p.m.

Motion to adopt the purchasing sales agreement between South San Francisco Successor Agency and SSF Miller/Cypress Phase 2 LLC with final sale price of $2,000,000:

RESULT:	Approved
MOTION:	Jim Saco
SECOND:	Mark Addiego
AYES [6]:	Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.
NOES:	None
ABSENT:	Trish Blinstrub
ABSTENTIONS:	None

The Board adjourned to Closed Session at 12:06 p.m. to discuss the following closed session item with no further action to report out by Brian Wong, Deputy County Counsel:

12. Conference with Legal Counsel – Anticipated Litigation
Significant exposure to litigation pursuant to subdivision (d)(2) of Gov't Code Section 54956.9
One case

12. Adjournment

RESULT:	Approved
MOTION:	Barbara Christensen
SECOND:	Mark Addiego
AYES [6]:	Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.
NOES:	None
ABSENT:	Trish Blinstrub
ABSTENTIONS:	None

The meeting was adjourned at 12:06 p.m.

San Mateo County
Countywide Oversight Board

Date: January 9, 2019 Agenda Item No. 6

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: South San Francisco PUC Site Property (APN 093-312-060) Developer Selection Process

Background and Discussion
Successor Agencies (SAs) are tasked with disposing of the properties of the former redevelopment agencies (RDAs) according to the SA's Long Range Property Management Plan that was approved by the Department of Finance. The approved disposition for the PUC site (APN 093-312-060) is Future Development (Exhibit B).

The attached report was prepared by the South San Francisco Successor Agency and is intended to inform the Oversight Board of the progress of the disposition of the PUC site. Alex Greenwood, Economic & Community Development Director of the City of South San Francisco will be presenting the report to the Board.

This item is for information and discussion purposes only. No action is required by the Board.

Fiscal Impact
None

Exhibits
A. Successor Agency to the Former South San Francisco RDA December 2018 Staff Report – Developer Selection Process for the Disposition and Development of the PUC Site Property
B. Long Range Property Management Plan Report for the PUC Site Property

Date: November 28, 2018

To: San Mateo County Countywide Oversight Board

From: Mike Lappen, Economic Development Coordinator

Subject: Report regarding the developer selection process for the disposition and development of the PUC Site (APN 093-312-060) in the City of South San Francisco.

Former RDA: South San Francisco

BACKGROUND/DISCUSSION

This staff report provides information to the Countywide Oversight Board regarding the City's development process of the PUC Site, as well as background information necessary for informational purposes.

The PUC Site (so-named because it was land acquired from the San Francisco Public Utilities Commission) is a vacant, 5.9-acre parcel that is divided by Colma Creek into two sub-sites – B and C (see Attachment 1, Site Map). The PUC Site is located along Mission Road, roughly between Oak and Grand Avenues, northeast of the intersection of El Camino Real and Chestnut Avenue. The PUC Site was transferred to the City for redevelopment consistent with the Long Range Property Management Plan (LRPMP) following approval by the Oversight Board to the former South San Francisco Redevelopment Agency (City Oversight Board) and the California Department of Finance (DOF).

Planning Context

Construction of the South San Francisco ("SSF") BART Station created new opportunities for innovative planning along El Camino Real. With the adoption of the South San Francisco General Plan in 1999, the City Council recognized that the SSF BART Station area could be a new activity node serving local residents and attracting visitors. Specific to planning for the development of the El Camino Real Corridor, the City took the following actions: 1) adopted the City's General Plan, which specifically encourages transit oriented development along the El Camino Real corridor; 2) adopted the BART Transit Village Plan; 3) prepared plans to extend Oak Avenue from Mission Road to El Camino Real; 4) constructed Centennial Way, a shared bike and pedestrian path over the BART-SFO right-of-way; and 5) adopted the El Camino Real/Chestnut Avenue Area Plan.

These planning efforts have led to a wave of new private investment to build transit-oriented development. The most recent housing projects in the area include: 998 El Camino Real (172 units and 12,000 sq. ft. retail), Park Station at 1200 El Camino Real (99 units), 636 El Camino Real (109 affordable units and 5,700 square feet of commercial space), 1309 Mission Road (20 units and 6,000 sq. ft. of commercial), and 1256 Mission Road (35 units).

In addition to the planning efforts describe above, the key land use planning documents governing the disposition of the PUC Site are as follows:

El Camino Real/Chestnut Avenue Area Plan

In 2011, the City Council and Redevelopment Agency adopted the Chestnut Avenue/El Camino Real Area Plan, which aims to transform the area including the PUC Site into a new walkable, distinctive, mixed-use district at the geographic center of South San Francisco. The Plan envisions a new neighborhood of up to 4,400 residents housed in low- to high-rise buildings, providing a range of commercial uses, walking access to everyday amenities, a new Civic Campus with library, recreation and police services, plazas, and gathering spaces for the entire South San Francisco community. The Plan also envisions that Centennial Way, the linear park on the BART right-of-way that extends through the length of the Planning Area, will be transformed into a pedestrian-oriented "Main Street" lined with restaurants, cafés, and outdoor seating.

South San Francisco General Plan Housing Element

The South San Francisco General Plan Housing Element, adopted in 2015, designates the PUC Site as a housing opportunity site, able to accommodate approximately 845 housing units, including a proportion of those units serving lower income levels. Should the Site be used for something other than high-density housing, the City will need to amend its Housing Element to identify other properties in South San Francisco that can accommodate the housing units foregone at the PUC Site. For example, if 500 units are approved, the City will have to identify properties that can accommodate 345 housing units, including lower income units, elsewhere in the city. This amendment will have to be approved by the California Department of Housing and Community Development.

Long Range Property Management Plan

The LRPMP identifies the PUC Site for future development and, specifically, for high-density, mixed-use development. The LRPMP also establishes a developer selection process for former Redevelopment Agency properties retained for future development. Upon the transfer of properties to the City pursuant to this LRPMP, and pursuant to Redevelopment Dissolution Law, the City may use a number of methods and procedures to advance the development of the properties to their full potential. These methods may include, but not be limited, to the following.

- Request for Qualifications to identify prospective developers.

- Request for Proposals to obtain bids for development projects.
- Exclusive Negotiating Rights Agreements to negotiate with specific developers on properties posing significant development challenges.
- Disposition and Development Agreements to dispose of land pursuant to a development agreement.
- Cooperation Agreements to include the City's participation in the development of properties posing significant development challenges that necessitate public participation in order to advance the development of the property or a public goal such as (but not limited to) affordable housing.

Use of Sales Proceeds

As set forth in the approved LRPMP, proceeds from the sale of former redevelopment properties, if any, could be programmed to advance the development of the properties in accordance with an approved Redevelopment Plan and Redevelopment Dissolution Law goal of creating Transit Oriented Development. Proceeds from the sale of redevelopment properties could be used for the following purposes.

- Relocation.
- Environmental remediation of contaminated properties.
- Development of infrastructure that enhances the development potential of properties.
  For example, in order to make possible and maximize the development of the PUC Site, it will be necessary to complete construction of the Oak Avenue Extension.
- Cooperation agreements with developers to facilitate the development of properties.
  For example, the City may require the inclusion of affordable housing in a proposed market rate development, or on a selected site, to provide the minimum required number of affordable units under of the former Redevelopment Plans.
- Improvements to Public Use properties identified in the LRPMP that advance the goals of Redevelopment Dissolution Law, such as Transit Oriented Development and the former Redevelopment Plans.

Developer Selection Process

To dispose of the PUC Site in a manner consistent with the LRPMP, on May 1, 2017, the City issued a Request for Qualifications (RFQ) for a well-qualified development team to create a high-quality, mixed-use, transit-oriented development on the PUC Site. Twelve development teams responded. In October 2017, the Housing Standing Committee of the City Council and Planning Commission (Committee) approved a short list of developers that were then invited to respond to a Request for Proposals (RFP). The 90-day RFP solicitation process concluded on February 5, 2018. Five developer teams submitted responses to the RFP: AGI-KASA, Blake Griggs, Republic

Metropolitan, Sares Regis, and SummerHill Housing Group. This is included as Attachment 2, Request for Proposals.

On March 12 and 13, 2018, the Committee interviewed the five developer teams. Each team presented their project and answered specific questions related to project design, architecture, project management, financing methods, proposed community benefits, and construction phasing. The two-day interview period culminated in a closed session during which price and terms were presented to the Committee. Needing more information from three of the developer teams, the Committee invited AGI-KASA, Blake Griggs, and SummerHill Housing Group to provide answers to specific Committee-directed questions on March 20, 2018. Ultimately, the Committee recommended AGI-KASA and Blake Griggs to the City Council/Successor Agency for consideration.

After careful consideration of developer submittals, on May 2, 2018 the Successor Agency/City Council selected AGI Avant and Kasa Partners, collectively SSF PUC Housing Partners, LLC (AGI-KASA), as the preferred developer for the PUC Site and approved execution of an Exclusive Negotiating Rights Agreement (ENRA) with the developer on June 27, 2018. The qualifications that led the City Council/Successor Agency to select AGI-KASA included the developers' experience, prevailing wage price offer, provision for affordable housing and child care, willingness to provide neighborhood amenities, and their approach to community engagement.

The current one-year ENRA period allows the City Council/Successor Agency to solely negotiate with AGI-KASA by taking the property off of the market, proceed through the entitlement process, and obtain significant input from the community.

AGI-KASA's Development Program

The AGI-KASA team includes AGI Avant Inc., KASA Partners, Kwan Hemi Architects, BAR Architects, RHAA Landscape Architects, GLS Landscape/Architecture. The development program includes several sections: identification of the team, discussion of relevant projects, references, plans and elevations for the proposed development, illustrations showing massing from neighboring communities, open space concepts, community outreach, and purchase offer. Specifically, the development program includes the following components:

Total Number of Units:	812 units (combined apartments, townhomes, and work/live spaces)
BMR Units:	162 units, including stand-alone (Bridge) = 20%
Child Care:	5,500 sf facility and 5,000 sf outdoor area
Onsite Open/Park Space:	3.1 acres

Offsite Open/Park Space:	1.5 acres
Retail Space/Market Hall:	13,000 sf
Parking:	1386 spaces
Infrastructure:	New bridge, sidewalks, landscaping, Centennial Way improvements, utilities, and Oak Avenue Extension

CONCLUSION

This staff report provides information to the Countywide Oversight Board regarding the City's development process of the PUC Site, as well as background information necessary to update the Countywide Oversight Board on developer selection process to date.

Attachments:

1. Site Map
2. Request for Proposals
3. Executed ENRA With AGI-KASI
4. Power Point Presentation

Attachment 1 – Site Map

REQUEST FOR PROPOSALS

For a Vacant 5.9 Acre Transit-Oriented, Mixed-Use Development Opportunity in the City of South San Francisco

Issued On: October 25, 2017

Responses Due By: Friday, February 5, 2018 at 5:00 p.m.

Contact: Mike Lappen, Economic Development Coordinator

(650) 829-6620 or mike.lappen@ssf.net

TABLE OF CONTENTS

INTRODUCTION 1

BACKGROUND 2

Site Description 2

The Site in Context 3

El Camino Real/Chestnut Avenue Area Plan 4

Area Plan Transportation Network 4

Zoning 5

Development Standards at a Glance 5

Disclosures 6

Infrastructure 6

Oak Avenue Extension 6

Environmental Contamination and Remediation 7

BART Right of Way 7

Community Facilities District 7

THE PROJECT 8

City Expectations 8

High Quality Planning, Design, and Construction Materials 8

Strong Connections to Centennial Way 8

Housing Affordable to a Range of Incomes 8

Active Ground Floor Uses in Key Locations 9

Family-Friendly Unit Types 9

Commitment to Public Art 9

Construction of the Oak Avenue Extension 9

Partnership in Formation of a Community Facilities District 10

Thoughtful Community Engagement Process 10

Design Complementary to the Planned Community Civic Campus 10

Consideration for BART's Sphere of Influence 10

SUBMITTAL REQUIREMENTS 11

Section A: Development Team & Experience 11

1. Development Team 11

2. Developer Questionnaire 12

3. Development Team Qualifications 12
4. Relevant Experience 12
5. References 12
Section B: Development Program 13
1. Project Description 13
2. Approach to Addressing City Expectations 13
3. Drawings and Diagrams 14
4. Benefits 14
Section C: Letter of Intent (Price and Terms), Confidential 14
1. Financial Terms 15
2. Value of Community and Economic Benefits 15
3. Financing Plan 15
4. Project Budget and Pro Forma 15
5. Review of Form ENRA 16
DEVELOPER SELECTION PROCESS 17
Selection Criteria 17
Selection Timeline 17
Term Sheet Negotiations 17
ADDITIONAL INFORMATION 18
Question and Answer Period 18
Contact Information 18
Limitations and Conditions 18
Related Information 19
EXHIBIT A – Site Survey 20
EXHIBIT B – Environmental Site Assessment for the City of South San Francisco of a 1.12 Mile Corridor Owned by the San Francisco Public Utilities Commission 21
EXHIBIT C – Map of Adjacent Parcels 22
EXHIBIT D – Developer Questionnaire 23
EXHIBIT E – Letter of Interest Financial Terms 24
EXHIBIT F – Template Pro Forma 26
EXHIBIT G – Form of Exclusive Negotiating Rights Agreement 27

INTRODUCTION

The City of South San Francisco (the "City") is seeking proposals for the redevelopment of a property known as the PUC Site (the "PUC Site" or "Site"). The transit-oriented Site is currently vacant and well situated approximately one-half mile south of the South San Francisco BART Station, near Highway I-280, and adjacent to Kaiser Medical Center and destination retail on El Camino Real. The City envisions the development to be a vibrant community complete with strong connections to the Centennial Way bike and pedestrian path traversing the Site, the future Community Civic Campus, active ground floor uses, high-quality construction materials, and a design that fits seamlessly into surrounding, long-established neighborhoods.

On May 1, 2017, the City issued a Request for Qualifications ("RFQ") for a well-qualified development team to create a high-quality mixed-use transit-oriented development on the Site. Twelve development teams responded. Those responses were reviewed and reduced to a list of eight finalists, which were interviewed by a six-member Review Panel of community members and City staff. On October 16, 2017, the City's Joint Housing Subcommittee confirmed that staff invite the following developer teams to respond to this Request for Proposal ("RFP"):

1. AGI Avant/KASA Partners;
2. Blake Griggs;
3. Sares Regis;
4. Summerhill Housing Group;
5. Steelwave; and
6. Republic Metropolitan.

Developer responses to the RFP will be due to the City on February 5, 2018. If the City obtains additional information pertaining to the Site during the solicitation period and relevant to the solicitation, it will be provided to the developer short list as it is received.

BACKGROUND

The City of South San Francisco is conveniently accessed by Highways US 101 and I-280, Caltrain, two BART stations (including a free shuttle), and numerous bus routes. The City's up and coming historic downtown boasts international dining, Michelin Guide noted restaurants, a craft brewery and wine school, and various retail establishments. Known as "The Birthplace of Biotech," the City is home to over 200 biotech firms and has a daytime workforce of over 50,000 people.

Located in the western portion of the City along El Camino Real, the PUC Site is situated near the South San Francisco BART Station, with direct access to I-280, El Camino Real, Kaiser Medical Center, Centennial Trail, and destination retail. The Site is located in the heart of an area targeted by the City to become a vibrant, pedestrian- and transit-oriented community. Immediately adjacent to the Site, the City plans to build a major civic community campus (discussed below), and other projects have been proposed in the immediate area, such as a new 172-unit apartment development at El Camino Real and Chestnut Avenue.

To catalyze redevelopment of the area, the City adopted the El Camino Real/Chestnut Avenue Area Plan in 2011 after an extensive public outreach and planning process. The Area Plan calls for intensification of underutilized properties, both publicly and privately owned.

Site Description

The PUC Site was formerly owned by the San Francisco Public Utilities Commission ("SFPUC") and is known by Assessor's Parcel Number ("APN") 093-312-060. The Site benefits from extensive frontage along Mission Road, but is bisected by Colma Creek and a bike and pedestrian path called Centennial Way. The parcel is divided into two sites, identified as sites B and C. The southern portion, site B, measures approximately 1.5 acres and the northern portion, site C, is roughly 4.4 acres. Additionally, a planned extension of Oak Avenue will border site B to the southeast. Shown as the dark blue area in Figure 1, the PUC Site totals 5.9 acres. See Exhibit A for a survey of the Site.

The City-controlled PUC site was previously owned by the City of South San Francisco Redevelopment Agency ("Redevelopment Agency"). After dissolution of redevelopment in 2012, redevelopment agencies throughout California were required to prepare and implement a Long Range Property Management Plan ("LRPMP"). The Successor Agency to the Redevelopment Agency ("Successor Agency") prepared a LRPMP, which was approved by the Oversight Board for the Successor Agency ("Oversight Board"). To carry out the terms of the LRPMP, the Successor Agency transferred the PUC Site to the City for disposition and redevelopment consistent with the LRPMP. The PUC Site is primed for development consistent with the Redevelopment Project Plan in the El Camino Real/Chestnut Avenue Area Plan. The future development of the Site will enhance an urban infill property with much needed quality high-density housing.

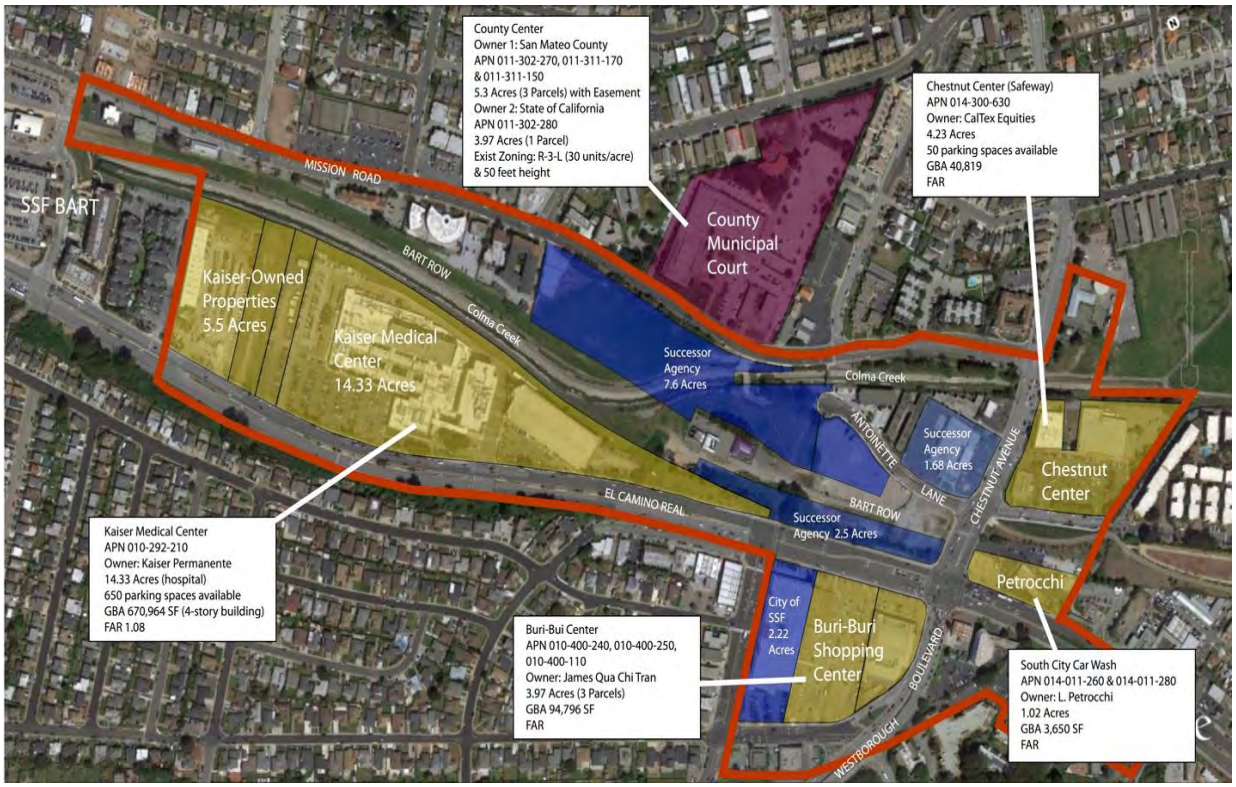


Figure 1

The Site in Context

Plans for a new Community Civic Campus ("Campus") are underway on the parcels immediately to the southeast of the Site. The Campus will house new municipal facilities including a Police Operations Center, 911 Dispatch Center, Fire Station, and a Library/Parks & Recreation Community Center. The Oversight Board recently approved the City's proposal to purchase the properties for the Campus. The project is expected to be completed by 2021 and cost approximately $150 million. It will be funded by proceeds from Measure W, a local sales and use tax increase of 0.5% that took effect in April 2016.

To the northeast of the site, the County of San Mateo is exploring the possibility of redeveloping its former County Municipal Court site into housing and other complementary uses. The County recently solicited qualifications from architecture and planning firms for the completion of a Master Plan for the site. The City anticipates the County will select a firm and begin the master planning process in late 2017.

In addition to these public projects, there are several private development projects underway in the vicinity. The most recent housing projects completed or under construction include the following.

- Park Station Lofts, located at 1200 El Camino Real, includes 99 units.
- A Mid-Peninsula Housing Project, located at 636 El Camino Real, includes 109 affordable units and 5,700 square feet of commercial space.

- The Mission & McLellan project, located at 1309 Mission Road, includes 20 units and 6,000 square feet of commercial space.
- City Ventures' Transit Village Residential Project, located across the street from the South San Francisco BART Station at 1256 Mission Road, includes 31 units.

Figure 1 shows the PUC Site's within the context of the El Camino Real/Chestnut Avenue Area Plan.

El Camino Real/Chestnut Avenue Area Plan

The Site is located within the El Camino Real/Chestnut Avenue Area Plan ("Area Plan"). This Area Plan was adopted by the City in July 2011 and encompasses approximately 98 acres along El Camino Real, from Southwood Drive to just north of Sequoia Avenue. The majority of the area is situated between El Camino Real and Mission Road. The right-of-way for the underground Bay Area Rapid Transit (BART) line runs through the length of the planning area. The area includes approximately 58 acres of developable land, excluding streets, BART, canal and creeks, and other rights-of-way. This area is planned for use as a new, mixed-use, walkable neighborhood with new streets and pedestrian connections.

Adoption of the Area Plan resulted in amendments to the City's General Plan land use classifications. The High Density Residential land use classification was amended to allow higher density development within the planning area and two new land use classifications were introduced: El Camino Real Mixed Use North, High Intensity and El Camino Real Mixed Use North, Medium Intensity. The Area Plan set forth:

- Heights and intensities that are greater than existing, surrounding development to emphasize the planning area's central role as a transit-oriented destination;
- Overall height range of three to six stories, with taller buildings up to 15 stories tall disbursed throughout, and which are varied in height and bulk, to create visual interest;
- A new neighborhood of up to 4,400 residents housed in low- to high-rise buildings;
- A range of commercial uses; walking access to everyday amenities; and a new Civic Campus with library, recreation and police services, plazas, and gathering spaces for the entire South San Francisco community; and
- A linear park and a pedestrian-oriented "Main Street" lined with restaurants, cafés, and outdoor seating along a portion of the BART right-of-way.

Area Plan Transportation Network

The planning area is comprised of a limited network of existing and proposed streets. The Area Plan seeks to work within the area's constraints – significant changes in grade, the BART tunnel, the canal, and large privately held properties to maximize street connectivity – to improve connectivity within the planning area, to surrounding neighborhoods, and to BART with the goal of enhancing the area's accessibility and role as a citywide destination. Elements of the Area Plan include bikeways and pedestrian paths connecting

to Centennial Way, residential uses, and commercial destinations. Specifically, connections to Centennial Way are imagined in new development creating smaller blocks and east-west connections.

Zoning

The PUC Site is zoned according to the El Camino Real/Chestnut Avenue Area Plan, with designations including High Density Residential, El Camino Real Mixed Use North, El Camino Real Mixed Use North High Intensity, El Camino Real Mixed Use North Medium Intensity, and Public Use. These Zoning designations allow for 80 to 120 foot height limits and floor area ratios ("FAR"s) of 2.0 to 3.0.

The City's Zoning Ordinance, South San Francisco Municipal Code Chapter 20.280, is available at the following link: http://qcode.us/codes/southsanfrancisco/view.php?topic=20-iii-20_280.

Development Standards at a Glance

Zoning	ECR/C-RH, El Camino Real/Chestnut, High Density/Residential: This sub-district is intended to provide for high-density residential development in the form of high rises (along with townhomes at the ground level) close to the BART station. While uses will be residential, townhomes with individual or paired (two homes) entrances are required at the lower levels along Mission Road and Centennial Way Linear Park to maintain visual interest and promote safety along the public rights-of-way. (Ord. 1449 § 2, 2011; Ord. 1448 § 2, 2011).
Height	120 feet base, up to 160 feet with discretionary approval.
FAR	N/A
Density	120 units per acre, up to 180 units per acre with Incentive Program (High quality architecture, Green Building provisions, Transportation Demand Management, off-site improvements)
Parking	1 space for studios and one bedrooms, 1.5 spaces for 2+ bedrooms
Open Space	150 square feet per unit (can be shared or private)
Site Landscaping	10% of site
Environmental Review	CEQA clearance has been provided for up to 1,215 total units within the Area Plan. Any proposal will be reviewed for compliance with the applicable mitigation measures of the adopted EIR document. Site specific supplemental analysis will

	be required for City review (for example, traffic circulation, health risk assessment, noise study, etc.).

Disclosures

Currently, the City is aware of the disclosures listed below.

Infrastructure

The Area Plan envisions significant infrastructure improvements, including a network of open spaces, new streets, undergrounding of utilities, new sewer and water connections, and pedestrian connections. The City's goal will be to ensure that the development program for the PUC Site is adequately sized to support the infrastructure cost burden. Necessary improvements include sidewalk widening and utility undergrounding on Mission Road and Antoinette Lane, potential relocation of sewer and gas lines, grading and site work. The Environmental Impact Report and the Area Plan discuss infrastructure improvements, phasing, and potential financing to pay for the new improvements.

Oak Avenue Extension

Initially conceived as a major vehicular route, the Oak Avenue extension will balance vehicle, pedestrian, and bicycle trips. The extension will provide an east-west connection between adjacent neighborhoods, relieving traffic congestion at the El Camino Real and Chestnut Avenue intersection to the south and allow for new street frontage to support active street frontage for retail or dining opportunities within the PUC Site. On-street parking with planters will provide short-term parking for the fronting active uses, while expanding landscaped and pedestrian areas. Wide sidewalks with tree wells will provide pedestrians a pleasant experience and a buffer from vehicular traffic. Wider travel lanes will allow bicyclists direct access from the adjacent neighborhoods to Centennial Way.

The projected cost for the Oak Avenue extension is estimated in the El Camino Real/Chestnut Avenue Site Infrastructure Assessment to be approximately $15,569,300. The City assumes that the development of the planning area referred to in the Area Plan, plus three site areas on the south side of Chestnut Avenue and the "Outside Focus Area" will bear the cost burden of constructing this improvement. Costs are anticipated to be shared on a per project trip generation basis. The Environmental Impact Report (EIR) for Area Plan calculated the number of trips anticipated from the planned land uses as 16,497 total daily trips. This equates to a cost of $945 per daily trip. This is an additional infrastructure cost that would encumber the property and a deduction is made for this factor. The EIR identifies the Fair Share Allocation Costs of Oak Avenue for sites B and C as follows:

Site B
65,340 square feet
1.50 acres

1,078 projected trip generation
6.55% of adjusted trips
$1,019,233 based on projected trips

Site C
196,020 square feet
4.50 acres
2,343 projected trip generation
14.23% of adjusted trips
$2,215,271 based on projected trips

In total, the PUC Site's fair share of the estimated cost to construct the Oak Avenue Extension would be approximately $3.2 million.

Environmental Contamination and Remediation

In 2005, the City of San Francisco prepared an "Environmental Site Assessment for the City of South San Francisco of a 1.12 Mile Corridor Owned by the San Francisco Public Utilities Commission." The Assessment indicates that the subject sites do not have adverse environmental conditions. See Exhibit B for a complete listing of these conditions.

BART Right of Way

The BART right of way extends along the length of the Site and has been transformed into a linear park and a pedestrian-oriented bikeway called Centennial Way. Along the Site, the BART tunnel is located primarily below Colma Creek. However, BART also owns a strip of land between Colma Creek and the southwestern boundary of the Site. The City and BART are currently discussing a future agreement for the use of the right of way as parking and open space for the planned Community Civic Campus.

Community Facilities District

City staff is currently analyzing the feasibility of forming a Community Facilities District ("CFD"), including the impact it would have on development and the potential services and public improvements it could fund. Under the Mello-Roos law, passed in 1982 in response to Proposition 13, local cities, counties, and school districts may create a CFD to finance the construction of needed community infrastructure. The CFD is empowered to levy additional property taxes on land located inside the district, thus creating a dependable revenue stream that can be used in issuing bonds to pay for new infrastructure.

THE PROJECT

The PUC Site is an exceptional development opportunity. Few comparable sites remain undeveloped in the Bay Area, affording the selected developer the chance to shape a neighborhood for South San Francisco's future. Although today the Site remains a blank slate, the City has certain expectations for its development.

City Expectations

The respondent's willingness and ability to meet the City's expectations will be taken into consideration when evaluating proposals and selecting a developer for the PUC Site.

High Quality Planning, Design, and Construction Materials

The City wishes to see the PUC Site developed into a vibrant community complementing and enhancing existing residential neighborhoods to its east and west. Critical to the success of the Site's development is careful master planning of uses, intensities of development, and circulation. Following a thoughtful site planning process, the City expects to see high-quality design of buildings, landscaping, street trees, and other site elements ultimately built with lasting, impactful, and aesthetically pleasing materials.

Strong Connections to Centennial Way

The Area Plan established an open space plan that shall serve as a framework for development of the PUC Site. This includes continuous green space along Centennial Way, as well as along the BART right of way. The development of the PUC Site should strengthen pedestrian and bike connections to Centennial Way, better connecting Downtown South San Francisco to the South San Francisco and San Bruno BART Stations. Developers should consider activating the bike connections between the Site and Downtown via Grand Avenue and Orange Park.

Although not physically part of site B of the PUC Site, the Area Plan identifies the northern portion of Parcel A2b illustrated in Exhibit C, adjacent to the Kaiser Medical Center, as a potential open space and recreation area that can be incorporated into future development. Responses should address adjacent, vacant space like Parcel A2b with the assumption that it could be used as open space in the future.

Housing Affordable to a Range of Incomes

New development at the PUC Site should offer housing types that are affordable to a diverse range of incomes. From nurses, to teachers, to high-tech and bio-tech workers, future development at the Site must serve a wide swath of South San Francisco and San Mateo County community members. The City has set a goal for this development to include at least 20% below market rate (BMR) housing units, with a preference for units affordable to households making 80% or less of the area median income. BMR units may be

incorporated into the development either as inclusionary units or in a standalone building on the Site.

Active Ground Floor Uses in Key Locations

A critical objective of the development of the PUC Site is to enhance the adjacent, established neighborhoods and to activate El Camino Real, Mission Road, and the planned Oak Avenue Extension. To the extent possible, buildings should be oriented and designed in a manner that preserves views, integrates well with adjacent residential uses, enhances public areas, and provides active uses on the ground floor. To achieve this, the City encourages the new development to incorporate various architectural techniques such as: setbacks, stoops and porches, and/or local-serving retail uses, restaurants, child care centers, or other neighborhood services.

Family-Friendly Unit Types

South San Francisco is a family-friendly community proximate to vital job centers both within the City and further north and south along the Peninsula. The PUC Site affords a tremendous opportunity to connect time-starved families to rapid transit connections throughout the region. Ideally, the Site would be developed to meet or exceed the Zoning District's base density of 120 dwelling units per acre while maximizing the number of two and three bedroom units.

Commitment to Public Art

The Area Plan encourages developers to create a distinct, well-defined public realm with enhanced streetscape improvements, public plazas, open spaces, and pedestrian connections. In meeting the objectives of the Area Plan, the developer shall also integrate public art throughout site.

Construction of the Oak Avenue Extension

Construction of the Oak Avenue extension will greatly benefit circulation in the vicinity of the PUC Site and provide increased access to the southern terminus of the Site. The City believes that the Oak Avenue extension must be constructed in conjunction with the development of the Site. However, the City does not have funds available to construct the Oak Avenue Extension during this time frame. As developer of the Community Civic Campus to the south of the planned Oak Avenue extension, the City will set aside approximately $5.5 million for the construction of the new roadway.

The City expects the developer to fund and construct the Oak Avenue extension in conjunction with the Site development. In addition to contributing its fair share (approximately $3.2 million, as described above), the developer of the PUC Site would cover the gap between the $15.6 million construction cost and the $8.7 million contributed by the City and the developer. The gap payment would be reimbursed to the developer following creation of a financing tool to pay for and maintain the new infrastructure.

Partnership in Formation of a Community Facilities District

The EIR – a self-mitigating document requiring developers to undertake significant infrastructure improvements planned for in the Area Plan – lists policies specifically related to open space and parks, utility improvements, traffic calming, pedestrian connections, and other site improvements for which the developer of the PUC Site will pay their fair share. In addition to this, the Area Plan identifies alternative financing arrangements, including the creation of a CFD. If a CFD is formed during the disposition and development of the PUC Site, the selected developer will be asked to support the CFD and participate in its formation.

Thoughtful Community Engagement Process

The City expects the selected developer to prepare a thoughtful outreach plan to guide an engagement process to gather stakeholder, neighbor, and the community input. Gathering feedback from the public will be critical in refining the project design and program to serve and enhance surrounding communities and, more broadly, South San Francisco.

Design Complementary to the Planned Community Civic Campus

As discussed above in the Disclosures section, the PUC Site is just north of a planned Community Civic Campus. The Site (specifically site B) will frame either side of the planned Oak Avenue Extension. Designing a project that complements and accentuates the role of the Community Civic Campus as a destination for the community is paramount.

Consideration for BART's Sphere of Influence

As discussed above in the Disclosures section, the PUC Site is adjacent to BART right of way. The City anticipates that the future developer of the PUC Site may need to enter an agreement with BART for use of the right of way as open space to complement the open space proposed for the PUC Site project.

SUBMITTAL REQUIREMENTS

Developers must confirm their intent to submit a proposal in response to this RFP by December 8, 2017 at 5:00 PM by emailing Mike Lappen at mike.lappen@ssf.net.

Please submit proposals to:

Economic Development and Housing Division
City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

Proposals must be hand delivered or sent by mail to the City's Economic and Community Development Department and be received no later than 5:00 p.m. on Monday, February 5, 2018. The Economic Development and Housing Division is open from 8:00 a.m. to 5:00 p.m., Monday through Friday. Late or emailed submissions will not be accepted. Post marking by the deadline will not substitute for delivery.

Responses must include the following number of copies and electronic material.

1. Eight (8) collated, color copies of the materials outlined below presented in 3-ring binders. Sheets should be oriented in portrait layout and measure 8.5" x 11" unless presenting plans, diagrams, schematics, or renderings, which should be in landscape layout and measure 11" x 17".
2. One (1) unbound copy of the above.
3. An electronic copy of the full proposal on a USB drive.

To be deemed complete, proposals must include the materials outlined in Sections A, B, and C, in the order specified below. Please note that once submitted, this information will become the property of the City and is subject to public information requests, except where noted as "Confidential."

Section A: Development Team & Experience

1. Development Team

Submit a list of development team members including their role on the team, their company affiliation, and their contact information. Teams should consist of at least the following areas of expertise:

- Developer
- Architect
- Engineer

Clearly identify the principal party/project manager who will be responsible for representing the team to the City on a day-to-day basis and during negotiations. Be sure to include contact details for each individual.

Finally, describe the anticipated ownership entity for the project. Include names of any proposed, general, limited or joint venture partners.

2. Developer Questionnaire

Provide a completed developer questionnaire as included in Exhibit D.

3. Development Team Qualifications

Submit information describing the qualifications of each company, as well as the principals, project managers, and other team members proposed to undertake the project. The information submitted may be in the form of resumes and must be sufficiently detailed to allow the City to judge the overall development team's ability to complete the project.

4. Relevant Experience

Include a statement of prior relevant development experience for each company in the development team. Relevant experience will be considered multi-family and mixed-use projects of similar size and magnitude in transit oriented locations preferably proximate to single-family or lower-density neighborhoods. Ideally, three to five similar projects would be presented.

For each example project, note the following:

- project name,
- project location,
- which development team members were involved and their role,
- stage of completion,
- a brief description of the development program,
- current ownership structure of the project,
- development costs, and
- if the project required property acquisition from a redevelopment agency, another public agency, city, or a successor agency.

5. References

Provide a minimum of five professional references for each company in the development team. References should include former development partners, financial partners, and city contacts from other public private

partnerships undertaken by the development team. For each reference, provide name, title, company or agency, phone number, and email address. City staff will contact each of the developer's references and ask a series of questions related the project's financing, entitlement process, construction phasing, relationship with City staff, and overall project management.

Section B: Development Program

The City understands that planning for development is a dynamic and multi-faceted process, and that the development teams' initial vision for the site will be subject to refinement to reflect evolving design, programming, market, and financial opportunities and constraints as well as community objectives. In this section of the response, please provide the development team's current, well-considered proposal, which shall serve in part as the basis for developer selection and ongoing negotiations.

1. Project Description

Outline the development team's vision for the PUC Site and provide a written description of the proposed development program. Limit the vision statement and summary description to no more than two pages. It may include tables and should specify the following:

- itemization of housing units, indicating the number of units, bedroom/bathroom count, floor area, etc., for each housing product type,
- number of parking spaces (showing breakdown by housing, visitor, retail, etc.),
- height of buildings and number of stories,
- construction type,
- square footage of each use,
- number of affordable units, with information on type of units and proposed levels of affordability,
- information on open space including acreage and proposed uses, and
- project schedule including phasing plan, which must address the construction of the Oak Avenue extension.

2. Approach to Addressing City Expectations

In the previous section – The Project – several expectations are outlined for the eventual development of the PUC Site. Please address through narrative descriptions, illustrations, and/or diagrams how the proposed development program meets the City's expectations.

- High quality planning, design, and construction materials.
- Strong connections to Centennial Way.
- Housing affordable to a range of incomes.

- Active ground floor uses in key locations.
- Family-friendly unit types.
- Commitment to public art.
- Construction of Oak Avenue extension.
- Partnership in formation of a CFD.
- Thoughtful community engagement process.
- Design complementary to the planned community civic campus.
- Consideration for BART's Sphere of Influence.

3. Drawings and Diagrams

Though the City expects the selected developer to refine their development program after undertaking a thoughtful community engagement process, some preliminary drawings and diagrams are necessary to evaluate each development team's proposal. Please provide the following drawings and diagrams.

- Site plan showing building footprints, circulation, locations of commercial space, public and private open space, and bike and pedestrian connections.
- Schematic drawings sufficient to illustrate uses within buildings and relationships between buildings, elevations, showing gross building areas, and parking by use and by phase.
- Axiomatic renderings that communicate the vision for the site, and sense of proposed building heights and massing.

4. Benefits

Describe what economic and community benefits the City will receive as a result of the proposed development, including details of public spaces, traffic/transit/pedestrian improvements, public art, and any other proposed community resources. Estimate all projected economic impacts of the proposal, including one-time fees such as building permit fees and impact fees (estimated from the City's Master Fee Schedule), and ongoing payments such as estimated property taxes and sales and use taxes.

Section C: Letter of Intent (Price and Terms), Confidential

As noted under Section B above, the City acknowledges that the financial offer being requested will reflect development teams' initial vision for the site, which may evolve through plan refinement and negotiations. In this section of the response, please provide the development team's current, well-considered financial proposal, which shall serve in part as the basis for developer selection and ongoing negotiations. The initial financial proposal will be considered a benchmark against which any future changes to the financial proposal will be justified as they reflect evolving conditions or agreements.

Information requested in Section C must be submitted in a separate, sealed envelope and clearly marked,

"Confidential Real Property Negotiations." Price and terms, while under negotiation, are not subject to public information requests pending negotiations, and therefore this portion of your submission must remain separate from the materials submitted in response to Sections A and B above. Please provide eight (8) copies of the confidential package and one (1) electronic copy on a USB drive. These confidential packages must be marked as such and include the following materials.

1. Financial Terms

Complete all fields in the Letter of Interest Financial Terms provided in Exhibit E. The term sheet includes the developer's offered purchase price and any proposed financial terms, in addition to estimated development costs. Please indicate whether the developer is proposing to provide any ongoing financial participation, such as a share in project proceeds above a certain preferred return threshold for the developer.

2. Value of Community and Economic Benefits

Estimate the economic benefits the City will receive as a result of the proposed development project. Proposer shall estimate all projected economic impacts of their proposal, including purchase price, one-time fees such as building permit fees and impact fees, construction and any permanent jobs, and ongoing payments such as estimated property taxes. Include the value of any other community benefits offered to the City; public open spaces, traffic improvements etc.

3. Financing Plan

Summarize the development team's approach to financing the proposed development. Include the team's role in the capitalization of the project, and relationships with capital resources. Include the team's commitment to all or a portion of the financing, or commitment of financing sources for the project.

4. Project Budget and Pro Forma

Include a detailed analysis of project development costs and projected revenue and operating expenses over a ten-year period that support the economic impacts described in the City Benefits section above. Project costs should include direct construction costs and sources, other costs with sources and assumptions, and all costs in current dollars (as of the date of response). Please include two (2) analyses with the assumptions described above: one utilizing prevailing wage, and one that does not.

So that the City can readily compare the financial offers from the various development teams, please use the Excel summary pro forma template included as Exhibit F and provided to each development team electronically. Supporting documentation regarding project costs and revenues (dynamic cash flows or static building pro formas, more detailed infrastructure cost estimates, etc.) may also be included with the proposal. Two versions of the template pro forma should be completed – one utilizing prevailing wage and

one that does not – and provided as part of the teams' written material, and an electronic copy should be provided on a flash drive within the confidential package.

5. Review of Form ENRA

The selected development team will be asked to enter into an Exclusive Negotiating Rights Agreement ("ENRA") with the City to facilitate the negotiation of a Purchase and Sale Agreement ("PSA") and Development Agreement ("DA") for the Site. Due to the accelerated timeline targeted for the disposition of the PUC Site, the form of the City's ENRA has been attached to this RFP as Exhibit G. Please provide the development team's acceptance of the ENRA in form or the team's specific exceptions to the document.

DEVELOPER SELECTION PROCESS

Selection Criteria

The following criteria will be used by the Joint Housing Subcommittee to evaluate the proposals of the responding development teams.

- Demonstrated understanding of and response to the City's expectations.
- Quality design and appropriateness of proposed development.
- Purchase price and other relevant financial terms.
- Financial capability to obtain project funding, including letters of intent from financial sources.
- Experience as a team and as individual team members with similar developments.
- Community and economic benefits to the adjacent neighborhoods and City-wide.
- Completeness of response for information requested.
- Result of staff interviews of references.
- Selection panel interview.

Selection Timeline

Questions Due	November 13, 2017
City Responses to Questions Distributed	November 22, 2017
Notice of Intent to Submit Proposal	December 8, 2017
Proposals Due	February 5, 2018
Housing Subcommittee Meeting to interview developers and recommend a developer and an alternate for City Council approval	February 26, 2018
City Council to consider approving a developer and an alternate	March 14, 2018

Term Sheet Negotiations

Following the approval of the selected developer by City Council and execution of the ENRA, the City and the selected developer will enter into negotiations of a Term Sheet that will form the basis of the disposition and development documents. The Term Sheet will address the following items.

- Purchase price and any additional financial terms.
- City revenues and support documentation.
- Plan for development capitalization.

- Development cash flow analysis (revenues, expenses, capital) demonstrating financial feasibility.
- Development program including square footages for each component of the development.
- Schematic plans and drawings that communicate the vision of the site.
- Project schedule and phasing plan.
- Community engagement plan.

ADDITIONAL INFORMATION

Question and Answer Period

Developers may submit questions in writing to Deanna Talavera deanna.talavera@ssf.net by Monday, November 13, 2017 at 5:00pm. Responses will be emailed to the developer short list no later than November 22, 2017.

Contact Information

For additional information or questions pertaining to this RFP, please contact by email Mike Lappen or Deanna Talavera.

Mike Lappen, Economic Development Coordinator
Mike.Lappen@ssf.net

Deanna Talavera, Management Analyst II
Deanna.Talavera@ssf.net

Limitations and Conditions

The City reserves the right to the following.

- Extend the due date of the RFP, or cancel, in whole or in part of this solicitation.
- Interview none, any or all developers that submit responses to the RFP.
- Request additional information.
- Reject, in whole or in part, any or all proposals, and to waive minor irregularities in the submittal.
- Award in whole or in part, by item or group of items, when such action serves the best interests of the City.
- Seek and obtain additional information beyond the due date if the proposals received are unsatisfactory.
- All RFP submittals will become the property of the City. The City may use any and all ideas and materials included in any submittal, whether or not the respondent is selected as the developer.
- No reimbursement will be made by the City for any cost incurred by developers in preparation or

submittals of a response to this RFP.

- The RFP is not a contract or a commitment of any kind by the City and does not commit the City to award exclusive negotiating and/or development rights. The issuance of this RFP does not constitute an agreement by the City that the City Council will actually enter into any contract.
- Issue Addenda to clarify or modify elements of this RFP
- Require Proposers to accept the City's standard insurance and indemnification requirements.
- By responding to this RFP, the Proposer represents that it and its subsidiaries do not and will not discriminate against any employee or applicant for employment on the basis of race, religion, sex, color, national origin, sexual orientation, ancestry, marital status, physical condition, pregnancy or pregnancy-related conditions, political affiliations or opinion, age, or medical condition.
- Respondent's Duty to Investigate:
    - It will be the sole responsibility of the selected respondent to investigate and determine conditions of the Site, including existing and planned utility connections, and the suitability of the conditions for any proposed improvements.
    - The information presented in this RFP and in any report or other information provided by the City is provided solely for the convenience of the interested parties. It is the responsibility of interested parties to assure themselves that the information contained in this RFP or other documents is accurate and complete. The City and its advisors provide no representations, assurances or warranties pertaining to the accuracy of the information.
- Proposals and all other information and documents submitted in response to this RFP are subject to the California Public Records Act, California Government Code §§ 6250 through 6276.48) (CPRA), which generally mandates the disclosure of documents in the possession of the City upon the request of any person, unless the content of the document falls within a specific exemption category.
- Non-Liability: By participating in the RFP process, each respondent agrees to hold the City and its and their officers, employees, agents, representatives, and consultants harmless from all claims, liabilities, and costs related to all aspects of this RFP.

Related Information

Final Long Range Property Management Plan
Environmental Report Excerpts, 2011
Draft Environmental Report Excerpts, 2017
Strategic Economics SSF ECHO II Study of PUC Properties
El Camino Real/Chestnut Avenue Area Plan, 2011

EXHIBIT A – Site Survey

EXHIBIT A
LEGAL DESCRIPTION

PARCEL C

REAL PROPERTY IN THE CITY OF SOUTH SAN FRANCISCO, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE PARCEL OF LAND DESCRIBED AS TAKE PARCEL 1 AS SAID PARCEL IS DESCRIBED IN THE GRANT DEED FROM THE CITY OF SOUTH SAN FRANCISCO TO THE SUCCESSOR AGENCY OF THE SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY, RECORDED ON SEPTEMBER 27, 2013, INSTRUMENT NUMBER 2013-138973 IN THE OFFICE OF THE RECORDER, COUNTY OF SAN MATEO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID TAKE PARCEL 1; THENCE FROM SAID CORNER SOUTHERLY ALONG THE NORTHEAST LINE OF SAID TAKE PARCEL 1 SOUTH 38°10'43" EAST 246.16 FEET; THENCE SOUTH 32°43'43" EAST 698.23 FEET; THENCE LEAVING THE NORTHEAST LINE OF SAID TAKE PARCEL 1 NORTH 60°56'00" WEST 135.06 FEET; THENCE NORTH 62°42'58" WEST 72.48 FEET; THENCE WESTERLY ALONG THE ARC OF A 498.69 FOOT RADIUS CURVE CONCAVE SOUTHERLY THROUGH A CENTRAL ANGLE OF 20°16'02" AN ARC LENGTH OF 176.40 FEET TO A POINT OF REVERSE CURVATURE; THENCE WESTERLY ALONG THE ARC OF A 466.63 FOOT RADIUS CURVE CONCAVE NORTHERLY THROUGH A CENTRAL ANGLE OF 13°01'45" AN ARC LENGTH OF 106.11 FEET TO A POINT ON THE SOUTHWEST LINE OF SAID TAKE PARCEL 1; THENCE NORTHWESTERLY ALONG THE SOUTHWEST LINE OF SAID TAKE PARCEL 1 ALONG THE ARC OF A NON-TANGENT 3779.53 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY WHOSE RADIUS POINT BEARS NORTH 57°14'18" EAST THROUGH A CENTRAL ANGLE OF 04°09'16" AN ARC LENGTH OF 274.05 FEET; THENCE NORTH 28°36'26" WEST 208.54 FEET; THENCE SOUTH 41°49'32" WEST 10.61 FEET; THENCE NORTH 27°38'17" WEST 12.44 FEET TO THE MOST WESTERLY CORNER OF SAID TAKE PARCEL 1; THENCE FROM SAID CORNER ALONG THE NORTHWEST LINE OF SAID TAKE PARCEL 1 NORTH43°46'01" EAST 254.36 FEET TO THE POINT OF BEGINNING.

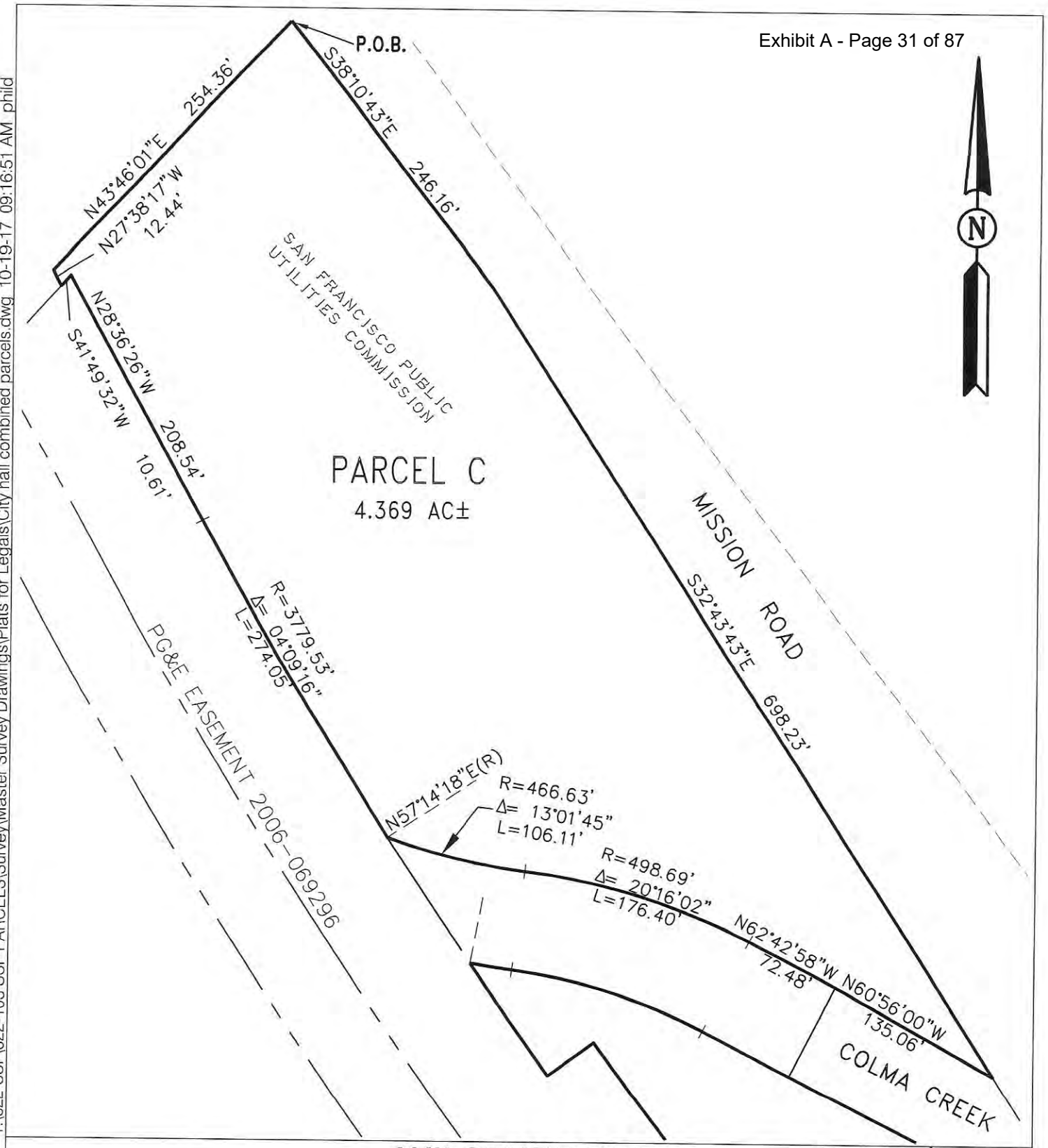
CONTAINING 190,332 SQUARE FEET (4.369 Ac.) MORE OR LESS.

DESCRIPTION PREPARED BY:

KENNETH P. MOORE, L.S. 4918
LICENSE EXPIRES 12/30/18

JOB NO. 622-103-01

Sheet 1 of 2



T:\622-SSF\622-103 SSF PARCELS\Survey\Master Survey Drawings\Plats for Legals\City hall combined parcels.dwg 10-19-17 09:16:51 AM phild

WILSEY HAM
3130 La Selva Street, Suite 100 San Mateo, CA 94403 Phone 650-349-2151 Fax 650-345-4921

LICENSED LAND SURVEYOR
KENNETH P. MOORE
No. 4918
Exp. 12/31/2018
STATE OF CALIFORNIA

EXHIBIT A

CITY OF SOUTH SAN FRANCISCO
PARCEL C

CITY OF SOUTH SAN FRANCISCO SAN MATEO COUNTY CALIFORNIA

JOB NO.	622-103-01
SHEET 1 OF 1	
SCALE: 1"=100'	
DATE: 10-18-17	

TRACT NAME: Job 622-103-01 SSF Parcels
DESCRIPTION: Parcel C closure
DISTANCE UNITS: Feet
POINT OF BEGINNING: N=5000.00000', E=10000.00000'

TYPE	DIRECTION	DISTANCE	NORTHING	EASTING	DESCRIPTION
LINE	S 38°10'43" E	246.16'	4806.49665'	10152.15519'	
LINE	S 32°43'43" E	698.23'	4219.11702'	10529.66054'	
LINE	N 60°56'00" W	135.06'	4284.73281'	10411.61067'	
LINE	N 62°42'58" W	72.48'	4317.95761'	10347.19435'	

CURVE LEFT
Central Angle: 20°16'02" Radius: 498.69'
Radial In: S 27°17'02" W Arc length: 176.40'
Radial Out: N 07°01'00" E Tangent: 89.13'
Chord Bearing: N 72°50'59" W Chord length: 175.48'
Center Northing: 3874.74879' Easting: 10118.59502'
Ending Northing: 4369.70393' Easting: 10179.51403'

CURVE RIGHT
Central Angle: 13°01'45" Radius: 466.63'
Radial In: N 07°01'00" E Arc length: 106.11'
Radial Out: S 20°02'45" W Tangent: 53.29'
Chord Bearing: N 76°28'07" W Chord length: 105.88'
Center Northing: 4832.83918' Easting: 10236.51664'
Ending Northing: 4394.47822' Easting: 10076.56907'

CURVE RIGHT
Central Angle: 4°09'16" Radius: 3779.53'
Radial In: N 57°14'18" E Arc length: 274.05'
Radial Out: S 61°23'34" W Tangent: 137.08'
Chord Bearing: N 30°41'04" W Chord length: 273.99'
Center Northing: 6439.75468' Easting: 13254.88485'
Ending Northing: 4630.10617' Easting: 9936.74994'

LINE	N 28°36'26" W	208.54'	4813.18816'	9836.90046'	
LINE	S 41°49'32" W	10.61'	4805.28181'	9829.82502'	
LINE	N 27°38'17" W	12.44'	4816.30235'	9824.05430'	
LINE	N 43°46'01" E	254.36'	4999.99082'	10000.00189'	

Area: 190,332.37 Sq. Feet, 4.369 Acres (Un-balanced)
Perimeter: 2194.44'
Closing line: N 11°38'15" W, 0.01'
Error in closure: 1:234230

EXHIBIT A
LEGAL DESCRIPTION

PARCEL B

REAL PROPERTY IN THE CITY OF SOUTH SAN FRANCISCO, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE PARCEL OF LAND DESCRIBED AS TAKE PARCEL 1 AS SAID PARCEL IS DESCRIBED IN THE GRANT DEED FROM THE CITY OF SOUTH SAN FRANCISCO TO THE SUCCESSOR AGENCY OF THE SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY, RECORDED ON SEPTEMBER 27, 2013, INSTRUMENT NUMBER 2013-138973 IN THE OFFICE OF THE RECORDER, COUNTY OF SAN MATEO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID PARCEL 1; THENCE FROM SAID CORNER NORTHWESTERLY ALONG THE SOUTHWEST LINE OF SAID TAKE PARCEL 1 NORTH 49°54'28" WEST 297.36 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION: THENCE FROM SAID TRUE POINT OF BEGINNING CONTINUING ALONG THE SOUTHWEST LINE OF SAID TAKE PARCEL 1 NORTH 49°54'28" WEST 88.17 FEET; THENCE NORTH 23°17'33" WEST 143.17 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF A NON-TANGENT 3737.03 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY WHOSE RADIUS POINT BEARS NORTH 50°29'04" EAST THROUGH A CENTRAL ANGLE OF 03°29'44" AN ARC LENGTH OF 227.99 FEET; THENCE RADIAL TO SAID CURVE SOUTH 53°58'48" WEST 42.50 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF A NON-TANGENT 3779.53 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY WHOSE RADIUS POINT BEARS NORTH 53°58'48" EAST THROUGH A CENTRAL ANGLE OF 01°32'28" AN ARC LENGTH OF 101.67 FEET; THENCE LEAVING THE SOUTHWEST LINE OF SAID TAKE PARCEL 1 EASTERLY ALONG THE ARC OF A NON-TANGENT 541.48 FOOT RADIUS CURVE CONCAVE NORTHERLY WHOSE RADIUS POINT BEARS NORTH 10°20'42" EAST THROUGH A CENTRAL ANGLE OF 03°19'42" AN ARC LENGTH OF 31.45 FEET TO A POINT OF REVERSE CURVATURE; THENCE EASTERLY ALONG THE ARC OF A 423.84 FOOT RADIUS CURVE CONCAVE SOUTHERLY THROUGH A CENTRAL ANGLE OF 20°16'02" AN ARC LENGTH OF 149.92 FEET; THENCE SOUTH 62°42'58" EAST 72.66 FEET; THENCE SOUTH 62°59'26" EAST 255.13 FEET TO A POINT ON THE NORTHEAST LINE OF SAID TAKE PARCEL 1; THENCE ALONG THE NORTHEAST LINE OF SAID TAKE PARCEL 1 SOUTH 32°43'43" EAST 95.80 FEET; THENCE SOUTHERLY ALONG THE ARC OF A NON-TANGENT 50.00 FOOT RADIUS CURVE CONCAVE EASTERLY WHOSE RADIUS POINT BEARS SOUTH 57°39'11" EAST THROUGH A CENTRAL ANGLE OF 109°44'00" AN ARC LENGTH OF 95.60 FEET; THENCE LEAVING THE NORTHEAST LINE OF SAID TAKE PARCEL 1 SOUTH 69°18'20" WEST 205.10 FEET TO THE POINT OF BEGINNING.

CONTAINING 82,046 SQUARE FEET (1.884 Ac.) MORE OR LESS.

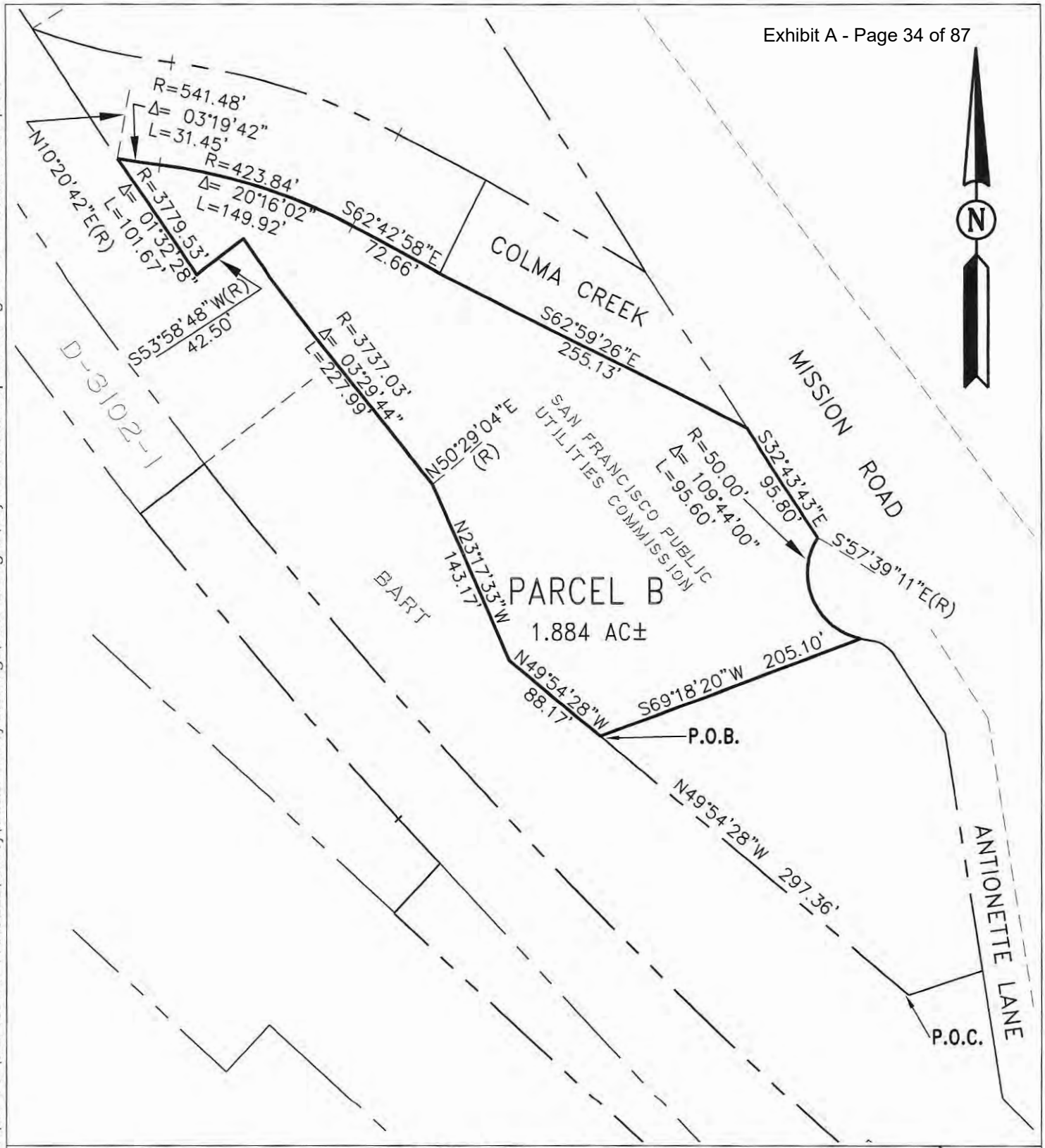
DESCRIPTION PREPARED BY:

Kenneth P. Moore 10/19/17

KENNETH P. MOORE, L.S. 4918
LICENSE EXPIRES 12/30/18

JOB NO. 622-103-01

Sheet 1 of 2



T:\622-SSF\622-103 SSF PARCELS\Survey\Master Survey Drawings\Plats for Legals\City hall combined parcels.dwg 10-19-17 09:16:40 AM phild

WILSEY HAM
3130 La Selva Street, Suite 100 San Mateo, CA 94403 Phone 650-349-2151 Fax 650-345-4921

LICENSED LAND SURVEYOR
KENNETH P. MOORE
No. 4918
Exp. 12/31/2018
STATE OF CALIFORNIA

EXHIBIT A

CITY OF SOUTH SAN FRANCISCO
PARCEL B

CITY OF SOUTH SAN FRANCISCO SAN MATEO COUNTY CALIFORNIA

JOB NO. 622-103-01
SHEET 1 OF 1
SCALE: 1"=100'
DATE: 10-18-17

TRACT NAME: Job 622-103-01 SSF Parcels
DESCRIPTION: Parcel B closure
DISTANCE UNITS: Feet
POINT OF BEGINNING: N=5000.00000', E=10000.00000'

TYPE	DIRECTION	DISTANCE	NORTHING	EASTING	DESCRIPTION
LINE	N 49°54'28" W	88.17'	5056.78322'	9932.54917'	
LINE	N 23°17'33" W	143.17'	5188.28460'	9875.93613'	
CURVE RIGHT	Central Angle: 3°29'44"		Radius: 3737.03'		
	Radial In: N 50°29'04" E		Arc length: 227.99'		
	Radial Out: S 53°58'48" W		Tangent: 114.03'		
	Chord Bearing: N 37°46'04" W		Chord length: 227.96'		
	Center Northing: 7566.11079'		Easting: 12758.87489'		
	Ending Northing: 5368.48446'		Easting: 9736.32104'		
LINE	S 53°58'48" W	42.50'	5343.49159'	9701.94654'	
CURVE RIGHT	Central Angle: 1°32'28"		Radius: 3779.53'		
	Radial In: N 53°58'48" E		Arc length: 101.66'		
	Radial Out: S 55°31'16" W		Tangent: 50.83'		
	Chord Bearing: N 35°14'58" W		Chord length: 101.66'		
	Center Northing: 7566.11079'		Easting: 12758.87489'		
	Ending Northing: 5426.50925'		Easting: 9643.27667'		
CURVE LEFT	Central Angle: 3°19'42"		Radius: 541.48'		
	Radial In: N 10°20'42" E		Arc length: 31.45'		
	Radial Out: S 07°01'00" W		Tangent: 15.73'		
	Chord Bearing: S 81°19'09" E		Chord length: 31.45'		
	Center Northing: 5959.18711'		Easting: 9740.51289'		
	Ending Northing: 5421.76244'		Easting: 9674.36674'		
CURVE RIGHT	Central Angle: 20°16'02"		Radius: 423.84'		
	Radial In: S 07°01'00" W		Arc length: 149.92'		
	Radial Out: N 27°17'02" E		Tangent: 75.75'		
	Chord Bearing: S 72°50'59" E		Chord length: 149.14'		
	Center Northing: 5001.09672'		Easting: 9622.59127'		
	Ending Northing: 5377.78290'		Easting: 9816.87938'		
LINE	S 62°42'58" E	72.66'	5344.47558'	9881.45568'	
LINE	S 62°59'26" E	255.13'	5228.61151'	10108.75908'	
LINE	S 32°43'43" E	95.80'	5148.02063'	10160.55435'	
CURVE LEFT	Central Angle: 109°44'00"		Radius: 50.00'		
	Radial In: S 57°39'11" E		Arc length: 95.76'		
	Radial Out: S 12°36'49" W		Tangent: 71.05'		
	Chord Bearing: S 22°31'11" E		Chord length: 81.78'		
	Center Northing: 5121.26840'		Easting: 10202.79554'		
	Ending Northing: 5072.47515'		Easting: 10191.87678'		
LINE	S 69°18'20" W	205.10'	4999.99607'	10000.01019'	

Area: 82,046.55 Sq. Feet, 1.884 Acres (Un-balanced)
Perimeter: 1509.32'
Closing line: N 68°52'57" W, 0.01'
Error in closure: 1:138231

EXHIBIT B – Environmental Site Assessment (ESA) Report

Click on the link below to access the Environmental Site Assessment (ESA) Report:

https://sftp.ssf.net/?ShareToken=C2EE293AB4493AA3A6A57030EC9CFF86084345D0

The link expires on January 23, 2018.

EXHIBIT C – Map of Adjacent Parcels

EXHIBIT D – Developer Questionnaire

Click on the link below to access the word version of the Developer Questionnaire:

https://sftp.ssf.net/?ShareToken=550F61716D224317099842O2DEC26CC7A19289FB

The link expires on January 23, 2018

PUC SITE REQUEST FOR PROPOSALS
DEVELOPER QUESTIONNAIRE

Developer Name:

Principal Office Address:

Principal Contact:

Circle One: Partnership
Corporation
Joint Venture

If a Corporation, in what State: _____
When incorporated: _____

President:

Vice President(s):

Treasurer:

Members of the Board:

If a Partnership, General or Limited: _____
Date of Partnership organization: _____

Name and Address of Each Partner:

NAME	ADDRESS
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

If Limited Partnership, name general partner(s):

---

1. Number of years of relevant experience in real estate development: _____

2. Have any development agreements between the developer and a public entity ever cancelled? Yes ( ) No ( ) If yes, give details on a separate sheet.

3. Has the developer or development partner of the proposing team ever refused to enter into a development agreement with a public entity after an award has been made; or failed to complete a contract during the past five (5) years; or been declared to be in default in any contract in the past five (5) years?

   If yes, please explain: _____
   _____
   _____

4. Has the developer, or development partner, or any of its principals ever been declared bankrupt or reorganized under Chapter 11 or put into receivership? Yes ( ) No ( )

   If yes, give date, court jurisdiction, action taken, and any other explanation deemed necessary on a separate sheet.

5. Principal(s) of the developer and/or development partner have ( ) have not ( ) been convicted by a Federal, State, County, or Municipal Court of any violation of law, other than traffic violations. Explain any Convictions:
   _____
   _____

6. Lawsuits (any) pending or completed involving a corporation, partnership or individuals with more than ten percent (10%) interest:

   A. List all pending lawsuits:
   _____
   _____

   B. List all judgments from lawsuits in the last five (5) years:
   _____
   _____

7. List any and all relationships that are potential, actual, or perceived Conflicts of Interest.
   _____
   _____

8. Public Disclosure. In order to determine whether the members of the evaluation and selection committees, specifically the Joint Housing Subcommittee and the City Council, have any association or relationships which would constitute a conflict of interest, either actual or perceived, with any proposing development team, and/or individuals and entities comprising or representing such proposing development team, and in an attempt to ensure full and complete disclosure regarding this RFP, all proposing development teams are required to disclose all persons and entities who may be involved with this proposal. This list shall include, without limitation, public relation firms, lawyers, and lobbyists. The Community and Economic Development Department Director shall be notified, in writing, if any person or entity is added to this list after the Proposal has been submitted to the City.

_____

_____

_____

The proposing developer or development team warrants the above information to be true and accurate, and further understands that the information contained in this Questionnaire may be confirmed through due diligence investigation conducted by the City, and agrees to cooperate with this due diligence.

WITNESS:

_____
Signature

_____
Print Name

ATTEST:

_____
Secretary

_____
Print Name

(CORPORATE SEAL)

IF PARTNERSHIP:

_____
Signature

_____
Print Name

IF CORPORATION:

_____
Print Name of Corporation

_____
Address

By: _____
President

_____
Print Name

EXHIBIT E – Letter of Interest Financial Terms

Click on the link below to access the word version of the Letter of Interest- Financial Terms

https://sftp.ssf.net/?ShareToken=AB1D522E9D2279BB234EC102D9A3972AC71CDE30

The link expires on January 23, 2018

PUC Site Letter of Interest - Financial Terms
Confidential Real Property Negotiations

Approval Information: Approval of the sale of the PUC Site will be at the discretion of the City Council.

City Terms of Sale: Escrow will not close until building permits are issued.
At the ENRA and PSA/DDA stages, deposits (unrelated to the land purchase price) will be taken from the developer to cover Economic Development and Housing staff and City Attorney costs.

Terms
Condition of Site at Conveyance Developer to acknowledge that it will accept the property or properties AS IS.
Financial Information Required from Developer 1. **Price offered:** State amount Developer proposes to pay for the property: 1) utilizing prevailing wage and 2) not utilizing prevailing wage. 2. **Deposit Amount(s):** Deposit amount(s) proposed. Terms of deposit (under what circumstances may the deposit be refunded/not refunded). 3. **Developer's Equity Stake**: State Developer's anticipated equity contribution as a percent of the Total Development Cost.
Estimated Total Development Cost Provide a summary of the estimated total development costs in today's dollars for the project including: a) acquisition/land costs, b) hard costs, and c) soft costs, including: a. architecture and engineering, b. permits and fees, c. developer Impact fees (i.e. Parks, Cultural Arts, etc.) d. FF&E, e. marketing, f. property taxes and insurance, g. legal and accounting, h. financing costs, and i. any other projected soft costs (identify the nature and amount).

EXHIBIT F – Template Pro Forma

Click on the link below to access the Template Pro Forma:

https://sftp.ssf.net/?ShareToken=14728128D6C89D89E5BCDA782A79CBCFF0E55DA5

The link expires on January 23, 2018.

EXHIBIT G – Form of Exclusive Negotiating Rights Agreement

EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT

by and between

[DEVELOPER]

and

CITY OF SOUTH SAN FRANCISCO

DRAFT

THIS EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT (this "**Agreement**") is entered into by and between the **CITY OF SOUTH SAN FRANCISCO,** a municipal corporation ("**City**"), and _____, a _____ ("**Developer**"), dated as of _____ (the "**Effective Date**"). City and Developer are each referred to as "**Party**" or collectively referred to as the "**Parties**."

WHEREAS, the City is the owner of certain property certain real property (the "**Property**") located in the City of South San Francisco, California, known as County Assessor's Parcel Number ("**APN**") 093-312-060, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference; and,

WHEREAS, the former Redevelopment Agency of the City of South San Francisco ("RDA") purchased the Property from the City and County of San Francisco/San Francisco Public Utilities Commission on _____; and,

WHEREAS, on June 29, 2011 the legislature of the State of California (the "**State**") adopted Assembly Bill x1 26 ("**AB 26**"), which amended provisions of the Redevelopment Law; and,

WHEREAS, pursuant to AB 26 and the California Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al*., which upheld AB 26 (together with AB 1484, the "**Dissolution Law**"), the RDA was dissolved on February 1, 2012; and,

WHEREAS, pursuant to the Dissolution Law, the South San Francisco Successor Agency ("Agency") prepared a Long Range Property Management Plan ("**LRPMP**"), which was approved by a resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of South San Francisco ("Oversight Board") on November 19, 2013, and on May 21, 2015, the Oversight Board approved the Amended Long Range Property Management Plan ("LRPMP"), which was approved by the California Department of Finance ("DOF") on October 1, 2015; and,

WHEREAS, pursuant to the LRPMP and Dissolution Law, the Agency's transfer of real property assets to the City for future development is subject to entering into a Master Agreement for Taxing Entity Compensation by all Taxing Entities; and,

WHEREAS, the City and Taxing Entities entered into an Amended and Restated Master Agreement for Taxing Entity Compensation, dated October 18, 2016 ("Master Compensation Agreement"), which governs the distribution of any net proceeds received from the sale of the Property; and,

WHEREAS, the City is interested in selling the Property to Developer consistent with Dissolution Law, the LRPMP, and the Master Compensation Agreement, contingent upon Developer supplying a Term Sheet ("**Term Sheet**"), preparing all appropriate environmental review documents, and applying for land use entitlements from the City and if such entitlements are granted constructing approximately ____ multi-family residential units, of which _____

percent are affordable, and _____ square feet of commercial space ("**Project"**) on the Property; and,

WHEREAS, Developer anticipates expending funds to prepare environmental review documents, architectural and design drawings and conduct certain studies that are needed to assess the feasibility of the Project and seek land use entitlements and therefore requires a grant of exclusive negotiating rights in order to be willing to make such expenditures; and

WHEREAS, at its meeting on _____, 2018 the City approved this Agreement and directed staff to negotiate a disposition agreement for the Property with Developer.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

1. Good Faith Efforts to Negotiate. The Parties will use their best efforts to successfully negotiate (i) a Purchase Agreement (or other disposition agreement) which will describe the terms and conditions governing the purchase of the Property by Developer. The Parties will diligently and in good faith pursue such negotiations. Furthermore, the Parties will use their best efforts to obtain any third-party consent, authorization, approval, or exemption required in connection with the transactions contemplated hereby. This Agreement does not impose a binding obligation on City to convey any interest in the Property to Developer, nor does it obligate City to grant any approvals or authorizations required for the Property or any project or improvements constructed thereon.

a. If Developer has not continued to negotiate diligently and in good faith, City will give written notice thereof to Developer who will then have ten (10) business days to commence negotiating in good faith. Following the failure of Developer to thereafter commence negotiating in good faith within such ten (10) business day period, this Agreement may be terminated by City. If this Agreement is terminated by City pursuant to the above sentence, Developer acknowledges and agrees that City will suffer damages, including lost opportunities to pursue other development alternatives for the Property and delayed receipt of property tax revenues from the Property, and that it is impracticable and infeasible to fix the actual amount of such damages. Therefore, the Parties agree that if this Agreement is terminated as provided above, City will retain the full Payment and Deposit amounts (as defined in Section 5 of this Agreement, *infra*), plus any interest thereon, as fixed and liquidated damages and not as a penalty, and following such termination neither Party will have any further rights against or liability to the other under this Agreement, except as set forth in Section 15 of this Agreement.

b. If City has not continued to negotiate diligently and in good faith, Developer will give written notice thereof to City which will then have ten (10) business days to commence negotiating in good faith. Following the failure of City to thereafter commence negotiating in good faith within such ten (10) business-day period, this

Agreement may be terminated by Developer. In the event of such termination by Developer, City will return a prorated portion of the Deposit and any unspent portion of the Payment to Developer in accordance with the provisions of Section 5 of this Agreement and neither Party will have any further rights against or liability to the other under this Agreement, except as set forth in Section 15 of this Agreement.

2. Developer's Exclusive Right to Negotiate With City. City agrees that it will not, during the term of this Agreement, directly or indirectly, through any officer, employee, agent, or otherwise, solicit, initiate or encourage the submission of bids, offers or proposals by any person or entity with respect to the acquisition of any interest in the Property or the development of the Property, and City will not engage any broker, financial adviser or consultant to initiate or encourage proposals or offers from other parties with respect to the disposition or development of the Property or any portion thereof.

Furthermore, City will not, directly or indirectly, through any officer, employee, agent or otherwise, engage in negotiations concerning any such transaction with, or provide information to, any person other than Developer and its representatives with a view to engaging, or preparing to engage, that person with respect to the disposition or development of the Property or any portion thereof.

3. Term.

a. The term of this Agreement (**"Term**") commences on the Effective Date. The Agreement will have an initial term of 240 days, with the initial term ending no later than November 30, 2018, unless extended or earlier terminated as provided herein.

b. During the Term, Developer will provide City with progress reports every sixty (60) days with respect to Developer's due diligence review of the Property, commencement of environmental requirements under CEQA, preparation of architecture and construction plans, and general progress toward development of the Property.

c. The Term of this Agreement may be extended for up to a maximum of two (2) separate sixty (60) day periods upon the mutual written agreement of Developer and City acting through and at the discretion of its City Manager, or his/her designee ("**City Manager**"). Developer understands that the City will only consider extension(s) of the Term of this Agreement where Developer has demonstrated, to the City's satisfaction, substantial progress toward development of the Property, including, but not limited to, submittal of a development application, the receipt of any City required environmental review documents necessary to satisfy CEQA, submittal of architecture and construction plans, payment of any applicable processing and plan check fees, or undergoing City review of any necessary land use entitlements.

4. Relationship of the Parties. Nothing in this Agreement creates between the Parties the relationship of lessor and lessee, of buyer and seller, or of partners or joint ventures.

5. Payment to City.

a. In consideration for the right to exclusively negotiate under this Agreement, Developer will, within five (5) days of the Effective Date, remit to City a deposit in the amount of One Hundred Thousand Dollars ($100,000), which will be credited toward the final negotiated purchase price of the Property ("**Deposit**"). City will deposit the Deposit in an interest bearing account of the **City** and any interest, when received by City, will become part of the Deposit. In the event that the Term of this Agreement is extended, Developer will remit to the City additional funds to increase the Deposit by $25,000 for each 60-day extension.

b. During the term of this Agreement, Developer will reimburse City for all reasonable staff and consultant time necessary to draft and negotiate the Purchase Agreement for the disposition of the Property. Developer will, within five (5) days of the Effective Date, remit to City a payment in the amount of Fifty Thousand Dollars ($50,000) in immediately available funds ("**Payment**"). City will deposit the Payment in an interest bearing account of the **City** and any interest, when received by City, will become part of the Payment. The Payment may be drawn upon by the City to reimburse staff and consultant costs to draft documents for, negotiate and facilitate the disposition of the Property. Should the full amount of the Payment be exhausted during the term of the Agreement, the City may require the Developer to provide additional funds to recover staff and consultant costs. Documentation of staff time and consultant costs will be retained and provided to the Developer upon request.

c. City agrees to account for the Deposit and Payment, interest earnings, and any expenditures made in furtherance of this Agreement consistent with all reporting requirements of the DOF.

d. In the event that Developer terminates this Agreement before the expiration of the Term pursuant to Section 1(b) or Section 14(c), the City will return any unspent portion of the Payment to the Developer and a prorated portion of the Deposit to the Developer. The prorated Deposit will be calculated by dividing the full $100,000 payment by the number of months in the Agreement Term. This amount will be multiplied by the number of months remaining on the Term at the time of Developer's termination. The resulting figure will be the prorated Deposit that the City will pay to the Developer.

e. In addition to the payments to City discussed herein, Developer shall be subject to all applicable fees imposed by the City for processing land use entitlements as set forth in the City's adopted Master Fee Resolution and any applicable cost recovery and indemnifications agreements.

6. Terms and Conditions of the Purchase Agreement. The Parties agree to use their best efforts to successfully negotiate a Purchase Agreement including, but not limited to, the affordability covenants, commercial property use restrictions, terms of the purchase and the option price. The Parties agree the terms of the ultimate disposition agreement shall be based on those terms set forth herein and in Exhibit B, attached hereto and incorporated herein by reference.

7. Developer's Studies; Right of Entry.

a. During the Term of this Agreement, Developer will use its best efforts to prepare, at Developer's sole cost and expense, any studies, surveys, plans, specifications and reports ("**Developer's Studies**") Developer deems necessary or desirable, in Developer's sole discretion, to complete its due diligence for the Property. Developer's Studies may include, without limitation, title investigation, marketing, feasibility, soils, seismic and environmental studies, financial feasibility analyses and design studies. The Developer will have rights of access to the Property to prepare the Developer's Studies.

b. Developer hereby agrees to notify the City twenty-four (24) hours in advance of its intention to enter the Property.

c. Developer will provide the City with work plans, drawings, and descriptions of any intrusive sampling it intends to do. Developer must keep the Property in a safe condition during its entry. Developer shall repair, restore and return the Property to its condition immediately preceding Developer's entry thereon at Developer's sole expense.

d. Without limiting any other indemnity provisions set forth in this Agreement, Developer shall indemnify, defend (with counsel approved by City) and hold the City, its officials, officers, employees, and volunteers harmless from and against all claims resulting from or arising in connection with entry upon the Property by Developer or Developer's agents, employees, consultants, contractors or subcontractors pursuant to this Section 7. Developer's indemnification obligations set forth in this Section 7 shall survive the termination of this Agreement.

e. If upon expiration of the Term of this Agreement the Parties have not successfully negotiated a Purchase Agreement, Developer will provide City within fifteen (15) days following said date of expiration copies of the Developer's Studies completed by such date. Developer will also provide City with copies of any Developer's Studies completed after the expiration of the Term within fifteen (15) days following completion of such studies, or if Developer intends not to complete any Developer Studies, Developer will provide City with copies of such uncompleted studies.

8. City's Reports and Studies. Within twenty (20) days following the Effective Date, City will make available to Developer for review or copying at Developer's expense all

nonprivileged studies, surveys, plans, specifications, reports, and other documents with respect to the Property that City has in its possession or control, which have not already been provided. Studies or documents prepared by City and its agents solely for the purpose of negotiating the terms of a Purchase Agreement are not required to be provided by City to Developer and are excluded from this requirement.

9. Developer's *Pro Forma*, Evidence of Financing and Schedule for Conveyance of Property Following Potential Approval of a Purchase Agreement. At least 45 days prior to City consideration of the Purchase Agreement, Developer will provide City with a pro forma for the Project that confirms the financial feasibility of Developer's proposed development of the Property and planned financing for the Project. The parties agree that the Purchase Agreement will contain language that provides that: (1) not later than forty-five (45) day prior to conveyance of the Property, Developer will provide evidence satisfactory to City that Developer has secured binding commitments, subject only to commercially reasonable conditions, for all funding necessary for the successful purchase of the Property and completion of the Project, and (2) prior to conveyance of the Property Developer shall obtain approval of final construction plans for the Project, and issuance of building permits for the Project .

10. Full Disclosure. Developer is required to make full disclosure to City of its principals; officers; major stockholders, partners or members; joint venturers; negotiators; development managers; consultants and directly involved managerial employees (collectively, "**Developer Parties**"); and all other material information concerning Developer. Any change in the identity of the Developer Parties will be subject to the approval of City, which will not be unreasonably withheld. Developer will make and maintain full disclosure to City of its methods of financing to be used in the acquisition and development of the Property.

11. Periodic Reporting to Governing Bodies. City will report periodically to the City Council, Agency Board and/or the Oversight Board on the status of negotiations, and Developer may be asked to attend such meetings to provide those bodies with a status update of their development efforts related to this Agreement.

12. Confidentiality; Dissemination of Information. To the extent permitted by law, during the term of this Agreement, each Party will obtain the consent of the other Party prior to issuing or permitting any of its officers, employees or agents to issue any press release or other information to the press with respect to this Agreement; provided however, no Party will be prohibited from supplying any information to its representatives, agents, attorneys, advisors, financing sources and others to the extent necessary to accomplish the activities contemplated hereby so long as such representatives, agents, attorneys, advisors, financing sources and others are made aware of the terms of this Section. Nothing contained in this Agreement will prevent either Party at any time from furnishing any required information to any governmental entity or authority pursuant to a legal requirement or from complying with its legal or contractual obligations.

13. Execution of Purchase Agreement. The City has no legal obligation to grant any approvals or authorizations for the sale of the Property or any development thereon until the Purchase Agreement has been approved by the City. Such consideration and potential approval shall not occur until the City has completed, considered and certified/approved any required CEQA environmental review documents.

14. Termination.

a. This Agreement may be terminated at any time by mutual consent of the Parties.

b. City will have the right to terminate this Agreement upon its good faith determination that Developer is not proceeding diligently and in good faith to carry out its obligations pursuant to this Agreement. City will exercise such right in accordance with the provisions set forth in Section 1 of this Agreement.

c. Developer will have the right to terminate this Agreement, in accordance with the provisions set forth in Section 1 of this Agreement, if the results of its investigation of the Property are unsatisfactory, in Developer's sole and absolute discretion, with respect to Developer's desired development activities or if Developer is unable to obtain other necessary approvals, rights or interests.

d. Neither Party will have the right to seek an award of damages as a result of the termination of this Agreement pursuant to this Section.

15. Effect of Termination. Upon termination as provided herein, or upon the expiration of the Term and any extensions thereof without the Parties having successfully negotiated a Purchase Agreement, this Agreement will forthwith be void, and there will be no further liability or obligation on the part of either of the Parties or their respective officers, employees, agents or other representatives; provided however, the provisions of Section 5 (Payment to City), Section 7(d), Section 12 (Confidentiality; Dissemination of Information), Section 17 (Indemnification), and Section 21 (Brokers) will survive such termination. Provided further, that upon termination or expiration of this Agreement without the Parties having successfully negotiated a Purchase Agreement, Developer will deliver to City all of the Developer's Studies pursuant to the provisions of Section 7 of this Agreement.

16. Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement will be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices will be sent by:

a. Personal delivery, in which case notice is effective upon delivery;

b. Certified or registered mail, return receipt requested, in which case notice will be deemed delivered on receipt if delivery is confirmed by a return receipt;

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c. Nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service;

d. Facsimile transmission, in which case notice will be deemed delivered upon transmittal, provided that

i. A duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery, or

ii. A transmission report is generated reflecting the accurate transmission thereof. Any notice given by facsimile will be considered to have been received on the next business day if it is received after 5:00 p.m. recipient's time or on a nonbusiness day.

City : City of South San Francisco
Attn: City Manager
400 Grand Avenue
South San Francisco, CA 94080
Tel (650) 877-8501
Fax (650) 829.6609

with a copy to: Meyers Nave
Attn: Jason Rosenberg
555 12th Street, Suite 1500
Oakland, CA 94607
Tel (510) 808-200
Fax (510) 444-1108

Developer: [DEVELOPER]

17. Indemnification. Developer hereby covenants, on behalf of itself and its permitted successors and assigns, to indemnify, hold harmless and defend the City and the City of South San Francisco and their elected and appointed officials, officers, agents, representatives and employees ("**Indemnitees**") from and against all claims, costs (including without limitation reasonable attorneys' fees and litigation costs) and liability, arising out of or in connection with this Agreement and/or arising out of or in connection with the Developer's access to and entry on the Property pursuant to Section 7 of this Agreement; provided however, Developer will have no indemnification obligation with respect to the gross negligence or willful misconduct of any Indemnitee.

18. Severability. If any term or provision of this Agreement or the application thereof will, to any extent, be held to be invalid or unenforceable, such term or provision will be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions of this Agreement or the application of

such terms and provisions to circumstances other than those as to which it is held invalid or unenforceable unless an essential purpose of this Agreement would be defeated by loss of the invalid or unenforceable provision.

19. Entire Agreement; Amendments In Writing; Counterparts. This Agreement contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, oral and written, between the Parties with respect to such subject matter. This Agreement may be amended only by a written instrument executed by the Parties or their successors in interest. This Agreement may be executed in multiple counterparts, each of which will be an original and all of which together will constitute one agreement.

20. Successors and Assigns; No Third-Party Beneficiaries. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns; provided however, that neither Party will transfer or assign any of such Party's rights hereunder by operation of law or otherwise without the prior written consent of the other Party, and any such transfer or assignment without such consent will be void. Notwithstanding the foregoing, Developer is permitted to assign this Agreement without such written consent, provided that Developer assigns this Agreement to an entity that is wholly controlled by Developer. Subject to the immediately preceding sentence, this Agreement is not intended to benefit, and will not run to the benefit of or be enforceable by, any other person or entity other than the Parties and their permitted successors and assigns.

21. Brokers. Each Party warrants and represents to the other that no brokers have been retained or consulted in connection with this transaction. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section will survive the expiration or earlier termination of this Agreement.

22. Approvals. Unless otherwise provided in this Agreement, the City Manager will be authorized to enter into all written approvals, consents or waivers by the City without further authorization by the City Council. Nothing herein, however, will be deemed to prevent the City Manager from requesting formal approval by the City Council if the City Manager, in his or her sole discretion, determines to seek such approval.

23. Captions. The captions of the sections and articles of this Agreement are for convenience only and are not intended to affect the interpretation or construction of the provisions hereof.

24. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California.

~ SIGNATURES ON FOLLOWING PAGE ~

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

CITY

By: _____
Mike Futrell
City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
Jason Rosenberg
City Attorney

DEVELOPER

By: _____

APPROVED AS TO FORM:

By: _____
Counsel for the [DEVELOPER]

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PROPERTY

(Attach legal description of Property)

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Exhibit B

Criteria	[DEVELOPER]
Preliminary Land Value	
Prevailing Wages for Construction	
Sites	
Development Type	
Maximum Density	
Height (floors)	
Proposed Number of Units	
Unit Size Composition	
Affordable Units	
Retail Space/Live Work	
Project Amenities	
Parking	
Developer's Equity Stake	
Oak Avenue Extension	
Project Entitlement/ Purchase Agreement Consideration and Construction Period	
Relocation/Replacement	

2352861.1

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CONTRACT/AGREEMENT APPROVAL FORM

Date: 8/30/18

Name of Contract/Agreement Exclusive Negotiating Rights Agreement with SSF PUC Ho

Originating Department/Responsible Person, ext. ECD / M. Ke Lappen

Vendor SSF PUC Housing Partners LLC

Routing Instructions: City Attorney, City Manager & City Clerk

TYPE OF CONTRACT: Other

New

Have there been any changes to the Contract Template? ☒ No ☐ Yes

CONTRACT AMOUNTS: Not Applicable Council Approved ENRA, July 11, 2018 Resolution Attached

APPROVAL AUTHORITY: Council

INSURANCE REQUIREMENTS:

Waivers requested ☒ No ☐ Yes (If Yes, Route to Risk Manager for signature first)

BUDGETARY: ☐ Included in Budget (Simpler report attached showing amounts)

Amount	Project String	Accounting String

ATTACHMENTS:

☒ Agreement and all Exhibits ☐ Resolution (all contracts over $75k) ☐ SIR Questionnaire

☐ Certificate of Insurance, naming City of South San Francisco as an Additional Insured

DEPARTMENT HEAD ACKNOWLEDGEMENT: Alex Greenwood

The contract, amendments, exhibits, insurance requirements/waivers and attachments have been reviewed and included.

RISK MANAGER APPROVAL OF INSURANCE WAIVER:

CITY ATTORNEY APPROVAL OF ENTIRE AGREEMENT:

Comments:

☒ Approval of Agreement ☐ Approval of Insurance ☐ Add Agreement to Contract Tracker

ASSISTANT CITY MANAGER'S APPROVAL:

(Only if amount is over $25,000)

FINAL APPROVAL:

City Manager on behalf of Council

CITY CLERK:

☒ Please attest, keep a copy for your files, and return to Originating Department

☒ Please upload to Laserfiche and return to Originating Department

COPY SENT TO VENDOR: Yes See address in ENRA

THIS EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT (this "**Agreement**") is entered into by and between SSF PUC Housing Partners, LLC, an affiliate of AGI Avant Group, Inc. and KASA Partners ("**AGI–Kasa**" or the "**Developer**") and the **CITY OF SOUTH SAN FRANCISCO**, a municipal corporation ("**City**"), dated as of July 23 2018 (the "**Effective Date**"). City and Developer are each referred to as "**Party**" or collectively referred to as the "**Parties**."

WHEREAS, the City is the owner of certain real property (the "**Property**") located in the City of South San Francisco, California, known as County Assessor's Parcel Number ("**APN**") 093-312-060, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference; and,

WHEREAS, the former Redevelopment Agency of the City of South San Francisco ("**RDA**") purchased the Property from the City and County of San Francisco/San Francisco Public Utilities Commission on January 31, 2008; and,

WHEREAS, on June 29, 2011 the legislature of the State of California (the "**State**") adopted Assembly Bill x1 26 ("**AB 26**"), which amended provisions of the Redevelopment Law; and,

WHEREAS, pursuant to AB 26 and the California Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, which upheld AB 26 (together with AB 1484, the "**Dissolution Law**"), the RDA was dissolved on February 1, 2012; and,

WHEREAS, pursuant to the Dissolution Law, the Successor Agency to the Redevelopment Agency for the City of South San Francisco ("Successor Agency" or "Agency") prepared a Long Range Property Management Plan ("**LRPMP**"), which was approved by a resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of South San Francisco ("**Oversight Board**") on November 19, 2013, and on May 21, 2015, the Oversight Board approved the Amended Long Range Property Management Plan ("**LRPMP**"), which was approved by the California Department of Finance ("**DOF**") on October 1, 2015; and,

WHEREAS, the LRPMP establishes a plan for transferring or selling the all former RDA properties, including those properties identified in the LRPMP to be transferred from the Successor Agency to the City for redevelopment activities consistent with the Redevelopment Plan and the LRPMP; and,

WHEREAS, the Property is identified in the LRPMP as one of the properties to be transferred from the Successor Agency to the City for development consistent with an approved redevelopment project pursuant to Health and Safety Code section 34191.5(c)(2) and in accordance to the requirements set forth in the LRPMP; and,

WHEREAS, pursuant to the LRPMP and Dissolution Law, the Agency's transfer of real property assets to the City for future development is subject to the provisions of a Master Agreement for Taxing Entity Compensation by all Taxing Entities; and,

WHEREAS, the City and Taxing Entities entered into an Amended and Restated Master Agreement for Taxing Entity Compensation, dated October 18, 2016 ("**Master Compensation Agreement**"), which governs the distribution of any net proceeds received from the sale of the Property; and,

WHEREAS, consistent with the terms of the LRPMP and the Master Agreement for Taxing Entity Compensation, the Agency transferred the Property to the City; and,

WHEREAS, in late October 2017, staff sent a request for proposals ("**RFP**") to the selected final developer teams. The 90-day solicitation concluded on February 5, 2018. Five developer teams submitted responses to the RFP: AGI-KASA, Blake Griggs, Republic Metropolitan, Sares Regis, and SummerHill Housing Group; and,

WHEREAS, on March 12 and 13, 2018, the Joint Housing Subcommittee ("**Committee**") interviewed the five developer teams that submitted responses to the RFP; and,

WHEREAS, on March 28, 2018 and May 2, 2018, the City Council for the City of South San Francisco held a public meetings to solicit public comment and review the Committee recommendation, selected AGI-KASA and authorized staff to begin to negotiate this Agreement; and,

WHEREAS, the City is interested in selling the Property to Developer consistent with Dissolution Law, the LRPMP, and the Master Compensation Agreement, contingent upon Developer supplying a Term Sheet (**"Term Sheet"**), preparing all appropriate environmental review documents, and applying for land use entitlements from the City and if such entitlements are granted constructing a high-density, multi-family development including ground floor retail space, a child care center, and twenty (20) percent affordable housing (**"Project"**) on the Property; and,

WHEREAS, Developer anticipates expending funds to conduct further community outreach to refine the Project, prepare environmental review documents, architectural and design drawings and conduct certain studies that are needed to assess the feasibility of the Project and seek land use entitlements and therefore requires a grant of exclusive negotiating rights in order to be willing to make such expenditures; and

WHEREAS, at its meeting on July 11, 2018, City approved this Agreement and directed staff to negotiate a disposition agreement for the Property with Developer.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

1. Good Faith Efforts to Negotiate. The Parties will use their best efforts to successfully negotiate a property disposition agreement that will describe the terms and conditions governing the disposition of the Property by City, and will be accompanied with the

necessary project entitlements ("**Purchase Agreement**"). The Parties will diligently and in good faith pursue such negotiations. Furthermore, the Parties will use their best efforts to obtain any third-party consent, authorization, approval, or exemption required in connection with the transactions contemplated hereby. This Agreement does not impose a binding obligation on City to convey any interest in the Property to Developer, nor does it obligate City to grant any approvals or authorizations required for the Property or any project or improvements constructed thereon.

a. If Developer has not continued to negotiate diligently and in good faith, City will give written notice thereof to Developer who will then have ten (10) business days to commence negotiating in good faith. Following the failure of Developer to thereafter commence negotiating in good faith within such ten (10) business day period, this Agreement may be terminated by City. If this Agreement is terminated by City pursuant to the above sentence, Developer acknowledges and agrees that City will suffer damages, including lost opportunities to pursue other development alternatives for the Property and delayed receipt of property tax revenues from the Property, and that it is impracticable and infeasible to fix the actual amount of such damages. Therefore, the Parties agree that if this Agreement is terminated as provided above, City will retain the full ENRA Deposit and Reimbursement Deposit amounts (as defined in Section 5 of this Agreement, *infra*), plus any interest thereon, as fixed and liquidated damages and not as a penalty, and following such termination neither Party will have any further rights against or liability to the other under this Agreement, except as set forth in Section 15 of this Agreement.

b. If City has not continued to negotiate diligently and in good faith, Developer will give written notice thereof to City which will then have ten (10) business days to commence negotiating in good faith. Following the failure of City to thereafter commence negotiating in good faith within such ten (10) business-day period, this Developer, City will return a prorated portion of the ENRA Deposit and any unspent portion of the Reimbursement to Developer in accordance with the provisions of Section 5 of this Agreement and neither Party will have any further rights against or liability to the other under this Agreement, except as set forth in Section 15 of this Agreement.

c. If the Parties proceed to negotiate diligently and in good faith, but are unable to reach agreement on the terms of disposition and development, then City will return a prorated portion of the ENRA Deposit and any unspent portion of the Reimbursement Deposit to Developer in accordance with the provisions of Section 5(c) of this Agreement and neither Party will have any further rights against or liability to the other under this Agreement, except as set forth in Section 15 of this Agreement.

