



SAN FRANCISCO PLANNING DEPARTMENT

Informational Hearing Treasure Island and Yerba Buena Island Redevelopment Project

HEARING DATE: MARCH 17, 2011

Date: March 10, 2011
Case No.: 2007.0903
Project Address: **Treasure Island and Yerba Buena Island**
Current Zoning: P (Public) District/40-X Height and Bulk District
Block/Lot: 1939/001, 002
Project Sponsor: Treasure Island Development Authority / Treasure Island Community Development, LLC.
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Recommendation: **No Action, informational only.**

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PURPOSE OF THIS HEARING

The Planning Commission will be provided with an informational overview of the Treasure Island/Yerba Buena Island Redevelopment Project and associated components including: (1) draft Amended and Restated Base Closure Homeless Assistance Agreement, (2) draft Development Agreement, (3) draft Interagency Cooperation Agreement, and (4) key draft exhibits to the draft Disposition and Development Agreement, including: (a) Transportation Plan, (b) Jobs and Equal Opportunity Policy, and (c) Community Facilities Plan. In addition, a presentation on the Sustainability Plan will be made, as this item was carried over from the March 3, 2011 meeting. This is the third and final presentation of a series of informational presentations and hearings before the Commission on the project.

BACKGROUND AND PUBLIC PROCESS

Originally constructed in 1937 as a possible site for the San Francisco Airport, Treasure Island was first used to host the Golden Gate International Exposition from 1939-1940. Shortly thereafter during World War II, the United States Department of Defense converted the island into a naval station, which operated for more than five decades. Naval Station Treasure Island was subsequently closed in 1993 and ceased operations in 1997. Since its closure, the City and the community have been planning for the reuse of former Naval Station Treasure Island and adjacent Yerba Buena Island.

Today, the Project site consists of approximately 400 acres, including both Treasure Island and Yerba Buena Island, and is characterized by aging infrastructure, environmental contamination from former naval operations, deteriorated and unoccupied buildings and asphalt and other impervious surfaces which cover approximately 65% of the site. The site has few public amenities for the approximately 2,000 residents who currently reside on the Project site. The Project Area excludes 37 acres of Treasure Island, which are owned by the US Department of Labor and occupied by a Job Corps campus, a vocational training program for young people between the ages of 16 and 24. The Project Area also excludes the eastern half of Yerba Buena Island, which houses a U.S. Coast Guard Facility.

In furtherance of the community-based planning process that began with the closure of Naval Station Treasure Island, in 2003, the Treasure Island Development Authority ("TIDA") selected through a three year long competitive selection process, Treasure Island Community Development, LLC ("TICD") to serve as the prospective master developer for the Project. Since that time TIDA and TICD have worked in partnership with the Treasure Island / Yerba Buena Island Citizens Advisory Board ("CAB"), the Treasure Island Homeless Development Initiative ("TIHDI") and other community based organizations to advance the redevelopment planning and entitlement for the Project. In 2006, the CAB, TIDA and the Board of Supervisors endorsed the Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island, which set forth the general transactional and land use terms of the Project including a provision for a Transition Plan for existing households. In order to reflect advancements in the project planning, due diligence and changes in economic conditions, TIDA and the Board of Supervisors each unanimously endorsed an Update to the Development Plan and Term Sheet, that incorporated both the terms of an Economic Development Conveyance Memorandum of Agreement for the conveyance of former Naval Station Treasure Island from the Navy to the City, and a Term Sheet between TIDA and TIHDI for the replacement and construction of new affordable housing units as part of the Project.

Over the past year, staff of the Planning Department, Office of Economic and Workforce Development, the CAB, TIDA and TICD have worked on the preparation and negotiation of the key land use and transaction documents that would enable the implementation of the Project as contemplated by the community. These project documents and entitlement documents are summarized below.

ENTITLEMENTS FRAMEWORK

Overall, the entitlements can be thought of in three broad pieces: (i) actions that *authorize* the project; (ii) actions that enable the project to be *implemented*; and (iii) actions that adopt *procedures* that will govern future TIDA and/or City actions (e.g. subdivisions, design review, permitting, etc.). Together, all of these documents constitute the Project Documents that the TIDA Board, the Commission and Board of Supervisors will be asked to approve in order to grant final project approvals and vest entitlements necessary to implement the vision for the redevelopment of the Project.

PROJECT DESCRIPTION AND DEVELOPMENT PROGRAM

The Project covers approximately 400 acres on both Treasure Island and Yerba Buena Island. Consistent with development program endorsed by the CAB, TIDA and the Board of Supervisors in May 2010, the proposed land use and development program includes the following elements:

- 8,000 new residential units
- 140,000 square feet of new retail uses
- 100,000 square feet of commercial office space
- 311,000 square feet of adaptive reuse of historic structures (Buildings 1, 2, and 3)
- 500 hotel rooms
- 30,000 square foot police / fire station
- 75,000 square feet of cultural / museum space

- 48,500 square feet of community facilities
- 105,000 square foot school
- 15,000 square foot sailing center
- 300 acres of open space
- Bicycle, transit, and pedestrian facilities
- Landside services for the Marina
- A ferry quay/bus intermodal transit center (Transit Hub)

AMENDED AND RESTATED BASE CLOSURE HOMELESS ASSISTANCE AGREEMENT (“TIHDI AGREEMENT”)

Federal law governing the closure and reuse of former military bases requires the established Local Reuse Authority (in this case, TIDA) to propose a plan that provides for the use of buildings, property and other resources on and off the base to assist homeless persons in the community. Based on this, the Treasure Island Homeless Development Initiative (“TIHDI”) was formed in 1994 as a coalition of member organizations. Today, TIHDI includes nine member organizations that provide housing, support and community services, and job training and employment opportunities.

Upon TIHDI’s formation, the City and TIHDI then developed the Base Closure Homeless Assistance Agreement (1996 TIHDI Agreement), which outlined the terms for TIHDI’s use of facilities and resources to fill gaps in the continuum of care for homeless individuals and families in the City. The terms of this agreement were updated in 2006 and 2010. Prior the 2010 Term Sheet update, TIHDI convened a housing advisory committee that included representatives from TIHDI and its member organizations, the Mayor’s Office of Housing, the San Francisco Redevelopment Agency and the Department of Health and Human Services. Staff from OEWD also participated where appropriate. The advisory committee provided recommendations to TIHDI regarding potential program structures for delivering its new units as part of the overall redevelopment project. These recommendations have informed the discussions between Authority and TIHDI staff resulting in the attached TIHDI Agreement.

The 1996 TIHDI Agreement has been updated, consistent with the Term Sheets. The Agreement is composed of housing, economic development, and support components, which describe in detail the terms under which TIHDI will be able to:

- Continue to utilize 250 units of existing former military housing on an interim basis to house and provide services to formerly homeless individuals and families.
- Build 250 new replacement housing units in early phases of the project in partnership with qualified housing developers with land at no cost, funding from the project, and in locations generally distributed throughout the Project Area.
- Receive land at no cost to build up to an additional 185 units of housing for formerly homeless individuals and families.
- Receive certain rights to economic development opportunities for its residents and member organizations.
- Participate as the job broker in an employment program that will enable formerly homeless and

disadvantaged San Franciscans to obtain construction and permanent jobs on Treasure Island through partnerships with CityBuild, TIDA, TICD, and the project's developers, contractors and commercial tenants.

- Receive continuing financial support for administrative and operational functions.

DEVELOPMENT AGREEMENT

The Development Agreement ("DA") is a contract between the City and County of San Francisco and TICD which governs the obligations of both parties with regard to fees, exactions, periodic review, remedies and dispute resolution, as well as provides the vested right for TICD to develop the Project Site in accordance with the Redevelopment Documents, the Transaction Documents and the project approvals.

Primary concepts included in the DA are:

- **Future Changes to Regulation.** Future changes to City laws, rules, plans or policies adopted after the approval of project documents that are deemed to be in conflict with the Development Agreement, the Redevelopment Plan, the Transaction Documents and the terms and conditions of the Project Approvals shall not apply. The City retains the authority to take any action necessary to protect the physical health and safety of the public as well as to comply with applicable federal or state law or regulations related to water quality, air quality, hazardous materials or otherwise relating to the physical environment.
- **Development Fees and Exactions.** Only the following development fees or exactions are applicable to the Project: (a) the School Facilities Impact Fee; and (b) the Wastewater Capacity Charge as imposed by the SFPUC. No new or increased development fees or exactions shall apply to the project until twenty (20) years after the issuance of the first building permit for vertical improvements.
- **Applicability of Uniform Codes; Infrastructure Standards.** Any changes made to the California Building Code, as may be amended locally, are applicable to the project.
- **Treasure Island Transportation Revenues.** The State Legislation has authorized the creation of the Treasure Island Transportation Management Agency ("TITMA"), which will be the sole agency to administer the transportation program on Treasure Island and Yerba Buena Island, including the congestion pricing and parking programs.
- **Cooperation in the Event of Third-Party Challenge.** In the event of a third-party challenge, the City and TICD will cooperate in defending against such challenge. TICD shall assist at its own expense.
- **Periodic Review of Developer's Compliance.** There shall be an annual review of TICD's compliance with the DA, conducted by the Planning Director.

INTERAGENCY COOPERATION AGREEMENT

The Interagency Cooperation Agreement ("ICA") is a contract between the City and County of San Francisco and TIDA, which binds any City departments with discretionary approval rights. The ICA must be approved by TIDA, the Board of Supervisors and all other City agencies which are signatories to the agreement. TICD will be a third party beneficiary of the ICA, and will have the right to bring an action for specific performance to enforce the agreement against the City. The City agencies and departments who have discretionary approval rights, and thus are signatories to the ICA, are: Department of Public Works, Department of Building Inspection, San Francisco Municipal

Transportation Authority, San Francisco Public Utilities Commission, San Francisco Fire Department, Arts Commission and the Planning Department.

The ICA sets forth a framework for cooperation between the City and TIDA in administering the process for control and approval of subdivisions, issuance of building permits and all other applicable land use, development, construction, improvement, infrastructure, occupancy and use requirements. The ICA also establishes and fixes existing City regulations, policies and procedures governing such approvals within the Project Area, including infrastructure requirements for facilities identified in the Infrastructure Plan. The City retains the authority to implement new regulations necessary to protect the physical health and safety of the public, as well as to comply with applicable federal or state law or regulations. In addition, the ICA declares the City's intent to undertake and complete actions and proceedings necessary to be carried out by the City under the Redevelopment Plan and Project documents. Under the ICA, TIDA and the City commit to process expeditiously applications for development approvals and will treat those applications as a priority project. The ICA also serves as a "joint community facilities agreement" as required by the law that governs Community Facilities Districts. This enables the City to acquire and operate completed public infrastructure that will be financed through special taxes on the Treasure Island property.

TRANSPORTATION PLAN

Treasure Island and Yerba Buena Island are physically separated from most transit and roadway networks serving the City and region, and access for pedestrians and bicyclists is very limited. Currently, the Islands are served by only one Muni line, the 108, which connects to mainland San Francisco at the Transbay Transit Terminal. This limited access is a significant community concern, but presents an opportunity to redevelop the Islands in a manner that limits automobile access and promotes travel via ferry, bus, and bicycle, thereby reducing congestion impacts to the Bay Bridge.

Traffic impacts on the Bay Bridge are managed through several key features:

- Congestion pricing program and metering at the Bay Bridge ramps to manage traffic volumes entering and exiting the Bridge in the peak period.
- Monitoring and adjustment of these mechanisms demands of the Island over time.
- Complementary transit services as the primary means of accessing the Island.

A cornerstone of the Treasure Island Transportation Plan is the Intermodal Transit Hub, where ferries and buses will operate frequently to connect both San Francisco and the East Bay to Treasure Island. The Hub connects with an extensive network of shuttles, bicycle libraries, car sharing and pedestrian pathways to create a variety of complementary travel modes within Treasure Island and Yerba Buena Island. Streets designs will incorporate pedestrian-friendly features comparable to those in the Better Streets Plan, such as wide sidewalks, bulb-outs, and traffic-calming measures. The Plan also includes Shared Public Ways, which will provide small-scale, curbside, largely vehicular-free pedestrian paths and open spaces space linking residents to neighborhood parks and to the Hub. An array of Class I, II and II bicycle routes are spread across the Island. The urban form envisioned for the Project is compact, with the majority of housing units, services and destinations within a 10-minute walk of the Hub. Therefore, walking and bicycling will be viable as the preferred travel modes within Treasure Island, and to connect to off-Island destinations.

Radiating from the Hub is a system of Class I (fully separated from auto traffic) bicycle paths around the Island perimeter and across the Causeway to Yerba Buena Island. Neighborhoods connect to the Hub with by major streets designed to accommodate pedestrians, bicycles, shuttles, private automobiles and emergency vehicles, as well as through the previously-described Shared Public Ways. The Plan includes multiple features intended to incentivize transit use over private automobile travel, including unbundled residential parking (requiring a purchase or lease of a parking space separate from the dwelling unit), a congestion pricing fee for leaving the Island during peak periods, and the monthly purchase of a transit-pass by each dwelling unit.

These characteristics support the key transportation objectives of the Project:

- Transportation infrastructure on the Island will be designed to prioritize walking and bicycling.
- Transit services to and from the Island will operate throughout the day, evening, and weekends at high levels of service that are competitive with private automobile travel.
- Private automobile use will be discouraged via parking policies, congestion pricing, and other policies such as ramp metering.
- Transportation services and pricing will be monitored and managed over time to adjust to the needs of residents and visitors to Treasure Island.

Development of the Transportation Plan was guided and informed by many existing programs and policies in the City, including the Transit First policy, the Transit Effectiveness Project, the Bicycle Plan, and the Better Streets Program. The Plan was developed in consultation with multiple Departments and agencies including SFMTA, AC Transit, Caltrans, Water Emergency Transportation Authority (ferry service), ABAG, the San Francisco County Transportation Authority, the Planning Department, the Department of Public Health, the Bay Area Toll Authority, the Bay Conservation and Development Commission, as well as members of key transportation advocacy organizations, including the SF Bicycle Coalition and the Sierra Club.

JOBS AND EQUAL OPPORTUNITY POLICY

The redevelopment of Treasure Island is projected to generate approximately 2,000 new jobs and 2,800 permanent jobs. To best direct these jobs for the City's benefit, the DDA includes a Jobs and Equal Opportunity Policy ("JEOP") that embodies many of the City's policies and programs designed to provide San Franciscans, including disadvantaged residents, and small business enterprises with the opportunity to participate in employment and economic development opportunities in connection with the redevelopment of Treasure Island.

The JEOP includes a commitment to adhere to the City's prevailing wage and card check policies. TICD is currently working toward a Project Labor Agreement with the San Francisco Building and Construction Trades Council and its affiliates. The JEOP has been tailored to provide opportunities for homeless individuals, in accordance with the Federal legislation discuss in the "TIHDI Agreement" Section above.

Key elements of the JEOP include:

- Goals that 50% of the project's construction workforce hours and entry-level permanent jobs be

San Franciscans, of which 25% be formerly homeless or economically disadvantaged, consistent with the City's First Source Hiring and HUD's Section 3 Programs.

- TIHDI will help remove barriers to hiring formerly homeless and disadvantaged San Franciscans and refer these individuals to CityBuild for training for and access to construction employment opportunities. TIHDI will also act as a job broker, providing referrals to permanent employment opportunities on Treasure Island.
- TIHDI has the right to negotiate for market-rate contracts for services such as grounds maintenance, janitorial/building maintenance and other services. These opportunities are intended to create even more jobs for formerly homeless and economically disadvantaged San Franciscans. TIHDI may propose other economic development opportunities that facilitate job training and employment.
- Opportunities for registered Small Business Enterprises in the professional services and construction fields to participate in the Project.

COMMUNITY FACILITIES PLAN

The Community Facilities Plan ("CFP"), will guide the creation of the physical infrastructure necessary to fulfill the public service, educational, cultural, social, spiritual, health, and recreational needs of current and future residents, workers, and visitors. The CFP was prepared following an extensive Needs Assessment that recognized the numerous facilities that already exist, such as a childcare center, Boys and Girls Club, chapel, gymnasium/fitness center, and parks and open space. The CFP calls for the reuse or rehabilitation of some of the facilities, as well as the creation of new facilities.

Community facilities anticipated to be part of the community facilities program include the following:

- New combined police and fire station
- Gymnasium and fitness center
- Neighborhood reading room/library
- Treasure Island Museum
- Chapel
- K-8 public school in the existing public school facility that will be renovated, in addition to the Life Learning Academy, a high school for at-risk youth
- TIHDI administrative space and general social services space, in addition to social services space expected to be located within TIHDI's residential developments
- A community center expected to include youth, teen, adult and senior-serving space and programs, as well general community gathering and events space
- 300 acres of parks and open space, including 80 acres of sports and recreation fields, community parks, and an urban farm with community garden plots

In light of the lengthy build-out of the project, a process has been identified that will involve community stakeholders at key project milestones to provide input and feedback on programming needs to help refine the CFP. Interim uses will also be evaluated at each key milestone.

ENVIRONMENTAL REVIEW

On July 12, 2010, the project-level Draft Environmental Impact Report for the Redevelopment of Treasure

Island / Yerba Buena Island was released. A joint public hearing was held before the Commission and TIDA Board on the Draft EIR on August 12, 2010. The comment period for the Draft EIR was extended two weeks and remained open through September 12, 2010. Staff is currently preparing the Responses to Comments document, which will be released with the Final EIR, and is currently anticipated to be published in early March.

NEXT STEPS

The March 17 informational presentation is the final in a series of three such presentations to the Commission on the Project. On April 7, 2011, the Commission will sit jointly with the TIDA Board of Directors to consider the Project's EIR and entitlement documents.

ATTACHMENTS:

1. Draft Amended and Restated Base Closure Homeless Assistance Agreement
2. Draft Development Agreement
3. Draft Interagency Cooperation Agreement
4. Draft Exhibits to the Disposition and Development Agreement
 - a. Draft Transportation Plan
 - b. Draft Community Facilities Plan
 - c. Draft Jobs and Equal Opportunity Policy

**AMENDED AND RESTATED BASE
CLOSURE HOMELESS ASSISTANCE AGREEMENT**

THIS AMENDED AND RESTATED BASE CLOSURE HOMELESS ASSISTANCE AGREEMENT (this "**Agreement**") dated as of _____, 2011, is between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a public body, corporate and politic of the State of California (the "**Authority**" or "**TIDA**"), and the TREASURE ISLAND HOMELESS DEVELOPMENT INITIATIVE, INC., a California non-profit corporation ("**TIHDI**"). For purposes of this Agreement, a "**Party**" shall mean the Authority or TIHDI as the context requires, and the "**Parties**" shall mean both the Authority and TIHDI.

RECITALS

A. The United States of America ("**Federal Government**"), acting by and through the Department of the Navy (the "**Navy**"), owns in fee that certain real property (the "**Project Site**") known as the former Naval Station Treasure Island ("**NSTI**"), located in the City and County of San Francisco (the "**City**"), and consisting of large portions of the following two islands connected by a causeway: (1) an approximately 367 acre portion of Treasure Island, and (2) an approximately 94 acre portion of Yerba Buena Island, but excluding portions of NSTI that were previously transferred to the United States Coast Guard, the United States Department of Labor and the Federal Highway Administration. The Project Site and the excluded portions of NSTI are depicted on the diagram attached as Exhibit A.

B. In 1993, Congress and the President selected NSTI for closure and disposition by the Base Realignment and Closure Commission acting under Public Law 101-510 and its subsequent amendments. The United States Department of Defense ("**DOD**") subsequently designated the City as the Local Reuse Authority ("**LRA**") responsible for the conversion of NSTI under the federal disposition process.

C. Under Board of Supervisors Resolution No. 573-94, adopted July 2, 1994, the City elected to be governed by a process prescribed by the Federal Government in the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (the "**Act**"). The Act requires the LRA to propose a plan for using NSTI resources to assist homeless persons as part of its preparation of a strategic land use plan for redevelopment of NSTI. Specifically, the Act requires the LRA to prepare (i) a proposed legally binding agreement (the "**Homeless Assistance Agreement**") that provides for the use of buildings, property and other resources on and off NSTI to assist homeless persons in the community, which will become effective after completion of environmental review under the California Environmental Quality Act ("**CEQA**") and the National Environmental Policy Act ("**NEPA**"); (ii) information regarding how the draft Reuse Plan for NSTI addresses homelessness in the community; and (iii) a summary of public comments regarding the above-mentioned documents (together, including the Homeless Assistance Agreement, the "**Homeless Assistance Submission**").

D. TIHDI is a collaborative of 9 non-profit organizations ("**TIHDI Member Organizations**") that was formed in June 1994 for the purpose of utilizing the structural and economic development resources of NSTI to fill gaps in the continuum of care for homeless individuals and families in the City. A list of the current TIHDI Member Organizations, which includes both service and housing providers, is attached as Exhibit B.

E. Under the Act, TIHDI submitted a Notice of Interest ("**NOI**") to the LRA on November 1, 1995 requesting the use of certain buildings on NSTI and proposing various programs on NSTI to serve homeless and economically disadvantaged persons. In 1996, the City concluded discussions with TIHDI regarding a program to effectuate the NOI, as described more specifically in the Homeless Assistance Submission.

F. The Board of Supervisors adopted Resolution No. 672-96 on July 25, 1996, endorsing a draft Reuse Plan and authorizing the submission of the draft Reuse Plan and the Homeless Assistance Submission to the DOD and the United States Department of Housing and Urban Development ("**HUD**") as required under the Act. HUD approved the draft Reuse Plan and the Homeless Assistance Submission on November 26, 1996.

G. On June 13, 1997, the Board of Supervisors adopted Resolution No. 566-97 endorsing an amendment to the Homeless Assistance Agreement to allow for the transfer of certain Navy personal property to TIHDI. The Homeless Assistance Agreement, as amended, is referred to in this Agreement as the "**1996 TIHDI Agreement**."

H. In 1997, NSTI closed and the Authority was created to replace the City as the LRA and to serve as a single entity responsible for the redevelopment of the Project Site. Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "**Conversion Act**"), the California Legislature (i) designated the Authority as a redevelopment agency under California Community Redevelopment Law (California Health and Safety Code §33000 et seq.) ("**CCRL**") with authority over the Project Site, and (ii) with respect to those portions of the Project Site that are subject to the public trust for commerce, navigation and fisheries (the "**Tidelands Trust**" or "**Trust**"), vested the authority to administer the Tidelands Trust as to such property in the Authority in accordance with the terms of the Conversion Act.

I. The Board of Supervisors approved the designation of the Authority as a redevelopment agency with powers over the Project Site under the Act in Resolution No. 43-98, dated February 6, 1998. Under the Act and the Authority's Articles of Incorporation and Bylaws, the Authority, acting by and through its Board of Directors (the "**Authority Board**"), has the power, subject to applicable laws, to sell, lease, exchange, transfer, convey or otherwise grant interests in or rights to use or occupy all or any portion of the Project Site.

