

SAN MATEO COUNTY

COUNTYWIDE OVERSIGHT BOARD

Jim Saco, Chairperson
Denise Porterfield, Vice Chairperson
Mark Addiego, Member
Chuck Bernstein, Member
Tom Casey, Member
Barbara Christensen, Member
Mark Leach, Member

MONDAY, FEBRUARY 10, 2020 - 9:00 A.M.

400 County Center, 1st floor
County Board of Supervisors' Chambers
Redwood City, California 94063

AGENDA

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 January 27, 2020 Countywide Oversight Board Meeting Minutes
6. Adopt a Resolution Approving the Settlement Agreement and Mutual General Release Between the South San Francisco Successor Agency and Kilroy Parties
7. Adopt a Resolution Approving the Final Sale Price of \$1,100,000 As Set Forth in the Purchase and Sale Agreement and Joint Escrow Instructions for the Disposition of 432 Baden Avenue
8. Adopt a Resolution Approving the Final Sale Price of \$5,500,000 for the Sale of PUC Site, More Particularly Identified as Assessor Parcel Nos. 093-312-050 and 093-312-060, for High-Density, Mixed Use Development to SSF PUC Housing Partners, LLC
9. Adopt a Resolution Approving the FY 2020-21 Oversight Board Meeting Calendar
10. Adopt a Resolution Electing a Board Chairperson and Vice-Chairperson for July 1, 2020 through June 30, 2021
11. 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, January 27, 2020, 9:00 a.m.

400 County Center, 1st Floor, County of Board of Supervisors' Chambers, Redwood City, CA 94063

DRAFT MINUTES

1. Call to Order

The meeting was called to order by Chair Jim Saco at 9:04 a.m.

2. Roll Call

Present:

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

Absent:

Board Member Mark Leach

Staff: Brian Wong, Deputy County Counsel; Shirley Tourel, Assistant Controller; Mercedes Yapching, Senior Accountant; and Sukhmani Purewal, Assistant Clerk of the Board.

3. Oral Communications and Public Comment

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

None

4. Action to Set the Agenda

RESULT: **Approved**

MOTION: Denise Porterfield

SECOND: Barbara Christensen

AYES [6]: Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.

NOES: None

ABSENT [1]: Mark Leach

5. Approval of the January 13, 2020 Countywide Oversight Board Meeting Minutes

MOTION: Mark Addiego
SECOND: Denise Porterfield
AYES [6]: Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.
NOES: None
ABSENT [1]: Mark Leach

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

Speakers:

Derek Rampone, Financial Services Manager, City of Redwood City
Veronica Ramirez, City Attorney, City of Redwood City
Shirley Tourel, Assistant Controller
Carolyn Kerans, Senior Accountant, City of Redwood City
Brian Wong, Deputy County Counsel

RESULT: **Approved (Resolution No. 2020-05)**
MOTION: Tom Casey
SECOND: Barbara Christensen
AYES [5]: Mark Addiego, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.
NOES[1]: Chuck Bernstein
ABSENT [1]: Mark Leach

Member Chuck Bernstein asked to reflect the minutes that he has concerns with the size of the administrative budget and the expenditure to pursue a lawsuit that would benefit the City of Redwood City to the disadvantage of other taxing agencies.

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

Speakers:

Janet Salisbury, Finance Director, City of S. San Francisco
Suzy Kim, Senior Associate at RSG and Successor Agency's ROPS Consultant
Steve Mattas, Assistant City Attorney, City of South San Francisco
Brian Wong, Deputy County Counsel
Shirley Tourel, Assistant Controller

Motion to approve the Annual Recognized Obligation Payment Schedule (ROPS) without the Administrative Costs Budget:

RESULT: **Approved (Resolution No. 2020-06)**
MOTION: Chuck Bernstein
SECOND: Mark Addiego
AYES [6]: Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.

NOES: None
ABSENT [1]: Mark Leach

Second motion was made by Chuck Bernstein asking the Oversight Board staff, in its judgement, to find a way to express to the Department of Finance that the Oversight Board believes that this is an inequitable situation for South San Francisco.

The motion was withdrawn by the maker and was reformatted as direction to staff.

8. FY 2020-21 Oversight Board Meeting Calendar (Discussion Only)

Speaker:
Shirley Tourel, Assistant Controller

At the next meeting the calendar will be presented to the Board for approval.

9. FY 2020-21 Board Chairperson and Vice-Chairperson Election (Discussion Only)

Speaker:
Shirley Tourel, Assistant Controller

At the next meeting this item will be brought to the Board as a resolution for approval.

10. Adjournment

RESULT: **Approved**
MOTION: Denise Porterfield
SECOND: Tom Casey
AYES [6]: Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.
NOES: None
ABSENT [1]: Mark Leach

The meeting was adjourned at 9:54 a.m.

SAN MATEO COUNTY

COUNTYWIDE OVERSIGHT BOARD

Jim Saco, Chairperson
Denise Porterfield, Vice Chairperson
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Chuck Bernstein, Member
Tom Casey, Member
Barbara Christensen, Member
Mark Leach, Member

Date: January 29, 2020

Agenda Item No. 6

To: San Mateo County Countywide Oversight Board (OB)

From: Shirley Tourel, Assistant Controller

Subject: Settlement Agreement and Mutual General Release between South San Francisco Successor Agency (SA) and Kilroy Parties

Background Information

A request for OB review and approval of the Settlement Agreement and Mutual General Release is being submitted in accordance with Health and Safety Code (HSC) Section 34181(e) which states, "The oversight board shall direct the successor agency to determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce the liabilities and increase net revenues to the taxing entities, and present proposed termination and amendment agreements to the oversight board for its approval."

The OB's approval of this agreement is needed. A fully executed agreement is required before the SA can disburse funds to pay off the obligations covered by this agreement.

Financial Impact

There is no fiscal impact associated with the OB approval of this agreement as the funding has been included on the submitted South San Francisco Successor Agency ROPS 20-21.

CAC Exhibit

A – SA Staff Report

Date: January 28, 2020

CAC Exhibit A

To: San Mateo County Countywide Oversight Board

From: South San Francisco Successor Agency Staff

Subject: Consideration and Approval of Settlement Agreement and Mutual General Release” between South San Francisco Successor Agency and Kilroy Parties.

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

Recommendation

It is recommended that the San Mateo Countywide Oversight Board review and, by motion or resolution, confirm approval of the Settlement Agreement and Mutual General Release between the Kilroy Parties and the South San Francisco Successor Agency (“Settlement Agreement”).

Background

A Recognized Obligation Payment Schedule (“ROPS”) is required by Health and Safety Code (“HSC”) Section 34177(l). The ROPS for the period July 1, 2020 through June 30, 2021 (“ROPS 20-21”) requested and the San Mateo Countywide Oversight Board approved necessary payments for enforceable obligations of the Former Redevelopment Agency of the City of South San Francisco (“RDA”) for Fiscal Year 2020-21 on January 27, 2020. Also, the Successor Agency to the Former Redevelopment Agency of the City of South San Francisco (“Successor Agency”) approved the proposed ROPS 20-21 on January 8, 2020.

ROPS 20-21 Lines 12 and 13 authorized payments in the amount of \$5,818,160 for enforceable obligations pursuant to the Disposition and Development Agreement, dated March 23, 2011, by and among the Redevelopment Agency of the City of South San Francisco, Oyster Point Ventures, LLC and the City of South San Francisco (“DDA”). (Oyster Point Ventures, LLC assigned its rights and obligations to Oyster Point Development, LLC who subsequently assigned its rights and obligations to KR Oyster Point. KR Oyster Point subsequently assigned a portion of its interest to KR-TRS.) The funding and payments authorized in Lines 12 and 13 relate to increased costs associated with enforceable obligations related to solid waste relocation, cement mixing, and import of soil and clay that have been previously approved by the Oversight Board and DOF. The payments authorized in Lines 12 and 13 are to be funded through a combination of reserve balances (\$1,740,427), other funds (\$3,112,924) and RPTTF funds (\$964,809).

The payments authorized in ROPS Lines 12 and 13 arise from enforceable obligations in the DDA and are memorialized in the Settlement Agreement. At the January 27, 2020 Oversight Board meeting, the Oversight Board requested that the Settlement Agreement related to the funding above be presented to the Oversight Board for consideration as part of the Oversight Board’s February 10, 2020 meeting.

Upon confirmation of approval of the attached Settlement Agreement and assuming approval of ROPS 20-21 by DOF, the Successor Agency would have no further obligation for costs associated with solid waste relocation/export, cement mixing treatment and import and soil and clay for the development project identified in the DDA. Specifically, Section 1(G) of the Settlement Agreement provides that:

“Upon full satisfaction of the conditions and obligations set forth in subsections A through C, the Kilroy Parties (i) shall not request any further monies from the Successor Agency, the San Mateo Countywide Oversight Board, or the Department of Finance with respect to the import of soil cover, the import of clay, cement treatment, or the export of refuse at the Oyster Point site and (ii) shall be fully and solely responsible for any cost overruns associated with such work.”

Also, Note 12 to the approved 20-21 ROPS provides that “[a]ny payments to Kilroy from the funding approved in ROPS 20-21 are contingent upon a final executed copy of the settlement agreement.” Section 11.10 of the DDA, titled “Action or Approval”, specifically provides the Successor Agency Executive Director the authority to sign the Settlement Agreement on behalf of the Successor Agency. In addition, Kilroy, on behalf of all Kilroy Parties, have also advised that they approve the proposed Settlement Agreement terms and intend to sign the Settlement Agreement on behalf of all Kilroy Parties. Assuming approval of the 20-21 ROPS by DOF, the Settlement Agreement would be signed by all parties prior to payment to Kilroy, thus satisfying Note 12 to ROPS.

Discussion

The Settlement Agreement represents a negotiated resolution of the allocation of increased costs for particular costs identified in the DDA which have been previously recognized by the OB and DOF as enforceable obligations. Specifically, the Settlement Agreement relates to funding required for additional costs resulting from: (1) the import of cover soil; (2) the import of clay; (3) the cement treatment of refuse for purpose of compaction and (4) the export/relocation of refuse on-site and off-site. The total amount of costs for these activities has increased during construction from \$9,505,703 estimated in January 2019 to \$19,395,376 as estimated in December 2019. The supporting cost data for the revised total costs have been previously provided to the Oversight Board staff and a summary was provided to the Oversight Board as part of the January 13th and January 27th Oversight Board meetings.

The Developer and Successor Agency are sharing in these increased costs as part of a proposed settlement agreement. The Developer’s agreement to share in these costs is expressly contingent on the approval of the Successor Agency funding proposed in this ROPS for line items 12 and 13 as the Developer contends that the Successor Agency is responsible for a greater share of the costs.

These additional costs are necessary to allow the infrastructure required by the DDA to be constructed as the additional work is necessary to provide, for example, a stable base under the streets and utilities to the hub, the streets and utilities to the point and the parking area between

the beach park area and the ferry terminal. The necessity of this additional work was determined once the landfill cap on the project site was opened and the contractor began to excavate and relocate solid waste and other materials on site as required under the approved construction plans.

The DDA anticipated the potential for additional costs such as these in the exhibits related to section 3.2.1 which provides, in part, that the “quantities, scope of work, and cost estimates [for the required infrastructure] will be modified when construction drawings are prepared.” (See e.g. Exhibit 3.2.1A).

The amounts approved as part of the Settlement Agreement would be final funding that would be required by the Successor Agency for the solid waste relocation, cement mixing treatment, and import of soil and clay to the project site. As noted above in the Settlement Agreement language referenced, any additional costs for these items beyond the amounts set forth in Settlement Agreement would be sole responsibility of the Developer. In addition, the Settlement Agreement includes a general release by the Kilroy Parties in favor of the Successor Agency and City releasing them from any claims by the Kilroy Parties that relate to the export (including relocation) of refuse at the Oyster Point site, cement treatment and the import of clay and soil to the project site. The Settlement Agreement also includes a similar release by the Successor Agency of the Kilroy Parties.

The following chart shows the total estimated costs for the additional work as of December 2019 and the amount that Successor Agency staff and Developer propose, as part of a proposed Settlement Agreement, as a Successor Agency enforceable obligation. The amounts shown below in the chart and following paragraph are the same amounts approved in ROPS 20-21, Lines 12 and 13, by the Oversight Board on January 27, 2020. The increased Successor Agency amount is based both on an overall increase in the costs of completing the work previously approved in the 2019-2020 ROPS and as result of higher proportionate allocation of cement treatment of refuse and export of refuse relocations costs to the Successor Agency. The allocated amounts set forth herein are negotiated amounts by the parties and are contingent upon approval of the ROPS 20-21 by DOF.

Work Required	DDA Section	Total Cost of Work ¹	Successor Agency Enforceable Obligation ²	Kilroy Obligation
Import of Clay Cover Soil	Sections 3.2.1(i)(1), 3.2.1(ii), 3.2.1(i)(2)	\$4,379,417	\$688,601	\$3,690,816
Import of Clay	Sections 3.2.1(i)(1), 3.2.1(ii), 3.2.1(i)(2)	\$1,671,684	\$199,630	\$1,472,054
Cement Treatment of refuse	Sections 3.2.1(i) (1 & 2) and (iii)	\$1,953,998	\$1,067,557	\$886,441
Export of excess refuse	Sections 3.2.1(i)(2) and (iii) and 5.2	\$11,090,277	\$5,702,806	\$5,387,471 ³
Total Costs		\$19,095,376	\$7,658,594	\$11,436,782
Amount approved as part of ROPS 19-20			\$2,140,434	
Net additional amount allocated to Successor Agency			\$5,518,160	

In addition to the costs shown in the prior chart, the Developer contends that additional costs of at least \$500,000 will be necessary for additional costs related to relocation of refuse, cement treatment and import of soil/clay from Phase IID and additional beach park property. The Successor Agency staff and Developer have negotiated a proposed cost allocation where the Successor Agency will pay up to an additional maximum of \$300,000 for these costs in exchange

¹ The total costs presented in December 2019 were reviewed and validated by the Kilroy, Successor Agency staff, and the project construction manager – Cummings. These are final costs for these specific items.

² Of the total amount shown, ROPS 19-20 already authorized payment of \$2,140,434 and those funds have already been paid into the project escrow account.

³ This amount includes \$2,088,000 provided as part of the purchase and sale agreement between Kilroy and OPD.

for final resolution of all potential claims for refuse relocation, cement mixing, soil and clay import for the entire project. The attached Settlement Agreement incorporates this provision as well.

Financial Impact

There is no financial impact associated with the Oversight Board's approval of the Settlement Agreement as the funding to fulfill the Successor Agency's Settlement Agreement obligations was approved as part of South San Francisco Successor Agency ROPS 20-21.

Exhibits:

- A- Settlement Agreement and Mutual General Release between the Kilroy Parties and the South San Francisco Successor Agency
- B- Draft Resolution of the Oversight Board Approving the Settlement Agreement and Mutual General Release

SETTLEMENT AGREEMENT AND MUTUAL GENERAL RELEASE

This Settlement Agreement and Mutual General Release (the "Agreement") is made and entered into as of January __, 2020 by and between the Successor Agency to the former South San Francisco Redevelopment Agency (the "Successor Agency"), on the one hand, and KR Oyster Point I, LLC ("**KROP I**"), a Delaware limited liability company; KR Oyster Point II, LLC ("**KROP II**"), a Delaware limited liability company; KR Oyster Point Developer, LLC ("**KR Oyster Point**"), a Delaware limited liability company (as assignee); and Kilroy Realty TRS, Inc. ("**KR-TRS**"), a Delaware corporation (as assignee), on the other hand. (Collectively, KROP I, KROP II, KR Oyster Point, and KR-TRS shall be referred to as the "**Kilroy Parties**".) The Successor Agency and the Kilroy Parties will sometimes be referred to individually as a "**Party**" and collectively as the "**Parties**".

A. On or about March 23, 2011, the South San Francisco Redevelopment Agency ("**RDA**") and Oyster Point Ventures, LLC ("**OPV**") entered into a Disposition and Development Agreement ("**DDA**"), which covered an approximately 46-acre site known as the Oyster Point area of South San Francisco ("**City**"), as more specifically described in Exhibit A to the Development Agreement entered into by the City and Oyster Point on or about March 23, 2011 (the "Project Site"). Subsequently, pursuant to state law, the RDA dissolved, and its obligations, including those under the DDA, were assumed by the Successor Agency. Subsequently, on or about _____, OPV sold its interest in and assigned its rights and obligations under the DDA to Oyster Point Development, LLC. Similarly, on or about March 30, 2018, Oyster Point Development, LLC sold its interest in the Project Site to KR Oyster Point. As a part of that sale, Oyster Point Development, LLC assigned its interest in the DDA to KR Oyster Point. The City and the Successor Agency approved that assignment on or about May 23, 2018. KR Oyster Point has subsequently assigned certain rights and obligations under the DDA to KR-TRS, which assignment was approved by the City and the Successor Agency.

B. KR Oyster Point and KR-TRS have undertaken and will undertake certain work related to the import of soil cover, the import of clay, cement treatment, and the export of refuse at the Project Site. A dispute exists by and between the Successor Agency and the Kilroy Parties over the Parties' respective responsibilities for the costs of that work under the terms of the DDA. ("**Dispute**").

C. In order to avoid the burdens, inconveniences, and expense of litigation between the Parties, and without admitting fault, liability or wrongdoing, the Parties have now agreed to resolve the Dispute and settle all claims between them, subject to and on the terms set forth herein.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth below, the Parties hereby agree as follows:

1. Settlement Payment, Terms, and Conditions.

KR-TRS shall receive \$7,958,594 from the Successor Agency, in the manner described below (the "Settlement Payment"), in payment of the enforceable obligations of the

Redevelopment Agency of the City of South San Francisco with respect to the "Kilroy-Released Claims," as defined below:

A. Promptly upon full execution of this Agreement, the Successor Agency shall distribute \$2,140,434, which was previously approved as part of ROPS 19-20 by the San Mateo Countywide Oversight Board and by the Department of Finance with respect to certain enforceable obligations of the Successor Agency, to KR-TRS; that amount represents a partial payment with respect to the Successor Agency's obligation of \$7,958,594 to the Kilroy Parties, as identified above.

B. The Successor Agency shall, at a public meeting to be held in January of 2020, present to the San Mateo Countywide Oversight Board ("Oversight Board"), which is responsible for considering and approving the ROPS for the Successor Agency, and advocate for, an additional \$5,818,160 to be approved as part of the ROPS for FY 20-21 with respect to payment of the enforceable obligations of the Redevelopment Agency of the City of South San Francisco, which amount shall, following approval of the Successor Agency's FY 20-21 ROPS including specifically Lines items 12 and 13 in the combined amount of \$5,818,160, by the San Mateo Countywide Oversight Board and the Department of Finance and subsequent payment to the Successor Agency, be promptly paid to the Kilroy Parties in payment for certain enforceable obligations of the RDA and the Successor Agency related to the Dispute. The parties agree that \$300,000 of the total amount of \$5,818,160 is for additional solid waste relocation and cement mixing treatment costs to be incurred in Phase IID and certain beach property within the project. The Parties further agree that the Successor Agency's payment of up to \$300,000 will be the maximum amount the Successor Agency will be obligated to pay for this additional work by the Kilroy Parties. Any costs for this additional work by the Kilroy Parties in excess of \$300,000 will be the sole responsibility of the Kilroy Parties.

C. Upon allocation/approval of the additional \$5,818,160 identified in subsection B above to be paid to KR-TRS, the Successor Agency shall, within ten (10) business days pay that amount to the KR-TRS.

D. The Parties shall release each other, and the releases in Sections 2 and 3 below shall become effective, only if the following conditions are satisfied: (i) The Oversight Board approves the payment of the full, additional \$5,818,160 to KR-TRS as part of the 20-21 ROPS, (ii) the Department of Finance approves the payment of the full additional \$5,818,160 to KR-TRS, and (iii) the Successor Agency pays both (a) the \$2,140,434 to KR-TRS as required under subsection A above and (b) the \$5,818,160 to KR-TRS as required under subsection C above. In the event conditions (i)-(iii) are not fully and timely satisfied, the Kilroy Parties shall have their full rights to pursue any and all claims, not previously released, in any amount as the Kilroy Parties might deem appropriate or justified, an amount that Kilroy Parties assert could exceed \$11,844,505 (though the Successor Agency does not agree that the Kilroy Parties should be entitled to such an amount); provided, however, the Successor Agency and the Kilroy Parties acknowledge (though they disagree on the effect and meaning of): (a) the language in Section 2.4 of the DDA, which provides that: "In addition, Developer expressly and unconditionally releases City from any potential liability arising from the obligations set forth in Section 5.2 and 5.6," and (b) that this Agreement does not modify that language in any manner. The Successor Agency and the Kilroy Parties each waive all defenses related to the statute of limitations, statute of

repose, laches, and any other time-related bar or defense in connection with this dispute and any claims that may arise in relation to this Dispute.

E. Further, the settlement agreed to herein contemplates, and the Successor Agency hereby agrees, that, in their sole discretion, the Kilroy Parties (or any of them) shall, upon separate approval by the City of South San Francisco, be entitled to relocate approximately 7,000 cubic yards of waste refuse, of a type as permitted by the Final Closure Plan approved by the San Mateo Local Enforcement Agency and the Regional Water Quality Control Board, from the Phase IID area (as that area is identified in the DDA), in, on, or under the open space parcel owned by the City and generally shown on the plot plan attached hereto as Exhibit A. As a precondition to the release set forth in Section 3 below, the Successor Agency and the Kilroy Parties shall first request and obtain the valid and proper consent of the City to such disposal.

G. Upon full satisfaction of the conditions and obligations set forth in subsections A through C, the Kilroy Parties (i) shall not request any further monies from the Successor Agency, the San Mateo Countywide Oversight Board, or the Department of Finance with respect to the import of soil cover, the import of clay, cement treatment, or the export of refuse at the Oyster Point site and (ii) shall be fully and solely responsible for any cost overruns associated with such work.

2. General Release by the Successor Agency of the Kilroy Parties.

In consideration of the mutual agreements, covenants, and releases contained herein, and with the exception of the rights and obligations as set forth in this Agreement:

(a) The Successor Agency hereby releases and discharges the Kilroy Parties and its/their: principals, members, partners, managers, representatives, board members, officers, directors, shareholders, agents, employees, attorneys, consultants, assigns, assignees, and all parent, subsidiary and affiliated corporations, limited liability companies, limited partnerships, general partnerships, and limited liability partnerships, and each of them, of and from all claims, debts, fees, and expenses (including, but not limited to, reasonable attorneys' fees), whether known or unknown, based on or arising out of any acts, omissions, claims, or occurrences from the beginning of time through the effective date of this Agreement ("Successor Agency-Released Claims") that relate to the import of clay, the import of soil, cement treatment, or the export of refuse at the Oyster Point site, other than as specifically set forth in this Agreement.

(b) As a part of the foregoing, the Successor Agency hereby expressly waives any right or benefit available under California Civil Code Section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

(c) The Successor Agency acknowledges that it or its attorneys might hereafter discover facts different from or in addition to those which it or its attorneys now know or believe to be true with respect to the Successor Agency-Released Claims, and the Successor Agency agrees that this Agreement will remain in effect as a full and complete release of the Successor Agency-Released Claims, except as expressly provided herein, notwithstanding any such different or additional facts.

3. General Release of the Successor Agency and City of South San Francisco

In consideration of the mutual agreements, covenants, and releases contained herein, and with the exception of the rights and obligations as set forth in this Agreement:

(a) The Kilroy Parties hereby release and discharge the Successor Agency and the City of South San Francisco and their elected and appointed officials, employees, principals, members, partners, managers, representatives, board members, officers, directors, agents, employees, attorneys, consultants, assigns, and assignees, and each of them, of and from all claims, debts, fees, and expenses (including, but not limited to, reasonable attorneys' fees), whether known or unknown, based on or arising out of any acts, omissions, claims or occurrences from the beginning of time through the effective date of this Agreement ("Kilroy-Released Claims") that relate to the import of clay, import of soil, cement treatment, or the export of refuse at the Oyster Point site, other than as specifically set forth in this Agreement.

(b) As a part of the foregoing, the Kilroy Parties hereby expressly waive any right or benefit available under California Civil Code Section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

(c) The Kilroy Parties acknowledge that they or their attorneys may hereafter discover facts different from or in addition to those which they or their attorneys now know or believe to be true with respect to the Kilroy-Released Claims, and the Kilroy Parties agree that this Agreement will remain in effect as a full and complete release of the Kilroy-Released Claims, except as provided herein, notwithstanding any such different or additional facts.

4. Construction.

The Parties acknowledge that this Agreement is the result of significant negotiations between, and input by, the Parties and their respective counsel, and hereby expressly waive any statute, regulation, case law, or other rule of construction providing that ambiguities are to be interpreted against the drafting party. Instead, this Agreement shall be construed and interpreted

in accordance with the expressed intentions of the Parties to this Agreement without regard to the draftsman.

5. Counsel.

Each of the Parties to this Agreement has been represented by counsel of its own choosing in connection with the negotiation and preparation of this Agreement, has been fully informed by such counsel as to the meaning and legal significance of this Agreement, and knowingly and voluntarily agrees to be bound by the terms of this Agreement.

6. No Third Party Beneficiaries.

Nothing in this Agreement is intended to create rights or obligations in third parties, unless expressly set forth herein.

7. Execution; Counterparts; Facsimile or Email.

This Agreement may be executed in counterparts, and be sent by email, facsimile or messenger, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same Agreement. Each Party represents and warrants that its respective signatory has been duly authorized to execute this Agreement.

8. Attorneys' Fees and Costs.

Each Party shall bear its own attorneys' fees and costs in connection with the Dispute and this Agreement.

9. Applicable Law.

This Agreement shall be construed and enforced in accordance with the laws of the State of California.

10. Waiver or Modification.

No modification, amendment or waiver of any of the provisions contained in this Agreement, or any future representation, promise, or condition in connection with the subject matter of this Agreement, shall be binding upon any Party hereto unless made in writing and signed by such Party or by a duly authorized officer or agent of such Party.

11. Entire Agreement.

This Agreement constitutes the sole, entire, complete and integrated understanding and agreement of the Parties with respect to the matters that are the subject of this Agreement and supersedes all prior or contemporaneous negotiations or agreements. The Parties represent and warrant that no representations, warranties, promises, or conditions have been made that are not contained herein. Any representations, warranties, promises, or conditions, whether written or oral, not specifically made or incorporated herein, shall not be binding upon any of the Parties

with respect to the matters contained herein, may not be relied upon, and may not be introduced in any proceeding to interpret or enforce this Agreement.

12. Notices.

Notices shall be made in writing and delivered by messenger and email as follows:

If to the Successor Agency: South San Francisco Successor Agency
Attn: Executive Director
400 Grand Avenue
South San Francisco, CA 94080

with a copy to: Sky Woodruff, General Counsel
Meyers Nave
555 12th Street, 15th Floor
Oakland, CA 94607
Email: swoodruff@meyersnave.com

If to Defendant: Kilroy Realty Corporation
12200 W. Olympic Blvd., Suite 200
Los Angeles, CA 90064
Attn: Legal Department
Tel. No. (310) 481-8400

with a copy to: Patrick E. Breen, Esq.
Allen Matkins Leck Gamble Mallory & Natsis
865 South Figueroa Street, Suite 2800
Los Angeles, CA 90017-2543
Email: pbreen@allenmatkins.com

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first set forth above.

AGREED TO AND ACCEPTED:

Date: _____

SUCCESSOR AGENCY

Mike Futrell, Executive Director

Date: _____

KR OYSTER POINT I, LLC,
a Delaware limited liability company

By: Kilroy Realty, L.P.,
a Delaware limited partnership,
its Sole Member

By: Kilroy Realty Corporation,
a Maryland Corporation,
its General Partner

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

KR OYSTER POINT II, LLC,
a Delaware limited liability company

By: Kilroy Realty, L.P.,
a Delaware limited partnership,
its Sole Member

By: Kilroy Realty Corporation,
a Maryland Corporation,
its General Partner

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

KR OYSTER POINT DEVELOPER, LLC,
a Delaware limited liability company

By: Kilroy Realty, L.P.,
a Delaware limited partnership,
its Sole Member

By: Kilroy Realty Corporation,
a Maryland Corporation,
its General Partner

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

KILROY REALTY TRS, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM AND CONTENT:

MEYERS NAVE

Steven T. Mattas, Esq.
Attorneys for the Successor Agency

ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS LLP

Patrick E. Breen
Attorneys for the Kilroy Parties
3467667.1

RESOLUTION NO. 2020-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING A SETTLEMENT AGREEMENT AND MUTUAL GENERAL RELEASE BETWEEN THE SUCCESSOR AGENCY TO THE FORMER SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY (“SUCCESSOR AGENCY”) AND KR OYSTER POINT I, LLC, KR OYSTER POINT II, LLC, KR OYSTER POINT DEVELOPER, LLC, AND KILROY REALTY TRS, INC. (COLLECTIVELY, “KILROY PARTIES”)

WHEREAS, on or about March 23, 2011, the South San Francisco Redevelopment Agency (“RDA”) and Oyster Point Ventures, LLC (“OPV”) entered into a Disposition and Development Agreement (“DDA”) pertaining to the sale and development of an approximately 46-acre site known as the Oyster Point area (“Project Site”) of South San Francisco (“City”); and

WHEREAS, thereafter, the RDA dissolved pursuant to state law and its obligations were assumed by the Successor Agency, and OPV’s interest in the Project Site was subsequently sold and assigned in part to the Kilroy Parties entities; and

WHEREAS, the DDA provides for certain enforceable obligations related to construction at the Project Site, which previously contained the Oyster Point Landfill; for instance, the DDA anticipated potential work relating to repair of the landfill clay cap, improvements and construction activities relating to building on the landfill, and relocation of solid waste on the Project Site to accommodate new development; and

WHEREAS, the DDA also provides for the allocation of said enforceable obligations between the Successor Agency and the Kilroy Parties; and

WHEREAS, the enforceable obligations set forth in the DDA were recognized by the previous Oversight Board to the Successor Agency of the Former South San Francisco Redevelopment Agency, the San Mateo County Countywide Oversight Board (“Oversight Board”) and the California Department of Finance (“DOF”); and

WHEREAS, funds for the attached settlement agreement were approved by the San Mateo County Countywide Oversight Board as part of the Annual ROPS; and

WHEREAS, as a part of the enforceable obligations, the Successor Agency and Kilroy Parties have identified and incurred increased costs relating to previously approved solid waste relocation, cement mixing and treatment, and import of soil and clay for construction at the Project Site; and

WHEREAS, the total amount of costs for said additional solid waste relocation work has increased during construction from \$9,505,703, as estimated in January 2019, to \$19,395,376, as estimated in December 2019; and

WHEREAS, the DDA anticipated the potential need for incurring such additional costs; and,

WHEREAS, the Successor Agency and the Kilroy Parties disagree as to the amount of these increased costs that should be allocated to the Successor Agency pursuant to the DDA, with the Kilroy Parties asserting that the amount owed by the Successor Agency could be in excess of \$11,844,505 and the Successor Agency disputing that amount.

WHEREAS, in order to resolve any disputes and avoid the burdens, inconveniences, and expense of litigation between the Successor Agency and the Kilroy Parties as to their respective share of such additional costs, the parties have agreed to enter into a Settlement Agreement and Mutual General Release (“Settlement Agreement”); and

WHEREAS, the Settlement Agreement contains the negotiated resolution as to the allocation of additional costs between the Successor Agency and the Kilroy Parties, a covenant from the Kilroy Parties that the Kilroy Parties will not seek any additional funding from the Successor Agency for any additional costs for solid waste export/relocation, cement mixing treatment, and import of cover soil and clay associated with the Project, a general release by the Kilroy Parties in favor of the Successor Agency and City for any claims relating to any additional costs for solid waste export/relocation, cement mixing treatment, and import of cover soil and clay associated with the Project and a similar release by the Successor Agency of the Kilroy Parties; and

WHEREAS, the 20-21 ROPS, approved by the San Mateo Countywide Oversight Board on January 27, 2020 approved the necessary payments for the additional costs referenced hereinabove in the amount of \$5,818,160; and

WHEREAS, the additional costs are necessary to allow the infrastructure required by the DDA to be constructed as the work is necessary to provide, for example, the relocation of excess solid waste from the Project Site, and a stable base under the streets and utilities at the development area; and

WHEREAS, the investment of RPTTF to the development at the Project Site is projected to result in a significant increase in property tax revenues for the taxing entities, from \$840,000 in annual revenues prior to RDA dissolution to \$23.23 million in annual revenues projected in 2024; and

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

1. The foregoing recitals are true and correct and made a part of this Resolution.

2. The negotiated resolution set forth in the Settlement Agreement relating to the allocation of increased costs resulting from the solid waste export/relocation, cement mixing treatment, and import of soil and clay necessary for the Project, the agreement by the Kilroy Parties to not seek any further funding for these costs beyond the amount agreed to in the settlement agreement and mutual release of all potential claims, is in the best interest of the taxing entities.
3. The Settlement Agreement and Mutual General Release, attached hereto as Exhibit A, is hereby approved.
4. The chairperson of this Board, or his designee, is authorized take any and all other actions necessary to implement this intent of this Resolution.

* * *

SAN MATEO COUNTY

COUNTYWIDE OVERSIGHT BOARD

Jim Saco, Chairperson
Denise Porterfield, Vice Chairperson
Mark Addiego, Member
Chuck Bernstein, Member
Tom Casey, Member
Barbara Christensen, Member
Mark Leach, Member

Date: January 28, 2020 **Agenda Item No. 7**

To: San Mateo County Countywide Oversight Board (OB)

From: Shirley Tourel, Assistant Controller

Subject: Approval of the Sale Price of \$1,100,000 for 432 Baden Avenue South San Francisco Property of the South San Francisco Successor Agency (SA)

Background Information

The SA's amended Long Range Property Management Plan (LRPMP) was approved by the Department of Finance on October 1, 2015. The LRPMP addresses the disposition and use of the properties of the former redevelopment agency (RDA). The approved disposition for 432 Baden Avenue property per the LRPMP is sale.

The property, more particularly identified as Assessor Parcel No. 012-321-160, was purchased by the former RDA in 1997 for \$270,000. On September 23, 2019, the SA received a letter of intent from Sierra Investments to purchase this property for \$1,100,000. The offer is \$80,000 more than the property's appraised value. In October, 2019 the South San Francisco City Council provisionally accepted the offer with the sale price subject to the OB's approval.

In December, 2019, the SA prepared a memo to the OB for the purpose of providing background information on the ongoing disposition of this property. OB staff received one question from the OB inquiring the exact size of the property. The question is addressed on the SA staff's memo.

The approval of the OB of the sale price is required to complete the transaction. The attachments were prepared by the SA to aid the OB in its discussion and deliberation.

Financial Impact

If the \$1,100,000 sale price is approved, the net proceeds from the sale will be distributed to the taxing agencies that reside within the former RDA's boundary.

CAC Exhibits

A -- LRPMP Report for 432 Baden Avenue Property
B -- South San Francisco SA Staff Report

Background

f) Environmental Contamination and Remediation

The Agency believes the automotive uses at 616 Linden Avenue have created a plume of groundwater contamination that extends into all properties in close proximity to the site, including this property. The high water table and soil and groundwater contamination make it financially infeasible to develop a high density project without taking out several feet of topsoil for appropriate disposition and treatment of the groundwater.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

The highest and best use of the property is to hold and combine it with 616 Linden Avenue to construct a high density residential project when market conditions improve. The property is in close proximity to the downtown core and the Caltrain station and is suitable for transit oriented development. Improving the property advances the City's and Agency's goals to alleviate blight and help prepare and improve the site for future development.

h) History of Development Proposals and Activity

In the late 1990's and early 2000's the Agency was working with an arts organization to develop a performance arts theater at 616 Linden Avenue and use this site as parking for the new theater. Since the cancellation of that project, not other developments have been proposed although the Agency had conceptual plans prepared for a mixed-use housing development on the site.

32. 432 Baden Avenue/429 Third Lane

On January 8, 1997, the Agency Board approved Resolution 1-97 authorizing the execution of a Purchase and Sale Agreement for 432 Baden Avenue/429 Third Lane. This property was acquired for the development of a public parking lot to serve the 400 block of Grand Avenue, in the Historic Downtown Business District and Downtown/Central Redevelopment Project Area, in order to relieve existing parking problems. The residential property that existed on the site was demolished and a new Agency surface parking lot was constructed.

a) Acquisition Information

The Agency appraised the property and negotiated a final purchase price of \$270,000. The property was transferred by Grant Deed on April 14, 1997.

b) Purpose of Acquisition

The Agency purchased this property to develop a public parking lot to serve the 400 block of Grand Avenue. Previously this section of the downtown had no public parking facilities, resulting in



432 Baden Avenue/479 Third Lane

parking problems for the area. The Agency demolished the residential building that existed on the site and developed a new 16-space surface parking lot. The property was developed solely for the purposes consistent with the Redevelopment Plan for the project area.

c) Parcel Data

432 Baden/429 Third Lane, APN 012-321-160: This is a rectangular parcel consisting of 0.22 acre or 7,000 sq. ft. and measures 50 feet by 140 feet (see Appendix B). The parcel is zoned Downtown Core.

d) Estimate of Current Value

The property has not been appraised in recent years. The unimproved land value of properties in the downtown area is estimated at \$80/sq. ft. and the property could conceivably have a value of up to \$560,000.

e) Revenues Generated by Property/Contractual Requirements

The property generates \$2,760.15 per year in parking revenues. These funds are currently being used to offset the cost of operating and maintaining the parking lot.

f) Environmental Contamination and Remediation

There are no known environmental conditions on the property.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

This site is ideal for a smaller scale transit oriented development. The property is located within the downtown and is less than one-half (1/2) mile away from the South San Francisco Caltrain station. Conceptual plans indicate that 12 residential units can be built on the site pursuant to the DSASP.

h) History of Development Proposals and Activity

Upon acquisition, the Agency demolished the existing building on the property. The Agency has not considered any other plans to develop the property. However, as stated above, the Agency has created a development program for the property based on the rezoning of the area by the DSASP.

OB Staff Note:

DSASP - Downtown Station Area Specific Plan

Upon transfer of the properties to the County of San Mateo, or to the City in the event the County does not accept the property, the grant deed will include language restricting the use of the property to governmental/public use. In the event that County accepts the property and subsequently closes the Health Center, the property shall revert to the City. In the event the City as initial or subsequent recipient of the property discontinues the restricted use or seeks to use the property for a non-governmental/ public purpose, the City shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, providing that all net revenue from such non-governmental/ use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. For a description of the proposed grant deed language, see Appendix G.

Permissible Use Category: Sale

Gateway Project Area

1. 559 Gateway Blvd.

Boston Properties conveyed this property to the Agency as a condition of development for its project. The property is subject to the Second Amendment to Declaration of Covenants, Conditions and Restrictions for Gateway Center, which limits the uses of this property to: a) the operation of a child day care facility; b) a public library; c) a public office facility as an amenity to the property. The Peninsula Family YMCA operates a childcare facility at the site. The facility is at capacity and given the continued growth of the biotech center, demand for childcares services in the area will only increase.



559 Gateway Blvd.

Given the deed restriction and the prevalent use, the property must remain in public, governmental use. However, the Redevelopment Dissolution Statutes are explicit in defining governmental use as “assets that were constructed and used for governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local administrative buildings.” The California Department of Finance has determined that the property’s current use as a childcare center operated by a nonprofit agency does

not fit the public use criteria of the Redevelopment Dissolution Statutes. Nevertheless, California Department of Finance recognizes that 559 Gateway is restricted by deed to serve a public purpose, therefore the property will be sold to the City of South San Francisco for \$1.

Upon transfer of the property to the City the grant deed will include language restricting the use of the property to governmental/public use. In the event that City as Grantee discontinues the restricted use or seeks to use the property for a non-governmental/public purpose, the City shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, providing that all net revenue from such non-governmental/public use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. For a description of the proposed grant deed language, see Appendix E.

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.

Downtown Central Project Area

28. 938 Linden Avenue

This property was intended to serve as a facility for St. Vincent de Paul's to provide food services to the area's homeless population. Since redevelopment was dissolved before St. Vincent was able to secure sufficient funding to remodel the building and relocate its services, the property became subject to dissolution provisions. It is conceivable this property can be reassembled with adjacent properties to construct a high density residential development in the future however this is not likely given that no other funds are available to assemble surrounding property. As St. Vincent was unable to secure funding, this property shall be sold.

Financial Benefit to Taxing Agencies

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.

32. 432 Baden Avenue/429 Third Lane

This property was acquired for the development of a public parking lot to serve the 400 block of Grand Avenue. However, with the development of the Miller Avenue Parking Garage and the passageway connection to Grand Avenue, this parking lot is not as critical a parking resource to this section of the downtown as it once was.

Pursuant to the DSASP, the property has the potential to hold up to 12 residential units. The adoption of the DSASP has significantly increases the property's value, estimated to be approximately \$880,000. 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 between \$560,000 and \$880,000. The lower figure is based on recent estimates of undeveloped land in the downtown area (\$80/ sq. ft.), and the latter figure based on the development potential. With the adoption of the DSASP, the property can immediately be developed to its full potential and the taxing agencies will be better off in the long run by having the Successor Agency sell the property immediately. As summarized below and shown in more detail in Appendix H and Table 1, the net financial benefit to the taxing agencies would be approximately \$607,000 more (in present value) over a 20 year period.

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.

Table 1

	Nominal Cash Flows	Present Value of Cash Flows
Sell Option	\$2,216,000	\$1,721,000
Retain for Development Option	\$1,641,000	\$1,113,000

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.

27. 216 Miller Avenue (former Ford site)

The Agency acquired this property to ensure the development of high quality housing in the downtown project area. It is an important component of the City's and former Agency's efforts to create a vibrant, transit-oriented and diverse downtown. Development of this property will provide transit supported housing and easy connectivity to the downtown South San Francisco Caltrain station.

With the adoption of the DSASP, the number of units that can be developed on the property increased from 25 units to approximately 50 units, significantly increasing the property's value. The property's residual land value, as a result of the adoption of the DSASP may be as much as \$6.1 million.

Date: January 17, 2020

CAC Exhibit B

To: San Mateo County Countywide Oversight Board

From: Alex Greenwood, Economic and Community Development Director

Subject: Memo regarding the Purchase and Sale Agreement for 432 Baden Avenue, South San Francisco

Former RDA: South San Francisco

Background

On January 8, 1997, the former South San Francisco Redevelopment Agency Board (the “Agency”) approved Resolution 1-97 authorizing the execution of a Purchase and Sale Agreement for 432 Baden Avenue (the “Property”). This property was acquired for the development of a public parking lot to serve the 400 block of Grand Avenue, in the Historic Downtown Business District and Downtown/Central Redevelopment Project Area. The residential building that existed on the Property was demolished and a new Agency surface parking lot was constructed.

The Agency appraised the Property and negotiated a final purchase price of \$270,000. The property was transferred by Grant Deed on April 14, 1997.

Per the Long Range Property Management Plan (“LRPMP”) for the Successor Agency to the former South San Francisco Redevelopment Agency (the “Successor Agency”) the Property is designated “For Sale”. At the time the LRPMP was approved in 2015, the estimated value of the Property was \$560,000.

The Property is very small, approximately 6,900 square feet or 0.16 acres, and is used as a parking lot, which generates less than \$10,000 per year in revenue for the City of South San Francisco’s (the “City”) Parking Place District and no property taxes.

You may notice that on page 54 of the LRPMP lists the Property as 0.22 or 7,000 square feet. Staff’s calculations and the appraisal measure the Property at 6,900 square feet (or 0.16 acres). Staff assume that there was a slight miscalculation of the conversion of the 7,000 square feet to acreage, at the time that the LRPMP was drafted.

Discussion

In September 2018, Baden Development, LLC (then Sierra Investment Group) purchased the adjacent property, 428 Baden Avenue, for development into a small multi-family housing project. During the entitlement process for 428 Baden Avenue, the developer approached the City with a proposal to purchase the Property in order to assemble land for a larger housing project.

Typically, the City would undergo a competitive bid process for the sale of properties. However, because the adjacent property owner made an offer on the Property with the intent to develop a project that is determined to be the highest and best use of the assembled properties, the City has considered the proposal exclusively in order to determine whether or not a better offer might be made on the open market. In this case, this sole offer with the site assembly would provide a housing project with more housing units (rather than being developed individually) and higher property taxes, further, the price offer is above the appraised value. It is highly unlikely that the City would receive a price offer and project that is more competitive if the Property were sold on the open market.

By assembling 428 and 432 Baden, the developer would be able to pursue a project with better design and more housing units, including 10% Below Market Rate (“BMR”) units affordable to extremely low income households. On September 23, 2019, Baden Development provided the City with a Letter of Intent (“LOI”) for the purchase, see Attachment 1. On October 9, 2019, the South San Francisco City Council (“Council”) considered the LOI and agreed that the Property had a far greater value if assembled with 428 Baden rather than disposing of it as a stand-alone site. Council provisionally accepted the offer price of \$1,100,000, subject to an appraisal confirming the property value and directed staff to negotiate a Purchase and Sale Agreement (“PSA”) with the developer.

Following Council’s direction, City staff commissioned an appraisal by Colliers International Valuation and Advisory Services (“Appraisal”). The Appraisal, see Attachment 2, valued the property at \$1,020,000, \$80,000 less than Baden Development’s offer.

At its regular meeting on January 22, 2020, Council adopted a resolution approving the Purchase and Sale Agreement with Baden Developments for the sale of 432 Baden Avenue for \$1,100,000, see Attachment 3.

Estimated Sales Proceeds and Property Tax Revenue

If sold to Baden Development, the taxing entities can expect to receive the following shares of the sale proceeds:

Taxing Entity	Taxing Entity Percent Share of Purchase Price	Taxing Entity Share of Purchase Price
SSFUSD	44.0%	\$484,393
SMC	25.9%	\$284,351
SSF	16.8%	\$185,018
SMC CCD	7.4%	\$81,364
Other	5.9%	\$64,874
TOTAL		\$1,100,000

Staff has also estimated the property taxes to be paid to the taxing entities on an annual basis and over ten years. The estimated assessed value assumes a purchase price of \$1,100,000 and improvements valued at \$13,000,000.

Taxing Entity	Taxing Entity Percent Share of Annual Property Tax	Annual Share of Est. Property Tax (assuming 1% tax rate)	Total 10-Year Share of Est. Property Tax (assuming 2% per year increase in assessed value)
SSFUSD	44.0%	\$ 62,090	\$679,872
SMC	25.9%	\$ 36,449	\$399,102
SSF	16.8%	\$ 23,716	\$259,683
SMC CCD	7.4%	\$10,429	\$114,199
Other	5.9%	\$8,316	\$91,054
TOTAL		\$141,000	\$1,543,911

Surplus Land Act

Last year, the California Legislature adopted several bills impacting property disposition. One of these bills, AB 1486, expands the Surplus Land Act to include former redevelopment agency property, which was previously exempt. With respect to the Property, AB 1486 would have two primary impacts, if the Property were not sold to Baden Development:

- The City would need to offer affordable housing developers the right of first refusal to negotiate for the purchase of the Property for stand-alone development. This process would take up to 150 days and, and in light of the small size of the parcel, could result in the City having to sell the Property at a reduced price in order to achieve the affordable housing mandates of AB 1486.
- The residential units would need to include at least 15% BMR units. At present, the project provides 10% inclusionary units for the whole project, including the Property, and is compliant with the City of South San Francisco’s Inclusionary Housing policies.

Although AB 1486 took effect on January 1, 2020, it specifically exempts properties that were in a binding agreement by December 31, 2019. The City therefore negotiated and executed an Exclusive Negotiating Rights Agreement (“ENRA”) which took effect on December 9, 2019.

Conclusion

The offer by Baden Development, LLC is slightly higher than the current appraised Fair Market Value of the Property. Moreover, due to the impacts of AB 1486 (as discussed above), it is highly unlikely that the Property, if sold as a stand-alone parcel, would receive a purchase price similar to the offer made by Baden Development. In addition, the long-term property tax value of the assembled sites with a greater number of units would be significantly greater than what may be received if the property were to be sold as a stand-alone site.

Attachments:

1. Letter of Intent to purchase 432 Baden Avenue (September 23, 2019)
2. 432 Baden Avenue appraisal by Colliers International

3. Purchase and Sale Agreement with Baden Developments LLC for 432 Baden Avenue
4. Draft Resolution of the Oversight Board Approving the Final Sale Price for 432 Baden Avenue

Sierra Investments
311 9th Avenue
San Mateo, CA 94401

September 23, 2019

City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080
Attn: Mr. Mike Futrell and Mr. Alex Greenwood

RE: Offer for Purchase of 432 Baden, South San Francisco, CA

Dear Mr. Futrell and Mr. Greenwood:

Sierra Investments, a California Corporation (“Buyer”) hereby submits the following proposal to CITY OF SOUTH SAN FRANCISCO, a municipal corporation (“Seller”) for Buyer’s purchase of the real property and improvements located at and commonly known as 432 Baden, South San Francisco, California and consisting of San Mateo County Assessor’s Parcel Numbers 012-321-060 (the “Property”).

If the terms hereof are acceptable to Seller then Buyer will proceed with the preparation of a definitive Purchase and Sale Agreement (“Purchase Agreement”). This letter shall serve as a letter of intent, which shall not be deemed contractually binding unless and until the parties execute the Purchase Agreement. This letter is merely an expression of the current intent of the parties.

The general terms and conditions shall be as follows:

1. Purchase Price. Purchase price will be ONE MILLION ONE HUNDRED THOUSAND DOLLARS (\$1,100,000.00). The purchase price will be paid all cash at the close of escrow, including the deposits previously made into escrow.
2. Deposits. Buyer shall place THIRTY THOUSAND DOLLARS (\$30,000.00) in an escrow account to be established with North American Title Company (“Escrow Holder”) at its office located at 330 Primrose Road, Burlingame, CA 94010, Attn: Annette Ross, Escrow Officer within two business days after the complete execution of the Purchase Agreement. Until the Feasibility Period expires, all deposits shall be fully refundable; thereafter, all deposits shall be nonrefundable (unless Seller defaults or unless the conditions to Buyer’s obligation to purchase the Property at closing are not fully satisfied or waived in writing by Buyer). All deposits shall be applicable to the purchase price and shall be deemed to be liquidated damages if Buyer defaults on its obligation to purchase the Property.

3. Feasibility Period. Buyer shall have 60 days following the mutual execution of the Purchase Agreement to perform its due diligence and feasibility analysis of the Property. Seller shall within 3 days after execution of the Purchase Agreement deliver to Buyer a preliminary title report, underlying documents relating thereto, and all leases, contracts, files relative to the operation and maintenance of the Property and any environmental, soils, structural, roof, HVAC and other reports in Seller's possession and other due diligence material reasonably requested by Buyer for its review during the Feasibility Period.

4. Close of Escrow. The Closing will occur on the date that is sixty (60) days after expiration of the Feasibility Period (or the next business day of such date does not fall on a business day).

5. Representations and Warranties: Representations and warranties customary in agreements of this nature will be provided in the Purchase Agreement.

6. Conditions. Buyer's obligation to purchase the Property shall be subject to satisfaction of the following conditions precedent at or prior to the close of escrow:

A. Seller shall deliver to Buyer a grant deed conveying title to the Property to Buyer, a title insurance policy acceptable to Buyer and an assignment of leases and contracts approved by Buyer;

B. All representations and warranties shall be true as of close of escrow and there shall have been no material change in the condition of the Property between the date the Purchase Agreement is executed and the date of the close of escrow;

7. Brokerage Commissions: Seller is not represented by any broker in this transaction. Buyer is represented by Victor Lo of Sierra Investments ("Buyer's Broker"). Buyer and Seller acknowledge and agree that Buyer's Broker is now and has at all times material to this transaction been the agent of Buyer only and has no fiduciary duty to or with Seller. Seller shall not be required to pay any commission or fee to Buyer's Broker at the close of escrow. Except for the foregoing, each party represents to the other that it has not dealt with any broker, agent, or finder for which a commission or fee is payable by the other party, and each party shall indemnify, defend, and hold harmless the other from any claims, demands, liabilities, or judgments for commissions or fees arising from such party's breach of this representation.

8. Closing Costs: Seller and Buyer shall pay their respective shares of all transfer taxes, title insurance premiums and escrow costs in accordance with the custom in the county in which the Property is located. Each party shall be responsible for its own legal fees in connection with this transaction.

9. Prorations; Deposits: Revenues and operating expenses and taxes for the Property shall be prorated as of the close of escrow and possession shall be delivered at the close

of escrow. Buyer shall be entitled to a credit for any deposits owed to tenants as of the close of escrow.

10. Beneficiaries. This letter of intent is made for the benefit of the Seller and the Buyer, their respective heirs, successors and assigns.

11. Applicable Laws. This letter of intent and the Purchase Agreement contemplated herein shall be governed by, construed and enforced in accordance with the laws of the State of California.

12. Non-Binding Letter. This letter of intent is not intended as and does not constitute a binding agreement by either party. Rather, this letter of intent is intended to specify the proposed terms and conditions of the transactions contemplated hereby. Buyer and Seller fully understand that neither party shall have any legal obligation to the other, or with respect to the proposed transaction, until the Purchase Agreement has been executed by both parties, except as otherwise expressly provided herein. This letter of intent shall be deemed terminated and shall be null and void if not accepted by Seller and a signed and dated counterpart of this letter is not received by Buyer by 5:00 p.m. on the date that is seven (7) days after the date of this letter.

If the foregoing terms and conditions are acceptable to Seller, please sign this letter where indicated below and return a copy to the Buyer. Following receipt of Seller's signed letter, Buyer will cause the Purchase Agreement to be prepared, which will incorporate the terms and conditions set forth herein and such other terms and condition as the parties shall agree upon in their sole discretion. The parties shall use their reasonable efforts to complete and execute the Purchase Agreement within 15 days after the mutual execution of this letter.

* * * * *

We look forward to working with you on this transaction.

Very truly yours,

Sierra Investments,
a California Corporation

By: SIERRA INVESTMENTS,
a California Corporation
Its: President

By: 

Victor Lo
Its: President

ACKNOWLEDGED AND AGREED:

CITY OF SOUTH SAN FRANCISCO,
a municipal corporation

By: _____

Name

(print): _____

Title (print):

Dated: _____



SOUTH SAN FRANCISCO PUBLIC PARKING LOT 14

432 Baden Avenue
South San Francisco, California 94080

APPRAISAL REPORT

Date of Report: November 25, 2019

Colliers File #: SFO190236



PREPARED FOR
Julie Barnard
City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94083

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

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November 25, 2019

Julie Barnard
City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94083

RE: South San Francisco Public Parking Lot 14
432 Baden Avenue
South San Francisco, California 94080

Colliers File #: SFO190236

Ms. Barnard:

This appraisal report satisfies the scope of work and requirements agreed upon by City of South San Francisco and Colliers International Valuation & Advisory Services. This appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2. Our appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest. The following table conveys the final opinions of market value of the subject property that are developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
As-Is Market Value	Fee Simple	November 14, 2019	\$1,020,000

The subject is a 0.16-acre site at 432 Baden Avenue in South San Francisco, California. The property is currently a vacant, paved site and utilized as a permit parking lot. Receiving relatively minimal income from the parking operation, the highest and best use of the site is considered to be residential, multi-family development given the surrounding uses and proximity to the downtown area.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The report is intended to conform to the Financial Institutions Reform,

Recovery and Enforcement Act (FIRREA) standards and the appraisal guidelines of City of South San Francisco.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions”. *USPAP* defines a Hypothetical Condition as, “that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis”.

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at our opinions of value are fully discussed below. We advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

No Extraordinary Assumptions were made for this assignment.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

RELIANCE LANGUAGE

Colliers International Valuation & Advisory Services hereby expressly grants to Client the right to copy the Appraisal and distribute it to other parties in the transaction for which the Appraisal has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

COLLIERS INTERNATIONAL VALUATION & ADVISORY SERVICES



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Senior Valuation Specialist
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- Engagement Letter
- Subject Data
- Valuation Glossary
- Qualifications of Appraisers
- Qualifications of Colliers International Valuation & Advisory Services

GENERAL INFORMATION

Property Name	South San Francisco Public Parking Lot 14
Property Type	Land - Commercial Land
Address	432 Baden Avenue
City	South San Francisco
State	California
Zip Code	94080
County	San Mateo
Core Based Statistical Area (CBSA)	San Francisco-Oakland-Hayward, CA
Market	San Mateo County
Submarket	South San Francisco
Latitude	37.655276
Longitude	-122.414073
Number Of Parcels	1
Assessor Parcel	012-321-160
Total Assessed Value	\$0
Census Tract Number	6022.00

SITE INFORMATION

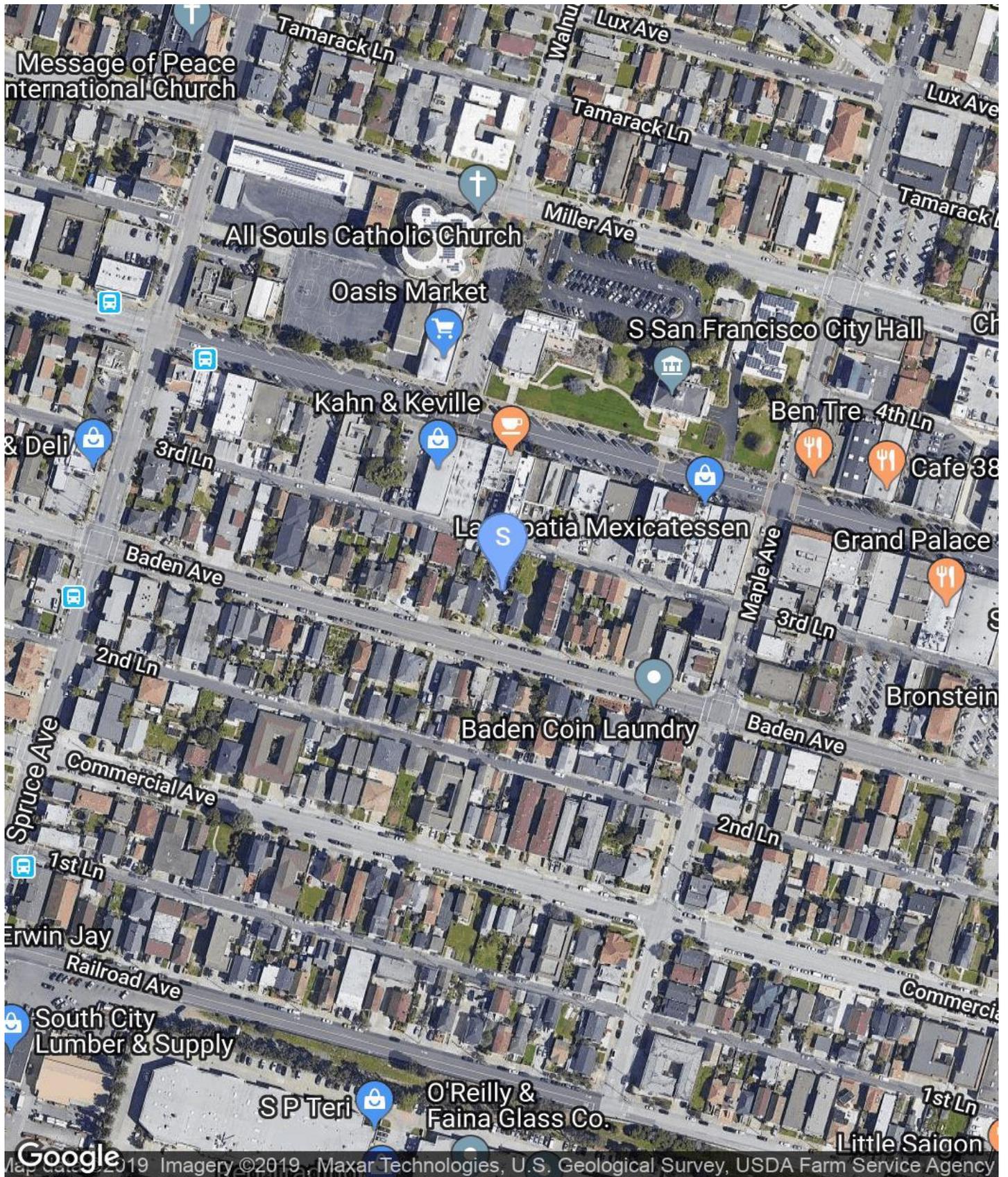
Land Area	Acres	Square Feet
Usable	0.16	7,000
Unusable	0.00	0
Excess	0.00	0
<u>Surplus</u>	<u>0.00</u>	<u>0</u>
Total	0.16	7,000
Topography	Level at street grade	
Shape	Rectangular	
Access	Average	
Exposure	Good	
Current Zoning	Downtown Station Area Specific Plan District - Downtown Residential Core (DSASP-DRC)	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	Highest Risk	

VALUATION SUMMARY**VALUATION INDICES****AS-IS
MARKET VALUE****INTEREST APPRAISED****FEE SIMPLE****DATE OF VALUE****NOVEMBER 14, 2019****FINAL VALUE CONCLUSION**

FINAL VALUE	\$1,020,000
Value/Unit	\$85,000/Unit

LAND VALUATION

LAND VALUE	\$1,020,000
Value/Unit	\$85,000





SITE LOOKING NORTH



SITE LOOKING SOUTH



TYPICAL PARKING SPACES



TYPICAL PARKING SPACES



STREET SCENE ALONG BADEN AVENUE



STREET SCENE ALONG THIRD LANE

PROPERTY IDENTIFICATION

The subject a 0.16-acre site at 432 Baden Avenue in South San Francisco, San Mateo County, California. The assessor's parcel number is: 012-321-160.

The legal description of the subject property is taken from the Grant Deed and is as follows:

That real property situated in the State of California, County of San Mateo, City of South San Francisco, and described as Lot 8 in Block 117, as shown on that certain map entitled "SOUTH SAN FRANCISCO SAN MATEO CO. CAL. PLAT. NO. 1", filed in the office of the County Recorder of San Mateo County, State of California, on March 1, 1892 in Book "B" of Maps at page(s) 6, and a copy entered in Book 2 of Maps at Page 52.

A.P. No.: 012-321-160

JPN 012 032 321 16 A

CLIENT IDENTIFICATION

The client of this specific assignment is City of South San Francisco.

PURPOSE

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest.

INTENDED USE

The intended use of this appraisal is to assist the client in making internal business decisions related to this asset.

INTENDED USERS

City of South San Francisco is the only intended user of this report. Use of this report by Third-Parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	November 25, 2019
Date of Inspection	November 14, 2019
Valuation Date - As-Is	November 14, 2019

PERSONAL INTANGIBLE PROPERTY

No personal property or intangible items are included in this valuation.

PROPERTY AND SALES HISTORY

Current Owner

The subject title is currently recorded in the name of City of South San Francisco, who acquired title to the property on April 14, 1997 for a reported \$270,000, as disclosed by the owner.

Three-Year Sales History

The subject has not sold in the past three years.

Subject Sale Status

The subject is not currently listed for sale.

DEFINITIONS

This section summarizes the definitions of value, property rights appraised, and value scenarios that are applicable for this appraisal assignment. All other applicable definitions for this assignment are located in the Valuation Glossary section of the Addenda.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the definition of Market Value is applicable. The definition of Market Value, along with all other applicable definitions for this assignment, is located in the Valuation Glossary section of the Addenda.

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

VALUE SCENARIOS

The valuation scenario developed in this appraisal report includes the As-Is Market Value of the subject property's fee simple interest.

INTRODUCTION

The appraisal development and reporting processes requires gathering and analyzing information about those assignment elements necessary to properly identify the appraisal problem to be solved. The scope of work decision must include the research and analyses that are necessary to develop credible assignment results given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. The scope of work for this appraisal assignment is outlined below:

- The appraisers analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends. The local area was further studied to assess the general quality and condition, and emerging development trends for the real estate market. The immediate market area was inspected and examined to consider external influences on the subject.
- The appraisers confirmed and analyzed legal and physical features of the subject property including sizes of the site, flood plain data, seismic zone, zoning, easements and encumbrances, access and exposure of the site.
- The appraisers completed a multi-family market analysis that included market and sub-market overviews. The San Mateo County market and South San Francisco sub-market overviews analyzed supply/demand conditions using vacancy, absorption, supply change and rent change statistics. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- The appraisers conducted Highest and Best Use analysis and conclusions were drawn for the highest and best use of the subject property As-Vacant. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject site.
- The appraisers confirmed and analyzed financial features of the subject property including potential entitlement issues, and tax and assessment records. This information as well as trends established by confirmed market indicators was used to forecast performance of the subject property.
- Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. This appraisal developed the Sales Comparison Approach to value, which was adjusted and reconciled as appropriate. The appraisal develops an opinion of the As-Is Market Value of the subject property's fee simple interest.
- Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are summarized within this document.
- We understand the Competency Rule of USPAP and the authors of this report meet the standards.
- No one provided significant real property appraisal assistance to appraisers signing this certification.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

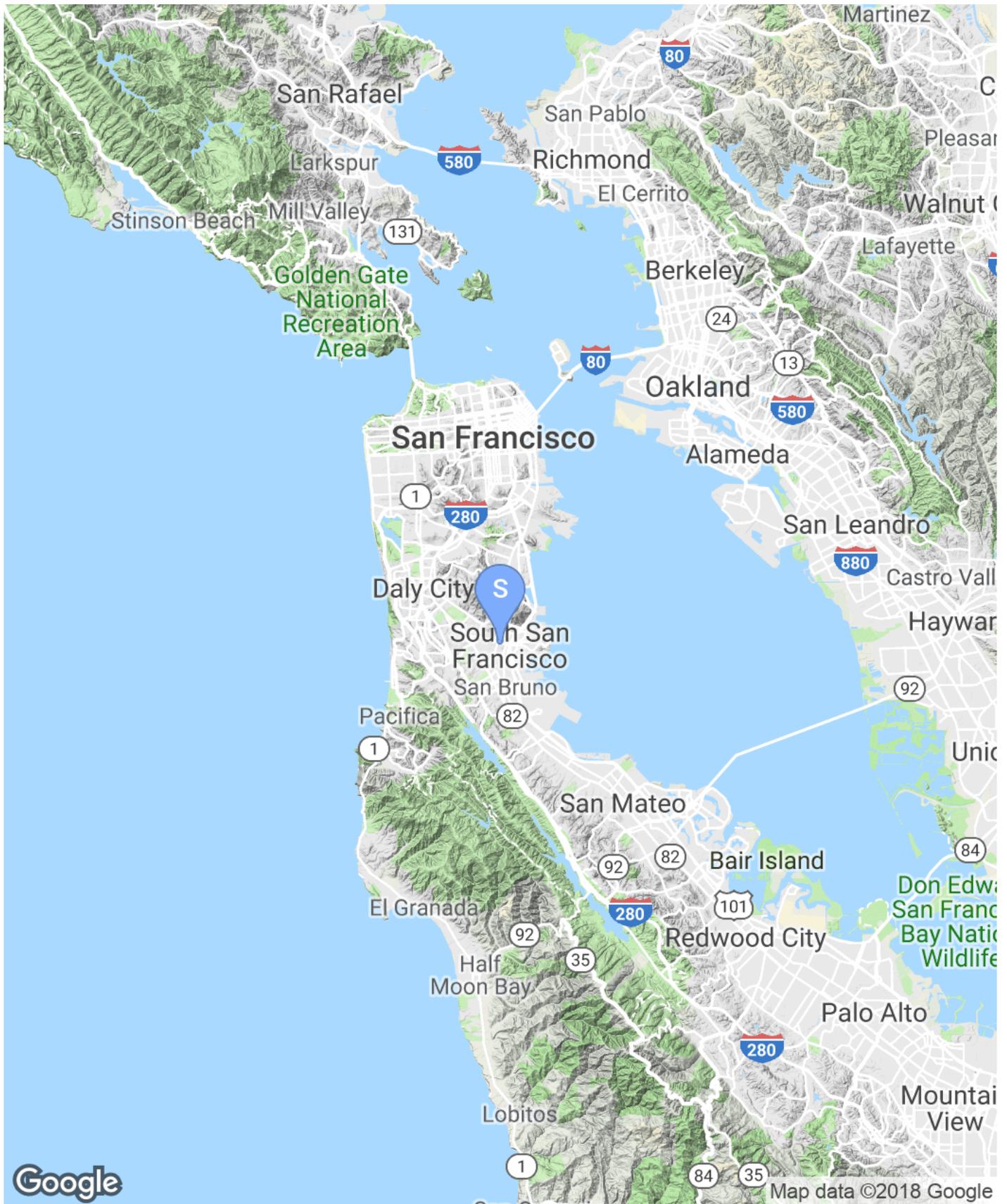
SOURCES OF INFORMATION

ITEM	SOURCE
Tax Information	San Mateo County Tax Assessor
Zoning Information	City of South San Francisco Zoning Code
Site Size Information	San Mateo County Tax Assessor
Building Size Information	San Mateo County Tax Assessor
New Construction	City of South San Francisco / San Mateo County
Flood Map	InterFlood
Demographics	Pitney Bowes/Gadberry Group - GroundView®
Comparable Information	CoStar, Loopnet, RealQuest, Brokers, Colliers Data
Legal Description	Grant Deed from RealQuest
Other Property Data	San Mateo County Property Records & City of South San Francisco Documents

SUBJECT PROPERTY INSPECTION

SUBJECT PROPERTY INSPECTION

APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Alex Khasin, MAI	Yes	Exterior Only	November 14, 2019
Vathana Duong, MAI	Yes	Exterior Only	October 11, 2018

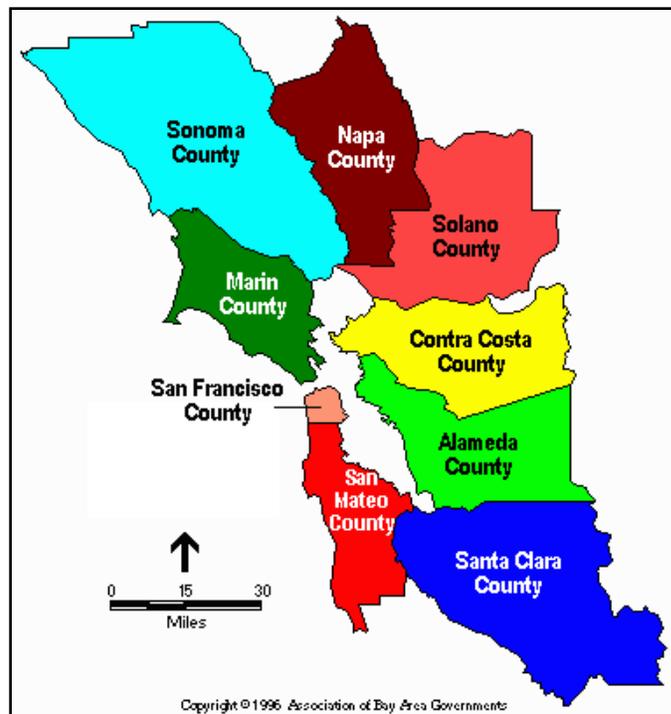


REGIONAL ANALYSIS

The subject property is located in the City of South San Francisco, within San Mateo County. San Mateo County is located in the San Francisco-Oakland-Hayward CA Metropolitan Statistical Area (MSA). The MSA is comprised of San Francisco, Marin, Alameda, Contra Costa, and San Mateo Counties. The MSA is bordered by five neighboring counties as well as the Pacific Ocean. This area encompasses more than 1,015 square miles of land area and miles of scenic coastline.

While San Francisco covers a relatively small land area of approximately 45 square miles, it is the geographic center of the nine-county Bay Area and the fourth largest metropolitan area in the United States. San Francisco is characterized by a moderate climate, vibrant economy and one of the highest standards of living in the United States.

San Francisco is the historical center of the region and the phenomenal growth over the past three decades has led to the emergence of several distinct geographic and economic sub-regions. The area north of San Francisco (Marin, Napa and Sonoma counties) is noted for its rural charm and numerous wineries, many of which have become world-renowned. San Mateo County lies south of San Francisco between San Francisco Bay and the Pacific Ocean. The eastern portion, bordering the Bay, is highly developed, but rugged mountains reaching westward to the ocean characterize central San Mateo County. Santa Clara County, located at the southern end of the Bay, has emerged as a dominant force within the Greater Bay Area and is known internationally as “Silicon Valley” due to its high concentration of semiconductor manufacturers and other high-technology employers. Alameda and Contra Costa Counties form the standard metropolitan statistical area which comprises the East Bay Area. The East Bay region known as the “Tri-Valley” area has become a technology hub and an area of major job growth. Northern Alameda County and Solano County comprise the Sacramento River Delta communities. While much of the area is agricultural, many communities are experiencing rapid expansion due to lower housing costs compared with more established areas closer to the population.



DEMOGRAPHIC ANALYSIS

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas. Demographic changes are often highly correlated to changes in the underlying economic climate. Periods of economic uncertainty necessarily make demographic projections somewhat less reliable than projections in more stable periods. These projections are used as a starting point, but we also consider current and localized market knowledge in interpreting them within this analysis. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective

in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

Population

According to Pitney Bowes/Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, the San Francisco-Oakland-Berkeley metropolitan area had a 2019 total population of 4,781,196 and experienced an annual growth rate of 1.1%, which was higher than the California annual growth rate of 0.8%. The metropolitan area accounted for 12.0% of the total California population (39,848,262). Within the metropolitan area the population density was 1,888 people per square mile compared to the lower California population density of 252 people per square mile and the lower United States population density of 92 people per square mile.

POPULATION			
YEAR	US	CA	CBSA
2010 Total Population	308,745,538	37,253,956	4,335,391
2019 Total Population	329,429,186	39,848,262	4,781,196
2024 Total Population	340,686,154	41,296,385	5,037,852
2010 - 2019 CAGR	0.7%	0.8%	1.1%
2019 - 2024 CAGR	0.7%	0.7%	1.1%

Source: Pitney Bowes/Gadberry Group - GroundView®

POPULATION DENSITY			
YEAR	US	CA	CBSA
2019 Per Square Mile	92	252	1,888
2024 Per Square Mile	95	261	1,990

Source: Pitney Bowes/Gadberry Group - GroundView®

The 2019 median age for the metropolitan area was 39.07, which was 2.11% older than the United States median age of 38.25 for 2019. The median age in the metropolitan area is anticipated to grow by 0.32% annually, increasing the median age to 39.71 by 2024.

MEDIAN AGE			
YEAR	US	CA	CBSA
2019	38.25	36.83	39.07
2024	38.90	37.38	39.71
CAGR	0.34%	0.30%	0.32%

Source: Pitney Bowes/Gadberry Group - GroundView®

Education

The San Francisco Bay Area is home to one of the best educated workforces in the world. Of all major cities, San Francisco has the second-highest percentage of residents with a college degree, behind only Seattle. More than two-thirds of Bay Area residents have training beyond high school and above 43% have attained a four-year college degree or higher. In addition, 20% of City residents hold graduate degrees, topping the rankings of major cities in the United States. USA Today reported that Rob Pitingolo, a researcher who measured college graduates per square mile, found that San Francisco had the highest rate at 7,031 per square mile, or over 344,000 total graduates in the city's 46.7 square miles. More than 60 colleges and universities comprise the Bay Area's world-class educational and research facilities.

The National Research Council (NRC) rates the University of California, Berkeley (UC Berkeley) and Stanford University as two of the top-ranked graduate schools in the country. NRC also ranks programs in the biological and biomedical sciences at the University of California San Francisco (UCSF) among the nation's best. UC scientists have founded one in three biotechnology companies in California; with California serving as the home to two of the world's three largest Biotech Corporations (Amgen and Gilead Sciences).

Household Trends

The 2019 number of households in the metropolitan area was 1,693,639. The number of households in the metropolitan area is projected to grow by 0.4% annually, increasing the number of households to 1,730,806 by 2024. The 2019 average household size for the metropolitan area was 2.77, which was 6.71% larger than the United States average household size of 2.6 for 2019. The average household size in the metropolitan area is anticipated to grow by 0.64% annually, raising the average household size to 2.86 by 2024.

NUMBER OF HOUSEHOLDS			
YEAR	US	CA	CBSA
2019	123,740,541	13,087,024	1,693,639
2024	127,610,429	13,379,135	1,730,806
CAGR	0.6%	0.4%	0.4%

Source: Pitney Bowes/Gadberry Group - GroundView®

AVERAGE HOUSEHOLD SIZE			
YEAR	US	CA	CBSA
2019	2.60	2.98	2.77
2024	2.61	3.02	2.86
CAGR	0.07%	0.29%	0.64%

Source: Pitney Bowes/Gadberry Group - GroundView®

The San Francisco-Oakland-Berkeley metropolitan area had 45.49% renter occupied units, compared to the lower 44.08% in California and the lower 34.87% in the United States.

HOUSING UNITS			
	US	CA	CBSA
Owner Occupied	65.13%	55.92%	54.51%
Renter Occupied	34.87%	44.08%	45.49%

Source: Pitney Bowes/Gadberry Group - GroundView®

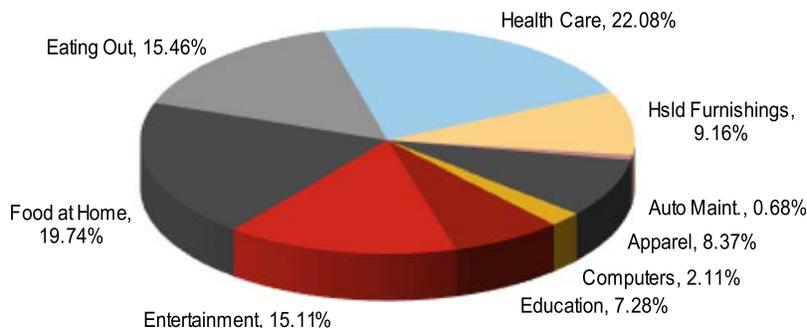
The 2019 median household income for the metropolitan area was \$97,950, which was 60.8% higher than the United States median household income of \$60,918. The median household income for the metropolitan area is projected to grow by 3.8% annually, increasing the median household income to \$117,790 by 2024.

As is often the case when the median household income levels are higher than the national average, the cost of living index is also higher. According to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, the San Francisco-Oakland-Hayward, CA MSA's cost of living is 193.8 compared to the national average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

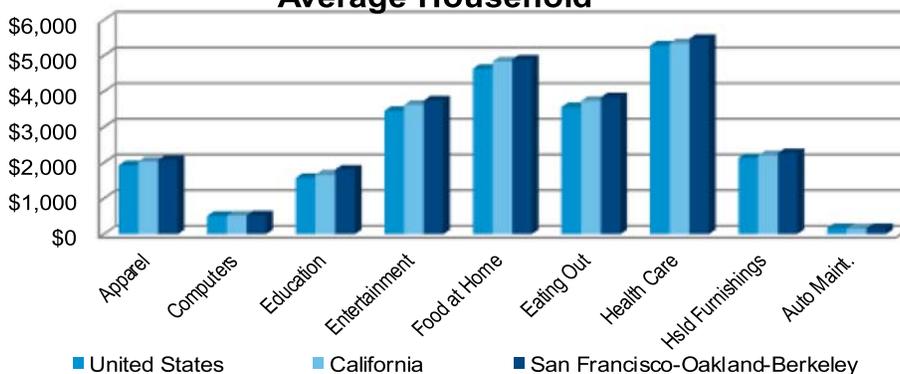
MEDIAN HOUSEHOLD INCOME			
YEAR	US	CA	CBSA
2019	\$60,918	\$71,343	\$97,950
2024	\$73,705	\$86,357	\$117,790
CAGR	3.9%	3.9%	3.8%

Source: Pitney Bowes/Gadberry Group - GroundView®

Consumer Spending San Francisco-Oakland-Berkeley



Consumer Spending Comparison Average Household



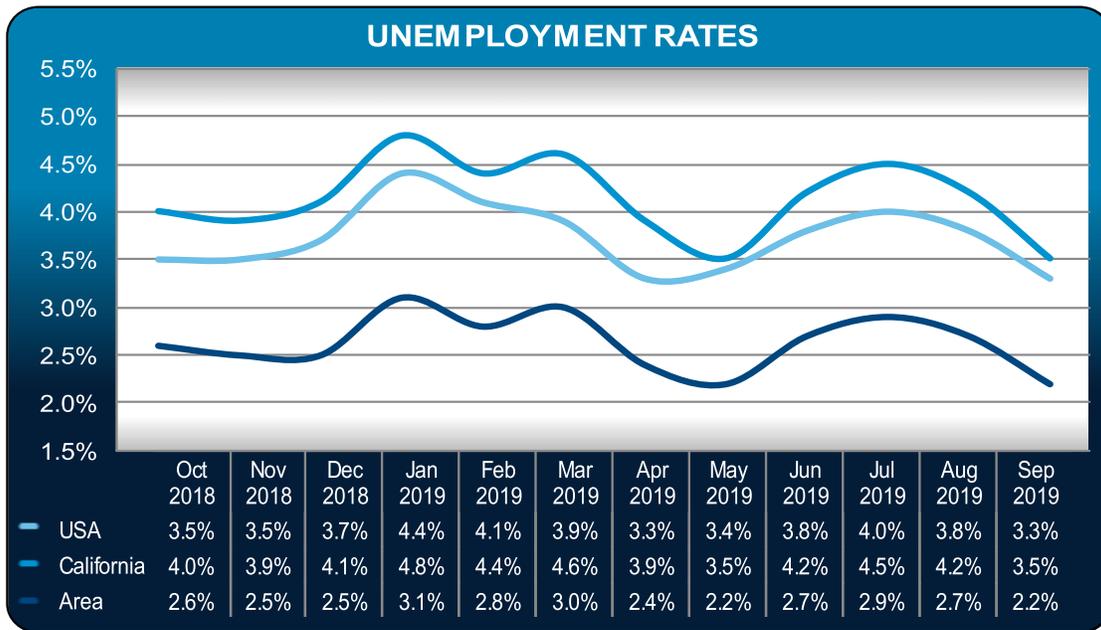
EMPLOYMENT

Total employment has increased annually over the past decade in the state of California by 1.5% and increased annually by 2.3% in the area. From 2017 to 2018 unemployment decreased in California by 0.6% and decreased by 0.6% in the area. In the state of California unemployment has decreased over the previous month by 0.7% and decreased by 0.5% in the area.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2009 - 2018

Year	TOTAL EMPLOYMENT				UNEMPLOYMENT RATE		
	California		San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area		United States*	California	San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area
	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2009	16,182,572	(4.0%)	2,040,528	(3.5%)	9.3%	11.2%	9.4%
2010	16,091,945	(0.6%)	2,090,453	2.4%	9.6%	12.2%	9.9%
2011	16,258,133	1.0%	2,131,880	2.0%	8.9%	11.7%	9.1%
2012	16,602,672	2.1%	2,205,839	3.5%	8.1%	10.4%	7.8%
2013	16,958,403	2.1%	2,257,853	2.4%	7.4%	8.9%	6.5%
2014	17,310,937	2.1%	2,314,754	2.5%	6.2%	7.5%	5.2%
2015	17,681,849	2.1%	2,374,426	2.6%	5.3%	6.2%	4.3%
2016	18,002,773	1.8%	2,426,914	2.2%	4.9%	5.5%	3.8%
2017	18,285,492	1.6%	2,465,075	1.6%	4.4%	4.8%	3.3%
2018	18,582,802	1.6%	2,514,184	2.0%	3.9%	4.2%	2.7%
CAGR	1.5%	-	2.3%	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate



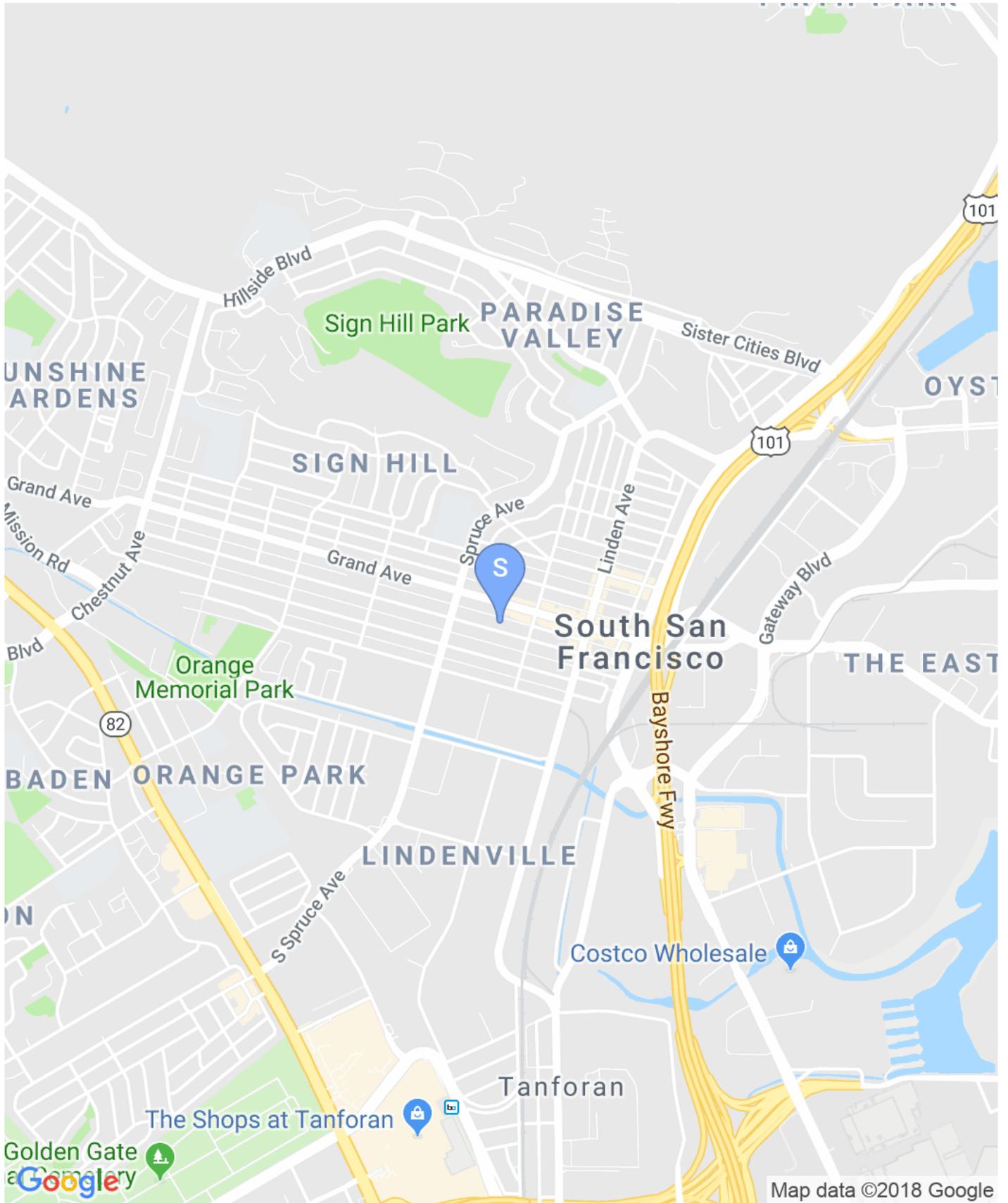
TOP EMPLOYERS		
EMPLOYER NAME	EMPLOYEES	INDUSTRY
Kaiser Permanente	46,044	Healthcare
Sutter Health	25,435	Healthcare
Stanford University	14,727	Research University
Safeway Northern CA Division	14,274	Grocer
Wells Fargo & Co.	14,119	Financial Services
Facebook Inc.	14,000	Social Networking Website
United Airlines	13,000	Airline Carrier
Genentech	11,000	Biotechnology Company
Tesla Inc.	10,000	Electric Vehicle Manufacturer
PG&E Corp.	9,680	Utilities
Oracle Corp.	8,161	Cloud Applications
Salesforce	7,000	CRM
UPS	6,700	Trucking, Shipping, Logistics, Freight
Amazon	6,600	Ecommerce and Cloud Computing
John Muir Health	6,484	Healthcare
Stanford Health Care	6,250	Healthcare
Allied Universal	5,890	Security Systems
Starbucks Coffee Co.	5,692	Coffee
Uber Technologies Inc.	5,500	Ride-Sharing
Chevron Corp.	5,261	Energy, Chemicals, and Petroleum

Source: San Francisco Business Times - 2019 Book of Lists

The preceding chart depicts the top employers in Northern California Bay Area. Principal employers are spread throughout diverse sectors, including mining/oil/gas extraction, professional/scientific/technical services, and education. Kaiser Permanente, a Healthcare corporation headquartered in Oakland is the largest employer in the Bay Area with 46,000 employees. The second largest employer is Sutter Health, a Healthcare company headquartered in Sacramento. The third largest employer is Stanford University located in Palo Alto with an endowment of \$22.0 billion, and an annual enrollment of approximately 7,000 students.

SUMMARY

In summary, the San Francisco-Oakland-Hayward, CA MSA has historically benefited from the synergy of Silicon Valley. The Silicon Valley region is a worldwide technology center and regional employment center. Desirable physical features and well-diversified economy contribute to attracting both businesses and residents. Traffic will be a continuing problem in the area; however, there are a few projects approved and underway, which are expected to help alleviate some congestion. Industry in the area is increasingly diversified. The San Francisco-Oakland-Hayward, CA MSA is a leader in technology and a regional employment center. Desirable physical features and a well-diversified economy continue to attract both businesses and residents.



LOCAL AREA PROFILE

The subject property is located in South San Francisco, California, within San Mateo County. The property is located within walking distance of the downtown area, with good access to amenities and services.

DEMOGRAPHIC PROFILE

The following is a demographic study of the region sourced by *Piney Bowes/Gadberry Group – GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas.