2. Developer's Exclusive Right to Negotiate With City. City agrees that it will not, during the term of this Agreement, directly or indirectly, through any officer, employee, agent, or otherwise, solicit, initiate or encourage the submission of bids, offers or proposals by any person or entity with respect to the acquisition of any interest in the Property or the

development of the Property, and City will not engage any broker, financial adviser or consultant to initiate or encourage proposals or offers from other parties with respect to the disposition or development of the Property or any portion thereof.

Furthermore, City will not, directly or indirectly, through any officer, employee, agent or otherwise, engage in negotiations concerning any such transaction with, or provide information to, any person other than Developer and its representatives with a view to engaging, or preparing to engage, that person with respect to the disposition or development of the Property or any portion thereof.

3. Term.

a. The term of this Agreement (**"Term"**) commences on the Effective Date. The Agreement will have an initial term of 365 days, unless extended or earlier terminated as provided herein.

b. During the Term, Developer will provide City with progress reports every sixty (60) days with respect to Developer's due diligence review of the Property, commencement of environmental requirements under CEQA, preparation of architecture and construction plans, and general progress toward development of the Property.

c. The Term of this Agreement may be extended for up to a maximum of three (3) separate sixty (60) day periods upon the receipt of an additional ENRA Deposit under Section 5(a), of fifty thousand dollars ($50,000) for each sixty (60) day extension period (**"ENRA Extension Deposit"**), and the consent of the City acting through and at the discretion of its City Manager, or his/her designee (**"City Manager"**). The Developer understands that the City will only consider extension(s) of the Term of this Agreement where Developer has demonstrated, to the City's satisfaction, substantial progress toward development of the Property, including, but not limited to, community outreach, submittal of a development application, the receipt of any City required environmental review documents necessary to satisfy CEQA, submittal of architecture and construction plans, payment of any applicable processing and plan check fees, or undergoing City review of any necessary land use entitlements.

d. The Term of this Agreement may also be extended for additional time when the City directs Developer to halt or pause in its deliverables or due diligence required under this ENRA. In the instance when the City directs a halt or pause in the schedule the ENRA may be extended by the City Manager and Developer for a commensurate time that the schedule was paused.

4. Relationship of the Parties. Nothing in this Agreement creates between the Parties the relationship of lessor and lessee, of buyer and seller, or of partners or joint venturers.

5. Deposits to City.

a. In consideration for the right to exclusively negotiate under this Agreement, Developer will, within ten (10) business days of the Effective Date, remit to City a deposit in the amount of One Hundred Thousand Dollars ($150,000), which will be credited toward the final negotiated purchase price of the Property (**"ENRA Deposit"**). City will deposit the ENRA Deposit in an interest bearing account of the City and any interest, when received by City, will become part of the ENRA Deposit.

During the term of this Agreement, Developer will reimburse City for all reasonable staff and consultant time necessary to draft and negotiate the Purchase Agreement for the disposition of the Property. Developer will, within ten (10) business days of the Effective Date, remit to City a payment in the amount of Fifty Thousand Dollars ($50,000) in immediately available funds (**"Reimbursement Deposit"**). Any funds previously deposited by Developer pursuant to a preliminary application will be credited towards the Reimbursement Deposit. City will deposit the Reimbursement Deposit in an interest bearing account of the City and any interest, when received by City, will become part of the Reimbursement Deposit. The Reimbursement Deposit may be drawn upon by the City to reimburse staff, City Attorney, and City consultant costs to draft documents for, negotiate and facilitate the disposition of the Property. Should the full amount of the Reimbursement Deposit be exhausted during the term of the Agreement, the City may require the Developer to provide additional funds to recover staff and consultant costs. Documentation of staff time and consultant costs will be retained and provided to the Developer upon request.

b. City agrees to account for the ENRA Deposit and Reimbursement Deposit, interest earnings, and any expenditures made in furtherance of this Agreement consistent with all reporting requirements of the DOF.

c. In the event that Developer terminates this Agreement before the expiration of the Term pursuant to Section 1(b) or Section 14(c), the City will return any prorated portion of the ENRA Deposit to the Developer. The prorated ENRA Deposit will be calculated by dividing the full ENRA Deposit (including any ENRA Extension Deposits) by the number of months in the Agreement Term. This amount will be multiplied by the number of months remaining on the Term at the time of Developer's termination. The resulting figure will be the prorated ENRA Deposit that the City will reimburse to the Developer.

d. In the event the Agreement is terminated by either Party for any reason other than Developer's breach of its obligations under this Agreement, the remaining balance of the Reimbursement Deposit and any interest earned will be returned to Developer, minus amounts that the City retains attributable to the amount of costs and consulting fees actually and reasonably incurred and documented by City in implementing this Agreement, as set forth in subsection (a) of this Section 5.

e. In addition to the payments to City discussed herein, Developer shall be subject to all applicable fees imposed by the City for processing land use entitlements as set forth in the City's adopted Master Fee Resolution and any applicable cost recovery and indemnifications agreements.

6. Terms and Conditions of the Purchase Agreement. The Parties agree to use their best efforts to successfully negotiate a Purchase Agreement including, but not limited to, the affordability covenants, commercial property use restrictions, vesting and certainty of fees and exactions through a stand-alone Development Agreement with the City, terms of the purchase and the option price. The Parties agree the terms of the ultimate disposition agreement shall be based on those terms set forth herein and in Exhibit B, attached hereto and incorporated herein by reference.

7. Developer's Studies; Right of Entry.

a. During the Term of this Agreement, Developer will use its best efforts to prepare, at Developer's sole cost and expense, any studies, surveys, plans, specifications and reports ("**Developer's Studies**") Developer deems necessary or desirable, in Developer's sole discretion, to complete its due diligence for the Property. Developer's Studies may include, without limitation, title investigation, marketing, feasibility, soils, seismic and environmental studies, financial feasibility analyses and design studies. The Developer will have rights of access to the Property to prepare the Developer's Studies.

b. Developer hereby agrees to notify the City twenty-four (24) hours in advance of its intention to enter the Property.

c. Developer will provide the City with work plans, drawings, and descriptions of any intrusive sampling it intends to do. Developer must keep the Property in a safe condition during its entry. Developer shall repair, restore and return the Property to its condition immediately preceding Developer's entry thereon at Developer's sole expense.

d. Without limiting any other indemnity provisions set forth in this Agreement, Developer shall indemnify, defend (with counsel approved by City) and hold the City, its officials, officers, employees, and volunteers ("**City Parties**") harmless from and against all claims resulting from or arising in connection with entry upon the Property by Developer or Developer's agents, employees, consultants, contractors or subcontractors pursuant to this Section 7; excluding claims caused by the gross negligence or willful misconduct of the City Parties. Developer's indemnification obligations set forth in this Section 7 shall survive the termination of this Agreement for a period of two (2) years or as otherwise superseded by the terms of the Purchase Agreement.

e. If upon expiration of the Term of this Agreement the Parties have not successfully negotiated a Purchase Agreement, Developer will provide City within fifteen (15) days following said date of expiration copies of the Developer's Studies completed by such date. Developer will also provide City with copies of any Developer's Studies completed after the expiration of the Term within fifteen (15) days following completion of such studies, or if Developer intends not to complete any Developer Studies, Developer will provide City with copies of such uncompleted studies.

8. City's Reports and Studies. Within ten (10) business days following the Effective Date, City will make available to Developer for review or copying at Developer's expense all non-privileged studies, surveys, plans, specifications, reports, and other documents with respect to the Property that City has in its possession or control, which have not already been provided. Studies or documents prepared by City and its agents solely for the purpose of negotiating the terms of a Purchase Agreement are not required to be provided by City to Developer and are excluded from this requirement.

9. Developer's *Pro Forma*, Evidence of Financing and Schedule for Conveyance of Property Following Potential Approval of a Purchase Agreement. At least 45 days prior to City consideration of the Purchase Agreement, Developer will provide City with a pro forma for the Project that confirms the financial feasibility of Developer's proposed development of the Property and planned financing for the Project. The parties agree that the Purchase Agreement will contain language that will address the following pre-conveyance requirements: (1) evidence satisfactory to City that Developer has secured binding commitments, subject only to commercially reasonable conditions, for all funding necessary for the successful purchase of the Property and completion of the Project, (2) evidence satisfactory to City, that Developer has a signed construction contract for the completion of the Project, and Developer's contractor has or will obtain payment and performance bonds sufficient to ensure completion of the Project, and (3) obtain approval of final construction plans for the Project, and issuance of building permits for the Project.

10. Full Disclosure. Developer is required to make full disclosure to City of its principals; officers; major stockholders, partners or members; joint ventures; negotiators; development managers; consultants and directly involved managerial employees (collectively, "**Developer Parties**"); and all other material information concerning Developer. Any material change in the identity of the Developer Parties will be subject to the approval of City, which will not be unreasonably withheld. Developer will make and maintain full disclosure to City of its methods of financing to be used in the acquisition and development of the Property.

11. Periodic Reporting to Governing Bodies. City will report periodically to the City Council, Agency Board and/or the Oversight Board on the status of negotiations, and Developer may be asked to attend such meetings to provide those bodies with a status update of their development efforts related to this Agreement.

12. Confidentiality; Dissemination of Information. To the extent permitted by law, during the term of this Agreement, each Party will obtain the consent of the other Party prior to issuing or permitting any of its officers, employees or agents to issue any press release or other information to the press with respect to this Agreement; provided however, no Party will be prohibited from supplying any information to its representatives, agents, attorneys, advisors, financing sources and others to the extent necessary to accomplish the activities contemplated hereby so long as such representatives, agents, attorneys, advisors, financing sources and others are made aware of the terms of this Section. Nothing contained in this Agreement will prevent either Party at any time from furnishing any required information to any governmental entity or authority pursuant to a legal requirement or from complying with its legal or contractual obligations.

13. Execution of Purchase Agreement. The City has no legal obligation to grant any approvals or authorizations for the sale of the Property or any development thereon until the Purchase Agreement has been approved by the City. Such consideration and potential approval shall not occur until the City has completed, considered and certified/approved any required CEQA environmental review documents.

14. No Binding Commitments. City has no legal obligation to grant any approvals or authorizations for the disposition and development of the Property until approved by the City Council. Such approvals, and any future approvals required as part of the entitlement process, are subject to completion of environmental review by City in accordance with CEQA, and City shall not take any discretionary actions committing it to a particular course of action in connection with the Project until City has completed, considered and certified/approved any additionally required CEQA environmental review documents.

15. Termination.

    a. This Agreement may be terminated at any time by mutual consent of the Parties.

    b. City or Agency shall have the right to terminate this Agreement upon its good faith determination that Developer is not proceeding diligently and in good faith to carry out its obligations pursuant to this Agreement. City or Agency will exercise such right in accordance with the provisions set forth in Section 1 of this Agreement.

    c. Developer will have the right to terminate this Agreement, in accordance with the provisions set forth in Section 1 of this Agreement, if the results of its investigation of the Property are unsatisfactory, in Developer's sole and absolute discretion, with respect to Developer's desired development activities or if Developer is unable to obtain other necessary approvals, rights or interests.

    d. Neither Party will have the right to seek an award of damages as a result of the termination of this Agreement pursuant to this Section.

16. Effect of Termination. Upon termination as provided herein, or upon the expiration of the Term and any extensions thereof without the Parties having successfully negotiated a Purchase Agreement, this Agreement will forthwith be void, and there will be no further liability or obligation on the part of either of the Parties or their respective officers, employees, agents or other representatives; provided however, the provisions of Section 5 (Deposits to City), Section 7(d), Section 12 (Confidentiality; Dissemination of Information), Section 18 (Indemnification), and Section 22 (Brokers) will survive such termination. Provided further, that upon termination or expiration of this Agreement without the Parties having successfully negotiated a Purchase Agreement, Developer will deliver to City all of the Developer's Studies pursuant to the provisions of Section 7 of this Agreement.

17. Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement will be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices will be sent by:

a. Personal delivery, in which case notice is effective upon delivery;

b. Certified or registered mail, return receipt requested, in which case notice will be deemed delivered on receipt if delivery is confirmed by a return receipt;

c. Nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service;

d. Facsimile transmission, in which case notice will be deemed delivered upon transmittal, provided that

i. A duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery, or

ii. A transmission report is generated reflecting the accurate transmission thereof. Any notice given by facsimile will be considered to have been received on the next business day if it is received after 5:00 p.m. recipient's time or on a nonbusiness day.

City : City of South San Francisco
Attn: City Manager
400 Grand Avenue
South San Francisco, CA 94080
Tel (650) 877-8501
Fax (650) 829.6609

with a copy to: Meyers Nave
Attn: Jason Rosenberg

555 12th Street, Suite 1500
Oakland, CA 94607
Tel (510) 808-200
Fax (510) 444-1108

City of South San Francisco
Attn: Economic and Community Development Director
400 Grand Avenue
South San Francisco, CA 94080

Developer: SSF PUC Housing Partners, LLC
c/o AGI Avant Group Inc.
100 Bush Street, Suite 1450
San Francisco, CA 94104

with a copy to: Holland and Knight LLP
Attn: Tamsen Plume
50 California Street, Suite 2800
San Francisco, CA 94111

18. Indemnification. Developer hereby covenants, on behalf of itself and its permitted successors and assigns, to indemnify, hold harmless and defend the City of South San Francisco and their elected and appointed officials, officers, agents, representatives and employees, the Agency and their elected and appointed officials, officers, agents, representatives and employees, ("**Indemnitees**") from and against all claims, costs (including without limitation reasonable attorneys' fees and litigation costs) and liability, arising out of or in connection with this Agreement and/or arising out of or in connection with the Developer's access to and entry on the Property pursuant to Section 7 of this Agreement; provided however, Developer will have no indemnification obligation with respect to the gross negligence or willful misconduct of any Indemnitee.

19. Severability. If any term or provision of this Agreement or the application thereof will, to any extent, be held to be invalid or unenforceable, such term or provision will be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions of this Agreement or the application of such terms and provisions to circumstances other than those as to which it is held invalid or unenforceable unless an essential purpose of this Agreement would be defeated by loss of the invalid or unenforceable provision.

20. Entire Agreement; Amendments In Writing; Counterparts. This Agreement contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, oral and written, between the Parties with respect to such subject matter. This Agreement may be amended only by a written instrument executed by the Parties or their successors in interest. This Agreement

may be executed in multiple counterparts, each of which will be an original and all of which together will constitute one agreement.

21. Successors and Assigns; No Third-Party Beneficiaries. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns; provided however, that neither Party will transfer or assign any of such Party's rights hereunder by operation of law or otherwise without the prior written consent of the other Party, and any such transfer or assignment without such consent will be void. Notwithstanding the foregoing, Developer is permitted to assign this Agreement without such written consent, provided that Developer assigns this Agreement to an entity that is wholly controlled by Developer. Subject to the immediately preceding sentence, this Agreement is not intended to benefit, and will not run to the benefit of or be enforceable by, any other person or entity other than the Parties and their permitted successors and assigns.

22. Brokers. Each Party warrants and represents to the other that no brokers have been retained or consulted in connection with this transaction. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section will survive the expiration or earlier termination of this Agreement.

23. Approvals. Unless otherwise provided in this Agreement, the City Manager will be authorized to enter into all written approvals, consents or waivers by the City without further authorization by the City Council. Nothing herein, however, will be deemed to prevent the City Manager from requesting formal approval by the City Council if the City Manager, in his or her sole discretion, determines to seek such approval.

24. Captions. The captions of the sections and articles of this Agreement are for convenience only and are not intended to affect the interpretation or construction of the provisions hereof.

25. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California.

~ SIGNATURES ON FOLLOWING PAGE ~

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

CITY

By: _____
Mike Futrell
City Manager

ATTEST:

By: _____

City Clerk

APPROVED AS TO FORM:

By: _____
Jason Rosenberg
City Attorney

DEVELOPER

By: _____

APPROVED AS TO FORM:

By: _____
Tamsen Plume, Holland & Knight Counsel for SSF PUC Housing Partners, LLC

EXHIBIT A

Property

EXHIBIT B

Criteria	DEVELOPER Committment
Prevailing Wages for Construction	Yes, or as approved by the City Council
Sites	The project area comprises the Property as defined in Exhibit A.
Development Type	High-density, mixed-use development.
Affordable Units	At least twenty percent of the total number of units in the Project shall be affordable and constructed with the first residential phase, unless otherwise approved by the City Manager.
Retail Space/Live Work	Yes
Project Amenities	Childcare center Public open space Centennial way improvements Ground floor retail
Developer's Equity Stake	Minimum 35%
Oak Avenue Extension	Developer shall fund and construct the Oak Avenue Extension as designed by the City in consultation with interested parties, including the Developer. The City and Developer shall mutually agree upon the final cost of construction of the Oak Avenue Extension. Developer will contribute their fair share to the overall cost of the Extension and will be reimbursed for the remaining construction costs. The City and Developer shall agree upon when the City is required to reimburse the Developer.
Community Facilities District	Developer shall support and participate in any planned Community Facilities District affecting the Property.
Project Entitlement/ Purchase Agreement Consideration and Construction Period	Prior to approval of Purchase Agreement, Developer shall prepare all necessary documents for project entitlements and complete all necessary public hearings for consideration of approval.
Developer Proforma	Developer shall provide a pro forma based on the entitlement package, and other terms negotiated during ENRA period. Forty-five (45) days prior to City consideration of the Purchase Agreement, developer will provide City with a pro forma for the Project that confirms the financial feasibility and planned financing sources, including letters of intent from equity partners.
Relocation/Replacement	The Developer shall be responsible for all "on-site" work to relocate and upgrade required utilities and infrastructure on the property. The City and Developer shall mutually agree to the scope of work to relocate and upgrade required "off-site"

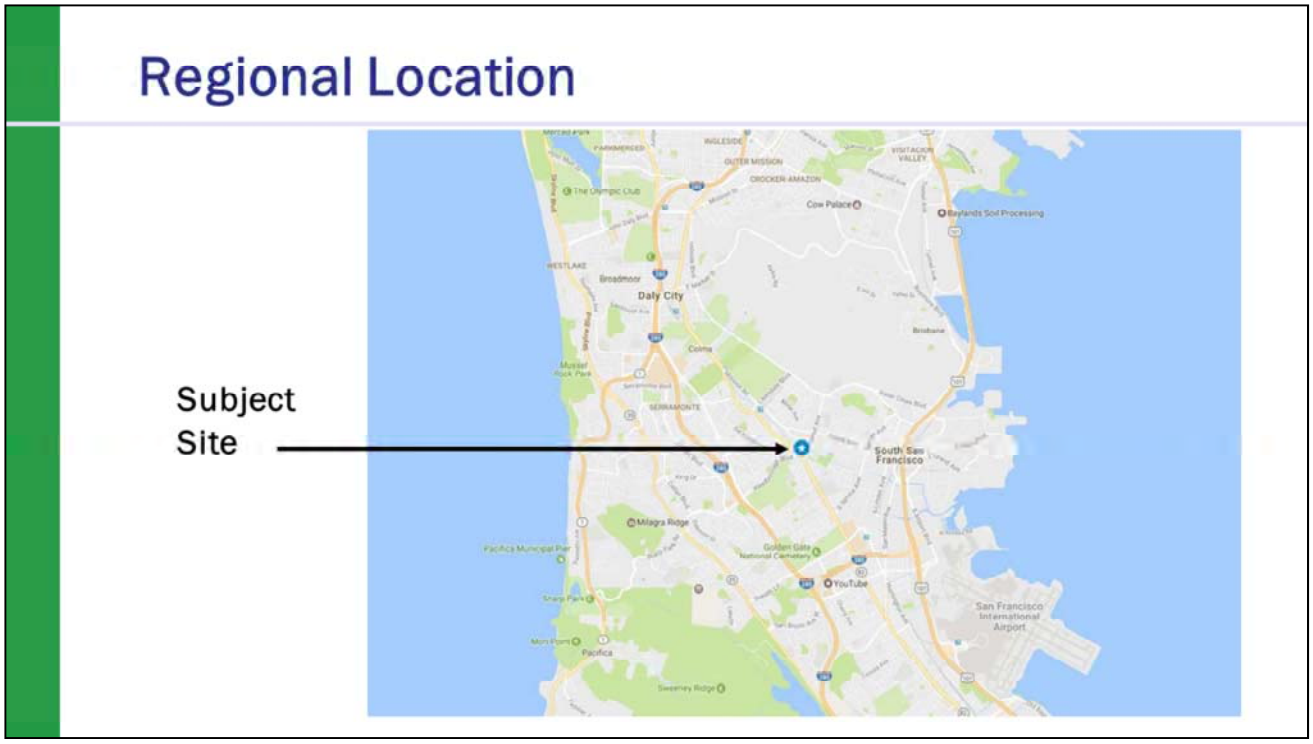
	utilities and infrastructure, including, by not limited to, along Mission Road. The final scope of the work and costs shall be finalized in the Purchase Agreement.
Community Outreach	Within thirty (30) days of the approval of the ENRA, the developer shall submit a comprehensive community outreach plan for approval by City staff, which will establish a plan to meet the timelines set in this Agreement.

Overview of Development Plans for the PUC Site

Presented to: San Mateo County Oversight Board

December 17, 2018

City of South San Francisco
Economic & Community Development



- Background information on the developer solicitation process for the PUC Site
- Brief descriptions of each developer proposal
- The Housing Standing Committee's recommendation to consider selecting a preferred and alternate developer
- Next steps in the disposition process.

Planning Area Site Context

City Planning Efforts for SSF's BART Station Area (1999-present)

- SSF General Plan & Housing Element
- SSF BART Transit Village Plan
- Centennial Way
- Purchase of 14-acre "PUC Site"
- El Camino Real/Chestnut Area Plan
- Civic Community Center Campus

El Camino Real/Chestnut Area Plan (2011)

- Transit-oriented development ("TOD")
- New walkable, distinctive mixed-use district
- Mix of low/mid/high-rise buildings with a range of commercial uses
- Network of open spaces; new streets & pedestrian connections; walking access to everyday amenities
- BART right-of-way to become linear park & pedestrian-oriented "Main Street" with restaurants, cafes, and outdoor seating

Long Range Property Management Plan

- Required to be sold/developed
- High-density, mixed-use development
- Consistent with the General Plan & Zoning
- City selects the developer & controls project design

Civic Community Center Campus

Parcels B & C – Housing Opportunity Site

- 5.9 acres
- Access to BART, El Camino, Centennial Trail, Kaiser, etc.
- Complex site issues: BART, Colma Creek, utilities, soils, topography, infrastructure, etc.
- Community concerns

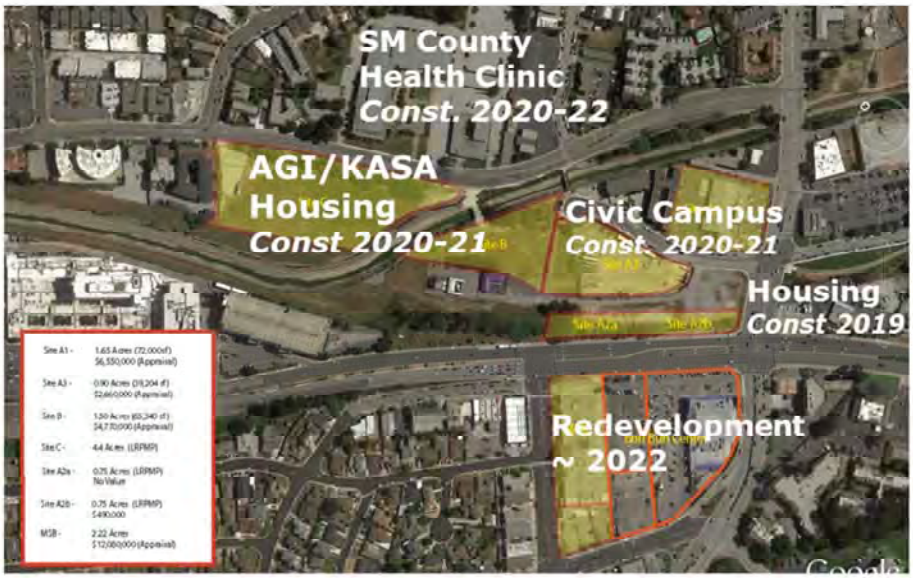
- These are the components of each developer presentation that we have asked each group to highlight today.
- Who is on your team, and describe who will be involved in the project.
- What is your approach to project management?
- Each provided some excellent relevant experience for upscale hotels, but really focus on two of the most relevant.
- Considering that the site will sit under a closed landfill, what is your approach to geotechnical feasibility, and what type of construction is being proposed.
- What is the proposed concept and programming of the hotel.
- What brand or brands are being considered.
- And what type of benefits will this project bring to the community and city.


Project Approval Process
public meetings
Developer Selection
Exclusive Negotiating Rights Agreement
Community Engagement
Project Application & Review
Consideration of Project Approval

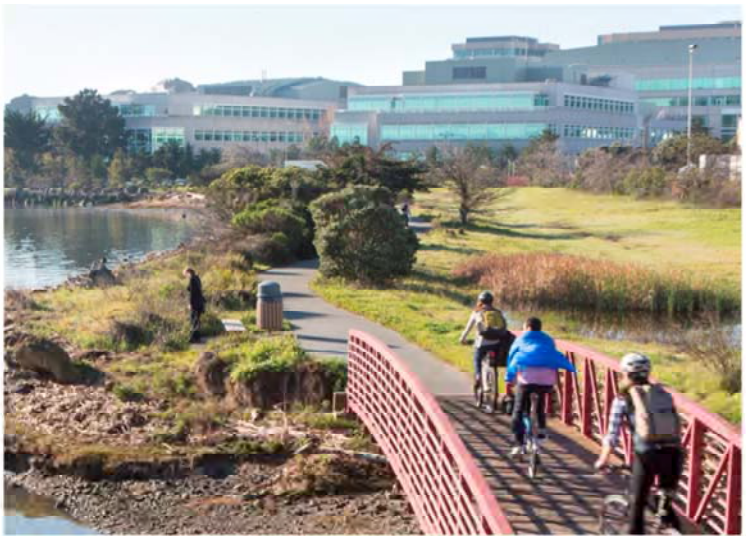
AGI/KASA Development Program

- High density housing (80% market rate, 20% affordable)
- Community amenities: child care, open space, retail, parking, and various site improvements and infrastructure
- Program to be refined during the ENRA, based on community involvement

Catalyst for 35+ Acres of Development



Thank you!



The property will be sold through a negotiated purchase and sale agreement. The Successor Agency will solicit proposals from developers and select the developer that proposes the highest net value to the taxing agencies through a combination of sale proceeds and future tax revenues. The Successor Agency will negotiate a sale price commensurate to the proposed project and will outline the terms in a negotiated Purchase and Sale Agreement. In order to facilitate the sale process, it is possible the Successor Agency will enter into an Exclusive Negotiating Agreement (ENA) with the developer while negotiating the purchase of the property. The Oversight Board will approve both an ENA and a final Purchase and Sale Agreement.

Financial Benefit to Taxing Agencies

It is estimated the property is currently worth approximately $1.4 million based on recent estimates of undeveloped land in the downtown area ($80/ sq. ft.) but can be worth as much as $6.1 million based on its development potential. As summarized on Table 2 below and shown in more detail in Appendix H, the net financial benefit to the taxing agencies would be approximately $1.6 million more (in present value) over a 20 year period if the buyer develops the property immediately.

Table 2

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option	$6,968,000	$5,259,000
Retain for Development Option	$5,480,000	$3,665,000

Per Section 34191.5 (c)(2) of the Health and Safety Code, upon sale of the Property the Successor Agency will distribute the proceeds to the taxing entities on a pro rata basis in proportion to each Taxing Entity's share of the base property tax revenues, as determined by the County Auditor-Controller.

Given that the taxing agencies will reap the same financial benefit by retaining the property for future development or selling it immediately, the Successor Agency recommends selling this property. It should be noted that the main reason this property is suitable for disposition is that it is a stand-alone property that does not affect the development potential or the value of other Successor Agency properties. The Successor Agency believes that the property is environmentally clean.

Permissible Use Category: Approved Redevelopment Project Plan

The Redevelopment Plans describes redevelopment projects in each Project Area that would meet the goals and objectives of the plan and specifically provide for the installation, construction, expansion, and improvement of public facilities, redevelopment of land by private enterprise and public agencies, rehabilitation, development or construction of low- and moderate-income housing within the Project and/or the City. In addition, the Five-Year Implementation Plan presents specific programs and expenditures that would be undertaken in each of the project areas (based on the goals and objectives in the respective Redevelopment Plans) and identifies these properties for future development.

Moved to page 68 for discussion on PUC properties

In addition, the use of the property for an approved redevelopment project is in compliance with the City's General Plan and the El Camino/Chestnut Area Plan, and it will help achieve five of the General Plan's nine components:

- Neighborhood-oriented development
- Economic development and diversification
- Increased connectivity and accessibility
- Land use/transportation correlation and promotion of transit
- Reinforcement of Downtown as the center of South San Francisco

The General Plan emphasizes the need to improve and develop properties surrounding the BART and Caltrain stations. Redevelopment of these properties will help to achieve more efficient land use, stimulate mixed-use, transit-oriented development, and improve connections between residential and employment centers and transit hubs. In addition, the public improvements and land assembly will improve transportation and pedestrian linkages and improve residents' access to every day commercial needs and increase connectivity and accessibility within and among the Project Areas.

El Camino Corridor Project Area

The following activities described in the Five-Year Implementation Plan are directly relevant to the development of properties as described in the LRPMP (excerpted from Section II. A pages II-1 and II-3 of the Implementation Plan): [4]

> *2. Public Facilities–Development of new parks, and reconfiguration of landscaping and playfields to meet the current needs of residents.*
>
> *3. Economic Development—The projects and activities will be designed to promote economic development in the Project Areas and include the..support for mixed-use development in the...El Camino Corridor Project Area....*
>
> *4. Property Acquisition, Demolition and Site Preparation— Major land improvement activities will include the Chestnut Avenue/CalWater site and acquired from the PUC in the El Camino Corridor....*
>
> *5. Affordable Housing Program–The Housing Program promotes residential and mixed-use development on vacant and underutilized sites. Through this program the Agency will increase and preserve the low and moderate-income housing stock. Components of this program include assistance for the construction of new rental and ownership units, loans and grants for rehabilitation, and first-time homebuyer assistance.*

[4] See pages II-1 to II-3, South San Francisco Redevelopment Agency, Five-Year Implementation Plan, FY 2009/10–FY 2013/14.

Chapter 3.4 of the General Plan specifies guiding and implementation policies for the El Camino Real area, many of which will be facilitated by the proposed development strategy described in the LRPMP:

> *3.4-G-2 Encourage development of a mix of uses, with pockets of concentrated activity that provide foci and identity to different parts of El Camino Real.*
>
> *3.4-G-3 Develop the South San Francisco BART station area as a vital pedestrian center, with intensity and mix of uses that complement the area's new role as a regional center.*
>
> *3.4-I-8 Require any new development within ½ mile of the BART station at a density of no less than 30 units per net acre for residential uses, or an FAR of 1.5 for non-residential uses, or an appropriate combination of the two.*
>
> *3.4-I-13 Develop the El Camino Real/Chestnut Area in accordance with the vision established for the area by the El Camino Real/Chestnut Area Plan*

2-3, 6-7. 1 Chestnut Avenue and Former PUC Properties APN 093-312-050, APN 093-312-060, APN 011-326-030

El Camino-Chestnut Avenue Property Assemblage

The City of South San Francisco has identified the intersection of El Camino Real and Chestnut Avenue as a key opportunity site for new development and economic revitalization. The El Camino Real/Chestnut Avenue Area Plan, adopted in 2011, establishes a compelling long-term vision for the area as a new mixed-use neighborhood with residential, retail, and civic uses at a range of densities, along with public plazas and open space that benefit the broader community. The Successor Agency owns approximately 9.5 acres of vacant and underutilized property between El Camino and Mission Road, originally purchased by the Agency with the goal of facilitating development in an area that faces a variety of implementation challenges.

Following the dissolution of the Agency in 2012, the Successor Agency is responsible for developing a strategy for these properties. This could consist of the sale of individual properties, or the entering into a master development agreement with a single developer identified through a Request for Proposals (RFP) process or a negotiated purchase and sale agreement. The goal of this recommendation is to adopt a strategy most likely to maximize the long-term revenue to the taxing agencies while also maintaining the vision expressed in the former Redevelopment Agency's El Camino Corridor Project Plan, the El Camino Real/Chestnut Avenue Area Plan and the City's General Plan.

The former PUC properties exemplify both the opportunities and challenges of infill development along El Camino Real in the post-redevelopment era. The relatively large size of the assembled parcels, combined with their location near the South San Francisco BART station, makes this one of the most important development opportunity sites along El Camino Real. Nevertheless, the study area has several physical characteristics that pose significant implementation challenges. There is a sharp slope downwards from El Camino Real toward Mission Road, with a grade change of up to 50 feet in certain

locations. The developable parcels are also oddly-shaped due to the BART easement and the Colma Creek Channel, both of which cut through the site.

The City of South San Francisco has already made substantial public improvements to the area with the construction of Centennial Way, a multi-use bikeway and linear park constructed on top of the underground BART tunnel and alongside the Colma Creek channel. The trail provides an open space connection between the South San Francisco and San Bruno BART Stations for residents, commuters and recreationalists, offering an alternative to sidewalks along El Camino Real and Mission Road. As of its completion in May 2009, the trail was 2.85 miles long.

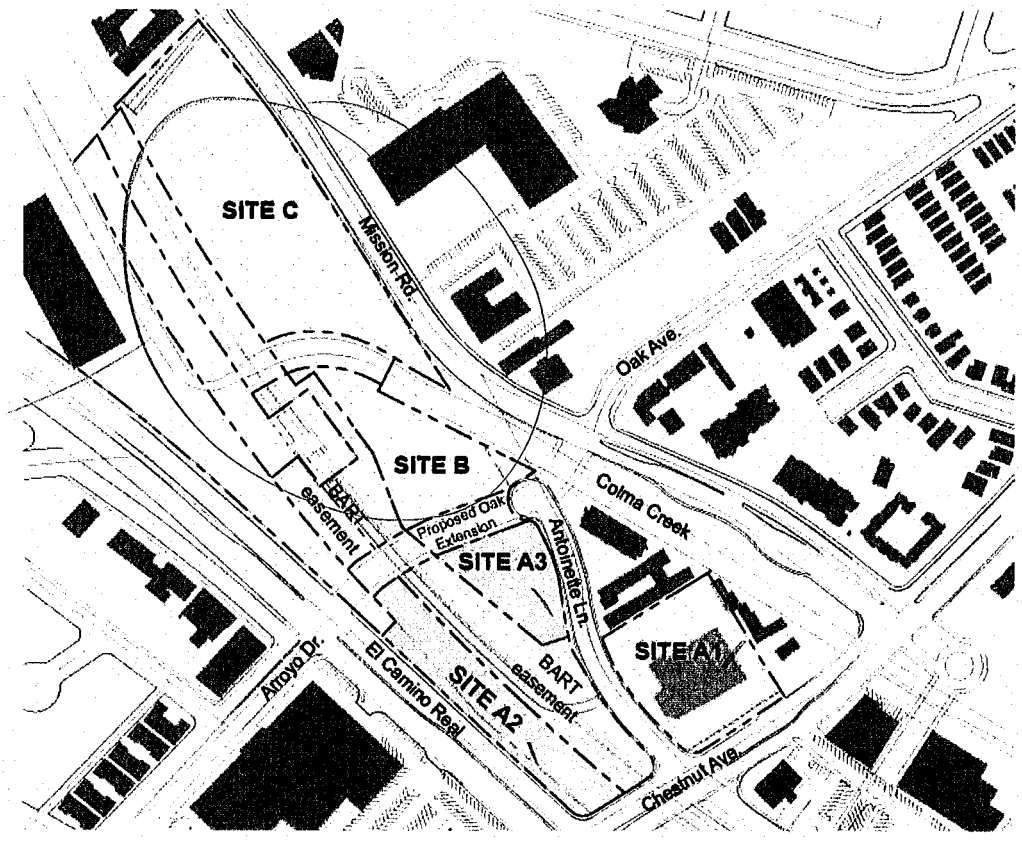
Another major public infrastructure project planned in the study area is the Oak Avenue extension, which would extend Oak Avenue from Mission Road through to Arroyo Drive, in accordance with the General Plan. This extension is expected to improve east-west connectivity.

Strategic Economics evaluated the potential for new residential, office retail, and mixed-use development in the study area with a focus on the next ten years or less (see Appendix I). Strategic Economics found that the area is well-positioned for residential development with supporting commercial uses. There is strong demand for new residential development in South San Francisco and the broader northern San Mateo County area. Employment growth in the Silicon Valley and San Francisco is a major driver of demand for housing in the market area. The study area offers excellent access to regional transit and freeways, and is an ideal location for professionals seeking a convenient commute to job centers in San Francisco or on the Peninsula.

Site Description

The properties included in the development feasibility analysis are shown in Figure 1 on page 71. In addition to the 9.5 acres owned by the Successor Agency (shown in brown), the development program includes 2.8 acres that are subject to an easement because they are in the BART right-of-way. Although the BART tunnel is underground, structural constraints limit improvements that can be made on the ground above to projects that do not involve any foundation work, and development along this easement would require BART approval. The Colma Creek Channel, Antoinette Lane and the planned Oak Avenue extension also play a major role in defining the shape and size of the developable acreage. For this reason the properties do not follow the parcel configurations described earlier in the LRPMP. Instead they are divided into the areas described in Figures 1 and on page 71.

Figure 1



Site A is the southernmost of the three development sites, located between Chestnut Avenue and the proposed Oak Avenue extension. The site is divided into three subsections by the BART easement and Antoinette Lane. Each of these parcels is described in more detail below.

- Parcel 1 is 1.9 acres with frontage along Antoinette Lane and Chestnut Avenue. It is currently home to a single-story retail building occupied by Pet Club. This parcel has received interest from businesses and developers. (Labeled "Site A1" in Figure 1.)
- Parcel 2 is a long, shallow parcel between El Camino Real and the BART easement, with a total area of 1.5 acres. (Labeled "Site A2" in Figure 1.)
- Parcel 3 is a triangular 0.9 acre parcel bounded by the proposed Oak Avenue extension, the BART easement and Antoinette Lane. (Labeled "Site A3" Figure 1.)

Site B is located on the north side of the proposed Oak Avenue extension, bounded by the BART easement to the southwest and the Colma Creek channel to the northeast. The developable area owned by the Successor Agency is 1.5 acres; the BART easement is 1.1 acres.

Site C is the largest parcel at 4.5 acres. Located on the north side of the proposed Oak Avenue extension, it is bounded by the BART easement and Centennial Trail to the southwest and by Mission Road to the northeast.

Strategic Economics worked with Successor Agency staff to devise a development program that is both market driven and consistent with the community's goals for the study area as expressed in the El Camino Real/Chestnut Avenue Area Plan and the goals of the El Camino Real Project Plan. The development program assumes redevelopment of all Successor Agency-owned parcels in a manner consistent with a master developer approach. In this approach, the property is redeveloped with the goal of maximizing the combined potential of all of the parcels. Orchestrating development across all parcels offers three major benefits:

1) **Economies of scale**. Larger projects can benefit from savings on some "soft" costs of development such as site planning, entitlements, financing and marketing. In some cases, they can also save on some of the "hard" costs related with construction. Larger projects are also more likely to be of sufficient scale to assist in addressing related public improvements in utilities, access, or other infrastructure.

2) **More efficient site design**. Developed incrementally, each parcel would need to address access, parking and open space separately. A master developer approach allows required parking to be provided in a more economical way, in particular by making use of the BART easement for retail parking for multiple buildings.

Consistent with findings of the market analysis, the development program consists primarily of residential uses with some supporting retail. The development program is summarized in Figures 2, and the drawings are provided in Figures 3 and 4.

Figure 2

	Site A	Site B	Site C
Developable Area (acres)	4.2	1.5	4.4
BART Easement	1.7	1.1	0
Description	Residential Over Ground Floor Retail and Podium Parking	Residential Over Podium Parking	Residential Over Podium Parking
Stories	4-5 Stories	5 Stories	6 Stories
Retail Area (sq. ft.)	32,400	0	0
Residential Units	194	100	420
Residential Parking Ratio	1.5	1.5	1.5

Source: VMWP, 2013.

3) **Development of all Properties**. In the event the Successor Agency elected to sell individual properties, Site C is the only site that would be developed consistent with the Agency's El Camino Corridor Project Plan, the El Camino Real/Chestnut Avenue Area Plan and the City's General Plan. Site A1 would most likely be purchased by a business that would retain the existing use. Site A2 would not be developed or sold given the site's development constraints and environmental condition. The size and accessibility constraints of Site A3 and Site B would most likely preclude the development and sale of

these properties as well. Such outcomes waste a tremendous opportunity to develop hundreds of housing units in a transit oriented area.

Development Description

Site A consists of three buildings with a total of 194 residential units and 32,000 square feet of retail. Each building has three to four residential levels over ground floor podium parking and retail. The retail businesses in all three buildings would be served by 131 shared surface parking spaces on the BART easement and Antoinette Lane, at a ratio of approximately 4 spaces per 1000 square feet.

Sites B and C are both entirely residential with one floor of ground floor podium parking. Site B contains 100 units in four levels above one level of podium parking. The structured parking is supplemented by an additional 26 surface parking spots on the BART easement. Site C is developed with 400 residential units in four levels above two levels of podium parking.

Figure 3

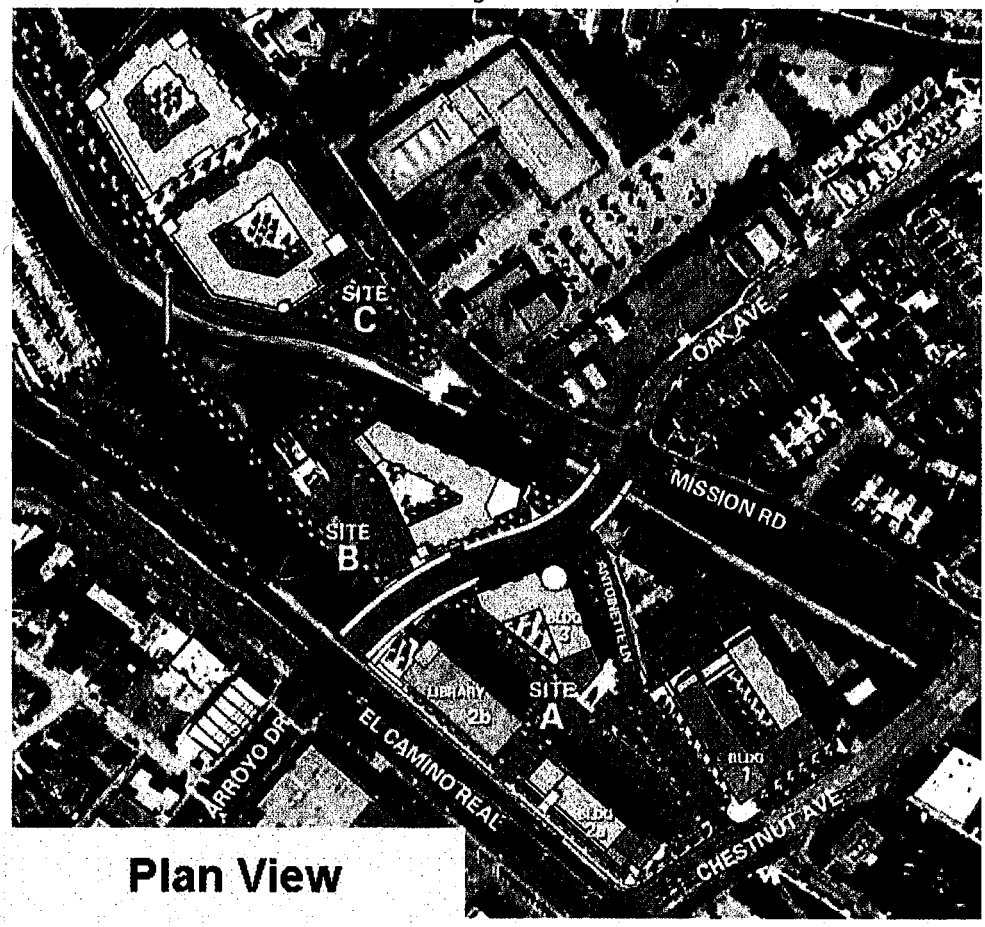
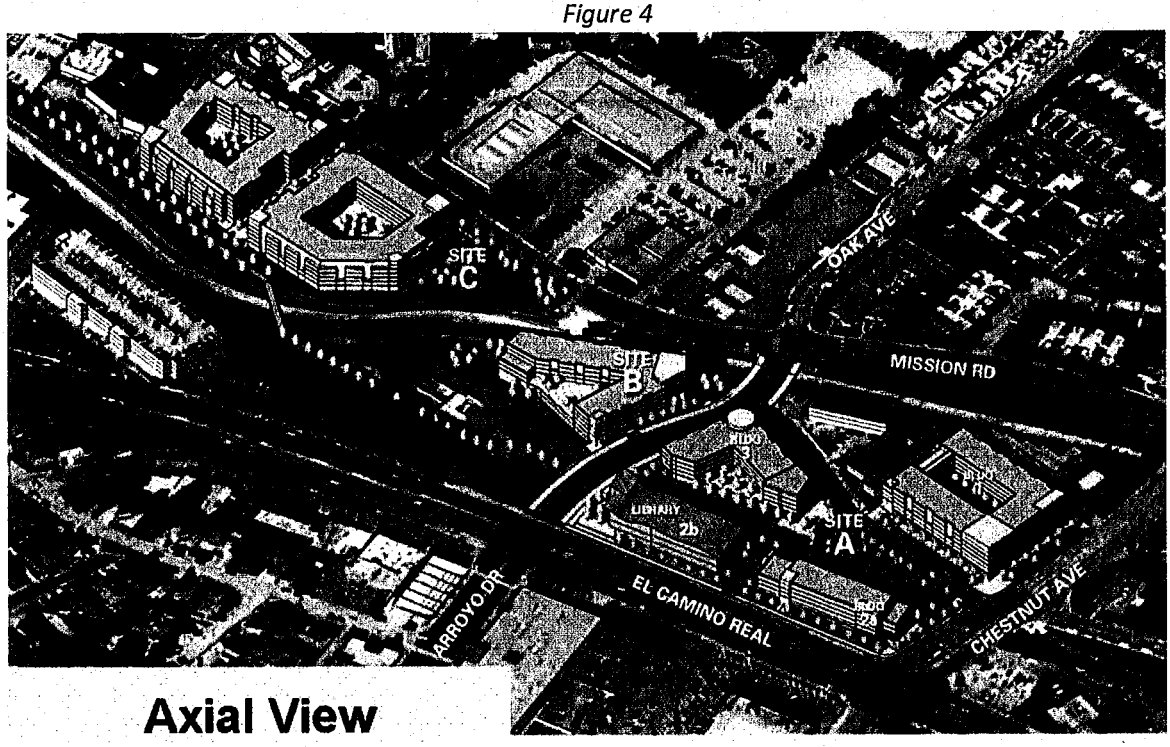


Figure 4



The financial feasibility results are summarized in Figure 5. Strategic Economics used a "land residual" approach to test the feasibility of the development program. This method estimates the amount that a developer can afford to pay for the property based on the expected costs and revenues associated with the development program. If the residual land value is similar to the expected cost of land, it suggests that the project is feasible. If the residual land value is less than the expected cost of land, or negative, it suggests that the project is not feasible.

Figure 5

	Site A	Site B	Site C
Development Costs			
Hard Costs	$67,830,000	$31,388,000	$125,861,000
Soft Costs	$20,349,000	$9,416,000	$37,758,000
Financing Costs	$3,224,000	$1,492,000	$5,982,000
Developer's Return	$10,968,000	$5,076,000	$20,352,000
Total Costs	**$102,372,000**	**$47,372,000**	**$189,953,000**
Total Revenue	**$104,580,000**	**$47,078,000**	**$189,477,000**
Residual Land Value	**$2,208,000**	**-$294,000**	**-$476,000**
Per Square Foot	**$8.03**	**-$2.63**	**-$2.46**

Source: Strategic Economics, 2013.

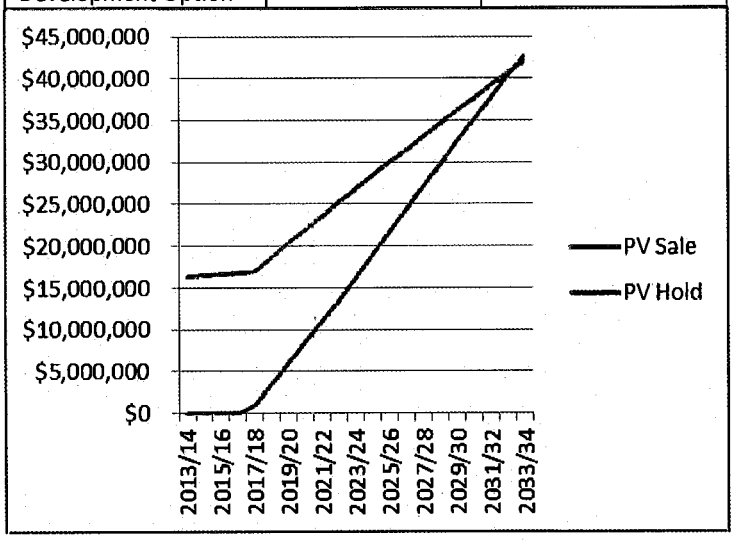
For the purposes of the analysis, land values for residential and mixed use development near the study area are estimated to range from $50 to $75 per square foot. This price range is based on recent transactions and asking prices for properties in the surrounding area, as well as interviews with brokers and developers active on the San Francisco Peninsula. It should be noted that land prices vary greatly depending on the location and specific characteristics of the property, as well as zoning, intended use and market conditions.

Financial Benefit to Taxing Agencies

While the benefit of the City retaining the properties for future development and the fulfillment of the El Camino Project Area Plan is the most beneficial option for the City, the property, the residents, the region and the State, the financial benefit to the taxing agencies is virtually equal between the two options. As summarized below, and shown in more detail in Appendix H and Table 3, the net financial benefit to the taxing agencies is virtually equal over a 20 year period. Notwithstanding the financial benefits of development discussed above, the City and the Taxing Entities will enter into a Compensation Agreement pursuant to Section 34180(f) as described in the Compensation Agreement section of this LRPMP.

Table 3

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option	$53,288,000	$41,968,000
Retain for Development Option	$61,944,000	$42,607,000



San Mateo County
Countywide Oversight Board

Date: January 7, 2019 Agenda Item No. 8

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: South San Francisco Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 19-20

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

Discussion
The Annual ROPS 19-20 contains all the obligations of the former Redevelopment Agency (RDA) for fiscal year 2019-20. The South San Francisco SA is requesting approval by the Board to spend $2,491,434 on outstanding obligations and administrative expenses for Annual ROPS 19-20.

Enclosed is the Successor Agency's Annual ROPS 19-20 and supporting documents.

CAC Exhibits
A. South San Francisco SA's Annual ROPS 19-20

Date: December 10, 2018

To: San Mateo County Countywide Oversight Board

From: **Mike Futrell, City Manager, City of South San Francisco**

Subject: Approval of the Recognized Obligation Payment Schedule and Administrative Cost Allowance Budget of the Successor Agency to the Former Redevelopment Agency of the City of South San Francisco for the period July 1, 2019 through June 30, 2020.

Former RDA: **Redevelopment Agency of the City of South San Francisco**

Recommendation
It is recommended that the San Mateo Countywide Oversight Board 1) adopt a resolution approving the Successor Agency Administrative Budget for Fiscal Year 2019-20 and the Recognized Obligation Payment Schedule for Fiscal Year 2019-20.

Background
The Recognized Obligation Payment Schedule ("ROPS") is required by Health and Safety Code ("HSC") Section 34177(l). The ROPS for the period July 1, 2019 through June 30, 2020 ("ROPS 19-20") requests necessary payments for enforceable obligations of the Former Redevelopment Agency of the City of South San Francisco ("RDA") for Fiscal Year 2019-20.

The Successor Agency to the Former Redevelopment Agency of the City of South San Francisco ("Successor Agency") has prepared the proposed ROPS 19-20, attached hereto and incorporated herein by this reference. It will be considered by the Successor Agency Board on January 9, 2019.

Staff has prepared a resolution adopting the ROPS 19-20 for the San Mateo Countywide Oversight Board's ("Oversight Board") consideration. If approved, it will be transmitted to the State Department of Finance ("DOF") for review by February 1, 2019.

Discussion
The ROPS 19-20 is attached to this report as Exhibit A. A total of $2,491,434 is requested to fund ROPS 19-20 obligations, including $2,354,200 from Redevelopment Property Tax Trust Funds ("RPTTF") and $137,234 from Other Funds and Reserve Balances. The request includes $250,000 to fund administrative costs.

<u>ROPS Obligations</u>

The ROPS 19-20 contains the following obligations:

- Items 7 and 8 – Debt Service on 1999 Housing Bonds – These bonds were paid off on the ROPS 18-19 and will be retired.
- Item 11 – Bond Administration / Continuing Disclosure Cost –$1,000 is requested for continuing disclosure report fees required for the 1999 Housing Bonds. This is the final year a report is required.
- Items 12, 13, and 14 – Oyster Point Ventures DDA – $2,240,434 is requested for enforceable obligations associated with Sections 3.2.1, 3.4.1 and 5.2 of the DDA and for staff and legal expenses associated with Successor Agency implementation of the DDA.

  Item 12 requests $2,038,486 for additional costs associated with:

  1) Imported cover soil and clay that is necessary for street and utilities to the hub (the Successor Agency is responsible for 20 percent of these costs) [3.2.1(i)(1) and (ii)], the streets and utilities to point [3.2.1(i)(2) and (ii)] and the reconfiguration and reconstruction of parking [3.2.1(ii) and (iii)];
  2) Cement mixing treatment to create a stable base for the streets and utilities at the hub, the streets and utilities to point and the reconfigured parking area (3.2.1 (i) (1 &2) and (iii); and
  3) Off-haul of excess relocated solid waste from areas under the streets and utilities at the hub (20% Successor Agency Cost), the streets and utilities to the point and reconfigured parking areas [3.2.1(i)(2) and (iii)].

  Item 13 requests $101,948 for the Successor Agency portion of the cost of off-haul of excess solid waste from the streets and utilities to the Hub (Section 5.2).

  Item 14 requests $100,000 for estimated project-related staff costs to implement these items.
- Item 16 and 17 – Harbor District Agreement Fees – There are no costs associated with Harbor District enforceable obligations in Fiscal Year 2019-20. The line items should remain on the ROPS as there are potential remaining enforceable obligations.
- Items 21, 22, 23, and 24 – Train Station Improvement Phases I & II Fees – No expenses are anticipated for these enforceable obligations in Fiscal Year 2019-20. The line items should remain on the ROPS as there are potential remaining enforceable obligations.
- Items 45 and 46 – Maintenance of Non-Housing Properties – These items will be retired. Former RDA properties were either transferred to the City as a governmental use or held for future redevelopment. Maintenance costs will be incurred by the City and possibly reimbursed through sales proceeds for properties that are sold.
- Item 47 – Administrative Costs: Various Contractors – This item will be retired. All administrative costs have been consolidated under Item 48.
- Item 48 – Administrative Cost Allowance - The Successor Agency is requesting $250,000

for Fiscal Year 2019-20 administrative expenses, which is within the maximum permitted by law. Administrative costs are needed to administer obligations and prepare required reports, such as the ROPS and audited financial statements. The Administrative Budget for Fiscal Year 2019-20 contains more detail and is attached to the resolution accompanying this staff report.

- Items 49 and 50 – Property Disposition Costs – These items will be retired. Costs related to the property disposition of former RDA properties will be incurred by the City and reimbursed through sales proceeds.
- Items 51, 52 and 57 – Various Expenses – No expenses are anticipated for these items on the ROPS 19-20.
- Items 69 to 72– Various Expenses – These items will be retired.

Report of Cash Balances

The "Report of Cash Balances" page reports available cash balances by type in Fiscal Year 2016-17. As of June 30, 2017, the Successor Agency had $136,234 in Reserve Balances leftover from prior ROPS periods. This amount has been allocated to ROPS Item 48, the Administrative Cost Allowance. There were also $310,509 in 1999 Housing Bond Reserves remaining as of June 30, 2017. The Other Funds column shows a negative $111,554 balance. Staff expects this to balance out on future ROPS, as the $1.2 million reserved from Other Funds on the ROPS 17-18 and 18-19 may not be fully spent.

The Successor Agency anticipates that a $1,149,921 Prior Period Adjustment will be made to account for RPTTF that was unspent in the ROPS 16-17 period. This is reported on the "Report of Cash Balances" page, Column G, Row 5. The Prior Period Adjustment process is handled separately from the ROPS by the San Mateo County Auditor-Controller. The Successor Agency submitted a Prior Period Adjustment form to the County Auditor-Controller on October 1, 2018 to review ROPS 16-17 expenses. The County will make a determination on the Prior Period Adjustment amount and send it to DOF by February 1, 2019.

Administrative Budget

Health and Safety Code Section 34177(j) requires the Successor Agency to prepare an administrative budget and submit it to the Oversight Board for approval. An Administrative Budget for Fiscal Year 2019-20 is attached as an exhibit to the accompanying resolution for the Successor Agency's consideration. It will also be submitted to the Oversight Board for approval.

Staff proposes an administrative cost allowance of $250,000 for Fiscal Year 2019-20 to cover professional services (including preparation of the ROPS and auditor fees) and staff costs and overhead required to administer enforceable obligations and prepare legally mandated reports. This is the amount permitted by HSC Section 34171(b)(1).

Last and Final ROPS

Due to the Successor Agency's outstanding obligation related to environmental remediation at the Oyster Point site, which is an unknown cost, we cannot anticipate when or if the Successor Agency will file a last and final ROPS.

Financial Impact
The Oversight Board's approval of the ROPS and Administrative Budget is required to fund the Successor Agency's obligations in Fiscal Year 2019-10.

Attachments:
1. Resolution Approving South San Francisco SA's ROPS 19-20 and FY 2019-20 Administrative Budget
2. Exhibit A - South San Francisco SA's ROPS 19-20
3. Exhibit B - South San Francisco SA's Administrative Budget
4. Exhibit C - Summary of Obligations and Supporting Documents

RESOLUTION NO. 2019-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 ("ROPS 19-20") AND FISCAL YEAR 2019-20 ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY TO THE FORMER SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY (RDA)

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

WHEREAS, the Successor Agency to the Former South San Francisco Redevelopment Agency has prepared a draft ROPS for the period July 1, 2019 to June 30, 2020, referred to as "ROPS 19-20", claiming a total enforceable obligation amount of $2,491,434, as set forth in the attached Exhibit A; and

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

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

WHEREAS, the Successor Agency to the Former South San Francisco Redevelopment Agency has prepared an administrative budget for the period July 1, 2019 to June 30, 2020, for $250,000, as set forth in the attached Exhibit B; and

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

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby approves the South San Francisco Successor Agency's ROPS 19-20 and the South San Francisco Successor Agency's Fiscal Year 19-20 Administrative Budget, attached hereto as Exhibits A and B and incorporated herein by this reference;

BE IT FURTHER RESOLVED, that the Oversight Board directs the Successor Agency to submit the ROPS 19-20 to the State Department of Finance upon approval by the Oversight Board.

* * *

Exhibit A – South San Francisco Successor Agency's Recognized Obligation Payment Schedule 19-20
Exhibit B – South San Francisco's Successor Agency's FY 2019-20 Administrative Budget

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: **South San Francisco**
County: San Mateo

	Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A	**Enforceable Obligations Funded as Follows (B+C+D):**	**$ 137,234**	**$ -**	**$ 137,234**
B	Bond Proceeds	-	-	-
C	Reserve Balance	136,234	-	136,234
D	Other Funds	1,000	-	1,000
E	**Redevelopment Property Tax Trust Fund (RPTTF) (F+G):**	**$ 2,354,200**	**$ -**	**$ 2,354,200**
F	RPTTF	2,240,434	-	2,240,434
G	Administrative RPTTF	113,766	-	113,766
H	**Current Period Enforceable Obligations (A+E):**	**$ 2,491,434**	**$ -**	**$ 2,491,434**

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

Name Title

/s/

Signature Date

South San Francisco Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
											19-20A (July - December)						19-20B (January - June)					
											Fund Sources						Fund Sources					
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 19-20 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
								$ 29,025,537		$ 2,491,434	$ 0	$ 136,234	$ 1,000	$ 2,240,434	$ 113,766	$ 2,491,434	$ 0	$ 0	$ 0	$ 0	$ 0	$ -
7	Debt Serv Principal Hsg Rev Bonds	Bonds Issued On or Before	1/1/1999	9/1/2018	Bank of New York	1999 Housing Revenue Bonds	Merged	0	Y	$ -						$ -						$ -
8	Debt Serv Interest Hsg Rev Bonds	Bonds Issued On or Before 12/31/10	1/1/1999	9/1/2018	Bank of New York	1999 Housing Revenue Bonds	Merged	0	Y	$ -						$ -						$ -
11	Bond Admin/Disc Costs Hsg Bonds	Fees	1/1/1999	9/1/2018	Bank of New York/Willdan	Costs to administer the housing bonds	Merged	1,000	N	$ 1,000			1,000			$ 1,000						$ -
12	Oyster Point Ventures DDA	OPA/DDA/Construction	3/23/2011	11/11/2026	Oyster Pt Ventures, LLC	DDA Sections 3.2.1 Phase IC Improvements and 3.4.1 Improvement Costs	Merged	2,038,486	N	$ 2,038,486				2,038,486		$ 2,038,486						$ -
13	Oyster Point Ventures DDA	OPA/DDA/Construction	3/23/2011	11/11/2026	Various contractors/staff	DDA Section 5.2 Environmental Indemnification	Merged	20,000,000	N	$ 101,948				101,948		$ 101,948						$ -
14	Oyster Point Ventures DDA	Project Management Costs	3/23/2011	11/11/2026	Legal/Staff costs	Soft project management costs	Merged	1,163,144	N	$ 100,000				100,000		$ 100,000						$ -
16	Harbor District Agreement	Improvement/Infrastructure	3/25/2011	11/11/2026	Harbor District	Secs. 5.0 lease rev; 7.0 temp. office	Merged	1,793,248	N	$ -						$ -						$ -
17	Harbor District Agreement	Project Management Costs	3/25/2011	11/11/2026	Legal/Staff costs	Soft project management costs	Merged	798,341	N	$ -						$ -						$ -
21	Train Station Imprvmnts Ph 1(pf1002)	Remediation	3/11/2009	12/31/2014	TechAccutite/Wisley Ham	Contracted work-site remediation	Merged	87,494	N	$ -						$ -						$ -
22	Train Station Imprvmnts Phase 1	Project Management Costs	3/11/2009	12/31/2014	Staff Costs	Soft project management costs	Merged	9,309	N	$ -						$ -						$ -
23	Train Station Imprvmnts Phase 2	Remediation	12/9/2009	12/31/2014	Various contractors	Site remediation per Cal Trans Agrmt.	Merged	620,000	N	$ -						$ -						$ -
24	Train Station Imprvmnts Phase 2	Project Management Costs	12/9/2009	12/31/2014	Legal/Staff costs	Soft project management costs	Merged	148,115	N	$ -						$ -						$ -
45	Maintenance of Non-Hsg Properties	Property Maintenance	2/1/2012	12/31/2014	Various contractors	Rehab, repair, maintenance, & utilities	Merged		Y	$ -						$ -						$ -
46	Maintenance of Non-Hsg Properties	Property Maintenance	2/1/2012	12/31/2014	Legal/Staff costs	Soft project management costs	Merged		Y	$ -						$ -						$ -
47	Administration Costs	Admin Costs	2/1/2012	12/31/2014	Various contractors/misc	Costs to administer Successor Agency	Merged	0	Y	$ -						$ -						$ -
48	Administration Costs	Admin Costs	2/1/2012	12/31/2014	Legal/Staff costs	Costs to administer Successor Agency	Merged	2,000,000	N	$ 250,000		136,234			113,766	$ 250,000						$ -
49	Property Disposition Costs	Property Dispositions	2/1/2012	12/31/2014	Various contractors	Initial envir. testing, noticing, listing costs	Merged		Y	$ -						$ -						$ -
50	Property Disposition Costs	Property Dispositions	2/1/2012	12/31/2014	Legal/Staff costs	Soft project management costs	Merged		Y	$ -						$ -						$ -
51	Accrued PERS Pension Obligations	Unfunded Liabilities	1/1/1980	6/30/2016	CalPERS	Costs incurred through 02/01/2012	Merged	168,800	N	$ -						$ -						$ -
52	Accrued Retiree Health Obligations	Unfunded Liabilities	1/1/1980	6/30/2016	CalPERS Retiree Benefit Trust (CERBT)	Costs incurred through 02/01/2012	Merged	197,600	N	$ -						$ -						$ -
57	1999 Housing Bond Proceeds	Bond Funded Project – Housing	10/23/2013	12/31/2014	Future Developer	To be used on low/mod housing dev	Merged	0	Y	$ -						$ -						$ -
69	630-634 El Camino Real Tenant Improvement	Project Management Costs	3/1/2011	2/28/2086	TBD	Tenant improvements for tenant space 3	Merged		Y	$ -						$ -						$ -
70	Line 14 FY 15-16 Additional Expense	RPTTF Shortfall	3/23/2011	11/11/2026	Legal/Staff costs	Soft project management costs		0	Y	$ -						$ -						$ -
71	Line 14 FY 16-17 Additional Expense	RPTTF Shortfall	3/23/2011	11/11/2026	Legal/Staff costs	Soft project management costs		0	Y	$ -						$ -						$ -
72	Line 8 Interest Payment made but not reported on FY 16-17	RPTTF Shortfall	1/1/1999	9/1/2018	Bank of New York	1999 Housing Revenue Bonds		0	Y	$ -						$ -						$ -

South San Francisco Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

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

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	Comments
1	**Beginning Available Cash Balance (Actual 07/01/16)** RPTTF amount should exclude "A" period distribution amount	57,902,849		29,890,810	685,660	0	C: 1999 Housing Proceeds ($52,789,887) and Reserves ($349,278), 2006A Bond Reserves ($4,763,684) E: Prior Period RPTTF Held in BNY Escrow Account for Oyster Point ($29,414,134) and Reserve Balances available from ROPS 15-16 ($476,676) F: Matches Other Funds balance as of 6/30/16 reported on ROPS 18-19
2	**Revenue/Income (Actual 06/30/17)** RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	637,339		58,939	396,556	1,679,750	C: Interest E: Interest F: Rents, Interest
3	**Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)**	58,229,679		0	0	529,829	C: 2006A Revenue Bond payoff ($58,175,509), 1999 Housing Bond Reserve Excess Proceed Transfer ($54,169)
4	**Retention of Available Cash Balance (Actual 06/30/17)** RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	0		29,813,515	1,193,770	0	E: Funds reserved in BNY Escrow Account for Oyster Point ($29,473,074) plus Reserve Balance expenses approved on ROPS 18-19 ($340,442). F: Amount approved from "Other Funds" on ROPS 17-18 ($684,785) and 18-19 ($508,985).
5	**ROPS 16-17 RPTTF Prior Period Adjustment** RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required				1,149,921	H: Matches PPA for ROPS 16-17 under review by the County Auditor-Controller
6	**Ending Actual Available Cash Balance (06/30/17)** **C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)**	**$ 310,509**	**$ 0**	**$ 136,234**	**$ (111,554)**	**$ 0**	C: 1999 Housing Bond Reserves E: $136,234 of Reserve Balances remaining from ROPS 15-16 true-up according to DOF's ROPS 18-19 Determination Letter. Applied to ROPS 19-20 Item 48.

South San Francisco Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

Item #	Notes/Comments
47	All administrative costs have been consolidated under Item 48

Successor Agency to the Former South San Francisco Redevelopment Agen
ROPS 19-20 Administrative Cost Allowance Budget
Period: 7/1/19 to 6/30/20

Description of Cost/Expense	Amount
Staff salaries, benefits, and payroll taxes	$ 170,035
Overhead costs and supplies	1,000
Professional Services - SA Consulting, RSG, Inc. (prepare ROPS, PPA, cash flow/budgeting, DOF and County Coordination)	25,000
Professional services - Auditors	3,965
Professional Services - Legal, Meyers Nave	50,000
Total	**$ 250,000**

SUMMARY OF OBLIGATIONS AND SUPPORTING DOCUMENTS

ROPS Item No.	ROPS Category	Description of Obligation	Payee	ROPS 19-20 Funding Request	Supporting Documentation
11	Fees	Bond trustee fees / continuing disclosure reporting fees	Bank of New York/Willdan	$ 1,000	Exhibit C Page 2, prior invoice from Willdan
12	OPA/DDA/ Construction	Oyster Point Ventures DDA, Sections 3.2.1 Phase IC Improvements and 3.4.1 Improvement Costs	Oyster Pt Ventures, LLC	2,038,486	Exihibit C Pages 3-19, Oyster Point Support
13	OPA/DDA/ Construction	Oyster Point Ventures DDA, Section 5.2 Environmental Indemnification	Various contractors/ staff	101,948	Exhibit C Pages 3-19, Oyster Point Support
14	Project Management Costs	Oyster Point Ventures DDA, Soft project management costs	Legal/Staff costs	100,000	Exhibit C Page 20, Oyster Point Support
48	Admin Costs	Successor Agency administrative costs	Legal/Staff costs	250,000	Exhibit C Page 21-50 - Professional Services Exhibit C Page 51-68 - Audit Costs $50,000 Legal Costs based on prior year invoices
Total for ROPS 19-20				**$ 2,491,434**	

WILLDAN

INVOICE

Attn: Richard Lee
Director of Finance
South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

INVOICE #: 010-37257
INVOICE DATE: 3/2/2018
PROJECT #: 105595
CLIENT #: C19069
TERMS: NET 30 DAYS

Bus. # (650) 877-8505
Fax # (650) 829-6614

Description: FISCAL YEAR 2016/17 ANNUAL CONTINUING DISCLOSURE SERVICES

Annual Continuing Disclosure Information Statement Preparation:	
1999 Revenue Bonds, Series A	$1,000.00
2003 Refunding Revenue Bonds (South San Francisco Conference Center)	1,000.00
Dissemination to EMMA as required	Included
Dissemination to EMMA (City's Audited Financial Statements)	Included
Costs Advanced:	
County Appeals Database	$305.00
INVOICE TOTAL	**$2,305.00**

To set up a wire transfer or ACH payment, please e-mail Lisa Bromley at lbromley@willdan.com or call her at 951-587-3572.

Remit To:
Willdan Financial Services
27368 Via Industria, Suite 200
Temecula, California 92590

Terms: Accounts are payable within 30 days unless special arrangements are made. A service charge of 1.5% per month will be applied on overdue unpaid balances.

Date: January 3, 2019

To: San Mateo Countywide Oversight Board

From: South San Francisco Successor Agency Staff

Subject: Additional information regarding cost allocation related to request for additional funds for enforceable obligations related to the Oyster Point Ventures DDA (Kilroy Realty)

The following information is submitted in response to a request from staff for the Countywide Oversight Board related to how the requested fund amounts lines 12 and 13 were derived.

In summary, additional costs are required to be incurred resulting from: (1) the import of cover soil; (2) the import of clay; (3) the cement treatment of refuse for purpose of compaction and (4) the export of refuse that cannot be relocated on the project site. These costs are necessary to allow the infrastructure required by the DDA to be constructed as the additional work is necessary to provide, for example, a stable base under the streets and utilities to the hub, the streets and utilities to the point and the parking area between the beach park area and the ferry terminal. The necessity of this additional work was determined once the landfill cap on the project site was opened and the contractor began to excavate and relocate solid waste and other materials on site as required under the approved construction plans. The DDA anticipated the potential for additional costs such as these in the exhibits related to section 3.2.1 which provides, in part, that the "quantities, scope of work, and cost estimates [for the required infrastructure] will be modified when construction drawings are prepared." (See e.g. Exhibit 3.2.1A).

The following chart shows the total costs of the additional work and the amount that Successor Agency staff believes qualifies as a Successor Agency enforceable obligation.[1]

[1] Kilroy may contend that the Successor Agency's enforceable obligation is greater than specified in this allocation.

Work Required	DDA Section	Total Cost of Work[2]	Successor Agency Enforceable Obligation and ROPS Line #	Kilroy Obligation
Import of Clay Cover Soil	Sections 3.2.1(i)(1), 3.2.1(ii), 3.2.1(i)(2)[3]	$2,377,070	$415,316 ROPS Line 12	$1,961,754
Import of Clay	Sections 3.2.1(i)(1), 3.2.1(ii), 3.2.1(i)(2)[4]	$1,345,214	$163,047 ROPS Line 12	$1,182,167
Cement Treatment of refuse	Sections 3.2.1(i) (1 &2) and (iii)[5]	$1,588,029	$699,756 ROPS Line 12	$888,273
Export of excess refuse	Sections 3.2.1(i)(2) and (iii) and 5.2[6]	$4,195,390	$862,315 ROPS Line 12/13	$3,333,075
	Total Costs	$9,505,703	$2,140,434	$7,365,269

3104139.1

[2] The total costs presented are based on costs for change orders provided by the primary contractor on the project. These costs have been reviewed and validated by the Kilroy, Successor Agency staff, and the project construction manager – Cummings. The final costs will be dependent on the quantity of materials

[3] Imported cover soil that is necessary for cap repair for: (1) street and utilities to the hub [3.2.1(i)(1) and (ii)](Successor Agency allocation 20% of these costs), (2) streets and utilities to point [3.2.1(i)(2) (Successor Agency allocation 100% of the costs) and (ii)] and (3)the reconfiguration and reconstruction of parking [3.2.1(ii) and (iii)] (Successor Agency 100% of the costs)

[4] Imported clay that is necessary for cap repair for (1) street and utilities to the hub [3.2.1(i)(1) and (ii)](Successor Agency allocation 20% of these costs), (2) the streets and utilities to point [3.2.1(i)(2) (Successor Agency allocation 100% of the costs) and (ii)] and (3) the reconfiguration and reconstruction of parking [3.2.1(ii) and (iii)] (Successor Agency 100% of the costs)

[5] Cement mixing treatment to create a stable base for the streets and utilities at the hub (Successor Agency allocation 20% of these costs), the streets and utilities to point and the reconfigured parking area (3.2.1 (i) (1 &2) (Successor Agency 100% of these costs)

[6] Off-haul of excess relocated solid waste from areas under the streets and utilities at the hub (20% Successor Agency Cost), and portion of the streets and utilities to the point and reconfigured parking areas [3.2.1(i)(2) 5.2] ROPS Line 12 $760,367 and ROPS Line 13 $101,948

South San Francisco Successor Agency ROPS Lines 12 and 13
Change Order Backup Information

The attached information is provided as a supplement to the materials the Successor Agency has already provided in support of the amounts requested in ROPS Lines 12 and 13. This information is provided in response to request from Oversight Board Staff for data validating the overall costs of the work done in relation to the Successor Agency's share of the costs of specific enforceable obligations as described in the staff report and the information previously submitted by the Successor Agency.

The first page of the attached documents include charts prepared by the Developer, Kilroy, that show the total estimated costs for the work that needs to be completed (see the chart identified as "Pending Charges") and the difference in cubic yards of cut and fill of refuse, clay and cover soil that needs to be imported (in the case of soil and clay) and exported (in the case of refuse) off-site as compared to the original design quantities. These changes are necessary to create engineered fill to support the construction of the Streets and Utilities to the Point, the Streets and Utilities to the Hub and reconfigured parking lot area between the newly constructed street and the bay. The Successor Agency has an enforceable obligation for a portion of the total costs.

The remaining documents provide detailed costs information related to the four categories of work shown on the pending charges chart. This work is currently under construction and actual quantities may differ:

1. Cement treatment; labor, equipment, and material – pages 1-7[1]
2. Clay Import; quantities, unit costs – pages 8-11
3. Cover Soil Import; quantities, unit costs – pages 8-11
4. Excess Refuse Offhaul ; quantities, unit costs for various contamination levels – pages 12 and 13

3104057.1

[1] Please note that the cost of Cement Treatment Testing has not been included in the backup information since this work has been completed. When the cost of testing is included the cement treatment mixing total costs equals $1,588,029.

OYSTER POINT

Kilroy Oyster Point
South San Francisco, CA

CHANGE ORDER SPLIT LOGIC

It is important to note that the site was previously designed as a balanced site. However, following thorough additional investigative potholdng, it was found that the existing refuse, along with additional "unclean" clay on site, were considerably more than the original site design could accomodate. Redesign is still resulting in an imbalance of refuse, clay and cover soil on site. Volume of Refuse at Sump 1 has been removed from these quantities.

Refuse & "Unclean" Clay		Hub	Point	Reconfig Parking	Rec Area	Hotel	Crescent Beach	ID	IID	TOTAL
Original Design Quantities (Refuse Only)	Cut (CY)	21,000	100	0	300	200	0	100,500	30,400	**152,500**
	Fill (CY)	0	11,600	7,400	73,000	59,700	0	800	0	**152,500**
Revised Condition Quantities (Refuse & Clay)	Cut (CY)	35,000	8,800	9,900	25,255	18,800	1,900	106,035	41,300	**246,990**
	Fill (CY)	800	11,200	6,700	64,100	54,200	200	1,100	0	**138,300**
Delta	Cut (CY)	14,000	8,700	9,900	24,955	18,600	1,900	5,535	10,900	**94,490**
	Fill (CY)	800	-400	-700	-8,900	-5,500	200	300	0	**-14,200**
Net Volume Effect - CY		***13,200***	***9,100***	***10,600***	***33,855***	***24,100***	***1,700***	***5,235***	***10,900***	***108,690***

Notes:	Cut / Fill Delta	Effects on Volume	Effects on Site
	Less cut (negative value)	Parcel is generating less cut.	Improving unbalance site situation
	More cut (positive value)	Parcel is generating more cut.	Hurting unbalance site situation
	Less fill (negative value)	Parcel is taking less fill.	Hurting unbalance site situation
	More fill (positive value)	Parcel is taking more fill.	Improving unbalance site situation

Pending Changes:	
PCO-007 - Cement Treatment Testing	$39,244
PCO-008 - Cement Treatment	$1,548,785
PCO-009 - Clay Import	$1,345,214
PCO-012 - Cover Soil Import	$2,377,070
PCO-013 - Excess Refuse Offhaul	$4,195,390
Sub-Total Pending Changes:	**$9,505,703**

Cement treatment testing + Cement treatment = $1,588,029

Total cost of project

BID PROPOSAL

Biditem	Description	Quantity	Units	Unit Price	Bid Total
400	Cement Treat Refuse (CTR@ 4%)	200,000.000	SF	2.26	452,000.00
410	Cement Treat Refuse (CTR@ 5%)	200,000.000	SF	2.44	488,000.00
420	Cement Treat Refuse (CTR@ 6%)	200,000.000	SF	2.64	528,000.00
50000	CCIP Insurance (4.89%)	1.000	LS	71,785.00	71,785.00
700000	Indirects	1.000	LS	9,000.00	9,000.00
	Bid Total				**$1,548,785.00**

Pages 1-7 support the cement treatment costs

1

A. Teichert & Son, Inc.
OPD2018 OYSTER POINT DEVELOPMENT CHANGE ORDER
Jim Gallagher

ESTIMATE SUMMARY - COSTS & BID PRICES

Bid#	Client# / Bid Description	Quantity	Unit	Manhours	Direct Labor	Perm Matl	Constr Matl	Equip-ment	Sub-Contr	Direct Total	Indirect Charge	Total Cost	Total Cost Unit Price	Markup	Balanced Bid Total	Balanced Bid Unit Price		Bid Price	Bid Total
400	6A	200,000.00	SF	800	67,600			96,682	256,000	420,282		420,282	2.10	31,751	452,033	2.26		2.26	452,000.00
Cement Treat Refuse (CTR@ 4%)														7.6 %					
410	6B	200,000.00	SF	800	67,600			96,682	290,000	454,282		454,282	2.27	34,320	488,602	2.44		2.44	488,000.00
Cement Treat Refuse (CTR@ 5%)														7.6 %					
420	6C	200,000.00	SF	800	67,600			96,682	326,000	490,282		490,282	2.45	37,039	527,322	2.64		2.64	528,000.00
Cement Treat Refuse (CTR@ 6%)														7.6 %					
50000	CCIP	1.00	LS														U	71,785.00	71,785.00
CCIP Insurance (4.89%)																			
700000		1.00	LS	8	784		6,500	1,002		8,286		8,286	8,286.01	626	8,912	8,911.99	U	9,000.00	9,000.00
Indirects				8.00										7.6 %					
Totals:				2,408	203,584		6,500	291,049	872,000	1,373,133		1,373,133		103,735	1,476,869				1,548,785.00
												[1,373,132	]						[12.8 %
********** TOTAL	JOB =====>			2,408	203,584		6,500	291,049	872,000	1,373,133		1,373,133		103,735	1,476,869				1,548,785.00

Code between Balanced Bid & Bid Price: U=Unbalanced, F=Frozen, C=Closing Biditem (item to absorb unbalancing differences).
[bracketed numbers represent adjusted quantities]
** in front of the Biditem indicates a Non-Additive item

Markup % is shown as a percentage of cost

Markup on Resource Costs 103,735

Spread Indirects On TOTAL COST Spread Markups On TOTAL COST Spread Addons&Bonds On TOTAL COST

Bond Calculations

Selected Bond Table: NB Description: No Bond

	Contract Amount	Rate per 1000	Bond Amount
First:	$ 0	0.00	$ 0.00
Next:	$ 0	0.00	$ 0.00
Next:	$ 0	0.00	$ 0.00
Next:	$ 0	0.00	$ 0.00

(2)

A. Teichert & Son, Inc. 09/04/2018 13:24
OPD2018 OYSTER POINT DEVELOPMENT CHANGE ORDER
*** Jim Gallagher

ESTIMATE RECAP - BID QUANTITIES

	DIRECT	INDIRECT	TOTAL	% OF TOTAL
Labor	203,584.00		203,584.00	14.826%
Burden				0.000%
Lab+Bur	203,584.00		203,584.00	14.826%
Perm Matl				0.000%
Const Exp				0.000%
Equipment	291,049.21		291,049.21	21.196%
Subs	872,000.00		872,000.00	63.504%
Other	6,500.00		6,500.00	0.473%
Total Costs:	1,373,133.21		1,373,133.21	99.999%
% of Total	100.000%	0.000%	100.000%	

Escalation on:	Labor	Burden	Perm Matl	Const Matl	Co Eqp	Rented Eqp
	0	0	0	0	0	0
	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
	Eq Op Exp	**Sub**	**ATS Matls**	**Trucking**	**JV Total Escalation**	
	0	0	0	0	0	0
	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

* Data Below here is dependent on the Summary Process. *
The Summary Process was last run 09/04/2018 at 1:22 PM

Markup on Resource Costs	103,735.99	7.5547%
MARKUP TOTALS ===>	103,735.99	7.5547% (% of costs)
COST + MARKUP ---------->	$1,476,869.20 (On Bid Quantity)	

There * ARE NOT * closing accounts for this bid.

		-Effect on Bid-
Rounding difference:	42.79	Adjusted
Unbalancing difference:	71,873.01	Adjusted
From Cut&Add Sheet-costs:		(on Bid Quantity)
From Cut&Add Sheet-markup:		(on Bid Quantity)
Pass Through Adjustments:		None
Net Adjustments (to the balanced bid):	$71,915.80	[or desired bid]
BALANCED BID TOTAL	$1,476,869.20	
DESIRED BID (if specified)		
BID TOTAL (on bid quantities)	$1,548,785.00	
BID COSTS (on bid quantities)	$1,373,133.21	
MARKUP (on bid quantities)	$175,651.79	12.792%
EXPECTED JOB VALUE (on takeoff quantities):	$1,548,785.00	

A. Teichert & Son, Inc. 09/04/2018 13:24
OPD2018 OYSTER POINT DEVELOPMENT CHANGE ORDER
*** Jim Gallagher

EXPECTED COSTS (on takeoff quantities): $1,373,133.21
EXPECTED MARKUP (on takeoff quantities): $175,651.79 12.792%

Adjust to Bid Quantities = B

		On Takeoff Quantities	
Labor Hrs. (MH/MHS)	2,408	0	2,408
(incl burden)	203,584	0	203,584
Labor (DAY/DAYS)	0	0	0
(incl burden)	0	0	0
Labor (OtherUnits)	0	0	0
(incl burden)			
Labor Burden	0	0	0

Spread Indirects on: Total Cost Spread Markup on: Total Cost
Spread Addons&Bond on: Total Cost

Markup on:	Labor	Burden	PermMatl	CM	CoEqp	RentedEqp
	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
	EOE	Sub	ATS Matls	Trucking	JV	
	12.00%	5.00%	12.00%	12.00%	12.00%	

Key Indicators

Balanced Bid Total By TO Qty	+	0	=	Total Revenue (TO Quantity)
1,476,869.20	+	0.00	=	1,476,869.20
Total Cost By TO Qty	+	0	=	Total Cost (TO Quantity)
1,373,133.21	+	0.00	=	1,373,133.21
Total Permanent Materials	+	0	=	Outside Materials
0.00	+	0.00	=	0.00
Total ATS Matls	+	0	=	Teichert Material
0.00	+	0.00	=	0.00
Total Labor	+	0	=	Labor
203,584.00	+	0.00	=	203,584.00
Total Company Eqp	+	Total EOE	=	Teichert Equipment
146,149.21	+	24,911.97	=	171,061.18
Total Trucking	+	0	=	Trucking
0.00	+	0.00	=	0.00

Pages 5-7 show the itemized detail of the $1,373,133 bid costs

A. Teichert & Son, Inc.
OPD2018 OYSTER POINT DEVELOPMENT CHANGE ORDER 09/04/2018 Page 1
Jim Gallagher 13:23
Direct Cost Report

Activity / Resource	Desc	Quantity Pcs	Quantity Unit	Unit Cost	Perm Labor	Perm Material	Constr Matl/Exp	Equip Ment	Sub-Contract	Total
BID ITEM = 400	CLIENT# = 6A	Land Item	SCHEDULE: 1 100							
Description =	Cement Treat Refuse (CTR@ 4%)		Unit = SF	Takeoff Quan:	200,000.000		Engr Quan:	200,000.000		
69521	**Lime Treat**		**Quan: 200,000.00 SF**	**Hrs/Shft:**	**10.00**	**Cal: 510**	**WC: CAWCC**			
										**Unreviewed
Cement Mixing the Refuse to be used as a firm and unyielding foundation layer										
4SS	Soil Stabilizatoin	1.00	200,000.00 SF	1.280					256,000	256,000
15040	**Prep / Support for CTF Operation**		**Quan: 200,000.00 SF**	**Hrs/Shft:**	**10.00**	**Cal: 510**	**WC: CAWCC**			
										**Unreviewed
Production range - 8000 - 10,000 SF/HR										
GCTP	ChemTrt - Pretrim		80.00 CH	**Prod: 25,000.0000 US**			Lab Pcs:	10.00	Eqp Pcs:	8.00
8DO8	TDM18 D8 dozer	1.00	80.00 HR	172.140				13,771		13,771
8EXPC750	SGP18 pc750 / cat365	1.00	80.00 HR	288.820				23,106		23,106
8LO210	LBC18 skip loader jd21	1.00	80.00 HR	34.170				2,734		2,734
8PIF250	ACB18 pickup 3/4 tn	2.00	160.00 HR	24.980				3,997		3,997
8REAT	Articulating Truck (re	2.00	160.00 HR	301.875				48,300		48,300
8TRWT	TRL18 water truck	1.00	80.00 HR	59.690				4,775		4,775
LGEN	Lab General N-B(6/18)	2.00	160.00 MH	62.000	9,920					9,920
ODZ	OE Dozer 3-1(6/18)	1.00	80.00 MH	85.000	6,800					6,800
OEXL	OE Exc Large 3-1(6/18)	1.00	80.00 MH	85.000	6,800					6,800
OF	OE Foreman 3-1(6/18)	1.00	80.00 MH	90.000	7,200					7,200
OGS	OE Gradesetter 3-1(6/18)	1.00	80.00 MH	82.000	6,560					6,560
OSK	OE Skip Loader 3-1(6/18)	1.00	80.00 MH	85.000	6,800					6,800
TWT	TM Water Truck N-1(6/18)	3.00	240.00 MH	98.000	23,520					23,520
$164,282.40	0.0040 MH/SF		800.00 MH	[0.338]	67,600			96,682		164,282
=====> Item Totals:	**400**	**- Cement Treat Refuse (CTR@ 4%)**								
$420,282.40	0.0040 MH/SF		800.00 MH	[0.338]	67,600			96,682	256,000	**420,282**
2.101	200000 SF				0.34			0.48	1.28	2.10
BID ITEM = 410	CLIENT# = 6B	Land Item	SCHEDULE: 1 100							
Description =	Cement Treat Refuse (CTR@ 5%)		Unit = SF	Takeoff Quan:	200,000.000		Engr Quan:	200,000.000		
69521	**Lime Treat**		**Quan: 200,000.00 SF**	**Hrs/Shft:**	**10.00**	**Cal: 510**	**WC: CAWCC**			
										**Unreviewed
Cement Mixing the Refuse to be used as a firm and unyielding foundation layer										
4SS	Soil Stabilizatoin	1.00	200,000.00 SF	1.450					290,000	290,000
15040	**Prep / Support for CTF Operation**		**Quan: 200,000.00 SF**	**Hrs/Shft:**	**10.00**	**Cal: 510**	**WC: CAWCC**			
										**Unreviewed
Production range - 8000 - 10,000 SF/HR										
GCTP	ChemTrt - Pretrim		80.00 CH	**Prod: 25,000.0000 US**			Lab Pcs:	10.00	Eqp Pcs:	8.00
8DO8	TDM18 D8 dozer	1.00	80.00 HR	172.140				13,771		13,771
8EXPC750	SGP18 pc750 / cat365	1.00	80.00 HR	288.820				23,106		23,106
8LO210	LBC18 skip loader jd21	1.00	80.00 HR	34.170				2,734		2,734
8PIF250	ACB18 pickup 3/4 tn	2.00	160.00 HR	24.980				3,997		3,997
8REAT	Articulating Truck (re	2.00	160.00 HR	301.875				48,300		48,300
8TRWT	TRL18 water truck	1.00	80.00 HR	59.690				4,775		4,775
LGEN	Lab General N-B(6/18)	2.00	160.00 MH	62.000	9,920					9,920
ODZ	OE Dozer 3-1(6/18)	1.00	80.00 MH	85.000	6,800					6,800
OEXL	OE Exc Large 3-1(6/18)	1.00	80.00 MH	85.000	6,800					6,800
OF	OE Foreman 3-1(6/18)	1.00	80.00 MH	90.000	7,200					7,200
OGS	OE Gradesetter 3-1(6/18)	1.00	80.00 MH	82.000	6,560					6,560
OSK	OE Skip Loader 3-1(6/18)	1.00	80.00 MH	85.000	6,800					6,800
TWT	TM Water Truck N-1(6/18)	3.00	240.00 MH	98.000	23,520					23,520
$164,282.40	0.0040 MH/SF		800.00 MH	[0.338]	67,600			96,682		164,282

5

Activity / Resource	Desc	Quantity Pcs	Quantity Unit	Unit Cost	Perm Labor	Constr Material	Constr Matl/Exp	Equip Ment	Sub-Contract	Total
BID ITEM = 410	CLIENT# = 6B	Land Item	SCHEDULE: 1 100							
Description =	Cement Treat Refuse (CTR@ 5%)		Unit = SF	Takeoff Quan:	200,000.000		Engr Quan:	200,000.000		
==========> **Item Totals:**	**410**	**- Cement Treat Refuse (CTR@ 5%)**								
$454,282.40	0.0040 MH/SF	800.00 MH		[0.338]	67,600			96,682	290,000	**454,282**
2.271	200000 SF				0.34			0.48	1.45	2.27
BID ITEM = 420	CLIENT# = 6C	Land Item	SCHEDULE: 1 100							
Description =	Cement Treat Refuse (CTR@ 6%)		Unit = SF	Takeoff Quan:	200,000.000		Engr Quan:	200,000.000		
69521	Lime Treat		Quan: 200,000.00 SF	Hrs/Shift:	10.00	Cal: 510	WC: CAWCC			
										**Unreviewed
Cement Mixing the Refuse to be used as a firm and unyielding foundation layer										
4SS	Soil Stabilizatoin	1.00	200,000.00 SF	1.630					326,000	326,000
15040	Prep / Support for CTF Operation		Quan: 200,000.00 SF	Hrs/Shift:	10.00	Cal: 510	WC: CAWCC			
										**Unreviewed
Production range - 8000 - 10,000 SF/HR										
GCTP	ChemTrt - Pretrim		80.00 CH	**Prod: 25,000.0000 US**			Lab Pcs:	10.00	Eqp Pcs:	8.00
8DO8	TDM18 D8 dozer	1.00	80.00 HR	172.140				13,771		13,771
8EXPC750	SGP18 pc750 / cat365	1.00	80.00 HR	288.820				23,106		23,106
8LO210	LBC18 skip loader jd21	1.00	80.00 HR	34.170				2,734		2,734
8PIF250	ACB18 pickup 3/4 tn	2.00	160.00 HR	24.980				3,997		3,997
8REAT	Articulating Truck (re	2.00	160.00 HR	301.875				48,300		48,300
8TRWT	TRL18 water truck	1.00	80.00 HR	59.690				4,775		4,775
LGEN	Lab General N-B(6/18)	2.00	160.00 MH	62.000	9,920					9,920
ODZ	OE Dozer 3-1(6/18)	1.00	80.00 MH	85.000	6,800					6,800
OEXL	OE Exc Large 3-1(6/18)	1.00	80.00 MH	85.000	6,800					6,800
OF	OE Foreman 3-1(6/18)	1.00	80.00 MH	90.000	7,200					7,200
OGS	OE Gradesetter 3-1(6/18)	1.00	80.00 MH	82.000	6,560					6,560
OSK	OE Skip Loader 3-1(6/18)	1.00	80.00 MH	85.000	6,800					6,800
TWT	TM Water Truck N-1(6/18)	3.00	240.00 MH	98.000	23,520					23,520
$164,282.40	0.0040 MH/SF		800.00 MH	[0.338]	67,600			96,682		164,282
==========> **Item Totals:**	**420**	**- Cement Treat Refuse (CTR@ 6%)**								
$490,282.40	0.0040 MH/SF		800.00 MH	[0.338]	67,600			96,682	326,000	**490,282**
2.451	200000 SF				0.34			0.48	1.63	2.45
BID ITEM = 50000	CLIENT# = CCIP	Land Item	SCHEDULE: 1 100							
Description =	CCIP Insurance (4.89%)		Unit = LS	Takeoff Quan:	1.000		Engr Quan.	1.000		
75115	CCIP Insurance		Quan: 1.00 LS	Hrs/Shift:	8.00	Cal: 508	WC: CAWCC			
										**Unreviewed
9FEOCIP	OCIP Insurance	1.00	1.00 LS	0.000						
==========> **Item Totals:**	**50000**	**- CCIP Insurance (4.89%)**								
$0.00				[ ]						
0.000	1 LS									
BID ITEM = 700000		Land Item	SCHEDULE: 1 100							
Description =	Indirects		Unit = LS	Takeoff Quan:	1.000		Engr Quan:	1.000		
74100	Permit & Meter Cost		Quan: 1.00 LS	Hrs/Shift:	8.00	Cal: 508	WC: CAWCC			
										**Unreviewed

6

A. Teichert & Son, Inc.
OPD2018 OYSTER POINT DEVELOPMENT CHANGE ORDER 09/04/2018 Page 3
Jim Gallagher **Direct Cost Report** 13:23

Activity / Resource	Desc	Pcs	Quantity	Unit	Unit Cost	Labor	Perm Material	Constr Matl/Exp	Equip Ment	Sub-Contract	Total
BID ITEM = 700000				Land Item	SCHEDULE: 1 100						
Description = Indirects				Unit =	LS	Takeoff Quan:		1.000	Engr Quan:		1.000
9FEMISC	Other Fees	1.00	1.00 LS		500.000			500			500
74120	**Purchase Const. Water**			**Quan:**	**1.00 LS**	**Hrs/Shft:**		**8.00 Cal: 508 WC: CAWCC**			
9CWLUMPSUM	Purchase Construction Wate	1.00	1.00 LS		6,000.000			6,000			**Unreviewed 6,000
76180	**7-Axle Equipment Mobs**			**Quan:**	**1.00 EA**	**Hrs/Shft:**		**8.00 Cal: 508 WC: CAWCC**			
For a typical move use 4hrs per move for load, travel and unload. Adjust for out of area work.											**Unreviewed
OLB	Other - Lowbed		8.00 CH		**Prod:**	**0.1250 UH**	Lab Pcs:	1.00	Eqp Pcs:		1.00
8TRLB	TRQ18 low bed transpor	1.00	8.00 HR		66.250			530			530
TWP	TM Water Pull N-1(6/18)	1.00	8.00 MH		98.000	784					784
$1,314.00	8.0000 MH/EA		8.00 MH		[784]	784		530			1,314
77120	**Rental Equipment Premium**			**Quan:**	**1.00 LS**	**Hrs/Shft:**		**8.00 Cal: 508 WC: CAWCC**			
811*DE	==> Total Equipment	1.00	9,440.16 EQP$		0.050			472			**Unreviewed 472
======> **Item Totals:**	**700000**	**- Indirects**									
$8,286.01	8.0000 MH/LS		8.00 MH		[784]	784		6,500	1,002		8,286
8,286.010	1 LS					784.00		6,500.00	1,002.01		8,286.01
$1,373,133.21	***** Report Totals *****		2,408.00 MH			203,584		6,500	291,049	872,000	1,373,133

>>> indicates Non Additive Activity
-----Report Notes:-----
The estimate was prepared with BID Quantities.
This report shows TAKEOFF Quantities with the resources.