J. After a competitive bid process, the Authority Board selected Treasure Island Community Development, LLC ("**TICD**" or "**Developer**") as the proposed master developer of the Project Site and entered into exclusive negotiations with TICD relating to a Disposition and Development Agreement (the "**TICD DDA**") and other transaction documents. TIDA and TICD are entering into the TICD DDA concurrently with this Agreement, and any capitalized

term used in this Agreement that is not defined in this Agreement shall have the meaning given to such term in the TICD DDA.

K. Since endorsement of the Reuse Plan, the Authority undertook an extensive public process to further refine the land use plan for the Project Site, which included over 250 public meetings before the Authority Board, the TICAB, the Board of Supervisors, the Planning Commission, and in other public forums.

L. In 2006, a Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island (the "**2006 Development Plan**") between the Authority and TICD was endorsed by the Treasure Island/Yerba Buena Island Citizens Advisory Board ("**TICAB**"), the Authority Board and the Board of Supervisors. The Development Plan, among other things, described the updated land use plan for the Project Site and the basic terms of the proposed TICD DDA. The Development Plan also addresses how the terms of the 1996 TIHDI Agreement are intended to be incorporated into the proposed redevelopment of the Project Site.

M. The 2006 Development Plan was updated pursuant to the Update to Development Plan and Term Sheet (the "**Development Plan Update**") that (i) the TICAB voted 15 to 1, with one abstention, to endorse on April 6, 2010, (ii) the Authority Board voted 7 to 0 to endorse on April 7, 2010, and (iii) the Board of Supervisors voted 11 to 0 to endorse on May 18, 2010. The 2006 Development Plan and the Development Plan Update are collectively referred to in this Agreement as the "**Development Plan.**"

N. The Navy and the Authority have negotiated an Economic Conveyance Memorandum of Agreement (as amended and supplemented from time to time, the "**Conveyance Agreement**") that governs the terms and conditions for the transfer of NSTI from the Navy to the Authority. Under the Conveyance Agreement, the Navy will convey NSTI to the Authority in phases after the Navy has completed environmental remediation and issued a Finding of Suitability to Transfer for specified parcels of NSTI or portions thereof.

O. Under the terms of the endorsed 1996 TIHDI Agreement, TIHDI would (i) receive options to lease certain existing housing units or the equivalent thereof and receive conveyances of sites suitable for construction of affordable housing (the "**Housing Component**"); (ii) receive certain rights to participate in economic development opportunities on NSTI (the "**Economic Development and Support Component**"); (iii) facilitate implementation of a permanent employment program related to activities occurring on NSTI (the "**Employment Component**"); and (iv) be entitled to certain financial support (the "**Support Component**").

P. Because environmental review of the project described in the Development Plan under CEQA and NEPA was not yet complete, the 1996 TIHDI Agreement was not executed. However, the Authority and TIHDI implemented significant policies of the 1996 TIHDI Agreement through (i) interim subleases between the Authority and TIHDI or TIHDI Member Organizations for TIHDI administrative space, the childcare center and 250 existing housing units on Treasure Island, (ii) contracts between the Authority and TIHDI Member Organizations for landscaping, janitorial and other services, (iii) the creation of the TIHDI Job Broker Program, and (iv) the formation of a joint venture among TIHDI, Toolworks (a TIHDI

Member Organization) and Wine Valley Catering to manage the Authority's special events venues at the Project Site.

Q. For reasons mutually beneficial to TIHDI and the Authority, TIHDI and the Authority entered into a Revenue Sharing and Consent Agreement dated March 1, 1999 (as amended from time to time, the "**TIHDI Sharing Agreement**"), which allowed a portion of the existing housing units that were to be allocated to TIHDI under the 1996 TIHDI Agreement to be rented as market rate units and included in the Sublease, Development, Marketing and Property Management Agreement (the "**JSCo Sublease**") between the Authority and the John Stewart Company ("**JSCo**"). In return, TIHDI received the right to occupy units previously renovated by JSCo, as well as a percentage of the rent distributed to the Authority under the JSCo Sublease. In 2006, 54 renovated units that were originally subject to the TIHDI Sharing Agreement were turned over to TIHDI for use by formerly homeless individuals, which increased TIHDI's portfolio from 196 to 250 housing units.

R. Upon completion, the redevelopment project will include (i) up to 8,000 new residential units, 30 percent of which will be made affordable to a broad range of very-low to moderate income households, including 435 new units to be developed by TIHDI Member Organizations, (ii) the adaptive reuse of 311,000 square feet of historic structures, (iii) up to 140,000 square feet of new retail uses and 100,000 square feet of commercial office space, (iv) approximately 300 acres of parks and open space, (v) new and or upgraded public facilities, including a joint police/fire station, a school, facilities for the Treasure Island sailing center and other community facilities, (vi) a 400-500 room hotel, (vii) a new 400 slip marina, (viii) the investment of approximately \$155 million in transportation infrastructure, and (ix) the creation of thousands of construction job opportunities and thousands of permanent jobs, all as more particularly described in the Redevelopment Plan and the TICD DDA (the "**Project**").

S. The City and the Authority have analyzed potential environmental impacts of the Project and identified mitigation measures in the Environmental Impact Report for Treasure Island and Yerba Buena Island (the "**Project EIR**") and a Mitigation Monitoring and Reporting Program attached to the TICD DDA, in accordance with the requirements of CEQA. The Planning Commission certified the Project EIR and the Authority Board certified the Project EIR.

T. The City, acting through its Board of Supervisors, approved a Redevelopment Plan for Treasure Island/Yerba Buena Island by Ordinance No. _____ adopted on _____ (the "**Redevelopment Plan**"). The Redevelopment Plan was recorded on _____, 2011, as Document No. _____ in the Official Records of the City. The Redevelopment Plan provides for the redevelopment, rehabilitation and revitalization of NSTI.

U. Concurrently with this Agreement, the Authority and TICD are entering into the TICD DDA to effectuate the Redevelopment Plan by providing for the disposition and development of the Project Site after the Navy's transfer of NSTI to the Authority in accordance with the Conveyance Agreement. The TICD DDA provides for a mixed-use development that is in furtherance of the Reuse Plan, the Development Plan, the Redevelopment Plan, and this Agreement, and is consistent with the City's General Plan and

the eight Priority Planning Policies. As part of the TICD DDA, the Authority and TICD agreed to a Housing Plan to govern the terms and conditions for the development of all of the housing on the Project Site (the "**Housing Plan**"). A copy of the Housing Plan is attached hereto as Exhibit C. The Housing Plan includes, as an exhibit, a housing map that identifies the parcels contemplated for the development of affordable housing.

V. The Project, as more particularly described in the TICD DDA, has been presented and reviewed by the Treasure Island community and other stakeholders in over 250 public meetings, including those held before the Authority Board, the TICAB, the Board of Supervisors, the Planning Commission and in other local forums.

W. The Parties wish to enter into this Agreement to amend and restate the 1996 TIHDI Agreement and the TIHDI Sharing Agreement consistent with the Redevelopment Plan and the DDA, including the Housing Plan. Accordingly, on the Effective Date, the 1996 TIHDI Sharing Agreement shall be automatically terminated and the 1996 TIHDI Agreement shall be deemed null and void.

I. HOUSING COMPONENT

a) Existing Subleases and Sharing Agreement. Under the 1996 TIHDI Agreement, TIDA was to grant to TIHDI certain rights to lease and operate 375 units of existing housing on NSTI. The Parties reiterate this commitment in this Agreement. To implement the policies of this provision during the interim period before conveyance of the Project Site to the Authority and redevelopment of NSTI, the Authority will sublease to TIHDI Member Organizations 250 existing residential units on Treasure Island consisting of (i) 74 transitional/residential treatment units and (ii) 176 permanent units (collectively, the "**Existing TIHDI Units**"). The Existing TIHDI Units are identified in Exhibit D, and shall continue to be subleased to TIHDI Member Organizations in accordance with the existing subleases until the transition of the tenants in accordance with this Agreement. The Existing TIHDI Units include 54 housing units that JSCo renovated under the terms of the TIHDI Sharing Agreement. Under the TIHDI Sharing Agreement, the Authority pays to TIHDI eight and 49/100 percent (8.49%) of the Percentage Rent (as defined in section 15.3 of the JSCo Sublease) paid by JSCo to the Authority under the JSCo Sublease (the "**TIHDI Rent Share**"). The Parties reiterate this commitment as of the Effective Date and the Authority agrees to continue to pay the TIHDI Rent Share until the earlier of (i) the date when all of the New TIHDI Units have been developed in accordance with this Agreement, or (ii) the date that none of the 54 units that JSCo renovated [what units?] are used as market rate housing. [the date that JSCo no longer rents any of the TIHDI units that it took?; we need to identify these units if we want to include this language instead of simply terminating the share when the JSCo Sublease terminates.] TIHDI shall meet and confer and cooperate with the Authority on the use and expenditure of all funds received by TIHDI under this Agreement and the Sharing Agreement. Without limiting the foregoing, all TIHDI Rent Share received by TIHDI under from and after the execution of this Agreement shall, in excess of actual and reasonable nonprofit organizational operating expenses, be used to pay for transition costs or New TIHDI Units in accordance with this Agreement or, with the Authority's prior agreement, to subsidize homeless activities or services on Treasure

Island. *[we have limited dollars and lots of responsibilities; but first and foremost, we need to make sure that these new units are built and that all transition costs are covered]*

B. TIHDI Rights under the Proposed Redevelopment Project

1. Overall Housing Program. The Development Plan contemplates that the Project will, at full build out, consist of approximately 7,540 residential units, although the Development Plan allows for up to 8,000 residential units. The Housing Plan contemplates a range of unit types and sizes and provides a range of affordability levels located in a variety of building structure types. The Housing Plan requires that 30% of the residential units (estimated at 2,262 units) be Affordable at a spectrum of income levels, of which at least 6% (included in the 30%) will be Affordable to very-low income residents. Affordable housing units will be generally distributed throughout the various areas of the Project Site designated for residential use in accordance with the TICD DDA, and will be developed on a proportional basis with the market rate housing as further described in the Housing Plan.

2. Types and Levels of Affordable Housing. A goal of the Project is to provide housing Affordable to a spectrum of household incomes and household types (e.g., families, seniors, singles, formerly homeless). To fulfill this goal, there will be three principal mechanisms to provide Affordable Units on the Project Site:

a) TIHDI, through the TIHDI Member Organizations, will develop and operate, or cause to be developed and operated, approximately 435 units of supportive housing for formerly homeless individuals and families (the "**New TIHDI Units**") (an increase from TIHDI's current occupied unit count of 250 units).

b) TICD and its affiliates and other third-party vertical developers will develop 5% of all privately-developed market-rate units as income restricted inclusionary units (estimated at approximately 278 inclusionary units) (the "**Inclusionary Units**").

c) The Authority will develop a sufficient number of Affordable Units (estimated at 1,549 units) so that upon completion of all residential development on the Project Site, including the New TIHDI Units and the Inclusionary Units, not less than 30% of all residential units will be Affordable (the "**Authority Units**").

3. TIHDI Rights to Developable Pads for Construction of New TIHDI Units

a) As part of its horizontal development obligations under the TICD DDA, TICD will provide Developable Pads to the Authority for the development of all of the New TIHDI Units and for the development of all of the Authority Units in accordance with a Schedule of Performance included attached to the TICD DDA. The requirements for the completion of the Developable Pads are described in the TICD DDA, and include the completion of all grading, adjacent Infrastructure, and required environmental remediation as needed to begin construction of the vertical improvements that will become the New TIHDI Units and the Authority Units.

b) TICD is to develop the Project in a series of Major Phases and, within each Major Phase, in a series of Sub-Phases. The TICD DDA requires that TICD submit a Major Phase Application before the start of each Major Phase, and a Sub-Phase Application before the start of each Sub-Phase, each of which must be Approved by the Authority before work within that Major Phase or Sub-Phase, as applicable, may begin. Each Major Phase Application and each Sub-Phase Application must identify a proposed location for Developable Pads to be conveyed to or retained by the Authority for the construction of Affordable Units (the "**Authority Lots**" and, for Developable Lots to be leased to TIHDI in accordance with this Agreement, the "**TIHDI Lots**"; and the Authority Lots and TIHDI Lots are sometimes collectively referred to as the "**Affordable Lots**"). The Housing Plan and Phasing Plan further describe certain requirements relating to the phasing and minimize size of the Affordable Lots. The Housing Plan and Phasing Plan are designed to ensure that the Affordable Lots and the Affordable Units are developed in general proportion to the market rate lots and the market rate units, and that they are integrated into the Project.

c) The Housing Map attached to the Housing Plan identifies, as an initial matter, the location of the Affordable Lots, and the Housing Plan recognizes that these locations and the configuration of these Affordable Lots may change. Accordingly, the Housing Plan includes an approval process for the Affordable Lot designations, and for any requested change to the location or size of a previously-approved Affordable Lot within a Sub-Phase. For each Major Phase, the Authority and TIHDI shall meet and confer to identify which of the Affordable Lots shall become TIHDI Lots, recognizing that some Affordable Lots may be shared by TIHDI and the Authority as part of integrated projects or may instead be subdivided between TIHDI and the Authority. The Parties agree to select such TIHDI Lots (or portions of Lots) as required to meet TIHDI's obligations under this Agreement, and to select three sites with consideration of the site amenity scoring criteria under the California Tax Credit Allocation Committee's application process (TCAC). The Parties recognize that the vertical improvements with New TIHDI Units (the "**TIHDI Developments**") may be the most likely of the affordable projects to score competitively for 9% Low Income Housing Tax Credits. If such TIHDI Developments are the most likely to secure 9% Tax Credits, the Parties recognize that it would be in their collective interest and that of the Project to prioritize the location of the TIHDI Development to optimize their ability to compete for such 9% Low Income Housing Tax Credits. Otherwise, the Parties recognize that the priority locations may be less warranted for TIHDI Developments and agree to select Affordable Lots for TIHDI without special consideration for TCAC scoring and as is generally desirable for the Parties and the Project.

d) Upon receipt of any Sub-Phase Application that includes a proposed TIHDI Lot, or upon any TICD request to change the location or size of a previously-approved TIHDI Lot, the Authority shall promptly notify TIHDI and the Parties shall meet and confer in good faith to determine whether the Authority should approve the proposed location of the TIHDI Lot or the proposed change to a previously-approved TIHDI Lot. If TIHDI objects to any proposed location or change, it shall provide to TIDA a statement to explain the reasons for the objection. Both TIDA and TIHDI agree to act reasonably in reviewing and approving the location of TIHDI Lots (in

accordance with the standards set forth in the Housing Plan), provided TIDA shall have the sole right to accept or reject any proposed location for an Affordable Lot in accordance with the TICD DDA. If TIHDI objects to the location of a proposed TIHDI Lot, then (i) TIHDI shall not be required to accept such Lot, (ii) if the Authority decides to accept such Affordable Lot, then the Authority shall use such Affordable Lot for the development of Authority Units, and (iii) the Parties agree to work in good faith to identify an acceptable TIHDI Lot in the next Sub-Phase with Affordable Lots. Without limiting the foregoing, if a TIHDI Lot becomes available, and TIHDI is not then in a position to begin development of the New TIHDI Units for any reason, then the Authority shall have the right to use the TIHDI Lot for the development of Authority Units by designating a subsequent or different Affordable Lot as a TIHDI Lot.

e) The Authority will ground lease each TIHDI Lot to a selected TIHDI Member Organization, proposed by TIHDI and Approved by the Authority, for the construction of New TIHDI Units. The Parties intend that the TIHDI Lots shall be sufficient to support the development of not less than 435 New TIHDI Units, including the approximately 250 New TIHDI Units that will replace the 250 Existing TIHDI Units (the "**TIHDI Replacement Units**"). For a transitional housing building, the ground lease may be with TIHDI or a TIHDI Member Organization. The Authority and TIHDI will determine the location, affordability and any other matters related to the New TIHDI Units before the execution of the applicable ground lease, but in no event will the affordability levels for the New TIHDI Units be less restrictive than those applicable to Inclusionary Units, unless agreed to by the Parties.

f) A map showing the existing proposed locations of the Developable Pads for all of the New TIHDI Units and Authority Units, but not distinguishing between the New TIHDI Units and the Authority Units, is attached to the Housing Plan. The Parties agree that the land acreage for such Developable Pads is sufficient to accommodate 1,550 Authority Units and 435 New TIHDI Units and appropriate common areas and parking, assuming Type V [*add additional type?*] construction for the New TIHDI Units.

4. Replacement Units and Transition.

a) TIHDI will not be required to permanently vacate the 250 Existing TIHDI Units until TIHDI Replacement Units have been constructed on Treasure Island, unless otherwise mutually agreed by the Authority and TIHDI. TIHDI shall be responsible for transitioning all TIHDI tenants to the TIHDI Replacement Units (as further described below), provided that (i) TIHDI shall not be required to vacate an Existing TIHDI Unit until the TIHDI Replacement Unit is Completed, unless the Parties agree to provide interim or temporary units in order to allow continued construction of the Project before such Completion, and (ii) TIHDI Member Organizations shall not be required to begin construction of the TIHDI Replacement Units until they have the necessary funding commitments to do so. The Parties agree to cooperate to ensure that the TIHDI Replacement Units are Completed as expeditiously and efficiently as possible.

b) The parties intend that the 250 TIHDI Replacement Units will be constructed in the early phases of the Project. It is possible, however, that some temporary moving of the Existing TIHDI Units to other existing units on Treasure Island may be necessary in order to enable development to proceed. The Parties agree to work together in good faith to plan for and implement the transition of all Existing TIHDI Units, both permanent and any temporary moves.

c) In transitioning tenants, TIHDI shall comply with the TIHDI Transition Housing Plan attached hereto as Exhibit E (the “TIHDI Housing Plan”).

5. Financing.

a) The Authority and TIHDI will work collaboratively on the financing plan for the construction of the New TIHDI Units, and on the financing plan for the construction on each TIHDI Lot.

b) The Authority will provide a vertical construction subsidy equal to a minimum of \$12,750,000, calculated by multiplying 250 units times \$51,000 (which is the vertical construction subsidy that the Authority expects to receive from TICD per Affordable Unit under the TICD DDA; although the Parties understand that, under the TICD DDA, the housing subsidy is payable by TICD to the Authority at the time of conveyance of a Market Rate Lot to a Vertical Developer, not at the time of construction of Affordable Units, and is based upon the number of market rate units to be developed on such Market Rate Lot times \$17,000). Such vertical construction subsidy will be allocated pro rata among the TIHDI projects and paid directly to the selected Affordable Housing Developer as mutually agreed by the Authority and TIHDI and will be finally defined in each ground lease for a TIHDI Lot.

c) TIHDI will leverage outside financing sources to the maximum extent feasible, consistent with the principles outlined in Sections 6.a and 6.b below. The Authority will provide tax increment or other financing to the extent necessary and available to fund any remaining financial gap required to construct the 250 TIHDI Replacement Units in accordance with the program agreed upon by the Authority and TIHDI at the beginning of each Major Phase. TIHDI shall not be required to construct any TIHDI Unit if it does not have the necessary funding to do so. The Parties may agree to delay the construction of the New TIHDI Units as needed based upon financial constraints.

d) Each TIHDI Lot will be conveyed to a TIHDI Member Organization by ground lease. Ground lease terms will be sufficient to obtain necessary financing, and are expected to have an initial term of 65 to 75 years, with option(s) to extend up to a maximum aggregate term of 99 years; provided no lease shall exceed the period of time permitted by the State Lands Commission (“SLC”) in light of any applicable Tidelands Trust restrictions. The Parties will agree upon a form of ground lease on or before the first Major Phase Approval. This form will be the basis for all ground leases of TIHDI Lots, subject to such revisions as may be agreed to by the Parties.

e) The Authority will not charge base rent under the ground lease; provided, however, that the consideration for the use and possession of the property will be the tenant's continuing use of the property to provide housing and services to Homeless Persons in satisfaction of the provisions of the Act. The tenant shall be responsible for all operating expenses, utility costs including but not limited to service connection costs from the property line to the building, and all other costs related to the development and operation of the property, including without limitation, capital improvements, maintenance and insurance costs, taxes, fees and assessments, and all expenses of compliance with applicable laws. Nothing herein shall prevent the tenant from applying for any tax exemption or credit to which it believes it is entitled.

f) The Authority shall pay to TIHDI a vertical construction subsidy, as determined (including the timing of payments) at the time of execution of each ground lease for a TIHDI Lot. This subsidy will include an allowance of funds to cover the costs of moving residents from the 250 Existing TIHDI Units into the TIHDI Replacement Units including those costs enumerated as Moving Expenses in the TIHDI Housing Plan. Upon the receipt of such funds, TIHDI shall be responsible for the moving of TIHDI residents, and any funds not spent on moving shall be applied to the vertical construction costs. In addition, if any temporary moves are required by the Authority and not triggered by a default on the part of TIHDI or a TIHDI Member Organization, the Authority will (i) provide a payment to cover the reasonable and actual moving costs for such temporary moves including those costs enumerated as Moving Expenses in the TIHDI Housing Plan, (ii) either perform any required Building Code upgrades in the temporary replacement units or provide a payment to cover the costs of such required Building Code upgrades, and (iii) ensure that TIHDI and the affected TIHDI Member Organization have not less than 120 days prior notice of the move.

g) During the term of this Agreement, TIHDI shall create and maintain books and records, in accordance with generally accepted accounting principles, relating to sources and uses of funds, for all activities on NSTI. All records shall be maintained in a manner that will provide an effective system of internal control and will permit timely and effective audits, if and when required. TIHDI shall make such books and records available to the Authority upon request.

h) TIHDI shall cooperate with the Authority on the use and expenditure of all funds received by TIHDI from the Authority. Without limiting the foregoing, all funds received by TIHDI shall, in excess of actual and reasonable nonprofit organizational operating expenses, be used to subsidize homeless activities or services on Treasure Island in a manner acceptable to the Authority. [the 1996 Agreement includes this language]

6. Major Phase Applications. Specific details regarding the New TIHDI Units, such as the program, building configuration, unit types and sizes, the potential for including a mixture of New TIHDI Units and Authority Units in the same building, and specific developers and service providers for the New TIHDI Units, are not known at this time. As a result, the Parties agree to work together to plan and coordinate the construction of the New TIHDI Units on a parallel path with the approval of Major Phases and Sub-Phases under the TICD DDA. At the

time TICD submits each Major Phase Application under the TICD DDA, the Authority and TIHDI will promptly meet and confer to agree on the following:

a) The exact locations and sizes of the Developable Pads for the New TIHDI Units in that Major Phase. [this sentence fragment is part of the above list] Criteria for the selection of TIHDI's Developable Pads will include (i) selection criteria used for applications for tax credits and other financing (which criteria may include proximity to certain services), (ii) proximity to other services that support the residents in supportive housing, (iii) the preference for sites that can accommodate on-grade structured parking, (iv) sizing appropriately based on the proposed number of residential units, consistent with the Design for Development, and (v) any additional factors referenced in the Housing Plan.

b) The program for delivery of the New TIHDI Units based on (i) acknowledgement of the then current programs for the Existing TIHDI Units and TIHDI's preference to continue the programs and providers of the Existing TIHDI Units at the time, (ii) the Authority and City policy priorities regarding affordable, supportive housing and supportive homeless housing, (iii) available non-project generated capital funding sources, and (iv) operating issues including available operating subsidies, operating efficiencies associated with sizes of buildings, and integration with the Project. The program for delivery of the 250 TIHDI Replacement Units will use the criteria described above as a starting point. The Parties intend to prioritize the construction of the TIHDI Replacement Units to the extent feasible, and to construct the remaining New TIHDI Units and the Authority Units so as to maximize the amount and the speed of delivery of Affordable Units, and to take such additional steps and consider such additional factors as necessary to ensure the successful completion of the Project as a whole.

c) Whether any projects in that Major Phase or Sub-Phase will include a mixture of New TIHDI Units and Authority Units.

d) The schedule of delivery for the TIHDI Lots, the vertical construction subsidy (including the moving cost payments) and other project-generated financing such as tax increment or housing impact fees for the New TIHDI Units in that Major Phase or Sub-Phase.

e) The schedule of performance for construction of the New TIHDI Units in the Major Phase or Sub-Phase, as described more particularly in Section 8 below, which will be consistent with the schedule for obtaining financing from non-project generated sources.

f) Whether it is feasible to include any additional homeless housing units in the Major Phase or Sub-Phase and increase the number of New TIHDI Units above the minimum required 435 units based on the criteria described in Section 6.b above and, if so, whether it is appropriate to transfer any Affordable Lots to TIHDI to accommodate such increase.

g) The Community Facilities to be provided in the Major Phase, which must generally accord to the process outlined in the Communities Facilities Plan, with consideration of the size, location and adjacencies of the Community Facilities.