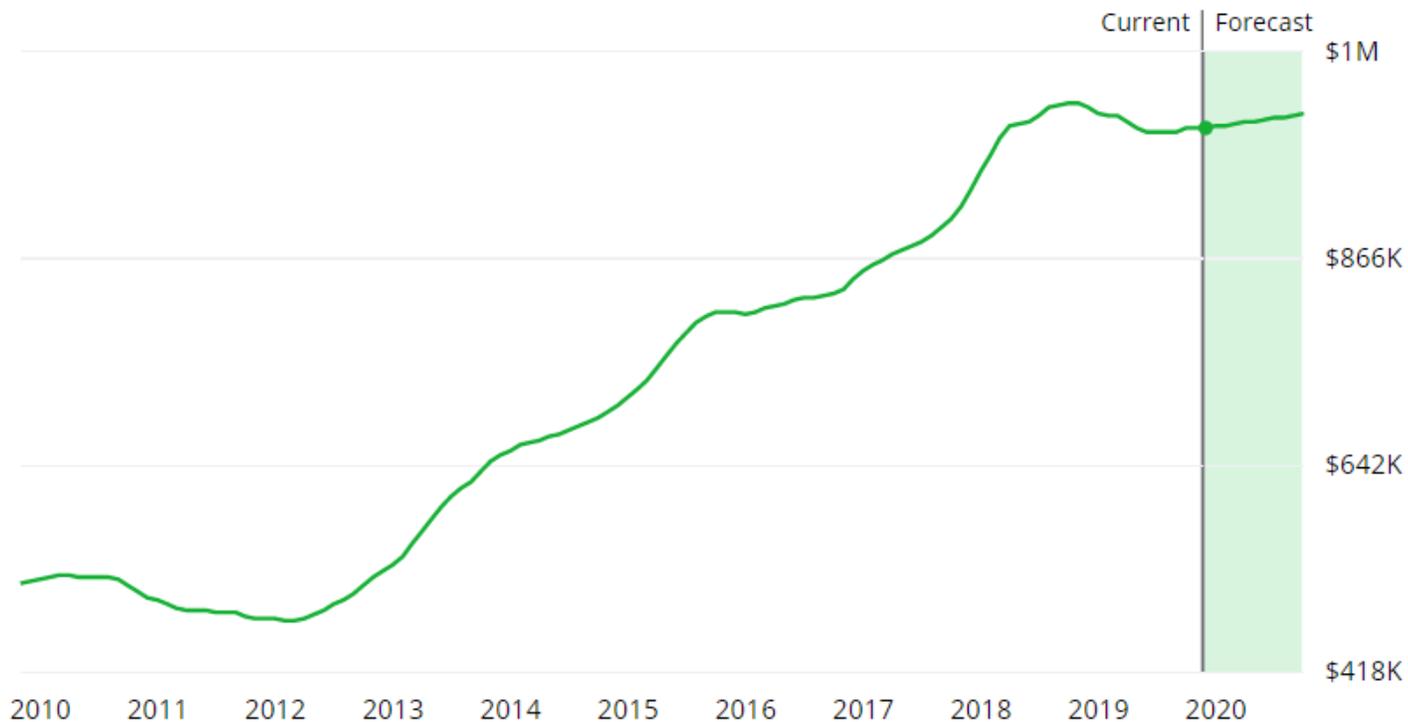
LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				AVERAGE HOUSEHOLD INCOME			
2000 Population	22,297	108,790	343,649	2019	\$108,752	\$129,945	\$124,308
2010 Population	23,233	112,556	354,648	2024	\$130,227	\$156,874	\$149,633
2019 Population	24,335	120,173	372,467	Change 2019-2024	19.75%	20.72%	20.37%
2024 Population	25,025	124,508	384,940	MEDIAN HOUSEHOLD INCOME			
Change 2000-2010	4.20%	3.46%	3.20%	2019	\$81,030	\$97,415	\$94,037
Change 2010-2019	4.74%	6.77%	5.02%	2024	\$92,571	\$117,580	\$112,898
Change 2019-2024	2.84%	3.61%	3.35%	Change 2019-2024	14.24%	20.70%	20.06%
POPULATION 65+				PER CAPITA INCOME			
2010 Population	2,313	14,782	47,599	2019	\$32,596	\$43,159	\$38,526
2019 Population	3,615	20,013	62,981	2024	\$38,212	\$50,978	\$45,351
2024 Population	4,131	23,099	72,493	Change 2019-2024	17.23%	18.12%	17.71%
Change 2010-2019	56.29%	35.39%	32.32%	2019 HOUSEHOLDS BY INCOME			
Change 2019-2024	14.27%	15.42%	15.10%	<\$15,000	7.0%	5.5%	6.3%
NUMBER OF HOUSEHOLDS				\$15,000-\$24,999	5.5%	4.3%	5.1%
2000 Households	6,796	37,110	107,955	\$25,000-\$34,999	7.6%	6.7%	6.1%
2010 Households	7,030	38,612	112,697	\$35,000-\$49,999	9.8%	8.5%	8.7%
2019 Households	7,114	39,597	114,329	\$50,000-\$74,999	15.9%	12.1%	13.5%
2024 Households	7,162	40,152	115,566	\$75,000-\$99,999	17.2%	14.4%	13.5%
Change 2000-2010	3.44%	4.05%	4.39%	\$100,000-\$149,999	15.9%	19.5%	20.2%
Change 2010-2019	1.19%	2.55%	1.45%	\$150,000-\$199,999	10.2%	13.1%	12.0%
Change 2019-2024	0.67%	1.40%	1.08%	\$200,000 or greater	10.9%	16.0%	14.6%
HOUSING UNITS (2019)				MEDIAN HOME VALUE			
Owner Occupied	3,121	24,283	67,562	AVERAGE HOME VALUE	\$722,767	\$698,303	\$702,327
Renter Occupied	3,984	15,311	46,784	HOUSING UNITS BY UNITS IN STRUCTURE			
HOUSING UNITS BY YEAR BUILT				1, detached	3,717	22,646	60,136
Built 2010 or later	86	381	1,441	1, attached	605	3,384	16,290
Built 2000 to 2009	344	2,791	6,785	2	412	957	4,917
Built 1990 to 1999	407	2,507	7,738	3 or 4	492	2,029	5,981
Built 1980 to 1989	1,005	3,267	8,978	5 to 9	1,106	2,934	7,086
Built 1970 to 1979	1,246	8,533	17,717	10 to 19	340	1,872	5,455
Built 1960 to 1969	744	5,397	17,591	20 to 49	173	1,689	4,919
Built 1950 to 1959	1,581	10,029	25,822	50 or more	193	3,424	8,559
Built 1940 to 1949	1,102	4,216	13,968	Mobile home	35	599	939
Built 1939 or earlier	598	2,476	14,289	Boat, RV, van, etc.	33	60	62

Source: Pitney Bowes/Gadberry Group - GroundView®

Residential Development

Residential uses in the surrounding areas are mainly single family homes and multifamily developments. According to Zillow Home Index, the median home value in South San Francisco is \$1,007,500. South San Francisco home values have declined 2.6% over the past year and Zillow predicts they will rise 1.6% within the next year. The following graph shows the Zillow Home Value Index (ZHVI) for the subject city, which is the mid-point of estimated home values for the area. Half the estimated home values are above this number and half are below.

Nov 2019 — South San Francisco \$1.01M



Commercial Development

Major shopping centers include the Shops at Tanforan, Brentwood Shopping Center, and the San Bruno Towne Center Shopping Center, all situated just west of Highway 101. Within the immediate area, there are scattered small retail shops, service commercial, and restaurants in the downtown area.

Community Services/Transportation

Community services and facilities are readily available in the surrounding area. South San Francisco is adjacent to the San Francisco International Airport (SFO). A BART station, located directly adjacent to El Camino High School and Solaire Transit Village, provides rapid transit service to SFO, the city of San Francisco, and the East Bay. BART supplements the older Caltrain service to San Francisco and San Jose. The city is served by two major north-south freeways, Highway 101 (the Bayshore Freeway), along the San Francisco Bay, and Interstate 280, along the hills of the Santa Cruz Mountains.

Summary

The subject is situated in the general downtown area of South San Francisco along a predominantly residential street. Residential uses consist of a variety of apartments and single-family units. Significant amounts of retail, office, automotive, and light industrial uses are concentrated along major thoroughfares. Community services are readily available. Condition and appeal of the area is generally average to above average. The area is anticipated to generally remain stable in the foreseeable future.

General Description The subject site consists of 1 parcel. As noted below, the subject site has 7,000 SF (0.16 AC) of land area. The area is estimated based on the assessor's parcel map, and may change if a professional survey determines more precise measurements. The following discussion summarizes the subject site size and characteristics.

Assessor Parcel 012-321-160

Number Of Parcels 1

Land Area	Acres	Square Feet
Primary Parcel	0.16	7,000
Unusable Land	0.00	0
Excess Land	0.00	0
<u>Surplus Land</u>	<u>0.00</u>	<u>0</u>
Total Land Area	0.16	7,000

Shape Rectangular - See Plat Map For Exact Shape

Topography Level at street grade

Drainage Assumed Adequate

Utilities All available to the site

Street Improvements	Street	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetlights	Center Lane	Gutters
Baden Avenue	Primary Street	two-way	two-lane	connector street	✓	✓	✓	✓	
Third Lane	Secondary Street	one-way	one-lane	connector street	✓		✓	✓	

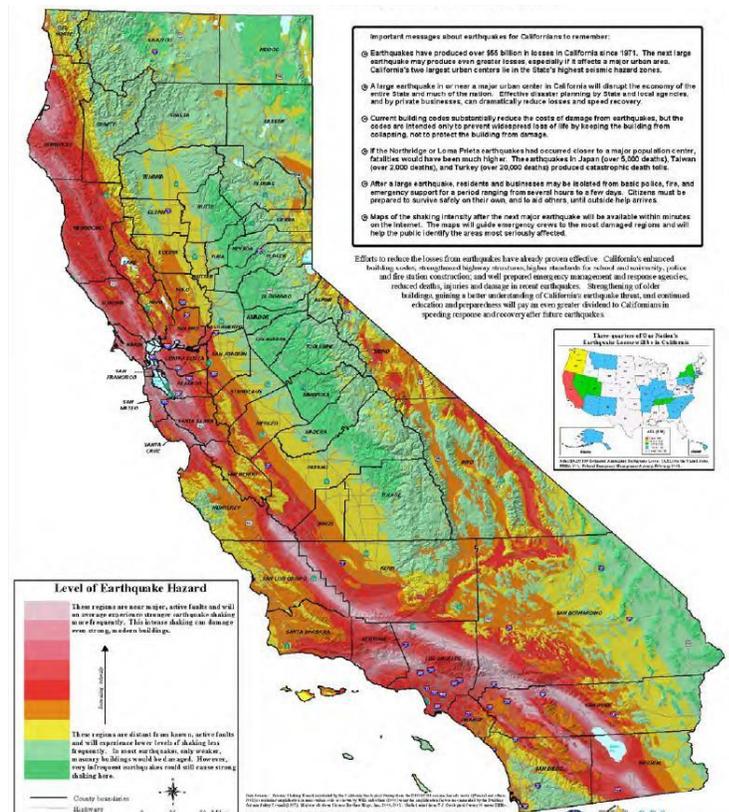
Accessibility Average

Exposure Good - The subject is situated mid-block along a mainly residential street.

Seismic The subject is in Highest Risk, which is common to all Bay Area properties.

The Alquist-Priolo Special Studies Zone Act of 1972 was enacted by the State of California to regulate development near active earthquake faults. The Act required the State Geologist to delineate earthquake fault zones along known faults in California. Cities and counties affected by the identified zones must limit certain development projects within the zones unless geologic investigation demonstrates that the sites are not threatened by surface displacement from future faulting.

The Alquist-Priolo maps identify areas at risk of having surface ruptures; they do not address seismic risk due to soil composition or distance from an active fault.



Flood Zone

Zone X (Unshaded). This is referenced by Community Number 06081, Panel Number 06081C0043E, dated October 16, 2012. Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.

Site Rating

Overall, the subject site is considered a good residential site in terms of its location and access to employment, education and shopping centers, recognizing its location near downtown.

Easements

A preliminary title report was not available for review. During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.

Soils

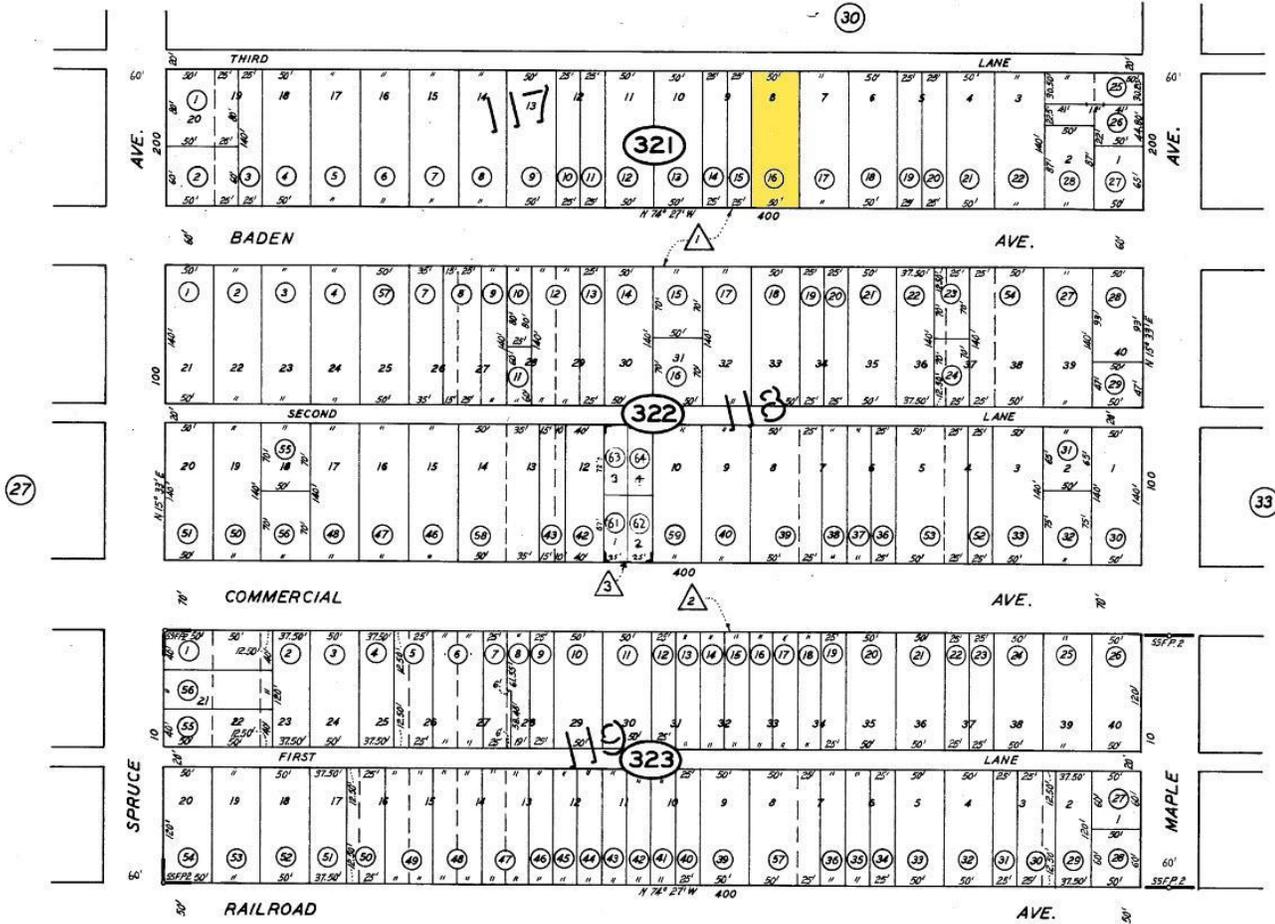
A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

Hazardous Waste

We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

PLAT MAP

12-32



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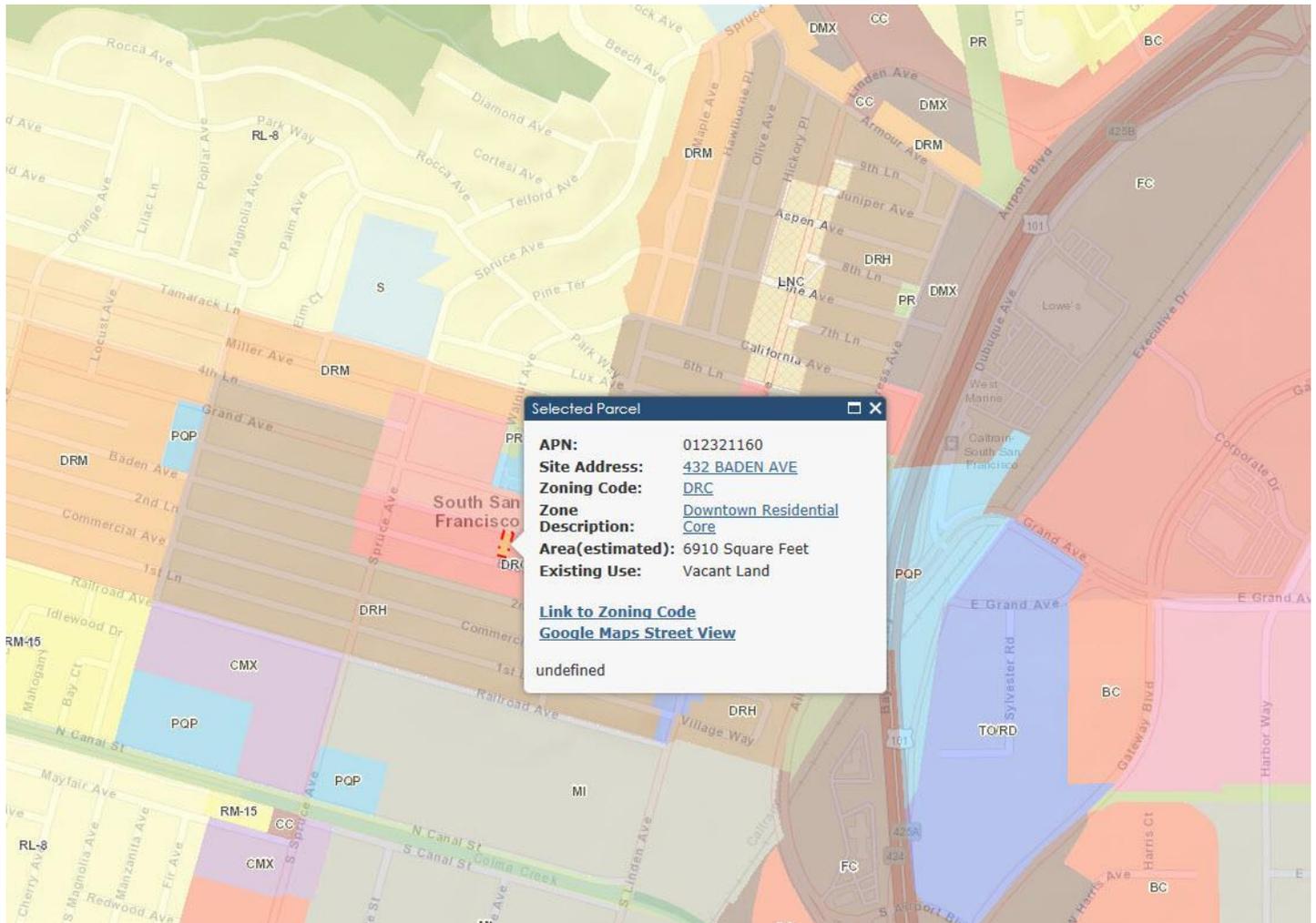
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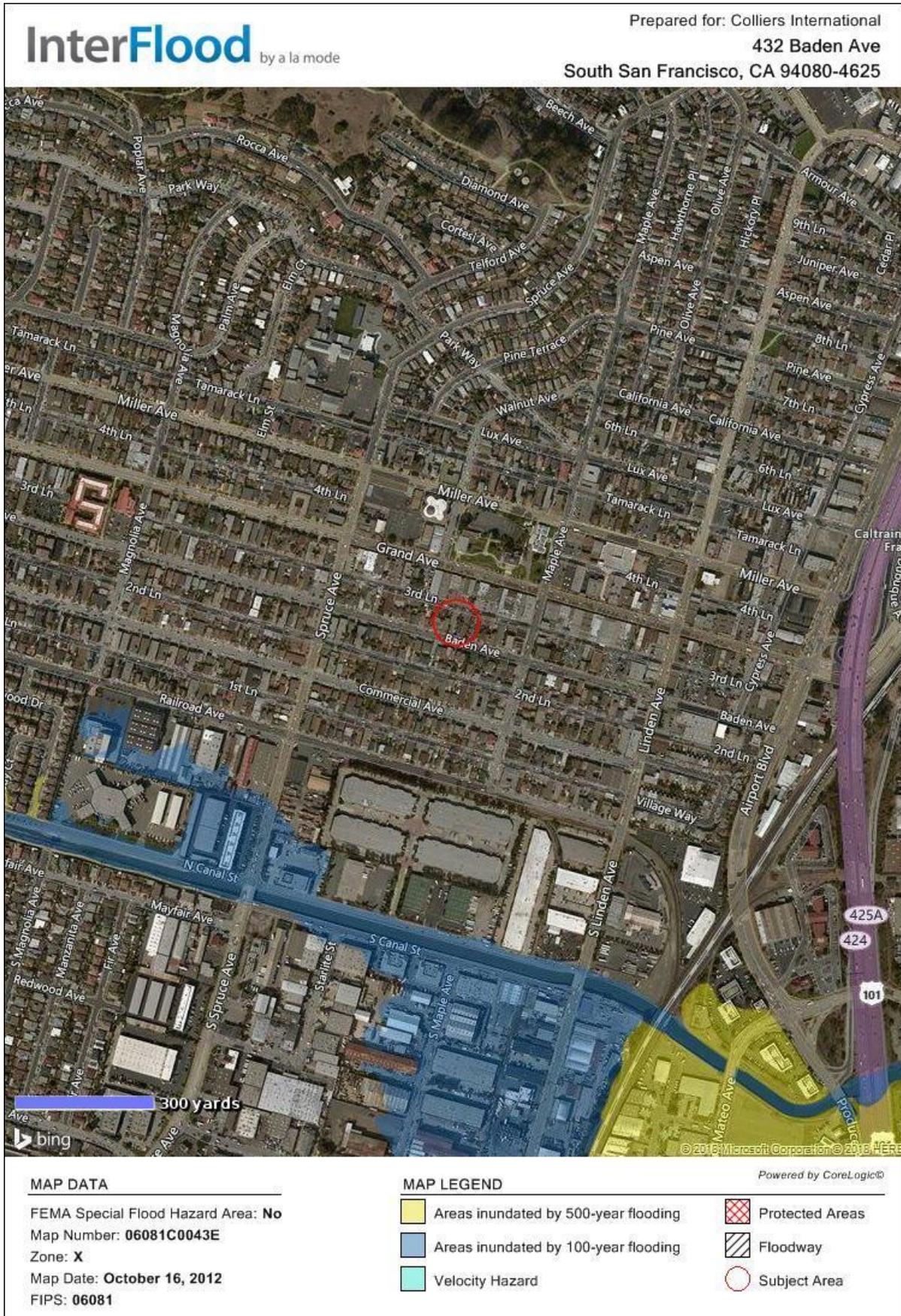
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1 SOUTH SAN FRANCISCO PLAT NO. 1 PTN OF - RSM 2

ZONING MAP



FLOOD MAP



INTRODUCTION

Assessment of real property is established by an assessor that is an appointed or elected official charged with determining the value of each property. The assessment is used to determine the necessary rate of taxation required to support the municipal budget. A property tax is a levy on the value of property that the owner is required to pay to the municipality in which it is situated. Multiple jurisdictions may tax the same property.

The subject property is located within San Mateo County. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES						
Tax Year	2019/20			Tax Rate	1.0647%	
Tax Rate Area	13-020			Taxes Current	Yes	
APN	LAND	IMPV	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
012-321-160	\$0	\$0	\$0	\$0	\$0	\$0
Totals	\$0	\$0	\$0	\$0	\$0	\$0
Total/SF	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Additional Tax Charges						
Total Additional Tax Charges						\$9
Total Additional Tax Charges Per SF						\$0.00
Total Base Tax & Additional Tax Charges						\$9
Total Base Tax & Additional Tax Charges Per SF						\$0.00

Source: San Mateo County Assessment & Taxation

SUBJECT PROPERTY ANALYSIS

The subject is not assessed and minimally taxed, as it is a city-owned parcel.

In California, reassessments of property values occur upon sale of a property due to the passage of Proposition 13 in July of 1978. If this has not occurred during the tax year, properties are limited to a maximum increase in assessed value of 2% per year. Taxes are based upon 1% of full cash value plus any amounts necessary to satisfy general obligation bonds or other indebtedness. In the valuation section, property taxes for the subject are estimated by applying the current tax rate to the concluded value. The subject is not encumbered by bonds.

According to the San Mateo County Tax Collector's Office, real estate taxes for the subject property are current as of the date of this report.

INTRODUCTION

Zoning requirements typically establish permitted and prohibited uses, building height, lot coverage, setbacks, parking and other factors that control the size and location of improvements on a site. The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of South San Francisco Planning & Zoning Department
Current Zoning	Downtown Station Area Specific Plan District - Downtown Residential Core (DSASP-DRC)
Permitted Uses	Retail, office, personal services, parking lot. Multi-unit residential use is permitted only above the ground floor and after review and approval of a Conditional Use Permit by the Planning Commission.
Current Use	Pay Parking Lot
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely

ZONING REQUIREMENTS	
Minimum Site Area (SF)	5,000 SF
Maximum Site Coverage	90%
Maximum Building Height	65 Feet
Maximum Floor Area Ratio (FAR)	3.0 times the lot area
Minimum Density (Units/Acre)	40 : 1
Maximum Density (Units/Acre)	80 : 1
Maximum Units for Subject	12
Parking Requirement	Varies by commercial use and residential unit/bedroom type
Conforming Use	The existing use represent a conforming use within this zone

Source: City of South San Francisco Planning & Zoning Department

ZONING CONCLUSIONS

The Downtown Residential Core sub-district is located in the Downtown in the remainder of the Pedestrian Priority Zone not defined as Grand Avenue Core or Downtown Transit Core. This sub-district is defined by Tamarack Lane on the north, Second Lane on the south, Spruce Avenue on the west, and Airport Boulevard on the east. This district is intended to provide for high density residential neighborhoods near the center of Downtown and within about ½ mile of the Caltrain Station. This sub-district allows, but does not require commercial uses on the ground floor. This sub-district will provide additional residential opportunities within an area that will have significant pedestrian and bicycle improvements to allow easy access to Caltrain and the employment center east of US 101. Based on the appraisers' interpretation of the zoning ordinance, the subject property is an outright permitted use that could be rebuilt if unintentionally destroyed.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our analysis correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

INTRODUCTION

The market analysis section provides a comprehensive study of supply/demand conditions, examines transaction trends, and interprets ground level information conveyed by market participants. Based on these findings and an analysis of the subject property, conclusions are drawn with regard to the subject’s competitive position within the marketplace.

SAN FRANCISCO METRO AND NORTH SAN MATEO COUNTY APARTMENT MARKETS

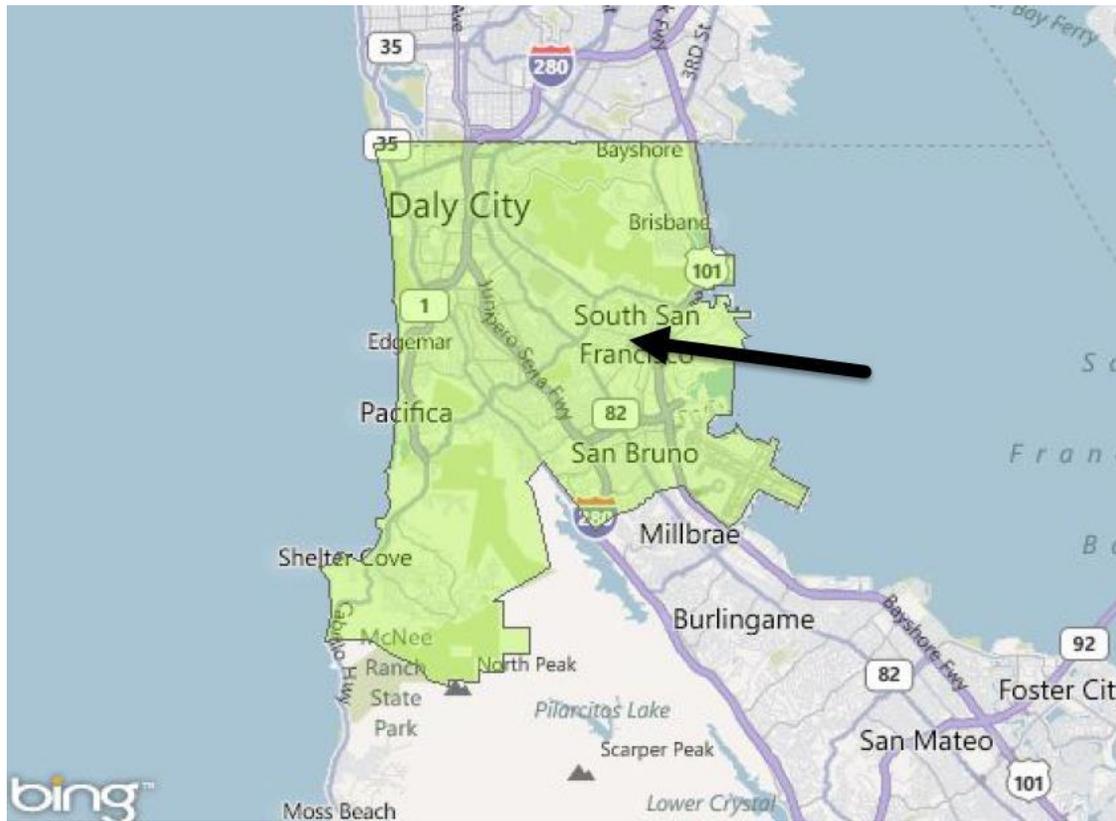
REIS, Inc., a specialist in multifamily market research, classifies the San Francisco apartment market into eight submarkets. In addition, it segregates inventory by class of space (Class A and B/C). There are 11 submarkets within the San Francisco Metro Area market and are as follows: North Marin (1), South Marin (2), North San Mateo (3), Central San Mateo (4), South San Mateo (5), South of Market (6), Russian Hill/Embarcadero (7), West San Francisco (8), Civic Center/Downtown (9), Marina/Pacific Heights (10), and Haight Ashbury/Western Addition (11).

San Francisco Metro Area

Subject: North San Mateo Submarket (Area #3)



The map below shows the subject’s location within its submarket:



According to the submarket boundaries defined by REIS, the subject is located within the central portion of the North San Mateo submarket. The following table provides a snapshot of the submarkets in the San Francisco Metro Area and performance indicators for the Third Quarter of 2019.

Submarket	Inventory (Buildings)	Inventory (Units)	Asking Rent \$	Vac %	Free Rent (mos)	Expenses % (Apartment)
North Marin	116	8,364	\$2,404	2.5%	0.02	34.7%
South Marin	56	7,288	\$2,762	3.9%	0.32	35.4%
North San Mateo	83	15,012	\$2,588	3.2%	0.35	36.8%
Central San Mateo	127	15,720	\$3,349	4.0%	0.58	35.3%
South San Mateo	186	13,684	\$3,077	5.1%	0.55	34.8%
South of Market	130	23,085	\$4,420	4.3%	0.61	32.6%
Russ Hill/Embarcadero	88	9,853	\$3,196	4.1%	0.39	35.6%
West San Francisco	130	19,525	\$3,026	1.5%	0.56	36.7%
Civic Ctr/Downtown	235	17,273	\$2,844	4.3%	0.17	34.8%
Marina/Pacific Hts	220	8,105	\$3,234	4.5%	0.00	35.4%
Haight Ashbury	218	14,529	\$3,674	5.6%	0.72	35.0%

According to REIS, there are 83 apartment buildings and 15,012 units in the North San Mateo Submarket, making it the 5th largest submarket in terms of inventory but yet the second smallest in terms of number of buildings, indicating dense and larger-sized properties. The average vacancy in the submarket was reported at 3.2%, which is toward the lower end of the range in the metro area. The average asking rent in the subject's submarket (\$2,588/month) is the second lowest for the metro.

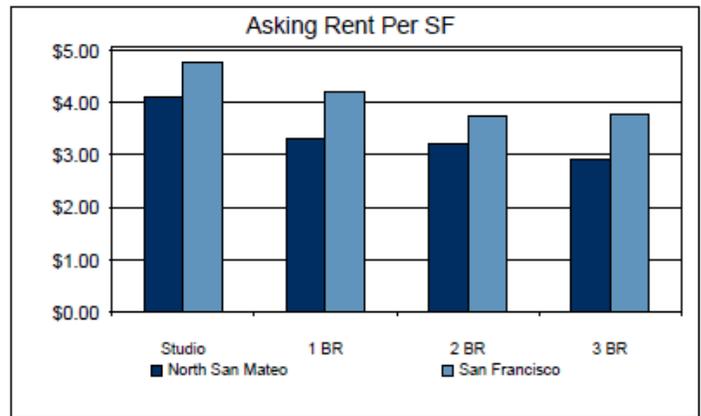
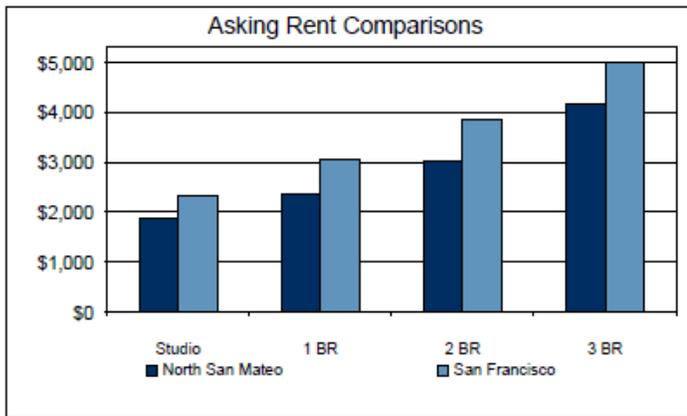
Rent Growth Comparisons

	Asking Rent Growth						
	Quarterly			Annualized			
	3Q19	2Q19	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
North San Mateo	2.5%	1.6%	1.5%	4.8%	2.9%	6.1%	3.3%
San Francisco	0.7%	1.3%	1.0%	3.4%	2.4%	5.8%	3.5%
West	1.0%	1.3%	1.0%	5.6%	5.0%	5.6%	3.3%
United States	1.0%	1.3%	1.0%	5.2%	4.6%	4.7%	3.4%
Period Ending:	09/30/19	06/30/19	09/30/19	12/31/18	12/31/18	12/31/18	12/31/23

In 3Q 2019, rent growth in the North San Mateo Submarket was estimated at 2.5%, which is well above the minimal growth of the overall metro area. Over the next five years, REIS projects 3.3% rent growth within the submarket, near that of the 3.5% forecasted rent growth for the metro.

Rent By Unit Mix

Current Submarket Average Rents and Sizes				Asking Rent Growth					
	3Q 2019			Quarterly			Annualized		
	Rent	Avg. SF	Avg. Rent PSF	3Q19	2Q19	YTD	1 Year	3 Year	5 Year
Studio/Efficiency	\$1,876	456	\$ 4.12	- 0.4%	1.0%	1.0%	5.3%	2.7%	6.4%
One Bedroom	\$2,346	710	\$ 3.30	2.0%	2.0%	5.0%	4.6%	3.2%	6.0%
Two Bedroom	\$3,008	934	\$ 3.22	2.8%	1.2%	4.2%	4.1%	2.4%	5.9%
Three Bedroom	\$4,148	1419	\$ 2.92	0.5%	0.8%	- 0.1%	12.4%	5.7%	9.4%
Average over period ending:				09/30/19	06/30/19	09/30/19	12/31/18	12/31/18	12/31/18



	Studio	1 BR	2 BR	3 BR
North San Mateo	\$1,876	\$2,346	\$3,008	\$4,148
San Francisco	\$2,327	\$3,065	\$3,844	\$4,998

As of 09/30/19

	Studio	1 BR	2 BR	3 BR
North San Mateo	\$ 4.12	\$ 3.30	\$ 3.22	\$ 2.92
San Francisco	\$ 4.76	\$ 4.22	\$ 3.72	\$ 3.77

As of 09/30/19

On average, asking rents in the subject's submarket are well below those in the San Francisco Metro Area on both a per month basis and per square foot basis.

Vacancy Comparisons

	Vacancy Rates						
	Quarterly			Annualized			
	3Q19	2Q19	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
North San Mateo	3.2%	2.6%	2.8%	2.9%	3.2%	3.6%	3.4%
San Francisco	3.9%	3.9%	3.9%	4.3%	4.5%	4.2%	4.1%
West	4.3%	4.2%	4.2%	4.1%	4.0%	3.9%	4.8%
United States	4.7%	4.7%	4.7%	4.7%	4.5%	4.4%	5.1%
Period Ending:	09/30/19	06/30/19	09/30/19	12/31/18	12/31/18	12/31/18	12/31/23

As noted in the chart above, the Q3 2019 average vacancy in the North San Mateo Submarket was estimated at 3.2%, which is lower than the San Francisco Metro Area average of 3.9%, the West Region average of 4.3%, and the US average of 4.7%. Within the subject’s submarket, an average vacancy rate of 3.4% is projected over the next five years, suggesting excellent demand.

North San Mateo Submarket Historical & Projected Data

Year	Qtr	Inventory SF/Units	Completions	Inventory Growth%	Vacant Stock	Vacancy Rate	Vacancy Change(BPS)	Occupied Stock	Net Absorption	Asking Rent	Ask Rent % Chg
2014	Y	14,600	0	0.0%	628	4.3%	-50	13,972	73	\$2,109	14.9%
2015	Y	14,600	0	0.0%	526	3.6%	-70	14,074	102	\$2,268	7.5%
2016	Y	14,600	0	0.0%	486	3.3%	-30	14,114	40	\$2,348	3.5%
2017	Q4	14,600	0	0.0%	438	3.0%	20	14,162	-29	\$2,360	0.4%
2017	Y	14,600	0	0.0%	438	3.0%	-30	14,162	48	\$2,360	0.5%
2018	Q1	14,600	0	0.0%	438	3.0%	0	14,162	0	\$2,361	0.0%
2018	Q2	14,600	0	0.0%	438	3.0%	0	14,162	0	\$2,442	3.4%
2018	Q3	14,669	69	0.5%	381	2.6%	-40	14,288	126	\$2,442	0.0%
2018	Q4	14,669	0	0.0%	411	2.8%	20	14,258	-30	\$2,474	1.3%
2018	Y	14,669	69	0.5%	411	2.8%	-20	14,258	96	\$2,474	4.8%
2019	Q1	14,669	0	0.0%	367	2.5%	-30	14,302	44	\$2,484	0.4%
2019	Q2	14,752	83	0.6%	387	2.6%	10	14,365	63	\$2,524	1.6%
2019	Q3	15,012	260	1.8%	480	3.2%	60	14,532	167	\$2,588	2.5%
2019	Y	15,012	343	2.3%	471	3.1%	30	14,541	283	\$2,612	5.6%
2020	Y	15,012	0	0.0%	420	2.8%	-30	14,592	51	\$2,709	3.7%
2021	Y	15,180	168	1.1%	501	3.3%	50	14,679	87	\$2,807	3.6%
2022	Y	15,307	127	0.8%	582	3.8%	50	14,725	46	\$2,865	2.1%
2023	Y	15,402	95	0.6%	631	4.1%	30	14,771	46	\$2,911	1.6%

Year	Qtr	Effective Rent	Eff Rent % Chg	Cons/Abs	Abs/Occ Stock%
2014	Y	\$2,052	16.1%	0.0	0.5%
2015	Y	\$2,209	7.7%	0.0	0.7%
2016	Y	\$2,297	4.0%	0.0	0.3%
2017	Q4	\$2,313	0.3%	0.0	-0.2%
2017	Y	\$2,313	0.7%	0.0	0.3%
2018	Q1	\$2,311	-0.1%	n/a	0.0%
2018	Q2	\$2,384	3.2%	n/a	0.0%
2018	Q3	\$2,379	-0.2%	0.5	0.9%
2018	Q4	\$2,404	1.1%	0.0	-0.2%
2018	Y	\$2,404	3.9%	0.7	0.7%
2019	Q1	\$2,417	0.5%	0.0	0.3%
2019	Q2	\$2,458	1.7%	1.3	0.4%
2019	Q3	\$2,512	2.2%	1.6	1.1%
2019	Y	\$2,548	6.0%	1.2	1.9%
2020	Y	\$2,647	3.9%	0.0	0.3%
2021	Y	\$2,753	4.0%	1.9	0.6%
2022	Y	\$2,806	1.9%	2.8	0.3%
2023	Y	\$2,848	1.5%	2.1	0.3%

In summary, though vacancy is below that of the submarket, so are rents. Rent growth is anticipated to continue at a pace near that of the metro area, which should continue current trends and rankings.

EXPOSURE TIME & MARKETING PERIOD

Exposure time is defined as "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market" (The Dictionary of Real Estate Appraisal, Appraisal Institute, 2015). Reasonable exposure time is impacted by the aggressiveness and effectiveness of a property's exposure to market participants, availability and cost of financing, and demand for similar investments. Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys.

The availability of acquisition financing factors into exposure time. In recent quarters, financing has been available for well-positioned commercial real estate, particularly for stabilized assets within core MSAs and owner/user deals. For second tier or marginal properties, financing has been available but subject to more stringent requirements. Based on review of the local capital market, we conclude that adequate financing options would have been available to consummate a sale of the property on the date of value.

Exposure Time Conclusion

Based on its overall physical and locational characteristics, the subject site has above average overall appeal to developers. Considering these factors, a reasonable estimate of exposure time for the subject property is six months.

Marketing Period Conclusion

Marketing period is very similar to exposure time but reflects a projected time period to sell the property, rather than a retrospective estimate. Having reviewed open listings and discussed the market with local participants, and given the nature of this site, we feel that a time period of six months is supported for the subject's marketing period.

INTRODUCTION

The highest and best use of an improved property is defined as that reasonable and most probable use that will support its highest present value. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive. This section develops the highest and best use of the subject property As-Vacant.

AS-VACANT ANALYSIS

Permitted uses of the subject's Downtown Station Area Specific Plan District – Downtown Residential Core (DSASP-DRC) zoning were listed in the Zoning Analysis section. Regarding physical characteristics, the subject site is rectangular in shape and has level topography with average access and exposure. The subject site has frontage on a neighborhood street and is within walking distance to the downtown area. The immediate area is developed with residential uses. Based on our observations of land development trends for sites with similar zoning and physical characteristics as the subject and analysis of current supply/demand trends, the highest and best use of the subject site as-vacant is for residential development.

AS-IMPROVED ANALYSIS

The subject is currently utilized as a paved permit parking lot for the city. The property reportedly receives minimal income from this operation, with the highest and best use considered to be residential development.

INTRODUCTION

The following presentation of the appraisal process deals directly with the valuation of the subject property. The As-Is Market Value of the subject's fee simple interest is estimated using the Sales Comparison Approach, which is recognized as the standard appraisal technique for commercial land. The Cost and Income Capitalization Approaches are not applicable when valuing unimproved commercial land and are therefore excluded. Their exclusion is not detrimental to the reliability or credibility of the final value conclusion.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the principle of substitution, which asserts that no one would pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments in order to bracket the subject property on an appropriate unit value comparison. The sales comparison approach is applicable when sufficient data on recent market transactions is available. Alternatively, this approach may offer limited reliability because many properties have unique characteristics that cannot be accounted for in the adjustment process.

LAND VALUATION

As previously discussed within the Valuation Methods section, the subject is valued as one marketable economic site in this appraisal. Land value is influenced by a number of factors; most prominent of which is development and use potential. These factors, as well as others, are considered in the following analysis.

UNIT OF COMPARISON

The most relevant unit of comparison is the price per unit. This indicator best reflects the analysis used by buyers and sellers in this market for land with similar utility and zoning in this marketplace. Based on the zoning district's development standards, a maximum of 80 units are permitted per acre. At 0.16 acre (7,000 SF), this results in 12.86 units permitted for the property, rounded down to 12 units. This figure will be utilized as the basis for our value analysis.

COMPARABLE SELECTION

A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. In selecting comparables, emphasis was placed on confirming recent sales of commercial sites that are similar to the subject property in terms of location and physical characteristics. Given the built-up nature of the city, it was necessary to expand our search to nearby cities. Overall, the sales selected represent the best comparables available for this analysis.

ADJUSTMENT PROCESS

Quantitative adjustments are made to the comparable sales. The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments in the sequence shown below:

Property Rights Transferred	The valuation of the subject site was completed on a fee simple basis. If warranted, leased fee, leasehold and/or partial interest land sales were adjusted accordingly.
Financing Terms	The subject site was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.

Conditions of Sale This adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales and/or assemblages.

Expenditures After Purchase Adjustments were applied if site conditions warranted expenditures on the part of the buyer to create a buildable site. Examples include costs for razing pre-existing structures, general site clearing and/or mitigation of environmental issues.

Market Conditions Market conditions adjustments were based on a review of historical sale data, market participant interviews and review of current versus historical pricing.

Property Adjustments

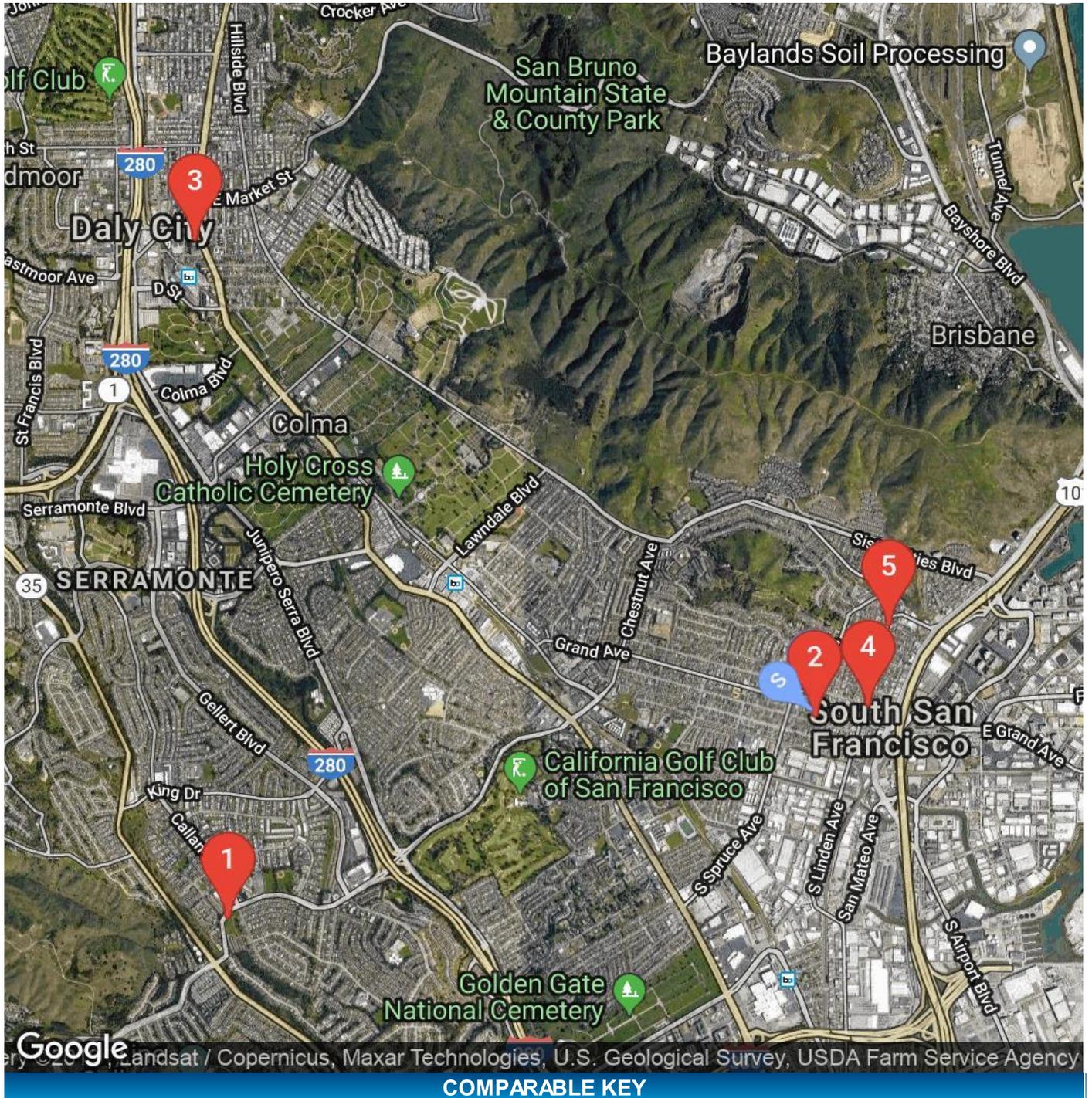
Quantitative percentage adjustments are also made for location and physical characteristics such as size, access, topography, zoning, and overall utility. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

LAND VALUATION PRESENTATION

The following Land Sales Summation Table, Location Map, and aerial photographs summarize the sales data used in this analysis. Following these items, the comparable land sales are adjusted for applicable elements of comparison and the opinion of site value is concluded.

LAND SALES SUMMATION TABLE						
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Address	432 Baden Avenue	Westborough Blvd.	428 Baden Avenue	7480 El Camino Real	221 Miller Avenue	836 Linden Avenue
City	South San Francisco	South San Francisco	South San Francisco	Colma	South San Francisco	South San Francisco
State	CA	CA	CA	CA	CA	CA
Zip	94080	94080	94080	94014	94080	94080
County	San Mateo					
APN	012-321-160	091-151-040	012-321-170	006-391-060	012-315-030	012-143-010
PHYSICAL INFORMATION						
Acres	0.16	4.86	0.16	2.07	0.10	0.16
SF	7,000	211,566	7,000	90,169	4,471	7,148
Density (Units/AC)	74.7 : 1	4.5 : 1	74.7 : 1	54.6 : 1	97.4 : 1	30.5 : 1
Max/Proposed Units	12	22	12	113	10	5
Location	Good	Good	Good	Average/Good	Good	Good
Access	Average	Average	Average	Good	Average	Average
Shape	Rectangular	Irregular	Rectangular	Irregular	Rectangular	Irregular
Site Utility Rating	Average	Good	Average	Average	Fair	Average
Zoning	DSASP-DRC	RL-8	DSASP-DRC	PC-HDR	DSASP-DTC	DRH
Flood Zone	Zone X					
Topography	Level	Sloping	Level	Level	Level	Level
Envrmtl Issues	None Noted	Fault Line	None Noted	None Noted	None Noted	None Noted
Entitled	No	Yes	No	No	No	No
SALE INFORMATION						
Date		8/15/2019	9/28/2018	6/25/2018	6/3/2016	11/24/2015
Status		Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple				
Transaction Price		\$4,300,000	\$1,000,000	\$7,000,000	\$500,000	\$600,000
Analysis Price		\$4,300,000	\$1,000,000	\$7,000,000	\$500,000	\$600,000
\$/SF Land		\$20.32	\$142.86	\$77.63	\$111.83	\$83.94
\$/Unit		\$195,455	\$83,333	\$61,947	\$50,000	\$120,000

LAND SALES LOCATION MAP



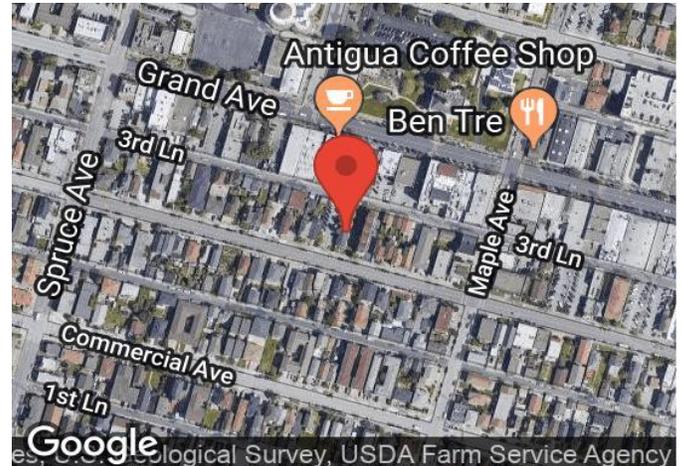
COMPARABLE KEY

COMP	DISTANCE	ADDRESS
SUBJECT	-	432 Baden Avenue, South San Francisco, CA
No. 1	2.8 Miles	Westborough Blvd., South San Francisco, CA
No. 2	0.0 Miles	428 Baden Avenue, South San Francisco, CA
No. 3	3.6 Miles	7480 El Camino Real, Colma, CA
No. 4	0.3 Miles	221 Miller Avenue, South San Francisco, CA
No. 5	0.5 Miles	836 Linden Avenue, South San Francisco, CA

LAND SALES EXHIBITS



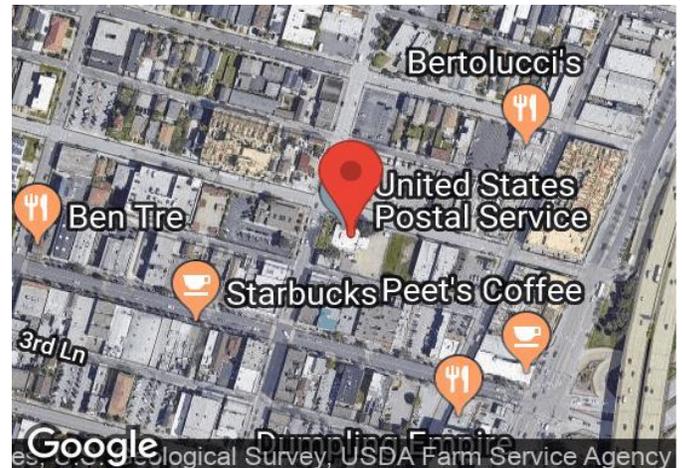
COMPARABLE 1



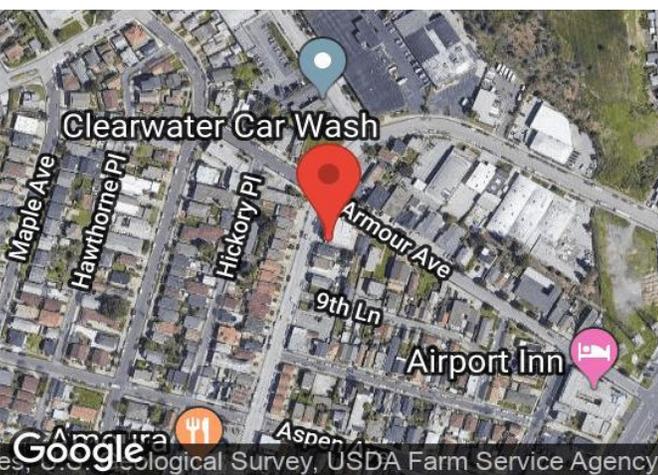
COMPARABLE 2



COMPARABLE 3



COMPARABLE 4



COMPARABLE 5

LAND SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Address	432 Baden Avenue	Westborough Blvd.	428 Baden Avenue	7480 El Camino Real	221 Miller Avenue	836 Linden Avenue
City	South San Francisco	South San Francisco	South San Francisco	Colma	South San Francisco	South San Francisco
Acres	0.16	4.86	0.16	2.07	0.10	0.16
SF	7,000	211,566	7,000	90,169	4,471	7,148
Max/Proposed Units	12	22	12	113	10	5
SALE INFORMATION						
Date		8/15/2019	9/28/2018	6/25/2018	6/3/2016	11/24/2015
Status		Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple				
Analysis Price		\$4,300,000	\$1,000,000	\$7,000,000	\$500,000	\$600,000
Price/SF		\$20.32	\$142.86	\$77.63	\$111.83	\$83.94
Price/Unit		\$195,455	\$83,333	\$61,947	\$50,000	\$120,000
TRANSACTIONAL ADJUSTMENTS						
Property Rights		0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%
Market Conditions¹		0%	2%	3%	15%	20%
Subtotal Transactional Adj Price		\$195,455	\$85,000	\$63,805	\$57,500	\$144,000
PROPERTY ADJUSTMENTS						
Location	Good	Good	Average/Good	Average/Good	Good	Good
<i>Adjustment</i>		0%	0%	10%	0%	0%
Max/Proposed Units	12	22	12	113	10	5
<i>Adjustment</i>		0%	0%	15%	0%	-5%
Access	Average	Average	Average	Good	Average	Average
<i>Adjustment</i>		0%	0%	-10%	0%	0%
Site Utility Rating	Average	Good	Average	Average	Fair	Average
<i>Adjustment</i>		-15%	0%	0%	10%	0%
Zoning	DSASP-DRC	RL-8	DSASP-DRC	PC-HDR	DSASP-DTC	DRH
<i>Adjustment</i>		0%	0%	0%	0%	0%
Flood Zone	Zone X					
<i>Adjustment</i>		0%	0%	0%	0%	0%
Density (Units/AC)	74.7 : 1	4.5 : 1	74.7 : 1	54.6 : 1	97.4 : 1	30.5 : 1
<i>Adjustment</i>		-30%	0%	-10%	10%	-15%
Topography	Level	Sloping	Level	Level	Level	Level
<i>Adjustment</i>		5%	0%	0%	0%	0%
Envrmtl Issues	None Noted	Fault Line	None Noted	None Noted	None Noted	None Noted
<i>Adjustment</i>		10%	0%	0%	0%	0%
Entitled	No	Yes	No	No	No	No
<i>Adjustment</i>		-20%	0%	0%	0%	0%
Subtotal Property Adjustment		-50%	0%	5%	20%	-20%
TOTAL ADJUSTED PRICE		\$97,727	\$85,000	\$66,996	\$69,000	\$115,200
STATISTICS	UNADJUSTED	ADJUSTED				
LOW	\$50,000	\$66,996				
HIGH	\$195,455	\$115,200				
MEDIAN	\$83,333	\$85,000				
AVERAGE	\$102,147	\$86,785				

LAND SALES ANALYSIS

Introduction

The comparable land sales indicate an adjusted value range from \$66,996 to \$115,200/Unit, with a median of \$85,000/Unit and an average of \$86,785/Unit. The range of total gross adjustment applied to the comparables was from 2% to 80%, with an average gross adjustment across all comparables of 41%. The adjustment process for each comparable land sale is discussed in the following paragraphs.

Discussion of Adjustments

Comparable 1 is a 4.86-acre lot located at the outskirts of the southwestern edge of South San Francisco. At the time of sale, the property was vacant, unimproved land entitled for 22 single-family units, resulting in a downward adjustment for entitlements in place, which lowers holding and development costs. A downward adjustment was applied for superior site utility given the views afforded from the higher elevations of the site. However, the sloping/rolling nature of the lot can complicate and add to the costs of development, resulting in an upward adjustment for topography. Furthermore, the parcel is located directly along the San Andreas Fault and special/additional materials would reportedly be required for the construction of the houses. This results in an upward adjustment for environmental issues due to the increased costs. A downward adjustment was applied for the significantly lower density, signifying more space between units and subsequent superior tenant appeal.

Comparable 2 is a 7,000 SF lot located next door to the subject. Though improved with a 2,530 SF single-family residence constructed in 1913, it was purchased for its land value. No adjustment for demolition costs was applied, as the potential income during the entitlement process would cancel out the aforementioned costs. Similar to the subject, zoning will permit a maximum of about 12 units on the site. Though the owners have submitted plans for a four-story, 17-unit apartment building, this is not currently legal per zoning restrictions and would require a variance, so no weight has been given to the proposed plans' density. The comparable is otherwise very similar to the subject and no property adjustments were required.

Comparable 3 is a 2.07-acre lot located to the northwest, in the town of Colma. At the time of sale, the property was improved with an old motel and an auto repair building, totaling approximately 11,000 SF. All leases were on month-to-month terms. No adjustment for demolition costs was applied, as the existing income during the entitlement process would cancel out the aforementioned costs. Based on zoning, up to 113 dwelling units would be permitted on the site. As such, the broker noted that the property was marketed and purchased for mainly residential redevelopment. The comparable's location is considered inferior to that of South San Francisco's downtown area, warranting an upward adjustment. However, the close proximity to a BART station results in a downward adjustment for superior access. The comparable has a larger number of potential residential units than the subject, warranting an upward adjustment for economies of scale, in which larger quantities of a commodity typically transfer for less on a per unit basis than smaller quantities of the same commodity, all else being equal. A downward adjustment was also applied for the lower density.

Comparable 4 is the sale of a 4,471 SF site located in the subject's downtown South San Francisco area. The property was vacant, unimproved land at the time of sale. An upward adjustment was applied for inferior site utility, as the relatively narrow lot can impede development options or achieving the maximum number of units. An upward adjustment was also applied for the higher density, signifying less space between units and subsequent inferior tenant appeal.

Comparable 5 is composed of a 7,148 SF lot located in South San Francisco. The property was vacant, unimproved land at the time of sale. The buyer eventually developed five residential units on the site, which is less than the subject's maximum number of units, warranting a downward adjustment for economies of scale. A downward adjustment was also applied for the lower density.

CALCULATION OF VALUE

Primary weight has been given to Comparable 2, as it is located next door to the subject, is exactly similar in size and development potential, is a relatively recent sale, and required minimal gross adjustment. The following table summarizes the analysis of the comparables, reports the reconciled price per unit value conclusion, and presents the concluded value of the subject site.

CALCULATION OF LAND VALUE								
COMP	ANALYSIS	ADJUSTMENT				NET	GROSS	OVERALL
	PRICE	TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²	FINAL	ADJ %	ADJ %	COMPARISON
1	\$195,455	0%	\$195,455	-50%	\$97,727	-50%	80%	MINIMAL
2	\$83,333	2%	\$85,000	0%	\$85,000	2%	2%	PRIMARY
3	\$61,947	3%	\$63,805	5%	\$66,996	8%	48%	MINIMAL
4	\$50,000	15%	\$57,500	20%	\$69,000	38%	35%	SECONDARY
5	\$120,000	20%	\$144,000	-20%	\$115,200	-4%	40%	MINIMAL
LOW	\$66,996					AVERAGE		\$86,785
HIGH	\$115,200					MEDIAN		\$85,000
COMPONENT		SUBJECT MAX UNITS		\$/UNIT CONCLUSION		VALUE		
TOTAL PROPERTY		12.00	x	\$85,000	=	\$1,020,000		

¹Cumulative ²Additive

Rounded to nearest \$10,000

LAND VALUE CONCLUSION

The Sales Comparison Approach was utilized for valuation of the subject site, as it best reflects the decision-making of buyers and sellers of development land in the local marketplace. The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property’s fee simple interest. The following table conveys the final opinions of market value of the subject property that are developed within this appraisal report:

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject’s value.

ANALYSIS OF VALUE CONCLUSIONS	
VALUATION INDICES	AS-IS MARKET VALUE
INTEREST APPRAISED	FEE SIMPLE
DATE OF VALUE	NOVEMBER 14, 2019
FINAL VALUE CONCLUSION	\$1,020,000
\$/SF	\$146/SF
Value/Unit	\$85,000/Unit
Exposure Time	Six Months
Marketing Period	Six Months

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The signers of this report have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- Alex Khasin, MAI has provided real property valuation services as an appraiser for the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Vathana Duong, MAI has provided real property valuation services as an appraiser for the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- Alex Khasin, MAI inspected the property that is the subject of this report. Vathana Duong, MAI inspected the property that is the subject of this report.
- No one provided significant real property appraisal assistance to appraisers signing this certification.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report Alex Khasin, MAI and Vathana Duong, MAI completed the continuing education program for Designated Members of the Appraisal Institute.



November 25, 2019

Date

Alex Khasin, MAI
 Senior Valuation Specialist
 Certified General Real Estate Appraiser
 State of California License #AG038255
 +1 415 288 7877
 alex.khasin@colliers.com



November 25, 2019

Date

Vathana Duong, MAI
 Managing Director
 Certified General Real Estate Appraiser
 State of California License #AG038248
 +1 415 288 7854
 vathana.duong@colliers.com

This appraisal is subject to the following assumptions and limiting conditions:

- The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property

damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

Engagement Letter

Subject Data

Valuation Glossary

Qualifications of Appraisers

Qualifications of Colliers International Valuation & Advisory Services

Khasin, Alex

To: Duong, Vathana
Subject: RE: 432 Baden appraisal update

From: "Barnard, Julie" <Julie.Barnard@ssf.net>
Date: 11/7/19 10:07 AM (GMT-08:00)
To: "Duong, Vathana" <Vathana.Duong@colliers.com>
Subject: RE: 432 Baden appraisal update

Hi Vathana

Perfect, please proceed.

Thanks
Julie

From: Duong, Vathana [<mailto:Vathana.Duong@colliers.com>]
Sent: Thursday, November 7, 2019 7:24 AM
To: Barnard, Julie <Julie.Barnard@ssf.net>
Subject: RE: 432 Baden appraisal update

Julie,

To confirm, the agreed upon terms are as follows:

Fee - \$3,000
Delivery – November 25, 2019 (end of day)
Scenario – As-Is Market Value
Methodology – Sales Comparison Approach

Your reply will serve as confirmation to move commence work. Thanks.

Regards,

Vathana Duong MAI
Managing Director | San Francisco
Valuation & Advisory Services
Direct +1 415 288 7854
Main +1 415 788 3100 | Fax +1 415 433 7844
vathana.duong@colliers.com | [Download V-Card](#)

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San Francisco, CA 94105 | United States
www.colliers.com



View the current issue of *Knowledge Leader*

----- Original message -----

From: "Barnard, Julie" <Julie.Barnard@ssf.net>
Date: 11/4/19 10:28 AM (GMT-08:00)
To: "Duong, Vathana" <Vathana.Duong@colliers.com>
Subject: 432 Baden appraisal update

Hi Vathana

As I mentioned a few weeks ago, would it be possible for you to update the appraisal that we did last year for 432 Baden? The project has been revived!

Please let me know when you think you can have this completed by?

Thanks

Julie

[City Logo - Transparent Background MED]<[Barnard | Economic Development Coordinator](https://urldefense.proofpoint.com/v2/url?u=http-3A_www.ssf.net_&d=DwMFAG&c=8KPF0bmfmkzTkkg5U6HWH6_UmzF06L2ZWAVixC1qC44&r=KBNo-GROQ37VLSXivB2hW-m2OkTm3ULdXhVIC7zxRqE&m=wzvfCnU1km56-fAsoOFXJkJOafJPINB_NHvFzxYZeD4&s=8nYiUpSzt8aJngLoPBqNxHRuQ0w83HU-q0y5BGOX5dw&e=>Julie</p></div><div data-bbox=)

City of South San Francisco | Economic & Community Development Department

PO Box 711 | South San Francisco, CA 94083-0711

* Main (650) 829-6620 * Direct (650) 829-6629 | 7 (650) 829-6623 | *

julie.barnard@ssf.net<<mailto:julie.barnard@ssf.net>>

[<cid:image003.jpg@01D592FA.6B1CB360>]<[\[3A_www.facebook.com_SSFeconomicandCommunityDevelopment-3Fref-\]\(https://urldefense.proofpoint.com/v2/url?u=https-3A_www.facebook.com_SSFeconomicandCommunityDevelopment-3Fref-3Dhl&d=DwMFAG&c=8KPF0bmfmkzTkkg5U6HWH6_UmzF06L2ZWAVixC1qC44&r=KBNo-GROQ37VLSXivB2hW-m2OkTm3ULdXhVIC7zxRqE&m=wzvfCnU1km56-fAsoOFXJkJOafJPINB_NHvFzxYZeD4&s=rycTOB1v3uXAgzscqGac7tkUu8tBGZJ2TjUWJFmr00&e=>\)](https://urldefense.proofpoint.com/v2/url?u=https-3A_www.facebook.com_SSFeconomicandCommunityDevelopment-3Fref-3Dhl&d=DwMFAG&c=8KPF0bmfmkzTkkg5U6HWH6_UmzF06L2ZWAVixC1qC44&r=KBNo-GROQ37VLSXivB2hW-m2OkTm3ULdXhVIC7zxRqE&m=wzvfCnU1km56-fAsoOFXJkJOafJPINB_NHvFzxYZeD4&s=rycTOB1v3uXAgzscqGac7tkUu8tBGZJ2TjUWJFmr00&e=></p></div><div data-bbox=)

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Property Detail Report

For Property Located At :

432 BADEN AVE, SOUTH SAN FRANCISCO, CA 94080



Owner Information

Owner Name: CITY OF SOUTH SAN FRANCISCO
 Mailing Address: 400 GRAND AVE, SOUTH SAN FRANCISCO CA 94080-3634 C046
 Vesting Codes: //

Location Information

Legal Description: LOT 8 BLOCK 117 SO SAN FRANCISCO PLAT 1 RSM B/6
 County: SAN MATEO, CA APN: 012-321-160
 Census Tract / Block: 6022.00 / 2 Alternate APN:
 Township-Range-Sect: Subdivision: SOUTH SAN FRANCISCO 01
 Legal Book/Page: Map Reference: 24-B5 /
 Legal Lot: 8 Tract #:
 Legal Block: 117 School District: S SAN FRANCISCO BASI
 Market Area: 532 School District Name: S SAN FRANCISCO BASI
 Neighbor Code: Munic/Township:

Owner Transfer Information

Recording/Sale Date: 05/16/2017 / 05/09/2017 Deed Type: GRANT DEED
 Sale Price:
 Document #: 42167 1st Mtg Document #:

Last Market Sale Information

Recording/Sale Date: 04/16/1997 / 1st Mtg Amount/Type: /
 Sale Price: 1st Mtg Int. Rate/Type: /
 Sale Type: FULL 1st Mtg Document #: /
 Document #: 43842 2nd Mtg Amount/Type: /
 Deed Type: DEED (REG) 2nd Mtg Int. Rate/Type: /
 Transfer Document #: Price Per SqFt:
 New Construction: Multi/Split Sale:
 Title Company: FIRST AMERICAN TITLE INS CO/NY
 Lender:
 Seller Name: GIOVANZANA MARK J

Prior Sale Information

Prior Rec/Sale Date: 04/16/1997 / Prior Lender:
 Prior Sale Price: Prior 1st Mtg Amt/Type: /
 Prior Doc Number: 43841 Prior 1st Mtg Rate/Type: /
 Prior Deed Type: GRANT DEED

Property Characteristics

Year Built / Eff: /	Total Rooms/Offices	Garage Area:
Gross Area:	Total Restrooms:	Garage Capacity:
Building Area:	Roof Type:	Parking Spaces:
Tot Adj Area:	Roof Material:	Heat Type:
Above Grade:	Construction:	Air Cond:
# of Stories:	Foundation:	Pool:
Other Improvements: Building Permit	Exterior wall:	Quality:
	Basement Area:	Condition:

Site Information

Zoning: RM0000	Acres: 0.16	County Use: VACANT LAND (00)
Lot Area: 7,000	Lot Width/Depth: 50 x 140	State Use:
Land Use: VACANT LAND (NEC)	Commercial Units:	Water Type:
Site Influence: ALLEY	Sewer Type:	Building Class:

Tax Information

Total Value:	Assessed Year: 2019	Property Tax: \$9.34
Land Value:	Improved %:	Tax Area: 013020
Improvement Value:	Tax Year: 2018	Tax Exemption: MUNICIPAL/CITY-CTY-STATE
Total Taxable Value:		

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Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015 (*Dictionary*).

Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition (USPAP).

The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013 (*14th Edition*).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (*Dictionary*)

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. (*14th Edition*)

Aggregate of Retail Values (ARV)

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called *sum of the retail values*. (*Dictionary*)

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. (*Dictionary*)

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (*Dictionary*)

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. (*14th Edition*)

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. (*Dictionary*)

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (*Dictionary*)

Cash-Equivalent Price

The price of a property with nonmarket financing expressed as the price that would have been paid in an all-cash sale. (*Dictionary*)

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. (*Dictionary*)

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Contract Rent

The actual rental income specified in a lease. *(14th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. *(14th Edition)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.

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8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(14th Edition)*

Economic Life

The period over which improvements to real property contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The rental rate net of financial concessions such as periods of free rent during the lease term and above or below-market tenant improvements (TIs). *(14th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's profit*) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. *(Dictionary)*

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Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(14th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. *(Dictionary)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be temporary or permanent. *(Dictionary)*

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. (USPAP)

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Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. (*Dictionary*)

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. (*USPAP*)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. (*Dictionary*)

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. (*Dictionary*)

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. (*Dictionary*)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (*Dictionary*)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (*Dictionary*)

Going-concern

An established and operating business having an indefinite future life. (*Dictionary*)

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern or market value of the total assets of the business*. (*Dictionary*)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. (*Dictionary*)

Gross Leasable Area (GLA) - Commercial

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (*Dictionary*)

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Gross Living Area (GLA) - Residential

Total area of finished, above-grade residential area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) *(Dictionary)*

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for that asset when formulating the price that it would be willing to bid (IVS). *(Dictionary)*

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. *(USPAP)*

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. *(14th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. *(Dictionary)*

Insurable Replacement Cost

The cost estimate, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). *(Dictionary)*

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Interim Use

The temporary use to which a site or improved property is put until a different use becomes maximally productive. (*Dictionary*)

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (*Dictionary*)

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. (*Dictionary*)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. (*Dictionary*)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (*Dictionary*)

Legally Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; also known as a *grandfathered use*. (*Dictionary*)

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas. (*Dictionary*)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (*14th Edition*)

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Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. (*Dictionary*)

Market Value (Interagency Guidelines)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. (*Dictionary*)

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. (*Dictionary*)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). (*14th Edition*)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (*Dictionary*)

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Off-site Costs

Costs incurred in the development of a project, excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. (*Dictionary*)

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. (*Dictionary*)

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. (*14th Edition*)

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. (*Dictionary*)

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. (*Dictionary*)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (*Dictionary*)

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. (*Dictionary*)

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. (*Dictionary*)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. (*Dictionary*)

Qualitative Adjustment

An indication that one property is superior, inferior, or the same as another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. (*Dictionary*)

Quantitative Adjustment

A numerical (dollar or percentage) adjustment to the indicated value of the comparable property to account for the effect of a difference between two properties on value. (*Dictionary*)

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. (*Dictionary*)

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Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (*Dictionary*)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. (*Dictionary*)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.” (*Dictionary*)

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered vacant when an adequate supply of comparable sales is available. (*Dictionary*)

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. (*USPAP*)

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

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Shopping Center Types (cont.)

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. (*14th Edition*)

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. (*Dictionary*)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (*Dictionary*)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (*Dictionary*)

Triple Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN*, *triple net lease*, or *fully net lease*. (*Dictionary*)

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. (*Dictionary*)

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. (*Dictionary*)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income deductions due to vacancies, tenant turnover, and non-payment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. (*Dictionary*)

Yield Capitalization

A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. (*Dictionary*)



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SENIOR VALUATION SPECIALIST
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EDUCATION AND QUALIFICATIONS

Masters of Business Administration (MBA),
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Bachelor of Arts, History
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Waltham, MA

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Alex Khasin, MAI joined Colliers International Valuation & Advisory Services in 2012 in order to build and expand the San Francisco/Bay Area branch. He has over 15 years of experience appraising a wide variety of commercial properties, including office, retail center, R&D/lab, industrial, flex, multi-family, land, proposed condominium & TIC projects, mixed-use buildings, and special use properties such as churches and schools.

EXPERIENCE

Senior Valuation Specialist
Colliers International Valuation & Advisory Services, San Francisco, CA
(July 2012 – Present)

Senior Analyst, Commercial Division
The Property Sciences Group
Pleasant Hill, CA
(August 2004 – July 2012)

PROFESSIONAL MEMBERSHIPS AND ACCREDITATIONS

Member of the Appraisal Institute

APPRAISAL INSTITUTE COURSES

- 7-Hour National USPAP
- 15-Hour National USPAP
- Advanced Applications
- Advanced Income Capitalization
- Advanced Sales Comparison & Cost Approaches
- Analyzing Operating Expenses
- Business Practices and Ethics
- California Appraisal Laws and Regulations
- Forecasting Revenue
- General Appraiser Report Writing & Case Studies
- General Market Analysis & Highest and Best Use
- Supervisory Appraiser / Trainee Appraiser

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NOTABLE PROPERTIES APPRAISED

OFFICE

50 W. San Fernando Street, San Jose – 350,000 SF

350 Bush Street, San Francisco - 390,000 SF

600 California Street, San Francisco – 360,000 SF

2100 Powell Street, Emeryville – 350,000 SF

Bank of the West Building, 180 Montgomery Street, San Francisco – 300,000 SF

Bank of the West Tower, 500 Capitol Mall, Sacramento – 490,000 SF

California Plaza, 2121 N. California Blvd., Walnut Creek – 390,000 SF

Concord Airport Plaza, 1200 Concord Avenue, Concord – 350,000 SF

Cupertino City Center, 20400 Stevens Creek Blvd., Cupertino – 350,000 SF

Foundry 31, 3100 San Pablo Avenue, Berkeley – 400,000 SF Office/Industrial/Retail

Hawthorne Plaza, 75 Hawthorne Street, San Francisco – 340,000 SF

Marina Village Office/Life Science Portfolio, Alameda – 990,000 SF

Mission City Center, 2350 Mission College Blvd., Santa Clara – 230,000 SF

Mountain View City Center, 650 Castro Street, Mountain View – 120,000 SF Office/Retail

Murphy Crossing, 911 Murphy Ranch Road, Milpitas – 370,000 SF Office/R&D

North Bay Crossings, 773 San Marin Drive, Novato – 710,000 SF Office Campus

Novartis Campus, 5300 Chiron Way, Emeryville – 320,000 SF Biotech/Industrial/Entitled Land

Oceanwide Center, San Francisco – Proposed 2,400,000 SF Office/Hotel/Res. Condo Towers

The Phelan Building, 760 Market Street, San Francisco - 300,000 SF Office/Retail

Towers @ 2nd – 75 E. Santa Clara Street, San Jose – 410,000 SF

INDUSTRIAL/FLEX

2435 Polvorosa Street, San Leandro – 300,000 SF Industrial

3412 Perlman Drive, Stockton – 520,000 SF Warehouse

Groskopf Warehouse & Logistics, 20580 8th Street East, Sonoma – 200,000 SF Warehouse

Midpoint @ 237 Industrial Park, 5079 Disk Drive, San Jose – 560,000 SF Warehouse

Newark Distribution Center, 7025 Central Avenue, Newark – 370,000 SF Industrial

Ross Distribution Warehouse, 4100 Express Avenue, Shafter – 1,000,000 SF Warehouse

See's Candy Warehouse, 333 Schwerin Street, San Francisco – 270,000 SF Warehouse

Stoneridge Business Center, 5627 Stoneridge Drive, Pleasanton – 150,000 SF Flex Park

RETAIL

Bayhill Shopping Center, 811 Cherry Avenue, San Bruno – 120,000 SF

Castro Village Shopping Center, 3360 Castro Valley Blvd., Castro Valley - 190,000 SF

First Street Napa, 1300 1st Street, Napa – 110,000 SF Downtown Lifestyle Center

Milpitas Town Center, 477 E. Calaveras Blvd., Milpitas – 170,000 SF

Montecito Plaza, 209 3rd Street, San Rafael – 130,000 SF

Quail Lakes Shopping Center, 4707 Quail Lakes Drive, Stockton - 140,000 SF

Stadium Center, 2120 Daniels Street, Manteca – 180,000 SF

The Barlow, 6770 McKinley Street, Sebastopol – 210,000 SF Retail/Industrial Complex

Town & Country Village, 855 El Camino Real, Palo Alto – 180,000

Vacaville Commons Shopping Center, 2000 Harbison Drive, Vacaville – 200,000 SF

Vallejo Plaza, 475 Redwood Street, Vallejo – 240,000 SF

MULTI-FAMILY

Northgate Savoy, 34077 Paseo Padre Parkway, Fremont – 270 Units

Stoneridge Apartments, 101 Hogan Court, Walnut Creek – 210 Units

The Cove at Marina Bay, 1 Schooner Court, Richmond – 150 Units

The Shores at Marina Bay, 1 Shoreline Court, Richmond – 330 Units



Business, Consumer Services & Housing Agency
**BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE**

Alex Khasin

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 038255

Effective Date: September 9, 2019
Date Expires: September 8, 2021

Jim Martin
Jim Martin, Bureau Chief, BREA

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Vathana Duong, MAI

MANAGING DIRECTOR
Valuation & Advisory Services



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EDUCATION AND QUALIFICATIONS

University of California at Davis,
Bachelor of Science in
Managerial Economics (Honors)

STATE CERTIFICATION

California

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Vathana Duong is the Managing Director in the San Francisco Office of Colliers International Valuation & Advisory Services.

For over a decade, Vathana has provided appraisal and consulting services for lending (Conventional, SBA, HUD, Fannie Mae, Freddie Mac), development feasibility, litigation support, tax appeal, and foreclosure support for a multitude of property types, proposed and existing, including:

Multifamily (Conventional/Affordable/Senior), Mixed-Use, General Retail, Shopping Centers, Restaurants, Net Lease, Office, Medical, Industrial/Flex, Agricultural, Ranches, Vineyards, Land, Residential Subdivisions, Air Rights, Service Stations, Convenience Stores, Car Washes, Lodging, Single-Room Occupancy Facilities (SROs), Residential Care Facilities, Non-Profit, Self-Storage, Mobile Home Park, Parking Garage, etc.

EXPERIENCE

Managing Director - Colliers International Valuation & Advisory Services (CIVAS), San Francisco, CA

Valuation Services Director - Colliers International Valuation & Advisory Services (CIVAS), San Francisco, CA

Senior Valuation Specialist - Colliers International Valuation & Advisory Services (CIVAS), San Francisco, CA

Senior Associate/Trainer - The Property Sciences Group, Pleasant Hill, CA

PROFESSIONAL MEMBERSHIPS AND ACCREDITATIONS

Designated Member of the Appraisal Institute, Northern California Chapter

Certified General Real Estate Appraiser

Elected Member of the Board of Directors, Appraisal Institute, Northern California Chapter

APPRAISAL INSTITUTE COURSES

Business Practices and Ethics

Standards of Professional Appraisal Practice (USPAP)

Basic Appraisal Principles

Basic Appraisal Procedures

Real Estate Finance, Statistics, and Valuation Modeling

General Appraiser Sales Comparison Approach

General Appraiser Site Valuation and Cost Approach

General Appraiser Income Approach 1 & 2

General Appraiser Market Analysis and Highest & Best Use

General Appraiser Report Writing and Case Studies

Advanced Market Analysis and Highest & Best Use

Advanced Income Capitalization

Advanced Concepts & Case Studies

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CLIENTS REPRESENTED (PARTIAL LIST)

Altus Group	JP Morgan Chase Bank
ARBOR Commercial Mortgage	LBA Realty
Bank of America	Luther Burbank Savings
Bank of Guam	MetLife
Barry Slatt Mortgage	Mosser Company
Berkadia Commercial Mortgage	PNC Real Estate
CBRE HMF Incorporated	Prime Finance
CityView	Prometheus Real Estate Group, Inc.
Cohen Financial	Prudential Mortgage Capital Company
Doctors Company	Sun Life Financial
Gemdale USA Corporation	United States Postal Service
Genworth Financial	Veritas
Hanmi Bank	Walker & Dunlop
John Hancock Real Estate Investments	Wells Fargo

NOTABLE PROPERTIES APPRAISED

100 Van Ness, Luxury High-Rise Apartment (Proposed 400 Units), San Francisco
150 Van Ness, Luxury Mid-Rise Apartment (Proposed 420 Units), San Francisco
1222 Harrison, Luxury Mid-Rise Apartment (410 Units, PDR, Office, Retail), San Francisco
1844 Market, Luxury Mid-Rise Apartment (Proposed 113 Units), San Francisco
399 Fremont, Luxury High-Rise Apartment (447 Units), San Francisco
488 Winslow, Luxury Mid-Rise Apartment (133 Units), Redwood City
Trinity Properties Portfolio, Apartment Properties (438 Units), San Francisco
Anchorage Square (Retail, Office, and Hospitality - 154,000 SF), San Francisco
Blackstone Portfolio, Industrial Properties (42 Properties – 7.6 MM SF), Various
East Lake Lofts, Residential Condominium Complex (27 Live/Work Units), Oakland
Bank of the West Tower, High-Rise Office (450,000 SF), Downtown Sacramento
Sak's Fifth Avenue Men's Store Building, Retail (37,000 SF), Union Square, San Francisco
Tribune Press Building, Mixed-Use Self-Storage (66,000 SF), Downtown Oakland
Rotunda Parking Garage (Proposed 103,000 SF), Downtown Oakland
Natoma Valley, Residential Subdivision (71 Lots), Folsom
AKT Wheatland Ranch, Agricultural (2,600 Acres), Yuba/Placer County



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Vathana Duong

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 038248

Effective Date: September 9, 2019

Date Expires: September 8, 2021


Jim Martin, Bureau Chief, BREA

3048871



Colliers International

Valuation & Advisory Services

Services Offered

Single Asset Valuation
Portfolio Valuation
Institutional Asset Valuation
Loan Pool Valuation
Appraisal Review
Appraisal Management
Lease and Cost Analysis
Insurance Valuation
Arbitration & Consulting
Feasibility Studies
Investment Analysis
Highest and Best Use Studies
Tax Appeals
Litigation Support
Segregated-Cost Analysis

Experience That Counts

Office
Industrial
Retail
Multifamily
Mixed-Use Properties
Senior Housing
Land
Self-Storage
Manufactured Housing
Net Lease
Hospitality
Health Care
Subdivisions
Embassies & Consulates
GSA Properties
Special Use Properties
Telecommunications

Real estate valuations play a pivotal role in today's business climate. An accurate and well supported opinion of property value can mean the difference between reaching a critical goal—securing a loan, closing a sale, reporting to investors, choosing the best asset—or failing to achieve it altogether.

Colliers Valuation & Advisory Services' reports are designed to deliver insight into a property's fundamentals, its competition and the overall market dynamics affecting value. A solid valuation report can be a strategic asset for investors, lenders and owners, provided that it addresses both a property's unique characteristics and the most current market conditions.

Commitment to high-end client service, coupled with Colliers International's unparalleled market intelligence and resources, differentiates us as the firm of choice in the real estate industry.

PROFESSIONALS

Our professionals share a commitment to deliver the highest level of service and consistent results. We go the extra mile for our clients, whether this means meeting a tight deadline or working with a complex and challenging property.

TECHNOLOGY

Our unmatched report creation technology speeds appraisals through the pipeline. This secure, centralized production system generates a wide range of reports and high volume portfolio orders without delays.

INFORMATION

Today's business climate places valuation in a more pivotal position than ever before. All our appraisals are evaluated and approved by an experienced review team to ensure our clients receive concise and timely appraisals. With clear, prompt reporting and a comprehensive, big picture approach, Colliers International's Valuation and Advisory reports give our clients the information they need to make better business decisions.

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**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (“this **Agreement**”) is entered into as of _____, 2020 (the “**Effective Date**”), by and between the City of South San Francisco, a municipal corporation, (“**Seller**”) and Baden Development, LLC, a California limited liability company (“**Buyer**”). Seller and Buyer are collectively referred to herein as the “**Parties**.”

RECITALS

A. Seller is owner of certain real property with an address of 432 Baden Avenue, South San Francisco, California, also known as San Mateo County Assessor’s Parcel Numbers 012-321-160 and as more particularly described in Exhibit A attached hereto and incorporated herein (“**Property**”).

B. The former Redevelopment Agency of the City of South San Francisco (“**RDA**”) purchased the Property on April 16, 1997.

C. 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 the California Supreme Court decision in California Redevelopment Association, et al. v. Ana Matosantos, et al., upheld AB 26 (together with AB 1484, the “**Dissolution Law**”), and the RDA was dissolved on February 1, 2012.

D. 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.

E. Pursuant to the LRPMP and Dissolution Law, the Agency’s transfer of real property assets to the City for disposition consistent with the LRPMP is subject to entering into a Master Agreement for Taxing Entity Compensation by all Taxing Entities.

F. 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, as defined herein.

G. The Property was transferred from the Agency to the City pursuant to a grant deed recorded on May 16, 2017.

H. Buyer agrees to purchase the Property, and Seller agrees to sell the Property to Buyer, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged by the parties, Seller and Buyer hereby agree as follows:

1. INCORPORATION OF RECITALS AND EXHIBITS. The Recitals set forth above and the Exhibits attached to this Agreement are each incorporated into the body of this Agreement as if set forth in full.

2. PURCHASE AND SALE.

2.1 Agreement to Buy and Sell. Subject to the terms and conditions set forth herein, Seller agrees to sell the Property to Buyer, and Buyer hereby agrees to acquire the Property from Seller.

2.2 Purchase Price. The purchase price for the Property to be paid by Buyer to Seller (the “**Purchase Price**”) is one million one hundred thousand dollars (\$1,100,000.00). The Purchase Price shall be paid in cash at the Closing to the Seller.

3. ESCROW.

3.1 Escrow Account. Seller has opened an interest-bearing escrow account (the “**Escrow**”) maintained by North American Title Company in San Mateo (the “**Escrow Holder**”), with interest accruing to the benefit of Buyer. Escrow Holder shall perform all escrow and title services in connection with this Agreement.

3.2 Opening of Escrow. Within seven (7) business days after the Effective Date, the Parties will deposit into Escrow the fully executed Agreement, or executed counterparts thereto. The date that is the later of the following to occur shall be deemed the “**Opening of Escrow**”:

(a) the date that such fully executed Agreement is received by Escrow Holder.

(b) the date that Buyer submits Developer’s Financing Plan (as defined in Section 5.2(e) below) to Seller for review.

(c) the date that Buyer submits an application for building permits to develop the Property to Seller for review.

3.3 Buyer’s Deposit. Within three (3) business days after the Effective Date, Buyer shall deposit thirty thousand dollars (\$30,000.00) with Seller, to be held in trust pursuant to this Agreement (“**Initial Deposit**”). Within three (3) business days after the Opening of Escrow, Seller shall deposit the Initial Deposit into Escrow with Escrow Holder on behalf of Buyer. If Buyer issues an Approval Notice (as defined in Section 3.4 below), Buyer shall deposit an additional seventy thousand dollars (\$70,000.00) in Escrow (the “**Additional Deposit**”). The

Initial Deposit and Additional Deposit are sometimes collectively referred to herein as the “**Deposits.**” The Deposits shall be applied toward the Purchase Price in the event of Closing.

3.4 Satisfaction of Due Diligence Contingency. Buyer shall have the right, in its sole discretion, to terminate this Agreement for any reason prior to the expiration of the Due Diligence Contingency Period (as defined in Section 5(a) below) by providing written notice thereof and to receive a refund of the Deposits. Buyer hereby agrees to provide written notice to Seller prior to the expiration of the Due Diligence Contingency Period if Buyer approves all due diligence items (“**Approval Notice**”). If Buyer provides a termination notice to Seller before 11:59 p.m. on the last day of the Due Diligence Contingency Period, this Agreement shall terminate, and all amounts deposited by Buyer into escrow (except the Independent Consideration), together with interest thereon, if any, will be returned to Buyer, and neither party shall have any further rights or obligations hereunder except those which expressly survive the termination hereof. If Buyer fails to deliver the Approval Notice to Seller prior to 11:59 p.m. on the last day of the Due Diligence Contingency Period, it will be conclusively presumed that Buyer has disapproved all such items, matters or documents, and this Agreement shall terminate and the Deposits shall be refunded to Buyer.

3.5 Independent Consideration. As independent consideration for Seller’s entering into this Agreement to sell the Property to Buyer, Buyer shall deliver the sum of one hundred dollars (\$100.00) to Seller through Escrow (“**Independent Consideration**”). In the event that Buyer terminates this Agreement in accordance with Section 3.4 above, Seller shall retain the Independent Consideration; in the event that Buyer does not terminate this Agreement as aforesaid, the Independent Consideration shall be applied to the Purchase Price at Closing.

4. PROPERTY DISCLOSURE REQUIREMENTS.

4.1 Condition of Title/Preliminary Title Report. Escrow Holder shall deliver a Preliminary Title Report for the Property (the “**Preliminary Report**”) to Buyer within three (3) days after the Effective Date. Buyer shall have until the end of the Due Diligence Contingency Period to approve the condition of title to the Property. If Buyer delivers the Approval Notice, Buyer agrees to take title to the Property subject to the following “**Permitted Exceptions**”: (a) standard printed exceptions in the Preliminary Report; (b) general and special real property taxes and assessments constituting a lien not yet due and payable; and (c) the Schedule B exceptions to the title referenced in the Approval Notice. In no event shall any monetary liens be deemed a Permitted Exception. Buyer shall provide any objections to the condition of title to Seller in writing prior to the Due Diligence Contingency Period.

4.2 Environmental Condition of Property. Seller has provided Buyer with all documents reasonably known to Seller pertaining to the environmental condition of the Property. At Closing, the Buyer agrees to take title of the Property in AS- IS WHERE-IS condition with no environmental remediation work required by or indemnities from the Seller or the Agency. Seller, at Buyer’s expense, agrees to cooperate with Buyer to obtain regulatory approval of any necessary environmental work for the Property. Buyer explicitly acknowledges that Buyer will be responsible to manage and complete any remediation work for the Property after Closing. After

Closing, Seller shall have no further obligations with respect to environmental and/or natural hazards remediation costs.

4.3 Environmental and Natural Hazards Disclosure. California Health & Safety Code section 25359.7 requires owners of non-residential real property who know, or have reasonable cause to believe, that any release of hazardous substances are located on or beneath the real property to provide written notice of same to the buyer of real property. Other applicable laws require Seller to provide certain disclosures regarding natural hazards affecting the Property. Pursuant to Section 4.2, Seller agrees to make any necessary disclosures required by law.

5. CLOSING AND PAYMENT OF PURCHASE PRICE.

5.1 Closing. The closing (the “**Closing**” or “**Close of Escrow**”) will occur no later than one hundred eighty (180) calendar days after the Effective Date (“**Closing Date**”) or such other date that the Parties agree in writing.

5.2 Buyer’s Conditions to Closing. Buyer's obligation to purchase the Property is subject to the satisfaction of all of the following conditions or Buyer's written waiver thereof (in Buyer’s sole discretion) on or before the Closing Date:

(a) Buyer has approved the condition of the Property. Buyer will have sixty (60) calendar days from the Effective Date (the “**Due Diligence Contingency Period**”) to complete physical inspections of the Property and due diligence related to the purchase of the Property. Seller shall provide to Buyer copies of all reasonably available and known documents relating to the ownership and operation of the Property, including but not limited to plans, permits and reports (environmental, structural, mechanical, engineering and land surveys) that Seller has in its possession not later than two (2) business days following the execution and delivery of this Agreement. All physical inspections must be coordinated with Seller’s representative. Buyer hereby agrees to indemnify and hold Seller harmless for any damage to the Property caused (but not merely revealed) by Buyer’s inspections.

(b) Seller has performed all obligations to be performed by Seller pursuant to this Agreement.

(c) Seller’s representations and warranties herein are true and correct in all material respects as of the Closing Date.

(d) The Title Company is irrevocably committed to issue an ALTA standard coverage title insurance policy to Buyer, effective as of the Closing Date, insuring title to Buyer in the full amount of the Purchase Price.