"Unreviewed" Activities are marked.

Bid Date: Owner: Engineering Firm:
Estimator-In-Charge:

JOB NOTES

[[Linked Files: 2017 Caltrans Equipment Rates.xls, BOE sales tax notice 4-1-15.pdf, California Sales Tax Rates effective 4-1-15.pdf]]

HCSS Tech Support
8am to 6pm (Central) 1-800-444-3196
24 Hour 1-713-270-0081

Estimate created on: 03/17/2011 by User#: 0 -
Source used: C:\1HBSING\BIN\BLANK\BLANK.zip (a backup) from 10/11/2010 10:55:38 AM

**********Estimate created on: 12/08/2017 by User#: 14 - Janez Seliskar
Source estimate used: H:\HEAVYBID\TC\EST\ESTMAST

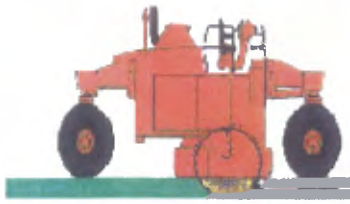
**********Estimate created on: 12/08/2017 by User#: 232 - Janez Seliskar
Source used: F:\APPLICATIONS\HEAVYBID\HBSAVE\FA-MASTER.zip (a backup) from 12/08/2017 11:12:01 AM

**********Estimate created on: 12/08/2017 by User#: 232 - Janez Seliskar
Source estimate used: H:\HEAVYBID\EW\EST\FA-MASTER

**********Estimate created on: 07/20/2018 by User#: 216 - Jim Gallagher
Source estimate used: H:\HEAVYBID\EW\EST\FAMAST

7

Pages 8-11 display the per unit cost for cover soil



Quotation and Contract

GRIFFIN SOIL

248 Industrial Dr. Stockton CA 95206 CA Lic.# 791232
Phone: 925-862-2260 Operations: 925-862-2240 NV Lic# 0074577

PROJECT NAME: Oyster Point 4%

PROJECT LOCATION: S. San Francisco

Proposal #: 42495

DATE: 8/24/2018

FROM: Dave Warren

TO: John
Teichert Construction - Pleasanton

PHONE: (925) 621-5701

FAX: (925) 621-5799

SCOPE OF WORK: Griffin Soil will furnish the material, spread and mix it into the soil, including initial compaction.

AREA	MATERIAL	SF	DEPTH	%	PRICE PER	AMOUNT
Site	Portland cement	15,000	12-18	4%	$1.67	
Site	Portland cement	20,000	12-18	4%	$1.43	
Site	Portland cement	25,000	12-18	4%	$1.28	
Site	Portland cement	30,000	12-18	4%	$1.18	
Site	Portland cement	35,000	12-18	4%	$1.11	
Site	Portland cement	40,000	12-18	4%	$1.06	

MOVES one per item **EACH ADDITIONAL:** $3,600

PROJECT SCHEDULING
Operations direct line 925-862-2240
or Email Ken@GriffinSoil.com

SPECIAL CONDITIONS:

Mix crew - Saturday add $2,000, Sunday add $4,000, Standby days charged at $5,000 (M-F)
Contractor to pay for all damages to mixer including but not limited to teeth, pockets, and holders.
Quote based on 100 soil weight.

"QUICK QUOTE" ... at www.GriffinSoilGroup.com

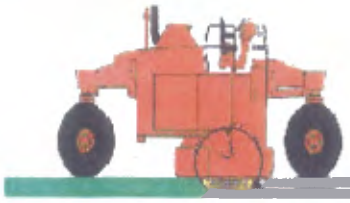
INCLUSIONS:

Quicklime Plus can be substituted for Quicklime at no additional cost.
NO SOIL WEIGHT EXCLUSION. DIR # 1000004572
Pricing valid for 4 months. A 2% discount can be applied to any amounts paid by the following 10th.
Quality control sheet. Mapping of utilities during job walk for mutual protection against damages.

STANDARD CONDITIONS:

All fees, including OCIP type, testing, permits, notifications, SWPPP, mix design or QC is not included.
General to provide project LAYOUT of the mixing zone and provide a suitable WATER source on-site.
General to provide ACCESS to work area, removal of FREEWATER and ROCK/DEBRIS over 4".
General to PULL soil or asphalt immediately after initial mix from utilities, curbs, corners, edges etc.
General to provide initial and finish GRADING and is therefore responsible for final section thickness.
General to provide any cure seal or surface maintenance and protection of treated soil.
General to pothole and is responsible for unpotholed, unmarked or mismarked underground obstructions.
6" of firm ground clearance required from bottom of mixing zone to the top of any utilities.
General to provide a location description and on-site paint for U.S.A. markings.
Pricing is based on straight time. Call for premium time rates.

These standard conditions are to be incorporated into subcontracts and take precedence over any conflicting terms.



Quotation and Contract

GRIFFIN SOIL

248 Industrial Dr. Stockton CA 95206 CA Lic.# 791232
Phone: 925-862-2260 Operations: 925-862-2240 NV Lic# 0074577

PROJECT NAME: Oyster Point 5%

PROJECT LOCATION: S. San Francisco

Proposal #: 42496

DATE: 8/24/2018

FROM: Dave Warren

TO: John
Teichert Construction - Pleasanton

PHONE: (925) 621-5701

FAX: (925) 621-5799

SCOPE OF WORK: Griffin Soil will furnish the material, spread and mix it into the soil, including initial compaction.

AREA	MATERIAL	SF	DEPTH	%	PRICE PER	AMOUNT
Site	Portland cement	15,000	12-18	5%	$1.85	
Site	Portland cement	20,000	12-18	5%	$1.60	
Site	Portland cement	25,000	12-18	5%	$1.45	
Site	Portland cement	30,000	12-18	5%	$1.35	
Site	Portland cement	35,000	12-18	5%	$1.28	
Site	Portland cement	40,000	12-18	5%	$1.23	

MOVES one per item **EACH ADDITIONAL:** $3,600

PROJECT SCHEDULING
Operations direct line 925-862-2240
or Email Ken@GriffinSoil.com

SPECIAL CONDITIONS:

Mix crew - Saturday add $2,000, Sunday add $4,000, Standby days charged at $5,000 (M-F)
Contractor to pay for all damages to mixer including but not limited to teeth, pockets, and holders.
Quote based on 100 soil weight.

"QUICK QUOTE" ... at www.GriffinSoilGroup.com

INCLUSIONS:

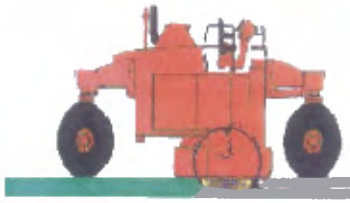
Quicklime Plus can be substituted for Quicklime at no additional cost.
NO SOIL WEIGHT EXCLUSION. DIR # 1000004572
Pricing valid for 4 months. A 2% discount can be applied to any amounts paid by the following 10th.
Quality control sheet. Mapping of utilities during job walk for mutual protection against damages.

STANDARD CONDITIONS:

All fees, including OCIP type, testing, permits, notifications, SWPPP, mix design or QC is not included.
General to provide project LAYOUT of the mixing zone and provide a suitable WATER source on-site.
General to provide ACCESS to work area, removal of FREEWATER and ROCK/DEBRIS over 4".
General to PULL soil or asphalt immediately after initial mix from utilities, curbs, corners, edges etc.
General to provide initial and finish GRADING and is therefore responsible for final section thickness.
General to provide any cure seal or surface maintenance and protection of treated soil.
General to pothole and is responsible for unpotholed, unmarked or mismarked underground obstructions.
6" of firm ground clearance required from bottom of mixing zone to the top of any utilities.
General to provide a location description and on-site paint for U.S.A. markings.
Pricing is based on straight time. Call for premium time rates.

These standard conditions are to be incorporated into subcontracts and take precedence over any conflicting terms.

9



Quotation and Contract

GRIFFIN SOIL

248 Industrial Dr. Stockton CA 95206 CA Lic.# 791232
Phone: 925-862-2260 Operations: 925-862-2240 NV Lic# 0074577

PROJECT NAME: Oyster Point 6%

PROJECT LOCATION: S. San Francisco

Proposal #: 42497

DATE: 8/24/2018

FROM: Dave Warren

TO: John
Teichert Construction - Pleasanton

PHONE: (925) 621-5701

FAX: (925) 621-5799

SCOPE OF WORK: Griffin Soil will furnish the material, spread and mix it into the soil, including initial compaction.

AREA	MATERIAL	SF	DEPTH	%	PRICE PER	AMOUNT
Site	Portland cement	15,000	12-18	6%	$2.02	
Site	Portland cement	20,000	12-18	6%	$1.77	
Site	Portland cement	25,000	12-18	6%	$1.63	
Site	Portland cement	30,000	12-18	6%	$1.53	
Site	Portland cement	35,000	12-18	6%	$1.46	
Site	Portland cement	40,000	12-18	6%	$1.40	

MOVES one per item **EACH ADDITIONAL:** $3,600

PROJECT SCHEDULING
Operations direct line 925-862-2240
or Email Ken@GriffinSoil.com

SPECIAL CONDITIONS:

Mix crew - Saturday add $2,000, Sunday add $4,000, Standby days charged at $5,000 (M-F)
Contractor to pay for all damages to mixer including but not limited to teeth, pockets, and holders.
Quote based on 100 soil weight.

"QUICK QUOTE" ... at www.GriffinSoilGroup.com

INCLUSIONS:

Quicklime Plus can be substituted for Quicklime at no additional cost.
NO SOIL WEIGHT EXCLUSION. DIR # 1000004572
Pricing valid for 4 months. A 2% discount can be applied to any amounts paid by the following 10th.
Quality control sheet. Mapping of utilities during job walk for mutual protection against damages.

STANDARD CONDITIONS:

All fees, including OCIP type, testing, permits, notifications, SWPPP, mix design or QC is not included.
General to provide project LAYOUT of the mixing zone and provide a suitable WATER source on-site.
General to provide ACCESS to work area, removal of FREEWATER and ROCK/DEBRIS over 4".
General to PULL soil or asphalt immediately after initial mix from utilities, curbs, corners, edges etc.
General to provide initial and finish GRADING and is therefore responsible for final section thickness.
General to provide any cure seal or surface maintenance and protection of treated soil.
General to pothole and is responsible for unpotholed, unmarked or mismarked underground obstructions.
6" of firm ground clearance required from bottom of mixing zone to the top of any utilities.
General to provide a location description and on-site paint for U.S.A. markings.
Pricing is based on straight time. Call for premium time rates.

These standard conditions are to be incorporated into subcontracts and take precedence over any conflicting terms.

10

Total cost estimates for cover soil and other project costs

KILROY OYSTER POINT

Settlement - Confidential

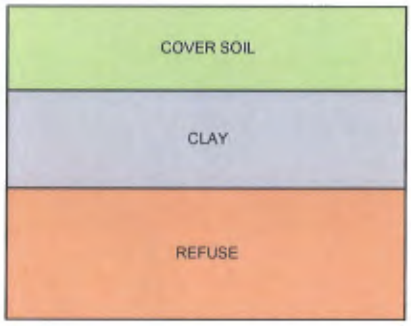
Kilroy Oyster Point
South San Francisco, CA

Potential Change Orders - To Be Finalized

Phase IC, ID & IID
11/30/2018

SUMMARY

Existing - Updated Per Revised Potholing Investigation & Report - 6/6/2018



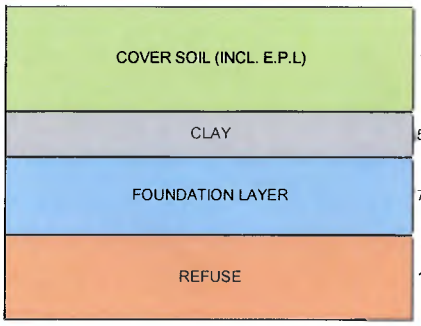
112,750 CY
(5,000 CY harvested clay)
106,250 CY (101,250 CY unsusable / refuse)
159,500 CY

Existing (Available Materials):

112,250 CY Cover Soil
5,000 CY Clay

260,750 CY Refuse / Unusable Clay

Revised - Per WH Updated Refuse Surplus Design



177,500 CY
50,000 CY (42,000 CY Across Site & 8,000 CY - Utility Corridor)
79,000 CY Assume 6" Untreated Refuse [20,000 CY] & 18" Cement Treated Refuse [59,000 CY]
138,250 CY

Current (Required Materials):

177,500 CY - (177,500 CY Cover Soil)
50,000 CY Clay
217,250 CY Refuse (138,250 CY in Refuse Layer & 79,000 CY in F.L.)

Final Summary:							
Import: 64,750 CY of Cover Soil (64,750 CY in Cover Soil Layer) + CCIP				@ $35.00/CY		$ 2,377,070	ROM Estimate
Import: 34,200 CY of Clay [50,000 - 10,800 (GMP) & 5,000 (harvested)] + CCIP				@ $37.50/CY		$ 1,345,214	Per Teichert ROM Estimate
Lime Treat 18" of Refuse				LS		$ 1,548,785	Per Teichert ROM Estimate
Sump 1 - Note: Total = 30,950 Tons						$ 5,874,134	Per Teichert ROM Estimate
R,H & D Class 1 Non-RCRA (Waste Solutions)		25000	*Ton*	*$147*	*$3,662,500*		
R,H & D PCB01 TSCA		2900	*Ton*	*$303*	*$878,700*		
R,H & D LF01 Soil		1700	*Ton*	*$290*	*$492,150*		
R,H & D STAB03 Soil		1350	*Ton*	*$411*	*$554,850*		
Mobilization		1	*LS*	*$3,500*	*$3,500*		
CCIP Insurance	*4.89%*	1	*LS*	*$273,434*	*$273,434*		
Indirect Costs		1	*LS*	*$9,000*	*$9,000*		
Export: 24,800 CY of Refuse Material (Mid Range Scenario - Various Classes) + CCIP = [260,750 CY Existing - 79,000 CY in FL - 18,700 CY in Sump 1 & 138,250 CY Refuse Relocation)				(See Build-Up Sheet)		$ 4,195,390	ROM Estimate
TOTAL POTENTIAL CHANGE ORDERS (PHASE IC, ID & IID):						$ 15,340,593	

Assumptions

5,000 CY of Harvested Clay - Per Teichert on-site actuals & estimate
50,000 CY of Clay Required across the site & at the utility corridor
Lime Treatment of 18" of Refuse with 6" Untreated Refuse as Foundation Layer
Coversion Rate for Remaining Refuse Offhaul - 1.7 Tons / CY.

Pages 12 and 13 support excess refuse offhaul costs

Oyster Point Development - Phase IC, ID, IIC & IID
South San Francisco, CA
A. Teichert & Son **11/30/2018**

REFUSE OFFHAUL ONLY - SUMMARY

Additional Refuse Removal / Soil Import / Project Redesign

SURPLUS REFUSE RESOLUTION	**24,800 CY REFUSE OFFHAUL**
Assumes a "Low Contamination Scenario" of 5%, 15% & 80% allocation to Class I (RCRA), Class I (Non-RCRA) and Class II & III material, respectively .	$3,299,350
Assumes a "Mid-Range Scenario" of 10%, 25% & 65% allocation to Class I (RCRA), Class I (Non-RCRA) and Class II & III material, respectively.	$4,195,390
Assumes a "High Contamination Scenario" of 25%, 35% & 40% allocation to Class I (RCRA), Class I (Non-RCRA) and Class II & III material, respectively.	$6,003,502
Refuse Offhaul (61,000 cy) - (Mid Range Scenario)	**$4,195,390**

Risk Items:

1) Refuse Conveyance / Relocation Methodology
There is a potential risk for change in contractor methodology in line with changes in scope. A differing approach could mean different and less cost effective work methods.

2) Schedule
Does not currently include costs for schedule impact on the contractor.

12

Oyster Point Development **11/30/2018**

Refuse Offhaul (24,800 cy) - (Low Contamination Scenario)

Description	Quantity	Unit	Unit Price	Totals
OPTION 1A:				
Refuse removal / offhaul, Class I (RCRA) @ 5%	2,108	tons	$253.25	$533,851
Refuse removal / offhaul, Class I (Non-RCRA) @15%	6,324	tons	$146.50	$926,466
Refuse removal / offhaul, Class II & III @ 80%	33,728	tons	$47.00	$1,585,216
Added Soil Sampling & Testing for Soil Classification	1	ls	$100,000.00	$100,000
CCIP	4.89%	ls	$153,816.56	$153,817
			Totals:	**$3,299,350**

OPTION 1A: Takes into account a "Low Contamination Scenario" assumption of a 5%, 10% & 85% allocation to Class I (RCRA), Class I (Non-RCRA) and Class II & III material, respectively for the estimated 24,800 CY excess refuse on site.

Refuse Offhaul (24,800 cy) - (Mid-Range Contamination Scenario)

Description	Quantity	Unit	Unit Price	Totals
OPTION 1A:				
Refuse removal / offhaul, Class I (RCRA) @ 10%	4,216	tons	$253.25	$1,067,702
Refuse removal / offhaul, Class I (Non-RCRA) @25%	10,540	tons	$146.50	$1,544,110
Refuse removal / offhaul, Class II & III @ 65%	27,404	tons	$47.00	$1,287,988
Added Soil Sampling & Testing for Soil Classification	1	ls	$100,000.00	$100,000
CCIP	4.89%	ls	$195,590.22	$195,590
			Totals:	**$4,195,390**

OPTION 1B: Takes into account a "Mid-Range Scenario" assumption of a 10%, 25% & 65% allocation to Class I (RCRA), Class I (Non-RCRA) and Class II & III material, respectively for the estimated 24,800 CY excess refuse on site.

Refuse Offhaul (24,800 cy) - (High Contamination Scenario)

Description	Quantity	Unit	Unit Price	Totals
OPTION 1A:				
Refuse removal / offhaul, Class I (RCRA) @ 25%	10,540	tons	$253.25	$2,669,255
Refuse removal / offhaul, Class I (Non-RCRA) @35%	14,756	tons	$146.50	$2,161,754
Refuse removal / offhaul, Class II & III @ 40%	16,864	tons	$47.00	$792,608
Added Soil Sampling & Testing for Soil Classification	1	ls	$100,000.00	$100,000
CCIP	4.89%	ls	$279,884.87	$279,885
			Totals:	**$6,003,502**

OPTION 1C: Takes into account a "High Contamination Scenario" assumption of a 25%, 35% & 40% allocation to Class I (RCRA), Class I (Non-RCRA) and Class II & III material, respectively for the estimated 24,800 CY excess refuse on site.

SOUTH SAN FRANCISCO ROPS 19-20 ITEM 14 OYSTER POINT DDA SOFT PROJECT MANAGEMENT COSTS					
Item	Staff	Tasks	Average hours per month	Hourly Rate	Total Annual Costs
Successor Agency Engineering Project Management Staffing Costs	Eunejune Kim, Public Works Director	Project and contract management specific to Oyster Point DDA project	10	$160.25	$19,230
	Ray Towne, Senior Engineer	Daily project management; cost management; coordination with contractor, developer and other regulatory agencies	40	$105.96	$50,860
Legal Expenses	Meyers Nave	Contract interpretation, implementation and dispute resolution for all contracts related to the enforceable obligations included in the DDA	15	$370	$66,600
TOTAL					$136,690

3100213.1

This is extracts fromthe contract between the City of SSF and RSG for consulting services. The City estimates that $25,000 of the contract price is the prorated share of the SA.

CONSULTING SERVICES AGREEMENT BETWEEN THE CITY OF SOUTH SAN FRANCISCO AND *RSG, INC.*

THIS AGREEMENT for consulting services is made by and between the City of South San Francisco ("City") and RSG, Inc. ("Consultant") (together sometimes referred to as the "Parties") as of April 9, 2018 (the "Effective Date").

Section 1. **SERVICES**. Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to City the services described in the Scope of Work attached as **Exhibit A**, attached hereto and incorporated herein, at the time and place and in the manner specified therein. In the event of a conflict in or inconsistency between the terms of this Agreement and **Exhibit A**, the Agreement shall prevail.

1.1 **Term of Services.** The term of this Agreement shall begin on the Effective Date and shall end on December 31, 2019 the date of completion specified in **Exhibit A**, and Consultant shall complete the work described in **Exhibit A** prior to that date, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8. The time provided to Consultant to complete the services required by this Agreement shall not affect the City's right to terminate the Agreement, as provided for in Section 8.

1.2 **Standard of Performance.** Consultant shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged in the geographical area in which Consultant practices its profession. Consultant shall prepare all work products required by this Agreement in a substantial, first-class manner and shall conform to the standards of quality normally observed by a person practicing in Consultant's profession.

1.3 **Assignment of Personnel.** Consultant shall assign only competent personnel to perform services pursuant to this Agreement. In the event that City, in its sole discretion, at any time during the term of this Agreement, desires the reassignment of any such persons, Consultant shall, immediately upon receiving notice from City of such desire of City, reassign such person or persons.

1.4 **Time.** Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Sections 1.1 and 1.2 above and to satisfy Consultant's obligations hereunder.

Section 2. **COMPENSATION.** City hereby agrees to pay Consultant a sum not to exceed **Sixty Five Thousand ($65,000)**, notwithstanding any contrary indications that may be contained in Consultant's proposal, for services to be performed and reimbursable costs incurred under this Agreement. In the event of a conflict between this Agreement and Consultant's proposal, attached as **Exhibit A**, or Consultant's compensation schedule attached as **Exhibit B**, regarding the amount of compensation, the Agreement shall prevail. City shall pay Consultant for services rendered pursuant to this Agreement at the time and in the manner set forth herein. The payments specified below shall be the only payments from City to

Consultant for services rendered pursuant to this Agreement. Consultant shall submit all invoices to City in the manner specified herein. Except as specifically authorized by City, Consultant shall not bill City for duplicate services performed by more than one person.

Consultant and City acknowledge and agree that compensation paid by City to Consultant under this Agreement is based upon Consultant's estimated costs of providing the services required hereunder, including salaries and benefits of employees and subcontractors of Consultant. Consequently, the parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities to which Consultant and its employees, agents, and subcontractors may be eligible. City therefore has no responsibility for such contributions beyond compensation required under this Agreement.

2.1 **Invoices.** Consultant shall submit invoices, not more often than once per month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- Serial identifications of progress bills (i.e., Progress Bill No. 1 for the first invoice, etc.);
- The beginning and ending dates of the billing period;
- A task summary containing the original contract amount, the amount of prior billings, the total due this period, the balance available under the Agreement, and the percentage of completion;
- At City's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense;
- The total number of hours of work performed under the Agreement by Consultant and each employee, agent, and subcontractor of Consultant performing services hereunder, as well as a separate notice when the total number of hours of work by Consultant and any individual employee, agent, or subcontractor of Consultant reaches or exceeds eight hundred (800) hours, which shall include an estimate of the time necessary to complete the work described in **Exhibit A**;
- The amount and purpose of actual expenditures for which reimbursement is sought;
- The Consultant's signature.

2.2 **Monthly Payment.** City shall make monthly payments, based on invoices received, for services satisfactorily performed, and for authorized reimbursable costs incurred. City shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Consultant. City shall have no obligation to pay invoices submitted ninety (90) days past the performance of work or incurrence of cost.

2.3 **Final Payment.** City shall pay the last ten percent (10%) of the total sum due pursuant to this Agreement within sixty (60) days after completion of the services and submittal to City of a final invoice, if all services required have been satisfactorily performed.

2.4 **Total Payment.** City shall pay for the services to be rendered by Consultant pursuant to this Agreement. City shall not pay any additional sum for any expense or cost whatsoever incurred by Consultant in rendering services pursuant to this Agreement. City shall make no payment for any extra, further, or additional service pursuant to this Agreement.

In no event shall Consultant submit any invoice for an amount in excess of the maximum amount of compensation provided above either for a task or for the entire Agreement, unless the Agreement is modified prior to the submission of such an invoice by a properly executed change order or amendment.

2.5 **Hourly Fees.** Fees for work performed by Consultant on an hourly basis shall not exceed the amounts shown on the compensation schedule attached hereto and incorporated herein as Exhibit B.

2.6 **Reimbursable Expenses.** The following constitute reimbursable expenses authorized by this Agreement. Reimbursable expenses shall not exceed $500. Expenses not listed above are not chargeable to City. Reimbursable expenses are included in the total amount of compensation provided under Section 2 of this Agreement that shall not be exceeded.

2.7 **Payment of Taxes, Tax Withholding.** Consultant is solely responsible for the payment of employment taxes incurred under this Agreement and any similar federal or state taxes. To be exempt from tax withholding, Consultant must provide City with a valid California Franchise Tax Board form 590 ("Form 590"), as may be amended and such Form 590 shall be attached hereto and incorporated herein as Exhibit D. Unless Consultant provides City with a valid Form 590 or other valid, written evidence of an exemption or waiver from withholding, City may withhold California taxes from payments to Consultant as required by law. Consultant shall obtain, and maintain on file for three (3) years after the termination of this Agreement, Form 590s (or other written evidence of exemptions or waivers) from all subcontractors. Consultant accepts sole responsibility for withholding taxes from any non-California resident subcontractor and shall submit written documentation of compliance with Consultant's withholding duty to City upon request. .

2.8 **Payment upon Termination.** In the event that the City or Consultant terminates this Agreement pursuant to Section 8, the City shall compensate the Consultant for all outstanding costs and reimbursable expenses incurred for work satisfactorily completed as of the date of written notice of termination. Consultant shall maintain adequate logs and timesheets in order to verify costs incurred to that date.

2.9 Authorization to Perform Services. The Consultant is not authorized to perform any services or incur any costs whatsoever under the terms of this Agreement until receipt of authorization from the Contract Administrator.

2.10 Prevailing Wage. Where applicable, the wages to be paid for a day's work to all classes of laborers, workmen, or mechanics on the work contemplated by this Agreement, shall be not less than the prevailing rate for a day's work in the same trade or occupation in the locality within the state where the work hereby contemplates to be performed as determined by the Director of Industrial Relations pursuant to the Director's authority under Labor Code Section 1770, et seq. Each laborer, worker or mechanic employed by Consultant or by any subcontractor shall receive the wages herein provided for. The Consultant shall pay two hundred dollars ($200), or whatever amount may be set by Labor Code Section 1775, as may be amended, per day penalty for each worker paid less than prevailing rate of per diem wages. The difference between the prevailing rate of per diem wages and the wage paid to each worker shall be paid by the Consultant to each worker.

An error on the part of an awarding body does not relieve the Consultant from responsibility for payment of the prevailing rate of per diem wages and penalties pursuant to Labor Code Sections 1770 1775. The City will not recognize any claim for additional compensation because of the payment by the Consultant for any wage rate in excess of prevailing wage rate set forth. The possibility of wage increases is one of the elements to be considered by the Consultant.

a. Posting of Schedule of Prevailing Wage Rates and Deductions. If the schedule of prevailing wage rates is not attached hereto pursuant to Labor Code Section 1773.2, the Consultant shall post at appropriate conspicuous points at the site of the project a schedule showing all determined prevailing wage rates for the various classes of laborers and mechanics to be engaged in work on the project under this contract and all deductions, if any, required by law to be made from unpaid wages actually earned by the laborers and mechanics so engaged.

b. Payroll Records. Each Consultant and subcontractor shall keep an accurate payroll record, showing the name, address, social security number, work week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by the Consultant in connection with the public work. Such records shall be certified and submitted weekly as required by Labor Code Section 1776."

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Consultant shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the services required by this Agreement. City shall make available to Consultant only the facilities and equipment listed in this section, and only under the terms and conditions set forth herein.

City shall furnish physical facilities such as desks, filing cabinets, and conference space, as may be reasonably necessary for Consultant's use while consulting with City employees and reviewing records and

the information in possession of the City. The location, quantity, and time of furnishing those facilities shall be in the sole discretion of City. In no event shall City be obligated to furnish any facility that may involve incurring any direct expense, including but not limited to computer, long-distance telephone or other communication charges, vehicles, and reproduction facilities.

Section 4. INSURANCE REQUIREMENTS. Before beginning any work under this Agreement, Consultant, at its own cost and expense, unless otherwise specified below, shall procure the types and amounts of insurance listed below against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the Consultant and its agents, representatives, employees, and subcontractors. Consistent with the following provisions, Consultant shall provide Certificates of Insurance, attached hereto and incorporated herein as **Exhibit C**, indicating that Consultant has obtained or currently maintains insurance that meets the requirements of this section and under forms of insurance satisfactory, in all respects, to the City. Consultant shall maintain the insurance policies required by this section throughout the term of this Agreement. The cost of such insurance shall be included in the Consultant's bid. Consultant shall not allow any subcontractor to commence work on any subcontract until Consultant has obtained all insurance required herein for the subcontractor(s).

4.1 Workers' Compensation. Consultant shall, at its sole cost and expense, maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Consultant. The Statutory Workers' Compensation Insurance and Employer's Liability Insurance shall be provided with limits of not less than ONE MILLION DOLLARS ($1,000,000) per accident. In the alternative, Consultant may rely on a self-insurance program to meet those requirements, but only if the program of self-insurance complies fully with the provisions of the California Labor Code. Determination of whether a self-insurance program meets the standards of the Labor Code shall be solely in the discretion of the Contract Administrator (as defined in Section 10.9). The insurer, if insurance is provided, or the Consultant, if a program of self-insurance is provided, shall waive all rights of subrogation against the City and its officers, officials, employees, and volunteers for loss arising from work performed under this Agreement.

4.2 Commercial General and Automobile Liability Insurance.

4.2.1 General requirements. Consultant, at its own cost and expense, shall maintain commercial general and automobile liability insurance for the term of this Agreement in an amount not less than ONE MILLION DOLLARS ($1,000,000.00) per occurrence, combined single limit coverage for risks associated with the work contemplated by this Agreement. If a Commercial General Liability Insurance or an Automobile Liability form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. Such coverage shall include but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting there from, and damage to property resulting from

activities contemplated under this Agreement, including the use of owned and non-owned automobiles.

4.2.2 **Minimum scope of coverage.** Commercial general coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001 or GL 0002 (most recent editions) covering comprehensive General Liability and Insurance Services Office form number GL 0404 covering Broad Form Comprehensive General Liability. Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001 (ed. 12/90) Code 8 and 9. No endorsement shall be attached limiting the coverage.

4.2.3 **Additional requirements.** Each of the following shall be included in the insurance coverage or added as a certified endorsement to the policy:

a. The insurance shall cover on an occurrence or an accident basis, and not on a claims-made basis.

b. Any failure of Consultant to comply with reporting provisions of the policy shall not affect coverage provided to City and its officers, employees, agents, and volunteers.

4.3 **Professional Liability Insurance.**

4.3.1 **General requirements.** Consultant, at its own cost and expense, shall maintain for the period covered by this Agreement professional liability insurance for licensed professionals performing work pursuant to this Agreement in an amount not less than ONE MILLION DOLLARS ($1,000,000) covering the licensed professionals' errors and omissions. Any deductible or self-insured retention shall not exceed ONE HUNDRED FIFTY THOUSAND DOLLARS $150,000 per claim.

4.3.2 **Claims-made limitations.** The following provisions shall apply if the professional liability coverage is written on a claims-made form:

a. The retroactive date of the policy must be shown and must be before the date of the Agreement.

b. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the Agreement or the work, so long as commercially available at reasonable rates.

c. If coverage is canceled or not renewed and it is not replaced with another claims-made policy form with a retroactive date that precedes the date of this Agreement, Consultant must provide extended reporting coverage for a minimum of five (5) years after completion of the Agreement or the work. The City shall have the right to exercise, at the Consultant's sole cost and

expense, any extended reporting provisions of the policy, if the Consultant cancels or does not renew the coverage.

d. A copy of the claim reporting requirements must be submitted to the City prior to the commencement of any work under this Agreement.

4.4 All Policies Requirements.

4.4.1 Acceptability of insurers. All insurance required by this section is to be placed with insurers with a Bests' rating of no less than A:VII.

4.4.2 Verification of coverage. Prior to beginning any work under this Agreement, Consultant shall furnish City with complete copies of all policies delivered to Consultant by the insurer, including complete copies of all endorsements attached to those policies. All copies of policies and certified endorsements shall show the signature of a person authorized by that insurer to bind coverage on its behalf. If the City does not receive the required insurance documents prior to the Consultant beginning work, it shall not waive the Consultant's obligation to provide them. The City reserves the right to require complete copies of all required insurance policies at any time.

4.4.3 Notice of Reduction in or Cancellation of Coverage. A certified endorsement shall be attached to all insurance obtained pursuant to this Agreement stating that coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City. In the event that any coverage required by this section is reduced, limited, cancelled, or materially affected in any other manner, Consultant shall provide written notice to City at Consultant's earliest possible opportunity and in no case later than ten (10) working days after Consultant is notified of the change in coverage.

4.4.4 Additional insured; primary insurance. City and its officers, employees, agents, and volunteers shall be covered as additional insureds with respect to each of the following: liability arising out of activities performed by or on behalf of Consultant, including the insured's general supervision of Consultant; products and completed operations of Consultant, as applicable; premises owned, occupied, or used by Consultant; and automobiles owned, leased, or used by the Consultant in the course of providing services pursuant to this Agreement. The coverage shall contain no special limitations on the scope of protection afforded to City or its officers, employees, agents, or volunteers.

A certified endorsement must be attached to all policies stating that coverage is primary insurance with respect to the City and its officers, officials, employees and volunteers, and that no insurance or self-insurance maintained by the City shall be called upon to contribute to a loss under the coverage.

4.4.5 **Deductibles and Self-Insured Retentions.** Consultant shall disclose to and obtain the approval of City for the self-insured retentions and deductibles before beginning any of the services or work called for by any term of this Agreement. Further, if the Consultant's insurance policy includes a self-insured retention that must be paid by a named insured as a precondition of the insurer's liability, or which has the effect of providing that payments of the self-insured retention by others, including additional insureds or insurers do not serve to satisfy the self-insured retention, such provisions must be modified by special endorsement so as to not apply to the additional insured coverage required by this agreement so as to not prevent any of the parties to this agreement from satisfying or paying the self-insured retention required to be paid as a precondition to the insurer's liability. Additionally, the certificates of insurance must note whether the policy does or does not include any self-insured retention and also must disclose the deductible.

During the period covered by this Agreement, only upon the prior express written authorization of Contract Administrator, Consultant may increase such deductibles or self-insured retentions with respect to City, its officers, employees, agents, and volunteers. The Contract Administrator may condition approval of an increase in deductible or self-insured retention levels with a requirement that Consultant procure a bond, guaranteeing payment of losses and related investigations, claim administration, and defense expenses that is satisfactory in all respects to each of them.

4.4.6 **Subcontractors.** Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

4.4.7 **Wasting Policy.** No insurance policy required by Section 4 shall include a "wasting" policy limit.

4.4.8 **Variation.** The City may approve a variation in the foregoing insurance requirements, upon a determination that the coverage, scope, limits, and forms of such insurance are either not commercially available, or that the City's interests are otherwise fully protected.

4.5 **Remedies.** In addition to any other remedies City may have if Consultant fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, City may, at its sole option exercise any of the following remedies, which are alternatives to other remedies City may have and are not the exclusive remedy for Consultant's breach:

a. Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement;

b. Order Consultant to stop work under this Agreement or withhold any payment that becomes due to Consultant hereunder, or both stop work and withhold any payment, until Consultant demonstrates compliance with the requirements hereof; and/or

c. Terminate this Agreement.

Section 5. INDEMNIFICATION AND CONSULTANT'S RESPONSIBILITIES. To the fullest extent permitted by law, Consultant shall indemnify, defend with counsel selected by the City, and hold harmless the City and its officials, officers, employees, agents, and volunteers from and against any and all losses, liability, claims, suits, actions, damages, and causes of action arising out of any personal injury, bodily injury, loss of life, or damage to property, or any violation of any federal, state, or municipal law or ordinance, to the extent caused, in whole or in part, by the willful misconduct or negligent acts or omissions of Consultant or its employees, subcontractors, or agents, by acts for which they could be held strictly liable, or by the quality or character of their work. The foregoing obligation of Consultant shall not apply when (1) the injury, loss of life, damage to property, or violation of law arises wholly from the gross negligence or willful misconduct of the City or its officers, employees, agents, or volunteers and (2) the actions of Consultant or its employees, subcontractor, or agents have contributed in no part to the injury, loss of life, damage to property, or violation of law. It is understood that the duty of Consultant to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by City of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Section 6. STATUS OF CONSULTANT.

6.1 **Independent Contractor.** At all times during the term of this Agreement, Consultant shall be an independent contractor and shall not be an employee of City. City shall have the right to control Consultant only insofar as the results of Consultant's services rendered pursuant to this Agreement and assignment of personnel pursuant to Subparagraph 1.3; however, otherwise City shall not have the right to control the means by which Consultant accomplishes services rendered pursuant to this Agreement. Notwithstanding any other City, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and

all claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of City and entitlement to any contribution to be paid by City for employer contributions and/or employee contributions for PERS benefits.

6.2 **Consultant No Agent.** Except as City may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent or to bind City to any obligation whatsoever.

Section 7. LEGAL REQUIREMENTS.

7.1 **Governing Law.** The laws of the State of California shall govern this Agreement.

7.2 **Compliance with Applicable Laws.** Consultant and any subcontractors shall comply with all laws applicable to the performance of the work hereunder.

7.3 **Other Governmental Regulations.** To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, Consultant and any subcontractors shall comply with all applicable rules and regulations to which City is bound by the terms of such fiscal assistance program.

7.4 **Licenses and Permits.** Consultant represents and warrants to City that Consultant and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals, including from City, of what-so-ever nature that are legally required to practice their respective professions. Consultant represents and warrants to City that Consultant and its employees, agents, any subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions. In addition to the foregoing, Consultant and any subcontractors shall obtain and maintain during the term of this Agreement valid Business Licenses from City.

7.5 **Nondiscrimination and Equal Opportunity.** Consultant shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided by Consultant under this Agreement. Consultant shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement, including but not limited to the satisfaction of any positive obligations required of Consultant thereby.

Consultant shall include the provisions of this Subsection in any subcontract approved by the Contract Administrator or this Agreement.

Section 8. TERMINATION AND MODIFICATION.

8.1 **Termination.** City may cancel this Agreement at any time and without cause upon written notification to Consultant.

Consultant may cancel this Agreement for cause upon 30 days' written notice to City and shall include in such notice the reasons for cancellation.

In the event of termination, Consultant shall be entitled to compensation for services performed to the date of notice of termination; City, however, may condition payment of such compensation upon Consultant delivering to City all materials described in Section 9.1.

8.2 **Extension.** City may, in its sole and exclusive discretion, extend the end date of this Agreement beyond that provided for in Subsection 1.1. Any such extension shall require a written amendment to this Agreement, as provided for herein. Consultant understands and agrees that, if City grants such an extension, City shall have no obligation to provide Consultant with compensation beyond the maximum amount provided for in this Agreement. Similarly, unless authorized by the Contract Administrator, City shall have no obligation to reimburse Consultant for any otherwise reimbursable expenses incurred during the extension period.

8.3 **Amendments.** The parties may amend this Agreement only by a writing signed by all the parties.

8.4 **Assignment and Subcontracting.** City and Consultant recognize and agree that this Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's unique personal competence, experience, and specialized personal knowledge. Moreover, a substantial inducement to City for entering into this Agreement was and is the professional reputation and competence of Consultant. Consultant may not assign this Agreement or any interest therein without the prior written approval of the Contract Administrator. Consultant shall not assign or subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors noted in the proposal, without prior written approval of the Contract Administrator.

8.5 **Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between City and Consultant shall survive the termination of this Agreement.

8.6 **Options upon Breach by Consultant.** If Consultant materially breaches any of the terms of this Agreement, City's remedies shall include, but not be limited to, the following:

8.6.1 Immediately terminate the Agreement;

8.6.2 Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Consultant pursuant to this Agreement;

8.6.3 Retain a different consultant to complete the work described in **Exhibit A** not finished by Consultant; or

8.6.4 Charge Consultant the difference between the cost to complete the work described in **Exhibit A** that is unfinished at the time of breach and the amount that City would have paid Consultant pursuant to Section 2 if Consultant had completed the work.

Section 9. KEEPING AND STATUS OF RECORDS.

9.1 **Records Created as Part of Consultant's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Consultant prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the City. Consultant hereby agrees to deliver those documents to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for the City and are not necessarily suitable for any future or other use. City and Consultant agree that, until final approval by City, all data, plans, specifications, reports and other documents are confidential and will not be released to third parties without prior written consent of both parties unless required by law.

9.2 **Consultant's Books and Records.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the City under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement.

9.3 **Inspection and Audit of Records.** Any records or documents that Section 9.2 of this Agreement requires Consultant to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the City. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds TEN THOUSAND DOLLARS ($10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of City or as part of any audit of the City, for a period of three (3) years after final payment under the Agreement.

9.4 **Records Submitted in Response to an Invitation to Bid or Request for Proposals**. All responses to a Request for Proposals (RFP) or invitation to bid issued by the City become

the exclusive property of the City. At such time as the City selects a bid, all proposals received become a matter of public record, and shall be regarded as public records, with the exception of those elements in each proposal that are defined by Consultant and plainly marked as "Confidential," "Business Secret" or "Trade Secret."

The City shall not be liable or in any way responsible for the disclosure of any such proposal or portions thereof, if Consultant has not plainly marked it as a "Trade Secret" or "Business Secret," or if disclosure is required under the Public Records Act.

Although the California Public Records Act recognizes that certain confidential trade secret information may be protected from disclosure, the City may not be in a position to establish that the information that a prospective bidder submits is a trade secret. If a request is made for information marked "Trade Secret" or "Business Secret," and the requester takes legal action seeking release of the materials it believes does not constitute trade secret information, by submitting a proposal, Consultant agrees to indemnify, defend and hold harmless the City, its agents and employees, from any judgment, fines, penalties, and award of attorneys fees awarded against the City in favor of the party requesting the information, and any and all costs connected with that defense. This obligation to indemnify survives the City's award of the contract. Consultant agrees that this indemnification survives as long as the trade secret information is in the City's possession, which includes a minimum retention period for such documents.

Section 10 MISCELLANEOUS PROVISIONS.

10.1 **Attorneys' Fees.** If a party to this Agreement brings any action, including arbitration or an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.

10.2 **Venue.** In the event that either party brings any action against the other under this Agreement, the parties agree that trial of such action shall be vested exclusively in the state courts of California in the County San Mateo or in the United States District Court for the Northern District of California.

10.3 **Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

10.4 **No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.

10.5 **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the parties.

10.6 **Use of Recycled Products.** Consultant shall prepare and submit all reports, written studies and other printed material on recycled paper to the extent it is available at equal or less cost than virgin paper.

10.7 **Conflict of Interest.** Consultant may serve other clients, but none whose activities within the corporate limits of City or whose business, regardless of location, would place Consultant in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Consultant shall not employ any City official in the work performed pursuant to this Agreement. No officer or employee of City shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

Consultant hereby warrants that it is not now, nor has it been in the previous twelve (12) months, an employee, agent, appointee, or official of the City. If Consultant was an employee, agent, appointee, or official of the City in the previous twelve (12) months, Consultant warrants that it did not participate in any manner in the forming of this Agreement. Consultant understands that, if this Agreement is made in violation of Government Code §1090 *et.seq.*, the entire Agreement is void and Consultant will not be entitled to any compensation for services performed pursuant to this Agreement, including reimbursement of expenses, and Consultant will be required to reimburse the City for any sums paid to the Consultant. Consultant understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of Government Code § 1090 and, if applicable, will be disqualified from holding public office in the State of California.

10.8 **Solicitation.** Consultant agrees not to solicit business at any meeting, focus group, or interview related to this Agreement, either orally or through any written materials.

10.9 **Contract Administration.** This Agreement shall be administered by Nell Selander, Deputy Director ("Contract Administrator"). All correspondence shall be directed to or through the Contract Administrator or his or her designee.

10.10 **Notices.** All notices and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given (i) when received if personally delivered; (ii) when received if transmitted by telecopy, if received during normal business hours on a business day (or if not, the next business day after delivery) provided that such facsimile is legible and that at the time such facsimile is sent the sending Party receives written confirmation of receipt; (iii) if sent for next day delivery to a domestic address by recognized overnight delivery service (e.g., Federal Express); and (iv) upon receipt, if sent by certified or registered mail, return receipt requested. In each case notice shall be sent to the respective Parties as follows:

Consultant

RSG, Inc.
309 West 4th Street
Santa Ana, CA 92701-4502
Attn: Jim Simon, Principal

City:

City Clerk
City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

10.11 Professional Seal. Where applicable in the determination of the contract administrator, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation. The stamp/seal shall be in a block entitled "Seal and Signature of Registered Professional with report/design responsibility," as in the following example.

Seal and Signature of Registered Professional with report/design responsibility.

10.12 Integration. This Agreement, including all Exhibits attached hereto, and incorporated herein, represents the entire and integrated agreement between City and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral pertaining to the matters herein.

10.13 Counterparts. This Agreement may be executed in counterparts and/or by facsimile or other electronic means, and when each Party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterpart, shall constitute one Agreement, which shall be binding upon and effective as to all Parties..

10.14 Construction. The headings in this Agreement are for the purpose of reference only and shall not limit or otherwise affect any of the terms of this Agreement. The parties have had an equal opportunity to participate in the drafting of this Agreement; therefore any construction as against the drafting party shall not apply to this Agreement.

The Parties have executed this Agreement as of the Effective Date.

CITY OF SOUTH SAN FRANCISCO

Mike Futrell, City Manager

Consultants

NAME: Jim Simon
TITLE: Principal

Attest:

City Clerk

Approved as to Form:

City Attorney

2729962.1

EXHIBIT A

SCOPE OF SERVICES

STATEMENT OF QUALIFICATIONS

ON-CALL ECONOMIC DEVELOPMENT & HOUSING CONSULTING SERVICES

RSG
BETTER COMMUNITIES. BOLDER FUTURES.

309 WEST 4TH STREET
SANTA ANA, CA 92701
WWW.WEBRSG.COM

Jim Simon, Principal
714.316.2120 / jsimon@webrsg.com

CONTENTS

COMPANY PROFILE, QUALIFICATIONS & REFERENCES....1
About the Firm....1
Mission Statement....1
Core Values....1
Consulting Services....2
Case Studies & References....5
CONSULTING TEAM PERSONNEL....8
COMPENSATION RATES....12
SAMPLE WORK PRODUCT....13

RSG
BETTER COMMUNITIES. BOLDER FUTURES

RSG, INC.
309 WEST 4TH STREET
SANTA ANA, CALIFORNIA
92701-4502

T 714 541 4585
F 714 541 1175
E INFO@WEBRSG.COM
WEBRSG.COM

April 9, 2018

Via Electronic Mail

Heather Ruiz, Management Analyst
Economic Development and Housing
CITY OF SOUTH SAN FRANCISCO
400 Grand Avenue
South San Francisco, CA 94080

STATEMENT OF QUALIFICATIONS
ON-CALL ECONOMIC DEVELOPMENT & HOUSING CONSULTING SERVICES

Dear Ms. Ruiz:

In response to the City's February 23, 2018 Request for Qualifications, RSG is pleased to present the enclosed Statement of Qualifications for the following three service areas:

- Economic Development,
- Redevelopment Agency Dissolution, and
- Housing.

With nearly a dozen clients and projects in the Bay Area and a newly-opened Berkeley office, RSG is ready to provide South San Francisco the services it needs to develop and advance its community development priorities.

This engagement would be led by Jim Simon, Principal and President, with day-to-day assistance from Suzy Kim, our Berkeley-based Senior Associate. Other staff would be assigned as needed, including Greg Smith, Senior Associate/Broker and underwriting expert.

Sincerely,

Jim Simon, Principal
Direct: 714-316-2120 / jsimon@webrsg.com

FISCAL HEALTH
ECONOMIC DEVELOPMENT
REAL ESTATE, HOUSING
AND HEALTHY COMMUNITIES

/Volumes/Laserfiche$/Administration/_Market/Current SOQ_Proposals - USE THIS/Master SOQ/Submitted SOQs/South San Francisco SOQ 04-18js/RSG - On-Call Economic Dev and Hsg Svcs 04-18js.docx

COMPANY PROFILE, QUALIFICATIONS & REFERENCES

RSG is a creatively charged counterpart to California public agencies. We work with the people responsible for creating vibrant places to accomplish their goals. The inspired leaders at RSG create stronger communities capable of achieving bolder futures by bringing more than three decades of native knowledge to each engagement.

As diverse as the agencies we work with, our services span real estate, economic development, fiscal health, and housing initiatives.

ABOUT THE FIRM

RSG, Inc. is a California-based, Subchapter "S" corporation. Founded in 1979, the firm provides a wide array of community development consulting services to local government organizations and private entities. Ownership is divided among three shareholders and active principals: Jim Simon, Hitta Mosesman, and Tara Matthews.

RSG's federal taxpayer identification number is 95-343-5849 and state taxpayer identification number is 27600915. **RSG is also a California certified Small Business Enterprise (SBE - 2006876 DGS).**

MISSION STATEMENT

RSG creates solutions to enhance communities' physical, economic, and social future.

CORE VALUES

Our core values define who we are as people and the standards by which we provide service to our clients. At RSG, we:

- Craft Sincere Relationships
- Only See Opportunities
- Are Driven by Determination
- Make Investments in Ourselves
- Value the Wisdom of our Clients

CONSULTING SERVICES

Real Estate Investment

RSG's consultant team has extensive experience working on real estate performance, pro forma analysis, development feasibility, demographic trends, retail leakage, and implementation efforts that capitalize on strengths and reduce barriers.

Over the past 38 years, RSG has analyzed nearly $50 billion in real estate development projects, developed numerous trend analyses, tracked and projected market demand, and maintained a progressive outlook on local economics, including the shift from sales-tax driven efforts to economic rainforests that are dynamic and interconnected despite municipal boundaries.

$50 Billion in Project Value

350 Commercial, Industrial, Residential, Hospitality & Mixed Use Projects

25,000 Residential Units

9,000 Hotel Rooms

400 Million Commercial SF

Economic Development

Our economic development work is collaborative, designed to help clients make progress, not just plans. RSG's objective in any economic development engagement is to ensure that the short-term gains and easier wins help fuel long-term strategies. RSG is an innovator in preparing focused and relevant economic development strategies for a wide range of communities with divergent core competencies, such as communities with a large industrial base emerging from the completion of mining activity, communities with a precarious level of business-generated tax revenue to support a growing residential population, and older communities with diverse demographics that cannot provide enough local employment.

RSG's team is honored to have been selected by CALED (California Association for Local Economic Development) to teach economic development strategies and implementation tools, as well as organize and facilitate development of CALED's own 2016 Strategic Plan, lauded by the Board of Directors.

Market Analysis

RSG's real estate brokerage background provides our clients with sophisticated tools and insight on real estate trends and opportunities. We do our homework and always incorporate local influences and preferences. As an alternative to traditional market studies, RSG is working to pioneer the development of trends analysis: market studies that analyze local economic drivers over a long period of time to align strategic planning with land use policies.

In addition to leveraging third-party data sources including ICSC, CoStar, REIS, Crittenden, and ESRI, RSG can subcontract work to **Buxton** to serve the City on an on-going role to assist with retail retention and recruitment efforts. RSG also has coordinated meetings with site selectors and developers at major deal-making conferences, including the annual ICSC conference in Las Vegas.

Affordable Housing Development

Affordable housing can be unlike other real estate transactions, but when it comes to these consulting services, RSG is truly a one-stop shop. We have helped cities of all sizes with every aspect of development and administration of affordable housing projects and programs – from market assessments, development programming analyses and implementation strategies, to project implementation, financings and development management. RSG has assisted our clients in developing single family ownership and multifamily rental projects and mixed-use developments leveraging multiple funding sources, including housing set-aside funds (LMIHF), low income housing tax credits (LIHTC), or other federal, state, and local funding sources, such as HOME, CDBG, CalHFA, MHP, AHP, NSP, HOPE VI, HUD Project Based Section 8, HUD 202/811, MHSA and affordable housing in-lieu fees, as well as other public financial assistance resources. In total, RSG has assisted in the development and occupancy of over 11,000 affordable and market rate units, including owner-occupied housing, multifamily rental apartments, and mobile home parks.

Inclusionary Ordinances, Nexus Studies, Impact Linkage Fee Analyses

The development of affordable housing units is necessary in every community in California. The development of new market rate residential units and commercial and industrial buildings all serve to create a need for affordable housing in the communities. RSG helps cities establish inclusionary housing ordinances and programs and performs studies which quantify the housing needs impacts of developments in the city and provides the city with the necessary funds and/or units to meet these needs. The recent court decision *Palmer/Sixth Street Properties v. City of Los Angeles* has made the creation of affordable housing impact nexus studies for new multifamily apartments critical to the continued development of affordable housing units through the use of inclusionary requirements including impact fees. The nexus studies are also important and serve to corroborate and quantify the relationship or linkage between commercial and industrial developments in the city for the decision makers and stakeholders in the community.

Our nexus studies are in-depth and legally defensible, but also easy to understand. Inclusionary ordinances can often pit the development community against local governments. In response, RSG has worked to build consensus from all parties on previous inclusionary ordinance and linkage fee engagements, including the facilitation of ad-hoc housing committees and meetings with the Building Industry Association.

Underwriting and Pro Forma Analysis

To determine a project's financially feasibility, RSG prepares development programming analyses to test alternatives based on current construction costs, which are derived through first hand investigations of data resources (such as Marshall and Swift Valuation Services) and corroborated by recent comparable project evaluations performed by the firm. Similarly, market evaluations are performed using third-party databases and first-hand field investigations to identify recent local experience and trends. RSG's ongoing consulting services for communities located statewide provides the firm with a large number of comparable developments from which current data related to development programming, construction costs, project financing and developer return requirements may be measured. We pride ourselves on providing detailed pro forma analyses for even the most complex development projects, which are easily understood by financial professionals and lay persons alike.

Redevelopment Agency Dissolution

RSG is often viewed as an extension of staff in providing successor agency municipal advisory services. Many clients rely on RSG to provide a wide range of general consulting and support, from preparing ROPS and related cash flow analyses, administering payments, preparing Fiscal Consultant and bond disclosure reports, presenting at governing board meetings, and representing clients at meetings with the Department of Finance and other agencies.

The following table lists RSG's California successor agency clients. RSG meets the minimum qualifications having served as lead municipal advisor for well over three successor agencies since January 1, 2012.

RSG Successor Agency Clients		
1. Apple Valley	15. Hemet	29. Ridgecrest
2. Atwater	16. Hercules	30. San Carlos
3. Avalon	17. Hollister	31. San Diego County
4. Bell	18. Inland Valley Development Agency	32. San Marcos
5. California City	19. Irwindale	33. San Joaquin
6. Camarillo	20. Murrieta	34. Shasta Lake
7. Chula Vista	21. Orange Cove	35. South Gate
8. Cloverdale	22. Orange County	36. Tulare
9. Coalinga	23. Oroville	37. Victor Valley Economic Development Agency
10. El Monte	24. Parlier	38. Victorville
11. Firebaugh	25. Pico Rivera	39. Westminster
12. Fountain Valley	26. Pleasant Hill	40. West Hollywood
13. Galt	27. Port Hueneme	41. Willits
14. Hawthorne	28. Porterville	

CASE STUDIES & REFERENCES

Below, we have listed select case studies of several of our recent projects:

Site Specific Financing / Mixed Use Projects – Los Angeles

RSG served as the Chief Legislative Analyst's (CLA) independent consultant on two recent **site-specific subvention agreements**: the $335 million **Village at Westfield Topanga** lifestyle center opened in October 2015, and the $950 million Frank Gehry/**Grand Avenue Los Angeles** project currently in final negotiations with Related Companies. Both projects involved extensive analysis of the developer's capital stack for the uses (with Grand Avenue entailing a luxury hotel, inclusionary rental units, market rate rentals, parking, and retail/restaurant uses), evaluation of their pro forma, fiscal and economic impact analysis, and analysis of the gap in context of the City's underwriting criteria. RSG was subsequently retained by the City and Westfield to perform a **post-construction cost reconciliation for the Village project**, which entailed review of the developer's accounting records, contracts and retentions for purposes of making any adjustments to the final subvention terms. Both projects include a community benefits agreement in addition to the subvention agreement.

In addition to these services for the CLA, RSG also has prepared a **valuation of a subordinate note** held by the former CRA/LA on the **Grand Central Market** mixed use project that secured the affordability of inclusionary units. Finally, RSG is frequently retained to prepare feasibility studies as part of development applications with the City of Los Angeles Planning Department for third-party developers seeking feasibility studies for off-menu density bonus incentives.

Lead Staff: Jim Simon, Principal & Tara Matthews, Principal

Contact: John Wickham, Office of the Chief Legislative Analyst
213.473.5738

Economic Impact and Feasibility Consulting Services - LAEDC

RSG has provided third-party consulting services to the Los Angeles Economic Development Corporation based on our current and past working relationships with leadership at LAEDC. These engagements have included: economic impact analysis for job creation involving the consolidation of the Warner Music offices to the Arts District, infill feasibility studies for creative office and mixed used residential projects in South Los Angeles, and assistance with LAEDC's initiative to develop a biotech cluster in partnership with the USC Medical Center.

Lead Staff: Jim Simon, Principal

Contact: Carolyn Hull, LAEDC
213.236.4828

Due to confidentiality agreements, RSG cannot elaborate on all prior assignments with clients in the fiscal and economic impact area, but we have also recently completed two economic impact assessments of cannabis ordinances in two Southern California cities, a detailed job type forecast for a major infill development that had been proposed in downtown Los Angeles, as well as a 10 million square feet office proposal in downtown Atlanta.

Economic Development Consulting and Brokerage Services - Irwindale

RSG completed a five-year Economic Strategic Plan for the City of Irwindale in 2011 after a year-long development process involving long-range, comprehensive market research and analysis, and intensive business stakeholder interviews and outreach meetings. RSG was hired to provide contract professional staffing and economic development implementation services immediately following the adoption of the Economic Strategic Plan. Since that time, RSG has served as the exclusive commercial listing agent for the many of the Successor Agency's industrial and commercial properties, with seven properties closed or in escrow. RSG's work is leading to the concurrent entitlement of over 1.5 million square feet of industrial manufacturing, logistics and business park space. RSG also represented the City in the acquisition of a $1.3 million building in March 2016 for City archival storage.

Lead Staff: Jim Simon, Principal

Contact: William Tam, City Manager
626.430.2217

Aside from Irwindale, RSG has performed similar real estate **brokerage or listing services** for the following clients: Pico Rivera (Burke Street Property), Parlier (Industrial Park land), Firebaugh (various commercial properties), Tulare (commercial properties), and San Carlos (acquisition of the Landmark hotel site and negotiations for purchasing the Black Mountain open space as well as a small commercial property). The firm has prepared dozens of **broker opinions of value** for vacant, governmental, commercial and industrial properties within the past few years.

Ground Lease Negotiations - San Carlos

RSG prepared a technical analysis of a **long-term ground lease** between the City of San Carlos and a hotel operator, who was seeking to extend the term by up to 20 years to strengthen their portfolio. The existing ground lease was comprised of base rent plus a participation in the profits of the project which were providing above-market returns to the City General Fund. After completing our review of the advantages and disadvantages of an extension from the City's vantage point, RSG was involved in the negotiations which resulted in the successful amendment with a one-time extension $750,000 payment back to the City.

RSG has performed several evaluations of ground lease offers and buyouts as well for the City.

Lead Staff: Jim Simon, Principal

Contact: Al Savay, Director of Community & Economic Development
650.802.4209

In addition to this work in San Carlos, RSG has evaluated or negotiated ground leases of a market rate senior housing project as well as an auto dealership in Westminster, advised on restricting of cell tower and or billboard leases for Lynwood, San Carlos and Irwindale.

Comprehensive Affordable Housing Implementation Services – Fontana

Over the past 16 years, RSG has worked with the City of Fontana on a variety of affordable housing efforts including, site review, financial analysis of proposed projects and programs, and the preparation and monitoring of the redevelopment agency's 10-Year Housing Compliance Plan, which RSG has updated every five years from 1994 through 2008. RSG also provides services related to the ongoing monitoring of the Housing Authority's affordable housing units. While the City, through its Housing Authority and Redevelopment Agency, has approximately 1,800 housing units under affordability covenants due to a high housing need, the State, through its housing element approval process has made adoption to an affordable housing inclusionary ordinance necessary.

In 2011, RSG was retained to conduct both residential and commercial nexus studies together with in-lieu fee and impact linkage fee analyses to enable the City to consider an affordable housing inclusionary zoning ordinance. RSG also assisted in the preparation of the ordinance to ensure that it would be in compliance with the 2009 Palmer/Sixth Street Properties v. City of Los Angeles Appellate Court Decision. The Nexus Study, Impact Linkage Fee Analysis, and Inclusionary Housing Ordinance were adopted in December 2011, wherein the City became the largest in the Inland Empire region with an inclusionary housing policy, and the only with a commercial impact linkage fee.

RSG conducted subsidy layering reviews for three apartment projects assisted in part by the City of Fontana. Subsidy layering occurs when a project receives funds from more than one governmental source, and jurisdictions planning to combine HOME funds and other governmental funds for an affordable multi-family residential project must conduct an evaluation to demonstrate that the project will not receive more HOME funding than necessary to provide affordable housing. RSG analyzed developer documents, independent auditor's report, financial statements, and the management company's annual budget to confirm the basis of the developer's request for HOME funds for the project.

Lead Staff: Tara Matthews, Principal

Contact: Brent Mickey, Housing Development Manager
909.350.6657

Housing Successor Agency Services – Pinole

RSG has been advising the City of Pinole Housing Successor Agency on an asset management plan for the cash retained from the dissolution of its former redevelopment agency. After developing a legal and fiscal review of transferred assets, RSG presented options for the investment or use of these resources to the City Council at a strategic planning workshop. The City Council elected to issue a NOFA to seek developer interest in partnering with the Housing Successor on an eligible project; RSG is currently working on the issuance and review of NOFA responses.

Lead Staff: Tara Matthews, Principal; Suzy Kim, Senior Associate

Contact: Hector De La Rosa, Assistant City Manager
510.741.3864

EXHIBIT B

COMPENSATION SCHEDULE

COMPENSATION RATES

Principal / Director	$ 275
Senior Associate	$ 200
Associate	$ 185
Senior Analyst	$ 150
Analyst	$ 135
Research Assistant	$ 125
Reimbursable Expenses	Cost plus 10%

RSG does not charge clients for travel or mileage (except direct costs related to field work/surveys), parking, standard telephone/fax expenses, general postage or incidental copies. However, we do charge for messenger services, overnight shipping/express mail costs and teleconferencing services. We also charge for copies of reports, documents, notices, and support material in excess of five (5) copies. These costs are charged back at the actual expense plus a 10% surcharge.

RSG issues monthly invoices payable upon receipt, unless otherwise agreed upon in advance. Invoices identify tasks completed to date, hours expended and the hourly rate.

This is the contract between the City of SSF and Maze Associates for auditing services. The City estimates that $3,965 is the prorated share of the SA.

CONSULTING SERVICES AGREEMENT BETWEEN THE CITY OF SOUTH SAN FRANCISCO AND *MAZE AND ASSOCIATES*

THIS AGREEMENT for consulting services is made by and between the City of South San Francisco ("City") and Maze and Associates ("Consultant") (together sometimes referred to as the "Parties") as of February 24, 2016 (the "Effective Date").

Section 1. SERVICES. Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to City the services described in the Scope of Work attached as **Exhibit A,** attached hereto and incorporated herein, at the time and place and in the manner specified therein. In the event of a conflict in or inconsistency between the terms of this Agreement and Exhibit A, the Agreement shall prevail.

1.1 Term of Services. The term of this Agreement shall begin on the Effective Date and shall end on March 31, 2019, the date of completion specified in **Exhibit A**, and Consultant shall complete the work described in **Exhibit A** prior to that date, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8. The time provided to Consultant to complete the services required by this Agreement shall not affect the City's right to terminate the Agreement, as provided for in Section 8.

1.2 Standard of Performance. Consultant shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged in the geographical area in which Consultant practices its profession. Consultant shall prepare all work products required by this Agreement in a substantial, first-class manner and shall conform to the standards of quality normally observed by a person practicing in Consultant's profession.

1.3 Assignment of Personnel. Consultant shall assign only competent personnel to perform services pursuant to this Agreement. In the event that City, in its sole discretion, at any time during the term of this Agreement, desires the reassignment of any such persons, Consultant shall, immediately upon receiving notice from City of such desire of City, reassign such person or persons.

1.4 Time. Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Sections 1.1 and 1.2 above and to satisfy Consultant's obligations hereunder.

Section 2. COMPENSATION. City hereby agrees to pay Consultant a sum not to exceed $237,855.00 (TWO HUNDRED THIRTY SEVEN THOUSAND EIGHT HUNDRED FIFTY FIVE DOLLARS), notwithstanding any contrary indications that may be contained in Consultant's proposal, for services to be performed and reimbursable costs incurred under this Agreement. In the event of a conflict between this Agreement and Consultant's proposal, attached as **Exhibit A,** regarding the amount of compensation, the Agreement shall prevail. City shall pay Consultant for services rendered pursuant to this Agreement at the time and in the manner set forth herein. The payments specified below shall be the only payments from City to Consultant for services rendered pursuant to this Agreement. Consultant shall submit all invoices to

City in the manner specified herein. Except as specifically authorized by City, Consultant shall not bill City for duplicate services performed by more than one person.

Consultant and City acknowledge and agree that compensation paid by City to Consultant under this Agreement is based upon Consultant's estimated costs of providing the services required hereunder, including salaries and benefits of employees and subcontractors of Consultant. Consequently, the parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities to which Consultant and its employees, agents, and subcontractors may be eligible. City therefore has no responsibility for such contributions beyond compensation required under this Agreement.

2.1 **Invoices.** Consultant shall submit invoices, not more often than once per month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date.

2.2 **Monthly Payment.** City shall make monthly payments, based on invoices received, for services satisfactorily performed, and for authorized reimbursable costs incurred. City shall have thirty (30) days from the receipt of an invoice that complies with all of the requirements above to pay Consultant. City shall have no obligation to pay invoices submitted ninety (90) days past the performance of work or incurrence of cost.

2.4 **Total Payment.** City shall pay for the services to be rendered by Consultant pursuant to this Agreement. City shall not pay any additional sum for any expense or cost whatsoever incurred by Consultant in rendering services pursuant to this Agreement. City shall make no payment for any extra, further, or additional service pursuant to this Agreement.

In no event shall Consultant submit any invoice for an amount in excess of the maximum amount of compensation provided above either for a task or for the entire Agreement, unless the Agreement is modified prior to the submission of such an invoice by a properly executed change order or amendment.

2.5 **Hourly Fees.** Fees for work performed by Consultant on an hourly basis shall not exceed the amounts shown in Exhibit A.

2.6 **Reimbursable Expenses.** . Reimbursable expenses are included in the total amount of compensation provided under this Agreement that shall not be exceeded.

2.7 **Payment of Taxes.** Consultant is solely responsible for the payment of employment taxes incurred under this Agreement and any similar federal or state taxes. Contractor represents and warrants that Contractor is a resident of the State of California in accordance with California Revenue & Taxation Code Section 18662, as may be amended, and is exempt from withholding. Contractor accepts sole responsible for

verifying the residency status of any subcontractors and withhold taxes from non-California subcontractors as required by law.

2.8 **Payment upon Termination.** In the event that the City or Consultant terminates this Agreement pursuant to Section 8, the City shall compensate the Consultant for all outstanding costs and reimbursable expenses incurred for work satisfactorily completed as of the date of written notice of termination. Consultant shall maintain adequate logs and timesheets in order to verify costs incurred to that date.

2.9 **Authorization to Perform Services.** The Consultant is not authorized to perform any services or incur any costs whatsoever under the terms of this Agreement until receipt of authorization from the Contract Administrator.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Consultant shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the services required by this Agreement. City shall make available to Consultant only the facilities and equipment listed in this section, and only under the terms and conditions set forth herein.

City shall furnish physical facilities such as desks, filing cabinets, and conference space, as may be reasonably necessary for Consultant's use while consulting with City employees and reviewing records and the information in possession of the City. The location, quantity, and time of furnishing those facilities shall be in the sole discretion of City. In no event shall City be obligated to furnish any facility that may involve incurring any direct expense, including but not limited to computer, long-distance telephone or other communication charges, vehicles, and reproduction facilities.

Section 4. INSURANCE REQUIREMENTS. Before beginning any work under this Agreement, Consultant, at its own cost and expense, unless otherwise specified below, shall procure the types and amounts of insurance listed below against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the Consultant and its agents, representatives, employees, and subcontractors. Consistent with the following provisions, Consultant shall provide Certificates of Insurance, attached hereto and incorporated herein as **Exhibit B**, indicating that Consultant has obtained or currently maintains insurance that meets the requirements of this section and under forms of insurance satisfactory, in all respects, to the City. Consultant shall maintain the insurance policies required by this section throughout the term of this Agreement. The cost of such insurance shall be included in the Consultant's bid. Consultant shall not allow any subcontractor to commence work on any subcontract until Consultant has obtained all insurance required herein for the subcontractor(s).

4.1 **Workers' Compensation.** Consultant shall, at its sole cost and expense, maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Consultant. The Statutory Workers' Compensation Insurance and Employer's Liability Insurance shall be provided with limits of not less than ONE MILLION DOLLARS ($1,000,000) per accident. In the alternative, Consultant may rely on a self-insurance program to meet those requirements, but only if the program of self-insurance complies fully with the provisions of the California Labor

Code. Determination of whether a self-insurance program meets the standards of the Labor Code shall be solely in the discretion of the Contract Administrator (as defined in Section 10.9). The insurer, if insurance is provided, or the Consultant, if a program of self-insurance is provided, shall waive all rights of subrogation against the City and its officers, officials, employees, and volunteers for loss arising from work performed under this Agreement.

4.2 Commercial General and Automobile Liability Insurance.

4.2.1 General requirements. Consultant, at its own cost and expense, shall maintain commercial general and automobile liability insurance for the term of this Agreement in an amount not less than ONE MILLION DOLLARS ($1,000,000.00) per occurrence, combined single limit coverage for risks associated with the work contemplated by this Agreement. If a Commercial General Liability Insurance or an Automobile Liability form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. Such coverage shall include but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting there from, and damage to property resulting from activities contemplated under this Agreement, including the use of owned and non-owned automobiles.

4.2.2 Minimum scope of coverage. Commercial general coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001 or GL 0002 (most recent editions) covering comprehensive General Liability and Insurance Services Office form number GL 0404 covering Broad Form Comprehensive General Liability. Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001 (ed. 12/90) Code 8 and 9. No endorsement shall be attached limiting the coverage.

4.2.3 Additional requirements. Each of the following shall be included in the insurance coverage or added as a certified endorsement to the policy:

a. The insurance shall cover on an occurrence or an accident basis, and not on a claims-made basis.

b. Any failure of Consultant to comply with reporting provisions of the policy shall not affect coverage provided to City and its officers, employees, agents, and volunteers.

4.3 Professional Liability Insurance.

4.3.1 General requirements. Consultant, at its own cost and expense, shall maintain for the period covered by this Agreement professional liability insurance for

licensed professionals performing work pursuant to this Agreement in an amount not less than ONE MILLION DOLLARS ($1,000,000) covering the licensed professionals' errors and omissions. Any deductible or self-insured retention shall not exceed ONE HUNDRED FIFTY THOUSAND DOLLARS $150,000 per claim.

4.3.2 **Claims-made limitations.** The following provisions shall apply if the professional liability coverage is written on a claims-made form:

a. The retroactive date of the policy must be shown and must be before the date of the Agreement.

b. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the Agreement or the work, so long as commercially available at reasonable rates.

c. If coverage is canceled or not renewed and it is not replaced with another claims-made policy form with a retroactive date that precedes the date of this Agreement, Consultant must provide extended reporting coverage for a minimum of five (5) years after completion of the Agreement or the work. The City shall have the right to exercise, at the Consultant's sole cost and expense, any extended reporting provisions of the policy, if the Consultant cancels or does not renew the coverage.

d. A copy of the claim reporting requirements must be submitted to the City prior to the commencement of any work under this Agreement.

4.4 **All Policies Requirements.**

4.4.1 **Acceptability of insurers.** All insurance required by this section is to be placed with insurers with a Bests' rating of no less than A:VII.

4.4.2 **Verification of coverage.** Prior to beginning any work under this Agreement, Consultant shall furnish City with complete copies of all policies delivered to Consultant by the insurer, including complete copies of all endorsements attached to those policies. All copies of policies and certified endorsements shall show the signature of a person authorized by that insurer to bind coverage on its behalf. If the City does not receive the required insurance documents prior to the Consultant beginning work, it shall not waive the Consultant's obligation to provide them. The City reserves the right to require complete copies of all required insurance policies at any time.

4.4.3 **Notice of Reduction in or Cancellation of Coverage.** A certified endorsement shall be attached to all insurance obtained pursuant to this Agreement stating that coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice by certified

mail, return receipt requested, has been given to the City. In the event that any coverage required by this section is reduced, limited, cancelled, or materially affected in any other manner, Consultant shall provide written notice to City at Consultant's earliest possible opportunity and in no case later than ten (10) working days after Consultant is notified of the change in coverage.

4.4.4 **Additional insured; primary insurance.** City and its officers, employees, agents, and volunteers shall be covered as additional insureds with respect to each of the following: liability arising out of activities performed by or on behalf of Consultant, including the insured's general supervision of Consultant; products and completed operations of Consultant, as applicable; premises owned, occupied, or used by Consultant; and automobiles owned, leased, or used by the Consultant in the course of providing services pursuant to this Agreement. The coverage shall contain no special limitations on the scope of protection afforded to City or its officers, employees, agents, or volunteers.

A certified endorsement must be attached to all policies stating that coverage is primary insurance with respect to the City and its officers, officials, employees and volunteers, and that no insurance or self-insurance maintained by the City shall be called upon to contribute to a loss under the coverage.

4.4.5 **Deductibles and Self-Insured Retentions.** Consultant shall disclose to and obtain the approval of City for the self-insured retentions and deductibles before beginning any of the services or work called for by any term of this Agreement. Further, if the Consultant's insurance policy includes a self-insured retention that must be paid by a named insured as a precondition of the insurer's liability, or which has the effect of providing that payments of the self-insured retention by others, including additional insureds or insurers do not serve to satisfy the self-insured retention, such provisions must be modified by special endorsement so as to not apply to the additional insured coverage required by this agreement so as to not prevent any of the parties to this agreement from satisfying or paying the self-insured retention required to be paid as a precondition to the insurer's liability. Additionally, the certificates of insurance must note whether the policy does or does not include any self-insured retention and also must disclose the deductible.

During the period covered by this Agreement, only upon the prior express written authorization of Contract Administrator, Consultant may increase such deductibles or self-insured retentions with respect to City, its officers, employees, agents, and volunteers. The Contract Administrator may condition approval of an increase in deductible or self-insured retention levels with a requirement that Consultant procure a bond, guaranteeing payment of losses and related investigations, claim administration, and defense expenses that is satisfactory in all respects to each of them.

4.4.6 **Subcontractors.** Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

4.4.7 **Wasting Policy.** No insurance policy required by Section 4 shall include a "wasting" policy limit.

4.4.8 **Variation.** The City may approve a variation in the foregoing insurance requirements, upon a determination that the coverage, scope, limits, and forms of such insurance are either not commercially available, or that the City's interests are otherwise fully protected.

4.5 **Remedies.** In addition to any other remedies City may have if Consultant fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, City may, at its sole option exercise any of the following remedies, which are alternatives to other remedies City may have and are not the exclusive remedy for Consultant's breach:

a. Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement;

b. Order Consultant to stop work under this Agreement or withhold any payment that becomes due to Consultant hereunder, or both stop work and withhold any payment, until Consultant demonstrates compliance with the requirements hereof; and/or

c. Terminate this Agreement.

Section 5. **INDEMNIFICATION AND CONSULTANT'S RESPONSIBILITIES.** Consultant shall indemnify, defend with counsel selected by the City, and hold harmless the City and its officials, officers, employees, agents, and volunteers from and against any and all losses, liability, claims, suits, actions, damages, and causes of action arising out of any personal injury, bodily injury, loss of life, or damage to property, or any violation of any federal, state, or municipal law or ordinance, to the extent caused, in whole or in part, by the willful misconduct or negligent acts or omissions of Consultant or its employees, subcontractors, or agents, by acts for which they could be held strictly liable, or by the quality or character of their work. The foregoing obligation of Consultant shall not apply when (1) the injury, loss of life, damage to property, or violation of law arises wholly from the gross negligence or willful misconduct of the City or its officers, employees, agents, or volunteers and (2) the actions of Consultant or its employees, subcontractor, or agents have contributed in no part to the injury, loss of life, damage to property, or violation of law. It is understood that the duty of Consultant to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by City of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been

determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Section 6. STATUS OF CONSULTANT.

6.1 **Independent Contractor.** At all times during the term of this Agreement, Consultant shall be an independent contractor and shall not be an employee of City. City shall have the right to control Consultant only insofar as the results of Consultant's services rendered pursuant to this Agreement and assignment of personnel pursuant to Subparagraph 1.3; however, otherwise City shall not have the right to control the means by which Consultant accomplishes services rendered pursuant to this Agreement. Notwithstanding any other City, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of City and entitlement to any contribution to be paid by City for employer contributions and/or employee contributions for PERS benefits.

6.2 **Consultant No Agent.** Except as City may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent or to bind City to any obligation whatsoever.

Section 7. LEGAL REQUIREMENTS.

7.1 **Governing Law.** The laws of the State of California shall govern this Agreement.

7.2 **Compliance with Applicable Laws.** Consultant and any subcontractors shall comply with all laws applicable to the performance of the work hereunder.

7.3 **Other Governmental Regulations.** To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, Consultant and any subcontractors shall comply with all applicable rules and regulations to which City is bound by the terms of such fiscal assistance program.

7.4 **Licenses and Permits.** Consultant represents and warrants to City that Consultant and its employees, agents, and any subcontractors have all licenses, permits, qualifications,

and approvals, including from City, of what-so-ever nature that are legally required to practice their respective professions. Consultant represents and warrants to City that Consultant and its employees, agents, any subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions. In addition to the foregoing, Consultant and any subcontractors shall obtain and maintain during the term of this Agreement valid Business Licenses from City.

7.5 **Nondiscrimination and Equal Opportunity.** Consultant shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided by Consultant under this Agreement. Consultant shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement, including but not limited to the satisfaction of any positive obligations required of Consultant thereby.

Consultant shall include the provisions of this Subsection in any subcontract approved by the Contract Administrator or this Agreement.

Section 8. TERMINATION AND MODIFICATION.

8.1 **Termination.** City may cancel this Agreement at any time and without cause upon written notification to Consultant.

Consultant may cancel this Agreement for cause upon 30 days' written notice to City and shall include in such notice the reasons for cancellation.

In the event of termination, Consultant shall be entitled to compensation for services performed to the date of notice of termination; City, however, may condition payment of such compensation upon Consultant delivering to City all materials described in Section 9.1.

8.2 **Extension.** City may, in its sole and exclusive discretion, extend the end date of this Agreement beyond that provided for in Subsection 1.1. Any such extension shall require a written amendment to this Agreement, as provided for herein. Consultant understands and agrees that, if City grants such an extension, City shall have no obligation to provide Consultant with compensation beyond the maximum amount provided for in this Agreement. Similarly, unless authorized by the Contract Administrator, City shall have no obligation to reimburse Consultant for any otherwise reimbursable expenses incurred during the extension period.

8.3 **Amendments.** The parties may amend this Agreement only by a writing signed by all the parties.

8.4 **Assignment and Subcontracting.** City and Consultant recognize and agree that this Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's unique personal competence, experience, and specialized personal knowledge. Moreover, a substantial inducement to City for entering into this Agreement was and is the professional reputation and competence of Consultant. Consultant may not assign this Agreement or any interest therein without the prior written approval of the Contract Administrator. Consultant shall not assign or subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors noted in the proposal, without prior written approval of the Contract Administrator.

8.5 **Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between City and Consultant shall survive the termination of this Agreement.

8.6 **Options upon Breach by Consultant.** If Consultant materially breaches any of the terms of this Agreement, City's remedies shall include, but not be limited to, the following:

8.6.1 Immediately terminate the Agreement;

8.6.2 Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Consultant pursuant to this Agreement;

8.6.3 Retain a different consultant to complete the work described in **Exhibit A** not finished by Consultant; or

8.6.4 Charge Consultant the difference between the cost to complete the work described in **Exhibit A** that is unfinished at the time of breach and the amount that City would have paid Consultant pursuant to Section 2 if Consultant had completed the work.

Section 9. KEEPING AND STATUS OF RECORDS.

9.1 **Records Created as Part of Consultant's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Consultant prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the City. Consultant hereby agrees to deliver those documents to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for the City and are

not necessarily suitable for any future or other use. City and Consultant agree that, until final approval by City, all data, plans, specifications, reports and other documents are confidential and will not be released to third parties without prior written consent of both parties unless required by law.

9.2 **Consultant's Books and Records.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the City under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement.

9.3 **Inspection and Audit of Records.** Any records or documents that Section 9.2 of this Agreement requires Consultant to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the City. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds TEN THOUSAND DOLLARS ($10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of City or as part of any audit of the City, for a period of three (3) years after final payment under the Agreement.

9.4 **Records Submitted in Response to an Invitation to Bid or Request for Proposals**. All responses to a Request for Proposals (RFP) or invitation to bid issued by the City become the exclusive property of the City. At such time as the City selects a bid, all proposals received become a matter of public record, and shall be regarded as public records, with the exception of those elements in each proposal that are defined by Consultant and plainly marked as "Confidential," "Business Secret" or "Trade Secret."

The City shall not be liable or in any way responsible for the disclosure of any such proposal or portions thereof, if Consultant has not plainly marked it as a "Trade Secret" or "Business Secret," or if disclosure is required under the Public Records Act.

Although the California Public Records Act recognizes that certain confidential trade secret information may be protected from disclosure, the City may not be in a position to establish that the information that a prospective bidder submits is a trade secret. If a request is made for information marked "Trade Secret" or "Business Secret," and the requester takes legal action seeking release of the materials it believes does not constitute trade secret information, by submitting a proposal, Consultant agrees to indemnify, defend and hold harmless the City, its agents and employees, from any judgment, fines, penalties, and award of attorneys fees awarded against the City in favor of the party requesting the information, and any and all costs connected with that defense. This obligation to indemnify survives the City's award of the contract. Consultant agrees that this indemnification survives as long as the trade secret information is in the City's possession, which includes a minimum retention period for such documents.

Section 10 MISCELLANEOUS PROVISIONS.

10.1 **Attorneys' Fees.** If a party to this Agreement brings any action, including arbitration or an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.

10.2 **Venue.** In the event that either party brings any action against the other under this Agreement, the parties agree that trial of such action shall be vested exclusively in the state courts of California in the County San Mateo or in the United States District Court for the Northern District of California.

10.3 **Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

10.4 **No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.

10.5 **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the parties.

10.6 **Use of Recycled Products.** Consultant shall prepare and submit all reports, written studies and other printed material on recycled paper to the extent it is available at equal or less cost than virgin paper.

10.7 **Conflict of Interest.** Consultant may serve other clients, but none whose activities within the corporate limits of City or whose business, regardless of location, would place Consultant in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Consultant shall not employ any City official in the work performed pursuant to this Agreement. No officer or employee of City shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

Consultant hereby warrants that it is not now, nor has it been in the previous twelve (12) months, an employee, agent, appointee, or official of the City. If Consultant was an employee, agent, appointee, or official of the City in the previous twelve (12) months, Consultant warrants that it did not participate in any manner in the forming of this Agreement. Consultant understands that, if this Agreement is made in violation of Government Code §1090 *et.seq.*, the entire Agreement is void and Consultant will not be entitled to any compensation for services performed pursuant to this Agreement, including

reimbursement of expenses, and Consultant will be required to reimburse the City for any sums paid to the Consultant. Consultant understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of Government Code § 1090 and, if applicable, will be disqualified from holding public office in the State of California.

10.8 **Solicitation.** Consultant agrees not to solicit business at any meeting, focus group, or interview related to this Agreement, either orally or through any written materials.

10.9 **Contract Administration.** This Agreement shall be administered by the Director of Finance ("Contract Administrator"). All correspondence shall be directed to or through the Contract Administrator or his or her designee.

10.10 **Notices.** All notices and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given (i) when received if personally delivered; (ii) when received if transmitted by telecopy, if received during normal business hours on a business day (or if not, the next business day after delivery) provided that such facsimile is legible and that at the time such facsimile is sent the sending Party receives written confirmation of receipt; (iii) if sent for next day delivery to a domestic address by recognized overnight delivery service (e.g., Federal Express); and (iv) upon receipt, if sent by certified or registered mail, return receipt requested. In each case notice shall be sent to the respective Parties as follows:

Consultant

Maze and Associates
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

City:

City Clerk
City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

10.12 **Integration.** This Agreement, including all Exhibits attached hereto, and incorporated herein, represents the entire and integrated agreement between City and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral pertaining to the matters herein.

10.13 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

10.14 **Construction.** The headings in this Agreement are for the purpose of reference only and shall not limit or otherwise affect any of the terms of this Agreement. The parties have had

an equal opportunity to participate in the drafting of this Agreement; therefore any construction as against the drafting party shall not apply to this Agreement.

The Parties have executed this Agreement as of the Effective Date.

CITY OF SOUTH SAN FRANCISCO

City Manager

NAME:

Consultants

TITLE: Katherine Yuen
VP of Audit

Attest:

Deputy City Clerk

for Krista Martinelli, City Clerk

Approved as to Form:

City Attorney

2051688.4

RESOLUTION NO. 31-2016

CITY COUNCIL, CITY OF SOUTH SAN FRANCISCO, STATE OF CALIFORNIA

A RESOLUTION APPROVING AN AGREEMENT WITH MAZE AND ASSOCIATES FOR INDEPENDENT AUDIT SERVICES IN AN AMOUNT NOT TO EXCEED $79,285 PER YEAR FOR A THREE YEAR PERIOD WITH OPTIONS TO EXTEND FOR TWO ADDITIONAL FISCAL YEARS AND AUTHORIZING THE CITY MANAGER TO EXECUTE SAID AGREEMENT.

WHEREAS, the City of South San Francisco ("City") published a Request for Proposals ("RFP") for independent audit services; and

WHEREAS, seven vendors submitted timely proposals, and three vendors were interviewed; and

WHEREAS, a panel comprised of external local governmental finance professionals interviewed three of the vendors and determined that and determined that Maze and Associates would best serve the City's needs; and

WHEREAS, both parties now wish to enter into an agreement, whereby Maze and Associates will provide independent audit services commencing FY 2015-16 through FY 2017-18 with options to extend two additional fiscal years and attached hereto as Attachment A; and

WHEREAS, this City Council has examined the Agreement and approves of it as to both form and content, and desires to enter into said Agreement;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of South San Francisco does hereby take the following action:

1. Approves an Agreement with Maze and Associates for independent audit services in an amount not to exceed $79,825 per year for a three year period, with options to extend for two additional fiscal years, substantially in the form attached hereto as Attachment A.

2. Authorizes the City Manager, or his designee, to execute an Agreement with Maze and Associates, subject to approval as to form by the City Attorney, for and on behalf of the City of South San Francisco, and to take any other actions necessary to carry out the intent of this resolution on behalf of the City Council.

* * * * *

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the City Council of the City of South San Francisco at a regular meeting held on the 24th day of February, 2016 by the following vote:

AYES: Councilmembers Richard A. Garbarino, and Liza Normandy

Vice Mayor Pradeep Gupta and Mayor Mark N. Addiego

NOES: Councilmembers Karyl Matsumoto

ABSTAIN: None

ABSENT: None

ATTEST: _____
Krista Martinelli, City Clerk

FEE PROPOSAL

Total All-inclusive Maximum Price

Our Total All-Inclusive Maximum Prices for the services specified in the Request for Proposal for the fiscal years ending June 30, 2016 through June 30, 2018 are detailed at the end of this section.

What Our Price Includes

Our price includes all the basic audit work and reports, statements and other deliverables specified in your request for proposal. Our price also includes the items below at **no additional cost:**

1) year-round support and telephone consultation on pertinent issues affecting your City,
2) copies of our journal entries and our leadsheets used to support the amounts in your financial statements,
3) a Study Session for the Council to discuss the audit process, financial statements and recommendations,
4) active Partner involvement in your work **every year,**
5) our Interim Audit Checklist,
6) our Annual Closing Checklist,
7) our interim Accounting Issues Memorandum,
8) preliminary draft financial statements **at interim,**
9) overviews and summaries of upcoming pronouncements and regulations affecting the audited financial statements,
10) direct dump of general ledger data into our ProSystems trial balance software which is fully linked to financial statement formats, and associated roll-up reports,
11) annual on-line training classes.

Fees and Billings

Our fees are on a not-to-exceed basis. In determining our fees, we understand that the City's records will be in condition to be audited; that is, transactions will be properly recorded in the general ledger and subsidiary records, these accounting records and the original source documents will be readily available to use, we will be furnished with copies of bank reconciliations and other reconciliations and analyses prepared by the City and City personnel will be reasonably available to explain procedures, prepare audit correspondence and obtain files and records.

We do not post separate rate structures for municipal audit work. We view this work as being every bit as important and valuable as the work we perform for other clients and we put our best people on it. Any consulting work you request will be performed at the same rates as our audit work.

Cost Rationale

We have always completed our work in the time budgeted and for the agreed upon fee. We have never requested additional fees after our work was completed. As always, we finish what we start, regardless of the accuracy of our budgets. **Since the City would be a continuing client we are offering an 8.00% discount to the 2016 audit fees, which would carry forward to subsequent years. That represents a $6,900 savings in 2016 alone – and a cumulative savings of $20,700 over the next three fiscal years!**

FEE PROPOSAL (Continued)

Additional Services

Any additional services will be performed and billed only on the City's prior authorization at our standard billing rates.

Manner of Payment

Progress billings will be sent on the basis of actual hours work completed during the course of the engagement. We do not bill for out-of-pocket expenses as they are included in our stated all-inclusive maximum price.

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total FY 2015-16 Audit	Total FY 2016-17 Audit	Total FY 2017-18 Audit
For All Audits/Reports						
Partner	71.00	$ 300	$ 300	$ 21,300	$ 21,300	$ 21,300
Manager		$ 160	$ 160	$ -	$ -	$ -
Supervisory Staff	201.00	$ 115	$ 115	$ 23,115	$ 23,115	$ 23,115
Staff	372.00	$ 85	$ 85	$ 31,620	$ 31,620	$ 31,620
Administrative	50.00	$ 64	$ 65	$ 3,250	$ 3,250	$ 3,250
Out-of Pocket, Expenses, Including Printing of Reports				$ -	$ -	$ -
Total All-Inclusive Maximum Price				$ 79,285	$ 79,285	$ 79,285

All-Inclusive Price by Report

	Total FY 2015-16 Audit	Total FY 2016-17 Audit	Total FY 2017-18 Audit
Basic City Audit/CAFR	$ 52,900	$ 52,900	$ 52,900
Single Audit	5,805	5,805	5,805
TDA Fund	3,040	3,040	3,040
Measure A	1,505	1,505	1,505
GANN Report	670	670	670
CAFR Preparation	6,860	6,860	6,860
State Transportation Improvement Program	1,505	1,505	1,505
Cities Financial Transactions Report	7,000	7,000	7,000
Other Recommended/Suggested Reports (List Separately)			
Total	$ 79,285	$ 79,285	$ 79,285

San Mateo County
Countywide Oversight Board

Date: January 7, 2019 Agenda Item No. 9

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: Pacifica Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 19-20

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

Discussion
The Annual ROPS 19-20 contains all the obligations of the former Redevelopment Agency (RDA) for fiscal year 2019-20. The Pacifica SA is requesting approval by the Board to spend $229,764 on outstanding obligations and administrative expenses for Annual ROPS 19-20.

Enclosed is the Successor Agency's Annual ROPS 19-20 and supporting documents.

CAC Exhibits

A. Pacifica SA's Annual ROPS 19-20

Date: December 11, 2018

To: San Mateo County Countywide Oversight Board

From: **Lorenzo Hines Jr., Assistant City Manager, City of Pacifica**

Subject: Approval of the Recognized Obligation Payment Schedule (ROPS) 19-20 and Administrative Cost Allowance Budget of the Successor Agency to the Redevelopment Agency of the City Of Pacifica (SA)

Former RDA: **City of Pacifica**

Recommendation
Adopt resolutions approving the Redevelopment Agency Of The City Of Pacifica SA's ROPS 19-20 and Administrative Cost Allowance Budget.

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

Discussion
Submitted for the Oversight Board's approval is the ROPS 19-20 (Exhibit A). While the DOF's ROPS template requires all enforceable obligations to be listed, the Oversight Board approval is for the funding of those items to be paid in fiscal year 2019-20. Exhibit C summarizes those items and provides supporting documentation.

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

Attachments:
1. Resolution Approving Pacifica SA's ROPS 19-20 and FY 2019-20 Administrative Budget
2. Exhibit A - Pacifica SA's ROPS 19-20
3. Exhibit B - Pacifica SA's FY 2019-20 Administrative Budget
4. Exhibit C - Summary of Obligations and Supporting Documents

RESOLUTION NO. 2019-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 ("ROPS 19-20") AND FISCAL YEAR 2019-20 ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY TO THE FORMER PACIFICA REDEVELOPMENT AGENCY (RDA)

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

WHEREAS, the Successor Agency to the Former Pacifica Redevelopment Agency has prepared a draft ROPS for the period July 1, 2019 to June 30, 2020, referred to as "ROPS 19-20", as set forth in the attached Exhibit A, claiming a total enforceable obligation amount of $229,764; and

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

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

WHEREAS, the Successor Agency to the Former Pacifica Redevelopment Agency has prepared an administrative budget for the period July 1, 2019 to June 30, 2020, for $9,500, as set forth in the attached Exhibit B; and

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

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby approves the Pacifica Successor Agency ROPS 19-20 and the Pacifica Successor Agency Fiscal Year 19-20 Administrative Budget, attached hereto as Exhibits A and B and incorporated herein by this reference;

BE IT FURTHER RESOLVED, that the Oversight Board directs the Successor Agency to submit the ROPS 19-20 to the State Department of Finance upon approval by the Oversight Board.