7. Selection of Affordable Housing

a) TIHDI will organize a competitive Request For Proposals (“RFP”) and selection process to select the housing providers for the TIHDI Developments; provided, however, an RFP will be required for TIHDI Replacement Units if the existing TIHDI Member Organization service provider decides not to participate in the development of its replacement units. An existing TIHDI Member Organization service provider may select its Qualified Housing Developer, subject to the approval of TIHDI and the Authority which approval shall not be unreasonably withheld. An RFP requesting a proposal inclusive of sources and uses, operations, services, and organizational capacity & experience, timeline and proposed development team & qualifications will be developed by TIHDI with input from the Mayor’s Office of Housing (MOH), the San Francisco Redevelopment Agency (SFRA), and/or the Authority, as determined by the Authority. Under the RFP process, selected proposers must, at a minimum, include a Qualified Housing Developer as that term is defined in the Housing Plan.

b) TIHDI will organize a review committee comprised of non-applying TIHDI Member Organizations and a representative from MOH, SFRA, or the Authority, as determined by the Authority. Selection criteria for both replacement (to the extent applicable) and new units will include: demonstrated experience with tax credit applications and other applicable funding applications; feasibility of financial proposal including both capital and operating budgets and proposed sources of revenue; organizational capacity, experience and qualifications to carry out the development program, management of the project, and proposed service provision. All housing providers must (i) comply with the Mayor’s Office of Housing and San Francisco Redevelopment Agency Underwriting Guidelines, and any requirements, terms or conditions as may be reasonably be required by the Authority, and (ii) be a TIHDI Member Organization or be willing to become a TIHDI Member Organization if selected. After the selection committee chooses the housing provider, the provider will be forwarded to the Authority for final approval.

c) The Parties agree to work collaboratively to finalize the solicitation process and to select the housing provider (including the Qualified Housing Developer) as and when needed in order to avoid any delay in the completion of the New TIHDI Units.

d) The Authority will enter into a vertical Lease Disposition and Development Agreement (“LDDA”) and ground lease with the selected housing provider for each TIHDI Development. The LDDA will be substantially in the same form as the vertical DDA for market rate projects under the TICD DDA, subject to such revisions as are necessary and appropriate for an affordable housing development and for the

conveyance of the ground lease interest as opposed to a fee interest in the underlying real property.

e) Each LDDA will require that the TIHDI Development be constructed in a manner consistent with Island-wide design and construction rules and procedures determined by the Authority and other appropriate regulatory authorities and as set forth in the TICD DDA. At a minimum, each TIHDI Development must meet all of the applicable requirements of the Redevelopment Plan, the Design for Development, the Treasure Island Green Building Specifications, the Design Review and Document Approval Procedures and CEQA mitigation measures.

8. Schedule of Performance.

a) The Parties shall meet regularly through the Major Phase and Sub-Phase Approval processes to develop a schedule of performance for the New TIHDI Units. The Parties understand and agree that the completion of the New TIHDI Units is subject to numerous factors outside of the control of the Parties, most importantly the date of the delivery of each TIHDI Lot and the availability of necessary funding. However, the Parties will meet on a regular basis to review the status of the particular phase and available funding so as to ensure that reasonable schedules for all pre-development and all development activities can be achieved.

b) Each LDDA will include a mutually acceptable schedule of performance that is reasonable, consistent with the project schedule and anticipated funding, and is binding on the applicable TIHDI Member Organization, the Authority and the selected affordable housing developer, subject to force majeure and TICD's performance of its obligations under the TICD DDA that relate to affordable housing.

c) The Parties recognize the importance of completing the New TIHDI Units as part of the success of the overall project, and each LDDA will include appropriate remedies for the failure to commence, and diligently prosecute to completion, the affordable housing project. These remedies may include the temporary moving of residents in the Existing TIHDI Units to other existing units on Treasure Island, self help rights, and the termination of ground leases after the expiration of notice and cure rights. If the Authority terminates an LDDA and ground lease, it shall re-offer the parcel to another TIHDI Member Organization, or cause TIHDI to re-issue an RFP; provided, however, if time is of the essence for Transition Housing or other Affordable Housing needs of the Project, the Authority may choose instead to develop the applicable Lot for Affordable Housing and select a different Affordable Lot to offer to TIHDI.

II. ECONOMIC DEVELOPMENT AND SUPPORT FACILITIES COMPONENT, EMPLOYMENT COMPONENT AND SUPPORT COMPONENT

1. Components of the 1996 TIHDI Agreement. The 1996 TIHDI Agreement includes an Economic Development and Support Facilities Component, an Employment Component and a Support Component. The Economic Development and Support Facilities Component serves to create revenue-generating opportunities for TIHDI's Member Organizations

and work opportunities on the Project Site for Formerly Homeless and Economically Disadvantaged Persons. The Authority, TIHDI and TIHDI Member Organizations have previously entered into various agreements that further the goals of this component, including landscaping and janitorial contracts, agreements relating to the operation and funding of the childcare center and agreements relating to the operation and management of the special event venues at the Project Site. The Employment Component serves to establish a long-term employment policy for the Project Site by requiring future developers, construction employers, long-term lessees and other employers to comply with First Source Hiring and other existing hiring plan goals and requirements (e.g., ~~Human Rights Commission, Seismic Retrofit Employment Program, Section 3 Plus~~), and make good faith efforts to meet certain goals for employing formerly Homeless and Economically Disadvantaged Persons. The Support Component provides for administrative and operational funding to TIHDI, including tax increment financing to TIHDI Member Organizations that provide homeless housing and related services at the Project Site and funding for the TIHDI Job Broker Program. The Authority currently provides administrative and operational funds to TIHDI and agrees to continue to provide such funding in accordance with this Agreement.

2. Jobs and Equal Opportunity Program. In furtherance of the Economic Development and the Employment Components of the 1996 TIHDI Agreement, TICD, TIHDI and the Authority formulated a Jobs and Equal Opportunity Program (the "**Jobs and Equal Opportunity Program**"), which is attached hereto as Exhibit F. The Jobs and Equal Opportunity Program addresses the following issues:

- Creating new construction and permanent employment opportunities (including but not limited to retail, maintenance, administrative and clerical positions, and para-professional jobs), goals for directing those jobs to priority groups, and a job broker program to facilitate and prepare linking the priority groups to the jobs.
- Creating professional services contracting, construction and other long-term employment opportunities for local San Francisco contractors and their employees.
- Creating economic development opportunities and related support for TIHDI residents and TIHDI Member Organizations.

Some of the key elements of the Jobs and Equal Opportunity Program are derived from the 1996 TIHDI Agreement. Other key elements are derived from other relevant City ordinances and policies and will require coordination with the building trades. The Jobs and Equal Opportunity Program integrates certain elements of the 1996 TIHDI Agreement with other existing City programs that provide similar or complementary functions, including the City's CityBuild program, as well as already mandated, established hiring programs, including First Source Hiring, Section 3 Plus, Seismic Loan Employment Program, and Human Rights Commission requirements.

The Authority and TIHDI agree to perform their respective obligations as set forth in the Jobs and Equal Opportunity Program.

3. Support Facilities Component. In furtherance of the Support Component of the 1996 TIHDI Agreement, TICD, TIHDI and the Authority formulated a Community Facilities Plan (the "**Community Facilities Plan**"), together with TIHDI's exclusive right to negotiate for a certain amount of community facilities space. The Authority will provide TIHDI the exclusive right to negotiate in good faith for leases of TIHDI administrative office space of up to 2,500 square feet and up to 9,500 square feet of general social services space, provided both spaces provide direct services to TIHDI Member Organizations' clients. To the extent that general social services space can be located within community space that TIHDI can regularly access, TIHDI agrees to reduce the general social services space requirement to no more than 5,000 square feet. Subject to the reasonable approval of the Authority, TIHDI and its Member Organizations shall not be required to pay rent for this administrative office space and community facilities space to the extent that TIHDI and/or its Member Organizations use such space to provide direct services on Treasure Island; otherwise, TIHDI and its Member Organizations shall pay a fair market rental for such space.

This Agreement is executed as of the ___ day of _____, 2011.

TREASURE ISLAND DEVELOPMENT AUTHORITY

By: _____

Name: Rich Hillis

Its: Redevelopment Project Director

TREASURE ISLAND HOMELESS DEVELOPMENT INITIATIVE, INC.,
a California non-profit corporation

By:

Name: Sherry Williams

Its: Executive Director

EXHIBITS:

EXHIBIT A – Project Site

EXHIBIT B – List of TIHDI Member Organizations

EXHIBIT C – Housing Plan

EXHIBIT D – Existing TIHDI Units

EXHIBIT E – Transition Housing Rules and Regulations

EXHIBIT F – Jobs and Equal Opportunity Program

EXHIBIT G – Community Facilities Plan and TIHDI Exclusive Negotiation Rights

Draft January 13, 2011

**DEVELOPMENT AGREEMENT
BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO
AND
TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC
RELATIVE TO THE REDEVELOPMENT OF NAVAL STATION TREASURE ISLAND**

THIS DEVELOPMENT AGREEMENT (“Agreement”) dated as of _____, 2011, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a political subdivision and municipal corporation of the State of California (the “City”), and Treasure Island Community Development, LLC, a California limited liability company (the “Developer”) pursuant to the authority of Section 65864 *et seq.* of the California Government Code and Chapter 56 of the San Francisco Administrative Code. City and Developer are also sometimes referred to individually as a “Party” and together as the “Parties.”

RECITALS

This Agreement is made with reference to the following facts, intentions and understandings of the Parties:

a. Determination of Public Benefits. The City has determined that as a result of the development of the Project Site in accordance with this Agreement, clear benefits to the public will accrue that could not be obtained through application of existing City ordinances, regulations, and policies. The public benefits are as provided in the Disposition and Development Agreement between the Treasure Island Development Authority (the “Authority”), a public body, corporate and politic of the State of California, and Developer, dated as of _____ approved by the Board of Supervisors by Resolution No. _____ (the “DDA”). As more particularly set forth in the DDA, the Project facilitates the City’s long-term goal of implementing the creation of a new City neighborhood on Treasure Island and Yerba Buena Island that seismically strengthens the development areas of Treasure Island and provide extensive public benefits to the City such as significant amounts of new affordable housing, increased public access and open space, transportation improvements, extensive infrastructure improvements, and recreational and entertainment opportunities, while creating jobs and a vibrant, sustainable community. In particular, the Project provides an innovative transportation program designed to maximize transit usage and opportunities for walking and biking, with a dense mixed-use urban core in close proximity to transit, and provides a model for sustainable development. The Project provides for the creation of approximately 300-acres of public open spaces, including neighborhood parks, sports fields, shoreline parks, wetlands, and urban farm and large areas for passive recreation and native habitat. Among the many public benefits provided, the Project provides more than \$700 Million in infrastructure costs, including Island stabilization and geotechnical improvements, parks and open space, utilities, community facilities, street improvements; including capital improvements and operating subsidies for the transportation program; and an estimated \$_____ for the affordable and transition housing program to allow the production of up to _____ new affordable units. In addition, the Project undertakes significant environmental remediation costs to undertake remediation to the necessary level above that required to be performed by the Navy; and includes the rehabilitation and adaptive reuse of historic buildings.

B. Code Authorization. In order to strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic risk of development, the Legislature of the State of California adopted Government Code Section 65864 *et. seq.* (the "Development Agreement Statute"), which authorizes the City to enter into a development agreement with any person having legal or equitable interest in real property regarding the development of such property. Pursuant to Government Code Section 65865, the City has adopted Chapter 56 of the San Francisco Administrative Code establishing procedures and requirements for entering into a development agreement with a private developer pursuant to the Development Agreement Statute.

C. Property Subject to this Agreement. The property that is the subject of this Agreement consists of the real property located on former Naval Station Treasure Island ("NSTI") shown on Exhibit A and more particularly described on Exhibit B attached hereto and incorporated herein by this reference (the "Project Site").

D. Development Proposal; Intent of the Parties.

i. The Authority was created in 1997 to serve as a single-purpose entity responsible for the redevelopment of the Project Site, pursuant to the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Conversion Act"). The Conversion Act also grants to the Authority the complete power, among other things, to administer and control that portion of NSTI consisting of the "Trust Property," as described in the Conversion Act, in conformance with the public trust for commerce, navigation and fisheries (the "Tidelands Trust") and subject to certain restrictions.

ii. The State Legislature authorized an exchange of the Tidelands Trust pursuant to Chapter 543, Statutes of 2004, as amended by Chapter 660, Statutes of 2007 and Chapter 208, Statutes of 2009 (the "Exchange Act") in a manner to facilitate the productive reuse of the Islands as well as further the Tidelands Trust and the statutory trust created under the Conversion Act. In furtherance of the Exchange Act, the Authority and the State Lands Commission have negotiated that certain Trust Exchange Agreement for Treasure Island and Yerba Buena Island, ("Exchange Agreement"), setting forth the terms and conditions under which the public trust would be removed from portions of Treasure Island in exchange for portions of Yerba Buena Island not currently subject to the public trust.

iii. Pursuant to the Conversion Act, the Authority has been designated by resolution of the Board of Supervisors of the City and County of San Francisco (the "Board of Supervisors") as the redevelopment agency with jurisdiction and all the rights, powers, privileges, immunities, authorities, and duties granted to redevelopment agencies under the California Community Redevelopment Law (Health and Safety Code sections 33000 *et seq.*). ("CRL") for the purpose of acquiring, using, operating, maintaining, converting and redeveloping the portions of NSTI as described in the Conversion Act.

iv. Pursuant to its authority under the CRL, the Authority has adopted a Redevelopment Plan for the Treasure Island/Yerba Buena Island Redevelopment Project (the "Redevelopment Plan"), which Redevelopment Plan was approved by the Board of Supervisors

concurrently herewith, a Design for Development, and a number of related Plan Documents (as defined below) (collectively, the "Redevelopment Documents").

v. The United States of America, acting by and through the Department of the Navy ("Navy"), and the Authority have entered into an Economic Conveyance Memorandum of Agreement that governs the terms and conditions for the transfer of NSTI from the Navy to the Authority (the "Conveyance Agreement"). Under the Conveyance Agreement, the Navy will convey NSTI to the Authority in phases after the Navy has completed environmental remediation and issued a Finding of Suitability to Transfer ("FOST") for specified parcels of NSTI or portions thereof.

vi. On or about June 1, 2003, the Authority and Developer entered into an Exclusive Negotiating Agreement, as subsequently amended, setting forth the terms and conditions under which the Authority and Developer would negotiate (1) the DDA and related conveyance agreements governing the redevelopment of the Project Site, (2) one or more Lease Disposition and Development Agreements (collectively, the "LDDA") and one or more 66-year ground leases (collectively, the "Ground Lease") for certain portions of the Project Site that will remain subject to the Tidelands Trust, and (3) other necessary transaction documents for the conveyance, interim management and redevelopment of the Property (the other documents, the LDDA, the Lease and the DDA are collectively referred to as the "Transaction Documents"), subject to completion of necessary environmental review under the California Environmental Quality Act (Public Resources Code Section 21000 *et. seq.* ("CEQA") and, if applicable, the National Environmental Policy Act of 1969.

vii. Developer and the Authority have negotiated a DDA and related Transaction Documents, approved by the Board of Supervisors concurrently herewith, which Transaction Documents and Redevelopment Documents, administered by the Authority, will govern development of the Project Site. In order to vest Developer's rights under the DDA, Section 12 of the DDA provides that the Authority shall not approve, recommend or forward to the Board of Supervisors or any City Agency for approval any termination of or amendment, supplement, or addition to any component of the Redevelopment Documents except as expressly described therein.

viii. While the DDA binds the Authority and the Developer, other City agencies retain a role in certain Subsequent Approvals to the extent expressly agreed-upon in the DDA and/or as permitted by the City's Charter, the Municipal Code and the CRL, the City, including without limitation, approval of Subdivision Maps, review of certain aspects of Major Phase and Sub Phase applications, issuance of building permits, and acceptance of dedications of infrastructure and public rights of way for maintenance and liability, and approval of art works on City owned property. The procedural role of City Agencies in the approvals process is governed by an Interagency Cooperation Agreement entered into between the Authority, the City and the various City agencies.

ix. In light of the numerous public benefits provided by the Project, City has determined that the Project is a development for which a development agreement is appropriate. A Development Agreement will eliminate uncertainty in the City's land use planning for the Project Site and secure orderly development of the Project consistent with the

Redevelopment Plan. The Parties acknowledge that unless otherwise addressed in the Redevelopment Documents or this Development Agreement, City Regulations may apply to the Project Site to the extent that they do not conflict with the Redevelopment Documents or the Tidelands Trust. Nothing herein is intended to impart jurisdiction on the City for Project Approvals or Subsequent Approvals to the extent inconsistent with the Redevelopment Documents, the Transaction Documents, the Interagency Cooperation Agreement, the Conversion Act or the CRL. However, the provisions of this Agreement are intended to apply to the City to the extent that the City retains any approval authority over the Project Site, the ability to impose new City Regulations or amend the Redevelopment Plan in a manner that could affect the development of the Project Site.

E. Compliance with All Legal Requirements. It is the intent of the Parties that all acts referred to in this Agreement shall be accomplished in such a way as to fully comply with CEQA, the Development Agreement Statute, the Tidelands Trust, the CRL, Chapter 56 of the San Francisco Administrative Code, the San Francisco Planning Code, the Enacting Ordinance (as hereinafter defined) and all other applicable laws and regulations.

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

G. Planning Commission Hearing and Findings. On _____, 2011, the Planning Commission held a public hearing on this Agreement, duly noticed and conducted under the Development Agreement Statute and Chapter 56. Following the public hearing, the Commission made the CEQA Findings and adopted the Mitigation Measures, and determined that the Project and this Agreement are, as a whole and taken in their entirety, consistent with the objectives, policies, general land uses and programs specified in the General Plan and the Planning Principles set forth in Section 101.1 of the Planning Code (together, the "**General Plan Consistency Findings**").

H. Board of Supervisors Hearing and Findings. On _____, 2011 the Board, having received the Planning Commission's final recommendation, held a public hearing on this Agreement pursuant to the Development Agreement Statute and Chapter 56. Following the public hearing, the Board made the CEQA Findings required by CEQA and approved this Agreement, incorporating by reference the General Plan Consistency Findings.

I. Enacting Ordinance. On _____, 2011, the Board adopted Ordinance No. _____, approving this Agreement and authorizing the Planning Director to execute this Agreement on behalf of the City (the "Enacting Ordinance"). The Enacting Ordinance took effect on _____, 2011. The following land use approvals, entitlements, and permits relating to the Project were approved concurrently with this Agreement: the General Plan

amendment (Board of Supervisors Ord. No. _____), the Planning Code text amendment (Board of Supervisors Ord. No. _____), the Zoning Map amendments (Board of Supervisors Ord. No. _____), [others].

AGREEMENT

1. GENERAL PROVISIONS

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

1.2. Definitions. In addition to the definitions set forth in the above preamble paragraph, Recitals and elsewhere in this Agreement, the following definitions shall apply to this Agreement. Capitalized terms not defined herein shall have the definition as set forth in the DDA.

1.2.1. “Administrative Code” shall mean the San Francisco Administrative Code.

1.2.2. “Administrative Fee” shall mean (i) a fee imposed City-Wide in effect at the time and payable upon the submission of an application for any permit or approval, which is intended to cover only the estimated actual costs to City or the Authority of processing that application and inspecting work undertaken pursuant to that application, and is not an Exaction; and (ii) amounts payable to the City or the Authority by Developer under the terms of the DDA, LDDA or Ground Lease, or by a Vertical Developer under the terms of a Vertical DDA, to reimburse the City or the Authority for its administrative costs in processing applications for any permits or approvals required under the Redevelopment Documents.

1.2.3. “Agreement” shall mean this Development Agreement.

1.2.4. “Applicable Regulations” means: (1) the Redevelopment Documents; (2) to the extent consistent therewith and not superseded by the Redevelopment Documents or CRL, the Existing City Regulations (which include all provisions of the Building Construction Codes, *i.e.*, the Parties understand and agree that no provision of the Building Construction Codes is inconsistent with or superseded by the Redevelopment Plan); (3) new or changed Development Fees and Exactions to the extent permitted under the Redevelopment Plan; (4) the Mitigation Measures; and (5) the Transaction Documents.

1.2.5. “Board of Supervisors” or “Board” shall mean the Board of Supervisors of the City and County of San Francisco.

1.2.6. “CRL” shall mean California Community Redevelopment Law (Health and Safety Code sections 33000 et seq.).

1.2.7. “City” shall mean the City and County of San Francisco, a municipal corporation. Unless the context or text specifically provides otherwise, references to the City

shall mean the City acting by and through the Planning Director or, as necessary, the Planning Commission or the Board of Supervisors.