(e) Seller shall have approved Buyer’s financing plan for the development of the Property, which shall include a proforma reasonably acceptable to Seller and proof of construction loan necessary to reasonably complete the development of the Property (the “**Developer’s Financing Plan**”).

(f) Seller shall have approved the construction contract for Buyer's development of the Property (the "**Construction Contract**").

(g) Seller shall have approved the merger of the Property with the adjacent lot located at 428 Baden Avenue, South San Francisco, California (the "**Adjacent Lot**").

(h) Buyer and Seller shall have executed an Affordable Housing Agreement ("**AHA**") for the Property on commercially reasonable terms and which shall include the following provisions: (1) Below Market Rate units shall be constructed by Buyer to meet or exceed South San Francisco Municipal Code Chapter 20.380 requirements; (2) Seller shall approve any proposed assignment of the AHA or disposition of the Property prior to completion of the development of the Property, and Seller's approval of the same, shall not be unreasonably withheld or delayed, it being acknowledged that the City Council would need to review and approve of any such proposed assignment.

5.3 Seller's Conditions to Closing. The Close of Escrow and Seller's obligation to sell and convey the Property to Buyer are subject to the satisfaction of the following conditions or Seller's written waiver (in Seller's sole discretion) of such conditions on or before the Closing Date:

(a) Buyer shall have submitted Developer's Financing Plan to Seller for approval.

(b) Buyer shall have obtained Seller's approval of a Construction Contract for development of the Property by Buyer.

(c) Buyer shall have taken all necessary actions for the issuance of building permits from Seller necessary to enable to development of the Property.

(d) Buyer shall have taken all necessary actions to obtain the approval of the merger of the Property with the Adjacent Lot and such approval shall be ready to be recorded promptly following the Closing.

(e) Buyer has performed all obligations to be performed by Buyer pursuant to this Agreement before Closing Date.

(f) Buyer's representations and warranties set forth herein are true and correct in all material respects as of the Closing Date.

5.4 Conveyance of Title. Seller will deliver marketable fee simple title to Buyer at the Closing, subject only to the Permitted Exceptions. The Property will be conveyed by Seller to Buyer in an "as is" condition, with no warranty, express or implied, by Seller as to the physical condition including, but not limited to, the soil, its geology, or the presence of known or unknown faults or Hazardous Materials or hazardous waste (as defined by Section 12); provided, however, that the foregoing shall not relieve Seller from disclosure of any such conditions of which Seller has actual knowledge.

5.5 Deliveries at Closing.

(a) Deliveries by Seller. Seller shall deposit into the Escrow for delivery to Buyer at Closing: (i) a grant deed, substantially in the form attached hereto as Exhibit B (“**Grant Deed**”); (ii) an affidavit or qualifying statement which satisfies the requirements of paragraph 1445 of the Internal Revenue Code of 1986, as amended, any regulations thereunder (the “**Non-Foreign Affidavit**”); (iii) a California Franchise Tax Board form 590 (the “**California Certificate**”) to satisfy the requirements of California Revenue and Taxation Code Section 18805(b) and 26131.

(b) Deliveries by Buyer. No less than one (1) business day prior to the close of escrow, Buyer shall deposit into escrow immediately available funds in the amount, which together with the Independent Consideration and the Deposits is equal to: (i) the Purchase Price as adjusted by any prorations between the Parties; (ii) the escrow fees and recording fees; and (iii) the cost of the Title Policy.

(c) Closing. Upon Closing, Escrow Holder shall: (i) record the Grant Deed; (ii) disburse to Seller the Purchase Price, less Seller’s share of any escrow fees, costs and expenses; (iii) deliver to Buyer the Non-Foreign Affidavit, the California Certificate and the original recorded Grant Deed; (iv) pay any commissions and other expenses payable through escrow; and (v) distribute to itself the payment of escrow fees and expenses required hereunder.

(d) Closing Costs. Buyer will pay all escrow fees (including the costs of preparing documents and instruments), and recording fees. Buyer will also pay title insurance and title report costs. Seller will pay all transfer taxes and governmental conveyance fees, where applicable.

(e) Pro-Rations. At the close of escrow, the Escrow Agent shall make the following prorations: (i) property taxes will be prorated as of the close of escrow based upon the most recent tax bill available, including any property taxes which may be assessed after the close of escrow but which pertain to the period prior to the transfer of title to the Property to Buyer, regardless of when or to whom notice thereof is delivered; and (ii) any bond or assessment that constitutes a lien on the Property at the close of escrow will be assumed by Buyer. Seller does not pay ad valorem taxes.

5.6 Post-Closing Obligations. The following obligations shall survive the Close of Escrow:

(a) Permits. Buyer shall take all necessary actions for construction permits to be issued to Buyer for the development of the Property within ten (10) business days following the Close of Escrow.

(b) Commence Work. Buyer shall commence work to develop the Property within forty-five (45) days of the Close of Escrow.

(c) Lot Merger. Buyer shall record the merger of the Property with the Adjacent Lot within ten (10) business days of the Close of Escrow.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS.

6.1 Seller's Representations, Warranties and Covenants. In addition to the representations, warranties and covenants of Seller contained in other sections of this Agreement, Seller hereby represents, warrants and covenants to Buyer that the statements below in this Section 6.1 are each true and correct as of the Closing Date provided however, if to Seller's actual knowledge any such statement becomes untrue prior to Closing, Seller will notify Buyer in writing and Buyer will have three (3) business days thereafter to determine if Buyer wishes to proceed with Closing or terminate this Agreement and receive a refund of the Deposits. If Buyer determines it does not wish to proceed, then the terms of Section 3.4 will apply.

(a) Authority. Seller is a municipal corporation, lawfully formed, in existence and in good standing under the laws of the State of California. Seller has the full right, capacity, power and authority to enter into and carry out the terms of this Agreement. This Agreement has been duly executed by Seller, and upon delivery to and execution by Buyer is a valid and binding agreement of Seller.

(b) Encumbrances. Seller has not alienated, encumbered, transferred, mortgaged, assigned, pledged, or otherwise conveyed its interest in the Property or any portion thereof, nor entered into any Agreement to do so, and there are no liens, encumbrances, mortgages, covenants, conditions, reservations, restrictions, easements or other matters affecting the Property, except as disclosed in the Preliminary Report. Seller will not, directly or indirectly, alienate, encumber, transfer, mortgage, assign, pledge, or otherwise convey its interest prior to the Close of Escrow, as long as this Agreement is in force.

(c) There are no agreements affecting the Property except those which have been disclosed by Seller. There are no agreements which will be binding on the Buyer or the Property after the Close of Escrow, which cannot be terminated on thirty (30) days prior written notice.

(d) Conflicts and Pending Actions. There is no agreement to which Seller is a party or, to Seller's knowledge, binding on Seller, which is in conflict with this Agreement. There is no action, suit, arbitration, unsatisfied order or judgment, governmental investigation or proceeding pending or, to Seller's knowledge, threatened against the Property or the transaction contemplated by this Agreement.

(f) Lease. There are no leases of space in the Property, subleases, licenses, franchise agreements or other agreements to occupy or utilize all or any portion of the Property that will be in force after the Closing. At Closing, Seller shall deliver the Property to Buyer vacant of any occupants.

(g) Condemnation. No condemnation proceedings relating to the Property are pending or, to Seller's knowledge, threatened.

(h) Foreign Person; OFAC. Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended. Seller

represents and warrants that (a) Seller and, to Seller's actual knowledge, each person or entity owning an interest in Seller is (i) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the "List"), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, and (iii) not an Embargoed Person (as hereinafter defined), (b) to Seller's actual knowledge, none of the funds or other assets of Seller constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person, and (c) to Seller's actual knowledge, no Embargoed Person has any interest of any nature whatsoever in Seller (whether directly or indirectly). The term "Embargoed Person" means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder.

(i) Compliance. Seller has not received any written notice from any governmental authority that the Property is not in material compliance with all applicable laws and regulations (including environmental and zoning laws and regulations), other than such violations as have been fully cured. To Seller's knowledge, neither Seller nor the Property are in default or breach of any material obligation under any encumbrances, covenants or easement agreements recorded against the Property.

(j) Hazardous Materials. Except as otherwise disclosed to Buyer by Seller (including in any materials delivered or made available to Buyer), Seller has received no written notice from any local, state or national governmental entity or agency of any asbestos, lead or other Hazardous Materials existing or potentially existing with respect to the Property. As used herein, "Hazardous Material" means any hazardous, toxic or dangerous waste, substance or material, pollutant or contaminant, as defined for purposes of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.), as amended, or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), as amended, or any other laws, or any substance which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous, or any substance which contains gasoline, diesel fuel or other petroleum hydrocarbons, polychlorinated biphenyls (PCBs), or radon gas, urea formaldehyde, asbestos or lead.

(k) Purchase Options. There are no outstanding rights of first refusal, rights of first offer, purchase options or similar purchase rights with respect to the Property.

(l) Management Agreements. There are no management agreements, leasing agreements, brokerage agreements or similar agreements which affect the Property and will survive Closing.

(m) Taxes. To Seller's knowledge, there are no impositions of new special assessments with respect to the Property.

The truth and accuracy of each of the representations and warranties, and the performance of all covenants of Seller contained in this Agreement are conditions precedent to Buyer's obligation to proceed with the Closing hereunder. The foregoing representations and warranties shall survive the expiration, termination, or close of escrow of this Agreement and shall not be deemed merged into the deed upon closing.

6.2 Buyer's Representations and Warranties. In addition to the representations, warranties and covenants of Buyer contained in other sections of this Agreement, Buyer hereby represents, warrants and covenants to Seller that the statements below in this Section 6.2 are each true as of the Effective Date, and, if to Buyer's actual knowledge any such statement becomes untrue prior to Closing, Buyer shall so notify Seller in writing and Seller shall have at least three (3) business days thereafter to determine if Seller wishes to proceed with Closing.

(a) Buyer is a California limited liability company. Buyer has the full right, capacity, power and authority to enter into and carry out the terms of this Agreement. This Agreement has been duly executed by Buyer, and upon delivery to and execution by Seller shall be a valid and binding agreement of Buyer.

(b) Buyer is not bankrupt or insolvent under any applicable federal or state standard, has not filed for protection or relief under any applicable bankruptcy or creditor protection statute, and has not been threatened by creditors with an involuntary application of any applicable bankruptcy or creditor protection statute.

(c) Pending Actions. There is no action, suit, arbitration, unsatisfied order or judgment, government investigation or proceeding pending against Buyer which, if adversely determined, could individually or in the aggregate materially interfere with the consummation of the transaction contemplated by this Agreement.

(d) ERISA. Buyer is not acquiring the Property with the assets of an employee benefit plan as defined in Section 3(3) of ERISA.

(e) Foreign Person; OFAC. Buyer is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended. Buyer and, to Buyer's actual knowledge, each person or entity owning an interest in Buyer is (i) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the OFAC and/or on any other similar List, (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, and (iii) not an "Embargoed Person," to Buyer's actual knowledge, none of the funds or other assets of Buyer constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person, and to Buyer's actual knowledge, no Embargoed Person has any interest of any nature whatsoever in Buyer (whether directly or indirectly).

The truth and accuracy of each of the representations and warranties, and the performance of all covenants of Buyer contained in this Agreement are conditions precedent to Seller's obligation to proceed with the Closing hereunder.

6.3 Property Sold, "AS IS". Buyer specifically acknowledges that the Seller is selling the Property on an "AS IS", "WHERE IS" and "WITH ALL FAULTS" basis and that, subject to Seller's representations, warranties, covenants and obligations set forth in this Agreement, and all exhibits attached hereto and incorporated herein, and any obligations arising under applicable law, and any document or instrument executed and delivered in connection with Closing, Buyer is not relying on any representations or warranties of any kind whatsoever, express or implied, from Seller, or its employees, appointed or elected officials, agents, or brokers as to any matters concerning the Property. Subject to Seller's representations, warranties, covenants and obligations set forth in this Agreement, and all exhibits attached hereto and incorporated herein, and any obligations arising under applicable law, and any document or instrument executed and delivered in connection with Closing, Seller makes no representations or warranties as to any matters concerning the Property, including without limitation: (i) the quality, nature, adequacy and physical condition of the Property, (ii) the quality, nature, adequacy, and physical condition of soils, geology and any groundwater, (iii) the existence, quality, nature, adequacy and physical condition of utilities serving the Property, (iv) the development potential of the Property, and the Property's use, habitability, merchantability, or fitness, suitability, value or adequacy of the property for any particular purpose, (v) except as otherwise provided in this Agreement, the zoning or other legal status of the Property or any other public or private restrictions on use of the Property, (vi) the compliance of the Property or its operation with any Environmental Laws, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity, (vii) the presence or removal of Hazardous Materials, substances or wastes on, under or about the Property or the adjoining or neighboring property; (viii) the quality of any labor and materials used in any improvements on the Property, (ix) the condition of title to the Property, (x) the leases, service contracts, or other agreements affecting the Property, or (xi) the economics of the operation of the Property.

7. REMEDIES In the event of a breach or default under this Agreement by Seller, if such breach or default occurs prior to Close of Escrow, Buyer reserves the right to either (a) seek specific performance from Seller or (b) to do any of the following: (i) to waive the breach or default and proceed to close as provided herein; (ii) to extend the time for performance and the Closing Date until Seller is able to perform; or (iii) to terminate this Agreement upon written notice to Seller, whereupon Seller shall cause Escrow Holder to return to Buyer any and all sums placed into the Escrow by Buyer, and except for the rights and obligations expressly provided to survive termination of this Agreement, neither party shall have any further obligations or liabilities hereunder. **IN THE EVENT OF A BREACH OR DEFAULT HEREUNDER BY BUYER AND THE CLOSING DOES NOT OCCUR DUE TO SUCH DEFAULT, SELLER'S SOLE REMEDY SHALL BE TO RETAIN THE DEPOSITS AS LIQUIDATED DAMAGES. THE PARTIES AGREE THAT IN SUCH INSTANCE, THE DEPOSITS REPRESENT A REASONABLE APPROXIMATION OF SELLER'S DAMAGES AND ARE NOT INTENDED AS A FORFEITURE OR PENALTY BUT RATHER AN ENFORCEABLE LIQUIDATED DAMAGES PROVISION PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671, ET SEQ. IN NO EVENT SHALL EITHER PARTY BE ENTITLED TO LOST PROFITS OR CONSEQUENTIAL DAMAGES AS A RESULT OF THE OTHER PARTY'S BREACH OF THIS AGREEMENT.**

Buyer's Initials

Seller's Initials

8. BROKERS. Seller represents that no real estate broker has been retained by Seller in the sale of the Property or the negotiation of this Agreement. Buyer represents that no real estate broker has been retained by Buyer in the procurement of the Property or negotiation of this Agreement other than Victor Lo of Sierra Investments. Buyer shall indemnify, hold harmless and defend Seller from any and all claims, actions and liability for any commission, finder's fee, or similar charges arising out of Buyer's retention of Mr. Lo or any breach of the preceding sentence.

9. ASSIGNMENT. Absent an express signed written agreement between the Parties to the contrary, neither Seller nor Buyer may assign its rights or delegate its duties under this Agreement without the express written consent of the other. No permitted assignment of any of the rights or obligations under this Agreement shall result in a novation or in any other way release the assignor from its obligations under this Agreement. Buyer may not assign its rights under this Agreement without first obtaining Seller's written consent, which approval may be given or withheld in Seller's reasonable discretion. Seller's approval of any assignment pursuant to this Section 9 shall be contingent on the review and approval by the City Council of such proposed assignment. Any transfer, directly or indirectly, of any stock, partnership interest or other ownership interest in Buyer, for the sole purpose of transferring Buyer's interest in this Agreement, without Seller's written approval, which approval may be given or withheld in Seller's reasonable discretion, shall constitute a default by Buyer under this Agreement; provided, however, that a transfer of an ownership interest in Buyer to investors as reasonably necessary to raise funds for the development of the Property will not be a default and will not require advanced consent of Seller, so long as Victor Lo retains exclusive, day-to-day managerial control of Buyer at all times. Without limitation of the foregoing, no assignment by Buyer shall relieve Buyer of any of its obligations or liabilities pursuant to this Agreement. Notwithstanding the foregoing, without having to obtain Seller's approval, Buyer may assign its interest in this Agreement on or before the Closing Date to an entity (a "Buyer Assignee") that is (a) an entity of which Buyer has day-to-day managerial control or (b) any joint venture entity in which Buyer maintains a majority economic interest, or may (c) partially assign this Agreement for the purposes of enabling closing as tenant-in-common with an otherwise joint venture partner of Buyer for the purposes of consummating a tax deferred exchange, so long as Buyer and Buyer Assignee execute and deliver an assignment and assumption agreement in form reasonably satisfactory to Seller, pursuant to which Buyer Assignee remakes all of Buyer's representation and warranties set forth in this Agreement and the transferor shall not be released from the obligations of "Buyer" hereunder.

10. ENVIRONMENTAL INDEMNITY. To the fullest extent allowed by law, Buyer agrees to unconditionally and fully indemnify, protect, defend (with counsel satisfactory to Seller), and hold Seller, and its respective elected and appointed officers, officials, employees, agents, consultants, contractors, and Agency harmless from and against any and all claims (including without limitation third party claims for personal injury, real or personal property damage, or damages to natural resources), actions, administrative proceedings (including without limitation both formal and informal proceedings), judgments, damages, punitive damages, penalties, fines, costs (including without limitation any and all costs relating to investigation, assessment, analysis or clean-up of the Property), liabilities (including without limitation sums paid in settlements of

claims), interest, or losses, including reasonable attorneys' and paralegals' fees and expenses (including without limitation any such fees and expenses incurred in enforcing this Agreement or collecting any sums due hereunder), together with all other costs and expenses of any kind or nature (collectively, the "Costs") that arise directly or indirectly from or in connection with the presence, suspected presence, release, or suspected release, of any Hazardous Materials in, on or under the Property or in or into the air, soil, soil gas, groundwater, or surface water at, on, about, around, above, under or within the Property, or any portion thereof, except those Costs that arise solely as a result of actions by Seller, or Seller's agents, employees, or contractors. The indemnification provided pursuant to this Section shall specifically apply to and include claims or actions brought by or on behalf of employees of Buyer or any of its predecessors in interest and Buyer hereby expressly waives any immunity to which Buyer may otherwise be entitled under any industrial or worker's compensation laws. In the event the Seller suffers or incurs any Costs, Buyer shall pay to Seller the total of all such Costs suffered or incurred by the Seller upon demand therefore by Seller. The indemnification provided pursuant to this Section shall include, without limitation, all loss or damage sustained by the Seller due to any Hazardous Materials: (a) that are present or suspected by a governmental agency having jurisdiction to be present in the Property or in the air, soil, soil gas, groundwater, or surface water at, on, about, above, under, or within the Property (or any portion thereof) or to have emanated from the Property, or (b) that migrate, flow, percolate, diffuse, or in any way move onto, into, or under the air, soil, soil gas, groundwater, or surface water at, on, about, around, above, under, or within the Property (or any portion thereof) after the date of this Agreement as a result of Seller's or its predecessors' activities on the Property, or those of Seller's agents, employees, or contractors. The provisions of this Section 10 shall survive the termination of this Agreement and the Close of Escrow.

11. RELEASE BY BUYER. Effective upon the Close of Escrow, except with respect to the representations and warranties of Seller under Section 6.1 of this Agreement, Buyer waives releases, remises, acquits and forever discharges Seller, and its officers, directors, board members, managers, employees and agents, and any other person acting on behalf of Seller, from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses and compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which Buyer now has or which may arise in the future on account of or in any way arising from or in connection with the physical condition of the Property or any law or regulation applicable thereto including, without limiting the generality of the foregoing, any federal, state or local law, ordinance or regulation pertaining to Hazardous Materials. This Section 11 shall survive the termination of this Agreement and the Close of Escrow.

BUYER ACKNOWLEDGES THAT BUYER IS FAMILIAR WITH SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

BY INITIALING BELOW, BUYER EXPRESSLY WAIVES THE BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE WITH RESPECT TO THE FOREGOING RELEASE:

Buyer's initials: _____

12. HAZARDOUS MATERIALS; DEFINITIONS.

12.1 Hazardous Materials. As used in this Agreement, “**Hazardous Materials**” means any chemical, compound, material, mixture, or substance that is now or may in the future be defined or listed in, or otherwise classified pursuant to any Environmental Laws (defined below) as a “hazardous substance”, “hazardous material”, “hazardous waste”, “extremely hazardous waste”, “infectious waste”, “toxic substance”, “toxic pollutant”, or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity. The term “Hazardous Materials” shall also include asbestos or asbestos-containing materials, radon, chrome and/or chromium, polychlorinated biphenyls, petroleum, petroleum products or by-products, petroleum components, oil, mineral spirits, natural gas, natural gas liquids, liquefied natural gas, and synthetic gas usable as fuel, perchlorate, and methyl tert butyl ether, whether or not defined as a hazardous waste or hazardous substance in the Environmental Laws.

12.2 Environmental Laws. As used in this Agreement, “**Environmental Laws**” means any and all federal, state and local statutes, ordinances, orders, rules, regulations, guidance documents, judgments, governmental authorizations or directives, or any other requirements of governmental authorities, as may presently exist, or as may be amended or supplemented, or hereafter enacted, relating to the presence, release, generation, use, handling, treatment, storage, transportation or disposal of Hazardous Materials, or the protection of the environment or human, plant or animal health, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. § 9601), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq.*), the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*), the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq.*), the Oil Pollution Act (33 U.S.C. § 2701 *et seq.*), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 *et seq.*), the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 *et seq.*), the Toxic Mold Protection Act (Cal. Health & Safety Code § 26100, *et seq.*), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 *et seq.*), the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 *et seq.*), the Hazardous Materials Release Response Plans & Inventory Act (Cal. Health & Safety Code § 25500 *et seq.*), and the Carpenter-Presley-Tanner Hazardous Substances Account Act (Cal. Health and Safety Code, Section 25300 *et seq.*).

13. MISCELLANEOUS.

13.1 Attorneys' Fees. If any party employs counsel to enforce or interpret this Agreement, including the commencement of any legal proceeding whatsoever (including insolvency, bankruptcy, arbitration, mediation, declaratory relief or other litigation), the prevailing

party shall be entitled to recover its reasonable attorneys' fees and court costs (including the service of process, filing fees, court and court reporter costs, investigative fees, expert witness fees, and the costs of any bonds, whether taxable or not) and shall include the right to recover such fees and costs incurred in any appeal or efforts to collect or otherwise enforce any judgment in its favor in addition to any other remedy it may obtain or be awarded. Any judgment or final order issued in any legal proceeding shall include reimbursement for all such attorneys' fees and costs. In any legal proceeding, the "prevailing party" shall mean the party determined by the court to most nearly prevail and not necessarily the party in whose favor a judgment is rendered.

13.2 Interpretation. This Agreement has been negotiated at arm's length and each party has been represented by independent legal counsel in this transaction and this Agreement has been reviewed and revised by counsel to each of the Parties. Accordingly, each party hereby waives any benefit under any rule of law (including Section 1654 of the California Civil Code) or legal decision that would require interpretation of any ambiguities in this Agreement against the drafting party.

13.3 Survival. All indemnities, covenants, representations and warranties contained in this Agreement shall survive Close of Escrow.

13.4 Successors. Except as provided to the contrary in this Agreement, this Agreement shall be binding on and inure to the benefit of the Parties and their successors and assigns.

13.5 Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

13.6 Integrated Agreement; Modifications. This Agreement contains all the agreements of the Parties concerning the subject hereof any cannot be amended or modified except by a written instrument executed and delivered by the parties. There are no representations, agreements, arrangements or understandings, either oral or written, between or among the parties hereto relating to the subject matter of this Agreement that are not fully expressed herein. In addition there are no representations, agreements, arrangements or understandings, either oral or written, between or among the Parties upon which any party is relying upon in entering this Agreement that are not fully expressed herein.

13.7 Severability. If any term or provision of this Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from this Agreement, any such provision shall not be affected by the legality, enforceability, or validity of the remainder of this Agreement. If any provision or part thereof of this Agreement is stricken in accordance with the provisions of this Section, then the stricken provision shall be replaced, to the extent possible, with a legal, enforceable and valid provision this is in keeping with the intent of the Parties as expressed herein.

13.8 Notices. Any delivery of this Agreement, notice, modification of this Agreement, collateral or additional agreement, demand, disclosure, request, consent, approval, waiver, declaration or other communication that either party desires or is required to give to the other party or any other person shall be in writing. Any such communication may be served

personally, or by nationally recognized overnight delivery service (i.e., Federal Express) which provides a receipt of delivery, or sent by prepaid, first class mail, return receipt requested to the party's address as set forth below, or by fax or electronic mail, in each case, sent to the intended addressee at the address set forth below, or to such other address or to the attention of such other person as the addressee shall have designated by written notice sent in accordance herewith, and shall be deemed to have been given either at the time of first attempted delivery at the address and in the manner provided herein, or, in the case of electronic mail for fax, as of the date of the electronic mail or fax:

To Buyer: 311 9th Avenue
San Mateo, CA 94401
Attn: Mr. Victor Lo
Phone: 415-297-0709
Email: victor@sierrainvestments.com

With Copy To: Schinner & Shain, LLP
96 Jessie Street
San Francisco, CA 94105
Attn: R. Ryan Shain, Esq.
Phone: 310-913-4582
Email: shain@schinner.com

To Seller: City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080
Attn: City Manager, Mike Futrell
Email: mike.futrell@ssf.net
Telephone No.: (650) 829 6620
Fax (650) 829-6609

With Copy To: City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080
Attn: Project Manager, Julie Barnard
Email: Julie.barnard@ssf.net
Telephone No.: (650) 829 6629

With Copy To: Meyers Nave
555 12th Street, Suite 1500
Oakland, CA 94607
Attn: Sky Woodruff
Email: sky@meyersnave.com

To Escrow Holder: Katie Berggren
North American Title Company
66 Bovet Rd, Suite 200
San Mateo, CA 94402

Phone: 650-343-6282

Email: kberggren@nat.com

Any party may change its address by notice to the other party. Each party shall make an ordinary, good faith effort to ensure that it will accept or receive notices that are given in accordance with this section and that any person to be given notice actually receives such notice.

13.9 Time. Time is of the essence to the performance of each and every obligation under this Agreement.

13.10 Days of Week. If any date for exercise of any right, giving of any notice, or performance of any provision of this Agreement falls on a Saturday, Sunday or holiday, the time for performance will be extended to 11:59 p.m. on the next business day.

13.11 Reasonable Consent and Approval. Except as otherwise provided in this Agreement, whenever a party is required or permitted to give its consent or approval under this Agreement, such consent or approval shall not be unreasonably withheld or delayed. If a party is required or permitted to give its consent or approval in its sole and absolute discretion or if such consent or approval may be unreasonably withheld, such consent or approval may be unreasonably withheld but shall not be unreasonably delayed.

13.12 Further Assurances. The Parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.

13.13 Waivers. Any waiver by any party shall be in writing and shall not be construed as a continuing waiver. No waiver will be implied from any delay or failure to take action on account of any default by any party. Consent by any party to any act or omission by another party shall not be construed to be consent to any other subsequent act or omission or to waive the requirement for consent to be obtained in any future or other instance.

13.14 Signatures/Counterparts. This Agreement may be executed by electronic or facsimile signature. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any one of such completely executed counterparts shall be sufficient proof of this Agreement.

13.15 Date and Delivery of Agreement. Notwithstanding anything to the contrary contained in this Agreement, the parties intend that this Agreement shall be deemed effective, and delivered for all purposes under this Agreement, and for the calculation of any statutory time periods based on the date an agreement between parties is effective, executed, or delivered, as of the Effective Date.

13.16 Representation on Authority of Parties. Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such party's obligations

hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

13.17 Possession. At Closing, Seller shall deliver sole and exclusive possession of the Property to Buyer.

13.18 Approvals. Whenever this Agreement calls for Seller approval, consent, extension or waiver, the written approval, consent, or waiver of the Seller's Executive Director or his or her designee(s) shall constitute the approval, consent, extension or waiver of the Seller, without further authorization required from the Seller's Council. The Seller hereby authorizes the City Manager and his or her designee(s) to deliver any such approvals, consents, or extensions or waivers as are required by this Agreement, or that do not otherwise reduce Seller's rights under this Agreement, and to waive requirements under this Agreement, on behalf of the Seller.

13.19 Merger, Survival. The provisions of this Agreement shall not merge with the delivery of the Deed or any other instrument delivered at Closing, but shall, except as otherwise provided in this Agreement, survive the Closing.

SIGNATURES ON FOLLOWING PAGE

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

SELLER:

CITY OF SOUTH SAN FRANCISCO

By: _____
Mike Futrell
City Manager

ATTEST:

By: _____
Rosa Acosta
City Clerk

APPROVED AS TO FORM:

By: _____
Sky Woodruff
City Attorney

BUYER:

Baden Development, LLC,
a California limited liability company

By: _____
Victor Lo
Title: Manager

APPROVED AS TO FORM:

By: _____
Counsel for Buyer

LIST OF EXHIBITS

Exhibit A	Legal Description
Exhibit B	Grant Deed
Exhibit C	Permitted Exceptions
Exhibit D	Form of Affordable Housing Agreement
Exhibit E	Form of Completion Guaranty

Exhibit A

LEGAL DESCRIPTION

That real property situated in the State of California, County of San Mateo, City of South Su. Francisco, and described as Lot 8 in Block 117, as shown on that certain map entitled "SOUTH SAN FRANCISCO SAN MATEO CO. CAL PLAT. NO. 1", filed in the office of the County Recorder of San Mateo County, State of California, on March 1, 1892 in Book "B" of Maps at page(s) 6, and a copy entered in Book 2 of Maps at Page 52.

AP. No.: 012-321-160

JPN 012 032 321 16 A

Exhibit B

GRANT DEED

Recording Requested By and
When Recorded Return To:

Attention: _____

APN: _____

(Space above this line for Recorder's use)

GRANT DEED

THE UNDERSIGNED GRANTOR(s) DECLARE(s):

DOCUMENTARY TRANSFER TAX IS \$ _____ computed on full value of property conveyed, or computed on full value less value of liens or encumbrances remaining at time of sale.

Signature of Declarant

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, _____, a _____ ("Grantor") hereby grants to _____, a _____ ("Grantee"), the real property located in the City of _____, County of _____, State of _____, described on Exhibit A attached hereto and made a part hereof.

GRANTOR:

_____, a _____

By: _____

Its: _____

Date: _____

[Exhibit A and notarial acknowledgement to be attached]

Exhibit C

PERMITTED EXCEPTIONS

Exhibit D

FORM OF AFFORDABLE HOUSING AGREEMENT

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

City of South San Francisco

400 Grand Avenue

South San Francisco, CA 94080

Attn: City Manager

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§6103, 27383

Space above this line for Recorder's use.

AFFORDABLE HOUSING REGULATORY AGREEMENT

AND

DECLARATION OF RESTRICTIVE COVENANTS

for 432 Baden Avenue, South San Francisco

by and between

THE CITY OF SOUTH SAN FRANCISCO

and

BADEN DEVELOPMENT LLC

This Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (this “**Agreement**”) is entered into effective as of _____, 2020 (“**Effective Date**”) by and between the City of South San Francisco, a municipal corporation (“**City**”) and _____, a California corporation {INSERT NEW ENTITY IF APPLICABLE AT CLOSING} (“**Owner**”). City and Owner are hereinafter collectively referred to as the “**Parties**.”

RECITALS

A. Owner owns that certain real property located in the City of South San Francisco at 432 Baden Avenue, known as San Mateo County Assessor’s Parcel Nos. 012-321-160 and more particularly described in Exhibit A attached hereto (the “**Property**”).

B. In accordance with that certain Purchase and Sale Agreement executed by and between the Parties and dated as of _____ (the “**PSA**”), Owner will re-develop the Property into a high-density, residential apartment building (the “**Project**”). Capitalized terms used and not defined in this Agreement have the meaning ascribed to them in the PSA.

C. As a condition to its agreement to provide the City Grants, the City requires the Property to be subject to the terms, conditions and restrictions set forth herein, specifically, the City requires that for a period of not less than fifty-five (55) years, three (3) of the residential units in the Project be rented at Affordable Rents to Eligible Households.

D. The Parties have agreed to enter into and record this Agreement in order to satisfy the conditions described in the foregoing Recitals. The purpose of this Agreement is to regulate and restrict the occupancy and rents of the Project’s Restricted Units for the benefit of the occupants of the Project. The Parties intend the covenants set forth in this Agreement to run with the land and to be binding upon Owner and Owner’s successors and assigns for the full term of this Agreement.

E. Chapter 20.380 of the South San Francisco Municipal Code sets forth the requirements for Inclusionary Housing (“**Inclusionary Housing Ordinance**”)

F. The Developer is planning to construct thirty six (36) rental units on the Project Property (the “**Project**”) and has submitted site development plan for the Project.

G.

H. The Developer is required by the Inclusionary Housing Ordinance to set aside ten percent (10%) of new housing as low- and moderate-income level housing.

I. The Inclusionary Housing Ordinance requires the Developer’s plans and the City’s conditions regarding inclusionary housing be set forth in an Affordable Housing Agreement.

J. This Affordable Housing Agreement is required as a condition of future discretionary permits for development of the Project Property and shall be recorded against the Project Property;

K. 432 Baden is located in the Residential Core District and the Project allows for 30 The Developer will utilize the State Density Bonus of 35% for the Project by providing 11.5%

of the units targeting Very Low Income households (“VLI”).

- J. The base density for the Project’s 14,000 sf (0.32 acre) lot is 80 du/acre, which allows for 26 units. The 35% density bonus to the base allowable 26 units returns a yield of 36 units. The project will provide 11.5% of the base density of 26 units or 3 units as VLI targeted.

NOW THEREFORE, in consideration of the foregoing, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

AGREEMENT

1. **Definitions.** The following terms have the meanings set forth in this Section wherever used in this Agreement or the attached exhibits.

“Actual Household Size” means the actual number of persons in the applicable household.

“Adjusted for Family Size Appropriate for the Unit” shall be determined consistent with Section 50052.5(h) of the California Health and Safety Code and applicable federal rules (if any) and as defined below:

Studio – 1 person

One Bedroom – 1.5 people

Two Bedroom – 3 people

Three Bedroom – 4.5 people

“Affordable Rent” means the following amounts, less a utility allowance and such other adjustments as required pursuant to the California Redevelopment Law: (i) for units that are restricted for rental to households with incomes of not more than eighty percent (80%) of AMI (**“80% Units”**), a monthly rent that does not exceed one-twelfth (1/12) of thirty percent (30%) of eighty percent (80%) of AMI, Adjusted for Family Size Appropriate for the Unit, and (ii) for units that are restricted for rental to households with incomes of not more than one hundred twenty percent (120%) of AMI (**“120% Units”**), a monthly rent that does not exceed one-twelfth of thirty percent (30%) of one hundred twenty percent (120%) of Area Median Income, Adjusted for Family Size Appropriate for the Unit.

“Area Median Income” or “AMI” means the median income for San Mateo County, California, adjusted for Actual Household Size, as determined by the U.S. Department of Housing and Urban Development (**“HUD”**) pursuant to Section 8 of the United States Housing Act of 1937 and as published from time to time by the State of California Department of Housing and Community Development (**“HCD”**) in Section 6932 of Title 25 of the California Code of Regulations or successor provision published pursuant to California Health and Safety Code Section 50093(c).

“Claims” is defined in Section 10.

"Eligible Household" means a household for which gross household income does not exceed the applicable maximum income level for a Restricted Unit as specified in Section 2.1 and Exhibit B.

"Indemnitees" is defined in Section 10.

"Very Low-Income" means an annual gross household income that is less than or equal to the qualifying limits for households of Very Low-Income adjusted for actual household size, as determined periodically by HUD on the basis of gross annual household income and published by HCD in the Regulations for San Mateo County. If HUD ceases to make such determination, "Very Low-Income" shall be defined as not greater than 50% of Area Median Income adjusted for actual household size, as published by HCD in the Regulations. If both HCD and HUD cease to make such determinations, City in its reasonable discretion may designate another definition of "Very Low-Income" used by any other federal or state agency so long as such definition is no more restrictive than that set forth herein.

"Regulations" means Title 25 of the California Code of Regulations.

"Rent-Restricted" means a dwelling unit for which the gross rent charged for such unit does not exceed the Affordable Rent, as adjusted for assumed household size in accordance with the Department of Housing and Community Development ("HCD") guidelines.

"Restricted Unit" means a dwelling unit which is reserved for occupancy at an Affordable Rent by a household of not more than a specified household income in accordance with and as set forth in Sections 2.1 and 2.2 and Exhibit B.

2. Use and Affordability Restrictions. Owner hereby covenants and agrees, for itself and its successors and assigns, that the Property shall be used solely for the operation of a mixed-use, multifamily rental housing development in compliance with the DA and the requirements set forth herein. Owner represents and warrants that it has not entered into any agreement that would restrict or compromise its ability to comply with the occupancy and affordability restrictions set forth in this Agreement, and Owner covenants that it shall not enter into any agreement that is inconsistent with such restrictions without the express written consent of City.

2.1 Affordability Requirements.

2.1.1 Property. For a term of fifty-five (55) years commencing upon the date of issuance of a final certificate of occupancy for the Project, not less than three (3) of the residential units of the Project shall be both Rent Restricted (as defined below) and occupied (or if vacant, available for occupancy), available at Affordable Rents to Eligible Households with income no greater than 50% of Area Median Income. The three (3) residential units are allocated across unit type as specified in Exhibit B.

2.1.2 Recertification. In the event that recertification of Eligible Household incomes indicates that the number of Restricted Units actually occupied by Eligible Households falls below the number reserved for each income group as specified in this Section 2.1 and Exhibit

B, Owner shall rectify the condition by renting the next available dwelling unit(s) in the Project to Eligible Household(s) until the required income mix is achieved.

2.2 Rents for Restricted Units. Rents for Restricted Units shall be limited to Affordable Rents for households of the applicable income limit in accordance with Section 2.1 and Exhibit B. Notwithstanding the foregoing, no Eligible Household qualifying for a Restricted Unit shall be denied continued occupancy of a unit in the Project because, after admission, such Eligible Household's adjusted income increases to exceed the qualifying limit for such Restricted Unit. A household which at initial occupancy qualifies in a particular income category shall be treated as continuing to be of such income category so long as the household's gross income does not exceed 140% of the applicable income limit. In the event the gross household income of a household that qualified at the applicable income limit at initial occupancy exceeds the applicable income limit for a unit, that unit will continue to be considered as satisfying the applicable income limit if the unit remains Rent-Restricted.

If upon recertification of Eligible Household incomes, Owner determines that a Eligible Household has a household income exceeding the maximum qualifying income for such Eligible Household's unit, the Eligible Household shall be permitted to continue to occupy the unit, and upon expiration of the Eligible Household's lease and upon sixty (60) days' written notice, Owner may increase the rent for such unit to the fair market rent, and Owner shall rent the next available unit to a Eligible Household whose household income does not exceed the applicable income limit in order to achieve the affordability requirements of this Agreement.

2.3 Unit Sizes, Design and Location. The Restricted Units shall be of comparable design quality as unrestricted units in the Project. Eligible Households of Restricted Units shall have access to all common facilities of the Project equal to that of Eligible Households of units in the Project that are not Restricted Units. The Restricted Units shall be allocated among affordability categories as set forth in Exhibit B.

2.4 City Grant Funds. Owner shall ensure that all City Grant Funds are used for the construction of affordable units in a manner consistent with the applicable City Grant Funds requirements, which at a minimum, requires residential rental units assisted For with funds from the City's low- and moderate-income housing fund to remain affordable for the longest feasible time.

2.5 No Condominium Conversion. Owner shall not convert the residential units in the Project to condominium or cooperative ownership or sell condominium or cooperative rights to the residential portion of the Project or any part thereof unless Owner obtains the City's consent and meets the affordability requirements of Section 2.1. City's prior written consent shall be required with respect to the sale or condominium conversion of the retail/commercial portion of the Project or any part thereof.

2.6 Non-Discrimination; Compliance with Fair Housing Laws.

2.6.1 Preferences. In order to ensure that there is an adequate supply of affordable housing within the City for City residents and employees of businesses located within the City, to the extent permitted by law and consistent with the program regulations for funding sources used

for development of the Project, at initial lease up, Owner shall give a preference in the rental of the residential units in the Project to Eligible Households that include at least one member who lives or works in the City of South San Francisco. If there are fewer Eligible Households than the number of such units, the units will be made available to the general public. Notwithstanding the foregoing, in the event of a conflict between this provision and the provisions of Section 42 of the Internal Revenue Code of 1986, as amended, the provisions of such Section 42 shall control.

2.6.2 Fair Housing. Owner shall comply with state and federal fair housing laws in the marketing and rental of the units in the Project. Owner shall accept as Eligible Households, on the same basis as all other prospective Eligible Households, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing Section 8 program or any successor thereto.

2.6.3 Non-Discrimination. Owner shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Owner covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or part thereof, nor shall Owner or any person claiming under or through Owner establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Eligible Households, lessees, sub-Eligible Households, sublessees or vendees in, of, or for the Property or part thereof. Owner shall include such provision in all deeds, leases, contracts and other instruments executed by Owner, and shall enforce the same diligently and in good faith.

3. Reporting Requirements.

3.1. Eligible Household Certification. Owner or Owner's authorized agent shall obtain from each household prior to initial occupancy of each Restricted Unit, and on every anniversary thereafter, a written certificate containing all of the following in such format and with such supporting documentation as City may reasonably require:

- (a) The identity of each household member; and
- (b) The total gross household income;

Owner shall retain such certificates for not less than three (3) years, and upon City's request, shall make the certificates available for City inspection.

3.2 Annual Report; Inspections. By not later than April 30th of each year during the term of this Agreement, Owner shall submit an annual report ("**Annual Report**") to the City in form satisfactory to City, together with a certification that the Project is in compliance with the requirements of this Agreement. The Annual Report shall, at a minimum, include the following

information for each dwelling unit in the Project: (i) unit number; (ii) number of bedrooms; (iii) current rent and other charges; (iv) dates of any vacancies during the previous year; (v) number of people residing in the unit; (vi) total gross household income of residents; (vii) documentation of source of household income; and (viii) the information required by Section 3.1.

Owner shall include with the Annual Report, an income recertification for each household, documentation verifying Eligible Household eligibility, and such additional information as City may reasonably request from time to time in order to demonstrate compliance with this Agreement. The Annual Report shall conform to the format requested by City; provided however, during such time that the Project is subject to a regulatory agreement restricting occupancy and/or rents pursuant to requirements imposed in connection with the use of state or federal low-income housing tax credits, Owner may satisfy the requirements of this Section by providing City with a copy of compliance reports required in connection with such financing.

3.3 On-site Inspection. Owner shall permit representatives of City to enter and inspect the Property and the Project during reasonable business hours in order to monitor compliance with this Agreement upon 48-hours advance notice of such visit to Owner or to Owner's management agent.

3.4 Additional Information. Owner shall provide any additional information reasonably requested by City. The City shall have the right to examine and make copies of all books, records, or other documents of the Owner which pertain to the Project.

3.5 Records. The Owner shall maintain complete, accurate and current records pertaining to the Development, and shall permit any duly authorized representative of the City to inspect records, including records pertaining to income and household size of Eligible Households. All Eligible Household lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner and shall be maintained in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City. The Owner shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least three (3) years, and for any period during which there is an audit undertaken by the City pursuant to the DA.

4. Term of Agreement.

4.1 Term of Restrictions. Unless extended by mutual agreement of the Parties, upon the 55th anniversary of issuance of the final certificate of occupancy for the residential portion of the Project, this Agreement shall automatically terminate and be of no further force or effect.

4.2 Effectiveness Succeeds Conveyance of Property and Repayment of Loan. This Agreement shall remain effective and fully binding for the full term hereof, as such may be extended pursuant to Section 4.1, regardless of any sale, assignment, transfer, or conveyance of the Property or the Project or any part thereof or interest therein.

4.3 Reconveyance. Upon the expiration of this Agreement, the Parties agree to execute and record appropriate instruments to release and discharge this Agreement; provided, however, the execution and recordation of such instruments shall not be necessary or a prerequisite to evidence the expiration of this Agreement, or to evidence the release and discharge of this Agreement as a matter of title.

5. Binding Upon Successors; Covenants to Run with the Land. Owner hereby subjects its interest in the Property and the Project to the covenants and restrictions set forth in this Agreement. The Parties hereby declare their express intent that the covenants and restrictions set forth herein shall be deemed covenants running with the land and shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of the Parties, regardless of any sale, assignment, conveyance or transfer of the Property, the Project or any part thereof or interest therein. Any successor-in-interest to Owner, including without limitation any purchaser, transferee or lessee of the Property or the Project (other than the Eligible Households of the individual dwelling units or retail/commercial space within the Project) shall be subject to all of the duties and obligations imposed hereby for the full term of this Agreement. Each and every contract, deed, ground lease or other instrument affecting or conveying the Property or the Project or any part thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, restrictions, duties and obligations set forth herein, regardless of whether such covenants, restrictions, duties and obligations are set forth in such contract, deed, ground lease or other instrument. If any such contract, deed, ground lease or other instrument has been executed prior to the date hereof, Owner hereby covenants to obtain and deliver to City an instrument in recordable form signed by the parties to such contract, deed, ground lease or other instrument pursuant to which such parties acknowledge and accept this Agreement and agree to be bound hereby.

Owner agrees for itself and for its successors that in the event that a court of competent jurisdiction determines that the covenants herein do not run with the land, such covenants shall be enforced as equitable servitudes against the Property and the Project in favor of City.

6. Property Management; Repair and Maintenance; Marketing.

6.1 Management Responsibilities. Owner, or Owner's designee, shall be responsible for all management functions with respect to the Property and the Project, including without limitation the selection of Eligible Households, certification and recertification of household income and eligibility, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. City shall have no responsibility for management or maintenance of the Property or the Project.

6.2 Repair, Maintenance and Security. Throughout the term of this Agreement, Owner, or Owner's designee, shall at its own expense, maintain the Property and the Project in good physical condition, in good repair, and in decent, safe, sanitary, habitable and tenantable living conditions in conformity with all applicable state, federal, and local laws, ordinances, codes, and regulations. Without limiting the foregoing, Owner agrees to maintain the Project and the Property (including without limitation, the residential units, common areas, meeting rooms, landscaping, driveways, parking areas and walkways) in a condition free of all waste, nuisance, debris, unmaintained landscaping, graffiti, disrepair, abandoned vehicles/appliances, and illegal activity, and shall take all reasonable steps to prevent the same from occurring on the Property or at the Project. Owner shall prevent and/or rectify any physical deterioration of the Property and the Project and shall make all repairs, renewals and replacements necessary to keep the Property and the improvements located thereon in good condition and repair. Owner shall provide adequate security services for occupants of the Project.

6.2.1 City's Right to Perform Maintenance. In the event that Owner breaches any of the covenants contained in Section 6.2, and such default continues for a period of thirty (30) days after written notice from City (with respect to graffiti, debris, and waste material) or thirty (30) days after written notice from City (with respect to landscaping, building improvements and general maintenance), then City, in addition to any other remedy it may have under this Agreement or at law or in equity, shall have the right, but not the obligation, to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and the landscaped areas on the Property.

6.2.2 Costs. All costs expended by City in connection with the foregoing Section 6.2.1, shall be paid by Owner to City upon demand. All such sums remaining unpaid thirty (30) days following delivery of City's invoice therefor shall bear interest at the lesser of 8% per annum or the highest rate permitted by applicable law. Notwithstanding anything to the contrary set forth in this Section, City agrees that it will provide Owner with not less than thirty (30) days' written notice prior to undertaking any work for which Owner will incur a financial obligation.

6.3 Marketing and Management Plan. Within 180 days following the Effective Date of this Agreement, Owner shall submit for City review and approval, a plan for marketing and managing the Property ("**Marketing and Management Plan**" or "**Plan**"). The Marketing and Management Plan shall address in detail how Owner plans to market the Restricted Units to prospective Eligible Households in accordance with fair housing laws and this Agreement, Owner's Eligible Household selection criteria, and how Owner plans to certify the eligibility of Eligible Households. The Plan shall also describe the management team and shall address how the Owner and the management entity plan to manage and maintain the Property and the Project. The Plan shall include the proposed management agreement and the form of rental agreement that Owner proposes to enter into with Project Eligible Households. Owner shall abide by the terms of the Marketing and Management Plan in marketing, managing, and maintaining the Property and the Project, and throughout the term of this Agreement.

6.4 Approval of Amendments. If City has not responded to any submission of the Management and Marketing Plan, the proposed management entity, or a proposed amendment or change to any of the foregoing within thirty (30) days following City's receipt of such plan, proposal or amendment, the plan, proposal or amendment shall be deemed approved by City.

6.5 Fees, Taxes, and Other Levies. *Owner shall be responsible for payment of all fees, assessments, taxes, charges, liens and levies applicable to the Property or the Project, including without limitation possessory interest taxes, if applicable, imposed by any public entity, and shall pay such charges prior to delinquency. However, Owner shall not be required to pay any such charge so long as (a) Owner is contesting such charge in good faith and by appropriate proceedings, (b) Owner maintains reserves adequate to pay any contested liabilities, and (c) on final determination of the proceeding or contest, Owner immediately pays or discharges any decision or judgment rendered against it, together with all costs, charges and interest. Nothing in this Section 6.6 is intended to prohibit Owner from applying for any exemption from property taxes and fees that may be available to the owners of low-income housing.*

6.6 Insurance Coverage. Throughout the term of this Agreement Owner shall comply with the insurance requirements set forth in the DA, and shall, at Owner's expense, maintain in full force and effect insurance coverage as specified in the DA.

6.7 Property Damage or Destruction. If any part of the Project is damaged or destroyed, Owner shall repair or restore the same, consistent with the occupancy and rent restriction requirements set forth in this Agreement. Such work shall be commenced as soon as reasonably practicable after the damage or loss occurs and shall be completed within one year thereafter or as soon as reasonably practicable, provided that insurance proceeds are available to be applied to such repairs or restoration within such period and the repair or restoration is financially feasible. During such time that lenders or low-income housing tax credit investors providing financing for the Project impose requirements that differ from the requirements of this Section the requirements of such lenders and investors shall prevail.

7. Recordation; Subordination. This Agreement shall be recorded in the Official Records of San Mateo County. Owner hereby represents, warrants and covenants that with the exception of easements of record, absent the written consent of City, this Agreement shall not be subordinated in priority to any lien (other than those pertaining to taxes or assessments), encumbrance, or other interest in the Property or the Project. If at the time this Agreement is recorded, any interest, lien, or encumbrance has been recorded against the Project in position superior to this Agreement, upon the request of City, Owner hereby covenants and agrees to promptly undertake all action necessary to clear such matter from title or to subordinate such interest to this Agreement consistent with the intent of and in accordance with this Section 7, and to provide such evidence thereof as City may reasonably request. Notwithstanding the foregoing, the City agrees that pursuant to Health and Safety Code Section 33334.14(a)(4), the City will not withhold consent to reasonable requests for subordination of this Agreement to deeds of trust provided for the benefit of lenders identified in the Financing Plan approved in connection with the DA, provided that the instruments effecting such subordination include reasonable protections to the City in the event of default consistent with the requirements of Health and Safety Code Section 33334.14(a)(4), including without limitation, extended notice and cure rights.

8. Transfer and Encumbrance.

8.1 Restrictions on Transfer and Encumbrance. Upon issuance of a final certificate of occupancy for the Project, or any portion thereof, Owner may freely transfer or assign all or any portion of its interests, rights or obligations in the Property, or under this Agreement, to any third party, and, as this Agreement "runs with the land" this Agreement shall be binding on Owner's successors and assigns for the full term of this Agreement.

Prior to issuance of a final certificate of occupancy for the Project, or any portion thereof, Owner may transfer or assign all or any portion of its interest, right or obligations in the Property only as set forth in the DA, and with City's prior written consent, which consent City shall not withhold provided that (1) the Project is and shall continue to be operated in compliance with this Agreement; (2) the transferee expressly assumes all obligations of Owner imposed by this Agreement; (3) the transferee executes all documents reasonably requested by the City with respect to the assumption of the Owner's obligations under this Agreement, and upon City's and/or Agency's request, delivers to the City an opinion of its counsel to the effect that such document and this Agreement are valid, binding and enforceable obligations of such transferee; and (4) either (A) the transferee has at least three years' experience in the ownership, operation and management of low-income multifamily rental housing projects of similar size to that of the Project, without any record of material violations of nondiscrimination provisions or other state or federal laws or regulations applicable to such projects, or (B) the transferee agrees to retain a property management firm with the experience and record described in sub-clause (A).

Consent to any proposed Transfer may be given by the City's City Manager unless the City Manager, in his or her discretion, refers the matter of approval to the City's governing board. If a proposed Transfer has not been approved by City in writing within thirty (30) days following City's receipt of written request by Owner, it shall be deemed rejected.

Owner shall reimburse City for all City costs, including but not limited to reasonable attorneys' fees, incurred in reviewing instruments and other legal documents proposed to effect a Transfer under this Agreement and in reviewing the qualifications and financial resources of a proposed successor, assignee, or transferee within ten (10) days following City's delivery of an invoice detailing such costs.

8.3 Encumbrances. Owner agrees to use best efforts to ensure that all deeds of trust or other security instruments and any applicable subordination agreement recorded against the Property, the Project or part thereof for the benefit of a lender ("**Lender**") shall contain each of the following provisions: (i) Lender shall use its best efforts to provide to City a copy of any notice of default issued to Owner concurrently with provision of such notice to Owner; and, (ii) City shall

have the reasonable right, but not the obligation, to cure any default by Owner within the same period of time provided to Owner for such cure extended by an additional 90 days. Owner agrees to provide to City a copy of any notice of default Owner receives from any Lender within thirty (30) business days following Owner's receipt thereof.

8.4 Mortgagee Protection. No violation of any provision contained herein shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value upon all or any portion of the Project or the Property, and the purchaser at any trustee's sale or foreclosure sale shall not be liable for any violation of any provision hereof occurring prior to the acquisition of title by such purchaser. Such purchaser shall be bound by and subject to this Agreement from and after such trustee's sale or foreclosure sale. Promptly upon determining that a violation of this Agreement has occurred, City shall give written notice to the holders of record of any mortgages or deeds of trust encumbering the Project or the Property that such violation has occurred.

9. Default and Remedies.

9.1 Events of Default. The occurrence of any one or more of the following events shall constitute an event of default hereunder ("**Event of Default**"):

- (a) The occurrence of a Transfer in violation of Section 8 hereof;
- (b) Owner's failure to maintain insurance on the Property and the Project as required hereunder, and the failure of Owner to cure such default within thirty (30) days of written notice from City;
- (c) Subject to Owner's right to contest the following charges, Owner's failure to pay taxes or assessments due on the Property or the Project or failure to pay any other charge that may result in a lien on the Property or the Project, and Owner's failure to cure such default within sixty (60) days of delinquency;
- (d) A default arises under any loan secured by a mortgage, deed of trust or other security instrument recorded against the Property and remains uncured beyond any applicable cure period such that the holder of such security instrument has the right to accelerate repayment of such loan;
- (e) Owner's default in the performance of any material term, provision or covenant under this Agreement (other than an obligation enumerated in this Subsection 9.1), and unless such provision specifies a shorter cure period for such default, the continuation of such default for thirty (30) days in the event of a monetary default or sixty (60) days in the event of a non-monetary default following the date upon which City shall have given written notice of the default to Owner, or if the nature of any such non-monetary default is such that it cannot be cured within 60 days, Owner's failure to commence to cure the default within thirty (60) days and thereafter prosecute the curing of such default with due diligence and in good faith.

9.2 Remedies. Upon the occurrence of an Event of Default and its continuation beyond any applicable cure period, City may proceed with any of the following remedies:

- A. Bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking declaratory relief;
- B. For violations of obligations with respect to rents for Restricted Units, impose as liquidated damages a charge in an amount equal to the actual amount collected in excess of the Affordable Rent;
- C. Pursue any other remedy allowed at law or in equity.

Each of the remedies provided herein is cumulative and not exclusive. The City may exercise from time to time any rights and remedies available to it under applicable law or in equity, in addition to, and not in lieu of, any rights and remedies expressly provided in this Agreement.

10. Indemnity. To the fullest extent permitted by law, Owner shall indemnify, defend (with counsel approved by City) and hold City and its respective elected and appointed officers, officials, employees, agents, and representatives (collectively, the “**Indemnitees**”) harmless from and against all liability, loss, cost, expense (including without limitation attorneys’ fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively “**Claims**”) arising directly or indirectly, in whole or in part, as a result of or in connection with Owner’s construction, management, or operation of the Property and the Project or any failure to perform any obligation as and when required by this Agreement. Owner’s indemnification obligations under this Section 10 shall not extend to Claims resulting solely from the gross negligence or willful misconduct of Indemnitees. The provisions of this Section 10 shall survive the expiration or earlier termination of this Agreement. It is further agreed that City do not and shall not waive any rights against Owner that they may have by reason of this indemnity and hold harmless agreement because of the acceptance by, or the deposit with City by Owner, of any of the insurance policies described in this Agreement or the DA.

11. Miscellaneous.

11.1 Amendments. This Agreement may be amended or modified only by a written instrument signed by both Parties.

11.2 No Waiver. Any waiver by City of any term or provision of this Agreement must be in writing. No waiver shall be implied from any delay or failure by City to take action on any breach or default hereunder or to pursue any remedy allowed under this Agreement or applicable law. No failure or delay by City at any time to require strict performance by Owner of any provision of this Agreement or to exercise any election contained herein or any right, power or remedy hereunder shall be construed as a waiver of any other provision or any succeeding breach of the same or any other provision hereof or a relinquishment for the future of such election.

11.3 Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified

below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by:

(i) personal delivery, in which case notice is effective upon delivery;

(ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered upon receipt if delivery is confirmed by a return receipt; or

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

If to City, to: City of South San Francisco
400 Grand Avenue
Attn: City Manager
South San Francisco, CA 94080
Phone: (650) 877-8500

With a Copy to: City of South San Francisco
400 Grand Avenue
Attn: ECD Director
South San Francisco, CA 94080
Phone: (650) 829-6622
Email: alex.greenwood@ssf.net

With a Copy to: Meyers Nave
Attn: Sky Woodruff
555 12th Street, Suite 1500
Oakland, CA 94607
Tel (510) 808-2000
Email sky@meyersnave.com

If to Developer: 311 9th Avenue
San Mateo, CA 94401
Attn: Mr. Victor Lo
Phone: 415-297-0709
Email: victor@sierrainvestments.com

11.4 Further Assurances. The Parties shall execute, acknowledge and deliver to the other such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Agreement.

11.5 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

11.6 Action by the City. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the City is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by the City Manager or by any person who shall have been designated by the City Manager, without further approval by the governing board of the City at the discretion of the City Manager.

11.7 Non-Liability of City Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to Owner or any successor in interest, in the event of any default or breach by the City, or for any amount of money which may become due to Owner or its successor or for any obligation of City under this Agreement.

11.8 Headings; Construction. The headings of the sections and paragraphs of this Agreement are for convenience only and shall not be used to interpret this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party.

11.9 Time is of the Essence. Time is of the essence in the performance of this Agreement.

11.10 Governing Law. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law.

11.11 Attorneys' Fees and Costs. If any legal or administrative action is brought to interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

11.12 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired thereby.

11.13 Entire Agreement; Exhibits. This Agreement, together with the DA, and the other City Documents and Agency Documents contains the entire agreement of Parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements between the Parties with respect thereto. Exhibits A and B, attached hereto are incorporated herein by this reference.

11.14 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the Parties have executed this Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants as of the date first written above.

CITY

THE CITY OF SOUTH SAN FRANCISCO,
a municipal corporation

By: _____

Name: _____

Title: _____

ATTEST:

By: _____
Krista Martinelli, City Clerk

APPROVED AS TO FORM:

By: _____
Jason Rosenberg, City Attorney

OWNER

ROEM DEVELOPMENT CORPORATION,
A CALIFORNIA CORPORATION

By: _____

Its: _____

SIGNATURES MUST BE NOTARIZED.

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

STATE OF CALIFORNIA)
)
COUNTY OF SAN MATEO)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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

STATE OF CALIFORNIA)
)
COUNTY OF SAN MATEO)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A

432 BADEN AVENUE

LEGAL DESCRIPTION

That real property situated in the State of California, County of San Mateo, City of South San Francisco, and described as Lot 8 in Block 117, as shown on that certain map entitled "SOUTH SAN FRANCISCO SAN MATEO CO. CAL PLAT. NO. 1", filed in the office of the County Recorder of San Mateo County, State of California, on March 1, 1892 in Book "B" of Maps at page(s) 6, and a copy entered in Book 2 of Maps at Page 52.

AP. No.: 012-321-160

JPN 012 032 321 16 A

Exhibit B

Number of Units by Unit Size and Targeted Area Median Income (AMI) Levels

432 Baden Avenue Property

Maximum Household Income	30-60% AMI	Up to 60% AMI	60% - 80% AMI	80% -120% AMI	Total
Studio					
1-Bedroom					
2-Bedroom					
3-Bedroom					
Total					

Exhibit E

FORM OF COMPLETION GUARANTY

THIS COMPLETION GUARANTY (the “Guaranty”) is made this ___ day of _____, 2020 by and between THE CITY OF SOUTH SAN FRANCISCO, a municipal corporation (“City”) and _____ (“Guarantor”).

RECITALS

- A. On _____, _____, a _____ (“Developer”) acquired the real property commonly known as 432 Baden Avenue, South San Francisco, California (the “Property”) from the City pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated _____, 2020 (the “PSA”).
- B. As set forth in the PSA, Developer is to construct a 36 residential unit project, three (3) of which are required to be below market rate units (“Project”).
- C. As a condition precedent to transferring the Property to Developer, the City requires Guarantor to execute and deliver this Guaranty Guarantying the lien-free completion of the Project pursuant to, and in accordance with, the PSA, and providing for the performance of other covenants contained herein.

GUARANTY AND AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the agreements set forth below, Guarantor hereby agrees as follows:

1. Guaranty. Subject to the terms and conditions set forth herein, Guarantor unconditionally and irrevocably guarantees the full and timely performance of Developer’s obligations under the DA, to construct and complete the Project in accordance with the DA, free and clear of all mechanics liens.

2. Remedies. If Developer fails to timely perform an of its obligations under the PSA with respect to the construction and completion of the Project, after expiration of any applicable notice and cure periods, the City, prior to exercising any of its remedies hereunder, shall demand (by written notice) that Guarantor perform the same on Developer’s behalf. If, within thirty (30) days after receiving such demand, Guarantor advises the City in writing that Guarantor will commence and diligently proceed to cure all defaults of Developer under the DA, which by their nature are capable of being cured by Guarantor, then the PSA shall remain in full force and effect, and the City shall perform for the benefit of the Guarantor any unperformed obligations of the City under the DA. If Guarantor fails to respond to City’s written notice, or fails to perform as herein above provided, the City shall have the following remedies in addition to other remedies expressly provided herein:

(a) From time to time and without first being required to exhaust any or all security held by the City, if any, to require performance by the Guarantor of any obligation to be performed on the part of the Guarantor pursuant to the terms hereof, by action at law or in equity or both. Nothing herein shall be construed to prohibit the City from pursuing any remedies under any other agreement, against any person other than the Guarantor.

(b) If Guarantor does not timely perform its obligations under this Guaranty, the City, at City's option, shall have the right to perform any obligation required to be performed by Guarantor under this Guaranty, which City reasonably deems necessary, and expend such sums as City reasonably deems proper in order so to complete such obligation. The amount of any and all reasonable expenditures made by City shall be immediately due and payable by Guarantor to City, notwithstanding City's pursuit of any other rights or remedies.

3. Termination. This Guaranty shall terminate and be of no further force or effect upon the occurrence of either (i) upon issuance of a final certificate of occupancy for the Project, or (ii) termination of the PSA by either City or Developer in accordance with its own terms.

4. Interest. Any sums required to be paid by the Guarantor to the City pursuant to the terms hereof that are not paid within thirty (30) days of the date due, shall bear interest at the prime rate announced by the Bank of America plus three percent (3%), from the date said sums shall have become due until the date said sums are paid.

5. Consideration. Guarantor acknowledges that the undertakings given hereunder are given in consideration of the City's conveyance of the Property to Developer pursuant to the PSA and City's performance under the DA, and that the City would not convey the Property were it not for Guarantor's execution and delivery of this Guaranty.

6. No Waiver, Extension or Modification. No failure on the part of the City to pursue any remedy hereunder shall constitute a waiver on its part of the right to pursue said remedy on the basis of the same or a subsequent breach. No extension, modification, amendment or renewal of the PSA shall serve to waive the provisions hereof or discharge the Guarantor from any obligation herein contained, in whole or in part, except to the extent expressly approved by the City by written instrument signed by the City, specifying the nature and the extent of the intended waiver and discharge of the Guarantor.

7. Covenant of Guarantor. Guarantor shall promptly advise the City in writing of any material adverse change in the business or financial condition of Guarantor.

8. Guaranty Independent; Waiver of Exoneration.

(a) Guarantor agrees that the obligations hereunder are independent of and in addition to the undertakings of the Developer pursuant to the DA, any other Guarantees given in connection with the DA, and other obligations of the Guarantor to the City.

- (b) Guarantor agrees that the validity of this Guaranty shall continue and the obligations of Guarantor hereunder shall in no way be terminated, affected, diminished or impaired by reason of any bankruptcy, insolvency, reorganization, arrangement, assignment for the benefit of creditors, receivership or trusteeship affecting the Developer or its partners, parents, principals, or members whether or not notice is given to the Guarantor, or by any other circumstances or condition that may grant or result in a discharge, limitation or reduction of liability of the Developer or its partners, parents, principals, members or of a surety or a guarantor.
- (c) Guarantor waives all rights and remedies accorded by applicable law to guarantors and agrees not to assert or take advantage of any such rights or remedies including but not limited to any right to require the City to, after expiration of applicable notice and cure periods to Developer, (1) proceed against the Developer, any partner or member of the Developer or any other person, (2) proceed against or exhaust any security held by the City, or (3) pursue any remedy in the power of the City whatsoever. If Guarantor is liable pursuant to this Guaranty, Guarantor waives any defense arising by reason of any disability or other defense of the Developer or any partner or member of the Developer, or any of their parents, principals, or affiliated entities or by reason of the cessation from any cause whatsoever of the liability of the Developer or any member or partner of the Developer, or any of their parents, principals, or affiliated entities other than the full discharge and performance of all of Developer's obligations under the DA. Guarantor, except as expressly set forth herein, waives any defense it may acquire by reason of the City's election of any remedy against it or the Developer, or both, even though the Guarantors' right of subrogation may be impaired thereby or extinguished under the antideficiency statutes of the State of California. Without limiting the generality of the foregoing, Guarantor waives (a) any defense that may arise by reason of the lack of authority or of any other person or persons or the failure of City to file or enforce a claim against the estate (in administration, bankruptcy, or any other proceeding) of any other person or persons; (b) demand, protest and notice of any kind including but not limited to notice of any kind (except for the notice required in Sections 2 and 10 hereof or under the DA) including but not limited to notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or nonaction on the part of Developer, City, any endorser or creditor of Developer or Guarantor or on the part of any other person whomsoever under this or any other instrument in connection with any obligation or evidence of indebtedness held by City as collateral or in connection with any obligations the performance of which are hereby Guaranty; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal;
- (d) any duty on the part of City to disclose to Guarantor any facts City may now or hereafter know about Developer, regardless of whether City has reason to believe that any such facts materially increase the risk beyond that which Guarantor intended to assume or has reason to believe that such facts are unknown to Guarantor; (e) any defense arising because of City's election, in any proceeding instituted under the federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code; and (f) any defense based on any borrowing or grant of a security interest under Section 364 of

the Federal Bankruptcy Code. Without limiting the generality of the foregoing or any other provision hereof, Guarantor hereby expressly waives any and all benefits which might otherwise be available to Guarantor under California Civil Code Sections 2809, 2810, 2819, 2839, 2845, 2849, 2850, 2899, and 3433 and California Code of Civil Procedure Sections 580(a), 580(b), 580(d), and 726.

- (e) Until termination of this Guaranty (as set forth in Section 3), Guarantor shall have no right of subrogation, and waives any right to enforce any remedy that the City now has or may hereafter have against the Developer or any member of Developer, or any other person, and waives the benefit of, and any right to participate in, any security now or hereafter held by City from the Developer.

9. Continued Existence; No Transfer or Assignment.

- (a) Guarantor does hereby further agree that as long as this Guaranty is in effect, it will not dispose of all or substantially all of its assets without the express written approval of the City, which shall not be unreasonably withheld.
- (b) The obligations of Guarantor under this Guaranty may not be assigned or transferred without, in each case, the express written approval of the City, which approval shall be within the sole and absolute discretion of the City.

10. Notices. City shall provide Guarantor with all written notices delivered to Developer pursuant to the PSA at the same time such notice is delivered to Developer. Guarantor shall not be liable under this Guaranty unless and until it has received such notice. The Guarantor shall have the right to perform any and all of Developer's obligations under the DA.

11. Miscellaneous.

- (a) This Guaranty shall inure to the benefit of City and its successors and assigns and shall bind the heirs, executors, administrators, personal representatives, successors and assigns of Guarantor.
- (b) This Guaranty shall be governed by and shall be construed in accordance with the laws of the State of California.
- (c) Time is of the essence hereof.
- (d) If any term, provision, covenant or condition hereof or any application thereof should be held by a court of competent jurisdiction to be invalid, void or unenforceable, all terms, provisions, covenants and conditions hereof and all applications thereof not held invalid, void or unenforceable shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.
- (e) Guarantor assumes the responsibility for keeping informed of (1) the financial condition of Developer, (2) any change in the management or control of Developer,

and (3) all other circumstances bearing upon the risk of nonperformance by Developer of its obligations under the DA.

- (f) This Guaranty shall be construed and enforced in accordance with the laws of the State of California. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of San Mateo County, California.

- (g) Any notice or communication required hereunder between City or Guarantor must be in writing, and may be given either personally, by e-mail (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express or other similar courier promising overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the party to whom it is addressed. If given by email transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving party. Notices transmitted after 5:00 p.m. on a normal business day or on a Saturday, Sunday, or holiday shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of: (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any party hereto may at any time, by giving ten (10) days written notice to the other party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the parties at their addresses set forth below:

If to City, to: City of South San Francisco
 400 Grand Avenue
 Attn: City Manager
 South San Francisco, CA 94080
 Phone: (650) 877-8500
 Fax: (650) 829-6609

With a Copy to: City of South San Francisco
 400 Grand Avenue
 Attn: ECD Director
 South San Francisco, CA 94080
 Phone: (650) 829-6622
 alex.greenwood@ssf.net

With a Copy to: Meyers Nave
Attn: Sky Woodruff
555 12th Street, Suite 1500
Oakland, CA 94607
Tel (510) 808-2000
Email sky@meyersnave.com

If to Guarantor:

With Copies to:

(h) In any legal action or other proceeding brought by either party to enforce or interpret a provision of this Guaranty, the prevailing party is entitled to reasonable attorneys' fees and any other costs incurred in that proceeding in addition to any other relief to which it is entitled.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty as of the day and year first above written.

GUARANTOR

By: _____ Name: _____

Its _____

Attachment 4

RESOLUTION NO. 2020-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING THE FINAL SALE PRICE OF \$1,100,000 AS SET FORTH IN THE PURCHASE AND SALE AGREEMENT FOR THE DISPOSITION OF 432 BADEN AVENUE

WHEREAS, on June 29, 2011, the Legislature of the State of California (“State”) adopted Assembly Bill x1 26 (“AB 26”), which amended provisions of the State’s Community Redevelopment Law (Health and Safety Code sections 33000 et seq.) (“Dissolution Law”), pursuant to which the former Redevelopment Agency of the City of South San Francisco (“City”) was dissolved on February 1, 2012; and

WHEREAS, the City elected to become the Successor Agency to the Redevelopment Agency of the City of South San Francisco (“Successor Agency”); and

WHEREAS, pursuant to Health and Safety Code Section 34191.5(c)(2)(C), former redevelopment agency property shall not be transferred to a successor agency, city, county or city and county, unless a Long Range Property Management Plan (“LRPMP”) has been approved by the Oversight Board and the California Department of Finance (“DOF”); and

WHEREAS, in accordance with the Dissolution Law, the Successor Agency prepared a LRPMP, which was approved by a resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of South San Francisco (“Oversight Board”) on May 21, 2015, and was approved by the DOF on October 1, 2015; and

WHEREAS, consistent with the Dissolution Law and the LRPMP, certain real properties located in the City of South San Francisco, that were previously owned by the former Redevelopment Agency, were transferred to the Successor Agency (“Agency Properties”); and

WHEREAS, the approved LRPMP designated 432 Baden Avenue, County Assessor's Parcel Number 012-321-160 (“Property”), to be sold, with the proceeds of the sale distributed to the taxing entities; and

WHEREAS, the former Redevelopment Agency purchased the Property in 1997; and

WHEREAS, to carry out the terms of the LRPMP, the Successor Agency transferred the Agency Properties, including the Property, to the City for disposition consistent with the terms of the LRPMP; and

WHEREAS, the LRPMP designated the site in the ‘For Sale’ disposition category; and,

WHEREAS, Baden Developments LLC (“Developer”) own the adjacent property, 428 Baden Avenue; and,

WHEREAS, during the entitlement process for 428 Baden Avenue, Developer approached the City with a price offer and a proposal to assemble the site with a larger project with housing units and better design; and,

WHEREAS, on September 23, 2019, Developer provided the City with a Letter of Intent (“LOI”) for the purchase of the Property; and,

WHEREAS, typically the City would undergo a competitive bid process for the sale of a property but it was determined that this sole offer from Developer would render the highest and best use of both properties; and,

WHEREAS, on October 9, 2019, the City Council considered the LOI and agreed that the site had a far greater value if assembled with 428 Baden rather than disposing of it as a stand-alone site and provisionally accepted the offer price of \$1,100,000, subject to an appraisal; and,

WHEREAS, staff commissioned an appraisal by Colliers International Valuation and Advisory Services (“Appraiser”) which valued the property at \$1,020,000; and,

WHEREAS, Developer submitted a Planning application that assembles the two sites for the construction of 36 residential units; and,

WHEREAS, this infill housing project utilizes the State Density Bonus and provides three BMR units at the Very Low-Income level; and,

WHEREAS, at its regular meeting on January 22, 2020, City Council of South San Francisco (“Council”) adopted a resolution approving the Purchase and Sale Agreement with Baden Developments for the sale of 432 Baden Avenue for \$1,100,000; and,

WHEREAS, on July 1, 2018, the San Mateo Countywide Oversight Board (“Countywide Oversight Board”) was established, in accordance with Health and Safety Code § 34179(j);

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

1. The foregoing recitals are true and correct and made a part of this Resolution.
2. The proposed actions in this Resolution are consistent with the Long Range Property Management Plan.
3. The final sale price of \$1,100,000 as set forth in the PSA for the disposition of the Property is hereby approved.
4. The chairperson of this Board, or his designee, is authorized take any and all other actions necessary to implement this intent of this Resolution.

* * *

SAN MATEO COUNTY

COUNTYWIDE OVERSIGHT BOARD

Jim Saco, Chairperson
Denise Porterfield, Vice Chairperson
Mark Addiego, Member
Chuck Bernstein, Member
Tom Casey, Member
Barbara Christensen, Member
Mark Leach, Member

Date: January 28, 2020

Agenda Item No. 8

To: San Mateo County Countywide Oversight Board (OB)

From: Shirley Tourel, Assistant Controller

Subject: Approval of the Final Sale Price of \$5,500,000 for the Sale of Assessor Parcel Nos. 093-312-050 and 093-312-060 ("PUC Site") for High-Density Mixed Use Development to SSF PUC Housing Partners, LLC

Background Information

The South San Francisco Successor Agency's (SA) amended Long Range Property Management Plan (LRPMP) was approved by the Department of Finance on October 1, 2015. The LRPMP addresses the disposition and use of the properties of the former redevelopment agency (RDA). The approved disposition for subject parcels per the LRPMP is "Approved Redevelopment Project Plan."

This item was presented to the OB for discussion at its January 13, 2020 meeting. Questions raised by the members during the meeting are addressed by the SA staff in its memo (CAC Exhibit A).

The approval of the OB of the sale price is required to complete the transaction. The attachments were prepared by the SA to aid the OB in its discussion and deliberation.

Financial Impact

If the \$5,500,000 sale price is approved, the net proceeds from the sale will be distributed to the taxing agencies that reside within the former RDA's boundary.

CAC Exhibit

A – South San Francisco SA Agenda Packet

Date: January 31, 2020

CAC Exhibit A

To: San Mateo County Countywide Oversight Board

From: Nell Selander, Deputy Director of Economic and Community Development

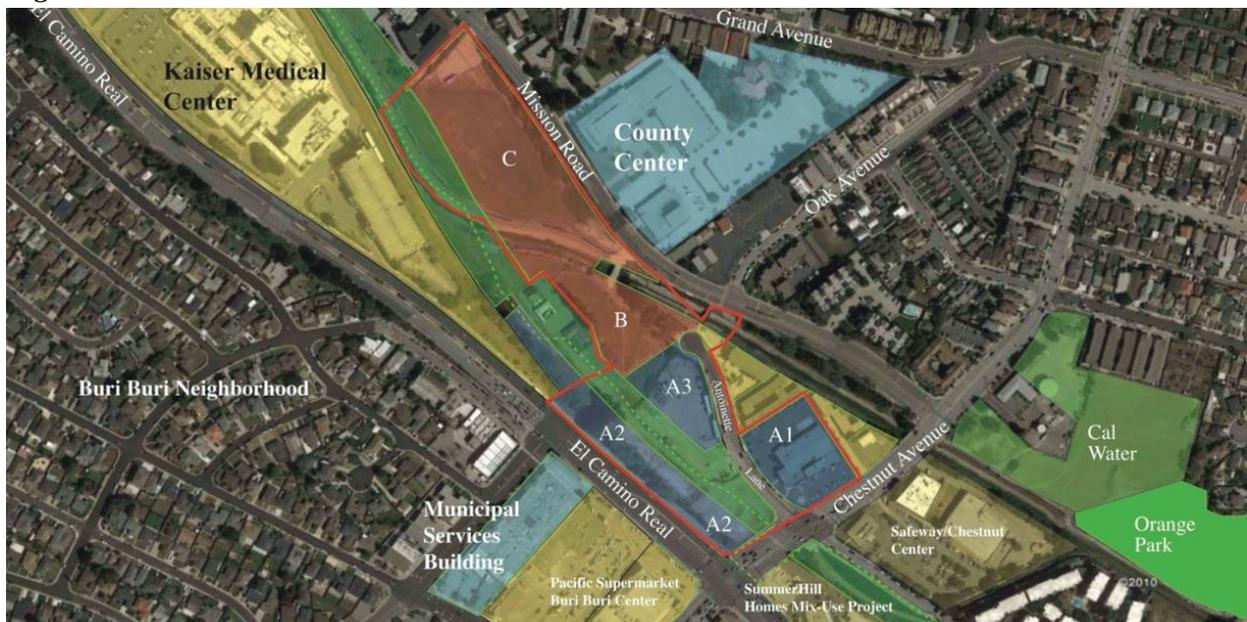
Subject: Consideration of adopting a Resolution approving the purchase price for the sale of a 6.61-acre site for High-Density, Mixed-Use Development in the amount of \$5.5 million to SSF PUC Housing Partners, LLC.

Former RDA: South San Francisco

The following report provides supplemental information to the staff report presented to the Countywide Oversight Board (the “Board”) on January 13, 2020 regarding the sale and development of the PUC Site in South San Francisco. The January 13, 2020 staff report (see Attachment 1) includes a complete description of the disposition process, project plan, appraisal, and price offer. A summary of the Board’s discussion and questions on January 13th, as well as additional information in response questions raised by the Board, is included in this brief report.

For reference, the 6.61 acre PUC Site, located at 1051 Mission Road, is currently vacant and undeveloped. It consists of two parcels legally identified by the San Mateo County Assessor as APN 093-312-060 and a portion of APN 093-312-050, and identified as “B” and “C” in Figure 1.

Figure 1: Site Location and Context



COUNTYWIDE OVERSIGHT BOARD DISCUSSION

On January 13, 2020, staff introduced the developer and their proposed development on the PUC Site to the Board. Staff summarized the proposed project, project area history, relevant legislation, disposition process, and improvements to the area. Following the staff presentation, Board members asked several questions regarding the fiscal aspects of the disposition, the role of the various development team members, project phasing and timing, and what assurances there are that will guarantee the project pays property taxes even if assigned to a different developer.

Guarantee of Future Property Tax Revenue

The Board expressed concern that SSF Housing Partners, LLC – the development team selected by South San Francisco to purchase and develop the PUC Site – would have a right to sell the project to a future development team who could build a project exempt from property taxes. Staff noted that the Purchase and Sale Agreement (PSA) and Development Agreement (DA) compel any future developer to build the market-rate portions of the project, including offsite and onsite improvements, as approved in the entitlement package. Any changes to the project would require consent from the City, approval of a new DA and entitlements.

The PSA defines the project as including 629 market rate residential units, 13 market rate flex units and approximately 158 below-market affordable residential units. (See Recital L and N). The Developer is obligated to construct the residential units listed above pursuant to the Schedule of Performance set forth in Section 5.6 and Exhibit C of the PSA.

The DA addresses this concern as follows:

- Section 1.1 Permitted Uses Vested by This Agreement specifically defines the permitted uses of the Project Site; the density and intensity of use of the Project Site; the maximum height, bulk, and size of proposed buildings; provisions for reservation or dedication of land for public purposes and the location of public improvements. The permitted uses for the Project shall be those uses listed as “permitted” in the Project Approvals, as may be amended from time to time in accordance with this Agreement. The permitted uses specifically include and require 629 market rate residential units, 13 market rate flex units and approximately 158 below-market affordable residential units.
- Section 5.6 (b) Future Fees, Taxes, and Assessments states that the City understands that long term assurances by City concerning fees, taxes and assessments are a material consideration for Developer agreeing to purchase the Property from the City and enter this Agreement and to pay long term fees, taxes and assessments described in this Agreement.
- Section 8.1 Assignment and Transfer specifies that prior to the issuance of a certificate of

occupancy for the Project, neither City nor Developer may assign its rights or delegate its duties under the DA without the express written consent of the other Party. Additionally, if Developer proposes an assignment in relation to the entire Property or Parcels B and/or C1 separately, the Developer must seek City's prior written consent to such Property Transfer. City may refuse to give consent to a proposed Property Transfer if such transferee would not be able to perform the Developer's obligations defined in the PSA and the DA.

Developer's Ability and Obligation to Complete the Project

The Board asked what assurances the City and the Board have that the developer will consummate the purchase of the PUC Site and complete the construction of the project. As is customary in dispositions and developments of this scale, there are certain provisions in the PSA and DA and hold the developer to account, ensuring the project is financially feasible and completed in a timely manner. Additionally, should the situation arrive, there are also default and repurchase provisions.

The PSA addresses this concern as follows:

- Section 5.2 (f) Financing Commitments requires the developer to provide evidence of its financing commitments, sufficient to acquire the property and complete construction, prior to the close of escrow. This allows the City to confirm the development is financially feasible prior to transferring the property.
- Section 5.6 and Exhibit C Schedule of Performance obligate the developer to a series of milestones regarding opening and closing escrow, and beginning and completing construction. For example, the developer must close escrow no later than March 31, 2022, must begin construction of Phase 1 within one year of closing escrow, and must substantially complete construction of Phase 1 and Phase 2 five and eight years after closing, respectively.
- Section 7 Default, Remedies, Termination identifies both the City's and the developer's remedies in the case of default by either party. Prior to the close of escrow, those remedies are limited to liquidated damages and termination of the PSA. After the close of escrow, remedies are limited to specific performance, declaratory or injunctive relief, and termination of the PSA. Section 7.3, specifically, lays out the four grounds for termination of the PSA beyond satisfaction of all its material terms. Finally, Section 7.5 provides the City the option to repurchase the PUC Site if the developer fails to perform under the schedule of performance.

Detailed Breakdown of Deep Piles/Foundation System Extraordinary Cost

The appraisal detailed in the January 13, 2020 staff report, and included as an attachment to it, used an adjusted sales comparison approach to valuing the PUC Site. Specifically, the appraiser

identified comparable sales and then made adjustments to the value of the PUC Site based on extraordinary costs associated with development on the Site. One such extraordinary cost associated with development on the PUC Site is the need for deep piles, dewatering, and other stabilization improvements due to soil conditions and proximity to the underground BART tunnel that runs parallel to the western edge of the Site (see Attachment 2, Soils Report). The extraordinary cost associated with these requirements, as itemized in the appraisal is \$7.3 million.

At its meeting on January 13, 2020, the Oversight Board requested additional information on the extraordinary costs associated with the deep pile and foundation for the development. The Developer has provided the following breakdown of construction cost estimates, cost escalation, soft costs, and contingencies, which may well exceed the \$7.3 million adjustment made to the appraised value.

SSF PUC COST IMPACT FROM SUBSTANDARD SOIL CONDITIONS		
HARD COSTS (in today pricing)		
CDSM Shoring System added cost	\$1,566,000	
Building C1 Piles	\$1,750,000	
Building B Piles	\$1,190,000	
Waterproofing Pile Caps	\$322,000	
Added General Conditions for C1 (2.5 months)	\$600,000	
Added General Conditions for B (2.5 months)	\$537,000	
Sub-total	\$5,965,000	
GC Fee	\$193,863	3.25%
GC Contingency	\$298,250	5%
Total in Today's pricing	\$6,457,113	
Total with cost escalation (2 years @ 5% annual)	\$7,118,967	5%
Developer Hard Cost Contingency	\$355,948	5%
TOTAL HARD COSTS	\$7,474,915	
SOFT COSTS		
Geotechnical Monitoring	\$354,900	
Archeological Monitoring	\$36,000	
Special Inspections of Piles	\$106,250	
Subtotal	\$497,150	
Developer Soft Cost Contingency	\$34,801	7%
TOTAL SOFT COSTS	\$531,951	
TOTAL COST IMPACT FROM SOIL CONDITIONS	\$8,006,865	
Percentage of Soft Costs to Hard costs (Soft/Hard)		7%

The table above includes a number of assumptions, which are used to calculate cost escalation and contingencies. Over the past several years, the construction industry has seen hard costs escalate six to ten percent annually. The Developer’s cost estimates above assume costs escalate five percent annually for the next two years. Additionally, the projected costs include a five percent contingency on hard costs and a seven percent contingency on soft costs. Contingencies like these are included in order to satisfy lenders and equity investors that will be looking to ensure any unforeseen conditions can be overcome without jeopardizing their return or the developer’s ability to repay its debts. Ultimately, while the appraisal estimates the total cost impacts due to the substandard soil conditions to be \$7.3 million, it is anticipated that the true cost of these improvements may exceed that. Any cost overruns for this item are at the developer’s risk, meaning that if costs exceed \$7.3 million, there will not be an adjustment to the proposed purchase price.

Cost Estimates for Oak Avenue Extension

As discussed in the January 13, 2020 staff report and presentation, critical to development on the southern portion of the PUC Site is the construction of a new vehicular road stretching from Mission Road to Antoinette Lane, and then onto El Camino Real. This component of the larger PUC Site project has become known as the Oak Avenue Extension. Like the deep piles and foundation system discussed above, Developer costs associated with the construction of the Oak Avenue Extension were considered extraordinary costs of this development project and were included as adjustments to the valuation of the PUC Site detailed in the appraisal.

As agreed upon during negotiations and codified in the DA and PSA, the Developer will construct Oak Avenue Phase 1 – a vehicular road from Mission Road to Antoinette Lane with pedestrian and bicycle connections continuing on to El Camino Real – and the City will complete Oak Avenue Phase 2 – a vehicular roadway from Antoinette Lane to El Camino Real. In addition to constructing Phase 1, the Developer will make a \$5.5 million contribution to the construction of Oak Avenue Phase 2. The Developer’s total contribution to the Oak Avenue Extension is capped at \$16.35 million, with the City responsible for costs in excess of this amount. Following the January 13, 2020 meeting, the Oversight Board staff requested additional information substantiating these extraordinary costs.

Early in the negotiations process, the City undertook conceptual, 35 percent design of the full Oak Avenue Extension – from Mission Road to El Camino Real. Based on this conceptual design, the City’s Engineering Division obtained a cost estimated for the full Oak Avenue Extension. The cost estimate, presented in today’s dollars, is approximately \$17.4 million (see Attachment 3). Assuming cost escalation of three to six percent over each of the next five years (a conservative estimate of when the road may be at the midpoint of construction), the cost of the Extension is expected to be between \$21 and \$25 million.

CONCLUSION

Staff recommends that the Countywide Oversight Board approve a Resolution (Attachment 4) approving the purchase price for the sale of the PUC Site for High-Density, Mixed-Use Development in the amount of \$5.5 million to SSF PUC Housing Partners, LLC.

ATTACHMENTS:

1. January 13, 2020 Oversight Board Meeting Agenda Item 12 – Informational Item on the Disposition of PUC Site With Attachment 1 (Draft Purchase and Sale Agreement) and Attachment 5 (Surplus Land Act) Redacted
2. Excerpts from the PUC Site Soils Report
3. Oak Avenue Extension Cost Estimate
4. Countywide Oversight Board Resolution Approving the Purchase Price for the PUC Site
 - a. Executed Purchase and Sale Agreement Between SSF PUC Housing Partners, LLC and the City of South San Francisco

**San Mateo County
Countywide Oversight Board**

Date: January 2, 2020 Agenda Item 12

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: Informational Item on the Disposition of a 6.61-Acre Site (“PUC” Properties) for High-Density, Mixed-Use Development Designed [Assessor Parcel Nos. 093-312-050 and 093-312-060]

Background and Discussion

The attached is intended to provide the Board background information and status report on the disposition of subject parcels which were originally owned by the former South San Francisco Redevelopment Agency (SSF RDA). The parcels are located at 1051 Mission Road in South San Francisco and are the subject of a high-density mixed-use development. The parcels are currently under negotiation for sale to the chosen developer, L37/KASA Partners.

The attachments were prepared by the City of South San Francisco who is the Successor Agency (SSF SA) to SSF RDA. Nell Selander, Economic & Community Development Deputy Director of the City of South San Francisco will be presenting to the Board.

Recommendation

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

Fiscal Impact

None

Exhibit

A – SSF SA Staff Report

Date: December 9, 2019

To: San Mateo County Countywide Oversight Board

From: Nell Selander, Deputy Director of Economic and Community Development

Subject: Informational Item on the Disposition of a 6.61-Acre Site (the “PUC Site”) for High-Density, Mixed-Use Development.

Former RDA: South San Francisco

INTRODUCTION

In January 2008, the former Redevelopment Agency of the City of South San Francisco (“former RDA”) purchased 13.2 acres of land in the vicinity of El Camino Real and Chestnut Avenue. About one-half of the 13.2 acres was purchased by the City of South San Francisco for the Civic Community Center project. The remaining 6.61 acres – commonly referred to as the PUC Site – is envisioned in several policy documents as an ideal opportunity for mixed-use development due to its large contiguous land area, extensive frontage along Mission Road, and direct pedestrian access to SSF BART, El Camino Real shopping, Centennial Trail, and other amenities.