* * *

Exhibit A – Pacifica Successor Agency Recognized Obligation Payment Schedule 19-20
Exhibit B – Pacifica Successor Agency FY 2019-20 Administrative Budget

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: **Pacifica**
County: San Mateo

	Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A	**Enforceable Obligations Funded as Follows (B+C+D):**	**$ -**	**$ -**	**$ -**
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	**Redevelopment Property Tax Trust Fund (RPTTF) (F+G):**	**$ 131,830**	**$ 97,934**	**$ 229,764**
F	RPTTF	124,330	95,934	220,264
G	Administrative RPTTF	7,500	2,000	9,500
H	**Current Period Enforceable Obligations (A+E):**	**$ 131,830**	**$ 97,934**	**$ 229,764**

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

Name Title

/s/

Signature Date

Pacifica Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
											19-20A (July - December)						19-20B (January - June)					
											Fund Sources						Fund Sources					
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 19-20 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
								$ 5,248,041		$ 229,764	$ 0	$ 0	$ 0	$124,330	$ 7,500	$131,830	$ 0	$ 0	$ 0	$95,934	$ 2,000	$97,934
1	2004 Tax Allocation Bond Series A	Bonds Issued On or Before	8/19/2004	7/30/2031	Bank of New York Mellon	2004 Tax Allocation Bonds that	Rockaway Beach	1,493,214	N	$ 126,868				30,934		$ 30,934				95,934		$95,934
2	2004 Tax Allocation Bond Series A Fiscal Agent Fee	Fees	8/19/2004	7/30/2031	Bank of New York Mellon	Fiscal Agent fees associated with 2004 Tax Allocation Bonds	Rockaway Beach	2,400	N	$ -						$ -						$ -
3	Annual Audit	Admin Costs	7/1/2011	6/30/2015	Maze & Associates	Annual Audit	Rockaway Beach	4,500	N	$ 4,500					4,500	$ 4,500						$ -
4	Administration Successor Agency	Admin Costs	1/1/2014	6/30/2014	Successor Agency / Regional Government Services	Staffing / Administrative Contract Costs (RGS) Prepare Meeting reports / forms	Rockaway Beach	4,000	N	$ 4,000					2,000	$ 2,000					2,000	$ 2,000
7	Administration - Legal	Legal	1/1/2014	6/30/2015	Law Offices of Craig Labadie	Legal support for Oversight Board and Successor Agency	Rockaway Beach	1,000	N	$ 1,000					1,000	$ 1,000						$ -
11	Reso 17-88 - Loan #4 From General Fund	City/County Loan (Prior 06/28/11), Cash exchange	4/14/1988	6/30/2032	City of Pacifica	Loan from City of Pacifica to former RDA	Rockaway Beach	397,662	N	$ 93,396				93,396		$ 93,396						$ -
12	Reso 19-89 -Loan #5 From General Fund	City/County Loan (Prior 06/28/11), Cash exchange	5/8/1989	6/30/2032	City of Pacifica	Loan from City of Pacifica to former RDA	Rockaway Beach	849,990	N	$ -						$ -						$ -
13	Reso 20-90 -Loan #6 From General Fund	City/County Loan (Prior 06/28/11), Cash exchange	5/14/1990	6/30/2032	City of Pacifica	Loan from City of Pacifica to former RDA	Rockaway Beach	891,973	N	$ -						$ -						$ -
14	Reso 9-91 -Loan #7 From General Fund	City/County Loan (Prior 06/28/11), Cash exchange	4/8/1991	6/30/2032	City of Pacifica	Loan from City of Pacifica to former RDA	Rockaway Beach	878,452	N	$ -						$ -						$ -
15	Reso 1-92 -Loan #8 From General Fund	City/County Loan (Prior 06/28/11), Cash exchange	1/27/1992	6/30/2032	City of Pacifica	Loan from City of Pacifica to former RDA	Rockaway Beach	433,185	N	$ -						$ -						$ -
16	Reso 15-94 -Loan #10 From General Fund	City/County Loan (Prior 06/28/11), Cash exchange	4/11/1994	6/30/2032	City of Pacifica	Loan from City of Pacifica to former RDA	Rockaway Beach	291,665	N	$ -						$ -						$ -
19									N	$ -						$ -						$ -
20									N	$ -						$ -						$ -
21									N	$ -						$ -						$ -
22									N	$ -						$ -						$ -
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60									N	$ -						$ -						$ -
61									N	$ -						$ -						$ -

Pacifica Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

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

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	Comments
1	**Beginning Available Cash Balance (Actual 07/01/16)** RPTTF amount should exclude "A" period distribution amount	129,852				9,376	$129,852 is Debt Service Reserve held by Trustee. Beg balance incl. $238 interest earning posted at 06/30/2016 for allocated share of pooled cash.
2	**Revenue/Income (Actual 06/30/17)** RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller					260,697	RPTTF is for ROPS 16-17 $161,035 + $99,662
3	**Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)**	129,852				254,543	Audit Expense: $4,500, Gen Admin $4,615, Legal $3,887; Transferred to Trustee $35,661.88,Trustee fees $2,363, Repayment of General Fund loan of $112,853 (12/16), $90,662 (06/17)
4	**Retention of Available Cash Balance (Actual 06/30/17)** RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						
5	**ROPS 16-17 RPTTF Prior Period Adjustment** RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required				6,154	
6	**Ending Actual Available Cash Balance (06/30/17)** **C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 9,376**	

Pacifica Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

Item #	Notes/Comments

Successor Agency to the Former Pacifica Redevelopment Agency
ROPS 19-20 Administrative Cost Allowance Budget
Period: 7/1/19 to 6/30/20

Description of Cost/Expense	Amount
Payee - Legal Expense	$ 1,000
Annual Audit	4,500
Administration General	4,000
Total - ROPS 19-20	**$ 9,500**

Controller's Notes:
1. Previous ROPS period admin costs funding = $14,000

SUMMARY OF OBLIGATIONS AND SUPPORTING DOCUMENTS

ROPS Item No.	ROPS Category	Description of Obligation	Payee	ROPS 19-20 Funding	Supporting Documentation
1	Bonds	2004 Tax Allocation Bond Series A	Bank of NY Mellon	$ 126,868	Exhibit C Page 2 - Debt Service Schedule
3	Admin	Annual Audit	Various	4,500	Exhibit C Page 3 - Audit
4	Admin	Staffing Costs	Various	4,000	Exhibit C Page 4 - Trial Balance
7	Admin	Legal Costs	Various	1,000	Exhibit C Page 5 - Trial Balance
11	Loans/Borrowings	Advances from Public Agencies	City of Pacifica	93,396	Exhibit C Page 12 - Loan Repayment Amount Schedule & Board Resolution Approving the Loan
Total Obligations Under ROPS 19-20				$ 229,764	

Debt Service Schedule

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

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

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

Mosser, Cindy

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

Hi Cindy,

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

Please let us know if you have any additional questions.

Best regards,

Mark

mercedes yapching

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

Hi Mercedes,

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

Thanks,
Sheila

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

Hi Mercedes

CITY OF PACIFICA

Trial Balance by Fund

As of June 30, 2018

FUND 91: REDEVELOPMENT-SUCCESSOR AGENCY

Account Number	Account Name	Debit	Credit
91.960000.11000.0000.000	CASH GENERAL-FNB	$ 145,401.83	$ 0.00
91.960000.11019.0000.000	DEBT SERVICE RESERVE FUND	130,596.94	0.00
91.960000.11020.0000.000	CASH WITH FISCAL AGENT	94,204.38	0.00
91.960000.22001.0000.000	ACCTS PYBL-GENERAL	0.00	1,197.56
91.960000.22005.0000.000	INTER-FUND PAYABLE	0.00	2,056,836.10
91.960000.22028.0000.000	PAYABLE TO GENERAL FUND	0.00	1,720,583.09
91.960000.22117.0000.000	INTEREST PAYABLE - 2004 TAB	0.00	34,204.38
91.960000.22197.0000.000	BONDS PAYABLE-2004 TAB	0.00	1,140,000.00
91.960000.22205.0000.000	BONDS PAYABLE-2004 TAB-SHORT TERM	0.00	60,000.00
91.960000.33039.0000.000	FUND BALANCE, UNDES/UNRES	4,730,989.19	0.00
91.960000.41191.0000.000	RPTTF DISTRIBUTION	0.00	216,813.00
91.960000.44501.0000.000	INVESTMENT EARNINGS	0.00	1,757.02
91.960000.53611.0000.000	INTEREST EXPENSE	55,292.44	0.00
91.969901.52800.0000.000	CONTRACTUAL SERVICES	(2,936.25)	0.00
91.969901.52828.0000.000	CONTRACT LEGAL SVCS-RDA SUCCESSORY AGENC	1,197.56	0.00
91.969906.55201.0000.000	MATURED BOND INT EXP-2004 TAB	68,408.76	0.00
91.969906.55203.0000.000	FISCAL AGENT FEES-04 TAX ALLOCATION BNDS	2,363.80	0.00
Total		$5,231,391.15	$5,231,391.15

Actual staffing costs for FY 17/18. Estimate for FY 19/20 is $4,000.

CITY OF PACIFICA

Trial Balance by Fund

As of June 30, 2018

FUND 91: REDEVELOPMENT-SUCCESSOR AGENCY

Account Number	Account Name	Debit	Credit
91.960000.11000.0000.000	CASH GENERAL-FNB	$ 145,401.83	$ 0.00
91.960000.11019.0000.000	DEBT SERVICE RESERVE FUND	130,596.94	0.00
91.960000.11020.0000.000	CASH WITH FISCAL AGENT	94,204.38	0.00
91.960000.22001.0000.000	ACCTS PYBL-GENERAL	0.00	1,197.56
91.960000.22005.0000.000	INTER-FUND PAYABLE	0.00	2,056,836.10
91.960000.22028.0000.000	PAYABLE TO GENERAL FUND	0.00	1,720,583.09
91.960000.22117.0000.000	INTEREST PAYABLE - 2004 TAB	0.00	34,204.38
91.960000.22197.0000.000	BONDS PAYABLE-2004 TAB	0.00	1,140,000.00
91.960000.22205.0000.000	BONDS PAYABLE-2004 TAB-SHORT TERM	0.00	60,000.00
91.960000.33039.0000.000	FUND BALANCE, UNDES/UNRES	4,730,989.19	0.00
91.960000.41191.0000.000	RPTTF DISTRIBUTION	0.00	216,813.00
91.960000.44501.0000.000	INVESTMENT EARNINGS	0.00	1,757.02
91.960000.53611.0000.000	INTEREST EXPENSE	55,292.44	0.00
91.969901.52800.0000.000	CONTRACTUAL SERVICES	2,936.25	0.00
91.969901.52828.0000.000	CONTRACT LEGAL SVCS-RDA SUCCESSORY AGENC	(1,197.56)	0.00
91.969906.55201.0000.000	MATURED BOND INT EXP-2004 TAB	68,408.76	0.00
91.969906.55203.0000.000	FISCAL AGENT FEES-04 TAX ALLOCATION BNDS	2,363.80	0.00
Total		$5,231,391.15	$5,231,391.15

$1,197.56 is actual legal costs for FY 17/18. SA is estimating $1,000 for FY 19/20.

Estimated legal costs to support exploration of legal action against DOF related to the rejection of the SA's last and final ROPS request.

COUNTY OF SAN MATEO
PACIFICA
LIMITATIONS ON REPAYMENT OF SERAF AND CITY LOANS Per 34176 (e)(6)(B) and 34191.4 (b)(2)

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

Maximum Allowable Repayment for FY 2019-20

Residual in FY 2012-13				
ROPS II Residual			5,308	*June 2012 Distribution*
ROPS III Residual			0	*January 2013 Distribution*
	(A)	$	5,308	
Residual in FY 2018-19				
ROPS 18-19A Residual			69,885	*June 2018 Distribution*
ROPS 18-19B Residual			183,096	*January 2019 Distribution*
	(B)	$	252,981	
Increase in Residual over FY 2012-13	(C)	$	247,673	
Not To Exceed Amount (50% of Increase)	(D)	$	123,837	
Reported Loan Repayments				
ROPS 19-20A - (July to December)			93,396	
ROPS 19-20B - (January to June)			0	
	(E)	**$**	**93,396**	
Amount Exceeded, (E) - (D)		$	-	

OVERSIGHT BOARD RESOLUTION NO.01-2016

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

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

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

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

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

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

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

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

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

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

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

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

RECORD OF LOANS BETWEEN CITY OF PACIFICA AND PACIFICA REDEVELOPMENT AGENCY

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

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

OVERSIGHT BOARD RESOLUTION NO. 01-2015

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

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT A - (February 2015) Restated and Amended Resolution

RECORD OF LOANS BETWEEN CITY OF PACIFICA AND PACIFICA REDEVELOPMENT AGENCY

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

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

STATUS SUMMARY OF LOANS
AS AUTHORIZED IN RESOLUTION No. 01-2017 (January 30, 2017) Restated and Amended Resolution
RECORD OF LOANS BETWEEN CITY OF PACIFICA AND
PACIFICA REDEVELOPMENT AGENCY

(Based on authorized ROPS and RPTTF funding available - payments as of 7/1/2017 Interest Accrued To 6/30/2018)

City Ref #	Origination Date	Original Principal Amount Loaned	Unpaid Principal Balance 6/30/2018	Accrued Interest 6/30/2018	TOTAL BALANCE OWED 6/30/2018	Principal Balance 7/1/2018	Payment Approved 2018/2019 - Applied 7/1/2018	Accrued Interest As of 6/30/2019	6/30/2018 Total Balance - Principal & Interest
RETIRED LOANS									
1	March 25, 1985	62,150.00	0.00		**Paid Off**				
2	November 25, 1985	175,000.00	0.00		**Paid Off**				
3	February 9, 1987	300,000.00	0.00		**Paid Off**				
9	May 24, 1993	300,000.00	0.00		**Paid Off**				
OUTSTANDING LOANS									
4	March 14, 1988	500,000.00	156,836.10	$332,318.70	**$489,154.80**	156,836.10	(93,396.00)	$334,221.91	**$397,662.01**
5	May 8, 1989	475,000.00	475,000.00	$360,739.73	**$835,739.73**	475,000.00	-	$374,989.73	**$849,989.73**
6	May 14, 1990	500,000.00	500,000.00	$376,972.60	**$876,972.60**	500,000.00	-	$391,972.60	**$891,972.60**
7	April 8, 1991	500,000.00	500,000.00	$363,452.05	**$863,452.05**	500,000.00	-	$378,452.05	**$878,452.05**
8	January 27, 1992	250,000.00	250,000.00	$175,684.93	**$425,684.93**	250,000.00	-	$183,184.93	**$433,184.93**
10	April 11, 1994	175,000.00	175,000.00	$111,415.07	**$286,415.07**	175,000.00	-	$116,665.07	**$291,665.07**
	TOTAL	**$3,237,150.00**	**$2,056,836.10**	**$1,720,583.09**	**$3,777,419.19**	**$2,056,836.10**	(93,396.00)	**$1,779,486.29**	**$3,742,926.39**

ROPS Review Period:	ROPS 19-20		
Sponsoring Entity Loan Repayment Calculator			
Base Year:	**ROPS II July thru December 2012**	**ROPS III January thru June 2013**	**Total For Base Year**
Residual Balance	**5,308**	**0**	**5,308**

Comparison Year:	**ROPS 18-19 A July thru December 2018**	**ROPS 18-19 B January thru June 2019**	**Total For Comparison Year**
Residual Balance	**69,885**	**122,215**	**192,100**

A	Total Residual Balance for Comparison Year	192,100
B	Total Residual Balance for Base Year	5,308
A-B	Difference of Residual Balance	186,792
		÷2
	Maximum Repayment for Fiscal Year 2019-20	**93,396**

Loan

The loan agreement for Loan 4 see previous page does not have an amortization schedule. The SA requests the Sponsoring Entity Loan Cap Amount each year.

San Mateo County
Countywide Oversight Board

Date: January 7, 2019 Agenda Item No. 10

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: Foster City Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 19-20

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

Discussion
The Annual ROPS 19-20 contains all the obligations of the former Redevelopment Agency (RDA) for fiscal year 2019-20. The Foster City SA is requesting approval by the Board to spend $422,024 on outstanding obligations and administrative expenses for Annual ROPS 19-20.

Enclosed is the Successor Agency's Annual ROPS 19-20 and supporting documents.

CAC Exhibits
A. Foster City SA's Annual ROPS 19-20

Date: December 18, 2018

To: San Mateo County Countywide Oversight Board

From: **Edmund Suen, Finance Director, City of Foster City**

Subject: Approval of Foster City Successor Agency (SA) ROPS 19-20 and FY 2019-20 Administrative Budget

Former RDA: **Foster City**

Recommendation
Adopt resolutions approving the Foster City SA's ROPS 19-20 and Administrative Cost Allowance Budget.

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

Discussion
Submitted for the Oversight Board's approval is the ROPS 19-20 (Exhibit A). While the DOF's ROPS template requires all enforceable obligations to be listed, the Oversight Board approval is for the funding of those items to be paid in fiscal year 2019-20. Exhibit C summarizes those items and provides supporting documentation.

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

Attachments:
1. Resolution Approving Foster City SA's ROPS 19-20 & FY 2019-20 Administrative Budget
2. Exhibit A - Foster City SA's ROPS 19-20
3. Exhibit B - Foster City SA's FY 2019-20 Administrative Budget
4. Exhibit C - Summary of Obligations and Supporting Documents

RESOLUTION NO. 2019-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 ("ROPS 19-20") AND FISCAL YEAR 2019-20 ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY TO THE FORMER FOSTER CITY REDEVELOPMENT AGENCY (RDA)

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

WHEREAS, the Successor Agency to the Former Foster City Redevelopment Agency has prepared a draft ROPS for the period July 1, 2019 to June 30, 2020, referred to as "ROPS 19-20", claiming a total enforceable obligation amount of $422,024, as set forth in the attached Exhibit A; and

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

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

WHEREAS, the Successor Agency to the Former Foster City Redevelopment Agency has prepared an administrative budget for the period July 1, 2019 to June 30, 2020, for $28,475, as set forth in the attached Exhibit B; and

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

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby approves the Foster City Successor Agency's ROPS 19-20 and Fiscal Year 19-20 Administrative Budget, attached hereto as Exhibits A and B and incorporated herein by this reference;

BE IT FURTHER RESOLVED, that the Oversight Board directs the Successor Agency to submit the ROPS 19-20 to the State Department of Finance upon approval by the Oversight Board.

* * *

Exhibit A – Foster City Successor Agency's Recognized Obligation Payment Schedule 19-20
Exhibit B – Foster City Successor Agency's FY 2019-20 Administrative Budget

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: **Foster City**
County: San Mateo

	Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A	**Enforceable Obligations Funded as Follows (B+C+D):**	**$ -**	**$ -**	**$ -**
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	**Redevelopment Property Tax Trust Fund (RPTTF) (F+G):**	**$ 152,058**	**$ 269,966**	**$ 422,024**
F	RPTTF	138,133	255,416	393,549
G	Administrative RPTTF	13,925	14,550	28,475
H	**Current Period Enforceable Obligations (A+E):**	**$ 152,058**	**$ 269,966**	**$ 422,024**

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

Name Title

/s/

Signature Date

Foster City Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
											19-20A (July - December)						19-20B (January - June)					
											Fund Sources						Fund Sources					
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 19-20 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
								$ 5,340,332		$ 422,024	$ 0	$ 0	$ 0	$ 138,133	$ 13,925	$ 152,058	$ 0	$ 0	$ 0	$ 255,416	$ 14,550	$ 269,966
3	DDA	OPA/DDA/Construction	2/22/2000	1/31/2029	PWM Residential Ventures LLC	Affordable Housing Subsidy to Developer per the terms of the Disposition and Development Agreement for the Marlin Cove Project through January 2029	Marlin Cove	2,233,700	N	$ 204,000						$ -				204,000		$ 204,000
4	DDA	OPA/DDA/Construction	2/22/2000	1/31/2029	PWM Residential Ventures LLC	Utility Subsidy to Developer per the terms of the Disposition and Development Agreement for the Marlin Cove Project through January 2029	Marlin Cove	562,986	N	$ 51,416						$ -				51,416		$ 51,416
6	DDA	OPA/DDA/Construction	7/3/2000	6/30/2018	Prometheus Development	Affordable Housing Subsidy to Developer per the terms of the Disposition and Development Agreement for the Hillsdale/Gull Project (aka "Miramar Apartments") through June 2018	Hillsdale/Gull	0	Y	$ -						$ -						$ -
9	Administrative Cost Allowance	Admin Costs	1/31/2012	12/31/2029	City of Foster City	Administrative Cost Allowance	All project areas	483,580	N	$ 28,475					13,925	$ 13,925					14,550	$ 14,550
11	Reinstatement Loan Agreement per H&S 34191.4(b)	City/County Loan (Prior 06/28/11), Cash exchange	9/10/2014	12/31/2025	City of Foster City	Loan Repayment from Claw Back Period-Principal	All project areas	1,092,882	N	$ 138,133				138,133		$ 138,133						$ -
12	Reinstatement Loan Agreement per H&S 34191.4(b)	City/County Loan (Prior 06/28/11), Cash exchange	9/10/2014	12/31/2025	City of Foster City	Loan Repayment from Claw Back Period-Interest	All project areas	898,671	N	$ -						$ -						$ -
13	RPTTF shortfall, ROPS 17-18B	RPTTF Shortfall	1/1/2015	12/31/2015	City of Foster City	RPTTF shortfall, ROPS 17-18B	All project areas	68,513	Y	$ -						$ -						$ -

Foster City Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

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

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	Comments
1	**Beginning Available Cash Balance (Actual 07/01/16)** RPTTF amount should exclude "A" period distribution amount				1,251	89,584	
2	**Revenue/Income (Actual 06/30/17)** RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller				3,084	639,790	Includes $140,370 received from San Mateo County for ROPS 17-18A on May 31, 2017
3	**Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)**					503,720	Includes $22,815 payment of ROPS 17-18A enforceable obligation from the $140,370 received from San Mateo County for the ROPS 17-18A
4	**Retention of Available Cash Balance (Actual 06/30/17)** RPTTF amount retained should only include the amounts distributed as reserve for future period(s)				1,251	229,954	The 7/1/16 cash balance of $90,835 was directed by the Dept. of Finance to pay for Successor Agency's ROPS 18-19 enforceable obligations. In addition, SA needs to retain $140,370 for ROPS 17-18A
5	**ROPS 16-17 RPTTF Prior Period Adjustment** RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required					
6	**Ending Actual Available Cash Balance (06/30/17)** **C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)**	**$ 0**	**$ 0**	**$ 0**	**$ 3,084**	**$ (4,300)**	

Foster City Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

Item #	Notes/Comments

Successor Agency to the Former Foster City Redevelopment Agency
ROPS 19-20 Administrative Cost Allowance Budget
Period: 7/1/19 to 6/30/20

Description of Cost/Expense	Amount	Basis of Cost and/or Documentation
Cost recovery of Foster City staff time to administer SA	17,480	Cost recovery of estimated Foster City administrative staff time, including Finance Department to administer SA
Burke, Williams & Sorensen -SA Legal consulting services for administering the obligations under the Marlin Cove and Hillsdale/Gull project areas and the wind-down of the former Agency's affairs through the Successor Agency's administration	6,400	placeholder for 20 hours consulting services @ $330/hour
Maze and Associates - audit services for SA Fund and relevant sections for the City's CAFR	3,770	annual audit fees
Urban Planning Partners - consultant services for review of affordable housing annual report and corresponding computation of affordable housing and utility subsidy per provision of the DDA.	625	estimated 5 hours of consulting services @ $125/hour
Miscellaneous supplies and transportation costs to attend Countywide Oversight Board meetings	200	placeholder for office supplies, transportation and parking to Board meetings
Total	**$ 28,475**	

SUMMARY OF OBLIGATIONS TO BE APPROVED UNDER ROPS 19-20 AND SUPPORTING DOCUMENTS

ROPS				ROPS 19-20	
Item No.	ROPS Category	Description of Obligation	Payee	Funding Requested	Supporting Documentation
3	DDA	Affordable Housing Subsidy to Developer per the terms of the Disposition and Development Agreement for the Marlin Cove Project through January 2029	PWM Residential Ventures LLC	$ 204,000	Exhibit C - Page 6, as amended by Page 30 - DDA and calculation of ROPS 19-20 amount of $204,000
4	DDA	Utility Subsidy to Developer per the terms of the Disposition and Development Agreement for the Marlin Cove Project through January 2029	PWM Residential Ventures LLC	51,416	Exhibit C - Page 7 - DDA and calculation of ROPS 19-20 amount of $51,416
11	City Loan, Cash Exchange	Reinstatement Loan Agreement per H&S 34191.4(b)	City of Foster City	138,133	Exhibit C - Page 34 Loan repayment amount schedule
9	Admin	See Exhibit B	Various	28,475	See Exhibit B
Total				**$ 422,024**	

ROPS 19-20
Affordable Housing and Utility Subsidy due to developer for Marlin Cove

	Marlin Cove	
Estimated Net Tax Increment (rounded)	680,000	
Payments Required per DDA:		
Tax Increment Housing Subsidy @30% of Net Tax Increment - ROPS item 1 ($680,000 x 30%)	204,000	ROPS Item 3
Utility Subsidy (increases 2% per year) - ROPS Item 4	51,416	ROPS Item 4
Payment due to Developer	255,416	

Note 1:

Net Tax Increment, June 2018	639,902
Estimated Net Tax Increment, June 2019 (assumes 3% annual growth)	659,099
Estimated Net Tax Increment, June 2020 (assumes 3% annual growth)	678,872

Note 2:

Utility subsidy paid in June 2018	49,419
Utility subsidy due in June 2019 (increases 2% annually)	50,407
Utility subsidy due in June 2020 (increases 2% annually)	51,416

DISPOSITION AND DEVELOPMENT AGREEMENT

By and Between

COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF FOSTER CITY

and **M. H. PODELL COMPANY, a California Corporation**

MARLIN COVE REDEVELOPMENT PROJECT

Prepared for

The Community Development Agency of the City of Foster City

Prepared by:
McDonough, Holland & Allen
A Professional Corporation
1999 Harrison Street, 13th Floor
Oakland, California 94612

McDONOUGH
HOLLAND
& ALLEN
Attorneys at Law

shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assigns, the City and any successor in interest to the Site or any part thereof.

The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. This Agreement and the covenants shall run in favor of the Agency without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site, any parcel or subparcel, or in the Project Area. The Agency shall have the right, if this Agreement or the covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and the covenants may be entitled.

E. [§505] Rights of Access – Public Improvements and Facilities.

The Agency, for itself and for the City and other public agencies, at their sole risk and expense, reserves the right to enter the Site or any part thereof at all reasonable times and with as little interference as possible for the purposes of construction, reconstruction, maintenance, repair or service of any public improvements or public facilities located on the Site. Any such entry shall be made only after reasonable notice to the Developer, and the Agency shall indemnify and hold the Developer harmless from any claims or liabilities pertaining to any entry. Any damage or injury to the Site resulting from such entry shall be promptly repaired at the sole expense of the public agency responsible for the entry.

VI. [§600] AGENCY ASSISTANCE

A. [§601] Acquisition of JMA Parcel. As noted above, the Agency has made an offer to acquire the JMA Parcel. If the offer is rejected, the Agency shall consider the adoption of a resolution of necessity and if adopted, the Agency will acquire the JMA Parcel at Agency's sole cost and expense. In any event, notwithstanding anything to the contrary contained in this Agreement, the Agency will pay all Total Acquisition Costs, will post any required security therefore, and will pay all other costs and expenses incurred in connection with the JMA Parcel and will promptly convey the JMA Parcel to the Developer upon the acquisition thereof. The Developer's sole obligation with respect to the acquisition of the JMA Parcel will be to pay to the Agency NINE HUNDRED THOUSAND DOLLARS ($900,000), the fair reuse value thereof, in connection with and at the time of such conveyance.

B. [§602] Agency Grant.

1. The Agency shall make a grant to Developer of FIVE MILLION NINE HUNDRED THOUSAND DOLLARS ($5,900,000) (the "Agency Grant"). FOUR MILLION NINE HUNDRED THOUSAND DOLLARS ($4,900,000) of the Agency Grant shall be disbursed to Developer in a lump sum upon the initial expenditure of funds by Developer for a Permitted Use (described below) but not earlier than the closing of the Developer's construction loan. The balance of the Agency Grant shall be due the Developer, with interest at seven percent (7%) per annum, amortized over fifteen (15) years and paid to the Developer in equal annual installments of ONE HUNDRED NINE THOUSAND SEVEN HUNDRED NINETY-FOUR DOLLARS ($109,794) (the "Amortized Portion"). The annual payments shall be paid on May 1 of each year commencing on May 1, 2000, provided Developer has provided the Agency by April 15 of each year written evidence satisfactory to the Agency that the Developer has paid prior to delinquency all real property taxes and assessments then due on the Site, and the Developer has delivered to the Agency the annual report required under the Affordable Housing Covenant **(Attachment No. 7)** and is not otherwise in default under the Affordable Housing Covenant. Provided no Material Event of Default (as that term is described below) has occurred and is continuing under the terms of this Agreement or the Affordable Housing Covenant, the Agency Grant shall not be required to be repaid. If there is a Material Event of Default hereunder or under the Affordable Housing Covenant, then the Developer must repay to the Agency the amount of the Agency Grant theretofore received by the Developer.

2. The Agency Grant shall be used solely for one or more of the following purposes ("Permitted Uses"): The cost of any off-site public improvements, the cost of remediating Hazardous Materials on the Site, the payment of any fees due the City in connection with the development of the Site, the cost of relocating site occupants, the cost to acquire the Agency Acquisition Parcels to the extent the Total Acquisition Cost exceeds the reuse value of the Agency Acquisition Parcels, the cost to demolish existing improvements on the Agency Acquisition Parcels, the cost of constructing the Affordable Units (as defined below), and the cost for seismic retrofit of any building on the Site.

3. Attached hereto as **Attachment No. 10** is the budget for the use of the Agency Grant (the "Grant Budget"). By written notice to Agency, Developer may reallocate dollar amounts among the budgeted line items to the extent permitted by laws governing the use of the Agency Grant. With the consent of Agency staff, the Developer may add additional line items provided the costs are incurred for the Permitted Uses listed above or for any other use for which the Agency Grant is legally permitted to be used.

4. Each month during the development of the Site in accordance with the Scope of Development, the Developer shall provide the Agency

an accounting for the use of the Agency Grant, itemizing the line items from the Grant Budget and the amounts expended to date. No later than its request of the City for a Certificate of Occupancy for the first completed portion of the Site, the Developer shall demonstrate to the reasonable satisfaction of the Agency that the Agency Grant has been spent for Permitted Uses only by providing the Agency a complete accounting of all amounts expended to date and supporting documentation evidencing all expenditures paid from the Agency Grant.

C. [§603] Park In Lieu Fees. As part of the development of the Site, the Developer shall construct and maintain at Developer's sole cost and expense a park area along the lagoon including a dock, gazebo and public thoroughfare (the "Park Improvements"). The Agency shall enter into a cooperation agreement with the City wherein the Developer will receive a credit for the Park Improvements against the amount of in lieu fees due the City for the development of the Site. In addition to the Agency Grant, the Agency shall pay any in lieu fees due in excess of the amount of credits the Developer receives for the Park Improvements.

D. [§604] Pledge of Tax Increment to Provide Rental Subsidies.

1. In addition to the Agency Grant, the Agency agrees to provide rental subsidies pursuant to California Health and Safety Code Section 33334.2(e)(8) to ensure the affordability of at least thirty percent (30%) of the units in the residential portion of the Site to persons and households of very low, low and moderate income (the "Affordable Units") in accordance with the Affordable Housing Covenant. The Agency hereby pledges to Developer annually thirty percent (30%) of the Net Tax Increment generated from the Site, plus ONE HUNDRED TEN THOUSAND DOLLARS ($110,000) ("Tax Increment Subsidy"). Net Tax Increment shall be defined as gross tax increment revenue allocated and paid to the Agency from the Site pursuant to California Health and Safety Code Section 33670(b) attributable to assessed values of the Site in excess of the values for the Site as of the date of this Agreement, before deducting the twenty percent (20%) housing set-aside, but after deducting payments to taxing agencies pursuant to Health and Safety Code Sections 33607.5 and/or 33676.

2. The Tax Increment Subsidy shall be paid to the Developer on an annual basis on May 1 of each year in an amount equal to the difference between the fair market rents of the Affordable Units and the "affordable rent" for the Affordable Units as defined in the Affordable Housing Covenant (**Attachment No. 7**) but not more than the Tax Increment Subsidy. If, in any year commencing more than one (1) year after the execution of this Agreement the sum of the Tax Increment Subsidy, the "Utility Subsidy" (as defined herein) and the Amortized Portion of the Agency Grant exceeds Net Tax Increment, the Tax Increment Subsidy shall be reduced for that year such that the total amount paid to the Developer for the Tax Increment Subsidy, the Utility Subsidy and the Amortized Portion of the Agency Grant does not exceed Net Tax Increment for the applicable year. No later

than April 15 of each year, the Developer shall provide the Agency with a written accounting detailing the fair market rental rates for each of the Affordable Units and the actual amount of affordable rent paid by the tenants of the Affordable Units. As used in this Section 604, the term "year" shall mean a twelve (12) month period commencing May 1 and ending April 30.

3. In addition to the Tax Increment Subsidy, the Agency hereby pledges to the Developer a utility allowance subsidy in the amount of THIRTY-SIX THOUSAND DOLLARS ($36,000) annually (the "Utility Subsidy") for the Affordable Units. The Utility Subsidy shall be paid annually following the issuance of a Final Certificate of Completion for the residential portion of the Site and shall be increased annually at two percent (2%) to adjust for inflation.

4. Payment of the Tax Increment Subsidy and the Utility Subsidy shall commence on the May 1 following the issuance of a Final Certificate of Completion for the Residential Project pursuant to Section 421 of this Agreement, provided that the first such payment shall be adjusted pro rata if there have been fewer than twelve (12) months of occupancy or less than eighty-four (84) Affordable Units during the preceding year.

5. The Tax Increment Subsidy and the Utility Subsidy (collectively, the "Agency Subsidy") shall be paid to the Developer on May 1 of each year provided there is no Event of Default by the Developer under the Affordable Housing Covenant and the Developer has delivered evidence satisfactory to the Agency that the Developer has paid prior to delinquency all real property taxes and assessments then due on the Site, the annual report required under the Affordable Housing Covenant (**Attachment No. 7**) and the information required by paragraph 2 of this Section 604. The Agency represents that the Agency has not pledged or committed the Agency Subsidy to any other person or entity.

6. The Agency's obligation to pay the Agency Subsidy shall survive the issuance of the Certificate of Completion but shall terminate on January 4, 2029, or the termination of the Affordable Housing Covenant (attached hereto as **Attachment No. 7**), whichever shall first occur.

7. The Agency Subsidy shall inure to the benefit of any transferee of the Residential Project approved by the Agency, including any lender permitted hereunder who acquires the Residential Project following foreclosure of its deed of trust provided such lender or its successor agrees to maintain the Residential Project in accordance with the Affordable Housing Covenant.

E. [§605] Repayment. Provided no Material Event of Default of the Developer under the terms of this Agreement and the Affordable Housing Covenant has occurred and is continuing, neither the Agency Grant nor the Agency Subsidy shall be required to be repaid. If there is a Material Event of Default, then

the Developer must repay to the Agency the amount of the Agency Grant and the Agency Subsidy theretofore received by the Developer. The Developer's obligation to repay the Agency Grant and the Agency Subsidy shall be secured by a deed of trust on the Site subordinate to financing approved by the Agency hereunder. "Material Event of Default" shall mean the failure of the Developer, (A) after written notice and the expiration of the cure period (described below in Section 701) to: (i) advance any of the Total Acquisition Costs which it is required to advance under this Agreement, (ii) complete the construction of the Site, or (iii) to use the Agency Grant for Permitted Uses or as otherwise allowed by the Agency, or (B) after written notice and the failure of the Developer within thirty (30) days following such written notice, or, if such failure is not of a nature which can be cured with such thirty (30) day period, the failure of the Developer to commence to cure such failure with such thirty (30) day period and to prosecute such cure to completion diligently and continuously within a reasonable period of time thereafter, to operate the Site in accordance with paragraphs 1A and 1B of the Affordable Housing Covenant. Unless otherwise required to be repaid following a Material Event of Default, the obligation to repay the Agency Grant and the Agency Subsidy shall terminate on January 4, 2029 or the date on which the Affordable Housing Covenant terminates, whichever first occurs. Upon a transfer by Developer in accordance with Section 107, Developer shall be released from the obligation to repay the Agency Grant and the Agency Subsidy to the extent such obligations of Developer have been fully assumed in writing by the assignee.

VII. [§700] DEFAULTS, REMEDIES AND TERMINATION

A. [§701] Defaults - General.

Subject to the extensions of time set forth in Section 804, any failure by either party to perform any term or provision of this Agreement shall constitute an "Event of Default" (1) if such defaulting party does not cure such failure within thirty (30) days following written notice of default from the other party, or (2) if such failure is not of a nature which can be cured within such thirty (30) day period, the defaulting party does not within such thirty (30) day period commence substantial efforts to cure such failure, or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure.

Any notice of default given hereunder shall specify in detail the nature of the failure in performance which the noticing party claims constitutes the Event of Default and the manner in which such Event of Default may be satisfactorily cured in accordance with the terms and conditions of this Agreement.

During the time periods herein specified for cure of a failure to perform, the party charged therewith shall not be considered to be in default of this

FA FRASER & ASSOCIATES

Redevelopment and Financial Consulting
1609 Old Hart Ranch Road Phone: (916) 791-8958
Roseville CA 95661 FAX: (916) 791-9234

SECTION 33433 REPORT

DISPOSITION AND DEVELOPMENT AGREEMENT
M. H. Podell Company

Prepared for:

Community Development Agency
Of the City of Foster City

Marlin Cove Redevelopment Project

August, 1999

FA FRASER & ASSOCIATES

INTRODUCTION

Section 33433 of the Health and Safety Code requires that before property of an agency acquired in whole or in part with tax increment moneys is sold or leased for development, that the sale or lease first be approved by the city council by resolution after a public hearing. The agency must make available for public inspection a summary report that includes certain specific information. The provisions of Section 33433 are included as an appendix to this document. Generally, the Section 33433 report must include:

1. The cost of the agreement to the Agency.
2. The estimated value of the interest to be conveyed determined at the highest and best use under the redevelopment plan.
3. The estimated value of the interest to be conveyed determined at the fair reuse value of the property. If the fair market value differs from the fair reuse value, an explanation must be provided for the difference.
4. An explanation of why the sale will assist in the elimination of blight.
5. A finding that the sale of the property is consistent with an agency's adopted Implementation Plan.

Pursuant to the request of the Community Development Agency of the City of Foster City (Agency), Fraser & Associates has prepared this Section 33433 Report for a proposed Disposition and Development Agreement (DDA) between the Agency and M. H. Podell Company (the Developer). This Report is based on a draft DDA. The Report incorporates by reference information on the estimated value of the interest to be conveyed per number 3 above, and information on the fair reuse value of the Site. That information is contained in a reuse report prepared by the Sedway Group.

OVERVIEW OF THE DDA

The proposed development represents the Agency's redevelopment effort for the Marlin Cove Redevelopment Project Area (Project Area). The Project Area encompasses the Marlin Cove Shopping Center Site (Site). The Center has experienced problems with high vacancy rates, declining property values, vandalism, and physical deterioration. To resolve these problems, the Agency adopted a Redevelopment Plan for the Project Area on January 4, 1999. The focus of redevelopment efforts for the Marlin Cove shopping center is the conversion of a portion of the Site to residential uses, with the retail and office portions of the site rehabilitated and redeveloped into new commercial uses.

The proposed DDA includes the entire Project Area Site. The Developer is proposing to develop a mixed-use development consisting of both residential and

commercial development. The specific components of the development will include the following:

- Residential Portion: A maximum of 264 units of rental housing will be built on the Site. Twenty percent of the units will be rented at affordable rents for very low-income households. Five percent of the units will be rented at affordable rents for low-income households. Five percent of the units will be rented at affordable rents for moderate-income households. Therefore, a total of 79 units of affordable housing will be built on the site. An affordable housing covenant will be executed as a part of the DDA to ensure the units will remain affordable in perpetuity.
- Commercial Portion: A maximum of 65,000 square feet of retail uses, including the rehabilitation of the Falletti's Market, will be allowed on the Site. In addition, a maximum of 15,000 square feet of office uses will be allowed on the Site.

Agency and Developer Obligations

The DDA provides detailed information on the obligations of the Agency and the Developer. This section of the Report provides summary information on the major obligations of each party to the agreement.

Under the DDA, the Agency is responsible for the acquisition of a portion of the Site, referred to as the Agency Acquisition Parcels. The Agency Acquisition Parcels are as follows:

1. JMA Parcel: The Agency will attempt to acquire the JMA Parcel. If the Agency is unsuccessful, the Agency will consider instituting eminent domain procedures to acquire the JMA Parcel.
2. Cal Seven Parcel: The Agency will attempt to acquire the Cal Seven Parcel. If the Agency is unsuccessful, the Agency will consider instituting eminent domain procedures to acquire the Cal Seven Parcel.
3. Marlin Cove Parcel: The Agency may be required to purchase the Marlin Cove parcel if the Developer is unsuccessful in the acquisition of this parcel. This may also include the acquisition of the leasehold interests on the parcel.
4. Existing CC&Rs: The Agency shall negotiate to obtain the consent of all parties to the CC&Rs to terminate the CC&Rs. If the termination cannot be accomplished by voluntary agreement, the Agency shall consider instituting eminent domain proceedings to acquire the interests under the CC&Rs.

The Developer is responsible for the balance of site assembly. This includes acquisition of the Maltzman Parcel and the Marlin Cove Parcel. If the Developer is unsuccessful in acquiring any or all of these parcels, it will notify the Agency that it wishes the Agency to attempt to acquire the parcels.

The Developer is to provide all funds necessary to acquire the Agency Acquisition Parcels and a portion of the funds to acquire the JMA Parcel. The advance of funds by the Developer is to include both direct and indirect acquisition costs, as more fully defined in the DDA. Generally, the Developer will be responsible for:

- The purchase price of the Parcels including all closing costs
- Any additional compensation awarded by a court due to eminent domain actions by the Agency
- All direct costs and expenses necessary to remove liens and encumbrances on the Parcels
- All relocation costs and expenses
- The cost to remove hazardous materials from the Site
- Agency actual costs incurred in the performance of it's obligations to acquire the Parcels, exclusive of Agency staff time

Per the provisions of the DDA, the Agency will be responsible for the acquisition cost of the JMA Parcel. The Agency will convey the JMA Parcel to the Developer for not less than the fair reuse value of the JMA Parcel.

The Agency will prepare and submit an Acquisition Budget to the Developer showing the estimated costs for acquisition. The Developer shall either approve the Acquisition Budget or terminate the DDA. If the Developer approves the Acquisition Budget, it shall provide the Agency with a letter of credit in sufficient amount to meet the Acquisition Budget, less the amount of the good faith deposit provided by the Developer.

In addition to the above, the other major Agency responsibilities under the DDA include providing a Grant to the Developer. The Grant shall be used for:

- the cost of any off-site public improvements
- the cost of remediating hazardous materials on the Site
- the payment of fees due the City in connection with the development of the Site
- the cost for relocating site occupants
- the cost to acquire the Agency Acquisition Parcels to the extent the Total Acquisition Cost exceeds the fair reuse value of the Parcels
- the cost to demolish existing improvements on the Agency Acquisition Parcels
- the cost of constructing the Affordable units
- the cost for the seismic retrofitting of any building on the Site.

The Developer will also construct a park area along the lagoon including a dock, gazebo, and public thoroughfare. The Agency will pay park in lieu fees that are

due the City that are in excess of the amount of credit the Developer will receive for installing the park improvements

The Agency will provide rental subsidies pursuant to the CRL to ensure the affordability of at least 30 percent of the units to persons and households of very low, low and moderate income. The Agency will use 30 percent of the tax increment generated from the Site to meet this obligation for a thirty-year period. This is referred to as the Tax Increment Subsidy in the DDA. The Agency will pay to the Developer an annual utility allowance (the Utility Subsidy) tied to the number of moderate-income units. At the option of the Agency, and with the approval of the Developer's lender, a Low Rental Subsidy may also be paid to the Developer by the Agency. The Low Rental Subsidy would subsidize 13 units so the units would be affordable to persons and households of low income.

The other major obligations of the Developer include providing a good faith deposit of $50,000 to the Agency and submission of evidence of equity capital and financing to the Agency. The Developer shall also inspect the Site and determine whether the physical condition of the Site is suitable for development in accordance with the DDA. The Developer can elect to terminate the DDA if the Site is not found to be suitable for development.

COST OF THE AGREEMENT

This section of the Report provides information on the cost of the agreement to the Agency. The Report uses a net cost approach. Under this approach, the total costs are first aggregated. The net present value (NPV) of those costs is then determined, using either a discount rate of 3 percent (to reflect the impact of inflation) or the rate of interest to be incurred for certain obligations to be repaid over time. The resources that will accrue to the Agency from implementation of the agreement are then estimated, both in future dollars and on an NPV basis. The cost of the agreement to the Agency is calculated by subtracting the total costs from the resources on both a future dollar and an NPV basis (the net cost of the agreement).

PROJECT COSTS

Table 1 provides a list of the public costs for implementation of the DDA. Major cost items include:

1) **Land assembly**: As previously discussed, the Agency will be responsible for the assembly of a portion of the Site referred to as the Agency Acquisition Parcels. Per the provisions of the DDA, the Developer will provide funding for the Agency Acquisition Parcels, inclusive of all direct and indirect costs. This will include the relocation of existing owners and tenants. The land assembly

Table 1
Foster City Community Development Agency
Marlin Cove Project Area
Podell DDA

SUMMARY OF COSTS FOR PODELL DDA
(000's Omitted)

Cost Item	Total	Net Present Value (1)
Land Assembly	$1,660	$1,660
Agency Grant	5,647	5,000
Tax Increment Subsidy	5,177	3,175
Utility Subsidy	1,460	913
Low Rental Subsidy (2)	0	0
Park In Lieu Fees	2,295	1,536
Other Costs	102	101
TOTAL COSTS	**$16,342**	**$12,385**

(1) Net present using a discount rate of 3 percent for all items except the Agency Grant and Park In Lieu fees. The NPV for the portion of the Agency grant to be repaid over time has been estimated at 7%. Repayment to the City for the Park In Lieu fees have been estimated at 5.5%.

(2) The cost for Low Rental Subsidy will be at the discretion of the Agency. If the Agency decides to provide this Subsidy, the cost is estimated at $ 3.0 million on an NPV basis.

costs to be provided by the Developer have not been included in this analysis, since they do not represent a cost to the Agency.

The one element of land assembly that has been included is the estimated cost to acquire the JMA Parcel. The cost is estimated at $1,660,000 to acquire the JMA Parcel. The cost for land assembly is the same on both a future dollar and NPV basis.

2) **Agency Grant**: The Agency will provide the grant in two ways. An up front payment will be made equal to $4.0 million. The balance of $1.0 million will be repaid over 15 years at a 7 percent interest rate. The total Agency Grant has been estimated at $5.6 million in future dollars and at $5.0 million on an NPV basis.
3) **Tax Increment Subsidy**: The Tax Increment Subsidy has been estimated at $5.2 million in future dollars and $3.2 million on an NPV basis. The amount has been estimated over a thirty-year period.
4) **Utility Subsidy:** The cost has been estimated on the basis of 26 moderate-income units at $36,000 each. The amount has been increased annually at 2 percent per year for 30 years. The total cost is estimated at $1.5 million in future dollars and $913,000 on an NPV basis.
5) **Low Rental Subsidy:** Should the Agency decide to assist by providing the Low Rental Subsidy, the DDA indicates the cost at $120,000 annually. The amount has been increased annually at 2 percent per year for 30 years. The total cost is estimated at $4.9 million in future dollars and $3.0 million on an NPV basis. For purposes of the costs shown on Table 1, the Low Rental Subsidy has been excluded.
6) **Park in Lieu Fees**: The Agency's obligation to pay park in lieu fees has been estimated at $2.3 million in future dollars and at $1.5 million on an NPV basis.
7) **Administrative Costs**: Administrative costs include those costs incurred in putting the DDA together and monitoring the DDA during the construction period of the development. Other costs include both Agency staff time as well as the costs for outside legal counsel and consultants. Other costs are estimated at $102,000 in future dollars and $101,000 on an NPV basis.

Overall, the total cost of the agreement to the Agency is estimated at $16.3 million, or $12.4 million on a net present value basis. If the Agency provides the Low Rental Subsidy, the total cost is estimated at $21.2 million, or $19.3 million on a net present value basis.

PROJECT RESOURCES

Table 2 summarizes the resources to be generated from implementation of the DDA. Two resources have been identified: tax increment revenues and land sale proceeds.

Table 2

Foster City Community Development Agency

Marlin Cove Project Area

Podell DDA

SUMMARY OF RESOURCES FOR PODELL DDA

(000's Omitted)

Resources	Total	Net Present Value (1)
Tax Increment	$22,096	$11,030
Land Sale Proceeds	900	900
TOTAL RESOURCES	**$22,996**	**$11,930**

(1) Net present using a discount rate of 3 percent.

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The tax increment estimate shown on Table 3 is based on 1998-99 taxable values for parcels located in the Project Area. Future year tax increment revenues reflect new additional revenues above 1998-99 amounts. As such, tax increment revenues are based on estimates of taxable value added as a result of new construction, less the value of existing improvements that will be removed from the tax roll. It has been assumed that the following would be built on the Site:

- Residential: 264 units of rental housing
- Retail: 65,000 square feet of retail, including the rehabilitation of Falletti's Market
- Office: 15,000 square feet of office development

The total tax increment shown on Table 3 has been reduced for property tax administration fees and mandatory tax sharing payments to the taxing entities (shown as Taxing Entity Share). The cumulative tax increment total is based on the period when the Agency can collect tax increment, which ends in 2043-44. The total tax increment revenues to the Agency are estimated to be $ 22.1 million on a future dollar basis. The NPV of the tax increment revenue stream is estimated at $11.0 million.

In addition, the Agency will transfer the JMA Parcel to the Developer for the fair reuse value of the JMA Parcel. The reuse value of the JMA Parcel is estimated at $900,000 on both a future dollar and NPV basis.

Overall, the total resources to be generated by the DDA are estimated at $23.0 million on a future value basis. The NPV of resources is estimated at $11.9 million.

Net Cost of the Agreement

The net cost of the agreement to the Agency is shown below. Table 4 to this Report provides a cash flow analysis showing how the net costs were derived. The net cost of the agreement is summarized in the table below.

Summary of Net Cost	
Net Present Value of Costs	$12,385
Net Present Value of Resources	11,930
Net Cost of Agreement	**($455)**

Table 3
Foster City Community Development Agency
Marlin Cove Project Area

PROJECTION OF INCREMENTAL TAX REVENUE
(000's Omitted)

Fiscal Year	(1) Total Real Property	Other (2) Property	Total Value	Value (3) Over Base O $10,238	Total Tax Increment	Property Tax Admin. Fees	Housing Set-Aside	Taxing (4) Entity Share	Discretionary Tax Increment Revenue	Total (5) Tax Increment To Agency	Present Value @ 3%
1998 - 1999	$9,712	$526	$10,238	$0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999 - 2000	9,907	526	10,432	194	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000 - 2001	12,252	322	12,574	2,336	23	0	3	5	15	18	18
2001 - 2002	51,492	790	52,282	42,043	420	8	57	82	272	330	311
2002 - 2003	52,522	790	53,311	43,073	431	9	59	84	279	338	309
2003 - 2004	53,572	790	54,362	44,124	441	9	60	86	286	346	307
2004 - 2005	54,643	790	55,433	45,195	452	9	61	89	293	354	306
2005 - 2006	55,736	790	56,526	46,288	463	9	63	91	300	363	304
2006 - 2007	56,851	790	57,641	47,403	474	9	64	93	307	372	302
2007 - 2008	57,988	790	58,778	48,540	485	10	66	95	315	381	300
2008 - 2009	59,148	790	59,938	49,699	497	10	68	97	322	390	299
2009 - 2010	60,331	790	61,121	50,882	509	10	69	102	328	397	295
2010 - 2011	61,537	790	62,327	52,089	521	10	71	106	334	404	292
2011 - 2012	62,768	790	63,558	53,320	533	11	73	111	339	412	289
2012 - 2013	64,024	790	64,813	54,575	546	11	74	115	345	420	286
2013 - 2014	65,304	790	66,094	55,855	559	11	76	120	352	428	283
2014 - 2015	66,610	790	67,400	57,162	572	11	78	125	358	436	280
2015 - 2016	67,942	790	68,732	58,494	585	12	80	129	364	444	277
2016 - 2017	69,301	790	70,091	59,853	599	12	81	134	371	452	274
2017 - 2018	70,687	790	71,477	61,239	612	12	83	139	377	461	271
2018 - 2019	72,101	790	72,891	62,652	627	13	85	145	384	469	268
2019 - 2020	73,543	790	74,333	64,094	641	13	87	150	391	478	265
2020 - 2021	75,014	790	75,804	65,565	656	13	89	155	398	487	262
2021 - 2022	76,514	790	77,304	67,066	671	13	91	161	405	497	259
2022 - 2023	78,044	790	78,834	68,596	686	14	93	166	413	506	256
2023 - 2024	79,605	790	80,395	70,157	702	14	95	172	420	516	254
2024 - 2025	81,197	790	81,987	71,749	717	14	98	178	428	525	251
2025 - 2026	82,821	790	83,611	73,373	734	15	100	184	436	535	248
2026 - 2027	84,478	790	85,268	75,029	750	15	102	190	444	546	246
2027 - 2028	86,167	790	86,957	76,719	767	15	104	196	452	556	243
2028 - 2029	87,891	790	88,680	78,442	784	16	107	202	460	567	240
2029 - 2030	89,648	790	90,438	80,200	802	16	109	210	466	576	237
2030 - 2031	91,441	790	92,231	81,993	820	16	161	219	424	585	234
2031 - 2032	93,270	790	94,060	83,822	838	17	164	228	430	594	231
2032 - 2033	95,136	790	95,925	85,687	857	17	168	237	435	603	227
2033 - 2034	97,038	790	97,828	87,590	876	18	172	246	441	613	224
2034 - 2035	98,979	790	99,769	89,531	895	18	175	255	447	623	221
2035 - 2036	100,959	790	101,748	91,510	915	18	179	264	453	633	218
2036 - 2037	102,978	790	103,768	93,529	935	19	183	274	459	643	215
2037 - 2038	105,037	790	105,827	95,589	956	19	187	284	466	653	212
2038 - 2039	107,138	790	107,928	97,690	977	20	191	294	472	664	210
2039 - 2040	109,281	790	110,071	99,832	998	20	196	304	479	675	207
2040 - 2041	111,466	790	112,256	102,018	1,020	20	200	314	486	686	204
2041 - 2042	113,696	790	114,486	104,247	1,042	21	204	325	492	697	201
2042 - 2043	115,970	790	116,760	106,521	1,065	21	209	336	499	708	199
2043 - 2044	118,289	790	119,079	108,841	1,088	22	213	347	507	720	196
CUMULATIVE TOTALS					**30,542**	**611**	**4,951**	**7,835**	**17,145**	**22,096**	**11,030**

(1) Prior Year Real Property, less acquisition and demolition, increased by 2 percent per year. Includes new development value.
(2) Includes the value of secured and unsecured personal property.
(3) Reflects base year value per Report to City Council.
(4) Tax sharing payments per the provisions of the CRL.
(5) Includes housing set-aside and discretionary tax increment.
(6) Equals 30 percent of total tax increment.

Table 4
Foster City Community Development Agency
Marlin Cove Project Area
Podell DDA

CASH FLOW ANALYSIS
(000's Omitted)

	Total	Net Present Value	0 1999-2000	1 2000-2001	2 2001-2002	3 2002-2003	4 2003-2004	5 2004-2005	6 2005-2006	7 2006-2007	8 2007-2008
Costs											
Land Assembly	1,660	1,660	1,660								
Agency Grant											
Up Front Payment	4,000	4,000	4,000								
Repayment over Time	1,647	1,000	110	110	110	110	110	110	110	110	110
Tax Increment Subsidy	5,177	3,175		7	126	129	132	136	139	142	146
Utility Subsidy	1,460	913		36	37	37	38	39	40	41	41
Low Rental Subsidy	0	0									
Park In Lieu Fees	2,295	1,536		153	153	153	153	153	153	153	153
Other Costs	102	101	88	7	7						
Total Costs	**16,342**	**12,385**	**5,858**	**313**	**433**	**429**	**433**	**437**	**441**	**446**	**450**
Resources											
Tax Increment to Agency	22,096	11,030		18	330	338	346	354	363	372	381
Land Sale Proceeds	900	900	900								
Total Resources	**22,996**	**11,930**	**900**	**18**	**330**	**338**	**346**	**354**	**363**	**372**	**381**
Net Cost	**6,654**	**(455)**	**(4,958)**	**(294)**	**(103)**	**(92)**	**(87)**	**(83)**	**(79)**	**(74)**	**(69)**

Table 4
Foster City Community Developm
Marlin Cove Project Area
Podell DDA

CASH FLOW ANALYSIS
(000's Omitted)

	9 2008- 2009	10 2009- 2010	11 2010- 2011	12 2011- 2012	13 2012- 2013	14 2013- 2014	15 2014- 2015	16 2015- 2016	17 2016- 2017	18 2017- 2018	19 2018- 2019	20 2019- 2020
Costs												
Land Assembly												
Agency Grant												
Up Front Payment												
Repayment over Time	110	110	110	110	110	110						
Tax Increment Subsidy	149	153	156	160	164	168	171	175	180	184	188	192
Utility Subsidy	42	43	44	45	46	47	48	48	49	50	51	52
Low Rental Subsidy												
Park In Lieu Fees	153	153	153	153	153	153	153					
Other Costs												
Total Costs	**454**	**458**	**463**	**468**	**472**	**477**	**372**	**224**	**229**	**234**	**239**	**245**
Resources												
Tax Increment to Agency	390	397	404	412	420	428	436	444	452	461	469	478
Land Sale Proceeds												
Total Resources	**390**	**397**	**404**	**412**	**420**	**428**	**436**	**444**	**452**	**461**	**469**	**478**
Net Cost	**(64)**	**(62)**	**(59)**	**(56)**	**(52)**	**(48)**	**64**	**220**	**223**	**227**	**230**	**234**

Table 4
Foster City Community Developm
Marlin Cove Project Area
Podell DDA

CASH FLOW ANALYSIS
(000's Omitted)

	21 2020- 2021	22 2021- 2022	23 2022- 2023	24 2023- 2024	25 2024- 2025	26 2025- 2026	27 2026- 2027	28 2027- 2028	29 2028- 2029	30 2029- 2030	31 2030- 2031	32 2031- 2032
Costs												
Land Assembly												
Agency Grant												
Up Front Payment												
Repayment over Time												
Tax Increment Subsidy	197	201	206	210	215	220	225	230	235	241	0	0
Utility Subsidy	53	55	56	57	58	59	60	61	63	64		
Low Rental Subsidy												
Park In Lieu Fees												
Other Costs												
Total Costs	**250**	**256**	**261**	**267**	**273**	**279**	**285**	**292**	**298**	**305**	**0**	**0**
Resources												
Tax Increment to Agency	487	497	506	516	525	535	546	556	567	576	585	594
Land Sale Proceeds												
Total Resources	**487**	**497**	**506**	**516**	**525**	**535**	**546**	**556**	**567**	**576**	**585**	**594**
Net Cost	**237**	**241**	**245**	**248**	**252**	**256**	**260**	**264**	**269**	**271**	**585**	**594**

Table 4
Foster City Community Developm
Marlin Cove Project Area
Podell DDA

CASH FLOW ANALYSIS
(000's Omitted)

	33 2032- 2033	34 2033- 2034	35 2034- 2035	36 2035- 2036	37 2036- 2037	38 2037- 2038	39 2038- 2039	40 2039- 2040	41 2040- 2041	42 2041- 2042	43 2042- 2043	44 2043- 2044
Costs												
Land Assembly												
Agency Grant												
Up Front Payment												
Repayment over Time												
Tax Increment Subsidy	0	0	0	0	0	0	0	0	0	0	0	0
Utility Subsidy												
Low Rental Subsidy												
Park In Lieu Fees												
Other Costs												
Total Costs	0	0	0	0	0	0	0	0	0	0	0	0
Resources												
Tax Increment to Agency	603	613	623	633	643	653	664	675	686	697	708	720
Land Sale Proceeds												
Total Resources	603	613	623	633	643	653	664	675	686	697	708	720
Net Cost	603	613	623	633	643	653	664	675	686	697	708	720

The net cost of the agreement to the Agency is $455,000 on an NPV basis.

It should be noted that the Agency intends to fund a portion of it's costs (i.e. land assembly and the Agency Grant) from the housing set-aside revenues available from the Community Development Project Area. The deficits shown on Table 4 will be covered from this source of revenue.

ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED

This section of the Report is being provided under separate cover.

ELIMINATION OF BLIGHT

The Redevelopment Plan for the Project Area was adopted in January, 1999. At the time of adoption, the Agency's Report to the City Council provided extensive documentation on blighting conditions in the Project Area. The following information was contained in that Report and summarized the blighting conditions in the Project Area.

Physical Blighting Conditions

Deterioration

Six of the seven buildings in the Marlin Cove Shopping Center exhibit either deferred maintenance or are in need of moderate rehabilitation. While the buildings are not about to collapse, their deteriorated appearance adds to the negative perception of the shopping center. Chipped and peeling paint (including paint "patching" to cover graffiti), damaged roofing materials, and damaged exterior building materials were all observed at Marlin Cove during a survey of building and site conditions. Two of the buildings fronting the lagoon are suffering from foundation damage due to soil settling.

Defective Construction

Characteristics of defective construction include those buildings with buckled or missing foundations, substandard exterior building material, and faulty additions. Marlin Cove, due to problems experienced with soil settling, exhibits defective construction. Because of poor soil compaction when the center was originally built, the foundations of the two structures on the northern edge of the center have experienced buckling and cracking. Along with the damage to the structures due to the soil settling over the life of the shopping center, the sewage and drainage system of the center has also been affected.

Substandard Design

Within the Project Area obsolescence of the retail and office space configurations is the most prevalent indicator of substandard design. The buildings which comprise the

Marlin Cove shopping center suffer from two characteristics which indicate their obsolescence and substandard design: 1) inadequate size and 2) insufficient infrastructure (telephone, electric, and computer) for modern office uses.

Economic Blighting Conditions

Depreciated or Stagnant Assessed Values

To gauge the economic health of the shopping center, a comparison of its property values to the City and County values was prepared. When assessed values are increasing at a comparable rate to surrounding areas and the region, it is often an indicator of a healthy local economy. Conversely, if assessed values are stagnant or declining, especially at a rate greater than the surrounding area and region, the economy is likely to be in a state of decline. The assessed property values of Marlin Cove have been stagnant over the past six years, while the City and County values have significantly increased.

Impaired Investments - Hazardous Waste

According to Brady/LSA, consultants preparing the Environmental Impact Report, three sites within the Marlin Cove shopping center contain contaminated soils and contaminated groundwater.

Impaired Investments - Declining Retail Sales

The amount of retail sales tax collected by Foster City from the businesses at Marlin Cove is an indicator of the economic health of the businesses in the center. Sales tax collected is directly proportional to the amount of sales done by businesses in the center, and, when compared to Citywide trends, can measure the relative economic strength of both the businesses and the shopping center as a whole. Based on figures provided by Foster City, retail sales tax collections at Marlin Cove have declined 18 percent in the past five years, compared with a 185 percent increase in sales tax revenues Citywide.

Abnormally High Business Vacancies

According to the property management firm at Marlin Cove, the shopping center is experiencing a vacancy rate of 30.42 percent for retail space and 17.94 percent for office space. Countywide, retail and office vacancies are less than 5 percent. The high vacancy rate at Marlin Cove can be attributed to the low demand for the center's tenant space due to the physical blight and declining number of shoppers to the shopping center.

Low Lease Rates

Similar to the existence of high business vacancies, low lease rates are also an indicator of economic blight in an area. Retail and office lease rates at Marlin Cove range from $.49 to $1.49 per square foot/month, while similar rates throughout San Mateo County range from $1.00 to $3.28 per square foot/month. Also, in comparison to other shopping centers in Foster City, Marlin Cove lease rates are at least 40 percent lower.

Implementation of the DDA will result in the removal of the blighting conditions described above. Per the DDA, a portion of the Site will be converted to residential uses. As part of that process, the portions of the Site suffering from deterioration, defective construction and substandard design will be removed. The sewage and drainage systems that have been damaged in the past will be replaced.

Those portions of the Site to remain in commercial use will either be reconstructed or be rehabilitated (in the case of Falletti's Market). Redeveloping the shopping center to a mixed-use development will also result in the removal of hazardous materials from the Site. New construction on the Site will also significantly increase the assessed value of the Site and provide the tax increment resources needed to assist in redevelopment of the Site. The Agency anticipates that the remaining commercial portions of the Site will be fully leased at comparable rents to the surrounding area and eliminate the problem of vacancies and low lease rates.

CONSISTENCY WITH IMPLEMENTATION PLAN

The Agency's Implementation Plan for the Project Area was approved at the time the Redevelopment Plan was adopted. The Implementation Plan includes the projects, programs and expenditures of the Agency; the goals and objectives for the Project Area; and a discussion of how the projects and programs will assist in blight elimination. In addition, the Implementation Plan includes a plan for the creation of new affordable housing.

The Agency's Implementation Plan includes eight goals to be achieved during the five-year period of the Plan. Each of these goals is related to the DDA. Three of these goals have been highlighted below to show how they relate to the DDA.

Goal 1: The elimination and prevention of the spread of blight and deterioration; and the conservation, rehabilitation and redevelopment of the Project Area in

accordance with the General Plan, specific plans, the Redevelopment Plan and local codes and ordinances.

How DDA Meets Goal 1: As described in the previous portion of this Report, implementation of the DDA will result in the alleviation of each of the blighting conditions found in the Project Area.

Goal 5: The expansion of the community's supply of housing, including opportunities for low- and moderate-income households.

How DDA Meets Goal 5: The DDA will result in the creation of 264 units of rental housing. Of these, thirty percent, or 79 units, will be maintained as affordable housing units.

Goal 7: To replan, redesign and develop the area which is stagnant or improperly used.

How DDA Meets Goal 7: The DDA will result in the conversion of the Project Area from a commercial use to a mixed-use development. This will result in the elimination of the stagnation of the Site.

The Implementation Plan also includes a set of programs to be undertaken. The programs to be undertaken that are relevant to the DDA included:

- Development Assistance: This program envisioned Agency assistance with land acquisition, site preparation, offsite improvements, toxic remediation and relocation assistance. Each of these elements of the program are being implemented through the Agency grant and assistance with site assembly.
- Housing Program: The Agency housing program was assumed to include funding assistance for affordable housing. The Agency Subsidy meets this provision of the program.

Given the above, the DDA is consistent with the goals, objectives, projects and programs contained in the Implementation Plan.

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Appendix A
Health and Safety Code
Section 33433

33433 (a) (1) Except as provided in subdivision (c), before any property of the agency acquired in whole or in part, directly or indirectly, with tax increment moneys is sold or leased for development pursuant to the redevelopment plan, the sale or lease shall first be approved by the legislative body by resolution after public hearing. Notice of the time and place of the hearing shall be published in a newspaper of general circulation in the community at least once per week for at least two successive weeks, as specified in Section 6066* of the Government Code, prior to the hearing.

(2) The agency shall make available, for public inspection and copying at a cost not to exceed the cost of duplication, a report no later than the time of publication of the first notice of the hearing mandated by this section. This report shall contain both of the following:

(A) A copy of the proposed sale or lease.

(B) A summary which describes and specifies all of the following:

(i) The cost of the agreement to the agency, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the agency, plus the expected interest on any loans or bonds to finance the agreements.

(ii) The estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the plan.

(iii) The estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease. The purchase price or present value of the lease payments which the lessor will be required to make during the term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use consistent with the redevelopment plan, then the agency shall provide as part of the summary an explanation of the reasons for the difference.

(iv) An explanation of why the sale or lease of the property will assist in the elimination of blight with reference to all supporting facts and materials relied upon in making this explanation.

(v) The report shall be made available to the public no later than the time of publication of the first notice of the hearing mandated by this section.

(b) The resolution approving the lease or sale shall be adopted by a majority vote unless the legislative body has provided by ordinance for a two-thirds vote for that purpose and shall contain a finding that the sale or lease of the property will assist in the elimination of blight or provide housing for low- or moderate-income persons, and is consistent with the

implementation plan adopted pursuant to Section 33490. The resolution shall also contain one of the following findings:

(1) The consideration is not less than the fair market value at its highest and best use in accordance with the plan.

(2) The consideration is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the sale or lease.

(c) (1) Subdivisions (a) and (b) shall not apply to the sale or lease of a small housing project, as defined in Section 33013, if the legislative body adopts a resolution that authorizes the agency to sell or lease a small housing project pursuant to this subdivision. The agency may sell or lease a small housing project pursuant to this subdivision if, prior to the sale or lease, the agency holds a public hearing pursuant to Section 33431. Any agency that has sold or leased a small housing project pursuant to this subdivision shall, within 30 days after the end of the agency's fiscal year in which the sale or lease occurred, file a report with the legislative body which discloses the name of the buyer, the legal description or street address of the property, the date of the sale or lease, the consideration for which the property was sold or leased by the agency to the buyer or lessee, and the date on which the agency held its public hearing for the sale or lease, pursuant to Section 33431.

DUPLICATE ORIGINAL
RECEIVED
2001
COMMUNITY DEVELOPMENT

FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT

This First Amendment to Disposition and Development Agreement is made as of June 4, 2001, by and between PWM RESIDENTIAL VENTURE LLC, a California limited liability company, having offices at 1201 Howard Avenue, Burlingame, California 94010 ("Developer"), and the COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF FOSTER CITY, a public body, corporate and politic, of the State of California, having offices at 610 Foster City Boulevard, Foster City, California 94404 ("Agency").

RECITALS:

Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the DDA (defined below).

A. Agency and Developer's affiliate, M.H. Podell Company, entered into that certain Disposition and Development Agreement dated November 15, 1999, as amended by that certain First Implementation Agreement dated February 22, 2000 (collectively, the "DDA"). M.H. Podell Company assigned its rights under the DDA to Developer pursuant to that certain Assignment of Disposition and Development Agreement dated February 22, 2000.

B. The DDA provides, among other things, for the acquisition, assembly, disposition and development of certain real property (the "Site") included within the boundaries of the Marlin Cove Redevelopment Project, more particularly described in the DDA, all in accordance with the Redevelopment Plan for said Project.

C. Pursuant to the DDA, Developer has entered into an Affordable Housing Covenant dated August 7, 2000, and recorded on, August 11, 2000, as Instrument No. 2000-099215 in the Official Records of the County of San Mateo, California, as supplemented by that certain Supplemental Affordable Housing Covenant dated as of, and recorded on, September 18, 2000, as Instrument No. 2000-115687 (collectively, the "Covenant"), encumbering the residential portion of the Site (the "Property").

D. Certain of Developer's obligations under the Covenant are secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of, and recorded on, August 11, 2000, as Instrument No. 2000-099216 in the Official Records of the County of San Mateo, California, as supplemented by that certain Supplemental Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of, and recorded on, September 18, 2000, as Instrument No. 2000-115688 (collectively, the "Agency Deed of Trust").

E. Pursuant to the DDA, Agency has disbursed to Developer $4,900,000, which amount represents a portion of the $5,900,000 Agency Grant, to pay a portion of the cost of acquiring the Property.

F. At the request of Developer, the City of Foster City, in cooperation with Agency, approved an increase in density of the Project from two hundred sixty four (264) rental housing units to two hundred eighty (280) rental housing units.

G. Pursuant to the DDA and the Covenant, eighty-four (84) of the two hundred eighty (280) rental housing units to be constructed on the Property must be designated as Affordable Units and are required to be rent-restricted and occupied by very low, lower, and moderate income households as more particularly described in the Covenant.

H. By letter dated June 7, 2000, Developer requested Agency's assistance in applying for tax exempt bond funding from the California Debt Limit Allocation Committee ("CDLAC") to reduce the cost of financing the Project. Agency agreed to support Developer's application to CDLAC on the condition that the DDA be amended to reduce the amount of rental subsidy provided by Agency's pledge of Tax Increment Subsidy and to increase the percentage of Affordable Units restricted to occupancy by very-low income households in the event CDLAC awarded tax exempt bond funding to Developer. Developer has received $30,000,000 in tax exempt bond financing (the "Bond Financing").

I. As a result of the increase in density of the residential project, Developer returned to Agency, on or about January 9, 2001, a portion of the Agency Grant in the amount of $544,318.

J. Developer and Agency now desire to amend the DDA, the Covenant and the Agency Deed of Trust (i) to reflect Developer's return of a portion of the Agency Grant as a result of an increase in density of the residential project, (ii) to modify the mix of Affordable Units, (iii) to reduce the amount of rental subsidy provided by Agency's pledge of Tax Increment Subsidy to reflect changes in sources of financing for the Project, and (iv) to make other changes related thereto.

AGREEMENTS:

NOW THEREFORE, in consideration of the foregoing recitals, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer and Agency hereby agree as follows:

1. Return of Portion of the Agency Grant. Agency acknowledges that on or about January 9, 2001, Developer returned to Agency a portion of the Agency Grant in the amount of FIVE HUNDRED FORTY FOUR THOUSAND THREE HUNDRED EIGHTEEN DOLLARS ($544,318).

2. Amendment of Section 604. The second sentence of the Paragraph 1 of Section 604 of the DDA is deleted in its entirety and replaced with the following:

"The Agency hereby pledges to Developer annually thirty percent (30%) of the Net Tax Increment generated from the Site ("Tax Increment Subsidy")."

3. Amendment of Affordable Housing Covenant. Concurrently herewith, Developer shall execute, acknowledge and deliver to Agency, for recordation in the Official Records of San Mateo County, a First Amendment to Affordable Housing Covenant in the form attached here as Attachment No. 1. Costs of recording the First Amendment to Affordable Housing Covenant shall be paid by Developer.

4. Modification of Deed of Trust. Concurrently herewith, Developer shall execute, acknowledge and deliver to Agency, for recordation in the Official Records of San Mateo County, a First Modification to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing in the form attached here as Attachment No. 2. Costs of recording the First Modification to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing shall be paid by Developer.

5. No Default. Agency acknowledges and agrees that as of the date of this First Amendment, no Event of Default by Developer has occurred under the DDA.

6. Subordination of Bank Deed of Trust. Developer shall utilize diligent good faith efforts to cause Developer's construction lender, Bank of the West, to subordinate the lien of Bank of the West's deed of trust(s) to the Covenant, as amended by the First Amendment to Affordable Housing Covenant.

7. Total Acquisition Costs. Agency acknowledges and agrees that as of the date of this First Amendment, Developer has paid to Agency all Total Acquisition Costs incurred in connection with the Project, other than (i) the invoice from Agency to Developer dated February 22, 2001, (ii) legal fees incurred or to be incurred in connection with this First Amendment, the subordination of the Bank of the West loan documents to the Covenant, as amended, and the subordination of the Agency Deed of Trust to the loan documents of Developer's permanent financing lender, and (iii) that portion of Total Acquisition Costs incurred or to be incurred in connection with the acquisition of the Baskin-Robbins and Sneak Preview leasehold interests and relocation of such tenants from the Project.

8. No Other Amendment. Except as amended hereby, the DDA remains unmodified and in full force and effect.

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

COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF FOSTER CITY, a public body
corporate and politic

By:_____
Chair

Attest:_____
Agency Secretary

"AGENCY"

Approved as to form:

McDonough, Holland & Allen

By:_____
Agency Counsel

PWM RESIDENTIAL VENTURE LLC, a
California limited liability company

By:_____
Nick Podell,
President

"DEVELOPER"

City of Foster City

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

610 FOSTER CITY BOULEVARD
FOSTER CITY, CA 94404-2222
(650) 286-3200
FAX (650) 574-3483

June 13, 2001

Nick and Alex Podell
M.H. Podell
1201 Howard Avenue
Burlingame, CA 94010

Subject: First Amendment to the Disposition and Development Agreement for the Marlin Cove Redevelopment Project

Dear Messrs. Podell:

Enclosed please find a fully executed First Amendment to the Disposition and Development Agreement between the Foster City Community Development Agency and PWM Residential Venture, LLC.

Should you have any questions regarding the enclosed, please feel free to call me at (650) 286-3252.

Sincerely,

Doris L. Palmer
Deputy Secretary

Cc: Gerald J. Ramiza, McDonough, Holland & Allen, 1999 Harrison Street, Suite 1300, Oakland CA 94612
Diane McGrath, Deputy Executive Director, FC Community Development Agency
Ricardo Santiago, Foster City Finance Director

COUNTY OF SAN MATEO
FOSTER CITY
LIMITATIONS ON REPAYMENT OF SERAF AND CITY LOANS Per 34176 (e)(6)(B) and 34191.4 (b)(2)

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

Maximum Allowable Repayment for FY 2019-20

Residual in FY 2012-13				
ROPS II Residual			173,902	*June 2012 Distribution*
ROPS III Residual			8,009	*January 2013 Distribution*
	(A)	$	181,912	
Residual in FY 2018-19				
ROPS 18-19A Residual			387,362	*June 2018 Distribution*
ROPS 18-19B Residual			192,424	*January 2019 Distribution*
	(B)	$	579,786	
Increase in Residual over FY 2012-13	(C)	$	397,874	
Not To Exceed Amount (50% of Increase)	(D)	$	198,937	
Reported Loan Repayments				
ROPS 19-20A - (July to December)			138,133	
ROPS 19-20B - (January to June)			0	
	(E)	**$**	**138,133**	
Amount Exceeded, (E) - (D)		$	-	

Projected General Fund Loan Repayment Installation Schedule (as approved by the CA Dept of Finance on November 10, 2014) - **Exhibit C Page 45**

	Payments	Principal Balance
9/9/2014		1,115,696.87
7/1/2016	(11,806.59)	1,103,890.28
7/1/2017	(34,723.55)	1,069,166.73
7/1/2018	(45,720.37)	1,023,446.36
7/1/2019	(114,330.67)	909,115.69

Actual Amount requested and/or approved on ROPS

		Payments	Principal Balance
9/9/2014			1,115,697
7/1/2017	ROPS 17-18	(22,815)	1,092,882
7/1/2019	Requested on ROPS 19-20, Item 11	(138,133)	954,749

DEPARTMENT OF FINANCE
EDMUND G. BROWN JR. ▪ GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

November 10, 2014

Mr. James C. Hardy, City Manager
City of Foster City
610 Foster City Boulevard
Foster City, CA 94404

Dear Mr. Hardy:

Subject: Approval of Oversight Board Action

This letter supersedes the California Department of Finance's (Finance) November 10, 2014 Oversight Board (OB) Resolution No. 2014-005 determination letter. A revision was necessary to correct a clerical error. The City of Foster City Successor Agency (Agency) notified Finance of its September 10, 2014 OB Resolution on September 25, 2014. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 2014-005 approving an agreement regarding reinstatement of a City of Foster City (City) loan made to the Former Redevelopment Agency is approved.

The Agency received a Finding of Completion on June 27, 2013. As a result of the OB finding the loan was for valid redevelopment purposes, the Agency may now place the loan on the Recognized Obligation Payment Schedule (ROPS). However, the repayment of the City loan is subject to the repayment formula outlined in HSC section 34191.4 (b) (2) (A). HSC section 34191.4 (b) (2) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the 2012-13 base year.

In addition, HSC section 34191.4 (b) (2) requires the interest be calculated from loan origination at the Local Agency Investment Fund (LAIF) rate. The accumulated interest on the loan should be recalculated from the date of loan origination using the quarterly LAIF interest rate at the time when the Agency's OB makes a finding that the City loan was for legitimate redevelopment purposes. This will supersede any existing interest rates in the loan agreement. Therefore, the repayment amounts of the agreements are subject to Finance's review and approval on subsequent ROPS.

This is Finance's determination with respect to the OB action taken.

Please direct inquiries to Wendy Griffe, Supervisor or Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Acting Program Budget Manager

cc: Ms. Lin-Lin Cheng, Finance Director, City of Foster City
Mr. Bob Adler, Auditor-Controller, County of San Mateo
California State Controller's Office

RESOLUTION No. 2014-005

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF FOSTER CITY APPROVING AN AGREEMENT REGARDING REINSTATEMENT OF A CITY LOAN MADE TO THE FORMER REDEVELOPMENT AGENCY

WHEREAS, pursuant to authority granted under Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq*.) ("CRL"), the former City of Foster City Community Development Agency ("Redevelopment Agency") had responsibility to implement the Redevelopment Plans for the Project One Community Development Project, the Marlin Cove Community Development Project, and the Hillsdale/Gull Community Development Project (collectively, the "Project Areas"); and

WHEREAS, pursuant to Resolution No. 2012-2, adopted by the City Council of the City of Foster City ("City Council") on January 9, 2012, the City of Foster City ("City") agreed to serve as the successor agency to the Redevelopment Agency ("Successor Agency") commencing upon dissolution of the Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill x1 26; and

WHEREAS, pursuant to Health and Safety Code Section 33220, the City was authorized to assist the Redevelopment Agency for the purpose of aiding and cooperating in the planning, undertaking, construction, and operation of redevelopment projects located within the jurisdiction of the City, upon the terms and with or without consideration as the City determined; and

WHEREAS, pursuant to Health and Safety Code Section 33445, the Redevelopment Agency was authorized to enter into agreements with the City pursuant to which the Redevelopment Agency would agree to reimburse the City for funds provided by the City for the cost of installation and construction of public improvements, structures and facilities located within or outside the Project Area; and

WHEREAS, pursuant to Health and Safety Code Sections 33132 and 33601, the Redevelopment Agency was authorized to borrow money and accept financial assistance from the City for redevelopment projects located within the Redevelopment Agency's jurisdiction; and

WHEREAS, consistent with the foregoing authority, the City made a loan to the Redevelopment Agency in the original principal amount of $5,000,000, in accordance with the terms set forth in City Council Resolution No. 2005-44 and Redevelopment Agency Resolution No. 247, each dated June 6, 2005, for the purpose of advancing funds to assist in the redevelopment of the Project Areas including the funding of capital improvement projects (the "Loan"); and

WHEREAS, pursuant to Health and Safety Code Section 34191.4(b), once a successor agency has received a Finding of Completion pursuant to Health and Safety Code Section 34179.7, loan agreements entered into between the redevelopment agency and the entity that created the redevelopment agency ("Sponsoring Jurisdiction Loans") shall be deemed to be enforceable obligations provided that the successor agency's oversight board makes a finding that the Sponsoring Jurisdiction Loans were for legitimate redevelopment purposes; and

WHEREAS, the Successor Agency received a Finding of Completion on June 27, 2014; and

WHEREAS, Health and Safety Code Section 34191.4(b)(2) provides that: (i) the accumulated interest on Sponsoring Jurisdiction Loans shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund ("LAIF"), (ii) Sponsoring Jurisdiction Loans shall be repaid to the sponsoring jurisdiction in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into LAIF, and (iii) the annual amount of repayments on Sponsoring Jurisdiction Loans provided for in the Recognized Obligation Payment Schedule ("ROPS") is subject to specified limitations; and

WHEREAS, Successor Agency staff have prepared an Agreement Regarding Reinstatement of Loan (the "Agreement") which provides for repayment of the Loan in accordance with the requirements of Health and Safety Code Section 34191.4(b) and commits the City to use the Loan repayment proceeds in accordance with Health and Safety Code Section 34191.4(b).

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency to the Community Development Agency of the City of Foster City, as follows:

1. The Oversight Board hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the adoption of this Resolution.

2. The Oversight Board hereby finds and determines that the Loan was made for legitimate redevelopment purposes.

3. The Agreement is approved, and the Executive Director of the Successor Agency or his designee is authorized to execute the Agreement on behalf of the Successor Agency substantially in the form presented with the staff report accompanying this Resolution.

4. The Successor Agency is authorized and directed to list the Agreement and the repayment of the Loan on the Successor Agency's ROPS for the July 1 to December 31, 2016 period ("ROPS 16-17A") and for each succeeding ROPS period until the Loan is repaid in full in accordance with the Agreement.

5. The Executive Director and his designees are authorized to take such further actions as may be necessary to carry out the intent of this Resolution.

PASSED AND ADOPTED a resolution of the Oversight Board of the Successor Agency to the Community Development Agency of the City of Foster City at the regular meeting held on the 10th day of September, 2014, by the following vote:

AYES: Members Acree, Koelling, McManus, Wykoff and Chair Bennett

NOES: None

ABSENT: Members Keller and Wilson

ABSTAIN: None

DICK W. BENNETT, CHAIRPERSON

ATTEST:

LIN-LIN CHENG, SECRETARY

ORIGINAL

AGREEMENT REGARDING REINSTATEMENT OF LOAN
(City of Foster City/Successor Agency to the City of Foster City
Community Development Agency)

THIS AGREEMENT REGARDING REINSTATEMENT OF LOAN (this "**Agreement**") is entered into effective as of September 10, 2014 (**"Effective Date"**) by and between the Successor Agency to the City of Foster City Community Development Agency (**"Successor Agency"**) and the City of Foster City, a municipal corporation (**"City").** The Successor Agency and the City are hereinafter collectively referred to as the "**Parties**."

RECITALS

A. Pursuant to authority granted under Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*) ("**CRL**"), the former City of Foster City Community Development Agency ("**Redevelopment Agency**") had responsibility to implement the Redevelopment Plans for the Project One Community Development Project, Marlin Cove Community Development Project and the Hillsdale/Gull Community Development Project (collectively, the **"Project Areas"**).

B. Pursuant to Resolution No. 2012-2, adopted by the City Council of the City of Foster City ("**City Council**") on January 9, 2012, the City agreed to serve as the successor agency to the Redevelopment Agency commencing upon dissolution of the Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill x1 26.

C. Pursuant to Health and Safety Code Section 33220, the City was authorized to assist the Redevelopment Agency for the purpose of aiding and cooperating in the planning, undertaking, construction, and operation of redevelopment projects located within the jurisdiction of the City, upon the terms and with or without consideration as the City determined.

D. Pursuant to Health and Safety Code Section 33445, the Redevelopment Agency was authorized to enter into agreements with the City pursuant to which the Redevelopment Agency would agreed to reimburse the City for funds provided by the City for the cost of installation and construction of public improvements, structures and facilities located within or outside the Project Areas.

E. Pursuant to Health and Safety Code Sections 33132 and 33601, the Redevelopment Agency was authorized to borrow money and accept financial assistance from the City for redevelopment projects located within the Redevelopment Agency's jurisdiction.

F. Consistent with the foregoing authority, the City made a loan to the Redevelopment Agency in the original principal amount of $5,000,000, in accordance with the terms set forth in City Council Resolution No. 2005-44 and Redevelopment Agency Resolution No. 247, each dated June 6, 2005, for the purpose of advancing funds to assist in the redevelopment of the Project Areas, including the funding of capital improvement projects (the "**Loan**").

G. Pursuant to Health and Safety Code Section 34191.4(b), once a successor agency has received a Finding of Completion pursuant to Health and Safety Code Section 34179.7, loan agreements entered into between the redevelopment agency and the entity that created the redevelopment agency ("**Sponsoring Jurisdiction Loans**") shall be deemed to be enforceable obligations provided that the successor agency's oversight board makes a finding that the Sponsoring Jurisdiction Loans were for legitimate redevelopment purposes.

H. The Successor Agency received a Finding of Completion on June 27, 2014.

I. Health and Safety Code Section 34191.4(b)(2) provides that: (i) the accumulated interest on Sponsoring Jurisdiction Loans shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund (**"LAIF"**), (ii) Sponsoring Jurisdiction Loans shall be repaid to the sponsoring jurisdiction in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into LAIF, and (iii) the annual amount of repayments for Sponsoring Jurisdiction Loans provided for in the Recognized Obligation Payment Schedule ("**ROPS**") is subject to specified limitations.

J. This Agreement provides for repayment of the Loan in accordance with the requirements of Health and Safety Code Section 34191.4(b), and commits the City to use the Loan repayment proceeds in accordance with Health and Safety Code Section 34191.4(b).

K. On September 10, 2014, the Oversight Board for the Successor Agency (**"Oversight Board"**) adopted Resolution No. 2014-005 pursuant to which the Oversight Board adopted findings determining that the Loan was made for legitimate redevelopment purposes as authorized by and consistent with the CRL, authorized the Successor Agency to enter into this Agreement, and authorized the Successor Agency to list this Agreement and repayment of the Loan on the ROPS.

NOW, THEREFORE, the Successor Agency and the City agree as follows:

1. Reinstatement of Loan; Outstanding Principal Balances. The Parties acknowledge and agree that pursuant to the facts stated in the foregoing Recitals, which by this reference are incorporated into this Agreement, the Loan constitutes an enforceable obligation, eligible to be listed on the Successor Agency's ROPS and repaid pursuant to and in accordance with Health and Safety Code Section 34191.4(b). The Parties acknowledge and agree that as of the Effective Date, the outstanding principal balance of the Loan is $1,115,696.87.

2. Interest Rate. In accordance with Health and Safety Code Section 34191.4(b)(2), the interest accumulated on the outstanding principal balance of the Loan from origination through the Effective Date (**"Accumulated Interest"**) is $15,567.76 based upon application of the LAIF Rate (defined below) in effect from time to time from the date of origination of the Loan through the Effective Date. When added to the outstanding $1,115,696.87 principal balance, the total due to the City for the Loan as of the Effective Date is $1,131,264.63.

Commencing upon the Effective Date, interest shall accrue on the outstanding principal balance of the Loan and the interest accrued thereon (including the Accumulated Interest) at a rate equal to the Local Agency Investment Fund Quarterly Apportionment Rate (the "**LAIF Rate**") in effect from time to time as posted on the State Treasurer's website (http://www.treasurer.ca.gov/pmia-laif/historical/quarterly.asp). The interest rate applicable to any payment due on the Loan, shall be the LAIF Rate in effect from time to time immediately prior to the date on which a ROPS that includes a payment hereunder is prepared and submitted to the Oversight Board for approval. Interest shall accrue in accordance with this Section until the Loan is repaid in full. Interest shall be calculated on the basis of a year of 365 days and charged for the actual number of days elapsed.

3. Repayment Term. The Loan shall be repaid in semi-annual installments in an amount not to exceed the sum determined pursuant to Health and Safety Code Section 34191.4(b)(2)(A) (i.e., in the aggregate, the payments made in each fiscal year shall not exceed one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 in each fiscal year and the amount distributed to the taxing entities pursuant to that paragraph in the 2012-13 base year). Payments shall be applied first to accrued interest, and then to outstanding principal.

If the amount of funds available to be distributed by the San Mateo County Auditor-Controller from the Redevelopment Property Tax Trust Fund for any ROPS period is not sufficient to fully fund the other enforceable obligations on the Successor Agency's ROPS, payments due on the Loan, and the administrative costs of the Successor Agency for that period, then the amount of the Loan payments due shall be reduced to the extent necessary to fully fund the other enforceable obligations and administrative costs. The reduced Loan payments shall be applied first to accrued interest and then to outstanding principal. In that event, the unpaid portion of the payment shall be deferred and the term for repayment of the Loan shall be extended for additional, successive semi-annual ROPS periods as necessary until all outstanding principal and accrued interest has been repaid in full.

As reflected in the attached Exhibit A, based on current projections, the Parties anticipate that the Loan will be repaid in full by not later than 2025.

4. Use of Loan Repayment Funds. The City shall use the Loan repayments in accordance with the requirements of Health and Safety Code Section 34191.4(b)(2)(B) and (C) to repay any amounts previously borrowed from the Low and Moderate Income Housing Fund of the Redevelopment Agency (if any) and to fund the City's Low and Moderate Income Housing Asset Fund established by the City in its capacity as the housing successor to the Redevelopment Agency. Any repayment amounts remaining after the foregoing obligations are satisfied may be used by the City for purposes identified in the discretion of the City Council.

5. Subordination. Notwithstanding any contrary provision hereof, the Parties agree that the Successor Agency's obligation to repay the Loan shall be subordinate to the pledge of tax increment revenue for the payment of debt service on tax allocation bonds or other indebtedness issued by the Redevelopment Agency, the payment of the Successor Agency's other enforceable obligations, and the payment of the Successor Agency's administrative costs.

6. Amendments. No amendment to or modification of this Agreement shall be effective unless and until such amendment or modification is in writing, properly approved in accordance with applicable procedures, and executed by the Parties.

7. Severability. If any term, provision, covenant, or condition set forth in this Agreement is held by the final judgment of a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions, covenants, and conditions shall continue in full force and effect to the extent that the basic intent of the Parties as expressed herein can be accomplished. In addition, the Parties shall cooperate in good faith in an effort to amend or modify this Agreement in a manner such that the purpose of any invalidated or voided provision, covenant, or condition can be accomplished to the maximum extent legally permissible.

8. No Third-Party Beneficiaries; Assignments. Nothing in this Agreement is intended to create any third-party beneficiaries to this Agreement, and no person or entity other than the Successor Agency and the City, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

9. Further Assurances. Each Party agrees to execute, acknowledge and deliver all additional documents and instruments, and to take such other actions as may be reasonably necessary to carry out the intent of the transactions contemplated by this Agreement.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

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

SIGNATURES ON FOLLOWING PAGES.

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

CITY:

CITY OF FOSTER CITY

By: James C. Hardy
James C. Hardy, City Manager

Attest: Doris L. Palmer
Doris L. Palmer, City Clerk

Approved as to form:

By: Jean B. Savaree
Jean B. Savaree, City Attorney

SUCCESSOR AGENCY:

SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF FOSTER CITY

By: James C. Hardy
James C. Hardy, Executive Director

Attest: Doris L. Palmer
Doris L. Palmer, Secretary

Approved as to form:

By: Gerald J. Ramiza
Gerald J. Ramiza, Successor Agency Counsel

Exhibit A

SUCCESSOR AGENCY CASH FLOW FORECAST – CITY LOAN REPAYMENT

Successor Agency of the Foster City Community Development Agency

Projected General Fund Loan Repayment Installment Schedule

(for illustration purposes only, subject to adjustments based on the provisions of the Restated Loan Agreement)

Pmt #	Date	Payment applied to Principal	Payment applied to Interest	Total Payment Amount	Accumulated Interest	Principal Balance (after Repayment)	Accumulated Interest Balance (after Repayment)
	9/9/2014					1,115,696.87	15,567.76
	7/1/2015	-	-	-	**2,696.01**	1,115,696.87	18,263.77
1	7/1/2016	**11,806.59**	**18,263.77**	**30,070.36**	**3,863.62**	1,103,890.28	3,863.62
2	7/1/2017	**34,723.55**	**3,863.62**	**38,587.16**	**4,276.67**	1,069,166.73	4,276.67
3	7/1/2018	**45,720.37**	**4,276.67**	**49,997.04**	**4,605.51**	1,023,446.37	4,605.51
4	7/1/2019	**114,330.67**	**4,605.51**	**118,936.18**	**4,545.58**	909,115.70	4,545.58
5	7/1/2020	**169,485.78**	**4,545.58**	**174,031.36**	**4,067.96**	739,629.92	4,067.96
6	7/1/2021	**171,351.84**	**4,067.96**	**175,419.81**	**3,409.67**	568,278.07	3,409.67
7	7/1/2022	**173,336.01**	**3,409.67**	**176,745.68**	**2,567.12**	394,942.06	2,567.12
8	7/1/2023	**175,492.17**	**2,567.12**	**178,059.29**	**1,536.15**	219,449.89	1,536.15
9	7/1/2024	**177,824.78**	**1,536.15**	**179,360.93**	**312.19**	41,625.11	312.19
10	7/1/2025	**41,625.11**	**312.19**	**41,937.30**	-	-	-
	TOTAL	**$1,115,696.87**	**$47,448.24**	**$1,163,145.11**			

Assumptions:

0.25 0% ***LAIF Quarterly Rate as of September 2014, actual interest rate for Q3 2014 will be published by LAIF on 10/15/14)***

Estimated 0.05% (total of 12 mo) increase each year thereafter

Repayment schedule will be recalculated annually based on the actual repayment amounts received from RPTTF and actual LAIF quarterly interest

Sponsoring Entity Loan Repayment Calculator

Base Year:	June 1 Distribution ROPS II July thru December 2012	Jan 2 Distribution ROPS III January thru June 2013	Total For Base Year
Total Residual Balance	295,511	8,009	303,520

Comparison Year:	ROPS 18-19A July thru December 2018	ROPS 18-19B January thru June 2019	Total For Comparison Year
Total Residual Balance	387,362	192,424	579,786

A	Total Residual Balance for Comparison Year	579,786
B	Total Residual Balance for Base Year	303,520
A-B	Difference of Residual Balance	276,266
	Divide Difference by two	÷2
	Maximum Repayment Amount Authorized for	**138,133**

Note: This is a tool provided by Finance to assist successor agencies in determining the maximum repayment amount per authorized fiscal year. Placing this amount on the ROPS does not automatically guarantee approval of the repayment amount.

Input fields (amounts from County Auditor-Controller RPTTF

Formula fields, no input required.

San Mateo County
Countywide Oversight Board

Date: January 7, 2019 Agenda Item No. 11

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: East Palo Alto Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 19-20

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

Discussion
The Annual ROPS 19-20 contains all the obligations of the former Redevelopment Agency (RDA) for fiscal year 2019-20. The East Palo Alto SA is requesting approval by the Board to spend $3,063,680 on outstanding obligations and administrative expenses for Annual ROPS 19-20.

Enclosed is the Successor Agency's Annual ROPS 19-20 and supporting documents.