1.2.8. “City Regulations” includes (i) those City land use codes (including, without limitation, the Planning Code, the Treasure Island and Yerba Buena Island Subdivision Code, Zoning Maps and the City General Plan), (ii) those ordinances, rules, regulations and official policies adopted thereunder and (iii) all those ordinances, rules, regulations, official policies and plans governing zoning, subdivisions and subdivision design, land use, rate of development, density, building size, public improvements and dedications, construction standards, new construction and use, design standards, permit restrictions, development fees or exactions, terms and conditions of occupancy, or environmental guidelines or review, including those relating to hazardous substances, pertaining to the Project Site, as adopted and amended by the City from time to time.

1.2.9. “City-Wide” shall mean all privately-owned property within (1) the territorial limits of the City or (2) any designated use district or use classification of the City so long as (a) any such use district or use classification includes a substantial amount of affected private property other than affected private property within the Project Site, and (b) the use district or use classification includes all private property within the use district or use classification that receives the general or special benefits of, or causes the burdens that occasion the need for, the new City Regulation or Development Fees or Exactions.

1.2.10. “DDA” shall mean the Disposition and Development Agreement for the Redevelopment of Naval Station Treasure Island between the Authority and Developer, dated as of _____ and approved by the Board of Supervisors concurrently herewith, as it may be amended from time to time.

1.2.11. “Development Fees or Exactions” shall mean a monetary or other exaction including in-kind contributions, other than a tax or special assessment or Administrative Fee, which is charged by the Authority or City in connection with any permit, approval, agreement or entitlement for Horizontal Improvements or Vertical Improvements or any requirement for the provision of land for construction of public facilities or Infrastructure or any requirement to provide or contribute to any public amenity or services. Development Fee or Exaction does not include the requirements of, and fees payable under, Building Codes in effect from time to time generally applicable on a City-Wide basis to similar land uses.

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

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

1.2.14. “Existing City Regulations” shall mean those City Regulations in effect as of the adoption of the Enacting Ordinance.

1.2.15. “FEIR” shall have the meaning set forth in Recital F.

1.2.16. “Future Changes to Applicable Regulations” shall have the meaning ascribed to it in Section 2.3.1 hereof.

- 1.2.17. “General Plan Consistency Findings” as defined in Recital G above.
- 1.2.18. “Ground Lease” as defined in Recital D.vi above..
- 1.2.19. “Horizontal Improvements” shall mean the Infrastructure and all other Improvements required to be constructed by the Developer under the terms of the DDA.
- 1.2.20. “Improvements” shall mean all Horizontal and Vertical Improvements to be constructed in or for the benefit of the Project Site.
- 1.2.21. “Infrastructure” means those items identified in the Infrastructure Plan attached to the DDA, including open space improvements (including park improvements and restrooms), streets, rails, sewer and storm drainage systems, water systems, street improvements, transportation and transit facilities, public services and community facilities, traffic signal systems, dry utilities and other improvements, any of which are to be constructed in or for the benefit of the Project Site or any other matters described in the Infrastructure Plan, including without limitation, all such work as is necessary to create Developable Lots as defined in the DDA.
- 1.2.22. “LDDA” as defined in Recital D.vi above.
- 1.2.23. “Lot” means a parcel of land within the Project Site that is a legal lot shown on a Subdivision Map.
- 1.2.24. “Mitigation Measures” means the mitigation measures applicable to the Project as set forth in the Mitigation Monitoring and Reporting Program adopted by the Board of Supervisors on _____, 2011 by Resolution No. _____.
- 1.2.25. “Parties” shall mean Developer and City, and their respective successors under this Agreement.
- 1.2.26. “Plan Documents” means those documents listed on Exhibit attached hereto, as such documents exist as of the Effective Date. Plan Documents include any amendments or revisions thereto effectuated from time to time by the Authority to the extent permitted under the DDA and subject to Section 2.3.3 hereof.
- 1.2.27. “Planning Code” shall mean the San Francisco Planning Code.
- 1.2.28. “Planning Commission” or “Commission” shall mean the Planning Commission of the City and County of San Francisco.
- 1.2.29. “Project” shall mean the development project at the Project Site as described in the DDA, which includes development of all Horizontal and Vertical Improvements.
- 1.2.30. “Project Approvals” shall mean the project approvals listed in Exhibit [C].
- 1.2.31. “Project Site” shall have the meaning set forth in Recital [C].

1.2.32. “Redevelopment Documents” means the Redevelopment Plan, the Plan Documents, and the Design for Development, as they may be amended from time to time.

1.2.33. “School Facilities Impact Fee shall mean the sum payable to the San Francisco Unified School District pursuant to Government Code Section 65995.

1.2.34. “Subsequent Project Approvals” shall mean any additional project approvals required to implement the Project after the initial Project Approvals, including, without limitation, all approvals required under the DRDAP, site permits and building permits and all approvals required by the Treasure Island and Yerba Buena Island Subdivision Code, including all Tentative and Final Transfer Maps, Tentative and Final Vesting Transfer Maps, Tentative and Final Vesting Subdivision Maps, Tentative and Final Subdivision Maps, and Parcel Maps

1.2.35. “Term” shall have the meaning set forth in Section 1.4.

1.2.36. “Transaction Documents” shall have the meaning set forth in Recital [D.d].

1.2.37. “Transportation Management Act” means that certain state legislative act known as the Treasure Island Transportation Management Act (Stats. 2008, Ch. 317).

1.2.38. “Transportation Program” means the comprehensive transportation program for the Project Site, including all capital improvements, transit operations and financing mechanisms as more particularly described in Exhibit ___ to the DDA.

1.2.39. “Transferee” shall mean any person or entity to which Developer transfers or assigns all or any portion of the Project Site or any interest therein in accordance with the terms of the DDA or LDDA.

1.2.40. “Vertical DDA” means a Disposition and Development Agreement between Developer or Authority and a Vertical Developer that governs the development of Vertical Improvements.

1.2.41. “Vertical Developer” means for a particular Lot or Vertical Improvement, the Person that is a party to the applicable Vertical DDA related thereto.

1.2.42. “Vertical Improvement” means an Improvement to be developed under the DDA or any Vertical DDA or Ground Lease that is not Infrastructure.

1.3. Effective Date. Pursuant to Section 56.14(f) of the Administrative Code, this Agreement shall take effect upon its execution by all Parties following the effective date of the Enacting Ordinance (the “Effective Date”).

1.4. Term. The term of this Agreement shall commence upon the Effective Date and shall continue in full force and effect thereafter for the same length of time as the term of the DDA so as to accommodate the phased development of the Project, unless earlier

terminated provided herein (the “Term”). Following expiration of the Term, this Agreement shall be deemed terminated and of no further force and effect.

2. APPLICABLE LAW

2.1. Redevelopment Requirements/Existing City Regulations. Except as expressly provided in this Section 2, during the Term, any and all Project Approvals and Subsequent Project Approvals (but only to the extent that the City would otherwise retain jurisdiction over issuing the applicable Project Approvals or Subsequent Project Approvals) shall be processed, considered, reviewed and acted upon in accordance with the Applicable Regulations and any permitted Future Changes to Regulations.

2.2. Amendment of Redevelopment Plan. The City shall not take any action to approve, terminate, amend or supplement any component of the Redevelopment Documents (each an “**Amendment Action**”) unless such Amendment Action has first been approved by the Authority and forwarded to the Board of Supervisors for action, and the City’s Amendment Action is in full compliance with Section 12 of the DDA incorporated herein by this reference.

2.3. Future Changes to Regulations.

2.3.1. Future changes to Applicable Regulations, City Regulations and any other ordinances, laws, rules, regulations, plans or policies adopted by the City or adopted by voter initiative after the Effective Date (“Future Changes to Regulations”) shall not apply to the Project and the Project Site to the extent that they would conflict with this Agreement, the Redevelopment Documents, the Transaction Documents, the terms and conditions of the Project Approvals or would otherwise be pre-empted by CRL or the Tidelands Trust as applied to the Project. In the event of such a conflict, the terms of this Agreement, the Redevelopment Documents, the Transaction Documents and the Project Approvals shall prevail. Nothing in this Agreement, however, shall preclude the City from applying Future Changes to Regulations to the Project Site for a development project that is not within the definition of the “Project” under this Agreement. City retains the right to impose Future Changes to Regulations that are not in conflict with this Agreement, the Redevelopment Documents, the Transaction Documents and the Project Approvals.

2.3.2. Without limitation, Future Changes to Regulations shall be deemed to be “in conflict with this Agreement, the Redevelopment Documents, the Transaction Documents and the Project Approvals” if they:

(a) alter or change any land uses, including permitted or conditional uses, of the Project Site from that permitted under this Agreement, the Applicable Regulations and the Project Approvals;

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

(c) limit or reduce the density or intensity of the Project, or any portion thereof, or otherwise require any reduction in the square footage or number of proposed buildings, residential dwelling units or other improvements from that permitted under this Agreement, the Applicable Regulations and the Project Approvals;

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

(e) except as otherwise provided herein, in any manner control, delay or limit the rate, timing, phasing or sequencing of the approval, development or construction of all or part of the Project as provided in the DDA;

(f) increase any Development Fees or Exactions, except as permitted by this Section 2;

(g) preclude or materially increase the cost of performance of or compliance with any provisions of the applicable Redevelopment Documents;

(h) except as specifically provided in the Treasure Island Transportation Management Act (Stats. 2008, Ch. 317) (the "Transportation Management Act") for setting of initial congestion pricing fees by the Board of Supervisors and Transportation Authority, impose any transportation-related revenue measures applicable to the Project Site, including, without limitation, congestion pricing, on-street or off-street parking fees, fines, penalties, other parking-related revenue measures, and transit pass fees; or

(i) Conflict with or materially increase the obligations of Developer, any Vertical Developer or their contractors under any Equal Opportunity Program, Workforce Hiring Program or other agreement addressing construction or operations hiring adopted in connection with the Redevelopment Plan, the DDA or any Vertical DDA.

2.3.3. The Developer may, in the exercise of its sole discretion, elect to have a Future Change to Regulation that conflicts with this Agreement applied to the Project or the Project Site by giving the City written notice of its election to have a Future Change to Regulation applied, in which case such Future Change to Regulation shall be deemed to be an Applicable Regulation. The foregoing notwithstanding, should the Authority subsequently approve any Future Change to Regulations (with or without Developer's consent to the extent permitted under Section 12 of the DDA) which becomes an Applicable Regulation hereunder, such Future Change to Regulation shall not be binding on City as an Applicable Regulation without the City's prior written approval.

2.4. Development Fees and Exactions.

2.4.1. Existing Development Fees or Exactions. Except as provided in the following provisions of this Section 2.4, for the Term of this Agreement, the following Development Fees or Exactions that are in effect as of the Effective Date, and only the following, are applicable to the Project: (a) the School Facilities Impact Fee; and (b) **the Wastewater Capacity Charge imposed by the San Francisco Public Utilities Commission**

under the authority of Cal. Health & Safety Code §5471 applicable to all new residential and commercial use on a City-Wide basis.] [under discussion] The DDA requires Vertical Developers to pay to the Authority a public art fee and a Jobs-Housing Linkage on the terms and conditions set forth in the DDA.

2.4.2. New or Increased Development Fees or Exactions. Except as otherwise set forth herein, no increase in any Development Fees or Exactions and no new Development Fee or Exaction enacted by the City during the term of this Agreement shall be applicable to any Improvements in the Project Area. To the extent that any increase in any Development Fees or Exactions or new Development Fees or Exactions is permitted under this Section 2.4.2, any such increased or new Development Fee or Exaction shall apply only to the extent that such increased or new Development Fee or Exaction complies with all applicable law, including, without limitation the requirements of the Mitigation Fee Act (Government Code §§ 66000 *et seq.*).

2.4.2.1. Any increase in the School Facilities Impact Fee authorized by any change in state law at any time after the approval of this Plan shall apply to the Project.

2.4.2.2. Any new or increased Development Fees or Exactions which become effective more than twenty (20) years following the date of issuance of the first Building Permit for Vertical Improvements in the Project Site shall apply to the Project only so long as such new or increased Development Fee or Exaction is (i) generally applicable on a City-Wide basis for similar land uses and (ii) not redundant as to the Project of a fee, dedication, program, requirement or facility that is imposed under the applicable Transaction Documents and Redevelopment Plan Documents, including without limitation, any fee, dedication, program, requirement or facility related to (A) affordable housing, (B) open space, (C) utility connection fees, (E) transportation; (F) child care; or (F) protecting against sea-level rise.]

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

2.4.3. Applicability of Uniform Codes; Infrastructure Standards. Except as may be expressly provided in the Plan Documents, nothing in this Agreement shall preclude the City's application to the Project of (i) any provisions, requirements, rules, or regulations applicable City-wide that are contained in the California Building Standards Code, as amended by the City in accordance with the California Health and Safety Code, including requirements of the San Francisco Building Code, Mechanical Code, Electrical Code, Plumbing Code, Fire Code or other uniform construction codes. In addition, nothing in this Agreement shall preclude the City's application to the Project of the City's then-current standards for Infrastructure for each Major Phase pursuant to then applicable City Requirements so long as (a) such standards for

Infrastructure are in place, applicable City-Wide and imposed upon the Project concurrently with the approval of the applicable Major Phase Application and/or first Sub-Phase Application in that Major Phase (as those terms are defined in the DDA); and (b) such standards for Infrastructure as applied to the applicable Major Phase are compatible with, and would not require the retrofit, removal, supplementation or reconstruction of, Infrastructure approved in prior Major Phases or Sub-Phases.

2.4.4. Protection of Public Health and Safety. Notwithstanding any provision in this Agreement to the contrary, City shall exercise its discretion under this Agreement and the Redevelopment Documents in a manner which is consistent with the public health, safety and welfare. City shall retain, at all times, its authority to take any legally valid action necessary to protect the physical health and safety of the public, including, without limitation, authority to condition or deny a permit, approval or agreement or other entitlement or to change or adopt any new City Regulation, if required (a) to protect the physical health or safety of the residents in the Project Site, the adjacent community or the public (“**Public Health and Safety Exception**”), or (b) to comply with applicable federal or state law or regulations including, without limitation, changes in Existing City Regulations reasonably calculated to achieve new, more restrictive federal or state attainment standards applicable to the City for water quality, air quality, hazardous materials or otherwise relating to the physical environment where such City Regulations are generally applicable and proportionally applied to similar land uses on a City-Wide basis (“**Federal and State Law Exception**”). Any such new or increased Development Fee or Exaction shall be applied in a manner which is proportional to the impacts caused by the applicable development in the Project Site taking into account the equitable share of the cost of funding reasonable compliance with the applicable Public Health and Safety Exception or Federal and State Law Exception and the amount allocable to the impacts caused by development existing at the time of the enactment of such new or increased Development Fee or Exaction. Any new or increased Development Fee or Exaction that qualifies within the Public Health and Safety Exception or Federal and State Law Exception that is enacted for the protection or benefit of City residents overall (as opposed to the mitigation of project-related impacts which are addressed by the preceding sentence) shall be applied in a manner proportional to the benefits received by the Project Site. In no event shall any Vertical Improvements be required to pay a new or increased Development Fee or Exaction in connection with compliance with any Public Health and Safety Exception or Federal and State Law Exception which is not applied on a City-Wide basis to similar land uses. Except for emergency measures, City will meet and confer with Developer in advance of the adoption of such measures to the extent feasible, provided, however, that City shall retain the sole and final discretion with regard to the adoption of any new City Regulation in furtherance of the protection of the physical health and safety of the public as provided in this Section 2.4.6. Developer retains the right to dispute any City reliance on the Public Health and Safety Exception or the Federal or State Law Exception. If the Parties are not able to reach agreement on such dispute following a reasonable meet and confer period, then Developer or City can seek a judicial relief with respect to the matter.

2.4.5. CEQA. Nothing in this Agreement or the applicable Redevelopment Documents shall be deemed to limit the City's or the Authority's ability to comply with CEQA, including any Mitigation Measures.

2.4.6. General Plan Consistency Findings. With respect to any Subsequent Approval that includes requires a General Plan consistency determination, the City agrees to rely on the General Plan Consistency Findings to the greatest extent possible in accordance with applicable laws; provided however that nothing shall prevent or limit the discretion of the City in connection with any Subsequent Approvals that, as a result of amendments to the Project Approvals, require new or revised General Plan consistency findings.

3. DEVELOPMENT OF THE PROJECT SITE

3.1. Development Rights. Developer shall have the vested right to develop the Project Site in accordance with and subject to the provisions of this Agreement, the Redevelopment Documents, the Transaction Documents, the Project Approvals, and any Subsequent Project Approvals, which shall control the overall design, development and construction of the Project and all improvements and appurtenances in connection therewith, including without limitation, the permitted uses on the Project Site, the density and intensity of uses, the maximum height and size of buildings, the number of allowable parking spaces and all Mitigation Measures required in order to minimize or eliminate material adverse environmental impacts of the Project. By stating that the terms and conditions of this Agreement, the Redevelopment Documents, the Transaction Documents, the Project Approvals, and any Subsequent Project Approvals control the overall design, development and construction of the Project, this Agreement is consistent with the requirements of California Government Code Section 65865.2 (requiring a development agreement to state permitted uses of the property, the density or intensity of use, the maximum height and size of proposed buildings and provisions for reservation or dedication of land for public purposes). The Developer agrees that all improvements on the Project Site shall be constructed in accordance with this Agreement, the Redevelopment Documents, the Transaction Documents, the Project Approvals, and any Subsequent Project Approvals, and in accordance with all applicable laws.

3.2. Compliance with CEQA. The Developer acknowledges that the development of the Project and the Project Site is subject to compliance with CEQA, including the Mitigation and Monitoring Plan, and the CEQA Guidelines. To the extent that the Project will require the grant of Subsequent Project Approvals that are discretionary in nature, such Subsequent Project Approvals shall be subject to review by the City during public hearings to the extent required by applicable laws.

3.3. Status of Approvals. Concurrently with this Agreement, City and the Authority have approved and adopted the Project Approvals.

3.4. Use and Density. Pursuant to Section 65865.2 of the Development Agreement Statute, the Project Approvals shall not prevent development of the Project for the uses and to the density or intensity of the development set forth in the Redevelopment Documents and Transaction Documents.

3.5. Vested Rights: Permitted Uses and Density; Building Envelope. By approving the Project Approvals, City has made a policy decision that the Project, as currently described and defined in the Project Approvals, is in the best interests of the City and promotes the public health, safety and general welfare. Accordingly, to the extent that the Project is required to

obtain any Subsequent Approvals from the City, City shall not use its discretionary authority in considering any application for a Subsequent Project Approval to change the policy decisions reflected in the Project Approvals or otherwise to prevent or to delay development of the Project as set forth in the Project Approvals. Instead, the Subsequent Project Approvals (that conform to or implement the Project Approvals) shall be used to implement those policy decisions and shall be issued by the City so long as they comply with this Agreement, the Redevelopment Documents, the Transaction Documents, the Project Approvals, Applicable Regulations and permitted Future Changes to Regulations, if applicable. Nothing herein is intended to limit the discretionary authority of the Board of Supervisors to consider appeals of Subsequent Project Approvals related to subdivision maps pursuant to the provisions of the Subdivision Map Act and the Treasure Island and Yerba Buena Island Subdivision Code, provided, however, that in exercising its discretion on any such appeal, the Board of Supervisors shall not exercise its discretionary authority to change the policy decisions reflected in the Project Approvals or otherwise to prevent or delay development of the Project as set forth in the Project Approvals.

3.6. Residential Land Use. The residential land uses on the Project Site, including any affordable housing, shall be developed in accordance with the DDA, including the Housing Plan attached to the DDA.

3.7. Office Land Use. By Resolution No. _____, the Planning Commission adopted findings pursuant to Planning Code Section 321(b)(1) that office development promotes the public welfare, convenience and necessity, and in so doing considered the criteria of Planning Code Section 321(b)(3)(A)-(G). The findings contained in Resolution No. _____ are incorporated herein by reference and attached as Attachment ___ to this Agreement. Because the office development contemplated by the Redevelopment Plan has been found to promote the public welfare, convenience and necessity, the determination required under Section 321(b), where applicable, shall be deemed to have been made for all specific office development projects undertaken pursuant to the Redevelopment Plan. No office development project contemplated by the Redevelopment Plan may be disapproved either (i) for inconsistency with Planning Code Sections 320-325, or (ii) in favor of another office development project that is located outside the Project Site and subject to Planning Code Sections 320-325; provided, however, that for any office development within the Project Site subject to Planning Code Section 321, (x) no office development project shall be approved that would cause the then applicable annual limitation contained in Planning Code Section 321 to be exceeded, taking into account priority commitments for available annual office space previously granted by the Planning Commission to the development projects at Mission Bay (Planning Commission Resolution No. 14702) and Candlestick/Hunters Point (Planning Commission Resolution No. ____); and (y) the Planning Commission shall consider the design of the particular office development project to confirm that it is consistent with the Planning Commission's findings contained in Resolution No. _____. Upon such determination, the Planning Commission shall issue a project authorization for such project. The requirements for Planning Commission approval described above shall be applicable unless application would be prohibited by California or local law.

3.8. Commencement of Construction; Development Timing. Development of the Project Site is permitted to occur in phases. The Phasing Plan and Schedule of Performance incorporated into the DDA shall govern the construction phasing and development timing of the Project, respectively.

3.9. Subdivision Maps. Developer may from time to time file subdivision map applications with respect to some or all of the Project Site in accordance with the provisions in the DDA and the Treasure Island/Yerba Buena Island Subdivision Code. City shall exercise its discretion in reviewing such subdivision map applications in accordance with Section 3.5 hereof and the Treasure Island and Yerba Buena Island Subdivision Code, and shall approve such subdivision map applications so long as they comply with this Agreement, the Redevelopment Documents, the Transaction Documents, the Project Approvals, Applicable Regulations and permitted Future Changes to Regulations, if applicable. Upon approval of each Tentative Transfer Map, Vesting Tentative Transfer Map, Tentative Map or Vesting Tentative Map (as those terms are defined in the Treasure Island and Yerba Buena Island Subdivision Code) to be approved for property within a Major Phase (each, a “Tentative Map”), the term of such Tentative Map shall be extended until the Termination of this Agreement notwithstanding any other City Law, provided that approvals obtained in the last five years of the Term shall extend for the greater of (a) the Term of this Agreement or (b) the maximum applicable time provided for under City law. Notwithstanding anything in Section 66474.2 of the Subdivision Map Act or the Treasure Island and Yerba Buena Island Subdivision Code to the contrary, it shall be a condition to the approval of any Vesting Tentative Transfer Map or Vesting Tentative Map, that the ordinances, policies and standards applicable to the Vesting Tentative Transfer Map or Testing Tentative Map shall be the Applicable Regulations and any Future Changes to Regulations permitted hereunder.

3.10. Financing of Project Improvements. The financing of improvements relating to the Project, including all infrastructure and utilities shall be as provided in the DDA and the Plan Documents, including, without limitation, requirements for providing adequate security for Infrastructure pursuant to Section ____ of the Treasure Island and Yerba Buena Island Subdivision Code.