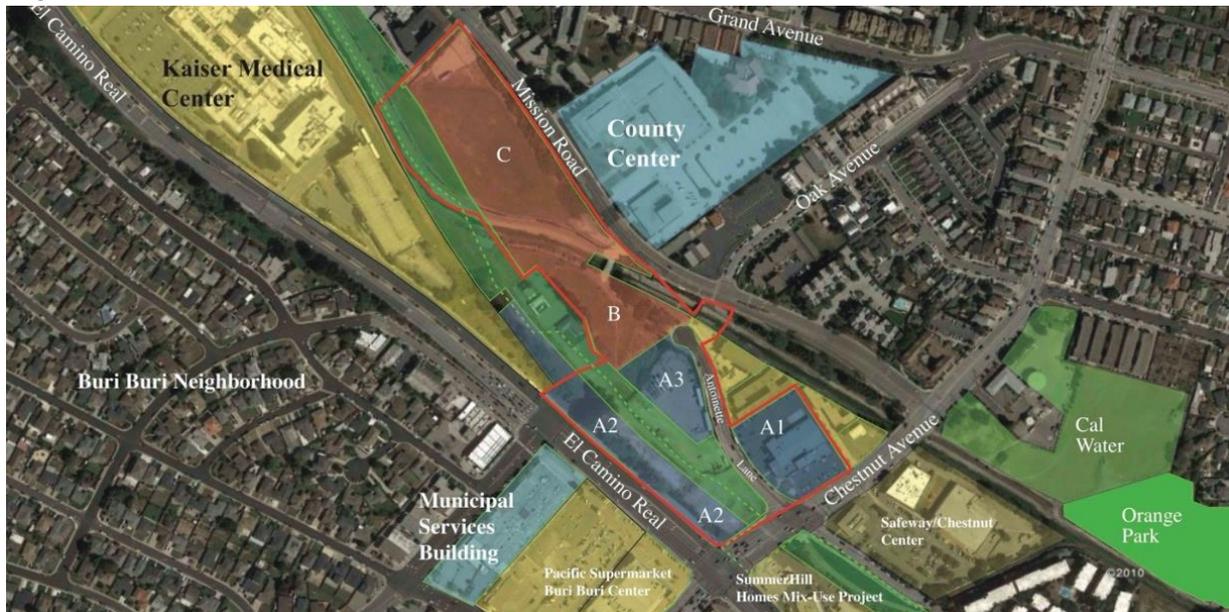
In May 2015, the former RDA Oversight Board (“City Oversight Board”) and the State Department of Finance approved the former RDA Long Range Property Management Plan (“LRPMP”). The LRPMP contains a provision that authorizes the Successor Agency to retain the former PUC parcels for a period of time in order to obtain a master developer to redevelop the sites. Such a master developer would provide a more uniform and cohesive redevelopment that was also consistent with the adopted General Plan, El Camino Real Chestnut Area Plan and Zoning standards. The LRPMP approved by the City Oversight Board and the Department of Finance anticipates a development that includes the Oak Avenue Extension, walking trails, pedestrian connections to Centennial Trail, landscaping, and open space/park amenities. The planned redevelopment of the PUC sites includes a provision for active parks and recreation amenities to serve new residents in the area. The Park-in-lieu fees generated by housing development on the site would be a source of funding for these improvements.

BACKGROUND

On June 13, 2019, SSF Housing Partners, LLC (a venture formed by the developer team of L37/KASA) submitted an application for a mixed-use development on the PUC Site. The PUC Site is bordered by Mission Road to the east, and partially bordered by Colma Creek and the Centennial Way Trail to the west. It terminates roughly at Grand Avenue in the north, and the pedestrian bridge to the south. The site is also bounded by a BART easement. The combined total gross site area is 6.61 acres, with the useable site area measuring approximately 6.10 acres, or

265,867 square feet. The PUC Site is currently vacant and undeveloped and consists of two separate parcels identified as “B” and “C” in Figure 1 below and legally identified by the San Mateo County Assessor as a portion of APN 093-312-050 and as APN 093-312-060, respectively.

Figure 1: Site Location and Context



Planning History on El Camino Real

Construction of the South San Francisco BART Station (“SSF BART”) created new opportunities for innovative planning along El Camino Real. With the adoption of the South San Francisco General Plan in 1999, the City Council recognized that the SSF BART Station area could be a new activity node serving local residents and attracting visitors to the City. Cumulatively, the City’s policy and development decisions have positioned the PUC Site and its surroundings to become a development focal point close to transit and in the geographic center of South San Francisco. The LRPMP implements the former RDA goals and objectives.

El Camino Real/Chestnut Avenue Area Plan

In late 2011, the City Council adopted the El Camino Real/Chestnut Avenue Area Plan (“Area Plan”) to guide future development on the PUC Site and adjacent parcels. The PUC Site is zoned according to the Area Plan, with the designation High Density Residential. The Area Plan was amended in 2017 to include the planned Community Civic Campus development on parcels purchased by the City from the former RDA, but otherwise remains unchanged.

Long Range Property Management Plan

The LRPMP requires the PUC Site to be redeveloped consistent with the original Redevelopment Plan and Implementation Plan, the underlying zoning as high-density housing, and includes specific zoning and development standard assumptions for the site.

The LRPMP includes an Economic and Housing Opportunities (ECHO) Assessment to study the potential to transform El Camino Real into a vibrant, multimodal corridor through the intensification of housing and employment. The ECHO Phase II report in the LRPMP focused on the implementation challenges to infill development in the El Camino Real Corridor. The report includes a case study of the PUC Site that addresses development scenarios, fiscal impacts, potential barriers to investment, and strategies for revitalization. A key finding of the report anticipated a negative residual land value for the PUC Site. The study found that to achieve a positive land value of \$50 per square foot or approximately \$13.2 million, residential rents would need to increase by 5% for site C and by 12% for Site B. While rents have indeed increased since the completion of the ECHO Assessment in 2013, there are several extraordinary costs associated with the development of the PUC Site that were not factored into its value assessments. These extraordinary costs are discussed in greater detail in the following sections.

Disposition Process

The LRPMP provides specific guidelines for the disposition of the properties and procedures to advance the development of the properties. These methods were applied during the disposition of the PUC properties and are outlined below:

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

To dispose of the PUC Site in a manner consistent with the LRPMP, the site was transferred from the Successor Agency to the City in 2017. Later that year, the City/Successor Agency began the solicitation and selection process for a developer by issuing a Request for Qualifications (“RFQ”) for a well-qualified development team to create a high-quality, mixed-use, transit-oriented development on the PUC Site. Twelve (12) development teams responded. A Review Panel of community members whittled the responding teams down to a short list of six developers, which it recommended to the Housing Standing Committee of the City Council and Planning Commission (“Standing Committee”) for approval.

The Standing Committee reviewed and approved the Review Panel’s recommended short list of developers and a draft Request for Proposals (RFP). In late October 2017, staff sent the approved RFP to the short listed developer teams. The 90-day solicitation period concluded on February 5,

2018, with five (5) developer teams responding: L37/KASA, Blake Griggs, Republic Metropolitan, Sares Regis, and SummerHill Housing Group. Ultimately, the City/Successor Agency selected L37 and KASA Partners as the preferred developer for the site and began the process of negotiating the terms of the sale.

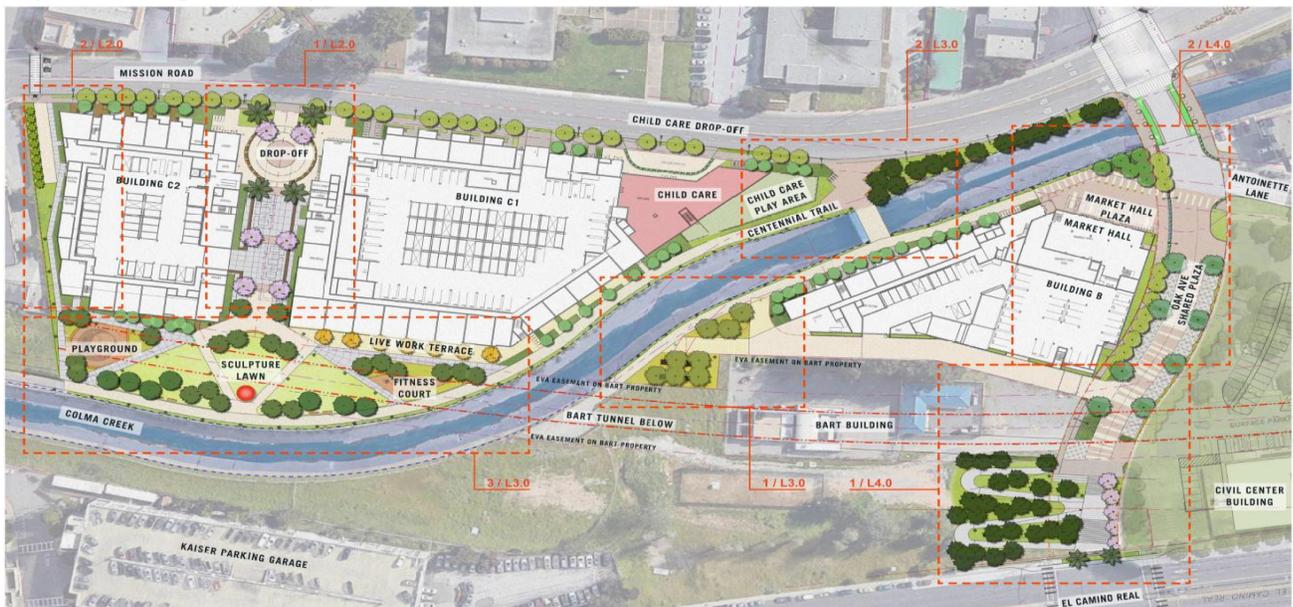
THE PUC PROJECT

Following nearly a year of community outreach and planning, the Developer submitted a formal Planning application in June 2018. The application was reviewed by the City's Design Review Board, Bicycle and Pedestrian Advisory Committee, Housing Standing Committee, Planning Commission, and City Council. The City Council approved the entitlements and the City Council acting on behalf of the Successor Agency approved sale of the property on November 13, 2019 and directed the City Manager to enter into a Development Agreement and Purchase and Sale Agreement for disposition and development of the PUC Site in accordance with the LRPMP.

The approved project illustrated in Figure 2 below comprises the following:

- 800 housing units, of which 158 will be affordable to households earning 80% and less of the area median income;
- Childcare center serving 70 to 100 children, of which 25-33% of the spaces will be subsidized and priced on a sliding scale for lower income families;
- Ground floor retail of approximately 13,000 square feet;
- About one acre of publicly accessible open space, which will include a small playground, public art, a lawn, and a fitness court; and
- Infrastructure, public access and utilities to support the Site.

Figure 2: Proposed Project Site Plan



APPRAISAL AND PRICE OFFER

The developer has offered to purchase the site for \$5,500,000. Understanding that both the City Council and the Countywide Oversight Board would require an objective, third-party assessment of the value of the PUC Site prior to disposition, staff contracted with Watts Cohn and Partners, Inc. to perform an appraisal. The appraiser has provided a land valuation based on a combined sales comparison and residual land value approach. The value of land under this appraisal method is therefore a residual amount resulting from the necessary improvement of land for developable use.

In order to derive an as-is market value as a development site, these infrastructure and site improvements were considered extraordinary and were deducted from the value. The required improvements are described in detail below.

Soil Conditions and Deep Piles: The development site is in the flood plain of Colma Creek, resulting in sandy, unstable soil requiring placement of deep pilings into the soil prior to construction. The added cost of the deep piles to mitigate the negative condition of the site is \$7,300,000.

Oak Avenue Extension: All the relevant planning documents, including the City's General Plan, the El Camino Real Chestnut Area Plan and the LRPMP, call for the building of a road extension connecting Oak Avenue with El Camino Real. The need is acute and necessary. One parcel is not accessible for development at all unless a road to the development site built, and the increase in traffic due to the development requires multiple transportation improvements to mitigate this negative impact. The developer has agreed to build as part of the development, Phase I of Oak Avenue Extension, connecting Oak Avenue with Antoinette Lane, at a maximum cost of \$10,850,000 (which includes a \$500,000 contribution towards purchase of a small part of land necessary to build the road). If Phase I cost exceeds this amount, the City of South San Francisco will pay the balance required.

Oak Avenue Extension Phase II is the road portion from Antoinette Lane to El Camino Real. The estimated cost of Phase II is between \$10,500,000 and \$12,500,000, providing critically needed access from Mission Road to El Camino Real. The developer has agreed to contribute \$5,500,000 towards construction of Phase II, with the City responsible for building and paying all remaining costs associated with the road.

Other Site Improvements: In order to make the development site function from a transit and quality of life perspective, the following notable site improvements are included:

Park on adjacent BART property:	\$1,250,000
Pedestrian Trail to Mission Road:	\$ 200,000
Pedestrian Bridge Connection	\$1,500,000

The scope of work for each improvement described above and corresponding cost impacts are summarized in Table 1 below:

Table 1: Extraordinary Cost Breakdown

Scope of Work	Cost Impact
Oak Avenue Right of Way	\$15,850,000
Contribution for land purchase on Oak Avenue	\$500,000
Soil conditions and deep piles	\$7,300,000
Community Park on BART property	\$1,250,000
Mission Road pedestrian trail connection	\$200,000
Pedestrian bridge connection	1,500,000
Total Extraordinary site costs	\$26,600,000

Based on the research and analyses contained in the Appraisal, it is the opinion of the appraisers that the as-is market value of the fee simple interest in the combined two subject properties, under the proposed terms and in consideration of the extraordinary costs is \$5,500,000.

ANTICIPATED REVENUES FROM THE PUC SITE:

Currently, the taxing agencies receive no property tax revenues from the PUC site. Table 2 below lists the maximum amount of the sale proceeds that will be distributed to the various taxing entities. Taxing entities should anticipate receiving an amount slightly less than stated here. The Master Compensation Agreement between the Successor Agency and the Taxing Entities provides for the distribution of net unrestricted proceeds. Simply put, certain disposition expenses are deducted from the sale price prior to distribution to the Taxing Entities. The estimated \$381 million property tax value is based on the hard construction cost for the market rate units (presuming that the affordable units would qualify for the property tax welfare exemption) plus the proposed sale price. This is a conservative estimate, subject to confirmation by the County Assessor’s Office.

Table 2: Sales Proceeds and Property Tax Revenues

		Share of \$5.5 Million Sale*	Estimated Property Taxes on \$381 Million Valuation		
			Year 1	Over 10 Years	Over 20 years
SSF USD	44.00%	\$2,420,000	\$1,677,632	\$18,369,602	\$40,762,045
SMC	25.90%	\$1,424,500	\$987,515	\$10,813,016	\$23,994,022
SSF	16.80%	\$924,000	\$640,550	\$7,013,848	\$15,563,690
SMC CCD	7.40%	\$407,000	\$282,147	\$3,089,433	\$6,855,435
Other	5.90%	\$324,500	\$224,955	\$2,463,197	\$5,465,820
TOTALS			\$3,812,800	\$41,749,096	\$92,641,012

IMPACT OF ACCEPTING SALE PRICE

Accepting the current offer of \$5.5 million and allowing the proposed development to proceed allows for continued development momentum in South San Francisco's transit village area. The City is experiencing significant public and private investment in this area; however, this is not guaranteed to continue. In addition to generating substantial property tax revenue, the development will pay prevailing wage, offer substantial affordable housing, and much-needed childcare. The development strikes a balance between meeting community needs, while complying with the disposition process identified in the LRPMP.

IMPACT OF REJECTING SALE PRICE

Should the Oversight Board reject the current offer, sale of the PUC Site would be further restricted by new State law. Amendments to the Surplus Land Act codified in Assembly Bill 1486 clarify that the law applies not just to City-owned land, but also to land governed by an LRPMP. The Surplus Land Act requires a process of notice to and potential negotiations with housing providers, park and recreation agencies, and school districts. Essentially, non-property-tax-paying uses (affordable housing, parks, and schools) have first priority at vying for the purchase of the site.

Former RDA properties identified in an LRPMP are only exempt from the provisions AB 1486 if the property is subject to a binding agreement (such as an ENRA or PSA) as of December 31, 2019 and the land is conveyed prior to December 31, 2022. The property is currently subject to an ENRA that will expire on June 30, 2020. Rejecting the current offer for the PUC Site would necessitate terminating the existing binding agreement (the ENRA) and beginning anew, first adhering to the process required of the Surplus Land Act.

CONCLUSION

Successor Agency staff is seeking feedback from the Countywide Oversight Board on this report and the sales price prior to returning to the Board for an Action Item.

ATTACHMENTS:

1. LRPMP Sections about PUC
2. City Council Resolution Approving the Purchase & Sale Agreement
3. Select Site Plans/Renderings
4. Appraisal
5. Surplus Land Act as Amended

3450431.1

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

3.4-G-2 Encourage development of a mix of uses, with pockets of concentrated activity that provide foci and identity to different parts of El Camino Real.

3.4-G-3 Develop the South San Francisco BART station area as a vital pedestrian center, with intensity and mix of uses that complement the area's new role as a regional center.

3.4-I-8 Require any new development within ½ mile of the BART station at a density of no less than 30 units per net acre for residential uses, or an FAR of 1.5 for non-residential uses, or an appropriate combination of the two.

3.4-I-13 Develop the El Camino Real/Chestnut Area in accordance with the vision established for the area by the El Camino Real/Chestnut Area Plan

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

El Camino-Chestnut Avenue Property Assemblage

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

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

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

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

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

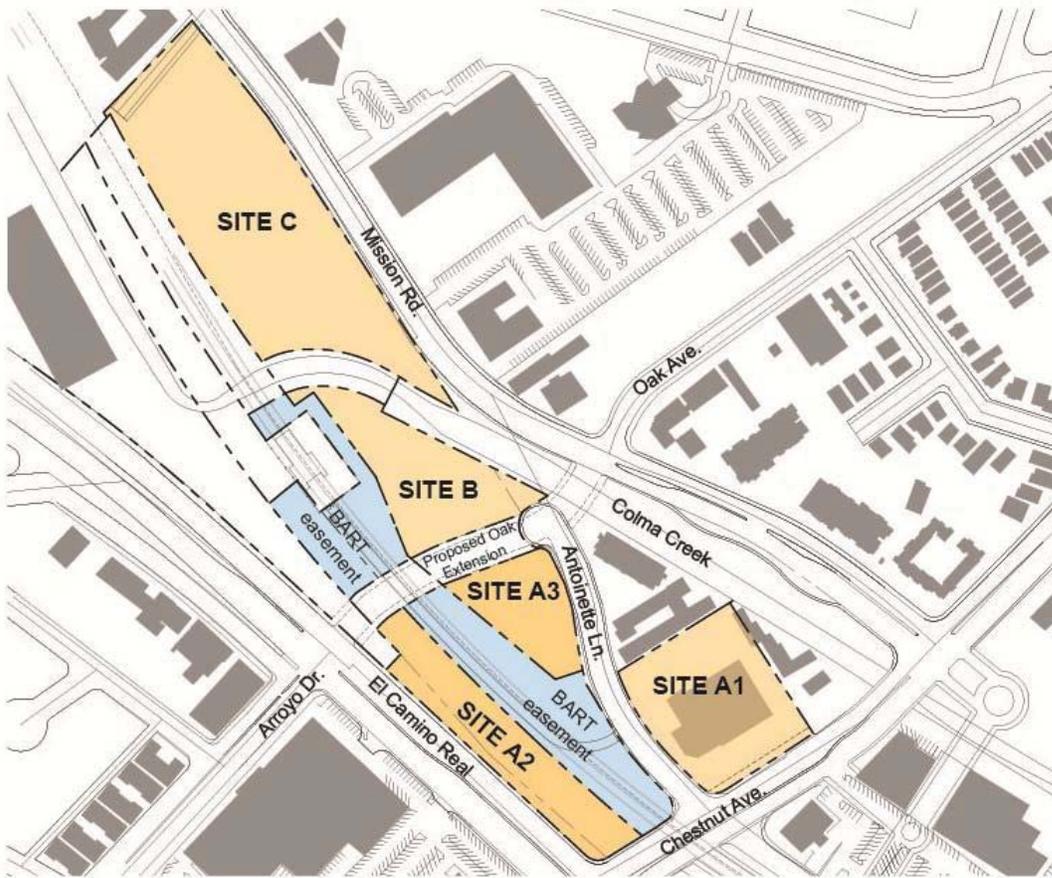
Another major public infrastructure project planned in the study area is the Oak Avenue extension, which would extend Oak Avenue from Mission Road through to Arroyo Drive, in accordance with the General Plan. This extension is expected to improve east-west connectivity.

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

Site Description

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

Figure 1



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

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

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

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

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

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

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

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

Figure 2

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

Source: VMWP, 2013.

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

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

Development Description

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

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

Figure 3

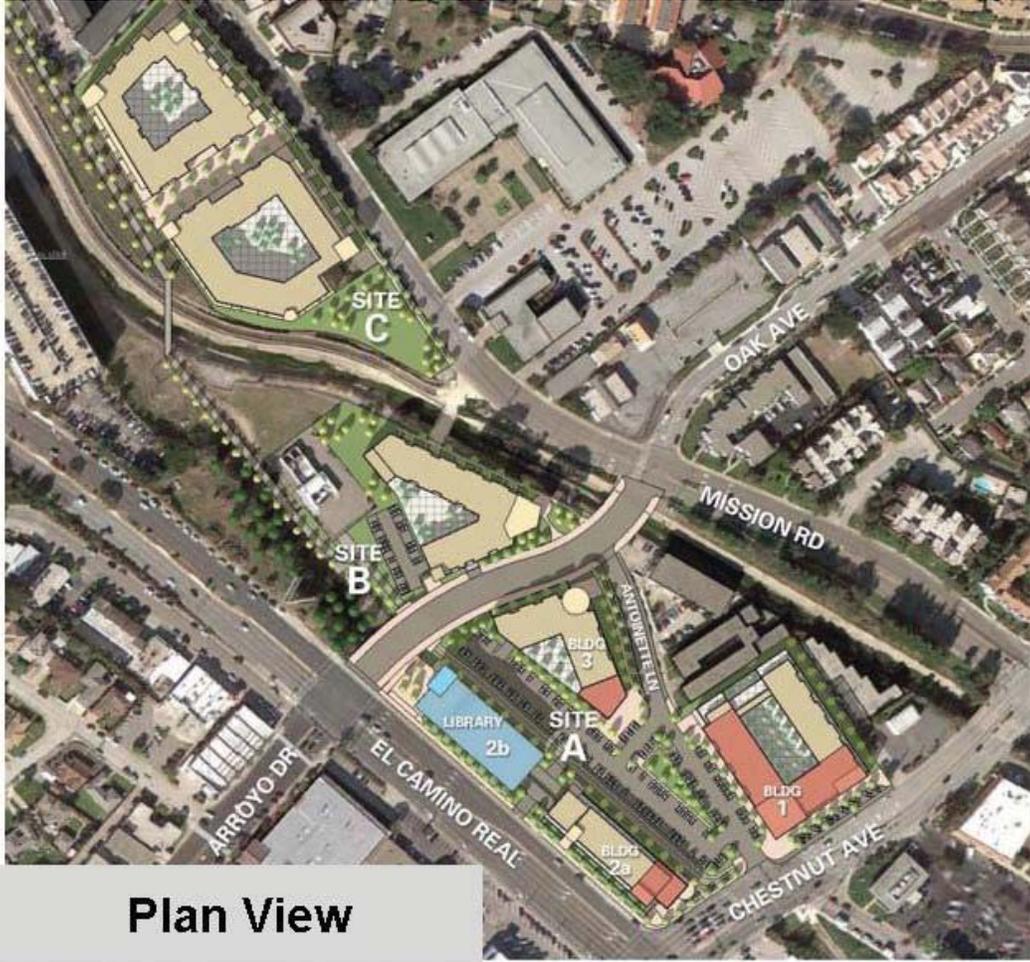


Figure 4



Axial View

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

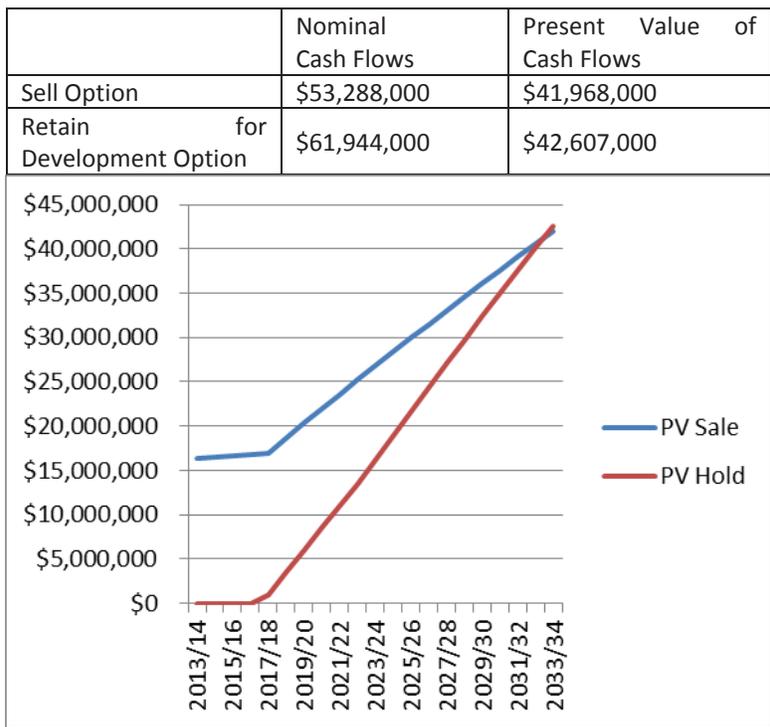
Source: Strategic Economics, 2013.

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



Downtown Central Project Area

The goal of the property strategy for the Downtown Central Project Area is to maximize the long-term revenue to the taxing agencies and achieve the redevelopment plan projects while also maintaining the vision expressed in the City's General Plan as well as the [Downtown Station Area Specific Plan](#) (DSASP). The following activities are directly relevant to the development of properties in the downtown as described in the LRPMP (excerpted from Section II. A pages II-1 and II-3 of the Implementation Plan):

2. Public Facilities–Streetscape improvements to Grand Avenue, the construction of the CalTrain plaza and other pedestrian plazas...creation of infill parks in the Downtown Central Area...development of new parks, and reconfiguration of landscaping and playfields to meet the current needs of residents.

3. Economic Development–The projects and activities will be designed to promote economic development in the Project Areas and include the following: continued support of Downtown businesses through property improvement loans, Agency development of new housing in the Downtown Central Project Area, support for mixed-use development in the Downtown Central ... Project Area....

4. Property Acquisition, Demolition and Site Preparation– Major land improvement activities will include the Chestnut Avenue/CalWater site ... scattered site acquisitions in the Downtown Central Project Area....

5. Affordable Housing Program–The Housing Program promotes residential and mixed-use development on vacant and underutilized sites. Through this program the Agency will increase and preserve the low and moderate-income housing stock. Components of this program include assistance for the construction of new rental and ownership units, loans and grants for rehabilitation, and first-time homebuyer assistance.

The General Plan seeks to reinforce the Downtown's identity and role as the physical and symbolic center of South San Francisco. General Plan strategies include increased residential development in the Downtown and better connections to surrounding areas. Chapter 3.1 of the General Plan specifies guiding and implementation policies for the Downtown area, many of which will be facilitated by the proposed development strategy described in the LRPMP:

3.1-G-1 Promote the Downtown's vitality and economic well-being and its presence as the city's center.

3.1-G-2 Encourage development of Downtown as a pedestrian-friendly mixed-use activity center....

3.1-G-3 Promote infill development, intensification and reuse of currently underutilized sites.

3.1-I-3 Maintain land uses and development intensities in Downtown.

Downtown Station Area Specific Plan (DSASP)

The City of South San Francisco recently adopted the Downtown Station Area Specific Plan (DSASP) for the area surrounding the City's Caltrain commuter rail station, located just east of Highway 101. The DSASP Area is located within one half mile of the South San Francisco Caltrain station, and includes the majority of commercial and civic development Downtown. A portion of the Plan Area extends east of Highway 101.

A primary goal of the DSASP is to implement transit-supportive development in Downtown South San Francisco that meets the diversity and affordability needs of the local community. In pursuit of this goal, the DSASP seeks to improve accessibility between the Caltrain station, Downtown, and the employment center east of Highway 101. The DSASP effort requires an analysis of land uses that can support these objectives, including additional housing opportunities, retail development, and office development, and an evaluation of existing development standards, such as parking requirements.

At present, the Caltrain station is currently situated between the downtown and the employment area east of Highway 101; however the highway, ramps, and overpasses create physical barriers that separate the Downtown from the employment center and limit accessibility to the Caltrain station from all directions. As a result the South San Francisco Caltrain station is significantly underutilized due primarily to these accessibility issues.

The City adopted the DSASP and the accompanying environmental impact report on January 28, 2015. The recent adoption of the DSASP has a significant impact on all of the properties in the downtown area due to its zoning revisions. The new zoning increases allowable densities, thereby enhancing the transit oriented nature of the area. Since the adoption of the DSASP, the value of developable sites has increased dramatically as a result of the zoning changes which allow for greater development intensity. All of the downtown properties currently owned by the Successor Agency have benefited from the DSASP. Their values have increased and their ability to fulfill the RDA Downtown Project Area plan have been enhanced. However, the ability to achieve these goals will be contingent on various sites remaining assembled in order to meet their development potential. Appendix J is a study of the development potential for all sites in the downtown area.

15-18. 201, 207, 217-219, and 227 Grand Avenue

Grand-Cypress Property Assemblage

The Grand-Cypress properties sit at the gateway to Downtown South San Francisco. The properties are an important component of the City's and the former Agency's efforts to create a vibrant, transit-oriented and diverse downtown. Development of these properties and other sites owned by the Successor Agency will craft a vision for the Downtown core that provide transit supported housing and easy connectivity to the downtown South San Francisco Caltrain station.

Site Description

South San Francisco ECHO II Case Study Draft Report

September 19, 2013

Prepared for:

Grand Boulevard Initiative
City of South San Francisco



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I. INTRODUCTION

Report Purpose

The City of South San Francisco has identified the intersection of El Camino Real and Chestnut Avenue as a key opportunity site for new development and economic revitalization. The El Camino Real/Chestnut Avenue Area Plan, adopted in 2011, establishes a compelling long-term vision for the area as a new mixed-use neighborhood with residential, retail, and civic uses at a range of densities, along with public plazas and open space that benefit the broader community. The City owns 10 acres of vacant and underutilized property between El Camino and Mission Road, originally purchased by the redevelopment agency with the goal of facilitating development in an area that faces a variety of implementation challenges. Following the dissolution of the redevelopment agency in 2012, the City of South San Francisco, as the successor agency, is responsible for developing a strategy for these properties. This could consist of the sale of individual properties, or the City could enter into a master development agreement with a single developer identified through a Request for Proposals (RFP) process. The goal of this case study is to shed light on these options and make recommendations to the City on the strategy most likely to maximize the long-term value of the properties while also maintaining the vision expressed in the El Camino Real/Chestnut Avenue Area Plan.

The ECHO II consultant team, led by Strategic Economics with sub-consultant Van Meter Williams Pollack (VMWP), worked closely with City staff to define a scope of work that would help the City to understand the short- to mid-term implementation options for the City-owned properties. The case study began with a market analysis to understand the short-term potential for development. Next, the team explored a range of options for phased development at the site, and tested the feasibility of a development program that would be consistent with a master-developed approach to the area. Based on this analysis, the team determined that an orchestrated master developer approach to development is most likely to meet City goals.

Grand Boulevard Initiative and ECHO II Project Background

Because the study area exemplifies both the opportunities and challenges of infill development along El Camino Real in the post-redevelopment era, it was selected as a case study for the second phase of the Economic and Housing Opportunities (ECHO II) Assessment funded by the Grand Boulevard Initiative (GBI). The Grand Boulevard Initiative is a regional collaboration of cities, two counties, and local and regional agencies dedicated to the revitalization of the 47-mile El Camino Real corridor from Daly City to San Jose. The GBI vision is for El Camino Real to achieve its potential as a vibrant multimodal corridor that connects places where residents work, live, shop and play. The vision will be achieved by integrated land use and transportation planning that targets infill development along the corridor and balances the need for cars and parking with transit, walking and biking.

The Economic and Housing Opportunities Assessment is an ongoing study sponsored by GBI. The first phase of the Economic and Housing Opportunities Assessment (ECHO I) assessed the economic benefits of infill development along El Camino Real, and provided building prototypes and renderings to illustrate the impact of change. The second phase of the study (ECHO II) addresses implementation challenges to infill development along the corridor.

To ensure that the ECHO II analysis reflected the variety of conditions found on the corridor, the consultant team conducted four case studies of cities along the corridor. In addition to South San Francisco, the other case study cities are Daly City, Belmont and Mountain View. Case study findings will be incorporated into an implementation guidebook that describes strategies and tools applicable to other GBI cities.

Report Contents

Following this introduction, Section II provides a more detailed overview of the study area. Section III summarizes the results of a market analysis prepared for the study area, and Section IV provides the results of the financial feasibility analysis. Major conclusions from the analysis are summarized in Section V. Detailed assumptions used in the financial feasibility analysis are included as an Appendix.

II. STUDY AREA OVERVIEW

The South San Francisco study area comprises approximately 16 acres between El Camino Real and Mission Road, located at the heart of the 98-acre planning area in the El Camino Real/Chestnut Avenue Area Plan (see **Figures 1 and 2**).¹ The Area Plan accommodated a significant amount of future City growth within the core of the planning area, including 1,215 residential units, 186,800 square feet of ground floor retail, 73,000 square feet of office space and a 50,000 square feet library. The City's zoning regulations support the Plan's vision of intensified development, requiring a minimum floor area ratio (FAR), and allowing residential densities of up to 120 units per acre by right. Foundation work is not allowed directly above the BART tunnel.

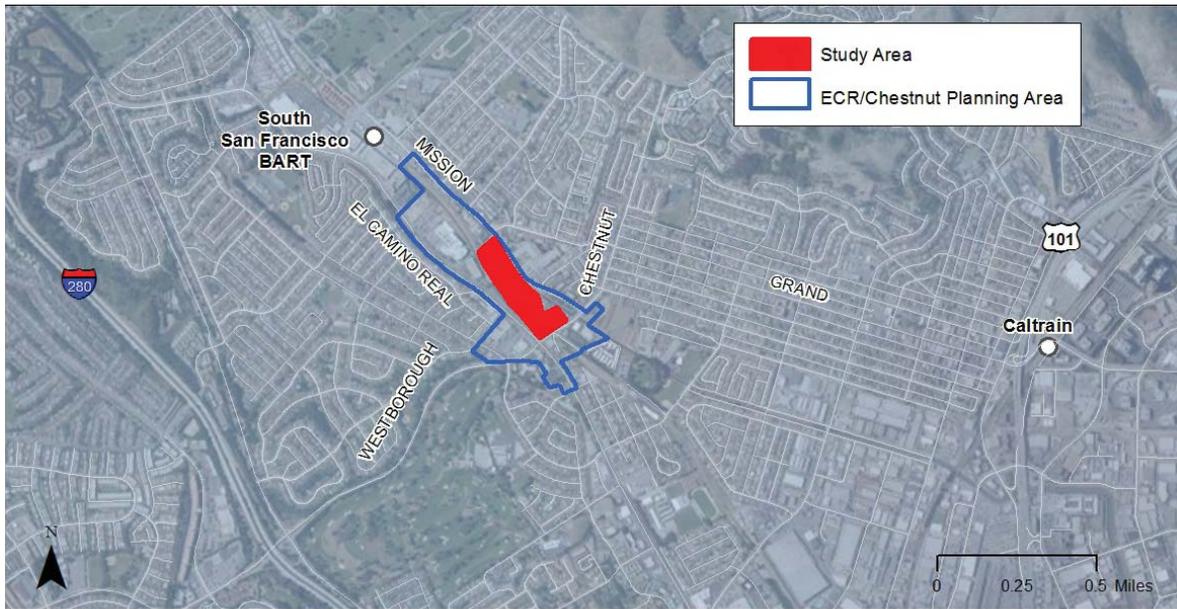
Figure 1. South San Francisco Study Area Boundary



Source: City of South San Francisco, 2010; Strategic Economics, 2013.

¹ The boundaries of the study area have been chosen to coincide with the boundaries of City-owned vacant and underutilized properties, reflecting the case study's focus on the City's strategy for these properties. The original study area proposed by the City of South San Francisco in its ECHO II case study application corresponds to the entire 98-acre planning area defined in the El Camino Real/Chestnut Area Plan, and includes numerous additional privately- and publicly-owned properties north and south of the study area.

Figure 2. Study Area Context



Source: City of South San Francisco, 2010; Strategic Economics, 2013.

The relatively large size of the assembled parcels, combined with its location near the South San Francisco BART station, makes this one of the most important development opportunity sites along El Camino Real. Nevertheless, the study area has several physical characteristics that pose significant implementation challenges. There is a sharp slope downwards from El Camino Real toward Mission Road, with a grade change of up to 50 feet in certain locations. The developable parcels are also oddly-shaped due to the BART easement and the Colma Creek Channel which both cut through the site.

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

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

III. MARKET FINDINGS

Strategic Economics evaluated the potential for new residential, office retail, and mixed-use development in the study area with a focus on the next ten years or less. The analysis included a review of demographic, employment, and market trends and interviews with real estate brokers and developers with experience in South San Francisco and the broader North San Mateo County market area.² Key findings of the market analysis are summarized below. For additional details on the methodology and results, see Strategic Economics' market analysis memorandum.³

The study area is well-positioned for residential development with supporting commercial uses. There is strong demand for new residential development in South San Francisco and the broader northern San Mateo County area. Employment growth in the Silicon Valley and San Francisco is a major driver of demand for housing in the market area. The study area offers excellent access to regional transit and freeways, and is an ideal location for professionals seeking a convenient commute to job centers in San Francisco or on the Peninsula.

Recent development in North San Mateo County suggests that low-rise apartment development (3-5 stories over podium) will be the most feasible to build. Some small condo projects are currently planned in the area, however, these are mainly on small sites that do not offer sufficient economies of scale for rental projects. The return of the market for larger condo projects is anticipated to take several years, however the exact timing is difficult to predict. In general, demand for multi-family housing in the study area is projected to be between 50 and 104 units per year on average. The amount of residential development that could be absorbed in any one year will depend on a number of factors including the timing of other nearby projects.

In terms of retail, neighborhood-serving businesses such as restaurants, personal and financial services are most likely to be successful in the study area. The amount of retail that could be supported in the study area in the near term is on par with a traditional strip center (10,000 square feet) or possibly a grocery-anchored neighborhood center (30,000 to 120,000 square feet). The location is excellent for a grocery-anchored neighborhood center as evidenced by the success of the existing Safeway. Whether a new grocery store can serve as an anchor as part of redevelopment of the study area will depend in part on whether a new grocery store is provided as part of the nearby Centennial Village project. Strong competition from nearby regional centers makes a larger shopping center unlikely.

To attract prospective households and businesses, it will be important for the area to offer amenities such as local-serving retail. Residential and office brokers emphasized the importance of pedestrian-oriented retail, restaurants and activities to the success of new projects. While there are several grocery stores and other types of retail near the BART Station and near the intersection of El Camino Real and Chestnut Avenue, the existing development surrounding the study area currently lacks the walkable form and critical mass of retail to create a hub of activity. New retail uses intended to support pedestrian activity do not necessarily need to be integrated on the ground floor of residential buildings; depending on the project, it may be more effective to concentrate retail in a separate structure.

² The North San Mateo County market area was defined to include Daly City, South San Francisco, Colma, San Bruno, and Millbrae. These cities share certain demographic and employment characteristics that differentiate them from cities farther south along the Peninsula, thus comprising a distinct market area in which households and businesses are likely to consider locational decisions.

³ Strategic Economics, "South San Francisco Market Analysis Memo," Prepared for the City of South San Francisco and SamTrans, September 7, 2012.

The potential for office is limited in the near term. Although South San Francisco is an important center for the biotech and logistics industries, firms in these sectors are concentrated along the US-101 highway and are unlikely to be interested in locating in the study area. Due to the risk associated with an unproven location, a major tenant would need to be identified before a developer would proceed with an office project. For these reasons, office uses are not included in the development program described in Section IV.

IV. DEVELOPMENT FEASIBILITY ANALYSIS

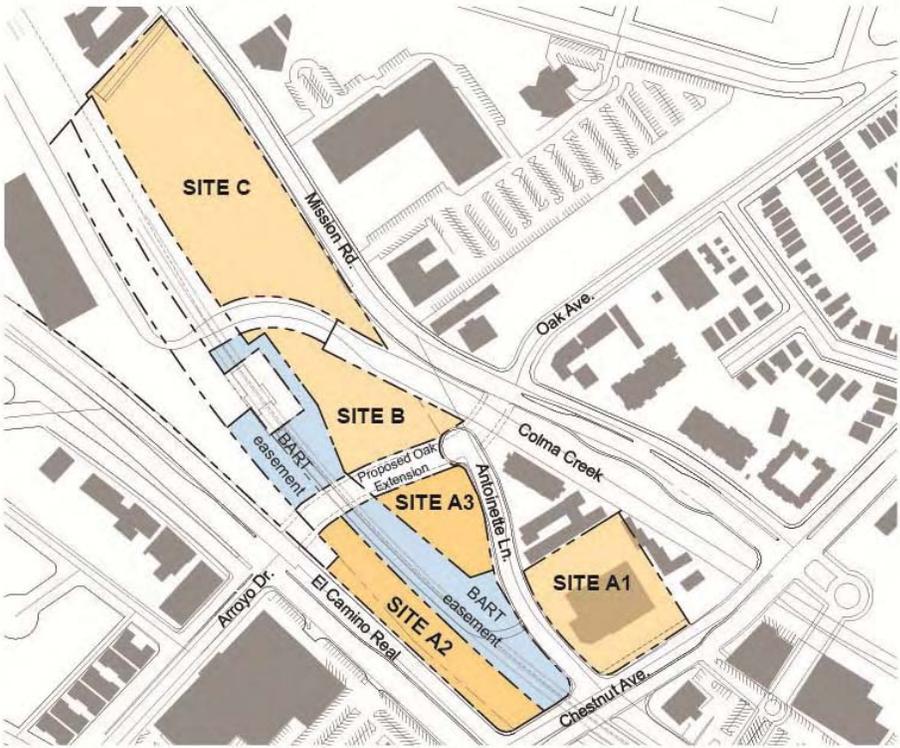
Working with city staff, the consultant team explored a range of development scenarios for the study area. The feasibility analysis focuses on the development program that was deemed to be market-driven, consistent with the community’s vision, and likely to generate the greatest value.

This section begins with a description of the City-owned properties and the development program. Next, the results of the financial feasibility analysis are presented along with a summary of key findings. Assumptions used in the financial feasibility analysis are documented in the appendix.

Site Description

The properties included in the development feasibility analysis are shown in **Figure 3**. In addition to the 10 acres owned by the City (shown in blue), the development program includes 2.8 acres that are subject to an easement because they are in the BART right-of-way. Although the BART tunnel is underground, structural constraints limit improvements that can be made on the ground above to projects that do not involve any foundation work, and development along this easement would require BART approval.⁴ The Colma Creek Channel, Antoinette Lane and the planned Oak Avenue extension also play a major role in defining the shape and size of the developable acreage.

Figure 3. Study Area Parcel Boundaries



Source: Van Meter Williams Pollack, 2013.

⁴ City of South San Francisco, El Camino Real/Chestnut Ave Area Plan, July 2011.

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

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

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

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

Development Program

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

- 1) **Economies of scale.** Larger projects can benefit from savings on some “soft” costs of development such as site planning, entitlements, financing and marketing. In some cases, they can also save on some of the “hard” costs related with construction. Larger projects are also more likely to be of sufficient scale to assist in addressing related public improvements in utilities, access, or other infrastructure.
- 2) **More efficient site design.** Developed incrementally, each parcel would need to address access, parking and open space separately. A master developer approach allows required parking to be provided in a more economical way, in particular by making use of the BART easement for retail parking for multiple buildings.

Consistent with findings of the market analysis, the development program consists primarily of residential uses with some supporting retail.⁵ Because initial analysis found that construction costs are prohibitively high for buildings over six stories; the development program does not include buildings over that height. The final development program is summarized in **Figure 4**, and the drawings are provided in **Figures 5 and 6**.

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

⁵ Earlier iterations of the analysis included a development scenario with more retail on Site A. This scenario was founded to be financially infeasible and was therefore excluded from consideration in later stages of the analysis.

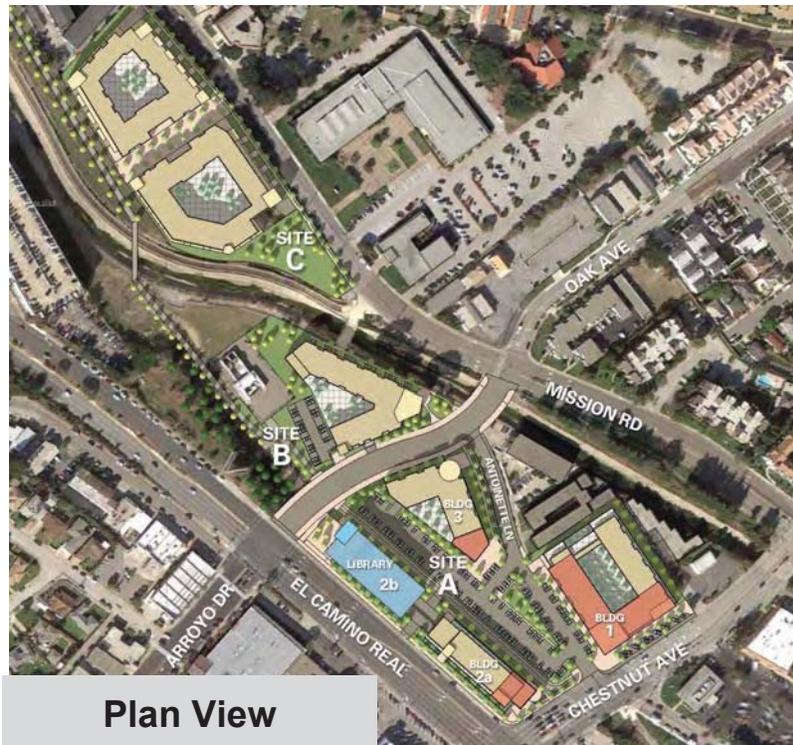
Sites B and C are both entirely residential with one floor of ground floor podium parking. Site B contains 100 units in four levels above one level of podium parking. The structured parking is supplemented by an additional 26 surface parking spots on the BART easement. Site C is developed with 400 residential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

Figure 4. Summary of Sites and Building Prototypes Tested

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

Source: VMWP, 2013.

Figure 5. Plan View



Plan View

Source: Van Meter Williams Pollack, 2013.

Figure 6. Axial View



Source: Van Meter Williams Pollack, 2013.

Financial Feasibility Results

The financial feasibility results are summarized in **Figure 7**. Strategic Economics used a “land residual” approach to test the feasibility of the development program. This method estimates the amount that a developer can afford to pay for the property based on the expected costs and revenues associated with the development program. If the residual land value is similar to the expected cost of land, it suggests that the project is feasible. If the residual land value is less than the expected cost of land, or negative, it suggests that the project is not feasible.

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

Figure 7. Financial Feasibility Results

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

Source: Strategic Economics, 2013.

Key Findings

Low-rise residential projects with podium parking and ground floor retail are likely to be financially feasible within the next few years. The low and slightly negative residual land values in **Figure 4** indicate that none of the projects tested are feasible under current market conditions. However, the development program would become feasible with relatively small increases in residential rental rates, holding construction costs constant. A 5 percent increase in residential rents (from \$2.80 to \$2.95 per square foot) would be sufficient to achieve a residual land value of \$50 per square foot on Site C (**Figure 8**). Due to the lower density of residential units on Site A and Site B, these sites would require a 12 percent increase in residential rents (from \$2.80 to \$3.15 per square foot) to achieve a residual land value of \$50 per square foot.

Figure 8. Increase in Rent to Achieve Residual Land Value of \$50/sq.ft.

	Site A	Site B	Site C
Residential Market Rent (\$/sq. ft.)	\$2.80	\$2.80	\$2.80
Required Rent (\$/sq. ft.)	\$3.15	\$3.15	\$2.95
Percent Increase	12%	12%	5%

Source: Strategic Economics

Significant densities can be achieved with buildings that are four to six stories. Site C achieves a residential density of 95 units per acre, in the range of the densities envisioned in the El Camino Real/Chestnut Avenue Area Plan, which envisions high-rise development. The advantage of this building type over high-rise towers is that the building costs are significantly lower per square foot,⁶ making them much more likely to be feasible in the near term.

⁶ In a development feasibility analysis conducted by Strategic Economics and VMWP elsewhere in the Bay Area, high-rise construction costs were estimated to be 40 to 50 percent higher than low-rise construction costs on a per-square-foot basis.

The financial feasibility of retail uses is dependent upon surface parking. In the development program, the BART easement and Antoinette Lane provide convenient and ample customer parking for Site A ground floor retail. This is an ideal use of the BART easement because development over the easement would be cost prohibitive. Use of this area for parking enables greater retail and residential development on the other developable sites. If the BART easement were not available for use as surface parking, the parking would need to be provided elsewhere on Site A, which would either take away from the building footprint of Parcels 1, 2 and 3, or require additional structured parking. The expected revenue generated by the retail uses is not sufficient to support the initial high cost of structured parking. ECHO II case studies in Mountain View and Daly City have also found that onsite parking can be a major challenge for retail uses, particularly for smaller properties. In this case, the use of the BART easement for shared parking is a critical advantage in facilitating development on the City-owned parcels.

A master-developer approach enables cost efficiencies and site design flexibility that translate into improved development feasibility. The development program tested in the financial feasibility analysis is a “best-case” scenario that maximizes shared costs and site design flexibility for all City-owned parcels. In contrast, redevelopment in other locations along El Camino Real is hindered by design and financial feasibility challenges associated with small, shallow parcels. In particular, shallow parcels constrain the ability to of a site to accommodate parking and vehicle access, a problem that is effectively solved in the study area with use of the BART easement. However, while a high-density transit-oriented project with the City’s involvement seems likely to result in a favorable partnership with BART, an incremental development strategy is less likely to lead to a maximally beneficial surface parking arrangement.

V. CONCLUSION

The study area presents a unique opportunity for coordinated development to realize the vision of the neighborhood as a vibrant node of activity along the El Camino Real corridor. The market study and development feasibility analysis illustrate the substantial benefits of treating the City parcels as a single development opportunity that allows for coordinated, phased development of the study area.

A coordinated, master developer approach can maximize the value of the property and result in development that is consistent with the El Camino Real/Chestnut Avenue Area Plan. In the current market, certain properties, such as Parcel 1 on Site A, may be attractive for immediate sale because of their location, access and existing improvement. However, this would severely limit the ability to develop the adjacent properties on Site A, resulting in lower property value overall, and development that is inconsistent with the long term vision.

The City can facilitate development of the site through a RFP process and by entering into a development agreement with the chosen developer. The financial analysis found that the most profitable site for development is Parcel C, at the north end of the site. Including this area with more challenging to develop parcels at the south end of the site may be a useful incentive to help attract a developer. A development agreement can be structured to allow some flexibility for the developer to respond to the market, while also providing terms that will be financially favorable for the City. The City may also be able to help bring some public resources to help facilitate development, such as regional, state or federal grants for streetscape or other improvements that help to improve the attractiveness of the area for new development.

Given improving market conditions, it seems likely that development could occur within the next five years. The analysis shows that residential development with supporting retail is likely to be feasible soon with improving market conditions. Given the strong residential demand in San Mateo County, market conditions are likely to improve to the point where residential development is attractive for developers, meaning that the City will not need to hold the properties for a long time before development is possible.

APPENDIX

FINANCIAL FEASIBILITY ASSUMPTIONS

Cost Assumptions

Development costs consist of hard construction costs, soft costs such as permits and fees, financing costs and developer profit.

Hard Costs

Hard costs consist of material and labor costs for construction. The construction costs used in the model were provided by VMWP based on recent construction projects and information from local contractors. Figure A-3 summarizes the hard costs for major program elements. These costs assume prevailing wages for labor.

Note that certain variations exist in construction costs for different scenarios and sites, as follows:

- Residential construction costs are \$171 per square foot for Type V, four-story construction and \$182 per square foot for Type 3A, five-story construction.
- Parking construction costs range from \$85 to \$95 per square foot depending on the complexity of the structure.

Figure A-3. Summary of Hard Costs

Item	Cost Per Sq. Ft.
Retail Area (including TI)	\$125
Retail Tenant Improvements	\$50
Residential Area	\$171/\$182
Parking Structure	\$85/\$95
Podium Landscaping	\$50
Landscaping	\$25
Surface Parking	\$25
Antoinette/Colma Creek Bridge	\$75

Source: VMWP, 2013.

Soft Costs

Soft costs include permits, architectural fees, engineering fees, developer overhead, insurance, taxes, legal fees, accounting fees and marketing costs. . Soft costs are typically estimated to be a certain percentage of hard costs. In this model, Strategic Economics estimated soft costs to be 30 percent of hard costs.

Financing Costs

Financing costs were based on the assumption that a construction loan would be obtained for 65 percent of the cost of development for a term of 15 months, with a 6.0% interest rate and a 1.5% loan fee. The cost estimate assumes an average outstanding loan balance of 55 percent.

Developer Profit

The analysis assumes developer profit equal to 12 percent of development costs, not including land. Actual profit margin expectations depend on a variety of factors including market conditions and the expected project timeframe.

Revenue Assumptions

The value of apartments and retail space were estimated using an income capitalization approach, in which the expected rental income is divided by a standard capitalization rate to obtain value per square foot.

Residential Valuation

Residential valuation assumptions are listed in Figure.

The apartment rent of \$2.80 per square foot is based on an evaluation of overall market conditions in San Mateo County as well as asking rents for a sample of recently-constructed transit-oriented apartment projects in South San Francisco, Colma and San Bruno.

Figure A-4. Residential Valuation Assumptions

Parameter	Value
Monthly Rent per SF	\$2.80
Vacancy	5.0%
Operating Expenses	28%
Capitalization Rate	5.0%
Capitalized Value per SF	\$470

Source: Cassidy Turley, 2013, Strategic Economics, 2013.

Retail Valuation

Retail valuation assumptions are listed in Figure A-5.

Given that this will be new construction, the monthly rent assumption of \$2.50 per square foot is higher than the North San Mateo County average asking rent of \$2.15 for the fourth quarter of 2012.

The capitalization rate assumption is based on the 2012 average San Mateo County retail capitalization rate reported by Cassidy Turley.

Figure A-5. Retail Valuation Assumptions

Parameter	Value
Monthly Rent per SF (NNN)	\$2.50
Vacancy	5%
Non-Reimbursable Expenses	10%
Capitalization Rate	6.5%
Capitalized Value per SF	\$392

Source: Terranomics, 2012; Cassidy Turley, 2013, Strategic Economics, 2013.



City of South San Francisco

P.O. Box 711 (City Hall,
400 Grand Avenue)
South San Francisco, CA

City Council

Resolution: RES 153-2019

File Number: 19-910

Enactment Number: RES 153-2019

RESOLUTION APPROVING A PURCHASE AND SALE AND AFFORDABLE HOUSING AGREEMENT WITH SSF HOUSING PARTNERS LLC, FOR THE DISPOSITION OF CITY-OWNED PARCELS AT 1051 MISSION ROAD (APNS 093-312-050 AND 093-312-060) FOR \$5,500,000.

WHEREAS, the City of South San Francisco ("City") is the owner of certain real property located in the City of South San Francisco, California, with the address of 1051 Mission Road, known as County Assessor's Parcel Numbers ("APN") 093-312-050 and 093-312-060 ("1051 Mission Road"); and

WHEREAS, on June 29, 2011, the Legislature of the State of California (the "State") adopted Assembly Bill x1 26 ("AB 26"), which amended provisions of the State's Community Redevelopment Law (Health and Safety Code sections 33000 et seq.) (the "Dissolution Law"), pursuant to which the former Redevelopment Agency of the City of South San Francisco was dissolved on February 1, 2012. The City became the Successor Agency to the Redevelopment Agency of the City of South San Francisco ("Successor Agency"), and in accordance with the Dissolution Law, the Successor Agency prepared a Long Range Property Management Plan ("LRPMP"), which was approved by a resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of South San Francisco ("Oversight Board") on May 21, 2015, and was approved by the Department of Finance ("DOF") on October 1, 2015; and

WHEREAS, consistent with the Dissolution Law and the LRPMP, certain real properties located in the City of South San Francisco, that were previously owned by the former Redevelopment Agency were transferred to the Successor Agency ("Agency Properties"); and

WHEREAS, on October 18, 2016, the City entered into an Amended and Restated Master Agreement for Taxing Entity Compensation ("Compensation Agreement") with the various local agencies who receive shares of property tax revenues from the former redevelopment project area ("Taxing Entities"), which provides that upon approval by the Oversight Board of the sale price, and consistent with the LRPMP, the proceeds from the sale of any of the Agency Properties will be distributed to the Taxing Entities in accordance with their proportionate contributions to the Real Property Tax Trust Fund for the former Redevelopment Agency; and

WHEREAS, on February 8, 2017, the City adopted Resolution 16-2017 approving the transfer of the Agency Properties from the Successor Agency to the City and in accordance with the requirements set forth in the LRPMP, and on February 21, 2017, the Oversight Board adopted a resolution approving the transfer of the Redevelopment Properties from the Successor Agency to the City; and

WHEREAS, consistent with the LRPMP and the Oversight Board resolution, the Successor Agency and City executed and recorded grant deeds transferring the Agency Properties to the City; and

WHEREAS, 1051 Mission Road, also known as the former Public Utilities Commission Opportunity Site (“PUC Site”) is one of the Agency Properties and is subject to the provisions of the LRPMP and the Compensation Agreement; and

WHEREAS, to dispose of the PUC Site in a manner consistent with the LRPMP, on May 1, 2017 the City issued a Request for Qualifications (RFQ) for a well-qualified development team to create a high-quality, mixed-use, transit-oriented development on the PUC Site;

WHEREAS, pursuant to publicly noticed interviews and selection process, SSF Housing Partners LLC (“Developer”) was selected as the developer; and the City and Developer entered into an Exclusive Negotiating Rights Agreement (“ENRA”); and

WHEREAS, the ENRA was effective on July 23, 2018, with an initial term of 365 days; and

WHEREAS, on May 21, 2019, the City approved a 161 day ENRA extension, expiring on December 31, 2019; and

WHEREAS, the Developer remitted an ENRA extension payment to the City in the amount of \$67,083; and

WHEREAS, the Developer has proposed construction of a high-density mixed-use residential development, consisting of 800 rental units of which 158 will be affordable, an approximately 8,307 SF childcare facility, approximately 12,992 SF of retail space (market hall), 1 acre of public open space, pedestrian trail improvements and 800 parking spaces at 1051 Mission Road; and

WHEREAS, the City and Developer have negotiated a Purchase and Sale Agreement (“PSA”) for the disposition 1051 Mission Road, which is attached to this resolution as Exhibit A; and

WHEREAS, the City obtained an appraisal of the PUC Site properties located at 1051 Mission Road; and

WHEREAS, the City and Developer have also negotiated an Affordable Housing Agreement with BRIDGE Housing, Inc. (“AHA”) for Parcel 1, Building C2 located at 1051 Mission Road, and are included as Exhibit B; and

WHEREAS, pursuant to redevelopment law and the Master Compensation Agreement, final approval of the sale price of 1051 Mission Road must be approved by the Oversight Board to the Successor Agency of South San Francisco; and

WHEREAS, the City and the Developer now wish to enter into a Purchase and Sale Agreement (“PSA”) for 1051 Mission Road, attached hereto and incorporated herein as Exhibit A; and

WHEREAS, approval of the PSA is considered a “project” for purposes of the California Environmental Quality Act, Pub. Resources Code §21000, et seq. (“CEQA”) and the City Council has considered the environmental impacts by separate resolution; and

WHEREAS, on October 17, 2019, the Planning Commission determined that the proposed disposition of the PUC Site properties at 1051 Mission Road and the proposed development thereon was consistent with the South San Francisco General Plan and El Camino Real/Chestnut Area Plan.

NOW THEREFORE IT BE RESOLVED that the City Council of the City of South San Francisco does hereby resolve as follows:

1. Determines that the recitals are true and correct.
2. Subject to approval by the Oversight Board of the final sale price, approves a PSA with SSF Housing Partners LLC in substantially the same form attached hereto as Exhibit A, for the disposition of 1051 Mission Road (APNs 093-312-050 and 093-312-060) for \$5,500,000
3. Approves the Affordable Housing Agreement and the Assignment and Assumption Agreement (“A&A”) with BRIDGE Housing Corporation for 1051 Mission Road, in substantially the same form attached to the PSA.
4. Authorizes the City Manager to enter into and execute on behalf of the City Council the PSA, the AHA, and the A&A, in substantially the same form attached to the PSA and to make any non-material revisions, amendments or modifications deemed necessary to carry out the intent of this Resolution and subject to the Oversight Board’s review of this transaction and approval and direction regarding the final sale price.

* * * * *

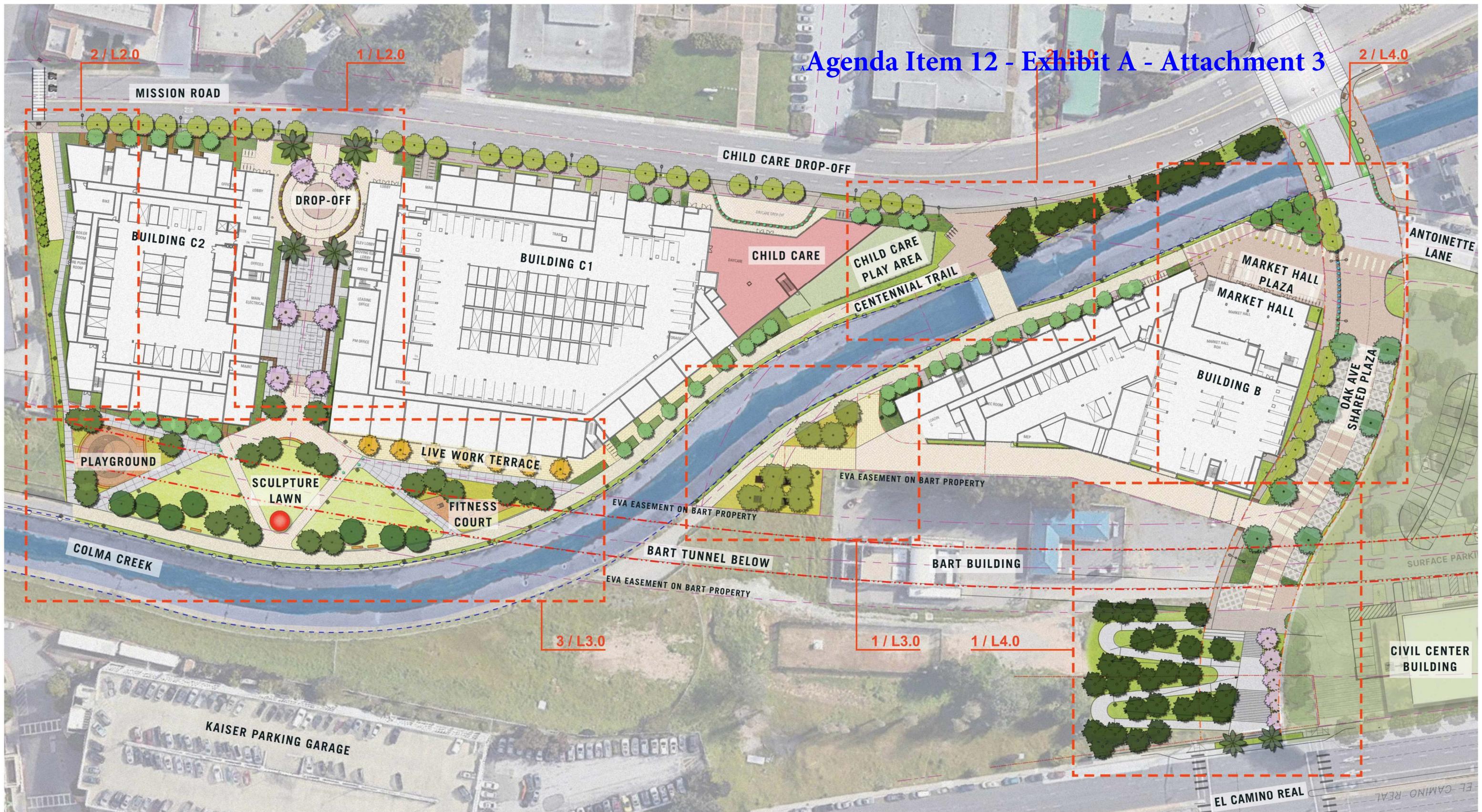
At a meeting of the City Council on 11/13/2019, a motion was made by Councilmember Addiego, seconded by Councilmember Nicolas, that this Resolution be approved. The motion passed.

Yes: 4 Mayor Matsumoto, Councilmember Addiego, Councilmember Nagales, and Councilmember Nicolas

No: 1 Vice Mayor Garbarino

Attest by 
Rosa Govea Acosta, City Clerk

Agenda Item 12 - Exhibit A - Attachment 3



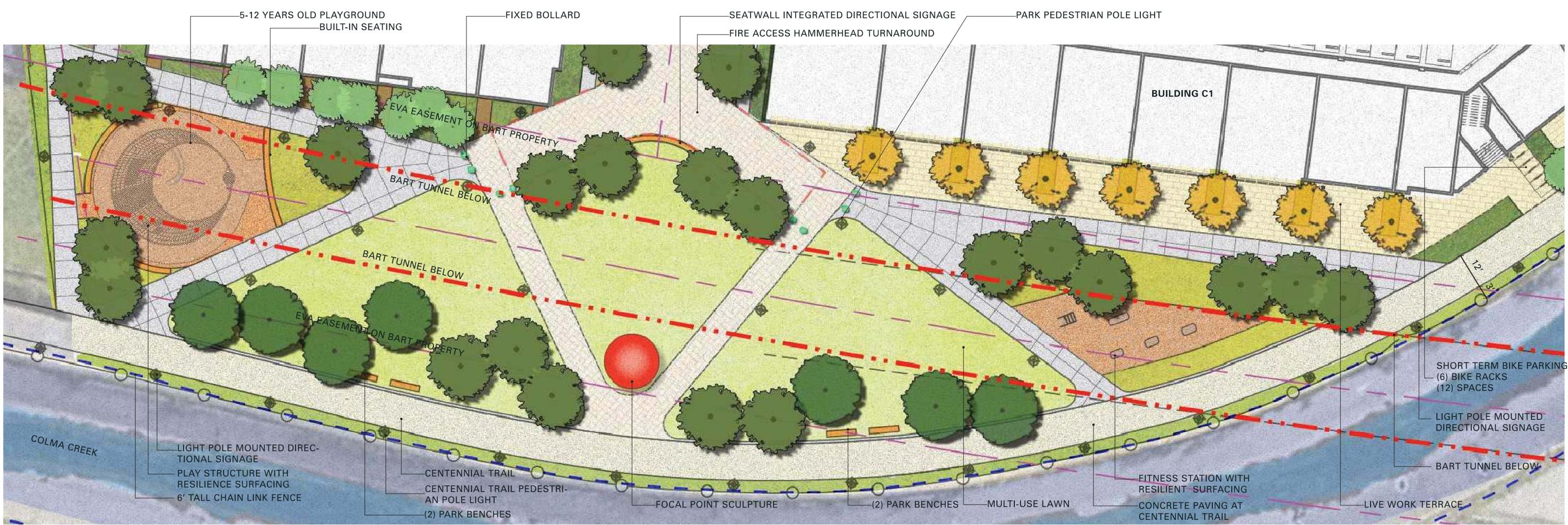


2 OAK AVE SHARED STREET & MARKET HALL PLAZA ENLARGEMENT PLAN

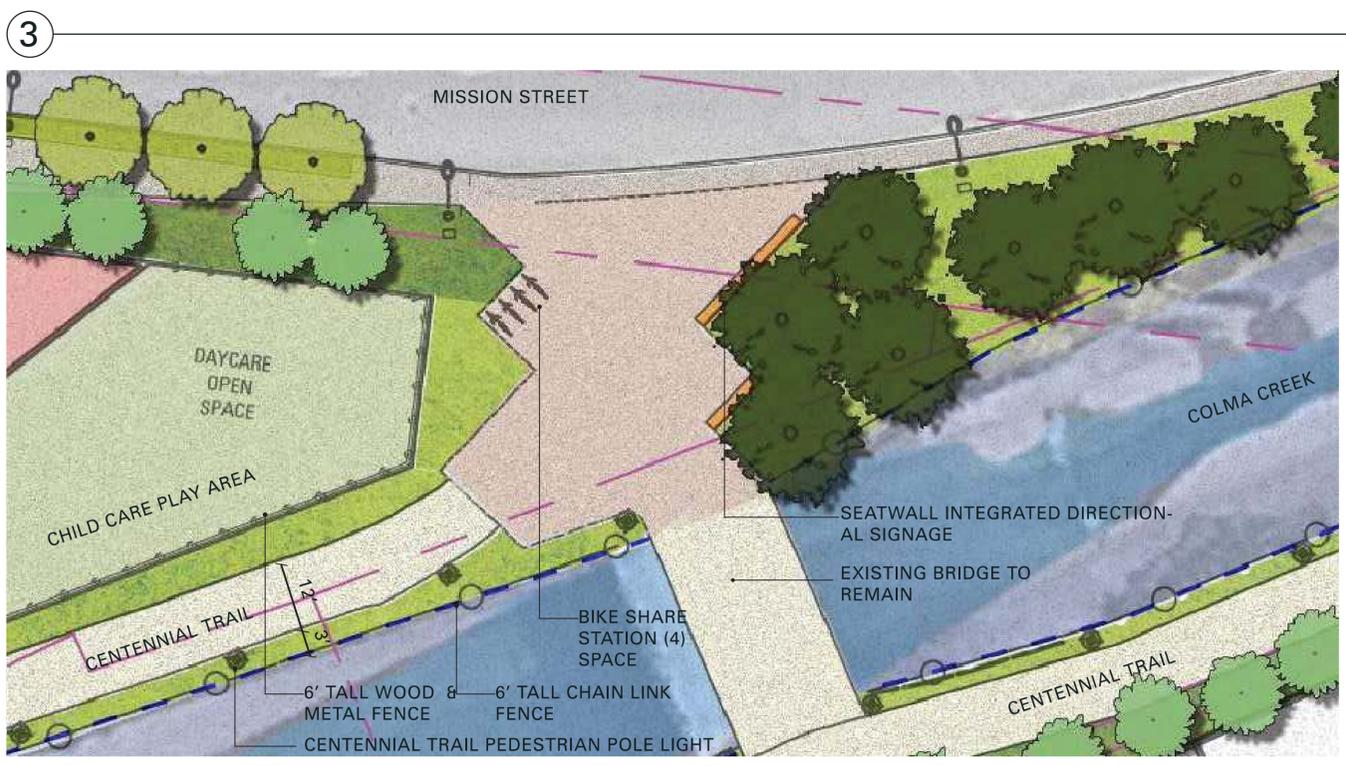


1 OAK AVE SHARED STREET & OAK AVE GRAND STAIR ENLARGEMENT PLAN

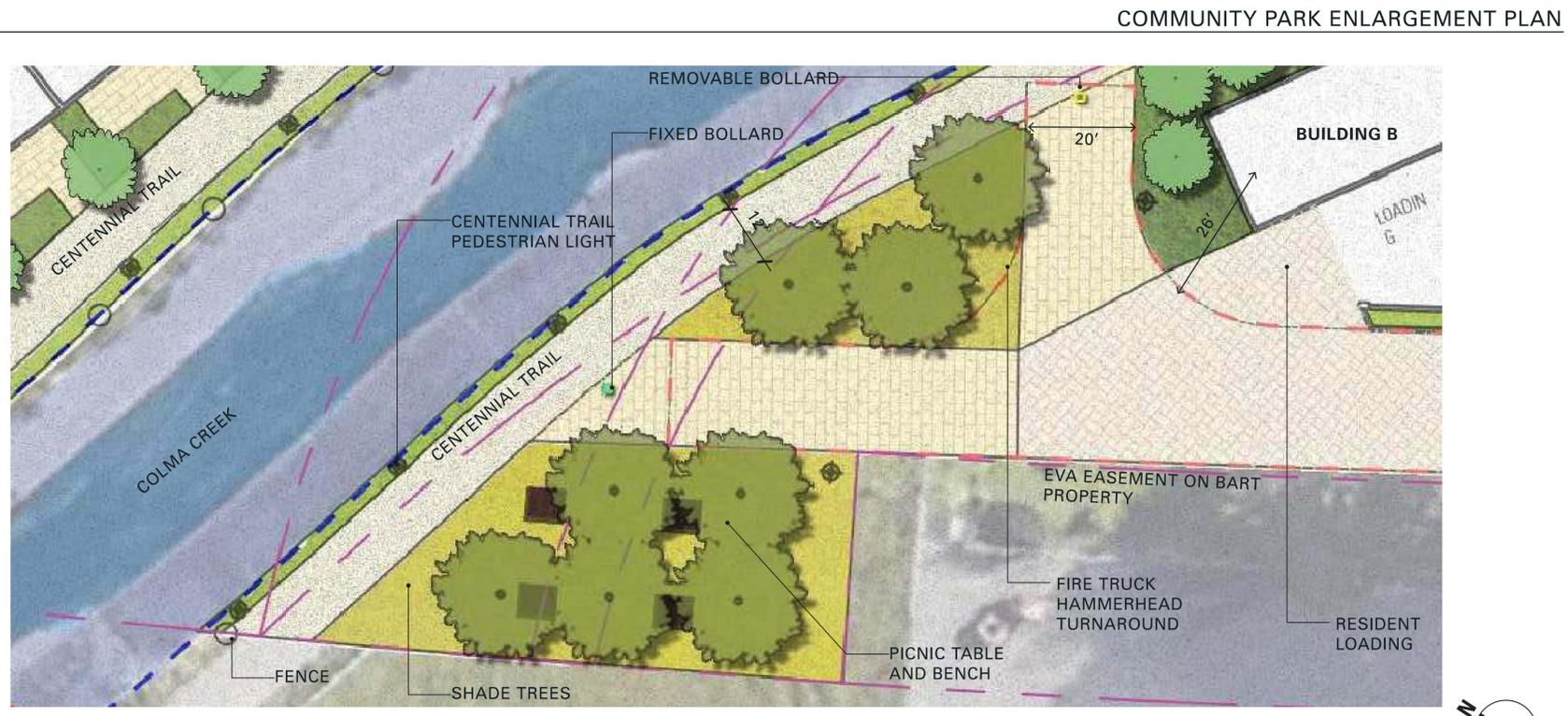
Feb 10, 2020 Countywide Oversight Board - Page 202



COMMUNITY PARK ENLARGEMENT PLAN



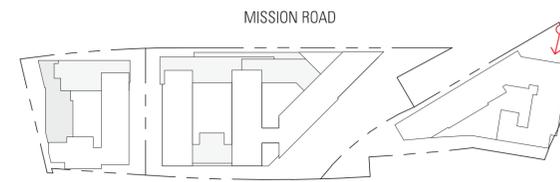
CENTENNIAL TRAIL GATHERING PLAZA ENLARGEMENT PLAN



PICNIC AREA AND BUILDING B RESIDENT LOADING AREA ENLARGEMENT PLAN



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SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

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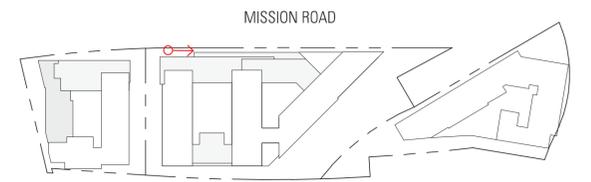
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KASAPARTNERS

PERSPECTIVES - BUILDING B

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SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

PERSPECTIVES - BUILDING C1

09/17/19

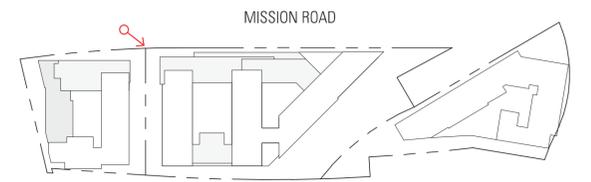
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SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

PERSPECTIVES - BUILDING C1

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MISSION ROAD



SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

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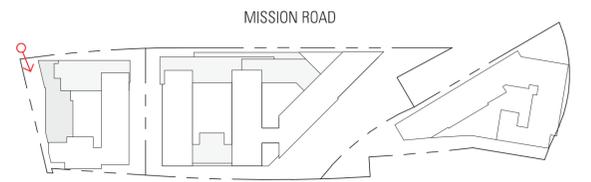
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PERSPECTIVES - BUILDING C2

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SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

PERSPECTIVES - BUILDING C2

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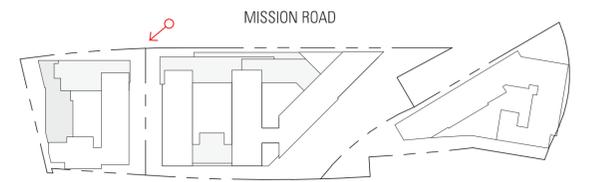
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SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

PERSPECTIVES - BUILDING C2

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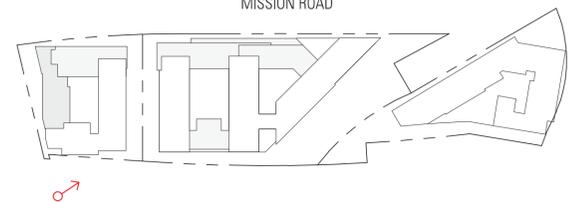
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MISSION ROAD



SOUTH SAN FRANCISCO PUC DEVELOPMENT

SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

PERSPECTIVES - BUILDING C2

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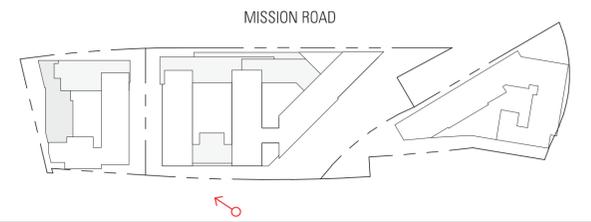
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SOUTH SAN FRANCISCO PUC DEVELOPMENT

SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

PERSPECTIVES - BUILDING C1

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AVANT GROUP, INC.

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MISSION ROAD



SOUTH SAN FRANCISCO PUC DEVELOPMENT

SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

PERSPECTIVES - BUILDING B

09/17/19

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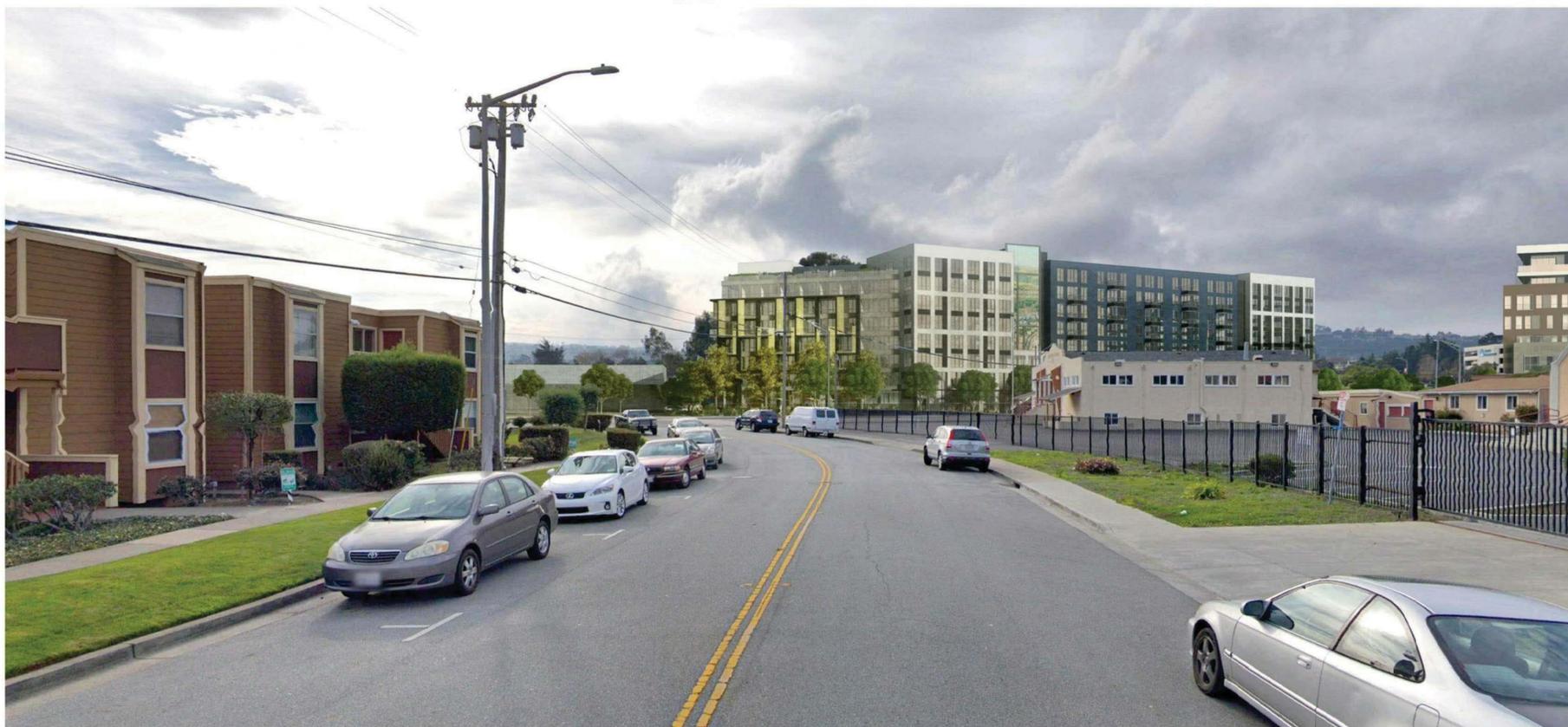
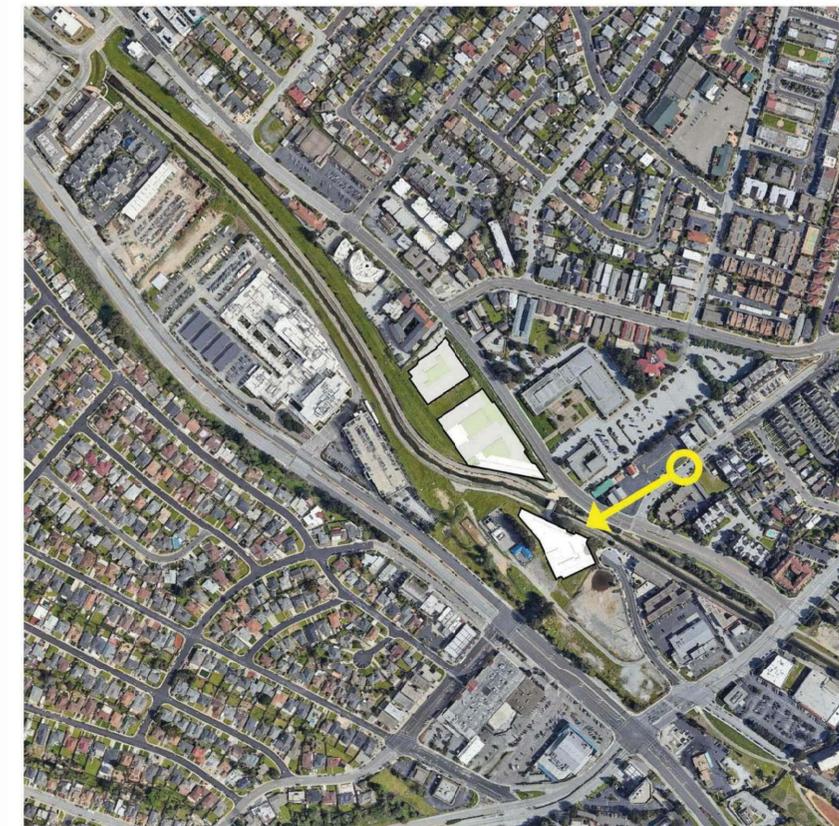
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AVANT GROUP, INC.

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EXISTING VIEW FROM OAK AVE



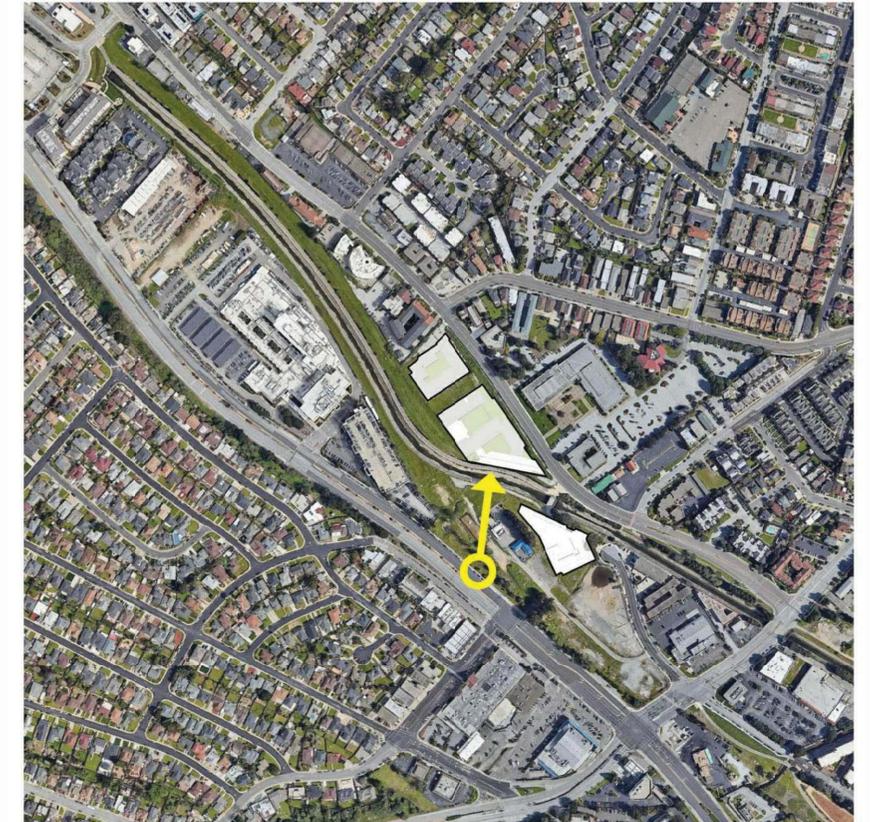
PROPOSED VIEW FROM OAK AVE

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EXISTING VIEW FROM EL CAMINO



PROPOSED VIEW FROM EL CAMINO



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WATTS, COHN and PARTNERS, INC.

COMMERCIAL REAL ESTATE APPRAISAL

**APPRAISAL OF:
PUC SITES B AND C
SOUTH SAN FRANCISCO, CALIFORNIA**

**PREPARED FOR:
CITY OF SOUTH SAN FRANCISCO
SOUTH SAN FRANCISCO, CALIFORNIA**

**DECEMBER 2019
19-WCP-114**

WATTS, COHN and PARTNERS, INC.

COMMERCIAL REAL ESTATE APPRAISAL

December 23, 2019

Mr. Mike Lappen
Economic Development Coordinator
City of South San Francisco
Community and Economic Development Department
400 Grand Avenue
South San Francisco, California 94080

Re: 19-WCP-114, Appraisal
PUC Sites B and C
1051 Mission Road and
Antionette Lane
South San Francisco, California

Dear Mr. Lappen:

At your request and authorization, Watts, Cohn and Partners, Inc. has made an appraisal of the above referenced property. The subject properties appraised are the “*PUC Site*” parcels located at the west end of Antionette Lane and at 1051 Mission Road in the City of South San Francisco. The first subject property is located along the west side of Mission Road and is identified as “*PUC Site C*”. It contains a total of 4.91 gross acres (213,703 square feet) of which 21,821 square feet are located within the Colma Creek. The useable site area is therefore 4.41 acres or 191,882 square feet.

The second subject parcel, “*PUC Site B*”, is located off of Antionette Lane, to the north of Chestnut Avenue. It contains 1.70 acres, or 73,985 square feet and is currently part of a larger parcel. The combined total gross site area of both subject parcels is 6.61 acres and the useable site area is approximately 6.10 acres, or 265,867 square feet. The subject sites are transit oriented, currently vacant and are bisected by Colma Creek. The sites are located within one-half mile south of the South San Francisco BART Station.

The subject properties are currently proposed to be developed with a high-density residential project with a smaller retail component. The proposed project will include three separate buildings upon completion. The project is proposed to have 800 residential units, including 158 units (BMR) which will be affordable to low-income households (20% of the total units) 642 market rate residential units, 12,992 square feet of commercial space and 8,307 square feet of daycare space.

Upon being subdivided, PUC Site C will contain “*Parcels 1 and 2*”. Parcel 1 is proposed to be built for affordable housing and the land will be given to BRIDGE housing for development of 158 BMR units. Parcel 2 is proposed to be developed with “*Building C*” which will have 408

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Mark Watts | mark@wattscohn.com | Sara Cohn, MAI | sara@wattscohn.com

market rate apartment units and the daycare facility. PUC Site B will also be subdivided from a larger parcel and will become “**Parcel 3**”. This site is proposed to be developed with “**Building B**” which will contain 234 residential units and commercial space. The improvements are proposed to be seven to eight stories in height. Parking is proposed in each building with a total 879 on-site parking spaces.

The subject properties are further identified by the San Mateo County Assessor’s office as PUC Site B/Parcel 3: APNs 093-312-050 (portion of) and PUC Site C/Parcels 1 & 2: 093-312-060.

The purpose of this appraisal is to estimate the as-is market value of the fee simple interest in each of the separate subject properties. It is our understanding that the intended use/user of the appraisal is for the exclusive use of the City of South San Francisco. The intended use (function) for which this appraisal was contracted is to establish the market value as part of the possible disposition of the property. ***This report should not be used or relied upon by any other parties for any reason.***

A more complete description of the subject property appraised, as well as the research and analyses leading to our opinion of value, is contained in the attached summary narrative report. Chapter I provides a basic summary of salient facts and conditions upon which this appraisal is based and reviews the value conclusion.

EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS

1. No title report has been provided for review. It is assumed that no adverse easements or encumbrances exist other than those discussed in this report, that would have a negative impact on title, site utility, or marketability.
2. Per the client’s instructions, the appraisal considers all known or estimated extraordinary costs related to the Oak Avenue extension, on-site and off-site public and private improvements required to be constructed by the Developer under terms of the reviewed preliminary Development Agreement and the Project plans. Extraordinary Costs are those not being typical of the land market and not incurred by the comparable land sales. It is assumed that the costs provided to the appraiser are accurate. If the actual costs are different from the costs provided the market value of the subject could change. The value of the entire
3. The subject properties are in the process of obtaining entitlements for an 800-unit mixed-use residential project, with 158 affordable units. The market value of the subject properties assumes the project as described in this appraisal is approved and is a legally allowable use.

VALUE CONCLUSIONS

Combined PUC Sites B and C

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the as-is market value

Watts, Cohn and Partners, Inc.

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of the fee simple interest in the combined two subject properties, under the proposed terms, as of October 11, 2019, is estimated to be:

FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS

(\$5,500,000)

Individual Market Values for PUC Site B and C

PUC Site B

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the as-is market value of the fee simple interest in the subject property identified as ***PUC Site B***, under the proposed terms, as of October 11, 2019, is estimated to be:

ONE MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS

(\$1,530,000)

PUC Site C

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the as-is market value of the fee simple interest in the subject property identified as ***PUC Site C***, under the proposed terms, as of October 11, 2019, is estimated to be:

THREE MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS

(\$3,970,000)

This letter must remain attached to the appraisal report, identified on the footer of each page as 19-WCP-114, plus related exhibits, in order for the value opinion set forth to be considered valid.

CERTIFICATION

We, the undersigned, hereby certify that, to the best of our knowledge and belief: the statements of fact contained in this report are true and correct; the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions; we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved; we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; our engagement in this assignment was not contingent upon developing or reporting predetermined results, our compensation is not contingent upon the reporting of a predetermined value or direction in value

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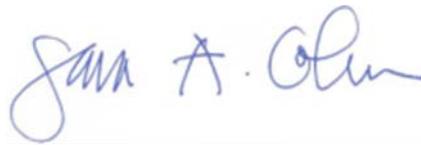
19-WCP-114

that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan; our analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice, Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, and is in compliance with FIRREA; we have made a personal inspection of the property that is the subject of this report; no one provided significant real property appraisal assistance to the persons signing this report. The use of this report is subject to the requirements of the Appraisal Institute related to review by its duly authorized representatives. In accordance with the Competency Rule in the USPAP, we certify that our education, experience and knowledge are sufficient to appraise the type of property being valued in this report. We have provided services regarding the property that is the subject of this report in the 36 months prior to accepting this assignment.

We are pleased to have had this opportunity to be of service. Please contact us if there are any questions regarding this appraisal.

Sincerely,

WATTS, COHN AND PARTNERS, INC.



Sara A. Cohn, MAI
Certified General Real Estate Appraiser
State of California No AG014469



Mark Watts
Certified General Real Estate Appraiser
State of California No. AG015362

Watts, Cohn and Partners, Inc.