CAC Exhibits
A. East Palo Alto SA's Annual ROPS 19-20

Date: December 13, 2018

To: San Mateo County Countywide Oversight Board

From: **Brenda Cooley-Olwin, Treasurer/Finance Director, City of East Palo Alto**

Subject: Approval of the Recognized Obligation Payment Schedule (ROPS) 19-20 and Administrative Budget of the East Palo Alto Successor Agency (SA)

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

Recommendation
Adopt resolutions approving the City of East Palo Alto SA's ROPS 19-20 and FY 2019-20 Administrative Budget.

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

Discussion
Submitted for the Oversight Board's approval is the ROPS 19-20 (Exhibit A). While the DOF's ROPS template requires all enforceable obligations to be listed, the Oversight Board approval is for the funding of those items to be paid in fiscal year 2019-20. Exhibit C summarizes those items and provides supporting documentation.

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

Attachments:
1. Resolution Approving East Palo Alto SA's ROPS 19-20 and FY 2019-20 Administrative Budget
2. Exhibit A - East Palo Alto SA's ROPS 19-20
3. Exhibit B - East Palo Alto SA's FY 2019-20 Administrative Budget
4. Exhibit C - Summary of Obligations and Supporting Documents

RESOLUTION NO. 2019-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 ("ROPS 19-20") AND FISCAL YEAR 2019-20 ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY TO THE FORMER EAST PALO ALTO REDEVELOPMENT AGENCY (RDA)

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

WHEREAS, the Successor Agency to the Former East Palo Alto Redevelopment Agency has prepared a draft ROPS for the period July 1, 2019 to June 30, 2020, referred to as "ROPS 19-20", claiming a total enforceable obligation amount of $3,063,680, as set forth in the attached Exhibit A; and

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

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

WHEREAS, the Successor Agency to the Former East Palo Alto Redevelopment Agency has prepared an administrative budget for the period July 1, 2019 to June 30, 2020, for $50,000, as set forth in the attached Exhibit B; and

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

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby approves the East Palo Alto Successor Agency ROPS 19-20 and the East Palo Alto Successor Agency Fiscal Year 19-20 Administrative Budget, attached hereto as Exhibits A and B and incorporated herein by this reference;

BE IT FURTHER RESOLVED, that the Oversight Board directs the Successor Agency to submit the ROPS 19-20 to the State Department of Finance upon approval by the Oversight Board.

* * *

Exhibit A – East Palo Alto Successor Agency's Recognized Obligation Payment Schedule 19-20
Exhibit B – East Palo Alto Successor Agency's FY 2019-20 Administrative Budget

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: **East Palo Alto**
County: San Mateo

	Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A	**Enforceable Obligations Funded as Follows (B+C+D):**	**$ 57,915**	**$ -**	**$ 57,915**
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	57,915	-	57,915
E	**Redevelopment Property Tax Trust Fund (RPTTF) (F+G):**	**$ 1,064,990**	**$ 1,940,775**	**$ 3,005,765**
F	RPTTF	1,039,990	1,915,775	2,955,765
G	Administrative RPTTF	25,000	25,000	50,000
H	**Current Period Enforceable Obligations (A+E):**	**$ 1,122,905**	**$ 1,940,775**	**$ 3,063,680**

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

Name Title

/s/

Signature Date

East Palo Alto Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
											19-20A (July - December)						19-20B (January - June)					
											Fund Sources						Fund Sources					
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 19-20 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
								$ 36,333,195		$ 3,063,680	$ 0	$ 0	$ 57,915	$ 1,039,990	$ 25,000	$ 1,122,905	$ 0	$ 0	$ 0	$ 1,915,775	$ 25,000	$ 1,940,775
1	Repayment Agreement (06/1989)	City/County Loan (Prior 06/28/11), Cash exchange	6/19/1989	1/18/2045	City of East Palo Alto	Loan for Operation Advances	R	6,496,000	N	$ 600,000						$ -				600,000		$ 600,000
3	Repayment Agreement (02/1995)	City/County Loan (Prior 06/28/11), Property transaction	2/21/1995	1/18/2045	City of East Palo Alto	Debt for Land Sold to Agency	G	5,266,630	N	$ 766,630			57,915	708,715		$ 766,630						$ -
8	Post Audit of Financial Transactions	Dissolution Audits	1/1/2012	6/30/2016	Badawi and Associates	post audit of financial transactions as required under AB 1484 section 34177 (n)	G, UC		Y	$ -						$ -						$ -
11	Operating Subsidy Loan	Business Incentive Agreements	5/4/2004	1/1/2026	Bay Road Housing LP	Courtyard Affordable Housing	G, UC	480,000	N	$ 60,000						$ -				60,000		$ 60,000
12	Bank Charges for Bond Fiscal Agent Management	Fees	10/28/1999	1/1/2032	Wells Fargo Bank Trust	Trustee administrative charges	G, UC	147,000	N	$ 10,500				10,500		$ 10,500						$ -
15	Administrative Costs	Admin Costs	2/1/2012	6/30/2045	City of East Palo Alto and 3rd Party Vendors	Administrative Allowance	G, UC, R	675,000	N	$ 50,000					25,000	$ 25,000					25,000	$ 25,000
20	2015 Tax Allocation Refunding Bonds, Series A	Bonds Issued After 12/31/10	10/28/1999	10/1/2032	Wells Fargo Bank Trust	Refunding of 1999 and 2003 Series A TABS	G, UC	23,268,565	N	$ 1,576,550				320,775		$ 320,775				1,255,775		$ 1,255,775

East Palo Alto Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

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

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	Comments
1	**Beginning Available Cash Balance (Actual 07/01/16)** RPTTF amount should exclude "A" period distribution amount		27,748	772,444		129,928	
2	**Revenue/Income (Actual 06/30/17)** RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller				45,060	993,998	
3	**Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)**		27,748	753,960		993,998	
4	**Retention of Available Cash Balance (Actual 06/30/17)** RPTTF amount retained should only include the amounts distributed as reserve for future period(s)			5,984		129,573	
5	**ROPS 16-17 RPTTF Prior Period Adjustment** RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required					
6	**Ending Actual Available Cash Balance (06/30/17)** **C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)**	**$ 0**	**$ 0**	**$ 12,500**	**$ 45,060**	**$ 355**	

East Palo Alto Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

Item #	Notes/Comments

Successor Agency to the Former City of East Palo Alto Redevelopment Agency
ROPS 19-20 Administrative Cost Allowance Budget
Period: 7/1/19 to 6/30/20

Description of Cost/Expense		**Amount**
Staff Time Estimates:		
Finance Director/Treasurer 60 hours ($115 per hour)	$	6,900
Finance Manager - 80 hours ($80 per hour)	$	6,400
IT Website Improvement 4 hours ($177.5 per hour)	$	710
SA Secreatary 60 hours ($60 per hour)	$	3,600
	$	**17,610**
Legal and Audit Fees	$	8,000
RPTTF/AV Projections Consultant	$	6,500
Administrative Cost Allocation O/H PLAN 56%	$	17,982
Round	*$*	*(92)*
Total	**$**	**50,000**

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

SUMMARY OF OBLIGATIONS AND SUPPORTING DOCUMENTS

ROPS Item No.	ROPS Category	Description of Obligation	Payee	ROPS 19-20 Funding Request	Supporting Documentation
1	Repayment Agreement (06/1989)	Loan for Operation Advances	City of East Palo Alto	$ 600,000	Exhibit C Page 32 - Loan Repayment Amount Calculation & Loan Agreement - Ravenswood
2	Repayment Agreement (02/1995)	Debt for Land Sold to Agency	City of East Palo Alto	766,630	Exhibit C Page 35 - Loan Repayment Amount Calculation & Loan Agreement - Gateway
11	Operating Subsidy Loan	Courtyard Affordable Housing	Bay Road Housing LP	60,000	Exhibit C Page 42 - Loan Agreement/ Promissory Note
12	Bank Charges for Bond Fiscal Agent Management	Trustee administrative charges	Wells Fargo Bank Trust	10,500	Exhibit C Page 42 - Trustee Statement
15	Administrative Costs	Administrative Allowance	City of East Palo Alto and 3rd Party Vendors	50,000	Admin Support - Refer to Exhibit B of the Resolution
20	2015 Tax Allocation Refunding Bonds, Series A	Refunding of 1999 and 2003 Series A TABS	Wells Fargo Bank Trust	1,576,550	Exhibit C Page 67 - Debt Service Schedule
		TOTAL		**$ 3,063,680**	

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

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

Maximum Allowable Repayment for FY 2019-20

Residual in FY 2012-13			
ROPS II Residual		713,587	*June 2012 Distribution*
ROPS III Residual		2,948,396	*January 2013 Distribution*
	(A)	$ 3,661,983	
Residual in FY 2018-19			
ROPS 18-19A Residual		2,812,324	*June 2018 Distribution*
ROPS 18-19B Residual		5,279,061	*January 2019 Distribution*
	(B)	$ 8,091,385	
Increase in Residual over FY 2012-13	(C)	$ 4,429,403	
Not To Exceed Amount (50% of Increase)	(D)	$ 2,214,701	
Amounts Per Amortization Schedule(s)			
Ravenswood		1,075,145	
Gateway		188,639	
		$ 1,263,784	
Reported Loan Repayments			
ROPS 19-20A - (July to December)		766,630	
ROPS 19-20B - (January to June)		600,000	
	(E)	$ 1,366,630	
Amount Exceeded, (E) - (D)		$ -	

Sponsoring Entity Agreements and Resolutions

Ravenswood Loan Agreement and Resolution

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

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

RECITALS

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

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

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

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

AGREEMENT

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

Section 1. PRINCIPAL SUM.

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

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

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

Section 2. PAYMENT OBLIGATIONS.

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

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

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

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

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

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

Section 3. SUBORDINATION OF PAYMENT OBLIGATIONS.

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

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

Section 4. CITY ADVANCES.

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

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

Section 5. INDEBTEDNESS.

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

Section 6. SEVERABILITY.

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

Section 7. EXECUTION.

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

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

CITY OF EAST PALO ALTO

By: William Vines
William Vines
Mayor

ATTEST:

Stanley H. Hall, City Clerk

EAST PALO ALTO
REDEVELOPMENT AGENCY

By:
Stanley H. Hall
Executive Director

By:
John Bostic, Chair

06/06/89
#B006/B55102

RESOLUTION NO. 55

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

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

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

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

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

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

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

AYES: Bostic, Coats, Mouton and Vines

NOES: Johnson

ABSENT: None

ABSTAIN: None

APPROVED:

Stanley H. Hall
Executive Director

John Bostic, Chair

06/06/89
#B012/B55102

EXHIBIT "A"

ADDITIONAL ADVANCES AND EXPENDITURES

TO BE ADDED TO PRINCIPAL SUM

Date of Advance or Expenditure	Amount of Advance or Expenditure
	$

55107

Gateway Loan Agreement and Resolution

PURCHASE AND SALE AGREEMENT

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

RECITALS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 12. General Provisions.

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

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

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

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

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

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

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

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

Attest:

By: _____, City Clerk

City

City of East Palo Alto, a municipal corporation

By: _____

Attest:

By: _____, Secretary

Agency

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

By: _____

5510MY.P50
02/10/95

RESOLUTION NO. ~~1052~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOES, COUNCILMEMBERS: None

ABSTAIN, COUNCILMEMBERS: None

ABSENT, COUNCILMEMBERS: None

CLERK OF THE CITY OF EAST PALO ALTO

APPROVED:

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

Approved as to Form:
City Attorney

5510N8.PSO
02/09/95

Oversight Board Resolution Approving Sponsoring Entity Loans as Obligations

RESOLUTION NO. OB 2016-02

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chair, Nicholas Jellins

Secretary, Joseph Prado

Approved as to form, OB Counsel

Ravenswood Operating Advances Loan Agreement
Amortization of Loan Payments

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

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

RESOLUTION NO. OB 2016-03

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chair, Nicholas Jellins

Secretary, Joseph Prado

Approved as to form, OB Counsel

Gateway Land Purchase and Sale Agreement
Amortization of Loan Payments

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

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

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

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

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

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

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

ARTICLE 1 DEFINITIONS AND EXHIBITS

Section 1.1 Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 1.2 Exhibits

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

EXHIBIT A: Legal Description of the Property

EXHIBIT B: Approved Development Budget

ARTICLE 2 LOAN PROVISIONS

Section 2.1 Loan.

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

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

Section 2.2 Interest.

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

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

Section 2.3 Use of Loan Funds.

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

Section 2.4 Security.

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

Section 2.5 Conditions Precedent to Disbursement of Loan.

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

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

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

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

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

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

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

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

Section 2.6 Loan Disbursement.

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

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

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

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

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

Section 2.7 Repayment Schedule.

The Loan shall be repaid as follows:

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

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

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

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

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

Section 2.8 Non-Recourse

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

Section 2.9 Subordination.

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

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

Section 2.10 Limitation on Development Fee.

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

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

ARTICLE 3 CONSTRUCTION OF THE DEVELOPMENT

Section 3.1 Commencement of Construction.

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

Section 3.2 Completion of Construction.

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

Section 3.3 Construction Pursuant to Plans and Laws.

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

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

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

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

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

Section 3.4 Marketing and Management Plan.

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

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

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

Section 3.5 Equal Opportunity.

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

Section 3.6 Progress Reports.

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

Section 3.7 Construction Responsibilities.

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

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

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

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

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

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

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

Section 3.9 Inspections.

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

Section 3.10 Approved Development Budget; Revisions to Budget.

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

ARTICLE 4 LOAN REQUIREMENTS

Section 4.1 Applicability.

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

Section 4.2 Financial Accountings and Post-Completion Audits.

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

Section 4.3 Information.

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

Section 4.4 Records.

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

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

Section 4.5 Audits.

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

Section 4.6 Hazardous Materials.

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

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

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

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

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

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

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

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

Section 4.7 Maintenance and Damage.

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

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

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

Section 4.8 Fees and Taxes.

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

Section 4.9 Notice of Litigation.

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

Section 4.10 Operation of Development as Affordable Housing.

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

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

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

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

Section 4.11 Nondiscrimination.

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

Section 4.12 Transfer.

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

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

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

Section 4.13 Insurance Requirements.

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

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

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

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

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

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

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

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

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

ARTICLE 5 REPRESENTATIONS OF BORROWER

Section 5.1 Representations.

(a) The Borrower hereby represents as follows:

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

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

ARTICLE 6 DEFAULT AND REMEDIES

Section 6.1 Events of Default.

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

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

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

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

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

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

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

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

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

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

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

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

Section 6.2 Remedies.

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

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

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

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

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

Section 6.3 Right of Contest.

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

Section 6.4 Remedies Cumulative.

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

Section 6.5 Condemnation.

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

ARTICLE 7 GENERAL PROVISIONS

Section 7.1 Relationship of Parties.

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

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

Section 7.2 No Claims.

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

Section 7.3 Amendments.

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

Section 7.4 Indemnification.

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

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

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

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

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

Section 7.6 No Third Party Beneficiaries.

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

Section 7.7 Discretion Retained By City.

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

Section 7.8 Notices, Demands and Communications.

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

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

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

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

Section 7.9 Applicable Law.

This Agreement shall be governed by California law.

Section 7.10 Parties Bound.

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

Section 7.11 Attorneys' Fees.

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

Section 7.12 Severability.

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

Section 7.13 Force Majeure.

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

Section 7.14 Approvals.

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

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

Section 7.15 Waivers.

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

Section 7.16 Title of Parts and Sections.

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

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

Section 7.18 Multiple Originals; Counterpart.

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

Section 7.19 Legal Actions.

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

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

ATTEST:

By:_____

AGENCY:

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

By: _____

Its: Executive Director

BORROWER:

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

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

By: _____

Its: Executive Director

EXHIBIT A

Legal Description of the Property

EXHIBIT B

Approved Development Budget

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AGENCY:

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

By: Alvin D. James

Name: Alvin D. James

Its: Executive Director

BORROWER:

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

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

By: Ronald Morgan

Name: Ronald Morgan

Its: Executive Director

Fee Invoice

Corporate Trust Services

WELLS FARGO

Invoice Number	Billing Date	Due Date
1594682	08/01/2018	08/31/2018

Amount Due
$10,500.00
Please mail or wire payment to:

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

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

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

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

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

Please retain this portion for your records

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

Administration Charges

	For the Period 09/01/2018 through 08/31/2019		
Trustee Fee	2 @ $5,000.00	Per Series	$10,000.00
	For the Period 09/01/2018 through 08/31/2019		
Disclosure/Dissemination Fee			$500.00
		Total Amount Due:	***$10,500.00***

VOUCHER _____
P.O. _____
VENDOR NAME WELLS FARGO BANK
ACCOUNT 984-95000-8210
AMOUNT 10,500
CLAIMANT n/a **DATE** n/a
APPROVED BY Brenda **DATE** 8/3/2018
DESCRIPTION 2018-19 REFUNDING TRUSTEE FEE

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

Bond Debt Service
Successor Agency to the East Palo Alto Redevelopment Agency
Series A (Tax-Exempt)

Dated Date	9/1/2015
Delivery Date	9/1/2015

ROPS Collected	ROPS Incurred	Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
ROPS 18-19A	ROPS 18-19B	4/1/2019			338,775.01	338,775.01	
ROPS 18-19B	ROPS 19-20A	10/1/2019	900,000	4.000%	338,775.01	1,238,775.01	
ROPS 19-20A	ROPS 19-20B	4/1/2020			320,775.01	320,775.01	1,559,550.02
ROPS 19-20B	ROPS 20-21A	10/1/2020	935,000	5.000%	320,775.01	1,255,775.01	
ROPS 20-21A	ROPS 20-21B	4/1/2021			297,400.01	297,400.01	1,553,175.02
ROPS 20-21B	ROPS 21-22A	10/1/2021	975,000	5.000%	297,400.01	1,272,400.01	
ROPS 21-22A	ROPS 21-22B	4/1/2022			273,025.01	273,025.01	1,545,425.02
ROPS 21-22B	ROPS 22-23A	10/1/2022	1,030,000	5.000%	273,025.01	1,303,025.01	
ROPS 22-23A	ROPS 22-23B	4/1/2023			247,275.01	247,275.01	1,550,300.02
ROPS 22-23B	ROPS 23-24A	10/1/2023	1,085,000	5.000%	247,275.01	1,332,275.01	
ROPS 23-24A	ROPS 23-24B	4/1/2024			220,150.01	220,150.01	1,552,425.02
ROPS 23-24B	ROPS 24-25A	10/1/2024	1,140,000	5.000%	220,150.01	1,360,150.01	
ROPS 24-25A	ROPS 24-25B	4/1/2025			191,650.01	191,650.01	1,551,800.02
ROPS 24-25B	ROPS 25-26A	10/1/2025	1,195,000	5.000%	191,650.01	1,386,650.01	
ROPS 25-26A	ROPS 25-26B	4/1/2026			161,775.01	161,775.01	1,548,425.02
ROPS 25-26B	ROPS 26-27A	10/1/2026	1,250,000	3.000%	161,775.01	1,411,775.01	
ROPS 26-27A	ROPS 26-27B	4/1/2027			143,025.01	143,025.01	1,554,800.02
ROPS 26-27B	ROPS 27-28A	10/1/2027	1,295,000	3.000%	143,025.01	1,438,025.01	
ROPS 27-28A	ROPS 27-28B	4/1/2028			123,600.01	123,600.01	1,561,625.02
ROPS 27-28B	ROPS 28-29A	10/1/2028	1,325,000	3.250%	123,600.01	1,448,600.01	
ROPS 28-29A	ROPS 28-29B	4/1/2029			102,068.76	102,068.76	1,550,668.77
ROPS 28-29B	ROPS 29-30A	10/1/2029	1,370,000	3.375%	102,068.76	1,472,068.76	
ROPS 29-30A	ROPS 29-30B	4/1/2030			78,950.00	78,950.00	1,551,018.76
ROPS 29-30B	ROPS 30-31A	10/1/2030	1,425,000	3.500%	78,950.00	1,503,950.00	
ROPS 30-31A	ROPS 30-31B	4/1/2031			54,012.50	54,012.50	1,557,962.50
ROPS 30-31B	ROPS 31-32A	10/1/2031	1,465,000	3.625%	54,012.50	1,519,012.50	
ROPS 31-32A	ROPS 31-32B	4/1/2032			27,459.38	27,459.38	1,546,471.88
ROPS 31-32B	ROPS 32-33A	10/1/2032	1,515,000	3.625%	27,459.38	1,542,459.38	1,542,459.38
			16,905,000		4,821,106.47	21,726,106.47	21,726,106.47
	Distribute SA Reserves		1,515,000		27,459.38	1,542,459.38	1,542,459.38
			18,420,000	0	4,848,566	23,268,566	23,268,566

San Mateo County
Countywide Oversight Board

Date: January 7, 2019 Agenda Item No. 12

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: San Bruno Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 19-20

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

Discussion
The Annual ROPS 19-20 contains all the obligations of the former Redevelopment Agency (RDA) for fiscal year 2019-20. The San Bruno SA is requesting approval by the Board to spend $1,377,784 on outstanding obligations and administrative expenses for Annual ROPS 19-20.

Enclosed is the Successor Agency's Annual ROPS 19-20 and supporting documents.

CAC Exhibits
A. San Bruno SA's Annual ROPS 19-20

Date: December 7, 2018

To: San Mateo County Countywide Oversight Board

From: **Keith DeMartini, Finance Director, City of San Bruno**

Subject: San Bruno Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 19-20

Former RDA: **San Bruno**

Recommendation
Adopt resolutions approving the San Bruno SA's ROPS 19-20 and FY 2019-20 Administrative Cost Allowance Budget.

Background
The City of San Bruno Successor Agency recently submitted a request on November 28th, 2018 to the Department of Finance (DOF) for approval of an action taken by the San Mateo County Oversight Board and the Successor Agency approving the Issuance of Lease Revenue Bonds, Series 2019 in order to Refund the Certificates of Participation (COP), Series 2000. The DOF has accepted receipt of our documentation which is currently under review. Therefore San Bruno currently does not qualify to submit our Last and Final ROPS. Instead, The San Bruno Successor Agency submits their 2019-20 ROPS listing the SA's enforceable obligations and expenses to the DOF pursuant to Health & Safety Section Codes (H&S) 34177(m) and (o). The ROPS include an amount for the SA's Administrative Cost Allowance as authorized under the Dissolution Act which is subject to a cap as set forth under H&S 34171. The ROPS and the Budget for the SA's Administrative Cost Allowance are subject to approval by the Oversight Board.

Discussion
Submitted for the Oversight Board's approval is the ROPS 19-20 (Exhibit A). While the DOF's ROPS template requires all enforceable obligations to be listed, the Oversight Board approval is for the funding of those items to be paid in fiscal year 2019-20. Exhibit C summarizes those items and provides supporting documentation.

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

Attachments:
1. Resolution Approving the San Bruno SA's ROPS 19-20 and FY 2019-20 Administrative Budget
2. Exhibit A - San Bruno SA's ROPS 19-20
3. Exhibit B - San Bruno SA's Administrative Cost Allowance Budget
4. Exhibit C - Summary of Obligations Due Under ROPS 19-20 and Supporting Documents

RESOLUTION NO. 2019-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 ("ROPS 19-20") AND FISCAL YEAR 2019-20 ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY TO THE FORMER SAN BRUNO REDEVELOPMENT AGENCY (RDA)

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

WHEREAS, the Successor Agency to the Former San Bruno Redevelopment Agency has prepared a draft ROPS for the period July 1, 2019 to June 30, 2020, referred to as "ROPS 19-20", claiming a total enforceable obligation amount of $1,377,784, as set forth in the attached Exhibit A; and

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

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

WHEREAS, the Successor Agency to the Former San Bruno Redevelopment Agency has prepared an administrative budget for the period July 1, 2019 to June 30, 2020, for $47,134, as set forth in the attached Exhibit B; and

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

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby approves the San Bruno Successor Agency's ROPS 19-20 and Fiscal Year 19-20 Administrative Budget, attached hereto as Exhibits A and B and incorporated herein by this reference;

BE IT FURTHER RESOLVED, that the Oversight Board directs the Successor Agency to submit the ROPS 19-20 to the State Department of Finance upon approval by the Oversight Board.

* * *

Exhibit A – San Bruno Successor Agency's Recognized Obligation Payment Schedule 19-20
Exhibit B – San Bruno Successor Agency's FY 2019-20 Administrative Budget

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: **San Bruno**
County: San Mateo

	Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A	**Enforceable Obligations Funded as Follows (B+C+D):**	**$ -**	**$ -**	**$ -**
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	**Redevelopment Property Tax Trust Fund (RPTTF) (F+G):**	**$ 174,642**	**$ 1,203,142**	**$ 1,377,784**
F	RPTTF	151,075	1,179,575	1,330,650
G	Administrative RPTTF	23,567	23,567	47,134
H	**Current Period Enforceable Obligations (A+E):**	**$ 174,642**	**$ 1,203,142**	**$ 1,377,784**

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

Keith DeMartini	Finance Director
Name	Title
/s/	12/10/2018
Signature	Date

San Bruno Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
											19-20A (July - December)						19-20B (January - June)					
											Fund Sources						Fund Sources					
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 19-20 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
								$ 17,132,029		$ 1,377,784	$ 0	$ 0	$ 0	$ 151,075	$ 23,567	$ 174,642	$ 0	$ 0	$ 0	$ 1,179,575	$ 23,567	$ 1,203,142
1	2000 Certificates of Participation	Bonds Issued On or Before	7/25/2000	2/1/2031	Union Bank	Certificates of Participation/Bonds	San Bruno	7,771,029	N	$ 647,150				148,575		$ 148,575				498,575		$ 498,575
2	2000 Certificates of Participation Fiscal Agent fees	Fees	7/25/2000	2/1/2031	Union Bank	Fiscal Agent fees associated with Certificate of Participation issuance for the Police Facility	San Bruno Redevelopment Project Area	30,000	N	$ 2,500				2,500		$ 2,500						$ -
3	Archstone II Owner Participation Agreement	OPA/DDA/Construction	3/4/2005	7/1/2022	ASN Tanforan Crossing LLC	Tax increment reimbursement of affordable housing subsidy	San Bruno Redevelopment Project Area	1,480,000	N	$ 370,000						$ -				370,000		$ 370,000
4	Archstone I Owner Participation Agreement	OPA/DDA/Construction	12/11/2002	7/1/2039	ASN Tanforan Crossing LLC	Tax increment reimbursement of affordable housing subsidy	San Bruno Redevelopment Project Area	6,531,000	N	$ 311,000						$ -				311,000		$ 311,000
5	Administrative Costs	Admin Costs	1/1/2030	1/1/2030	Successor Agency	Administrative Allowance	San Bruno Redevelopment Project Area	1,320,000	N	$ 47,134					23,567	$ 23,567					23,567	$ 23,567
8	City Advances to the Redevelopment Agency in accordance with Cooperation Agreement dated August 10, 1998 plus accrued interest from loan origination 6/27/13-5/31/14	City/County Loan (Prior 06/28/11), Cash exchange	8/10/1998	12/31/2014	City of San Bruno	Loan for operating and admin costs plus accrued interest set at revised rate of 3% per SB 107. 20% of repayment amounts will be transferred to Low and Mod Housing Asset Fund.	San Bruno Redevelopment Project Area	0	N	$ -				0		$ -				0		$ -

San Bruno Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

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

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	Comments
1	**Beginning Available Cash Balance (Actual 07/01/16)** RPTTF amount should exclude "A" period distribution amount					353,244	Cash balance at 7/1/16 less $766,800 (16-17A Distribution recvd 6/7/16), less $336,485 and $84,121 (16-17 A City Advances recorded 6/30/16 Principal and 20% to Low Mod), less (15-16 Subsidy) $176,997 paid 8.15.16.
2	**Revenue/Income (Actual 06/30/17)** RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller					2,361,246	$766,800 from 6/7/16 plus $1,594,446 from 1/3/2017 debit entries on GL Trial Balance Detail Reports FY16 and FY17
3	**Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)**					1,861,929	legal services, 16-17A & B admin allowance, COP interest and principal due , fiscal agent fees, 16-17 A advance repaid to City & 20% of loan transferred to Low Mod Housing Asset Fund on 063016, 16-17 B and subsidy $183K paid 12.27.17 and cash deficit/PPA
4	**Retention of Available Cash Balance (Actual 06/30/17)** RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						Includes RPTTF authorized/distributed for future debt service payment(Excluded from G3, above)
5	**ROPS 16-17 RPTTF Prior Period Adjustment** RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required				499,317	Unexpended RPTTF reported as the PPA for the current reporting period
6	**Ending Actual Available Cash Balance (06/30/17)** **C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 353,244**	

San Bruno Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

Item #	Notes/Comments
1	RPTTF ROPS 19-20A (July - December) in the amount of $151,075 for 2000 Certificate of Participation (COP) and ROPS 1920B (Jnauary to June) in the amount of $498,575 are under review by the DOF for approval of Issuance of Refunding Bonds in the form of Lease Revenue Bonds to refund the outstanding 2000 COPs.
8	Item 8 includes City Advances to the former RDA. 20% of 18-19 request will be transferred to the Low and Moderate Income Housing Asset Fund in accordance with HSC section 34191.4 (b) (2) (C).

Successor Agency of the San Bruno Redevelopment Agency
Administrative Budget
July 1, 2019 - June 30, 2020

Department	Cost for FY19-20	Position	Percent Allocation	Budget
Personnel Costs				
Management Services	**356,352**	**City Manager**	**1.00%**	**3,564**
Continuing review of City Recognized Obligation Payment Schedules, Administrative Budgets, and other related reports that go to the City Council and Oversight Board.				
Legal Services	**345,667**	**City Attorney**	**1.00%**	**3,457**
Ongoing legal support for matters concerning the dissolution of redevelopment, including working with outside legal counsel.				
City Clerk	**181,370**	**City Clerk**	**2.50%**	**4,534**
Preparation and posting of Oversight Board Agenda packets, attendance at Oversight Board meetings, and preparation of meeting minutes.				
Finance	**306,873**	**Finance Director**	**4.00%**	**12,275**
Preparation of Recognized Obligation Payment Schedules, Administrative Budgets, oversight of financial obligations of former RDA, preparation of Oversight Board Agenda Packets, serve as liaison to Department of Finance and follow-up on related information requests, and attend Oversight Board meetings as needed.				
Finance	**216,452**	**Finance Manager**	**4.00%**	**8,658**
Maintain the financial records of the Successor Agency, which includes working on the annual audit of the Redevelopment Obligation Retirement Fund and related disclosures, ensure accurate accounting of all former RDA transactions, and reconciliation of bank account and ledger for the Successor Agency.				
Community Development	**267,230**	**Community Development Director**	**1.00%**	**2,672**
Attend Oversight Board Meetings as needed. Provide policy direction related to the City's low and moderate income housing program.				
Community Development	**193,926**	**Long Range Planning Manager**	**2.50%**	**4,848**
Attend Oversight Board Meetings as needed. Continue to oversee the City's low and moderate income housing program and ensure continuing compliance with Archstone Owner Participation Agreements. Complete required compliance reports and review annual subsidy requests. Update and maintain website of the Successor Agency and Oversight Board.				
Total Personnel Costs				**40,008**
Overhead Costs of 15% (Payroll, IT, Accounts Payable, etc)				**6,001**
Supplies and Materials				
Office supplies, utilities, communications, printing and copying				**125**
Outside legal costs for Successor Agency and Oversight Board				**1,000**
Total Administrative Budget for July 1, 2018 - June 30, 2019				**$47,134**

SUMMARY OF OBLIGATIONS TO BE APPROVED UNDER ROPS 19-20 AND SUPPORTING DOCUMENTS

ROPS Item No.	ROPS Category	Description of Obligation	Payee	ROPS 19-20 Funding	Supporting Documentation
1	Bonds Issued	2000 Certificates of Participation	Union Bank	$ 647,150	Exhibit C Page 2 - Debt Service Schedule
2	Fees	2000 Certificates of Participation Fiscal Agent Fees	San Bruno	2,500	Exhibit C Page 3 - Agent Fees
3	OPA/DDA/Construction	Archstone II Owner Participation Agreement	AvalonBay	370,000	Exhibit C Pages 5 and 39- Housing Subsidy Amount Calculation
4	OPA/DDA/Construction	Archstone I Owner Participation Agreement	AvalonBay	311,000	Exhibit C Pages 5 and 90 as amended by 107 - Housing Subsidy Amount Calculation
5	Admin Costs	San Bruno Redevelopment Project Area	Succesor Agency	47,134	See Exhibit B - Admin Budget
		Total		**$ 1,377,784**	

DEBT SERVICE SCHEDULE

The following table shows the annual debt service due with respect to the Certificates.

Year Ending February 1	Principal	Interest	Total
2002	$ --	$568,720.83	$568,720.83
2003	145,000	501,812.50	646,812.50
2004	155,000	491,662.50	646,662.50
2005	165,000	480,812.50	645,812.50
2006	180,000	469,262.50	649,262.50
2007	190,000	458,462.50	648,462.50
2008	200,000	449,437.50	649,437.50
2009	205,000	439,937.50	644,937.50
2010	215,000	430,200.00	645,200.00
2011	225,000	419,987.50	644,987.50
2012	240,000	409,637.50	649,637.50
2013	250,000	398,357.50	648,357.50
2014	260,000	386,357.50	646,357.50
2015	275,000	373,617.50	648,617.50
2016	285,000	359,867.50	644,867.50
2017	300,000	345,617.50	645,617.50
2018	315,000	330,467.50	645,467.50
2019	335,000	314,402.50	649,402.50
2020	350,000	297,150.00	647,150.00
2021	370,000	278,775.00	648,775.00
2022	390,000	259,350.00	649,350.00
2023	410,000	238,875.00	648,875.00
2024	430,000	217,350.00	647,350.00
2025	450,000	194,775.00	644,775.00
2026	475,000	171,150.00	646,150.00
2027	500,000	146,212.50	646,212.50
2028	530,000	119,962.50	649,962.50
2029	555,000	92,137.50	647,137.50
2030	585,000	63,000.00	648,000.00
2031	615,000	32,287.50	647,287.50
TOTAL	$9,600,000	$9,739,645.83	$19,339,645.83

City of San Bruno
567 El Camino Real
San Bruno, CA 94066

CLAIM
VOUCHER NO. 173516

DATE	CHECK NUMBER	VENDOR NUMBER	VENDOR	CLAIM VOUCHER NO.
2/20/2018	173516	0017876	UNION BANK OF CALIFORNIA	173516

	PURCHASE ORDER NO.	P.O. DATE	INVOICE NUMBER	INVOICE DESCRIPTION	ACCOUNT DISTRIBUTION	AMOUNT DUE
1.			1074628	12/1/17-11/30/18 2000 COP (POLICE	153-3513-6419	2,013.00
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
					GRAND TOTAL	2,013.00

AUDITING OFFICER'S CERTIFICATION

I, the undersigned do hereby certify under penalty of perjury, that the materials have been furnished, the services rendered, or the labor performed as described herein, and that the claim is a just, due and unpaid obligation against the City of San Bruno, and that I am authorized to authenticate and certify to said claim.

X _____

168508

2/14 - not paid yet

UnionBank

Ref No.1074628
December 21, 2017

Please Remit Payment To:
Union Bank
Union Bank Trust Department - Fees
P. O. Box 51477
Los Angeles, CA 90051-5777

Account Number: 6711658800
CITY OF SAN BRUNO 2000 COP(POL FAC)
Administrator: TY JORDAN
213-236-5916

E
153-3513 -
10419
V 0017870

CITY OF SAN BRUNO
ATTN: FINANCE DEPT.
567 EL CAMINO ROAD
SAN BRUNO CA 94066

Amount Due: $2,013.00

Return this Portion with Your Remittance or Your Instruction to Charge Your Account

Ref No. 1074628	Amount Due
Prior Period Balance	$2,013.00
Payments Received as of December 7, 2017 (thank you)	($2,013.00)
Beginning Balance	$0.00
Fee for Current Period	**$2,013.00**
Net Amount Due:	**$2,013.00**

Current Period	Over 30 Days	Over 60 Days	Over 90 Days	**Net Amount Due**
$2,013.00	$0.00	$0.00	$0.00	$2,013.00

Services for the Period December 1, 2017 - November 30, 2018

6711658800	CITY OF SAN BRUNO 2000 COP(POL FAC)
6711658801	CTY SAN BRUNO 2000 LEASE PYMT FD
6711658802	CTY SAN BRUNO 2000 RESERVE FD

	Rate	Annual Amount	This Period
Annual Administration Fee		$1,800.00	$1,800.00
Out of Pocket Expenses			
6% of Annual Administration Fee		$108.00	$108.00
Wires	3 @ $35.00	$105.00	$105.00
Services for the Period 12/01/2016 - 11/30/2017			

Fee for the Current Period **$2,013.00**

Fees not paid within 30 days of the date of this invoice will be charged to the account(s). If the account(s) cannot be charged after 30 days because of document restrictions or due to insufficient funds in the account, unpaid fees may be subject to a late charge of 1% per month on the unpaid balance.

UNION BANK / UNION BANK TRUST DEPARTMENT - FEES / P.O. BOX 51477 / LOS ANGELES, CA 90051-5777

Calculation of Annual Affordable Housing Subsidy
AvalonBay, The Crossing San Bruno
City of San Bruno Housing Successor Agency
FY 2017-18

Avalon San Bruno I			**Avalon San Bruno II**		
Parcel Number: 020-013-210			Parcel Number: 020-013-220		
Date of Certificate of Completion		12/9/2005	Date of Final Certificate of Occupancy		8/20/2007
Operating Year		13	Operating Year		11
Affordable Housing Subsidies Cap	$	311,000	Affordable Housing Subsidies Cap	$	370,000
Benchmark Debt Coverage Ratio		**1.75**	Benchmark Debt Coverage Ratio		**1.15**
Debt Coverage Ratio - 2017			**Debt Coverage Ratio - 2017**		
Net Operating Income	$	7,586,191	Net Operating Income	$	4,609,035
Debt Service	$	2,227,608	Debt Service	$	1,620,596
Debt Coverage Ratio		3.41	Debt Coverage Ratio		2.84
Affodable Housing Set Aside Subsidy			**Affodable Housing Fixed Subsidy**		
2017 Assessed Value	$	91,515,265	The Affordable Housing Fixed Subsidy ended after		
20% Affordable Housing Set-Aside	$	183,031	the Project's 5th operating year, pursuant to		
Set-Aside Subsidy %		100%	Section 401.2(a)(i) of the Owner Participation Agreement		
Set-Aside Subsidy Amount	$	183,031	for The Crossing San Bruno Apartments, Phase 2 Project		
Unrestricted Tax Increment Subsidy			**Affordable Housing Variable Subsidy**		
The Project does not qualify to receive Unrestricted Tax Increment Subsidy in 2017 because the Project's Debt Coverage Ratio exceeds the Benchmark Debt Coverage Ratio, in accordance with Section Section 401.3(b) of the Owner Participation Agreement for The Crossing San Bruno Apartments, Phase 1 Project.			The Project does not qualify to receive the Affordable Housing Variable Subsidy in 2017 because the Project's Debt Coverage Ratio exceeds the Benchmark Debt Coverage Ratio, in accordance with Section 401.2(a)(ii) of the Owner Participation Agreement for The Crossing San Bruno Apartments, Phase 2 Project.		
Total Subsidy	**$**	**183,031**	**Total Subsidy**	**$**	**-**

Subsidy Terms
Owner Participation Agreement
The Crossing San Bruno Apartments, Phase 1 Project
Section 401.3 Affordable Housing Subsidies

Affordable Housing Set Aside Subsidy
Years 1-30 = 100% up to $311,000
Years 31-35 = subject to 1.75 DCR cap
Unrestricted Tax Increment Subsidy
Years 1-35 = subject to 1.75 DCR cap

Subsidy Terms
Owner Participation Agreement
The Crossing San Bruno Apartments, Phase 2 Project
Section 401.2 Affordable Housing Subsidy

Affordable Housing Set Aside Subsidy
Years 1-5 = 100% up to $370,000
Affordable Housing Variable Subsidy
Years 6-15 = up to $370,000
subject to 1.15 DCR cap

OWNER PARTICIPATION AGREEMENT

By and Between

CITY OF SAN BRUNO REDEVELOPMENT AGENCY
a public body existing and organized under the Community Redevelopment Law
(the "**Agency**")

And

THE CROSSING APARTMENT ASSOCIATES II LLC
a Delaware limited liability company
("**Participant**")

FOR

THE CROSSING|SAN BRUNO APARTMENTS, PHASE 2 PROJECT
(Paragon Apartments)

March 1, 2005

SAN BRUNO REDEVELOPMENT PROJECT
San Bruno, California

TABLE OF CONTENTS

Page

100. DEFINITIONS; REPRESENTATIONS AND WARRANTIES 3
- 101. Definitions 3
- 102. Representations and Warranties 11
  - 102.1 Agency Representations 11
    - (a) Authority 11
    - (b) No Conflict 11
    - (c) No Superior Obligations 11
  - 102.2 Participant's Representations 11
    - (a) Authority 11
    - (b) No Conflict 12
    - (c) No Participant Bankruptcy 12
    - (d) Leases and Other Interests 12
    - (e) Title 12
    - (f) Litigation 12
    - (g) Governmental Compliance 12
  - 102.3 Limitations on Right to Assign 12
    - (a) Prior to Issuance of Certificate of Completion 13
    - (b) Following Issuance of Certificate of Completion 13
    - (c) Pre-Approved Transfers 14

200. DEVELOPMENT OF THE SITE 16
- 201. Scope of Development 16
- 202. Permits and Approvals 16
- 203. Schedule of Performance 16
- 204. Design Review 16
  - 204.1 Conceptual Site Plan 16
  - 204.2 Design Review Plans and Planned Development and Architectural Review Permits 16
  - 204.3 Construction Drawings and Related Documents 16
  - 204.4 Construction Approvals 17
  - 204.5 Revisions 17
  - 204.6 Consultation and Coordination 17
  - 204.7 Defects in Plans 17
  - 204.8 Cost of Construction 18
- 205. Insurance Requirements 18
- 206. Rights of Access 18
- 207. Compliance With Laws 18
- 208. Prevailing Wages 18
- 209. Taxes and Assessments 19
- 210. Project Sign 19
- 211. Liens and Stop Notices 19
- 212. Submission of Evidence of Financing Commitments 19
- 213. Certificate of Completion 20

214. Mortgage, Deed of Trust, Sale and Lease-Back Financing. 21
214.1 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development 21
214.2 Holder Not Obligated to Construct Improvements 21
214.3 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure 21
215. Condition of the Site 22

300. COVENANTS, RESTRICTIONS AND AGREEMENTS 22
301. Use and Affordable Housing Covenants 22
302. Maintenance Covenants 22
(a) Maintenance Standards 23
(b) Failure to Maintain Improvements 24
303. Nondiscrimination Covenants 24
(a) In deeds 25
(b) In leases 25
(c) In contracts 25
304. Minimum Project Cost 25
305. Replacement Reserve Requirement 25
306. Effect of Violation of the Terms and Provisions of this Agreement after Completion of Construction 26
307. Affordable Housing Covenant 26
308. Indemnification Limitation for Approved Lenders 26

400. FINANCIAL PROVISIONS 27
401. Agency Assistance 27
401.1 Affordable Housing Fee Grant 27
401.2 Affordable Housing Subsidy 27
(a) Amount of Affordable Housing Subsidy 27
(b) Source of Affordable Housing Subsidy Payments 28
(c) Accrual and Payment of Unpaid Affordable Housing Subsidy 28
(d) Timing of Affordable Housing Subsidy Payments and Accrual Payments 29
(e) Cap on Affordable Housing Subsidy Payment and Accrual Payment 29
402. Conditions Precedent to Disbursement of Agency Assistance 29
(a) No Default 29
(b) Execution of Documents 29
(c) Insurance 29
(d) Permits and Land Use Approvals 29
(e) Payment of Development Fees 30
(f) Payment of Property Taxes 30
(g) Completion of Improvements 30
(h) Minimum Project Cost 30
(i) Subordination Agreements and Affordable Housing Covenant Report 30
(j) Financial Statements and Reports 30

403. Eligible Project Costs 30
404. Reduction in Amount of Affordable Housing Subsidy Following Reassessment 31
405. Intentionally Omitted. 31
406. Financial Records and Auditing and Reporting Obligations 31
407. Pledge of Agency Assistance to Bond Trustee. 32
408. Future Tax Allocation Bonds 33

500. DEFAULTS AND REMEDIES 33
501. Default Remedies 33
502. Institution of Legal Actions 34
503. Termination by Participant 34
504. Termination by Agency 35
505. Acceptance of Service of Process 35
506. Rights and Remedies Are Cumulative 35
507. Inaction Not a Waiver of Default 35

600. GENERAL PROVISIONS 35
601. Notices, Demands and Communications Between the Parties 35
602. Enforced Delay; Extension of Times of Performance 37
603. Successors and Assigns 37
604. Memorandum of Agreement 37
605. Relationship Between Agency and Participant 37
606. Agency Approvals and Actions 37
607. Counterparts 38
608. Integration 38
609. Titles and Captions 38
610. Interpretation 38
611. No Waiver 38
612. Modifications 38
613. Severability 38
614. Computation of Time 38
615. Legal Advice 39
616. Time of Essence 39
617. Cooperation 39
618. Conflicts of Interest 39
619. Time for Acceptance of Agreement by Agency 39
620. Participant's Indemnity 39
621. Effective Date 40
622. Nonliability of Officials and Employees of the Agency and Participant 40
(a) Agency 40
(b) Participant 40
623. Assignment by Agency 41
624. Applicable Law 41
625. Estoppel Certificate 41
626. Third-Party Beneficiary 42

ATTACHMENTS

Attachment No. 1(A)	Site Map (Final Map No. 02-01, "Parcel 2")
Attachment No. 1(B)	Site Map (Development Agreement Exhibit A-1, "Office/Residential Flex C Component")
Attachment No. 2	Site Legal Description
Attachment No. 3	Scope of Development
Attachment No. 4	Schedule of Performance
Attachment No. 5	Affordable Housing Covenant
Attachment No. 6	Certificate of Completion
Attachment No. 7	Memorandum of Owner Participation Agreement
Attachment No. 8	Resolution Authorizing Execution of this Agreement
Attachment No. 9	Conceptual Site Plans and Design Review Plans
Attachment No. 10	Insurance Requirements
Attachment No. 11	Subordination Agreement

OWNER PARTICIPATION AGREEMENT
(Paragon Apartments)

THIS OWNER PARTICIPATION AGREEMENT (this "Agreement") dated as of this 1st day of March, 2005, is entered into by and between the CITY OF SAN BRUNO REDEVELOPMENT AGENCY, a public body existing and organized under the Community Redevelopment Law (the "Agency"), and THE CROSSING APARTMENT ASSOCIATES II LLC, a Delaware limited liability company (the "Participant") pursuant to the authority of the Community Redevelopment Law, the Redevelopment Plan, and the Agency Rules.

RECITALS

The following recitals are a substantive part of this Agreement (capitalized terms used herein and not otherwise defined are defined in Section 100 of this Agreement):

A. The purpose of this Agreement is to effectuate the Redevelopment Plan for the San Bruno Redevelopment Project which was approved and adopted by the City Council of the City on July 6, 1999 by Ordinance No. 1620 ("Redevelopment Plan") by providing for the redevelopment of the second phase of The Crossing|San Bruno Project.

B. The Crossing|San Bruno Project is located on the approximately 20.1-acre former U. S. Navy Site within the City of San Bruno, County of San Mateo, State of California. The Crossing|San Bruno Project is a compact, interactive, and pedestrian-friendly community based on the principles of transit-oriented development offering a mix of multi-family, senior, and affordable housing, hotel, meeting space, restaurant space, neighborhood-serving retail, office space, recreational opportunities, and parking facilities, in the manner described in the Specific Plan for the U. S. Navy Site and its Environs ("Specific Plan") and Development Agreement.

C. For the purposes of this Agreement, the second phase of The Crossing|San Bruno Project is the development of an approximately 3.206-acre parcel of real property depicted as "Parcel 2" on Final Map No. 02-01, attached hereto as Attachment No. 1(A) and depicted as "Office/Residential C Flex Component " on Exhibit A-1 of the Development Agreement, attached hereto as Attachment No. 1(B), and more particularly described in the Site Legal Description attached hereto as Attachment No. 2 (the "Site").

D. Prior to the Effective Date of this Agreement, as defined herein, Participant will own the Site in fee and qualify as an "owner participant" as that term is defined in the Redevelopment Plan, the Community Redevelopment Law, and Agency Rules. Participant desires to participate in the redevelopment of the Site in accordance with the Community Redevelopment Law, the Redevelopment Plan, the Agency Rules, and the terms of this Agreement.

E. Consistent with the terms of this Agreement, including the Affordable Housing Covenant, attached hereto as Attachment No. 5, and the Existing Approvals, Participant intends to develop on the Site a 185-unit, multi-family residential rental project with ancillary parking uses, including thirty seven (37) (twenty percent (20%)) Affordable Units available to Very Low

Income Households. The Improvements are further defined in the Scope of Development, Attachment No. 3, and depicted in the Conceptual Site Plan, Attachment No. 9.

F. Agency is authorized and empowered under the Community Redevelopment Law and the Redevelopment Plan to enter into agreements for the acquisition, disposition and development of real property and otherwise to assist in the redevelopment of real property within the Redevelopment Project Area in conformity with the Redevelopment Plan; to acquire real and personal property in the Redevelopment Project Area; to receive consideration for the provision by the Agency of redevelopment assistance; to make and execute contracts and other instruments necessary or convenient to the exercise of its powers; and to incur indebtedness to finance or refinance the Redevelopment Project.

G. Agency and Participant desire to enter into this Agreement to set forth the terms and conditions relating to: (i) Participant's development, use, operation and maintenance of the Project, including the thirty seven (37) Affordable Units; and (ii) the provision of the Agency Assistance to the Participant related to the provision of those Affordable Units.

H. Agency further desires to enter into this Agreement because the Project will aid in the phased redevelopment of a former military site to accommodate a high quality, planned mixed-use residential community, upgrade site infrastructure, improve site aesthetics, and provide much needed multi-family and affordable housing opportunities. The Project will also provide substantial economic benefits to the Agency, the Redevelopment Project Area, and the City, its residents and surrounding communities. Specifically, the Project will increase employment opportunities in the Redevelopment Project Area both during and after construction, increase the property values of the community by removing blighted conditions, and generate available tax increment.

I. Agency anticipates that separate owner participation agreement(s), generally consistent with the terms and format of this Agreement, may be entered into to provide certain public agency participation and/or assistance in connection with both the development of senior affordable housing units on the Senior Component consistent with the Affordable Housing Plan and the development of parking facilities and other forms of assistance to encourage the development of the Hotel Component (as defined in the Development Agreement) and the ECR Commercial Project Component (as defined in the Development Agreement). The parties acknowledge that Agency is under no obligation to enter into these agreements and, should Agency opt to do so, it will require quality assurance and a demonstration of financial need and determine on a case-by-case basis the terms and extent of Agency assistance, if any.

J. The fulfillment of this Agreement is consistent with the General Plan and Redevelopment Plan, in the vital and best interests of the City, and the health, safety and welfare of its residents, and in accord with the provisions of applicable federal, state and local law.

K. The terms and conditions of this Agreement have undergone extensive review by Agency and its staff, and by the resolution attached hereto as Attachment No. 8 and incorporated herein by reference, Agency has found the Agreement just and reasonable and in conformance with the Community Redevelopment Law, Redevelopment Plan, and Agency Rules.

AGREEMENT

NOW, THEREFORE, Agency and Participant hereby agree as follows:

100. DEFINITIONS; REPRESENTATIONS AND WARRANTIES

101. Definitions.

"*Accrual Payment*" is defined in Section 401.2(c) hereof.

"*Affiliate of Participant*" means an entity or entities in which one or more of Participant, Martin/Regis San Bruno Associates, L.P., TMG Partners, or REGIS Homes of Northern California collectively retains more than fifty percent (50%) in the aggregate, directly or indirectly, of the ownership or beneficial interest and retains full management and control of the transferee entity or entities, either directly or indirectly through another entity, subject only to certain major events requiring the consent or approval of the other owners of such entity.

"*Affordable Housing Covenant*" means the Affordable Housing Covenant to be recorded against the Site as provided in Section 307 in the form attached hereto as Attachment No. 5.

"*Affordable Housing Fee Grant*" is defined in Section 401.1 hereof.

"*Affordable Housing Fee Grant Cap*" is defined in Section 401.1 hereof.

"*Affordable Housing Fixed Subsidy*" is defined in Section 401.2(a)(i) hereof.

"*Affordable Housing Fund*" means the low and moderate income housing fund established by the Agency pursuant to Section 33334.3 of the Community Redevelopment Law, into which Agency must deposit a portion of the property tax increment from the Redevelopment Project [currently twenty percent (20%)] to be used for the purposes of increasing, improving and preserving the supply of low- and moderate-income housing within the territorial jurisdiction of the Agency.

"*Affordable Housing Plan*" means the Affordable Housing Plan attached as Exhibit E to the Development Agreement, which establishes the minimum affordability requirements for The Crossing San Bruno Project.

"*Affordable Housing Set Aside Revenues*" means that portion of the property tax increment revenues allocated to and received by Agency attributable by the San Mateo County Assessor to the Site and the improvements thereon (currently twenty percent [20%] of the gross property increment revenues), which Agency is required by law to set-aside in the Agency's Low and Moderate Income Housing Fund pursuant to the Community Redevelopment Law.

"*Affordable Housing Subsidy*" is defined in Section 401 hereof.

"*Affordable Housing Subsidy Accrual*" is defined in Section 401.2(c) hereof.

"*Affordable Housing Subsidy Cap*" is defined in Section 401.2(e) hereof.

"*Affordable Housing Subsidy Payment Shortfall*" is defined in Section 401.2(c) hereof.

"*Affordable Housing Subsidy Payment Sources*" is defined in Section 401.2(b) hereof.

"*Affordable Housing Variable Subsidy*" is defined in Section 401.2(a)(ii) hereof.

"*Affordable Units*" is defined in Section 307 hereof.

"*Agency*" means the City of San Bruno Redevelopment Agency, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California, and any assignee of or successor to its rights, powers and responsibilities.

"*Agency Assistance*" is defined in Section 401 hereof.

"*Agency Rules*" means the Agency Owner Participation and Business Reentry Rules, adopted by Resolution A99-4.

"*Agreement*" means this Owner Participation Agreement between Agency and Participant.

"*Approved Lender*" is defined in Section 214.1 hereof.

"*Architectural Review Committee*" means the City's Architectural Review Committee.

"*Base Year Affordable Housing Set Aside Revenues*" means the Affordable Housing Set Aside Revenues attributable to the Site and the improvements thereon, allocated to and received by the Agency in the property tax fiscal year 1999/2000.

"*Base Year Unrestricted Property Tax Increment Revenues*" means the Unrestricted Property Tax Increment Revenues attributable to the Site and the improvements thereon, allocated to and received by the Agency in the property tax fiscal year 1999/2000.

"*Benchmark Debt Coverage Ratio*" means a Debt Coverage Ratio equal to 1.15000, or 115.00%.

"*Bonds*" is defined in Section 407 hereof.

"*Certificate of Completion*" means the document evidencing Participant's satisfactory completion of construction and installation of the Improvements, as set forth in Section 213 hereof, in the form of Attachment No. 6 hereto.

"*City*" means the City of San Bruno, a California municipal corporation.

"*Community Redevelopment Law*" means the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000, et seq.).

"*Conceptual Site Plan*" is defined in Section 204.1 hereof.

"*Conditions Precedent to Disbursement of Agency Assistance*" is defined in Section 402 hereof.

"*Construction Drawings*" is defined in Section 204.3 hereof.

"*County of San Mateo Letter of Understanding and Agreement*" means the letter of understanding and agreement dated November 12, 1999, between City and the County of San Mateo providing for City to pay to the County of San Mateo an amount equal to a portion of the annual property taxes attributable to the Navy Property (Assessors Parcel Nos. 020-010-580, 020-013-050, and 020-013-060, consisting of approximately 26.806 acres as more particularly described therein) that would have otherwise accrued to the County of San Mateo had the Navy Property not been included within the Redevelopment Project. Participant acknowledges having received a copy of the County of San Mateo Letter of Understanding and Agreement.

"*Debt Coverage Ratio*" means the ratio obtained by dividing the sum of (i) the Net Operating Income for a particular Operating Year, plus (ii) the potential amount of Agency Assistance available to Participant during the Operating Year in which Net Operating Income is measured, by the Debt Service payable in the Operating Year in which Net Operating Income is measured.

"*Debt Service*" means (i) the principal and interest payments on the portion of the bond debt secured by FNMA, and (ii) interest payments (excluding principal) on the portion of the Project debt secured by equity partners for a given Operating Year based upon the actual principal and interest expenses paid by the Participant.

"*Default*" means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 501 hereof.

"*Design Review Plans*" is defined in Section 204.2 hereof.

"*Development Agreement*" means the Development Agreement for The Crossing|San Bruno Project by and between the City of San Bruno and Martin/Regis San Bruno Associates, L.P., as may be amended from time to time and as assigned by any partial assignment and assumption agreement related to the Site.

"*Effective Date*" means the operative date of this Agreement, which shall be the date upon which Participant delivers evidence of ownership of fee title to the Site to Agency, as required by Section 621 hereof.

"*Effective Gross Income*" means the actual effective gross income produced by the Project for a particular Operating Year, including (i) actual rental income from the residential units (without reduction for any assumed vacancy factor), not including any concessions or other inducements (such as any cash reductions in monthly rent during the term of a lease, any free rent before, during or after the term of a lease, any rent coupons, gift certificates and tangible goods or any other form of rent reduction or forbearance); (ii) laundry income, vending income, parking fees, cable television commission income, tenant utility reimbursements, storage fees, pet premiums, renter insurance commissions, retained deposits, and late fees; (iii) clubhouse

rentals and PacBell/DSL commissions, to the extent not assigned to the Meridian Apartments phase of the Crossing|San Bruno Project, prior to the Effective Date; (iv) any Operating Expense reserve account monies that become available to Participant following repayment of the Project Debt or waiver by an Approved Lender of the Operating Expense reserve account requirements set forth in the Project Debt loan documents; and (v) any "other income" permitted by Fannie Mae or its agent in underwriting the financing for construction of the Project, as those requirements may be changed from time to time.

"*Eligible Project Costs*" is defined in Section 403 hereof.

"*Existing Approvals*" mean the existing development approvals, entitlements, policies and findings adopted by City after duly noticed public hearings and other applicable procedures prior to the date of this Agreement and applied to The Crossing|San Bruno Project and the Site, which include the following:

(1) On January 9, 2001, the City certified a Final Environmental Impact Report for The Crossing|San Bruno Project (Resolution No. 2001-1) and on December 11, 2001, an Addendum to the EIR (Resolution No. 2001-82) (collectively, the "Crossing EIR").

(2) On January 9, 2001, the City approved a General Plan Amendment (Resolution No. 2001-2).

(3) On January 9, 2001, the City approved a Specific Plan (Resolution No. 2001-3), on December 11, 2001, a Specific Plan Amendment (Resolution No. 2001-82), and on September 24, 2002, a Specific Plan Addendum (Design Guidelines) (Resolution No. 2002-58) that includes the major development, circulation and infrastructure elements for The Crossing|San Bruno Project.

(4) On January 23, 2000, the City adopted an ordinance amending the San Bruno Zoning Ordinance and Zoning Map to establish the zoning for The Crossing|San Bruno Project (Ordinance No. 1635).

(5) On June 5, 2001, voters approved Initiative Measure E by majority vote at a special municipal election pursuant to Local Ordinance 1284.

(6) On January 8, 2002, the City adopted Ordinance No. 1653 approving the Development Agreement, which took effect on February 7, 2002, as amended by the First Minor Amendment to Development Agreement dated March 9, 2004 (Recorder's Document No. 2004-052559) and a Second Minor Amendment to Development Agreement of even date herewith.

(7) On August 20, 2002, the City Planning Commission approved Vesting Tentative Map No. TM 02-01 (Resolution No. 2002-01) that provides for the conditions of subdivision of The Crossing|San Bruno Project.

(8) On October 29, 2002, the City approved the Final Map for The Crossing|San Bruno Project (Resolution No. 2002-66).

(9) On February 15, 2005, the Planning Commission approved the Architectural Review Permit and Planned Development Permit for the Project.

"*Governmental Requirements*" means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees, of the United States, the State of California, the County of San Mateo, the City, or any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the Agency, the Participant or the Site.

"*Hazardous Materials*" means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is: (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum; (vi) friable asbestos; (vii) polychlorinated biphenyls; (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; (ix) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317); (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901, *et seq.* (42 U.S.C. §6903); or (xi) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601, *et seq.*, as the foregoing statutes and regulations now exist or may hereafter be amended.

"*Improvements*" means the 185-unit, multi-family residential rental project, including the Affordable Units, with ancillary parking uses and appurtenant on-site and off-site improvements to be constructed and installed by Participant as set forth herein and in the Scope of Development, Attachment No. 3 hereto.

"*Insurance Requirements*" means the insurance requirements for the Project, which are attached hereto as Attachment No. 10.

"*Maintenance Standards*" is defined in Section 302 hereof.

"*Memorandum of Agreement*" is defined in Section 604 hereof.

"*Net Affordable Housing Set Aside Revenues*" means the increase of the Affordable Housing Set Aside Revenues over the Base Year Affordable Housing Set Aside Revenues allocated to and received by the Agency.

"*Net Operating Income*" means Effective Gross Income, as defined herein, less Operating Expenses, as defined herein, before depreciation and mortgage interest and principal.

"*Net Unrestricted Property Tax Increment Revenues*" means the increase of the Unrestricted Property Tax Increment Revenues over the Base Year Unrestricted Property Tax Increment Revenues allocated to and received by the Agency.

"*Notice*" means a notice in the form prescribed by Section 601 hereof.

"*Operating Expenses*" shall mean the actual out-of-pocket costs and expenses paid by Participant for a given Operating Year and approved by Fannie Mae or its agent, in its discretion, in connection with the use, maintenance or operation of the Project (but without duplication) based on the actual expenses which meet all of the following requirements:

(i) All costs and expenses must be recognized as operating expenses by the Fannie Mae guidelines, as those guidelines may be changed from time to time, and by generally accepted accounting principles applicable to real estate projects and transactions;

(ii) Property management fees shall not exceed two and one-half percent (2.5%) of gross rental income;

(iii) Operating Expenses shall not include any operating expense or capital replacement reserve account payments;

(iv) Any fee paid to Participant, its members or an Affiliate of Participant, other than the property management fees stated in (ii) above, such as asset management fees and financing fees, shall not be considered an Operating Expense;

(v) Operating Expenses shall not include mortgage interest or principal payments, depreciation, amortization, or costs or expenditures that the Internal Revenue Code allows to be depreciated or amortized;

(vi) To the extent that in dealing with an Affiliate of Participant or its members, such costs and expenses shall be reasonable and at no higher than market rates and all dealings with such Affiliate(s) of Participant shall be disclosed in writing to Agency in advance;

(vii) Project expenses financed with Project Debt shall not be included within Operating Expenses; and

(viii) Operating Expenses shall not exceed 36 percent of the combined total operating expenses for the Project and the Parcel 1 Project.

"*Operating Year*" means the one-year periods commencing upon the first January 1 following the date that Participant has obtained a final certificate of occupancy for the Improvements and commenced leasing activities for the Affordable Units, and ending on

December 31 of that year; each succeeding Operating Year shall commence on January 1st and end on December 31st.

"*Parcel 1 Project*" means the 300-unit, multi-family residential rental project including sixty (60) Affordable Units and ancillary recreational and parking uses commonly known as the "Meridian Apartments," developed on that approximately 5.059-acre parcel of real property depicted as "Parcel 1" on Final Map No. 02-01.

"*Parcel 1 Owner Participation Agreement*" means the Owner Participation Agreement entered into by and between the Agency and The Crossing Apartment Associates I LLC related to Parcel 1 and effective February 2002.

"*Parcel 3 Project*" means the development project that may be developed on that approximately 3.484-acre parcel of real property depicted as "Parcel 3" on Final Map No. 02-01.

"*Parcel 4 Project*" means the development project that may be developed on that approximately 3.525-acre parcel of real property depicted as "Parcel 4" on Final Map No. 02-01.

"*Participant*" means The Crossing Apartment Associates II LLC, a Delaware limited liability company, or its permitted assignee or transferee.

"*Project*" means the Site and the Improvements to be constructed by Participant on the Site as set forth herein.

"*Project Debt*" means the total debt financing for the initial construction of the Project up to a maximum of FIFTY-TWO MILLION DOLLARS ($52,000,000) (the "Initial Project Debt"). As of the date of execution of this Agreement, it is anticipated that the total Initial Project Debt for the Project will consist of tax-exempt bond financing in the approximate amount of FORTY-NINE MILLION SIX HUNDRED THOUSAND DOLLARS ($49,600,000). To qualify for Project Debt, any refinancing of the Initial Project Debt must be limited to the remaining balance of the outstanding principal on the Initial Project Debt and cannot be for a period less than the remaining term of the Initial Project Debt.

"*Redevelopment Plan*" means the Redevelopment Plan for the San Bruno Redevelopment Project, adopted by Ordinance No. 1620 of the City Council of the City on July 6, 1999, and any future amendments thereto, which are incorporated herein by reference.

"*Redevelopment Project*" means the San Bruno Redevelopment Project approved and adopted by the City pursuant to the Redevelopment Plan.

"*Schedule of Performance*" means the Schedule of Performance attached hereto as Attachment No. 4 and incorporated herein, setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Participant and the Agency's Executive Director, and the Agency's Executive Director is authorized to make such revisions as he or she deems reasonably necessary.

"*Scope of Development*" means the Scope of Development attached hereto as Attachment No. 3 and incorporated herein, which describes the scope, amount and quality of the work of Improvements to be constructed and installed by the Participant. The Scope of Development is subject to revision only as provided herein.

"*Site*" is defined in Recital C.

"*Site Legal Description*" means the legal description of the Site, which is attached hereto as Attachment No. 2 and incorporated herein.

"*Site Map*" means the maps of the Site, which are attached hereto as Attachment No. 1(A) and Attachment No. 1(B) and incorporated herein.

"*Subordination Agreement*" means the form of Subordination Agreement attached hereto as Attachment No. 11 and incorporated herein.

"*Tax Allocation Bonds*" means any bond, certificate of participation or other indebtedness or obligation of the Agency hereafter incurred payable in whole or in part from the proceeds of taxes allocated and paid to the Agency from within the Redevelopment Project pursuant to Health and Safety Code Section 33670(b) (as said statute may be amended from time to time and including any legislative substitutions or subventions for property tax increment revenues) that has been sold pursuant to a public debt offering or that represents the private placement of debt including any obligation of the Agency to a joint powers authority that offers bonds to the public or through a private placement.

"*Trustee*" is defined in Section 407 hereof.

"*Unrestricted Property Tax Increment Revenues*" means the property tax increment revenues allocated to and received by the Agency pursuant to Section 33670(b) of the Community Redevelopment Law, as said statute may be amended from time to time, by application of the one percent (1%) tax levied against real property as permitted by Article XIIIA of the California Constitution, in an amount attributable by the San Mateo County Assessor to the Site and the improvements thereon, but specifically excluding therefrom the following: (a) charges for County administrative charges, fees, or costs; (b) the portion of tax increment revenues from the Site attributable to any special taxes or assessments or voter-approved indebtedness; (c) an amount equal to the actual and reasonable costs incurred by Agency, including staff time, in reviewing Participant's compliance with the terms of this Agreement and the Affordable Housing Covenant in the preceding Operating Year; (d) a portion of the tax increment revenues from the Site equal to the percentage of such revenue that the Agency is required to pay to any and all governmental entities as required by the Community Redevelopment Law, including payments required to be made following an amendment to the Redevelopment Plan in accordance with Section 33333.10 of the Community Redevelopment Law, as added by Senate Bill 211; (e) a portion of the tax increment revenues from the Site equal to the amount of money that City is required to pay the County of San Mateo pursuant to the County of San Mateo Letter of Understanding and Agreement or any other agreements entered into by the City and the County of San Mateo implementing the County of San Mateo Letter of Understanding and Agreement; (f) the portion of tax increment revenues from the Site equal to

the percentage of such revenues in the Redevelopment Project as a whole which payments the State may mandate that the Agency pay from time to time in the future, including, for example, any payments which the Agency may be required to pay to the Education Revenue Augmentation Fund pursuant to Section 33681, et seq., of the Community Redevelopment Law; and (g) Affordable Housing Set Aside Revenues.

102. Representations and Warranties.

102.1 Agency Representations. Agency represents and warrants to Participant as follows:

(a) Authority. Agency is a public body, corporate and politic, existing pursuant to the California Community Redevelopment Law (California Health & Safety Code Section 33000, *et seq.*), which has been authorized to transact business pursuant to action of the City. Agency has full right, power and lawful authority to perform its obligations hereunder and the execution, performance and delivery of this Agreement by Agency has been fully authorized by all requisite actions on the part of Agency.

(b) No Conflict. To the best of Agency's knowledge, Agency's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Agency is a party or by which it is bound.

(c) No Superior Obligations. There will be no bonds, notes, indebtedness, or other obligations of the Agency as of the date of this Agreement secured by a pledge of, lien on, security interest in, or payable from the portion of Net Affordable Housing Set Aside Revenues or Net Unrestricted Property Tax Increment Revenues pledged to Participant herein, which are superior or on a parity with the pledge of Agency Assistance to the Participant herein; except for (i) the financial assistance pledged by Agency to the Parcel 1 Project pursuant to the Parcel 1 Owner Participation Agreement, which is superior only as to the tax increment generated by Parcel 1, and (ii) Tax Allocation Bonds where Agency agrees to set aside the Bond Set Aside in accordance with Section 408.

Until the expiration or earlier termination of this Agreement, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 102.1 not to be true, immediately give written notice of such fact or condition to Participant.

102.2 Participant's Representations. Participant represents and warrants to Agency as follows:

(a) Authority. Participant is a duly organized limited liability company organized and in good standing under the laws of the State of Delaware and registered to do business in the State of California. The copies of the documents evidencing the organization of Participant delivered to Agency are true and complete copies of the originals, as amended to the Effective Date. Participant has full right, power and lawful authority to undertake all obligations as provided herein and the execution, performance and delivery of this

Agreement by Participant has been fully authorized by all requisite actions on the part of Participant.

(b) **No Conflict**. To the best of Participant's knowledge, Participant's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Participant is a party or by which it is bound.

(c) **No Participant Bankruptcy**. Participant is not the subject of any bankruptcy proceeding.

(d) **Leases and Other Interests**. To the best of Participant's knowledge, there are no unrecorded leases affecting the Site or any portion thereof, and no other person or entity has any unrecorded interests in or the right to possess the Site or any portion of it.

(e) **Title**. Participant, upon the Effective Date, owns fee simple title to the Site.

(f) **Litigation**. To the best of Participant's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Site or any portion thereof, at law or in equity before any court or governmental agency, domestic or foreign.

(g) **Governmental Compliance**. Participant has not received any notice from any governmental agency or authority alleging that the Site is currently in violation of any law, ordinance, rule, regulation or requirement applicable to its use and operation. If any such notice or notices are received by Participant following the date this Agreement is signed by the Agency, Participant shall notify Agency within ten (10) days of receipt of such notice.

Until the expiration or earlier termination of this Agreement, Participant shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 102.2 not to be true, immediately give written notice of such fact or condition to Agency.

102.3 Limitations on Right to Assign. The qualifications and identity of the Participant and its managing member are of particular concern to the Agency. It is because of the demonstrated qualifications and identity that the Agency has entered into this Agreement with Participant. No voluntary or involuntary successor in interest of the Participant shall acquire any interest in the Site or the Project nor any rights or powers under this Agreement, except as expressly set forth herein. It is hereby expressly stipulated and agreed that any assignment, sale, transfer or other disposition of the Project or the Site, or any portion(s) thereof or interest(s) therein, in violation of this Section 102.3 shall be null, void and without effect, shall cause a reversion of title to Participant, and shall be ineffective to relieve Participant of its obligations under this Agreement and the Affordable Housing Covenant. For purposes of this Section 102.3, a change in the identity of the initial managing member of Participant (including the sale or transfer, in the aggregate, of the controlling stock or interest in said managing member) shall be deemed a transfer subject to the provisions of this Section. Upon any transfer

or assignment of this Agreement or sale, transfer or other disposition of the Project or the Site that complies with the requirements of this Section 102.3, Participant shall be fully released from its obligations hereunder to the extent such obligations have been fully assumed in writing by the transferee of the Project or the Site pursuant to an assignment and assumption agreement in a form reasonably acceptable to Agency's legal counsel. The right to receive the Agency Assistance shall run with the Project and, therefore, any assignment or transfer of Participant's obligations under this Agreement to a permitted assignee or transferee shall also include an assignment of the right to receive the Agency Assistance. No later than the date the assignment becomes effective, Participant shall deliver to Agency a fully executed counterpart of the assignment and assumption agreement. Participant shall request approval by written notice at least sixty (60) days prior to any proposed transfer or assignment of this Agreement or sale, transfer or other disposition of the Project or the Site, or any portion(s) thereof or interest(s) therein.

(a) Prior to Issuance of Certificate of Completion. Prior to issuance of the Certificate of Completion, Participant shall not assign or transfer this Agreement, the Project or the Site, or any portion(s) thereof, or interest(s) therein, or any right(s) hereunder without the prior written approval of the Agency's Executive Director. Participant shall notify Agency of any proposed transfer, or assignment promptly upon commencement of negotiations in connection with such event. The Agency's Executive Director shall approve or disapprove any requested transfer or assignment within sixty (60) days after receipt of a written request for approval from Participant, together with such documentation as may be reasonably required by the Agency's Executive Director to evaluate the proposed transaction and the proposed assignee's/transferee's experience and qualifications. The Agency's Executive Director shall not unreasonably withhold approval of a transfer or assignment to a proposed transferee/assignee who in the reasonable opinion of the Agency's Executive Director is financially capable and has the development qualifications and experience to perform the duties and obligations of the Participant hereunder.

(b) Following Issuance of Certificate of Completion. Following issuance of the Certificate of Completion, Participant shall not assign or transfer this Agreement, the Project or the Site, or any portion(s) thereof, or interest(s) therein, or any right(s) hereunder without the prior written approval of the Agency's Executive Director, which approval shall not be unreasonably withheld or delayed, and shall be granted upon Agency's receipt of evidence acceptable to Agency that the following conditions have been satisfied:

(i) Participant is not in Default hereunder or the purchaser or assignee agrees to undertake to cure any Defaults of Participant to the reasonable satisfaction of Agency;

(ii) The continued operation of the Project shall comply with the provisions of this Agreement and the Affordable Housing Covenant;

(iii) Either (i) the purchaser or assignee or its property manager has at least three year's experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing

below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects, or (ii) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subclause (i) above, or (iii) Participant or its management company will continue to manage the Project for at least one year following such transfer and during such period will provide training to the transferee and its manager in the responsibilities relating to the Affordable Units;

(iv) The person or entity which is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; and

(v) The proposed purchaser or assignee enters into a written assignment and assumption agreement in form and content reasonably satisfactory to Agency's legal counsel, and, if requested by Agency, an opinion of such purchaser or assignee's counsel to the effect that this Agreement and the Affordable Housing Covenant are valid, binding and enforceable obligations of such purchaser or assignee, subject to bankruptcy and other standard limitations affecting creditor's rights.

(c) Pre-Approved Transfers. Notwithstanding any other provision of this Agreement to the contrary, Agency approval of a transfer or assignment of this Agreement, the Project, or the Site or any interest therein shall not be required in connection with any of the following:

(i) Subject to Participant submitting the assignment and assumption agreement referred to above and the approval of such agreement by the Agency, which approval shall not be unreasonably withheld, any transfer or assignment of the Project or any interest therein to an Affiliate of Participant;

(ii) Transfers resulting from the death or mental or physical incapacity of any member of Participant;

(iii) The granting of temporary or permanent easements or permits to facilitate development of the Project;

(iv) Any assignment for financing purposes (subject to such financing being considered and approved by Agency pursuant to Section 214.1 below), including the grant of a deed of trust, assignment of rents and security agreement to secure the funds necessary for construction and permanent financing of the Improvements;

(v) Any transfer by foreclosure or deed in lieu of foreclosure under approved financing or transfers by a lender subsequent to foreclosure or

deed in lieu of foreclosure (subject to the requirements of this Section 102.3 and Section 214, below);

(vi) The transfer of the limited liability company membership interests of Participant, provided such transfer does not cause a material change in the rights to manage and control Participant;

(vii) The transfer of any stock, partnership interest, membership or other beneficial interest in any non-managing member of Participant or any direct or indirect beneficial owner of any non-managing member of Participant;

(viii) The admission of any new non-managing member to Participant;

(ix) The admission of any new co-managing member to Participant, so long as the initial managing member or an Affiliate of Participant remains a co-managing member of Participant and maintains control over the operation and management of Participant;

(x) The assignment of this Agreement, or any interest in this Agreement, to an Affiliate of Participant;

(xi) The transfer of any managing member interest or non-managing member interest in Participant to an Affiliate of Participant, so long as the initial managing member or Affiliate of Participant remains a managing or co-managing member of Participant and maintains control over the operation and management of Participant;

(xii) The rental, in the ordinary course of business, of the apartment units within the Project provided, with respect to the Affordable Units, such rental shall be in accordance with the terms of this Agreement and the Affordable Housing Covenant; and

(xiii) The transfer of limited. exterior portions of the Site, such as landscaped areas or private streets, to the Homeowners' Association under the terms of the CC&Rs for the Crossing|San Bruno Project.

In the event of an assignment or transfer by Participant under the above subsections 102.3(c)1 through 102.3(c)13, inclusive, not requiring Agency's prior approval, Participant nevertheless agrees that it shall give at least fifteen (15) days' prior written Notice to Agency of such assignment or transfer. In addition, Agency shall be entitled to review such documentation as may be reasonably required by the Agency's Executive Director for the purpose of determining compliance of such assignment or transfer with the requirements of subsections 102.3(c)1 through 102.3(c)13, inclusive.

Nothing in this Section or elsewhere in this Agreement shall prohibit (i) sale or transfer of all or any portion of the Site through foreclosure of a mortgage or deed of trust permitted pursuant to Section 214, (ii) transfer to the holder of such permitted mortgage or deed of trust by

deed in lieu of foreclosure or (iii) transfer of the Site by any such holder subsequent to acquisition by foreclosure or deed in lieu, so long as such transfer complies with Section 214. Agency shall not be obligated to pay the Agency Assistance to any transferee of the Site after foreclosure or transfer in lieu of foreclosure unless such transferee assumes all of Participant's obligations under this Agreement and the Affordable Housing Covenant (excluding repayment of any portion of the Agency Assistance not actually disbursed to such transferee).

200. DEVELOPMENT OF THE SITE

201. Scope of Development. Participant shall construct and install the Improvements in one phase in accordance with the Scope of Development, Attachment No. 3, as well as the schematic drawings, plans and documents to be submitted to and approved by Agency as provided in Section 204, below. All such work shall be performed by a licensed contractor(s).

202. Permits and Approvals. Before commencement of construction of the Improvements or other works of improvement upon the Site, Participant shall, at its expense, secure or cause to be secured any and all land use and other entitlements, permits and approvals which may be required by the City, the Architectural Review Committee and any other governmental agency affected by such construction or work to the extent consistent with the Development Agreement. Agency staff will work cooperatively with Participant to assist in coordinating the expeditious processing and consideration of all necessary permits, entitlements and approvals by the City. However, the execution of this Agreement does not constitute the granting of, or a commitment to obtain, any required land use permits, entitlements or approvals required by Agency or City.

203. Schedule of Performance. Participant shall commence and complete construction of the Improvements and satisfy all other obligations and conditions of this Agreement within the times established therefor in the Schedule of Performance, Attachment No. 4, subject to the provisions of Section 602 hereof.

204. Design Review.

204.1 Conceptual Site Plan. Concurrently with its approval of this Agreement, Agency has approved a conceptual site plan for the Improvements, including materials, color board, elevations of all four sides of the Improvements, preliminary landscape plans, a traffic and circulation plan and a rendered perspective of the residential apartment buildings (collectively, the "Conceptual Site Plan"). For convenience of reference, individual components of the Conceptual Site Plan are listed in Attachment No. 9 attached hereto.

204.2 Design Review Plans and Planned Development and Architectural Review Permits. Concurrently with its approval of this Agreement, Agency has approved detailed drawings and specifications with respect to the Improvements (the "Design Review Plans"). For convenience of reference, individual components of the Design Review Plans are listed in Attachment No. 9 attached hereto.

204.3 Construction Drawings and Related Documents. Within the time set forth in the Schedule of Performance, Participant shall prepare and submit to the City Building Department for review and approval detailed construction plans with respect to the

Improvements, including a grading plan, which shall have been prepared by a registered civil engineer (the "Construction Drawings").

204.4 Construction Approvals. The Agency Board's approval of the Conceptual Site Plan and Design Review Plans shall not relieve the Participant of its obligation to submit schematic drawings and plans to the City in order to obtain the approvals required for the construction of the Improvements on the Site as provided in the Development Agreement.

204.5 Revisions. If Participant desires to propose any material revisions to the Agency-approved Conceptual Site Plan or Design Review Plans, it shall submit such proposed changes to the Agency, and shall also proceed in accordance with any and all State and local laws and regulations regarding such revisions, within the time frame set forth in the Schedule of Performance. If any material change in the basic concept of the development of the Site is proposed in the Conceptual Site Plan or Design Review Plans from the basic concept set forth in the Conceptual Site Plan as originally approved by the Agency Board, then the Agency's approval of any revisions to the Conceptual Site Plan or Design Review Plans may be conditioned upon the renegotiation of all terms and conditions of this Agreement, including the economic terms of the Agreement. If, in the reasonable opinion of the Agency's Executive Director, the Conceptual Site Plan or Design Review Plans, as modified by the proposed change, generally and substantially conform to the requirements of this Section 204 and the Scope of Development, the Agency's Executive Director shall, within fifteen (15) days after submission to the Agency, approve the proposed change and authorize the City to process the change in accordance with City requirements. The Agency's Executive Director is authorized to approve changes to the Agency-approved Conceptual Site Plan and Design Review Plans provided such changes (a) do not significantly reduce the cost of the proposed development; (b) do not reduce the quality of materials to be used; and (c) do not reduce the imaginative and unique qualities of the Project design. Any and all change orders or revisions required by the City and its inspectors in accordance with the Development Agreement and under other applicable laws and regulations shall be included by Participant in its Conceptual Site Plan, Design Review Plans and Construction Drawings and completed during the construction of the Improvements.

204.6 Consultation and Coordination. During the preparation of the Construction Drawings, staff of Agency and Participant shall hold progress meetings on an as needed basis to coordinate the preparation, submission, and review with the City staff. The staff of Agency and Participant shall communicate and consult informally as frequently as is necessary to ensure that the formal submittal of any documents to the City and Agency can receive timely and thorough consideration.

204.7 Defects in Plans. Agency shall not be responsible either to the Participant or to any third parties in any way for any defects in the Conceptual Site Plan, the Design Review Plans or the Construction Drawings, nor for any structural or other defects in any work done according to the approved Conceptual Site Plan, Design Review Plans or Construction Drawings, nor for any delays caused by the review and approval processes established by this Section 204. Participant shall hold harmless, indemnify, pay for and defend Agency, City and its and their officers, employees, agents, representatives and volunteers from and against any claims or suits for damage to property or injury to or death of any persons arising out of or in any way relating to defects in the Conceptual Site Plan, Design Review Plans or the Construction Drawings,

including the violation of any Governmental Requirements, or for defects in any work done according to the approved Conceptual Site Plan, Design Review Plans and Construction Drawings.

204.8 Cost of Construction. All costs of Site preparation, planning, designing and constructing the Improvements and developing the Project on the Site shall be borne solely by Participant, except as otherwise expressly set forth herein.

205. Insurance Requirements. At all times during the term of this Agreement, Participant shall provide, maintain and keep in full force and effect, the insurance required under Attachment No. 10, Insurance Requirements, and shall comply with all requirements set forth therein.

206. Rights of Access. Prior to the issuance of a Certificate of Completion, for purposes of assuring compliance with this Agreement, representatives of the Agency shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including the inspection of the Project and the work of Improvements so long as the Agency representatives comply with all safety rules. Agency (or its representatives) shall, except in emergency situations, notify Participant prior to exercising its rights pursuant to this Section 206. Nothing herein shall be deemed to limit the ability of the City to conduct code enforcement and other administrative inspections of the Site in accordance with applicable law.

207. Compliance With Laws. Participant shall carry out the work of Improvements in conformity with all applicable laws, including Public Contracts Code requirements; City zoning and development standards; building, plumbing, mechanical and electrical codes; all other provisions of the City's Municipal Code; and all applicable disabled and handicapped access requirements, including the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*

208. Prevailing Wages. Participant acknowledges and agrees that the Improvements constitute construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds under California Labor Code Section 1720(b)(3). Participant shall comply with the City of San Bruno prevailing wage policy, all requirements of the Department of Industrial Relations in accordance with the California Labor Code, and all other applicable federal, state and local laws and regulations pertaining to labor standards and payment of prevailing wages (collectively, "Prevailing Wage Laws"). Participant shall (i) require its contractors and subcontractors to submit certified copies of payroll records to Participant; (ii) maintain complete copies of such certified payroll records; and (iii) make such records available to Agency and its designees for inspection and copying during regular business hours at the Site or at another location within the City of San Bruno.

Participant shall defend, indemnify and hold harmless Agency and City and its and their officers, employees, volunteers, agents and representatives from and against any and all present and future claims, demands, damages, or liability of any kind or nature, including attorneys fees and costs, arising out of or in any way connected with Participant's obligation to comply with

Prevailing Wage Laws, including all claims or demands that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and 1781, as amended and added by Senate Bill 966.

Participant hereby waives, releases and discharges forever Agency and the City, and its and their employees, officers, volunteers, agents and representatives, from any and all present and future claims, demands, damages and liability arising out of or in any way connected with Participant's obligation to comply with all Prevailing Wage Laws in connection with the work of Improvements.

Participant is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

As such relates to this Section 208, Participant hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

209. Taxes and Assessments. Participant shall pay prior to delinquency all *ad valorem* real estate taxes and assessments on the Site, subject to Participant's right to contest in good faith any such taxes. Participant shall remove or have removed any levy or attachment made on the Site or any part thereof, or assure the satisfaction thereof within thirty (30) days following the date of attachment or levy.

210. Project Sign. Participant and Agency agree to cooperate in placing and maintaining on the Site, during construction, one sign indicating the respective roles of Participant and Agency in the Project. The cost of the sign shall be borne by Participant.

211. Liens and Stop Notices. Participant shall not allow to be placed on the Site or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Project, Participant shall within thirty (30) days of such recording or service:

a. pay and discharge the same; or

b. affect the release thereof by recording and delivering to Agency a surety bond in sufficient form and amount; or

c. provide the Agency with other assurance which Agency deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of Agency from the effect of such lien or bonded stop notice.

212. Submission of Evidence of Financing Commitments. Within the time established therefor in the Schedule of Performance, Participant shall obtain and submit to Agency evidence that Participant has obtained firm letters of commitments for debt and equity financing necessary to undertake the development of the Project and the design and construction

of the Improvements in accordance with this Agreement. Agency's Executive Director shall approve or disapprove such evidence of financing commitments within the time established in the Schedule of Performance. Approval shall not be unreasonably withheld. If Agency's Executive Director shall reasonably disapprove any such evidence of financing, the Executive Director shall do so by written notice to Participant stating the reasons for such disapproval and, thereafter, Participant shall utilize good faith, diligent efforts to promptly obtain and submit to Agency new evidence of financing. Agency's Executive Director shall approve or disapprove such new evidence of financing in the same manner and within the same times established in the Schedule of Performance for the approval or disapproval of the evidence of financing as initially submitted to the Agency.

Such evidence of financing shall include a copy of the firm and binding commitment obtained by Participant for the mortgage loan or loans to finance construction through completion of the Project. The term of such construction financing shall be for not less than one (1) year. The commitment for financing shall be in a form sufficient, in the reasonable opinion of the Agency's Executive Director, to evidence a firm loan commitment subject to the construction lender's reasonable, customary and normal conditions and terms. In the event Agency disapproves Participant's evidence of financing commitments or Participant fails to obtain and deliver the evidence of financing commitments to Agency as provided above, then either party may terminate this Agreement as provided herein by Notice to the other party and, thereafter, neither party shall have any rights or obligations hereunder, except for Participant's indemnity obligations which shall survive termination of this Agreement.

Prior to issuance of a Certificate of Completion, Participant shall provide Agency's Executive Director with a written statement signed by the managing member of Participant setting forth the total amount of Project Debt, together with supporting evidence of such Project Debt reasonably satisfactory to the Executive Director.

213. Certificate of Completion. Following Participant's completion of the work of construction and installation of the Improvements on the Site in conformity with this Agreement, and within the time set forth in the Schedule of Performance, Agency shall furnish Participant with a "Certificate of Completion" substantially in the form attached hereto as Attachment No. 6. Agency shall not unreasonably withhold such Certificate of Completion. The Certificate of Completion shall be conclusive determination of satisfactory completion of the work of construction and installation of the Improvements on the Site and the Certificate of Completion shall so state. Any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Site shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as set forth in Section 306 hereof and in the Affordable Housing Covenant.

If Agency refuses or fails to furnish the Certificate of Completion, Agency shall, within thirty (30) days after Participant's written request therefor, provide the Participant with a written statement of the reasons Agency refused or failed to furnish the Certificate of Completion. The statement shall also contain Agency's opinion of the actions Participant must take to obtain the Certificate of Completion. Agency's failure to provide such a written statement within such thirty- (30-) day period shall be deemed Agency's disapproval of Participant's request for issuance of the Certificate of Completion. The Certificate of Completion shall not constitute

evidence of compliance with or satisfaction of any obligation of Participant to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the work of Improvements, or any part thereof. The Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code.

214. Mortgage, Deed of Trust, Sale and Lease-Back Financing.

214.1 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development. Mortgages and deeds of trust are permitted before completion of the construction of the Improvements, but only for the purpose of securing loans of funds to be used for financing the costs of acquiring the Site and constructing the Improvements. Participant covenants and agrees, on behalf of itself and its successors and assigns, that it shall not enter into any conveyance for such financing without the prior written approval of Agency's Executive Director. The beneficiary under any mortgage or deed of trust so approved by the Agency's Executive Director shall be an "Approved Lender," herein. The requirements of this Section 214.1 shall terminate effective upon issuance of the Certificate of Completion. Participant shall notify Agency in advance of any proposed mortgage or deed of trust. The words "mortgage" and "deed of trust" as used hereinafter shall include sale and lease-back financing.

214.2 Holder Not Obligated to Construct Improvements. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the Improvements or to guarantee such construction or completion. Nothing in this Agreement shall be deemed to or be construed to permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon other than those uses or Improvements provided for or authorized by this Agreement and the Affordable Housing Covenant.

214.3 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. If Agency delivers any notice or demand to Participant with respect to any breach or default by Participant hereunder, including the requirements of Section 302(b), below, Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand. No notice of default shall be effective as to the holder unless such notice is given. Each such holder shall (insofar as the rights of Agency are concerned) have the right, at its option, within sixty (60) days after receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. In the event possession of the Site (or portion thereof) is required to effectuate such cure or remedy, the holder shall be deemed to have timely cured or remedied if it commences the proceedings necessary to obtain possession thereof within sixty (60) days, diligently pursues such proceedings to completion, and, after obtaining possession, diligently completes such cure or remedy. Any such holder properly completing the Improvements shall be entitled, upon compliance with the requirements of Section 213 of this Agreement, to a Certificate of Completion. Agency shall be obligated to pay the Agency Assistance to a transferee of the Site after foreclosure or transfer in lieu of foreclosure only if such transferee assumes in writing all of Participant's obligations hereunder and under the Affordable Housing Covenant (excluding repayment of any portion of the Agency Assistance not actually disbursed to such transferee) and reinstates this Agreement and the Affordable Housing Covenant. Any such holder shall be responsible only to the extent necessary

to bring the Project into current compliance with Participant's obligations under this Agreement and the Affordable Housing Covenant, and not for any past uncured defaults.

215. Condition of the Site. Participant shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials that are located in, on or under the Site. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, Participant shall install and utilize such equipment and implement and adhere to such procedures as are consistent with the standards prevailing in the industry, to the extent such standards exceed applicable Governmental Requirements, as respects the disclosure, storage, use, removal and disposal of Hazardous Materials. Participant shall cause each release of Hazardous Materials in, on or under the Site to be remediated in accordance with all Governmental Requirements.

Participant agrees to indemnify, defend and hold Agency and City and its and their officers, employees, volunteers, agents and representatives harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including attorneys' fees), resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Site, or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Site, caused by Participant or any of Participant's predecessors in interest. This indemnity shall include any damage, liability, fine, penalty, parallel indemnity, cost or expense arising from or out of any claim, action, suit or proceeding for bodily injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic or consequential loss, damage to the natural resource or the environment, nuisance, contamination, leak, spill, release or other adverse effects on the environment.

300. COVENANTS, RESTRICTIONS AND AGREEMENTS

301. Use and Affordable Housing Covenants. Participant covenants and agrees for itself, its successors, assigns, and every successor in interest to the Site or any part thereof, that Participant shall continuously maintain, use and operate the Project in accordance with the highest industry standards, utilizing its expertise and all resources available to it to provide residents of the Project, including the Affordable Units, with high-quality rental housing, amenities and services, for the period of time specified in Section 306, below. No uses other than those specified above shall be permitted without the prior written approval of the Agency, which may be granted or denied in Agency's sole discretion. All uses conducted on the Site, including all activities undertaken by Participant pursuant to this Agreement, shall conform to the Redevelopment Plan, the Development Agreement and all applicable provisions of the San Bruno Municipal Code.

302. Maintenance Covenants. Participant shall maintain in accordance with the Maintenance Standards, as hereinafter defined, the private improvements and public improvements and landscaping to the curbline(s) on and abutting the Site. The improvements shall include buildings, sidewalks, pedestrian lighting, landscaping, irrigation of landscaping,

architectural elements identifying the Site and any and all other improvements on the Site and in the public right of way to the nearest curbline(s) abutting the Site. To accomplish the maintenance, Participant shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement. The maintenance covenants and obligations set forth in this Section 302 shall remain in effect for the period of time specified in Section 306, below.

(a) Maintenance Standards. The following standards (collectively, "Maintenance Standards") shall be complied with by Participant and its maintenance staff, contractors and subcontractors, but do not require extraordinary expenditures or reconstruction after condemnation or the occurrence of a substantial casualty event:

(i) Landscape maintenance shall include: watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning; trimming and shaping of trees and shrubs to maintain a healthy, natural appearance, safe road conditions and visibility, and irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

(ii) Clean-up maintenance shall include: maintenance of all sidewalks, paths and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

(iii) All maintenance work shall conform to all applicable federal and state Occupation Safety and Health Act standards and regulations for the performance of maintenance.

(iv) Any and all chemicals, unhealthful substances, and pesticides used in and during maintenance shall be applied in strict accordance with all Governmental Requirements. Precautionary measures shall be employed recognizing that all areas are open to public access.

(v) The Improvements shall be maintained in conformance and in compliance with the Specific Plan and the approved Planned Development Permit and Architectural Review Permit, as the same may be amended from time to time with the approval of the City and in accordance with the custom and practice generally applicable to comparable multi-family residential projects located within San Mateo County, California. The public right-of-way improvements to the curbline(s) on and abutting the Site shall be maintained as required by this subsection a. in good condition and in accordance with the

custom and practice generally applicable to public rights-of-way within the City of San Bruno.

(b) Failure to Maintain Improvements. If Participant does not maintain the private and public improvements on the Site to the curbline(s) on and abutting the Site in the manner set forth herein and in accordance with the Maintenance Standards, Agency and/or City shall have the right to maintain such private and/or public improvements, or to contract for the correction of such deficiencies, after written notice to Participant. However, prior to taking any such action, Agency agrees to notify Participant in writing if the condition of said improvements does not conform to the Maintenance Standards and to specify the deficiencies and the actions required to be taken by Participant to cure the deficiencies. Upon notification of any maintenance deficiency, Participant shall have thirty (30) days within which to correct, remedy or cure the deficiency. If the written notification states that the problem is urgent and relates to the public health and safety, then Participant shall have twenty-four (24) hours to rectify the problem.

In the event Participant fails to correct, remedy, or cure or has not commenced correcting, remedying or curing such maintenance deficiency after notification and after expiration of any applicable cure period, including the notice and cure provisions for any holder of record of any mortgage or deed of trust pursuant to Section 214.3, then City and/or Agency shall have the right to maintain such improvements. Participant agrees to pay Agency upon demand all charges and costs incurred by Agency or City for such maintenance. Until so paid, the Agency shall have a lien on the Site for the amount of such charges or costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Site. Any lien in favor of the Agency created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of any such mortgage or deed of trust, unless the mortgagee or beneficiary thereunder expressly subordinates his interest, of record, to such lien. No lien in favor of the Agency created or claimed hereunder shall in any way defeat, invalidate, or impair the obligation or priority of any lease, sublease or easement unless such instrument is expressly subordinated to such lien. Participant acknowledges and agrees that the City and Agency may also pursue any and all other remedies available in law or equity in the event of a breach of the maintenance obligations and covenants set forth herein, subject to the limitations described in Section 502, below.