3.11. Reservation or Dedication of Land for Public Use. Development of the Project Site requires public facilities to support the operations and services and development of affordable housing. Developer shall make available, reserve or dedicate, as required, land or facilities as provided in the Parks and Open Space Plan, Community Facilities Plan and the Housing Plan to support the construction, operations and services on the Project Site in accordance with the terms of the DDA.

3.12. Treasure Island Transportation Revenues. City acknowledges that pursuant to the Treasure Island Transportation Management Act (Stats. 2008, Chapt. 317), the State legislature has authorized the formation of the Treasure Island Transportation Management Agency to adopt and administer the Transportation Program on Treasure Island and Yerba Buena Island, including the congestion pricing and parking programs. The Act provides TITMA with exclusive power to administer and collect all revenues generated by the Transportation Program, and provides that no ordinance, charter provision, or other provision of local law purporting to impose any similar revenue measure, whether now existing or enacted in the future shall apply to Treasure Island or the Transportation Program. In compliance with the Transportation Management Act, the City acknowledges that upon formation of the TITMA by the Board of Supervisors and the setting of initial congestion pricing fees as authorized under Section 1967.5 of the Transportation Act, the City and its departments, boards, and commissions are prohibited from exercising the exclusive powers reserved to TITMA with respect to Treasure Island and the

Transportation Program. To the extent that revenues generated from the Transportation Program are received by City, City shall cause all such revenues to be paid promptly to the Transportation Management Agency for implementation of the Transportation Program.

4. OBLIGATIONS OF DEVELOPER

4.1. Cooperation by Developer. Developer shall, in a timely manner, provide all documents, applications, plans and other information necessary for the City to comply with its obligations in accordance with the terms of the DDA, the DRDAP and the Interagency Cooperation Agreement.

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

4.3. Payment of Fees and Costs.

4.3.1. Payment of Fees and Exactions. Developer shall timely pay all Development Fees and Exactions applicable to the Project or the Project Site as provided in the DDA.

4.3.2. Administrative Fees. Nothing in this Agreement shall preclude or constrain City from charging and collecting an Administrative Fee or any such fee which may be provided for in any disposition and development agreement applicable to the Project Site. The Development Agreement Fee required pursuant to Section 56.20 of the Administrative Code shall be payable by Developer in accordance with the provisions of the DDA and the Financing Plan attached to the DDA regarding reimbursement of the Authority's and City's administrative costs

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

4.5. Equal Opportunity and Employment and Training Program. In accordance with Administrative Code Section 56.7, this Agreement must include a detailed equal opportunity program and employment training program (the “Equal Opportunity and Employment Program”) containing goals and timetables and a program for implementation. The Equal Opportunity and Employment Program applicable to this Agreement shall be as provided in the DDA.

5. OBLIGATIONS OF CITY

5.1. No Action to Impede Project Approvals. City shall take no action nor impose any condition that would conflict with this Agreement or the Project Approvals. An action taken or condition imposed shall be deemed to be “in conflict with” this Agreement or the Project Approvals if such actions or conditions result in one or more of the circumstances identified in Section 2.3.2 of this Agreement.

5.2. Expeditious Processing. To the extent that a Subsequent Project Approval requires an action to be taken by the City, the City shall process such Subsequent Project Approvals in accordance with the procedures set forth in the Interagency Cooperation Agreement.

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

6. MUTUAL OBLIGATIONS

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

6.2. Estoppel Certificate. Either Party may, at any time, and from time to time, deliver written notice to the other Party requesting such Party to certify in writing that to the best of the knowledge of the certifying Party: (i) this Agreement is in full force and effect and a binding obligation of the Parties, (ii) this Agreement has not been amended or modified either orally or in writing, and if so amended or modified, identifying the amendments or modifications and stating their date and nature, (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults, and (iv) the findings of the City with respect to the most recent Annual Review performed pursuant to Section 7 below.

6.2.1. A Party receiving a request under this Section 6.2 shall execute and return such certificate within thirty (30) days following receipt of the request. Failure by a Party within such thirty (30) days to either execute and return such certificate or provide a detailed written

explanation of why the Party has failed to do so shall be deemed to be a Default following notice and cure as set forth in Section [10] of this Agreement.

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

6.3. Cooperation in the Event of Third-Party Challenge.

6.3.1. Third-Party Challenges. In the event any legal action or proceeding is instituted challenging the validity of any provision of this Agreement, the Parties shall cooperate in defending against such challenge. City shall promptly notify Developer of any third-party challenge instituted against the City challenging the validity of this Agreement. Cooperation in defense of all other third-party challenges to the approvals related to the Project or Project Site shall be as provided in the DDA.

6.3.2. Developer Cooperation. Developer at its own expense shall assist and cooperate with the City in connection with a third party challenge" to this Agreement. The City Attorney's Office may use its own legal staff or outside counsel in connection with defense of the third-party challenge, which shall be at the Developer's sole cost and expense.

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

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

7. **PERIODIC REVIEW OF DEVELOPER'S COMPLIANCE**

7.1. Initiation of Review. Pursuant to Section 65865.1 of the Development Agreement Statute and Section 56.17 of the Administrative Code as of the Effective Date, at the beginning of the second week of January following final adoption of this Agreement (the "**Annual Review Date**"), the Planning Director shall commence a review to ascertain whether Developer has, in good faith, complied with the Agreement.

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

7.3. Required Information from Developer. Not more than sixty (60) days and not less than forty-five (45) days prior to the Annual Review Date, Developer shall provide a letter to the

Planning Director containing evidence to show compliance with this Agreement. The Planning Director's review shall be limited to compliance with Developer's obligations under Section 4 and 6 of this Agreement and a determination that there exists no uncured Material Breach under the DDA after passage of all applicable cure periods thereunder. The letter from the Developer shall set forth in reasonable detail Developer's compliance with its obligations under Sections 4 and 6 of this Agreement. Developer may also provide an estoppel certificate or equivalent letter or instrument from the Authority which shall serve as conclusive proof binding on the City as to whether or not there exists any uncured Material Breaches under the DDA after passage of all applicable cure periods thereunder.

7.4. City Report. Within forty (40) days after Developer submits its letter, the Planning Director shall review the information submitted by Developer and all other available evidence on Developer's compliance with this Agreement. All such available evidence shall upon receipt of the City, be made available as soon as possible to Developer. The Planning Director shall notify Developer in writing whether Developer has complied with the terms of this Agreement. If Planning Director finds Developer in compliance, then the Planning Director shall proceed in the manner provided in Section 56.17(b) of the Administrative Code as that Section is in effect as of the Effective Date, attached hereto as Exhibit N. The City's failure to timely complete the annual review is not deemed to be a waiver of the right to do so at a later date.

7.5. Planning Director shall issue a Certificate of Compliance. If Planning Director finds Developer is not in compliance, then the Planning Director shall proceed in the manner provided in Section 56.17(c) of the Administrative Code as that Section is in effect as of the Effective Date, subject further to the procedures set forth in Section 7.a7 hereof. The City's failure to timely complete the annual review is not deemed to be a waiver of the right to do so at a later date.

7.6. Effect on Transferees. If Developer has effected a transfer so that its interest in the DDA or the Project Site has been divided between Transferees, then the annual review hereunder shall be conducted separately with respect to each Party, and the Planning Director, and if appealed, the Planning Commission and Board of Supervisors shall make its determinations and take its actions separately with respect to each Party pursuant to Administrative Code Chapter 56 as that Section is in effect as of the Effective Date, as modified by Section 7.7 hereof. If the Board of Supervisors Terminates, modifies or takes such other actions as may be specified in Administrative Code Chapter 56 and this Agreement in connection with a determination that such Party has not complied with the terms and conditions of this Agreement, such action by the Planning Director, Planning Commission, or Board of Supervisors shall be effective only as to the Party to whom the determination is made and the portions of the Project Site in which such Party has an interest.

7.7. Notice and Cure Rights. Notwithstanding anything in Administrative Code Chapter 56, if the Planning Commission makes a finding of non-compliance, or if the Board of Supervisors overrules a Planning Commission finding of compliance, then before any proceedings may be undertaken to modify or terminate the Agreement under Administrative Code Section 56.17(f) or 56.18 as those sections are in effect as of the Effective Date, the Planning Commission or the Board of Supervisors, as applicable, shall first specify to Developer

the respects in which Developer has failed to comply, and shall also specify a reasonable time for Developer to meet the terms of compliance, which time shall be not less than thirty (30) days and shall be reasonably related to the time necessary for Developer to adequately bring its performance into good faith compliance with the terms of this Agreement. If the areas of noncompliance specified by the Planning Commission or Board of Supervisors are not perfected within such reasonable time limits herein prescribed, then the Planning Commission or the Board of Supervisors may then by noticed hearing, terminate, modify or take such other actions as may be specified in Administrative Code Chapter 56 as that Section is in effect as of the Effective Date.

7.8. Default. The rights and powers of the City under this Section 9 are in addition to, and shall not limit, the rights of the City to Terminate or take other action under this Agreement on account of the Developer's commission of an event of Default.

8. AMENDMENT; TERMINATION

8.1. Amendment or Termination. Except as otherwise provided herein, this Agreement may only be amended or terminated with the mutual written consent of the Parties. The amendment or termination, and any required notice thereof, shall be accomplished in the manner provided in the Development Agreement Statute and Chapter 56 of the Administrative Code as of the Effective Date as modified by Section 7.7 hereof.

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

8.3. Extension Due to Legal Action, Referendum, or Excusable Delay. The time for Developer's performance of its obligations hereunder shall be extended by reason of Excusable Delay to the extent permitted under the terms of the DDA.

9. TRANSFER OF ASSIGNMENT; RELEASE; RIGHTS OF MORTGAGEES; CONSTRUCTIVE NOTICE

9.1. Permitted Transfer of this Agreement. Developer shall have the right to assign or transfer all or any portion of its interest, rights or obligations under this Agreement to a Transferee in accordance with the terms and conditions governing Transfer set forth in the DDA. Upon the effective date of any Transfer permitted under the DDA, the Transferee shall be deemed a Party to this Agreement as to the Transferred Property. Any Vertical DDA, LDDA or Ground Lease that Transfers an interest in the Project Site shall require the Transferee to enter into a binding Assignment and Assumption Agreement acknowledging the Transferee's obligations hereunder. Developer shall remain liable for all obligations and requirements under this Agreement after the effective date of the Transfer as to the Transferred Property only to the

same extent that Developer retains liability under the terms of the DDA and as set forth in the Assignment and Assumption Agreement required under this Section 9.1. Notwithstanding anything to the contrary contained in this Agreement, a Default under this Agreement or any Vertical DDA, LDDA or Ground Lease, as applicable, by any Transferee (a “Transferee Default”) shall not constitute a Default by Developer with respect to any other portion of the Project Site and such Transferee Default shall not entitle City to Terminate or modify this Agreement with respect to such other portion of the Project Site. The City is entitled to enforce each and every such obligation assumed by the Transferee directly against the Transferee as if the Transferee were an original signatory to this Agreement with respect to such obligation. Accordingly, in any action by the City against a Transferee to enforce an obligation assumed by the Transferee, the Transferee shall not assert any defense against the City’s enforcement of performance of such obligation that is attributable to Developer’s breach of any duty or obligation to the Transferee arising out of the transfer or assignment, the Assignment and Assumption Agreement, the purchase and sale agreement, or any other agreement or transaction between the Developer and the Transferee. Rights of Mortgagees; Not Obligated to Construct; Right to Cure Default. Notwithstanding anything to the contrary contained in this Agreement (including without limitation those provisions that are or are intended to be covenants running with the land), the rights and obligations of a mortgagee, including any mortgagee who obtains title to the Project Site or any portion thereof as a result of foreclosure proceedings or conveyance or other action in lieu thereof, or other remedial action (“Mortgagee”) shall be identical to the rights and obligations provided to such Mortgagee under the terms and conditions of the DDA. A breach of any obligation secured by any mortgage or other lien against the mortgaged interest or a foreclosure under any mortgage or other lien shall not by itself defeat, diminish, render invalid or unenforceable, or otherwise impair the obligations or rights of the Developer under this Agreement. Any person, including a Mortgagee, who acquires title to all or any portion of the mortgaged property by foreclosure, trustee’s sale, deed in lieu of foreclosure, or otherwise shall succeed to all of the rights and obligations of the Developer under this Agreement and shall take title subject to all of the terms and conditions of this Agreement. Nothing in this Agreement shall be deemed or construed to permit or authorize any such holder to devote any portion of the Project Site to any uses, or to construct any improvements, other than the uses and improvements provided for or authorized by the Redevelopment Documents, Project Approvals, Subsequent Project Approvals, Transaction Documents and this Agreement.

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

9.2.3. A Mortgagee shall have the right, at its option, to cure any default or breach by the Developer under this Agreement within the same time period as Developer has to remedy or cause to be remedied any default or breach, plus an additional period of (i) _____ days to cure a default or breach by the Developer to pay any sum of money required to be paid hereunder and (ii) _____ days to cure or commence to

cure a non-monetary default or breach and thereafter to pursue such cure diligently to completion. Mortgagee may add the cost of such cure to the indebtedness or other obligation evidenced by its mortgage, provided that if the breach or default is with respect to the construction of the Improvements on the Project Site, then the rights and obligations of such Mortgagee shall be identical to the rights and obligations afforded it under the DDA.

9.2.4. If at any time there is more than one mortgage constituting a lien on any portion of the Project Site, the lien of the Mortgagee prior in lien to all others on that portion of the mortgaged property shall be vested with the rights under this Section 9.2.4 to the exclusion of the holder of any junior mortgage; provided that if the holder of the senior mortgage notifies the City that it elects not to exercise the rights sets forth in this Section 9.4, then each holder of a mortgage junior in lien in the order of priority of their respective liens shall have the right to exercise those rights to the exclusion of junior lien holders. Neither any failure by the senior Mortgagee to exercise its rights under this Agreement nor any delay in the response of a Mortgagee to any notice by the City shall extend Developer's or any Mortgagee's rights under this Section 9.2.4. For purposes of this Section 9.2.4, in the absence of an order of a court of competent jurisdiction that is served on the City, a then-current title report of a title company licensed to do business in the State of California and having an office in the City setting forth the order of priority of lien of the mortgages shall be reasonably relied upon by the City as evidence of priority.

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

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

10.1. Enforcement. The only parties to this Agreement are the City and the Developer. This Agreement is not intended, and shall not be construed, to benefit or be enforceable by any other person or entity whatsoever.

10.2. Default. For purposes of this Agreement, a Material Breach by the Developer under the DDA shall be considered a default under this Agreement. Notwithstanding anything to the contrary contained in this Agreement, if a Transferee defaults under this Agreement or any Vertical DDA, LDDA or Ground Lease, as applicable, such default shall not constitute a default by Developer with respect to any other portion of the Project Site hereunder and shall not entitle City to terminate or modify this Agreement with respect to such other portion of the Project site.

10.3. Notice/Remedies for Default. **[Will include the remedies in this DA based on final agreed-upon language in the DDA]**

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

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

10.6. Future Changes to Regulations. Pursuant to Section 65865.4 of the Development Agreement Statute, unless this Agreement is cancelled by mutual agreement of the Parties as provided for under Section 8.1, above, or terminated pursuant to Section 8.1 or 10.3, above, either party may enforce this Agreement notwithstanding any Future Changes to Regulations.

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

10.8. Costa Hawkins Waiver. The Parties understand and agree that the Costa-Hawkins Rental Housing Act (California Civil Code sections 1954.50 et seq.; the "**Costa-Hawkins Act**") does not and in no way shall limit or otherwise affect the restriction of rental charges for the Affordable Housing Units or the Inclusionary Units developed pursuant to the DDA (including the Housing Plan)(as those terms are defined in the DDA). This Agreement falls within an express exception to the Costa-Hawkins Act because the Agreement is a contract with a public entity in consideration for a direct financial contribution and other forms of assistance specified in Chapter 4.3 (commencing with section 65915) of Division 1 of Title 7 of the California Government Code. Accordingly, Developer, on behalf of itself and all of its successors and assigns, including all Vertical Developers, agrees not to challenge, and expressly waives, now and forever, any and all rights to challenge, Developer's obligations set forth in the Housing Plan related to Inclusionary Units, under the Costa-Hawkins Act, as the same may be amended or supplanted from time to time. Developer shall include the following language, in substantially the following form, in all Assignment and Assumption Agreements under the Development Agreement:

"The Development Agreement and DDA (including the Housing Plan) implements the California Redevelopment Law, Cal. Health & Safety Code §§ 33000 et seq. ("CRL") and includes regulatory concessions and significant public investment in the Project. The regulatory concessions and public investment include, without limitation, a direct financial contribution of net tax increment, the conveyance of real property without payment, and other forms of public assistance specified in California Government Code section 65915 et seq. These public contributions result in identifiable, financially sufficient and actual cost reductions for the benefit of Developer and Vertical Developers, as contemplated by California Government Code section 65915. In light of the Authority's authority under the CRL and in consideration of the direct financial contribution and other forms of public assistance described above, the parties understand

and agree that the Costa-Hawkins Act does not and shall not apply to the Inclusionary Units developed at the Project under the DDA.”

The Parties understand and agree that the City would not be willing to enter into this Agreement without the agreement and waivers as set forth in this Section 10.8.

11. MISCELLANEOUS PROVISIONS

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

11.2. Binding Covenants; Run With the Land. From and after recordation of this Agreement, all of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall be binding upon the Parties and, subject to Section 9 above, their respective heirs, successors (by merger, consolidation, or otherwise) and assigns, and all persons or entities acquiring the Project Site, any lot, parcel or any portion thereof, or any interest therein, whether by sale, operation of law, or in any manner whatsoever, and shall inure to the benefit of the Parties and their respective heirs, successors (by merger, consolidation or otherwise) and assigns. Subject to the limitations on Transfers set forth in Section 9 above, all provisions of this Agreement shall be enforceable during the term hereof as equitable servitudes and constitute covenants and benefits running with the land pursuant to applicable law, including but not limited to California Civil Code Section 1468.

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

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

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

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

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

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

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

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

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

To City:

with a copy to:

To Developer:

with a copy to:

11.10. Limitations on Actions. Pursuant to Section 56.19 of the San Francisco Administrative Code, any decision of the Board of Supervisors made pursuant to Chapter 56 of the Administrative Code shall be final. Any court action or proceeding to attack, review, set aside, void, or annul any final decision or determination by the Board shall be commenced

within ninety (90) days after such decision or determination is final and effective. Any court action or proceeding to attack, review, set aside, void or annul any final decision by (i) the Planning Director made pursuant to Section 56.15(d)(3) or (ii) the Planning Commission pursuant to Section 56.17(e) shall be commenced within ninety (90) days after said decision is final.

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

11.12. Sunshine. The Developer understands and agrees that under the City's Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Government Code Section 6250 *et seq.*), this Agreement and any and all records, information, and materials submitted to the City hereunder are public records subject to public disclosure. To the extent that Developer in good faith believes that any financial materials reasonably requested by City constitutes a trade secret or confidential proprietary information protected from disclosure under the Sunshine Ordinance and other applicable laws, Developer shall mark any such materials as such, and City will attempt to maintain the confidentiality to the extent permitted by law.

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

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

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

CITY

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____

Name: _____

Title: _____

Approved as to form:

DENNIS J. HERRERA,

City Attorney

By: _____

Name: _____

Deputy City Attorney

Approved on _____

Board of Supervisors Ordinance No. _____

DEVELOPER

TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC, a California limited liability company

By: _____

Name:

Title:

Exhibit [A]—Property Diagram (Included and Excluded Land)

Exhibit [B]—Legal Description

Exhibit [C]—Project Approvals

- Environmental Impact Report, State Clearinghouse No. _____
- Redevelopment Plan for the Naval Station Treasure Island Redevelopment Project Area
- Disposition and Development Agreement (DDA)
- Design for Development (D4D)
- Design Review and Document Approval Procedure (DRDAP)
- Interagency Cooperative Agreement (ICA)
- Planning Department Cooperative Agreement
- Amendment to the San Francisco General Plan
- Amendment to the San Francisco Planning Code
- Amendment to the San Francisco Zoning Code and Zoning Map
- Public Trust and Exchange Agreement
- Mitigation Monitoring and Reporting Program
- Lease Development and Disposition Agreement
- Treasure Island Subdivision Ordinance
- SFPUC – TIDA Agreement
- Others?

**INTERAGENCY COOPERATION AGREEMENT
(TREASURE ISLAND/YERBA BUENA ISLAND)**

This INTERAGENCY COOPERATION AGREEMENT (TREASURE ISLAND/YERBA BUENA ISLAND) (as amended from time to time, this “ICA”) dated for reference purposes as of _____ (the “**Reference Date**”) is between the CITY AND COUNTY OF SAN FRANCISCO, a charter city and county (the “**City**”), and the TREASURE ISLAND DEVELOPMENT AUTHORITY, a public body, corporate and politic, of the State of California (together with any successor public agency, the “**Authority**”), in reference to the Disposition and Development Agreement (Treasure Island/Yerba Buena Island) dated for reference purposes as of _____, by and between the Authority and TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC., a California limited liability company (together with its successors, “**Developer**”) (including all attached and incorporated exhibits and as amended from time to time, the “**DDA**”). Capitalized terms used but not otherwise defined in this ICA shall have the meanings for such terms set forth in the DDA and the Development Agreement referenced in Recital E below.

RECITALS

A. In accordance with the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq.) (the “**CCRL**”), the City, acting through its Board of Supervisors, approved a Redevelopment Plan for Treasure Island/Yerba Buena Island by Ordinance No. _____ adopted on _____ (“**Redevelopment Plan**”). In cooperation with the City, the Authority is in the process of implementing the Redevelopment Plan. The Redevelopment Plan was recorded on _____, 2011, as Document No. _____ in the Official Records of the City. The Redevelopment Plan provides for the redevelopment, rehabilitation and revitalization of portions of former Naval Station Treasure Island as more particularly described in the Redevelopment Plan (the “**Redevelopment Plan Area**”).

B. The Planning Commission and the Authority certified an environmental impact report for the Project on _____, by Motion No. _____, and the Board of Supervisors, by Resolution No. _____, adopted _____, adopted findings and mitigation measures under the California Environmental Quality Act (“**CEQA**”) that must be implemented to reduce the environmental impacts of the Project to less than significant (the “**Mitigation Measures**”).

C. To implement the Redevelopment Plan, the Authority and Developer have entered into the DDA. The DDA provides for Developer to construct and improve Infrastructure in accordance with the Infrastructure Plan attached to the DDA, a copy of which is also attached to this ICA as Exhibit A. Developer will construct Infrastructure in phases as described in the DDA. In addition, the DDA incorporates the Mitigation Measures that must be implemented at specified stages of development. Design controls governing all Improvements within the Redevelopment Plan Area are set forth in the Design for Development for Treasure Island and Yerba Buena Island (as amended from time to time within the limits, restrictions, and controls established in the Redevelopment Plan, individually or collectively as the context requires, the “**Design for Development**”).