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ADDENDA

**Qualifications of Appraisers
State of California License**

I. REPORT SUMMARY

A. Property Appraised

The subject properties appraised are the “*PUC Site*” parcels located at the west end of Antionette Lane and at 1051 Mission Road in the City of South San Francisco. The first subject property is located along the west side of Mission Road and is identified as “*PUC Site C*”. It contains a total of 4.91 gross acres (213,703 square feet) of which 21,821 square feet are located within the Colma Creek. The useable site area is therefore 4.41 acres or 191,882 square feet.

The second subject parcel, “*PUC Site B*”, is located off of Antionette Lane, to the north of Chestnut Avenue. It contains 1.70 acres, or 73,985 square feet and is currently part of a larger parcel. The combined total gross site area of both subject parcels is 6.61 acres and the useable site area is approximately 6.10 acres, or 265,867 square feet. The subject sites are transit oriented, currently vacant and are bisected by Colma Creek. The sites are located within one-half mile south of the South San Francisco BART Station.

The subject properties are currently proposed to be developed with a high density residential project with a smaller retail component. The proposed project will include include three separate buildings upon completion. The project is proposed to have 800 residential units, including 158 units (BMR) which will be affordable to low-income households (approximately 20% of the total units) 642 market rate residential units, 12,992 square feet of commercial space and 8,307 square feet of daycare space.

Upon being subdivided, PUC Site C will contain “*Parcels 1 and 2*”. Parcel 1 is proposed to be built for affordable housing and the land will be given to BRIDGE housing for development of 158 BMR units. Parcel 2 is proposed to be developed with “*Building C*” which will have 408 market rate apartment units and the daycare facility. PUC Site B will also be subdivided from a larger parcel and will become “*Parcel 3*”. This site is proposed to be developed with “*Building B*” which will contain 234 residential units and commercial space. The improvements are proposed to be seven to eight stories in height. Parking is proposed in each building with a total 879 on-site parking spaces.

The subject properties are further identified by the San Mateo County Assessor’s office as PUC Site B/Parcel 3: APNs 093-312-050 (portion of) and PUC Site C/Parcels 1 & 2: 093-312-060.

This appraisal addresses the fee simple interest in the subject property.

B. Subject Property Identifications**PUC Site B/Parcel 3**

APN:	093-312-050 (portion of)
Zoning:	ECR/C-MXH: El Camino Real/Chestnut Mixed-Use High Density
Zip Code:	94080
Flood Zone:	Flood Zone X
Earthquake:	No

PUC Site C/Parcels 1 and 2

APN:	093-312-060
Zoning:	ECR/C-RH: El Camino Real/Chestnut High Density Residential
Zip Code:	94080
Flood Zone:	(partially located within) Flood Zone A
Earthquake:	No

C. Client, Purpose, Intended Use and Intended User

The client for this appraisal is Mr. Mike Lappen, Economic Development Coordinator with the City of South San Francisco Community and Economic Development Department. The purpose of this appraisal is to estimate the as-is market value of the fee simple interest in each of the separate subject properties. It is our understanding that the intended use/user of the appraisal is for the exclusive use of the City of South San Francisco. The intended use (function) for which this appraisal was contracted is to establish the market value as part of the possible disposition of the property. *This report should not be used or relied upon by any other parties for any reason.*

D. Reporting Format

This Appraisal Report is presented in a narrative format. This report is intended to be an Appraisal Report prepared in conformance with USPAP Standard 2-2(a).

E. Scope of Work

The scope of work for this appraisal assignment report is to utilize the appropriate approaches to value in accordance with Uniform Standards of Professional Appraisal Practice (USPAP) to arrive at a market value conclusion. Specific steps include the inspection of the subject properties and the research, analysis and verification of comparable data to arrive at a value indication as put forth in this report. The Sales Comparison Approach is considered to be the best indicator for

the subject property. The Income and Cost Approaches are not considered relevant and are not included.

F. Date of Appraisal and Date of Report

The effective date of valuation is October 11, 2019.

The date of this report is December 23, 2019.

G. Definition of Terms

1. Market Value (OCC 12 CFR 34.42 (g)) (OTS 12 CFR, Part 564.2 (g))

“Market value” means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and
- e. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

2. Fee Simple Interest (The Appraisal of Real Estate, 13th Edition, 2008)

A fee simple interest in valuations terms is defined as “...absolute ownership unencumbered by other interest or estate, subject only to the limitations imposed by governmental powers of taxation, eminent domain, police power, and escheat.”

H. Market Value Conclusions

Combined PUC Sites B and C

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the as-is market value of the fee simple interest in the combined two subject properties, under the proposed terms, as of October 11, 2019, is estimated to be:

FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS

(\$5,500,000)

Individual Market Values for PUC Site B and C

PUC Site B

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the as-is market value of the fee simple interest in the subject property identified as *PUC Site B*, under the proposed terms, as of October 11, 2019, is estimated to be:

ONE MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS

(\$1,530,000)

PUC Site C

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the as-is market value of the fee simple interest in the subject property identified as *PUC Site C*, under the proposed terms, as of October 11, 2019, is estimated to be:

THREE MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS

(\$3,970,000)

It is our opinion that the above value could be achieved within a 12-month exposure period.

I. Assumptions and Limiting Conditions

Extraordinary Assumptions and Hypothetical Conditions

1. No title report has been provided for review. It is assumed that no adverse easements or encumbrances exist other than those discussed in this report, that would have a negative impact on title, site utility, or marketability.
2. Per the client's instructions, the appraisal considers all known or estimated extraordinary costs related to the Oak Avenue extension, on-site and off-site public and private improvements required to be constructed by the Developer under terms of the reviewed Development Agreement and the Project plans. Extraordinary Costs are those not being typical of the land market and not incurred by the comparable land sales. It is assumed that the costs provided to the appraiser are accurate. If the actual costs are different from the costs provided the market value of the subject could change.
3. The subject properties are in the process of obtaining entitlements for an 800-unit mixed-use residential project, with 158 affordable units. The market value of the subject properties assumes the project as described in this appraisal is approved and is a legally allowable use.
4. The use of any hypothetical conditions or extraordinary assumptions in this report might have affected the assignment results.

General Limiting Conditions

5. It is the client's responsibility to read this report and to inform the appraiser of any errors or omissions of which he/she is aware prior to utilizing this report or making it available to any third party.
6. No responsibility is assumed for legal matters. It is assumed that title of the property is marketable and it is free and clear of liens, encumbrances and special assessments other than as stated in this report.
7. Plot plans and maps are included to assist the reader in visualizing the property. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraisers is assumed by the appraisers.
8. All information has been checked where possible and is believed to be correct, but is not guaranteed as such.
9. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The

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appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors. It is assumed that no additional soil contamination exists, other than as outlined herein, as a result of chemical drainage or leakage in connection with any production operations on or near the property.

10. In this assignment, the existence (if any) of potentially hazardous materials used in the construction or maintenance of the improvements or disposed of on the site has not been considered. These materials may include (but are not limited to) the existence of formaldehyde foam insulation, asbestos insulation, or toxic wastes. The appraiser is not qualified to detect such substances. The client is advised to retain an expert in this field.
11. Any projections of income and expenses in this report are not predictions of the future. Rather, they are an estimate of current market thinking of what future income and expenses will be. No warranty or representation is made that these projections will materialize.
12. The appraisers are not required to give testimony or appear in court in connection with this appraisal unless arrangements have been previously made.
13. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event only with the proper written qualification, only in its entirety, and only for the contracted intended use as stated herein.
14. Neither all nor part of the contents of this report shall be conveyed to the public through advertising, public relations, news sales, or other media without the written consent and approval of the appraiser, particularly as to the valuation conclusions, the identity of the appraiser, or any reference to the Appraisal Institute or the MAI designation.
15. Information regarding any earthquake and flood hazard zones for the subject property was provided by outside sources. Accurately reading flood hazard and earthquake maps, as well as tracking constant changes in the zone designations, is a specialized skill and outside the scope of the services provided in this appraisal assignment. No responsibility is assumed by the appraiser in the misinterpretation of these maps. It is strongly recommended that any lending institution re-verify earthquake and flood hazard locations for any property for which they are providing a mortgage loan.

II. AREA AND NEIGHBORHOOD DESCRIPTION

A. San Mateo County

San Mateo County is one of the nine counties comprising the San Francisco Bay Area. It totals approximately 450 square miles of land extending from the Pacific Ocean on the west to San Francisco Bay on the east, and benefits from its proximity to both San Francisco and the Silicon Valley. The county is geographically divided into eastern and western portions by the Santa Cruz foothills, with most development traditionally having taken place along the more accessible eastern portion, facing the San Francisco Bay.

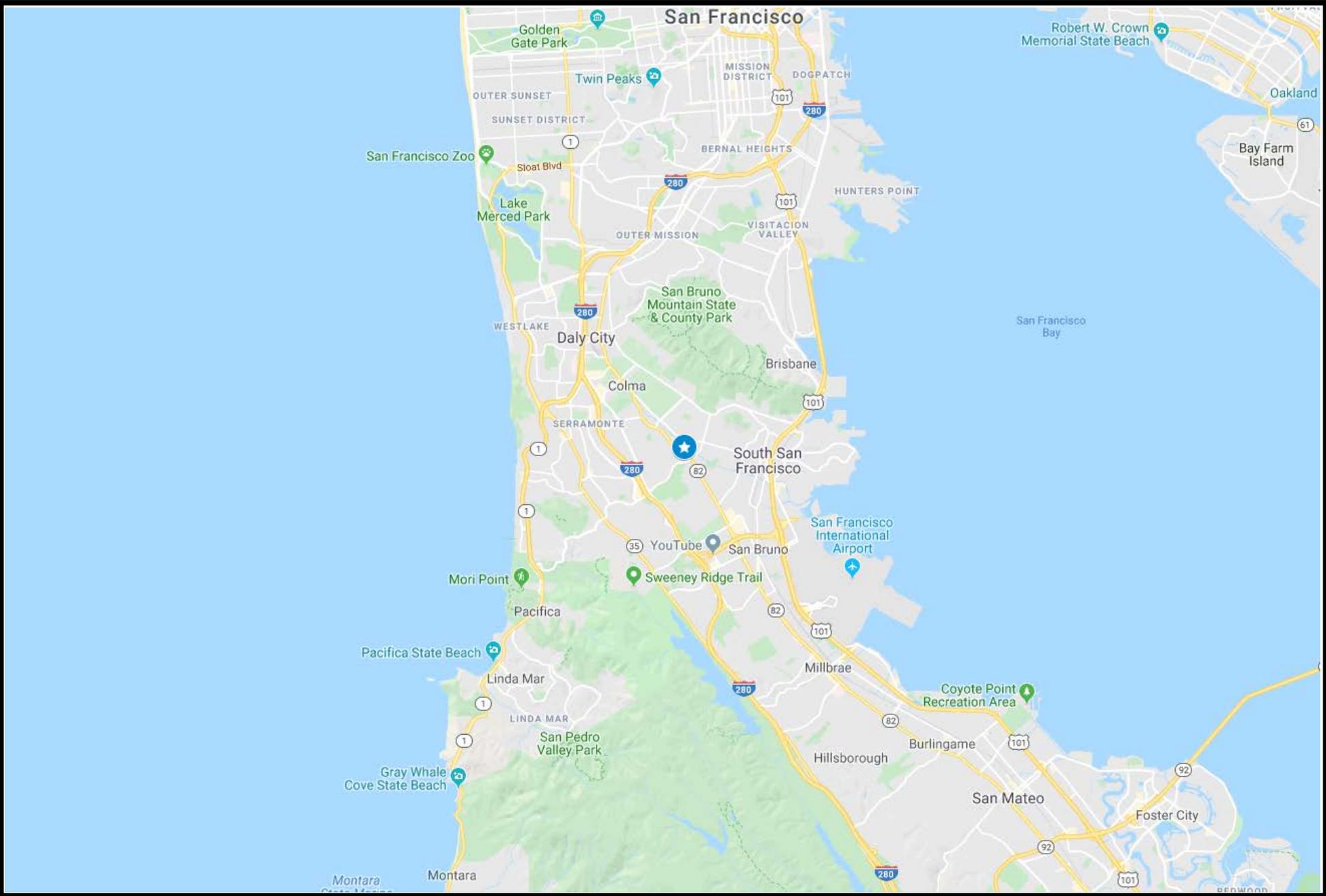
The county is characterized by a ribbon of manufacturing, engineering and technical products firms closest to the bay, with business and residential areas stretching westward into the foothills. Land available for development is in short supply. Consequently, population expansion has slowed. As of January 1, 2019 (most recent information available), the California State Department of Finance (DOF) estimated the county's population at 774,485, a 0.3 percent increase from the prior year. The Association of Bay Area Governments (ABAG) 2013 projections estimate that San Mateo County's population will rise to 805,600 by 2025.

In terms of employment, San Mateo County has a diversified economy. Its unemployment has historically been below state and national levels. The California Economic Development Department (EDD) reports that as of August 2019 (most recent data available), San Mateo County had an unemployment rate of 2.1 percent, compared to 2.3 percent one year prior.

County residents' household earnings, average education levels, and spending power are all above average for the region. Both rents and home sale prices are high in San Mateo County, and there is a generally recognized dearth of affordable housing for area residents. Consequently, many workers commute from other counties and cities, adding to traffic congestion throughout the area.

Transportation systems serving the county are well established and heavily used by area residents and workers. Two primary freeways running north/south through the area are the Bayshore Freeway (Highway 101) and Interstate 280 (I-280). Highway 92 and I-380 connect these arteries in the central and north/central portions of the county. El Camino Real is the main, commercially developed surface street on the San Francisco Peninsula. Caltrain passenger trains and limited rail freight serve the area, and SamTrans bus service is also available. The San Francisco International Airport is the region's main airport.

REGIONAL MAP



B. City of South San Francisco

The city of South San Francisco is located in the northern portion of San Mateo County, approximately three miles south of the city and county of San Francisco. The city is generally bordered by Daly City and Pacifica to the west, San Bruno and the San Francisco International Airport to the south, and the San Francisco Bay to the east. Its northern boundary is formed by the cities of Brisbane and Colma, and the San Bruno Mountain County Park. South San Francisco is the county's fourth largest city. Based on Department of Finance estimates, as of January 2019, the city has a population of 67,078, which is a 0 percent increase from the previous year. The CA EDD reports that as of August 2019, the unemployment rate was 2.4 percent, which is a slight decrease from one year prior.

South San Francisco's proximity to city and county of San Francisco and the San Francisco International Airport have been the principal factors in its development. While the majority of the city's development took place over the past three decades, much of the city predates World War II. South San Francisco is in a stage of mature development with little vacant land available. Most new development is occurring in the form of reuse projects in older districts, and in the form of hillside construction for new residential areas.

Land uses in the city can be characterized as industrial development in the south and eastern portions of the city, and residential neighborhoods to the north and west. While the city lacks a well-defined core downtown area, downtown South San Francisco is generally defined as a strip of older retail stores and offices located along Grand Avenue, west of Highway 101.

South San Francisco is served by three major routes, Highway 101 on the east, El Camino Real (State Highway 82) through the central portion of the city, and Interstate 280 on the west. In addition, Interstate Highway 380 is located just outside the southern boundary of South San Francisco and links these three routes. The city also has a network of major surface streets, rail lines, numerous truck carriers, and public and private bus services.

C. El Camino Real/Chestnut Avenue Area Plan

The subject is located within the El Camino Real/Chestnut Avenue Area Plan. This plan was adopted by the City of South San Francisco in July 2011 and encompasses approximately 98 acres along El Camino Real, from Southwood Drive to just north of Sequoia Avenue. The Plan was created to guide future development on the PUC Site and adjacent parcels. The majority of the area is situated between El Camino Real and Mission Road. The right-of-way for the underground Bay Area Rapid Transit (BART) line runs through the length of the planning area. The area includes approximately 58 acres of developable land, excluding streets, BART, creeks, and other rights-of-way.

This area is planned for use as a new, mixed-use, walkable neighborhood with new streets and pedestrian connections. In addition, there are plans for a new Community Civic Campus at Chestnut and Antionette Lane, to the south of the subject, which will include new municipal facilities such as a library, a community center, fire station and police station.

According to the plan “The BART right-of-way that extends through the length of the Planning Area will be transformed into a linear park and a pedestrian-oriented “Main Street”, lined with restaurants, cafés, and outdoor seating in a portion of the right-of-way. Development will be at high densities, reflecting adjacent transit access.” Also proposed is the extension of Oak Avenue, which will connect Mission Road to Antionette Lane and ultimately to El Camino Real. This roadway and bridge are proposed to improve east-west connectivity in the area. Additionally, Centennial Way, a bike and pedestrian path along Colma Creek, is planned for expansion along a portion of the BART right-of-way, north of Oak Avenue. Centennial Way is proposed to form the primary spine of pedestrian and bicycle circulation through the Planning Area between South San Francisco BART Station to the north and Orange Memorial Park to the south.

D. Neighborhood and Immediate Environs

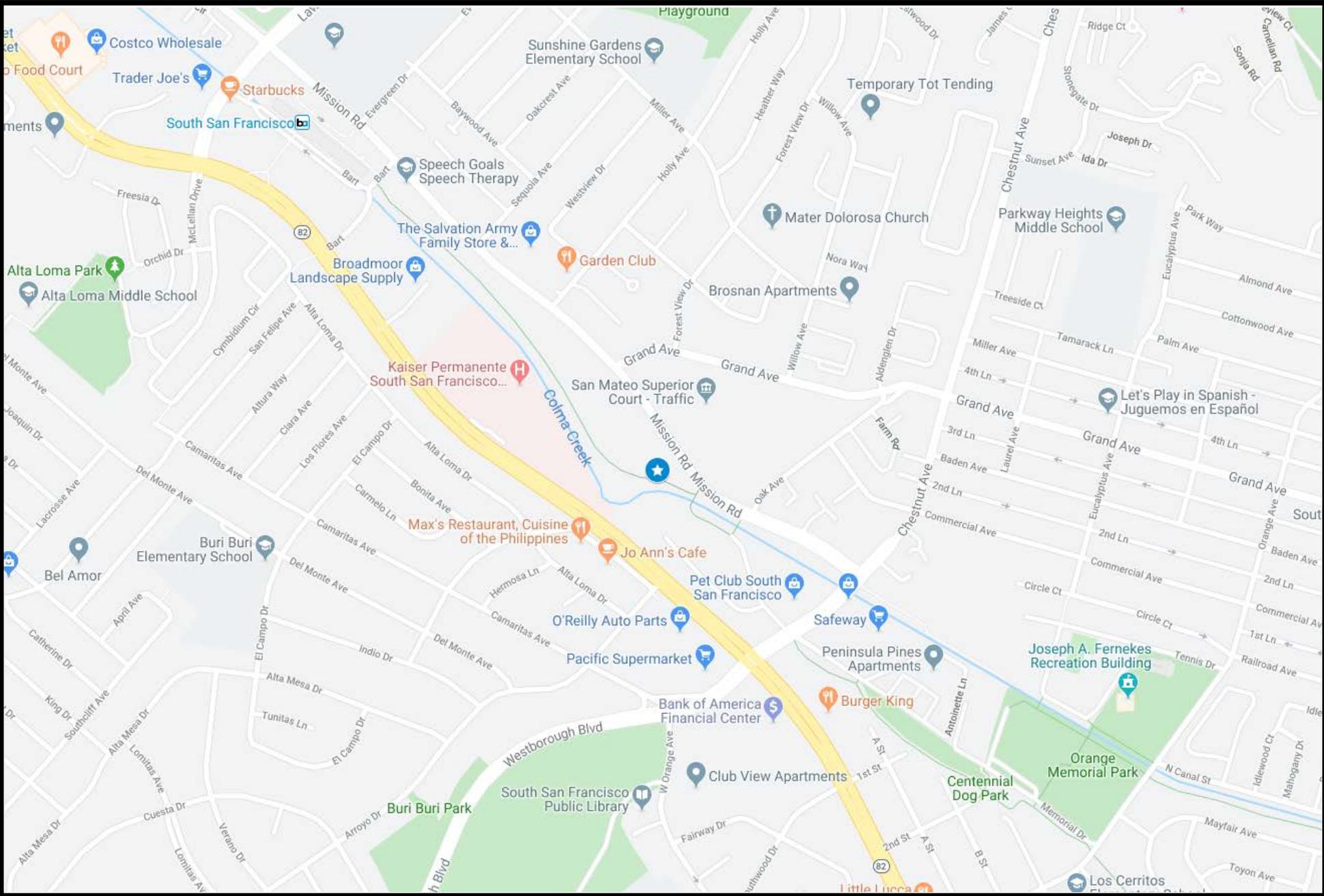
The subject property consists of two parcels and is located between El Camino Real and Mission Road in central portion of the City of South San Francisco. The subject is generally known as the “*PUC Site*” and consists of two properties (*PUC Site B* and *PUC Site C*) which are bisected by Colma Creek. The subject *PUC Site B* is located on Antionette Lane just north of Chestnut Avenue and east of El Camino Real. The subject *PUC Site C* has frontage on the west side of Mission Road between Oak and Grand Avenues. The subject general neighborhood is bounded by Chestnut Avenue to the south, Lawndale Boulevard to the north, Hillside Boulevard to the east and El Camino Real to the west.

The general area is mixed in nature, including commercial, limited service hotels, office, as well as residential, public and school uses. The subject area is generally comprised of a variety of commercial uses along El Camino Real, while the larger neighborhood includes a variety of single-family and multi-family residential uses.

To the northwest of the subject is the Kaiser Permanente South San Francisco campus, a feature of the neighborhood since 1966. The hospital and campus have been upgraded and expanded over the past decade and the parking garage was added at a later date. The Kaiser campus is situated on El Camino Real to the north of Arroyo Drive.

To the east of the subject *PUC Site C*, across Mission Road along Oak Avenue, is the Northern Branch of the Superior Court of California, San Mateo County Superior Traffic Court, and the San Mateo County Probation Department. This block also includes several institutional uses, such as a Santo Christo Society Hall

NEIGHBORHOOD MAP



and a Kingdom of Jehovah's Witnesses Hall. The other improvements to the east are comprised of mostly multi and single-family residential developments. This neighborhood is known as Sunshine Gardens, and is comprised of several townhome, single family, and multifamily developments that date from the 1940s through to the late 1980s. The original subdivision, Sunshine Gardens, consisted of 800, detached, two- and three-bedroom ranch style homes. Construction continued in the neighborhood into the early 2000s, with subdivisions such as the Hillside and Chestnut Estates. The majority of housing in the neighborhood is single-family; however, there are pockets of multi-family residential and townhome style homes.

Further north of Sunshine Gardens, at the intersection of McLellan Drive/Lawndale Boulevard, is the South San Francisco BART Station. Located on the border between Colma and South San Francisco is one of the region's three main public high schools, El Camino High School. Supporting retail uses in the area include the South San Francisco Costco, and Trader Joe's situated on El Camino Real.

To the southeast of the subject **PUC Site B**, on Antoinette Lane are two multi-family buildings. Plans for a new Community Civic Campus are proposed on the vacant parcels adjacent to the south of the subject on Antionette Lane. The Campus is envisioned to contain a Police Operations Center, a 911 Dispatch Center, a Fire Station, and a Library/Parks & Recreation Community Center. The project is projected to be completed by 2021 at a cost of \$150 million. It is proposed to be funded from proceeds of Measure W.

Retail and commercial uses in the subject neighborhood are mostly centered along El Camino Real, in proximately of Chestnut Avenue. On the northern side of El Camino, at Westborough Boulevard is a small shopping center consisting of Pacific Supermarket, O'Reilly Auto Parts and other small shops. At the northeast corner of Chestnut Avenue and Antoinette Lane is a commercial structure that is occupied by Pet Club and a pet hospital to the east. To the south, across Chestnut Avenue is a shopping center that is anchored by Safeway.

At the southeast corner of Chestnut and El Camino is an entitled development site at 988 El Camino Real. This site is proposed for a 6-story mixed-use building. It will be comprised of approximately 172 units, and 10,500 square feet of ground floor retail. The building will also have two subterranean levels of parking. The developer is Summerhill Apartment Communities, and the project is currently under construction.

El Camino Real in the vicinity of the subject is a two-way, four-lane divided thoroughfare with turning lane and signal. Chestnut Avenue is a two-lane, two-way street that extends from Hillside Boulevard to El Camino Real and then becomes Westborough Boulevard west of El Camino Real. Mission Road runs in north/south direction from Chestnut Avenue to the El Camino Real in Colma.

Freeway access is average for the area. Access to Interstate 280 is approximately 1.5 miles west of the subject, the closest freeway access is at Westborough Boulevard. There is also access to Highway 380, approximately two miles to the south, which connects to Interstate 280 and Highway 101 to the south of the subject. San Francisco International Airport is east of the subject, but the closest access is via Interstate 380 to Highway 101. The South San Francisco BART station is located approximately half a mile north of the subject.

The subject's Walkscore (www.walkscore.com) is 67, Somewhat Walkable, and most errands can be accomplished on foot. The Bike Score is 62, or Bikeable. Walk Score uses a proprietary algorithm to measure the proximity of a property to basic services.

Overall, the subject property is located within a mixed commercial and residential area of South San Francisco. The site has good transportation access and is close to supporting services such as grocery stores, commercial shops, hospital and schools. The outlook for the area and neighborhood is positive in the long term.

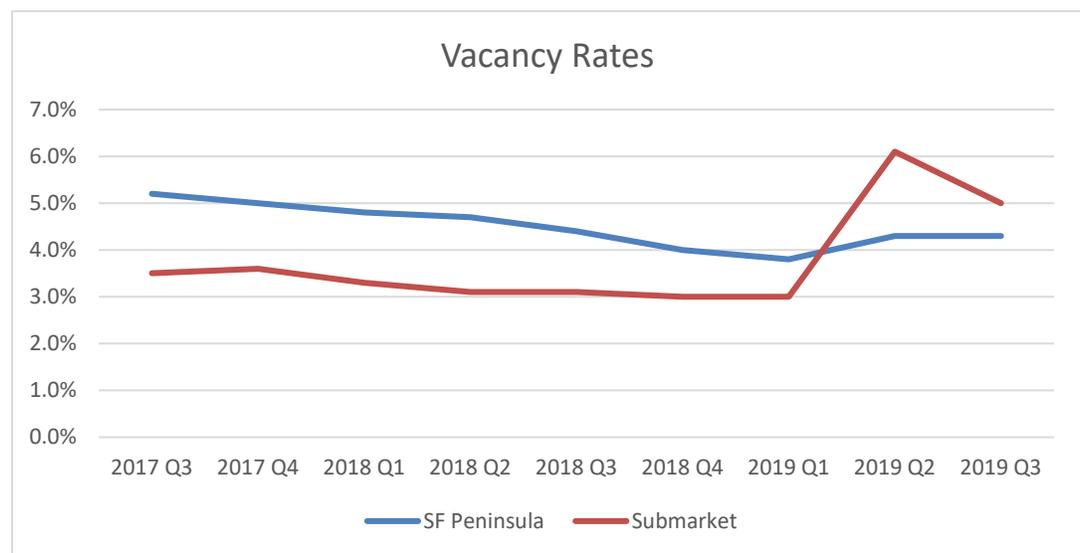
III. MARKET OVERVIEW

A. Apartment Market

According to CoStar’s South San Francisco/San Bruno/Millbrae Multifamily Submarket report: “Limited construction in this zoning challenged submarket allowed the vacancy rate to compress for much of the current economic expansion. The recent delivery of the 260-unit Cadence apartments in June 2019, and the 83-unit Aperture apartments in May 2019 changed this trend, with the submarket vacancy rate increasing temporarily prior to lease up. Demand in this submarket has been bolstered by the presence of major employers like YouTube and Genentech. Rent growth in South San Francisco has outpaced the metro average this cycle, reducing the submarket’s discount from the metro average asking rent. Over the long term, South San Francisco’s numerous ongoing biotech developments – one of the most notable being The Cove at Oyster Point, a multitenant spec development totaling nearly 900,000 SF – will attract additional life sciences tenants, who will in turn bring with them a new cohort of highly educated, well compensated prospective residents. This future positive outlook on the submarket has translated into the sales market. Where pricing has risen above the metro average.”

Vacancy Rates

The following table shows vacancy rates for the Bay Area and San Mateo County as reported by CoStar’s South San Francisco/San Bruno/Millbrae Multi-Family Submarket.



As shown on the table, the delivery of new construction in South San Francisco has currently spiked vacancy rates to approximately 5 percent. However historically,

South San Francisco has a history of relatively tight vacancy due to supply constraints according to CoStar.

Rental Rates

The following table shows asking rental rates as reported by CoStar’s for the South San Francisco/San Bruno/Millbrae Multi-Family Submarket.

Asking Rents			
Type	Oct 2018	Oct 2019	% Change
All Units	\$2,941	\$3,166	7.65%
Studio	\$1,871	\$1,932	3.26%
1-Bed	\$2,607	\$2,761	5.91%
2-Bed	\$3,124	\$3,278	4.93%
3-Bed	\$4,530	\$5,543	22.36%

While “South San Francisco rents lie below the metro average...strong rent growth this economic cycle, and the addition of new higher quality inventory has decreased the spread between the submarket average and the metro average in recent years.”

Construction

CoStar is currently tracking 7,518 units in the subject submarket, across 531 existing buildings. Approximately are 254 units under construction, a 50 percent decrease from a year prior. However, that is mostly due to the delivery of approximately 343 units in the past twelve months. This reflects the “recently delivered 260-unit Cadence, which is located a little over a quarter of a mile from the South San Francisco Caltrain station, and includes a rooftop lounge, fitness center and club rooms. The Cadence is the largest project the submarket has seen since the completion of Avalon San Bruno. This was developer Sares-Regis' second completion in 2019Q2, after delivering the 83-unit Aperture Apartments in San Bruno in May 2019,” according to CoStar.

Proposed Multifamily Development in South San Francisco

An October 25, 2019 article by the San Francisco Business Times indicated that the following projects are in the city of South San Francisco development pipeline. These include:

- 988 El Camino Real: the 172-unit apartment project is approved and under construction. The developer is Summerhill Apartment Communities.
- 150 Airport Boulevard: 157 units approved and under construction. The developer is Fairfield Development
- 200 Linden Avenue: 97 units approved and under construction. The developer is Hisense.

- Cadence Phase 2/405 Cypress Avenue: 195 units approved. The developer is Sares Regis Group of Northern California
- 200 Airport Boulevard: 94 units approved. The developer is Fairfield Residential Development.

This is equal to a total of 715 units that are under construction or approved for development. Of this total 426 units are currently under construction and will likely take several years to complete.

Other proposed projects (excluding the subject) that are pending approval in South San Francisco include:

- 124 Airport Boulevard and 100 Produce Avenue: 480-unit apartment project by Hanover Company
- 7 South Linden Avenue: 445-unit apartment project by Essex Property Trust
- 410 Noor Avenue: 342-unit project by Syufy Properties LLC
- 40 Airport Boulevard: 283 units by Bella Vista Development

As noted in the San Francisco Business Times article San Mateo County added 83,000 new jobs from 2010 to 2017, but only added 7,100 new housing units, which is a 12 to 1 ratio. This high ratio indicates that San Mateo County has created more jobs than housing and that there is greater demand than supply. The article noted that housing experts indicated a 2 to 1 ratio is needed to keep housing costs in check. The reported median San Mateo County apartment rent per month in September 2019 was \$4,100 per month up from \$3,200 in September 2010.

Investment Market

In the CoStar South San Francisco/San Bruno/Millbrae submarket, approximately 30 properties have sold in the past year, at a sales volume of approximately \$21.1 million. This is a decrease of approximately 9 percent from one year ago, however the market sale price per unit increased by 14 percent to approximately \$672,000 per unit. The market cap rate was reported at 3.6 percent, which is in line with the greater San Francisco Bay Area cap of 3.6 percent as well. CoStar reports that “South San Francisco/San Bruno/Millbrae typically ranks toward the bottom of the metro in sales activity, which is due in large part of the older age of most of the submarket inventory. With over 65 percent of the submarket inventory consisting of 1 & 2 Star assets, the majority of transactions that take place are smaller size deals, averaging around \$3 million.”

B. Exposure Period Conclusion

The exposure period is defined as “the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.” Thus

it is assumed to have occurred prior to the appraisal date. In contrast the marketing period is the estimated time that it would take to consummate the sale after the appraisal date.

To allow for adequate marketing and negotiating time and the closing of escrow, an exposure period for the subject is estimated at 12 months.

IV. PROPERTY DATA AND ANALYSIS

A. Site Description

The subject properties is comprised to two legal parcels and are identified as the “*PUC Site*”. The parcels are located at the west end of Antionette Lane and at 1051 Mission Road in the City of South San Francisco. The first subject property is located along the west side of Mission Road and is identified as “*PUC Site C*”. It contains a total of 4.91 gross acres (213,703 square feet) of which 21,821 square feet are undevelopable and located within the Colma Creek. The useable site area is therefore 4.41 acres or 191,882 square feet. The subject is legally identified by the San Mateo County Assessor as APN: 093-312-060.

The second subject parcel, “*PUC Site B*”, is located off of Antionette Lane, to the north of Chestnut Avenue. It contains 1.70 acres, or 73,985 square feet and is currently part of a larger parcel. The irregularly shaped parcel is bounded by the BART easement and the Colma Creek to the north. The subject is legally identified by the San Mateo County Assessor as a portion of 093-312-050.

PUC Site C is bordered by Mission Road to the east, and partially bordered by Colma Creek and the Centennial Way Trail to the west. It terminates roughly at Grand Avenue in the north, and the pedestrian bridge to the south. The site is bounded by the BART easement and Colma Creek.

The combined total gross site area of both subject parcels is 6.61 acres and the useable site area is approximately 6.10 acres, or 265,867 square feet. The subject sites are currently vacant and are bisected by Colma Creek.

According to a Vesting Tentative Map dated September 17, 2019, prepared by Sandis (Civil Engineers, Surveyors and Planners) the subject will be subdivided into three parcels. The adjacent Parcel 4 delineates a 0.38 acre private street with public access and utility easement. In the proposed Phase 2 of the Oak Avenue extension Parcel 4 will be transferred to a public right-of-way as Oak Avenue is extended to El Camino Real.

Upon being subdivided *PUC Site C* will contain “*Parcels 1 and 2*”. Parcel 1 will be the northernmost site and will contain 1.48 acres. It is proposed to be built with affordable housing and the land will be given to BRIDGE housing for development of 158 BMR units. *Building C2* is proposed to be situated on this parcel. Parcel 2 will contain 2.93 developable acres (excluding the 21,821 square feet of creek area) and is proposed to be developed with “*Building C1*” which will have 408 market rate apartment units and a daycare facility. This will be an irregular shaped parcel adjacent to Colma Creek.

PUC Site B will be subdivided from a larger parcel and will become “*Parcel 3*”. This site is proposed to be developed with “*Building B*” which will contain 234

residential units and commercial space. The irregular shaped site will be 1.70 acres in size.

The topography of the subject sites slope slightly to the east. The precise nature and condition of subsurface soils is not known; however, judging from the condition and appearance of the subject improvements and adjacent properties, it is assumed that soil conditions are satisfactory for the construction of conventional building improvements.

All streets adjacent to the subject PUC Site B are fully paved and contain sidewalks, curbs, gutters and street lighting. All streets adjacent to the subject PUC Site C are fully paved and contain curbs, gutters and street lighting. The property will be serviced with typical urban utilities, including public water and sewer systems. Local companies will supply electricity, gas, and telephone service.

B. Environmental Observations

A Draft Environmental Site Assessment prepared by CSS Environmental Services, Inc. (CSS) dated August 26, 2016 was provided to the appraisers by the client. CSS conducted a Phase I environmental site assessment (ESA) for the property located identified as Parcel 2 – which is a portion of the subject. No recognized environmental conditions were found or identified as a result of the environmental records review on the subject site.

The appraisers are not experts in environmental surveys or remediation. Please refer the extraordinary limiting condition in the preface of this report, which assumes that the site is clean.

C. Ownership and Sales History

According to public records the subject property is currently vested in the Successor Agency/ City of South San Francisco, a public entity. The subject property was purchased in January 2008 by the City of South San Francisco and was transferred to the Successor Agency of the City of South San Francisco Redevelopment Agency in September 2013.

The City has been under an Exclusive Negotiating Rights Agreement (ENRA) with L37-Kasa Partners for the purchase of the subject property as of July 11, 2018. The selection of the developer/purchaser was made through a RFQ (Request for Qualifications) in 2017 and a competitive bidding process. The developer selection was made with public and city input. The subject is currently in negotiations under the ENRA and negotiations have not been finalized. As of the date of this appraisal the client reports there is no agreed upon purchase price.

Based on our research, there have been no other transfers of the subject property within the past three years.

D. Easements and Encumbrances

No preliminary title report was available for review. This appraisal assumes that no other easements or exceptions to title exist that would adversely affect utility or marketability of title of the subject parcels.

E. Flood Zone and Seismic Information

The City of South San Francisco is a participant in the National Flood Insurance Program administered by the Federal Emergency Management Agency (FEMA). FEMA relies on flood insurance rate maps (FIRMs) to determine flood risk. According to the flood insurance map Panel Number 06081C0041E, effective October 16, 2012 the subject PUC Site C is in Flood Zones A. PUC Site B is located in Flood Zone X.

According to the subject developer they are currently in the process of seeking a Flood map revision for subject PUC Site C to remove it from Flood Zone A. The site reportedly has a higher elevation than previously noted and they are in the process of having it formally removed.

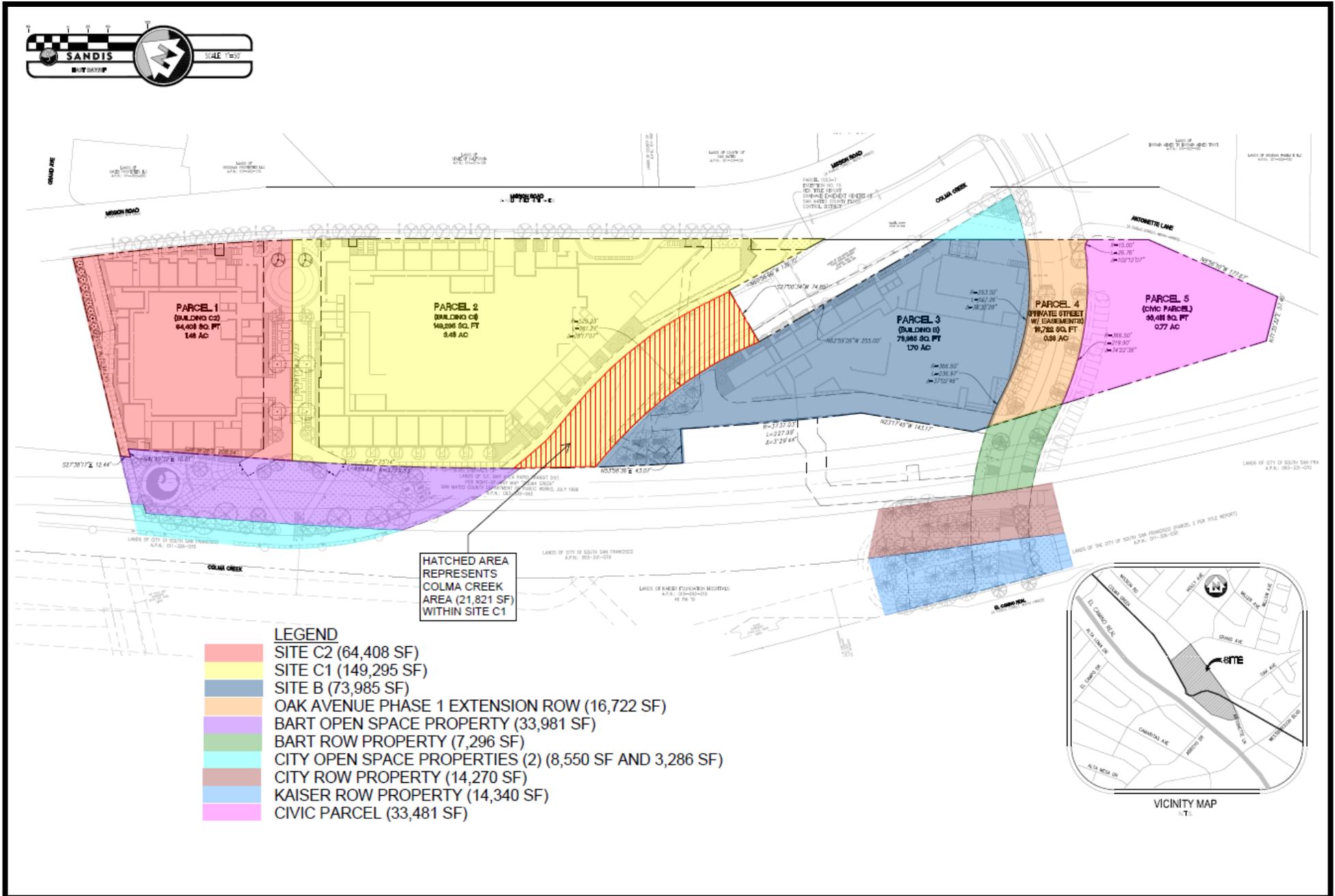
An Existing Conditions Plan prepared by Sandis dated September 17, 2019 indicates that several drainage easements for Colma Creek, which bisects the subject, are already in existence in order to mitigate any potential flooding. Additionally, the site will include a Stormwater Management Plan, with strategic street cross sections designed to accommodate the 100 Year Storm Event via Overland Flow. According to the Stormwater Management Plan: “the project shall design the private onsite storm drain system for the 10-year peak storm drain event that will be conveyed in pipes below grade. Any storm events that exceed this design event will discharge offsite via overland flow to public streets. The project will limit the 10-year peak discharge from the site to the 10-year pre-development rate.”

According to governmental geological evaluations, the entire San Francisco Bay Area is located in a seismic zone. No active faults, however, are known to exist on the subject property. Inasmuch as similar seismic conditions generally affect competitive properties, no adverse impact on the subject property is considered. The subject is not located in an Alquist Priolo earthquake zone.

F. Assessed Valuation and Real Estate Taxes

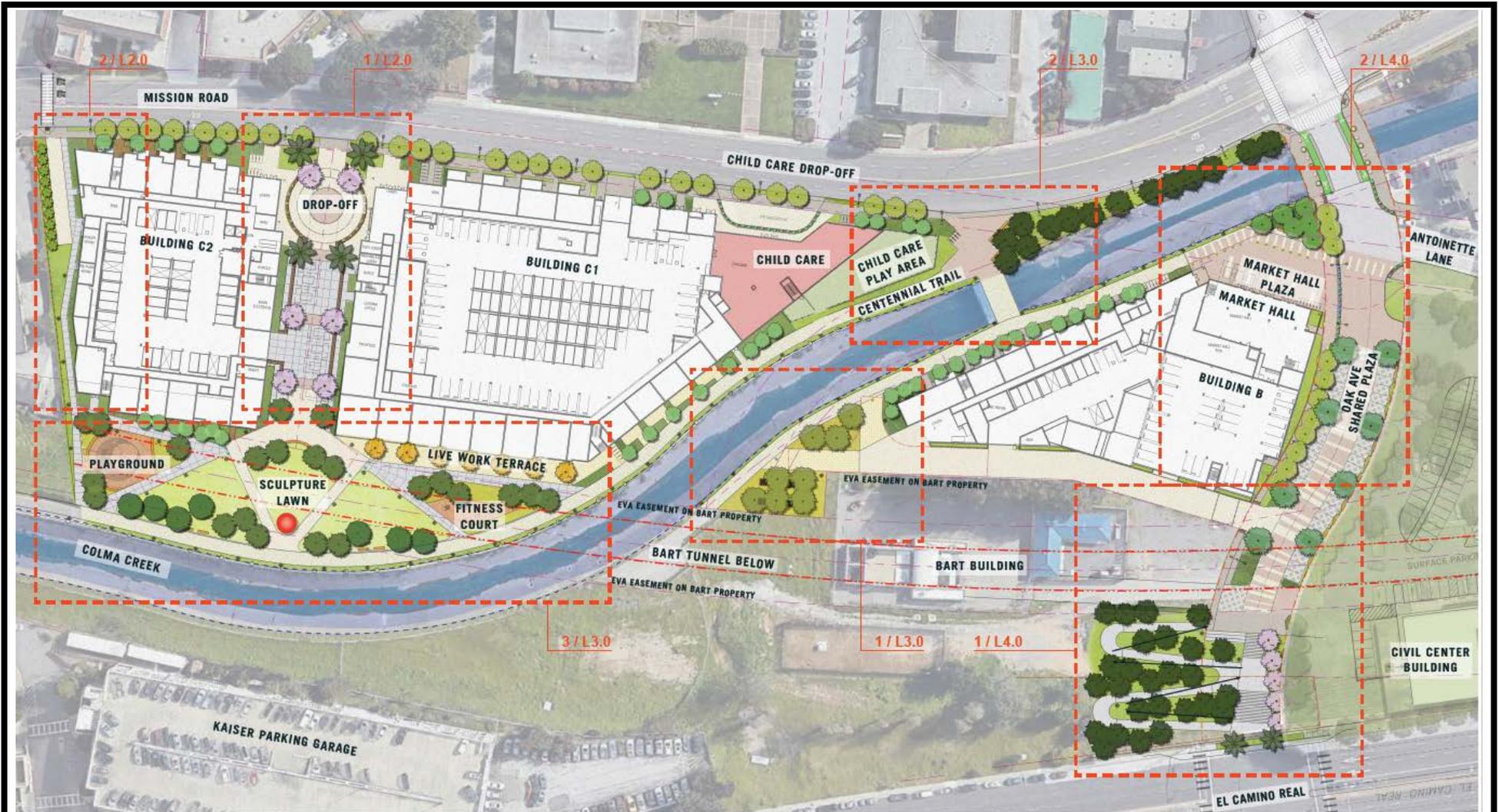
The subject property is owned by a public entity and is exempt from property taxes. Special assessments include charges for SMC Mosquito Abate Benefit Assessment. The special assessments total \$37.36 for both parcels.

PROPOSED PARCEL PLAN



*drawing not to scale

SITE PLAN



SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

OVERALL ILLUSTRATIVE SITE PLAN

09/17/19

17057



L1.0

Under California law, property assessments can increase a maximum of two percent per year. Reassessment is permitted upon change of ownership, or upon improvement of the property, and is typically based on the estimated market value.

G. General Plan, Zoning and Use

Long Range Property Management Plan

The subject property is restricted by the Long Range Property Management Plan (LRPMP) of the Successor Agency of the former Redevelopment Agency of the City of South San Francisco. Within this plan, the subject **PUC Sites B and C** are identified for Transit Oriented Development as they are located in closed proximity to the BART Station. The Agency owns seven parcels in this project area. The parcels are grouped into the following three assemblages: five former Public Utilities Commission (PUC) parcels; 1 Chestnut Avenue, which was purchased to augment the development of the PUC properties; and 80 Chestnut, which was purchased to expand Orange Memorial Park.

Following the purchase of the former PUC parcels, the City of South San Francisco prepared an area wide plan for El Camino Real, between Chestnut Avenue and the South San Francisco BART Station. According to the LRPMP, “The central aim of the plan is to develop the area into a vibrant high-density mixed-use neighborhood allowing for improved auto access as well as attractive and accessible bicycle, pedestrian and open space connections. Located in the geographic heart of South San Francisco, the former PUC properties were acquired by the Agency in order to redevelop them into new mixed-use, transit-oriented developments that would create a vibrant Transit Village district within South San Francisco.”

The development plan outlined in the Long Range Property Management Plan assumes redevelopment of all Successor Agency owned parcels in a manner consistent with a master developer approach. The goal of the redevelopment is to maximize the combined potential of all the parcels. The redevelopment plan indicates a development consisting of multi-family residential units with ground floor retail that is consistent with the El Camino Real/Chestnut Avenue Area Plan.

El Camino Real/Chestnut Avenue Area Plan

The subject properties are located in the El Camino Real/Chestnut Avenue Plan Area. **PUC Site B** has a General Plan designation of El Camino Real Mixed-Use North, High Intensity. According to the El Camino Real/Chestnut Avenue Area Plan, the designation of El Camino Real Mixed-Use North, High Intensity “is intended to accommodate high-intensity active uses and mixed-use development. Retail and department stores; eating and drinking establishments; hotels; commercial recreation; financial, business, and personal services; residential; educational and social services; and office uses are permitted.”

AERIAL MAP



*drawings are for illustrative purposes only and may not reflect accurate property boundaries

The El Camino Real Mixed-Use North, High Intensity land use allows a maximum residential density of 110 dwelling units per acre, or a FAR (floor area ratio) of a maximum of 2.0 exclusive of structured parking, or 3.0 FAR for development meeting specified criteria.

The subject *PUC Site C* on Mission Road has a General Plan designation of High Density Residential. This designation allows for higher densities reflecting the area's close proximity to the South San Francisco BART Station. Allowed densities range from 80 to 120 dwelling units per acre. A maximum density of 180 units per acre may be achieved for development meeting specific criteria.

The plan area is proposed to be a new, mixed-use, pedestrian friendly neighborhood with new streets and pedestrian connections. It was adopted by the City of South San Francisco in July 2011 and encompasses approximately 98 acres along El Camino Real, from Southwood Drive to just north of Sequoia Avenue. The majority of the area is situated between El Camino Real and Mission Road. The right-of-way for the underground Bay Area Rapid Transit (BART) line runs through the length of the site. The area includes approximately 58 acres of developable land, excluding streets, underground BART line, creeks, and other rights-of-way. New development in the plan area is expected to result in 369,400 square feet of new retail/services development, 73,000 square feet of office space, a 50,000 square foot library, and over 1,500 new high-density residential units.

According to the plan "The BART right-of-way that extends through the length of the Planning Area will be transformed into a linear park and a pedestrian-oriented "Main Street", lined with restaurants, cafés, and outdoor seating in a portion of the right-of-way. Development will be at high densities, reflecting adjacent transit access." Also proposed is the extension of Oak Avenue. This roadway and bridge will connect to Arroyo Drive and will improve east-west connectivity in the area. It will also improve the utility of the PUC parcels by providing access to landlocked sites. Additionally, Centennial Way, a bike and pedestrian path along Colma Creek, is planned for expansion along the BART right-of-way, north of Oak Avenue. Centennial Way is currently a 2.87 mile linear park with a bike and pedestrian path that forms the primary spine of pedestrian and bicycle circulation through the Planning Area.

Zoning – PUC Site B

El Camino Real/Chestnut Mixed-Use High Density (ECR/C-MXH)

In accordance with the El Camino Real/Chestnut Avenue Area Plan, the subject PUC Site B has a zoning designation of ECR/C-MXH, El Camino Real/Chestnut Mixed-Use High Density. The purpose of the zoning designation is to "provide sites for mixed-use development at high-intensities. The ECR/C-MXH sub-district requires active uses that are accessible to the general public, generate walk-in pedestrian clientele, and contribute to a high level of pedestrian activity on the ground floor along El Camino Real and Chestnut Avenue, with commercial,

SUBJECT PHOTOGRAPHS



Subject Property PUC Site B facing west



Subject PUC Site B adjacent to Colma Creek



Centennial Trail Entrance on Antoinette Lane



Subject PUC Site B facing Northwest

SUBJECT PHOTOGRAPHS



Subject PUC Site B facing North towards Pedestrian Bridge



Subject PUC B Site facing south towards Antionette Lane



Subject PUC Site B



Subject PUC Site C on Mission Road facing West

SUBJECT PHOTOGRAPHS



Colma Creek



Subject PUC Site C to the North



Subject PUC Site C to the Northwest



Subject PUC Site C along Mission Road facing South

SUBJECT PHOTOGRAPHS



PUC Site C



PUC Site C



Subject PUC Site on Mission Road facing north

residential, or public space up above, as well as eating and drinking establishments with outdoor dining along the new “Main Street” like pedestrian promenade along the Bay Area Rapid Transit (BART) right of way. The commercial activities in the district are intended to be a destination, with regional and neighborhood serving establishments as well as civic uses. A public plaza along the BART right of way, just south of Oak Avenue, will provide a focus to the area, and a community wide gathering space.”

The zoning allows a variety of commercial and residential uses such as single unit attached residential, multi-family residential, mixed use buildings, public and institutional facilities, commercial uses, food related uses, and professional and service uses. A minimum of 65 percent of the frontage of a site along El Camino Real must be devoted to active uses, of which 50 percent of the active uses shall be in the form of Retail Sales and/or Eating and Drinking Establishments.

More pertinent details of the base zoning code include:

- Maximum Lot Coverage 90%
- Minimum Lot Area 20,000 Square Feet
- Minimum Lot Width 50 Feet
- Maximum Height 120 Feet or 160 feet with discretionary approval
- Minimum FAR 0.6 exclusive of parking areas, 0.3 for active uses
- Maximum FAR 2.0 or 3.0 with incentive program
- Maximum Residential Density 80 DU/AC or 110 DU/AC with incentive Program

Required parking is determined by the Chief Planner based on the particular characteristic of the project and proposed use. Generally parking shall not exceed two spaces per unit for residential uses and one space per 300 square feet of commercial use.

The subject property is currently vacant. The subject site is part of a proposed larger, high density mixed-use project. The subject PUC Site B is currently planned to be developed with 234 dwelling units and 12,992 square feet of commercial space with a market hall. The proposed project will be eight stories in height with one level of basement parking. There is planned to be 289 parking stalls on site. The density is equal to 138 units per acre, which exceeds the allowed density for proposed parcel. However, the developer has requested a State Density Bonus which will allow the site to comply with the zoning standards.

Zoning – PUC Site C

El Camino Real/Chestnut Residential, High Density (ECR/C-RH)

In accordance with the El Camino Real/Chestnut Avenue Area Plan, the subject PUC Site C is zoned ECR/C-RH. According to the City of South San Francisco zoning ordinance, “The El Camino Real/Chestnut Residential, High Density sub-district is intended to provide for high-density residential development in the form of high rises, fronted by townhomes at the ground level, close to the BART station. Active uses are required at the lower levels along Mission Road and Centennial Way Linear Park to maintain visual interest and promote safety along the public rights-of-way.”

The zoning allows a variety of commercial and residential uses such as single unit attached residential, multi-family residential, mixed use buildings, public and institutional facilities, commercial uses, food related uses, and professional and service uses. A minimum of 65 percent of the frontage of a site along El Camino Real must be devoted to active uses, of which 50 percent of the active uses shall be in the form of Retail Sales and/or Eating and Drinking Establishments.

More pertinent details of the base zoning code include:

- Maximum Lot Coverage 90%
- Minimum Lot Area 20,000 Square Feet
- Minimum Lot Width 50 Feet
- Maximum Height 120 feet, up to 160 feet
- Minimum FAR N/A
- Maximum FAR N/A
- Maximum Residential Density 120 DU/AC, 150 DU/AC with TDM Program or 180 DU/AC with Incentive Program

Required parking is determined by the Chief Planner based on the particular characteristic of the project and proposed use. Generally, parking shall not exceed two spaces per unit for residential uses and one space per 300 square feet of commercial use.

The subject property is currently vacant and is proposed to be part of a larger high density mixed-use project. The subject PUC Site C is currently proposed to be subdivided into two parcels and developed with two structures. One of the proposed parcel will contain 408 residential units with 8,300 square feet of commercial space. The other proposed parcel is planned to be developed with 158 affordable units. The proposed buildings will be seven and eight stories in height. There is proposed to be a total of 590 parking stalls in both structures. The density is equal to 115 units per gross acre.

Proposed Project- Entitlements

The proposed PUC Site Project is planned to provide a total of 800 residential units, including 13 live/work units, and 158 units which will be affordable to low income households (20% of total units). The project is also proposed to include parks and landscaping as well as a day care center and market hall. The developer has submitted plans to the city dated September 17, 2019, Entitlement Resubmittal-3 (Entitlement Comments Response) for the proposed mixed-use development on the PUC Site. The entire proposed site contains 6.61 gross acres and based on the entire development of 800 residential units the density is equal to 121 units per acre. The developer has been working with the City and Community Economics Department on the proposed project. A resolution was passed by the Planning Commission recommending that the City Council approve the project on October 17, 2019.

The proposed project was approved by the City Council in November 13, 2019. At that time the Environmental Consistency Analysis for the El Camino Real/Chestnut Area Plan Environmental Impact Report and Community Civic Campus Plan Supplemental Environmental Impact Report was approved by the City Council. The project received a Conditional Use Permit, Design Review and Vesting Tentative Tract Map approvals by the City Council on November 13, 2019. The Development Agreement (DA) was introduced on November 13, 2019 and adopted on December 11, 2019. It will go into effect January 10, 2020.

H. Inclusionary Housing Requirements

In November 2018, the City of South San Francisco passed an Inclusionary Housing Requirement. The Inclusionary Housing requirement applies to “all residential market-rate dwelling units resulting from new construction of for-sale and rental residential developments consisting of five or more dwelling units, as well as the conversion of apartments to condominiums or condominiums to apartments.” Developments that acquired a Vesting Tentative Map or development agreement prior to the date of November 1, 2018 are exempt from the requirements, as are existing residences seeking alterations/renovations, mobile home park conversions, and accessory dwelling units. Proposed projects with development agreements after November 2018 are required to include inclusionary housing as shown below.

The current inclusionary requirement is as follows:

Rental	10% of units must be made affordable to low income households up to 80% AMI (effective 11/1/18)
	15% of units must be made affordable (effective 11/1/19) this includes:
	10% to low income households (up to 80% AMI)
	5% to very low-income households (up to 50% AMI)

For Sale	15% must be made affordable to moderate- and low-income households
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	50% of units available to low income households (up to 80% AMI)
	50% of units available to moderate income households (up to 120% AMI)

The following tables break down the San Mateo County Income Limits (as determined by HUD, State of California HCD, and the County of San Mateo) as effective of June 1, 2019.

HUD-defined Area Median Income \$136,800 (based on household of 4). State median \$136,800 (household of 4) due to hold harmless policy.

Income Category	Income Limits by Family Size (\$)							
	1	2	3	4	5	6	7	8
Extremely Low (30% AMI) *	33,850	38,700	43,550	48,350	52,250	56,100	60,000	63,850
Very Low (50% AMI) *	56,450	64,500	72,550	80,600	87,050	93,500	99,950	106,400
HOME Limit (60% AMI) *	71,170	81,340	91,500	101,630	109,830	117,920	126,060	134,220
HERA Special VLI (50% AMI) ***	56,450	64,500	72,550	80,600	87,050	93,500	99,950	106,400
HERA Special Limit (60% AMI) ***	71,170	81,340	91,500	101,630	109,830	117,920	126,060	134,220
Low (80% AMI) *	90,450	103,350	116,250	129,150	139,500	149,850	160,150	170,500
State Median (100% AMI)	95,750	109,450	123,100	136,800	147,750	158,700	169,650	180,600

Income Category	SRO *+	Maximum Affordable Rent Payment (\$)				
		Studio	1-BR	2-BR	3-BR	4-BR
Extremely Low *		846	907	1,088	1,256	1,401
Very Low *		1,411	1,512	1,814	2,096	2,338
Low HOME Limit*	1,552	1,411	1,512	1,814	2,096	2,338
High HOME Limit *	1,552	1,906	2,044	2,456	2,827	3,131
HERA Special VLI (50% AMI) ***		HERA Spec. Rents - Go to www.treasurer.ca.gov/ctcac/2018/supplemental.asp				
HERA Special Limit (60% AMI) ***						
Low**		2,260	2,423	3,078	3,557	3,746
HUD Fair Market Rent (FMR)		2,069	2,561	3,170	4,153	4,392
Median **		2,964	3,176	3,811	4,405	4,913

Per the Entitlement Resubmittal dated September 17, 2019, the subject will include 158 affordable units in Building C2. Per the reviewed Development Agreement, the building units are proposed to have rents ranging from 30 to 80 percent of Area Median Income (AMI) levels with an average or blended affordable rental rate of 58% AMI. The proposed unit mix will be comprised of 19 studios, 45 one-bedroom units, 54 two-bedroom units, and 40 three-bedroom units. The subject developer has indicated that it is anticipated that the BRIDGE Housing Corporation will develop the affordable housing.

I. Proposed Improvement Description

The subject is the proposed South San Francisco PUC Development Site, located at 1051 Mission Road and Antionette Lane in South San Francisco. According to an Entitlement Resubmittal dated September 17, 2019 (previously referenced in this report) the site is proposed for a large mixed-use, transit-oriented development. The project will contain three buildings upon completion, with one building per each parcel after the property is subdivided.

Building C1

Building C1 is planned to be located on *Parcel 2*. It is proposed for an eight-story plus basement mixed-use structure, located directly south of Building C2 on Mission Road. The building will be wood frame construction over three above grade stories of concrete. The structure will also have one basement level. The improvements are proposed to be developed with 408 units, of which 13 units are live/work, and approximately 8,372 square feet of daycare space. The structure is designed in an irregular trapezoidal shape, with the units located around two central courtyards. The garage area is located in the center of the building, on the basement level and first floor. The basement level will be improved with 313 spaces of vehicle parking, 408 bicycle spaces, and additional tenant storage. This level will also contain the electrical and mechanical closets.

The following table breaks down the units by floor and type.

Level	Studio	1 Bed	2 Bed	3 Bed	Flex	Total
8	10	20	11	4		45
7	11	22	12	3		48
6	7	29	16	2		54
5	7	31	23	2		63
4	7	31	23	2		63
3	6	28	23	5		62
2	5	25	22	4		56
1			4		13	17
B1						
Total	53	186	134	22	13	408

The entrance is to be located on the first story, adjacent to the circular driveway in the north-eastern corner of the structure. The garage on this level contains approximately 162 parking spaces, the trash room, and other mechanical closets. The first floor contains the lobby, mail room, leasing and management offices, tenant storage, and leasing office. The flex units are located on this level, along the western and southern frontages. The daycare is located on this level as well, in the southernmost corner of the structure. An additional lobby entrance is located adjacent to the daycare as well.

Level 2 has an interior community courtyard, with a fitness room. This level has 56 units. Levels 3 and 4 have similar floor plans, without any additional community rooms. Level 6 is improved with a roof deck on the eastern frontage, with an additional sky lounge. This level has 54 units. The eastern frontage on Level 7 lacks any additional units, and instead has a non-accessible roof. This level has 48 units, while Level 8 has a total of 45 units. This is the top level of the building and is improved with additional roof deck. The following table breaks down the preliminary building area.

PRELIMINARY BUILDING AREA TABULATIONS

9/11/2019

Level	Residential Net Rentable GSF*	Residential Amenity GSF**	Residential Core GSF***	Residential Total GSF	Day Care Total GSF	Garage Total GSF****	Grand Total GSF
8	35,980		7,021	43,001			43,001
7	38,102	1,005	7,346	46,453			46,453
6	44,406	2,355	9,714	56,475			56,475
5	53,295		11,051	64,346			64,346
4	53,295		11,051	64,346			64,346
3	58,031		12,003	70,034			70,034
2	52,676	2,885	11,655	67,216			67,216
1	17,845	3,689	11,354	32,888	8,372	42,952	84,212
B1			16,003	16,003		44,936	60,939
Total	353,630	9,934	97,198	460,762	8,372	87,888	557,022

NOTES:

- * Residential Net Rentable GSF calculation includes exterior, corridor and party walls
- ** Residential Amenity GSF includes entry lobby, leasing office, club room, fitness room, etc
- *** Residential Core GSF include corridors, residential level lobbies, stairs, elevators, res. level utility spaces, etc
- **** Garage Total GSF includes all spaces inside garage footprint, such as mechanical/utility spaces, etc

Building C2

Building C2 will be located on *Parcel 1* to the north of Building C1. The proposed structure is a seven-story building containing a total of 158 residential units. The building will have parking on the ground level including lifts that have parking pits below grade. The building will be located at the northern end of the property on Mission Road. Building C2 will be 100 percent affordable with rents ranging from 25 to 80 percent Area Median Income levels (AMI) with an average of 58% of AMI. The proposed unit mix will be comprised of 19 studios, 45 one-bedroom units, 54 two-bedroom units, and 40 three-bedroom units. The following table summarizes the unit breakdown by floor and floor-plan type.

PRELIMINARY UNIT MIX*									
LEVEL	STUDIO AF S1 15' x 27'6" 405 GSF TYP	1 BR AF A1 24' x 27'6" 655 GSF	2 BR AF B1 34' x 27'6" 895 GSF	2 BR AF B2 26'4" x 36" 935 GSF	2 BR AF B3 36'2" x 32'6" 1,065 GSF TYP	2 BR AF B4 62'4" x 21'6" 1,210 GSF	3 BR AF C1 46' x 27'6" 1,220 GSF TYP	3 BR AF C2 36' x 39'4" 1,205 GSF	UNIT TOTAL
7	1	3	1	3		1	4		0
6	1	3	7	3		1	5		13
5	5	8	7	3	1		6		20
4	5	8	4	3	1		6		30
3	4	9	4	3	1		7	1	27
2	3	10	2	3	1		6	1	29
1		4	2	3			3	1	26
TOTAL	19	45	27	21	4	2	37	3	158
	19	45				54		40	158
%	12%	28%				34%		25%	100%
AVERAGE UNIT SIZE									
									Residential GSF**
									Average Unit Size (GSF)
									141,720
									897

* Unit GSF includes exterior, corridor and party walls
 ** As calculated in the Preliminary Building Area Tabulation

Source: Entitlement Resubmittal / Floor Plans by BAR architects

According to Floor Plans provided in the Entitlement Resubmittal, and prepared by BAR Architects, the proposed building will be mostly rectangular, with the units arranged around an inner courtyard, and an interior hallway. Each floor will contain a laundry room and storage space. The building height is split and one side will contain four levels, while the other side will contain seven levels.

The building entrance is located on the first level of the eastern corner, adjacent to the circular driveway with drop off spaces. In the center of the building will be the garage, with stacked parking for approximately 115 vehicles and 158 bicycles. Approximately 13 units will be located on this level, on the eastern and western building exposures. The second level residential units will be situated around an open center courtyard. This level contains a resident community space and a laundry room. The upper levels will have between 13 and 29 residential units per floor.

In total, the proposed improvements will contain approximately 185,398 square feet of residential space, and a total of 204,913 gross square feet including the garage. The following table breaks down the preliminary building area.

PRELIMINARY BUILDING AREA TABULATIONS							9/11/2019
Level	Residential Net Rentable GSF*	Residential Amenity GSF**	Residential Core GSF***	Residential Total GSF	Garage Total GSF****	Grand Total GSF	
7	15,599		3,267	18,866		18,866	
6	15,599		3,267	18,866		18,866	
5	21,654		4,827	26,481		26,481	
4	21,654		4,827	26,481		26,481	
3	29,841		6,015	35,856		35,856	
2	27,569	2,294	6,053	35,916		35,916	
1	9,804	850	12,278	22,932	19,515	42,447	
Total	141,720	3,144	40,534	185,398	19,515	204,913	

NOTES:
 * Residential Net Rentable GSF calculation includes exterior, corridor and party walls
 ** Residential Amenity GSF includes entry lobby, leasing office, club room, fitness room, etc
 *** Residential Core GSF include corridors, residential level lobbies, stairs, elevators, res. level utility spaces, etc
 **** Garage Total GSF includes all spaces inside garage footprint, such as mechanical/utility spaces, etc

Building B

Building B is proposed to be located on the southernmost parcel, south of Colma Creek. The site is proposed to be subdivided and is noted as Parcel 3 on the Vesting Tentative Map. The building will be 8 stories plus a single basement level. The building will be of wood frame construction over two to three levels of concrete. The building will have parking on three levels. Building B will have a total of 234 units, and 12,992 square feet of commercial space which is envisioned as a market hall. This building will have a double height market hall facing an outdoor market plaza.

The following table summarizes the unit mix per floor.

PRELIMINARY UNIT MIX*

LEVEL	STUDIO S1 15' x 30' 445 GSF	STUDIO S2 34'4" x 24' 590 GSF	STUDIO S3 24'6" x 33'4" 680 GSF	1 BR A1 24' x 30' 715 GSF	1 BR A2 20' x 33' 655 GSF TYP	1 BR A4 30' x 25'6" 760 GSF TYP	1 BR A7 40' x 40' puzzle 560 & 600 GSF	2 BR B1 35' x 30' 1,045 GSF	2 BR B9 49'8" x 39'8" 1,220 GSF	3 BR C2 36' x 35'4" 1,245 GSF	3 BR C6 60'2" x 24' 1,430 GSF	UNIT TOTAL	
8	1	1		12	5	7	2	3	1	1		33	
7	1	1		12	5	7	2	8	1	1		38	
6	1	1		12	5	7	2	8	1	1		38	
5	1	1		12	5	7	2	8	1	1		38	
4	1	1		12	5	7	2	8	1	1		38	
3	1	1	2	10	5	7	1	8		1		36	
2			2			7						9	
1						3					1	4	
B												0	
TOTAL	6	6	4	70	30	52	11	43	5	6	1	234	
%			16			163			40			7	100%
			7%			70%			21%			3%	
AVERAGE UNIT SIZE												Residential GSF**	186,141
												Average Unit Size (GSF)	795

The unit mix will be comprised of (16) studios, (163) one-bedroom units, (48) two-bedroom units, and (7) three-bedroom units. The basement level will have parking for 195 vehicles. The first level will also have parking for 24 vehicles, as well as a separate retail garage with 25 spaces. Approximately 234 spaces of bike parking will be included. The first level has the market hall (located on the eastern frontage), lobby, leasing office and property management office. There will be four residential units on this level, mostly on the northern frontage. The second level has 9 units on the northern frontage, as well as the market hall mezzanine level. There will also be parking for 45 vehicles on the second level. The third level is the first fully residential level in the building, with 36 units arranged around an open courtyard. This level as features an amenity room. Levels 4 through 7 have similar layouts, with 38 units per floor. Level 8 features a roof deck and a sky lounge and contains 33 units. The following table breaks down the building area.

PRELIMINARY BUILDING AREA TABULATIONS

9/11/2019

Level	Residential Net Rentable GSF*	Residential Amenity GSF**	Residential Core GSF***	Residential Total GSF	RETAIL Total GSF	Garage Total GSF****	Grand Total GSF
8	25,424	2,094	4,688	32,206			32,206
7	30,644		4,688	35,332			35,332
6	30,644		4,688	35,332			35,332
5	30,644		4,688	35,332			35,332
4	30,644		4,688	35,332			35,332
3	28,542	2,174	4,795	35,511			35,511
2	5,955		5,450	11,405	3,631	25,324	40,360
1	3,644	2,229	6,993	12,866	9,361	24,003	46,230
B			10,012	10,012		36,802	46,814
Total	186,141	6,497	50,690	243,328	12,992	86,129	342,449

Off-site landscaped areas include a proposed community park at the western side of Parcel 1 and 2 and Colma Creek. The community park will include a children’s play area, sculpture lawn, adult fitness stations, and picnic and public seating. The Centennial Trail will also be updated to include better lighting, signs, seating and bike share stations. There is also proposed to be a plaza in front of the market hall

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area in Building B which will contain approximately 6,600 square feet. The plans include attractive landscaping.

In total, the development is proposed to contain approximately 800 residential units, 158 of which will be affordable to low-income households. The unit-mix will be comprised of studios, one-, two-, and three-bedroom units, as well as 13 live-work-flex units. There is currently proposed to be a total of 845 residential parking spaces, and 34 commercial parking spaces.

Conclusion

Overall, the proposed development represents a total of three, mixed-use multifamily residential buildings. Proposed commercial uses include community supportive services such as childcare, and a local market/food hall. The project includes other higher-end amenities such as a gym, roof decks, community rooms and open space. The building exteriors are considered attractively designed and the project has been planned as a transit-oriented project in conjunction with the city requirements. The proposed project appears to be functional and appealing.

V. HIGHEST AND BEST USE AND VALUATION METHODOLOGY

A. Highest and Best Use

The highest and best use is that use, from among reasonably probable and legal alternative uses, found to be legally permissible, physically possible, financially feasible, and which results in the highest land value.

The four criteria the highest and best use must meet are physical possibility, legal permissibility, financial feasibility, and maximum productivity. Analysis of the subject's highest and best use is made as if the site were vacant, and as improved with the existing improvements.

1. *As-If Vacant*

a. *Physically Possible*

The subject properties consist of two irregular shaped parcels which total 6.61 gross acres. The two subject parcels are bisected by Colma Creek. The subject *PUC Site C* is situated along the west side of Mission Road and contains a total of 4.91 gross acres (213,703 square feet) of which 21,821 square feet are situated within the Colma Creek. The useable site area is therefore 4.41 acres or 191,882 square feet. The second subject parcel *PUC Site B* is located off of Antionette Lane, to the north of Chestnut Avenue. It is a portion of a larger parcel and contains 1.70 acres, or 73,985 square feet. The combined useable site area is approximately 6.10 acres, or 265,867 square feet.

The subject parcels have mid block locations with frontage on Mission Road and Antionette Lane. All utilities are available to the site for immediate development. The sites are level and the physical characteristics of the site generally do not preclude any legally allowed development.

b. *Legally Permissible*

The subject is located in the El Camino Real/Chestnut Avenue Area Specific Plan district. Based on the development requirements under the General Plan, Specific Plan and zoning a high-density multifamily development would be allowed. Under the zoning the minimum density permitted on the property is 80 units per acre with a maximum of 120 units per acre. A project is eligible for an increased density up to 180 units per acre if a Transportation Demand Management project is provided, and high-quality innovative design or maximum pedestrian and bicycle use infrastructure is included.

The subject is proposed to be developed with 800 residential units, including 158 affordable units and 12,992 square feet of commercial and 8,372 square feet for daycare center. The project is proposed to have three buildings and will be between 7 and 8 stories in height. The subject generally complies with the zoning and has requested a State Density Bonus Law to permit the higher density on *PUC Site B*. Based on a total gross site area the subject has a proposed development density of 121 dwelling units per acre.

c. Financially Feasible

As discussed in the Market Overview chapter, the residential market is currently strong in San Mateo County and South San Francisco. Therefore, speculative development of a residential project with a small commercial component is considered to be currently feasible.

d. Maximally Productive

The maximally productive use is that use, from among financially feasible uses, that provides the highest rate of return or value. Based on this analysis, a high-density mixed use residential and commercial development is considered the maximum productive use of the subject at this time.

e. Conclusion

Overall, based on these factors, the highest and best use of the subject property as if vacant is for development with a mixed use residential and commercial multifamily development at the maximum allowed density for the site.

B. Valuation Methodology

The valuation of any parcel of real estate is derived principally through three approaches to the market value. From the indications of these analyses, and the weight accorded to each, an opinion of value is reached. Each approach is more particularly described below.

1. Cost Approach

This approach is the summation of the estimated value of the land, as if vacant, and the reproduction of replacement cost of the improvements. From these are deducted the appraiser's estimate of physical deterioration, functional obsolescence and economic obsolescence, as observed during inspection of the property and its environs. The Cost Approach is based on the premise that,

except under most unusual circumstances, the value of a property cannot be greater than the cost of constructing a similar building on a comparable site.

2. *Sales Comparison Approach*

This approach is based on the principal of substitution, i.e., the value of a property is governed by the prices generally obtained for similar properties. In analyzing the market data, it is essential that the sale prices be reduced to common denominators to relate the degree of comparability to the property under appraisal. The difficulty in this approach is that two properties are never exactly alike.

3. *Income Approach*

An investment property is typically valued in proportion to its ability to produce income. Hence the Income Approach involves an analysis of the property in terms of its ability to provide a net annual income. This estimated income is then capitalized at a market-oriented rate commensurate with the risks inherent in ownership of the property, relative to the rate of return offered by other investments.

The Sales Comparison Approach is considered to be the best indicator for the subject property. The Income and Cost Approaches are not considered relevant and are not included.

VI. VALUATION BY THE SALES COMPARISON APPROACH

The approach utilized in estimating the current market value of the subject property is the Sales Comparison Approach. In this analysis, value is estimated by comparing the subject to similar land sites which have transferred prior to the effective date of appraisal. The index properties show characteristics which are similar to the property being appraised. Those transactions which are considered appropriate to indexing the value of the subject are summarized on the table on the following page. The prices paid for the comparable properties are shown on a price per unit and per square foot basis. However, for entitled residential or mixed-use sites, a value on a per unit is more relied upon. Therefore, the subject property is valued on a price per unit basis with a price per square foot also acknowledged.

In valuing the subject site, adjustments are made as necessary to each comparable for location, accessibility, permitted density, functional utility, date of sale, terms of sale, size, and other characteristics.

It is noted that the comparables are analyzed on a per unit basis excluding any affordable units. The concluded per unit value is then applied to the subject market rate 642 units. Affordable units (BMR's) are typically viewed as an extraction necessary to gain project approvals and they do not generate a profit sufficient to justify a land value component. As such, the economic unit of production is the market rate units on which the value analysis is based.

The table on the following page lists the recent sales of properties considered similar to the subject. The comparables are summarized on the table on the following page and individually discussed below.

A. Comparable Land Sales

Comparable 1 is located at 200 Airport Boulevard in South San Francisco. The property is located on the east side of Airport Boulevard to the immediately north of Land Sale 4. The site consists of five contiguous parcels which contains 26,795 square feet, or 0.62 acres. At the time of sale, the site was improved with three older buildings which contain a total of 14,194 square feet. The site has a zoning designation is DTC (Downtown Transit Core). The property was entitled by the buyer and received approvals in July 2019 for a seven-story mixed use building with 94 residential units and 3,650 square feet of commercial space and two levels of parking. This is equal to a density of 153 units per acre. The property is proposed to have 5 affordable housing units, which results in a total of 89 market rate units.

In September 2019, this property transacted for \$5,058,000. equivalent to a unit value of approximately \$56,831 per unit or \$189 per square foot.

Comparable 2 is located at 988 El Camino Real in South San Francisco. The property is situated at the southeast corner of Chestnut Avenue and El Camino Real.

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 Appraisal of PUC Sites B and C at Antoniette Lane and Mission Road
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Location	Sale Date	Sale Price	Land Area	Proposed No. of Units / Density	Price Per Mkt Unit/ Per SF	Zoning / General Plan / Height Limit	Comments	Grantor / Grantee / Doc #
1 200 Airport Boulevard South San Francisco APN: 012-338-010, -020, -030, -040 and -050	9/19 Contract 2017	\$5,058,000 (entitled by buyer)	26,795 SF 0.62 AC	94 Units 153 DU/Ac 89 Market Rate Units	\$56,831 \$189	(1) Downtown Transit Core (DTC) Downtown Transit Core 85'	Proposed for 7-story mixed use with 94 units and 3,650 sf of retail over 2 levels of underground parking. Purchased by adjacent property owner. 5 BMR units.	Marisa & William Borba Jr./ Fairfield 200 Airport Lp
2 988 El Camino Real South San Francisco APN: 011-325-030, -070, 014-011-260 & -280	7/18 Contract 10/16	\$6,500,000 (entitled by buyer)	70,794 SF 1.63 AC	172 Units 106 DU/Ac 172 Market Rate Units	\$37,791 \$92	ECR/C-MXH El Camino Real Mixed Use North, High Intensity 80'-120'	Proposed for 6-story mixed use bldg with 172 unit apartments and 10,500 sf of gr floor retail with 2 levels of underground parking. No BMR units.	Petricchi Trust Shac 988 Ecr Apartments #055228
3 200 Linden Avenue South San Francisco APN: 012-334-040, -130, 030 and -160	10/18 Contract 8/16	\$3,050,000 (entitled by buyer)	31,500 SF 0.72 AC	97 Units 134 DU/Ac 78 Market Rate Units	\$39,103 \$97	(1) Downtown Transit Core (DTC) Downtown Transit Core 85'	Proposed for 8 story 97 condo units with 6,200 sf of commercial space with 3 stories of parking. 19 BMR units (20% BMR).	City of South San Francisco/ Hisense REUS LLC #077870
4a 150 Airport Boulevard South San Francisco APN: 012-338-140 and -150	12/17	\$12,050,000 (entitled by seller)	47,654 SF 1.09 AC	107 Units 98 DU/Ac		Downtown Transit Core (DTC) Downtown Transit Core 85'	Proposed for 5 story apartment bldg. with 157 units with two level parking garage. No BMR units.	150 Airport SSF, LLC/ Fairfield 150 Airport, LP #114045
4b 178 & 190 Airport Blvd APN: 012-338-060 and -070	12/17	\$2,450,000 (entitled by seller)	21,589 SF 0.50 AC	50 Units 101 DU/Ac			Adjacent property purchased from city of South San Francisco	City of South San Francisco Fairfield 150 Airport, LP #114047
		\$14,500,000	69,243 1.59	157 Units 99 DU/Ac 157 Market Rate Units	\$92,357 \$209		Approvals obtained in January 2017 for 157 units including the adjacent 178 & 190 Airport parcels.	
150 Airport Boulevard South San Francisco	11/16 Contract Early 2015	\$4,600,000 (entitled by buyer)	47,654 SF 1.09 AC	107 Units 98 DU/Ac	\$42,991 \$97		Earlier sale of Comparable 4a	JP & J Bertelsen Tr/ 150 Airport SSF, LLC #114028

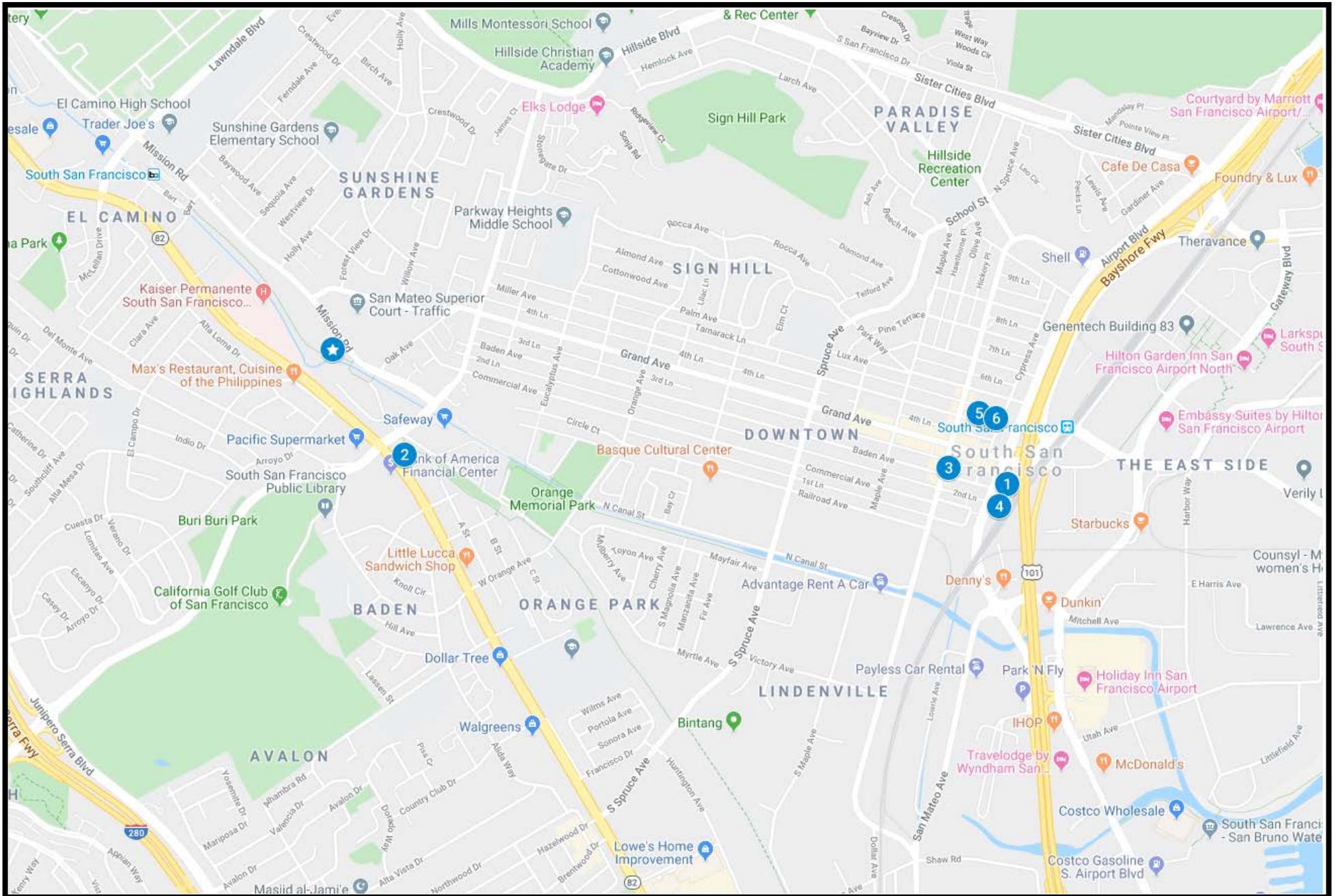
COMPARABLE LAND SALES
 Appraisal of PUC Sites B and C at Antonette Lane and Mission Road
 South San Francisco, California

Location	Sale Date	Sale Price	Land Area	Proposed No. of Units / Density	Price Per Mkt Unit/ Per SF	Zoning / General Plan / Height Limit	Comments	Grantor / Grantee / Doc #
<i>Cadence Phase 2</i>								
5a 216 Miller Avenue South San Francisco APN: 012-314-220	1/19 renego. 2018	\$2,250,000 (3) \$870,000 (4) \$3,120,000	17,678 SF 0.41 AC			Downtown Transit Core (DTC) Downtown Transit Core 85'	Mid Block Site improved with a parking lot. 37% pro rata share of development	City of South San Francisco/ SSF Miller Cypress PRI, LLC #035957
5b 208 Miller Avenue APN: 012-314-180	7/19	\$6,000,000	7,288 SF 0.17 AC			Downtown Transit Core (DTC) Downtown Transit Core 85'	Site is improved with 13,226 sf office/union hall.	United Food & Coml Workers Lo. SSF Miller Cypress PRI, LLC #059299
5c 212-214 Miller Avenue APN: 012-314-190	2/19	\$2,500,000	6,917 SF 0.16 AC			Downtown Transit Core (DTC) Downtown Transit Core 85'	Site is improved 6,186 sf office.	Nancy Garcia/ SSF Miller Cypress PRI, LLC #007578
5d 204 Miller Avenue APN: 012-314-110	7/19	\$1,050,000	7,086 SF 0.16 AC			Downtown Transit Core (DTC) Downtown Transit Core 85'	Site is improved 750 sf bldg.	Gary Filizetti/ SSF Miller Cypress PRI, LLC #007578
5e 405 Cypress Avenue APN: 012-314-100	12/16 nego. 2015	\$462,916 (2)	8,763 SF 0.20 AC			Downtown Transit Core (DTC) Downtown Transit Core	Vacant lot	City of South San Francisco/ SSF Miller Cypress PRI, LLC #127232
		\$13,132,916 (entitled by buyer)	47,732 SF 1.10 AC	195 Units 178 DU/Ac 195 Market Rate Units	\$67,348 \$275		Proposed for 7 and 8 story apt bldg with 195 units. No BMR units. Prevailing wage.	
SUBJECT								
Site B - Southern Site Portion of APN: 093-312-050			73,985 SF 1.70 AC	234 Units 138 DU/Ac		ECR/C-MXH El Camino Real Mixed Use North, High Intensity 120'-160'	Proposed for 8 story mixed use apt. project with 12,992 sf of commercial space with three levels of parking.	
Site C - Northern Site/Mission Road APN: 093-312-060 South San Francisco			213,703 SF 4.91 AC	566 Units 115 DU/Ac		ECR/C-RH El Camino Real/Chestnut High Density Resid. 120'-160'	Proposed for two buildings: One 8 story mixed use with 8,372 sf daycare center and two levels of parking. The second bldg is 7 story affordable project with 158 units and ground level parking. 20% BMRs based on entire project.	
		(entitled by buyer)	287,688 SF 6.60 AC	800 Units 121 DU/Ac 642 Market Rate Units				

(1) Based on market rate units
 (2) Purchased in Phase 1 price allocated on psf basis.
 (3) Cost of original sale agreement and supplemental purchase price
 (4) Estimated cost of Soil Remediation

Source: Watts, Cohn and Partners, Inc., December 2019
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COMPARABLE LAND SALES MAP



The irregular shaped site consists of four contiguous parcels and contains 1.63 acres or 70,784 square feet. The site was improved with a car wash prior to its sale. The site is zoned ECR/MXH (El Camino Real Mixed-Use District, High Intensity). The property received entitlements in February 2018 and is proposed to be developed with a six-story mixed use project. The development is proposed to contain 172 residential units including 10,500 square feet of ground floor commercial with two levels of below grade parking. The design includes 3 level, 256 parking garage with two subterranean levels and one level at street grade. The comparable is located approximately one-half mile from South San Francisco BART station and is a transit-oriented project. It has a density of 106 units per acre.

The comparable sold in July 2018 for \$6,500,000. This is equal to \$37,791 per unit and \$92 per square foot. The project will provide an outdoor fitness park for the public as well as a trail spur to connect to Centennial Way. The buyer also reported that due to the site constraints and conditions the costs to build the structure is approximately 25 percent higher than a typical building.

Comparable 3 is located at 200 Linden, 212 and 216 Baden Avenue, at the southeast corner of Baden and Linden Avenues, in the downtown area of City of South San Francisco. The property consists of four separate, but contiguous, legal parcels containing a combined total land area of approximately 0.72 acres or 31,500 square feet. The rectangular shaped site and includes frontage on three streets. The property was listed for sale with a Request for Qualifications (RFQ) by the City of South San Francisco as an infill mixed use site for possible hotel, office, retail or multifamily development. The property received entitlements for a seven-story mixed use development with 97 residential condominium units with 20% BMR units (19 units), 6,200 square feet of ground floor commercial uses and three levels of parking. The property was originally improved with a one story, 7,000 square foot building occupied by the City IT Department as well as paved parking lots. The site has a zoning designation is DTC (Downtown Transit Core). The property received entitlements in November 2017. Based on the proposed development the density is equal to 134 units per acre.

The Omi Investment (Hisense REUS LLC) offer to purchase the property was approved in August 2016 by the Successor Agency to the Redevelopment Agency of the City of South San Francisco. The property was purchased in October 2018 for \$3,050,000, which is equivalent to a unit value of approximately \$39,103 per unit (excluding the 19 BMR units) and \$97 per square foot.

Comparable 4a is located at 150 Airport Boulevard in South San Francisco. The site consists of two separate, but contiguous, legal parcels containing a combined total land area of approximately 47,654 square feet, or 1.09 acres. The property is located on the east side of Airport Boulevard to the south of Baden Avenue. The site is irregular in shape, but is functional. It is currently improved with two older industrial buildings containing a total of 26,974 square feet. The site has a zoning

COMPARABLE LAND SALES ADJUSTMENT GRID
 Appraisal of PUC Sites B and C at Antionette Lane and Mission Road
 South San Francisco, California

Location:	Comparable 1 200 Airport Boulevard South San Francisco	Comparable 2 988 El Camino Real South San Francisco	Comparable 3 200 Linden Avenue South San Francisco	Comparable 4 150 Airport Boulevard South San Francisco	Comparable 5 Miller and Cypress Avenue South San Francisco
Land Area Sq. Ft.:	26,795	70,794	31,500	69,243	47,732
No. of Market Rate Units:	89	172	78	157	195
Density DU/AC:	153	106	134	99	178
Sale Date:	9/19	7/18	10/18	12/17	12/16-7/19
Transaction Price:	\$5,058,000	\$6,500,000	\$3,050,000	\$14,500,000	\$13,132,916
Unadjusted Price Per Unit:	\$56,831	\$37,791	\$39,103	\$92,357	\$67,348
Financing Terms:	0.0%	0.0%	0.0%	0.0%	0.0%
Property Interest:	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Sale Price:	\$5,058,000	\$6,500,000	\$3,050,000	\$14,500,000	\$13,132,916
Adjusted Price/Per Unit:	\$56,831	\$37,791	\$39,103	\$92,357	\$67,348
Conditions of Sale:	0.0%	0.0%	0.0%	0.0%	0.0%
Market Conditions:	5.0%	10.0%	10.0%	5.0%	0.0%
Price Adj. For Mkt. Cond.	\$59,673	\$41,570	\$43,013	\$96,975	\$67,348
Location:	-10.0%	0.0%	-5.0%	-10.0%	-10.0%
Size:	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Site Conditions/Utility:	0.0%	20.0%	0.0%	0.0%	-5.0%
Zoning / Approvals:	0.0%	0.0%	0.0%	-20.0%	0.0%
Density:	5.0%	0.0%	0.0%	-5.0%	5.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%
Total Adjusted %:	-15.0%	10.0%	-15.0%	-45.0%	-20.0%
Adjusted Per SF Value for the Subject:	\$50,722	\$45,727	\$36,561	\$53,336	\$53,879

*Source: Watts, Cohn and Partners, Inc., December 2019
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designation is DTC (Downtown Transit Core) and is located within the Downtown Station Area Specific Plan district.