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

Participant shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such

deeds, leases or contracts for the rental, sale or lease of the Site shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds. "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases. "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: that there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

(c) In contracts. "There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

304. Minimum Project Cost. Participant covenants and agrees that in connection with its construction of the Project, Participant shall expend not less than THIRTY-FOUR MILLION DOLLARS ($34,000,000) in "hard" construction costs; "hard" construction costs shall consist exclusively of on-site labor and materials expenditures incurred by Participant for the work of construction and installation of the Improvements. "Hard" construction costs shall not include (i) Hazardous Materials remediation costs; (ii) costs of furniture, fixtures and equipment; or (iii) construction or project management fees, legal, engineering, financing, overhead, or any other costs or fees typically characterized by the construction/development industry as "soft" costs. Participant shall provide evidence reasonably satisfactory to Agency of all of its hard construction cost expenditures prior to submitting its requests for issuance of a Certificate of Completion. Failure to satisfy the minimum hard construction cost expenditure requirement set forth in this Section 304 shall be deemed a Default by Participant.

305. Replacement Reserve Requirement. Participant covenants and agrees that in each Operating Year Participant shall deposit not less than Two Hundred and No/100 Dollars

($200.00) per apartment unit into a special capital replacement reserve account maintained with Fannie Mae or such other Approved Lender. The capital replacement reserve account shall be used exclusively for payment of Project capital replacement expenses to the extent provided in the agreement(s) governing such reserves.

306. Effect of Violation of the Terms and Provisions of this Agreement after Completion of Construction. Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the Affordable Housing Covenant which runs with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the Affordable Housing Covenant which runs with the land have been provided, without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site or in the Redevelopment Project. Agency shall have the right, in the Event of Default under this Agreement or Affordable Housing Covenant, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled as provided in Section 502 and the Affordable Housing Covenant. Effective upon issuance of the Certificate of Completion and recordation of the Affordable Housing Covenant, the covenants contained in this Agreement shall terminate and be superceded by those covenants set forth in the Affordable Housing Covenant, except for the following covenants which shall continue in full force and effect:

a. Agency's and Participant's representations and warranties pursuant to Section 100; and

b. Agency's and Participant's respective covenants and agreements set forth in Sections 204.7, 208, 209, 211, 213, 215, 400, 500 and 600.

307. Affordable Housing Covenant. In consideration of the Agency Assistance, Participant agrees to develop, own, operate and make available not less than thirty-seven (37) rental units within the Project to persons and households of very low income at affordable rents (the "Affordable Units"). Participant's duties are more specifically set forth in the Affordable Housing Covenant, Attachment No. 5, which shall be recorded against the Site in the Official Records of San Mateo County, California, within the time set forth in the Schedule of Performance. Upon recording, the Affordable Housing Covenant shall have priority over the liens of any and all mortgages or deeds of trust encumbering the Project, or any portion thereof, and Participant shall be required to furnish to Agency subordination agreements in a form substantially similar to the Subordination Agreement attached hereto as Attachment No. 11, subordinating the liens of any deeds of trust or mortgages existing as of such recording to the Affordable Housing Covenant.

308. Indemnification Limitation for Approved Lenders. Inasmuch as the covenants, reservations and restrictions of this Agreement and the Affordable Housing Covenant run with the land, the indemnification obligations of the Participant contained in this Agreement and the Affordable Housing Covenant will be deemed applicable to any successor in interest to Participant, but, it is acknowledged and agreed, notwithstanding any other provision of this Agreement or the Affordable Housing Covenant to the contrary, that neither any Approved

Lender nor its successors in interest will assume or take subject to any liability for the indemnification obligations of the Participant for acts or omissions of Participant occurring prior to transfer of title to any Approved Lender whether by foreclosure, deed in lieu of foreclosure or comparable conversion; Participant at the time of the act or omission shall remain liable under the indemnification provisions for its acts or omissions occurring prior to any transfer of title to an Approved Lender whether by foreclosure, deed in lieu of foreclosure or comparable conversion. An Approved Lender shall indemnify Agency following its acquisition of the Project or Site or any portion thereof by foreclosure, deed in lieu of foreclosure or comparable conversion during, and only during, any ensuing period that such Approved Lender owns and operates the Project, provided that the liability of any Approved Lender shall be strictly limited to its acts and omissions occurring during the period of its ownership and operation of the Site.

400. FINANCIAL PROVISIONS

401. Agency Assistance. In consideration of Participant's obligations under this Agreement and the Affordable Housing Covenant, including Participant's obligation to construct the Improvements and to maintain the affordability of the Affordable Units, and subject to the terms and conditions of this Agreement, including Participant's fulfillment of the Conditions Precedent to Disbursement of Agency Assistance set forth in Section 402 below, Agency shall make available to Participant the Affordable Housing Fee Grant, the Affordable Housing Fixed Subsidy, and the Affordable Housing Variable Subsidy as provided in subsections 401.1 through 401.2 below. The Affordable Housing Fee Grant, the Affordable Housing Fixed Subsidy and the Affordable Housing Variable Subsidy are referred to collectively herein as the "Agency Assistance."

401.1 Affordable Housing Fee Grant. Subject to the terms hereof, including the Affordable Housing Fee Grant Cap, Agency shall disburse to City, on behalf of Participant prior to issuance of a building permit, a one-time grant in an amount equal to the municipal fees payable to City and directly attributable to the Affordable Units, not to include any fees or other amounts payable by Participant to any other governmental agencies (*e.g.*, school fees) or any portion of the Development Impact Fee (as defined in the Development Agreement) payable to City (the "Affordable Housing Fee Grant"). In no event shall the Affordable Housing Fee Grant exceed TWO HUNDRED FORTY-FIVE THOUSAND ONE HUNDRED TWENTY FIVE DOLLARS ($245,125.00) (the "Affordable Housing Fee Grant Cap"). Agency intends to pay the Affordable Housing Fee Grant, to the extent possible, from Affordable Housing Fund monies. Participant, at its expense, shall pay to the City when due any and all municipal fees attributable to the Affordable Units in excess of the Affordable Housing Fee Grant Cap.

401.2 Affordable Housing Subsidy.

(a) Amount of Affordable Housing Subsidy. Subject to the terms hereof, including the Affordable Housing Subsidy Cap, Agency shall provide a subsidy to Participant (or to Trustee as provided in Section 407, below) for each Operating Year beginning with the first Operating Year and continuing for each of the next fourteen (14) Operating Years (through and including the fifteenth (15th) Operating Year) (the "Affordable Housing Subsidy"), which Affordable Housing Subsidy shall be disbursed to Participant in accordance with Section 401.2(c). The amount of the Affordable Housing Subsidy shall be calculated as follows:

(i) **Affordable Housing Fixed Subsidy**. Beginning with the first Operating Year and continuing for each of the next four (4) Operating Years (through and including the fifth (5th) Operating Year), the amount of the annual Affordable Housing Subsidy shall equal THREE HUNDRED SEVENTY THOUSAND DOLLARS ($370,000.00) ("Affordable Housing Fixed Subsidy"). The Agency shall not consider the Benchmark Debt Coverage Ratio for purposes of determining Participant's eligibility for the Affordable Housing Fixed Subsidy.

(ii) **Affordable Housing Variable Subsidy**. Beginning with the sixth (6th) Operating Year and continuing for each of the next nine (9) Operating Years thereafter (through and including the fifteenth (15th) Operating Year), the amount of the annual Affordable Housing Subsidy shall equal the lesser of: (1) the amount necessary for the Project to meet (and not exceed) the Benchmark Debt Coverage Ratio, or (2) THREE HUNDRED SEVENTY THOUSAND DOLLARS ($370,000.00) ("Affordable Housing Variable Subsidy").

(b) Source of Affordable Housing Subsidy Payments. Agency shall fund the Affordable Housing Subsidy from the following sources in the following order until the Affordable Housing Subsidy Cap is reached or the sources are exhausted (the "Affordable Housing Subsidy Payment Sources"): (1) up to 100 percent of the Net Affordable Housing Set Aside Revenues during each Operating Year attributable to (i) the Project, (ii) the Parcel 1 Project (but only to the extent that there is any excess after any and all payments have been made under the Parcel 1 Owner Participation Agreement), (iii) the Parcel 3 Project, and, then, (iv) the Parcel 4 Project; and then (2) up to 100 percent of the Net Unrestricted Property Tax Increment Revenues during each Operating Year attributable to (i) the Project, (ii) the Parcel 1 Project (but only to the extent that there is any excess after any and all payments have been made under the Parcel 1 Owner Participation Agreement), (iii) the Parcel 3 Project, and, then, (iv) the Parcel 4 Project. Each Operating Year, Agency shall disburse to Participant all or that portion of the Affordable Housing Subsidy that can be funded by the Affordable Housing Subsidy Payment Sources. The actual payment made to Participant is referred to herein as the "Affordable Housing Subsidy Payment."

(c) Accrual and Payment of Unpaid Affordable Housing Subsidy. Each Operating Year, if any, that the Affordable Housing Subsidy is not paid in full, the difference between the Affordable Housing Subsidy and the Affordable Housing Subsidy Payment (the "Affordable Housing Subsidy Payment Shortfall") shall accrue to Participant ("Affordable Housing Subsidy Accrual"). In addition, provided Parcels 3 and 4 achieve a total assessed valuation of not less than $31.6 million by property tax fiscal year 2006/07, $63.25 million by property tax fiscal year 2007/08, $94.9 million by property tax fiscal year 2008/09 and $126.5 million by property tax fiscal year 2009/10, simple interest at the rate of five percent (5%) per annum shall accure on the Affordable Housing Subsidy Accrual. Beginning with the sixth (6th) Operating Year and continuing each Operating Year thereafter until the first to occur of (a) July 6, 2039, the current expiration date of the Redevelopment Plan, (b) termination of the Affordable Housing Covenant, or (c) payment in full to Participant of the Affordable Housing Subsidy Accrual, as may be accrued through the fifteenth (15th) Operating Year, Agency shall disburse to Participant (or to Trustee as provided in Section 407, below), to the extent available

from the Affordable Housing Subsidy Payment Sources and in the order listed in Section 401.2(b), a payment (the "Accrual Payment") up to the following maximum amounts:

(i) Beginning with the sixth (6th) Operating Year and continuing for each of the next nine (9) Operating Years thereafter (through and including the fifteenth (15th) Operating Year), the Accrual Payment shall be up to a maximum dollar amount equal to the difference between the Affordable Housing Subsidy Cap and the Affordable Housing Variable Subsidy.

(ii) In the event that the Affordable Housing Subsidy Accrual is not paid in full by the end of the fifteenth (15th) Operating Year, beginning in the sixteenth (16th) Operating Year, the Accrual Payment shall be up to a maximum of THREE HUNDRED SEVENTY THOUSAND DOLLARS ($370,000.00).

(d) Timing of Affordable Housing Subsidy Payments and Accrual Payments. Agency shall pay the Affordable Housing Subsidy Payment or Accural Payment, if any, each Operating Year within thirty (30) days following receipt by Agency of the second biannual installment of tax increment from the County of San Mateo, until the Affordable Housing Subsidy Accrual, if any, is paid in full.

(e) Cap on Affordable Housing Subsidy Payment and Accrual Payment. In no event shall the sum of the Affordable Housing Subsidy Payment and the Accrual Payment payable to Participant in any given Operating Year exceed THREE HUNDRED SEVENTY THOUSAND DOLLARS ($370,000.00) (the "Affordable Housing Subsidy Cap").

402. Conditions Precedent to Disbursement of Agency Assistance. Agency's obligation to make each disbursement of the Agency Assistance is conditioned upon the satisfaction or waiver by the Agency of each and all of the conditions precedent described below (the "Conditions Precedent to Disbursement of Agency Assistance"), which are solely for the benefit of the Agency, and which shall be fulfilled or waived by the time periods provided for herein:

(a) No Default. Participant shall not be in default of any of its obligations under the terms of this Agreement or the Affordable Housing Covenant and all representations and warranties of Participant contained herein shall be true and correct in all material respects.

(b) Execution of Documents. Participant shall have executed and acknowledged the Memorandum of Agreement, the Affordable Housing Covenant and any other documents required hereunder and delivered such documents to Agency.

(c) Insurance. Participant shall have provided proof of insurance as required by Section 205 of this Agreement.

(d) Permits and Land Use Approvals. Participant shall have obtained all City and governmental agency permits and land use approvals required pursuant to

Section 202 hereof and all other Project entitlements, and the period for administrative and legal challenge to such land use approvals and entitlements shall have expired.

(e) **Payment of Development Fees.** Participant shall have paid to the City, when due, all development fees required in connection with the development of the Project and installation of the Improvements, including but not limited to, all traffic mitigation and development impact fees consistent with the Development Agreement.

(f) **Payment of Property Taxes.** No ad valorem property taxes or assessments assessed with respect to the Project shall be delinquent.

(g) **Completion of Improvements.** With respect to the Affordable Housing Subsidy only, Participant shall have satisfactorily completed the construction of the Improvements, and a Certificate of Completion shall have been issued by the Agency as provided in Section 213, hereof.

(h) **Minimum Project Cost.** With respect to the Affordable Housing Subsidy only, Participant shall have provided proof reasonably satisfactory to Agency of its compliance with the minimum project cost covenants set forth in Section 304, above.

(i) **Subordination Agreements and Affordable Housing Covenant Report.** With respect to the Affordable Housing Subsidy only, Participant shall have executed, acknowledged and delivered to Agency any subordination agreements required by Section 307 and delivered to Agency the annual report(s) required under the Affordable Housing Covenant.

(j) **Financial Statements and Reports.** With respect to the Affordable Housing Subsidy only, Participant shall have delivered to the Agency the financial statements and written annual statements required under Section 406 hereof.

403. Eligible Project Costs. Participant may use the Agency Assistance exclusively for reimbursement of one or more of the following Project costs ("Eligible Project Costs"): (a) twenty percent (20%) of the costs of (i) constructing and installing any on-site or off-site improvements to the extent such improvements directly benefit and are a reasonable and fundamental component of the Affordable Units and provided the reimbursement of such improvement costs is permissible under then applicable provisions of the Community Redevelopment Law, (ii) remediating any Hazardous Materials on the Site, and (iii) demolishing existing improvements on the Site; (b) one hundred percent (100%) of the costs of constructing the Affordable Units including any fees due the City or other state or federal agency in connection with the development of the Affordable Units; (c) payment of that portion of the Project Debt allocable to costs set forth in preceding clauses (a) and (b); and (d) payment of that portion of the Project's ad valorem property taxes allocable to the Affordable Units. Participant may also use the Agency Assistance to reimburse itself for the difference between the fair market rental value of the Affordable Units and the affordable rents that are required under the Affordable Housing Covenant. Any and all Eligible Project Costs in excess of the amount of Agency Assistance available to Participant under this Agreement shall be borne by Participant at its expense.

404. Reduction in Amount of Affordable Housing Subsidy Following Reassessment. Notwithstanding anything herein to the contrary, if (i) the assessed valuation of the Site or the improvements thereon is reduced by the County of San Mateo, whether such reduction is due to an appeal filed by the Participant in accordance with the provisions of the California Revenue and Taxation Code, or otherwise, and (ii) Participant has received one or more Affordable Housing Subsidy Payment(s) for the same period of time to which the reduced assessed valuation applies, the next Affordable Housing Subsidy Payment(s) to be made by Agency to Participant following the reduction shall be decreased by an amount equal to the difference between the amount of the Affordable Housing Subsidy Payment(s) made to Participant prior to such reduction and the amount of Affordable Housing Subsidy Payment(s) which would have been paid to Participant based upon the assessed valuation as reduced.

405. Intentionally Omitted.

406. Financial Records and Auditing and Reporting Obligations. Participant covenants and agrees, on behalf of itself and its successors and assigns, that, in connection with the construction, ownership and operation of the Project, it shall keep full and accurate books of account and records in accordance with generally accepted accounting principles applicable to real estate projects and transactions, consistently applied, including records of Effective Gross Income, Operating Expenses, Debt Service and Net Operating Income. Such books, receipts and records shall be kept for a period of three (3) years after the close of each Operating Year and shall be available for inspection and independent audit by Agency and its representatives at the Site at all times during regular business hours. Participant shall also provide Agency's Executive Director with fully audited financial statements, prepared by an independent third-party certified public accountant, within 45 days following the end of each Operating Year. The financial statements shall include the Effective Gross Income, Operating Expenses, Net Operating Income, Debt Service and Debt Coverage Ratio and verify that Participant has calculated Operating Expenses in accordance with the terms of this Agreement, including the definition of Operating Expenses set forth in Section 101. All such statements shall be prepared in accordance with generally accepted accounting principles applicable to real estate projects and transactions, consistently applied.

Beginning with the sixth Operating Year and continuing for as long as Participant's right to receive the Affordable Housing Variable Subsidy remains in effect, Participant shall also provide Agency with a written annual statement of Effective Gross Income, Operating Expenses, Net Operating Income, Debt Service and Debt Coverage Ratio, in a form reasonably acceptable to Agency, within 45 days following the end of each Operating Year. Such written statement shall be supported by the fully audited financial statements. If the audited financial statement for any Operating Year submitted after Agency has disbursed to Participant the Affordable Housing Subsidy Payment demonstrates that Agency has made a payment(s) in excess of the amount that should have been disbursed, then Participant shall repay Agency, with the submission of the audited financial statement, the sum total of all excess Affordable Housing Subsidy Payments, plus interest on such amounts calculated from the date such excess disbursements were made at a rate of ten percent (10%) per annum. If Participant fails to repay Agency the excess payments, plus interest, as provided above, then Agency, in addition to pursuing whatever other remedies it may have, may reduce the next Operating Year's Affordable Housing Subsidy Payment by the sum total of all excess Affordable Housing Subsidy Payments, plus interest on such amounts

calculated from the date such excess disbursements were made at a rate of ten percent (10%) per annum.

The receipt by Agency of any audited financial statement or statement of Effective Gross Income, Operating Expenses, Net Operating Income, Debt Service and Debt Coverage Ratio shall not bind it as to the correctness of the amount of such statements. Agency shall, within three (3) years after the receipt of any such statement, be entitled to its own audit thereof. Such audit shall be conducted by an agent of Agency during normal business hours at the Site. If it shall be determined as a result of such audit that Agency has disbursed to Participant Affordable Housing Subsidy Payment(s) in excess of the amount that should have been disbursed, then Participant shall repay Agency within ten (10) days following Agency's demand therefor, the sum total of all excess Affordable Housing Subsidy Payments, plus interest on such amounts calculated from the date such excess disbursements were made at a rate of ten percent (10%) per annum. In addition, if Participant's statement of Net Operating Income for any Operating Year shall be found to have understated Net Operating Income by more than three percent (3%), then Participant shall pay to Agency all costs incurred in performing the audit.

407. Pledge of Agency Assistance to Bond Trustee.

a. Participant hereby grants a security interest in and pledges to and for the benefit of the trustee in respect of the multifamily housing revenue bonds issued initially to finance the Project (the "Bonds"), its successors and assigns (the "Trustee") and for the holder of any bonds or debt subsequently issued to refinance the Bonds all right, title and interest of Participant in and to the Agency Assistance. The pledge by Participant under this Agreement is a "pledge" of "collateral" as deemed in California Health & Safety Code Section 33641.5, and as such is valid and binding from and after the Effective Date until the Bonds are no longer outstanding (the "Pledge Expiration Date"). The Net Affordable Housing Set Aside Revenues and Net Unrestricted Property Tax Increment Revenues shall immediately be subject to the lien of the pledge created under this Agreement without any physical delivery thereof or further act to maintain the validity or enforceability of the pledge created under this Agreement, including, without limitation, any actions relating to operation of the Project in any particular manner.

b. No authorization or approval or other action by, and no notice to or filing with, any federal, state or local government body, agency or authority is required for the due execution, delivery and performance by the Agency of this Agreement which has not been obtained.

c. For all disbursements of the Affordable Housing Subsidy that Agency is obligated to make to Participant hereunder prior to the Pledge Expiration Date, Agency shall disburse such payments to Trustee (as defined above) at the following address: Wells Fargo Bank, National Association, 707 Wilshire Boulevard, 17th Floor, Los Angeles, California 90017, Attention: Corporate Trust Services, MAC E2818-176. The address may be modified by Participant, with the written consent of the then-current Trustee, from time to time by Notice to Agency. On or before the commencement of each Operating Year, Participant shall designate to Agency in writing the identity and address of the Trustee to receive such disbursements of the Affordable Housing Subsidy Payment. If at any time no Bonds shall remain outstanding and there shall not be outstanding any bonds or debt secured by a mortgage or deed of trust

encumbering the Project, Participant shall notify Agency that all future payments are to be made to Participant, or such successor, provided that no modifications of the identity or address of Trustee or instructions of payment to Trustee shall be deemed effective unless consented to in writing by the then-current Trustee. If, notwithstanding this Section 407, Agency inadvertently directs to Participant one or more disbursements of the Affordable Housing Subsidy, Agency shall have no obligation to make such disbursement(s) to Trustee and Participant shall be required to reimburse Trustee the full amount of such misdirected disbursement(s).

408. Future Tax Allocation Bonds. From time to time following the Effective Date, Agency may issue Tax Allocation Bonds for which Net Affordable Housing Set Aside Revenues or Net Unrestricted Property Tax Increment Revenues are to be pledged or utilized in whole or in part for payment. The Tax Allocation Bonds shall have priority over the pledge of Agency Assistance made under this Agreement, provided Agency agrees to set aside a portion of the Tax Allocation Bond proceeds equal to an amount sufficient to fund payment of all future Agency Assistance that Agency is obligated to pay under the terms of this Agreement (the "Bond Set Aside"). The Bond Set Aside shall be calculated assuming annual payments at the Affordable Housing Subsidy Cap and accrual of interest at an annual rate equal to the lesser of (a) the maximum interest rate permitted by law, or (b) fifty basis points above the rate publicly announced by Bank of America, N.A. (or if Bank of America, N.A. ceases to exist, the largest bank then headquartered in the State of California) at its "Reference Rate." Within 10 business days following Agency's request, Participant shall execute such subordination documents as may be reasonably requested by Agency or its Tax Allocation Bond underwriter confirming the subordination of the pledge of Agency Assistance hereunder to the pledge of Net Affordable Housing Set Aside Revenues and Net Unrestricted Property Tax Increment Revenues under the Tax Allocation Bonds. Nothing herein shall be deemed to limit in any way (1) Agency's ability to issue Tax Allocation Bonds for which Net Affordable Housing Set Aside Revenues or Net Unrestricted Property Tax Increment Revenues are to be pledged or utilized in whole or in part for payment, where such Tax Allocation Bonds are subordinate to the Agency's obligation hereunder to make the Agency Assistance payments available to Participant; or (2) Agency's ability to issue, or effect the priority of, any Tax Allocation Bonds issued by Agency, whose repayment is secured by a pledge of property tax increment revenues that does not include, in whole or part, the Net Affordable Housing Set Aside Revenues or Net Unrestricted Property Tax Increment Revenues.

500. DEFAULTS AND REMEDIES

501. Default Remedies. Subject to the permitted extensions of time as provided in Section 602 of this Agreement, failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein following Notice and expiration of any applicable cure period, including the notice and cure provisions for any holder of record of any mortgage or deed of trust pursuant to Section 214.3, shall constitute a "Default" under this Agreement. A party claiming a Default shall give written Notice of Default to the other party specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in Default if such party within thirty (30) days following receipt of such Notice of Default immediately, with due diligence, commences to cure, correct or remedy such failure or delay and completes such cure, correction or remedy with diligence.

502. Institution of Legal Actions. Upon the occurrence of a Default, the non-defaulting party shall have the right, in addition to any other rights or remedies, to institute any action at law or in equity to cure, correct, prevent or remedy any Default, or to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of San Mateo, State of California, or in the Federal District Court for the Northern District of the State of California. Notwithstanding anything herein to the contrary, Participant's right to recover damages in the event of a Default by Agency shall be limited to recovery of actual damages and shall exclude consequential damages.

To protect the rights of Approved Lenders (pursuant to Section 214.1), Agency shall not have the right to file any involuntary petition seeking reorganization, arrangement, adjustment, or composition of or in respect of Participant, respectively, under any liquidation, insolvency, bankruptcy, rehabilitation, reorganization, conservation other similar law in effect now or in the future.

The obligations of Participant under the Affordable Housing Covenant and this Agreement shall be personal to the entity or person, defined as Participant, which owned the Site at the time that an event, including, any Default or breach of this Agreement or the Affordable Housing Covenant, occurred or was alleged to have occurred and such entity or person shall remain liable for any and all obligations including damages occasioned by a Default or breach, even after such person or entity ceases to be the owner of the Site. Accordingly, no subsequent owner of the Site shall be liable or obligated for the obligation of any prior owner, including any obligation for payment, indemnification or damages, for Default or breach of this Agreement or the Affordable Housing Covenant or otherwise. The owner of the Site at the time the obligation was incurred, including any obligation arising out of a Default or breach of this Agreement or the Affordable Housing Covenant, shall remain liable for any and all payments and damages occasioned by the owner even after such person or entity ceases to be the owner of the Site.

Under no circumstances shall the Agency:

a. interfere with or attempt to influence the exercise by any Approved Lender of any of its rights under the terms of the mortgage or deed of trust, including, without limitation, the respective remedial rights of the Approved Lenders upon the occurrence of any event of default by Participant under such mortgage or deed of trust; or

b. upon the occurrence of an event of default under the terms of a mortgage or deed of trust of an Approved Lender, take any action to accelerate or otherwise enforce payment or seek other remedies with respect thereto.

503. Termination by Participant. In the event of any Default of Agency, which is not cured within the time set forth in Section 501 hereof after written demand by Participant, including notice and cure provisions for any holder of record of any mortgage or deed of trust pursuant to Section 214.3, then this Agreement may, at the option of Participant, be terminated by Notice thereof to Agency. From the date of the Notice of termination of this Agreement by Participant to Agency and thereafter, this Agreement shall be deemed terminated, and except for

Participant's indemnity obligations which shall survive termination of this Agreement, there shall be no further rights or obligations between the parties.

504. Termination by Agency. In the event that Participant is in Default of this Agreement and fails to cure such default within the time set forth in Section 501 hereof, then this Agreement and any rights of Participant or any assignee or transferee with respect to or arising out of the Agreement or the Site, shall, at the option of Agency, be terminated by Agency by Notice thereof to Participant. From the date of the Notice of termination of this Agreement by Agency to Participant, this Agreement shall be deemed terminated and, except for Participant's indemnity obligations which shall survive termination of this Agreement, there shall be no further rights or obligations between the parties and, specifically, Agency shall have no obligation to make any further disbursements of the Agency Assistance.

505. Acceptance of Service of Process. In the event that any legal action is commenced by Participant against Agency, service of process on Agency shall be made by personal service upon the Executive Director of the Agency or in such other manner as may be provided by law. In the event that any legal action is commenced by Agency against Participant, service of process on Participant shall be made by personal service upon Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808, the registered agent of the Participant, or in such other manner as may be provided by law.

506. Rights and Remedies Are Cumulative. The rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party, except as otherwise expressly provided herein.

507. Inaction Not a Waiver of Default. Any failures or delays by either party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

600. GENERAL PROVISIONS

601. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given by any commercially acceptable means, including, but not limited to, via facsimile or via overnight courier, to the party to whom the Notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by Notice.

To Agency:	Redevelopment Agency of the City of San Bruno 567 El Camino Real San Bruno, California 94066 Attention: Executive Director Telephone: (650) 616-7070 Facsimile: (650) 873-6749
With a copy to:	McDonough, Holland & Allen 1901 Harrison Street, 9th floor Oakland, California 94612 Attention: Gerald J. Ramiza, Esq. Telephone: (510) 273-8780 Facsimile: (510) 839-9104
and:	City of San Bruno City Attorney 567 El Camino Real San Bruno, California 94066 Telephone: (650) 616-7003 Facsimile: (650) 742-6515
To Participant:	The Crossing Apartment Associates II LLC REGIS Homes of Northern California 901 Mariners Island Boulevard, Suite 700 San Mateo, California 94404 Attention: Mark Kroll Telephone: (650) 378-2800 Facsimile: (650) 570-2233
With a copy to:	TMG Partners 100 Bush Street, 26th Floor San Francisco, California 94104 Attention: David Cropper Telephone: (415) 772-5900 Facsimile: (415) 772-5911
and:	Beveridge & Diamond, P.C. 465 Montgomery Street, 18th Floor San Francisco, California 94104 Attention: Tamsen Plume Telephone: (415) 262-4012 Facsimile: (415) 262-4040

Any written notice, demand or communication shall be deemed received immediately if delivered by hand, on the third day from the date it is postmarked if delivered by first-class mail, postage prepaid, upon receipt of verification of transmission if sent via facsimile provided a copy

is sent the same day via first-class mail, and on the next business day if sent via nationally recognized overnight courier. Notices sent by a party's attorney on behalf of such party shall be deemed delivered by such party.

602. Enforced Delay; Extension of Times of Performance. Subject to the limitations set forth below, performance by either party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; litigation; unusually severe weather; acts or omissions of the other party; or acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the Agency which shall not excuse performance by the Agency). An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, (but shall in no event exceed a cumulative total of 120 days) if Notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Participant. Participant expressly agrees that adverse changes in economic conditions, either of Participant specifically or the economy generally, changes in market conditions or demand, and/or Participant's inability to obtain financing or other lack of funding to complete the work of Improvements shall not constitute grounds of enforced delay pursuant to this Section 602. Participant expressly assumes the risk of such adverse economic or market changes and/or inability to obtain financing, whether or not foreseeable as of the Effective Date.

603. Successors and Assigns. Subject to the prohibitions against changes in the ownership, management and control of Participant set forth in Section 102.3 above, all of the terms, covenants and conditions of this Agreement shall be binding upon the Participant and its permitted successors and assigns. Whenever the term "Participant" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

604. Memorandum of Agreement. A "Memorandum of Owner Participation Agreement" in the form attached hereto as Attachment No. 7, shall be recorded against the Site immediately following full execution of this Agreement.

605. Relationship Between Agency and Participant. It is hereby acknowledged that the relationship between Agency and Participant is not that of a partnership or joint venture and that Agency and Participant shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Site or the Project. Participant agrees to indemnify, hold harmless and defend Agency from any claim made against the Agency arising from a claimed relationship of partnership or joint venture between Agency and Participant with respect to the development, operation, maintenance or management of the Site or the Project.

606. Agency Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by Agency, the Executive Director of the Agency or his or

her designee is authorized to act on behalf of Agency unless specifically provided otherwise or the context should require otherwise.

607. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. This Agreement is executed in three (3) originals, each of which is deemed to be an original.

608. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement, including the Attachments, constitutes the entire understanding and agreement of the parties, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

609. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. References to section numbers are to sections in this Agreement, unless expressly stated otherwise.

610. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

611. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

612. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party. Agency and Participant acknowledge that no modifications that may affect the rights or interests of any Approved Lender may be made without prior approval of such Approved Lender.

613. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

614. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day and including the last day, unless the last day

is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

615. **Legal Advice**. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

616. **Time of Essence**. Time is expressly made of the essence with respect to the performance by the Agency and the Participant of each and every obligation and condition of this Agreement.

617. **Cooperation**. Each party agrees to cooperate with the other in this transaction and, in that regard, shall execute any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

618. **Conflicts of Interest**. No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

619. **Time for Acceptance of Agreement by Agency**. This Agreement, when executed by the Participant and delivered to the Agency, must be authorized, executed and delivered by the Agency on or before thirty (30) days after signing and delivery of this Agreement by the Participant or this Agreement shall be void, except to the extent that the Participant shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement. Within five (5) business days after the later of (i) approval by the Agency Board or (ii) execution of all original counterparts by Participant, the Agency shall execute and deliver to Participant one (1) fully executed original of this Agreement.

620. **Participant's Indemnity**. Participant shall defend, indemnify, assume all responsibility for, and hold Agency and City, and its and their officers, employees, volunteers, agents and representatives, harmless from, all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of this Agreement or the implementation hereof and for any damages to property or injuries to persons, including accidental death (including attorneys fees and costs), which may be caused by any of Participant's activities under this Agreement, whether such activities or performance thereof be by Participant or by anyone directly or indirectly employed or contracted with by Participant and whether such damage shall accrue or be discovered before or after termination of this

Agreement. Participant shall not be liable for property damage or bodily injury occasioned by the sole negligence or willful misconduct of Agency or City, or its or their designated agents or employees.

621. Effective Date. This Agreement shall not be effective until the date Participant obtains fee title to the Site and delivers evidence of the transfer to Agency ("Effective Date"). For the purpose of this Section, the evidence of transfer shall be a duly recorded deed and a title report. If Participant fails to take title and deliver evidence of transfer to Agency by the time set forth in the Schedule of Performance, this Agreement shall automatically terminate and there shall be no further obligations between the parties.

622. Nonliability of Officials and Employees of the Agency and Participant.

(a) Agency. No member, official or employee of Agency or City shall be personally liable to Participant, or any successor in interest, in the event of any Default or breach by the Agency (or the City) or for any amount which may become due to Participant or its successors, or on any obligations under the terms of this Agreement. Participant hereby waives and releases any claim it may have against the members, officials or employees of the Agency and the City with respect to any Default or breach by the Agency (or the City) or for any amount which may become due to the Participant or its successors, or on any obligations under the terms of this Agreement.

(b) Participant. No constituent limited partner or member in Participant, nor any advisor, trustee, director, officer, employee, beneficiary, shareholder, member, limited partner, participant, representative or agent of any partnership, limited liability company, corporation, trust or other entity that has or acquires a direct or indirect interest in Participant, shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or any amendment or amendments to any of the foregoing made at any time or times, heretofore or hereafter, and Agency and its successors and assigns shall look solely to the assets of Participant or its successors or assigns for the payment of any claim or for any performance, and Agency, on behalf of itself and its successors and assigns, hereby waives any and all such personal liability. Neither the negative capital account, deficit restoration obligation nor contribution obligation of any constituent limited partner or member in Participant shall at any time be deemed to be the property or an asset of Participant (and neither Agency nor any of its successors or assigns shall have any right to collect, enforce or proceed against or with respect to any such negative capital account or a member's or limited partner's obligation to restore or contribute).

Participant and Agency are aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

As such relates to this Section 622, Participant and Agency hereby waive and relinquish all rights and benefits under Section 1542 of the California Civil Code.

Participant Initials Agency Initials

623. Assignment by Agency. Agency may assign or transfer any of its rights or obligations under this Agreement with the approval of Participant, which approval shall not be unreasonably withheld; provided, however, that the Agency may assign or transfer any of its interests hereunder to the City or any public or private entity controlled by the City at any time without the consent of Participant.

624. Applicable Law. The laws of the State of California, without regard to any principles of choice of law, shall govern the interpretation and enforcement of this Agreement.

625. 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 current, actual knowledge of the certifying party: (a) this Agreement is in full force and effect and a binding obligation of the parties; (b) this Agreement has not been amended or modified or, if so amended or modified, identifying the amendments or modifications; and (c) 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 extent of any such Defaults. The requesting party may designate a reasonable form of certificate (including a lender's form) and the party receiving a request hereunder shall execute and return such certificate or give a written, detailed response explaining why it will not do so within thirty (30) days following the receipt thereof. The Executive Director shall be authorized to execute any certificate requested by Participant hereunder. Participant and Agency acknowledge that a certificate hereunder may be relied upon by tenants, transferees, investors, partners, bond counsel, underwriters, bond holders and "Mortgagees" (defined in Section 214). The request shall clearly indicate that failure of the receiving party to respond within the thirty- (30-) day period will lead to a second and final request and failure to respond to the second and final request within fifteen (15) days of receipt thereof shall be deemed approval of the estoppel certificate. Failure of Participant to execute an estoppel certificate shall not be deemed a default, provided that in the event Participant does not respond within the required thirty- (30-) day period, Agency may send a second and final request to Participant, and failure of Participant to respond within fifteen (15) days from receipt thereof (but only if Agency's request contains a clear statement that failure of Participant to respond within this fifteen- (15-) day period shall constitute an approval) shall be deemed approval by Participant of the estoppel certificate and may be relied upon as such by Agency, tenants, transferees, investors, bond counsel, underwriters and bond holders. Failure of Agency to execute an estoppel certificate shall not be deemed a Default, provided that in the event Agency fails to respond within the required thirty- (30-) day period, Participant may send a second and final request to Agency, with a copy to the Executive Director and City Attorney, and failure of Agency to respond within fifteen (15) days from receipt thereof (but only if Participant's request contains a clear statement that failure of Agency to respond within this fifteen- (15-) day period shall constitute an approval) shall be deemed approval by Agency of the estoppel certificate and may be relied upon as such by Participant, tenants, transferees, investors, partners, bond counsel, underwriters, bond holders and Mortgagees.

626. Third-Party Beneficiary. Participant and Agency recognize and agree that the terms of this Agreement and the Affordable Housing Covenant and the enforcement of those terms are essential to the security of any Approved Lender pursuant to Section 214.1 and are entered into for the benefit of various parties, including such Approved Lenders. Accordingly, such Approved Lenders may provide written notice to Agency requesting that Agency cure any failure to enforce the terms of this Agreement and Affordable Housing Covenant. If Agency fails to commence to cure the failure within thirty (30) days following such written notice and to thereafter diligently pursue such cure to completion, then the Approved Lenders shall be entitled (but not obligated) to enforce, separately or jointly with Agency, or to cause Agency to enforce the terms of this Agreement and the Affordable Housing Covenant. In addition, the Approved Lenders are each intended to be and shall be third-party beneficiaries of this Agreement and the Affordable Housing Covenant.

IN WITNESS WHEREOF, Agency and Participant have executed this Agreement on the respective dates set forth below.

AGENCY:

CITY OF SAN BRUNO REDEVELOPMENT AGENCY, a public body corporate and politic

Dated: March 9, 2005

By: _____

Its: _____

ATTEST:

_____
Agency Secretary

APPROVED AS TO FORM:

_____
McDonough, Holland & Allen
Agency Counsel

PARTICIPANT:

THE CROSSING APARTMENT ASSOCIATES II LLC, a Delaware limited liability company

By: TMG-REGIS APARTMENT ASSOCIATES II LLC, a California limited liability company, Its Co-Managing Member

By: RHNC SB APARTMENT TEAM II LLC, a California limited liability company, Its Managing Member

By: REGIS HOMES OF NORTHERN CALIFORNIA, INC., a California corporation, Its Non-Member Manager

By: Mark R. Kroll
Name: Mark R. Kroll
Its: President

By: Robert T. Wagner
Name: Robert T. Wagner
Its: Chairman

Dated: March 4, 2005

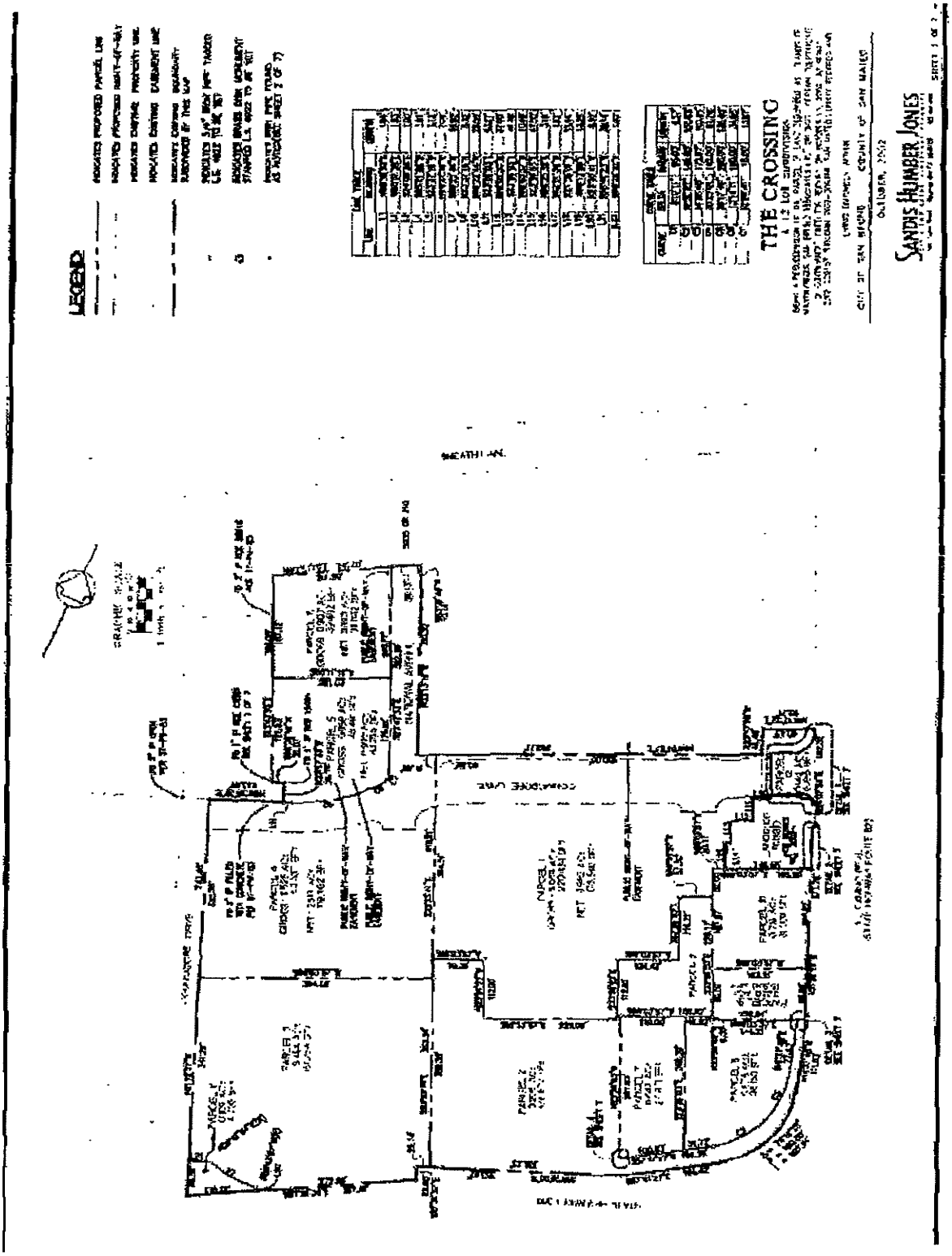
APPROVED AS TO FORM:

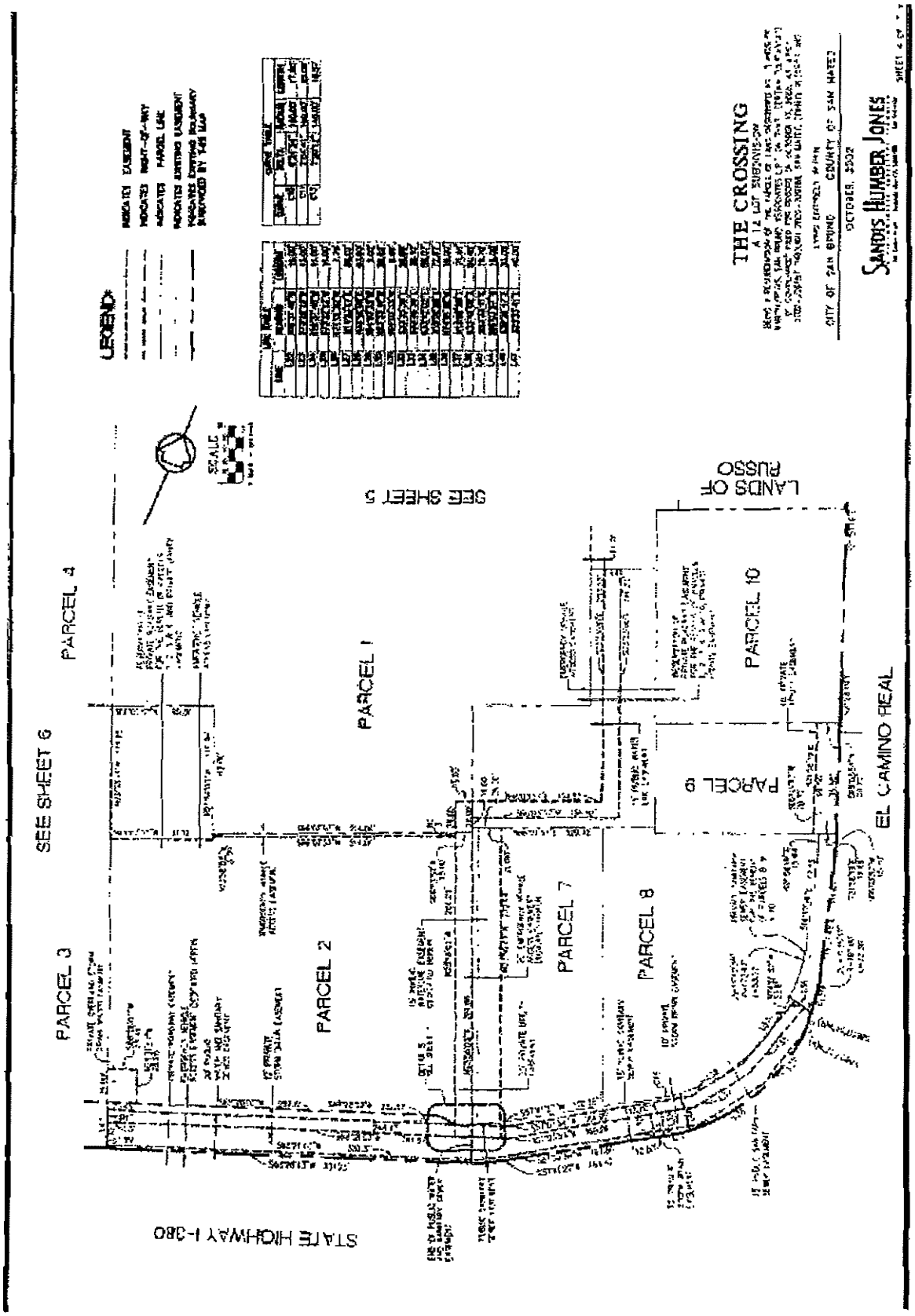
Beveridge & Diamond, P.C.
Counsel for Participant

797322v4A 80027/0024

ATTACHMENT NO. 1(A)

SITE MAP
(Final Map No. 02-01, "Parcel 2")

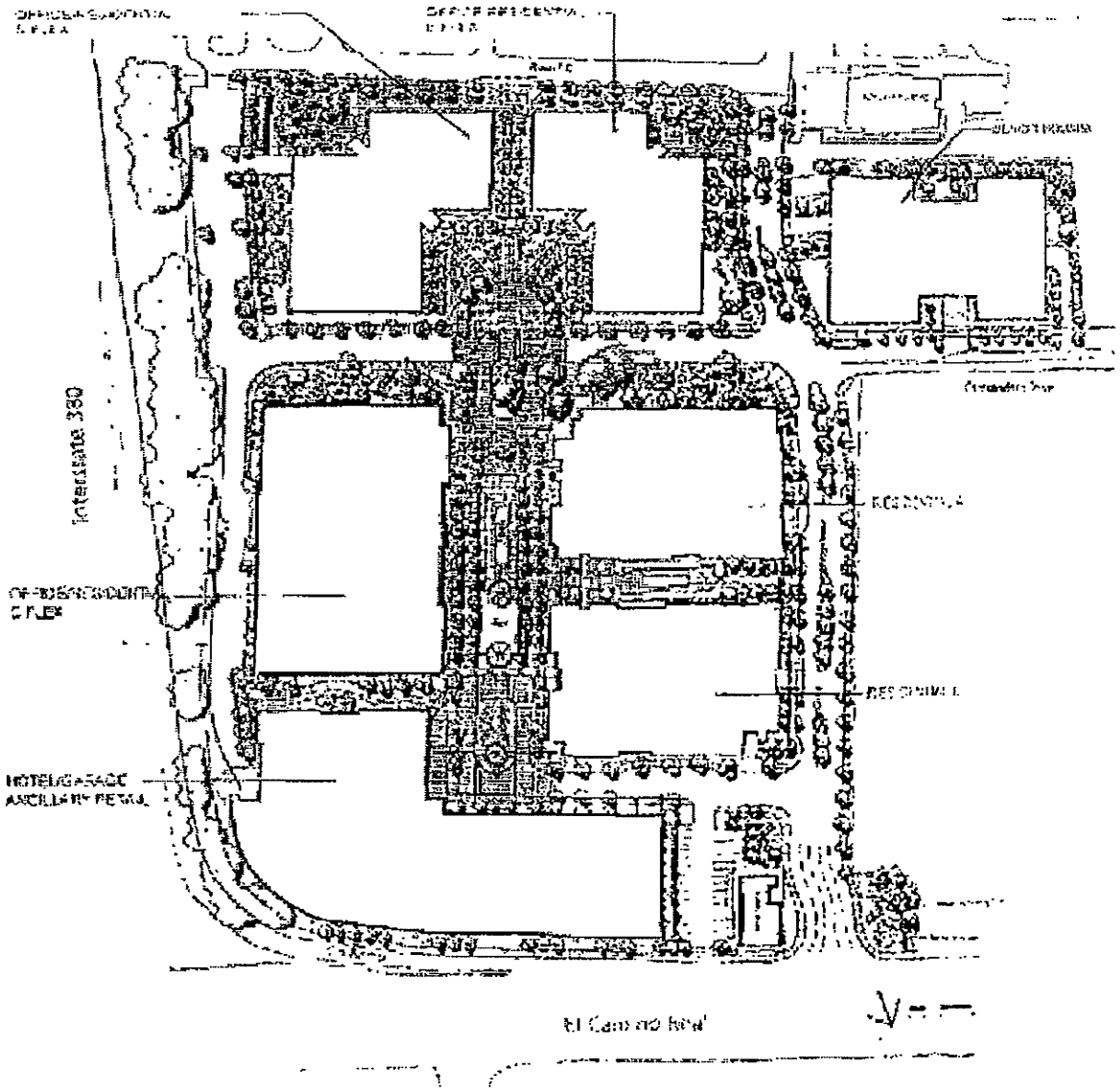



THE CROSSING
SANDIS HUMBER JONES
OCTOBER, 2002
CITY OF SAN BRUNO COUNTY OF SAN MATEO
LEGEND
SEE SHEET 5
SEE SHEET 6
PARCEL 1
PARCEL 2
PARCEL 3
PARCEL 4
PARCEL 7
PARCEL 8
PARCEL 9
PARCEL 10
LANDS OF RUSSO
EL CAMINO REAL
STATE HIGHWAY I-380
SCALE

ATTACHMENT NO. 1(B)

SITE MAP

(Development Agreement Exhibit A-1, "Office/Residential C Flex Component ")



797322v4A 80027/0024

OWNER PARTICIPATION AGREEMENT

By and Between

CITY OF SAN BRUNO
REDEVELOPMENT AGENCY

and

THE CROSSING APARTMENT ASSOCIATES I LLC

for

THE CROSSING | SAN BRUNO APARTMENTS, PHASE 1 PROJECT

_____

EFFECTIVE DATE

San Bruno Redevelopment Project
San Bruno, California

TABLE OF CONTENTS

Page

100. DEFINITIONS; REPRESENTATIONS AND WARRANTIES 3
101. Definitions 3
102. Representations and Warranties 11
102.1 Agency Representations 11
(a) Authority 11
(b) No Conflict 11
(c) No Superior Obligations 11
102.2 Participant's Representations 12
(a) Authority 12
(b) No Conflict 12
(c) No Participant Bankruptcy 12
(d) Leases and Other Interests 12
(e) Title 12
(f) Litigation 12
(g) Governmental Compliance 12
102.3 Limitations on Right to Assign 13
(a) Prior to Issuance of Certificate of Completion 13
(b) Following Issuance of Certificate of Completion 13
(c) Pre-Approved Transfers 14
200. DEVELOPMENT OF THE SITE 16
201. Scope of Development 16
202. Permits and Approvals 16
203. Schedule of Performance 16
204. Design Review 17
204.1 Conceptual Site Plan. 17
204.2 Design Review Plans and Planned Development and Architectural Review Permits. 17
204.3 Construction Drawings and Related Documents. 17
204.4 Construction Approvals. 17
204.5 Revisions. 17
204.6 Consultation and Coordination. 18
204.7 Defects in Plans 18
204.8 Cost of Construction 18
205. Insurance Requirements 18
206. Rights of Access 18
207. Compliance with Laws; Indemnity; Waiver 19
208. Taxes and Assessments 19
209. Project Sign 20
210. Liens and Stop Notices 20
211. Submission of Evidence of Financing Commitments 20
212. Certificate of Completion 21
213. Mortgage, Deed of Trust, Sale and Lease-Back Financing 21
213.1 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development 21
213.2 Holder Not Obligated to Construct Improvements 22

TABLE OF CONTENTS
(Continued)

Page

213.3 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure 22
214. Condition of the Site 22
300. COVENANTS, RESTRICTIONS AND AGREEMENTS 23
301. Use and Affordable Housing Covenants 23
302. Maintenance Covenants 23
a. Maintenance Standards 24
b. Failure to Maintain Improvements 24
303. Nondiscrimination Covenants 25
a. In deeds 26
b. In leases 26
c. In contracts 26
304. Minimum Project Cost 26
305. Replacement Reserve Requirement 27
306. Effect of Violation of the Terms and Provisions of this Agreement after Completion of Construction 27
307. Affordable Housing Covenant 27
308. Indemnification Limitation for Approved Lenders 28
400. FINANCIAL PROVISIONS 28
401. Agency Assistance 28
401.1 Affordable Housing Fee Grant 28
401.2 Affordable Housing Grant to Participant 29
401.3 Affordable Housing Subsidies 29
(a) Affordable Housing Set Aside Subsidy 29
(b) Unrestricted Tax Increment Subsidy 30
(c) Affordable Housing Subsidies Cap 30
(d) Benchmark Debt Coverage Ratio 30
402. Conditions Precedent to Disbursement of Agency Assistance 31
(a) No Default 31
(b) Execution of Documents 31
(c) Insurance 31
(d) Permits and Land Use Approvals 31
(e) Payment of Development Fees 31
(f) Payment of Property Taxes 31
(g) Completion of Improvements 31
(h) Minimum Project Cost 31
(i) Affordable Housing Covenant and Report 32
(j) Financial Statements and Reports 32
403. Eligible Project Costs 32
404. Reduction in Amount of Affordable Housing Subsidies Following Reassessment 32
405. Intentionally Omitted 33
406. Financial Records and Reporting Obligations 34

TABLE OF CONTENTS
(Continued)

Page

407. Pledge of Agency Assistance to Bond Trustee. 35
408. Future Tax Allocation Bonds. 36
500. DEFAULTS AND REMEDIES 36
501. Default Remedies 36
502. Institution of Legal Actions 36
503. Termination by Participant 37
504. Termination by Agency 37
505. Acceptance of Service of Process 37
506. Rights and Remedies Are Cumulative 38
507. Inaction Not a Waiver of Default 38
600. GENERAL PROVISIONS 38
601. Notices, Demands and Communications Between the Parties 38
602. Enforced Delay; Extension of Times of Performance 39
603. Successors and Assigns 40
604. Memorandum of Agreement 40
605. Relationship Between Agency and Participant 40
606. Agency Approvals and Actions 40
607. Counterparts 41
608. Integration 41
609. Titles and Captions 41
610. Interpretation 41
611. No Waiver 41
612. Modifications 41
613. Severability 41
614. Computation of Time 42
615. Legal Advice 42
616. Time of Essence 42
617. Cooperation 42
618. Conflicts of Interest 42
619. Time for Acceptance of Agreement by Agency 42
620. Participant's Indemnity 42
621. Effective Date 43
622. Nonliability of Officials and Employees of the Agency and Participant 43
(a) Agency 43
(b) Participant 43
623. Assignment by Agency 44
624. Applicable Law 44
625. Estoppel Certificate 44
626. Third-Party Beneficiary 45

ATTACHMENTS

Attachment No. 1(A)	Site Map (Final Map No. 02-01, "Parcel 1")
Attachment No. 1(B)	Site Map (Development Agreement Exhibit A-1, "Residential A&B Component")
Attachment No. 2	Site Legal Description
Attachment No. 3	Scope of Development
Attachment No. 4	Schedule of Performance
Attachment No. 5	Affordable Housing Covenant
Attachment No. 6	Certificate of Completion
Attachment No. 7	Memorandum of Owner Participation Agreement
Attachment No. 8	Resolution 2002-68 Authorizing Execution of this Agreement
Attachment No. 9	Conceptual Site Plans and Design Review Plans
Attachment No. 10	Insurance Requirements
Attachment No. 11	Subordination Agreement

OWNER PARTICIPATION AGREEMENT

THIS OWNER PARTICIPATION AGREEMENT (this "Agreement") dated as of this 11 day of Dec, 2002, the date of last execution of this Agreement by each of the parties indicated on the signature page hereof, is entered into by and between the CITY OF SAN BRUNO REDEVELOPMENT AGENCY, a public body existing and organized under the Community Redevelopment Law (the "Agency"), and THE CROSSING APARTMENT ASSOCIATES I LLC, a Delaware limited liability company (the "Participant") pursuant to the authority of the Community Redevelopment Law, the Redevelopment Plan, and the Agency Rules.

RECITALS

The following recitals are a substantive part of this Agreement (capitalized terms used herein and not otherwise defined are defined in Section 100 of this Agreement):

A. The purpose of this Agreement is to effectuate the Redevelopment Plan for the San Bruno Redevelopment Project which was approved and adopted by the City Council of the City on July 6, 1999 by Ordinance No. 1620 ("Redevelopment Plan") by providing for the redevelopment of the first phase of The Crossing | San Bruno Project.

B. The Crossing | San Bruno Project is located on the approximately 20.1-acre former U. S. Navy Site within the City of San Bruno, County of San Mateo, State of California. The Crossing | San Bruno Project is a compact, interactive, and pedestrian-friendly community based on the principles of transit-oriented development offering a mix of multi-family, senior, and affordable housing, hotel, meeting space, restaurant space, neighborhood-serving retail, office space, recreational opportunities, and parking facilities, in the manner described in the Specific Plan for the U. S. Navy Site and its Environs ("Specific Plan") and Development Agreement.

C. For the purposes of this Agreement, the first phase of The Crossing | San Bruno Project is an approximately five (5) acre parcel of real property depicted as "Parcel 1" on Vesting Tentative Map No. TM-02-01, attached hereto as Attachment No. 1(A) and depicted as "Residential A&B Component" on Exhibit A-1 of the Development Agreement, attached hereto as Attachment No. 1(B), and more particularly described in the Site Legal Description attached hereto as Attachment No. 2 (the "Site").

D. Prior to the Effective Date of this Agreement, as defined herein, Participant will own the Site in fee and qualify as an "owner participant" as that term is defined in the Redevelopment Plan, the Community Redevelopment Law, and Agency Rules. Participant desires to participate in the redevelopment of the Site in accordance with the Community Redevelopment Law, the Redevelopment Plan, the Agency Rules, and the terms of this Agreement.

E. Consistent with the terms of this Agreement, including the Affordable Housing Covenant, attached hereto as Attachment No. 5, and the Existing Approvals,

Participant intends to develop on the Site a 300-unit, multi-family residential rental project with ancillary recreational, commercial, and parking uses, including sixty (60) (twenty percent (20%)) Affordable Units available to Very Low Income Households. The Improvements are further defined in the Scope of Development, Attachment No. 3, and depicted in the Conceptual Site Plan, Attachment No. 9.

F. Agency is authorized and empowered under the Community Redevelopment Law and the Redevelopment Plan to enter into agreements for the acquisition, disposition and development of real property and otherwise to assist in the redevelopment of real property within the Redevelopment Project Area in conformity with the Redevelopment Plan; to acquire real and personal property in the Redevelopment Project Area; to receive consideration for the provision by the Agency of redevelopment assistance; to make and execute contracts and other instruments necessary or convenient to the exercise of its powers; and to incur indebtedness to finance or refinance the Redevelopment Project.

G. Agency and Participant desire to enter into this Agreement to set forth the terms and conditions relating to: (i) Participant's development, use, operation and maintenance of the Project, including the sixty (60) Affordable Units; and (ii) the provision of the Agency Assistance to the Participant related to the provision of those Affordable Units.

H. Agency further desires to enter into this Agreement because the Project will aid in the first phase of the redevelopment of a former military site to accommodate a high quality, planned mixed-use residential community, upgrade site infrastructure, provide public and private recreational facilities, improve site aesthetics, and provide much needed multi-family and affordable housing opportunities. The Project will also provide substantial economic benefits to the Agency, the Redevelopment Project Area, and the City, its residents and surrounding communities. Specifically, the Project will increase employment opportunities in the Redevelopment Project Area both during and after construction, increase the property values of the community by removing blighted conditions, and generate available tax increment.

I. Agency anticipates that separate owner participation agreement(s), generally consistent with the terms and format of this Agreement, may be entered into to provide certain public agency participation and/or assistance in connection with both the development of additional affordable housing units consistent with the Affordable Housing Plan and the development of parking facilities to encourage the development of the Hotel Component (as defined in the Development Agreement). The parties acknowledge that Agency is under no obligation to enter into these agreements and, should Agency opt to do so, it will require quality assurance and a demonstration of financial need and determine on a case-by-case basis the terms and extent of Agency assistance, if any.

J. The fulfillment of this Agreement is consistent with the General Plan and Redevelopment Plan, in the vital and best interests of the City, and the health, safety and welfare of its residents, and in accord with the provisions of applicable federal, state and local law.

K. The terms and conditions of this Agreement have undergone extensive review by Agency and its staff, and by Resolution No. 2002-68, attached hereto as Attachment No. 8 and incorporated herein by reference, Agency has found the Agreement just and reasonable and in conformance with the Community Redevelopment Law, Redevelopment Plan, and Agency Rules.

AGREEMENT

NOW, THEREFORE, Agency and Participant hereby agree as follows:

100. DEFINITIONS; REPRESENTATIONS AND WARRANTIES

101. Definitions.

"Affiliate of Participant" means an entity or entities in which one or more of Participant, Martin/Regis San Bruno Associates, L.P., TMG Partners, or REGIS Homes of Northern California collectively retains more than fifty percent (50%) in the aggregate, directly or indirectly, of the ownership or beneficial interest and retains full management and control of the transferee entity or entities, either directly or indirectly through another entity, subject only to certain major events requiring the consent or approval of the other owners of such entity.

"Affordable Housing Covenant" means the Affordable Housing Covenant to be recorded against the Site as provided in Section 307 in the form attached hereto as Attachment No. 5.

"Affordable Housing Fee Grant" is defined in Section 401.1 hereof.

"Affordable Housing Fee Grant Cap" is defined in Section 401.1 hereof.

"Affordable Housing Fund" means the low and moderate income housing fund established by the Agency pursuant to Section 33334.3 of the Community Redevelopment Law, into which Agency must deposit a portion of the property tax increment from the Redevelopment Project [currently twenty percent (20%)] to be used for the purposes of increasing, improving and preserving the supply of low- and moderate-income housing within the territorial jurisdiction of the Agency.

"Affordable Housing Grant to Participant" is defined in Section 401.2 hereof.

"Affordable Housing Plan" means the Affordable Housing Plan attached as Exhibit E to the Development Agreement, which establishes the minimum affordability requirements for The Crossing | San Bruno Project.

"Affordable Housing Set Aside Revenues" means that portion of the property tax increment revenues allocated to and received by Agency attributable by the San Mateo County Assessor to the Site and the improvements thereon (currently twenty percent [20%] of the gross property increment revenues), which Agency is required by law to

set-aside in the Agency's Low and Moderate Income Housing Fund pursuant to the Community Redevelopment Law.

"Affordable Housing Set Aside Subsidy" is defined in Section 401.3(a) hereof.

"Affordable Housing Subsidies" is defined in Section 401 hereof.

"Affordable Housing Subsidies Cap" is defined in Section 401.3(d) hereof.

"Affordable Units" is defined in Section 307 hereof.

"Agency" means the City of San Bruno Redevelopment Agency, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California, and any assignee of or successor to its rights, powers and responsibilities.

"Agency Assistance" is defined in Section 401 hereof.

"Agency Rules" means the Agency Owner Participation and Business Reentry Rules, adopted by Resolution A99-4.

"Agreement" means this Owner Participation Agreement between Agency and Participant.

"Approved Lender" is defined in Section 213.1 hereof.

"Architectural Review Board" means the City's Architectural Review Board.

"Base Year Affordable Housing Set Aside Revenues" means the Affordable Housing Set Aside Revenues attributable to the Site and the improvements thereon, allocated to and received by the Agency in the property tax fiscal year 1999/2000.

"Base Year Unrestricted Property Tax Increment Revenues" means the Unrestricted Property Tax Increment Revenues attributable to the Site and the improvements thereon, allocated to and received by the Agency in the property tax fiscal year 1999/2000.

"Benchmark Debt Coverage Ratio" means a Debt Coverage Ratio equal to 1.75000, or 175.00%.

"Bonds" is defined in Section 407 hereof.

"Certificate of Completion" means the document evidencing Participant's satisfactory completion of construction and installation of the Improvements, as set forth in Section 212 hereof, in the form of Attachment No. 6 hereto.

"City" means the City of San Bruno, a California municipal corporation.

"Community Redevelopment Law" means the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000, *et seq.*).

"Conceptual Site Plan" is defined in Section 204.1 hereof.

"Conditions Precedent to Disbursement of Agency Assistance" is defined in Section 402 hereof.

"Construction Drawings" is defined in Section 204.3 hereof.

"County of San Mateo Letter of Understanding and Agreement" means the letter of understanding and agreement dated November 12, 1999, between City and the County of San Mateo providing for City to pay to the County of San Mateo an amount equal to a portion of the annual property taxes attributable to the Navy Property (Assessors Parcel Nos. 020-010-580, 020-013-050, and 020-013-060, consisting of approximately 26.806 acres as more particularly described therein) that would have otherwise accrued to the County of San Mateo had the Navy Property not been included within the Redevelopment Project. Participant acknowledges having received a copy of the County of San Mateo Letter of Understanding and Agreement.

"Debt Coverage Ratio" means the ratio obtained by dividing the sum of (i) the Net Operating Income for a particular Operating Year, plus (ii) the potential amount of Agency Assistance available to Participant during the Operating Year in which Net Operating Income is measured, by the Debt Service payable in the Operating Year in which Net Operating Income is measured.

"Debt Service" means the principal and interest payments payable on the Project Debt for a given Operating Year based upon the actual principal and interest paid by Participant.

"Default" means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 501 hereof.

"Design Review Plans" is defined in Section 204.2 hereof.

"Development Agreement" means the Development Agreement for The Crossing | San Bruno Project by and between the City of San Bruno and Martin/Regis San Bruno Associates, L.P., as assigned by any partial assignment and assumption agreement related to the Site.

"Effective Date" means the operative date of this Agreement, which shall be the date upon which Participant delivers evidence of ownership of fee title to the Site to Agency, as required by Section 621 hereof.

"Effective Gross Income" means the actual effective gross income produced by the Project for a particular Operating Year, including (i) actual rental income from the residential units (without reduction for any assumed vacancy factor), not including any concessions or other inducements (such as any cash reductions in monthly rent during

the term of a lease, any free rent before, during or after the term of a lease, any rent coupons, gift certificates and tangible goods or any other form of rent reduction or forbearance); (ii) laundry income, vending income, parking fees, cable television commission income, tenant utility reimbursements, storage fees, pet premiums, renter insurance commissions, retained deposits, and late fees; (iii) clubhouse rentals and PacBell/DSL commissions, to the extent not assigned to Martin/Regis San Bruno Associates, L.P., pursuant to the Private Infrastructure Agreement and/or Common Facilities Agreement to be entered into by Participant and Martin/Regis San Bruno Associates, L.P., prior to the Effective Date; (iv) any Operating Expense reserve account monies that become available to Participant following repayment of the Project Debt or waiver by an Approved Lender of the Operating Expense reserve account requirements set forth in the Project Debt loan documents; and (v) any "other income" permitted by Fannie Mae or its agent in underwriting the financing for construction of the Project, as those requirements may be changed from time to time.

"Eligible Project Costs" is defined in Section 403 hereof.

"Existing Approvals" mean the existing development approvals, entitlements, policies and findings adopted by City after duly noticed public hearings and other applicable procedures prior to the date of this Agreement and applied to The Crossing | San Bruno Project and the Site, which include the following:

(1) On January 9, 2001, the City certified a Final Environmental Impact Report for The Crossing | San Bruno Project (Resolution No. 2001-1) and on December 11, 2001, an Addendum to the EIR (Resolution No. 2001-82) (collectively, the "Crossing EIR").

(2) On January 9, 2001, the City approved a General Plan Amendment (Resolution No. 2001-2).

(3) On January 9, 2001, the City approved a Specific Plan (Resolution No. 2001-3), on December 11, 2001, a Specific Plan Amendment (Resolution No. 2001-82), and on September 24, 2002, a Specific Plan Addendum (Design Guidelines) (Resolution No. 2002-58) that includes the major development, circulation and infrastructure elements for The Crossing | San Bruno Project.

(4) On January 23, 2000, the City adopted an ordinance amending the San Bruno Zoning Ordinance and Zoning Map to establish the zoning for The Crossing | San Bruno Project (Ordinance No. 1635).

(5) On June 5, 2001, voters approved Initiative Measure E by majority vote at a special municipal election pursuant to Local Ordinance 1284.

(6) On January 8, 2002, the City adopted Ordinance No. 1653 approving the Development Agreement, which took effect on February 7, 2002.

(7) On August 20, 2002, the City Planning Commission approved Vesting Tentative Map No. TM 02-01 (Resolution No. 2002-01) that provides for the conditions of subdivision of The Crossing | San Bruno Project.

(8) On October 29, 2002, the City approved the Final Map for The Crossing | San Bruno Project (Resolution No. 2002-66).

(9) On October 29, 2002, the City Council approved the Architectural Review Permit and Planned Development Permit (Resolution No. 2002-67) for the Project.

"Governmental Requirements" means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees, of the United States, the State of California, the County of San Mateo, the City, or any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the Agency, the Participant or the Site.

"Hazardous Materials" means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is: (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum; (vi) friable asbestos; (vii) polychlorinated biphenyls; (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; (ix) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317); (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901, *et seq.* (42 U.S.C. §6903); or (xi) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601, *et seq.*, as the foregoing statutes and regulations now exist or may hereafter be amended.

"Improvements" means the 300-unit, multi-family residential rental project, including the Affordable Units, with ancillary recreational, commercial and parking uses and appurtenant on-site and off-site improvements to be constructed and installed by Participant as set forth herein and in the Scope of Development, Attachment No. 3 hereto.

"Insurance Requirements" means the insurance requirements for the Project, which are attached hereto as Attachment No. 10.

"Maintenance Standards" is defined in Section 302 hereof.

"Memorandum of Agreement" is defined in Section 604 hereof.

"Net Affordable Housing Set Aside Revenues" means the increase of the Affordable Housing Set Aside Revenues over the Base Year Affordable Housing Set Aside Revenues allocated to and received by the Agency.

"Net Operating Income" means Effective Gross Income, as defined herein, less Operating Expenses, as defined herein, before depreciation and mortgage interest and principal.

"Net Unrestricted Property Tax Increment Revenues" means the increase of the Unrestricted Property Tax Increment Revenues over the Base Year Unrestricted Property Tax Increment Revenues allocated to and received by the Agency.

"Notice" means a notice in the form prescribed by Section 601 hereof.

"Operating Expenses" shall mean the actual out-of-pocket costs and expenses paid by Participant for a given Operating Year and approved by Fannie Mae or its agent, in its discretion, in connection with the use, maintenance or operation of the Project (but without duplication) based on the actual expenses which meet all of the following requirements:

(i) All costs and expenses must be recognized as operating expenses by the Fannie Mae guidelines, as those guidelines may be changed from time to time, and by generally accepted accounting principles applicable to real estate projects and transactions;

(ii) To the extent Project management fees are paid to Participant, its members or an Affiliate of Participant, such management fees shall not exceed three and one-half percent (3.5%) of gross rental income;

(iii) Reserve payments for Operating Expenses may be included only to the extent such reserve payments are required by Fannie Mae or CalPers to be set aside in a separately ear-marked reserve account. Upon the earlier of full repayment of the Project Debt or Fannie Mae's or CalPers' waiver of such Operating Expense reserve account requirements, all amounts remaining in the reserve account shall be included within Effective Gross Income for the Operating Year in which the Project Debt is repaid or the reserve account requirement waived;

(iv) Fees paid to Participant, its members or an Affiliate of Participant, other than the Project management fees stated in (ii) above, such as asset management fees and financing fees, shall not be considered an Operating Expense;

(v) Operating Expenses shall not include mortgage interest or principal payments, depreciation, amortization, or costs or expenditures that the Internal Revenue Code allows to be depreciated or amortized;

(vi) To the extent that in dealing with an Affiliate of Participant or its members, such costs and expenses shall be reasonable and at no higher than market rates and all dealings with such Affiliate(s) of Participant shall be disclosed in writing to Agency in advance; and

(vii) Project expenses financed with Project Debt shall not be included within Operating Expenses.

"Operating Year" means the one-year periods commencing upon the first January 1 following the date that Participant has obtained a final certificate of occupancy for the Improvements and commenced leasing activities for the Affordable Units, and ending on December 31 of that year; each succeeding Operating Year shall commence on January 1st and end on December 31st.

"Partial Operating Year" means the period of time commencing on the date that Participant has obtained a temporary or final certificate of occupancy for the Improvements and commenced leasing activities for the Affordable Units, and ending upon the December 31st immediately prior to the first (1st) Operating Year.

"Participant" means The Crossing Apartment Associates I LLC, a Delaware limited liability company, or its permitted assignee or transferee.

"Project" means the Site and the Improvements to be constructed by Participant on the Site as set forth herein.

"Project Debt" means the total debt financing for the initial construction of the Project up to a maximum of Seventy Million Dollars ($70,000,000) (the "Initial Project Debt"). As of the date of execution of this Agreement, it is anticipated that the total Initial Project Debt for the Project will consist of tax-exempt bond financing in the approximate amount of $65,500,000, and taxable bond financing in the approximate amount of $3,000,000. To qualify for Project Debt, any refinancing of the Initial Project Debt must be limited to the remaining balance of the outstanding principal on the Initial Project Debt and cannot be for a period less than the remaining term of the Initial Project Debt.

"Redevelopment Plan" means the Redevelopment Plan for the San Bruno Redevelopment Project, adopted by Ordinance No. 1620 of the City Council of the City on July 6, 1999, and any future amendments thereto, which are incorporated herein by reference.

"Redevelopment Project" means the San Bruno Redevelopment Project approved and adopted by the City pursuant to the Redevelopment Plan.

"Schedule of Performance" means the Schedule of Performance attached hereto as Attachment No. 4 and incorporated herein, setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Participant and the Agency's Executive Director, and the

Agency's Executive Director is authorized to make such revisions as he or she deems reasonably necessary.

"Scope of Development" means the Scope of Development attached hereto as Attachment No. 3 and incorporated herein, which describes the scope, amount and quality of the work of Improvements to be constructed and installed by the Participant. The Scope of Development is subject to revision only as provided herein.

"Site" is defined in Recital C.

"Site Legal Description" means the legal description of the Site, which is attached hereto as Attachment No. 2 and incorporated herein.

"Site Map" means the maps of the Site, which are attached hereto as Attachment No. 1(A) and Attachment No. 1(B) and incorporated herein.

"Subordination Agreement" means the form of Subordination Agreement attached hereto as Attachment No. 11 and incorporated herein.

"Tax Allocation Bonds" means any bond, certificate of participation or other indebtedness or obligation of the Agency hereafter incurred payable in whole or in part from the proceeds of taxes allocated and paid to the Agency from within the Redevelopment Project pursuant to Health and Safety Code Section 33670(b) (as said statute may be amended from time to time and including any legislative substitutions or subventions for property tax increment revenues) that has been sold pursuant to a public debt offering or that represents the private placement of debt including any obligation of the Agency to a joint powers authority that offers bonds to the public or through a private placement.

"Trustee" is defined in Section 407 hereof.

"Unrestricted Property Tax Increment Revenues" means the property tax increment revenues allocated to and received by the Agency pursuant to Section 33670(b) of the Community Redevelopment Law, as said statute may be amended from time to time, by application of the one percent (1%) tax levied against real property as permitted by Article XIIIA of the California Constitution, in an amount attributable by the San Mateo County Assessor to the Site and the improvements thereon, but specifically excluding therefrom the following: (a) charges for County administrative charges, fees, or costs; (b) the portion of tax increment revenues from the Site attributable to any special taxes or assessments or voter-approved indebtedness; (c) an amount equal to the actual and reasonable costs incurred by Agency, including staff time, in reviewing Participant's compliance with the terms of this Agreement and the Affordable Housing Covenant in the preceding Operating Year; (d) a portion of the tax increment revenues from the Site equal to the percentage of such revenue that the Agency is required to pay to any and all governmental entities as required by the Community Redevelopment Law, including payments required to be made following an amendment to the Redevelopment Plan in accordance with Section 33333.10 of the Community Redevelopment Law, as added by Senate Bill 211; (e) a portion of the tax increment revenues from the Site equal to the amount of money that City is required to pay the

County of San Mateo pursuant to the County of San Mateo Letter of Understanding and Agreement or any other agreements entered into by the City and the County of San Mateo implementing the County of San Mateo Letter of Understanding and Agreement; (f) the portion of tax increment revenues from the Site equal to the percentage of such revenues in the Redevelopment Project as a whole which payments the State may mandate that the Agency pay from time to time in the future, including, for example, any payments which the Agency may be required to pay to the Education Revenue Augmentation Fund pursuant to Section 33681, et seq., of the Community Redevelopment Law; and (g) Affordable Housing Set Aside Revenues.

"Unrestricted Tax Increment Subsidy" is defined in Section 401.3(b) hereof.

102. Representations and Warranties.

102.1 Agency Representations. Agency represents and warrants to Participant as follows:

(a) Authority. Agency is a public body, corporate and politic, existing pursuant to the California Community Redevelopment Law (California Health & Safety Code Section 33000, *et seq.*), which has been authorized to transact business pursuant to action of the City. Agency has full right, power and lawful authority to perform its obligations hereunder and the execution, performance and delivery of this Agreement by Agency has been fully authorized by all requisite actions on the part of Agency.

(b) No Conflict. To the best of Agency's knowledge, Agency's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Agency is a party or by which it is bound.

(c) No Superior Obligations. There will be no bonds, notes, indebtedness, or other obligations of the Agency as of the date of this Agreement secured by a pledge of, lien on, security interest in, or payable from the portion of Net Affordable Housing Set Aside Revenues or Net Unrestricted Property Tax Increment Revenues pledged to Participant herein, which is superior or on a parity with the pledge of Agency Assistance to the Participant herein. As provided in Section 408 below, Agency's obligation hereunder to make the Agency Assistance payments available to Participant and the pledge of Agency Assistance by Participant to the Trustee as provided in Section 407(a) below, shall be superior to Agency's obligations to make debt service payments on any Tax Allocation Bonds issued by Agency after the Effective Date for which Net Affordable Housing Set Aside Revenues or Net Unrestricted Property Tax Increment Revenues are to be pledged or utilized in whole or in part for payment.

Until the expiration or earlier termination of this Agreement, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 102.1 not to be true, immediately give written notice of such fact or condition to Participant.

102.2 Participant's Representations. Participant represents and warrants to Agency as follows:

(a) Authority. Participant is a duly organized limited liability company organized and in good standing under the laws of the State of Delaware and registered to do business in the State of California. The copies of the documents evidencing the organization of Participant delivered to Agency are true and complete copies of the originals, as amended to the Effective Date. Participant has full right, power and lawful authority to undertake all obligations as provided herein and the execution, performance and delivery of this Agreement by Participant has been fully authorized by all requisite actions on the part of Participant.

(b) No Conflict. To the best of Participant's knowledge, Participant's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Participant is a party or by which it is bound.

(c) No Participant Bankruptcy. Participant is not the subject of any bankruptcy proceeding.

(d) Leases and Other Interests. To the best of Participant's knowledge, there are no unrecorded leases affecting the Site or any portion thereof, and no other person or entity has any unrecorded interests in or the right to possess the Site or any portion of it.

(e) Title. Participant, upon the Effective Date, owns fee simple title to the Site.

(f) Litigation. To the best of Participant's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Site or any portion thereof, at law or in equity before any court or governmental agency, domestic or foreign.

(g) Governmental Compliance. Participant has not received any notice from any governmental agency or authority alleging that the Site is currently in violation of any law, ordinance, rule, regulation or requirement applicable to its use and operation. If any such notice or notices are received by Participant following the date this Agreement is signed by the Agency, Participant shall notify Agency within ten (10) days of receipt of such notice.

Until the expiration or earlier termination of this Agreement, Participant shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 102.2 not to be true, immediately give written notice of such fact or condition to Agency.

102.3 Limitations on Right to Assign. The qualifications and identity of the Participant and its managing member are of particular concern to the Agency. It is because of the demonstrated qualifications and identity that the Agency has entered into this Agreement with Participant. No voluntary or involuntary successor in interest

of the Participant shall acquire any interest in the Site or the Project nor any rights or powers under this Agreement, except as expressly set forth herein. It is hereby expressly stipulated and agreed that any assignment, sale, transfer or other disposition of the Project or the Site, or any portion(s) thereof or interest(s) therein, in violation of this Section 102.3 shall be null, void and without effect, shall cause a reversion of title to Participant, and shall be ineffective to relieve Participant of its obligations under this Agreement and the Affordable Housing Covenant. For purposes of this Section 102.3, a change in the identity of the initial managing member of Participant (including the sale or transfer, in the aggregate, of the controlling stock or interest in said managing member) shall be deemed a transfer subject to the provisions of this Section. Upon any transfer or assignment of this Agreement or sale, transfer or other disposition of the Project or the Site that complies with the requirements of this Section 102.3, Participant shall be fully released from its obligations hereunder to the extent such obligations have been fully assumed in writing by the transferee of the Project or the Site pursuant to an assignment and assumption agreement in a form reasonably acceptable to Agency's legal counsel. The right to receive the Agency Assistance shall run with the Project and, therefore, any assignment or transfer of Participant's obligations under this Agreement to a permitted assignee or transferee shall also include an assignment of the right to receive the Agency Assistance. No later than the date the assignment becomes effective, Participant shall deliver to Agency a fully executed counterpart of the assignment and assumption agreement. Participant shall request approval by written notice at least sixty (60) days prior to any proposed transfer or assignment of this Agreement or sale, transfer or other disposition of the Project or the Site, or any portion(s) thereof or interest(s) therein.

(a) Prior to Issuance of Certificate of Completion. Prior to issuance of the Certificate of Completion, Participant shall not assign or transfer this Agreement, the Project or the Site, or any portion(s) thereof, or interest(s) therein, or any right(s) hereunder without the prior written approval of the Agency's Executive Director. Participant shall notify Agency of any proposed transfer, or assignment promptly upon commencement of negotiations in connection with such event. The Agency's Executive Director shall approve or disapprove any requested transfer or assignment within sixty (60) days after receipt of a written request for approval from Participant, together with such documentation as may be reasonably required by the Agency's Executive Director to evaluate the proposed transaction and the proposed assignee's/transferee's experience and qualifications. The Agency's Executive Director shall not unreasonably withhold approval of a transfer or assignment to a proposed transferee/assignee who in the reasonable opinion of the Agency's Executive Director is financially capable and has the development qualifications and experience to perform the duties and obligations of the Participant hereunder.

(b) Following Issuance of Certificate of Completion. Following issuance of the Certificate of Completion, Participant shall not assign or transfer this Agreement, the Project or the Site, or any portion(s) thereof, or interest(s) therein, or any right(s) hereunder without the prior written approval of the Agency's Executive Director, which approval shall not be unreasonably withheld or delayed, and shall be granted upon Agency's receipt of evidence acceptable to Agency that the following conditions have been satisfied:

1. Participant is not in Default hereunder or the purchaser or assignee agrees to undertake to cure any Defaults of Participant to the reasonable satisfaction of Agency;

2. The continued operation of the Project shall comply with the provisions of this Agreement and the Affordable Housing Covenant;

3. Either (i) the purchaser or assignee or its property manager has at least three year's experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects, or (ii) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subclause (i) above, or (iii) Participant or its management company will continue to manage the Project for at least one year following such transfer and during such period will provide training to the transferee and its manager in the responsibilities relating to the Affordable Units;

4. The person or entity which is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; and

5. The proposed purchaser or assignee enters into a written assignment and assumption agreement in form and content reasonably satisfactory to Agency's legal counsel, and, if requested by Agency, an opinion of such purchaser or assignee's counsel to the effect that this Agreement and the Affordable Housing Covenant are valid, binding and enforceable obligations of such purchaser or assignee, subject to bankruptcy and other standard limitations affecting creditor's rights.

(c) **Pre-Approved Transfers.** Notwithstanding any other provision of this Agreement to the contrary, Agency approval of a transfer or assignment of this Agreement, the Project, or the Site or any interest therein shall not be required in connection with any of the following:

1. Subject to Participant submitting the assignment and assumption agreement referred to above and the approval of such agreement by the Agency, which approval shall not be unreasonably withheld, any transfer or assignment of the Project or any interest therein to an Affiliate of Participant;

2. Transfers resulting from the death or mental or physical incapacity of any member of Participant;

3. The granting of temporary or permanent easements or permits to facilitate development of the Project;

4. Any assignment for financing purposes (subject to such financing being considered and approved by Agency pursuant to Section 213.1 below), including the grant of a deed of trust, assignment of rents and security agreement to secure the funds necessary for construction and permanent financing of the Improvements;

5. Any transfer by foreclosure or deed in lieu of foreclosure under approved financing or transfers by a lender subsequent to foreclosure or deed in lieu of foreclosure (subject to the requirements of this Section 102.3 and Section 213, below);

6. The transfer of the limited liability company membership interests of Participant, provided such transfer does not cause a material change in the rights to manage and control Participant;

7. The transfer of any stock, partnership interest, membership or other beneficial interest in any non-managing member of Participant or any direct or indirect beneficial owner of any non-managing member of Participant;

8. The admission of any new non-managing member to Participant;

9. The admission of any new co-managing member to Participant, so long as the initial managing member or an Affiliate of Participant remains a co-managing member of Participant and maintains control over the operation and management of Participant;

10. The assignment of this Agreement, or any interest in this Agreement, to an Affiliate of Participant;

11. The transfer of any managing member interest or non-managing member interest in Participant to an Affiliate of Participant, so long as the initial managing member or Affiliate of Participant remains a managing or co-managing member of Participant and maintains control over the operation and management of Participant;

12. The rental, in the ordinary course of business, of the apartment units within the Project provided, with respect to the Affordable Units, such rental shall be in accordance with the terms of this Agreement and the Affordable Housing Covenant; and

13. The transfer of limited, exterior portions of the Site, such as landscaped areas or private streets, to the Homeowners' Association under the terms of the CC&Rs for the Crossing | San Bruno Project.

In the event of an assignment or transfer by Participant under the above subsections 102.3(c)1 through 102.3(c)13, inclusive, not requiring Agency's prior

approval, Participant nevertheless agrees that it shall give at least fifteen (15) days' prior written Notice to Agency of such assignment or transfer. In addition, Agency shall be entitled to review such documentation as may be reasonably required by the Agency's Executive Director for the purpose of determining compliance of such assignment or transfer with the requirements of subsections 102.3(c)1 through 102.3(c)13, inclusive.

Nothing in this Section or elsewhere in this Agreement shall prohibit (i) sale or transfer of all or any portion of the Site through foreclosure of a mortgage or deed of trust permitted pursuant to Section 213, (ii) transfer to the holder of such permitted mortgage or deed of trust by deed in lieu of foreclosure or (iii) transfer of the Site by any such holder subsequent to acquisition by foreclosure or deed in lieu, so long as such transfer complies with Section 213. Agency shall not be obligated to pay the Agency Assistance to any transferee of the Site after foreclosure or transfer in lieu of foreclosure unless such transferee assumes all of Participant's obligations under this Agreement and the Affordable Housing Covenant (excluding repayment of any portion of the Agency Assistance not actually disbursed to such transferee).

200. DEVELOPMENT OF THE SITE

201. Scope of Development. Participant shall construct and install the Improvements in one phase in accordance with the Scope of Development, Attachment No. 3, as well as the schematic drawings, plans and documents to be submitted to and approved by Agency as provided in Section 204, below. All such work shall be performed by a licensed contractor(s).

202. Permits and Approvals. Before commencement of construction of the Improvements or other works of improvement upon the Site, Participant shall, at its expense, secure or cause to be secured any and all land use and other entitlements, permits and approvals which may be required by the City, the Architectural Review Board and any other governmental agency affected by such construction or work to the extent consistent with the Development Agreement. Agency staff will work cooperatively with Participant to assist in coordinating the expeditious processing and consideration of all necessary permits, entitlements and approvals by the City. However, the execution of this Agreement does not constitute the granting of, or a commitment to obtain, any required land use permits, entitlements or approvals required by Agency or City.

203. Schedule of Performance. Participant shall commence and complete construction of the Improvements and satisfy all other obligations and conditions of this Agreement within the times established therefor in the Schedule of Performance, Attachment No. 4, subject to the provisions of Section 602 hereof.

204. Design Review.

204.1 Conceptual Site Plan. Concurrently with its approval of this Agreement, Agency has approved a conceptual site plan for the Improvements, including materials, color board, elevations of all four sides of the Improvements, preliminary landscape plans, a traffic and circulation plan and a rendered perspective of the residential apartment buildings (collectively, the "Conceptual Site Plan"). For

convenience of reference, individual components of the Conceptual Site Plan are listed in Attachment No. 9 attached hereto.

204.2 Design Review Plans and Planned Development and Architectural Review Permits. Concurrently with its approval of this Agreement, Agency has approved detailed drawings and specifications with respect to the Improvements (the "Design Review Plans"). For convenience of reference, individual components of the Design Review Plans are listed in Attachment No. 9 attached hereto.

204.3 Construction Drawings and Related Documents. Within the time set forth in the Schedule of Performance, Participant shall prepare and submit to the City Building Department for review and approval detailed construction plans with respect to the Improvements, including a grading plan, which shall have been prepared by a registered civil engineer (the "Construction Drawings").

204.4 Construction Approvals. The Agency Board's approval of the Conceptual Site Plan and Design Review Plans shall not relieve the Participant of its obligation to submit schematic drawings and plans to the City in order to obtain the approvals required for the construction of the Improvements on the Site as provided in the Development Agreement.

204.5 Revisions. If Participant desires to propose any material revisions to the Agency-approved Conceptual Site Plan or Design Review Plans, it shall submit such proposed changes to the Agency, and shall also proceed in accordance with any and all State and local laws and regulations regarding such revisions, within the time frame set forth in the Schedule of Performance. If any material change in the basic concept of the development of the Site is proposed in the Conceptual Site Plan or Design Review Plans from the basic concept set forth in the Conceptual Site Plan as originally approved by the Agency Board, then the Agency's approval of any revisions to the Conceptual Site Plan or Design Review Plans may be conditioned upon the renegotiation of all terms and conditions of this Agreement, including the economic terms of the Agreement. If, in the reasonable opinion of the Agency's Executive Director, the Conceptual Site Plan or Design Review Plans, as modified by the proposed change, generally and substantially conform to the requirements of this Section 204 and the Scope of Development, the Agency's Executive Director shall, within fifteen (15) days after submission to the Agency, approve the proposed change and authorize the City to process the change in accordance with City requirements. The Agency's Executive Director is authorized to approve changes to the Agency-approved Conceptual Site Plan and Design Review Plans provided such changes (a) do not significantly reduce the cost of the proposed development; (b) do not reduce the quality of materials to be used; and (c) do not reduce the imaginative and unique qualities of the Project design. Any and all change orders or revisions required by the City and its inspectors in accordance with the Development Agreement and under other applicable laws and regulations shall be included by Participant in its Conceptual Site Plan, Design Review Plans and Construction Drawings and completed during the construction of the Improvements.

204.6 Consultation and Coordination. During the preparation of the Construction Drawings, staff of Agency and Participant shall hold progress meetings on

an as needed basis to coordinate the preparation, submission, and review with the City staff. The staff of Agency and Participant shall communicate and consult informally as frequently as is necessary to ensure that the formal submittal of any documents to the City and Agency can receive timely and thorough consideration.

204.7 Defects in Plans. Agency shall not be responsible either to the Participant or to any third parties in any way for any defects in the Conceptual Site Plan, the Design Review Plans or the Construction Drawings, nor for any structural or other defects in any work done according to the approved Conceptual Site Plan, Design Review Plans or Construction Drawings, nor for any delays caused by the review and approval processes established by this Section 204. Participant shall hold harmless, indemnify, pay for and defend Agency, City and its and their officers, employees, agents, representatives and volunteers from and against any claims or suits for damage to property or injury to or death of any persons arising out of or in any way relating to defects in the Conceptual Site Plan, Design Review Plans or the Construction Drawings, including the violation of any Governmental Requirements, or for defects in any work done according to the approved Conceptual Site Plan, Design Review Plans and Construction Drawings.

204.8 Cost of Construction. All costs of Site preparation, planning, designing and constructing the Improvements and developing the Project on the Site shall be borne solely by Participant, except as otherwise expressly set forth herein.

205. Insurance Requirements. At all times during the term of this Agreement, Participant shall provide, maintain and keep in full force and effect, the insurance required under Attachment No. 10, Insurance Requirements, and shall comply with all requirements set forth therein.

206. Rights of Access. Prior to the issuance of a Certificate of Completion, for purposes of assuring compliance with this Agreement, representatives of the Agency shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including the inspection of the Project and the work of Improvements so long as the Agency representatives comply with all safety rules. Agency (or its representatives) shall, except in emergency situations, notify Participant prior to exercising its rights pursuant to this Section 206. Nothing herein shall be deemed to limit the ability of the City to conduct code enforcement and other administrative inspections of the Site in accordance with applicable law.

207. Compliance with Laws; Indemnity; Waiver. Participant shall carry out the work of Improvements in conformity with the Development Agreement and all applicable laws, to the extent consistent with the Development Agreement, including all applicable state labor laws and standards; all applicable Public Contracts Code requirements; the City zoning and development standards; building, plumbing, mechanical and electrical codes; all other provisions of the City of San Bruno Municipal Code; the City of San Bruno prevailing wage policy; and all applicable disabled and handicapped access requirements, including the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*

Participant shall defend, indemnify and hold harmless Agency and City and its and their officers, employees, volunteers, agents and representatives from and against any and all present and future liabilities, obligations, orders, claims, damages, fines, penalties and expenses (including attorneys' fees and costs) (collectively, "Claims"), arising out of or in any way connected with Participant's obligation to comply with all laws with respect to the work of Improvements.

Participant hereby waives, releases and discharges forever Agency and City, and its and their employees, officers, volunteers, agents and representatives, from any and all present and future Claims arising out of or in any way connected with Participant's obligation to comply with all laws with respect to the work of Improvements.

Participant is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

As such relates to this Section 207, Participant hereby waives and relinquishes all rights and benefits that it may have under Section 1542 of the California Civil Code.

_____
Participant Initials

208. Taxes and Assessments. Participant shall pay prior to delinquency all *ad valorem* real estate taxes and assessments on the Site, subject to Participant's right to contest in good faith any such taxes. Participant shall remove or have removed any levy or attachment made on the Site or any part thereof, or assure the satisfaction thereof within thirty (30) days following the date of attachment or levy.

209. Project Sign. Participant and Agency agree to cooperate in placing and maintaining on the Site, during construction, one sign indicating the respective roles of Participant and Agency in the Project. The cost of the sign shall be borne by Participant.

210. Liens and Stop Notices. Participant shall not allow to be placed on the Site or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Project, Participant shall within thirty (30) days of such recording or service:

a. pay and discharge the same; or

b. affect the release thereof by recording and delivering to Agency a surety bond in sufficient form and amount; or

c. provide the Agency with other assurance which Agency deems, in its sole discretion, to be satisfactory for the payment of such lien or

bonded stop notice and for the full and continuous protection of Agency from the effect of such lien or bonded stop notice.

211. Submission of Evidence of Financing Commitments. Within the time established therefor in the Schedule of Performance, Participant shall obtain and submit to Agency evidence that Participant has obtained firm letters of commitments for debt and equity financing necessary to undertake the development of the Project and the design and construction of the Improvements in accordance with this Agreement. Agency's Executive Director shall approve or disapprove such evidence of financing commitments within the time established in the Schedule of Performance. Approval shall not be unreasonably withheld. If Agency's Executive Director shall reasonably disapprove any such evidence of financing, the Executive Director shall do so by written notice to Participant stating the reasons for such disapproval and, thereafter, Participant shall utilize good faith, diligent efforts to promptly obtain and submit to Agency new evidence of financing. Agency's Executive Director shall approve or disapprove such new evidence of financing in the same manner and within the same times established in the Schedule of Performance for the approval or disapproval of the evidence of financing as initially submitted to the Agency.

Such evidence of financing shall include a copy of the firm and binding commitment obtained by Participant for the mortgage loan or loans to finance construction through completion of the Project. The term of such construction financing shall be for not less than one (1) year. The commitment for financing shall be in a form sufficient, in the reasonable opinion of the Agency's Executive Director, to evidence a firm loan commitment subject to the construction lender's reasonable, customary and normal conditions and terms. In the event Agency disapproves Participant's evidence of financing commitments or Participant fails to obtain and deliver the evidence of financing commitments to Agency as provided above, then either party may terminate this Agreement as provided herein by Notice to the other party and, thereafter, neither party shall have any rights or obligations hereunder, except for Participant's indemnity obligations which shall survive termination of this Agreement.

Prior to issuance of a Certificate of Completion, Participant shall provide Agency's Executive Director with a written statement signed by the managing member of Participant setting forth the total amount of Project Debt, together with supporting evidence of such Project Debt reasonably satisfactory to the Executive Director.

212. Certificate of Completion. Following Participant's completion of the work of construction and installation of the Improvements on the Site in conformity with this Agreement, and within the time set forth in the Schedule of Performance, Agency shall furnish Participant with a "Certificate of Completion" substantially in the form attached hereto as Attachment No. 6. Agency shall not unreasonably withhold such Certificate of Completion. The Certificate of Completion shall be conclusive determination of satisfactory completion of the work of construction and installation of the Improvements on the Site and the Certificate of Completion shall so state. Any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Site shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as set forth in Section 306 hereof and in the Affordable Housing Covenant.