D. The Design Review and Document Approval Procedure attached to the DDA (the “**DRDAP**”) provide for expedited review and approval of Major Phase Applications, Sub-Phase Applications, and Vertical Applications for the Infrastructure and other Improvements (the “**Authority Applications**”). The Parties desire to provide for expedited review by the City Agencies of the Authority Applications and to establish a process for expedited review by the Authority of applications to the City Agencies for the Project, including but not limited to subdivision maps, site permits, grading permits, planning approvals pursuant to Planning Code Section 101.1 and 320-325 (Office Allocation) and building permits (the “**City Applications**”, together with Authority Applications, the “**Project Applications**”). In accordance with San Francisco Campaign and Governmental Conduct Code section 3.400(b), the City and the Authority find and agree that there is a compelling public policy basis to expedite the review and permitting process for Project Applications as contemplated by this ICA and the DRDAP.

E. To eliminate uncertainty in the City’s land use planning for the Project Site and secure orderly development of the Project consistent with the Redevelopment Documents and the DDA, the City and Developer have entered into a Development Agreement dated concurrently herewith (the “**Development Agreement**”). By entering into the Development Agreement, the Parties acknowledged that City Regulations may apply to the Project Site to the extent that they do not conflict with the Redevelopment Documents or the Tidelands Trust. The Development Agreement does not impart jurisdiction on the City for Project Approvals or Subsequent Approvals to the extent inconsistent with the Redevelopment Documents, the Transaction Documents, this ICA, the Conversion Act or the CCRL. However, the provisions of the Development Agreement are intended to apply to the City to the extent that the City retains any approval authority over the Project Site, the ability to impose new City Regulations or amend the Redevelopment Plan in a manner that could affect the development of the Project Site.

F. As set forth in the TI/YBI Subdivision Code, the Department of Public Works (“**DPW**”) has authority to process subdivision development including but not limited to subdivision mapping, street vacations, public improvement agreements, Infrastructure construction permits, determination that the construction of the Infrastructure is completed and ready for its intended use, and presentation to the Board of Supervisors for acceptance of the Infrastructure. In order to provide for expeditious processing of approvals for Project Applications, DPW will utilize the Task Force, as and to the extent described in Section 3.4 below. DPW also has the ability to provide additional project management, scheduling, engineering, construction management and reimbursement audit services as requested by Authority or Developer.

G. To implement the Project, the City and the Authority are also entering into a Tax Increment Allocation Pledge Agreement (Treasure Island/Yerba Buena Island) for the irrevocable pledge of net available tax increment to finance public improvements, affordable housing and other costs permitted by the CCRL (the “**Tax Allocation Agreement**”). As set forth in the Financing Plan attached to the DDA, tax increment from the Project Site and the proceeds of bonds secured by a pledge of tax increment will be used to make payments on indebtedness of the Authority incurred to pay or otherwise directly reimburse the costs of Infrastructure and other costs and improvements permitted by the CCRL. The Authority and the City have agreed that the Tax Allocation Agreement is a joint community facilities agreement

under the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code § 53311 et seq., as amended (the "CFD Act") for all of the Infrastructure and other Improvements.

H. The redevelopment of the Project Site shall be completed in accordance with the Redevelopment Plan, the Plan Documents, the Development Agreement and the Design for Development (collectively, the "**Redevelopment Documents**"). Developer's obligations for redevelopment of the Project Site are further set forth in the DDA and will be further defined in any future Authority Approvals given under the DRDAP (collectively, with the Redevelopment Documents, the "**Redevelopment Requirements**"). Development of the Project in accordance with the Redevelopment Requirements affords numerous public benefits for the City and its residents, which include: eliminating blighting influences from and revitalizing the blighted Project Site; implementing geotechnical improvements in developed areas; providing flood protection improvements; constructing substantial new rental and for-sale affordable and market-rate housing; creating publicly accessible open space and new, enhanced public access to the waterfront; and generating new jobs, including employment opportunities for economically disadvantaged individuals.

I. Under CCRL section 33220(e), certain public bodies, including the City, are authorized to aid and cooperate in the planning, undertaking, construction, or operation of redevelopment projects. To promote development in accordance with the objectives and purposes of the Redevelopment Documents, the City and the Authority are entering into this ICA to provide for their cooperation in administering the control and approval of subdivisions, and all other land use, development, construction, improvement, infrastructure, occupancy, and use requirements applicable to the Project.

J. With regard to SFPUC, this ICA is intended to govern SFPUC's role in processing Project Applications. This ICA is in addition to a separate wastewater treatment plant agreement that will be entered into between SFPUC, Authority and Developer, governing the rights and obligations of the SFPUC to acquire, construct and/or operate certain wastewater treatment facilities, recycled water system, and related improvements within the Project Site. The Authority and SFPUC will also be entering into a separate utilities transfer memorandum of understanding that will provide for the SFPUC to continue its activities as a contract provider of utility services during the interim period between the conveyance of the Project Site to the Authority and the installation of new utility infrastructure.

AGREEMENT

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

1. PURPOSE OF THIS ICA.

1.1 City and Authority. The purpose of this ICA is to facilitate the implementation of the Redevelopment Plan, and development of the Project in accordance with the Redevelopment Documents and this ICA. The City and the Authority agree that: (a) the development of the Project in accordance with the

Redevelopment Documents is in the best interests of the City and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws; (b) they intend for this ICA to provide the framework for cooperation between the City and the Authority with respect to the review and approval of Project Applications; and (c) this ICA is for their mutual benefit.

1.2 Developer; Vertical Developer. The City and the Authority agree that: (a) this ICA is for Developer's express benefit, subject to Developer's Consent, which is attached to and is a part of this ICA; (b) except as set forth in Section 7.4, Developer Parties are entitled to rely on, receive benefits conferred by, and enforce this ICA, but only on the condition that neither the Authority nor the City will be liable for any damages under this ICA; and (c) their intention is to provide mechanisms for Developer to develop the Project in accordance with this ICA and the Redevelopment Documents. Developer's burdens and benefits under this ICA and the Developer's Consent, and all limitations on those burdens and benefits, will accrue to the applicable Developer Party. The DDA contemplates partial Transfers and partial terminations of the DDA as well as the sale of Lots to Vertical Developers for development of Vertical Improvements. Developer Parties will have third-party beneficiary rights under this ICA only to the extent it affects or relates to the land on which Developer, the Transferee or Vertical Developer, as applicable, has rights under the DDA or Vertical DDA, as applicable.

2. EFFECTIVE DATE; TERM.

2.1 Effective Date. This ICA will become effective on the date on which the Redevelopment Plan is effective (the "**ICA Effective Date**").

2.2 Term. The term of this ICA (the "**ICA Term**") begins on the ICA Effective Date and ends, with respect to any portion of the Project Site, on the date that both the DDA and Vertical DDA, if any, terminates with respect to that portion of the Project Site.

2.3 City. The City's approval of this ICA will be evidenced by the signatures of the Mayor, the Clerk of the Board of Supervisors, the Controller, the City Administrator, and the Director of Public Works. Any other City Agency's approval will be evidenced by its written consent, which will be attached to and be a part of this ICA, but a City Agency's failure to consent to this ICA will not cause this ICA to be void or voidable. Each City Agency, including the SFMTA, the SFPUC, the Planning Commission and Department the Department of Building Inspection, the Arts Commission, and the San Francisco Fire Department, shall be bound by this ICA only if it approves this ICA and executes the attached consent form evidencing such approval.

3. COOPERATION.

3.1 Agreement to Cooperate. The City agrees to aid the Authority, and the City and the Authority agree to cooperate with one another, to expeditiously implement the Project in accordance with the Redevelopment Documents (subject to Section 11.2 below) and undertake and complete all actions or proceedings reasonably necessary or

appropriate to ensure that the objectives of the Redevelopment Documents are fulfilled during the ICA Term. Nothing in this ICA obligates the City or the Authority to spend any sums of money or incur any costs other than Authority Costs that Developer or Vertical Developers must reimburse under the DDA or administrative costs that Developer or Vertical Developers must reimburse through the payment of Administrative Fees.

3.2 *No General Fund Commitment.* This ICA is not intended to, and does not, create any commitment of the City's General Fund in any manner that would violate the debt limitations under article XVI, section 18 of the State Constitution or the fiscal provisions of the City's Charter, including Charter section 3.105.

3.3 *Environmental Review.* This ICA does not limit the City's or the Authority's obligation to comply with applicable environmental laws, including CEQA, before taking any discretionary action regarding the Project. However, because the Environmental Impact Report ("EIR") prepared and certified for the Project is both a "project" EIR and a "program" EIR, it is anticipated that the approval of each subsequent application consistent with the Redevelopment Requirements shall not require the preparation of new environmental documents, unless otherwise required pursuant to Public Resources Code Section 21166, as the same may be amended from time to time.

3.4 *Expeditious Processing of Approvals.*

(a) Expeditors.

(i) DPW and the Task Force. Developer, the Authority, and/or the City may retain third-party professionals to assist City and Authority staff with efficiently fulfilling their respective obligations for expeditious processing of permits under this ICA and the DRDAP and DPW obligations under any Acquisition and Reimbursement Agreement (the "**Task Force**"), provided that (A) any such third-party professional does not pose a conflict between the interests of the Authority or City and Developer with respect to matters involving Developer, or the interests of the Authority or City and Vertical Developer with respect to matters involving Vertical Developer, as evidenced by contractual relationships with Authority, City, Developer or Vertical Developer, either existing or in the immediately prior 24 months, unless a conflict waiver is obtained by the other parties, and (B) at least sixty (60) days before retaining or renewing the contract of any such third-party professional, DPW, Authority, and Developer staff shall meet and confer about the identity, cost, duration and scope of work of such third-party professional to ensure that such third-party professional is used in an efficient manner and avoids redundancies Any contracts with any such third-party professionals shall provide a maximum annual fee for the specified scope of work. Any such contracts may be on an annual basis or for such reasonable multi-year term as is agreed-upon by the parties, shall provide for an annual review, and shall provide the City, Authority or other contracting party with at-will cancellation rights. Either Developer or the Authority may request the cancellation of any third-party professional's contract by delivering a written statement of the basis for its cancellation request to the other Party no less than forty five (45) days after each anniversary of the commencement date of the

contract. Upon receipt of a cancellation request, the Parties shall meet and confer to resolve the issues raised in the request, including whether a revised scope of work would address the issues adequately and, if not, to disband the Task Force or implement procedures for securing a contract with a satisfactory replacement third-party professional. In the event that services of the third-party professionals are terminated or the Task Force is disbanded, the Parties shall meet and confer to revise the timelines for Authority and City review of Project Applications under this ICA, the DRDAP, and the Planning Cooperation Agreement in light of available staffing.

(ii) Assessor's Office. Upon the request of Developer, the Authority and Developer shall meet and confer with the County Assessor regarding the use and retention of dedicated County Assessor staff (on a full or part-time basis) to facilitate the prompt annual assessment of real property in the Project Site. Upon the mutual agreement of Developer, the County Assessor and the Authority regarding the cost, duration and scope of such work to be paid by Developer, the County Assessor shall implement such agreement and make such staff available for property reassessments within the Project Site.

(b) Role of DPW.

(i) Processing of Applications. The City and the Authority agree that, for the Project: (i) DPW will act as the City's lead agency to facilitate coordinated City review of Project Applications for Infrastructure (other than mass grading permits and structural components of Infrastructure not within public right-of-ways that are permitted by DBI); and (ii) DPW staff and the Task Force will: (x) work with Developer to ensure that Project Applications are technically sufficient and constitute Complete Project Applications, as required under the DRDAP, the Applicable City Regulations, and applicable State and federal law; (y) interface with City and Authority staff responsible for reviewing Project Applications to ensure that City and Authority review of the Project Applications is concurrent and that the approval process is efficient and orderly and avoids redundancies; and (z) take such actions as are required in accordance with any Acquisition and Reimbursement Agreement.

(ii) Section 2.4.21 Waiver. Section 2.4.21 of the Public Works Code provides that DPW shall not issue any permit to excavate in any moratorium street. A moratorium street is defined as any block that has been reconstructed, repaved, or resurfaced in the preceding five-year period. The Code allows the DPW Director, in his or her discretion, to grant a waiver for good cause. DPW acknowledges that the development of the Project will involve the construction of an entirely new street network, which will occur prior to the development of adjacent Vertical Improvements. Subsequent Vertical Improvements may require street excavation to connect such Vertical Improvements to newly installed Infrastructure. To the extent that the development of subsequent new Vertical Improvements requires excavation within adjoining public streets and such excavation would occur within the five-year moratorium period, it shall be considered good cause for the Director to grant such waiver, subject to reasonable conditions to protect public health, safety and welfare and to allow the Department to recover actual costs incurred on a time and materials basis.

(c) Priority Project. The City and the Authority agree that the development of the Project as contemplated by the Redevelopment Documents is a priority project for which they will act as expeditiously as is feasible to review and process Complete Project Applications, as more particularly described in the DRDAP and this ICA.

(d) Pre-Submission of Applications. The Authority, with the Task Force's assistance, will advise applicable City Agencies of, and invite them to participate in, any pre-submission conference for an Authority Application. The Authority will require Developer to provide any City Agencies choosing to participate in any pre-submission conference with a copy of Developer's submission in accordance with the DRDAP.

(e) City and Authority Review of Authority Applications. As set forth in the DRDAP, the Authority will review and consider Authority Applications to determine whether such Authority Applications are Complete Applications and for consistency with the Redevelopment Requirements, subject to the following:

(i) City Agencies. The Authority will submit each Complete Authority Application, or applicable portions thereof, to applicable City Agencies. Each City Agency will review submittals made to them under this ICA for consistency with the Applicable City Regulations and applicable State and federal law, and will make recommendations to the Authority within thirty (30) days of the City Agency's receipt of such Complete Authority Application in accordance with the DRDAP. The City Agencies will not make recommendations or impose requirements that are inconsistent with the Redevelopment Documents, Applicable City Regulations, or applicable State and federal law, and will not deny an Approval of any Authority Application based on items that are consistent with the Redevelopment Documents, Applicable City Regulations, a prior Approval by the City Agency, and applicable State and federal law. Any City Agency denial, or recommendation of denial to the Authority, of an Approval shall include a statement of the reasons for such denial or recommendation of denial to the Authority.

(ii) Planning.

(1) Before the Authority Approves any Authority Application that includes an office development on a Lot requiring an allocation under Sections 101.1 and 320-325 of the Planning Code (Office Allocation), the Authority shall submit each such Complete Authority Application to the Planning Commission prior to consideration by the Authority. Pursuant to Resolution No. _____, the Planning Commission adopted: a) findings that the office development contemplated by the Redevelopment Plans promotes the public welfare, convenience, and necessity; b) making findings required pursuant to Section 320-325 of the Planning Code; and c) establishing priority, with certain exceptions, for certain of the office development of the Project over such development elsewhere in the City ("Office Allocation Resolution"). The Authority and the Planning Department ("Planning") shall cooperate to act expeditiously and in conformance with the Office Allocation Resolution

and the related Redevelopment Plan provisions regarding approval of office development.

(2) Planning, at the request of the Authority, will provide staff to assist the Authority with review of Major Phase Applications, Streetscape Master Plans, Schematic Design Documents Applications for Open Space, and Schematic Design Documents Applications for Vertical Improvements in an advisory capacity only. The Planning Director, or his or her designee, may review, at the Planning Director's option, such Complete Major Phase Applications and Streetscape Master Plans, or applicable portions thereof, and provide Planning's comments to the Authority within thirty (30) days of receipt of such Complete Major Phase Application or Streetscape Master Plan by the Planning Director. The Planning Director, or his or her designee, may review at the Planning Director's option, each Complete Schematic Design Documents Application for Open Space and Complete Schematic Design Documents Application for Vertical Improvements, or applicable portions thereof, and provide Planning's comments to the Agency within thirty (30) days of receipt of such Complete Schematic Design Documents Application. In addition, the Authority, Developer, and Vertical Developers, as applicable, will work collaboratively with Planning to ensure that design issues are discussed as early in the review process as possible.

(3) Before the expiration of the controls contained within the Redevelopment Plans and Design for Development, Planning, at the request of the Authority, will provide staff to assist in the review and rezoning of the Project Site to institute long-term mixed use zoning districts in a manner consistent with the Redevelopment Plans and Design for Development in order to provide continuity with zoning and land use controls.

(4) In connection with the certification of the EIR, the adoption of the Mitigation Measures and approval of the Design for Development, the Planning Commission made General Plan findings as required by the City's Charter that the Project, as a whole and in its entirety, is consistent with the General Plan and the Planning Principles set forth in Section 101.1 of the Planning Code (together, the "General Plan Consistency Finding"). The General Plan Consistency Finding is intended to support all future approvals by the City, including the Planning Commission or Planning, that are consistent with the Redevelopment Plans and the Design for Development. Thus, to the maximum extent practicable subject to applicable law, Planning shall rely exclusively on the General Plan Consistency Findings when processing and reviewing all discretionary actions related to the Project, including but not limited to subdivision, public infrastructure acceptance, street vacations, and any other Project-related actions requiring General Plan determinations pursuant to State law or the Applicable City Regulations. In the event that Planning is required to make new General Plan consistency findings, as identified above, for a matter relating to the Project, it shall do so expeditiously and use good faith efforts to make or reject such findings within thirty (30) days of the matter being referred to Planning.

(5) Planning, at the request of the Authority, will initiate any required revisions to the Planning Code required to address changes in the Redevelopment Plans.

(iii) SFMTA.

(1) Before the Authority Approves any Authority Application that includes or should include (1) future Infrastructure that will be under SFMTA jurisdiction upon City acceptance (the “**SFMTA Infrastructure**”) or (2) certain transportation-related Mitigation Measures, the implementation of which will be within SFMTA jurisdiction (the “**Transportation-Related Mitigation Measures**”), the Authority shall submit each such Complete Authority Application to the SFMTA for review and comment to ensure that SFMTA requirements are satisfied, including any requirements for start-up testing protocols and warranties, subject to Article 2 of the Development Agreement regarding Applicable Laws. The SFMTA will review each such Complete Authority Application, or applicable portions thereof, and provide comments to the Authority within thirty (30) days of the SFMTA’s receipt of such Complete Authority Application. In addition, the Authority, Developer, and Vertical Developers, as applicable, will work collaboratively with the SFMTA to ensure that SFMTA Infrastructure and Transportation-Related Mitigation Measures are discussed as early in the review process as possible and that the Authority and the SFMTA act in concert with respect to these matters. The Authority shall not Approve any Authority Application that includes plans and specifications for SFMTA Infrastructure or that amends the Transportation-Related Mitigation Measures without the prior Approval of the SFMTA Executive Director.

(2) AB 981 (Chapter 317, Stats. Of 2008) requires the Treasure Island Transportation Management Agency (the “TITMA”), in implementing the transportation program, to coordinate with SFMTA in decisions regarding transit service, parking enforcement, traffic signaling, and all other operational responsibilities for which SFMTA is mutually determined to have operational responsibilities, as will be provided in a memorandum of understanding between SFMTA and TITMA. In addition, SFMTA shall advise and consult with TITMA on general transportation policy and management practices that include and address safety, transit and vehicle circulation efficiency, pedestrian and bicycle network development and modifications, and parking management and pricing. The Mitigation Measures also provide that SFMTA will provide transit service at a level appropriate to the projected increase in demand from the Project. SFMTA shall work cooperatively and expeditiously with the TITMA to assist in identifying adequate and reliable funding sources as necessary for SFMTA to carry out its responsibilities, and to assist in implementation of the Transportation Plan and Mitigation Measures. Such assistance may include operation of the on-Island shuttle by SFMTA to the extent that terms for operation and funding are reasonably agreed-upon by SFMTA and TITMA. This provision is not intended to interfere with the jurisdiction of SFMTA or any successor agency over the real, personal, and financial assets of SFMTA, the authority of SFMTA

over contracting, leasing, and purchasing, or the authority of SFMTA to set fares for the San Francisco Municipal Railway

(iv) SFPUC.

(1) Before the Authority approves any Authority Application that includes or should include (1) future Infrastructure that will be under SFPUC jurisdiction upon City acceptance (the “SFPUC Infrastructure”), or (2) certain utility-related Mitigation Measures, the implementation of which will be within SFPUC jurisdiction (the “SFPUC-Related Mitigation Measures”), the Authority shall submit each such Complete Authority Application to the SFPUC for review and comment to ensure that SFPUC requirements are satisfied, including any requirements for start-up testing protocols and warranties, subject to Article 2 of the Development Agreement regarding Applicable Laws. The SFPUC will review each such Complete Authority Application, or applicable portions thereof, and provide comments to the Authority within thirty (30) days of the SFPUC’s receipt of such Complete Authority Application. In addition, the Authority, Developer, and Vertical Developers, as applicable, will work collaboratively with the SFPUC to ensure that SFPUC Infrastructure and SFPUC-Related Mitigation Measures are discussed as early in the review process as possible and that the Authority and the SFPUC act in concert with respect to these matters. The Authority shall not Approve any Authority Application that includes plans and specifications for SFPUC Infrastructure or that amends the SFPUC-Related Mitigation Measures without the prior Approval of the SFPUC.

(v) SFFD. Before the Authority approves any Authority Application that includes or should include future Infrastructure that will be under SFFD jurisdiction upon City acceptance (the “**SFFD Infrastructure**”), the Authority shall submit each such Complete Authority Application to the SFFD for review and comment to ensure that SFFD requirements are satisfied, including any requirements for start-up testing protocols and warranties, subject to Article 2 of the Development Agreement regarding Applicable Laws. The SFFD will review each such Complete Authority Application, or applicable portions thereof, and provide comments to the Authority within thirty (30) days of SFFD’s receipt of such Complete Authority Application. In addition, the Authority, Developer, and Vertical Developers, as applicable, will work collaboratively with the SFFD to ensure that SFFD Infrastructure is discussed as early in the review process as possible and that the Authority and the SFFD act in concert with respect to these matters. The Authority shall not Approve any Authority Application that includes plans and specifications for SFFD Infrastructure without the prior Approval of the SFFD.

3.5 City’s Cost Recovery for the Task Force, Assessor and other City Agency Costs. The Parties agree that all of the City’s costs of the Task Force, the agreed costs of the County Assessor as set forth in Section 3.4(a)(iii), and the costs of other City Agencies, will be Authority Costs, to be reimbursed by Developer, all subject to the limitations set forth in the DDA, the Development Agreement and this ICA. Each City Agency shall submit to the Authority quarterly invoices for all Agency Costs incurred by the City Agency for reimbursement under the DDA; provided, for subdivision, mapping

and Infrastructure review matters coordinated by DPW, applicable City Agencies shall submit their invoices to DPW and DPW shall combine these invoices with DPW costs to submit one combined invoice to the Authority for reimbursement. Any Authority Cost incurred by the City shall be invoiced to the Authority within six (6) months of the date the Authority Cost is incurred. To the extent that a City Agency fails to submit such invoices, the Mayor's Office or its designee shall request and gather such billing information and forward the same to the Authority. Any Authority Cost of a City Agency that is not invoiced to the Authority within twelve (12) months from the date the Authority Cost was incurred, shall not be recoverable. The Authority shall submit all invoiced Authority Costs to Developer in accordance with the DDA, and upon receipt of funds from Developer or Vertical Developers for such invoices, the Authority shall promptly forward such invoiced amounts to the applicable City Agency.