Comparable 4b is located at 178 and 190 Airport Boulevard adjacent to the north of **Comparable 4a**. The comparable contains two parcels and contains a total of 21,589 square feet. The property was in vacant condition at the time of sale. The site has a zoning designation is DTC (Downtown Transit Core) and is located within the Downtown Station Area Specific Plan district.

Comparables 4a and 4b received entitlements for development of a 157-unit apartment complex in January 2017. Based on both comparables the total site area is 1.59 acres or 69,243 square feet. The density is equal to 99 units per acre. The two comparables were purchased in December 2017 for a total of \$14,500,000. This is equal to \$92,357 per unit and \$209 per square foot.

The property at 150 Airport Boulevard had previously been purchased in November of 2016 for \$4,600,000, or approximately \$42,991 per unit. This is based on 107 units allocated to the parcel. The property had been in contract for two years prior to its sale while the purchaser was seeking entitlements.

Comparable 5 pertains to the second phase of the Cadence development project. The comparable consists of five adjacent sites which were assembled by SSF Miller Cypress SSF, LLC aka Sares Regis Group to form a single 1.10 acre development site. The comparables are located on the north side of Miller Avenue between Cypress Avenue and 216 Miller Avenue. The developer received entitlements in December 2018 to build 195 apartment units in two, seven and 8 story buildings. The density is equal to 177 units per acre. Sares Regis completed the first phase of Cadence in 2019 which contains 260 residential units and is located on Cypress Avenue and Airport Boulevard between Lux and Miller Avenues. The sale components of the assemblage are discussed below.

Comparable 5a is located at 216 Miller Street. It contains 17,678 square feet and was originally purchased as part of a purchase and sale agreement dated February 2016. As part of the agreement the property was purchased for \$250,000 on April 2017. However, there was a condition in the agreement for a supplemental purchase price to be paid for the site if the buyer constructs on the site, which was to be based on an appraisal. The supplemental purchase price of \$2,000,000 was agreed upon by the City and buyer and the property was purchased January 2019. The site was improved with a parking lot at the time of sale and required some soil remediation property estimated at \$870,000. Adding the cost of the soil remediation the total cost to the purchaser was \$3,120,000, or \$176 per square foot. Based on the comparable's pro rata share of which is equal to 72 units the price per unit is equal to \$43,333.

Comparable 5b is the sale of a property at 208 Miller Avenue. The property contains 7,288 square feet of site area. It is improved with a two-story office

property which contains 13,226 square feet. The property was occupied by an owner/user. The property was purchased in July 2019 for \$6,000,000 for assemblage as part of a multifamily redevelopment project. The sale price is equal to \$823 per square foot of land area and \$200,000 per pro rata unit.

Comparable 5c pertains to the sale of a property at 212-214 Miller Avenue. The two-story property contains 6,186 square feet and has a site of 6,917 square feet. The comparable sold in February 2019 for \$2,500,100, which is equal to \$361 per square foot or \$89,289 per pro rata unit.

Comparable 5d is the sale of 204 Miller Avenue. This property contains 7,086 square feet and is improved with a one-story building which contains 750 square feet. The site was purchased in July 2019 for \$1,050,000 which is equal to \$148 per square foot of land area and \$36,207 per pro rata unit.

Comparable 5e pertains to the sale of 405 Cypress Avenue. The comparable is located at the corner of Cypress Avenue and Miller Street. The vacant lot contains 8,763 square feet. This property was purchased by the developer as part of the first phase of Cadence in December of 2016. The allocated purchase price was \$53 per square foot which is equal to a sale price of \$426,916. This is also equal to a prorated unit value of \$12,859.

The total sale price of the assemblage is \$13,132,916. Based on the approved 195 residential units this is equal to a price per unit of \$67,348. The project will also provide public art, local streetscape enhancements, undergrounding of utilities and a local hire program at standard wages.

B. Analysis

Price Per Unit

The comparable sales indicate unadjusted unit values ranging from approximately \$37,791 to \$92,357 per market rate dwelling unit. The comparables range in size from 26,795 to 70,794 square feet and range in density from 99 to 178 dwelling units per acre. The variation in per unit prices from the residential land sales reflects differences in location, size, density, height limit, and site utility. On a per unit basis, the relationship between cost and density is generally inversely related.

The table on the following page presents an adjustment grid for the subject property. It should be emphasized that although the adjustment process is a mechanical one, the analysis applied by the appraiser is actually less mechanical and more intuitive in nature. Specific adjustments are intended to represent the appraiser's best judgment concerning the differential between each comparable and the subject. Any specific adjustment should be considered general in nature and the overall process is intended to narrow the pattern indicated by the comparable data.

Comparable 1 is the recent sale of 200 Airport Boulevard. The property was purchased for \$56,831 per unit based only on the market rate units. An upward adjustment is made for market conditions as the property was in contract for over 21 months prior to closing. The comparable has a superior location in close proximity to downtown South San Francisco as well as the Caltrans warranting a downward adjustment. The property is smaller in size and investment magnitude indicating a downward adjustment in relation to the subject. The proposed density at 153 units per acre is higher which suggests an upward adjustment. Overall, a lower unit value is indicated for the subject.

Comparable 2 pertains to the sale of 988 El Camino Real in South San Francisco. Although the property closed in July 2018 an upward adjustment for market conditions is made as this comparable has been in contract for over 21 months. The comparable is located in proximity to the subject at the corner of Chestnut Street and El Camino Real and no adjustment is indicated for location. However, the property is smaller in size. The comparable is similar to the subject in terms of utility, zoning, appeal and density. However, the site conditions and utility of the parcel is inferior warranting an upward adjustment. After adjustments a higher unit value is indicated for the subject.

Comparable 3 reflects the sale of a property located at 200 Linden Avenue, in downtown South San Francisco. The comparable was purchased for \$39,103 per market rate unit in October 2018. An upward adjustment is made for market conditions as the property was in contract 26 months prior to closing. The comparable has a good downtown location. The subject is located to the west, in proximity to El Camino Real, and has a good residential location close to supporting services and transit. However, the subject has a secondary commercial location and a downward adjustment for location is indicated. The comparable is similar to the subject in terms of zoning and entitlements. Overall, a higher per unit value is indicated for the subject.

Comparable 4 reflects the sale for a property located at 150, 178 and 190 Airport Boulevard. The property was purchased for a total price of \$14,500,000 or \$92,357 per unit. The comparable closed in December 2017 and an upward adjustment for market conditions is made. The property was purchased fully entitled and a downward adjustment is made for this factor. The property has a superior more centralized location and it is smaller in size. In addition, it has a lower density. Overall, a lower per unit value is indicated for the subject.

Comparable 5 pertains to the sale of multiple sites for assemblage into a high-density residential project on Miller Street. The property was purchased for a total of \$67,348 per unit based on the sales of five properties. The project is planned as the second phase of Cadence which is located directly east. No adjustments are made for market condition or conditions of sale. The comparable has a superior location in downtown South San Francisco and a negative adjustment is made for

this factor. In addition, the comparable is smaller in size and has superior site conditions given its frontage on two streets. However, the property has a higher density which warrants a positive adjustment. Overall a lower unit value is indicated for the subject based on this sale.

Value Conclusion

After adjustment, the comparables reflect a per unit value range of between approximately \$37,000 and \$54,000. Less weight is placed on the low end of the range which reflects the sale of a condominium project on Linden Avenue. This project went into contract in 2016, and market conditions have improved. The remaining comparables indicate a range between \$46,000 to \$54,000 per unit. Given the subject's size and location, a mid-range unit value of \$50,000 is concluded. As was noted earlier, this unit value is applied to only the market rate dwelling units. The affordable units are not considered to have any independent land value given the required rent restrictions on the property.

The land value before consideration of extraordinary costs is calculated as follows:

642 Market Rate Units x \$50,000 per unit = \$32,100,000

Rounded: \$32,100,000

The above value conclusion equates to approximately \$121 per square foot of site area, based on 6.10 useable acres, or 265,867 square feet. Relative to the comparables this is in the middle of the range and appears supported on per square foot basis.

It is noted again that this conclusion is only a benchmark value for the subject. Further analysis is necessary for the extraordinary site costs.

VII. EXTRAORDINARY COSTS IMPACTS

The subject property is currently vacant land. As part of the Development Agreement (DA) the developer has agreed to construct and complete certain public improvements, as well as provide some public benefits which are atypical of most projects and therefore considered to be extraordinary costs relative to the comparable sales.

In addition, during the public hearing for the subject's approval with the City Council, an additional extraordinary cost was added. This extraordinary cost was for the Oak Avenue Phase II, Right of Way. The City Council was concerned that this section of the road would not be constructed and directed that the developer would be required to contribute \$5.5 million towards the construction of Oak Avenue Phase II extension as part of the Development Agreement. This additional cost is discussed in greater detail below.

In order to derive an as-is market value as a development site these infrastructure and site development costs considered to be extraordinary in the sense of not being typical of the market, are analyzed and discussed below.

A. Extraordinary Costs

1. *Oak Avenue Extension Infrastructure Requirements, Phase 1*

An integral part of the El Camino Real/Chestnut Avenue Area Plan is the proposed extension of Oak Avenue from Mission Road over Colma Creek and into Antionette Lane. The first phase of the road and bridge includes a new traffic signal at Mission Road and Oak Avenue. According to the Development Agreement, the Developer shall undertake the design and construction of Phase 1 of Oak Avenue and continue to advance design and approval (with BART, Caltrans, etc.) of Oak Avenue Phase 2, so that reviewing departments can ensure a future design for Phase 2 is physically feasible.

The roadway extension and bridge will be 25 feet in width and there will be a signal interchange at Oak Avenue and Mission Road. The road will connect to Antionette Way and terminates into a private street with public access. The street terminates at the western with a wide staircase and accessible switchback path that traverses up the bank to the El Camino Real.

The developer and City are jointly responsible for right-of-way improvements on City/BART/Kaiser and PUC property leading up to El Camino Real, west of Antionette Lane/Colma Creek. This area will be improved with stairs, pathways, ramps, paving and landscaping.

The appraisers reviewed letter from Brian Baker from AGI/Kasa Partners dated August 6, 2019. The letter estimates projected cost for the Oak Avenue Phase 1 extension/bridge based on four design alternatives. The cost range is from \$10,248,540 to \$12,156,598. The differences in costs are due to the length of

the bridge as well as the base flood elevation clearances. The estimated costs for the Additional Oak Avenue ROW, which includes walkways, ramps, grading and landscaping has been estimated at \$4,153,124.

The developer has indicated per the Development Agreement that their contribution for the Oak Avenue and Bridge, signal construction and Right-of-Way improvements will be \$10,350,000. Any costs greater than that will be reimbursed by the City in an amount not to exceed \$5,500,000. This is considered an extraordinary cost for a City transportation improvement serving a wide area beyond just the subject development. A deduction is made to the subject land value to reflect this additional extraordinary cost.

2. *Developer Contribution toward Purchase of Land for Oak Ave. Extension*

The developer also stated that they must contribute \$500,000 to the City toward the purchase of right-of-way land at Oak Avenue and Mission Road as well as on Antionette Lane for the proposed Oak Avenue extension. According to the representative of the developer, the City will be required to purchase a small portion of land from two different property owners to facilitate the Oak Avenue extension. The city confirmed this requirement. A deduction is made to the subject land value to reflect this additional extraordinary cost.

3. *Community Park on BART Property*

As part of the approvals the developer has agreed to install a community park on the adjacent BART Open Space Property and the City of South San Francisco Open Space Property to the west of Building C1 and C2. The park will be approximately 42,531 square feet and will be partially located above the BART Tunnel. The park is proposed to be improved with a lawn area, park benches, seat walls, paving, a playground, fitness station, lighting and pathways. The developer's reported that the estimated cost is \$2,500,000, which is equal to approximately \$59 per square foot.

Other proposed projects in South San Francisco have been required to provide some outdoor public space. Such an extraction in return for City development approvals is not unusual. What is extraordinary in this situation is the scope of the public improvement serving the surrounding neighborhood. As such, although the park is considered to be an amenity that adds value to the property it is also more extensive than would be expected from a development on non-city owned land. Therefore, 50 percent of the total cost is deducted as an extraordinary cost equal to \$1,250,000.

4. *Maintenance of Offsite Landscape Improvements*

Per the Development Agreement (DA) the developer is to maintain offsite improvements that they construct. In exchange for the use of certain portions of

property from BART and Kaiser as part of the project for public open space, the developer is required to provide the maintenance for the improvements.

The developer has indicated an annual maintenance cost of \$125,000 or \$10,417 per month, or \$195 per unit per year. This includes maintenance of street improvements along Mission Road as well as the community park and Market Hall Plaza.

The maintenance of on and off-site improvements around a major apartment project in order to increase the appeal to potential renters is considered to be a normal market activity is not considered an extraordinary cost. The total estimated cost for this item is minimal relative to the overall operating expenses and are further deferred by on-site maintenance staff.

5. *Soil Conditions/Pilings*

Due to an historic water course, the subject property is affected by poor soil conditions which requires 450, 75 feet deep piles across both sites rather than more typical and less expensive mat style foundations. In addition, due to the project's proximity to BART tunnel, the subject requires double cased piles and extra dewatering and monitoring measures on some piles. This cost has been estimated by the developer at approximately \$6,500,000 for the deep piles and \$800,000 for the double cased piles.

These foundation costs are not typical of other development land parcels in the market and a deduction is made for these factors.

6. *Upgrade of Centennial Trail, Undergrounding of Power Lines, Relocation of new Sewer Main, SSF Impact Fees and Childcare Facility*

The subject developer has indicated that there are additional project costs being incurred due to the upgrading of Centennial Trail, the undergrounding of power lines on Mission Road, the relocation of new sewer main into Oak Avenue, the building of a childcare facility with below market rents and the higher South San Francisco Impact Fees. These items are estimated at a cost of \$6,750,000.

Although these are additional project costs, they are not considered extraordinary relative to the market and no deductions are made for these costs. All of the comparable sales used in the valuation analysis are located in South San Francisco and have similar impact fees. The undergrounding of power lines, relocation of a new sewer main and upgrade of Centennial Trail are typical extractions and project amenities required for new development in South San Francisco. The building of a Childcare facility in Building C1 is considered an amenity of the project not unusual for an 800-unit apartment complex. In addition, the cost of this amenity would likely be offset by the fees generated by having a childcare facility on site.

Therefore, no deductions are made for these project costs.

7. *Prevailing Wage*

The Development Agreement indicates that the subject will be affected by a prevailing wage agreement.

Discussions with developers indicate that most of the construction work in new projects in the area is from union labor. This is due to the larger pool of workers available and the experience required. The spread between union and nonunion labor costs typically narrows in a strong economy. This is due to the fact that union contract wages are static whereas the market spot wages increase in a strong market. The complexity of the project can also affect the spread between union and nonunion labor.

The subject developer is currently estimating a 3 to 5 percent increase in construction costs due to prevailing wage. This increase is based on typical union labor for 2/3 of the project and nonunion labor for the finishing trades. Based on a 10 to 15 percent increase in cost on 1/3 of the labor the increase is equal to 3 to 5 percent, or a mid-range of 4 percent. The subject developer has estimated an additional construction cost of \$16 million for prevailing wage requirement based on 5 percent of construction costs.

However, in the current strong job market, developers are forced to pay prevailing wage given the complexity of proposed high-density residential projects and the tight labor market.

In addition, Comparables Land Sales 3 and 5 reflected land sales of property with the prevailing wage requirements. Given the subject's location in a historically strong pro-union city and that other projects are encumbered with the same requirements no adjustment is made.

8. *Mission Road Pedestrian Trail Connection and Pedestrian Bridge Connection to Centennial Trail*

Per the Development Agreement the developer has agreed to pay to the City \$200,000 for costs associated with the *Mission Road Pedestrian Trail Connection*. This is a proposed pedestrian trail connecting Mission Road to the Centennial Trail near the intersection of Sequoia Avenue and Mission Road, to the north of the subject.

The additional cost item pertains to the *Pedestrian Bridge Connection to Centennial Trail*. The developer is required to design and construct a pedestrian bridge and pathway connecting the Kaiser property to Centennial Trail at the same time as the construction of the Centennial Trail improvements. The City states it will not impose requirements that will cause the cost to exceed

\$1,500,000. Further, the City will cooperate with the developer to ensure that any other governmental agencies requirements do not cause the cost to exceed the Maximum Centennial Trail Bridge Cost or \$1,500,000.

The developer is required to design and construct the *Centennial Trail Bridge* and pay the City for costs associated with the *Mission Road Pedestrian Trail Connection* as part of the DA. These two items are presented as an obligation by the developer that will be required for the development of the subject project. Given that these are requirements in the DA, and that they are not project specific, they are considered an extraordinary cost and are deducted from the land value.

9. Oak Avenue Extension Infrastructure Requirements, Phase 2

At the public hearing for the subject property, the City Council required that the developer contribute toward the construction of Oak Avenue Phase II extension to gain approvals. The requirement was added to the Development Agreement that the Developer would make a payment of \$5,500,000 to partially fund the construction of Phase II of the Oak Avenue Extension Infrastructure Requirements. This improvement will connect Oak Avenue to the El Camino Real as contemplated in the Chestnut/El Camino Real Area Plan.

City of South San Francisco has indicated that the subject PUC Sites bear a sufficient nexus to the Oak Avenue Phase II extension, that they should carry a portion of the development costs. The Assistant City Attorney provided the following explanation/instruction to the appraiser:

“I am writing in my capacity as Assistant General Counsel/Assistant City Attorney for the South San Francisco Successor Agency/City of South San Francisco. I understand that Watts Cohn has requested that we provide an opinion related to the nexus between the proposed SSF PUC Housing Partners, LLC project and the Oak Avenue Phase II extension. Based on our review of the South San Francisco General Plan (“General Plan”) and the El Camino/Chestnut Area Plan (“E/C Area Plan”), the nexus analysis between Oak Avenue Extension Phase II and the PUC Site project are as follows.

The General Plan sets forth policies and guidelines for the El Camino Real area, which is further divided into North and South El Camino subareas. The North El Camino Real Subarea covers Kaiser Hospital and the El Camino Real/Chestnut area, where the PUC project site is located (GP Planning Element pp. 3-28). The General Plan policies for the North El Camino Real Subarea provide that the area should be developed in accordance with the vision established by the E/C Area Plan (GP Policy 3.4-G-6, 3.4-1-13, 14). Additionally, the General Plan specifically directs that these subarea policies are to be

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implemented by, among other things, connecting Arroyo Drive to the west of El Camino Real with Oak Avenue to the east. This policy requirement would provide “a new east-west connection parallel to Chestnut Avenue”, provide traffic relief, and link Buri Buri and Sunshine Garden neighborhoods. Thus, the General Plan already contemplates extending Oak Avenue all the way to Arroyo Drive in implementing development policies envisioned for the North El Camino Real area which includes the current project site.

Likewise, the E/C Area Plan specifically envisioned the extension of Oak Avenue as an integral part of the policies and guidelines for the development of the plan area. The E/C Area Plan identifies the area between Mission Road and El Camino Real (north to Grand Avenue) as a “focus area” with the greatest development opportunities (pp. 2). This focus area includes parcels near Chestnut Avenue and El Camino Real, as well as parcels north of the “proposed Oak Avenue extension along Mission Road.” These areas include the current PUC Project site as well as the City’s Community Civic Campus project which is located at the corner of Chestnut Avenue and Antoinette Lane. In identifying this focus area, the E/C Area Plan contemplated extension of Oak Avenue to El Camino Real as illustrated in Figure 1-2.

Additionally, the E/C Area Plan specifically notes the Oak Avenue extension will affect the plan area which includes the current project site. The Area Plan states that the City currently plans to extend Oak Avenue through to Arroyo Drive in accordance with the General Plan, as it is a part of the City’s current Capital Improvements Program being implemented. This proposed extension will be a key feature in the planning area with significant improvements in connectivity (pp. 42). The Oak Avenue extension is also an integral part of the Area Plan’s guiding principles on circulation and providing enhanced linkages within the plan area. The proposed extension would provide a secondary east-west connection between adjacent neighborhoods, relieve traffic congestion at the El Camino Real/Chestnut Avenue intersection, and provide access to Centennial Way. On-street parking and wider sidewalks/travel lanes would also serve this neighborhood and the fronting active uses, which covers the current PUC Site development. The bicycle-pedestrian connection policies for this area also anticipates the extension of Oak Avenue and encourages pedestrian-oriented connections through development between Chestnut Avenue and the Oak Avenue extension. (pp. 80-84, Figure 3-7, Policy C-4). The Area Plan continuously incorporates the construction of Oak Avenue Extension into its policy and guideline considerations for parking needs, phasing and development of residential and retail constructions in

the plan area, and utility/sewer connections for the resulting developments (i.e. see pp. 106-07, 113). These considerations all affect the development of the current PUC site. The project area is included in Phase One and Phase Two of the EC Area Plan. The circulation and implementation sections of the EC Area Plan provides that the Oak Avenue extension should commence construction during Phases One and Two and be completed prior to completion of Phase Three (pps. 83 and 107).

Based on the foregoing, the proposed Oak Avenue extension is necessary for and has been an integral part of the consideration in the General Plan and the E/C Area Plan policies and guidelines relating to the current PUC Site development. Phase 1 of the Oak Avenue extension will connect Oak Avenue to Antoinette Lane, and Phase 2 will connect from Antoinette Lane to El Camino Real. These construction phases are consistent with the policies outlined in both plans, are necessary for the SSF PUC project to proceed and would serve the goal to improve circulation and connectivity for the PUC Site development and surrounding neighborhood. Thus, the obligations to design to 35% level and pay for a portion of the cost of the Oak Avenue Phase II extension have a nexus to the proposed SSF PUC Housing Partners, LLC project.”

“Based on cost estimating prepared by Fehr and Peers and reviewed by the City’s Principal Engineer, the estimated costs for construction of Phase II is between \$10,500,000 and \$12,500,000 depending on when construction starts and the price escalation that will likely occur if the project commences construction later in time. Thus, the proportionate share allocated to SSF PUC Housing Partners, LLC is between 44% and 52% of the total project costs for Oak Avenue Phase II depending on when construction commences.”

Consequently, an extraordinary cost of \$5,500,000 is deducted for this item.

10. Extraordinary Cost Conclusions

The table on the following page shows the Extraordinary Costs presented by the developer and city. Based on our analysis a total cost of \$26,600,000 is deducted for the previously concluded land value to derive a value for the subject property as a development site. The market value of the subject is shown below:

Value of the Subject Property Before Extraordinary Cost Impacts:	\$32,100,000
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Extraordinary Costs
Appraisal of PUC Sites B and C at Antionette Lane and Mission Road
South San Francisco, California

<i>Scope of Work</i>	<i>Cost Impact</i>			<i>Amount Allocated by Appraiser</i>		
Phase 1 of Oak Avenue Bridge, Right of Way (city and developer jointly responsible)	\$10,350,000	x	100%	=	\$10,350,000	
Contribution of towards purchase of land for Oak Ave extension	\$500,000	x	100%	=	\$500,000	
Poor Soil Conditions requiring deep piles instead of mat foundations	\$6,500,000	x	100%	=	\$6,500,000	
Proximity to BART /double cased piles and extra dewatering & monitoring	\$800,000	x	100%	=	\$800,000	
Community Park on BART Property	\$2,500,000	x	50%	=	\$1,250,000	
Upgrade Centennial Trail, paving. Lighting and benches	\$300,000	x	0%	=	\$0	
Underground Power Lines on Mission Road	\$500,000	x	0%	=	\$0	
Relocation new sewer main	\$200,000	x	0%	=	\$0	
Building Childcare facility with below market rent	\$750,000	x	0%	=	\$0	
SSF Impact Fees	\$5,000,000	x	0%	=	\$0	
Maintenance of all off-site landscape improvements	\$2,950,000	x	0%	=	\$0	
Prevailing Wage	\$16,000,000	x	0%	=	\$0	
Mission Road Pedestrian Trail Connection	\$200,000	x	100%	=	\$200,000	
Pedestrian Bridge Connection to Centennial Trail	1,500,000	x	100%	=	\$1,500,000	
Oak Avenue Phase II, (city and developer jointly responsible)	5,500,000	x	100%	=	\$5,500,000	
TOTAL	\$53,550,000				\$26,600,000	
	\$83,411 Per unit				\$41,433 Per Unit	

Source: Watts, Cohn and Partners, Inc., December 2019
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Less:

Oak Avenue Bridge Phase 1, Right of Way	(\$10,350,000)
Contribution for Land Purchase on Oak Avenue	(\$500,000)
Soil Conditions and Deep Piles	(\$7,300,000)
Community Park	(\$1,250,000)
Mission Road Pedestrian Trail Connection	(\$200,000)
Pedestrian Bridge Connection	(\$1,500,000)
Oak Avenue Phase 2, Right of Way	(\$5,500,000)
<hr/>	
Total Extraordinary Site Costs	(\$26,600,000)

As-Is Market Value of the Subject Properties PUC Sites B & C After Deducting Extraordinary Costs:	\$5,500,000
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VIII. VALUE CONCLUSIONS

A. As-Is Market Value for PUC Sites B and C

The subject properties consist of two separate parcels identified as *PUC Sites B and C*. Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the market value of the fee simple interest in the combined two subject properties, in its present, as-is condition, under the proposed terms, as of October 11, 2019 is estimated to be:

FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS

(\$5,500,000)

B. Individual Market Values of PUC Site B and PUC Site C

The above concluded value is for the combined two subject properties which consists of *PUC Sites B and C*. The above market value of \$5,500,000 is equal \$20.69 per useable square foot based on 265,867 square feet.

The combined two subject parcels are viewed as a cohesive whole with approvals for a single project. In order to obtain the approvals, the developer must agree to build a certain amount of affordable housing. Although the affordable units may be on only a single parcel, the impact is spread across the entire land holding which received approvals. As such, the total market value is allocated across the two separate parcels on a price per square foot of useable land area.

PUC Site B

PUC Site B contains 73,985 square feet. The square foot value is multiplied by the site area to derive an as-is market value conclusion for PUC Site B as follows;

73,985 square feet	x	\$20.69 per square foot	=	\$1,530,530
Rounded			=	\$1,530,000

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the market value of the fee simple interest in the subject property identified as *PUC Site B*, in its present, as-is condition under the proposed terms, as of October 11, 2019 is estimated to be:

ONE MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS

(\$1,530,000)

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PUC Site C

PUC Site C contains 191,882 useable square feet. The per unit square foot value is multiplied by the useable site area to derive as-is market value conclusion for PUC Site C as follows:

$$191,882 \text{ square feet} \times \$20.69 \text{ per square foot} = \$3,969,470$$

$$\text{Rounded} = \$3,970,000$$

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the market value of the fee simple interest in the subject property identified as *PUC Site C*, in its present, as-is condition under the proposed terms, as of October 11, 2019 is estimated to be:

THREE MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS

(\$3,970,000)

ADDENDA

SUBJECT PROPOSED PERSPECTIVES



Building B



Building B



Building C1



Building C1

SUBJECT PROPOSED PERSPECTIVES



Building C2



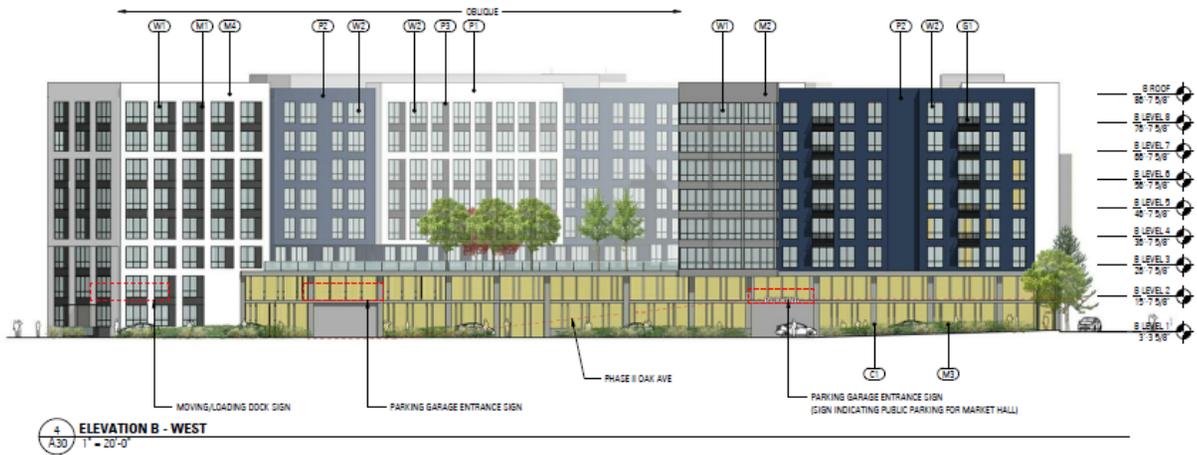
Building C2



Building C2

PROPOSED ELEVATIONS

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- MATERIALS LEGEND**
- M - METAL SIDING
 - B - BRICK VENEER
 - T - CERAMIC TILE
 - C - CONCRETE
 - F - CEMENT PLASTER
 - W - WINDOWS
 - G - GUARDRAIL
- SEE A32 FOR DETAILED MATERIAL BOARD

SOUTH SAN FRANCISCO PUC DEVELOPMENT SOUTH SAN FRANCISCO, CA	1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080	EXTERIOR ELEVATIONS - BUILDING B AGI KASAPARTNERS 09/17/19 17057 BAR architects 10' 20' 40' A30
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PROPOSED ELEVATIONS



2 ELEVATION C1 - WEST
A50 1" = 20'-0"



1 ELEVATION C1 - NORTH
A50 1" = 20'-0"

MATERIALS LEGEND

- M - METAL SIDING
- B - BRICK VENEER
- T - CERAMIC TILE
- C - CONCRETE
- F - CEMENT PLASTER
- W - WINDOW
- S - GUARDRAIL

SEE A53 FOR DETAILED MATERIAL BOARD

SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

09/17/19

17057

BAR architects

EXTERIOR ELEVATIONS - BUILDING C1

AGI
ARCHITECTURAL GROUP INC.

KASAPARTNERS

0 10' 20' 40'

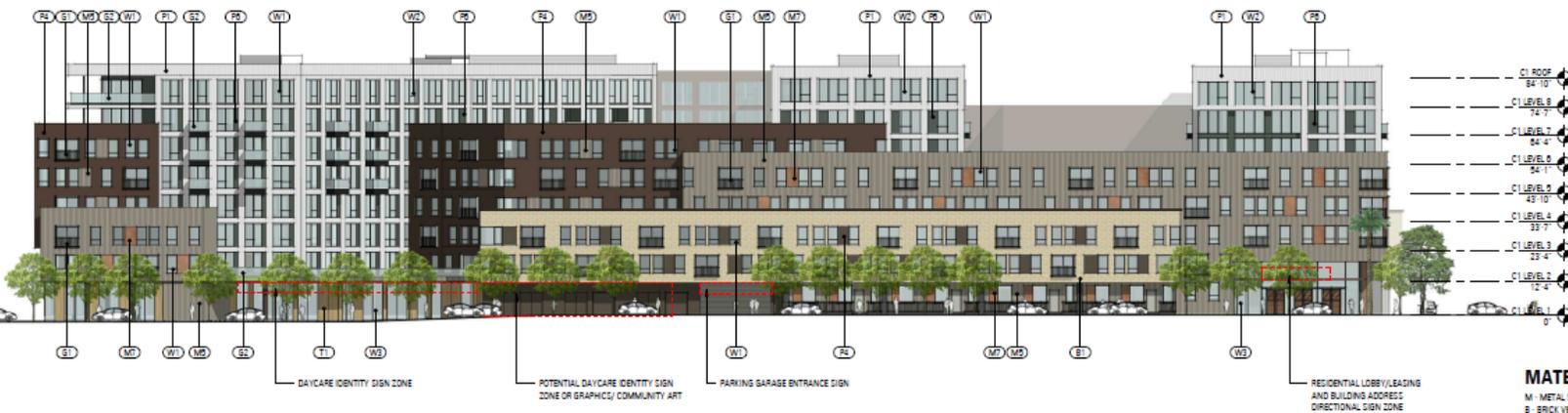
A50

PROPOSED ELEVATIONS



2
A51
ELEVATION C1 - SOUTH
1" = 20'-0"

RESIDENTIAL LOBBY/LEADING AND BUILDING ADDRESS DIRECTIONAL SIGN ZONE



1
A51
ELEVATION C1 - EAST
1" = 20'-0"

DAYCARE IDENTITY SIGN ZONE

POTENTIAL DAYCARE IDENTITY SIGN ZONE OR GRAPHICS/ COMMUNITY ART

PARKING GARAGE ENTRANCE SIGN

RESIDENTIAL LOBBY/LEADING AND BUILDING ADDRESS DIRECTIONAL SIGN ZONE

MATERIALS LEGEND

- M - METAL SIDING
- B - BRICK VENEER
- T - CERAMIC TILE
- C - CONCRETE
- P - CEMENT PLASTER
- W - WINDOWING
- S - SUIRDRAIL

SEE A51 FOR DETAILED MATERIAL BOARD

SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

09/17/19

17057

BARarchitects



A51

EXTERIOR ELEVATIONS - BUILDING C1

PROPOSED ELEVATIONS

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4 ELEVATION C2 - WEST
A70 1" = 20'-0"



3 ELEVATION C2 - SOUTH
A70 1" = 20'-0"



2 ELEVATION C2 - EAST
A70 1" = 20'-0"



1 ELEVATION C2 - NORTH
A70 1" = 20'-0"

- MATERIALS LEGEND**
- M - METAL SIDING
 - S - BRICK VENEER
 - T - CERAMIC TILE
 - C - CONCRETE
 - P - CEMENT PLASTER
 - W - WINDOWS
 - G - GUARDRAIL
- SEE A72 FOR DETAILED MATERIAL BOARD

SOUTH SAN FRANCISCO PUC DEVELOPMENT
SOUTH SAN FRANCISCO, CA

1051 MISSION ROAD, SOUTH SAN FRANCISCO, CA 94080

EXTERIOR ELEVATIONS - BUILDING C2

09/17/19

17057

BARarchitects

AGI
AGIENT GROUP, INC.

KASAPARTNERS

0 10' 20' 40'

A70

QUALIFICATIONS OF SARA A. COHN, MAI
California Certified General Real Estate Appraiser No. AG014469

EXPERIENCE

Sara A. Cohn is a Partner with Watts, Cohn and Partners, Inc. a new firm providing commercial real estate valuation. From 1988 to 2016, she worked for Carneghi and Partners and was a Senior Project Manager/Partner in their San Francisco office. Carneghi and Partners, and now Watts, Cohn and Partners, provide real estate appraisal and consulting services in the San Francisco Bay Area. Clients include financial institutions, government agencies, law firms, development companies and individuals. Typical assignments include both valuation and evaluations of a broad variety of property types, uses and ownership considerations.

Ms. Cohn has over 30 years of appraisal experience. She has completed a wide variety of valuation and evaluation analyses. Ms. Cohn has extensive knowledge of the San Francisco Bay Area and has appraised many property types including office buildings, industrial properties, retail centers, hotels, residential projects, mixed-use properties and development sites. Recent work has involved the analysis of commercial buildings, residential subdivisions, valuation of affordable housing developments with bond financing and/or Low-Income Housing Tax Credits (LIHTCs), assessment districts, as well as co-housing projects.

EDUCATION

Bachelor of Arts, University of California, Berkeley, 1978

Successful completion of all professional appraisal courses offered by the Appraisal Institute as a requirement of membership.

Continued attendance at professional real estate lectures and seminars.

PROFESSIONAL AFFILIATION AND STATE CERTIFICATION

Appraisal Institute - MAI Designation (Member Appraisal Institute) No. 12017
Continuing Education Requirement Complete

State of California Certified General Real Estate Appraiser No. AG014469
Certified Through March 2021

State of California Licensed Landscape Architect No. 2102

Member, Board of Directors, Northern California Chapter of the Appraisal Institute,
2008-2010

Seminars Co-Chair, Northern California Chapter of the Appraisal Institute, 2005-2007



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Sara A. Cohn

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

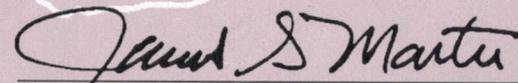
“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 014469

Effective Date: March 10, 2019

Date Expires: March 9, 2021



Jim Martin, Bureau Chief, BREA

3044510

QUALIFICATIONS OF MARK A. WATTS

Mark A. Watts is a Partner with Watts, Cohn and Partners, Inc.

Following is a brief summary of his background and experience:

EXPERIENCE

Commercial Real Estate Appraisal Experience

Mr. Watts has been a commercial real estate appraiser since 1987, and has over 20 years experience in the analysis of commercial real estate. He has completed valuation assignments on a variety of projects, including industrial facilities, residential subdivisions, apartments, shopping centers, cemeteries and recreational facilities. He has also performed feasibility studies and assisted owners in making asset management decisions.

Mr. Watts has provided litigation support and served as an expert witness in court. He has also served in arbitrations as an expert witness. He has been qualified as an expert in San Francisco and San Mateo County Superior Courts.

He served on the San Francisco County Assessment Appeals Board from 2011 to 2016.

Commercial Real Estate Investment Experience

Simultaneous to his work as a commercial appraiser, Mr. Watts has been an active real estate investor/developer. He is experienced in the acquisition, redevelopment and management of commercial properties. He has witnessed and experienced many real estate cycles and stays abreast of current trends. His personal experience as an investor makes him uniquely qualified to appraise commercial real estate.

Over the last 20 years he has completed more than 30 investment real estate transactions, an average of 1.5 transactions per year. He has negotiated with buyers and sellers directly as a principal. He has completed nearly a dozen 1031 exchanges. Beginning with a small initial capital investment, he has built a large real estate portfolio. Based on his ownership experience, Mr. Watts is keenly aware that the success or failure of an acquisition is closely related to its location. Likewise, he is sensitive to locational differences in the appraisal of real estate.

Mr. Watts has broad experience with the construction, maintenance and repair of real estate. He has demolished and re-built two structures from the ground up. He has completed fire damage repairs and remediated toxic mold. He has remodeled kitchens and baths. He has replaced foundations on structures, made additions, and made other improvements. As the quality and condition of real estate has a strong correlation with its value, his experience enables superior judgement of these attributes in his work as a commercial real estate appraiser.

Community Involvement

Mr. Watts served on the Board of Managers of the Stonestown Family YMCA from 2002 to 2017. This is an approximately 30,000 square foot health club facility. He was active on the Facilities Committee. He served as the Board Chair in 2008. He has been a member of the Olympic Club in San Francisco since 1976. He served the Forest Hill Neighborhood Association as President from 2013 to 2017.

EDUCATION

Bachelor of Arts, University of California, Davis

PROFESSIONAL AFFILIATION

State Accredited Affiliate of the Appraisal Institute
State of California Certified General Real Estate Appraiser No. AG015362



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Mark A. Watts

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 015362

Effective Date: August 16, 2019

Date Expires: August 15, 2021

Jim Martin, Bureau Chief, BREA

3046767

1 May 2019

SSF PUC Housing Partners, LLC
c/o Mr. Brian Baker
100 Bush Street, Suite 1450
San Francisco, California 94104

**SUBJECT: Preliminary Geotechnical Evaluation and Limited Environmental
Sampling and Analysis
SSF Transit-Oriented Development – 1051 Mission Road
South San Francisco, California
Langan Project No.: 750652601**

Dear Mr. Baker:

This letter presents the results of our preliminary geotechnical evaluation and limited environmental sampling and analyses for the proposed South San Francisco Transit-Oriented Development at 1051 Mission Road in South San Francisco, California.

The project site is on the southwest side of Mission Road, just north of the intersection of Oak Avenue and the terminus of Antoinette Lane; the approximate site location is shown on Figure 1. The site is divided into a northern and southern portion by the existing concrete-lined Colma Creek channel. The site is relatively flat, with ground surface elevations generally ranging from about 43 feet to 49 feet¹. The site is irregularly shaped with plan dimensions of about 1200 feet by 280 feet. Currently, most of the site is a dirt lot with scattered vegetation throughout. However, a gravel stockpile and several loose telephone poles are present on the southeastern tip of the northern portion of the site. Additionally, a concrete pad is present in the northernmost portion of the site and a shallow concrete V-ditch exists along the northeastern portion of the site.

Immediately southwest and roughly parallel to the site are a pair of below-grade tunnels operated by the Bay Area Rapid Transit (BART) district. A vent structure associated with the BART tunnels is visible west of the southern portion of the development. Based on our review of the BART drawings, it appears the bottom of the tunnel structure is about 31 to 36 feet beneath existing site grades.

We understand that current conceptual plans for site development include three proposed buildings, designated Buildings A, B, and C (BAR Architects, 2018). Buildings A and B will be located within the northern portion of the site and Building C will be located within the southern portion of the site. The buildings are planned to be multi-story residential buildings, likely consisting of a combination of concrete and timber construction. We understand a one-level

¹ Elevations presented herein reference North American Vertical Datum of 1988 (NAVD88) and are based on data available in our files and from a topographic survey file titled "618108 Topo.dwg" provided to us by SANDIS Civil Engineers Surveyors Planners via email on 19 December 2018.

basement is planned under portions of the three buildings. We anticipate that excavations for the one-level basements and associated foundations will extend about 15 feet below the existing ground surface (bgs).

SCOPE OF SERVICES

Our scope of services was outlined as tasks one and three in our proposal dated 3 August 2018. The purpose of our geotechnical study was to provide preliminary geotechnical recommendations for the design and construction of the proposed buildings. Our limited environmental soil sampling and analysis was to provide preliminary information regarding the potential for soil contamination resulting from past and/or present site activities.

Our geotechnical services consisted of reviewing existing subsurface information of the site and vicinity, performing a limited field investigation to better evaluate the subsurface conditions, performing laboratory testing on selected soil samples obtained during the field investigation, and performing engineering analyses to develop preliminary conclusions and recommendations regarding:

- subsurface conditions
- site seismicity and potential for seismic hazards including liquefaction, seismic densification, lateral spreading, and fault rupture
- temporary shoring
- potential foundation type(s) for the proposed buildings, including preliminary estimates of vertical and lateral capacities and associated estimated settlements
- constraints and design approaches associated with construction within the BART Zone of Influence
- 2016 California Building Code (CBC) seismic design values.

REVIEW OF EXISTING SUBSURFACE INFORMATION

To estimate the anticipated subsurface conditions at the 1051 Mission Road site, we reviewed the results of geotechnical investigations performed in the site vicinity by Ninyo & Moore and Treadwell & Rollo, Inc., our predecessor firm. These reports include:

- *Geotechnical Evaluation and Geologic Hazards Assessment, New Police Station, 1 Chestnut Avenue, South San Francisco, California* by Ninyo & Moore, dated 24 May 2018.
- *Geotechnical Evaluation and Geologic Hazard Assessment, Fire Station No. 63, 81 Arroyo Drive, South San Francisco, California* by Ninyo & Moore, dated 24 May 2018.
- *Draft Geotechnical Investigation, Park Station Apartments, 1410 El Camino Real, South San Francisco, California* by Treadwell & Rollo, Inc., dated 16 September 2003

FIELD INVESTIGATION AND LABORATORY TESTING

To supplement available subsurface information and gain further site specific data, we drilled two borings (designated B-1 and B-2) and advanced five cone penetration tests (CPTs, designated CPT-1 through CPT-5, respectively) at the site on 18 December 2018. The approximate locations of the borings and CPTs are presented on Figure 2.

Prior to performing the borings and CPTs, we obtained a drilling permit from San Mateo County Environmental Health Services (SMCEHS). In addition, because the field investigation was conducted on private property, we retained a private utility clearance subcontractor to check for underground utilities in the vicinity of our boring and CPT locations. As required by law, we also notified Underground Service Alert (USA) at least 48 hours prior to drilling.

Borings

The two borings were drilled using a truck-mounted hollow-stem auger drill rig operated by Exploration Geoservices, Inc. of San Jose, California. The borings were advanced to depths of about 55½ and 54 feet bgs, respectively. During drilling, our field engineer logged the soil encountered and obtained soil samples for visual classification and laboratory testing. Upon completion, both borings were backfilled with cement grout in accordance with the requirements of SMCEHS. Soil cuttings from the borings were spread out around each respective boring location.

Soil samples were obtained using the following sampler types:

- Standard Penetration Test (SPT) sampler with a 2.0-inch-outside and 1.38-inch-inside diameter
- Sprague and Henwood (S&H) sampler with a 3.0-inch outside diameter and 2.5-inch-inside diameter, lined with stainless steel tubes with an inside diameter of 2.43 inches

In general, the sampler types were chosen on the basis of soil type and desired sample quality for laboratory testing. Typically, the SPT sampler was used to evaluate the relative density of sandy soil and the S&H sampler was used to obtain samples in medium stiff to very stiff cohesive soil.

The SPT and S&H samplers were driven with a 140-pound, downhole wireline hammer falling 30 inches. The samplers were driven up to 18 inches and the hammer blows required to drive the samplers every six inches of penetration were recorded and are presented on the boring logs. A “blow count” is defined as the number of hammer blows per six inches of penetration. The blow counts required to drive the S&H and SPT samplers were converted to approximate SPT N-values to account for sampler type and hammer energy using factors of 0.5 and 0.9, respectively, based on energy calibrations provided by the drilling subcontractor. The blow counts used for the conversions were: 1) the last two blow counts if the sampler was driven more than 12 inches or 2) the last one blow count if the sampler was driven less than 12 inches. The final converted blow counts for each sample are shown on the boring logs.

The boring logs are presented in Appendix A on Figures A-1a through A-2b. The soil encountered in the borings was classified in accordance with the classification chart shown on Figure A-3.

Cone Penetration Tests (CPTs)

The five CPTs were advanced using a truck-mounted CPT rig by Gregg Drilling, LLC of Martinez, California. The CPTs were advanced to depths between about 63½ and 78 feet bgs, with the exception of CPT-2, which encountered refusal at a depth of about 24 feet bgs.

The CPTs were performed by hydraulically pushing a 1.7-inch-diameter cone-tipped probe with a projected area of 15 square centimeters into the ground. The cone tip measures tip resistance and the friction sleeve behind the cone tip measures frictional resistance. Electrical strain gauges or load cells within the cone continuously measured the cone tip resistance and frictional resistance during the entire depth of each probing. Accumulated data was processed by computer to provide engineering information, such as the types and approximate strength characteristics of the soil encountered. The CPT logs, showing tip resistance and sleeve friction by depth, as well as friction ratio, pore pressures, SPT N60 values, and interpreted soil behavior type, are presented in Appendix B.

Upon completion, the CPTs were backfilled with cement grout in accordance with SMCEHS requirements.

Laboratory Testing

The samples collected from the field investigation were re-examined in the office by the project engineer to check the field classifications and select representative samples for laboratory testing. Samples were tested to measure moisture content, dry density, fines contents, Atterberg Limits (plasticity), and compressibility. Results of the laboratory tests are included on the boring logs and in Appendix C.

To evaluate the corrosivity of the near-surface soil, we sent a composite sample consisting of near-surface soil from borings B-1 and B-2. The corrosivity testing and evaluation was performed by CERCO Analytical using ASTM Test Methods. The results of the laboratory corrosion test and a brief evaluation of the results are presented in Appendix D.

SUBSURFACE CONDITIONS

Based on the results of our preliminary field investigation at the site and existing data in the vicinity of the site, we conclude the development site is blanketed by undocumented fill that is underlain by Stream Deposits. The stream deposits are generally underlain by dense to very dense sands and stiff to hard clays associated with the Colma and Merced Formations. An idealized subsurface profile is shown on Figure 3. Subsurface conditions encountered are described in additional detail below.

The fill generally consists of medium dense to dense sand with variable silt, clay, and gravel contents. Where encountered, the fill thickness is about 6½ feet; however, based on a brief

comparison of historic topographic data, we anticipate fill thicknesses up to eight feet may exist at the project site.

Underlying the fill are Stream Deposits, which appear to relate to stream channel areas prior to the current channelized Colma Creek alignment. These deposits align with local geologic mapping performed in the site vicinity, which maps young (Holocene) Alluvial deposits at the site, as shown on Figure 4. The Stream Deposits generally consist of interlayered and interbedded layers of weak soils, including medium stiff to very stiff silts and clays and loose to medium dense sands with variable silt and clay contents. Variable organics contents are also present within the Stream Deposits. These deposits generally extend to depths between 20 and 50 feet bgs at the project site. The approximate depth to the bottom of the weak Stream Deposits at each of our exploration points is shown on Figure 2.

Based on local geographic mapping performed in the site vicinity, the Stream Deposits are underlain by the Colma Formation (Colma), which is in-turn underlain by the Merced Formation. However, we anticipate that portions of the Colma may have been eroded by the historic Colma Creek, such that in some areas the Merced Formation may directly underlie the Stream Deposits throughout portions of the project site. Where explored, the Colma Formation generally consists of dense to very dense sand with varying silt and clay contents. The Merced Formation generally consists of dense to very dense sands with varying fines contents interbedded with stiff to hard clays and silts with varying sand contents. The Merced Formation extends to the maximum depth explored of 78 feet bgs.

During our investigation, groundwater was encountered in borings B-1 and B-2 at depths of about 18½ and 14½ feet bgs, respectively, corresponding to approximate Elevations 30 and 30½ feet, respectively.

LIMITED ENVIRONMENTAL SOIL SAMPLING AND ANALYSIS

The purpose of the soil sampling and analytical testing was to evaluate the environmental quality of soil likely to be encountered during the potential construction activities. To preliminarily characterize the soil, samples were collected from each geotechnical boring at approximately depths of 2.5, 5.0, 7.5, 10, and 12.5 feet bgs. Each sample tube was sealed with Teflon and plastic caps, labeled, and placed on ice in a cooler for delivery to the analytical laboratory under chain of custody procedures. The chemical analytical schedule was chosen to satisfy typical soil profiling scenarios generally accepted by landfills. A total of four soil samples from each boring were analyzed at a State of California certified analytical laboratory for some or all of the following: total petroleum hydrocarbons as gasoline, diesel, and motor oil, volatile organic compounds (VOCs), semi-volatile organic compounds (SVOCs), organochlorine pesticides (OCPs) and polychlorinated biphenyls (PCBs), and California assessment manual (CAM) 17 metals.

Based on the test results TPHg, TPHd, and TPHmo were detected above laboratory reporting limits but below the residential and commercial environmental screening levels (ESLs) in four of the soil samples analyzed. The highest concentrations of TPH were in boring B2-E1 at a depth of 2.5-feet bgs; TPHg was detected at a concentration of 34 milligrams per kilogram (mg/kg);

TPHd was detected at a concentration of 240 mg/kg; and TPHmo was detected at a concentration of 810 mg/kg.

Trace concentrations of the VOCs, 1,2,4 – trimethylbenzene and 1,3,5 – trimethylbenzene were detected in one soil sample, B2-E1-2.5 (at 2.5 feet bgs) at concentrations of 0.027 mg/kg and 0.013 mg/kg. Trace concentrations of ten SVOCs were detected in at least one soil sample, all of the concentrations were below the residential and commercial ESLs. No other VOC, SVOC, OCP, PCB, or asbestos were detected at concentrations above the respective laboratory reporting limit... Total chromium was detected in each of the eight samples analyzed at concentrations ranging from 19 mg/kg to 79 mg/kg. Total chromium was detected at concentrations above 50 mg/kg but below 1,000 mg/kg in three of the eight samples, all of which were subsequently analyzed for STLC chromium analysis to determine soluble chromium levels. STLC chromium was detected in five of the eight samples analyzed at concentrations ranging from 0.31 mg/L to 0.43 mg/L, none of which exceed the State of California hazardous waste criteria of 5 mg/L. The remaining metal concentrations were generally within normal background ranges found in the western United States.

The soil analytical results are summarized in Tables 1 through 3 in Appendix E and the certified analytical results and chain-of-custody records are included in Appendix F.

Based on the analytical results of the soil samples, the material does not contain any hazardous concentrations in the samples analyzed and disposal of the soil will most likely be as unrestricted material with the exception of the material near B2-E1 at a depth of 2.5 feet bgs, which will need to be disposed at a facility that can accept low levels of petroleum hydrocarbon contaminated soil.

REGIONAL SEISMICITY AND FAULTING

The major active faults in the area are the San Andreas, San Gregorio, and Hayward faults. These and other faults of the region are shown on Figure 5. For each of the active faults within about 50 kilometers (km) of the site, the distance from the site and estimated mean characteristic moment magnitude² [2007 Working Group on California Earthquake Probabilities (WGCEP) (2008) and Cao et al. (2003)] are summarized in Table 1.

² Moment magnitude is an energy-based scale and provides a physically meaningful measure of the size of a faulting event. Moment magnitude is directly related to average slip and fault rupture area.

TABLE 1
Regional Faults and Seismicity

Fault Name	Distance (km)	Direction from Site	Mean Characteristic Moment Magnitude
N. San Andreas - Peninsula	2.3	Southwest	7.23
N. San Andreas (1906 event)	2.3	Southwest	8.05
San Gregorio Connected	11	West	7.50
N. San Andreas - North Coast	19	Northwest	7.51
Total Hayward	27	Northeast	7.00
Total Hayward-Rodgers Creek	27	Northeast	7.33
Monte Vista-Shannon	30	Southeast	6.50
Total Calaveras	42	East	7.03
Mount Diablo Thrust	43	Northeast	6.70
Point Reyes	47	Northwest	6.90
Green Valley Connected	48	Northeast	6.80
Rodgers Creek	48	North	7.07

The City College shear zone is mapped as less than one km from the project site. The fault is believed to be late Cretaceous in age and is not mapped as active or potentially active.

Figure 5 also shows the earthquake epicenters for events with magnitude greater than 5.0 from January 1800 through August 2014. Since 1800, four major earthquakes have been recorded on the San Andreas Fault. In 1836 an earthquake with an estimated maximum intensity of VII on the Modified Mercalli (MM) scale (Figure 6) occurred east of Monterey Bay on the San Andreas Fault (Topozada and Borchardt 1998). The estimated Moment magnitude, M_w , for this earthquake is about 6.25. In 1838, an earthquake occurred with an estimated intensity of about VIII-IX (MM), corresponding to an M_w of about 7.5. The San Francisco Earthquake of 1906 caused the most significant damage in the history of the Bay Area in terms of loss of lives and property damage. This earthquake created a surface rupture along the San Andreas Fault from Shelter Cove to San Juan Bautista approximately 470 kilometers in length. It had a maximum intensity of XI (MM), an M_w of about 7.9, and was felt 560 kilometers away in Oregon, Nevada, and Los Angeles. The Loma Prieta Earthquake occurred on 17 October 1989, in the Santa Cruz Mountains with an M_w of 6.9, approximately 85 kilometers from the site.

In 1868 an earthquake with an estimated maximum intensity of X on the MM scale occurred on the southern segment (between San Leandro and Fremont) of the Hayward Fault. The estimated M_w for the earthquake is 7.0. In 1861, an earthquake of unknown magnitude (probably an M_w of about 6.5) was reported on the Calaveras Fault. The most recent significant earthquake on this fault was the 1984 Morgan Hill earthquake ($M_w = 6.2$). The most recent significant earthquake to

be felt in the Bay Area occurred on 24 August 2014 and was located on the West Napa Fault ($M_w = 6.0$).

The 2014 WGCEP (WGCEP, 2015, USGS) predicted a 72 percent chance of a magnitude 6.7 or greater earthquake occurring in the San Francisco Bay Area in 30 years. More specific estimates of the probabilities for different faults in the Bay Area are presented in Table 2.

TABLE 2
WGCEP (2015) Estimates of 30-Year Probability
of a Magnitude 6.7 or Greater Earthquake

Fault	Probability (percent)
Hayward-Rodgers Creek	32
N. San Andreas	33
Calaveras	25
Green Valley	7
San Gregorio	6
Mount Diablo Thrust	4

SEISMIC HAZARDS

During a major earthquake, strong to violent ground shaking is expected to occur at the project site. Strong ground shaking during an earthquake can result in ground failure such as that associated with soil liquefaction³, lateral spreading⁴, cyclic densification⁵, and fault rupture. We used the available limited subsurface information to evaluate the potential of these phenomena to occur at the project site.

Liquefaction and Associated Hazards

When saturated soil with little to no cohesion liquefies during a major earthquake, it experiences a temporary loss of shear strength as a result of a transient rise in excess pore water pressure generated by strong ground motion. Flow failure, lateral spreading, differential settlement, loss

³ Liquefaction is a transformation of soil from a solid to a liquefied state during which saturated soil temporarily loses strength resulting from the buildup of excess pore water pressure, especially during earthquake-induced cyclic loading. Soil susceptible to liquefaction includes loose to medium dense sand and gravel, low-plasticity silt, and some low-plasticity clay deposits.

⁴ Lateral spreading is a phenomenon in which surficial soil displaces along a shear zone that has formed within an underlying liquefied layer. Upon reaching mobilization, the surficial blocks are transported downslope or in the direction of a free face by earthquake and gravitational forces.

⁵ Cyclic densification is a phenomenon in which non-saturated, cohesionless soil is densified by earthquake vibrations, causing ground-surface settlement.

of bearing, ground fissures, and sand boils are evidence of excess pore pressure generation and liquefaction.

We used the procedure outlined in the proceedings of the NCEER workshops (Youd, 2001) for the evaluation of liquefaction triggering for the soils at the site. The level of ground shaking used in our liquefaction evaluation was based on the Maximum Considered Earthquake (MCE) mapped values. A peak geometric mean ground acceleration (PGA_M) of 0.89 times gravity was used in our analyses. This PGA was calculated using the procedures specified in the 2016 California Building Code (CBC), using site class D. We assumed an earthquake magnitude of 8.05 in our analyses based on the close proximity of the San Andreas Fault. In addition, we assumed the design groundwater level could be as high as 10 feet bgs, or about Elevation 35 feet, in the liquefaction analyses.

Based on the results of our evaluations, we conclude that multiple layers within the Stream Deposits at each of our exploration points are susceptible to liquefaction and associated liquefaction-induced settlements. These layers range in thickness from just a few inches up to about five feet and range in depth from the groundwater table down to the base of the Stream Deposits (as deep as 50 feet beneath existing site grades). Using the Zhang et al (2002) method for evaluating earthquake-induced liquefaction settlement from CPT data, we estimate the portions of the Stream Deposits that are potentially susceptible to liquefaction could experience post-earthquake settlements of up to about six inches for free field conditions.

Considering an anticipated excavation depth of about 15 feet for the proposed buildings, we anticipate that some of the soil layers susceptible to liquefaction described above will be removed. However, the remainder of the soil layers which are susceptible to liquefaction will remain in place and the potential free-field liquefaction-induced settlement will be large (about 4 inches).

Lateral Spreading

Lateral spreading is a phenomenon in which a surficial soil displaces along a shear zone that has formed within an underlying liquefied layer. The surficial blocks are transported downslope or in the direction of a free face, such as a channel, by earthquake and gravitational forces. Lateral spreading is generally the most pervasive and damaging type of liquefaction-induced ground failure generated by earthquakes.

The potentially liquefiable layers observed in the site vicinity appear to be at least partially continuous, particularly within the southern portion of the project site. Additionally, some of these layers appear to have SPT N-values (blow counts) less than 15. According to Youd, Hansen, and Barlett (2002), for significant lateral spreading displacements to occur, the soil must consist of saturated cohesionless sandy sediments with corrected SPT N-values less than 15 blows per foot. However, we have not identified a substantial free face adjacent to the project vicinity that extends below the water table and overall site grades are relatively flat. We therefore preliminarily conclude that the potential for lateral spreading at the project site is low. However, this phenomenon should be further investigated during the final geotechnical investigation.

Seismic Densification

Seismic densification (also referred to as cyclic densification or differential compaction) can occur during strong ground shaking in loose, clean granular deposits above the water table, resulting in ground surface settlement.

Portions of the on-site fill and Stream Deposits above the groundwater table are loose to medium dense, and may be susceptible to seismic densification. However, assuming an excavation depth of about 15 feet for the proposed basements, the majority of the soils susceptible to seismic densification will be removed. Therefore, we anticipate that less than ½ inch settlement could occur due to seismic densification in the soil strata below the planned basement level. However, the area outside the planned basement, including adjacent sidewalks and surrounding areas, may experience up to ¾ inches of settlement due to seismic densification during a major earthquake. Utilities and building entrances should be designed to accommodate differential settlement between the building and the exterior ground.

Fault Rupture

Historically, ground surface fault rupture closely follows the trace of geologically young faults. The site is not within an Earthquake Fault Zone, as defined by the Alquist-Priolo Earthquake Fault Zoning Act, and no active or potentially active faults exist on the site. In a seismically active area, the remote possibility exists for future faulting in areas where no faults previously existed; however, we conclude the risk of surface faulting and consequent secondary ground failure is low.

DISCUSSION AND PRELIMINARY RECOMMENDATIONS

On the basis of our subsurface exploration, we preliminarily conclude that from a geotechnical standpoint, the site can be developed as planned. The primary geotechnical concerns at the project site are:

- the presence of the BART tunnels adjacent to the project site
- the presence of undocumented fill and weak Stream Deposits at the site
- liquefaction of the weak Stream Deposits and associated settlements
- appropriate foundation system
- presence of relatively shallow groundwater
- support of the excavation sidewalls during excavation and construction of the below-grade basement

These geotechnical concerns and their potential impacts on the proposed project are discussed in the following sections.

BART Considerations

The presence of the BART tunnels adjacent to the site may impact determination of the appropriate foundation, shoring, and dewatering systems, as appropriate, for the proposed project. BART has developed general guidelines for the construction near their subway structures. These guidelines are presented in Appendix G and include the following:

1. The BART Zone of Influence (ZOI) is defined as the area above a line from the critical point of the substructure at a slope of 1½ horizontal to 1 vertical.
2. Soil redistribution caused by temporary shoring or permanent foundation systems shall be analyzed.
3. Shoring shall be required to maintain soil's at-rest condition; shoring structures shall be monitored for movement.
4. Tunnels, where affected, shall be monitored for movement and deformation due to adjacent construction activities as to ensure structural and operational safety.
5. Dewatering shall be monitored for changes in groundwater level; recharge program will be required if existing groundwater level is expected to drop more than two feet.
6. Where basements are excavated, the amount of loading (on subway) can be increased to the extent it is balanced by the weight of the removed material; however, the effect of soil rebound in such cases shall be fully analyzed.
7. All structures shall be designed so as not to impose any temporary or permanent adverse effects, including unbalanced loading and seismic loading on the adjacent BART subways.

Our interpretations of the BART tunnel locations and ZOI's are shown on Figures 2 and 3. These interpretations are based on as-built drawings provided by BART⁶, the existing surface topography provided by Sandis⁷ and building renderings provided by BAR Architects⁸. Because portions of the proposed development are either within or very close to the ZOI's, the BART guidelines will have to be considered during the design and construction of the foundation and shoring system for the proposed buildings. BART engineering will review the final geotechnical report, the structural plans and calculations, and the temporary shoring plans and calculations. Furthermore, BART may require that soil-structure interaction analysis be performed using finite element or finite difference analysis methods to evaluate the effect of the development on BART facilities. We understand BART requires no additional soil pressures be applied to their facilities

⁶ BART drawings titled "San Francisco Airport Extension Line, Trackwork, and Systems, Utilities, Plan and Profile, W2 381+00 to W2 392+00, and W2 392+00 to W2 404+00." dated 30 May and 25 November 2003, respectively.

⁷ Topographic survey drawing by SANDIS Civil Engineers Surveyors Planners, titled "618108 Topo.dwg" and provided via email on 19 December 2018.

⁸ Drawings by BAR Architects, titled "Alt D – High Rise." Sheets 01, 02, AB.B1, AB.01, AB.02, AB03, AB04, C.B1, C.01, C.02, and C.03, dated 4 January 2018.

due to the temporary shoring or the proposed buildings under static and seismic loading conditions.

Groundwater Considerations

As discussed above, groundwater was encountered in borings B-1 and B-2 at depths of about 18½ and 14½ feet bgs, respectively. However, seasonal fluctuations in the groundwater levels should be expected during periods of heavy rainfall or changes in the climate. Therefore, we conclude a design high groundwater level corresponding to Elevation 35 feet should be considered to check for hydrostatic uplift and design of the basement walls.

Based on an assumed excavation depth of about 15 feet bgs, we anticipate that excavations for the proposed buildings will extend near or into the existing groundwater table. However, for planning, the groundwater should be lowered to a depth of at least 3 feet below the bottom of the final planned foundation excavations to help maintain safe and stable excavations. For example, in areas where the planned bottom of excavation is 15 feet bgs, the groundwater should be lowered to 18 feet bgs. However, BART restricts the lowering of groundwater to no more than 2 feet below an established pre-construction baseline groundwater level. If the groundwater outside the excavations is lowered more than two feet, BART will require the installation of injection/recharge wells to maintain the groundwater within two feet of the baseline measurements.

Based on the design groundwater elevation above, we anticipate that the proposed buildings' basements will extend below the design groundwater level. Therefore, waterproofing will be required and the buildings' foundation elements and slabs should be designed to resist the associated hydrostatic pressures.

Excavation and Shoring Considerations

Based on an anticipated excavation depth of about 15 feet bgs, the required excavations for the basements may be sloped where there is sufficient space. Temporary cut slopes taller than five feet should be excavated no steeper than 1½:1 (horizontal to vertical). Where sufficient space is not available for cut slopes, the excavations will need to be shored to protect the surrounding improvements.

There are several key considerations in selecting a suitable shoring system, including the:

- potential for groundwater at or near the bottom of the proposed excavations
- protection of surrounding improvements, including the existing Colma Creek channel and Mission Road
- ability of the shoring system to reduce potential for ground movement
- cost.

We anticipate the excavations can generally be retained using a soldier-pile-and-lagging shoring system, except where the excavations extend below the existing groundwater level. A soldier-

pile-and-lagging system typically consists of concrete encased steel H-beams placed in predrilled holes extending below the bottom of the excavations. Wood lagging is placed between the piles as the excavations proceed.

If tiebacks are incorporated into the proposed shoring system, they may require encroachment agreements from adjacent property owners and permits from the City of South San Francisco. Furthermore, BART restricts tiebacks within 10 feet of subsurface facilities. It may be advisable to plan on using internal bracing instead of adding tiebacks in the direction of the BART tunnels. Tiebacks, if any, on the street sides of the excavations should avoid underground utilities in the streets. If tiebacks are utilized, care should also be taken when installing tiebacks towards the existing Colma Creek channel, which divides the project site into northern and southern portions, to avoid damaging the existing channel.

Groundwater may be present at or near the bottom of the proposed excavations. However, as discussed above, the groundwater level should be lowered to a depth of at least 3 feet below the bottom of the final planned foundation excavations. Therefore, if the ultimate basement depth extends down to the water table, due to the BART requirements mentioned previously, a cutoff wall, likely consisting of a cement deep soil mixed (CDSM) wall, may be more suitable to reduce the chances of lowering the groundwater table in the BART vicinity.

Foundations and Settlement

We anticipate the bottoms of the proposed buildings' foundations will be underlain by potentially liquefiable Stream Deposits, which are not considered suitable for support of the proposed buildings; the soft clay and silt would be susceptible to excessive settlement under static building loads and, during an earthquake, there could be a loss of foundation support due to the potentially liquefiable soils. Therefore, we preliminarily conclude the building should be supported on deep foundations gaining support in the underlying Colma and/or Merced Formations. Alternatively, ground improvement could be used to mitigate the potential for liquefaction to occur and transfer the foundation loads to the underlying Colma/Merced Formations. However, due to the anticipated variable thicknesses and depths of the Stream Deposits, ground improvement may not be a cost-effective option in certain areas. Additionally, further evaluation of the top of the Colma/Merced Formations will be needed in order to determine requisite embedment depths for ground improvement elements, if used, to ensure the Colma and Merced Formations are capable of sustaining the anticipated building loads. Accordingly, information regarding deep foundations is presented below; however, additional discussion and recommendations regarding potential for ground improvement at the site will be presented in the final geotechnical report, if applicable.

We preliminarily conclude that the proposed buildings can be supported on deep foundations that gain support in the soils beneath the Stream Deposits; however, because the existing BART facilities and Colma Creek channel are adjacent to the site, deep foundations that displace the soil or induce ground vibrations are not desirable due to the potential impacts (vibrations, increase stresses, etc.) to these facilities. In addition, deep foundations that displace soil may encounter shallow refusal in localized dense sand layers, such as those encountered in CPT-2, prior to reaching sufficient embedment for high pile capacities. Therefore, we judge that the most appropriate deep foundations would be augered cast-in-place (ACIP) piles.

Because their capacity depends heavily on the method of installation, ACIP piles should be designed and installed by a design-build specialty contractor familiar with these types of piles. ACIP piles are installed by drilling to the required depth with a hollow stem auger. When the auger reaches the required depth, cement grout or concrete is injected through the bottom port of the auger. Grout or concrete is injected continuously as the augers are slowly withdrawn. While the grout is still fluid, a steel reinforcing cage is inserted into the shaft. ACIP piles can range in diameter; however, 16-, 18- and 24-inch-diameter piles are typical.

We preliminarily estimate that the allowable axial compressive capacities of 16-inch-diameter auger cast piles embedded 15 to 25 feet below the bottom of the Stream Deposits will be about 300 to 400 kips. As a result, total ACIP pile lengths for these capacities would likely range from about 50 to 75 feet.

The ACIP piles should develop lateral resistance from the passive pressure acting on the upper portion of the piles and their structural rigidity. The lateral capacity of the piles will depend on the pile stiffness, the strength of the surrounding soil, the axial load on the pile, the allowable deflection at the pile top and the ground surface, and the allowable moment capacity of the pile. Additional lateral load resistance can be obtained by passive resistance acting against the face of below-grade elements, such the basement walls or other foundation elements.

Settlement caused by liquefaction during a major earthquake may cause downdrag. Downdrag is the additional load transferred to the piles when liquefied soil surrounding the pile reconsolidates and applies negative (downward) friction to the pile. Downdrag loads are developed where sufficient strain occurs in the soil to transfer load to the pile. The range of allowable axial compressive pile capacities presented above account for the anticipated additional loads due to downdrag.

Piles should be spaced at least three pile diameters center-to-center to prevent vertical capacity reductions due to pile group interaction effects; the outer auger-tip diameter should be used when determining the pile spacing for the piles. However, if pile groups are utilized, appropriate reduction factors should be applied to the single-pile lateral load capacities to account for pile group effects.

For planning purposes, it is important to note that we will recommend static load testing be performed on piles to evaluate load versus deflection characteristics of the piles and to confirm the anticipated pile capacities are valid under field conditions.

Foundation elements should be designed to accommodate the moderately corrosive conditions presented in Appendix D.

Seismic Design

As discussed above, liquefiable soil is present at the site. Therefore, in accordance with ASCE 7-10, the appropriate site class is Site Class F and a site-specific response spectra will likely need to be performed for final structural design of the buildings.

However, it is possible that for structures of this height, the natural periods of the proposed buildings may be less than ½ second and the buildings would qualify for the exception noted in ASCE 7-10 section 20.3.1. For this condition, or if ground improvement is performed at the site to mitigate the potential for liquefaction to occur, then Site Class D would be appropriate for determining the seismic design parameters in accordance with the provisions of SFBC 2016/ASCE 7-10, which are presented below.

- MCE_R S_S and S_1 of 2.31g and 1.107g, respectively.
- Site Coefficients F_a and F_v of 1.0 and 1.5, respectively
- MCE_R spectral response acceleration parameters at short periods, S_{MS} , and at one-second period, S_{M1} , of 2.31g and 1.66g, respectively.
- DE spectral response acceleration parameters at short period, S_{DS} , and at one-second period, S_{D1} , of 1.54g and 1.107g, respectively.

LIMITATIONS AND FINAL GEOTECHNICAL INVESTIGATION

The conclusions and preliminary recommendations provided in this report result from our interpretation of the geotechnical conditions at the site inferred from a limited number of borings and CPTs. Prior to final design and construction, the subsurface conditions at the site should be evaluated during a final geotechnical investigation. Such an investigation will allow us to provide detailed final geotechnical conclusions and recommendations regarding the geotechnical aspects of the proposed project.

We appreciate the opportunity to work with you and the project team on this project. If you have any questions, please do not hesitate to contact us.

Sincerely yours,

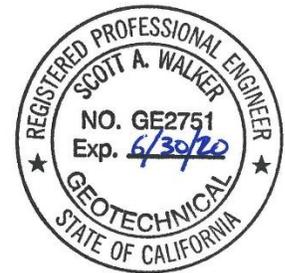
Langan Engineering and Environmental Services, Inc.



Abraham Eng
Senior Staff Engineer



Scott A. Walker, PE, GE
Senior Associate/Vice President



750652601.02 AE_1051 Mission Road_Preliminary Geotechnical Report

Attachments: References

Figure 1 – Site Location Map

Figure 2 – Site Plan

Figure 3 – Idealized Subsurface Profile A-A'

Figure 4 – Regional Geologic Map

Figure 5 – Map of Major Faults and Earthquake Epicenters in the San Francisco Bay Area

Figure 6 – Modified Mercalli Intensity Scale

- Appendix A – Log of Borings
- Appendix B – Log of CPTs
- Appendix C – Laboratory Data
- Appendix D – Corrosivity Analysis with Brief Evaluation
- Appendix E – Summary Tables of Analytical Results
- Appendix F – Certified Analytical Laboratory Reports and Chain-of Custody Record
- Appendix G – BART General Guidelines

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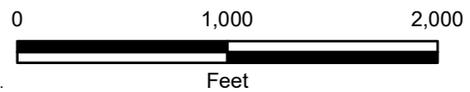
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FIGURES



NOTES:

World street basemap is provided through Langan's Esri ArcGIS software licensing and ArcGIS online.
Credits: Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, IPC, NRCAN.



SSF TRANSIT-ORIENTED DEVELOPMENT
1051 MISSION ROAD
 South San Francisco, California

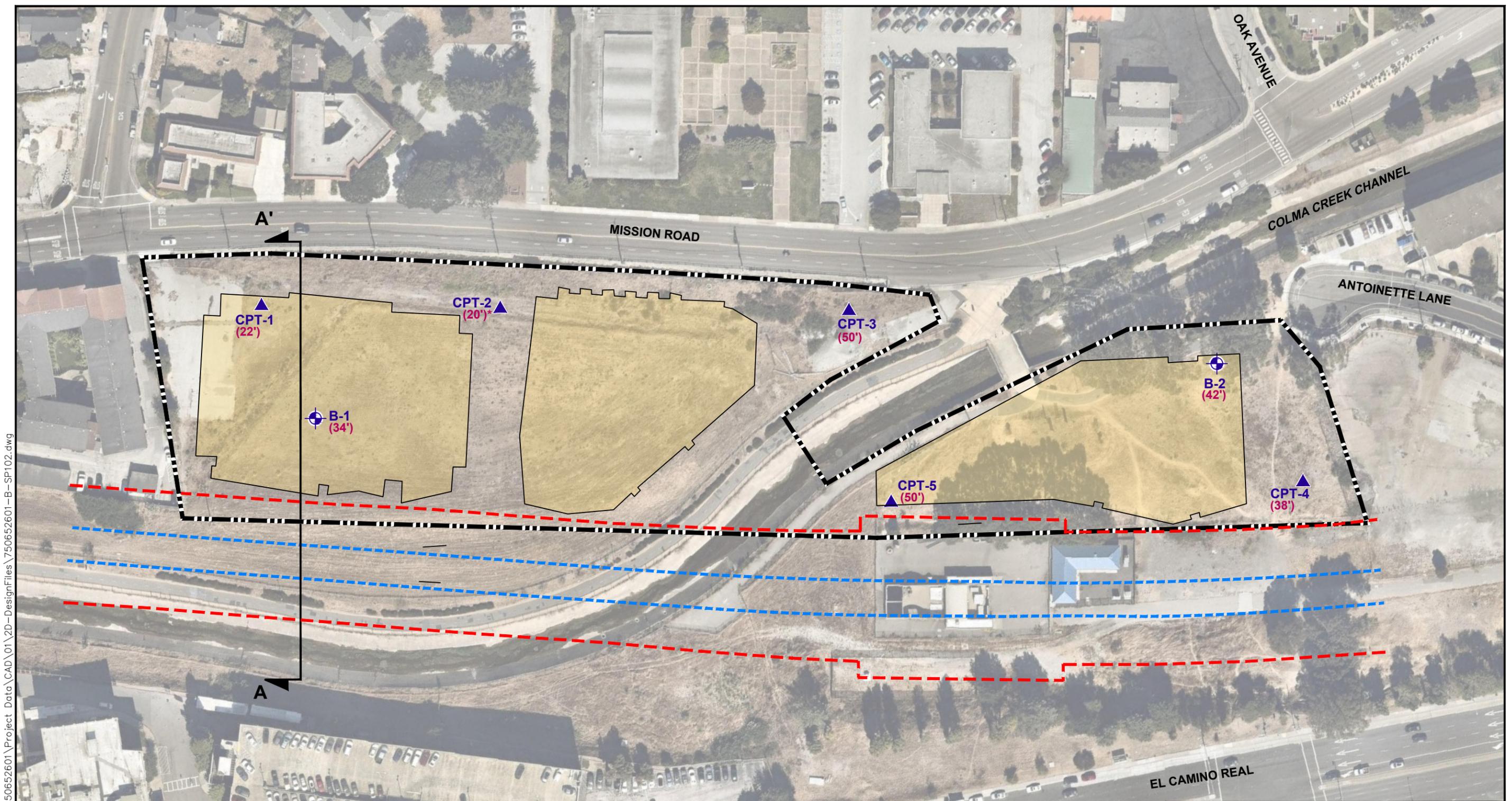
SITE LOCATION MAP

LANGAN

Date 02/04/19

Project No. 750652601

Figure 1

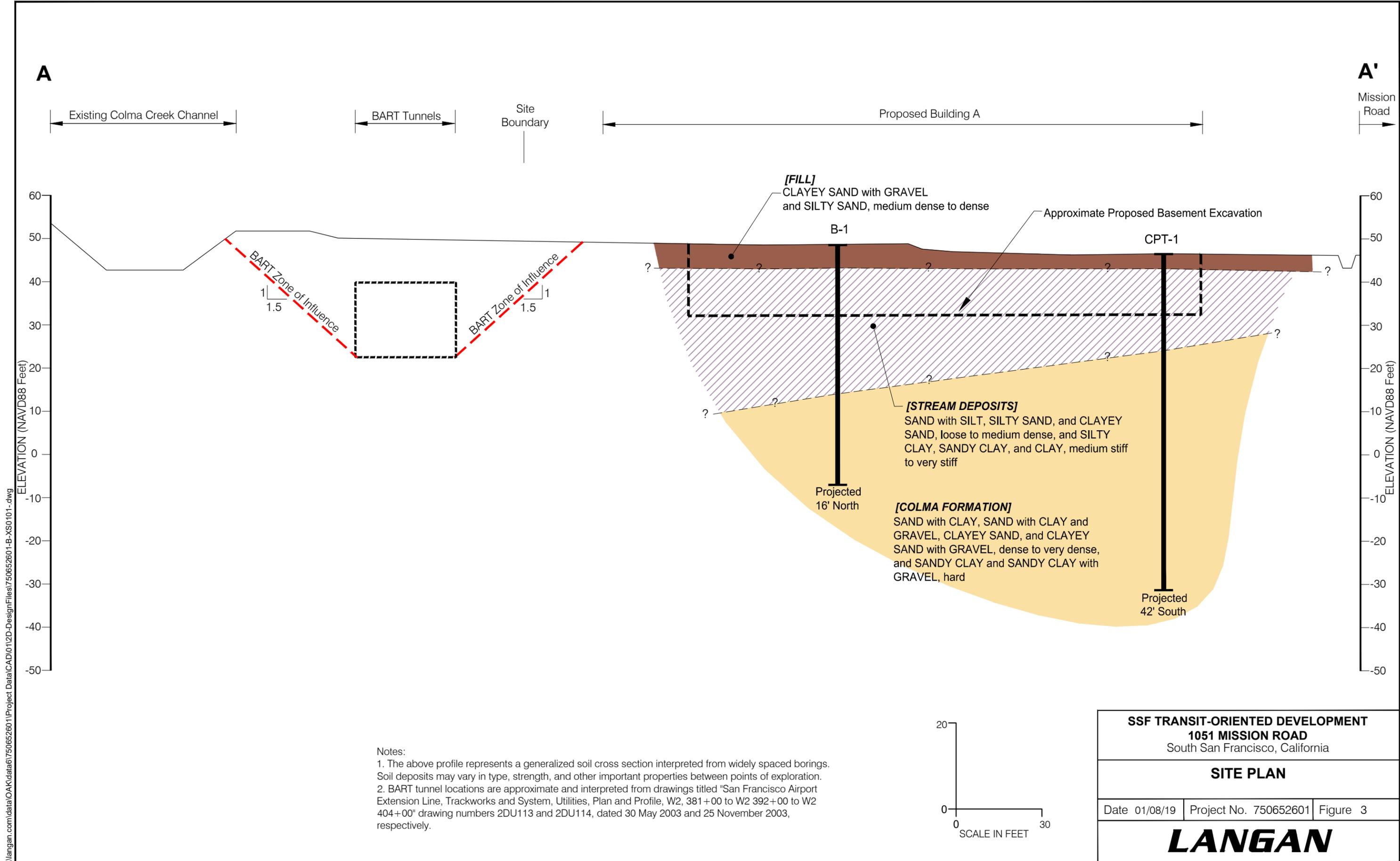


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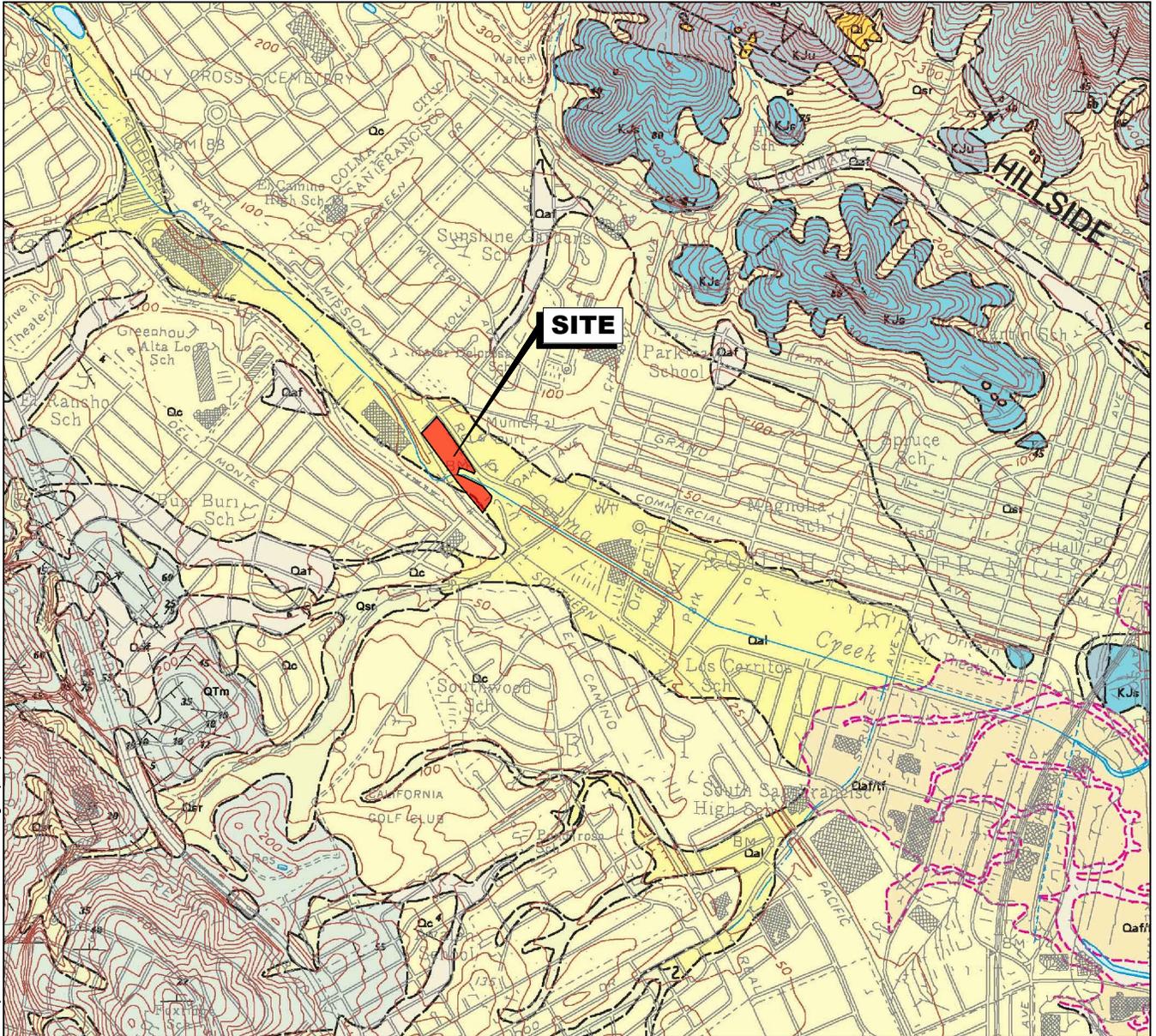
<p>B-1 (34')</p> <p>CPT-1</p> <p>Approximate proposed building outline</p>	<p>EXPLANATION</p> <p>Approximate location of boring by Langan, December 2018 and depth to bottom of Stream Deposits</p> <p>Approximate location of cone penetration test by Langan, December 2018</p>	<p>Approximate property boundary</p> <p>Approximate limit of outer walls of BART subway box</p> <p>Approximate limit of BART zone of influence at existing ground surface</p> <p>* CPT encountered shallow refusal. Actual depth to bottom of Stream Deposits may vary</p>	<p>Idealized cross section location</p>	<p>0 100 Feet</p> <p>Approximate scale</p>
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REFERENCE: Aerial by nearmaps 2019.

SSF TRANSIT-ORIENTED DEVELOPMENT		
1051 MISSION ROAD		
South San Francisco, California		
SITE PLAN		
Date 02/04/19	Project No. 750652601	Figure 2
LANGAN		



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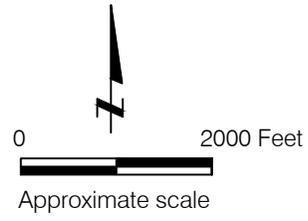


EXPLANATION

- Qaf Artificial fill (Historic)
- Qal Alluvial (Pleistocene)
- Qsr Slope debris and ravine fill (xxxxxx)
- Qc Colma Formation (xxxxxxx)
- QTm Merced Formation (xxxxxx)
- KJs Sandstone and shale
- KJu Sheared rocks

- Approximate location of depositional or intrusive contact
- 35 Bedding; dashed where approximately located
- 35 Bedding; dashed where approximately located

- - - - - 1800s shoreline and stream channels



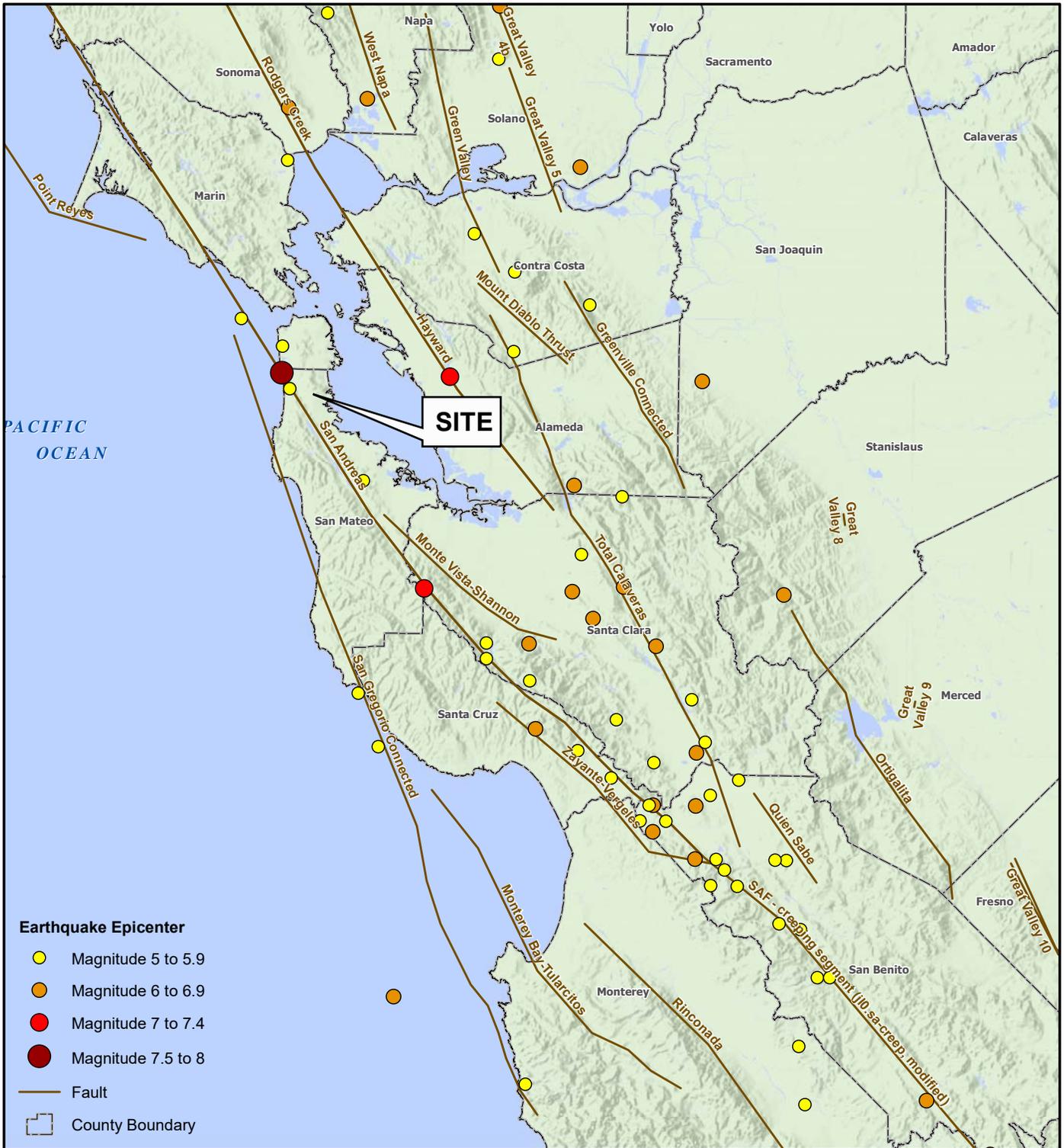
Base map: Geology Map and Map Database of the San Francisco South and San Francisco Bay Area, California, by Carl Wentworth, Marjorie Lucks, Heather Schoonover, Scott Graham, and Thomas May 1998.

1051 MISSION ROAD
South San Francisco, California

REGIONAL GEOLOGIC MAP



Date 02/04/19	Project No. 750652601	Figure 5
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Notes:

1. Quaternary fault data displayed are based on a generalized version of U.S Geological Survey (USGS) Quaternary Fault and fold database, 2010. For cartographic purposes only.
2. The Earthquake Epicenter (Magnitude) data is provided by the USGS and is current through 08/26/2014.
3. Basemap hillshade and County boundaries provided by USGS and California Department of Transportation.
4. Map displayed in California State Coordinate System, California (Teale) Albers, North American Datum of 1983 (NAD83), Meters.