If Agency refuses or fails to furnish the Certificate of Completion, Agency shall, within thirty (30) days after Participant's written request therefor, provide the Participant with a written statement of the reasons Agency refused or failed to furnish the Certificate of Completion. The statement shall also contain Agency's opinion of the actions Participant must take to obtain the Certificate of Completion. Agency's failure to provide such a written statement within such thirty- (30-) day period shall be deemed Agency's disapproval of Participant's request for issuance of the Certificate of Completion. The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Participant to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the work of Improvements, or any part thereof. The Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code.

213. Mortgage, Deed of Trust, Sale and Lease-Back Financing.

213.1 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development. Mortgages and deeds of trust are permitted before completion of the construction of the Improvements, but only for the purpose of securing loans of funds to be used for financing the costs of acquiring the Site and constructing the Improvements. Participant covenants and agrees, on behalf of itself and its successors and assigns, that it shall not enter into any conveyance for such financing without the prior written approval of Agency's Executive Director. The beneficiary under any mortgage or deed of trust so approved by the Agency's Executive Director shall be an "Approved Lender," herein. The requirements of this Section 213.1 shall terminate effective upon issuance of the Certificate of Completion. Participant shall notify Agency in advance of any proposed mortgage or deed of trust. The words "mortgage" and "deed of trust" as used hereinafter shall include sale and lease-back financing.

213.2 Holder Not Obligated to Construct Improvements. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the Improvements or to guarantee such construction or completion. Nothing in this Agreement shall be deemed to or be construed to permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon other than those uses or Improvements provided for or authorized by this Agreement and the Affordable Housing Covenant.

213.3 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. If Agency delivers any notice or demand to Participant with respect to any breach or default by Participant hereunder, including the requirements of Section 302(b), below, Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand. No notice of default shall be effective as to the holder unless such notice is given. Each such holder shall (insofar as the rights of Agency are concerned) have the right, at its option, within sixty (60) days after receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. In the event possession of the Site (or portion thereof) is required to effectuate such cure or remedy, the holder shall be

deemed to have timely cured or remedied if it commences the proceedings necessary to obtain possession thereof within sixty (60) days, diligently pursues such proceedings to completion, and, after obtaining possession, diligently completes such cure or remedy. Any such holder properly completing the Improvements shall be entitled, upon compliance with the requirements of Section 212 of this Agreement, to a Certificate of Completion. Agency shall be obligated to pay the Agency Assistance to a transferee of the Site after foreclosure or transfer in lieu of foreclosure only if such transferee assumes in writing all of Participant's obligations hereunder and under the Affordable Housing Covenant (excluding repayment of any portion of the Agency Assistance not actually disbursed to such transferee) and reinstates this Agreement and the Affordable Housing Covenant. Any such holder shall be responsible only to the extent necessary to bring the Project into current compliance with Participant's obligations under this Agreement and the Affordable Housing Covenant, and not for any past uncured defaults.

214. Condition of the Site. Participant shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials that are located in, on or under the Site. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, Participant shall install and utilize such equipment and implement and adhere to such procedures as are consistent with the standards prevailing in the industry, to the extent such standards exceed applicable Governmental Requirements, as respects the disclosure, storage, use, removal and disposal of Hazardous Materials. Participant shall cause each release of Hazardous Materials in, on or under the Site to be remediated in accordance with all Governmental Requirements.

Participant agrees to indemnify, defend and hold Agency and City and its and their officers, employees, volunteers, agents and representatives harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including attorneys' fees), resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Site, or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Site, caused by Participant or any of Participant's predecessors in interest. This indemnity shall include any damage, liability, fine, penalty, parallel indemnity, cost or expense arising from or out of any claim, action, suit or proceeding for bodily injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic or consequential loss, damage to the natural resource or the environment, nuisance, contamination, leak, spill, release or other adverse effects on the environment.

300. COVENANTS, RESTRICTIONS AND AGREEMENTS

301. Use and Affordable Housing Covenants. Participant covenants and agrees for itself, its successors, assigns, and every successor in interest to the Site or any part thereof, that Participant shall continuously maintain, use and operate the Project in

accordance with the highest industry standards, utilizing its expertise and all resources available to it to provide residents of the Project, including the Affordable Units, with high-quality rental housing, amenities and services, for the period of time specified in Section 306, below. No uses other than those specified above shall be permitted without the prior written approval of the Agency, which may be granted or denied in Agency's sole discretion. All uses conducted on the Site, including all activities undertaken by Participant pursuant to this Agreement, shall conform to the Redevelopment Plan, the Development Agreement and all applicable provisions of the San Bruno Municipal Code.

302. Maintenance Covenants. Participant shall maintain in accordance with the Maintenance Standards, as hereinafter defined, the private improvements and public improvements and landscaping to the curbline(s) on and abutting the Site. The improvements shall include buildings, sidewalks, pedestrian lighting, landscaping, irrigation of landscaping, architectural elements identifying the Site and any and all other improvements on the Site and in the public right of way to the nearest curbline(s) abutting the Site. To accomplish the maintenance, Participant shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement. The maintenance covenants and obligations set forth in this Section 302 shall remain in effect for the period of time specified in Section 306, below.

a. Maintenance Standards. The following standards (collectively, "Maintenance Standards") shall be complied with by Participant and its maintenance staff, contractors and subcontractors, but do not require extraordinary expenditures or reconstruction after condemnation or the occurrence of a substantial casualty event:

(i) Landscape maintenance shall include: watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning; trimming and shaping of trees and shrubs to maintain a healthy, natural appearance, safe road conditions and visibility, and irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

(ii) Clean-up maintenance shall include: maintenance of all sidewalks, paths and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

(iii) All maintenance work shall conform to all applicable federal and state Occupation Safety and Health Act standards and regulations for the performance of maintenance.

(iv) Any and all chemicals, unhealthful substances, and pesticides used in and during maintenance shall be applied in strict accordance with all Governmental Requirements. Precautionary measures shall be employed recognizing that all areas are open to public access.

(v) The Improvements shall be maintained in conformance and in compliance with the Specific Plan and the approved Planned Development Permit and Architectural Review Permit, as the same may be amended from time to time with the approval of the City and in accordance with the custom and practice generally applicable to comparable multi-family residential projects located within San Mateo County, California. The public right-of-way improvements to the curbline(s) on and abutting the Site shall be maintained as required by this subsection a. in good condition and in accordance with the custom and practice generally applicable to public rights-of-way within the City of San Bruno.

b. Failure to Maintain Improvements. If Participant does not maintain the private and public improvements on the Site to the curbline(s) on and abutting the Site in the manner set forth herein and in accordance with the Maintenance Standards, Agency and/or City shall have the right to maintain such private and/or public improvements, or to contract for the correction of such deficiencies, after written notice to Participant. However, prior to taking any such action, Agency agrees to notify Participant in writing if the condition of said improvements does not conform to the Maintenance Standards and to specify the deficiencies and the actions required to be taken by Participant to cure the deficiencies. Upon notification of any maintenance deficiency, Participant shall have thirty (30) days within which to correct, remedy or cure the deficiency. If the written notification states that the problem is urgent and relates to the public health and safety, then Participant shall have twenty-four (24) hours to rectify the problem.

In the event Participant fails to correct, remedy, or cure or has not commenced correcting, remedying or curing such maintenance deficiency after notification and after expiration of any applicable cure period, including the notice and cure provisions for any holder of record of any mortgage or deed of trust pursuant to Section 213.3, then City and/or Agency shall have the right to maintain such improvements. Participant agrees to pay Agency upon demand all charges and costs incurred by Agency or City for such maintenance. Until so paid, the Agency shall have a lien on the Site for the amount of such charges or costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Site. Any lien in favor of the Agency created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of any such mortgage or deed of trust, unless the mortgagee or beneficiary thereunder expressly subordinates his interest, of record, to such lien. No lien in favor of the Agency created or claimed hereunder shall in any way defeat, invalidate, or impair the obligation or priority of any lease, sublease or easement unless such instrument is expressly subordinated to such lien. Participant acknowledges and agrees that the City and Agency may also pursue any and all other remedies available in law or equity in the event of a breach of the

maintenance obligations and covenants set forth herein, subject to the limitations described in Section 502, below.

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

Participant shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts for the rental, sale or lease of the Site shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: that there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

c. In contracts: "There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the

selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

304. Minimum Project Cost. Participant covenants and agrees that in connection with its construction of the Project, Participant shall expend not less than FORTY FIVE MILLION DOLLARS ($45,000,000) in "hard" construction costs; "hard" construction costs shall consist exclusively of on-site labor and materials expenditures incurred by Participant for the work of construction and installation of the Improvements. "Hard" construction costs shall not include (i) Hazardous Materials remediation costs; (ii) costs of furniture, fixtures and equipment; or (iii) construction or project management fees, legal, engineering, financing, overhead, or any other costs or fees typically characterized by the construction/development industry as "soft" costs. Participant shall provide evidence reasonably satisfactory to Agency of all of its hard construction cost expenditures prior to submitting its requests for issuance of a Certificate of Completion. Failure to satisfy the minimum hard construction cost expenditure requirement set forth in this Section 304 shall be deemed a Default by Participant.

305. Replacement Reserve Requirement. Participant covenants and agrees that in each Operating Year Participant shall deposit not less than Two Hundred and No/100 Dollars ($200.00) per apartment unit into a special capital replacement reserve account maintained with Fannie Mae or such other Approved Lender. The capital replacement reserve account shall be used exclusively for payment of Project capital replacement expenses to the extent provided in the agreement(s) governing such reserves.

306. Effect of Violation of the Terms and Provisions of this Agreement after Completion of Construction. Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the Affordable Housing Covenant which runs with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the Affordable Housing Covenant which runs with the land have been provided, without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site or in the Redevelopment Project. Agency shall have the right, in the Event of Default under this Agreement or Affordable Housing Covenant, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled as provided in Section 502 and the Affordable Housing Covenant. Effective upon issuance of the Certificate of Completion and recordation of the Affordable Housing Covenant, the covenants contained in this Agreement shall terminate and be superceded by those covenants set forth in the Affordable Housing Covenant, except for the following covenants which shall continue in full force and effect:

a. Agency's and Participant's representations and warranties pursuant to Section 100; and

b. Agency's and Participant's respective covenants and agreements set forth in Sections 204.7, 207, 208, 210, 213, 214, 400, 500 and 600.

307. Affordable Housing Covenant. In consideration of the Agency Assistance, Participant agrees to develop, own, operate and make available not less than sixty (60) rental units within the Project to persons and households of very low income at affordable rents (the "Affordable Units"). Participant's duties are more specifically set forth in the Affordable Housing Covenant, Attachment No. 5, which shall be recorded against the Site in the Official Records of San Mateo County, California, within the time set forth in the Section 402 and the Schedule of Performance. Upon recording, the Affordable Housing Covenant shall have priority over the liens of any and all mortgages or deeds of trust encumbering the Project, or any portion thereof, and Participant shall be required to furnish to Agency subordination agreements in a form substantially similar to the Subordination Agreement attached hereto as Attachment No. 11, subordinating the liens of any deeds of trust or mortgages existing as of such recording to the Affordable Housing Covenant.

308. Indemnification Limitation for Approved Lenders. Inasmuch as the covenants, reservations and restrictions of this Agreement and the Affordable Housing Covenant run with the land, the indemnification obligations of the Participant contained in this Agreement and the Affordable Housing Covenant will be deemed applicable to any successor in interest to Participant, but, it is acknowledged and agreed, notwithstanding any other provision of this Agreement or the Affordable Housing Covenant to the contrary, that neither any Approved Lender nor its successors in interest will assume or take subject to any liability for the indemnification obligations of the Participant for acts or omissions of Participant occurring prior to transfer of title to any Approved Lender whether by foreclosure, deed in lieu of foreclosure or comparable conversion; Participant at the time of the act or omission shall remain liable under the indemnification provisions for its acts or omissions occurring prior to any transfer of title to an Approved Lender whether by foreclosure, deed in lieu of foreclosure or comparable conversion. An Approved Lender shall indemnify Agency following its acquisition of the Project or Site or any portion thereof by foreclosure, deed in lieu of foreclosure or comparable conversion during, and only during, any ensuing period that such Approved Lender owns and operates the Project, provided that the liability of any Approved Lender shall be strictly limited to its acts and omissions occurring during the period of its ownership and operation of the Site.

400. FINANCIAL PROVISIONS

401. Agency Assistance. In consideration of Participant's obligations under this Agreement and the Affordable Housing Covenant, including Participant's obligation to construct the Improvements and to maintain the affordability of the Affordable Units, and subject to the terms and conditions of this Agreement, including Participant's fulfillment of the Conditions Precedent to Disbursement of Agency Assistance set forth in Section 402 below, Agency shall make available to Participant the Affordable Housing Fee Grant, the Affordable Housing Grant to Participant, the Affordable Housing Set Aside Subsidy, and the Unrestricted Tax Increment Subsidy as provided in subsections 401.1 through 401.3 below. The Affordable Housing Fee Grant, the Affordable Housing Grant to Participant, the Affordable Housing Set Aside Subsidy and the Unrestricted Tax Increment Subsidy are referred to collectively herein as the "Agency Assistance." The Affordable Housing Set Aside Subsidy and the Unrestricted

Tax Increment Subsidy are sometimes referred to collectively herein as the "Affordable Housing Subsidies."

401.1 Affordable Housing Fee Grant. Subject to the Affordable Housing Fee Grant Cap, Agency shall disburse to City, on behalf of Participant prior to issuance of a building permit, a one-time grant in an amount equal to the municipal fees payable to City and directly attributable to the Affordable Units, not to include any fees or other amounts payable by Participant to any other governmental agencies (*e.g.*, school fees) or any portion of the Development Impact Fee (as defined in the Development Agreement) payable to City (the "Affordable Housing Fee Grant"). In no event shall the Affordable Housing Fee Grant exceed FOUR HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS ($420,000.00) (the "Affordable Housing Fee Grant Cap"). Agency intends to pay the Affordable Housing Fee Grant, to the extent possible, from Affordable Housing Fund monies. Participant, at its expense, shall pay to the City any and all municipal fees attributable to the Affordable Units in excess of the Affordable Housing Fee Grant Cap.

401.2 Affordable Housing Grant to Participant. After commencement of the Partial Operating Year and within sixty (60) days following receipt by Agency of the second biannual installment of tax increment from the County of San Mateo, Agency shall disburse to Participant (or to Trustee as provided in Section 407, below) an amount equal to one hundred percent (100%) of the Net Affordable Housing Set Aside Revenues attributable to the Site and the improvements thereon for the period between the Effective Date of this Agreement and the date immediately prior to the commencement of the Partial Operating Year (the "Affordable Housing Grant to Participant").

401.3 Affordable Housing Subsidies.

(a) Affordable Housing Set Aside Subsidy. Beginning with the Partial Operating Year and continuing each Operating Year thereafter until the first to occur of (a) the thirtieth (30th) Operating Year, (b) July 6, 2039, the current expiration date of the Redevelopment Plan, or (c) termination of the Affordable Housing Covenant, Attachment No. 5, and subject to the Affordable Housing Subsidies Cap, Agency shall disburse to Participant (or to Trustee as provided in Section 407, below) an amount equal to one hundred percent (100%) of the Net Affordable Housing Set Aside Revenues attributable to the Project during each such Operating Year (or, in the case of the Partial Operating Year, a prorated percentage of such Net Affordable Housing Set Aside Revenues based upon the number of calendar days in the Partial Operating Year) (the "Affordable Housing Set Aside Subsidy"). The Affordable Housing Set Aside Subsidy shall be payable after the end of the Partial Operating Year and each Operating Year thereafter and within thirty (30) days following receipt by Agency of the second biannual installment of tax increment from the County of San Mateo. During the first thirty (30) Operating Years, Agency shall not consider the Benchmark Debt Coverage Ratio for purposes of determining Participant's eligibility for the Affordable Housing Set Aside Subsidy. Beginning with the thirty-first (31st) Operating Year and continuing each Operating Year thereafter until the first to occur of (a) July 6, 2039, the current expiration date of the Redevelopment Plan, or (b) termination of the Affordable Housing Covenant, Attachment No. 5, and subject to the Affordable Housing Subsidies

Cap, Agency shall disburse to Participant (or to Trustee as provided in Section 407, below) an amount equal to one hundred percent (100%) of the Net Affordable Housing Set Aside Revenues attributable to the Project during each such Operating Year, but only to the extent that the Project's Debt Coverage Ratio does not meet the Benchmark Debt Coverage Ratio .

(b) Unrestricted Tax Increment Subsidy. Beginning with the Partial Operating Year and continuing each Operating Year thereafter until the first to occur of (a) July 6, 2039, the current expiration date of the Redevelopment Plan, or (b) termination of the Affordable Housing Covenant, Attachment No. 5, and subject to the Affordable Housing Subsidies Cap, Agency shall disburse to Participant (or to Trustee as provided in Section 407, below) an amount equal to one hundred percent (100%) of the Net Unrestricted Property Tax Increment Revenues attributable to the Project during each such Operating Year (or, in the case of the Partial Operating Year, a prorated percentage of such Net Unrestricted Property Tax Increment Revenues based upon the number of calendar days in the Partial Operating Year), but only to the extent that the Project's Debt Coverage Ratio does not meet the Benchmark Debt Coverage Ratio (the "Unrestricted Tax Increment Subsidy"). The Unrestricted Tax Increment Subsidy shall be payable after the end of the Partial Operating Year and each Operating Year thereafter and within thirty (30) days following receipt by Agency of the second biannual installment of tax increment from the County of San Mateo. To the extent sufficient Affordable Housing Fund monies are available, Agency, at its option, may use such Affordable Housing Fund monies to pay all or a portion of the Unrestricted Tax Increment Subsidy.

(c) Affordable Housing Subsidies Cap. The sum total of the Affordable Housing Subsidies (i.e., the Affordable Housing Set Aside Subsidy and the Unrestricted Tax Increment Subsidy) payable to Participant in any given Operating Year, other than the Partial Operating Year, shall in no event exceed THREE HUNDRED THOUSAND AND NO/100 DOLLARS ($300,000.00) ("Affordable Housing Subsidies Cap"). The Affordable Housing Subsidies Cap for the Partial Operating Year shall be equal to the product of the Affordable Housing Subsidies Cap multiplied by a fraction, the numerator of which is the number of calendar days in the Partial Operating Year and the denominator of which is 365.

(d) Benchmark Debt Coverage Ratio. Beginning with the Partial Operating Year and continuing each Operating Year thereafter, the Unrestricted Tax Increment Subsidy shall be subject to reduction if, in the Operating Year in question, the Debt Coverage Ratio exceeds the Benchmark Debt Coverage Ratio. If the Debt Coverage Ratio exceeds the Benchmark Debt Coverage Ratio in any such Operating Year, the Unrestricted Tax Increment Subsidy for that Operating Year shall be reduced to the amount necessary to ensure that the Project's Debt Coverage Ratio meets, but does not exceed, the Benchmark Debt Coverage Ratio. Beginning with the thirty-first (31st) Operating Year and continuing each Operating Year thereafter, the Affordable Housing Set Aside Subsidy shall also be subject to reduction if, in the Operating Year in question, the Debt Coverage Ratio exceeds the Benchmark Debt Coverage Ratio. Accordingly, if the Debt Coverage Ratio exceeds the Benchmark Debt Coverage Ratio in the thirty-first (31st) Operating Year or any Operating Year thereafter, the Affordable Housing Subsidies for such Operating Year shall be reduced to the

amount necessary to ensure that the Project's Debt Coverage Ratio meets, but does not exceed, the Benchmark Debt Coverage Ratio.

402. Conditions Precedent to Disbursement of Agency Assistance. Agency's obligation to make each disbursement of the Agency Assistance is conditioned upon the satisfaction or waiver by the Agency of each and all of the conditions precedent described below (the "Conditions Precedent to Disbursement of Agency Assistance"), which are solely for the benefit of the Agency, and which shall be fulfilled or waived by the time periods provided for herein:

(a) No Default. Participant shall not be in default of any of its obligations under the terms of this Agreement and all representations and warranties of Participant contained herein shall be true and correct in all material respects.

(b) Execution of Documents. Participant shall have executed and acknowledged the Memorandum of Agreement and the Affordable Housing Covenant (as provided in Section 402(i), below) and any other documents required hereunder and delivered such documents to Agency.

(c) Insurance. Participant shall have provided proof of insurance as required by Section 205 of this Agreement.

(d) Permits and Land Use Approvals. Participant shall have obtained all City and governmental agency permits and land use approvals required pursuant to Section 202 hereof and all other Project entitlements, and the period for administrative and legal challenge to such land use approvals and entitlements shall have expired.

(e) Payment of Development Fees. Participant shall have paid to the City, when due, all development fees required in connection with the development of the Project and installation of the Improvements, including but not limited to, all traffic mitigation and development impact fees consistent with the Development Agreement.

(f) Payment of Property Taxes. No ad valorem property taxes or assessments assessed with respect to the Project shall be delinquent.

(g) Completion of Improvements. With respect to the Affordable Housing Grant to Participant, the Affordable Housing Set Aside Subsidy and the Unrestricted Tax Increment Subsidy only, Participant shall have satisfactorily completed the construction of the Improvements, and a Certificate of Completion shall have been issued by the Agency as provided in Section 212, hereof.

(h) Minimum Project Cost. With respect to the Affordable Housing Grant to Participant, the Affordable Housing Set Aside Subsidy and the Unrestricted Tax Increment Subsidy only, Participant shall have provided proof reasonably satisfactory to Agency of its compliance with the minimum project cost covenants set forth in Section 304, above.

(i) Affordable Housing Covenant and Report. With respect to the Affordable Housing Grant to Participant, the Affordable Housing Set Aside Subsidy

and the Unrestricted Tax Increment Subsidy only, Participant has executed, acknowledged and delivered to Agency the Affordable Housing Covenant and any subordination agreements required by Section 307 and delivered to Agency the annual report(s) required under the Affordable Housing Covenant.

(j) **Financial Statements and Reports.** With respect to the Affordable Housing Set Aside Subsidy and the Unrestricted Tax Increment Subsidy only, Participant shall have delivered to the Agency the financial statements and written annual statements required under Section 406 hereof.

403. Eligible Project Costs. Participant may use the Agency Assistance exclusively for reimbursement of one or more of the following Project costs ("Eligible Project Costs"): (a) twenty percent (20%) of the costs of (i) constructing and installing any on-site or off-site improvements to the extent such improvements directly benefit and are a reasonable and fundamental component of the Affordable Units and provided the reimbursement of such improvement costs is permissible under then applicable provisions of the Community Redevelopment Law, (ii) remediating any Hazardous Materials on the Site, and (iii) demolishing existing improvements on the Site; (b) one hundred percent (100%) of the costs of constructing the Affordable Units including any fees due the City or other state or federal agency in connection with the development of the Affordable Units; (c) payment of that portion of the Project Debt allocable to costs set forth in preceding clauses (a) and (b); and (d) payment of that portion of the Project's ad valorem property taxes allocable to the Affordable Units. Participant may also use the Agency Assistance to reimburse itself for the difference between the fair market rental value of the Affordable Units and the affordable rents that are required under the Affordable Housing Covenant. Any and all Eligible Project Costs in excess of the amount of Agency Assistance available to Participant under this Agreement shall be borne by Participant at its expense.

404. Reduction in Amount of Affordable Housing Subsidies Following Reassessment. Notwithstanding anything herein to the contrary, if (i) the assessed valuation of the Site or the improvements thereon is reduced by the County of San Mateo, whether such reduction is due to an appeal filed by the Participant in accordance with the provisions of the California Revenue and Taxation Code, or otherwise, and (ii) Participant has received one or more Affordable Housing Subsidies payment(s) for the same period of time to which the reduced assessed valuation applies, the next Affordable Housing Subsidies payment(s) to be made by Agency to Participant following the reduction shall be decreased by an amount equal to the difference between the amount of the Affordable Housing Subsidies payment(s) made to Participant prior to such reduction and the amount of Affordable Housing Subsidies payment(s) which would have been paid to Participant based upon the assessed valuation as reduced.

405. Intentionally Omitted.

406. Financial Records and Reporting Obligations. Participant covenants and agrees, on behalf of itself and its successors and assigns, that, in connection with the construction, ownership and operation of the Project, it shall keep full and accurate books of account and records in accordance with generally accepted accounting principles applicable to real estate projects and transactions, consistently applied, including records of Effective Gross Income, Operating Expenses, Debt Service and Net Operating Income. Such books, receipts and records shall be kept for a period of three (3) years after the close of each Operating Year and shall be available for inspection and audit by Agency and its representatives at the Site at all times during regular business hours.

In addition, beginning with the Partial Operating Year and continuing for as long as Participant's right to receive the Affordable Housing Subsidies remains in effect, Participant shall provide Agency's Executive Director with (a) annual financial statements for the Project, in order to allow the Agency's Executive Director to verify the amount of Effective Gross Income, Operating Expenses, Debt Service, Net Operating Income and Debt Coverage Ratio; and (b) a written annual statement of Effective Gross Income, Operating Expenses, Net Operating Income, Debt Service and Debt Coverage Ratio, in a form reasonably acceptable to Agency, within one hundred twenty (120) days after the close of each Operating Year. All such statements shall be prepared in accordance with generally accepted accounting principles applicable to real estate projects and transactions, consistently applied. If the annual financial statement for any Operating Year submitted after Agency has disbursed to Participant the Affordable Housing Subsidies payment demonstrates that Agency has made a payment(s) in excess of the amount that should have been disbursed, then Participant shall repay Agency, with the submission of the annual financial statement, the sum total of all excess Affordable Housing Subsidies payments, plus interest on such amounts calculated from the date such excess disbursements were made at a rate of ten percent (10%) per annum. If Participant fails to repay Agency the excess payments, plus interest, as provided above, then Agency, in addition to pursuing whatever other remedies it may have, may reduce the next Operating Year's Affordable Housing Subsidies payment by the sum total of all excess Affordable Housing Subsidies payments, plus interest on such amounts calculated from the date such excess disbursements were made at a rate of ten percent (10%) per annum.

The receipt by Agency of any annual financial statements or statement of Effective Gross Income, Operating Expenses, Net Operating Income, Debt Service and Debt Coverage Ratio shall not bind it as to the correctness of the amount of such statements. Agency shall, within three (3) years after the receipt of any such statement, be entitled to an audit thereof. Such audit shall be conducted by an agent of Agency during normal business hours at the Site. If it shall be determined as a result of such audit that Agency has disbursed to Participant Affordable Housing Subsidies payment(s) in excess of the amount that should have been disbursed, then Participant shall repay Agency within ten (10) days following Agency's demand therefor, the sum total of all excess Affordable Housing Subsidies payments, plus interest on such amounts calculated from the date such excess disbursements were made at a rate of ten percent (10%) per annum. In addition, if Participant's statement of Net Operating Income for any Operating Year shall be found to have understated Net Operating

Income by more than three percent (3%), then Participant shall pay to Agency all costs incurred in performing the audit.

407. Pledge of Agency Assistance to Bond Trustee.

(a) Participant hereby grants a security interest in and pledges to and for the benefit of the trustee in respect of the multifamily housing revenue bonds issued initially to finance the Project (the "Bonds"), its successors and assigns (the "Trustee") and for the holder of any bonds or debt subsequently issued to refinance the Bonds all right, title and interest of Participant in and to the Agency Assistance. The pledge by Participant under this Agreement is a "pledge" of "collateral" as deemed in California Health & Safety Code Section 33641.5, and as such is valid and binding from and after the Effective Date until the Bonds are no longer outstanding (the "Pledge Expiration Date"). The Net Affordable Housing Set Aside Revenues and Net Unrestricted Property Tax Increment Revenues shall immediately be subject to the lien of the pledge created under this Agreement without any physical delivery thereof or further act to maintain the validity or enforceability of the pledge created under this Agreement, including, without limitation, any actions relating to operation of the Project in any particular manner.

(b) No authorization or approval or other action by, and no notice to or filing with, any federal, state or local government body, agency or authority is required for the due execution, delivery and performance by the Agency of this Agreement which has not been obtained.

(c) For all disbursements of the Affordable Housing Grant to Participant and the Affordable Housing Subsidies that Agency is obligated to make to Participant hereunder prior to the Pledge Expiration Date, Agency shall disburse such payments to Trustee (as defined above) at the following address: Wells Fargo Bank, National Association, 707 Wilshire Boulevard, 17th Floor, Los Angeles, California 90017, Attention: Corporate Trust Services, MAC E2818-176. The address may be modified by Participant, with the written consent of the then-current Trustee, from time to time by Notice to Agency. On or before the commencement of each Operating Year, Participant shall designate to Agency in writing the identity and address of the Trustee to receive such disbursements of the Affordable Housing Grant to Participant and the Affordable Housing Subsidies. If at any time no Bonds shall remain outstanding and there shall not be outstanding any bonds or debt secured by a mortgage or deed of trust encumbering the Project, Participant shall notify Agency that all future payments are to be made to Participant, or such successor, provided that no modifications of the identity or address of Trustee or instructions of payment to Trustee shall be deemed effective unless consented to in writing by the then-current Trustee. If, notwithstanding this Section 407, Agency inadvertently directs to Participant one or more disbursements of the Affordable Housing Grant to Participant and/or the Affordable Housing Subsidies, Agency shall have no obligation to make such disbursement(s) to Trustee and Participant shall be required to reimburse Trustee the full amount of such misdirected disbursement(s).

408. Future Tax Allocation Bonds. From time to time following the Effective Date, Agency may issue Tax Allocation Bonds for which Net Affordable Housing Set Aside Revenues or Net Unrestricted Property Tax Increment Revenues are to be pledged or utilized in whole or in part for payment; provided, however, such Tax Allocation Bonds shall be subordinate to the Agency's obligation hereunder to make the Agency Assistance payments available to Participant. Nothing herein shall be deemed to limit Agency's ability to issue, or effect the priority of, any Tax Allocation Bonds issued by Agency, whose repayment is secured by a pledge of property tax increment revenues that does not include, in whole or part, the Net Affordable Housing Set Aside Revenues or Net Unrestricted Property Tax Increment Revenues.

500. DEFAULTS AND REMEDIES

501. Default Remedies. Subject to the permitted extensions of time as provided in Section 602 of this Agreement, failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein following Notice and expiration of any applicable cure period, including the notice and cure provisions for any holder of record of any mortgage or deed of trust pursuant to Section 213.3, shall constitute a "Default" under this Agreement. A party claiming a Default shall give written Notice of Default to the other party specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in Default if such party within thirty (30) days following receipt of such Notice of Default immediately, with due diligence, commences to cure, correct or remedy such failure or delay and completes such cure, correction or remedy with diligence.

502. Institution of Legal Actions. Upon the occurrence of a Default, the non-defaulting party shall have the right, in addition to any other rights or remedies, to institute any action at law or in equity to cure, correct, prevent or remedy any Default, or to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of San Mateo, State of California, or in the Federal District Court for the Northern District of the State of California. Notwithstanding anything herein to the contrary, Participant's right to recover damages in the event of a Default by Agency shall be limited to recovery of actual damages and shall exclude consequential damages.

To protect the rights of Approved Lenders (pursuant to Section 213.1), Agency shall not have the right to file any involuntary petition seeking reorganization, arrangement, adjustment, or composition of or in respect of Participant, respectively, under any liquidation, insolvency, bankruptcy, rehabilitation, reorganization, conservation other similar law in effect now or in the future.

The obligations of Participant under the Affordable Housing Covenant and this Agreement shall be personal to the entity or person, defined as Participant, which owned the Site at the time that an event, including, any Default or breach of this Agreement or the Affordable Housing Covenant, occurred or was alleged to have occurred and such entity or person shall remain liable for any and all obligations

including damages occasioned by a Default or breach, even after such person or entity ceases to be the owner of the Site. Accordingly, no subsequent owner of the Site shall be liable or obligated for the obligation of any prior owner, including any obligation for payment, indemnification or damages, for Default or breach of this Agreement or the Affordable Housing Covenant or otherwise. The owner of the Site at the time the obligation was incurred, including any obligation arising out of a Default or breach of this Agreement or the Affordable Housing Covenant, shall remain liable for any and all payments and damages occasioned by the owner even after such person or entity ceases to be the owner of the Site.

Under no circumstances shall the Agency:

(a) interfere with or attempt to influence the exercise by any Approved Lender of any of its rights under the terms of the mortgage or deed of trust, including, without limitation, the respective remedial rights of the Approved Lenders upon the occurrence of any event of default by Participant under such mortgage or deed of trust; or

(b) upon the occurrence of an event of default under the terms of a mortgage or deed of trust of an Approved Lender, take any action to accelerate or otherwise enforce payment or seek other remedies with respect thereto.

503. Termination by Participant. In the event of any Default of Agency, which is not cured within the time set forth in Section 501 hereof after written demand by Participant, including notice and cure provisions for any holder of record of any mortgage or deed of trust pursuant to Section 213.3, then this Agreement may, at the option of Participant, be terminated by Notice thereof to Agency. From the date of the Notice of termination of this Agreement by Participant to Agency and thereafter, this Agreement shall be deemed terminated, and except for Participant's indemnity obligations which shall survive termination of this Agreement, there shall be no further rights or obligations between the parties.

504. Termination by Agency. In the event that Participant is in Default of this Agreement and fails to cure such default within the time set forth in Section 501 hereof, then this Agreement and any rights of Participant or any assignee or transferee with respect to or arising out of the Agreement or the Site, shall, at the option of Agency, be terminated by Agency by Notice thereof to Participant. From the date of the Notice of termination of this Agreement by Agency to Participant, this Agreement shall be deemed terminated and, except for Participant's indemnity obligations which shall survive termination of this Agreement, there shall be no further rights or obligations between the parties and, specifically, Agency shall have no obligation to make any further disbursements of the Agency Assistance.

505. Acceptance of Service of Process. In the event that any legal action is commenced by Participant against Agency, service of process on Agency shall be made by personal service upon the Executive Director of the Agency or in such other manner as may be provided by law. In the event that any legal action is commenced by Agency against Participant, service of process on Participant shall be made by personal service upon Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington,

Delaware, 19808, the registered agent of the Participant, or in such other manner as may be provided by law.

506. Rights and Remedies Are Cumulative. The rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party, except as otherwise expressly provided herein.

507. Inaction Not a Waiver of Default. Any failures or delays by either party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

600. GENERAL PROVISIONS

601. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given by any commercially acceptable means, including, but not limited to, via facsimile or via overnight courier, to the party to whom the Notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by Notice.

To Agency: Redevelopment Agency of the
City of San Bruno
567 El Camino Real
San Bruno, California 94066
Attention: Executive Director
Telephone: (650) 616-7070
Facsimile: (650) 873-6749

With a copy to: McDonough, Holland & Allen
1999 Harrison Street, Suite 1300
Oakland, California 94612
Attention: Gerald J. Ramiza, Esq.
Telephone: (510) 273-8780
Facsimile: (510) 839-9104

and: City of San Bruno
City Attorney
567 El Camino Real
San Bruno, California 94066
Telephone: (650) 616-7003
Facsimile: (650) 742-6515

To Participant: The Crossing Apartment Associates I LLC
c/o TMG Partners
100 Bush Street, 26th Floor
San Francisco, CA 94104
Attention: David Cropper
Telephone: (415) 772-5900
Facsimile: (415) 772-5911

With a copy to: David Cropper
TMG Partners
2685 Bay Road
Redwood City, CA 94063
Telephone: (650) 569-4989
Facsimile: (650) 569-3648

and: Mark Kroll
REGIS Homes of Northern California
393 Vintage Park Dr., Ste. 100
Foster City, CA 94404-1134
Telephone: (650) 378-2800
Facsimile: (650) 570-2233

and: Beveridge & Diamond, P.C.
465 Montgomery St., 18th Fl.
San Francisco, CA 94104
Attention: Tamsen Plume
Telephone: (415) 262-4012
Facsimile: (415) 262-4040

Any written notice, demand or communication shall be deemed received immediately if delivered by hand, on the third day from the date it is postmarked if delivered by first-class mail, postage prepaid, upon receipt of verification of transmission if sent via facsimile provided a copy is sent the same day via first-class mail, and on the next business day if sent via nationally recognized overnight courier. Notices sent by a party's attorney on behalf of such party shall be deemed delivered by such party.

602. Enforced Delay; Extension of Times of Performance. Subject to the limitations set forth below, performance by either party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; litigation; unusually severe weather; acts or omissions of the other party; or acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the Agency which shall not excuse performance by the Agency). An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the

cause, (but shall in no event exceed a cumulative total of 120 days) if Notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Participant. Participant expressly agrees that adverse changes in economic conditions, either of Participant specifically or the economy generally, changes in market conditions or demand, and/or Participant's inability to obtain financing or other lack of funding to complete the work of Improvements shall not constitute grounds of enforced delay pursuant to this Section 602. Participant expressly assumes the risk of such adverse economic or market changes and/or inability to obtain financing, whether or not foreseeable as of the Effective Date.

603. Successors and Assigns. Subject to the prohibitions against changes in the ownership, management and control of Participant set forth in Section 102.3 above, all of the terms, covenants and conditions of this Agreement shall be binding upon the Participant and its permitted successors and assigns. Whenever the term "Participant" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

604. Memorandum of Agreement. A "Memorandum of Owner Participation Agreement" in the form attached hereto as Attachment No. 7, shall be recorded against the Site immediately following full execution of this Agreement.

605. Relationship Between Agency and Participant. It is hereby acknowledged that the relationship between Agency and Participant is not that of a partnership or joint venture and that Agency and Participant shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Site or the Project. Participant agrees to indemnify, hold harmless and defend Agency from any claim made against the Agency arising from a claimed relationship of partnership or joint venture between Agency and Participant with respect to the development, operation, maintenance or management of the Site or the Project.

606. Agency Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by Agency, the Executive Director of the Agency or his or her designee is authorized to act on behalf of Agency unless specifically provided otherwise or the context should require otherwise.

607. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. This Agreement is executed in three (3) originals, each of which is deemed to be an original.

608. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein

and upon each party's own independent investigation of any and all facts such party deems material. This Agreement includes pages 1 through 44 and Attachment Nos. 1 through 11, which constitute the entire understanding and agreement of the parties, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

609. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. References to section numbers are to sections in this Agreement, unless expressly stated otherwise.

610. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

611. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

612. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party. Agency and Participant acknowledge that no modifications that may affect the rights or interests of any Approved Lender may be made without prior approval of such Approved Lender.

613. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

614. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

615. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or

on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

616. Time of Essence. Time is expressly made of the essence with respect to the performance by the Agency and the Participant of each and every obligation and condition of this Agreement.

617. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, shall execute any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

618. Conflicts of Interest. No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

619. Time for Acceptance of Agreement by Agency. This Agreement, when executed by the Participant and delivered to the Agency, must be authorized, executed and delivered by the Agency on or before thirty (30) days after signing and delivery of this Agreement by the Participant or this Agreement shall be void, except to the extent that the Participant shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement. Within five (5) business days after the later of (i) approval by the Agency Board or (ii) execution of all original counterparts by Participant, the Agency shall execute and deliver to Participant one (1) fully executed original of this Agreement.

620. Participant's Indemnity. Participant shall defend, indemnify, assume all responsibility for, and hold Agency and City, and its and their officers, employees, volunteers, agents and representatives, harmless from, all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of this Agreement or the implementation hereof and for any damages to property or injuries to persons, including accidental death (including attorneys fees and costs), which may be caused by any of Participant's activities under this Agreement, whether such activities or performance thereof be by Participant or by anyone directly or indirectly employed or contracted with by Participant and whether such damage shall accrue or be discovered before or after termination of this Agreement. Participant shall not be liable for property damage or bodily injury occasioned by the sole negligence or willful misconduct of Agency or City, or its or their designated agents or employees.

621. Effective Date. This Agreement shall not be effective until the date Participant obtains fee title to the Site and delivers evidence of the transfer to Agency ("Effective Date"). For the purpose of this Section, the evidence of transfer shall be a duly recorded deed and a title report. If Participant fails to take title and deliver evidence of transfer to Agency by the time set forth in the Schedule of Performance, this Agreement shall automatically terminate and there shall be no further obligations between the parties.

622. Nonliability of Officials and Employees of the Agency and Participant.

(a) Agency. No member, official or employee of Agency or City shall be personally liable to Participant, or any successor in interest, in the event of any Default or breach by the Agency (or the City) or for any amount which may become due to Participant or its successors, or on any obligations under the terms of this Agreement. Participant hereby waives and releases any claim it may have against the members, officials or employees of the Agency and the City with respect to any Default or breach by the Agency (or the City) or for any amount which may become due to the Participant or its successors, or on any obligations under the terms of this Agreement.

(b) Participant. No constituent limited partner or member in Participant, nor any advisor, trustee, director, officer, employee, beneficiary, shareholder, member, limited partner, participant, representative or agent of any partnership, limited liability company, corporation, trust or other entity that has or acquires a direct or indirect interest in Participant, shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or any amendment or amendments to any of the foregoing made at any time or times, heretofore or hereafter, and Agency and its successors and assigns shall look solely to the assets of Participant or its successors or assigns for the payment of any claim or for any performance, and Agency, on behalf of itself and its successors and assigns, hereby waives any and all such personal liability. Neither the negative capital account, deficit restoration obligation nor contribution obligation of any constituent limited partner or member in Participant shall at any time be deemed to be the property or an asset of Participant (and neither Agency nor any of its successors or assigns shall have any right to collect, enforce or proceed against or with respect to any such negative capital account or a member's or limited partner's obligation to restore or contribute).

Participant and Agency are aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

As such relates to this Section 622, Participant and Agency hereby waive and relinquish all rights and benefits under Section 1542 of the California Civil Code.

_____ _____

Participant Initials Agency Initials

623. Assignment by Agency. Agency may assign or transfer any of its rights or obligations under this Agreement with the approval of Participant, which approval shall not be unreasonably withheld; provided, however, that the Agency may assign or transfer any of its interests hereunder to the City or any public or private entity controlled by the City at any time without the consent of Participant.

624. Applicable Law. The laws of the State of California, without regard to any principles of choice of law, shall govern the interpretation and enforcement of this Agreement.

625. 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 current, actual knowledge of the certifying party: (a) this Agreement is in full force and effect and a binding obligation of the parties; (b) this Agreement has not been amended or modified or, if so amended or modified, identifying the amendments or modifications; and (c) 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 extent of any such Defaults. The requesting party may designate a reasonable form of certificate (including a lender's form) and the party receiving a request hereunder shall execute and return such certificate or give a written, detailed response explaining why it will not do so within thirty (30) days following the receipt thereof. The Executive Director shall be authorized to execute any certificate requested by Participant hereunder. Participant and Agency acknowledge that a certificate hereunder may be relied upon by tenants, transferees, investors, partners, bond counsel, underwriters, bond holders and "Mortgagees" (defined in Section 213). The request shall clearly indicate that failure of the receiving party to respond within the thirty- (30-) day period will lead to a second and final request and failure to respond to the second and final request within fifteen (15) days of receipt thereof shall be deemed approval of the estoppel certificate. Failure of Participant to execute an estoppel certificate shall not be deemed a default, provided that in the event Participant does not respond within the required thirty- (30-) day period, Agency may send a second and final request to Participant, and failure of Participant to respond within fifteen (15) days from receipt thereof (but only if Agency's request contains a clear statement that failure of Participant to respond within this fifteen- (15-) day period shall constitute an approval) shall be deemed approval by Participant of the estoppel certificate and may be relied upon as such by Agency, tenants, transferees, investors, bond counsel, underwriters and bond holders. Failure of Agency to execute an estoppel certificate shall not be deemed a Default, provided that in the event Agency fails to respond within the required thirty- (30-) day period, Participant may send a second and final request to Agency, with a copy to the Executive Director and City Attorney, and failure of Agency to respond within fifteen (15) days from receipt thereof (but only if Participant's request contains a clear statement that failure of Agency to respond within this fifteen- (15-) day period shall constitute an approval) shall be deemed approval by Agency of the estoppel certificate and may be relied upon as such by Participant, tenants, transferees, investors, partners, bond counsel, underwriters, bond holders and Mortgagees.

626. Third-Party Beneficiary. Participant and Agency recognize and agree that the terms of this Agreement and the Affordable Housing Covenant and the enforcement of those terms are essential to the security of any Approved Lender pursuant to Section 213.1 and are entered into for the benefit of various parties, including such Approved Lenders. Accordingly, such Approved Lenders may provide written notice to Agency requesting that Agency cure any failure to enforce the terms of this Agreement and Affordable Housing Covenant. If Agency fails to commence to cure the failure within thirty (30) days following such written notice and to thereafter

diligently pursue such cure to completion, then the Approved Lenders shall be entitled (but not obligated) to enforce, separately or jointly with Agency, or to cause Agency to enforce the terms of this Agreement and the Affordable Housing Covenant. In addition, the Approved Lenders are each intended to be and shall be third-party beneficiaries of this Agreement and the Affordable Housing Covenant.

IN WITNESS WHEREOF, Agency and Participant have executed this Agreement on the respective dates set forth below.

AGENCY:

CITY OF SAN BRUNO REDEVELOPMENT AGENCY, a public body, corporate and politic

Dated: 12-11, 2002

By: _____
~~Chair~~ Ex. Director

ATTEST:

_____
Secretary

APPROVED AS TO FORM:

_____
McDonough, Holland & Allen
Agency Co-Counsel

[Signatures continued on next page]

PARTICIPANT:

THE CROSSING APARTMENT ASSOCIATES I LLC, a Delaware limited liability company

By: TMG-REGIS Apartment Associates I LLC, a Delaware limited liability company
Its: Managing Member

By: TMG SB Apartment Team I LLC, a Delaware limited liability company
Its: Co-Managing Member

By: TMG Partners, a California corporation
Its: Managing Member

Dated: 12/10/02, 2002

By: _____
Cathy Greenwold
Its: Executive Vice President

By: _____

Its: CEO

APPROVED AS TO FORM:

_____
Beveridge & Diamond, P. C.
Counsel for Participant

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
City of San Bruno Redevelopment)
Agency)
567 El Camino Real)
San Bruno, California 94066)
Attention: Executive Director)
)

(Space Above This Line for Recorder's Use Only)
Exempt from recording fee per Gov. Code §27383

FIRST AMENDMENT TO OWNER PARTICIPATION AGREEMENT

This First Amendment to Owner Participation Agreement (the "First Amendment") dated for reference purposes March 9, 2004, is entered into by and between THE CROSSING APARTMENT ASSOCIATES I LLC, a Delaware limited liability company, having offices at 100 Bush Street, 26th Floor, San Francisco, California 94104 ("Participant"), and the CITY OF SAN BRUNO REDEVELOPMENT AGENCY, a public body, existing and organized under the California Community Redevelopment Law, having offices at 567 El Camino Real, San Bruno, California 94066 ("Agency").

RECITALS

Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Original OPA (defined below).

A. Agency and Participant entered into that certain Owner Participation Agreement dated December 11, 2002 (the "Original OPA"). The Original OPA is available for public inspection and copying at the office of the City Clerk, City of San Bruno, City Hall, 567 El Camino, San Bruno, California 94066.

B. The Original OPA provides for the development of a 300-unit multi-family residential rental project with ancillary recreational, commercial and parking uses (the "Housing Project"), including 60 below-market rate units restricted to households of very low income (the "Affordable Units") on that certain real property (the "Site") located in the City of San Bruno, County of San Mateo, State of California, legally described in Exhibit "A" attached hereto and incorporated herein by this reference.

C. In consideration of the Participant's obligations under the Original OPA, including the obligation to provide and maintain the Affordable Units, Agency

provided to Participant certain Affordable Housing Subsidies up to a maximum amount (the "Affordable Housing Subsidies Cap"). The amount of the Affordable Housing Subsidies Cap was determined based on the amount of assistance the Participant required in order to make the development and maintenance of the Affordable Units economically feasible, taking into consideration certain financial assumptions, including Participant's projected revenues from the granting of certain cable access rights to the Site.

D. Due to clarifications made pertaining to the Participant's granting of cable access rights to the Site, the cable access rights revenues anticipated by Participant will be less than projected and, therefore, the Participant has requested the Agency to increase the annual Affordable Housing Subsidies Cap by an amount equal to the difference between the Participant's projected cable access rights revenues and the revised projected cable access rights revenues.

E. In order for Participant and Commission to protect their respective investments and continue to ensure the economic viability of the Affordable Units, Participant and Agency desire to amend the Original OPA to increase the amount of the Affordable Housing Subsidies Cap.

AGREEMENTS

NOW THEREFORE, in consideration of the foregoing recitals, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Participant and Agency hereby agree as follows:

1. Amendment to Section 401.3(c). Section 401.3(c) of the Original OPA is hereby revised to read as follows:

> "(c) **Affordable Housing Subsidies Cap.** The sum total of the Affordable Housing Subsidies (i.e., the Affordable Housing Set Aside Subsidy and the Unrestricted Tax Increment Subsidy) payable to Participant in any given Operating Year, shall in no event exceed THREE HUNDRED ELEVEN THOUSAND AND FORTY DOLLARS ($311,040.00) ("Affordable Housing Subsidies Cap"). The Affordable Housing Subsidies Cap for the Partial Operating Year shall be equal to the product of the Affordable Housing Subsidies Cap Multiplied by a fraction, the numerator of which is the number of calendar days in the Partial Operating Year and the denominator of which is 365."

2. No Other Amendment. Except as amended hereby, the Original OPA remains unmodified and in full force and effect.

3. Date of First Amendment. The date of this First Amendment shall be the date when it shall have been signed by the Agency.

IN WITNESS WHEREOF, the parties have executed this First Amendment on the respective dates set forth below.

AGENCY:

CITY OF SAN BRUNO REDEVELOPMENT AGENCY, a public body, corporate and politic

Dated: March 10, 2004

By: _____
Executive Director

ATTEST:

_____
Secretary

APPROVED AS TO FORM:

_____
McDonough, Holland & Allen
Agency Co-Counsel

[Signatures continued on next page]

PARTICIPANT:

THE CROSSING APARTMENT ASSOCIATES I LLC, a Delaware limited liability company

By: TMG-REGIS APARTMENT ASSOCIATES I LLC, a California limited liability company
Its: Co-Managing Member

By: RHNC SB APARTMENT TEAM I LLC, a California limited liability company
Its: Managing Member

By: REGIS HOMES OF NORTHERN CALIFORNIA, INC., a California corporation
Its: Manager

By: _____
Mark R. Kroll
Title: President

Dated: 2/6, 2004

By: _____
Robert W. Wagner
Its: Chairman

APPROVED AS TO FORM:

_____
Beveridge & Diamond, P. C.
Counsel for Participant

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Mateo)

On March 10, 2004, before me, Edward R. Simon, Notary the undersigned, personally appeared Constance Jackson,

(X) personally known to me

( ) proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) (is/are) subscribed to the within instrument and acknowledged to me that (he/she/they) executed the same in (his/her/their) authorized capacity(ies), and that by (his/her/their) signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EDWARD R. SIMON
Commission # 1289349
Notary Public - California
San Mateo County
My Comm. Expires Jan 31, 2005

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Mateo)

On February 3, 2004, before me, Marlene Tyler, Notary Public, the undersigned, personally appeared Mark R. Kroll,

(X) personally known to me

( ) proved to me on the basis of satisfactory evidence

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

WITNESS my hand and official seal:

Signature Marlene Tyler

MARLENE TYLER
Commission # 1354549
Notary Public - California
San Mateo County
My Comm. Expires May 29, 2006

MARLENE TYLER
Commission # 1354549
Notary Public - California
San Mateo County
My Comm. Expires May 29, 2006

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Mateo)

On February 3, 2004, before me, Marlene Tyler, Notary Public, the undersigned, personally appeared Robert W. Wagner,

(X) personally known to me

( ) proved to me on the basis of satisfactory evidence

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

WITNESS my hand and official seal:

Signature Marlene Tyler

MARLENE TYLER
Commission # 1354549
Notary Public - California
San Mateo County
My Comm. Expires May 29, 2006

EXHIBIT "A"

LEGAL DESCRIPTION
MARTIN/REGIS PARCEL ONE

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY OF SAN BRUNO, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, BEING A PORTION OF THE PARCEL DEEDED TO THE RUSSO FAMILY TRUST, AS RECORDED ON DECEMBER 17, 1999, AS SERIES 1999-204453, OFFICIAL RECORDS OF SAN MATEO COUNTY AND A PORTION OF THE PARCEL DEEDED TO MARTIN/REGIS SAN BRUNO ASSOCIATES, L.P., AS RECORDED ON MARCH 27, 2001, AS SERIES 2001-040281, OFFICIAL RECORDS OF SAN MATEO COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID RUSSO FAMILY TRUST PARCEL;

THENCE ALONG NORTHWESTERLY LINE OF LANDS OF RUSSO FAMILY TRUST SOUTH 66°12'52" WEST, 2.28 FEET TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 24°11'22" EAST, A DISTANCE OF 10.68 FEET;

THENCE ALONG THE ARC OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 31.34 FEET, THROUGH A CENTRAL ANGLE OF 90°20'58" FOR A DISTANCE OF 49.42 FEET;

THENCE SOUTH 66°09'36" WEST, A DISTANCE OF 13.07 FEET;

THENCE ALONG THE ARC OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 220.12 FEET, THROUGH A CENTRAL ANGLE OF 07°39'42" FOR A DISTANCE OF 29.43 FEET;

THENCE SOUTH 24°42'02" EAST, A DISTANCE OF 75.09 FEET;

THENCE ALONG THE ARC OF A NON-TANGENT CURVE CONCAVE TO THE SOUTHWEST, WHOSE RADIAL BEARS SOUTH 30°22'03" EAST, HAVING A RADIUS OF 144.00 FEET, THROUGH A CENTRAL ANGLE OF 06°31'39" FOR A DISTANCE OF 29.43 FEET;

THENCE NORTH 66°09'36" EAST, A DISTANCE OF 37.02 FEET;

THENCE ALONG THE ARC OF A TANGENT CURVE CONCAVE TO SOUTHEAST, HAVING A RADIUS OF 19.85 FEET, THROUGH A CENTRAL ANGLE OF 89°43'33" FOR A DISTANCE OF 31.09 FEET;

THENCE NORTH 65°51'28" EAST, A DISTANCE OF 2.30 FEET;

THENCE ALONG SOUTHEASTERLY LINE OF LANDS OF RUSSO FAMILY TRUST SOUTH 24°07'54" EAST, A DISTANCE OF 1.00 FOOT;

THENCE SOUTH 65°51'28" WEST, A DISTANCE OF 4.29 FEET;

THENCE NORTH 23°37'16" WEST, A DISTANCE OF 7.12 FEET;

THENCE NORTH 68°37'16" WEST, A DISTANCE OF 7.02 FEET;

THENCE SOUTH 66°22'44" WEST, A DISTANCE OF 16.92 FEET;

THENCE NORTH 23°37'16" WEST, A DISTANCE OF 5.32 FEET;

THENCE SOUTH 66°22'44" WEST, A DISTANCE OF 51.34 FEET;

THENCE SOUTH 23°37'16" EAST, A DISTANCE OF 5.66 FEET;

THENCE SOUTH 66°22'44" WEST, A DISTANCE OF 29.55 FEET;

THENCE SOUTH 23°56'03" EAST, A DISTANCE OF 43.27 FEET;

THENCE SOUTH 66°05'33" WEST, A DISTANCE OF 37.65 FEET;

THENCE SOUTH 23°56'03" EAST, A DISTANCE OF 41.49 FEET;

THENCE SOUTH 66°03'57" WEST, A DISTANCE OF 10.49 FEET;

THENCE SOUTH 23°56'03" EAST, A DISTANCE OF 47.50 FEET;

THENCE SOUTH 66°03'57" WEST, A DISTANCE OF 20.17 FEET;

THENCE SOUTH 23°56'03" EAST, A DISTANCE OF 52.00 FEET;

THENCE SOUTH 66°03'57" WEST, A DISTANCE OF 57.50 FEET;

THENCE SOUTH 23°56'03" EAST, A DISTANCE OF 119.21 FEET;

THENCE SOUTH 66°03'57" WEST, A DISTANCE OF 104.42 FEET;

THENCE SOUTH 23°56'03" EAST, A DISTANCE OF 112.00 FEET;

THENCE SOUTH 66°03'57" WEST, A DISTANCE OF 229.06 FEET;

THENCE NORTH 23°56'03" WEST, A DISTANCE OF 112.00 FEET;

THENCE SOUTH 66°03'57" WEST, A DISTANCE OF 90.36 FEET;

THENCE NORTH 23°33'41" WEST, A DISTANCE OF 384.01 FEET;

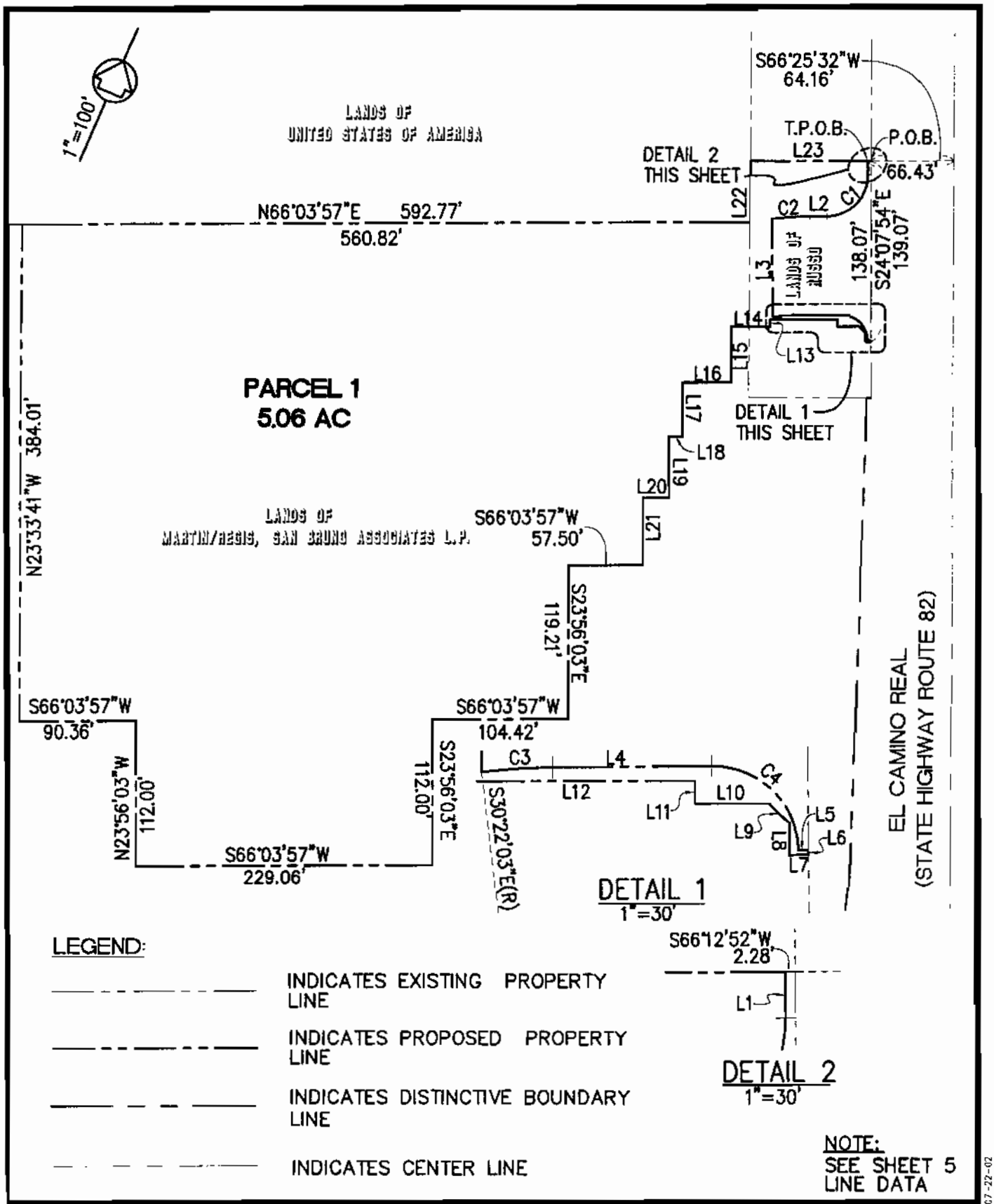
THENCE NORTH 66°03'57" EAST, A DISTANCE OF 560.82 FEET TO AN INTERSECTION WITH THE SOUTHWESTERLY LINE OF THE AFOREMENTIONED PARCEL DEEDED TO THE RUSSO FAMILY TRUST;

THENCE NORTH 23°47'08" WEST, ALONG SAID SOUTHWESTERLY LINE A DISTANCE OF 46.48 FEET TO AN INTERSECTION WITH THE NORTHEASTERLY LINE OF THE AFOREMENTIONED PARCEL DEEDED TO THE RUSSO FAMILY TRUST;

THENCE NORTH 66°12'52" EAST, A DISTANCE OF 90.43 FEET ALONG SAID NORTHEASTERLY LINE TO THE TRUE POINT OF BEGINNING.

CONTAINING A TOTAL AREA OF 220,434 SQUARE FEET, OR 5.06 ACRES, MORE OR LESS.

THE BEARING NORTH 39°23'52" EAST OF THE CENTERLINE OF SNEATH LANE BETWEEN SEA BISCUIT AVENUE AND HUNTINGTON AVENUE, AS FOUND MONUMENTED, AND SHOWN ON THAT CERTAIN MAP ENTITLED TANFORAN PARK UNIT NO. 1 FILED FOR RECORD IN VOLUME 66 OF SUBDIVISION MAPS, AT PAGES 1-4 SAN MATEO COUNTY RECORDS WAS TAKEN AS BASIS OF BEARINGS FOR THIS PLAT.



605 Castro Street
Mountain View CA
94041-2011
tel (650) 969-6900
Fax (650) 969-6472

SANDIS HUMBER JONES
CIVIL ENGINEERS SURVEYORS PLANNERS

DATE:	07-22-02
SCALE:	1"=100'
DRAWN BY:	RCC
APPROVED BY:	JMJ
DRAWING NO.	200231

EXHIBIT B
THE CROSSING
SAN BRUNO CALIFORNIA

SHEET 4 OF 5 SHEETS

LINE TABLE		
LINE	BEARING	LENGTH
L1	S24°11'22"E	10.68'
L2	S66°09'36"W	13.07'
L3	S24°42'02"E	75.09'
L4	N66°09'36"E	37.02'
L5	N65°51'28"E	2.30'
L6	S24°07'54"E	1.00'
L7	S65°51'28"W	4.29'
L8	N23°37'16"W	7.12'
L9	N68°37'16"W	7.02'
L10	S66°22'44"W	16.92'
L11	N23°37'16"W	5.32'
L12	S66°22'44"W	51.34'
L13	S23°37'16"E	5.66'
L14	S66°22'44"W	29.55'
L15	S23°56'03"E	43.27'
L16	S66°05'33"W	37.65'
L17	S23°56'03"E	41.49'
L18	S66°03'57"W	10.49'
L19	S23°56'03"E	47.50'
L20	S66°03'57"W	20.17'
L21	S23°56'03"E	52.00'
L22	N23°47'08"W	46.48'
L23	N66°12'52"E	90.43'

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	90°20'58"	31.34	49.42
C2	7°39'42"	220.12	29.43
C3	6°31'39"	144.00	16.41
C4	89°43'33"	19.85	31.09

07 22 02

605 Castro Street
Mountain View, CA
94041-2011
Tel (650) 964-6900
Fax (650) 964-6472

SANDIS HUMBER JONES
CIVIL ENGINEERS SURVEYORS PLANNERS

DATE	07-22-02
SCALE	1"=100'
DRAWN BY	RCC
APPROVED BY	JMH
DRAWING NO.	200231

EXHIBIT B
THE CROSSING
SAN BRUNO CALIFORNIA

SHEET 5 OF 5 SHEETS
200231

San Mateo County
Countywide Oversight Board

Date: January 7, 2019 Agenda Item No. 13

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: San Carlos Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 19-20

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

Discussion
The Annual ROPS 19-20 contains all the obligations of the former Redevelopment Agency (RDA) for fiscal year 2019-20. The San Carlos SA is requesting approval by the Board to spend $1,307,984 on outstanding obligations and administrative expenses for Annual ROPS 19-20.

Enclosed is the Successor Agency's Annual ROPS 19-20 and supporting documents.

CAC Exhibits
A. San Carlos SA's Annual ROPS 19-20

Date: December 10, 2018

To: San Mateo County Countywide Oversight Board

From: **Jeff Maltbie, Executive Director, San Carlos Successor Agency**

Subject: Approval of the Recognized Obligation Payment Schedule (ROPS) 19-20 and Administrative Cost Allowance Budget of the San Carlos Successor Agency (SA)

Former RDA: **San Carlos**

Recommendation
Adopt resolutions approving the San Carlos SA's ROPS 19-20 and FY 2019-20 Administrative Budget.

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

Discussion

ROPS 19-20

Submitted for the Oversight Board's approval is the ROPS 19-20 (Exhibit A). While the DOF's ROPS template requires all enforceable obligations to be listed, the Oversight Board approval is for the funding of those items to be paid in fiscal year 2019-20. Exhibit C summarizes those items and provides supporting documentation. A total of $1.3 million of Redevelopment Property Tax Trust Fund ("RPTTF") funding is requested to fund the ROPS 19-20. This includes $1.26 million to fund enforceable obligations and $50,000 to fund administrative costs.

Description of ROPS Obligations

- *Items 1, 2, 3 – 2007 Tax Allocation Refunding Bonds* – These three items will be retired. Item 1 was paid off during the ROPS 18-19 period and Items 2 and 3 were refunded and replaced by Item 22.

- *Items 22 and 4 – 2018 Refunding Bond and Fiscal Agent Fees* – In 2018, the SA issued 2018 Tax Allocation Refunding Bonds to refund the 2007 Tax Allocation Bonds originally issued by the Redevelopment Agency of the City of San Carlos. The SA is requesting $948,584 in RPTTF to make bond debt service payments and another $4,000 to pay a Fiscal Agent administration fee. The bonds will be paid off in 2033.
- *Item 7 – San Carlos Elms Installment Note* – A total of $305,400 is requested to pay off a loan that was used to purchase property for the San Carlos Elms, an affordable senior multifamily housing and residential care facility. The note will be paid off in 2035; prepayment is not permitted by Section 7.1 of the Note.
- *Item 8 – Contract for Legal Services* – The SA had an enforceable obligation for legal services related to the Wheeler redevelopment project. No legal services are anticipated in the ROPS 19-20 period, therefore $0 is requested. However the SA is not retiring this item in case unexpected legal services are required in the future under this contract.
- *Item 19 – Administrative Cost Allowance* - The SA is requesting $50,000 for its FY 2019-20 administrative expenses, which is less than the $250,000 maximum permitted by law. Per HSC Section 34177(j), the SA has prepared an Administrative Budget and submitted it to the Oversight Board for approval.
- *Item 21 – Housing Successor Entity Administrative Allowance* – This item was denied in the past and will be retired.

Report of Cash Balances

The "Report of Cash Balances" page reports available cash balances by type in Fiscal Year 2016-17. As of June 30, 2017, the SA did not have any fund balances remaining from prior periods or from other funding sources to apply to ROPS 19-20 obligations. Column C, Row 6 of the "Report of Cash Balances" reports a $1.4 million bond proceed balance as of June 30, 2017. The bond proceeds have since been spent on eligible bond projects approved on prior ROPS or applied toward debt service. There are no remaining bond proceeds available as of October 2018.

The SA anticipates that a $55,123 Prior Period Adjustment will be made to account for RPTTF that was unspent in the ROPS 16-17 period. This is reported on the "Report of Cash Balances" page, Column G, Row 5. The Prior Period Adjustment process is handled separately from the ROPS by the San Mateo County Auditor-Controller. San Carlos submitted a Prior Period Adjustment form to the County Auditor-Controller on October 1, 2018 to review ROPS 16-17 expenses. The County will make a determination on the Prior Period Adjustment amount and send it to DOF by February 1, 2019.

Administrative Budget

An administrative budget for Fiscal Year 2019-20 is included as Exhibit B. The San Carlos SA proposes an administrative cost allowance of $50,000 for the 2019-20 fiscal year, which is less than the $250,000 permitted by HSC Section 34171(b)(1). Of the total budget, $30,000 is allocated for SA staff salaries and benefits and $20,000 is allocated for professional services and fees.

The Administrative Budget details tasks by department for staff time spent on SA matters. This includes administering enforceable obligations, preparing required reports such as the ROPS and Prior Period Adjustment, preparing accounting reports and the annual SA audit, and preparing a Last & Final ROPS.

The Administrative Budget allocates $19,000 for Professional Services. This includes an estimated $12,000 for the SA consultant, RSG, to prepare a Last & Final ROPS and $7,000 for the SA Auditor, Maze & Associates, to prepare the Successor Agency portion of the City of San Carlos audited financial statements. Contracts are provided as support. An additional $1,000 is allocated for miscellaneous bank fees and office supplies / overhead costs.

Last & Final ROPS

As previously reported to the Oversight Board, the SA plans to prepare a Last & Final ROPS after the ROPS 19-20 is approved by DOF. A Last & Final ROPS most will most likely be presented to the Oversight Board in the Fall of 2019.

Financial Impact
Oversight Board approval is required to submit a ROPS to DOF in order to fund SA obligations.

Attachments:
1. Resolution Approving the San Carlos SA's ROPS 19-20 and FY 19/20 Administrative Budget
2. Exhibit A - San Carlos SA's Recognized Obligation Payment Schedule (ROPS 19-20)
3. Exhibit B - San Carlos SA's FY 2019-20 Administrative Budget
4. Exhibit C - Summary of Obligations and Supporting Documents

RESOLUTION NO. 2019-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 ("ROPS 19-20") AND FISCAL YEAR 2019-20 ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY TO THE FORMER SAN CARLOS REDEVELOPMENT AGENCY (RDA)

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

WHEREAS, the Successor Agency to the Former San Carlos Redevelopment Agency has prepared a draft ROPS for the period July 1, 2019 to June 30, 2020, referred to as "ROPS 19-20", claiming a total enforceable obligation amount of$1,307,984, as set forth in the attached Exhibit A; and

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

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

WHEREAS, the Successor Agency to the Former San Carlos Redevelopment Agency has prepared an administrative budget for the period July 1, 2019 to June 30, 2020, for $50,000, as set forth in the attached Exhibit B; and

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

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby approves the San Carlos Successor Agency ROPS 19-20 and the San Carlos Successor Agency Fiscal Year 19-20 Administrative Budget, attached hereto as Exhibits A and B and incorporated herein by this reference;

BE IT FURTHER RESOLVED, that the Oversight Board directs the Successor Agency to submit the ROPS 19-20 to the State Department of Finance upon approval by the Oversight Board.

* * *

Exhibit A – San Carlos Successor Agency's Recognized Obligation Payment Schedule 19-20
Exhibit B – San Carlos Successor Agency's FY 2019-20 Administrative Budget

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: **San Carlos**
County: San Mateo

	Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A	**Enforceable Obligations Funded as Follows (B+C+D):**	**$ -**	**$ -**	**$ -**
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	**Redevelopment Property Tax Trust Fund (RPTTF) (F+G):**	**$ 999,787**	**$ 308,197**	**$ 1,307,984**
F	RPTTF	949,787	308,197	1,257,984
G	Administrative RPTTF	50,000	-	50,000
H	**Current Period Enforceable Obligations (A+E):**	**$ 999,787**	**$ 308,197**	**$ 1,307,984**

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

Name Title

/s/

Signature Date

San Carlos Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
											19-20A (July - December)						19-20B (January - June)					
											Fund Sources						Fund Sources					
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 19-20 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
								$ 19,865,996		$ 1,307,984	$ 0	$ 0	$ 0	$ 949,787	$ 50,000	$ 999,787	$ 0	$ 0	$ 0	$ 308,197	$ 0	$ 308,197
1	2007 Taxable Bond	Bonds Issued On or Before	12/1/2007	3/1/2019	US Bank	Bond issue to fund 5 Yr Implementation	San Carlos	0	Y	$ -						$ -						$ -
2	2007 Refunding Bond	Bonds Issued On or Before 12/31/10	12/1/2007	3/1/2034	US Bank	Bond issue to fund 5 Yr Implementation Plan projects	San Carlos	0	Y	$ -						$ -						$ -
3	2007 Refunding Bond	Bonds Issued On or Before 12/31/10	12/1/2007	3/1/2034	US Bank	Bond issue to fund housing projects	San Carlos	0	Y	$ -						$ -						$ -
4	Fiscal Agent Fees	Fees	12/1/2007	3/1/2034	ABAG/ US Bank	Annual issuer fees	San Carlos	60,000	N	$ 4,000				4,000		$ 4,000						$ -
7	Installment Note - San Carlos Elms	Third-Party Loans	10/1/1994	7/1/2035	Borel Bank, Trustee	Long term purchase note for property at Elms & Cherry St	San Carlos	4,877,083	Y	$ 305,400				152,700		$ 152,700				152,700		$ 152,700
8	Contract for Legal Services	Legal	10/31/2003	7/1/2035	Murphy & Associates PC	Counsel for Wheeler redevelopment project	San Carlos	0	N	$ -						$ -						$ -
19	Successor Agency Admin Allowance	Admin Costs	7/1/2014	7/1/2035	City of San Carlos	Employee costs, supplies, meetings, etc.	San Carlos	750,000	Y	$ 50,000					50,000	$ 50,000						$ -
21	Housing Successor Entity Admin Allowance	Admin Costs	2/1/2012	7/1/2035	City of San Carlos	Housing Successor Entity administrative cost allowance pursuant to 34171(p)	San Carlos		Y	$ -						$ -						$ -
22	2018 Tax Allocation Refunding Bonds	Refunding Bonds Issued After 6/27/12	4/1/2018	9/1/2033	US Bank	Refunded Redevelopment Agency 2007 Tax Allocation Bonds, Series A	San Carlos	14,178,913	N	$ 948,584				793,087		$ 793,087				155,497		$ 155,497

San Carlos Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see Cash Balance Tips Sheet.

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	Comments
1	**Beginning Available Cash Balance (Actual 07/01/16)** RPTTF amount should exclude "A" period distribution amount	1,518,861		33,658	7,037	0	E: Prior RPTTF remaining as of 6/30/16
2	**Revenue/Income (Actual 06/30/17)** RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	1,781				1,634,428	
3	**Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)**	73,785			7,037	1,579,305	G: Other Funds balance applied to ROPS 16-17 Item 19
4	**Retention of Available Cash Balance (Actual 06/30/17)** RPTTF amount retained should only include the amounts distributed as reserve for future period(s)			33,658			E: Balance applied to ROPS 18-19 Item 1
5	**ROPS 16-17 RPTTF Prior Period Adjustment** RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required				55,123	
6	**Ending Actual Available Cash Balance (06/30/17)** **C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)**	**$ 1,446,857**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	C: As of October 2018, there were no remaining bond proceeds. They were either spent on eligible bond projects or applied toward debt service payments.

San Carlos Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

Item #	Notes/Comments
1	The 2007 Tax Allocation Bonds, Series B, was paid off in the ROPS 18-19 period
2, 3	The 2007 Tax Allocation Bonds, Series A were refunded and replaced by ROPS Item 22, the 2018 Tax Allocation Refunding Bonds
22	Replaced Items 2 and 3, the 2007 Tax Allocation Bonds, Series A

Successor Agency to the Former San Carlos Redevelopment Agency
ROPS 19-20 Administrative Cost Allowance Budget
Period: 7/1/19 to 6/30/20

Description of Cost/Expense	Amount
Community Development Department	10,000
Successor Agency Administration	
Oversight Board and Successor Agency meetings	
Staff reports, Last & Final ROPS, Administrative Budgets, Prior Period Adjustment	
Administrative Services Department (Finance)	10,000
Respond to inquiries from State, County and Taxing Agencies	
Provide information and reconciliation to DOF for the ROPS	
Respond to County Inquiries on Prior Period Adjustment	
Provide information and reconciliation to San Mateo County for the audit true up	
Regular accounting services and payment administration	
Track ROPS expenses and true ups and review ROPS	
City Clerk	2,000
Successor Agency meetings	
Prepare minutes	
Prepare agenda packets	
City Manager	1,000
Oversight Board and Successor Agency meetings	
Manage Successor Agency projects	
City Attorney	6,000
Successor Agency meetings	
Review documents	
Provide legal advice relating to Successor Agency matters	
City Council/Successor Agency Board	1,000
Successor Agency meetings	
Approve ROPS submission to Department of Finance	
Professional Services	19,000
RSG Successor Agency Consulting (Last & Final ROPS, PPA)	
Auditors (Successor Agency Audited Financials)	
Bank Fees and Office Supplies	1,000
Wells Fargo Bank	
FedEx	
Total	**$50,000**

SUMMARY OF OBLIGATIONS TO BE APPROVED UNDER ROPS 19-20 AND SUPPORTING DOCUMENTS

ROPS Item No.	ROPS Category	Description of Obligation	Payee	ROPS 19-20 Funding Request	Supporting Documentation
4	Fees	Fiscal Agent Fees	ABAG/ US Bank	$ 4,000	Exhibit C Page 2, Prior US Bank and ABAG invoices
7	Third-Party Loans	Installment Note - San Carlos Elms	Borel Bank, Trustee	305,400	Exhibit C Pages 32 and 45, Installment Note
19	Admin Costs	Successor Agency Admin Allowance	City of San Carlos	50,000	See Exhibit B
22	Refunding Bonds	2018 Tax Allocation Refunding Bonds	US Bank	948,584	Exhibit C Page 49 - Debt service schedule, Bond Indenture, Board resolution approving the refunding, DOF approval of bond refunding
				$ 1,307,984	

Fiscal Agent Fees Estimate

US Bank charged a flat rate of $1,000 annually prior to the refunding. The most recent invoice from January 2017 is attached. They did not issue a 2018 invoice because their fees were paid from the cost of issuance for the bond refunding.

ABAG's fee is calculated at 0.02% of the outstanding principal for the current year.

The total ROPS is $4,000 to account for potential increases to US Bank's fee after the refunding.

INVOICE

PAID
CK. NO. 350
DATE 2/2/18

Association of
Bay Area Governments
Bay Area Metro Center
375 Beale Street, Suite 800
San Francisco, CA 94105
PHONE (415) 778-6700

Customer Number: V04321
Invoice Number: AR016397
Invoice Date: 01/26/18
Terms: Net 30
SER 2007 A&B

OK TO PAY
X _____

To: CALIFORNIA REDEVELOPMENT AGENCY POOL
C/O U.S. BANK NATIONAL ASSOCIATION
ERIK MAGNUSON
60 LIVINGSTON AVE
SAINT PAUL, MN 55107

Transaction Date	Description	Amount
01/23/18	ANNL ADMIN FEE FOR PE 12/1/18	2,691.00
01/26/18	TO REVISE ORG INV	-314.00

A0016010 – 520202
cy OK To Pay
1/31/18

D.A

Tax: 0.00
Total Due 2,377.00

PLEASE RETURN THIS PORTION WITH YOUR PAYMENT

Please make checks payable to:

ASSOCIATION OF BAY AREA GOVERNMENTS
P.O. Box 45801
San Francisco, CA 94145-0801

Customer Number V04321
Invoice Number AR016397
Invoice Date 01/26/18
Total Amount Due $ 2,377.00

Total Payment $ _____

INVOICE TO:
Attn: Accounts Payable
CALIF REDEVELOPMENT AGENCY
POOL
C/O U.S. BANK NATIONAL ASSOCIATION
ATTN: ERIK MAGNUSON
60 LIVINGSTON AVENUE
ST. PAUL, MN 55107
e-mail: erik.magnuson@usbank.com

Description	
ORIGINAL ISSUE SIZE: $19,140,000	
CALIF REDEVELOPMENT AGENCY	
POOL (SAN CARLOS, OJAI)	
ANNL ADMIN FEE FOR PE 12/1/18 SER 2007 A&B	$11,885,000.00
0.02% OF OUSTANDING PRINCIPAL	0.02%
Total Due	**$2,377.00**

Revised Amount

J:\SECTION\Acct\Treasury\InternShare\Leung\ABAG\Invoice Billings\FY17-18 Invoices\2018-01\CalRed Billings January 2018.xlsx

Corporate Trust Services
EP-MN-WN3L
0 Livingston Ave.
St. Paul, MN 55107

Invoice Number:	4529869
Account Number:	119977000
Invoice Date:	01/25/2017
Direct Inquiries To:	MARY WONG
Phone:	415-677-3602

SAN CARLOS REDEVELOPMENT AGENCY
ATTN REBECCA MENDENHALL, FIN. OFF.
600 ELM ST
SAN CARLOS CA 94070-3018

ROPS # 4

SAN CARLOS REDEVELOPMENT AGENCY
SAN CARLOS RDA TABS 07 SER A/B

The following is a statement of transactions pertaining to your account. For further information, please review the attached.

STATEMENT SUMMARY

PLEASE REMIT BOTTOM COUPON PORTION OF THIS PAGE WITH CHECK PAYMENT OF INVOICE.

TOTAL AMOUNT DUE $1,000.00

All invoices are due upon receipt.

A00160010 - 520202

Please detach at perforation and return bottom portion of the statement with your check, payable to U.S. Bank.

SAN CARLOS REDEVELOPMENT AGENCY
SAN CARLOS RDA TABS 07 SER A/B

Invoice Number:	4529869
Account Number:	119977000
Current Due:	$1,000.00
Direct Inquiries To:	MARY WONG
Phone:	415-677-3602

Wire Instructions:
U.S. Bank
ABA # 091000022
Acct # 1-801-5013-5135
Trust Acct # 119977000
Invoice # 4529869
Attn: Fee Dept St. Paul

Please mail payments to:
U.S. Bank
CM-9690
PO BOX 70870
St. Paul, MN 55170-9690

INSTALLMENT SALE AGREEMENT

Dated as of October 1, 1994

by and between

BOREL BANK & TRUST COMPANY, TRUSTEE
as Seller

and the

SAN CARLOS REDEVELOPMENT AGENCY
as Purchaser

SC(3)ISA Table

TABLE OF CONTENTS

INSTALLMENT SALE AGREEMENT

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

		Page
Section 1.1	Definitions	2
Section 1.2	Schedules	6

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1	Representations, Covenants and Warranties of the Development	7
Section 2.2	Representations, Covenants and Warranties of the Seller	7

ARTICLE III

SALE OF SITE, TERM OF THIS INSTALLMENT AGREEMENT, INSTALLMENT PAYMENTS

Section 3.1	Sale and Purchase of the Site	8
Section 3.2	Title to the Site	8
Section 3.3	Term of This Installment Agreement	9
Section 3.4	Installment Payments	9
Section 3.5	Unconditional Obligation of the Redevelopment Agency	10
Section 3.6	Tax Covenants	11
Section 3.7	Additional Payments	12
Section 3.8	Preservation of Security	12
Section 3.9	Faithful Performance	12

ARTICLE IV

CONVEYANCE OF SITE AND OTHER MATTERS

		Page
Section 4 1	Conveyance of Site	12
Section 4 2	Disclaimer of Warranties	12
Section 4 3	Release and Indemnification Covenants	13
Section 4 4	Seller Acquisition	13
Section 4 5	Relocation	14
Section 4 6	Warranties	14

ARTICLE V

ASSIGNMENT, SALE AND AMENDMENT

Section 5 1	Assignment of the Seller's Interests	14
Section 5 2	Registration and Assignment by the Seller	14
Section 5 3	Assignment, Sale and Disposition by the Redevelopment Agency	15
Section 5 4	Amendment of Agreements	15

ARTICLE VI

DISCLAIMER OF WARRANTIES, ACCESS

Section 6 1	Events of Default Defined	16
Section 6 2	Remedies on Default	16
Section 6 3	No Remedy Exclusive	17
Section 6 4	Prosecution and Defense of Suits	17
Section 6 5	No Additional Waiver Implied by One Waiver	17
Section 6 6	Application of the Proceeds	18

ARTICLE VII

SECURITY OF THE INSTALLMENT PAYMENTS

		Page
Section 7.1	Prepayment	18
Section 7.2	Security Deposit	18

ARTICLE VIII

MISCELLANEOUS

Section 8.1	Notices	19
Section 8.2	Binding Effect	20
Section 8.3	Separability of Invalid Provisions	20
Section 8.4	Amendments, Changes and Modifications	20
Section 8.5	Net Contract	20
Section 8.6	General Indemnification	20
Section 8.7	No Brokers	20
Section 8.8	Further Assurances and Corrective Instruments	21
Section 8.9	Execution in Counterparts	21
Section 8.10	Applicable Law	21
Section 8.11	Seller and Redevelopment Agency Representatives	21
Section 8.12	Captions	21
Section 8.13	Waiver of Personal Liability	21

Schedule I(a)
Schedule I(b)
Schedule II
Schedule III
Schedule IV
Exhibit A to Schedule IV
Exhibit B to Schedule IV

INSTALLMENT SALE AGREEMENT

THIS INSTALLMENT SALE AGREEMENT, dated as of October 1, 1994, by and between the BOREL BANK & TRUST COMPANY, Trustee under ARE Trust Agreement, dated October 7, 1994, as seller (the "Seller"), and the SAN CARLOS REDEVELOPMENT AGENCY, a redevelopment agency organized and existing under the laws of the State of California, as purchaser (the "Redevelopment Agency"),

W I T N E S S E T H

WHEREAS, the Seller owns certain real property in the City of San Carlos, California (the "City"), that is suitable for multifamily rental housing,

WHEREAS, the San Carlos Development Corporation (the "Development Corporation") is a nonprofit public benefit corporation the purpose of which includes the sponsorship, establishment, ownership, maintenance and operation of residential care facilities in the City, primarily for the elderly,

WHEREAS, the Development Corporation desires to acquire the certain real property owned by the Seller as the site (the "Site") of multifamily rental housing that will be used as a residential care facility (the "Facility") but requires certain assistance in order to permit it to do so,

WHEREAS, the Redevelopment Agency is authorized to provide certain assistance for the purposes of increasing, improving and preserving the City's supply of low and moderate income housing and eliminating blight in the carrying out of its redevelopment project for the San Carlos Redevelopment Project Area, and is willing to acquire the Site and convey the same to the Development Corporation in furtherance of those purposes, and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Seller and the Redevelopment Agency are now duly authorized to execute and deliver this Installment Agreement,

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1 1 DEFINITIONS For all purposes of the Installment Agreement, except as otherwise expressly provided or unless the context otherwise requires

(1) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular

(2) All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed

(3) The words "herein", "hereof", and "hereunder" and other words of similar import refer to the Installment Agreement as a whole and not to any particular Article, Section or other subdivision

"Annual" means with respect to the Fiscal Year

"Assignment" means an assignment of all interest in this Installment Agreement and the moneys payable and to become payable under this Installment Agreement, substantially in the form of Schedule IV

"City" means the City of San Carlos, California, a municipal corporation and general law city duly organized and existing under the laws of the State

"Closing Date" means the day when the Installment Payment Obligation is issued by the Redevelopment Agency in return for the Site pursuant to Sections 3 2 and 3 3

"Community Redevelopment Law" means Division 24, Part 1 (commencing with Section 33000) of the Health and Safety Code of the State, as amended

"Default" means the occurrence and continuance of an Event of Default or an event which, after notice or lapse of time or both, would become an Event of Default

"Development Corporation" means the San Carlos Development Corporation, a public benefit corporation organized and existing under the Nonprofit Corporation Law of the State, and its successors and assigns

"Event of Default" means any of the events described as such in Section 6 1 An Event of Default shall "exist" if an Event of Default shall have occurred and be continuing

"Executive Director" means the executive director of the Redevelopment Agency appointed pursuant to the Community Redevelopment Law, or other duly appointed officer of the Redevelopment Agency authorized by Redevelopment Agency Resolution to perform the functions of the executive director including, without limitation, any assistant executive director of the Redevelopment Agency

"Facility" means the residential care facility and related and appurtenant facilities and property, inclusive of the Site thereof and including related equipment and improvements, as more particularly described by Schedule II(a), as supplemented from time to time

"Federal Securities" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein

(a) United States Treasury notes, bonds, bills, or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest, including (if such faith and credit is so pledged) the guaranteed portions of Small Business Administration loans, or

(b) Obligations issued by the Central Bank for Cooperatives, banks for cooperatives, or federal land banks,or federal intermediate credit banks or in obligations of federal home loan banks or the Federal Home Loan Bank Board, or in obligations of, or issued by, the Federal National Mortgage Association, Student Loan Marketing Association, Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or

(c) Obligations issued by the Federal Financing Bank or the United States Postal Service, or obligations issued or assumed by the International Bank for Reconstruction and Development, the Tennessee Valley Authority, the Inter-American Development Bank, the Government Development Bank for Puerto Rico, the Asian Development Bank, the International Finance Corporation or the African Development Bank

"Finance Officer" means the assistant executive director and finance director of the Redevelopment Agency, or other duly appointed officer of the Redevelopment Agency authorized by Redevelopment Agency Resolution or by-law to perform the functions of the assistant executive director and finance director in the event of the absence or disqualification of the

assistant executive director and finance director or vacancy of office

"Fiscal Year" means the twelve-month period commencing on July 1 of any year and ending on June 30 of the next succeeding year, both dates inclusive, which constitutes the Redevelopment Agency's fiscal year The Fiscal Year may be changed by the Redevelopment Agency to any other 12-month period and a shortened intervening period by designating the same by a Redevelopment Agency Resolution

"Installment Agreement" means this Installment Sale Agreement, dated as of October 1, 1994, by and between Borel Bank & Trust Comnpany, Trustee, as seller, and the Redevelopment Agency, as purchaser, together with any duly authorized and executed amendments and supplements hereto

"Installment Payment" means all payments required to be paid by the Redevelopment Agency on any date pursuant to Section 3 4, including any deposit therefor pursuant to Article VII, of this Installment Agreement

"Installment Payment Obligation" means the obligation of the Redevelopment Agency to make Installment Payments pursuant to this Installment Agreement, and all other obligations of the Redevelopment Agency under this Installment Agreement

"Installment Obligation Agent" means the person identified as such under Section 5 2 until a successor shall have become such pursuant hereto, and thereafter, such successor

"Installment Payment Date" means the first (1st) day of each month in each year during the Term of this Installment Agreement, commencing December 1, 1994

"Installment Register" means the records described by Section 5 2 for the registration and transfer of ownership of the Installment Payment Obligation

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended Any reference to a provision of the Internal Revenue Code shall include all applicable regulations of the United States Department of the Treasury, whether temporary or final, promulgated with respect to such provision and all such applicable regulations promulgated under the Internal Revenue Code of 1954 that are not inconsistent therewith "Reg " followed by a section number refers to a provision of the regulations Any reference to a provision of the regulations shall include all applicable regulations of the United States Department of the Treasury, whether temporary or final, amendatory thereof except as otherwise stated

"Nonprofit Corporation Law" means Division 2 (commencing with Section 5000) of the Corporations Code of the State

"Official Action" means collective action by the members of the Redevelopment Agency upon a proposal, motion, order, resolution or ordinance that is not void by reason of a failure to comply with legal requirements

"Owner" or "Registered Owner", or any similar term, when used with respect to the Installment Payment Obligation means the person or persons in whose name or names the ownership of such Installment Payment Obligation is registered

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a governmental unit and use as a member of the general public

"Project" means the undertaking of the Redevelopment Agency pursuant to the Redevelopment Plan and the Community Redevelopment Law to increase, improve or preserve the supply of low and moderate income housing of benefit to the Project Area by assisting in the acquisition of the Site and the financing of the Facility

"Project Area" means the project area described in the Redevelopment Plan

"Redevelopment Agency" means the San Carlos Redevelopment Agency, a public body corporate and politic organized and existing under the Community Redevelopment Law and its successors and assigns

"Redevelopment Agency Representative" means the Executive Director, or during such time as the position of Executive Director shall be vacant or the Executive Director shall be absent, any person designated by the Redevelopment Agency to act as the Executive Director, or any other person authorized by Redevelopment Agency Resolution to act as Redevelopment Agency Representative under or with respect to this Installment Agreement

"Redevelopment Plan" means the Final Redevelopment Plan for the San Carlos Redevelopment Project Area of the Redevelopment Agency, approved by Ordinance No 964, enacted by the City Council on July 7, 1986, together with any amendments thereof heretofore or hereafter duly authorized pursuant to the Community Redevelopment Law

"Resolution" means a form of Official Action that is sufficient to authorize the transaction that is its subject

"Secretary" means the secretary of the Redevelopment Agency or other duly appointed officer of the Redevelopment Agency authorized by Redevelopment Agency Resolution or by-law to perform the functions of the secretary in the event of the

absence or disqualification of the secretary or vacancy of office

"Seller" means Borel Bank & Trust Company, Trustee under the ARE Trust Agreement, dated October 20, 1994, including, without limitation, a person who has become Owner of the Installment Payment Obligation by an Assignment

"Seller Representative" or "Owner Representative" means, at the election of the Seller or the Owner as specified in a separate document, any person designated by the Seller or the Owner to act as the representative of the Seller or the Owner for the purposes of this Installment Agreement

"Site" means the land described by Schedule I attached hereto and by this reference incorporated herein and the improvements thereto now existing

"State" means the State of California

"Term of this Installment Agreement or "Term" means the time during which this Installment Agreement is in effect, as provided in Section 3 3

SECTION 1 2 SCHEDULES The following schedules are attached to, and by reference made a part of, the Installment Agreement

Schedule I	(a)	Form of grant deed by the Seller to the Redevelopment Agency
	(b)	Description of the land constituting the Site
Schedule II	(a)	Description of the Facility to be constructed on or with reference to the Site
	(b)	Description of Hazardous Materials Reports and Studies
Schedule III		The Schedule of Installment Payments to be paid by the Redevelopment Agency to the Seller, showing the date and amount of each Installment Payment

Schedule IV Form of Assignment, attached to which as Exhibit A is form of notice of any assignment and attached to which as Exhibit B is a form of Registration Record

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2 1 REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE REDEVELOPMENT AGENCY The Redevelopment Agency represents, covenants and warrants to the Seller as follows

(a) Due Organization and Existence The Redevelopment Agency is a redevelopment agency duly organized and existing under the laws of the State

(b) Authorization The laws of the State authorize the Redevelopment Agency to enter into this Installment Agreement and the transactions contemplated by and to carry out its obligations under this Installment Agreement, and the Redevelopment Agency has duly authorized the execution of, and has duly executed and delivered, this Installment Agreement

(c) No Violations Neither the execution and delivery of this Installment Agreement, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, violates or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Redevelopment Agency is now a party or by which the Redevelopment Agency is bound or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Redevelopment Agency except in accordance herewith

SECTION 2 2 REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE SELLER The Seller represents, covenants and warrants to the Redevelopment Agency as follows

(a) Due Organization and Existence, Authorization The Seller is appointed as trustee by that certain ARE Trust Agreement, dated October 20, 1994 executed by Gerald L Ernst, the Site will be conveyed to the Seller by Gerald L Ernst, in trust, and the Seller is authorized by the terms of the trust to own and hold real and personal property, to sell the same, and to enter into this Installment Agreement, and has duly executed and delivered the same

(b) No Encumbrances The Seller has not and will not pledge the Installment Payments or other amounts derived from its interest in the Site and from its other rights under this Installment Agreement, and has not and will not mortgage or encumber its interest in the Site or in this Installment Agreement, except as provided under the terms hereof

(c) No Violations Neither the execution and delivery of this Installment Agreement, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, by the Seller violates or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Seller is now a party or by which the Seller is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Seller except in accordance herewith

(d) No Assignments Except as provided herein the Seller will not assign this Installment Agreement, its right to receive Installment Payments from the Redevelopment Agency or its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2 2

ARTICLE III

SALE OF SITE, TERM OF THIS INSTALLMENT AGREEMENT, INSTALLMENT PAYMENTS

SECTION 3 1 SALE AND PURCHASE OF THE SITE The Seller hereby sells, bargains and conveys to the Redevelopment Agency, upon the terms and conditions set forth in this Installment Agreement, all right, title and interest of the Seller in the Site, and in connection therewith warrants title to and the right to sell, bargain and convey the same and that the same are free of all claims, liens and encumbrances excepting only those to which the Redevelopment Agency consents, and the Redevelopment Agency hereby purchases the same from the Seller upon such terms and conditions

SECTION 3 2 TITLE TO THE SITE The Seller confirms to the Redevelopment Agency that title to the Site shall be deemed conveyed to, vested in and held by the Redevelopment Agency pursuant to this Installment Agreement upon the delivery by the Seller to the Redevelopment Agency and the acceptance thereof by the Redevelopment Agency of a grant deed substantially in the form of Schedule I(a) conveying the Site which is described by Schedule I(b), the date of which delivery and acceptance shall be the Closing Date Such delivery and acceptance shall occur contemporaneously with the recordation of the grant deed and

acceptance in the office of the County Recorder of San Mateo County, California, by means of an escrow established by joint escrow instructions of the Seller and the Redevelopment Agency with First American Title Insurance Company, Redwood City, California The Seller will take all actions necessary to vest in the Redevelopment Agency all of the Seller's right, title and interest in the Site and the Redevelopment Agency will take all actions necessary to accept, hold and transfer the same in accordance herewith

SECTION 3 3 TERM OF THIS INSTALLMENT AGREEMENT The Term of this Installment Agreement shall commence as of the Closing Date and shall end on June 1, 2035, unless such Term is extended or sooner terminated as hereinafter provided If on June 1, 2035, the obligations of the Redevelopment Agency hereunder with respect to the making of Installment Payments shall not have ceased and terminated as provided hereby, then the Term of this Installment Sale Agreement shall be extended until such obligations shall have so ceased and terminated If prior to June 1, 2035, such obligations shall have so ceased and terminated, the Term of this Installment Agreement shall end when such obligations shall have so ceased and terminated