3.6 *Specific Actions by the City.* City actions and proceedings subject to this ICA shall be through the Mayor or his or her designee, as well as affected City Agencies, and shall include:

(a) Trust Exchanges. Assisting the Authority in closing the Trust Exchanges as contemplated by the Public Trust Exchange Agreement.

(b) Street Vacation, Dedication, Acceptance, and other Street Related Actions. Instituting and completing proceedings for opening, closing, vacating, widening, or changing the grades of streets, roads, alleys, sidewalks, and other public rights-of-way and for other necessary modifications of the streets, the street layout, and other public rights-of-way in the Project Site, including any requirement to abandon, remove, and relocate public utilities (and, when applicable, city utilities) within the public rights-of-way as necessary to carry out the Project in accordance the Redevelopment Documents and Redevelopment Requirements.

(c) Cooperation. Assisting the Authority as set forth in this ICA and in any memoranda of understanding or other agreements among the City Agencies or between the City and the Authority in furtherance of this ICA and the Project.

(d) Planning. Assisting in the planning and implementation of the Project consistent with the Redevelopment Documents as well as providing General Plan referrals.

(e) Acquisition. Expeditiously acquiring land and Infrastructure or other Improvements from Developer, the Authority or any CFD (or similar financing device) by accepting Developer's dedication of property and Infrastructure and Improvements that have been constructed to City standards in accordance with the DDA and any Acquisition and Reimbursement Agreement, and taking any additional City actions as required under any Acquisition and Reimbursement Agreement.

(f) Release of Security. Releasing security as expeditiously as possible following the Completion of Infrastructure, but in no event before the applicable

date for release under the Map Act and the TI/YBI Subdivision Code and as may be further specified in any Subdivision Improvement Agreement.

(g) State and Federal Assistance. Assisting the Authority in pursuing, and reasonably considering requests from Developer to pursue, state or federal grants on behalf of the Project, below market rate loans or other financial assistance or funding to assist in paying for environmental remediation of the Project Site, transportation and other Infrastructure improvements, and other community benefits. The City shall make any Project Grant obtained by the City for the Project available to the Authority for use in accordance with the Financing Plan.

(h) Environmental Review. Complying with and implementing Mitigation Measures for which the City is responsible, whether as the municipal corporation or as a landowner, and assisting with evaluating and performing any subsequent environmental review to the extent required under CEQA Guidelines Section 15162.

(i) Affordable Housing Tax Credits. Using its good faith efforts to prioritize any application for 9% Tax Credits under the City's geographic apportionment, to the extent the applicants fail to secure an allocation of 9% Tax Credits from a state-wide set-aside. Priority within the geographic apportionment will be given first to TIHDI Housing Projects and then to other Authority Housing Projects.

(j) Historic Tax Credits. Using its good faith efforts to assist Developer in pursuing the 20% Historic Tax Credit and such other historic tax incentives as may be available to encourage the rehabilitation of the historic resources on the Project Site.

(k) Project Management, Scheduling, Engineering, Construction Management and Reimbursement Audit Services. Upon request of the Authority and subject to Developer's consent, DPW assisting with project management, scheduling, engineering, construction management and reimbursement audit services.

3.7 Public Power. The Authority shall, in consultation with the SFPUC, shall have caused the Developer to prepare an assessment of the feasibility of the SFPUC providing electric service to the Project Site consistent with San Francisco Administrative Code Chapter 99. Prior to the Authority's approval of the first Major Phase Application, the Authority shall have caused the Developer to complete the feasibility study in consultation with the SFPUC. The Developer shall pay for all costs of such update. Subject to the agreement of the SFPUC to provide electricity following completion of the study, Developer understands and agrees that all electricity for the Project Site will be provided by Hetch Hetchy Water and Power or other City sources, so long as the feasibility analysis shows that: (i) the applicable service will be reasonably available for the Project's needs, (ii) the level of service will be substantially equivalent or better than that available on the open market, (iii) the applicable service can be separately metered and implemented at comparable business terms and without additional delay (including delivery of service to construction sites), (iv) the projected price for the applicable service

is comparable to or less than the prevailing market rates for comparable types of loads, (v) the level of capital refund structure is at comparable business terms (vi) the SFPUC commits to provide comparable support for supplying green power to the Project, on-island emergency power supply and on-island renewable energy generation. If the SFPUC does not provide electricity to the Project Site as set forth above, and the City offers Community Choice Aggregation service in the City, then the City's Community Choice Aggregation service will extend to and include the Project Site. In addition, the Parties agree future owners and users of property within the Project Site have the ability to participate in any such Community Choice Aggregation service available to City residents.

3.8 Procedures Required Under Applicable Laws. All City actions under this ICA will be taken subject to the limitations in the Development Agreement.

4. BUILDING PERMITS/CITY APPLICATIONS.

4.1 Processing of Building Permits. Any application for a building permit that Developer submits for construction of the Project during the ICA Term must be consistent with the Redevelopment Requirements and the Applicable City Regulations (as defined in the Development Agreement) at the time of the building permit application.

(a) **Authority and City Review of City Applications.** Within five (5) days of its determination that a City Application is a Complete Application, City staff shall submit a copy of such Complete City Application to the Authority. Within thirty (30) days of its receipt of a Complete City Application, the Authority will review such City Application and advise the City if the City Application complies and is consistent with the applicable Redevelopment Documents. No City Application will be approved and no City permit will be issued until the Authority has made a favorable compliance and consistency determination. The City shall not deny a City Application to the extent that the City Application is based on an item or element that is required by and consistent with the Redevelopment Documents. The City shall review and approve or deny each City Application in accordance with the Applicable City Regulations and applicable State and federal law, including the Permit Streamlining Act (Cal. Gov't Code §§ 65920 et seq.), subject to the Development Agreement regarding Applicable Laws.

(b) **Authority.** The Authority will review and approve each Construction Document Application for consistency with the Redevelopment Requirements before the permit is issued.

5. PERMITS TO ENTER ON CITY PROPERTY.

5.1 Permits Generally. Subject to the rights of any third party and the City's reasonable agreement on the scope of the proposed work, the City will grant permits to enter on commercially reasonable terms in order to permit Developer to enter onto, investigate, undertake environmental response programs, construct Infrastructure or other Improvements upon, or otherwise use property owned by the City in furtherance of the implementation of the Redevelopment Plan and in accordance with the Redevelopment

Documents. Permits will include indemnification and security provisions in keeping with the City's standard practices. Permits to enter will include permits as required to undertake Mitigation Measures in accordance with the Redevelopment Requirements, and permits to enter to construct Infrastructure on, in, or under any street or other right-of-way or land owned by the City, in accordance with the Infrastructure Plan and the other Redevelopment Documents.

6. OTHER GOVERNMENTAL AUTHORIZATIONS.

6.1 *Cooperation by the City; Permit Conditions.*

(a) Cooperation to Obtain Permits. Subject to this ICA and the Mitigation Measures, the City will cooperate with the Authority and with reasonable requests by Developer to obtain permits, agreements, or entitlements from any State, federal, regional, or local agency (excluding the Authority or any City Agency) having or claiming jurisdiction over all or portions of the Project Site or aspects of its development (an “**Other Regulatory Approval**”), as may be necessary or desirable to effectuate and implement development of the Project in accordance with the Redevelopment Documents. The City’s commitment to Developer under this ICA is subject to the following conditions:

(i) Throughout the permit process for any Other Regulatory Approval, Developer will consult and coordinate with the affected City Agency in Developer’s efforts to obtain the permit, and the City will cooperate reasonably with Developer and, if applicable, the Authority, in Developer’s efforts to obtain the permit.

(ii) Developer may not agree to conditions or restrictions to any Other Regulatory Approval that could create: (1) any obligations on the part of any City Agency that is required to be a co-applicant or co-permittee, unless the obligation is specifically the City’s responsibility under this ICA, the Redevelopment Documents, or the City Approvals; or (2) any restrictions on City property, unless in each instance the affected City Agency has previously approved the conditions or restrictions in writing and in its reasonable discretion.

(b) Costs. Developer will bear all costs associated with applying for and obtaining any necessary Other Regulatory Approval. Developer, at no cost to the City that is not an Authority Cost, will be solely responsible for complying with any and all conditions or restrictions imposed as part of an Other Regulatory Approval for the construction of the Improvements, whether the conditions are on the site of a Major Phase, Sub-Phase, or Lot. Developer will not be responsible for complying with conditions or restrictions required for Vertical Improvements within the Affordable Housing Lots, except for Developer’s obligations (i) under the Infrastructure Plan and the Housing Plan, and (ii) to obtain any Other Regulatory Approvals with respect to Mitigation Measures for which it is responsible under the DDA and which have not been assumed by the developer of the applicable Affordable Housing Lot. Developer will have the right to appeal or contest any condition in any manner permitted by law imposed under any Other Regulatory Approval, but only with the prior consent of the affected

City Agency if the City is a co-applicant or co-permittee. If Developer can demonstrate to the City's reasonable satisfaction that an appeal would not affect the City's responsibility or liability for any conditions that are or could be the responsibility of any City Agency under the Other Regulatory Approval, the City will not unreasonably withhold or delay its consent. In all other cases, the affected City Agencies will have the right to give or withhold their consent in their sole and absolute discretion. Developer must pay or otherwise discharge any fines, penalties, or corrective actions imposed as a result of Developer's failure to comply with any Other Regulatory Approval.

(c) Continuing City Obligations. Certain Other Regulatory Approvals may include conditions that entail maintenance by or other obligations of the permittee or co-permittees that continue after the City accepts the dedication of completed Infrastructure. Upon the City's acceptance of any Infrastructure that has continuing obligations under an Other Regulatory Approval, at Developer's request, the City will take reasonably necessary steps to remove Developer as the named permittee or co-permittee from the Other Regulatory Approval if either: (i) the continuing obligations are designated as the City's responsibility under this ICA, the Redevelopment Documents, or related City Approvals; or (ii) the City otherwise has agreed, in its sole discretion, to accept sole responsibility for the conditions in accordance with this Subsection (c).

7. REMEDIES.

7.1 *General.*

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

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

(c) Cure. No later than the end of the sixty (60) day meet and confer period, the defaulting Party must begin to cure the noticed ICA Default, and proceed diligently to cure the ICA Default. If: (i) the defaulting Party does not commence within sixty (60) days after the end of the meet and confer period and diligently pursue a cure, or the ICA Default is not cured within a reasonable time, not to exceed sixty (60) days after the end of the sixty (60) day meet and confer period; or (ii) the defaulting Party refuses to meet and confer regarding the noticed ICA Default, then, subject to Section 10.2, the

noticing Party or any affected Developer Party may institute proceedings to obtain a cure and remedy for the ICA Default, including proceedings to compel specific performance by the defaulting Party. Nothing in this Section 10.1(c) requires a Party to postpone instituting any injunctive proceeding if it believes in good faith that postponement will cause it irreparable harm. The Parties acknowledge that termination of this ICA is a remedy only if the Redevelopment Documents terminate, as further provided in this ICA.

(d) Developer's Legal Rights. Subject to Section 10.2, nothing in this ICA limits the Developer Party's rights or remedies under any applicable law governing the application, review, processing, or permitting of Improvements, including the Permit Streamlining Act (Cal. Gov't Code §§ 65920 *et seq.*).

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

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

7.4 *Developer Default.* If a Developer Party commits an Event of Default of its obligations under the applicable DDA or Vertical DDA, including failure to pay Authority Costs (following expiration of any notice and cure periods), any City or Authority obligations under this ICA with respect to the defaulting Developer Party will be suspended and will not be reinstated unless and until the Developer Party cures the Event of Default. For purposes of this ICA, an Event of Default under the DDA will not relieve the City or Authority of any obligation under this ICA that arose before the Event of Default (except with respect to terminated portions of the DDA), or that relates to its obligations under any DDA or Vertical DDA with any non-defaulting Developer Party. This Section 10.4 does not limit any other Authority rights or remedies under the DDA, or any other City rights or remedies under the Development Agreement, Applicable City Regulations or applicable State or federal laws.

8. GENERAL PROVISIONS.

8.1 *Notices.* All notices, requests for consent or approval, and responses to requests under this ICA by either Party to the other must be delivered by hand or by registered or certified mail, postage prepaid, addressed as follows: [**Conform with DDA**]

8.2 Calendar Days. All review periods specified in this ICA shall refer to calendar days and not business days unless expressly stated otherwise.

To the Authority:

Treasure Island Development Authority

Attn: Executive Director

With a copy to:

Office of Economic and Workforce Development
City and County of San Francisco
City Hall, Rm. 448
1 Dr. Carlton B. Goodlett Place, Fourth Floor
San Francisco, California 94102
Attn: Director
Re: TI/YBI ICA

With a copy to:

Office of the Controller
City and County of San Francisco
875 Stevenson Street, Room 235
San Francisco, California 94103
Attn: Controller
Re: TI/YBI ICA

And to:

Department of Public Works
30 Van Ness Avenue, Suite 4200
San Francisco, California 94102
Attn: Director
Re: TI/YBI ICA

And to:

Office of the City Attorney
City Hall
1 Dr. Carlton B. Goodlett Place, Room 232
San Francisco, California 94102
Attn: Real Estate/Finance
Re: TI/YBI ICA

And copies of all notices to:

Treasure Island Community Development, LLC

Attn: Kofi Bonner / Chris Meany

And to:

Gibson Dunn & Crutcher LLP

Attn:

Every notice given to a Party under this ICA must be in writing and must state (or must be accompanied by a cover letter that states) substantially the following:

- (a) the Section of this ICA under which the notice is given and the action or response required, if any;
- (b) if applicable, the period of time within which the recipient of the notice must respond;
- (c) if appropriate, “Request for Approval under the Interagency Cooperation Agreement”; and
- (d) the specific reasons for disapproval or objection, if the notice conveys disapproval or an objection for which reasonableness is required.

Any mailing address may be changed at any time by giving written notice of the change in the manner provided above at least ten (10) days before the effective date of the change. All notices under this ICA will be deemed given, received, made, or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

8.3 Amendments. Except as otherwise provided in this ICA, this ICA may be amended or modified only by a written instrument executed by the City and the Authority, with the written consent of Developer Representative, which may not be unreasonably withheld, conditioned, or delayed. The Mayor and the Director of Public Works (or any successor City officer as designated by law) are authorized to consent to any amendment to this ICA after consultation with the directors or general managers of any affected City Agencies unless the amendment would increase the risk of a negative impact on the City’s General Fund, as determined by the Controller; provided, the Mayor cannot make any amendment (i) that affects the SFMTA Infrastructure or the SFMTA-Related Mitigation Measures without the prior approval of the SFMTA, (ii) that affects the SFPUC Infrastructure or the SFPUC-Related Mitigation Measures without the prior

approval of the SFPUC, and (iii) that affects the SFFD Infrastructure without the prior approval of the SFFD.

8.4 *Invalidity.*

(a) Invalid Provision. If a final court order finds any provision of this ICA invalid or inapplicable to any Person or circumstance, then the invalid or inapplicable provision will not affect any other provision of this ICA or its application to any other Person or circumstance, and the remaining portions of this ICA will continue in full force and effect.

(b) Countervailing Law. If any applicable State or federal law prevents or precludes compliance with any material provision of this ICA, the Parties agree to modify, amend, or suspend this ICA to the extent necessary to comply with law in a manner that preserves to the greatest extent possible the intended benefits of this ICA to each of the Parties and to Developer.

(c) Right to Terminate. Either Party may terminate this ICA upon written notice to the other Party if this ICA as amended, modified, or suspended under Subsection (a) or (b) would: (i) be unreasonable or grossly inequitable under all of the circumstances or would frustrate its fundamental purposes; or (ii) deprive the City or the Authority of the substantial benefits derived from this ICA or make performance unreasonably difficult or expensive. Following termination, neither Party nor Developer will have any further rights or obligations under this ICA.

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

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

8.7 *Consents by Developer Representative.* Any Developer approvals or consents required under this ICA will be given by the Developer Representative. The attached Developer's Consent is incorporated in this ICA by this reference.

8.8 *Governing Law.* This ICA is governed by and must be construed in accordance with the laws of the State of California.

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

8.10 Interpretation of Agreement.

(a) Exhibit. Whenever an “**Exhibit**” is referenced, it means an attachment to this ICA unless otherwise specifically identified. The following Exhibit is attached to this ICA for reference purposes only:

EXHIBIT A Infrastructure Plan

(b) Captions. Whenever an Article, a Section, a Subsection, or a paragraph is referenced in this ICA, it refers to an Article, a Section, a Subsection, or a paragraph of this ICA unless otherwise specifically identified. The captions preceding the Articles and Sections of this ICA have been inserted for convenience of reference only and do not define or limit the scope or intent of any provision of this ICA.

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

(d) References. Wherever reference is made to any provision, term or matter “in this ICA”, “herein” or “hereof” or words of similar import, the reference will be deemed to refer to any and all provisions of this ICA reasonably related to the provision, term or matter in the context of the reference, unless the reference refers solely to a specific numbered or lettered Section, paragraph, or subdivision of this ICA.

(e) Recitals. If the recitals conflict or are inconsistent with any of the remaining provisions of this ICA, the remaining provisions of this ICA will prevail.

8.11 Entire Agreement. This ICA (including the Developer’s Consent and all Exhibits) contains all the representations and the entire agreement between the Parties with respect to the subject matter of this ICA. Any prior correspondence, memoranda, agreements, warranties, or representations relating to such subject matter are superseded in total by this ICA. No prior drafts of this ICA or changes from those drafts to the executed version of this ICA may be introduced as evidence in any litigation or other dispute resolution proceeding by either Party or any other Person, and no court or other body may consider those drafts in interpreting this ICA.

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

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

“**Acquisition and Reimbursement Agreement**” is defined in the Financing Plan.

“**Administrative Fee**” is defined in the Development Agreement.

“**Applicable City Regulations**” is defined in Section 4.1.

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

“**Authority Applications**” is defined in Recital D.

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

“**Building Construction Codes**” is defined in the Redevelopment Plan.

“**Redevelopment Plan**” is defined in Recital A.

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

“**CCRL**” is defined in Recital A.

“**CEQA**” is defined in Recital B.

“**CFD Act**” is defined in Recital G.

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

“**City Agency**” or “**City Agencies**” means, where appropriate, all City departments, agencies, boards, commissions, and bureaus that execute or consent to this ICA and that have subdivision or other permit, entitlement or approval authority or jurisdiction over any Major Phase, Sub-Phase, or individual Lot in any part of the Project Site, including the City Administrator, DPW, SFMTA, Arts Commission, and SFFD, together with any successor City agency, department, board, commission, or bureau.

“**City Applications**” is defined in Recital D.

“**City Approval**” means any approval by a City Authority of a City Application relating to the Project.

“**Complete Application**” is defined in the DRDAP.

“**TI/YBI Subdivision Code**” is the Treasure Island and Yerba Buena Island Subdivision Code of the City.

“**DBI**” is defined in Section 7.1(a).

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

“**Design for Development**” is defined in Recital C.

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

“**Developer’s Consent**” means the Developer’s Consent to ICA and Agreement attached to this ICA.

“**Developer Party**” is defined in the Developer’s Consent to ICA and Owner’s Agreement attached hereto.

“**Development Fees and Exactions**” is defined in the Development Agreement.

“**DPW**” is defined in Recital F.

“**DRDAP**” is defined in Recital D.

“**Exhibit**” is defined in Section 11.9(a).

“**Existing City Regulations**” is defined in the Development Agreement.

“**Future Changes to Regulations**” is defined in the Development Agreement

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

“**ICA Default**” is defined in Section 10.1(a).

“**ICA Effective Date**” is defined in Section 2.1.

“**ICA Term**” is defined in Section 2.2.

“**Indemnified City Parties**” is defined in the Developer’s Consent.

“**Indemnify**” means indemnify, defend, reimburse, and hold harmless.

“**Losses**” is defined in the Developer’s Consent.

“**Map Act**” is defined in Section 5.1.

“**Mitigation Measures**” is defined in Recital B.

“**Other Regulatory Approval**” is defined in Section 9.1(a).

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

“**Plan Documents**” is defined in the DDA.

“**Project Applications**” is defined in Recital D.

“**Redevelopment Documents**” is defined in Recital H.

“**Redevelopment Plan**” is defined in Recital A.

“**Redevelopment Requirements**” is defined in Recital H.

“**Reference Date**” is defined in the introductory paragraph.

“**SFFD**” means the Fire Department of the City and County of San Francisco.

“**SFFD Consent**” means SFFD’s Consent to Infrastructure Plan and ICA attached to this ICA.

“**SFFD Infrastructure**” is defined in Section 3.4(e)(v).

“**SFMTA**” means the Board of Directors of the Municipal Transportation Agency of the City and County of San Francisco.

“**SFMTA Consent**” means SFMTA’s Consent to Infrastructure Plan and ICA attached to this ICA.

“**SFMTA Infrastructure**” is defined in Section 3.4(e)(iii).

“**SFPUC**” means the Public Utilities Commission of the City and County of San Francisco.

“**SFPUC Consent**” means SFPUC’s Consent to Infrastructure Plan and ICA attached to this ICA.

“**SFPUC Infrastructure**” is defined in Section 3.4(e)(iv).

“**SFPUC-Related Mitigation Measures**” is defined in Section 3.4(e)(iv).

“**Task Force**” is defined in Section 3.4(a)(i).

“**Tax Allocation Agreement**” is defined in Recital G.

“**Transportation-Related Mitigation Measures**” is defined in Section 3.4(e)(iii).

“**Vertical DDA**” means a Vertical Disposition and Development Agreement entered into between Authority and a Vertical Developer, and includes any Vertical LDDA.

“**Vertical LDDA**” means a Vertical Lease Disposition and Development Agreement entered into between Authority and a Vertical Developer.