SSF TRANSIT-ORIENTED DEVELOPMENT
1051 MISSION ROAD
 South San Francisco, California

LANGAN

**MAP OF MAJOR FAULTS AND
 EARTHQUAKE EPICENTERS IN
 THE SAN FRANCISCO BAY AREA**

Date 02/04/19

Project No. 750652601

Figure 5

<p>I Not felt by people, except under especially favorable circumstances. However, dizziness or nausea may be experienced. Sometimes birds and animals are uneasy or disturbed. Trees, structures, liquids, bodies of water may sway gently, and doors may swing very slowly.</p> <p>II Felt indoors by a few people, especially on upper floors of multi-story buildings, and by sensitive or nervous persons. As in Grade I, birds and animals are disturbed, and trees, structures, liquids and bodies of water may sway. Hanging objects swing, especially if they are delicately suspended.</p> <p>III Felt indoors by several people, usually as a rapid vibration that may not be recognized as an earthquake at first. Vibration is similar to that of a light, or lightly loaded trucks, or heavy trucks some distance away. Duration may be estimated in some cases. Movements may be appreciable on upper levels of tall structures. Standing motor cars may rock slightly.</p> <p>IV Felt indoors by many, outdoors by a few. Awakens a few individuals, particularly light sleepers, but frightens no one except those apprehensive from previous experience. Vibration like that due to passing of heavy, or heavily loaded trucks. Sensation like a heavy body striking building, or the falling of heavy objects inside. Dishes, windows and doors rattle; glassware and crockery clink and clash. Walls and house frames creak, especially if intensity is in the upper range of this grade. Hanging objects often swing. Liquids in open vessels are disturbed slightly. Stationary automobiles rock noticeably.</p> <p>V Felt indoors by practically everyone, outdoors by most people. Direction can often be estimated by those outdoors. Awakens many, or most sleepers. Frightens a few people, with slight excitement; some persons run outdoors. Buildings tremble throughout. Dishes and glassware break to some extent. Windows crack in some cases, but not generally. Vases and small or unstable objects overturn in many instances, and a few fall. Hanging objects and doors swing generally or considerably. Pictures knock against walls, or swing out of place. Doors and shutters open or close abruptly. Pendulum clocks stop, or run fast or slow. Small objects move, and furnishings may shift to a slight extent. Small amounts of liquids spill from well-filled open containers. Trees and bushes shake slightly.</p> <p>VI Felt by everyone, indoors and outdoors. Awakens all sleepers. Frightens many people; general excitement, and some persons run outdoors. Persons move unsteadily. Trees and bushes shake slightly to moderately. Liquids are set in strong motion. Small bells in churches and schools ring. Poorly built buildings may be damaged. Plaster falls in small amounts. Other plaster cracks somewhat. Many dishes and glasses, and a few windows break. Knickknacks, books and pictures fall. Furniture overturns in many instances. Heavy furnishings move.</p> <p>VII Frightens everyone. General alarm, and everyone runs outdoors. People find it difficult to stand. Persons driving cars notice shaking. Trees and bushes shake moderately to strongly. Waves form on ponds, lakes and streams. Water is muddied. Gravel or sand stream banks cave in. Large church bells ring. Suspended objects quiver. Damage is negligible in buildings of good design and construction; slight to moderate in well-built ordinary buildings; considerable in poorly built or badly designed buildings, adobe houses, old walls (especially where laid up without mortar), spires, etc. Plaster and some stucco fall. Many windows and some furniture break. Loosened brickwork and tiles shake down. Weak chimneys break at the roofline. Cornices fall from towers and high buildings. Bricks and stones are dislodged. Heavy furniture overturns. Concrete irrigation ditches are considerably damaged.</p> <p>VIII General fright, and alarm approaches panic. Persons driving cars are disturbed. Trees shake strongly, and branches and trunks break off (especially palm trees). Sand and mud erupts in small amounts. Flow of springs and wells is temporarily and sometimes permanently changed. Dry wells renew flow. Temperatures of spring and well waters varies. Damage slight in brick structures built especially to withstand earthquakes; considerable in ordinary substantial buildings, with some partial collapse; heavy in some wooden houses, with some tumbling down. Panel walls break away in frame structures. Decayed pilings break off. Walls fall. Solid stone walls crack and break seriously. Wet grounds and steep slopes crack to some extent. Chimneys, columns, monuments and factory stacks and towers twist and fall. Very heavy furniture moves conspicuously or overturns.</p> <p>IX Panic is general. Ground cracks conspicuously. Damage is considerable in masonry structures built especially to withstand earthquakes; great in other masonry buildings - some collapse in large part. Some wood frame houses built especially to withstand earthquakes are thrown out of plumb, others are shifted wholly off foundations. Reservoirs are seriously damaged and underground pipes sometimes break.</p> <p>X Panic is general. Ground, especially when loose and wet, cracks up to widths of several inches; fissures up to a yard in width run parallel to canal and stream banks. Landsliding is considerable from river banks and steep coasts. Sand and mud shifts horizontally on beaches and flat land. Water level changes in wells. Water is thrown on banks of canals, lakes, rivers, etc. Dams, dikes, embankments are seriously damaged. Well-built wooden structures and bridges are severely damaged, and some collapse. Dangerous cracks develop in excellent brick walls. Most masonry and frame structures, and their foundations are destroyed. Railroad rails bend slightly. Pipe lines buried in earth tear apart or are crushed endwise. Open cracks and broad wavy folds open in cement pavements and asphalt road surfaces.</p> <p>XI Panic is general. Disturbances in ground are many and widespread, varying with the ground material. Broad fissures, earth slumps, and land slips develop in soft, wet ground. Water charged with sand and mud is ejected in large amounts. Sea waves of significant magnitude may develop. Damage is severe to wood frame structures, especially near shock centers, great to dams, dikes and embankments, even at long distances. Few if any masonry structures remain standing. Supporting piers or pillars of large, well-built bridges are wrecked. Wooden bridges that "give" are less affected. Railroad rails bend greatly and some thrust endwise. Pipe lines buried in earth are put completely out of service.</p> <p>XII Panic is general. Damage is total, and practically all works of construction are damaged greatly or destroyed. Disturbances in the ground are great and varied, and numerous shearing cracks develop. Landslides, rock falls, and slumps in river banks are numerous and extensive. Large rock masses are wrenched loose and torn off. Fault slips develop in firm rock, and horizontal and vertical offset displacements are notable. Water channels, both surface and underground, are disturbed and modified greatly. Lakes are dammed, new waterfalls are produced, rivers are deflected, etc. Surface waves are seen on ground surfaces. Lines of sight and level are distorted. Objects are thrown upward into the air.</p>

<p>SSF TRANSIT-ORIENTED DEVELOPMENT 1051 MISSION ROAD South San Francisco, California</p>	<p>MODIFIED MERCALLI INTENSITY SCALE</p>		
<p>LANGAN</p>	<p>Date 02/04/19</p>	<p>Project No. 750652601</p>	<p>Figure 6</p>

**Construction Cost Estimate - Bid Items for
Oak Avenue Extension Project Attachment 3
35% PS&E Submittal**

Item	Spec. Section	Description	Quantity	Unit	Unit Price	Total
		Civil				
1		Mobilization	1	LS	\$300,000	\$300,000
2		Traffic Control	1	LS	\$50,000	\$50,000
3		Prepare Storm Water Pollution Prevention Plan	1	LS	\$5,000	\$5,000
4		Construction Site Management	1	LS	\$50,000	\$50,000
5		Construction Area Sign	1	LS	\$25,000	\$25,000
6		Portable Changeable Message Signs	1	LS	\$10,000	\$10,000
7		Construction Survey by Contractor	1	LS	\$15,000	\$15,000
8		Potholing By Contractor	1	LS	\$10,000	\$10,000
9		Street Sweeping	1	LS	\$5,000	\$5,000
10		3-Year Plant Establishment	1	LS	\$20,000	\$20,000
11		Planting (Trees)	1	LS	\$50,000	\$50,000
12		Irrigation	1	LS	\$50,000	\$50,000
13		Clearing and Grubbing	1	LS	\$25,000	\$25,000
14		Signal and Lighting (Mission Road)	1	LS	\$250,000	\$250,000
15		Modifying Existing Traffic Signal (El Camino)	1	LS	\$150,000	\$150,000
16		Bridge over Bart Tunnel (210' L x73' W - Cast-In-Place)	1	LS	\$4,600,000	\$4,600,000
17		Bridge over Colma Creek (90' L x73' W - Pre-Cast)	1	LS	\$2,000,000	\$2,000,000
18		Remove Concrete Sidewalk	4,800	SF	\$6	\$28,800
19		Remove Concrete Curb & Gutter	100	LF	\$20	\$2,000
20		Concrete Retaining Wall (Type 1)	6,600	SF	\$150	\$990,000
21		Pedestrian Rail	720	LF	\$100	\$72,000
22		Relocate Fire Hydrant	1	EA	\$2,500	\$2,500
23		Earthwork (Roadway Excavation)	1,300	CY	\$150	\$195,000
24		Earthwork (Import)	2,450	CY	\$50	\$122,500
25		Class 2 Aggregate Base (Roadway)	1,250	CY	\$120	\$150,000
26		Hot-Mixed Asphalt (Type B) (Roadway)	1,260	TON	\$150	\$189,000
27		24" RCP SD pipe	450	LF	\$200	\$90,000
28		Curb Inlet (SD-5)	4	EA	\$4,600	\$18,400
29		Concrete Driveway	25	CY	\$300	\$7,500
30		Concrete Sidewalk	11,200	SF	\$15	\$168,000
31		Concrete Curb and Gutter	1,900	LF	\$25	\$47,500
32		Thermoplastic Traffic Stripe	3,850	LF	\$3	\$11,550
33		Thermoplastic Pavement Marking	750	SF	\$10	\$7,500
34		Jack & Bore 36" Steel Casing (Incl 18" pipe)	100	LF	\$1,000	\$100,000
35		18" PVC Sanitary Sewer Main	620	LF	\$250	\$155,000
36		12" C900 Water Main	720	LF	\$100	\$72,000.00
37		Fire Hydrants	2	EA	\$5,000	\$10,000.00
38		Storm Drain Manhole	2	EA	\$5,000	\$10,000.00
39		Sanitary Sewer Manholes	6	EA	\$5,000	\$30,000
40		Street Lighting - 2 Electroliers	8	EA	\$5,000	\$40,000
41		Joint Trench	600	LF	\$200	\$120,000
		Subtotal Construction				\$10,254,250
		Soft Costs- Engineering, CM, Env, Admin (30%)				\$3,076,275
					Subtotal	\$13,330,525
					30% Contingency	\$3,999,158
					Total	\$17,329,683
					Rounded	\$17,400,000.00

Attachment 4

RESOLUTION NO. 2020-_____

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING A SETTLEMENT AGREEMENT AND MUTUAL GENERAL RELEASE BETWEEN THE SUCCESSOR AGENCY TO THE FORMER SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY ("SUCCESSOR AGENCY") AND KR OYSTER POINT I, LLC, KR OYSTER POINT II, LLC, KR OYSTER POINT DEVELOPER, LLC, AND KILROY REALTY TRS, INC. (COLLECTIVELY, "KILROY PARTIES")

WHEREAS, on or about March 23, 2011, the South San Francisco Redevelopment Agency ("RDA") and Oyster Point Ventures, LLC ("OPV") entered into a Disposition and Development Agreement ("DDA") pertaining to the sale and development of an approximately 46-acre site known as the Oyster Point area ("Project Site") of South San Francisco ("City"); and

WHEREAS, thereafter, the RDA dissolved pursuant to state law and its obligations were assumed by the Successor Agency, and OPV's interest in the Project Site was subsequently sold and assigned in part to the Kilroy Parties entities; and

WHEREAS, the DDA provides for certain enforceable obligations related to construction at the Project Site, which previously contained the Oyster Point Landfill; for instance, the DDA anticipated potential work relating to repair of the landfill clay cap, improvements and construction activities relating to building on the landfill, and relocation of solid waste on the Project Site to accommodate new development; and

WHEREAS, the DDA also provides for the allocation of said enforceable obligations between the Successor Agency and the Kilroy Parties; and

WHEREAS, the enforceable obligations set forth in the DDA were recognized by the previous Oversight Board to the Successor Agency of the Former South San Francisco Redevelopment Agency, the San Mateo County Countywide Oversight Board ("Oversight Board") and the California Department of Finance ("DOF"); and

WHEREAS, funds for the attached settlement agreement were approved by the San Mateo County Countywide Oversight Board as part of the Annual ROPS; and

WHEREAS, as a part of the enforceable obligations, the Successor Agency and Kilroy Parties have identified and incurred increased costs relating to previously approved solid waste

relocation, cement mixing and treatment, and import of soil and clay for construction at the Project Site; and

WHEREAS, the total amount of costs for said additional solid waste relocation work has increased during construction from \$9,505,703, as estimated in January 2019, to \$19,395,376, as estimated in December 2019; and

WHEREAS, the DDA anticipated the potential need for incurring such additional costs; and,

WHEREAS, the Successor Agency and the Kilroy Parties disagree as to the amount of these increased costs that should be allocated to the Successor Agency pursuant to the DDA, with the Kilroy Parties asserting that the amount owed by the Successor Agency could be in excess of \$11,844,505 and the Successor Agency disputing that amount.

WHEREAS, in order to resolve any disputes and avoid the burdens, inconveniences, and expense of litigation between the Successor Agency and the Kilroy Parties as to their respective share of such additional costs, the parties have agreed to enter into a Settlement Agreement and Mutual General Release (“Settlement Agreement”); and

WHEREAS, the Settlement Agreement contains the negotiated resolution as to the allocation of additional costs between the Successor Agency and the Kilroy Parties, a covenant from the Kilroy Parties that the Kilroy Parties will not seek any additional funding from the Successor Agency for any additional costs for solid waste export/relocation, cement mixing treatment, and import of cover soil and clay associated with the Project, a general release by the Kilroy Parties in favor of the Successor Agency and City for any claims relating to any additional costs for solid waste export/relocation, cement mixing treatment, and import of cover soil and clay associated with the Project and a similar release by the Successor Agency of the Kilroy Parties; and

WHEREAS, the 20-21 ROPS, approved by the San Mateo Countywide Oversight Board on January 27, 2020 approved the necessary payments for the additional costs referenced hereinabove in the amount of \$5,818,160; and

WHEREAS, the additional costs are necessary to allow the infrastructure required by the DDA to be constructed as the work is necessary to provide, for example, the relocation of excess solid waste from the Project Site, and a stable base under the streets and utilities at the development area; and

WHEREAS, the investment of RPTTF to the development at the Project Site is projected to result in a significant increase in property tax revenues for the taxing entities, from \$840,000 in annual revenues prior to RDA dissolution to \$23.23 million in annual revenues projected in 2024; and

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

1. The foregoing recitals are true and correct and made a part of this Resolution.
2. The negotiated resolution set forth in the Settlement Agreement relating to the allocation of increased costs resulting from the solid waste export/relocation, cement mixing treatment, and import of soil and clay necessary for the Project, the agreement by the Kilroy Parties to not seek any further funding for these costs beyond the amount agreed to in the settlement agreement and mutual release of all potential claims, is in the best interest of the taxing entities.
3. The Settlement Agreement and Mutual General Release, attached hereto as Exhibit A, is hereby approved.
4. The chairperson of this Board, or his designee, is authorized take any and all other actions necessary to implement this intent of this Resolution.

* * *

Attachment No. 4(a)

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

(FORMER PUC SITES B AND C)

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (“this Agreement”) is made and entered into as of December 23, 2019 (the “Date of Agreement”) by and between the City of South San Francisco (“Seller” or “City”) and SSF PUC Housing Partners, LLC, a Delaware limited liability company (“Buyer” or “Developer”). Seller and Buyer are each individually referred to herein as a “Party” and, collectively, as the “Parties.”

RECITALS

A. WHEREAS, Seller is the fee owner of certain real property located on the approximately 1.7-acre “Site B,” the approximately 3.43-acre “Site C1,” (including 2.93 acres of developable property and a 21,821 sf portion of undevelopable Colma Creek), the approximately 1.48-acre “Site C2”, and the approximately 0.38-acre “Oak Avenue Phase 1 Extension Property,” each as more particularly described and depicted in Exhibit A. Collectively, Site C1, Site C2, Site B and the Oak Avenue Phase 1 Extension Property are the “Property.” Additionally, the City will obtain and grant to Developer an easement or other similar legal or equitable right to construct and maintain improvements on the following, each as defined in this Agreement and depicted on Exhibit A:

(a) certain publicly-accessible open space improvements on (1) an approximately 3,286 square foot portion and an approximately 8,550 sf portion of existing City-owned property (“City Open Space Properties”), and (2) an approximately 33,981 square feet (“sf”) portion of BART-owned property (“BART Open Space Property”);

(b) portions of the Oak Avenue Phase 1 Extension (defined below) on (1) an approximately 14,270 sf portion of City-owned property (“City ROW Property”), (2) an approximately 7,296 sf portion of BART-owned property (“BART ROW Property”), and (3) an approximately 14,340 sf portion of Kaiser-owned property (“Kaiser ROW Property”); and

(c) certain access easements necessary to construct and operate the Project as defined in the Project Approvals (defined below).

The Property includes vacant properties purchased in 2008 by the former South San Francisco Redevelopment Agency (“RDA”) from the San Francisco Public Utilities Commission by the former South San Francisco Redevelopment Agency for future redevelopment as mixed-use, transit-oriented development and open space and have been referred to as the “Former PUC” properties or sites. Site B is located just north of the proposed Oak Avenue extension, bounded by the BART easement and the Colma Creek channel to the north. Sites C1 and C2 are located just north of Site B across the Colma Creek channel, bounded by the BART easement and Centennial Trail and by Mission Road. The Parties acknowledge that the Project Site is strategically located, but affected by irregular configuration, existing BART easements and tunnel

proximity, Colma Creek and ground water, the future Oak Avenue extension, and development of the City's Civic Campus Site on Former PUC Site A.

B. WHEREAS, on June 29, 2011, the legislature of the State of California adopted Assembly Bill x1 26 (“**AB 26**”), which amended provisions of the Redevelopment Law, which together with the California Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, which upheld AB 26 (together with AB 1484, the “**Dissolution Law**”), dissolved the RDA on February 1, 2012.

C. WHEREAS, pursuant to the Dissolution Law, the Successor Agency to the RDA (“**Successor Agency**”) prepared a Long Range Property Management Plan (“**LRPMP**”), which the former Oversight Board to the Former South San Francisco Redevelopment Agency (“**Former Oversight Board**”) approved on May 21, 2015, and the Department of Finance (“**DOF**”) approved on October 1, 2015.

D. WHEREAS, the LRPMP established a plan for transferring or selling the former RDA properties, including those properties identified in the LRPMP to be transferred from the Successor Agency to the City for redevelopment activities consistent with the Redevelopment Plan and the LRPMP, including the Property in accordance to the requirements set forth in the LRPMP.

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

G. WHEREAS, pursuant to the LRPMP and Dissolution Law, the Successor Agency transferred its real property assets to the City, including the Property, for future development subject to the provisions of the Master Agreement for Taxing Entity Compensation by all Taxing Entities.

H. WHEREAS, in late October 2017, staff sent a request for proposals (“**RFP**”) to the selected final developer teams and in July 2018, after a competitive RFP process, the City and Buyer entered into an Exclusive Negotiation Rights Agreement (“**ENRA**”) that established a mutual understanding among the City and the Buyer regarding the potential development of the Property, as extended by the Parties.

I. WHEREAS, on July 1, 2018, the Former Oversight Board was dissolved and the San Mateo Countywide Oversight Board (“**Countywide Oversight Board**”) was established in accordance with California Health and Safety Code § 34179(j). The Countywide Oversight Board is responsible for providing direction and oversight to the Successor Agencies as they wind-down the affairs of their former redevelopment agencies, including the sale terms of the Property in accordance with the Dissolution Law and LRPMP.

J. WHEREAS, the LRPMP includes development plans for the Property consistent with this Agreement. As described in Section 2.6 of the LRPMP:

“[f]ollowing the purchase of the former PUC properties, the City embarked on preparing an area wide plan for the northerly portion of El Camino Real between

Chestnut Avenue and the SSF BART station. The central aim of the plan is to develop the area into a vibrant high density mixed-use neighborhood allowing for improved auto access as well as attractive and accessible bicycle, pedestrian and open space connections. Located in the geographic heart of South San Francisco, the former PUC properties were acquired by the [Successor] Agency in order to redevelop them into new mixed-use, transit-oriented developments that would create a vibrant Transit Village district within South San Francisco. The properties are advantageously located at the City’s busiest crossroads at Chestnut Avenue and El Camino Real. They are located in close proximity to the South San Francisco Bay Area Rapid Transit (BART) Station and the City’s Transit Village Zoning District just north of the properties. The properties are also near key public amenities including Orange Memorial Park, the Centennial Way pedestrian and bike trail and the Municipal Services Building. The properties are adjacent to the right-of-way for the underground BART.”

K. WHEREAS, consistent with the approved LRPMP, and subject to the terms of this Agreement, and contingent upon approval of the Countywide Oversight Board, the Seller wishes to sell the Property to Buyer at the Purchase Price required in Section 2.2, for the Buyer to obtain certain land use entitlements from the City, and to require the Buyer to construct the Project defined in Recital L, below.

L. WHEREAS, the proposed project consists of approximately 800 residential units, (approximately 13 market rate flex live-work units (“**Flex Units**”), approximately 158 below market rate units affordable to 30-80% AMI households (20% of the residential units excluding the Flex Units) (“**Affordable Units**”) and approximately 629 market rate apartment units (“**Market Rate Units**”), improved parks and landscaping, and active ground floor uses throughout the two sites, including retail and commercial spaces and a childcare center (collectively, the “**Project**”). The Flex Units are designated to have flexibility between residential or commercial uses in order to support a more active commercial and small business enterprise opportunity in the Project. The Project is anticipated to be approximately 1.1 million sf. Subject to final design, the Project anticipates a single building on Site B (“**Building B**”), a building on Site C1 (“**Building C1**”) and a building on Site C2 (“**Building C2**”), as follows:

- Building B: Market Rate Units, Flex Units, and an approximately 12,992 square foot commercial/PDR/retail space that will be open to the public and is envisioned as a food and beverage themed Market Hall with space for one or more small scale production businesses (“**Market Hall**”).
- Building C1: Market Rate Units and an approximately 8,307 square foot child care center open to families in and outside of the Project (“**Childcare Center**”).
- Building C2: Affordable Units designed to attract a high quality affordable housing partner (anticipated to be BRIDGE Housing Corporation (“**BRIDGE**”)) (“**Affordable Housing Developer**”) and strategically located nearest to transit to qualify for tax-credit and other affordable housing financing.

All vertical development structures will be constructed with wood frame construction over two to three above grade stories of Type IA construction with portions of stair and elevator penthouses extending 15-feet in height above the roofs. The roofline will range between 35' and 85' with the lower elevations fronting Mission Street and in the northern portion of the Site adjacent to the existing residential buildings as provided in the Project Approvals. Building B and Building C1 are proposed to have a single basement level containing parking and building service and additional parking at grade (and on level 2 for Building B), while Building C2 will have its parking all at grade, including lifts that have parking pits below grade. Off-site landscaped areas and park programming will be included as part of the Project and have been designed to benefit both Project residents and the greater region, including the construction of the connection of Oak Avenue to Antoinette Lane ("**Oak Avenue Phase 1 Extension**") and the landscaped road and parking area connecting Mission Street (not including any future Oak Avenue to El Camino Real vehicular connection ("**Oak Avenue Phase 2 Extension**"), as shown on Sheets T-1, T-3, T-7, T-8, X-0, X-1, X-2, X-3, X-4, X-5, L1.0, L3.0, L4.0, L7.0, L8.0, L8.1, L9.0, L11.0 on the "Entitlement Resubmittal -3 (Entitlements Comment Response) September 17, 2019" as amended by replacement sheets dated November 5, 2019 and described in the Project Approvals (collectively, "**Offsite Improvements**") and payment of \$5,500,000 towards construction costs for construction of the Oak Avenue Phase 2 connection of Oak Avenue from Antoinette Lane to El Camino Real.

M. WHEREAS, the Project Site is located in the El Camino Real/Chestnut Area Plan (and designated as El Camino Real Mixed Use North, High Intensity and High Density Residential) as well as the El Camino Real/Chestnut Area Plan – Residential High (ECR/C – RH) Zoning District. The City Council certified Environmental Impact Reports in accordance with the provisions of the California Environmental Quality Act, (Public Resources Code, §§ 21000, et seq. ("**CEQA**") and CEQA Guidelines, which analyzed the potential environmental impacts of the development of the El Camino Real/Chestnut Area Plan ("**ECR/CAP**") and Community Civic Campus Plan (the "**Civic Campus**") (collectively, the "**EIRs**"). The City Council also adopted a Statements of Overriding Consideration for the El Camino Real/Chesnut Area EIR ("**SOC**") in accordance with the provisions of CEQA and CEQA Guidelines for the EIRs, which carefully considered each significant and unavoidable impact identified in the EIRs and found that the significant environmental impacts are acceptable in light of the ECR/CAP and Civic Campus economic, legal, social, technological and other benefits. On November 13, 2019 by Resolution No. 151-2019, the City Council approved an Environmental Consistency Analysis for the Project prepared by the City in accordance with CEQA Guidelines § 15168 that confirmed that the Project would not result in any new significant environmental effects or a substantial increase in the severity of any previously identified effects beyond those disclosed and analyzed in the EIRs previously certified by City Council, require any new mitigation measures, and is consistent with the SOCs ("**ECA**") and adopted a Mitigation Monitoring and Reporting Plan identifying all applicable mitigation measures from the EIRs that are applicable to the Project ("**MMRP**").

N. WHEREAS, on November 13, 2019, after duly noticed public hearing and review by the Planning Commission including making a finding, pursuant to Government Code Section 65402, that the Project was consistent with the South San Francisco General Plan and the El Camino Real/Chesnut Area Plan, the City Council also approved the following land use entitlements: Conditional Use Permit (for conditional uses, incentive bonuses and parking determination) in accordance with SSF Table 20.270.003 and Section 20.270.004(A) and Area

Plan Table 4-1; Design Review in accordance with SSFMC Chapter 20.480; Vesting Tentative Tract Map in accordance with SSFMC Chapter 19.50 and Section 19.40.100; Build-To Line Waiver along Mission Road in accordance with SSFMC Code 20.270.004(C); Active Frontage Chief Planner Waiver for 50% Active Use along Mission Road in accordance with SSFMC Code 20.270.005(B)(4); Ground Floor Entrance Chief Planner Alternative Design Approval for Buildings C1 and C2 facing BART right of way and Colma Creek in accordance with SSFMC Code 20.270.005(G)(5); Transportation Demand Management in accordance with SSFMC Code 20.240.006; Parking Management Plan in accordance with SSFMC 20.270.005(H)(1); State Density Bonus Law for (1) 25% bonus on Parcel B from General Plan and Area Plan density in accordance with Government Code Section 65915(f)(1) and (2) development standard waiver from rear yard setback requirements set forth in 20.270.004(D)(1-4) for Buildings Parcels B, C1 and C2 fronting BART and Colma Creek in accordance with Government Code Section 65915(e) and (3) development standard waiver from the floor area ratio standards in the General Plan and Area Plan; this Agreement; and a Development Agreement in accordance with SSFMC Chapter 19.60 (“**Development Agreement**”) to be executed concurrently with this Agreement. The entitlements listed in this Recital M are collectively referred to herein as the “**Project Approvals.**”

O. WHEREAS, in compliance with Section 6.10 of the Development Agreement between the City and Buyer, the Buyer has agreed to pay prevailing wages pursuant to Labor Code Section 1720 *et seq.* for the Project.

P. WHEREAS, pursuant to Resolution No. 153-2019 dated November 13, 2019, the Seller found that the sale of the Property is consistent with the disposition provisions of the LRPMP and recommended that the Oversight Board approve this Agreement, and Buyer and Seller acknowledge the obligation to obtain Countywide Oversight Board approval pursuant to Health and Safety Code Section 34181(a)(1) pursuant to Section 1.2 of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged by the parties, Seller and Buyer hereby agree as follows:

1. RECITALS/OB APPROVAL.

1.1 Recitals and Exhibits. The Recitals set forth above and the Exhibits attached to this Agreement are each incorporated into the body of this Agreement as if set forth in full.

1.2 OB Approval. The Parties acknowledge that the sale of the Property under this Agreement is fully and expressly contingent on approval of the terms of sale by the Countywide Oversight Board pursuant to Health and Safety Code Section 34181(a)(1). The date of approval by the Countywide Oversight Board shall be the “**OB Approval Date.**” The Parties shall cooperate in good faith to obtain Countywide Oversight Board approval pursuant to the Schedule of Performance set forth in Section 5.6. In the event that Countywide Oversight Board approval is not obtained within one (1) year of the Date of Agreement (“**Outside OB Approval Date**”), which date is subject to Force Majeure and may be extended the City Manager in his or her reasonable discretion, this Agreement shall terminate and have no further force of effect and the ENRA Deposits shall be refunded to Buyer, along with any accrued interest, along with any unused

portion of the ENRA Reimbursement Deposit (each type of deposit contemplated by the ENRA is defined in more detail below in Section 3.5).

2. PURCHASE AND SALE.

2.1 Agreement to Buy and Sell. Subject to the terms and conditions set forth herein, and expressly contingent of the approval of the Countywide Oversight Board pursuant to Section 1.2 of this Agreement, Seller agrees to sell the Property to Buyer, and Buyer hereby agrees to acquire the Property from Seller.

2.2 Purchase Price. The purchase price for the Property to be paid by Buyer to Seller (the “**Purchase Price**”) is FIVE MILLION FIVE HUNDRED THOUSAND (\$5,500,000) subject to the applicable ENRA Deposit credits pursuant to Section 3.5, below. The Purchase Price shall be paid in cash at the Closing.

3. ESCROW.

3.1 Escrow Account. Within ten (10) business days after the OB Approval Date, Seller will open an interest-bearing escrow account (the “**Escrow**”) maintained by First American Title Insurance Company at the address noted in Section 13.8 (the “**Escrow Holder**”), with interest accruing to the benefit of Buyer. Escrow Holder shall perform all escrow and title services in connection with this Agreement. The Parties understand and agree that the officer at the Escrow Holder must have experience with handling escrow in San Mateo County. First American Title Company shall be the Escrow Holder unless unwilling or unable to perform the functions or the Parties mutually agree otherwise in writing.

3.2 Opening of Escrow. Within ten (10) business days after the OB Approval Date, the Parties will deposit into Escrow the fully executed Agreement, or executed counterparts thereto. The date such fully executed Agreement is received by Escrow Holder will be deemed the “**Opening of Escrow.**”

3.3 Buyer’s Deposit. The ENRA Deposits defined in Section 3.4, below, shall be held in Escrow as the “**Buyer’s Deposit**”. The Buyer’s Deposit shall become non-refundable except in the event of a failure to Close based on any of the following Buyer’s Conditions to Closing, in which case the Buyer shall be entitled to a refund of the Buyer’s Deposit: 5.2(a) [No Default], 5.2(b) [Representations and Warrantees], 5.2(c) [Title Policy], 5.2(d) [Absence of Proceedings], 5.2(e) [No Material Adverse Change], 5.2(g) [Project Approvals], 5.2(h) [Permits], 5.2(i) [No Leases or Parties in Possession], 5.2(j) [Remediation Plan Approval], 5.2(k) [Compliance with Dissolution Law], and 5.2(l) [Execution and Delivery of Documents], 5.2(m) [Third Party Approvals], 5.2(n) [FEMA Approval], and/or 5.2 (o) [Subdivision].

3.4 Application of ENRA Deposits. Pursuant to Section 3(c) and Section 5 of the ENRA, Buyer has already submitted directly to Seller the following deposits: (i) Fifty Thousand Dollars (\$50,000) to cover the actual costs that the Seller has incurred and will incur in furtherance of this Agreement (“**ENRA Reimbursement Deposit**”), (ii) One Hundred and Fifty Thousand Dollars (\$150,000) as an initial deposit, fully creditable against the Purchase Price (“**ENRA Deposit**”), and (iii) Sixty Seven Thousand and Eighty Three Dollars (\$67,083) to extend the term

of the ENRA to December 31, 2019 (“**ENRA Extension Deposit**”). Together the ENRA Deposit and the ENRA Extension Deposit are the “**ENRA Deposits.**” Seller has deposited the ENRA Deposits in an interest bearing account and any interest, when received by Seller, will become part of the ENRA Deposits. On or before expiration of this Agreement, the Seller may, draw on the ENRA Reimbursement Deposit to reimburse the Seller’s cost for third-party assistance and staff time in the negotiations for and preparation of this Agreement. Upon Closing, the Seller will apply the ENRA Deposits and any unused portion of the ENRA Reimbursement Deposit (if any) to the Purchase Price.

3.5 Environmental Remediation Regulatory Approval Successor Agency Assistance. At Closing, the Buyer agrees to take title of the Property in AS IS WHERE IS condition with no environmental remediation work required by or indemnities from the Seller or the City. Seller, at Buyer’s expense, agrees to cooperate with Buyer to obtain regulatory approval of the necessary environmental work for the Property (including but not limited to the California Land Reuse and Revitalization Act) to be suitable for unrestricted residential use consistent with the uses proposed in the Project Approvals prior to and as a Buyer condition to Closing. Buyer will then manage and complete the remediation work necessary to make the Property suitable for unrestricted residential use consistent with the uses proposed in the Project Approvals after Closing. After Closing, Seller shall have no further obligations with respect to environmental and/or natural hazards remediation costs.

4. PROPERTY DISCLOSURE AND PRE-CLOSING REQUIREMENTS.

4.1 Condition of Title/Preliminary Title Report. At the time provided on the Schedule of Performance, the City shall cause the Escrow Holder to issue an updated preliminary title report for the Property to Buyer (“**Preliminary Title Report**”). Within thirty (30) calendar days from receipt, Buyer shall review the Preliminary Title Report and deliver to Seller a written notice indicating any disapproved exceptions (“**Disapproved Exceptions**”). Buyer may not disapprove the following: (a) the lien of any non-delinquent property taxes and assessments (which, if any exist, shall be prorated by the Escrow Holder at Closing); (b) the Memorandum of Agreement, (c) the covenants, conditions and restrictions set forth in the Grant Deed, (d) the Development Agreement (e) the Affordable Housing Agreement with respect to Site C2 only; and (f) commercially reasonable standard printed exceptions in the Preliminary Report (the “**Pre-Approved Exceptions**”). The Pre-Approved Exceptions and those exceptions accepted by Buyer after review of the Preliminary Title Report as provided herein are hereinafter referred to as the “**Condition of Title.**” Subject to the Seller’s covenant in Section 6.1(b) to neither cause nor voluntarily permit, any new lien, encumbrance or any other matter that changes the condition of title to the Property, if any exceptions other than the Pre-Approved Exceptions are reported by the Escrow Holder then any such new exception shall be Disapproved Exceptions unless the new exceptions (i) are caused by Buyer, or (ii) are consented to or waived in writing by Buyer in its sole discretion.

4.2 Environmental and Natural Hazards Disclosure. California Health & Safety Code section 25359.7 requires owners of non-residential real property who know, or have reasonable cause to believe, that any release of hazardous substances are located on or beneath the real property to provide written notice of same to the Buyer of real property. Other applicable laws require Seller to provide certain disclosures regarding natural hazards affecting the Property. Seller

warrants that as of the Date of Agreement, it has provided to Buyer all reports of potential hazardous substances located on or beneath the Property that Seller possesses. Seller further agrees to make all necessary disclosures required by law.

5. CLOSING, PAYMENT OF PURCHASE PRICE AND POST CLOSING OBLIGATIONS.

5.1 Closing. The closing (the “**Closing**” or “**Close of Escrow**”) will occur for the Property no later than the date set forth in the Schedule of Performance (see Section 5.6), unless such date for Closing is extended by Force Majeure Delay or as provided on in Sections 5.6.1, 5.6.2 or 5.6.3 herein (“**Closing Date**”). In addition to the extensions of the Closing Date in Section 5.6.1, 5.6.2 and 5.6.3, the Closing Date shall be extended where a Party’s Conditions to Closing under Section 5.2 (Buyer) and 5.3 (Seller) have not been satisfied as a result of a Force Majeure Event.

5.2 Buyer’s Conditions to Closing. Buyer’s obligation to purchase the Property is subject to the satisfaction of each and all of the following conditions precedent (“**Buyer Conditions Precedent**”) or Buyer’s written waiver thereof (each in Buyer’s sole discretion) on or before the Closing Date:

(a) No Default. Seller is not in default and has performed all obligations to be performed by Seller pursuant to this Agreement, and the City is not in default under the Development Agreement.

(b) Representations and Warranties. Seller’s representations and warranties herein are true and correct in all material respects as of the Closing Date.

(c) Title Policy. The Escrow Holder shall, upon payment of Escrow Holder’s regularly scheduled premium, be irrevocably committed to issue an ALTA Extended Title Policy to Buyer upon recordation of the Grant Deed and effective as of the Closing Date, insuring title to Buyer in the full amount of the Purchase Price and subject only to the Pre-Approved Exceptions or the Condition of Title.

(d) Absence of Proceedings. There shall be an absence of any condemnation, environmental or other pending governmental or any type of administrative or legal proceedings with respect to the Property or this Agreement which would materially and adversely affect Buyer’s intended uses of the Property or the value of the Property.

(e) No Material Adverse Change. There shall not have occurred between the Date of Agreement and the Closing a material adverse change to the physical condition of the Property that renders all or a material portion of the Property unusable for the Buyer’s intended use for the Project.

(f) Financing Commitments. Buyer shall have financing commitments sufficient for the acquisition of the Property and construction of the Project and Buyer’s construction loan, if any, shall have closed or shall be ready to close concurrently with the Closing.

(g) Project Approvals. The Project Approvals shall be final and non-appealable, and if any appeals, legal challenges, requests for rehearing, or referenda have been filed or instituted, such appeals, legal challenges, requests for rehearing, or referenda shall have been fully and finally resolved in a manner acceptable to Buyer in its sole and absolute discretion and such that no further appeals, legal challenges, requests for rehearing, or referenda are possible.

(h) Permits. Subject to payment of the applicable fees, the City shall be ready and willing to issue the ministerial demolition, grading, foundation permit and building permit(s) necessary for the Buyer to meet its obligations in the Schedule of Performance pursuant to Section 5.6.

(i) No Leases or Parties in Possession. Seller shall have demonstrated the ability to deliver fee title to the Property to Buyer free and clear of any tenants, lessees, licensees or any third party occupants or parties in possession.

(j) Remediation Plan Approval. Buyer shall, in the Buyer's reasonable business judgment, have obtained regulatory approval of any necessary environmental work for the Property (including but not limited to the California Land Reuse and Revitalization Act) to be suitable for residential use consistent with the uses proposed in the Project Approvals and that such regulatory approval would not cause or result in a material adverse delay in the time to commence or construct the Project or a material adverse impact to the Project or the use of the Project.

(k) Compliance with Dissolution Law. Seller shall have complied with all requirements and obtained any and all approvals required under the Dissolution Law with respect to Closing.

(l) Execution and Delivery of Documents by Seller. Seller shall have executed and acknowledged the Grant Deed and Memorandum of Agreement, and Seller shall have executed (and, where appropriate, acknowledged) and delivered into escrow all other documents that Seller is required to deliver into escrow pursuant to Section 5.5.1(a).

(m) Third Party Approvals. The Seller has obtained all third party real property approvals and real property rights necessary to construct the Oak Avenue Phase 1 Extension and Off-Site Improvements as defined in the Project Approvals ("**Off-Site Real Property Interests**"); provided, however, Buyer shall obtain any required permits or right of entry for the construction of the Oak Avenue Phase 1 Extension from BART and/or Kaiser, or other relevant parties, including any permits necessary to perform construction work on top of the underground BART tunnel consistent with such Off-Site Real Property Interests.

(n) FEMA Approval. FEMA shall have approved removal of the Property from the 100 year floodplain such that the Project Approvals do not require any material modification or amendment.

(o) Subdivision. The City shall have approved any necessary legal subdivision of the Property necessary to transfer the Property and implement the Project as contemplated in the Project Approvals, and such subdivision approval shall have been recorded (including, if any applicable exemptions).

5.3 Seller's Conditions to Closing. Seller's obligation to sell the Property is subject to the satisfaction of each and all of the following conditions precedent ("**Seller Conditions Precedent**") or Seller's written waiver thereof (each in Seller's sole discretion) on or before the Closing Date:

(a) No Default by Buyer. Buyer is not in default and has performed all obligations to be performed by Buyer pursuant to this Agreement.

(b) Development Agreement. The Development Agreement is executed by Buyer, is effective, is not subject to referendum, and the Buyer is not in default under the Development Agreement.

(c) Representations and Warranties. Buyer's representations and warranties set forth herein are true and correct in all material respects as of the Closing Date.

(d) Buyer's Financing Commitments. Buyer has provided Seller written confirmation, acceptable to Seller, which approval shall not be unreasonably withheld, that Buyer has obtained financing commitments for the acquisition and construction financing for the acquisition of the Property and the construction of the Project.

(e) Permits. The Buyer shall have submitted applications to the City and subject to payment of the applicable fees, the City shall be ready and willing to issue the ministerial demolition, grading and foundation permit(s) necessary for the Buyer to Commence of Construction as set forth in the Performance Schedule set forth in Section 5.6.

(f) Compliance with Dissolution Law. Seller shall have complied with all requirements and obtained any and all approvals required under the Dissolution Law with respect to Closing.

(g) Execution and Delivery of Documents by Buyer. Buyer shall have executed and acknowledged the Grant Deed and Memorandum of Agreement, and Buyer shall have executed (and, where appropriate, acknowledged) and delivered into escrow all other documents that Buyer is required to deliver into escrow pursuant to Section 5.5.1(b).

(h) Delivery of Funds. Buyer shall have delivered through escrow the Purchase Price and such other funds, including escrow costs, recording fees and other closing costs as are necessary to comply with Buyer's obligations under this Agreement.

5.4 Conveyance of Title. Seller will deliver marketable fee simple title to Buyer at the Closing, subject only to the Condition of Title pursuant to Section 4.1. The Property will be conveyed by Seller to Buyer in an "as is" condition, with no warranty, express or implied, by Seller as to the physical condition including, but not limited to, the soil, its geology, or the presence of known or unknown faults or Hazardous Materials or hazardous waste (as defined by Section 12); provided, however, that the foregoing shall not relieve Seller from disclosure of any such conditions of which Seller has actual knowledge.

5.5 Closing.

5.5.1 Delivery of Documents and Closing Funds. At or prior to Closing, Seller and Buyer shall each deposit such other instruments as are reasonably required by the Escrow Holder or otherwise required to close the escrow and consummate the conveyance of the Property in accordance with the terms hereof, including but not limited to the following:

(a) Deliveries by Seller. At or before Closing, Seller shall deposit the following into escrow:

A. one (1) original executed and acknowledged Grant Deed substantially in the form attached hereto as Exhibit B (“**Grant Deed**”);

B. one (1) original executed and acknowledged Memorandum of Agreement, substantially in the form attached hereto as Exhibit D (“**Memorandum of Agreement**”);

C. one (1) duly executed non-foreign certification for the Property in accordance with the requirements of Section 1445 of the Internal Revenue Code of 1986, as amended; and

D. one (1) duly executed California Form 593-W Certificate for the Property or comparable non-foreign person affidavit to satisfy the requirements of California Revenue and Taxation Code Section 18805(b) and 26131.

(b) Deliveries by Buyer. At or prior to Closing, Buyer shall deposit the following into escrow:

A. immediately available funds in the amount, which together with the Buyer’s Deposit plus interest thereon, if any, is equal to an amount necessary to consummate the Closing, including the Purchase Price, escrow and Title Policy costs set forth in Section 5.5.5;

B. one (1) original executed and acknowledged Grant Deed;

C. one (1) original executed and acknowledged Memorandum of Agreement; and

D. one (1) original executed Preliminary Change of Ownership Report for the Property.

E. one (1) fully executed Affordable Housing Agreement as required and defined in the Development Agreement.

5.5.2 Escrow Instructions. This Agreement constitutes the joint escrow instructions of Seller and Buyer with respect to the conveyance of the Property to Buyer, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties shall use reasonable good faith efforts to close the escrow for the

conveyance of the Property in the shortest possible time. Insurance policies for fire or casualty are not to be transferred, and each Party will cancel its own policies, if any, as of the Closing. All funds received in the escrow shall be deposited in interest-bearing accounts for the benefit of the depositing Party in any state or national bank doing business in the State of California. All disbursements shall be made by check or wire transfer from such accounts. If, in the opinion of either Party, it is necessary or convenient in order to accomplish the Closing, such Party may provide supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The Closing shall take place as set forth in Section 5.5.4 below. Escrow Agent is instructed to release Seller's and Buyer's escrow closing statements to the respective parties.

5.5.3 Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

(a) Pay and charge Buyer for the premium of the Title Policy, including any endorsements requested by Buyer.

(b) Pay and charge Buyer for escrow fees, charges, and costs as provided in Section 5.5.5.

(c) Disburse to Seller the Purchase Price, less Seller's share of any fees, costs and expenses allocated to Seller herein, and record the Grant Deed when both the Buyer Conditions Precedent and Seller Conditions Precedent have been fulfilled or waived in writing by Buyer and Seller, as applicable. Immediately following recordation of the Grant Deed, Escrow Agent shall record the Memorandum of Agreement, Development Agreement, Affordable Housing Agreement and all other recordable documents delivered into escrow for the Closing.

(d) Do such other actions as necessary, including obtaining and issuing the Title Policy, to fulfill its obligations under this Agreement.

(e) Direct Seller and Buyer to execute and deliver any instrument, affidavit, and statement, and to perform any act, reasonably necessary to comply with the provisions of FIRPTA, if applicable, and any similar state act and regulations promulgated thereunder.

(f) Prepare and file with all appropriate governmental or taxing authorities uniform settlement statements, closing statements, tax withholding forms including IRS 1099-S forms, and be responsible for withholding taxes, if any such forms are provided for or required by law.

5.5.4 Closing. The escrow for conveyance of the Property shall close ("**Close of Escrow**") within thirty (30) days after the satisfaction, or waiver by the appropriate Party, of all of the Buyer Conditions Precedent and all of the Seller Conditions Precedent, but not later than the "Outside Date" as defined in the Schedule of Performance. For purposes of this Agreement, the "Closing" shall mean the time and day the Grant Deed is recorded with the San Mateo County recorder.

5.5.5 Closing Costs. Buyer will pay all escrow fees (including the costs of preparing documents and instruments), and recording fees. Buyer will also pay title insurance, title

report costs and all transfer taxes. Seller will pay all governmental conveyance fees, where applicable.

5.5.6 Pro-Rations. At the Close of Escrow, the Escrow Agent shall prorate the property taxes and assessments as of the Close of Escrow based upon the most recent tax bill available, including any property taxes which may be assessed after the Close of Escrow but which pertain to the period prior to the transfer of title to the Property to Buyer, regardless of when or to whom notice thereof is delivered. Seller does not pay ad valorem taxes.

5.6 Schedule of Performance. Subject to Force Majeure Delay as set forth in Section 7.4 and the extensions to Buyer's obligations provided in Sections 5.6.1, 5.6.2, and 5.6.3, as applicable, the Parties shall complete the following in the time set forth on Exhibit C ("**Schedule of Performance**"). Notwithstanding the foregoing, if the Seller and Buyer mutually agree to a phasing plan for the construction of the Project, which includes distinct timeframes for the Commencement of Construction or the Substantial Completion of each defined phase that conflict with those set forth in the Schedule of Performance and that move forward the deadlines set forth in Schedule of Performance, the provisions of such phasing plan shall control. These obligations shall survive Closing, as applicable.

5.6.1 Seller's Extension. The deadlines set forth in Section 5.6 shall each be subject to a ninety (90) day extension, provided (1) that the Buyer submits a written request for an extension prior to the deadline which shall include the rationale for the request and summary of the actions Buyer has taken to satisfy the obligation prior to the deadline and (2) the extension request is approved by the City Manager, which such approval shall not be unreasonably withheld. If granted, such 90-day extension shall extend all following dates in the schedule by 90-days, unless the City Manager approval expressly states otherwise.

5.6.2 Buyer's Extension. At the Buyer's sole discretion, the deadlines set forth in Section 5.6 shall be subject to a maximum of four extensions of 30 days (no more than 120 days total) upon written notice to Seller and Buyer's payment to Seller of \$25,000 for each such 30-day extension. Such extensions shall extend each following dates in the schedule.

5.6.3 City Review. The Developer's deadlines set forth on the Schedule of Performance are each contingent upon the City reviewing and providing comments or approving plans and permit applications submitted by Buyer within twenty one (21) days of submission of complete plans and/or applications. This 21 day period shall commence anew each time that Buyer submits revised plans in response to City comments on the prior version of the plans. Buyer shall be solely responsible for submitting complete plans that satisfy all federal, state and local code and City requirements. Buyer shall be responsible for payment of all required City building permit fees including costs for City to retain contract plan check services. In the event that City review exceeds 21 days, the deadlines set forth in Section 5.6 shall all be extended one day for each day the City review exceeds 21 days.

5.7 Compliance with Development Agreement. Buyer and City shall each execute, record and comply with all obligations under the Development Agreement, as applicable (including but not limited to those obligations of Buyer under Development Agreement) in substantially the form set forth on Exhibit C.

5.8 Maintenance of Property. Prior to Close of Escrow, the City, acting on behalf of the Successor Agency, shall be solely responsible for the maintenance of the Property. After Close of Escrow and through completion of construction for the entire Project, Buyer shall use commercially reasonable efforts to maintain any portion of the Property that has not been constructed and that is not in active construction in either approximately the same condition as that at the time of Close of Escrow (for portions of the property where grading or construction has not occurred) or in its then current construction status with open areas seeded or otherwise managed to minimize erosion and dust from the Property and existing vegetation trimmed to minimize fire hazards. Buyer shall also erect and maintain a temporary fence around the Project construction site, with the type of fence subject to the approval by the Chief Planner, which approval shall not be unreasonably withheld, delayed or conditioned.

5.9 Allocation of Net Proceeds to Taxing Entities. Upon disbursement to Seller of the Purchase Price, Seller will remit the Net Unrestricted Proceeds (defined below) to the applicable Taxing Entities in accordance with the Amended and Restated Master Agreement for Taxing Entity Compensation. This obligation survives Closing and is the sole and exclusive obligation of the Seller. For purposes of this Agreement and the Amended and Restated Master Agreement for Taxing Entity Compensation, “**Net Unrestricted Proceeds**” means the sale proceeds received by the Seller for the sale of the Property, less: (i) costs incurred by the Seller for expenses incurred in connection with the management and disposition of the Property, including reasonable and actual costs incurred for property management, maintenance, insurance, marketing, appraisals, brokers' fees, escrow, closing costs, survey, attorneys' and consultants' fees, and other reasonable costs incurred, including reasonable compensation for Seller staff performing functions associated with the management, maintenance and disposition of the Property provided that the Seller shall first apply any revenue generated from license, permit, lease, right-of-entry, or similar agreements received by the Seller to offset the management, insurance and maintenance costs of the Property (collectively, “**Permissible Expenditures**”), and (ii) any proceeds of sale that are restricted by virtue of the source of funds (e.g. grant funds or the proceeds of bonds) that were used for the original acquisition of the Property. Upon sale of Property, along with each Taxing Entity's pro-rata share of the Net Unrestricted Proceeds, the Seller shall deliver to the Taxing Entities an accounting of all such costs, expenses and restricted proceeds related to that particular parcel (“**Sale Accounting**”).

6. REPRESENTATIONS, WARRANTIES AND COVENANTS.

6.1 Seller's Representations, Warranties and Covenants. In addition to the representations, warranties and covenants of Seller contained in other sections of this Agreement, Seller hereby represents, warrants and covenants to Buyer that the statements below in this Section 6.1 are each true and correct as of the Effective Date provided however, if to Seller's actual knowledge any such statement becomes untrue prior to Closing, Seller will notify Buyer in writing and Buyer will have three (3) business days thereafter to determine if Buyer wishes to proceed with Closing. If Buyer determines it does not wish to proceed, then the terms of Section 7.3 will apply.

(a) Authority. Seller is a municipal corporation, lawfully formed, in existence and in good standing under the laws of the State of California. Seller has the full right,

capacity, power and authority to enter into and carry out the terms of this Agreement, subject to Section 1.2. This Agreement has been duly executed by Seller, and upon delivery to and execution by Buyer is a valid and binding agreement of Seller.

(b) Encumbrances. Other than the exceptions set forth in the Preliminary Title Report, Seller has not alienated, encumbered, transferred, mortgaged, assigned, pledged, or otherwise conveyed its interest in the Property or any portion thereof, nor entered into any agreement to do so, and there are no liens, encumbrances, mortgages, covenants, conditions, reservations, restrictions, easements or other matters affecting the Property, except as disclosed in the Preliminary Report. Seller shall not, directly or indirectly, alienate, encumber, transfer, mortgage, assign, pledge, or otherwise convey its interest prior to the Close of Escrow, as long as this Agreement is in force.

(c) No Right of Possession. There are no agreements, including any leases, licenses and occupancy agreements, affecting the Property. There are no agreements which will be binding on the Buyer or the Property after the Close of Escrow. Other than the utility easements set forth on the Preliminary Title Report, no person or entity other than Seller has the right to use, occupy, or possess the Property or any portion thereof. Seller will not enter into any lease or other agreement affecting the Property or any portion thereof without the written consent of Buyer.

(d) No Conflict. Seller's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Seller is a party or by which Seller is bound.

(e) No Litigation or Other Proceeding. To Seller's current actual knowledge, no litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of Seller to perform its obligations under this Agreement, or that would adversely affect the Property or Buyer's intended use of the Property for the Project.

(f) No Seller Bankruptcy. Seller is not the subject of any bankruptcy proceeding, and no general assignment or general arrangement for the benefit of creditors or the appointment of a trustee or receiver to take possession of all or substantially all of Seller's assets has been made.

(g) Condition of Property. Seller has no notice of any pending or threatened action or proceeding arising out of the condition of the Property or any alleged violation of any Environmental Laws. Except as otherwise disclosed by City and provided in Section 4.2, to Seller's actual current knowledge, the Property is in compliance with all Environmental Laws. The Seller will not make or allow any material adverse change to the condition of the Property.

The truth and accuracy of each of the representations and warranties, and the performance of all covenants of Seller contained in this Agreement are conditions precedent to Buyer's obligation to proceed with the Closing hereunder. The foregoing representations and warranties shall not be deemed merged into the deed upon closing and shall survive the Close of Escrow until

the satisfaction of the Buyer's Post-Closing Obligations under Section 5.6 and shall survive any earlier expiration or termination of this Agreement for a period of twelve (12) months.

6.2 Buyer's Representations and Warranties. In addition to the representations, warranties and covenants of Buyer contained in other sections of this Agreement, Buyer hereby represents, warrants and covenants to Seller that the statements below in this Section 6.2 are each true as of the Date of Agreement, and, if to Buyer's actual knowledge any such statement becomes untrue prior to Closing, Buyer shall so notify Seller in writing and Seller shall have at least three (3) business days thereafter to determine if Seller wishes to proceed with Closing. If Seller determines it does not wish to proceed, then the terms of Section 7.3 will apply.

(a) Authority. Buyer is a limited liability company. Buyer has the full right, capacity, power and authority to enter into and carry out the terms of this Agreement. This Agreement has been duly executed by Buyer, and upon delivery to and execution by Seller shall be a valid and binding agreement of Buyer.

(b) No Bankruptcy. Buyer is not bankrupt or insolvent under any applicable federal or state standard, has not filed for protection or relief under any applicable bankruptcy or creditor protection statute, and has not been threatened by creditors with an involuntary application of any applicable bankruptcy or creditor protection statute.

The truth and accuracy of each of the representations and warranties, and the performance of all covenants of Buyer contained in this Agreement are conditions precedent to Seller's obligation to proceed with the Closing hereunder. The foregoing representations and warranties shall survive the Closing and continue until satisfaction of the Buyer's Post-Closing Obligations under Section 5.6.

7. DEFAULT, REMEDIES, TERMINATION.

7.1 Default Remedies - General. Failure by either Party to perform any action or covenant required by this Agreement within thirty (30) days following receipt of written Notice from the other Party specifying the failure shall constitute a "**Default**" under this Agreement; provided, however, that if the failure to perform cannot be reasonably cured within such thirty (30) day period, a Party shall be allowed additional time as is reasonably necessary to cure the failure so long as such Party commences to cure the failure within the thirty (30) day period and thereafter diligently prosecutes the cure to completion. Subject to the limitations of Section 7.2 below, any default by the Buyer or Seller under the Development Agreement which is not cured following notice and expiration of any applicable cure periods thereunder shall also constitute a Default under this Agreement, and upon occurrence of such Default and without any right to further notice or additional cure period, the non-defaulting party shall have all remedies available to it under this Agreement, including the right to terminate this Agreement as set forth in Section 7.3 below.

7.2 Legal Actions.

7.2.1 Institution of Legal Actions and Remedies. Upon the occurrence of a Default under this Agreement, the non-defaulting Party shall have the right to institute any action at law or in equity to cure, correct, prevent or remedy such Default, subject to the express limitations on remedies provided in this Section 7.2.1. Neither Party shall have the right to recover

any punitive, consequential, or special damages. Such legal actions must be instituted in the Superior Court of the County of San Mateo, State of California, or in the Federal District Court for the Northern District of the State of California.

7.2.1.1 Default by Buyer; Seller's Remedies. The Seller's remedies shall be expressly limited as follows:

a. Pre-Closing. Upon the occurrence of a Default by Buyer that occurs before Closing the Seller's remedies shall be limited to (i) liquidated damages pursuant to Section 7.2.2 and (ii) termination of this Agreement pursuant to Section 7.3.

b. Post-Closing. Upon the occurrence of a Default by Buyer that occurs after Closing, the Seller's remedies shall be limited to obtaining specific performance, declaratory or injunctive relief, or terminating this Agreement.

7.2.1.2 Default by Seller; Buyer's Remedies. Upon the occurrence of a Default by Seller under this Agreement, Buyer's remedies shall be limited to obtaining specific performance, declaratory or injunctive relief, or terminating this Agreement.

7.2.2 Liquidated Damages. SUBJECT TO NOTICE AND EXPIRATION OF APPLICABLE CURE PERIODS AND ANY PERMITTED EXTENSIONS OF TIME AS PROVIDED IN THIS AGREEMENT, IF IN THE EVENT OF A BUYER DEFAULT AS SET FORTH IN 7.2.1.1(a), THE SELLER WILL SUFFER DAMAGES AND THAT IT IS IMPRACTICABLE AND INFEASIBLE TO FIX THE ACTUAL AMOUNT OF SUCH DAMAGES. THEREFORE, CONSIDERING ALL THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, IN THE EVENT OF A CLOSING DEFAULT, BUYER, WITHIN THIRTY (30) DAYS FOLLOWING SELLER'S WRITTEN DEMAND THEREFOR, SHALL TURN OVER ALL REPORTS AND PLANS IN THE BUYER'S ACTUAL OR CONSTRUCTIVE POSSESSION THAT HAVE BEEN PREPARED BY AND FOR BUYER RELATED TO THE PROJECT AND THE PROPERTY (WITH THE EXCEPTION OF BUYER'S INTELLECTUAL PROPERTY, CONFIDENTIAL FINANCIAL INFORMATION, AND ANY INFORMATION SUBJECT TO LEGAL PRIVILEGE) (THE "MATERIALS.") THE BUYER'S ENRA DEPOSITS, AND MATERIALS SHALL SERVE AS LIQUIDATED DAMAGES TO THE SELLER FOR A DEFAULT SPECIFIED IN SECTION 7.2.1.1(a). THE VALUE OF THE BUYER'S ENRA DEPOSITS AND MATERIALS CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES THAT THE SELLER WOULD INCUR IN THE EVENT OF A CLOSING DEFAULT. RETENTION OF THE BUYER'S ENRA DEPOSITS AND MATERIALS SHALL BE THE SELLER'S SOLE AND EXCLUSIVE REMEDY AGAINST BUYER IN THE EVENT OF A DEFAULT A DEFAULT SPECIFIED IN SECTION 7.2.1.1(a), AND THE SELLER WAIVES ANY AND ALL RIGHT TO SEEK OTHER RIGHTS OR REMEDIES AGAINST BUYER, INCLUDING WITHOUT LIMITATION, SPECIFIC PERFORMANCE. THE LIQUIDATED DAMAGES PROVIDED FOR HEREIN IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF SECTIONS 3275 OR 3369 OF THE CALIFORNIA CIVIL CODE, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO THE SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. SELLER WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389. BY PLACING ITS INITIALS BELOW, BUYER

AND SELLER SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE, THE REASONABLENESS OF THE AMOUNT OF LIQUIDATED DAMAGES AGREED UPON, AND THE FACT THAT EACH PARTY WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION.

INITIALS: CWS
SELLER

 [Signature]
BUYER

7.2.3 Acceptance of Service of Process. In the event that any legal action is commenced by Buyer against Seller, service of process on Seller shall be made by personal service upon the City Manager at the address provided in Section 13.8 or in such other manner as may be provided by law. In the event that any legal action is commenced by Seller against Buyer, service of process on Buyer shall be made by personal service upon Eric Tao,, Buyer’s registered agent for service of process in California, at 500 Sansome Street, Suite 750, San Francisco, CA 94111 or in such other manner as may be provided by law.

7.3 Termination. In addition to termination upon satisfaction of all material terms of this Agreement as evidenced by issuance of a Certificates of Completion as to each portion of the Project, this Agreement may be terminated by the Party for whom a condition is intended to benefit: (i) if there is an uncured Default, after notice from the Party not in default and expiration of all cure periods, (ii) if there is a failure of an express Buyer Condition Precedent or Seller Condition Precedent (which is not waived by the Party whom the condition benefits) by timely notice from the Party whom the condition benefits, (iii) a representation or warranty of a Party becomes untrue prior to Closing under Section 6.1 or 6.2 (which is not waived by the Party whom the condition benefits), (iv) upon mutual written consent of the Parties, each in its sole discretion. Upon termination, the Parties will also cooperate to record a notice of termination.

7.4 Force Majeure Delay. All obligations in this Agreement shall not be deemed to be in Default, all performance and other dates specified in those sections shall be extended, where delays are due to: war; insurrection; strikes and labor disputes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; litigation and arbitration, including court delays; legal challenges to this Agreement, legal challenges to the Project Approvals, or legal challenges to any other approval required from any public agency other than the City for the Project, or any initiatives or referenda regarding the same; environmental conditions that have not been previously disclosed or discovered or that could not have been discovered with reasonable diligence that delays the construction or development of the Property or any portion thereof; unusually severe weather but only to the extent that such weather or its effects (including, without limitation, dry out time) result in delays that cumulatively exceed thirty (30) days for every winter season occurring after commencement of demolition, grading, and/or construction of the Project; acts or omissions of the other Party; or acts or failures to act of any public or governmental agency or entity, including but not limited to delays in the Countywide Oversight Board process (except that acts or failures to act of Seller shall not excuse performance by Seller); moratorium; any delay caused by required coordination with the City’s Civic Campus Project or the City obtaining the Off-Site Real Property Interests, so long as the Buyer is acting diligently and in good faith; or a Severe Economic Recession (each a “**Force Majeure Delay**”). An extension of time for any such cause shall be for the period of the enforced

delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within sixty (60) days of the commencement of the cause. If notice is sent after such sixty (60) day period, then the extension shall commence to run no sooner than sixty (60) days prior to the giving of such notice. Buyer's inability or failure to obtain financing or otherwise timely satisfy shall not be deemed to be a cause outside the reasonable control of the Buyer and shall not be the basis for an excused delay unless such inability, failure or delay is a direct result of a Severe Economic Recession. "**Severe Economic Recession**" means a decline in the monetary value of all finished goods and services produced in the United States, as measured by initial quarterly estimates of United States Gross Domestic Product ("**GDP**") published by the United States Department of Commerce Bureau of Economic Analysis (and not subsequent monthly revisions), lasting more than four (4) consecutive calendar quarters. Any quarter of flat or positive GDP growth shall end the period of such Severe Economic Recession.

7.5 City Option to Repurchase, Reenter and Repossess Parcels B and C1.

7.5.1 As to Parcels B and C1, subject to notice and opportunity to cure under Section 7.1 and applicable Force Majeure Delay under Section 7.4, City shall have the additional right, at its sole option, to repurchase, reenter and take possession of either Parcel B1 or Parcel C1 if after conveyance of title to the Property and prior to Commencement of Construction on Parcels C1 and B, as part of Phases I or II respectively, as set for in the Schedule of Performance, Developer shall fail to Commence Construction on Parcels C1 or B as part of either Phase I or Phase II of the Project prior to the date and time required in Schedule of Performance.

7.5.2 Such right to repurchase, reenter and repossess, to the extent provided in this Agreement, shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

(a) Any mortgage, deed of trust or other security instrument permitted by this Agreement; or

(b) Any rights or interests provided in this Agreement for the protection of the holder of such mortgages, deeds of trust or other security instruments.

7.5.3 To exercise its right to repurchase, reenter and take possession with respect to either Parcel C1 or B, City shall pay to Developer in cash an amount equal to:

(a) The Purchase Price paid by Developer for either of Parcel C1 or B, whichever parcel is repurchased.

(b) The total amount of any mortgages, deeds of trust or other liens encumbering the specific parcel at the time of the repurchase, reentry and repossession.

In order to exercise such purchase option, City shall give Developer Notice of such exercise and Developer shall, within sixty (60) days after Developer's receipt of such Notice, provide City with a detailed accounting of all of Developer's costs incurred as provided above. If City elects, in its sole discretion to repurchase either or both parcels, City, within thirty (30)

days thereafter, shall pay to Developer in cash all sums owing pursuant to this Section 7.5, if any, and Developer shall thereupon execute and deliver to City a grant deed transferring to City all of Developer's interest in the Property (or applicable portion thereof).

City's rights under this Section 7.5 shall terminate as to each Parcel C1 or B upon Commencement of Construction by Developer on each of Parcels C1 and B respectively.

8. BROKERS. Seller represents that no real estate broker has been retained by Seller in the sale of the Property or the negotiation of this Agreement. Buyer represents that no real estate broker has been retained by Buyer in the procurement of the Property or negotiation of this Agreement. Buyer and Seller shall indemnify, hold harmless and defend the other Party from any and all claims, actions and liability for any breach of the preceding sentence, and any commission, finder's fee, or similar charges arising out the other Party's conduct.

9. ASSIGNMENT. Until issuance of Certificate of Completion for the Project on the Property (or applicable portion thereof), neither Seller nor Buyer may assign its rights or delegate its duties under this Agreement, except for Buyer Permitted Transfers as defined below, without (i) the express written consent of the other Party, which consent will not be unreasonably withheld or delayed and (ii) a concurrent assignment of the Development Agreement in accordance with Section 8.1 of the Development Agreement. If Buyer proposes an assignment in relation to the entire Property or Parcels B and/or C1 separately (each a "**Property Transfer**"), Buyer will seek Seller's prior written consent to such Property Transfer, which consent will not be unreasonably withheld or delayed. Seller may refuse to give consent to a proposed Property Transfer only if, in light of the proposed transferee's reputation and financial resources, such transferee would not, in Seller's reasonable opinion, be able to perform the obligations proposed to be assumed by such transferee, and such determinations will be made by the City Manager and will be appealable by Buyer to the City Council. Prior to any Property Transfer, the Buyer and assignee shall enter into an assignment and assumption agreement that clearly assigns the rights and obligations between the parties, and subject to prior approval, which shall not be unreasonably be withheld or delayed, of the City Manager and the City Attorney. Notwithstanding the preceding language, any proposed assignment of Site C2 separately ("**Affordable Property Transfer**") to a party other than BRIDGE or an Affiliate of BRIDGE, including the form of assignment and assumption agreement and Affordable Housing Covenant, shall require the prior consent of the City Council.

Notwithstanding any other provision of this Agreement to the contrary, each of following transfers are permitted and shall not require Seller consent under this Section 9 (each a "**Buyer Permitted Transfer**"):

(a) Any transfer for financing purposes to secure the funds necessary for construction and/or permanent financing of the Project, including but not limited to any tax credit financing for the Affordable Units;

(b) An assignment of this Agreement to an Affiliate of Buyer (except that Affordable Property Transfer to an Affiliate of Buyer shall not be a Buyer Permitted Transfer);

(c) An Affordable Property Transfer to BRIDGE, or an Affiliate of BRIDGE. For the purposes of this section, an "**Affiliate of BRIDGE**" means an entity that is

directly or indirectly controlling, controlled by, or under common control of BRIDGE Housing Corporation, including but not limited to a tax credit partnership in which BRIDGE or an Affiliate of BRIDGE is the managing general partner. For any Affordable Property Transfer to BRIDGE or an Affiliate of BRIDGE, the Buyer and assignee shall enter into an assignment and assumption agreement in substantially the form set forth in Exhibit E, with the final form of the assignment and assumption agreement subject to approval by the City Manager;

(d) The sale or lease of the Child Care Center to a Childcare Operator, as defined in the Development Agreement;

(e) Transfers of common area to a property owners association;

(f) Dedications and grants of easements and rights of way required in accordance with the Project Approvals; or

(g) Any leasing activity.

For the purposes of this Section 9, “**Affiliate of Buyer**” means an entity or person that is directly or indirectly controlling, controlled by, or under common control with Buyer. For the purposes of this definition, “**control**” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity or a person, whether through the ownership of voting securities, by contract, or otherwise, and the terms “**controlling**” and “**controlled**” have the meanings correlative to the foregoing. No permitted assignment of any of the rights or obligations under this Agreement shall result in a novation or in any other way release the assignor from its obligations under this Agreement unless a release is provided in the form of assignment and assumption agreement approved by the reviewing Party.

10. ENVIRONMENTAL INDEMNITY. Effective upon Close of Escrow, and subject to Section 3.5, to the fullest extent allowed by law, Buyer agrees to unconditionally and fully indemnify, protect, defend (with counsel satisfactory to Buyer in Buyer’s sole discretion), and hold Seller and the City, and their respective elected and appointed officers, officials, employees, and agents, (“**Seller Indemnified Parties**”) harmless from and against any and all claims (including without limitation third party claims for personal injury, real or personal property damage, or damages to natural resources), actions, administrative proceedings (including without limitation both formal and informal proceedings), judgments, damages, punitive damages, penalties, fines, costs (including without limitation any and all costs relating to investigation, assessment, analysis or clean-up of the Property), liabilities (including without limitation sums paid in settlements of claims), interest, or losses, including reasonable attorneys’ and paralegals’ fees and expenses (including without limitation any such fees and expenses incurred in enforcing this Agreement or collecting any sums due hereunder), together with all other costs and expenses of any kind or nature (collectively, the “**Claims**”) that arise directly or indirectly from or in connection with the presence, suspected presence, release, or suspected release, of any Hazardous Materials in, on or under the Property or to the extent emanating from the Property, in or into the air, soil, soil gas, groundwater, or surface water at, on, about, around, above, under or within the Property, or any portion thereof that are existing as of the Close of Escrow or are caused to exist during the period of ownership of the Property by Buyer, except those Costs that arise solely as a result of actions by Seller, the City (including their consultants and contractors) or Seller Indemnified Parties. Upon

receipt of any Claim, the Seller Indemnified Parties shall promptly notify and tender such Claim to the Buyer. Any failure to timely tender such Claim to Buyer to allow Buyer to defend such Claim shall be deemed a waiver of such Seller Indemnified Party's rights under this Section 10. Buyer shall resolve such Claim in its sole and absolute discretion so long as the Seller Indemnified Party is not subject to any costs or liability. The indemnification provided pursuant to this Section shall specifically apply to and include claims or actions brought by or on behalf of employees of Buyer or any of its predecessors in interest and Buyer hereby expressly waives any immunity to which Buyer may otherwise be entitled under any industrial or worker's compensation laws. The indemnification provided pursuant to this Section shall include, without limitation, all loss or damage sustained by the Seller due to any Hazardous Materials: (a) that are present or suspected by a governmental agency having jurisdiction to be present in the Property or in the air, soil, soil gas, groundwater, or surface water at, on, about, above, under, or within the Property (or any portion thereof) or to have emanated from the Property, or (b) to the extent emanating from the Property that migrate, flow, percolate, diffuse, or in any way move onto, into, or under the air, soil, soil gas, groundwater, or surface water at, on, about, around, above, under, or within the Property (or any portion thereof) after the date of this Agreement as a result of Seller's activities on the Property prior to Close of Escrow. The provisions of this Section 10 shall survive the termination of this Agreement and the Close of Escrow. If Buyer purchases an environmental pollution legal liability policy for the Property, the policy shall include the City and Agency as additional insureds.

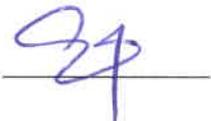
11. RELEASE BY BUYER. Effective upon the Close of Escrow, Buyer waives, releases, remises, acquits and forever discharges Seller and the City, and its officers, directors, board members, managers, employees and agents, and any other person acting on behalf of Seller from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses and compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which Buyer now has or which may arise in the future on account of or in any way arising from or in connection with the physical condition of the Property or any law or regulation applicable thereto including, without limiting the generality of the foregoing, any federal, state or local law, ordinance or regulation pertaining to Hazardous Materials. This Section 11 shall not apply to the City for any portion of the Property that is, after Closing, dedicated for public use (e.g. public sidewalks) and is under the direct management and maintenance of the City. This Section 11 shall survive the termination of this Agreement and the Close of Escrow.

BUYER ACKNOWLEDGES THAT BUYER IS FAMILIAR WITH SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

BY INITIALING BELOW, BUYER EXPRESSLY WAIVES THE BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE WITH RESPECT TO THE FOREGOING RELEASE:

Buyer's initials: _____



12. HAZARDOUS MATERIALS; DEFINITIONS.

12.1 Hazardous Materials. As used in this Agreement, “**Hazardous Materials**” means any chemical, compound, material, mixture, or substance that is now or may in the future be defined or listed in, or otherwise classified pursuant to any Environmental Laws (defined below) as a “hazardous substance”, “hazardous material”, “hazardous waste”, “extremely hazardous waste”, “infectious waste”, “toxic substance”, “toxic pollutant”, or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity. The term “Hazardous Materials” shall also include asbestos or asbestos-containing materials, radon, chrome and/or chromium, polychlorinated biphenyls, petroleum, petroleum products or by-products, petroleum components, oil, mineral spirits, natural gas, natural gas liquids, liquefied natural gas, and synthetic gas usable as fuel, perchlorate, and methyl tert butyl ether, whether or not defined as a hazardous waste or hazardous substance in the Environmental Laws.

12.2 Environmental Laws. As used in this Agreement, “**Environmental Laws**” means any and all federal, state and local statutes, ordinances, orders, rules, regulations, guidance documents, judgments, governmental authorizations or directives, or any other requirements of governmental authorities, as may presently exist, or as may be amended or supplemented, or hereafter enacted, relating to the presence, release, generation, use, handling, treatment, storage, transportation or disposal of Hazardous Materials, or the protection of the environment or human, plant or animal health, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. § 9601), the Hazardous Materials Transportation Act (49 U.S.C. § 5101 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq.*), the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*), the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq.*), the Oil Pollution Act (33 U.S.C. § 2701 *et seq.*), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 *et seq.*), the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 *et seq.*), the Toxic Mold Protection Act (Cal. Health & Safety Code § 26100, *et seq.*), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 *et seq.*), the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 *et seq.*), the Hazardous Materials Release Response Plans & Inventory Act (Cal. Health & Safety Code § 25500 *et seq.*), and the Carpenter-Presley-Tanner Hazardous Substances Account Act (Cal. Health and Safety Code, Section 25300 *et seq.*).

13. MISCELLANEOUS.

13.1 Attorneys’ Fees. If any Party employs counsel to enforce or interpret this Agreement, including the commencement of any legal proceeding whatsoever (including insolvency, bankruptcy, arbitration, mediation, declaratory relief or other litigation), the prevailing Party shall be entitled to recover its reasonable attorneys’ fees and court costs (including the service of process, filing fees, court and court reporter costs, investigative fees, expert witness fees, and the costs of any bonds, whether taxable or not) and shall include the right to recover such fees and costs incurred in any appeal or efforts to collect or otherwise enforce any judgment in its favor in addition to any other remedy it may obtain or be awarded. Any judgment or final order issued in any legal proceeding shall include reimbursement for all such attorneys’ fees and costs. In any legal proceeding, the “prevailing party” shall mean the Party determined by the court to most nearly prevail and not necessarily the Party in whose favor a judgment is rendered.

13.2 Interpretation. This Agreement has been negotiated at arm's length and each Party has been represented by independent legal counsel in this transaction and this Agreement has been reviewed and revised by counsel to each of the Parties. Accordingly, each Party hereby waives any benefit under any rule of law (including Section 1654 of the California Civil Code) or legal decision that would require interpretation of any ambiguities in this Agreement against the drafting Party.

13.3 Survival. All indemnities, covenants, representations and warranties contained in Section 5.6, 6.1, Section 6.2, Section 10, and Section 11 of this Agreement shall survive Close of Escrow as expressly provided in each such section.

13.4 Successors. Except as provided to the contrary in this Agreement, this Agreement shall be binding on and inure to the benefit of the Parties and their successors and assigns.

13.5 Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

13.6 Integrated Agreement; Modifications. This Agreement contains all the agreements of the Parties concerning the subject hereof any cannot be amended or modified except by a written instrument executed and delivered by the Parties. There are no representations, agreements, arrangements or understandings, either oral or written, between or among the Parties hereto relating to the subject matter of this Agreement that are not fully expressed herein. In addition there are no representations, agreements, arrangements or understandings, either oral or written, between or among the Parties upon which any Party is relying upon in entering this Agreement that are not fully expressed herein. In the event that the Countywide Oversight Board approves a Purchase Price different from the Purchase Price set forth in Section 2.2 and the Buyer, in its sole and absolute discretion, agrees to the revised Purchase Price, the City Manager may, on behalf of the City and Successor Agency, approve and execute an amendment to this Agreement to incorporate the Purchase Price approved by the San Mateo Countywide Oversight Board.

13.7 Severability. If any term or provision of this Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from this Agreement, any such provision shall not be affected by the legality, enforceability, or validity of the remainder of this Agreement. If any provision or part thereof of this Agreement is stricken in accordance with the provisions of this section, then the stricken provision shall be replaced, to the extent possible, with a legal, enforceable and valid provision this is in keeping with the intent of the Parties as expressed herein.

13.8 Notices. Any delivery of this Agreement, notice, modification of this Agreement, collateral or additional agreement, demand, disclosure, request, consent, approval, waiver, declaration or other communication that either Party desires or is required to give to the other Party or any other person shall be in writing. Any such communication may be served personally, or by nationally recognized overnight delivery service (i.e., Federal Express) which provides a receipt of delivery, or sent by prepaid, first class mail, return receipt requested to the Party's address as set forth below:

If to Seller, to: City of South San Francisco
400 Grand Avenue
Attn: City Manager
South San Francisco, CA 94080
Phone: (650) 877-8500
Fax: (650) 829-6609

With a Copy to: Meyers, Nave, Riback, Silver & Wilson
555 12th Street, Suite 1500
Oakland, CA 94607
Attn: Sky Woodruff, City Attorney
Phone: (510) 808-2000
Fax: (510) 444-1108

If to Buyer, to: SSF PUC Housing Partners, LLC
Attn: Eric Tao
c/o L37 Partners
500 Sansome, Ste 750
San Francisco, CA 94111
Phone: (415) 394-9016
Email: eric@L37partners.com

With Copies to: Holland & Knight
50 California Street, #2500
San Francisco, CA 94111
Attn: Tamsen Plume
Phone: (415) 743-9461
Email: tamsen.plume@hkllaw.com

Brookfield Residential
500 La Gonda Way, Suite 100
Danville, CA 94526
Attention: Josh Roden
Phone: (925) 743-8000
Email: josh.roden@brookfieldrp.com

If to Escrow Holder: First American Title Insurance Company
333 W Santa Clara St Ste 220,
San Jose, CA 95113
Attn: Linda Tugade, Senior Escrow Officer
Tel: (408) 579-8340
Fax: (714) 913-6757
Email: ltugade@firstam.com

Any such communication shall be deemed effective upon personal delivery or on the date of first refusal to accept delivery as reflected on the receipt of delivery or return receipt, as

applicable. Any Party may change its address by notice to the other Party. Each Party shall make an ordinary, good faith effort to ensure that it will accept or receive notices that are given in accordance with this section and that any person to be given notice actually receives such notice.

13.9 Time. Time is of the essence to the performance of each and every obligation under this Agreement.

13.10 Days of Week. If any date for exercise of any right, giving of any notice, or performance of any provision of this Agreement falls on a Saturday, Sunday or holiday, the time for performance will be extended to 5:00 p.m. on the next business day.

13.11 Reasonable Consent and Approval. Except as otherwise provided in this Agreement, whenever a Party is required or permitted to give its consent or approval under this Agreement, such consent or approval shall not be unreasonably withheld or delayed. If a Party is required or permitted to give its consent or approval in its sole and absolute discretion or if such consent or approval may be unreasonably withheld, such consent or approval may be unreasonably withheld but shall not be unreasonably delayed.

13.12 Cooperation and Further Assurances. Each Party agrees to cooperate with the other in this transaction and, in that regard, shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.

13.13 Waivers. Any waiver by any Party shall be in writing and shall not be construed as a continuing waiver. No waiver will be implied from any delay or failure to take action on account of any default by any Party. Consent by any Party to any act or omission by another Party shall not be construed to be consent to any other subsequent act or omission or to waive the requirement for consent to be obtained in any future or other instance.

13.14 Signatures/Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any one of such completely executed counterparts shall be sufficient proof of this Agreement.

13.15 Date and Delivery of Agreement. Notwithstanding anything to the contrary contained in this Agreement, the parties intend that this Agreement shall be deemed effective, and delivered for all purposes under this Agreement, and for the calculation of any statutory time periods based on the date an agreement between parties is effective, executed, or delivered, as of the Effective Date.

13.16 Representation on Authority of Parties. Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each Party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such Party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.

13.17 Access to Property. Prior to the Closing, Seller shall cooperate to enable representatives of Buyer to obtain the right of access to all portions of the Property for the purposes of implementing this Agreement. Buyer agrees to provide written notice to Seller at least twenty four (24) hours prior to undertaking any studies or work upon the Property. Buyer shall indemnify, defend, protect and hold Seller and Seller Parties harmless from any Claims arising out of the acts, omissions, negligence or willful misconduct of Buyer or its employees, agents, contractors, subcontractors or representatives (each a “**Buyer Party**” and, collectively, the “**Buyer Parties**”) in connection with such studies and investigations, except for Claims arising from or related to any pre-existing condition on or of the Property or Claims to the extent caused by the active negligence or willful misconduct of Seller or its employees, agents, contractors or representatives. In addition, in the event Buyer or any Buyer Party causes any damage to any portion of the Property, Buyer shall promptly restore the Property as nearly as possible to the physical condition existing immediately prior to Buyer’s entry onto the Property.

13.18 Memorandum of Agreement. A Memorandum of Agreement in substantially the form of Exhibit D attached hereto and incorporated herein by this reference shall be executed and recorded against the Property immediately following recordation of the Grant Deed.

13.19 Relationship Between Seller and Buyer. It is hereby acknowledged that the relationship between Seller and Buyer is not that of a partnership or joint venture and that Seller and Buyer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the exhibits hereto, Seller shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Project.

13.20 Seller Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by Seller, the City Manager or his or her designee is authorized to act on behalf of Seller.

13.21 Estoppel Certificates. A Party may, at any time during the term of this Agreement, and from time to time, deliver written notice to another Party requesting such Party to certify in writing that, to the knowledge of the certifying Party, (i) this Agreement is in full force and effect and a binding obligation of the Parties, (ii) this Agreement has not been amended or modified either orally or in writing, or if amended; identifying the amendments, (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults, and (iv) any other information reasonably requested. The requesting Party shall be responsible for all reasonable costs incurred by the Party from which such certification is requested and shall reimburse such costs within thirty (30) days of receiving the certifying Party’s request for reimbursement. The Party receiving a request hereunder shall execute and return such certificate or give a written, detailed response explaining why it will not do so within twenty (20) days following the receipt thereof. The failure of either Party to provide the requested certificate within such twenty (20) day period shall constitute a confirmation that this Agreement is in full force and effect and no modification or default exists. Seller acknowledges that a certificate hereunder may be relied upon by transferees and mortgagees.

13.22 Mortgagee Protection. After Close of Escrow, no violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument; provided, however, that any successor of Buyer to the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, of this Agreement whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise. Specifically:

(a) Mortgagee Not Obligated; Mortgagee as Transferee. No Mortgagee shall have any obligation or duty under this Agreement, except that nothing contained in this Agreement shall be deemed to permit or authorize any Mortgagee to undertake any new construction or improvement project, or to otherwise have the benefit of any rights of Developer, or to enforce any obligation of City, under this Agreement, unless and until such Mortgagee has received a transfer or assignment of rights pursuant to Article 8.

(b) Notice of Default to Mortgagee; Right of Mortgagee to Cure. If the City receives notice from a Mortgagee requesting a copy of any notice of an event of default given Developer hereunder and specifying the address for service thereof, then City shall deliver to such Mortgagee, concurrently with service thereon to Developer, any notice given to Developer with respect to any claim by City that Developer has committed a Default. Such Mortgagee shall have the right (but not the obligation) to cure or remedy, or to commence to cure or remedy, the default claimed or the areas of noncompliance set forth in City's notice within the applicable time periods for cure specified in this Agreement.

(c) Priority of Mortgages. For purposes of exercising any remedy of a Mortgagee pursuant to this Article, or for becoming an assignee or transferee in the manner specified in Article 9, applicable law shall govern the rights, remedies and priorities of each Mortgagee, absent a written agreement between Mortgagees otherwise providing.

13.23 Certificate of Completion. Promptly after completing the Project in accordance with those provisions of this Agreement that relate solely to the obligations of Developer to construct the Project (including the dates for beginning and completion thereof), upon the Developer's written request that the City issue a Certificate of Completion, the City will provide a Certificate of Completion within thirty (30) days of such a request if the Developer has met the requirements for such issuance (the "**Certificate of Completion**"). If the Developer requests issuance of a Certificate of Completion, but the City refuses, then the City shall provide the Developer with a written explanation of its refusal within ten (10) days of the Developer's request. The Certificate of Completion will be the conclusive determination that those covenants in this Agreement with respect to the obligations of the Developer to construct the Project and the dates for the beginning and completion thereof have been met. The Certificate of Completion shall be in such form as will enable such certificate to be recorded in the Official Records. The Certificate of Completion will not constitute evidence of compliance with or satisfaction of any obligation of the Developer to: (a) any holder of a Security Financing Interest; (b) pay prevailing wages; or (c) comply with the Accessibility Requirements. The Certificate of Completion may not be deemed a notice of completion under the California Civil Code.

13.24 Effective Date. This Agreement shall be deemed effective upon execution by the Parties.

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

SELLER:

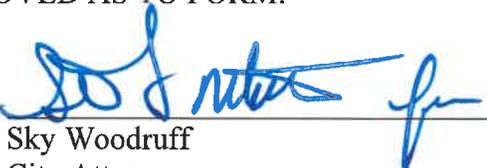
CITY OF SOUTH SAN FRANCISCO

By: 
Mike Futrell
City Manager

ATTEST:

By: 
City Clerk

APPROVED AS TO FORM:

By: 
Sky Woodruff
City Attorney

BUYER:

**SSF PUC HOUSING PARTNERS, LLC,
a Delaware limited liability company**

By: 
Name: ERIC TAO
Title: Authorized Signatory

LIST OF EXHIBITS

Exhibit A	Legal Description
Exhibit B	Form of Grant Deed
Exhibit C	Schedule of Performance
Exhibit D	Form of Memorandum of Agreement
Exhibit E	Form of Development Agreement
Exhibit F	Form of Affordable Housing Agreement (BRIDGE)
Exhibit G	Form of Affordable Housing (BRIDGE) Assignment & Assumption Agreement

EXHIBIT A
LEGAL DESCRIPTION

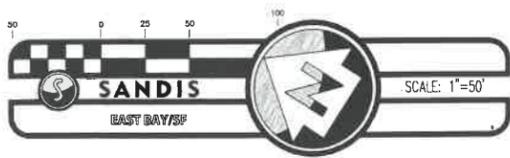


Exhibit A

**To improve comprehension of this exhibit, this exhibit has been created in color and should be reviewed in color going forward.

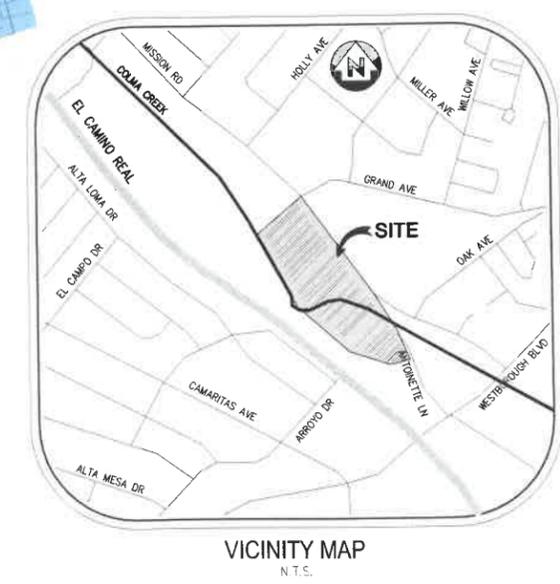
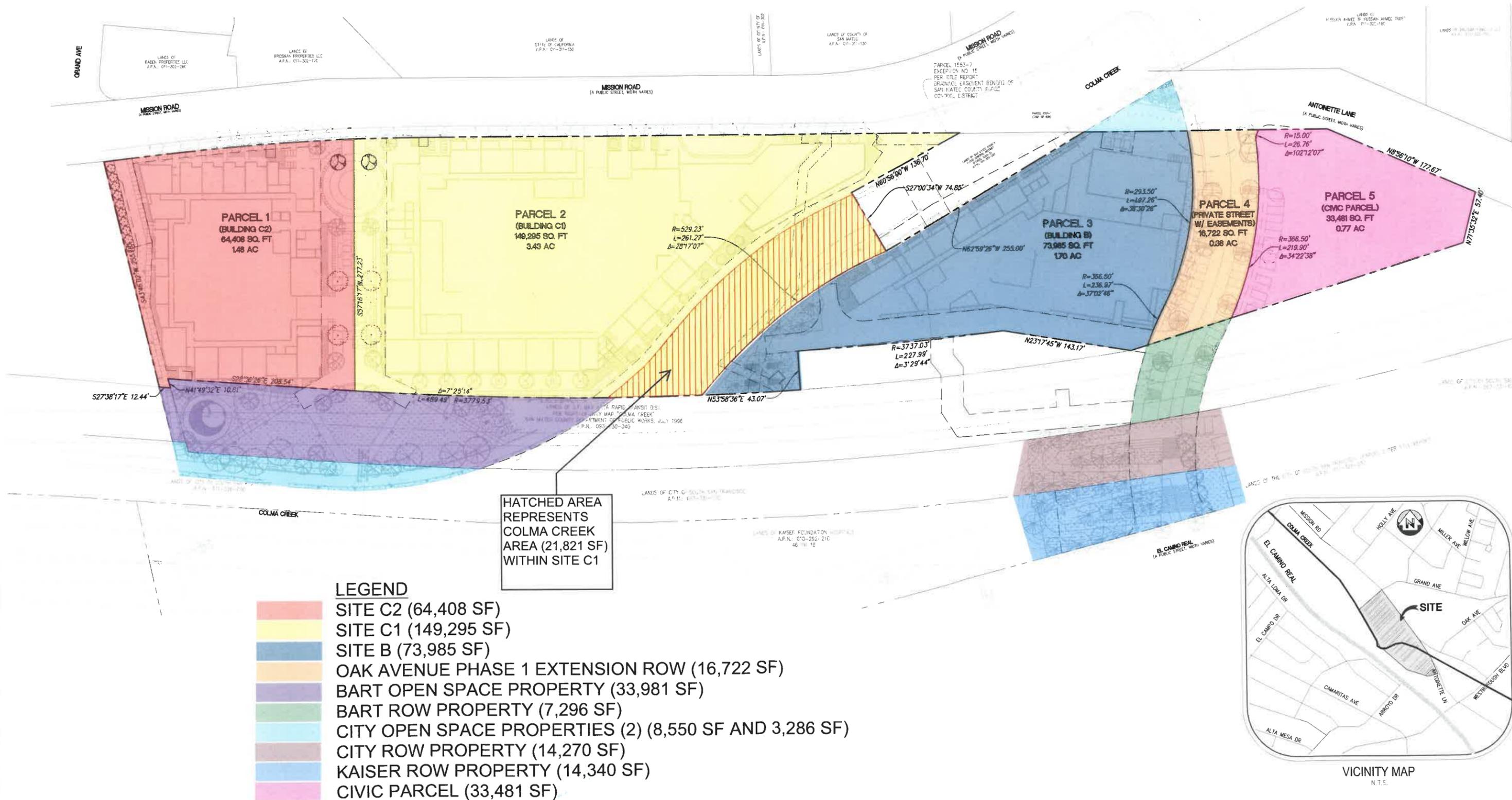


EXHIBIT B

FORM OF GRANT DEED

Recording Requested by

and when Recorded, return to:

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§6103, 27383

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged, the City of South San Francisco, a municipal corporation (the "**Grantor**") hereby grants to SSF PUC Housing Partners, LLC (the "**Grantee**") all that real property located in the City of South San Francisco, County of San Mateo, State of California at _____, designated as San Mateo County Assessor's Parcel Nos. _____ and more particularly described in Exhibit A attached hereto and incorporated in this grant deed ("**Grant Deed**") by this reference.