SECTION 3 4 INSTALLMENT PAYMENTS

(a) Obligation to Pay Subject to Article VII, the Redevelopment Agency will pay to the Seller, as the purchase price of the Site, the Installment Payments, consisting of components of principal and interest, on the Installment Payment Dates and in the amounts specified by Schedule III attached hereto

(b) Effect of Security Deposit In the event that the Redevelopment Agency makes the security deposit pursuant to Article VII, the Redevelopment Agency's obligations under this Installment Agreement shall thereupon cease and terminate, including but not limited to the Redevelopment Agency's obligation to pay Installment Payments under this Section 3 4, subject, however, to the provisions of Section 7 2

(c) Rate on Overdue Payments In the event the Redevelopment Agency should fail to make any of the Installment Payments required by this Section 3 4, the amount in Default shall continue as an obligation of the Redevelopment Agency until the amount in Default shall have been fully paid, and in the event the same is not paid for a period of ten (10) days after the Installment Payment Date, the Redevelopment Agency agrees to pay the same with interest thereon, to the extent permitted by law, from the date of Default to the date of payment at the rate of twelve percent (12%) per annum, said interest to be applied in accordance with Section 6 6

(d) Budget and Appropriation The Installment Payments shall be paid solely from any legally available funds of the Redevelopment Agency that may be used for such purpose The

Redevelopment Agency covenants to take such action as may be necessary to include and maintain all Installment Payments in each of its budgets during the Term of this Installment Agreement and to make the necessary Annual appropriations from such funds for all such Installment Payments During the Term of this Installment Agreement, the Redevelopment Agency will furnish to the Owner of the Installment Payment Obligation, on or before 120 days after the commencement of each Fiscal Year, a certificate of a Redevelopment Agency Representative that the final budget of the Redevelopment Agency for the Fiscal Year includes an appropriation of sufficient moneys to make all Installment Payments and the additional payments described by Section 3 7 hereof that are or will become due during such Fiscal Year The certificate will be mailed to such Owner as provided by Section 8 1

(e) Assignment In the event of the assignment by the Seller, pursuant to the Assignment, of Installment Payments and the receipt by the Redevelopment Agency of notice thereof as provided by Section 5 2, the Redevelopment Agency hereby agrees to pay to the assignee of the Seller, and such person's heirs, personal representatives, assignees or other successors, all payments payable by the Redevelopment Agency pursuant to this Section 3 4 and Section 3 7 and all amounts payable by the Redevelopment Agency pursuant to Article VII, as provided by the Assignment

SECTION 3 5 UNCONDITIONAL OBLIGATION OF THE REDEVELOPMENT AGENCY The obligations of the Redevelopment Agency to make the Installment Payments and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the Redevelopment Agency or of the Seller of any obligation to the Redevelopment Agency or otherwise with respect to the Project, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the Redevelopment Agency by the Seller Until such time as all of the Installment Payments shall have been fully paid, the Redevelopment Agency (i) will not suspend or discontinue any payments provided for in Section 3 4 or Section 3 7, (ii) will perform and observe all other agreements contained in the Installment Agreement and (iii) will not terminate the Term of this Installment Agreement for any cause, including, without limiting the generality of the foregoing, failure of any person to complete the Facility, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Site or Facility, the taking by eminent domain of title to or temporary use of any or all of the Site or Facility, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Seller to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Installment Agreement or

any other agreement Nothing contained in this Section 3 5 shall be construed to release the Seller from the performance of any of the agreements on its part herein contained, and in the event the Seller shall fail to perform any such agreements on its part, the Redevelopment Agency may institute such action against the Seller as the Redevelopment Agency may deem necessary to compel performance or recover damages so long as such action does not abrogate the obligations of the Redevelopment Agency contained in the first sentence of this Section The Redevelopment Agency may, however, at the Redevelopment Agency's own cost and expense and in the Redevelopment Agency's own name or in the name of the Seller prosecute or defend any action or proceeding or take any other action involving third persons which the Redevelopment Agency deems reasonably necessary in order to secure or protect the Redevelopment Agency's title and right of possession, occupancy and use of the Site hereunder, and in such event the Seller hereby agrees to cooperate fully with the Redevelopment Agency and to take such action as shall be necessary to effect the substitution of the Redevelopment Agency for the Seller in such action or proceeding if the Redevelopment Agency shall so request The covenants on the part of the Redevelopment Agency herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the Redevelopment Agency to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the Redevelopment Agency to carry out and perform the covenants and agreements of the Installment Agreement agreed to be carried out and performed by the Redevelopment Agency

SECTION 3 6 TAX COVENANTS

(a) The covenants, representations and warranties of the Redevelopment Agency set forth in the tax compliance agreement described in subsection (b) of this Section are incorporated herein by this reference as fully as though set forth in full herein

(b) Tax Compliance Agreement The Executive Director or the Finance Officer is authorized on behalf of the Redevelopment Agency to enter into a tax compliance agreement with the City, the Development Corporation, and First Trust of California, National Association, as trustee under a trust indenture dated as of October 1, 1994 with respect to an issue of bonds entitled "City of San Carlos Mortgage Revenue Bonds, Series 1994 (FHA Insured Mortgage Loan - San Carlos Elms Project)", which elucidates in greater detail certain Internal Revenue Code restrictions and includes certifications, representations and covenants with respect thereto, as in the determination of the Executive Director or the Finance Officer may be necessary to establish and maintain the exclusion of the interest under the Installment Agreement from federal income taxation, and any such covenant shall be observed and as binding on the Redevelopment Agency as though set forth in this Installment Agreement

SECTION 3 7 ADDITIONAL PAYMENTS In addition to the Installment Payments, the Redevelopment Agency will pay when due (i) all costs and expenses incurred by or otherwise due to the Seller or other Owner of the Installment Payment Obligation in connection with the execution, performance or enforcement of this Installment Agreement, (ii) all taxes, assessments and governmental charges of any nature whatsoever levied or imposed by the City or the Redevelopment Agency upon the sale of the Site or upon the Installment Payments and these additional payments, or (iii) any income taxes validly levied or imposed by the United States of America or any department or agency thereof against the Seller or other Owner of the Installment Payment Obligation by reason of the taking by the Redevelopment Agency, or the permitting by the Redevelopment Agency to be taken on its behalf, of any action which would affect adversely the exclusion from gross income for federal income tax purposes of the interest component of the Installment Payments received by the Seller or other Owner of the Installment Payment Obligation, under the law in existence on the Closing Date or thereafter and which action is expressly described in the tax compliance agreement described in Section 3 6(b) as such may be amended from time to time Such additional payments shall be billed to the Redevelopment Agency by the Seller or other Owner of the Installment Payment Obligation from time to time, and all amounts so billed shall be due and payable by the Redevelopment Agency within thirty (30) days after receipt of the bill by the Redevelopment Agency Each billing shall constitute a certificate (whether or not so-stated) that the amount so-billed has been paid or incurred or is then payable by the Seller or other Owner of the Installment Payment Obligation for one or more of the items above-mentioned

SECTION 3 8 PRESERVATION OF SECURITY The Redevelopment Agency will preserve and protect the security of the Installment Agreement and the rights of the Seller or other Owner of the Installment Payment Obligation, and will warrant and defend such rights against all claims and demands of all persons whomsoever

SECTION 3 9 FAITHFUL PERFORMANCE For the protection and security of the Installment Payments, the Redevelopment Agency will faithfully observe and perform all of the covenants as provided by this Article

ARTICLE IV

CONVEYANCE OF SITE AND OTHER MATTERS

SECTION 4 1 CONVEYANCE OF SITE The Redevelopment Agency by this Installment Agreement will incur the Installment Payment Obligation upon the conveyance by the Seller to the Redevelopment Agency of the Site as provided by Section 3 2

SECTION 4 2 CONDITION OF SITE In fulfillment of the purposes of Health and Safety Code Section 25359 7(a), the Seller hereby represents and warrants that it has no knowledge, and has

no reasonable cause to believe, that any release of hazardous substances has come to be located on or beneath the Site, except as disclosed in the documents described in the attached Schedule II(b), copies of which have been delivered to the Redevelopment Agency

The Seller and the Redevelopment Agency understand and agree that the Site shall be purchased "as is" by the Redevelopment Agency and that the Seller shall in no way be responsible for demolition, site preparation or any other removal or replacement of improvements thereon THE REDEVELOPMENT AGENCY AGREES TO ACCEPT CONVEYANCE OF THE SITE IN ITS PRESENT CONDITION, "AS IS" AND WITHOUT REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, FROM THE SELLER WITH RESPECT TO THE CONDITION OF THE SITE INCLUDING, BUT NOT LIMITED TO, THE CONDITION OF THE SOIL, PRESENCE OF HAZARDOUS MATERIALS OR CONTAMINANTS, AND ALL OTHER PHYSICAL CHARACTERISTICS The Redevelopment Agency has had the opportunity to perform and relies solely upon its own independent investigation or investigation by the Development Corporation, and not upon the Seller, concerning the physical condition of the Site or compliance of the Site with any statutes, ordinances, rules or regulations

If the conditions of the Site are not in all respects entirely suitable for the use or uses to which the Site will be put as described in this Installment Agreement, then it is the sole responsibility and obligation of the Redevelopment Agency, or the Development Corporation, to correct any soil conditions, correct any subsurface condition, correct any structural condition, demolish any improvements and otherwise put the Site in a condition suitable for construction of the Facility The Redevelopment Agency hereby waives any right to seek reimbursement or indemnification from the Seller of the Redevelopment Agency's costs related to correction of any physical conditions on the Site, including but not limited to the presence of hazardous materials

SECTION 4 3 RELEASE AND INDEMNIFICATION COVENANTS The Redevelopment Agency shall and hereby agrees to indemnify, defend and save the Seller or other Owner of the Installment Payment Obligation harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (i) the right of access and the entry by the Redevelopment Agency to the Site for performance of soils and geology tests, surveys, toxics tests and similar examinations whenever such right of access or entry shall have been exercised, and (ii) the processing of zoning, use permits and subdivision and development agreement applications for the Site, construction plans for the Facility and an application for mortgage insurance for the Site and Facility

SECTION 4 4 SELLER ACQUISITION If the Seller does not own the Site at the time of the execution of this Installment Agreement, the Seller shall, following execution of this Installment Agreement, proceed diligently to acquire the Site

from its current owner, provided, however, that the Seller shall have no obligation to exercise any option to purchase or to otherwise acquire the Site until, the United States Department of Housing and Urban Development has issued an irrevocable commitment to insure a mortgage loan to the Development Corporation that is funded from the proceeds of mortgage revenue bonds issued by the City, and the City has entered into an agreement with the original purchaser of the mortgage revenue bonds irrevocably committing such purchaser to purchase the mortgage revenue bonds

SECTION 4 5 RELOCATION As between the Seller and the Redevelopment Agency only, the Redevelopment Agency shall be solely responsible for providing any relocation benefits and/or assistance to occupants of the Site who are required to relocate in connection with the Redevelopment Agency's acquisition of the Site

SECTION 4 6 WARRANTIES The Seller expresses no warranty or representation to the Redevelopment Agency as to the fitness or condition of the Site for the building or construction to be conducted thereon

ARTICLE V

ASSIGNMENT, SALE AND AMENDMENT

SECTION 5 1 ASSIGNMENT OF THE SELLER'S INTERESTS The Seller's rights under this Installment Agreement including the right to receive and enforce payment of the Installment Payments to be made by the Redevelopment Agency under this Installment Agreement may be assigned, from time to time, to a single identified entity if such entity is approved by the Redevelopment Agency Such assignment shall be made by use of a form substantially similar to the form of Assignment, the provisions of which are hereby incorporated by reference, provided, however that such assignment include an assignment of Seller's interest in instruments securing or effectively guaranteeing payment or performance of the Installment Payment Obligation

SECTION 5 2 REGISTRATION AND ASSIGNMENT BY THE SELLER
(a) Installment Register The Finance Officer is hereby appointed by the Redevelopment Agency as the Installment Obligation Agent for the Installment Agreement The Redevelopment Agency may appoint any subsequent Finance Officer as successor Installment Obligation Agent, and shall be deemed to have done so unless another appointment shall be made The Installment Obligation Agent shall cause to be kept at its principal office a register, which shall be known as the "Installment Register", in which, subject to such reasonable regulations as it may prescribe, the Redevelopment Agency shall provide for registration of this Installment Agreement and of the Assignment of this Installment Agreement and the moneys payable and to become payable under this Installment Agreement, entitled

to be registered as herein provided The Installment Obligation Agent will, for the Redevelopment Agency, keep and maintain the Installment Register and register the interest in this Installment Agreement, and moneys payable and to become payable under this Installment Agreement, and Assignments thereof, as hereby provided

(b) Assignment No assignment shall be made by the Seller except for the assignment, as provided by Section 5 1, and the Redevelopment Agency shall treat the assignor shown by the Installment Register as the owner of any interest attempted to be otherwise assigned for all purposes of this Installment Agreement In the event of an assignment as provided by Section 5 1, an Assignment substantially in the form of Schedule IV shall be surrendered to the Installment Obligation Agent for registration in the Installment Register Entry shall be made by the Installment Obligation Agent of the assignee and the date of such registration, and the name of the assignee in the registration schedule attached as Exhibit B to the Assignment and on a duplicate such schedule retained by the Redevelopment Agency which constitutes the Installment Register, and upon compliance with the other terms of this Section, the Installment Obligation Agent shall deliver the Assignment surrendered, to the assignee

(c) Administration No service charge shall be made for registration or registration of an Assignment, but the Redevelopment Agency may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any Assignment

(d) Ownership of Interests Assigned The Redevelopment Agency shall treat the assignee shown by the Installment Register as the absolute owner of the interest assigned for all purposes, whether or not Installment Payments shall be in default, and the Redevelopment Agency shall not be affected by any notice to the contrary

SECTION 5 3 ASSIGNMENT, SALE AND DISPOSITION BY THE REDEVELOPMENT AGENCY (a) The Installment Agreement may not be assigned by the Redevelopment Agency during the Term of this Installment Agreement

(b) The Redevelopment Agency will sell, assign and dispose of the Site, subject to each of the following conditions

(i) The Installment Agreement and the obligation of the Redevelopment Agency to make Installment Payments hereunder shall remain obligations of the Redevelopment Agency

(ii) The Development Corporation shall be the purchaser from the Redevelopment Agency of the Site

SECTION 5 4 AMENDMENT OF AGREEMENTS Without the written consent of the Seller or other Owner of the Installment Payment

Obligation, the Redevelopment Agency will not alter, modify or cancel or agree or consent to the alteration, modification or cancellation of this Installment Agreement, excepting only as such alteration, modification or cancellation may be permitted by Article VIII hereof

ARTICLE VI
EVENTS OF DEFAULT AND REMEDIES

SECTION 6 1 EVENTS OF DEFAULT DEFINED The following shall be "Events of Default" under the Installment Agreement

(a) Failure by the Redevelopment Agency to pay any of the Installment Payments or other payment required to be paid hereunder at the time specified herein (a "Default"), and continuation of such Default for a period of ten (10) days after the due date,

(b) Failure by the Redevelopment Agency to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Installment Agreement, other than as referred to in clause (a) of this Section 6 1, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Redevelopment Agency by the Seller or other Owner of the Installment Payment Obligation, provided, however, that if in the reasonable opinion of the Redevelopment Agency the failure stated in the notice can be corrected, but not within the applicable period, the Seller or other Owner of the Installment Payment Obligation shall not unreasonably withhold consent to an extension of such time if corrective action is instituted by the Redevelopment Agency within the applicable period and diligently pursued until the Default is corrected or

(c) The filing by the Redevelopment Agency of a voluntary petition in bankruptcy, or failure by the Redevelopment Agency within 60 days to lift any execution, garnishment or attachment, or adjudication of the Redevelopment Agency as a bankrupt, or assignment by the Redevelopment Agency for the benefit of creditors, or the entry by the Redevelopment Agency into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Redevelopment Agency in any proceedings instituted under the provisions of the federal bankruptcy law, or under any similar acts which may hereafter be enacted

SECTION 6 2 REMEDIES ON DEFAULT Whenever any Event of Default referred to in Section 6 1 hereof shall have happened and be continuing, the Seller or other Owner of the Installment Payment Obligation shall have the right, at its option and without any further demand or notice, to

(a) declare all principal components of the unpaid Installment Payments, together with accrued interest at the rate or rates specified in this Installment Agreement from the last preceding Installment Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall become due and payable and

(b) take whatever action at law or in equity may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of this Installment Agreement, or enforce performance and observance of any obligation, agreement or covenant of the Redevelopment Agency under the Installment Agreement

SECTION 6 3 NO REMEDY EXCLUSIVE No remedy herein conferred upon or reserved to the Seller or other Owner of the Installment Payment Obligation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Installment Agreement or now or hereafter existing at law or in equity No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient In order to entitle the Seller or other Owner of the Installment Payment Obligation to exercise any remedy reserved in this Article VI it shall not be necessary to give any notice, other than such notice as may be required by this Article VI or by law

SECTION 6 4 PROSECUTION AND DEFENSE OF SUITS

The Redevelopment Agency shall defend, or cause to be defended, against every suit, action or proceeding at any time brought against the Seller or other Owner of the Installment Payment Obligation upon any claim arising out of the receipt, application or disbursement by the Redevelopment Agency of any proceeds or other moneys, or involving the rights of the Seller or other Owner of the Installment Payment Obligation under the Installment Agreement, provided, that the Seller or other Owner of the Installment Payment Obligation at its election may appear in and defend any such suit, action or proceeding The Redevelopment Agency shall indemnify or cause to be indemnified the Seller or other Owner of the Installment Payment Obligation against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement by the Redevelopment Agency Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect, even though all Installment Payments shall have been fully paid and satisfied, until a date which is three (3) years following the payment of the last of said Installment Payments

SECTION 6 5 NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER In the event any agreement contained in this Installment Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the

particular breach so waived and shall not be deemed to waive any other breach hereunder

SECTION 6 6 APPLICATION OF THE PROCEEDS All amounts received by the Seller by exercise of remedies under this Article VI and all other amounts derived as a result of an Event of Default hereunder shall be applied as follows

First, to the payment of the fees, costs and expenses of the Seller or other Owner of the Installment Payment Obligation in declaring such Event of Default, including reasonable compensation to its agents, attorneys and counsel, and

Second, to the payment of the whole amount then owing and unpaid for principal or other payment and interest, if any, and interest on the overdue principal or other payment and installments of interest of the Installment Payment Obligation at the rate of twelve percent (12%) per annum, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid, then to the payment of such principal and interest, without preference or priority, ratably to the aggregate of such moneys

ARTICLE VII

SECURITY OF INSTALLMENT PAYMENTS

SECTION 7 1 PREPAYMENT The Redevelopment Agency shall have no right to prepay the Installment Payments

SECTION 7 2 SECURITY DEPOSIT Notwithstanding any other provision of this Installment Agreement, the Redevelopment Agency may on any date secure the payment of Installment Payments by a deposit with an escrow holder under an escrow deposit and trust agreement of either (i) an amount which is sufficient to pay all unpaid Installment Payments, including the principal and interest components thereof, in accordance with the Installment Payment schedule set forth in Schedule "III" attached hereto, or (ii) non-callable Federal Securities, together with cash, if required (which, if invested, shall be invested solely in non-callable Federal Securities), in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon, be fully sufficient to pay all unpaid Installment Payments on the Installment Payment Dates As a condition precedent to the making of any such deposit, the Redevelopment Agency shall furnish the Owner of the Installment Payment Obligation with a written opinion of an attorney or firm of attorneys experienced in the issuance of obligations described by section 103 of the Internal Revenue Code or certified as a tax law specialist by an agency of the State, stating that such deposit does not affect the validity of this Installment Agreement or cause the interest components of the Installment

Payments to become includable in gross income for federal income tax purposes or subject to State personal income taxes, and is not deemed to result in an exchange of the Installment Agreement for a modified instrument that differs materially either in kind or extent for purposes of section 1001 of the Internal Revenue Code, or in the alternative, is not deemed to result in a change that would affect installment sale treatment of the Installment Payment Obligation for the purposes of section 453 of the Internal Revenue Code In the event of a deposit pursuant to this Section 7 2, all obligations of the Redevelopment Agency under the Installment Agreement shall cease and terminate, excepting only the obligation of the Redevelopment Agency to make, or cause to be made, all Installment Payments from the deposit made by the Redevelopment Agency pursuant to this Section 7 2 Said deposit shall be deemed to be and shall constitute a special fund for the payment of Installment Payments in accordance with the provisions of the Installment Agreement, and further provided that any security deposit shall not affect the covenant of the Redevelopment Agency contained in Section 3 5 hereof in the event such security deposit is insufficient to pay all Installment Payments when and as the same become due and payable Upon said deposit, the Owner of the Installment Payment Obligation will execute or cause to be executed any and all documents as may be necessary to release the security provided hereby to the extent of such deposit

ARTICLE VIII

MISCELLANEOUS

SECTION 8 1 NOTICES All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received forty-eight (48) hours after deposit in the United States mail in first class form with postage fully prepaid

If to the Redevelopment Agency	San Carlos Redevelopment Agency 666 Elm Street San Carlos, California 94070 Attention Executive Director
If to the Seller	Borel Bank & Trust Company, Trustee 160 Bovet Road San Mateo, California 94402 Attention Executive Vice President and Senior Trust Officer

The Seller and the Redevelopment Agency, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications shall be sent Upon Assignment by the Seller, the assignee as Owner of the Installment Payment Obligation shall be substituted for the Seller for all purposes of the interest of the Seller assigned

SECTION 8 2 BINDING EFFECT This Installment Agreement shall inure to the benefit of and shall be binding upon the Seller and the Redevelopment Agency

SECTION 8 3 SEPARABILITY OF INVALID PROVISIONS In case any one or more of the provisions contained in this Installment Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Installment Agreement, and this Installment Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein The parties hereto hereby declare that they would have entered into this Installment Agreement and each and every other Section, subdivision, paragraph, sentence, clause, phrase or term hereof irrespective of the fact that any one or more Sections, subdivisions, paragraphs, sentences, clauses, phrases or terms of this Installment Agreement may be held illegal, invalid or unenforceable

SECTION 8 4 AMENDMENTS, CHANGES AND MODIFICATIONS The Installment Agreement may be amended or any of its terms modified with the written consent of the Redevelopment Agency and the Seller or other Owner of the Installment Payment Obligation

SECTION 8 5 NET CONTRACT This Installment Agreement shall be deemed and construed to be a "net contract" and the Redevelopment Agency hereby agrees that the Installment Payments and all other payments hereunder shall be an absolute net return to the Seller or other Owner of the Installment Payment Obligation, free and clear of any expenses, charges or set-offs whatsoever of the Redevelopment Agency or the City

SECTION 8 6 GENERAL INDEMNIFICATION The Redevelopment Agency agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Seller) the Seller from all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of the Redevelopment Agency's performance or non-performance under this Installment Agreement or any other agreement executed pursuant thereto, or arising out of acts or omissions of the Development Corporation or any of the Development Corporation's contractors, subcontractors, or persons claiming under any of the aforesaid, except as directly caused by the Seller's negligence The provisions of this section shall survive expiration or termination of this Installment Agreement, and shall remain in full force and effect

SECTION 8 7 NO BROKERS Each party represents to the other that it has not had any contact or dealings regarding the Site, or any communication in connection with the subject matter of this transaction, through any real estate broker or other person who can claim a right to a commission or finder's fee If any broker or finder makes claim for a commission or finder's fee based upon a contact, dealings, or communications, the party through whom the broker or finder makes this claim shall

indemnify, defend with counsel of the indemnified party's choice, and hold the indemnified party harmless from all expense, loss, damage and claims, including the indemnified party's attorney's fees, if necessary, arising out of the broker's or finder's claim The provisions of this section shall survive termination of this Installment Agreement, and shall remain in full force and effect

SECTION 8 8 FURTHER ASSURANCES AND CORRECTIVE INSTRUMENTS The Seller and the Redevelopment Agency agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Site hereby sold or intended so to be or for otherwise carrying out the express intention of this Installment Agreement

SECTION 8 9 EXECUTION IN COUNTERPARTS This Installment Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument

SECTION 8 10 APPLICABLE LAW THIS INSTALLMENT AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE

SECTION 8 11 SELLER AND REDEVELOPMENT AGENCY REPRESENTATIVES Whenever under the provisions of this Installment Agreement the approval of the Seller or other Owner of the Installment Payment Obligation or the Redevelopment Agency is required, or the Seller or other Owner of the Installment Payment Obligation or the Redevelopment Agency is required to take some other action, such approval or such other action shall be given or taken for the Seller or other Owner of the Installment Payment Obligation by a Seller or Owner Representative and for the Redevelopment Agency by a Redevelopment Agency Representative, and each shall be authorized to rely upon any such approval or other action

SECTION 8 12 CAPTIONS The captions or headings in this Installment Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision, Article or Section of this Installment Agreement

SECTION 8 13 WAIVER OF PERSONAL LIABILITY No member of the Redevelopment Agency or officer or employee of the Redevelopment Agency shall be individually or personally liable for the payment of Installment Payments, but nothing herein shall relieve any member of the Redevelopment Agency or officer or employee of the City from the performance of any official duty provided by any applicable provisions of law or by the Installment Agreement

IN WITNESS WHEREOF, the Seller has caused this Installment Agreement to be executed in its name as trustee by a signing by its authorized officer, and the Redevelopment Agency has caused this Installment Agreement to be executed in its name by a signing by its Executive Director and the affixation of its official seal and attestation by the Secretary, as of the date first above written

BOREL BANK & TRUST COMPANY, as
Trustee under the ARE Trust
Agreement, dated October 20, 1994
as "Seller"

By _____
Ronald G Fick
Executive Vice President and
Senior Trust Officer

SAN CARLOS REDEVELOPMENT AGENCY
as "Purchaser"

By _____
Michael P Garvey
Executive Director

[SEAL]

ATTEST

_____
Margaret R Hanley
Secretary

SCHEDULE I(a)

[FORM OF GRANT DEED]

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO

Law Office
G A Laster
630 North San Mateo Drive
San Mateo, Ca 94401

Fee $

Space above for Recorders use only

Exempt from Documentary Transfer
Tax pursuant to Section 11922
California Revenue and Taxation Code
San Carlos Redevelopment Agency
By _____
Executive Director

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged, BOREL BANK & TRUST COMPANY, as Trustee, grants to SAN CARLOS REDEVELOPMENT AGENCY, a California public body, corporate and politic, all that real property situated in the City of San Carlos, San Mateo County, California, described as follows

[SITE DESCRIPTION]

Executed on _____ __, 1994, at San Carlos, California

BOREL BANK & TRUST COMPANY, Trustee

By _____

SC(2)Sched 1a

State of California
County of San Mateo

On _____, 1994, before me _____, personally appeared _____, [personally known to me or proved to me on the basis of satisfactory evidence] to be person[s] whose name[s] _____ [is or are] subscribed to the within instrument and acknowledged to me that _____ [he or she or they] executed the same in _____ [his or her or their] authorized _____ [capacity or capacities], and that by _____ [his or her or 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]

SC(2)Sched 1a

SCHEDULE I(b)

[Site Description]

The land referred to is situated in the State of California, County of San Mateo, City of San Carlos and is described as follows

Lots 23, 24, 25, 26, 27, 28 and 29 in Block 25, as shown on that certain map entitled "AMENDED MAP OF THE TOWN OF SAN CARLOS, SAN MATEO COUNTY CAL filed in the office of the County Recorder of San Mateo County, State of California on San Carlos in Book 8 of Maps at page(s) 25 and 26

A P No	050 152 280	JPN 050 015 152 28 A
	050 152 290	050 015 152 29 A
	050 152-010	050 015 152 01 A
	050 152 020	050 015 152 02 A
	050 152-030	050 015 152 03 A
	050 152-040	050 015 152 04 A

SC(2)Sched1b

SCHEDULE II

(a) DESCRIPTION OF THE FACILITY

An 85-unit residential care facility, inclusive of enclosed parking spaces, to be constructed on or with reference to and inclusive of the Site, a more particular description of which is contained in the documentation identifying the same as Federal Housing Administration Project No 121-43127-NP

(b) DESCRIPTION OF HAZARDOUS MATERIALS REPORTS AND STUDIES

Phase 1 Environmental Site Assessment, 703 Elm, 721/725 Elm, 729/731 Elm, 1315 Cherry, 1325 Cherry and 1341 Cherry Streets, San Carlos, California prepared by CERTIFIED/Earth Metrics and submitted under cover of letter of October 13, 1993

Asbestos Survey of 703, 721/725, 729/731 Elm Street and 1315, 1325, 1341 Cherry Street, San Carlos, California prepared by Certified Engineering & Testing Company, Inc , and submitted under cover of letter of July 19, 1994

Geotechnical Investigation, San Carlos Residential Care Facility, Southeast Corner of Elm and Cherry Streets, San Carlos, California, prepared by Baldwin-Wright, Inc , and submitted under cover of letter of September 30, 1993

SCHEDULE IV

[FORM OF ASSIGNMENT]

IRREVOCABLE ASSIGNMENT OF INSTALLMENT SALE AGREEMENT

THIS ASSIGNMENT (the "Assignment") dated as of _____ __, ____, by and between_____ as assignor (the "Assignor"), and _____, which together with its successors and assigns hereunder is assignee (the "Assignee"),

W I T N E S S E T H

WHEREAS, the Assignor is Registered Owner of the Installment Payment Obligation of the San Carlos Redevelopment Agency (the "Redevelopment Agency") under an Installment Sale Agreement (the "Installment Agreement"), dated as of October 1, 1994, between the Redevelopment Agency and Borel Bank & Trust Company, as Trustee, pursuant to which the Redevelopment Agency has purchased certain property in return for installment payments and other amounts to be paid by the Redevelopment Agency, and pursuant to which the Redevelopment Agency has been conveyed title to the property,

NOW, THEREFORE, THE PARTIES hereto agree as follows

1 Assignment The Assignor hereby irrevocably assigns to the Assignee and the Assignee hereby accepts from the Assignor the whole of the Assignor's right, title and interest in

(a) The Installment Agreement, and

(b) All moneys payable or to become payable by the Redevelopment Agency, (i) commencing with the Installment Payment Date immediately following the date as of which this Assignment is dated, unless this Assignment is dated as of an Installment Payment Date in which case commencing with such Installment Payment Date, on the condition that notice of assignment, in the form attached hereto as Exhibit "A", is given by the Assignor to the Redevelopment Agency and is received by the Redevelopment Agency no later than the close of the business office of the Redevelopment Agency on the business day immediately preceding such Installment Payment Date, and (ii) ending with (but inclusive of the payment that becomes due on) the following Installment Payment Date

_____

2 Registration of Assignment The Assignor shall give notice of assignment to the Redevelopment Agency in the form attached hereto as Exhibit "A" and shall cause this Assignment to

be registered in the Installment Register maintained by the Installment Obligation Agent and the completion of the registration schedule attached to this Assignment as Exhibit "B" with the name of the Assignee, and the date of registration of this Assignment in the Installment Register Under the Installment Agreement, the Installment Obligation Agent shall complete the registration schedule and cause the Assignment to be delivered to the Assignee

3 Definitions The terms used in this Assignment shall have the same meanings as the same terms used in the Installment Agreement

"Assignor"

_____

By_____
Registered Owner

"Assignee"

_____

SC(2)Sched IV

EXHIBIT A TO SCHEDULE IV

NOTICE OF ASSIGNMENT OF INSTALLMENT SALE AGREEMENT

San Carlos Redevelopment Agency
666 Elm Street
San Carlos, Ca 94070
Attention Installment Obligation Agent

Ladies and Gentlemen

Pursuant to the Installment Sale Agreement dated as of October 1, 1994, between Borel Bank & Trust Company, as Trustee, and San Carlos Redevelopment Agency (the "Redevelopment Agency"), you are hereby notified that the undersigned as Registered Owner of the Installment Payment Obligation has irrevocably assigned to _____, pursuant to the Irrevocable Assignment of Installment Sale Agreement, dated as of _____ __, ____ by and between the undersigned, as Assignor, and _____, as Assignee (the "Assignment"), a copy of which is attached to this notice of assignment, the Assignor's interest as stated in the Assignment

The address and tax identification number of the Assignee is as follows

Address _____
_____
_____

Tax identification number _____

You are hereby directed to make all Installment Payments and other related amounts assigned to the Assignee at such address

Very truly yours,

"Assignor"

_____

By_____
Registered Owner

SC(2)Sched IV

EXHIBIT B TO SCHEDULE IV

REGISTRATION SCHEDULE FOR INSTALLMENT SALE AGREEMENT

Pursuant to the Irrevocable Assignment of Installment Sale Agreement, dated as of _____ _, _____, by and between _____, as assignor (the "Assignor") and _____, as assignee (the "Assignee"), the Assignee has acquired certain of the Assignor's interest in the matters described in the Installment Sale Agreement dated as of October 1, 1994 by and between Borel Bank & Trust Company, as Trustee, and the San Carlos Redevelopment Agency

Attached to the Installment Sale Agreement is a Schedule of Installment Payments which states the amount of each succeeding monthly payment of the principal component and of the interest component of the interest of the Assignee in Installment Payments The Assignment provides that the moneys payable or to become payable by the Redevelopment Agency commencing with the following Installment Payment Date _____, and ending with the following Installment Payment Date _____, are assigned to the Assignee Following is the address of the Assignee as shown by the Installment Register maintained by the Installment Obligation Agent

_____
_____
_____

The tax identification number of the Assignee as shown by the Installment Register is _____

Dated _____ __, ____

SAN CARLOS REDEVELOPMENT AGENCY

By_____
Installment Obligation Agent

SC(2)Sched IV

SCHEDULE III

INSTALLMENT OBLIGATION PAYMENTS

Payment Date	Interest	Principal	Payment
10/25/94	$0 00	$0 00	$0 00
12/01/94	10 000 00	0 00	10 000 00
01/01/95	10 000 00	0 00	10 000 00
02/01/95	10 000 00	0 00	10 000 00
03/01/95	10 000 00	0 00	10 000 00
04/01/95	10 000 00	0 00	10 000 00
05/01/95	10 000 00	0 00	10 000 00
06/01/95	10 000 00	0 00	10 000 00
07/01/95	10 000 00	0 00	10 000 00
08/01/95	10 000 00	0 00	10 000 00
09/01/95	10 000 00	0 00	10 000 00
10/01/95	10 000 00	0 00	10 000 00
11/01/95	10 000 00	0 00	10 000 00
12/01/95	16 666 67	0 00	16 666 67
01/01/96	16 666 67	0 00	16 666 67
02/01/96	16 666 67	0 00	16 666 67
03/01/96	16 666 67	0 00	16 666 67
04/01/96	16 666 67	0 00	16 666 67
05/01/96	16 666 67	0 00	16 666 67
06/01/96	16 666 67	0 00	16 666 67
07/01/96	16 666 67	0 00	16 666 67
08/01/96	16 666 67	0 00	16 666 67
09/01/96	16 666 67	0 00	16 666 67
10/01/96	16 666 67	0 00	16 666 67
11/01/96	16 666 67	0 00	16 666 67
12/01/96	25 450 00	0 00	25 450 00
01/01/97	25 450 00	0 00	25 450 00
02/01/97	25 450 00	0 00	25 450 00
03/01/97	25 450 00	0 00	25 450 00
04/01/97	25 450 00	0 00	25 450 00
05/01/97	25 450 00	0 00	25 450 00
06/01/97	25 450 00	0 00	25 450 00
07/01/97	25 450 00	0 00	25 450 00
08/01/97	25 450 00	0 00	25 450 00
09/01/97	25 450 00	0 00	25 450 00
10/01/97	25 450 00	0 00	25 450 00
11/01/97	25 450 00	0 00	25 450 00
12/01/97	25 450 00	0 00	25 450 00
01/01/98	25 450 00	0 00	25 450 00
02/01/98	25 450 00	0 00	25 450 00
03/01/98	25 450 00	0 00	25 450 00
04/01/98	25 450 00	0 00	25 450 00
05/01/98	25 450 00	0 00	25 450 00
06/01/98	25 450 00	0 00	25 450 00
07/01/98	25 450 00	0 00	25 450 00
08/01/98	25 450 00	0 00	25 450 00
09/01/98	25 450 00	0 00	25 450 00
10/01/98	25 450 00	0 00	25 450 00
11/01/98	25 450 00	0 00	25 450 00
12/01/98	25 450 00	0 00	25 450 00
01/01/99	25 450 00	0 00	25 450 00
02/01/99	25 450 00	0 00	25 450 00
03/01/99	25 450 00	0 00	25 450 00
04/01/99	25 450 00	0 00	25 450 00
05/01/99	25 450 00	0 00	25 450 00
06/01/99	25 450 00	0 00	25 450 00

INSTALLMENT OBLIGATION PAYMENTS

Payment Date	Interest	Principal	Payment
07/01/99	25 450 00	0 00	25 450 00
08/01/99	25 450 00	0 00	25 450 00
09/01/99	25 450 00	0 00	25 450 00
10/01/99	25 450 00	0 00	25 450 00
11/01/99	25 450 00	0 00	25 450 00
12/01/99	25 450 00	0 00	25 450 00
01/01/00	25 450 00	0 00	25 450 00
02/01/00	25 450 00	0 00	25 450 00
03/01/00	25 450 00	0 00	25 450 00
04/01/00	25 450 00	0 00	25 450 00
05/01/00	25 450 00	0 00	25 450 00
06/01/00	25 450 00	0 00	25 450 00
07/01/00	25 450 00	0 00	25 450 00
08/01/00	25 450 00	0 00	25 450 00
09/01/00	25 450 00	0 00	25 450 00
10/01/00	25 450 00	0 00	25 450 00
11/01/00	25 450 00	0 00	25 450 00
12/01/00	25 450 00	0 00	25 450 00
01/01/01	25 450 00	0 00	25 450 00
02/01/01	25 450 00	0 00	25 450 00
03/01/01	25 450 00	0 00	25 450 00
04/01/01	25 450 00	0 00	25 450 00
05/01/01	25 450 00	0 00	25 450 00
06/01/01	25 450 00	0 00	25 450 00
07/01/01	25 450 00	0 00	25 450 00
08/01/01	25 450 00	0 00	25 450 00
09/01/01	25 450 00	0 00	25 450 00
10/01/01	25 450 00	0 00	25 450 00
11/01/01	25 450 00	0 00	25 450 00
12/01/01	25 450 00	0 00	25 450 00
01/01/02	25 450 00	0 00	25 450 00
02/01/02	25 450 00	0 00	25 450 00
03/01/02	25 450 00	0 00	25 450 00
04/01/02	25 450 00	0 00	25 450 00
05/01/02	25 450 00	0 00	25 450 00
06/01/02	25 450 00	0 00	25 450 00
07/01/02	25 450 00	0 00	25 450 00
08/01/02	25 450 00	0 00	25 450 00
09/01/02	25 450 00	0 00	25 450 00
10/01/02	25 450 00	0 00	25 450 00
11/01/02	25 450 00	0 00	25 450 00
12/01/02	25 450 00	0 00	25 450 00
01/01/03	25 450 00	0 00	25 450 00
02/01/03	25 450 00	0 00	25 450 00
03/01/03	25 450 00	0 00	25 450 00
04/01/03	25 450 00	0 00	25 450 00
05/01/03	25 450 00	0 00	25 450 00
06/01/03	25 450 00	0 00	25 450 00
07/01/03	25 450 00	0 00	25 450 00
08/01/03	25 450 00	0 00	25 450 00
09/01/03	25 450 00	0 00	25 450 00
10/01/03	25 450 00	0 00	25 450 00
11/01/03	25 450 00	0 00	25 450 00
12/01/03	25 450 00	0 00	25 450 00
01/01/04	25 450 00	0 00	25 450 00
02/01/04	25 450 00	0 00	25 450 00

INSTALLMENT OBLIGATION PAYMENTS

Payment Date	Interest	Principal	Payment
03/01/04	25 450 00	0 00	25 450 00
04/01/04	25 450 00	0 00	25 450 00
05/01/04	25 450 00	0 00	25 450 00
06/01/04	25 450 00	0 00	25 450 00
07/01/04	25 450 00	0 00	25 450 00
08/01/04	25 450 00	0 00	25 450 00
09/01/04	25 450 00	0 00	25 450 00
10/01/04	25 450 00	0 00	25 450 00
11/01/04	25 450 00	0 00	25 450 00
12/01/04	25 450 00	0 00	25 450 00
01/01/05	25 450 00	0 00	25 450 00
02/01/05	25 450 00	0 00	25 450 00
03/01/05	25 450 00	0 00	25 450 00
04/01/05	25 450 00	0 00	25 450 00
05/01/05	25 450 00	0 00	25 450 00
06/01/05	25 450 00	0 00	25 450 00
07/01/05	25 450 00	0 00	25 450 00
08/01/05	25 450 00	0 00	25 450 00
09/01/05	25 450 00	0 00	25 450 00
10/01/05	25 450 00	0 00	25 450 00
11/01/05	25 450 00	0 00	25 450 00
12/01/05	25 450 00	0 00	25 450 00
01/01/06	25 450 00	0 00	25 450 00
02/01/06	25 450 00	0 00	25 450 00
03/01/06	25 450 00	0 00	25 450 00
04/01/06	25 450 00	0 00	25 450 00
05/01/06	25 450 00	0 00	25 450 00
06/01/06	25 450 00	0 00	25 450 00
07/01/06	25 450 00	0 00	25 450 00
08/01/06	25 450 00	0 00	25 450 00
09/01/06	25 450 00	0 00	25 450 00
10/01/06	25 450 00	0 00	25 450 00
11/01/06	25 450 00	0 00	25 450 00
12/01/06	25 450 00	0 00	25 450 00
01/01/07	25 450 00	0 00	25 450 00
02/01/07	25 450 00	0 00	25 450 00
03/01/07	25 450 00	0 00	25 450 00
04/01/07	25 450 00	0 00	25 450 00
05/01/07	25 450 00	0 00	25 450 00
06/01/07	25 450 00	0 00	25 450 00
07/01/07	25 450 00	0 00	25 450 00
08/01/07	25 450 00	0 00	25 450 00
09/01/07	25 450 00	0 00	25 450 00
10/01/07	25 450 00	0 00	25 450 00
11/01/07	25 450 00	0 00	25 450 00
12/01/07	25 450 00	0 00	25 450 00
01/01/08	25 450 00	0 00	25 450 00
02/01/08	25 450 00	0 00	25 450 00
03/01/08	25 450 00	0 00	25 450 00
04/01/08	25 450 00	0 00	25 450 00
05/01/08	25 450 00	0 00	25 450 00
06/01/08	25 450 00	0 00	25 450 00
07/01/08	25 450 00	0 00	25 450 00
08/01/08	25 450 00	0 00	25 450 00
09/01/08	25 450 00	0 00	25 450 00
10/01/08	25 450 00	0 00	25 450 00

INSTALLMENT OBLIGATION PAYMENTS

Payment Date	Interest	Principal	Payment
11/01/08	25 450 00	0 00	25 450 00
12/01/08	25 450 00	0 00	25 450 00
01/01/09	25 450 00	0 00	25 450 00
02/01/09	25 450 00	0 00	25 450 00
03/01/09	25 450 00	0 00	25 450 00
04/01/09	25 450 00	0 00	25 450 00
05/01/09	25 450 00	0 00	25 450 00
06/01/09	25 450 00	0 00	25 450 00
07/01/09	25 450 00	0 00	25 450 00
08/01/09	25 450 00	0 00	25 450 00
09/01/09	25 450 00	0 00	25 450 00
10/01/09	25 450 00	0 00	25 450 00
11/01/09	25 450 00	0 00	25 450 00
12/01/09	25 450 00	0 00	25 450 00
01/01/10	25 450 00	0 00	25 450 00
02/01/10	25 450 00	0 00	25 450 00
03/01/10	25 450 00	0 00	25 450 00
04/01/10	25 450 00	0 00	25 450 00
05/01/10	25 450 00	0 00	25 450 00
06/01/10	25 450 00	0 00	25 450 00
07/01/10	25 450 00	0 00	25 450 00
08/01/10	25 450 00	0 00	25 450 00
09/01/10	25 450 00	0 00	25 450 00
10/01/10	25 450 00	0 00	25 450 00
11/01/10	25 450 00	0 00	25 450 00
12/01/10	25 450 00	0 00	25 450 00
01/01/11	25 450 00	0 00	25 450 00
02/01/11	25 450 00	0 00	25 450 00
03/01/11	25 450 00	0 00	25 450 00
04/01/11	25 450 00	0 00	25 450 00
05/01/11	25 450 00	0 00	25 450 00
06/01/11	25 450 00	0 00	25 450 00
07/01/11	25 450 00	0 00	25 450 00
08/01/11	25 450 00	0 00	25 450 00
09/01/11	25 450 00	0 00	25 450 00
10/01/11	25 450 00	0 00	25 450 00
11/01/11	25 450 00	0 00	25 450 00
12/01/11	25 450 00	0 00	25 450 00
01/01/12	25 450 00	0 00	25 450 00
02/01/12	25 450 00	0 00	25 450 00
03/01/12	25 450 00	0 00	25 450 00
04/01/12	25 450 00	0 00	25 450 00
05/01/12	23 816 66	1 633 34	25 450 00
06/01/12	22 736 73	2 713 27	25 450 00
07/01/12	22 714 68	2 735 32	25 450 00
08/01/12	22 692 46	2 757 54	25 450 00
09/01/12	22 670 05	2 779 95	25 450 00
10/01/12	22 647 47	2 802 53	25 450 00
11/01/12	22 624 70	2 825 30	25 450 00
12/01/12	22 601 74	2 848 26	25 450 00
01/01/13	22 578 60	2 871 40	25 450 00
02/01/13	22 555 27	2 894 73	25 450 00
03/01/13	22 531 75	2 918 25	25 450 00
04/01/13	22 508 04	2 941 96	25 450 00
05/01/13	22 484 13	2 965 87	25 450 00
06/01/13	22 460 04	2 989 96	25 450 00

INSTALLMENT OBLIGATION PAYMENTS

Payment Date	Interest	Principal	Payment
07/01/13	22 435 74	3 014 26	25 450 00
08/01/13	22 411 25	3 038 75	25 450 00
09/01/13	22 386 56	3 063 44	25 450 00
10/01/13	22 361 67	3 088 33	25 450 00
11/01/13	22 336 58	3 113 42	25 450 00
12/01/13	22 311 28	3 138 72	25 450 00
01/01/14	22 285 78	3 164 22	25 450 00
02/01/14	22 260 07	3 189 93	25 450 00
03/01/14	22 234 15	3 215 85	25 450 00
04/01/14	22 208 03	3 241 97	25 450 00
05/01/14	22 181 68	3 268 32	25 450 00
06/01/14	22 155 13	3 294 87	25 450 00
07/01/14	22 128 36	3 321 64	25 450 00
08/01/14	22 101 37	3 348 63	25 450 00
09/01/14	22 074 16	3 375 84	25 450 00
10/01/14	22 046 73	3 403 27	25 450 00
11/01/14	22 019 08	3 430 92	25 450 00
12/01/14	21 991 21	3 458 79	25 450 00
01/01/15	21 963 10	3 486 90	25 450 00
02/01/15	21 934 77	3 515 23	25 450 00
03/01/15	21 906 21	3 543 79	25 450 00
04/01/15	21 877 42	3 572 58	25 450 00
05/01/15	21 848 39	3 601 61	25 450 00
06/01/15	21 819 13	3 630 87	25 450 00
07/01/15	21 789 63	3 660 37	25 450 00
08/01/15	21 759 89	3 690 11	25 450 00
09/01/15	21 729 90	3 720 10	25 450 00
10/01/15	21 699 68	3 750 32	25 450 00
11/01/15	21 669 21	3 780 79	25 450 00
12/01/15	21 638 49	3 811 51	25 450 00
01/01/16	21 607 52	3 842 48	25 450 00
02/01/16	21 576 30	3 873 70	25 450 00
03/01/16	21 544 83	3 905 17	25 450 00
04/01/16	21 513 10	3 936 90	25 450 00
05/01/16	21 481 11	3 968 89	25 450 00
06/01/16	21 448 86	4 001 14	25 450 00
07/01/16	21 416 35	4 033 65	25 450 00
08/01/16	21 383 58	4 066 42	25 450 00
09/01/16	21 350 54	4 099 46	25 450 00
10/01/16	21 317 23	4 132 77	25 450 00
11/01/16	21 283 65	4 166 35	25 450 00
12/01/16	21 249 80	4 200 20	25 450 00
01/01/17	21 215 67	4 234 33	25 450 00
02/01/17	21 181 27	4 268 73	25 450 00
03/01/17	21 146 59	4 303 41	25 450 00
04/01/17	21 111 62	4 338 38	25 450 00
05/01/17	21 076 37	4 373 63	25 450 00
06/01/17	21 040 84	4 409 16	25 450 00
07/01/17	21 005 01	4 444 99	25 450 00
08/01/17	20 968 90	4 481 10	25 450 00
09/01/17	20 932 49	4 517 51	25 450 00
10/01/17	20 895 78	4 554 22	25 450 00
11/01/17	20 858 78	4 591 22	25 450 00
12/01/17	20 821 48	4 628 52	25 450 00
01/01/18	20 783 87	4 666 13	25 450 00
02/01/18	20 745 96	4 704 04	25 450 00

INSTALLMENT OBLIGATION PAYMENTS

Payment Date	Interest	Principal	Payment
03/01/18	20 707 74	4 742 26	25 450 00
04/01/18	20 669 21	4 780 79	25 450 00
05/01/18	20 630 36	4 819 64	25 450 00
06/01/18	20 591 20	4 858 80	25 450 00
07/01/18	20 551 72	4 898 28	25 450 00
09/01/18	20 511 93	4 938 07	25 450 00
09/01/18	20 471 80	4 978 20	25 450 00
10/01/18	20 431 36	5 018 64	25 450 00
11/01/18	20 390 58	5 059 42	25 450 00
12/01/18	20 349 47	5 100 53	25 450 00
01/01/19	20 308 03	5 141 97	25 450 00
02/01/19	20 266 25	5 183 75	25 450 00
03/01/19	20 224 13	5 225 87	25 450 00
04/01/19	20 181 67	5 268 33	25 450 00
05/01/19	20 138 87	5 311 13	25 450 00
06/01/19	20 095 72	5 354 28	25 450 00
07/01/19	20 052 21	5 397 79	25 450 00
08/01/19	20 008 35	5 441 65	25 450 00
09/01/19	19 964 14	5 485 86	25 450 00
10/01/19	19 919 57	5 530 43	25 450 00
11/01/19	19 874 63	5 575 37	25 450 00
12/01/19	19 829 33	5 620 67	25 450 00
01/01/20	19 783 67	5 666 33	25 450 00
02/01/20	19 737 63	5 712 37	25 450 00
03/01/20	19 691 21	5 758 79	25 450 00
04/01/20	19 644 42	5 805 58	25 450 00
05/01/20	19 597 25	5 852 75	25 450 00
06/01/20	19 549 70	5 900 30	25 450 00
07/01/20	19 501 76	5 948 24	25 450 00
08/01/20	19 453 43	5 996 57	25 450 00
09/01/20	19 404 71	6 045 29	25 450 00
10/01/20	19 355 59	6 094 41	25 450 00
11/01/20	19 306 07	6 143 93	25 450 00
12/01/20	19 256 15	6 193 85	25 450 00
01/01/21	19 205 83	6 244 17	25 450 00
02/01/21	19 155 10	6 294 90	25 450 00
03/01/21	19 103 95	6 346 05	25 450 00
04/01/21	19 052 39	6 397 61	25 450 00
05/01/21	19 000 41	6 449 59	25 450 00
06/01/21	18 948 00	6 502 00	25 450 00
07/01/21	18 895 18	6 554 82	25 450 00
08/01/21	18 841 92	6 608 08	25 450 00
09/01/21	18 788 23	6 661 77	25 450 00
10/01/21	18 734 10	6 715 90	25 450 00
11/01/21	18 679 53	6 770 47	25 450 00
12/01/21	18 624 52	6 825 48	25 450 00
01/01/22	18 569 07	6 880 93	25 450 00
02/01/22	18 513 16	6 936 84	25 450 00
03/01/22	18 456 80	6 993 20	25 450 00
04/01/22	18 399 98	7 050 02	25 450 00
05/01/22	18 342 70	7 107 30	25 450 00
06/01/22	18 284 95	7 165 05	25 450 00
07/01/22	18 226 73	7 223 27	25 450 00
08/01/22	18 168 04	7 281 96	25 450 00
09/01/22	18 108 88	7 341 12	25 450 00
10/01/22	18 049 23	7 400 77	25 450 00

$25,450 x 12 months = $305,400

INSTALI MENT OBLIGATION PAYMENTS

Payment Date	Interest	Principal	Payment
11/01/22	17 989 10	7 460 90	25 450 00
12/01/22	17 978 48	7 521 52	25 450 00
01/01/23	17 867 37	7 583 63	25 450 00
02/01/23	17 805 76	7 644 24	25 450 00
03/01/23	17 743 65	7 706 35	25 450 00
04/01/23	17 681 04	7 768 96	25 450 00
05/01/23	17 617 91	7 832 09	25 450 00
06/01/23	17 554 28	7 895 72	25 450 00
07/01/23	17 490 12	7 959 88	25 450 00
08/01/23	17 425 45	8 024 55	25 450 00
09/01/23	17 360 25	8 089 75	25 450 00
10/01/23	17 294 52	8 155 48	25 450 00
11/01/23	17 228 26	8 221 74	25 450 00
12/01/23	17 161 46	8 288 54	25 450 00
01/01/24	17 094 11	8 355 89	25 450 00
02/01/24	17 026 22	8 423 78	25 450 00
03/01/24	16 957 78	8 492 22	25 450 00
04/01/24	16 888 78	8 561 22	25 450 00
05/01/24	16 819 22	8 630 78	25 450 00
06/01/24	16 749 09	8 700 91	25 450 00
07/01/24	16 678 40	8 771 60	25 450 00
08/01/24	16 607 13	8 842 87	25 450 00
09/01/24	16 535 28	8 914 72	25 450 00
10/01/24	16 462 85	8 987 15	25 450 00
11/01/24	16 389 83	9 060 17	25 450 00
12/01/24	16 316 21	9 133 79	25 450 00
01/01/25	16 242 00	9 208 00	25 450 00
02/01/25	16 167 19	9 282 81	25 450 00
03/01/25	16 091 76	9 358 24	25 450 00
04/01/25	16 015 73	9 434 27	25 450 00
05/01/25	15 939 07	9 510 93	25 450 00
06/01/25	15 861 80	9 588 20	25 450 00
07/01/25	15 783 89	9 666 11	25 450 00
08/01/25	15 705 36	9 744 64	25 450 00
09/01/25	15 626 18	9 823 82	25 450 00
10/01/25	15 546 36	9 903 64	25 450 00
11/01/25	15 465 90	9 984 10	25 450 00
12/01/25	15 384 78	10 065 22	25 450 00
01/01/26	15 303 00	10 147 00	25 450 00
02/01/26	15 220 55	10 229 45	25 450 00
03/01/26	15 137 44	10 312 56	25 450 00
04/01/26	15 053 65	10 396 35	25 450 00
05/01/26	14 969 18	10 480 82	25 450 00
06/01/26	14 884 02	10 565 98	25 450 00
07/01/26	14 798 17	10 651 83	25 450 00
08/01/26	14 711 63	10 738 37	25 450 00
09/01/26	14 624 38	10 825 62	25 450 00
10/01/26	14 536 42	10 913 58	25 450 00
11/01/26	14 447 75	11 002 25	25 450 00
12/01/26	14 358 35	11 091 65	25 450 00
01/01/27	14 268 23	11 181 77	25 450 00
02/01/27	14 177 38	11 272 62	25 450 00
03/01/27	14 085 79	11 364 21	25 450 00
04/01/27	13 993 46	11 456 54	25 450 00
05/01/27	13 900 37	11 549 63	25 450 00
06/01/27	13 806 53	11 643 47	25 450 00

INSTALLMENT OBLIGATION PAYMENTS

Payment Date	Interest	Principal	Payment
07/01/27	13 711 93	11 738 07	25 450 00
08/01/27	13 616 56	11 833 44	25 450 00
09/01/27	13 520 41	11 929 59	25 450 00
10/01/27	13 423 48	12 026 52	25 450 00
11/01/27	13 325 77	12 124 23	25 450 00
12/01/27	13 227 26	12 222 74	25 450 00
01/01/28	13 127 95	12 322 05	25 450 00
02/01/28	13 027 83	12 422 17	25 450 00
03/01/28	12 926 90	12 523 10	25 450 00
04/01/28	12 825 15	12 624 85	25 450 00
05/01/28	12 722 57	12 727 43	25 450 00
06/01/28	12 619 16	12 830 84	25 450 00
07/01/28	12 514 91	12 935 09	25 450 00
08/01/28	12 409 81	13 040 19	25 450 00
09/01/28	12 303 86	13 146 14	25 450 00
10/01/28	12 197 05	13 252 95	25 450 00
11/01/28	12 089 37	13 360 63	25 450 00
12/01/28	11 980 82	13 469 18	25 450 00
01/01/29	11 871 38	13 578 62	25 450 00
02/01/29	11 761 05	13 688 95	25 450 00
03/01/29	11 649 83	13 800 17	25 450 00
04/01/29	11 537 70	13 912 30	25 450 00
05/01/29	11 424 67	14 025 33	25 450 00
06/01/29	11 310 71	14 139 29	25 450 00
07/01/29	11 195 83	14 254 17	25 450 00
08/01/29	11 080 01	14 369 99	25 450 00
09/01/29	10 963 26	14 486 74	25 450 00
10/01/29	10 845 55	14 604 45	25 450 00
11/01/29	10 726 89	14 723 11	25 450 00
12/01/29	10 607 27	14 842 73	25 450 00
01/01/30	10 486 67	14 963 33	25 450 00
02/01/30	10 365 09	15 084 91	25 450 00
03/01/30	10 242 53	15 207 47	25 450 00
04/01/30	10 118 97	15 331 03	25 450 00
05/01/30	9 994 40	15 455 60	25 450 00
06/01/30	9 868 82	15 581 18	25 450 00
07/01/30	9 742 23	15 707 77	25 450 00
08/01/30	9 614 60	15 835 40	25 450 00
09/01/30	9 485 94	15 964 06	25 450 00
10/01/30	9 356 23	16 093 77	25 450 00
11/01/30	9 225 47	16 224 53	25 450 00
12/01/30	9 093 64	16 356 36	25 450 00
01/01/31	8 960 75	16 489 25	25 450 00
02/01/31	8 826 77	16 623 23	25 450 00
03/01/31	8 691 71	16 758 29	25 450 00
04/01/31	8 555 55	16 894 45	25 450 00
05/01/31	8 418 28	17 031 72	25 450 00
06/01/31	8 279 90	17 170 10	25 450 00
07/01/31	8 140 39	17 309 61	25 450 00
08/01/31	7 999 75	17 450 25	25 450 00
09/01/31	7 857 97	17 592 03	25 450 00
10/01/31	7 715 03	17 734 97	25 450 00
11/01/31	7 570 94	17 879 06	25 450 00
12/01/31	7 425 67	18 024 33	25 450 00
01/01/32	7 279 22	18 170 78	25 450 00
02/01/32	7 131 58	18 318 42	25 450 00

INSTALLMENT OBLIGATION PAYMENTS

Payment Date	Interest	Principal	Payment
03/01/32	6 982 75	18 467 25	25 450 00
04/01/32	6 832 70	18 617 30	25 450 00
05/01/32	6 681 43	18 768 57	25 450 00
06/01/32	6 528 94	18 921 06	25 450 00
07/01/32	6 375 21	19 074 79	25 450 00
08/01/32	6 220 22	19 229 78	25 450 00
09/01/32	6 063 98	19 386 02	25 450 00
10/01/32	5 906 47	19 543 53	25 450 00
11/01/32	5 747 68	19 702 32	25 450 00
12/01/32	5 587 60	19 862 40	25 450 00
01/01/33	5 426 22	20 023 78	25 450 00
02/01/33	5 263 52	20 186 48	25 450 00
03/01/33	5 099 51	20 350 49	25 450 00
04/01/33	4 934 16	20 515 84	25 450 00
05/01/33	4 767 47	20 682 53	25 450 00
06/01/33	4 599 42	20 850 58	25 450 00
07/01/33	4 430 01	21 019 99	25 450 00
08/01/33	4 259 22	21 190 78	25 450 00
09/01/33	4 087 05	21 362 95	25 450 00
10/01/33	3 913 48	21 536 52	25 450 00
11/01/33	3 738 49	21 711 51	25 450 00
12/01/33	3 562 09	21 887 91	25 450 00
01/01/34	3 384 25	22 065 75	25 450 00
02/01/34	3 204 96	22 245 04	25 450 00
03/01/34	3 024 22	22 425 78	25 450 00
04/01/34	2 842 01	22 607 99	25 450 00
05/01/34	2 658 32	22 791 68	25 450 00
06/01/34	2 473 14	22 976 86	25 450 00
07/01/34	2 286 45	23 163 55	25 450 00
08/01/34	2 098 25	23 351 75	25 450 00
09/01/34	1 908 52	23 541 48	25 450 00
10/01/34	1 717 24	23 732 76	25 450 00
11/01/34	1 524 41	23 925 59	25 450 00
12/01/34	1 330 02	24 119 98	25 450 00
01/01/35	1 134 04	24 315 96	25 450 00
02/01/35	936 47	24 513 53	25 450 00
03/01/35	737 10	24 712 70	25 450 00
04/01/35	536 51	24 913 49	25 450 00
05/01/35	334 09	25 115 91	25 450 00
06/01/35	130 02	16 002 76	16 132 78
07/01/35		0 00	
	9 294 032 82	2 800 000 00	12 094 032 82

$11,840,684.00

Successor Agency to the San Carlos Redevelopment Agency 2018 Tax Allocation Refunding Bonds (Ref 2007A ABAG - San Carlos Portion)

Debt Service Schedule | Semi-Annual

Date	Principal	Cou	Interest	Total P+I	
09/01/2018	300,000.00	2.850%	122,797.76	422,797.76	
03/01/2019	-	-	164,454.75	164,454.75	
09/01/2019	628,632.00	2.850%	164,454.75	793,086.75	
03/01/2020	-	-	155,496.74	155,496.74	948,583.49
09/01/2020	643,860.00	2.850%	155,496.74	799,356.74	
03/01/2021	-	-	146,321.74	146,321.74	
09/01/2021	662,985.00	2.850%	146,321.74	809,306.74	
03/01/2022	-	-	136,874.20	136,874.20	
09/01/2022	681,593.00	2.850%	136,874.20	818,467.20	
03/01/2023	-	-	127,161.50	127,161.50	
09/01/2023	703,118.00	2.850%	127,161.50	830,279.50	
03/01/2024	-	-	117,142.07	117,142.07	
09/01/2024	723,907.00	2.850%	117,142.07	841,049.07	
03/01/2025	-	-	106,826.39	106,826.39	
09/01/2025	743,938.00	2.850%	106,826.39	850,764.39	
03/01/2026	-	-	96,225.28	96,225.28	
09/01/2026	763,191.00	2.850%	96,225.28	859,416.28	
03/01/2027	-	-	85,349.81	85,349.81	
09/01/2027	786,641.00	2.850%	85,349.81	871,990.81	
03/01/2028	-	-	74,140.17	74,140.17	
09/01/2028	809,186.00	2.850%	74,140.17	883,326.17	
03/01/2029	-	-	62,609.27	62,609.27	
09/01/2029	830,798.00	2.850%	62,609.27	893,407.27	
03/01/2030	-	-	50,770.40	50,770.40	
09/01/2030	852,225.00	2.850%	50,770.40	902,995.40	
03/01/2031	-	-	38,626.19	38,626.19	
09/01/2031	877,264.00	2.850%	38,626.19	915,890.19	
03/01/2032	-	-	26,125.18	26,125.18	
09/01/2032	905,766.00	2.850%	26,125.18	931,891.18	
03/01/2033	-	-	13,218.02	13,218.02	
09/01/2033	927,580.00	2.850%	13,218.02	940,798.02	
Total	**$11,840,684.00**	**-**	**$2,925,481.18**	**$14,766,165.18**	

Yield Statistics

Bond Year Dollars	$102,648.46
Average Life	8.669 Years
Average Coupon	2.8500000%
Net Interest Cost (NIC)	2.8500000%
True Interest Cost (TIC)	2.8502670%
Bond Yield for Arbitrage Purposes	2.8845087%
All Inclusive Cost (AIC)	3.0949232%

IRS Form 8038

Net Interest Cost	2.8500000%
Weighted Average Maturity	8.669 Years

Optional Redemption

09/01/2027 @100.000%

2018 REF 2007 San Carlos- | SINGLE PURPOSE | 4/ 5/2018 | 3:38 PM
HilltopSecurities
Public Finance

Page 4

	Principal	Interest	Total
2019	300,000	287,253	587,253
2020	628,632	319,951	948,583
2021	643,860	301,818	945,678
2022	662,985	283,196	946,181
2023	681,593	264,036	945,629
2024-2028	3,720,795	1,012,389	4,733,184
2029-2032	4,275,239	443,620	4,718,859
2033	927,580	13,218	940,798
Total	11,840,684	2,925,481	14,766,165

RESOLUTION OB - 028

A RESOLUTION OF THE SAN CARLOS OVERSIGHT BOARD APPROVING AND DIRECTING THE ISSUANCE OF REFUNDING BONDS, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

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

WHEREAS, by implementation of California Assembly Bill X1 26, which was codified in the Health and Safety Code beginning with Section 34161 (as amended from time to time, the "Dissolution Act") and amended provisions of the California Redevelopment Law (Health and Safety Code Section 33000, *et seq.*, herein the "Redevelopment Law"), and the Successor Agency, in accordance with and pursuant to the Dissolution Act, assumed the duties and obligations of the Former Agency as provided in the Dissolution Act; and

WHEREAS, pursuant to Section 34179 of the Dissolution Act, this Oversight Board has been established for the Successor Agency; and

WHEREAS, the Oversight Board is informed by the Successor Agency that the Former Agency issued the following outstanding series of bonds prior to its dissolution pursuant to a Bond Issuance and Sale Agreement, dated as of December 1, 2007, among the Former Agency, U.S. Bank National Association, as trustee, and the Association of Bay Area Governments ("ABAG"), for the purpose of financing and refinancing redevelopment activities:

(i) $12,875,000 San Carlos Redevelopment Agency San Carlos Redevelopment Project 2007 Tax Allocation Bonds, Series A (the "2007A Bonds"); and

(ii) $3,135,000 San Carlos Redevelopment Agency San Carlos Redevelopment Project 2007 Tax Allocation Bonds, Series B (the "2007B Bonds"); and

WHEREAS, the 2007B Bonds are scheduled to mature on September 1, 2018, and the 2007A Bonds are redeemable at the option of the Successor Agency on any date at a redemption price equal to the par amount to be redeemed; and

WHEREAS, the refunding of the 2007A Bonds will result in the refunding of a corresponding amount of the $38,835,000 Association of Bay Area Governments 2007 Revenue Bonds, Series A (California Tax Allocation Bonds) previously issued by ABAG; and

WHEREAS, Section 34177.5 of the Dissolution Act authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of

achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters"); and

WHEREAS, the Successor Agency wishes to refund the outstanding 2007A Bonds through the issuance of the Successor Agency to the San Carlos Redevelopment Agency 2018 Tax Allocation Refunding Bonds (the "Refunding Bonds"); and

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of bonds to refinance the outstanding 2007A Bonds, the Successor Agency has caused its municipal advisor, NHA Advisors (the "Municipal Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to refund the outstanding 2007A Bonds (the "Debt Service Savings Analysis"); and

WHEREAS, the Successor Agency by its resolution adopted January 8, 2018 (the "Successor Agency Resolution") approved the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1), Section 34177.5(f) and Section 34180; and

WHEREAS, in the Successor Agency Resolution, the Successor Agency approved the issuance of the Refunding Bonds and authorized the execution and delivery of an Indenture of Trust (the "Indenture"), which will be entered into between the Successor Agency and a trustee to be appointed by the Successor Agency; and

WHEREAS, in the Successor Agency Resolution, the Successor Agency also requested that this Oversight Board approve and direct the issuance of the Refunding Bonds pursuant to the Successor Agency Resolution and the Indenture and that this Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds; and

WHEREAS, the Successor Agency may sell the Refunding Bonds through a private placement or public offering and, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of this Resolution to the California Department of Finance, the Successor Agency will cause to be prepared solicitations of an offer of purchase, which will not require further approval of the Oversight Board; and

WHEREAS, this Oversight Board has completed its review of the refunding proceedings and the Debt Service Savings Analysis and hereby approves the foregoing;

NOW, THEREFORE, the San Carlos Oversight Board does hereby resolve as follows:

Section 1. Recitals. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. Ratification and Adoption of Successor Agency Resolution. The Successor Agency Resolution is hereby ratified and adopted as set forth in the recitals above.

Section 3. Determination of Savings. This Oversight Board has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities by the issuance by the Successor Agency of the Refunding Bonds in compliance with the Savings Parameters to redeem the outstanding 2007A Bonds, all as evidenced by the Debt

Service Savings Analysis on file with the Secretary of the Oversight Board, which Debt Service Savings Analysis is hereby approved.

Section 4. Approval and Direction of Issuance of the Refunding Bonds. As authorized by Section 34177.5(f) and Section 34180, this Oversight Board hereby approves and directs the issuance by the Successor Agency of the Refunding Bonds pursuant to Section 34177.5(a)(1) and under other applicable provisions of the Redevelopment Law, as amended and supplemented by the Dissolution Act, and the Refunding Law and as provided in the Successor Agency Resolution and the Indenture in an aggregate principal amount sufficient to refund the 2007A Bonds and not to exceed $12,750,000, and provided that the Refunding Bonds are in compliance with Section 34177.5 of the Redevelopment Law at the time of sale and delivery.

Section 5. Sale and Delivery of Refunding Bonds in Whole or in Part. The Oversight Board is informed by the Successor Agency that it is the intent of the Successor Agency to sell and deliver the Refunding Bonds to refund the outstanding 2007A Bonds in whole, provided that there is compliance with the Savings Parameters, and that, if such Savings Parameters cannot be met with respect to the outstanding 2007A Bonds in whole, then the Successor Agency intends to issue the Refunding Bonds to refund the outstanding 2007A Bonds in part to the extent that the refunding of the outstanding 2007A Bonds in part can satisfy the Savings Parameters. The Oversight Board hereby approves the issuance of the Refunding Bonds to refund the outstanding 2007A Bonds in part and, thereafter, the sale and delivery of additional bonds to refund the unrefunded outstanding 2007A Bonds pursuant to a supplemental indenture without further prior approval of the Oversight Board provided that in each such instance the bonds so sold and delivered in part are in compliance with the Savings Parameters.

Section 6. Determinations by the Oversight Board. As requested by the Successor Agency, the Oversight Board makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City of San Carlos (the "City") for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding of all or a portion of the 2007A Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds and the premium for any bond insurance policy or debt service reserve fund insurance policy, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the San Mateo County Auditor-Controller or any other person or entity; and

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34171(b) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax

revenues pursuant to Section 34183. In addition, and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance. Notwithstanding Section 34177.5(f), any administrative costs post-issuance of the Refunding Bonds shall be placed on a subsequent ROPS in accord with the Dissolution Act.

Section 7. Effective Date. Pursuant to Health and Safety Code Section 34177(f) and Section 34179(h), this Resolution shall be effective five (5) business days after proper notification hereof is given to the Department of Finance unless the Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the Department.

Section 8. Transmittal. The Successor Agency is hereby directed to transmit this Resolution to the Department of Finance.

Section 9. Certification. The Oversight Board's Secretary shall certify to the adoption of this Resolution.

Section 10. Further Authority and Direction. The Successor Agency's officials and staff are hereby authorized and directed to transmit this Resolution and take all other necessary and appropriate actions as required by law in order to effectuate its purposes.

PASSED AND ADOPTED at a meeting of the San Carlos Oversight Board held this 24th day of January, 2018, by the following vote:

AYES, AGENCY MEMBER: CHRISTENSEN, LIANIDES, MALTBIE, EATON, GRASSILLI, SCANNELL, PORTER

NOES, AGENCY MEMBER NONE

ABSENT, AGENCY MEMBER: NONE

SECRETARY of the Oversight Board

APPROVED:

CHAIR of the Oversight Board

DEPARTMENT OF FINANCE
EDMUND G. BROWN JR. ▪ GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

March 21, 2018

Mr. Al Savay, Community Development Director
City of San Carlos
600 Elm Street
San Carlos, CA 94070

Dear Mr. Savay:

Subject: Approval of Oversight Board Action

The City of San Carlos Successor Agency (Agency) notified the California Department of Finance (Finance) of its January 24, 2018 Oversight Board (OB) Resolution on January 26, 2018. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. OB-028, approving the issuance and refunding bonds, making certain determinations with respect to the refunding bonds, and providing for other matters properly relating thereto, is approved.

The Agency desires to refund the 2001 Tax Allocation Bonds issued by the former Redevelopment Agency and anticipates achieving approximately $1,201,620 in savings during the remaining life of the bonds. Finance's approval is based on our understanding the Agency will not issue refunding bonds unless such bonds meet the limitations set forth in HSC section 34177.5 (a). Following the issuance, the Agency should request funding for the refunding bonds on the next Recognized Obligation Payment Schedule (ROPS), subject to Finance's review and approval.

To the extent the indebtedness obligations approved for refunding per the OB Resolution are refunded in accordance with HSC section 34177.5 and prior to the next ROPS submission, the Agency may use Redevelopment Property Tax Trust Funds received for payment of the currently listed obligations being refunded. Any indebtedness for which refunding is finalized must be separately identified as a new item on a subsequent ROPS and will be subject to Finance's review and approval. Further, pursuant to HSC section 34186 (a), the Agency is required to report estimated obligations and actual payments. Any unspent funds should be reported as prior period adjustments.

In addition, Section 6 (a) of the Resolution states that the Agency is authorized to recover related costs in connection with the issuance of the refunding bonds. While Finance does not object to these actions, any associated costs not satisfied with the issuance and the request for administrative cost allowance must be placed on a subsequent ROPS for Finance's review and approval before they are considered enforceable obligations.

This is our determination with respect to the OB action taken.

Please direct inquiries to Wendy Griffe, Supervisor, or Erika Santiago, Lead Analyst, at (916) 322-2985.

Sincerely,

for

ERIKA LI
Program Budget Manager

cc: Mr. Martin Romo, Economic Development Coordinator, City of San Carlos
Ms. Carrie Tam, Financial Services Manager, City of San Carlos
Mr. Juan Raigoza, Auditor-Controller, San Mateo County

$12,875,000
San Carlos Redevelopment Agency
San Carlos Redevelopment Project
2007 Tax Allocation Bonds, Series A

NOTICE TO TRUSTEE AND ABAG
REGARDING OPTIONAL REDEMPTION OF AGENCY BONDS

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust Services
Fax: (415) 273-4591

Association of Bay Area Governments
101 Eighth Street
Oakland, California 94607
Attention: Financial Services Director
Fax: (510) 464-8468

TO WHOM IT MAY CONCERN:

The undersigned is an authorized representative of the Successor Agency to the San Carlos Redevelopment Agency (the "Successor Agency") and, in that capacity, hereby notifies U.S. Bank National Association, as trustee (the "Trustee") and the Association of Bay Area Governments, a joint powers authority organized and existing under the laws of the State of California ("ABAG"), with respect to its $12,875,000 initial principal amount of San Carlos Redevelopment Agency San Carlos Redevelopment Project 2007 Tax Allocation Bonds, Series A (the "Bonds"), that the Successor Agency intends to redeem all of the outstanding Bonds (the "Prior Bonds") on May 14, 2018 (the "Redemption Date"), pursuant to Section 2.04 of the Bond Issuance and Sale Agreement, dated as of December 1, 2007 (the "Prior Bonds Agreement"), among the Successor Agency, the Trustee and ABAG.

The optional redemption of the Prior Bonds is conditioned on the Successor Agency receiving sufficient proceeds of refunding bonds to repay the Prior Bonds on the Redemption Date.

Dated: April 9, 2018

SUCCESSOR AGENCY TO THE SAN CARLOS REDEVELOPMENT AGENCY

By: _____
Rebecca Mendenhall
Administrative Services Director

$12,875,000
San Carlos Redevelopment Agency
San Carlos Redevelopment Project
2007 Tax Allocation Bonds, Series A

$3,135,000
San Carlos Redevelopment Agency
San Carlos Redevelopment Project
2007 Tax Allocation Bonds, Series B

INCUMBENCY CERTIFICATE

The undersigned hereby state and certify that:

(i) we are the duly appointed, qualified and acting City Manager and Administrative Services Director of the City of San Carlos (the "City"), acting on behalf of the Successor Agency to the San Carlos Redevelopment Agency, a public entity duly organized and existing under the laws of the State of California (the "Successor Agency"), and as such, we are familiar with the facts herein certified and are authorized and qualified to certify the same on behalf of the within-named Successor Agency;

(ii) the Redevelopment Agency of the City of San Carlos (the "Former Agency") was formerly a public body, corporate and politic, duly established and authorized to transact business and exercise powers under the provisions of Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law");

(iii) pursuant to Section 34172(a) of the Redevelopment Law, the Former Agency has been dissolved and no longer exists as a public body, corporate and politic; and pursuant to Section 34173 of the Code, the City has elected to become the successor entity to the Former Agency;

(iv) the signatures set forth opposite the names and titles of the following persons are the true and correct specimens of, or are, the genuine signatures of such persons, each of whom holds the office designated and each of whom is duly authorized by the Successor Agency, as successor to the Former Agency, to act and sign documents, certificates and agreements on behalf of the Successor Agency:

Name and Title	Signature
Jeff Maltbie, City Manager	
Rebecca Mendenhall, Administrative Services Director	

(v) on January 8, 2018, the Successor Agency duly adopted Resolution No. SA-015, entitled "A Resolution of the Successor Agency to the San Carlos Redevelopment Agency Approving the Issuance of Bonds to Refund Certain Outstanding Bonds of the Former Redevelopment Agency, Approving the Execution and Delivery of an Indenture of Trust, and Providing for Other Matters Properly Relating Thereto" (the "Resolution"), which Resolution, among other things, authorized the above-referenced City Manager and Administrative Services Director to execute such documents and certificates as are necessary to refund the $12,875,000 San Carlos Redevelopment Agency San Carlos Redevelopment Project 2007 Tax Allocation Bonds, Series A (the "2007A Bonds'), including this incumbency certificate and any notices of redemption of the 2007A Bonds, and to deliver such documents and certificates to U.S. Bank National Association, as trustee of the 2007A Bonds; and

(vi) this Certificate is a "Certificate" for purposes of the Bond Issuance and Sale Agreement, dated as of December 1, 2007, by and among the Former Agency, the Association of Bay Area Governments, and U.S. Bank National Association, as trustee.

Dated: April 9, 2018

SUCCESSOR AGENCY TO THE SAN CARLOS REDEVELOPMENT AGENCY

By: _____
Jeff Maltbie
City Manager

By: _____
Rebecca Mendenhall
Administrative Services Director

San Mateo County
Countywide Oversight Board

Date: January 7, 2019 Agenda Item No. 14

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: Redwood City Successor Agency (SA) Recognized Obligation Payment Schedule (ROPS) 19-20

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

Discussion
The Annual ROPS 19-20 contains all the obligations of the former Redevelopment Agency (RDA) for fiscal year 2019-20. The Redwood City SA is requesting approval by the Board to spend $3,708,281 on outstanding obligations and administrative expenses for Annual ROPS 19-20.

Enclosed is the Successor Agency's Annual ROPS 19-20 and supporting documents.

CAC Exhibits
A. Redwood City SA's Annual ROPS 19-20

Date: December 10, 2018

To: San Mateo County Countywide Oversight Board

From: **Kimbra McCarthy, Assistant City Manager – Administrative Services, City of Redwood City**

Subject: Approval of the Recognized Obligation Payment Schedule (ROPS) 19-20 and Administrative Cost Allowance Budget of the Redwood City Successor Agency (SA)

Former RDA: **Redwood City Successor Agency**

Recommendation
Adopt resolutions approving the Redwood City SA's ROPS 19-20 and Administrative Cost Allowance Budget.

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

Discussion
Submitted for the Oversight Board's approval is the ROPS 19-20 (Exhibit A). While the DOF's ROPS template requires all enforceable obligations to be listed, the Oversight Board approval is for the funding of those items to be paid in fiscal year 2019-20. Exhibit C summarizes those items and provides supporting documentation.

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

Attachments:
1. Resolution Approving the Redwood City SA's ROPS 19-20 and FY 2019-20 Administrative Budget
2. Exhibit A - Redwood City SA's ROPS 19-20
3. Exhibit B - Redwood City SA's Administrative Budget
4. Exhibit C - Summary of Obligations and Supporting Documents

RESOLUTION NO. 2019-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 ("ROPS 19-20") AND FISCAL YEAR 2019-20 ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY TO THE FORMER REDWOOD CITY REDEVELOPMENT AGENCY (RDA)

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

WHEREAS, the Successor Agency to the Former Redwood City Redevelopment Agency has prepared a draft ROPS for the period July 1, 2019 to June 30, 2020, referred to as "ROPS 19-20", claiming a total enforceable obligation amount of $3,708,281, as set forth in the attached Exhibit A; and

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

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

WHEREAS, the Successor Agency to the Former Redwood City Redevelopment Agency has prepared an administrative budget for the period July 1, 2019 to June 30, 2020, for $198,881, as set forth in the attached Exhibit B; and

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

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby approves the Redwood City Successor Agency's ROPS 19-20 and Fiscal Year 19-20 Administrative Budget, attached hereto as Exhibits A and B and incorporated herein by this reference;

BE IT FURTHER RESOLVED, that the Oversight Board directs the Successor Agency to submit the ROPS 19-20 to the State Department of Finance upon approval by the Oversight Board.

* * *

Exhibit A – Redwood City Successor Agency's Recognized Obligation Payment Schedule 19-20
Exhibit B – Redwood City Successor Agency's FY 2019-20 Administrative Budget

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: **Redwood City**
County: San Mateo

	Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A	**Enforceable Obligations Funded as Follows (B+C+D):**	**$ -**	**$ -**	**$ -**
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	**Redevelopment Property Tax Trust Fund (RPTTF) (F+G):**	**$ 101,741**	**$ 3,606,540**	**$ 3,708,281**
F	RPTTF	2,300	3,507,100	3,509,400
G	Administrative RPTTF	99,441	99,440	198,881
H	**Current Period Enforceable Obligations (A+E):**	**$ 101,741**	**$ 3,606,540**	**$ 3,708,281**

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

Name Title

/s/

Signature Date

Redwood City Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
											19-20A (July - December)						19-20B (January - June)					
											Fund Sources						Fund Sources					
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 19-20 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
								$ 49,803,890		$ 3,708,281	$ 0	$ 0	$ 0	$ 2,300	$ 99,441	$ 101,741	$ 0	$ 0	$ 0	$ 3,507,100	$ 99,440	$ 3,606,540
1	Tax allocation Bond, Series 2003A	Bonds Issued On or Before	10/15/2003	7/15/2032	US Bank	Debt service for bonds issued for RDA		13,059,451	N	$ 1,450,684						$ -				1,450,684		$ 1,450,684
2	Tax allocation Bond, Series 2003A for infrastructure projects [34171 (d) 1 (A)]	Bonds Issued On or Before 12/31/10	10/15/2003	7/15/2032	US Bank	Interest payments for bonds issued for RDA Project Area No. 2		32,515,547	N	$ 2,054,316						$ -				2,054,316		$ 2,054,316
7	On-going debt service bank and fiscal agent fees [34171 (d) 1 (A)]	Fees	10/15/2003	7/15/2032	US Bank and Willdan Financial	Bank fees and annual disclosure fees for the 2003 Bond		83,316	N	$ 4,400				2,300		$ 2,300				2,100		$ 2,100
22	Villa Montgomery- FCH [34171 (d) 1 (B)	City/County Loan (Prior 06/28/11), Other	5/25/2006	12/1/2045	San Mateo County	Loan payable to San Mateo County on part of FCH loan		500,000	N	$ -						$ -						$ -
23	Successor Agency Administrative Cost Allowance [34171 (b)]	Admin Costs	7/1/2012	7/15/2032	Successor Agency	Minimum amount of property tax to Successor Agency for general administrative costs		3,645,576	N	$ 198,881					99,441	$ 99,441					99,440	$ 99,440

Redwood City Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

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

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	Comments
1	**Beginning Available Cash Balance (Actual 07/01/16)** RPTTF amount should exclude "A" period distribution amount	108,914		3,505,000		201,006	previous balance included $1459194 16-17A distribution
2	**Revenue/Income (Actual 06/30/17)** RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller				1,386,850	6,557,028	deleted 17-18A payment of $1012109 and added 16-17A distribution to this line
3	**Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)**					6,557,028	
4	**Retention of Available Cash Balance (Actual 06/30/17)** RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	108,914		3,505,000			In FY 17-18, bond proceeds were transferred to City for expenditures consistent with the original stated purpose of the bonds; Debt service on bonds ($3,505,000) due July 2017
5	**ROPS 16-17 RPTTF Prior Period Adjustment** RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required					
6	**Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)**	**$ 0**	**$ 0**	**$ 0**	**$ 1,386,850**	**$ 201,006**	Sum = $1,587,856 comprised of loan payoff amounts, interest income and rents

Redwood City Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

Item #	Notes/Comments
22	This loan is to be paid from a portion of the net proceeds of the project (Villa Montgomery apartment building.) To date, no payments have been made.
23	Administrative expense budget includes consultant and legal costs related to the disposition of the Maple/Lathrop parcel and cost of outside counel related to the Legal Aid Society litigation. Oversight Board was briefed on both outstanding issues at the November 26, 2018 meeting.

Successor Agency to the Former City of Redwood City Redevelopment Agency
ROPS 19-20 Administrative Cost Allowance Budget
Period: 7/1/19 to 6/30/20

Description of Cost/Expense	Amount	Comments
Best, Best & Krieger - estimated legal costs related to:		
a. LAS litigation		
b. Maple/Lathrop parcel disposition	$ 30,000	based on 100 hours at $300 per hour for work
Estimated property consultant services related to Maple/Lathrop parcel disposition	$ 30,000	Staff estimates the following cost associated with the disposition of the culvert parcel: Appraisal report $6000; Geotechnical Report $6000; Consultant 90 hours x $200/hr
Badawi & Associates - estimated costs FY 18-19 audit	$ 1,500	Attached are copies of invoices paid for FY 17 audit that total $1343; assume slight increase in costs
Staff costs	$ 137,381	Attached is GL showing total FY 2017-18 for SA administration
Total	**$ 198,881**	

SUMMARY OF OBLIGATIONS AND SUPPORTING DOCUMENTS

ROPS Item No.	ROPS Category	Description of Obligation	Payee	ROPS 19-20 Requested Funding	Supporting Document
1	Bonds	Tax Allocation Bonds, Series 2003A (Principal)	US Bank	$ 1,450,684	Schedule I - Debt Service Schedule
2	Bonds	Tax Allocation Bonds, Series 2003A (Interest)	US Bank	2,054,316	
3	Other/Miscellaneo	On-going debt service bank and fiscal agent fees [34171 (d) 1 (A)]	US Bank/Willdan	4,400	Schedule II - Ongoing Debt Service Bank and Fiscal Agent Fee Schedule
5	Admin	Successor Agency Administrative Cost Allowance {34171 (b)}Legal, audit, staff costs	Successor Agency	198,881	Schedule III - Admin Budget Report, GL Trial Balance
Total				**$ 3,708,281**	

Debt Service Schedule

The following table presents debt service for the Bonds, as well as for the 1997 Bonds, which are payable from Tax Revenues on a parity with the Bonds. A portion of the 1997 Bonds were used for housing purposes and 20% of the debt service on the 1997 Bonds is payable from moneys in the Agency's Housing Set-Aside moneys. See "SECURITY FOR THE BONDS – Low and Moderate Housing Set-Aside."

TABLE 2
REDEVELOPMENT AGENCY OF THE CITY OF REDWOOD CITY
Redevelopment Project Area No. 2
Debt Service Schedule

Bond Year Ending July 15	1997 Bonds Debt Service [1]	2003A Current Interest Bonds Principal	2003A Current Interest Bonds Interest	2003A Capital Appreciation Bonds Denominational Amount	Series 2003A Capital Appreciation Bonds Compounded Interest	Series 2003A Bonds Total Debt Service	1997 Bonds and 2003A Bonds Aggregate Debt Service
2004	$1,548,977.50		$463,356.25			$ 463,356.25	$2,012,333.75
2005	1,545,746.75		654,150.00			654,150.00	2,199,896.75
2006	1,540,365.00		654,150.00			654,150.00	2,194,515.00
2007	1,544,265.00		654,150.00			654,150.00	2,198,415.00
2008	1,545,580.00		654,150.00			654,150.00	2,199,730.00
2009	1,543,350.00		654,150.00			654,150.00	2,197,500.00
2010	1,541,850.00	$1,225,000	654,150.00			1,879,150.00	3,421,100.00
2011	1,545,705.00	1,265,000	611,275.00			1,876,275.00	3,421,980.00
2012		2,480,000	560,675.00			3,040,675.00	3,040,675.00
2013		2,895,000	461,475.00			3,356,475.00	3,356,475.00
2014		3,045,000	309,487.50			3,354,487.50	3,354,487.50
2015		2,850,000	149,625.00	$ 292,668.60	$ 217,331.40	3,509,625.00	3,509,625.00
2016				1,889,860.95	1,615,139.05	3,505,000.00	3,505,000.00
2017				1,773,915.55	1,731,084.45	3,505,000.00	3,505,000.00
2018				1,663,893.60	1,841,106.40	3,505,000.00	3,505,000.00
2019				1,557,657.05	1,947,342.95	3,505,000.00	3,505,000.00
2020				1,450,684.45	2,054,315.55	3,505,000.00	3,505,000.00
2021				1,352,544.45	2,152,455.55	3,505,000.00	3,505,000.00
2022				1,256,332.20	2,248,667.80	3,505,000.00	3,505,000.00
2023				1,172,831.40	2,337,168.60	3,510,000.00	3,510,000.00
2024				1,090,125.10	2,414,874.90	3,505,000.00	3,505,000.00
2025				1,025,983.60	2,479,016.40	3,505,000.00	3,505,000.00
2026				967,415.05	2,537,584.95	3,505,000.00	3,505,000.00
2027				911,965.95	2,593,034.05	3,505,000.00	3,505,000.00
2028				859,566.20	2,645,433.80	3,505,000.00	3,505,000.00
2029				810,005.50	2,694,994.50	3,505,000.00	3,505,000.00
2030				763,178.70	2,741,821.30	3,505,000.00	3,505,000.00
2031				719,901.00	2,790,099.00	3,510,000.00	3,510,000.00
2032				678,918.50	2,826,081.50	3,505,000.00	3,505,000.00

(1) 20% of debt service on the 1997 Bonds is payable from Housing Set-Aside amounts.

DOF Item #7 - Ongoing Debt Service Bank & Fiscal Agent Fees

	Bank Fees Trustee	Continuing Disclosure	Arbitrage Fees	Total	Remaining Obligation	Fiscal Year Total
ROPS 13-14B		2,100	2,000	4,100	105,709	
ROPS 14-15A	2,321			2,321	103,389	
ROPS 14-15B		2,142		2,142	101,247	4,463
ROPS 15-16A	2,367			2,367	98,880	
ROPS 15-16B		2,185		2,185	96,695	4,552
ROPS 16-17A	2,414			2,414	94,281	
ROPS 16-17B		2,229		2,229	92,052	4,643
ROPS 17-18A	2,463			2,463	89,590	
ROPS 17-18B		2,273		2,273	87,317	4,736
ROPS 18-19A	2,512		2,200	4,712	82,605	
ROPS 18-19B		2,319		2,319	80,286	7,030
ROPS 19-20A	2,562			2,562	77,724	
ROPS 19-20B		2,365		2,365	75,359	4,927
ROPS 20-21A	2,613			2,613	72,746	
ROPS 20-21B		2,412		2,412	70,334	5,025
ROPS 21-22A	2,666			2,666	67,668	
ROPS 21-22B		2,460		2,460	65,208	5,126
ROPS 22-23A	2,719			2,719	62,489	
ROPS 22-23B		2,510		2,510	59,979	5,229
ROPS 23-24A	2,773		2,420	5,193	54,786	
ROPS 23-24B		2,560		2,560	52,226	7,753
ROPS 24-25A	2,829			2,829	49,398	
ROPS 24-25B		2,611		2,611	46,787	5,440
ROPS 25-26A	2,885			2,885	43,901	
ROPS 25-26B		2,663		2,663	41,238	5,549
ROPS 26-27A	2,943			2,943	38,295	
ROPS 26-27B		2,717		2,717	35,578	5,660
ROPS 27-28A	3,002			3,002	32,577	
ROPS 27-28B		2,771		2,771	29,806	5,773
ROPS 28-29A	3,062		2,662	5,724	24,082	
ROPS 28-29B		2,826		2,826	21,256	8,550
ROPS 29-30A	3,123			3,123	18,132	
ROPS 29-30B		2,883		2,883	15,250	6,006
ROPS 30-31A	3,186			3,186	12,064	
ROPS 30-31B		2,941		2,941	9,124	6,126
ROPS 31-32A	3,249			3,249	5,874	
ROPS 31-32B		2,999	2,875	5,874	0	9,124
	49,687	47,965	12,157	109,809		

EMPLOYEE COST DETAIL REPORT
BUDGET REQUEST 2018-2019
SALARY AND WAGE REQUIREMENTS
66410

FUND(S) : 293
DEPARTMENT :COMMUNITY DEVELOPMENT - BIT
PROGRAM :REDEVELOPMENT AGENCY
SUB-PROGRAM:REDEVELOPMENT AGENCY ADMINISTRATION

10:30:0 2 NOV 201

(FORM THREE)

CLASS NO.	CLASSIFICATIONS	--- REQUESTED --- 17-18 BUDGET REQUEST	18-19 ESTIMATE	19-20	PRODUCTIVE FRINGES		---TOTAL COSTS--- 2018-2019 WAGES	FRINGES	---TOTAL COSTS--- 2019-2020 WAGES	FRINGES
(01)	PRODUCTIVE WORK TIME	FULL TIME EQUIVALENT			COST OF ONE FTE					
A100	CITY MANAGER	0.01	0.01	0.01	307922	118525	3,079	1,185	3,172	1,326
A170	CITY ATTORNEY	0.05	0.05	0.05	264773	107819	13,239	5,391	13,636	6,007
E600	SECRETARY	0.04	0.04	0.04	83153	47487	3,326	1,899	3,459	2,089
C360	FINANCIAL SERVICES MANAGER	0.05	0.05	0.05	167400	83657	8,370	4,182	8,621	4,600
C445	SENIOR ACCOUNTANT	0.08	0.08	0.08	138072	63311	11,046	5,065	11,496	5,644
A180	CITY CLERK	0.02	0.02	0.02	147535	78729	2,951	1,576	3,039	1,726
C110	ASSISTANT CITY MANAGER	0.05	0.05	0.05	245950	103148	12,298	5,156	12,666	5,735
C516	MANAGEMENT ANALYST II	0.05	0.00	0.00	137081	62815	0	0	0	0
C110	ASSISTANT CITY MANAGER	0.07	0.07	0.07	245950	103148	17,217	7,221	17,733	8,029
C414	SENIOR ASSISTANT CITY ATTORNEY	0.02	0.02	0.02	161698	77257	3,234	1,545	3,498	1,754
TOTAL	PRODUCTIVE WORK TIME	0.44	0.39	0.39			74,760	33,220	77,320	36,910
(01)	ADDITIONAL REQUESTED	FULL TIME EQUIVALENT			COST OF ONE FTE					
C363	PRINCIPAL ANALYST - FINANCE		0.10	0.10	150202	64625	15,020	6,463	15,852	7,299
TOTAL	ADDITIONAL REQUESTED	0.00	0.10	0.10			15,020	6,463	15,852	7,299
PROGRAM	TOTAL	0.44	0.49	0.49			89,780	39,683	93,172	44,209
DEPT	TOTAL						129,463		137,381	

* * * * *

Scenario: 00

Badawi & Associates - Audit Contract fee by fund

	Account #	FY 2016-17	FY 2017-18	FY 2018-19	Allocation by 6.30.16 Revenues	
		TOTAL				
General	150-61710-50	$ 30,007	$ 30,907	$ 31,839	118435016	59.68%
Sewer	688-61710-50	$ 8,804	$ 9,069	$ 9,342	34751478	17.51%
Water	687-61710-50	$ 9,350	$ 9,631	$ 9,921	36906034	18.60%
Parking	681-61710-50	$ 608	$ 627	$ 645	2400997	1.21%
Docktown	695-61710-50	$ 168	$ 173	$ 178	663658	0.33%
	Direct Charges					
CDBG	258-66310-50-17001	$ 3,220	$ 3,320	$ 3,420		
Measure A	262-61710-50	$ 3,600	$ 3,700	$ 3,820		
UUT	153-61710-50	$ 1,800	$ 1,850	$ 1,910		
Successor Agency	293-66410-50	$ 1,343	$ 1,383	$ 1,425	5299083	2.67%
Gas Tax	261-61710-50	$ 1,100	$ 1,130	$ 1,160		
Port	paid directly by Port	$ 16,520	$ 17,020	$ 17,530		
	TOTAL	$ 76,520	$ 78,810	$ 81,190		