1. Development Agreement. The Property is conveyed subject to the LRPMP and that certain Development Agreement dated as of _____, entered into by and between Grantee and the Grantor, acting to carry out the LRPMP (the "**Development Agreement**").

2. Use Restrictions. The Grantee hereby covenants and agrees, for itself and its successors and assigns, that the Property shall be used and developed solely for purposes consistent with the requirements of the City of South San Francisco General Plan, as it presently exists or may be amended.

3. Nondiscrimination. Grantee shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, on the basis of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information of any person. Grantee covenants for itself and all persons claiming under or through it, and this Grant Deed is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or part thereof, nor shall Grantee or any person claiming under or through Grantee establish or permit any such practice or practices of discrimination or

segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub lessees or vendees in, of, or for the Property or part thereof.

All deeds, leases or contracts made or entered into by Grantee, its successors or assigns, as to any portion of the Property or the Improvements shall contain the following language:

(a) In Deeds, the following language shall appear:

“(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub lessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 of the Civil Code and subdivisions (d) of Section 12955 of the Government Code shall apply to paragraph (1).”

(b) In Leases, the following language shall appear:

“(1) The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sub lessees, subtenants, or vendees in the property herein leased.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 of the Civil Code and subdivision (d) of Section 12955 of the Government Code shall apply to paragraph (1).”

(c) In Contracts, the following language shall appear:

“There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sub lessees or vendees of the land.”

4. Term of Restrictions. The covenants contained in Section 1 and Section 2 regarding use of the Property shall remain in effect until the date which is the expiration date of the Development Agreement. The covenants against discrimination contained in Sections 3 shall remain in effect in perpetuity.

5. Mortgagee Protection. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted by the Development Agreement; provided, however, that any successor of Grantee to the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

6. Binding On Successors. The covenants contained in Sections 2 and 3 of this Grant Deed, without regard to technical or legal classification or designation specified in this Grant Deed or otherwise, shall to the fullest extent permitted by law and equity, be binding upon Grantee and any successor in interest to the Property or any part thereof, for the benefit of Grantor, and its successors and assigns, for such period of time of applicable ownership, and such covenants shall run in favor of and be enforceable by the Grantor and its successors and assigns for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. In the event of any breach of any of such covenants, the Grantor and its successors and assigns shall have the right to exercise all rights and remedies available under law or in equity to enforce the curing of such breach.

7. Enforcement. The Grantor shall have the right to institute such actions or proceedings as it may deem desirable to enforce the provisions set forth herein. Any delay by the Grantor in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights hereunder shall not operate as a waiver of or limitation on such rights, nor operate to deprive Grantor of such rights, nor shall any waiver made by the Grantor with respect to any specific default by the Grantee, its successors and assigns, be considered or treated as a waiver of Grantor's rights with respect to any other default by the Grantee, its successors and assigns, or with respect to the particular default except to the extent specifically waived.

8. Amendment. Only the Grantor, its successors and assigns, and the Grantee and the successors and assigns of the Grantee in and to all or any part of the fee title to the Property shall have the right to consent and agree to changes or to eliminate in whole or in part any of the covenants contained in this Grant Deed. For purposes of this Section, successors and assigns of

the Grantee shall be defined to include only those parties who hold all or any part of the Property in fee title, and not to include a tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under deed of trust, or any other person or entity having an interest less than a fee in the Property and Improvements.

9. Conflict. In the event there is a conflict between the provisions of this Grant Deed and the Agreement, it is the intent of the parties that the Agreement shall control.

10. Counterparts. This Grant Deed may be executed in counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

SIGNATURES ON FOLLOWING PAGES.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of _____, 201__.

GRANTOR

CITY OF SOUTH SAN FRANCISCO

By: _____
Mike Futrell
City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

GRANTEE:

FORM – DO NOT SIGN

SSF PUC Housing Partners, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT A to Grant Deed

(Attach legal description)

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

State of California)
) ss.
County of San Mateo)

On _____, 20____ before me, _____, a Notary Public, in and for said State and County, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

NOTARY PUBLIC

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

State of California)
) ss.
County of San Mateo)

On _____, 20____ before me, _____, a Notary Public, in and for said State and County, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

NOTARY PUBLIC

EXHIBIT C

SCHEDULE OF PERFORMANCE

NOTE: Capitalized terms used below shall have the meaning ascribed to such terms in the Purchase and Sale Agreement (“Agreement”) to which this Exhibit C is attached. All of the dates and deadlines described herein shall be subject to extension by the City Manager pursuant to Section 5.6 of the Agreement and/or “Force Majeure” in accordance with Section 7.4 of the Agreement. The provisions of the Schedule of Performance are intended as a convenient guideline for the Parties and are not intended to supersede or amend the referenced operative sections listed therein. In the event of any conflict between this Schedule of Performance and the Agreement, the Agreement shall control.

#	MILESTONE	TIMING REQUIREMENT
Pre-Escrow		
1	OB Approval Date (§1.2)	Prior to Outside OB Approval Date.
2	Identify Escrow Holder and Opening of Escrow (§3.2)	Within 10 days after the OB Approval Date.
Pre-Closing		
3	Preliminary Title Report issued by Escrow Holder (§4.1)	Within 15 days of Opening of Escrow.
4	Buyer review of Preliminary Title Report (§4.1)	Within 30 days of receipt of Preliminary Title Report.
5	Buyer and City to provide regular updates on satisfaction and/or waiver of conditions precedent to Closing.	No less than monthly or more often as the circumstances warrant.
6	Satisfaction or waiver of conditions precedent to Closing (§5.2 and §5.3)	Prior to Closing.
7	Closing (§5.1)	Within 30 days after satisfaction or waiver of all conditions precedent, but no later than prior to March 31, 2022 (“ Outside Closing Date ”).
Post-Closing		
8	Buyer provides City regular updates on Project construction.	No less than quarterly or more often as the circumstances warrant.
9	Buyer Commences Construction of Building C1 and Building C2, and related Adjacent Areas as defined in the Project Approvals (“ Phase I ”) For the purposes of this Schedule of Performance, “ Commences Construction ” means that the following have occurred as to the Project: (i) the City has issued the Buyer a demolition permit and/or a grading permit, (ii) the Buyer has signed contracts with a general contractor for the demolition and/or grading	In sufficient time to timely Substantially Complete Phase I pursuant to this Schedule of Performance, but within one (1) year after Closing.

	work, and (iii) the Buyer has given the general contractor a notice to proceed and has caused the general contractor to physically commence excavation and/or grading of the Property.	
10	<p>Buyer Substantially Completes Construction of Phase I.</p> <p>For the purposes of this Schedule of Performance, “Substantial Completion” shall be deemed to have occurred when construction has been completed (subject only to punch list items) such that the Project (or applicable portion thereof) is ready for occupancy and the life safety systems, as applicable, have been installed and are functional.</p>	Subject to diligence pursuit after Commencement of Construction; but in no event later than five (5) years after Closing.
11	Buyer Commences Construction of Oak Avenue Phase 1 Extension and shall make the Oak Avenue Phase 2 Extension Payment required under Section 3.4(a) of the Development Agreement.	Within one hundred and eighty (180) days from written notice to proceed from the City with respect to the Civic Campus Project; provided however, notice shall not be provided earlier than 180 days after Commencement of Construction of Phase I and no later than necessary as required to provide access for Phase II (defined below).
12	Buyer Completes Construction of Oak Avenue Phase 1 Extension. For the purposes of this Schedule of Performance “ Completes Construction of Oak Avenue Phase 1 Extension ” shall mean when the Oak Avenue Phase 1 Extension has been complete and accepted for dedication by the City.	Within eighteen (18) months from Commencement of Construction of Oak Avenue Phase 1 Extension.
13	Buyer Commences Construction of the Building B and related Adjacent Areas as defined in the Project Approvals (“ Phase II ”).	In sufficient time to timely Substantially Complete Phase II pursuant to this Schedule of Performance, but in no event later than six (6) years after Closing.
14	Buyer Substantially Completes Construction of Phase II.	Subject to diligence pursuit after Commencement of Construction of Phase II; but in no event later than eight (8) years after Close of Escrow.
15	City shall provide the Certificate of Completion to Buyer (§13.23)	Within thirty (30) days following completion of the each applicable portion of the Project and Buyer’s written request therefor.

EXHIBIT D

FORM OF MEMORANDUM OF AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City Clerk
City of South San Francisco
P.O. Box 711
South San Francisco, CA 94083

(Space Above This Line Reserved For Recorder's Use)

This instrument is exempt from recording fees pursuant to Government Code section 27383.

NOTICE OF AGREEMENT

This Notice of Agreement (this "Notice"), dated as of _____, 201__, is entered into by and between the City of South San Francisco, a municipal corporation ("**Seller**" or "**City**") and SSF PUC Housing Partners, LLC, ("**Buyer**").

A. On _____, 2019, Seller and Buyer entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions ("**PSA**") with respect to real property owned by Seller, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference ("**Property**").

B. The PSA sets forth certain agreements made by the Parties with respect to their the Property.

C. This Notice is prepared for the purpose of recordation only, and it in no way modifies the provisions of the PSA.

D. This Notice shall extend to and be binding upon the Parties hereto and their legal representatives, heirs, successors, and assigns.

E. This Notice may be executed in counterparts, each of which is deemed to be an original, and all such counterparts constitute one and the same instrument.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, Seller and Buyer have executed this Notice as of the date first written above.

SELLER:

CITY OF SOUTH SAN FRANCISCO

By: _____
Mike Futrell
City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

FORM – DO NOT SIGN

BUYER:

SSF Housing Partners, LLC
a Delaware limited liability company

By: _____
Name:
Title:

FORM – DO NOT SIGN

[INSERT NOTARY FORMS IN EXECUTION COPY]

**EXHIBIT A
TO
NOTICE OF AGREEMENT**

LEGAL DESCRIPTION OF PROPERTY

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

[Insert in execution copy]

EXHIBIT E

FORM OF DEVELOPMENT AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City Clerk
City of South San Francisco
P.O. Box 711
South San Francisco, CA 94083

(Space Above This Line Reserved For Recorder's Use)

This instrument is exempt from recording fees pursuant to Government Code section 27383.

Documentary Transfer Tax is \$0.00 (exempt per Revenue & Taxation Code section 11922, Transfer to Municipality).

**DEVELOPMENT AGREEMENT
BY AND BETWEEN
CITY OF SOUTH SAN FRANCISCO
AND
SSF PUC HOUSING PARTNERS, LLC**

**Former PUC Sites B and C
SOUTH SAN FRANCISCO, CALIFORNIA**

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (“**Agreement**”) is entered into as of _____, 2019 by and between SSF PUC Housing Partners, LLC, a Delaware limited liability company (“**Developer**”), and the City of South San Francisco, a municipal corporation (“**City**”), pursuant to California Government Code (“**Government Code**”) sections 65864 et seq. Developer and the City are sometimes collectively referred to herein as “**Parties.**”

RECITALS

A. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California enacted California Government Code sections 65864 et seq. (the “**Development Agreements Statute**”), which authorizes the City to enter into an agreement with any person having a legal or equitable interest in real property for the development of such property.

B. Pursuant to Government Code section 65865, City has adopted procedures and requirements for the consideration of development agreements (South San Francisco Municipal Code (“**SSFMC**”) Chapter 19.60). This Agreement has been processed, considered, and executed in accordance with such procedures and requirements.

C. Developer has, or will acquire pursuant to a purchase and sale agreement, a legal and/or equitable interest in certain real property located on the approximately 1.7-acre “**Site B**,” the approximately 3.43-acre “**Site C1**,” (including 2.93 acres of developable property and a 21,821 sf portion of undevelopable Colma Creek), the approximately 1.48-acre “**Site C2**,” and the approximately 0.38-acre “**Oak Avenue Phase 1 Extension Property**,” each as more particularly described and depicted in Exhibit A. Additionally, the City will grant to Developer an easement or other similar legal or equitable right to construct and maintain improvements on the following, each as defined in this Agreement and depicted on Exhibit A:

(a) certain publicly-accessible open space improvements on (1) an approximately 3,286 square foot portion and an approximately 8,550 sf portion of existing City-owned property (“**City Open Space Properties**”), and (2) an approximately 33,981 square feet (“**sf**”) portion of BART-owned property (“**BART Open Space Property**”);

(b) portions of the Oak Avenue Phase 1 Extension (defined below) on (1) an approximately 14,270 sf portion of City-owned property (“**City ROW Property**”), (2) an approximately 7,296 sf portion of BART-owned property (“**BART ROW Property**”), and (3) an approximately 14,350 sf portion of Kaiser-owned property (“**Kaiser ROW Property**”); and

(c) certain access easements necessary to construct and operate the Project as defined in the Project Approvals (defined below).

Collectively, Site B, Site C1, Site C2, the Oak Avenue Phase 1 Extension Property, the City Open Space Properties, the BART Open Space Property, the City ROW Property, the BART ROW Property and the Kaiser ROW Property are the “**Project Site.**” The Project Site includes properties purchased from the San Francisco Public Utilities Commission by the former

South San Francisco Redevelopment Agency for future redevelopment as mixed-use, transit-oriented development and open space and have been referred to as the “Former PUC” properties or sites. Site B is located just north of the proposed Oak Avenue extension, bounded by the BART easement and the Colma Creek channel to the north. Sites C1 and C2 are located just north of Site B across the Colma Creek channel, bounded by the BART easement and Centennial Trail and by Mission Road. The Parties acknowledge that the Project Site is strategically located, but affected by irregular configuration, existing BART easements and tunnel proximity, Colma Creek and a high ground water table, the future Oak Avenue extension, and development of the City’s Civic Campus Site on Former PUC Site A.

D. The proposed project consists of approximately 800 residential units, (approximately 13 market rate flex live-work units (“**Flex Units**”), approximately 158 below market rate units affordable to 30-80% AMI households (20% of the residential units excluding the Flex Units) (“**Affordable Units**”) and approximately 629 market rate apartment units (“**Market Rate Units**”), improved parks and landscaping, and active ground floor uses throughout the two sites, including retail and commercial spaces (collectively, the “**Project**”). The Flex Units are designated to have flexibility between residential or commercial uses in order to support a more active commercial and small business enterprise opportunity in the Project. The Project is anticipated to be approximately 1.1 million sf. Subject to final design, the Project anticipates a single building on Site B (“**Building B**”), a building on Site C1 (“**Building C1**”) and a building on Site C2 (“**Building C2**”), as follows:

- Building B: Market Rate Units, Flex Units, and an approximately 12,992 square foot commercial/PDR/retail space that will be open to the public and is envisioned as a food and beverage themed Market Hall with space for one or more small scale production businesses (“**Market Hall**”).
- Building C1: Market Rate Units and an approximately 8,307 square foot child care center open to families in and outside of the Project (“**Childcare Center**”).
- Building C2: Affordable Units designed to attract a high quality affordable housing partner (anticipated to be BRIDGE Housing Corporation “**BRIDGE**”) (“**Affordable Housing Developer**”) and strategically located nearest to transit to qualify for tax-credit and other affordable housing financing.
- All vertical development structures will be constructed with wood frame construction over two to three above grade stories of Type IA construction with portions of stair and elevator penthouses extending 15-feet in height above the roofs. The roofline will range between 35’ and 85’ with the lower elevations fronting Mission Street and in the northern portion of the Site adjacent to the existing residential buildings as provided in the Project Approvals. Building B and Building C1 are proposed to have a single basement level containing parking and building service and additional parking at grade (and on level 2 for Building B), while Building C2 will have its parking all at grade, including lifts that have parking pits below grade. Off-site landscaped areas and park programming will be included as part of the Project and have been designed to benefit both Project residents and the greater region, including the construction of the connection of Oak Avenue to Antoinette Lane (“**Oak Avenue Phase 1 Extension**”) and the landscaped road and parking

area connecting Mission Street (not including any future Oak Avenue to El Camino Real vehicular connection (“**Oak Avenue Phase 2 Extension**”), as shown on _____ and described in the Project Approvals (collectively, “**Offsite Improvements**”) and payment to the City of \$5,500,000 for construction of Oak Avenue Phase 2 connecting Oak Avenue from Antoinette Lane to El Camino Real.

E. The Project Site is located in the El Camino Real/Chestnut Area Plan (and designated as El Camino Real Mixed Use North, High Intensity and High Density Residential) as well as the El Camino Real/Chestnut Area Plan – Residential High (ECR/C – RH) Zoning District. The City Council certified Environmental Impact Reports in accordance with the provisions of the California Environmental Quality Act, (Public Resources Code, §§ 21000, et seq. (“**CEQA**”) and CEQA Guidelines, which analyzed the potential environmental impacts of the development of the El Camino Real/Chestnut Area Plan (“**ECR/CAP**”) and Community Civic Campus Plan (the “**Civic Campus**”) (collectively, the “**EIRs**”). The City Council also adopted a Statements of Overriding Consideration for the El Camino Real/Chesnut Area EIR (“**SOC**”) in accordance with the provisions of CEQA and CEQA Guidelines for the EIRs, which carefully considered each significant and unavoidable impact identified in the EIRs and found that the significant environmental impacts are acceptable in light of the ECR/CAP and Civic Campus economic, legal, social, technological and other benefits. On _____, 2019 by Resolution No. _____, the City Council approved an Environmental Consistency Analysis for the Project prepared by the City in accordance with CEQA Guidelines § 15168 that confirmed that the Project would not result in any new significant environmental effects or a substantial increase in the severity of any previously identified effects beyond those disclosed and analyzed in the EIRs previously certified by City Council, require any new mitigation measures, and is consistent with the SOCs (“**ECA**”) and adopted a Mitigation Monitoring and Reporting Plan identifying all applicable mitigation measures from the EIRs that are applicable to the Project (“**MMRP**”).

F. On _____, 2019, after duly noticed public hearing and review by the Planning Commission, the City Council also approved the following land use entitlements: Conditional Use Permit (for conditional uses, incentive bonuses and parking determination) in accordance with SSF Table 20.270.003 and Section 20.270.004(A) and Area Plan Table 4-1; Design Review in accordance with SSFMC Chapter 20.480; Vesting Tentative Tract Map in accordance with SSFMC Chapter 19.50 and Section 19.40.100; Build-To Line Waiver along Mission Road in accordance with SSFMC Code 20.270.004(C); Active Frontage Chief Planner Waiver for 50% Active Use along Mission Road in accordance with SSFMC Code 20.270.005(B)(4); Ground Floor Entrance Chief Planner Alternative Design Approval for Buildings C1 and C2 facing BART right of way and Colma Creek in accordance with SSFMC Code 20.270.005(G)(5); State Density Bonus Law for (1) 25% bonus on Parcel B from General Plan and Area Plan density in accordance with Government Code Section 65915(f)(1) and (2) development standard waiver from rear yard setback requirements set forth in 20.270.004(D)(1-4) for Buildings Parcels B, C1 and C2 fronting BART and Colma Creek in accordance with Government Code Section 65915(e); a Purchase and Sale Agreement; and this Development Agreement in accordance with SSFMC Chapter 19.60. The entitlements listed in this Recital E and shown on Exhibit B are collectively referred to herein as the “**Project Approvals**.” The Project has been designed to fulfill the vision of the City’s General Plan, Housing Element, El Camino Real Master Plan, and the El Camino Real/Chestnut Area Plan for an active, transit-oriented mixed-use project that respects the existing surrounding neighborhoods and residents.

G. City has determined that the Project presents certain public benefits and opportunities which are advanced by City and Developer entering into this Agreement. This Agreement will, among other things, (1) reduce uncertainties in planning and provide for the orderly development of the Project; (2) provide needed residential development which helps the City meet its Regional Housing Needs Assessment pursuant to state housing law, including critically-needed affordable housing, in a strategic, transit-oriented location with a robust Transportation Demand Management and parking management program; (3) provide a childcare facility that is expected to accommodate 75-100 children with subsidies to ensure access to a broad range of households; (4) provide phased Oak Ave connection with new traffic signaling between Mission Road extending Oak Avenue over Colma Creek and into Antoinette Lane; (5) provide a Market Hall that will target smaller local businesses seeking retail and production space; (6) provide Mission Road sidewalk/landscaping installation to improve pedestrian facilities; (7) result in undergrounding utility lines; (8) provide on-site public art and a neighborhood-serving playground; (9) mitigate any significant environmental impacts consistent with the requirements set forth in the EIRs; (10) provide for and generate substantial revenues for the City in the form of one time and annual fees and exactions and other fiscal benefits including park and recreation fees, school impact fees (payable to SSF USD), public safety impact fees and bicycle and pedestrian impact fees; sewer fees, and (11) otherwise achieve the goals and purposes for which the Development Agreement Statute was enacted.

H. In exchange for the benefits to City described in the preceding Recital, together with the other public benefits that will result from the development of the Project, Developer will receive by this Agreement assurance that it may proceed with the Project in accordance with the “**Applicable Law**” (defined in section 6.3 below), and therefore desires to enter into this Agreement.

I. On October 17, 2019, following a duly noticed public hearing, the Planning Commission recommended that the City Council approve this Agreement. And, on _____, 2019, the City Council, after conducting a duly noticed public hearing, has found that this Agreement is consistent with the General Plan and Zoning Ordinance and has conducted all necessary proceedings in accordance with the City’s rules and regulations for the approval of this Agreement. In accordance with SSFMC section 19.60.120, the City Council, on _____, 2019, at a duly noticed public hearing, adopted Ordinance No. _____ approving and authorizing the execution of this Agreement.

AGREEMENT

NOW, THEREFORE, the Parties, pursuant to the authority contained in Government Code sections 65864 through 65869.5 and Chapter 19.60 of the South San Francisco Municipal Code and in consideration of the mutual covenants and agreements contained herein, agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 “**Administrative Project Amendment**” shall have that meaning set forth in Section 7.1 of this Agreement.

1.2 “**Administrative Agreement Amendment**” shall have that meaning set forth in Section 7.2 of this Agreement.

1.3 “**Affiliate of Developer**” shall have that meaning set forth in Section 8.1 of this Agreement.

1.4 “**Affordable Housing Agreement**” shall mean an agreement entered into by the Parties in accordance with the requirements of the South San Francisco Municipal Code Section 20.380.014 to restrict the Project’s Affordable Units to occupants meeting the applicable affordability criteria and to comply with the number of Affordable Units as defined in Recital D.

1.5 “**Affordable Housing Developer**” shall have that meaning set forth in Recital D of this Agreement.

1.6 “**Affordable Units**” shall have that meaning set forth in Recital D of this Agreement.

1.7 “**Agreement**” shall mean this Development Agreement.

1.8 “**Applicable Law**” shall have that meaning set forth in Section 6.3 of this Agreement.

1.9 “**Assessments**” shall have that meaning set forth in Exhibit C.

1.10 “**CEQA**” shall have that meaning set forth in Section 3.3 of this Agreement.

1.11 “**City**” shall mean the City of South San Francisco.

1.12 “**City Law**” shall have that meaning set forth in Section 6.5 of this Agreement.

1.13 “**Childcare Operator**” shall have that meaning set forth in Section 3.9.

1.14 “**Claims**” shall have that meaning set forth in Section 6.10 of this Agreement.

1.15 “**Control**” shall have that meaning set forth in Section 8.1 of this Agreement.

1.16 “**Controlled**” shall have that meaning set forth in Section 8.1 of this Agreement.

1.17 “**Controlling**” shall have that meaning set forth in Section 8.1 of this Agreement.

1.18 “**Deficiencies**” shall have that meaning set forth in Section 9.2 of this Agreement.

1.19 “**Developer**” shall mean SSF PUC Housing Partners, LLC, and any assignees pursuant to Article 8 of this Agreement.

1.20 “**Development Agreements Statute**” shall have that meaning set forth in Recital A of this Agreement.

1.21 “**Development Fees**” shall have that meaning set forth in Section 3.2 of this Agreement.

1.22 “**District**” shall mean any assessment or financing district(s) established by the City pursuant to the Community Facilities District Act of 1982 (Mello-Roos), Government Code Sections 53311 et seq., the Streets and Highways Code, Division 10 and 12, the Landscape and Lighting Act of 1972, or other similar law to finance all or part of the public improvements through the issuance of bonds and the imposition of assessments, fees, or taxes on the benefiting land, including, but not limited to, the Property.

1.23 “**ECA**” shall have that meaning set forth in Recital E of this Agreement.

1.24 “**Effective Date**” shall have that meaning set forth in Section 2.1 of this Agreement.

1.25 “**EIR**” shall have that meaning set forth in Section 3.1.

1.26 “**El Camino Real/Chestnut Area Plan**” or “**ECR/CAP**” shall have that meaning set forth in Recital E.

1.27 “**Flex Units**” shall mean, notwithstanding anything to the contrary in the Project Approvals or SSFMC, dwelling units which are integrated with the working space of artists, artisans and other craftspersons shall be permitted as an accessory use to such working space, when such dwelling units are occupied by a group of persons including no more than four adults, and where the occupancy meets all applicable provisions of the Building Code and Housing Code.

1.28 “**Force Majeure Delay**” shall have that meaning set forth in Section 10.3

1.29 “**GDP**” shall have that meaning set forth in Section 10.3

1.30 “**Indemnitees**” shall have that meaning set forth in Section 6.10 of this Agreement.

1.31 “**Judgment**” shall have that meaning set forth in Section 9.2 of this Agreement.

1.32 “**Mortgage**” shall mean any lien of mortgage, deed of trust, or other security interest (e.g., lease-leaseback agreement) in the Project or the Project Site given in exchange for financing of any kind.

1.33 “**Mortgagee**” shall mean the beneficiary of any Mortgage.

1.34 “**MMRP**” shall have that meaning set forth in Recital E of this Agreement.

1.35 “**Parties**” shall mean the Developer and City, collectively.

1.36 “**Periodic Review**” shall have that meaning set forth in Section 10.5 of this Agreement.

1.37 “**Project**” shall have that meaning set forth in Recital D of this Agreement.

1.38 “**Project Approvals**” shall have that meaning set forth in Recital F of this Agreement.

1.39 “**Project Site**” shall have that meaning set forth in Recital C of this Agreement.

1.40 “**Purchase and Sale Agreement and Joint Escrow Instructions Between City of South San and SSF PUC Housing Partners, LLC**” or “**PSA**” is defined as the “Purchase and Sale Agreement and Joint Escrow Instructions between the City of South San Francisco and SSF PUC Housing Partners LLC dated _____, 20___, as approved by the San Mateo County Oversight Board as provided in the PSA.

1.41 “**Severe Economic Recession**” shall have that meaning set forth in Section 10.3

1.42 “**SSFMC**” shall have the meaning set forth in Recital B of this Agreement.

1.43 “**Subsequent Approvals**” shall mean those certain other land use approvals, entitlements, and permits in addition to the Project Approvals that are necessary or desirable for the Project. In particular, for example, the parties contemplate that Developer may, at its election, seek approvals for the following: amendments of the Project Approvals, design review approvals, unless determined not required pursuant to the further provisions of this Agreement, improvement agreements, grading permits, building permits, lot line adjustments, sewer and water connection permits, certificates of occupancy, subdivision maps, rezonings, development agreements, use permits, sign permits and any amendments to, or repealing of, any of the foregoing.

1.44 “**Tax**” and “**Taxes**” shall not include any generally applicable City Business License Tax or locally imposed Sales Tax.

1.45 “**Term**” shall have that meaning set forth in Section 2.2 of this Agreement.

To the extent that any defined terms contained in this Agreement are not defined above, then such terms shall have the meaning otherwise ascribed to them elsewhere in this Agreement, or if not in this Agreement, in the PSA, and if not in the PSA, then by controlling law, including the SSFMC.

ARTICLE 2 EFFECTIVE DATE AND TERM

2.1 **Effective Date.** This Agreement shall become effective upon the date the ordinance approving this Agreement becomes effective (“**Effective Date**”).

2.2 **Term.** The term of this Agreement (“**Term**”) shall commence upon the Effective Date and continue (unless this Agreement is otherwise terminated or extended as provided in this Agreement) until the earliest of (1) the issuance of a certificate of occupancy for all buildings in the Project or (2) ten (10) years plus one day after the Effective Date.

2.3 **Compliance with Terms of the Purchase and Sale Agreement .** Developer shall comply with all terms of the Purchase and Sale Agreement approved by the City and Developer on _____, 2019 and the San Mateo Countywide Oversight Board on _____, 20___. A material default by Developer under the PSA shall be a material default under this Agreement.

In the event the PSA is terminated under its terms prior to the transfer of the Property to the Developer, this Agreement shall terminate and have no further force or effect.

ARTICLE 3 OBLIGATIONS OF DEVELOPER

3.1 Obligations of Developer Generally. The Parties acknowledge and agree that the City's agreement to perform and abide by the covenants and obligations of City set forth in this Agreement is a material consideration for Developer's agreement to perform and abide by its long term covenants and obligations, as set forth herein. The parties acknowledge that many of Developer's long term obligations set forth in this Agreement are in addition to Developer's agreement to perform all the applicable mitigation measures identified in the MMRP.

3.2 City Fees.

(a) Processing Fees and Charges. Developer shall pay those processing, building permit, inspection and plan checking fees and charges required by the City for processing applications and requests for Subsequent Approvals under the applicable non-discriminatory regulations in effect at the time such applications and requests are submitted to the City.

(b) Development Fees. Consistent with the terms of the Agreement, City shall have the right to impose only such development fees ("**Development Fees**") as have been adopted by City as of the Effective Date of this Agreement and at those rates in effect at the time of payment of the Development Fees, and which are identified and as set forth on Exhibit C. The Parties agree that the only increase in the Development Fees set forth in Section 2.2 of Exhibit C shall be the relevant index increase authorized by the enabling ordinance or resolution for each Development Fee set forth in Section 2.2 of Exhibit C as of the Effective Date of this Agreement. The Development Fees shall be paid at the time set forth on Exhibit C. This shall not prohibit City from imposing on Developer any fee or obligation that is imposed by a regional agency in accordance with state or federal obligations and required to be implemented by City.

3.3 Mitigation Measures. Developer shall comply with the Mitigation Measures identified and approved in the EIRs for the Project, in accordance with the CEQA or other law as identified and set forth on the MMRP.

3.4 Off-Site Improvements and Maintenance. The Parties shall implement all of the following with respect to the design, construction and maintenance of the Off-Site Improvements:

(a) Oak Avenue Extension. Based on the 35% drawings of Oak Avenue Phase 2 Extension provided by City to Developer, the Developer shall undertake design of Oak Avenue Phase 1 Extension and continue to advance design and approval (with BART, Caltrans, etc.) of Oak Avenue Phase 2 Extension concurrent with relevant design progress, but only so far as necessary that reviewing departments can ensure a future design for Oak Avenue Phase 2 Extension is physically feasible. Developer shall design and construct Oak Avenue Phase 1 Extension at its own cost as described in the Project Approvals; provided, however, the City shall not impose requirements that will cause the cost (including actual and reasonable soft and hard costs of design (including design of Oak Avenue Phase 2 Extension), permitting and construction,

but excluding any Developer mark up or project management fee) of Oak Avenue Phase 1 Extension (“**Oak Avenue Phase 1 Costs**”) to exceed FIFTEEN MILLION EIGHT HUNDRED AND FIFTY THOUSAND DOLLARS (\$15,850,000) (“**Maximum Oak Avenue Phase 1 Costs**”), and shall cooperate with the Developer to ensure any other governmental agencies’ requirements do not cause the cost to exceed the Maximum Oak Avenue Phase 1 Costs (including, but not limited to, expediting review and approvals of design modification and value engineering if necessary). City and Developer shall have the mutual right to approve the final design, cost and any change orders that will cause the Oak Avenue Phase 1 Costs to exceed TEN MILLION THREE HUNDRED AND FIFTY THOUSAND DOLLARS (\$10,350,000) for the Oak Avenue Phase 1 Extension (“**Maximum Oak Avenue Fair Share Contribution**”). Developer shall also pay the City, prior to the deadline set forth in the Schedule of Performance in the PSA, FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$5,500,000) for final design (beyond 35% level) and construction costs for Oak Avenue Phase II Extension connecting Oak Avenue from Antoinette Lane to El Camino Real (“**Oak Avenue Phase II Extension Payment**”) and Developer shall cooperate with City and provide any necessary easements to allow construction of Oak Avenue Phase II as described in this sentence to the extent such necessary easement do not conflict with Project or frustrate the purpose of this Agreement. Developer shall provide City copies of and shall consult with City regarding all bids received and change orders for Oak Avenue Phase 1 Extension. Developer shall complete construction of Oak Avenue Phase 1 Extension in a manner consistent with the approved plans no later than as set forth in the Schedule of Performance set forth as Exhibit C to the PSA and incorporated herein by reference. With the City’s cooperation, the Developer shall be responsible for and shall use good faith and commercially reasonable efforts to design, implement and construct the Project, including Oak Avenue Phase 1 Extension such that the City’s future construction of Oak Avenue Phase 2 Extension at a later date is feasible. Developer shall not be responsible for the costs for completing designs of Oak Avenue Phase 2 Extension (beyond the initial feasibility determinations described herein) nor any costs of constructing Oak Avenue Phase 2 Extension. If the Oak Avenue Phase 1 Costs exceed the Maximum Oak Avenue Fair Share Contribution, the City will, upon submission of an invoice with substantiating cost invoices from the contractor that are reasonably acceptable to the City, reimburse the Developer for the Oak Avenue Phase 1 Costs incurred that exceed the Maximum Oak Avenue Fair Share Contribution, in an amount not to exceed \$5,500,000. The City shall have the right to pay the amount in excess of the Maximum Oak Avenue Fair Share Contribution, up to an amount not to exceed \$5,500,000, in ten equal annual payments over the period of 10 years from the date of acceptance of Oak Avenue Phase 1 Extension by the City. Any outstanding balance due after two years from the date of acceptance of Oak Avenue Phase I Extension shall accrue interest at the Local Agency Investment Fund Rate in effect as of two years from the date of acceptance of Oak Avenue Phase 1 Extension.

(b) City/BART/Kaiser ROW Property Improvements. Developer shall improve the City ROW Property, the BART ROW Property and the Kaiser ROW Property leading up to El Camino Real, west of the Creek, as shown on Sheet _____ of the Project Approvals, so that it is safe and inviting. Developer and City agree that the preferred switchback design leading from the lower level of Oak Avenue up to El Camino Real is the less steep, more meandering path. Developer shall use good faith and commercially reasonable efforts with City’s Civic Campus design team to ensure parking needs are met in accordance with the approved plans for the Project so that the preferred switchback design can be accommodated.

(c) Mission Road Pedestrian Trail Connection. Developer shall pay to the City TWO HUNDRED THOUSAND (\$200,000) for costs associated with a proposed pedestrian trail connecting Mission Road to the Centennial Trail in the general vicinity of the intersection of Sequoia Avenue and Mission Road (“**Mission Road Pedestrian Trail Connection**”), no later than issuance of the certificate of occupancy for Building B1 or Building C1, whichever comes first. The Developer shall not be responsible for any other costs associated with the Mission Road Pedestrian Train Connection (including but not limited to design, permitting, construction or maintenance).

(d) Pedestrian Bridge Connection to Centennial Trail. Developer shall design and construct a pedestrian bridge and pathway connecting the Kaiser property to Centennial Trail as shown on _____ (“**Centennial Trail Bridge**”) at the same time as the construction of the Centennial Trail improvements required in the Project Approvals. The City shall not impose requirements that will cause the cost (including actual and reasonable soft and hard costs of design (including design of Centennial Trail Bridge), permitting and construction, but excluding any Developer mark up or project management fee) of the Centennial Trail Bridge (“**Centennial Trail Bridge Costs**”) to exceed ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) (“**Maximum Centennial Trail Bridge Cost**”) and shall cooperate with the Developer to ensure any other governmental agencies’ requirements do not cause the cost to exceed the Maximum Centennial Trail Bridge Cost (including, but not limited to, expediting review and approvals of design modification and value engineering if necessary). The design of the Centennial Trail Bridge shall include a pathway width of no more than ten feet and the total width of the bridge shall not exceed twenty feet, and shall be subject to approval by the City Manager, which approval shall not be unreasonably withheld or delayed. With the Developer’s cooperation, the City shall secure control or ownership of any properties necessary for the Developer to construct and maintain the Centennial Trail Bridge, as provided in (f), below. Notwithstanding the Maximum Centennial Trail Bridge Cost, the City may, in its sole discretion, require architectural design enhancements to the Centennial Trail Bridge design and construction provided that the City shall pay for all Centennial Trail Bridge Costs related to such architectural design enhancements to the extent that such costs would exceed the Maximum Centennial Trail Bridge Cost.

(e) Project Maintenance. With the exception of publicly dedicated underground utilities, improvements to Mission Road, the bridge portion of the Oak Avenue Phase 1 Extension connecting to Mission Road and the Centennial Trail Bridge (broadly including any and all elements of the two bridges and bridge connection points) which shall be the responsibility of the public entity to which they are dedicated, Developer shall maintain, repair and replace as necessary all onsite and offsite improvements that it constructs at a level consistent with the condition of improvements at the time of completion by the Developer or acceptance by the City to the extent it has, or the City provides (or obtains for the Developer) the right to construct and/or maintain such off-site improvements. Developer shall also maintain (i.e. mow, trim landscaping, remove trash, etc.) the surface area portion of BART-owned property west of Building B as shown on Exhibit A. In exchange for the use of the BART Open Space Property as part of the Project for public open space, Developer shall provide the maintenance for the improvements placed on the BART Open Space Property consistent with the maintenance agreement for such areas between the City and BART. City and Developer shall enter into a recordable form of maintenance agreement prior to issuance of the first certificate of occupancy for Building B or C1. In addition,

Developer shall maintain the Property it acquires after close of escrow as required pursuant to Purchase and Sale Agreement.

(f) Acquisition of Off-Site Property Rights and Developer Deposit. With the Developer's cooperation and assistance in terms of preparing property descriptions and engineering drawings, the City shall be responsible for securing the rights or ownership for all of the following:

(i) the BART ROW Property, the Kaiser ROW Property necessary and other property interests necessary to complete Oak Avenue Phase 1 Extension as such property interests are shown on sheets X-0, X-1, X-1.1, X-2, X-3, X-4, and X-5 of (*insert formal name of entitlement documents*) ("**Oak Avenue ROW Properties**").

(ii) any properties necessary for the Developer to construct and maintain all of the Off-Site Improvements, including all park and open space and trail improvements as required under this Agreement ("**Off-Site Property Rights Agreements**").

Developer shall upon written request from the City, pay the City up to a maximum of FIVE HUNDRED THOUSAND (\$500,000) ("**Maximum Off-Site Acquisitions Deposit Amount**") for actual costs (including appraisals, title fees, preparation of property conveyance documents, litigation expenses, etc.) incurred by the City to acquire the Oak Avenue ROW Properties and Off-Site Property Rights Agreements hereunder. Developer shall make an initial payment to the City of TWO HUNDRED AND FIFTY THOUSAND (\$250,000) not later than sixty days after Close of Escrow (as defined in the PSA) and shall make further deposits upon written request from the City up to the Maximum Off-Site Acquisitions Deposit Amount. City will retain the amounts paid in a separate line item account ("**Off-Site Property Acquisition Deposit Account**") and shall only use such funds for actual costs incurred to acquire the properties provided herein. City shall provide Developer quarterly reports showing the amount of funds used from the Off-Site Property Acquisition Deposit Account and property interests acquired. Any unused funds remaining in the Off-Site Property Acquisition Deposit Account at the commencement of construction of Oak Avenue Phase 1 Extension shall be refunded to the Developer.

(g) Off-Site Improvement Permitting. With the City's cooperation, the Developer shall be responsible for obtaining any ministerial or administrative permits to construct such Off-Site Improvements consistent with applicable law, the Project Approvals and the Off-Site Property Rights Agreements.

3.5 Affordable Housing. Developer acknowledges and agrees that Building C2 will be subject to recorded covenants that will restrict use of Building C2 for the Affordable Units for a term of not less than fifty-five (55) years, commencing upon the issuance of a final certificate of occupancy for Building C2, as further set forth in a recorded Affordable Housing Agreement in a form to be approved by the City Council, except in the case of BRIDGE (or an Affiliate of BRIDGE pursuant to Section 8.1(b), below) in substantially the form attached hereto as Exhibit D, which shall be recorded in the Official Records at the time specified in the PSA. The Affordable Housing Agreement shall be reviewed prior the issuance of the certificate of occupancy for Building C2, and amended by mutual agreement of the Parties if necessary to reflect actual built conditions consistent with this Agreement. Prior to issuance of building permits for Building C2,

the applicant shall execute and record the Affordable Housing Agreement referenced herein and such Affordable Housing Agreement shall be consistent with SSFMC Chapter 20.380, Inclusionary Housing Regulations, including a preference for individuals who live and/or work in South San Francisco consistent with Federal and State Fair Housing laws.

3.6 Market Hall. Developer shall comply with the following terms with respect to the Market Hall portion of the Project:

(a) within two (2) years of the start of construction of Building B, Developer shall enter into an agreement with a qualified commercial broker to lease the commercial and retail space(s) in the Market Hall.

(b) Within the following thirty (30) days following execution of the broker agreement, Developer shall provide regular retail leasing program updates to the City (approximately monthly until initial lease up of at least 75% of the space). Such reports shall identify potential tenants contracted and the results of the contact.

(c) The Market Hall shall be designed and constructed consistent with the Project Approvals, and the Developer shall complete the “Basic Improvements” to the Market Hall prior to issuance of certificate of occupancy for the residential units in Building B. “**Basic Improvements**” for the purpose of this section shall mean access to mechanical, electrical and plumbing connections (which must include drain and waste, grease traps, gas lines, and hoods sufficient to accommodate restaurant uses), heating, ventilation and air conditioning (HVAC), and electric subpanels for future use.

3.7 Public Art Commitment. Developer shall install public art, with a minimum value of \$50,000 (or more in the sole discretion of the Developer) as part of the Project. Such public art shall be installed prior to issuance of the certificate of occupancy for the first of Building B and C1. The proposed public art shall be subject to the reasonable approval by the City, consistent with this Section 3.7.

3.8 Neighborhood Playground. Developer shall design the Project to include a playground feature sized to support the Project and the neighborhood (not a citywide destination) and shall construct the neighborhood playground prior to the certificate of occupancy for the first of Buildings B and C1.

3.9 Childcare Center. Developer shall design and construct the Childcare Center, and shall enter into an agreement with a qualified childcare operator (anticipated to be Palcare) (“**Childcare Operator**”). The Developer shall provide up to a maximum ten percent (10%) subsidy for childcare services if and to the extent that the Childcare Operator is unable, after commercially reasonable efforts, to obtain grants of at least twenty five percent (25%). For illustrative examples only, if the Childcare Operator is able to obtain grants to subsidize (i) 25% or more of children under care, no subsidy is required, (ii) 20% of the children under care, the Developer shall provide subsidies to 5% of the children under care, for a total of 25%, or (iii) 10% of the children under care, the Developer shall provide subsidies to 10% of the children under care, for a total of 20%. The subsidy scale shall be similar to the subsidy scale used by other qualified operators such as Palcare. The Childcare Center shall be constructed to warm shell condition

(considered ready to lease and ready for tenant improvements) and shall, prior to the final certificate of occupancy for Building C1, either: (i) have entered an agreement with the Childcare Operator and completed the required tenant improvements for the Childcare Center, or (ii) have both (A) demonstrated to the City's reasonable satisfaction its good faith efforts to do so and a lack or unavailability of a Childcare Operator and (B) deposited the full amount of the required Child Care Fee that would have been required for the Project assuming the Childcare Center was not part of the Project, to be held as a deposit by the City until the Childcare Center is open (and which can be used by the City to improve the Childcare Center if the Developer fails to perform and refunded to the Developer if the Developer performs) ("**Childcare Fee Deposit**"). If the Childcare Center tenant improvements are not constructed within six months of the issuance of a final certificate of occupancy for the residential units in Building C1, City and its contractor or a contractor retained by another Childcare Center operator approved by the City and Developer shall have the right to access the Childcare Center space and construct tenant improvements reasonably necessary to operate the Childcare Center with the costs of such tenant improvements paid for by the Developer with funding initially from the Childcare Fee Deposit described herein and paid by the Developer. Developer shall continue to use diligent and good faith efforts to enter an agreement with a Childcare Operator, and City shall cooperate with Developer to identify Childcare Operators. Upon the completion of the Childcare Center, any remaining amounts in the Childcare Fee Deposit shall be refunded to the Developer.

3.10 Transportation Demand Management and Neighborhood Parking Management and Mitigation Plan. The Developer shall implement both a Transportation Demand Management ("**TDM**") Plan and Neighborhood Parking Management and Mitigation Plan ("**Parking Plan**") to reduce the use of single occupancy vehicles and encourage the use of public transit and alternate modes of transportation, reduce traffic, and address the concerns of the surrounding neighborhood (Sunshine Gardens) that future tenants and guests of the Project will park their vehicles on the streets within the surrounding neighborhood. As part of the Project's Conditions of Approval, a Final TDM Plan and Parking Plan will be adopted and approved by the City. The TDM shall be designed to achieve a goal of 35% alternative mode usage by employee commuters during commute hours for the Project and 28% alternative mode usage by residences overall.

In the event that the City Manager or her/his designee determines that TDM goals are not being achieved or the Parking Plan does not adequately address persistent parking issues impacting surrounding residential neighborhoods, the Developer shall work in good faith with the City to implement additional parking mitigation measures, which will include one or a combination of the following:

- **No Street Parking for Project.** The Parking Plan will be designed to ensure that Project residents and tenants and guests/visitors will not park on the streets in the surrounding neighborhood, including education, enforceable lease terms, on-site parking management and enforcement and a designated contact for complaints.
- **Bundle Parking:** Except up to a maximum of 20% of the Market Rate Units, the Developer shall bundle parking with apartment units.

- Temporary Transportation Subsidy. Developer will implement temporary transportation subsidies for residences to utilize public transportation during commute hours.
- Develop a resident parking program (RPP): At the City’s request pursuant to the City’s Preferential Permit Parking Program pursuant to SSFMC Chapter 11.70, Developer will cooperate with and support City efforts to implement a neighborhood resident parking program. Upon a determination by the City to implement a neighborhood parking program pursuant to this provision and written notice by the City to the Developer, Developer shall pay the City \$25,000 to be used towards the implementation of neighborhood resident parking program. Residents in the permit parking area, excluding residents of the Project, would receive no cost parking permits pursuant to the program. If the City identifies cars from the Project, the Developer shall cooperate with the City to notify such residents and take actions to enforce the no neighborhood parking rules in its leases.
- Contingency/Enforcement: Project Sponsor shall cooperate with the City to provide additional enforcement mechanisms and resources, including, if requested by the City after determining in its reasonable judgment that the Parking Plan is not adequately addressing parking issues as designed and no other mechanisms are available or feasible, the deposit of up to one time maximum of ONE HUNDRED THOUSAND DOLLARS (\$100,000) with the City in an account earmarked for the City to pay parking enforcement personnel to assist the City and Developer to implement and enforce the Parking Plan. If the deposit (or any portion thereof) is not used within five (5) years of the date of deposit, it shall be refunded to the Developer.

3.11 Utility Relocation and Replacement. Developer, at its sole cost, shall be responsible for all on-site work to relocate and upgrade required utilities and infrastructure on the Property.

ARTICLE 4 OBLIGATIONS OF CITY

4.1 Obligations of City Generally. The Parties acknowledge and agree that Developer’s agreement to perform and abide by its covenants and obligations set forth in this Agreement, including Developer’s decision to purchase Property and site the Project in the City, is a material consideration for City’s agreement to perform and abide by the long term covenants and obligations of City, as set forth herein.

4.2 Protection of Vested Rights. Except as authorized in Section 6.9, City shall not support, adopt, or enact any City Law, or take any other action which would violate the express provisions or intent of the Project Approvals or the Subsequent Approvals.

4.3 Availability of Public Services. To the maximum extent permitted by law and consistent with its authority, City shall assist Developer in reserving such capacity for sewer and water services as may be necessary to serve the Project.

4.4 Developer's Right to Rebuild. City agrees that Developer may renovate or rebuild all or any part of the Project within the Term of this Agreement should it become necessary due to damage or destruction. Any such renovation or rebuilding shall be subject to the square footage and height limitations vested by this Agreement, and shall comply with the Project Approvals, the building codes existing at the time of such rebuilding or reconstruction, and the requirements of CEQA.

4.5 Expedited Plan Check Process. The City agrees to provide an expedited plan check process for the approval of Project drawings consistent with its existing practices for expedited plan checks. Developer agrees to pay the City's established fees for expedited plan check services. The City shall use reasonable efforts to provide such plan checks within 3 weeks of a submittal that meets the requirements of Section 5.2. The City acknowledges that the City's timely processing of Subsequent Approvals and plan checks is essential to the Developer's ability to achieve the schedule under the PSA.

4.6 Project/Off-Site Improvements/ Civic Campus Coordination. The City shall perform those obligations of the City set forth in Article 3, which the City acknowledges are essential for the Developer to perform its obligations in Article 3. The City and Developer acknowledge and understand that the Civic Campus Project is a City-owned and sponsored project adjacent to the Project. The City and Developer shall use good faith and diligent efforts to communicate, cooperate and coordinate with each other during construction of the Civic Campus Project and Project.

ARTICLE 5 COOPERATION - IMPLEMENTATION

5.1 Processing Application for Subsequent Approvals. By approving the Project Approvals, City has made a final policy decision that the Project is in the best interests of the public health, safety and general welfare. Accordingly, City shall not use its discretionary authority in considering any application for a Subsequent Approval to change the policy decisions reflected by the Project Approvals or otherwise to prevent or delay development of the Project as set forth in the Project Approvals. Instead, the Subsequent Approvals shall be deemed to be tools to implement those final policy decisions.

5.2 Timely Submittals By Developer. Developer acknowledges that City cannot expedite processing Subsequent Approvals until Developer submits complete applications on a timely basis. Developer shall use its best efforts to (i) provide to City in a timely manner any and all documents, applications, plans, and other information necessary for City to carry out its obligations hereunder; and (ii) cause Developer's planners, engineers, and all other consultants to provide to City in a timely manner all such documents, applications, plans and other necessary required materials as set forth in the Applicable Law. It is the express intent of Developer and City to cooperate and diligently work to obtain any and all Subsequent Approvals.

5.3 Timely Processing By City. Upon submission by Developer of all appropriate applications and processing fees for any Subsequent Approval, City shall promptly and diligently commence and complete all steps necessary to act on the Subsequent Approval application including, without limitation: (i) providing at Developer's expense and subject to Developer's request and prior approval, reasonable overtime staff assistance and/or staff consultants for planning and processing of each Subsequent Approval application; (ii) if legally required, providing notice and holding public hearings; and (iii) acting on any such Subsequent Approval application. City shall ensure that adequate staff is available, and shall authorize overtime staff assistance as may be necessary, to timely process such Subsequent Approval application.

5.4 Denial of Subsequent Approval Application. The City may only deny an application for a Subsequent Approval only if such application does not comply with the Agreement or Applicable Law (as defined below) or with any state or federal law, regulations, plans, or policies as set forth in Section 6.9.

5.5 Other Government Permits. Except those approvals identified in Section 4.6, which are the City's obligation to obtain, at Developer's sole discretion and in accordance with Developer's construction schedule and terms of the PSA, Developer shall apply for such other permits and approvals as may be required by other governmental or quasi-governmental entities in connection with the development of, or the provision of services to, the Project. City, at Developer's expense, shall cooperate with Developer in its efforts to obtain such permits and approvals and shall, from time to time, at the request of Developer, use its reasonable efforts to assist Developer to ensure the timely availability of such permits and approvals.

5.6 Assessment Districts or Other Funding Mechanisms.

(a) **Existing Fees.** As set forth in Section 3.2(b), above, the Parties understand and agree that as of the Effective Date the fees, exactions, and payments listed in Exhibit C are the only City fees and exactions that apply to the Project, subject to the credits and exemptions identified on Exhibit C. Except for those fees and exactions listed in Exhibit C, City is unaware of any pending efforts to initiate, or consider applications for new or increased fees, exactions, or assessments covering the Project Site, or any portion thereof that would apply to the Project prior to the Effective Date.

(b) **Future Fees, Taxes, and Assessments.** City understands that long term assurances by City concerning fees, taxes and assessments are a material consideration for Developer agreeing to purchase the Property from the City and enter this Agreement and to pay long term fees, taxes and assessments described in this Agreement. In light of the commitment to construct Oak Avenue Phase 1 Extension as set forth in Section 3.4, the Project shall be exempt from any District formed by the City related to Oak Avenue Phase 1 or Oak Avenue Phase 2 construction only in the future.

**ARTICLE 6
STANDARDS, LAWS AND PROCEDURES GOVERNING THE PROJECT**

6.1 Vested Right to Develop. Developer shall have a vested right to develop the Project on the Project Site in accordance with the terms and conditions of this Agreement. Nothing in this section shall be deemed to eliminate or diminish the requirement of Developer to obtain any required Subsequent Approvals.

6.2 Permitted Uses Vested by This Agreement. The permitted uses of the Project Site; the density and intensity of use of the Project Site; the maximum height, bulk, and size of proposed buildings; provisions for reservation or dedication of land for public purposes and the location of public improvements; the general location of public utilities; and other terms and conditions of development applicable to the Project, shall be as set forth in the Project Approvals and, as and when they are issued (but not in limitation of any right to develop as set forth in the Project Approvals), the Subsequent Approvals, provided, however, that no further design review or other discretionary approvals or public hearings shall be required except for review of minor changes to the Project Approvals by the Chief Planner as provided in this Agreement. The permitted uses for the Project shall be those uses listed as “permitted” in the Project Approvals, as may be amended from time to time in accordance with this Agreement.

6.3 Applicable Law. The rules, regulations, official policies, standards and specifications applicable to the Project (the “**Applicable Law**”) shall be those set forth in this Agreement and the Project Approvals, and, with respect to matters not addressed by this Agreement or the Project Approvals, those rules, regulations, official policies, standards and specifications (including City ordinances and resolutions) governing permitted uses, building locations, timing of construction, densities, design, heights, fees, exactions, and taxes in force and effect on the Effective Date of this Agreement.

6.4 Uniform Codes. City may apply to the Project Site, at any time during the Term, then current Uniform Building Code and other uniform construction codes, and City’s then current design and construction standards for road and storm drain facilities, provided any such uniform code or standard has been adopted and uniformly applied by City on a citywide basis and provided that no such code or standard is adopted for the purpose of preventing or otherwise limiting construction of all or any part of the Project.

6.5 No Conflicting Enactments. Except as authorized in Section 6.9, City shall not impose on the Project (whether by action of the City Council or by initiative, referendum or other means) any ordinance, resolution, rule, regulation, standard, directive, condition or other measure (each individually, a “**City Law**”) that is in conflict with Applicable Law or this Agreement or that reduces the development rights or assurances provided by this Agreement. Without limiting the generality of the foregoing, any City Law shall be deemed to conflict with Applicable Law or this Agreement or reduce the development rights provided hereby if it would accomplish any of the following results, either by specific reference to the Project or as part of a general enactment which applies to or affects the Project:

- (a) Change any land use designation or permitted use of the Project Site;
- (b) Limit or control the availability of public utilities, services, or facilities, or any privileges or rights to public utilities, services, or facilities (for example, water rights, water connections or sewage capacity rights, sewer connections, etc.) for the Project;

(c) Limit or control the location of buildings, structures, grading, or other improvements of the Project in a manner that is inconsistent with or more restrictive than the limitations included in the Project Approvals or the Subsequent Approvals (as and when they are issued);

(d) Limit or control the rate, timing, phasing, or sequencing of the approval, development or construction of all or any part of the Project in any manner;

(e) Result in Developer having to substantially delay construction of the Project or require the issuance of additional permits or approvals by the City other than those required by Applicable Law;

(f) Establish, enact, increase, or impose against the Project or Project Site any fees, taxes (including without limitation general, special and excise taxes but excluding any increased local (city or county) sales tax or increases city business license tax), assessments, liens or other monetary obligations (including generating demolition permit fees, encroachment permit and grading permit fees) other than those specifically permitted by this Agreement or other connection fees imposed by third party utilities;

(g) Impose against the Project any condition, dedication or other exaction not specifically authorized by Applicable Law; or

(h) Limit the processing or procuring of applications and approvals of Subsequent Approvals.

6.6 Initiatives and Referenda.

(a) If any City Law is enacted or imposed by initiative or referendum, or by the City Council directly or indirectly in connection with any proposed initiative or referendum, which City Law would conflict with Applicable Law or this Agreement or reduce the development rights provided by this Agreement, such Law shall not apply to the Project.

(b) Except as authorized in Section 6.9, without limiting the generality of any of the foregoing, no moratorium or other limitation (whether relating to the rate, timing, phasing or sequencing of development) affecting subdivision maps, building permits or other entitlements to use that are approved or to be approved, issued or granted within the City, or portions of the City, shall apply to the Project.

(c) To the maximum extent permitted by law, City shall prevent any City Law from invalidating or prevailing over all or any part of this Agreement, and City shall cooperate with Developer and shall undertake such actions as may be necessary to ensure this Agreement remains in full force and effect.

(d) Developer reserves the right to challenge in court any City Law that would conflict with Applicable Law or this Agreement or reduce the development rights provided by this Agreement.

6.7 Environmental Mitigation. The Parties understand that the EIRs, ECA and MMRP were intended to be used in connection with each of the Project Approvals and Subsequent Approvals needed for the Project. Consistent with the CEQA policies and requirements applicable to the EIRs, City agrees to use the EIRs, ECA and MMRP in connection with the processing of any Subsequent Approval to the maximum extent allowed by law and not to impose on the Project any mitigation measures other than those specifically imposed by the Project Approvals, EIRs, ECA and MMRP, or specifically required by CEQA or other Applicable Law.

6.8 Life of Subdivision Maps, Development Approvals, and Permits. The term of any subdivision map or any other map, permit, rezoning, or other land use entitlement approved as a Project Approval or Subsequent Approval shall automatically be extended for the longer of the Term of this Agreement (including any extensions) or the term otherwise applicable to such Project Approval or Subsequent Approval if this Agreement is no longer in effect. The Term of this Agreement and the term of any subdivision map or other Project Approval or Subsequent Approval shall not include any period of time during which a development moratorium (including, but not limited to, a water or sewer moratorium or water and sewer moratorium) or the actions of other public agencies that regulate land use, development or the provision of services to the land, prevents, prohibits or delays the construction of the Project or a lawsuit involving any such development approvals or permits is pending.

6.9 State and Federal Law. As provided in Government Code section 65869.5, this Agreement shall not preclude the application to the Project of changes in laws, regulations, plans or policies, to the extent that such changes are specifically mandated and required by changes in state or federal laws or regulations. Not in limitation of the foregoing, nothing in this Agreement shall preclude City from imposing on Developer any fee specifically mandated and required by state or federal laws and regulations. In the event of any changes required by state or federal laws or regulations, the Developer and City shall meet and confer in good faith to determine what, if any, modifications to this Agreement and/or the Project Approvals would allow the Project and City to comply with such state or federal law or regulation while preserving to the maximum extent feasible the spirit and intent of the Parties in this Agreement and the Project Approvals.

6.10 Prevailing Wage. Developer and its contractors and agents shall comply with California Labor Code Section 1720 et seq. and the regulations adopted pursuant thereto (“**Prevailing Wage Laws**”), and shall be responsible for carrying out the requirements of such provisions. Developer shall submit to City a plan for monitoring payment of prevailing wages and shall implement such plan at Developer’s expense.

To the fullest extent permitted by law, Developer shall indemnify, defend (with counsel approved by City) and hold the City, and their respective elected and appointed officers, officials, employees, agents, consultants, and contractors (collectively, the “**Indemnitees**”) harmless from and against all liability, loss, cost, expense (including without limitation attorneys’ fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively “**Claims**”) which directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to, the payment or requirement of payment of prevailing wages (including without limitation, all claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726

and 1781), the failure to comply with any state or federal labor laws, regulations or standards in connection with this Agreement, including but not limited to the Prevailing Wage Laws, or any act or omission of Developer related to this Agreement with respect to the payment or requirement of payment of prevailing wages, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that the City does not and shall not waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by the City, or Developer's deposit with the City of any of the insurance policies described in this Agreement. The provisions of this Section 6.10 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project. Developer's indemnification obligations set forth in this section shall not apply to Claims arising solely from the gross negligence or willful misconduct of the Indemnitees.

6.11 Timing and Review of Project Construction and Completion. Except as expressly provided in the PSA or Project Approvals, Developer shall have the vested right to develop the Project in such order, at such rate and at such times as the Developer deems appropriate in the exercise of its business judgment. In particular, and not in any limitation of any of the foregoing, since the California Supreme Court held in *Pardee Construction Co. v. City of Camarillo*, 37 Cal.3d 465 (1984), that the failure of the parties therein to consider, and expressly provide for, the timing of development resulted in a later-adopted initiative restricting the timing of development to prevail over such Parties' agreement, it is the desire of the Parties hereto to avoid that result. The Parties acknowledge that, except as otherwise provided for in the PSA and/or Project Approvals, Developer shall have the vested right to develop the Property in such order and at such rate and at such times as the Developer deems appropriate in the exercise of its business judgment.

ARTICLE 7 AMENDMENT

7.1 To the extent permitted by state and federal law, any Project Approval or Subsequent Approval may, from time to time, be amended or modified in the following manner:

(a) Administrative Project Amendments. Upon the written request of Developer for an amendment or modification to a Project Approval or Subsequent Approval, the Chief Planner or his/her designee shall determine: (i) whether the requested amendment or modification is minor when considered in light of the Project as a whole; and (ii) whether the requested amendment or modification is consistent with this Agreement, City Council Direction and Applicable Law. If the Chief Planner or his/her designee finds that the proposed amendment or modification is minor, consistent with this Agreement, City Council Direction and Applicable Law, and will result in no new significant impacts not addressed and mitigated in the Addendum or EIRs, the amendment shall be determined to be an "**Administrative Project Amendment**" and the Chief Planner or his/her designee may, except to the extent otherwise required by law, approve the Administrative Project Amendment without notice and public hearing. Without limiting the generality of the foregoing, lot line adjustments, minor alterations in vehicle circulation patterns or vehicle access points, location of parking stalls on the site, number of required parking stalls if City development standards allow, substitutions of comparable landscaping for any landscaping shown on any final development plan or landscape plan, variations in the location of structures

that do not substantially alter the design concepts of the Project, variations in the residential unit mix (number of one, two or three bedroom units), location or installation of utilities and other infrastructure connections or facilities that do not substantially alter the design concepts of the Project, and minor adjustments to the Project Site diagram or Project Site legal description shall be treated as Administrative Project Amendments.

(b) Non-Administrative Project Amendments. Any request by Developer for an amendment or modification to a Project Approval or Subsequent Approval which is determined not to be an Administrative Project Amendment as set forth above shall be subject to review, consideration and action pursuant to the Applicable Law and this Agreement.

Amendment of this Agreement. This Agreement may be amended from time to time, in whole or in part, by mutual written consent of the Parties hereto or their successors in interest, as follows:

(c) Administrative Agreement Amendments. Any amendment to this Agreement which does not substantially affect (i) the Term of this Agreement, (ii) permitted uses of the Project Site, (iii) provisions for the reservation or dedication of land, (iv) conditions, terms, restrictions, or requirements for subsequent discretionary actions, (v) the density or intensity of use of the Project Site or the maximum height or size of proposed buildings or (vi) monetary contributions by Developer, shall be considered an “**Administrative Agreement Amendment**” and shall not, except to the extent otherwise required by law, require notice or public hearing before the parties may execute an amendment hereto. Administrative Agreement Amendments may be approved by the City Manager or, in the sole discretion of the City Manager, the City Manager may refer any proposed Administrative Agreement Amendment to the City Council for consideration and approval or denial.

(d) Other Agreement Amendments. Any amendment to this Agreement other than an Administrative Agreement Amendment shall be subject to recommendation by the Planning Commission (by advisory resolution) and approval by the City Council (by ordinance) following a duly noticed public hearing before the Planning Commission and City Council, consistent with Government Code sections 65867 and 65867.5.

(e) Amendment Exemptions. No amendment of a Project Approval or Subsequent Approval, or a Subsequent Approval shall require an amendment to this Agreement. Instead, any such matter automatically shall be deemed to be incorporated into the Project and vested under this Agreement.

ARTICLE 8 ASSIGNMENT, TRANSFER AND NOTICE

8.1 Assignment and Transfer. Developer may transfer or assign all or any portion of its interests, rights, or obligations under the Agreement and the Project approvals to third parties acquiring an interest or estate in the Project or any portion thereof including, without limitation, purchasers or lessees of lots, parcels, or facilities. Prior to the issuance of the a certificate of occupancy for the Project (or applicable portion thereof), neither City nor Developer may assign its rights or delegate its duties under this Agreement, except for Developer Permitted Transfers as

defined below, without (i) the express written consent of the other Party, which consent will not be unreasonably withheld or delayed and (ii) a concurrent assignment of the PSA in accordance with Section 9.1 of the PSA. If Developer proposes an assignment in relation to the entire Property or Parcels B and/or C1 separately (each a “**Property Transfer**”), Developer will seek City’s prior written consent to such Property Transfer, which consent will not be unreasonably withheld or delayed. City may refuse to give consent to a proposed Property Transfer only if, in light of the proposed transferee’s reputation and financial resources, such transferee would not, in City’s reasonable opinion, be able to perform the obligations proposed to be assumed by such transferee, and such determinations will be made by the City Manager and will be appealable by Developer to the City Council. Prior to any Property Transfer, the Developer and assignee shall enter into an assignment and assumption agreement that clearly assigns the rights and obligations between the parties, and subject to prior approval, which shall not be unreasonably withheld or delayed, of the City Manager and the City Attorney. Notwithstanding the preceding language, any proposed assignment of Site C2 separately (“**Affordable Property Transfer**”) to a party other than BRIDGE or an Affiliate of BRIDGE, including the form of assignment and assumption agreement and Affordable Housing Covenant, shall require the prior consent of the City Council.

Notwithstanding any other provision of this Agreement to the contrary, each of following transfers are permitted and shall not require City consent under this Section 8.1 (each a “**Developer Permitted Transfer**”):

(a) Any transfer for financing purposes to secure the funds necessary for construction and/or permanent financing of the Project, including but not limited to any tax credit financing for the Affordable Units;

(b) An assignment of this Agreement to an Affiliate of Developer (except that Affordable Property Transfer to an Affiliate of Developer shall not be a Developer Permitted Transfer);

(c) An Affordable Property Transfer to BRIDGE, or an Affiliate of BRIDGE. For the purposes of this section, an "**Affiliate of BRIDGE**" means an entity that is directly or indirectly controlling, controlled by, or under common control of BRIDGE Housing Corporation, including but not limited to a tax credit partnership in which BRIDGE or an Affiliate of BRIDGE is the managing general partner. For any Affordable Property Transfer to BRIDGE or an Affiliate of BRIDGE, the Developer and assignee shall enter into an assignment and assumption agreement in substantially the form set forth in Exhibit E, with the final form of the assignment and assumption agreement subject to approval by the City Manager;

(d) The sale or lease of the Child Care Center to a Childcare Operator, as defined in the Development Agreement;

(e) Transfers of common area to a property owners association;

(f) Dedications and grants of easements and rights of way required in accordance with the Project Approvals; or

(g) Any leasing activity.

For the purposes of this Section 8.1, “**Affiliate of Developer**” means an entity or person that is directly or indirectly controlling, controlled by, or under common control with Developer. For the purposes of this definition, “**control**” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity or a person, whether through the ownership of voting securities, by contract, or otherwise, and the terms “**controlling**” and “**controlled**” have the meanings correlative to the foregoing.

ARTICLE 9

COOPERATION IN THE EVENT OF LEGAL CHALLENGE

9.1 Cooperation. In the event of any administrative, legal, or equitable action or other proceeding instituted by any person not a party to the Agreement challenging the validity of any provision of the Agreement or any Project approval, the Parties will cooperate in defending such action or proceeding. City shall promptly (within five business days) notify Developer of any such action against City. If City fails promptly to notify Developer of any legal action against City or if City fails to cooperate in the defense, Developer will not thereafter be responsible for City’s defense. The Parties will use best efforts to select mutually agreeable legal counsel to defend such action, and Developer will pay compensation for such legal counsel (including City Attorney time and overhead for the defense of such action), but will exclude other City staff overhead costs and normal day-to-day business expenses incurred by City. Developer’s obligation to pay for legal counsel will extend to fees incurred on appeal. In the event City and Developer are unable to select mutually agreeable legal counsel to defend such action or proceeding, each party may select its own legal counsel and Developer will pay its and the City’s legal fees and costs. Developer shall reimburse the City for all reasonable court costs and attorneys’ fees expended by the City in defense of any such action or other proceeding or payable to any prevailing plaintiff/petitioner.

9.2 Reapproval. If, as a result of any administrative, legal, or equitable action or other proceeding, all or any portion of the Agreement or the Project approvals are set aside or otherwise made ineffective by any judgment in such action or proceeding (“**Judgment**”), based on procedural, substantive or other deficiencies (“**Deficiencies**”), the Parties will use their respective best efforts to sustain and reenact or readopt the Agreement, and/or the Project approvals, that the Deficiencies related to, unless the Parties mutually agree in writing to act otherwise:

(a) If any Judgment requires reconsideration or consideration by City of the Agreement or any Project approval, then the City will consider or reconsider that matter in a manner consistent with the intent of the Agreement and with Applicable Law. If any such Judgment invalidates or otherwise makes ineffective all or any portion of the Agreement or Project approval, then the Parties will cooperate and will cure any Deficiencies identified in the Judgment or upon which the Judgment is based in a manner consistent with the intent of the Agreement and with Applicable Law. City will then consider readopting or reenacting the Agreement, or the Project approval, or any portion thereof, to which the Deficiencies related.

(b) Acting in a manner consistent with the intent of the Agreement includes, but is not limited to, recognizing that the Parties intend that Developer may develop the Project as described in the Agreement, and adopting such ordinances, resolutions, and other enactments as

are necessary to readopt or reenact all or any portion of the Agreement or Project approvals without contravening the Judgment.

ARTICLE 10 DEFAULT; REMEDIES; TERMINATION

10.1 Defaults. Any failure by either Party to perform any term or provision of the Agreement, which failure continues uncured for a period of thirty (30) days following written notice of such failure from the other Party (unless such period is extended by mutual written consent), will constitute a default under the Agreement. Any notice given will specify the nature of the alleged failure and, where appropriate, the manner in which said failure satisfactorily may be cured. If the nature of the alleged failure is such that it cannot reasonably be cured within such 30-day period, then the commencement of the cure within such time period, and the diligent prosecution to completion of the cure thereafter, will be deemed to be a cure within such 30-day period. Upon the occurrence of a default under the Agreement, the non-defaulting party may institute legal proceedings to enforce the terms of the Agreement or, in the event of a material default, terminate the Agreement. If the default is cured, then no default will exist and the noticing party shall take no further action.

10.2 Termination. If City elects to consider terminating the Agreement due to a material default of Developer, then City will give a notice of intent to terminate the Agreement and the matter will be scheduled for consideration and review by the City Council at a duly noticed and conducted public hearing. Developer will have the right to offer written and oral evidence prior to or at the time of said public hearings. If the City Council determines that a material default has occurred and is continuing, and elects to terminate the Agreement, City will give written notice of termination of the Agreement to Developer by certified mail and the Agreement will thereby be terminated sixty (60) days thereafter.

10.3 Enforced Delay; Extension of Time 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 are due to: war; insurrection; strikes and labor disputes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; litigation and arbitration, including court delays; legal challenges to this Agreement, the PSA, the Project Approvals, or any other approval required for the Project or any initiatives or referenda regarding the same; environmental conditions that have not been previously disclosed or discovered or that could not have been discovered with reasonable diligence that delays the construction or development of the Property or any portion thereof; unusually severe weather but only to the extent that such weather or its effects (including, without limitation, dry out time) result in delays that cumulatively exceed thirty (30) days for every winter season occurring after commencement of construction of the Project; acts or omissions of the other party; or acts or failures to act of any public or governmental agency or entity (except that acts or failures to act of City shall not excuse performance by City); moratorium; or a Severe Economic Recession (each a “**Force Majeure Delay**”). An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if Notice by the party claiming such extension is sent to the other party within sixty (60) days of the commencement of the cause. If Notice is sent after such sixty

(60) day period, then the extension shall commence to run no sooner than sixty (60) days prior to the giving of such Notice. Times of performance under this Agreement may also be extended in writing by the mutual agreement of City and Developer. Developer's inability or failure to obtain financing or otherwise timely satisfy shall not be deemed to be a cause outside the reasonable control of the Developer and shall not be the basis for an excused delay unless such inability, failure or delay is a direct result of a Severe Economic Recession. "**Severe Economic Recession**" means a decline in the monetary value of all finished goods and services produced in the United States, as measured by initial quarterly estimates of United States Gross Domestic Product ("**GDP**") published by the United States Department of Commerce Bureau of Economic Analysis (and not subsequent monthly revisions), lasting more than four (4) consecutive calendar quarters. Any quarter of flat or positive GDP growth shall end the period of such Severe Economic Recession

10.4 Legal Action. Either Party may institute legal action to cure, correct, or remedy any default, enforce any covenant or agreement in the Agreement, enjoin any threatened or attempted violation thereof, and enforce by specific performance or declaratory relief the obligations and rights of the Parties thereto. Except as provided in Section 10.1, the sole and exclusive remedies for any default or violation of the Agreement will be specific performance or declaratory relief. In any proceeding brought to enforce the Agreement, the prevailing Party will be entitled to recover from the unsuccessful Party all costs, expenses and reasonable attorney's fees incurred by the prevailing party in the enforcement proceeding.

10.5 Periodic Review.

(a) **Conducting the Periodic Review.** Throughout the Term of this Agreement, at least once every twelve (12) months following the Effective Date of this Agreement, City shall review the extent of good-faith compliance by Developer with the terms of this Agreement. This review ("**Periodic Review**") shall be conducted by the Chief Planner or his/her designee and shall be limited in scope to compliance with the terms of this Agreement pursuant to Government Code section 65865.1.

(b) **Developer Submission of Periodic Review Report.** Annually commencing one year from the Effective Date and continuing through termination of this agreement, Developer shall submit a report to the Chief Planner stating the Developer's good faith compliance with terms of the Agreement.

(c) **Good Faith Compliance Review.** During the Periodic Review, the Chief Planner shall set a meeting to consider the Developer's good-faith compliance with the terms of this Agreement. Developer shall be permitted an opportunity to respond to City's evaluation of Developer's performance, either orally at the meeting or in a supplemental written statement, at Developer's election. Such response shall be made to the Chief Planner. At the conclusion of the Periodic Review, the Chief Planner shall make written findings and determinations, on the basis of substantial evidence, as to whether or not Developer has complied in good faith with the terms and conditions of this Agreement. The decision of the Chief Planner shall be appealable to the City Council. If the Chief Planner finds and determines that Developer has not complied with such terms and conditions, the Chief Planner may recommend to the City Council that it terminate or modify this Agreement by giving notice of its intention to do so, in the manner set forth in

Government Code sections 65867 and 65868. The costs incurred by City in connection with the Periodic Review process described herein shall be borne by Developer.

(d) Failure to Properly Conduct Periodic Review. If City fails, during any calendar year, to either: (i) conduct the Periodic Review or (ii) notify Developer in writing of City's determination, pursuant to a Periodic Review, as to Developer's compliance with the terms of this Agreement and such failure remains uncured as of December 31 of any year during the term of this Agreement, such failure shall be conclusively deemed an approval by City of Developer's compliance with the terms of this Agreement.

(e) Written Notice of Compliance. With respect to any year for which Developer has been determined or deemed to have complied with this Agreement, City shall, within thirty (30) days following request by Developer, provide Developer with a written notice of compliance, in recordable form, duly executed and acknowledged by City. Developer shall have the right, in Developer's sole discretion, to record such notice of compliance.

10.6 California Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of San Mateo County, California.

10.7 Resolution of Disputes. With regard to any dispute involving development of the Project, the resolution of which is not provided for by this Agreement or Applicable Law, Developer shall, at City's request, meet with City. The parties to any such meetings shall attempt in good faith to resolve any such disputes. Nothing in this section shall in any way be interpreted as requiring that Developer and City and/or City's designee reach agreement with regard to those matters being addressed, nor shall the outcome of these meetings be binding in any way on City or Developer unless expressly agreed to by the parties to such meetings.

10.8 Attorneys' Fees. In any legal action or other proceeding brought by either Party to enforce or interpret a provision of this Agreement, the prevailing party is entitled to reasonable attorneys' fees and any other costs incurred in that proceeding in addition to any other relief to which it is entitled.

10.9 Hold Harmless. Developer shall hold City and its elected and appointed officers, agents, employees, and representatives harmless from claims, costs, and liabilities for any personal injury, death, or property damage which is a result of, or alleged to be the result of, the construction of the Project, or of operations performed under this Agreement by Developer or by Developer's contractors, subcontractors, agents or employees, whether such operations were performed by Developer or any of Developer's contractors, subcontractors, agents or employees. Nothing in this section shall be construed to mean that Developer shall hold City harmless from any claims of personal injury, death or property damage arising from, or alleged to arise from, any gross negligence or willful misconduct on the part of City, its elected and appointed representatives, offices, agents and employees.

ARTICLE 11 MISCELLANEOUS

11.1 Incorporation of Recitals and Introductory Paragraph. The Recitals contained in this Agreement, and the introductory paragraph preceding the Recitals, are hereby incorporated into this Agreement as if fully set forth herein.

11.2 No Agency. It is specifically understood and agreed to by and between the Parties hereto that: (i) the subject development is a private development; (ii) City has no interest or responsibilities for, or duty to, third parties concerning any improvements until such time, and only until such time, that City accepts the same pursuant to the provisions of this Agreement or in connection with the various Project Approvals or Subsequent Approvals; (iii) Developer shall have full power over and exclusive control of the Project herein described, subject only to the limitations and obligations of Developer under this Agreement, the Project Approvals, Subsequent Approvals, and Applicable Law; and (iv) City and Developer hereby renounce the existence of any form of agency relationship, joint venture or partnership between City and Developer and agree that nothing contained herein or in any document executed in connection herewith shall be construed as creating any such relationship between City and Developer.

11.3 Enforceability. City and Developer agree that unless this Agreement is amended or terminated pursuant to the provisions of this Agreement, this Agreement shall be enforceable by any party hereto notwithstanding any change hereafter enacted or adopted (whether by ordinance, resolution, initiative, or any other means) in any applicable general plan, specific plan, zoning ordinance, subdivision ordinance, or any other land use ordinance or building ordinance, resolution or other rule, regulation or policy adopted by City that changes, alters or amends the rules, regulations, and policies applicable to the development of the Project Site at the time of the approval of this Agreement as provided by Government Code section 65866.

11.4 Severability. If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a particular situation, is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining terms and provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect unless amended or modified by mutual consent of the parties. Notwithstanding the foregoing, if any material provision of this Agreement, or the application of such provision to a particular situation, is held to be invalid, void or unenforceable, either City or Developer may (in their sole and absolute discretion) terminate this Agreement by providing written notice of such termination to the other party.

11.5 Other Necessary Acts and City Approvals. Each party shall execute and deliver to the other all such other further instruments and documents as may be reasonably necessary to carry out the Project Approvals, Subsequent Approvals and this Agreement and to provide and secure to the other party the full and complete enjoyment of its rights and privileges hereunder. Whenever a reference is made herein to an action or approval to be undertaken by City, the City Manager or his or her designee is authorized to act on behalf of City, unless specifically provided otherwise by this Agreement or applicable law.

11.6 Construction. Each reference in this Agreement or any of the Project Approvals or Subsequent Approvals shall be deemed to refer to the Agreement, Project Approval, or Subsequent Approval as it may be amended from time to time, whether or not the particular reference refers to such possible amendment. This Agreement has been reviewed and revised by

legal counsel for both City and Developer, and no presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

11.7 Other Miscellaneous Terms. The singular shall include the plural; the masculine gender shall include the feminine; “shall” is mandatory; “may” is permissive. If there is more than one signer of this Agreement, the signer obligations are joint and several.

11.8 Covenants Running with the Land. All of the provisions contained in this Agreement shall be binding upon the Parties and their respective heirs, successors and assigns, representatives, lessees, and all other persons acquiring all or a portion of the Project, or any interest therein, whether by operation of law or in any manner whatsoever. All of the provisions contained in this Agreement shall be enforceable as equitable servitudes and shall constitute covenants running with the land pursuant to California law including, without limitation, Civil Code section 1468. Each covenant herein to act or refrain from acting is for the benefit of or a burden upon the Project, as appropriate, runs with the Project Site, and is binding upon the owner of all or a portion of the Project Site and each successive owner during its ownership of such property.

11.9 Notices. Any notice or communication required hereunder between City or Developer must be in writing, and may be given either personally, by email or telefacsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express or other similar courier promising overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving party’s facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day or on a Saturday, Sunday, or holiday shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of: (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any party hereto may at any time, by giving ten (10) days written notice to the other party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the parties at their addresses set forth below:

If to City, to: City of South San Francisco
 400 Grand Avenue
 Attn: City Manager
 South San Francisco, CA 94080
 Phone: (650) 877-8500
 Fax: (650) 829-6609

With a Copy to: Meyers, Nave, Riback, Silver & Wilson
555 12th Street Suite 1500
Oakland, CA 94607
Attn: Sky Woodruff, City Attorney
Phone: (510) 808-2000
Fax: (510) 444-1108

to: If to Developer, SSF PUC Housing Partners, LLC
Attn: Eric Tao
c/o L37 Partners
500 Sansome, Ste 750
San Francisco, CA 94111
Phone: (415) 394-9016
Email: eric@L37partners.com

With Copies to: Holland & Knight
50 California Street, #2500
San Francisco, CA 94111
Attn: Tamsen Plume
Phone: (415) 743-9461
Email: tamsen.plume@hklaw.com

Brookfield Residential
500 La Gonda Way, Suite 100
Danville, CA 94526
Attention: Josh Roden
Phone: (925) 743-8000
Email: josh.roden@brookfieldrp.com

11.10 Estoppel Certificates. A Party may, at any time during the term of this Agreement, and from time to time, deliver written notice to another Party requesting such Party to certify in writing that, to the knowledge of the certifying Party, (i) this Agreement is in full force and effect and a binding obligation of the Parties, (ii) this Agreement has not been amended or modified either orally or in writing, or if amended; identifying the amendments, (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults, and (iv) any other information reasonably requested. The requesting Party shall be responsible for all reasonable costs incurred by the Party from which such certification is requested and shall reimburse such costs within thirty (30) days of receiving the certifying Party's request for reimbursement. The Party receiving a request hereunder shall execute and return such certificate or give a written, detailed response explaining why it will not do so within twenty (20) days following the receipt thereof. The failure of either Party to provide the requested certificate within such twenty (20) day period shall constitute a confirmation that this Agreement is in full force and effect and no modification or default exists. Seller acknowledges that a certificate hereunder may be relied upon by transferees and mortgagees.

11.11 Mortgagee Protection. After Close of Escrow, no violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument; provided, however, that any successor of Developer to the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, of this Agreement whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise. Specifically:

(a) **Mortgagee Not Obligated; Mortgagee as Transferee.** No Mortgagee shall have any obligation or duty under this Agreement, except that nothing contained in this Agreement shall be deemed to permit or authorize any Mortgagee to undertake any new construction or improvement project, or to otherwise have the benefit of any rights of Developer, or to enforce any obligation of City, under this Agreement, unless and until such Mortgagee has received a transfer or assignment of rights pursuant to Article 8.

(b) **Notice of Default to Mortgagee; Right of Mortgagee to Cure.** If the City receives notice from a Mortgagee requesting a copy of any notice of an event of default given Developer hereunder and specifying the address for service thereof, then City shall deliver to such Mortgagee, concurrently with service thereon to Developer, any notice given to Developer with respect to any claim by City that Developer has committed a Default. Such Mortgagee shall have the right (but not the obligation) to cure or remedy, or to commence to cure or remedy, the default claimed or the areas of noncompliance set forth in City's notice within the applicable time periods for cure specified in this Agreement.

(c) **Priority of Mortgages.** For purposes of exercising any remedy of a Mortgagee pursuant to this Article, or for becoming an assignee or transferee in the manner specified in Section 8.1, applicable law shall govern the rights, remedies and priorities of each Mortgagee, absent a written agreement between Mortgagees otherwise providing.

11.12 Entire Agreement, Counterparts And Exhibits. This Agreement is executed in two (2) duplicate counterparts, each of which is deemed to be an original. This Agreement consists of ___ pages and five (5) exhibits which constitute in full, the final and exclusive understanding and agreement of the parties and supersedes all negotiations or previous agreements of the parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement shall be in writing and signed by the appropriate authorities of City and the Developer. The following exhibits are attached to this Agreement and incorporated herein for all purposes:

Exhibit A: Description and Diagram of Project Site

Exhibit B: List of Project Approvals

Exhibit C: Applicable Laws & City Fees, Exactions, and Payments

Exhibit D: Form of Affordable Housing Agreement (BRIDGE)

Exhibit E: Form of Site C2 (Affordable) Assignment and Assumption Agreement (BRIDGE)

11.13 Recordation Of Development Agreement. Pursuant to Government Code section 65868.5, no later than ten (10) days after City enters into this Agreement, the City Clerk shall record an executed copy of this Agreement in the Official Records of the County of San Mateo.

IN WITNESS WHEREOF, this Agreement has been entered into by and between Developer and City as of the day and year first above written.

CITY

**CITY OF SOUTH SAN FRANCISCO,
a municipal corporation**

By: _____

Name: Mike Futrell
City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

DEVELOPER

**SSF PUC HOUSING PARTNERS, LLC,
a Delaware limited liability company**

By: _____
Name:
Title:

SAN MATEO COUNTY

COUNTYWIDE OVERSIGHT BOARD

Jim Saco, Chairperson
Denise Porterfield, Vice Chairperson
Mark Addiego, Member
Chuck Bernstein, Member
Tom Casey, Member
Barbara Christensen, Member
Mark Leach, Member

Date: January 28, 2020

Agenda Item No. 9

To: San Mateo County Countywide Oversight Board (OB)

From: Shirley Tourel, Assistant Controller

Subject: Fiscal Year 2020-21 OB Meeting Calendar

Recommendation

Adopt a Resolution establishing the date, time, and location for regular meetings for FY 2020-21 of the OB.

Background and Discussion

Staff proposed regular meeting dates for 2020-21 and presented it to the Board for discussion at its January 27, 2020 meeting. The staff recommends the OB approve the attached resolution adopting the meeting dates listed for FY 2020-21.

Fiscal Impact

None

Exhibit

Draft Resolution of the OB Adopting the FY 2020-21 Meeting Calendar

RESOLUTION NO. 2020-_____

**RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD
ADOPTING THE FISCAL YEAR 2020-21 MEETING CALENDAR**

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 (the “Board”), be accomplished by resolution; and

WHEREAS, establishing a regular meeting schedule will further the ability of the Board, the Successor Agencies, and the public to address matters concerning the winding down of the former redevelopment agencies within the county and will enable the Board to better perform its fiduciary duties pursuant to HSC 34179(i); and

WHEREAS, the Board has been presented a proposed Fiscal Year 2020-21 regular meeting calendar accompanying this Resolution and desires to approve the same; and

NOW, THEREFORE, BE IT RESOLVED, the San Mateo County Countywide Oversight Board hereby adopts said regular meeting calendar for Fiscal Year 2020-21 as shown in Attachment A to this resolution.

* * *

Attachment A

San Mateo County Countywide Oversight Board

2020-21 Meeting Schedule

All meetings to be held at:
Board of Supervisors' Chambers
Hall of Justice - 400 County Center, 1st Floor
Redwood City, California 94063

2020

Day	Date	Starting Time
Monday	July 13	9.00 a.m.
Monday	August 10	9:00 a.m.
Monday	September 14	9:00 a.m.
Monday	October 5	9:00 a.m.
Monday	November 16	9.00 a.m.
Monday	December 14	9:00 a.m.

2021

Day	Date	Starting Time
Monday	January 11 *	9:00 a.m.
Monday	January 25 *	9:00 a.m.
Monday	February 8	9:00 a.m.
Monday	March 8	9:00 a.m.
Monday	April 12	9:00 a.m.
Monday	May 10	9:00 a.m.
Monday	June 14	9:00 a.m.

*These meetings are necessary to meet the DOF's February 1st deadline for Annual ROPS.

San Mateo County Countywide Oversight Board Fiscal Year 2020-21 Calendar

JULY

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

AUGUST

S	M	T	W	Th	F	S
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

SEPTEMBER

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20	21	22	23	24	25	26
27	28	29	30			

OCTOBER

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11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

NOVEMBER

S	M	T	W	Th	F	S
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

DECEMBER

S	M	T	W	Th	F	S
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27	28	29	30	31		

JANUARY

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24	25	26	27	28	29	30
31						

FEBRUARY

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28						

MARCH

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28	29	30	31			

APRIL

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25	26	27	28	29	30	

MAY

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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

JUNE

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Meeting Dates 

- July 13, 2020
- August 10, 2020
- September 14, 2020
- October 5, 2020
- November 16, 2020
- December 14, 2020
- January 11, 2021
- January 25, 2021
- February 8, 2021
- March 8, 2021
- April 12, 2021
- May 10, 2021
- June 14, 2021

Other Key Dates

- Feb. 1 ROPS Due to State
- Oct. 1 ROPS Revisions Due to State

All meetings begin at 9:00AM and will be held at the Board of Supervisors' Chambers in the Hall of Justice at 400 County Center, 1st Floor, Redwood City, California 94063

SAN MATEO COUNTY

COUNTYWIDE OVERSIGHT BOARD

Jim Saco, Chairperson
Denise Porterfield, Vice Chairperson
Mark Addiego, Member
Chuck Bernstein, Member
Tom Casey, Member
Barbara Christensen, Member
Mark Leach, Member

Date: January 28, 2020

Agenda Item No. 10

To: San Mateo County Countywide Oversight Board (OB)

From: Shirley Tourel, Assistant Controller

Subject: Fiscal Year 2020-21 OB Chairperson and Vice Chairperson

Recommendation

Adopt a resolution electing the OB Chairperson and Vice Chairperson for FY 2020-21.

Background and Discussion

Article II Section 1 of the San Mateo County Countywide Oversight Board bylaws states that the members of the Board shall elect one member to serve as the Chairperson and may elect one member to serve as the Vice Chairperson. The bylaws provide a one year term.

The terms for the current Chairperson and Vice Chairperson will expire on June 30, 2020.

Fiscal Impact

None

Exhibit:

- A. Draft Oversight Board Resolution Approving the Election of the 2020-21 Chairperson and Vice-Chairperson

RESOLUTION NO. 2020-_____

**RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD
APPROVING THE ELECTION OF THE CHAIRPERSON AND VICE CHAIRPERSON FOR FISCAL
YEAR 2020-21**

WHEREAS, pursuant to California Health and Safety Code (HSC) Section 34179(j) the San Mateo County Countywide Oversight Board was created to oversee the Successor Agencies tasked with winding down the affairs of the former redevelopment agencies; and

WHEREAS, HSC Section 34179(a) requires the election of a member to serve as Chairperson of the oversight board and while there is no requirement to elect a Vice Chairperson, the oversight board is not precluded from doing so; and

WHEREAS, Article II Section 1 of the San Mateo County Countywide Oversight Board Bylaws requires the election of a Chairperson and allows for the election of a Vice Chairperson both of whom shall serve for one year effective July 1; and

WHEREAS, the election of Chairperson and Vice Chairperson will further the Oversight Board's ability to perform its fiduciary duty to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other related revenues;

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

1. Oversight Board member _____ is hereby elected as Chairperson of the San Mateo County Countywide Oversight Board; and
2. Oversight Board member _____ is hereby elected as Vice Chairperson of the San Mateo County Countywide Oversight Board.

* * *