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

CITY AND COUNTY OF SAN FRANCISCO

By _____
_____, Mayor

By _____
Angela Calvillo
Clerk of the Board of Supervisors

By _____
Ben Rosenfield, Controller

By _____
Edwin Lee, City Administrator

By _____
Ed Reiskin, Director of Public Works

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By _____
Deputy City Attorney

Ordinance Nos. _____

TREASURE ISLAND DEVELOPMENT
AUTHORITY

By _____

Executive Director

APPROVED AS TO FORM:
DENNIS J. HERRERA
City Attorney

By _____

Deputy City Attorney

Authority Resolution No. _____

DEVELOPER'S CONSENT TO ICA AND AGREEMENT

By signing below, Developer, on behalf of itself, its Transferees, and all Vertical Developers, each in their capacity under an applicable DDA or Vertical DDA (each, a "**Developer Party**"), acknowledges that the Developer Parties are intended third-party beneficiaries of the Interagency Cooperation Agreement (Treasure Island/Yerba Buena Island) dated for reference purposes as of _____ (the "**ICA**"), to which this Developer's Consent to ICA and Agreement (this "**Developer's Consent**") is attached and incorporated. Capitalized terms used but not otherwise defined in this Developer's Consent shall have the meanings for such terms set forth in the ICA. By recording the DDA and the ICA, the Parties acknowledge and agree that the ICA and this Developer's Consent shall apply to, and burden and benefit, the Authority and the Developer Parties whether or not this ICA or Developer's Consent is specifically referenced in any Assignment and Assumption Agreement.

1. **Consent and Agreement.** On behalf of the Developer Parties, Developer (i) consents to the ICA, understanding that the City and the Authority have entered into it for the express benefit of the City, the Authority, and the Developer Parties; and (ii) agrees that the ICA and this Developer's Consent will be binding on the Developer Parties and agrees to cause each of the other Developer Parties to accept the ICA and this Developer's Consent as a condition to any Transfer.

2. **Indemnity.**

(a) **Indemnified Losses.** In addition to Developer's indemnities in the DDA and the Development Agreement, each Developer Party shall Indemnify the City, the Authority, and each of the City Agencies, together with their respective commissioners, directors, officers, employees, agents, successors, and assigns (collectively, the "**Indemnified City Parties**"), from and against any and all claims, demands, losses, liabilities, damages (including consequential damages), liens, obligations, interest, injuries, penalties, fines, lawsuits and other proceedings, judgments, and awards and costs (including reasonable attorneys' fees and costs and consultants' fees and costs and court costs) of whatever kind or nature, known or unknown, contingent or otherwise (including the reasonable costs of complying with any judgments, settlements, consent decrees, stipulated judgments, or other partial or complete terminations of any actions or proceedings that require any of the Indemnified City Parties to take any action) (collectively, "**Losses**") arising from or in connection with:

(i) the failure of Infrastructure or other Improvements constructed by such Developer Party to comply at the time of construction with any of the Applicable City Regulations or any applicable State or federal laws or regulations (except for obligations the City accepts under ICA Section 6.1(c)), including those related to disabled access;

(ii) the death of any Person, or any accident, injury, loss, or damage caused to any Person or to any Person's property in the Project Site (except any Public Property on which the Developer Party has not constructed Improvements) and that is directly or indirectly caused by the negligent act or omission of the Developer Party or its agents, servants, employees, or contractors;

(iii) the failure by the Developer Party to obtain an Other Regulatory Approval when needed, or to comply with (1) any Other Regulatory Approval obtained by such Developer Party or to which such Developer Party is subject or (2) the final decree on any appeal or contest of any conditions of any such Other Regulatory Approval;

(iv) any dispute between such Developer Party and any other Developer Party regarding their respective rights or obligations vis-à-vis one another; and

(v) any dispute under third-party contracts or agreements entered into by such Developer Party in connection with its performance under the DDA (except obligations of such Developer Party's tenants to the Authority or any City Authority).

(b) Exclusions. The indemnification obligation under Subsection (a) excludes Losses to the extent:

(i) directly or indirectly caused by the negligent or willful act or omission of an Indemnified City Party;

(ii) caused by the gross negligence or other actionable misconduct of any City Agency acting (or failing to act) in its governmental capacity in the exercise of its police power;

(iii) caused by the failure of any conditions either: (1) that are the City's responsibility under the ICA, the Redevelopment Documents, or under City Approvals; or (2) for which the City otherwise in its sole discretion has agreed to accept responsibility as provided in ICA Section 6.1(c);

(iv) arising from any Other Regulatory Approvals relating to the construction of Improvements within the Affordable Housing Lots, provided that the indemnity shall include Losses arising from Other Regulatory Approvals relating to the applicable Developer Party's obligations to implement certain Mitigation Measures or to construct Infrastructure for or within the Affordable Housing Lots but only to the extent that such Mitigation Measure or Infrastructure obligations have not been assumed by the applicable developer of the Affordable Housing Lot;

(v) originating after the date the City accepts title to any Infrastructure in accordance with the Acquisition and Reimbursement Agreement (or otherwise accepts title consistent with the applicable Redevelopment Documents), excluding latent defects and any noncompliance with laws in effect as of the date of the City's acceptance;

(vi) originating from a change in applicable laws that occurs after the date City accepts title to any Infrastructure under the Acquisition and Reimbursement Agreement (or otherwise accepts title consistent with the applicable Redevelopment Documents);

(vii) arising from the City's failure to comply with the conditions of any Other Regulatory Approval either: (1) that are the City's responsibility under the ICA, any other

Redevelopment Documents, or City Approvals; or (2) for which the City otherwise, in its sole discretion, has agreed to accept responsibility as provided in Section 6.1(c) of the ICA; or

(c) Obligation to Defend. Each Developer Party agrees to defend the Indemnified City Parties against any claims that are actually or likely to be within the scope of such Developer Party's indemnity in this Developer's Consent, even if the claims may be groundless, fraudulent, or false. The Indemnified City Parties agree to give prompt notice to the applicable Developer Party with respect to any lawsuit or claim initiated or threatened against the Indemnified City Parties, at the address for notices to the applicable Developer Party set forth in the DDA or its Assignment and Assumption Agreement, and no later than the earlier of: (i) ten (10) days after valid service of process as to any suit; or (ii) fifteen (15) days after receiving written notification of a claim or lawsuit that the Indemnified City Party has reason to believe is likely to give rise to a claim for indemnity under this Developer's Consent. An Indemnified City Party's failure to give the foregoing notice will not affect the Indemnified City Party's rights or the obligations of the applicable Developer Party under this Developer's Consent unless such Developer Party is prejudiced by the lack of notice, and then only to the extent of prejudice. The applicable Developer Party, at its option but subject to the Indemnified City Party's reasonable consent and approval, will be entitled to control the defense, compromise, or settlement of any such matter through counsel of its own choice, but in all cases the Indemnified City Party will be entitled to participate in the defense, compromise, or settlement. To the extent such costs are reasonable and are incurred only to participate as requested or reasonably required in the matter, they shall be deemed to be Authority Costs. If the applicable Developer Party fails to take reasonable and appropriate action to defend, compromise, or settle the lawsuit or claim within a reasonable time following notice from the Indemnified City Party alleging such failure in the Indemnified City Party's reasonable judgment, the Indemnified City Party will have the right to hire counsel at the sole cost of the applicable Developer Party to carry out the defense, compromise, or settlement, which cost will be immediately due and payable to the Indemnified City Party upon receipt by the applicable Developer Party of a properly detailed invoice.

(d) No Effect on Other Indemnities. The agreement to indemnify the Indemnified City Parties in this Developer's Consent is in addition to, and may not be construed to limit or replace, any other obligations or liabilities that any Developer Party may have under the Redevelopment Requirements, at common law, or otherwise. The contractual obligations and indemnities of any Developer Party regarding Hazardous Substances will be governed by the DDA and Permits to Enter, as applicable, and not this Article 2.

(e) Survival. The indemnities contained in this Article 2 will survive any termination or expiration of the ICA as to matters that arise during the ICA Term.

3. Limitations on Liability. Developer, on behalf of itself and the other Developer Parties, understands and agrees that no commissioners, members, officers, agents, or employees of the Authority or the City Agencies (or any of their successors or assigns) will be personally liable to the other or to any other Person, nor will any officers, directors, shareholders, agents, partners, members, or employees of any Developer Party (or of its successors or assigns) be personally liable to the Authority, the City Agencies, or any other Person in the event of any default or breach of the ICA by the Authority or the City Agencies or of this Developer's Consent, as the case may be, or for any amount that may become due or any obligations under

the ICA or this Developer's Consent, provided, that the foregoing shall not release obligations of a Person that otherwise has liability for such obligations, such as (i) the general partner of a partnership that, itself, has liability for the obligation or (ii) the issuer of a Guaranty covering such obligation. Neither the Authority nor the City will be liable to any Developer Party for damages under the ICA for any reason.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

This Developer's Consent was executed and delivered as of _____, 2011.

**TREASURE ISLAND COMMUNITY
DEVELOPMENT, LLC.**, a California limited
liability company

By

Treasure Island Community
Development, LLC., a California limited
liability company

By: _____
Name: Kofi Bonner
Its: Authorized Representative

By: _____
Name: Chris Meany
Its: Authorized Representative

**CONSENT TO INFRASTRUCTURE PLAN AND ICA
San Francisco Municipal Transportation Agency**

The Municipal Transportation Agency of the City and County of San Francisco (“**SFMTA**”) has reviewed the ICA between the City and the Authority related to the Treasure Island/Yerba Buena Island Redevelopment Project, to which this SFMTA Consent to Infrastructure Plan and ICA (this “**SFMTA Consent**”) is attached and incorporated. Except as otherwise defined in this SFMTA Consent, initially capitalized terms have the meanings given in the ICA.

By executing this SFMTA Consent, the undersigned confirms that the SFMTA Board of Directors, after considering at a duly noticed public hearing the Project Infrastructure Plan, the Transportation Plan, and the CEQA Findings, including the Statement of Overriding Considerations and the Mitigation Monitoring and Reporting Program, consented to the following, provided that by executing this SFMTA Consent, the SFMTA does not intend to in any way limit, waive or delegate the exclusive authority of the SFMTA as set forth in Article VIII A of the City’s Charter:

1. the ICA and the Transportation Plan as they relate to matters under SFMTA jurisdiction, including the SFMTA Infrastructure and the Transportation-Related Mitigation Measures;
2. subject to Developer satisfying SFMTA requirements and the Transportation-Related Mitigation Measures for safety, design, construction, testing, performance, training, documentation, warranties and guarantees, that are consistent with the Applicable City Regulations and applicable State and federal law, SFMTA accepting the transportation-related infrastructure described in the Infrastructure Plan that will be under SFMTA jurisdiction;
3. subject to identification of resources and appropriation of funds, SFMTA procuring, operating, and maintaining transit systems described by the Infrastructure Plan, the Transportation Plan, and the Transportation-Related Mitigation Measures;
4. subject to identification of resources and appropriation of funds, SFMTA satisfying the construction required of the SFMTA by the Infrastructure Plan, the Transportation Plan, and Transportation-Related Mitigation Measures, as applicable, and to the extent practicable given fiscal and operational considerations, cooperating with Developer in phasing any required SFMTA construction; and
5. TITMA collecting and using all on-island parking revenues from in the Project Site only for on-island uses.

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, acting by and through the SAN
FRANCISCO MUNICIPAL TRANSPORTATION
AGENCY

By: _____
NATHANIEL P. FORD,
Executive Director

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

San Francisco Municipal Transportation Agency Resolution No. _____
Approved_____.

**CONSENT TO INFRASTRUCTURE PLAN AND ICA
San Francisco Public Utilities Commission**

The Public Utilities Commission of the City and County of San Francisco (the “SFPUC”) has reviewed the ICA to which this Consent to Infrastructure Plan and ICA (this “SFPUC Consent”) is attached and incorporated. Except as otherwise defined in this SFPUC Consent, initially capitalized terms have the meanings given in the ICA.

By executing this SFPUC Consent, the undersigned confirms that the SFPUC, after considering the Infrastructure Plan and Utility-Related Mitigation Measures at a duly noticed public hearing, consented to:

1. the ICA as it relates to matters under SFPUC jurisdiction, including the SFPUC-Related Infrastructure and the SFPUC-Related Mitigation Measures;
2. subject to Developer satisfying the SFPUC requirements for construction, warranties and guarantees, operations and maintenance manuals, testing, and training that are consistent with the Applicable City Regulations and applicable State and federal law, and meeting the SFPUC-Related Mitigation Measures, the SFPUC accepting and then, subject to appropriation, operating and maintaining SFPUC-Related Infrastructure;
3. delegating to the SFPUC General Manager or his or her designee any future Approvals of the SFPUC under this ICA, including Approvals of Authority Applications, subject to applicable law including the City’s Charter.

By authorizing this SFPUC Consent, the SFPUC does not intend to in any way limit the exclusive authority of the SFPUC as set forth in Article XIII B of the City’s Charter.

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, acting by and through the SAN
FRANCISCO PUBLIC UTILITY COMMISSION

By: _____
EDWARD HARRINGTON,
General Manager

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

San Francisco Public Utility Commission Resolution No. _____
Approved _____.

**CONSENT TO INFRASTRUCTURE PLAN AND ICA
San Francisco Fire Department**

The Fire Chief and the Fire Marshall of the City and County of San Francisco have reviewed the ICA to which this Consent to Infrastructure Plan and ICA (this “**SFFD Consent**”) is attached and incorporated. Except as otherwise defined in this SFFD Consent, initially capitalized terms have the meanings given in the ICA.

By executing this SFFD Consent, the undersigned confirm that, after considering the Infrastructure Plan and Design for Development, they have consented to:

1. the ICA as it relates to matters under SFFD jurisdiction, including the SFFD Infrastructure;
2. subject to Developer satisfying the SFFD requirements for construction, warranties and guarantees, operations and maintenance manuals, testing, and training that are consistent with the Applicable City Regulations and applicable State and federal law, the SFFD’s acceptance of the SFFD Infrastructure and new Fire Station;
3. subject to the appropriation of funds, the SFFD operating and maintaining the SFFD Infrastructure and new Fire Station; and
4. making any future Approvals of the SFFD under this ICA, including Approvals of Authority Applications, subject to applicable law including the City’s Charter.

By authorizing this SFFD Consent, the SFFD Fire Chief and Fire Marshall not intend to in any way limit the authority of the SFFD as set forth in Section 4.108 and 4.128 of the City’s Charter.

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, acting by and through
the SAN FRANCISCO FIRE CHIEF AND
FIRE MARSHALL

By: _____
Fire Chief

By: _____
Fire Marshall

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

**CONSENT TO ICA
San Francisco Planning Department**

The San Francisco Planning Commission of the City and County of San Francisco (the “Department”) has reviewed the ICA to which this consent to the ICA is attached and incorporated and consents to Planning’s responsibilities in the ICA. Except as otherwise defined in this consent, initially capitalized terms have the meanings given in the ICA.

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, acting by and through the SAN
FRANCISCO PLANNING DEPARTMENT

By: _____
John Rahaim
Director

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

San Francisco Planning Commission Resolution No. _____
Approved _____.

EXHIBIT A

Infrastructure Plan

LINK TO ATTACHMENT 4a

The DRAFT Treasure Island and Yerba Buena Transportation Plan may be viewed at the following link:

<http://sftreasureisland.org/Modules/ShowDocument.aspx?documentid=699>



Treasure Island

COMMUNITY FACILITIES PLAN

MARCH 2011



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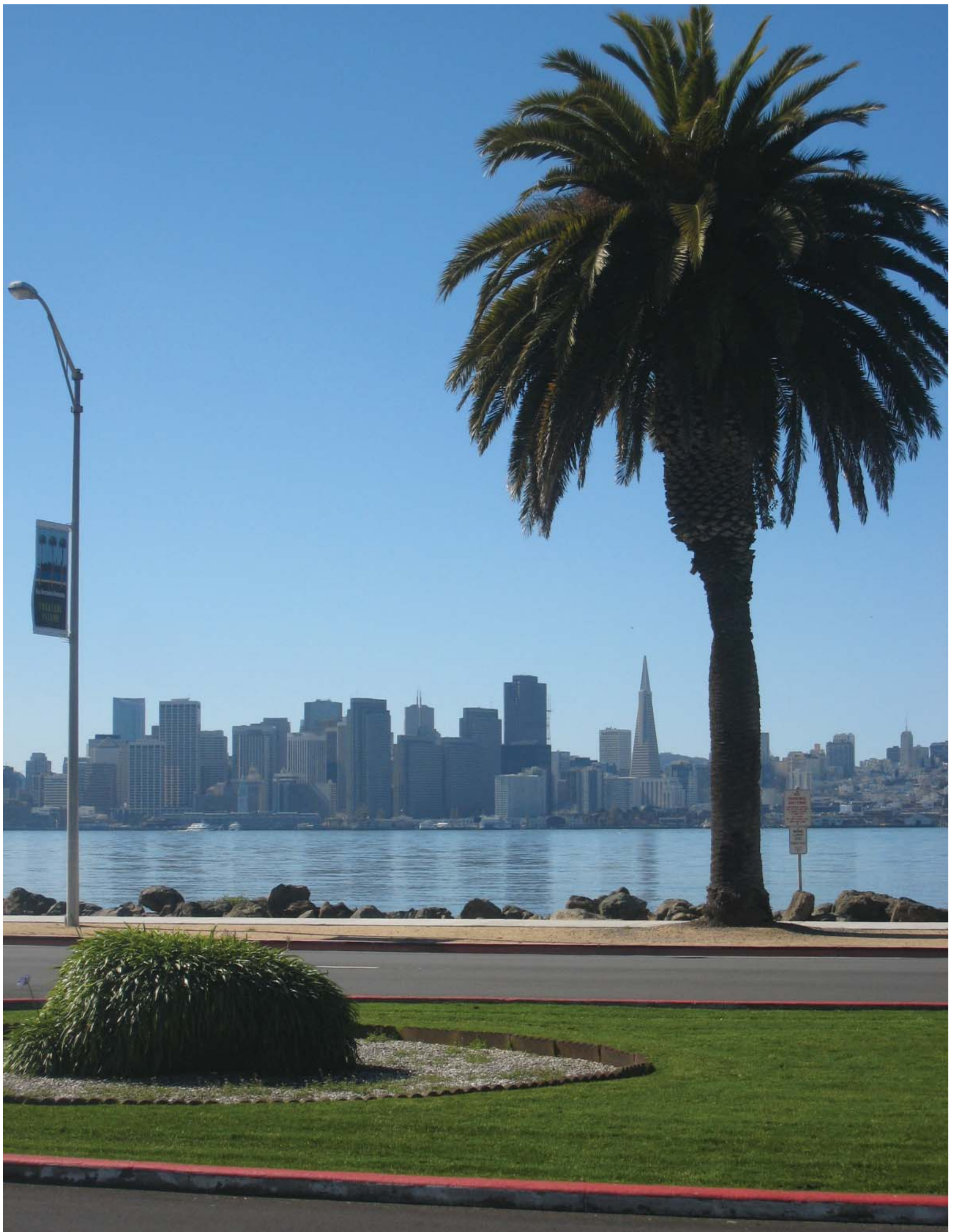
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INTRODUCTION

The development and growth of a new community into a welcoming and thriving place is directly connected to the presence of a number of essential elements. At the core of the community are the places people live – their homes – which provide them safe places for gathering, restoration, and retreat. Ideally, retail and employment opportunities are located nearby. However, the places and facilities that support the social, cultural and recreational needs of people are those that tie the entire community together. These community facilities include outdoor passive and active recreation areas, community gathering and wellness facilities, as well as facilities that support public safety, basic health and social services, education, arts, culture and places of worship.

This Community Facilities Plan builds upon the Community Facilities Needs Assessment prepared for TIDA to determine the proposed program, development requirements, and phasing plan for Treasure Island Community Facilities. The build-out of Treasure Island is expected to occur over the next 15 or more years and the needs of the community will evolve and mature over that time period. This document identifies a community facilities program that includes the reuse of existing buildings during the interim and that meets long term needs with the renovation of existing buildings and construction of new facilities. The Community Facilities Plan is organized as follows:

1. Planning Principles

This section describes the planning principles that will guide the development of community facilities.

2. Needs Assessment Summary

Overview of facility needs as identified in the Community Facilities Need Assessment.

3. Existing Facilities Assessment

An analysis of existing facilities and the possibility for future use is summarized.

4. Program Recommendations

This section outlines the community facilities proposed as part of the redevelopment of the Treasure Island and possible interim uses and the phasing of those facilities.

5. Conclusion

Conclusion and an overview of next steps and ongoing planning process for development of the Community Facilities



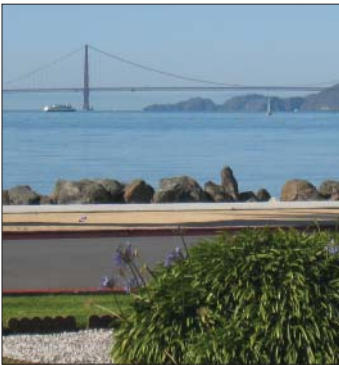
PLANNING PRINCIPLES



The following planning principles include specific principles from the 2006 Community Facilities Plan (“2006 Plan”) as well as additional principles that reflect an evolution in thinking and design since the 2006 Plan was prepared. It is anticipated that these planning principles will be further refined as part of the community facilities planning process, and based on input from City staff.

- The project will provide facilities to support a range of ages, household types and incomes, with a particular emphasis on providing the necessary amenities within reasonable walking distance to attract and retain residents and families.
- The community and its needs will evolve over time, and therefore the plan must be adaptable to future trends and needs. The residents will be encouraged and welcomed to participate in a process to refine the plan as needed.
- Existing community facilities will be retained in their existing locations as long as feasible.
- Infrastructure and public facilities as well as community, educational and open space facilities will be phased in over time and in scale with new development at points that support the population and household mix as it grows. Infrastructure and public facilities will provide continuous, reliable service to existing residents and businesses.
- The project will provide a community facilities program that includes the following components:
 - ✓ Public services facilities essential for public safety, services and operations of the Project.
 - ✓ Community spaces that accommodate the many diverse social functions of a viable and sustainable community.
 - ✓ Educational facilities to foster personal growth of residents, workers and visitors of all ages.

PLANNING PRINCIPLES



- ✓ Open space and recreational facilities to provide an outstanding array of recreational opportunities for all ages.
- ✓ Integration of Job Corps into the Project for the mutual benefit of everyone.

- The provision of community facilities will support the ability of residents to experience a holistic, high quality of life, focused on healthy living, sustainability, and overall wellness.
- Facilities will be managed, programmed and maintained to foster inclusive and equitable access and enjoyment by all residents.
- The provision and dedication of community facilities will balance the needs of on-island residents with other facilities that will also serve the broader community.
- Community facilities will be located to optimize operation and maintenance costs, sustainability and overall accessibility, may include co-location of facilities, sharing of facilities and creating synergies of use when desirable.
- Community facilities will be developed to balance community needs with the need to achieve cost recovery in the provision of services.
- Community facilities will not duplicate facilities that are available regionally and can be reasonably accessed by island residents.
- Community facility design, mix, and location will take advantage of the site's natural beauty and promote a sense of place and community.



NEEDS ASSESSMENT SUMMARY

2

A comprehensive Community Facilities Needs Assessment was prepared that analyzed the need for community facilities based upon the proposed housing mix, potential population of Treasure Island at full build out and the availability of regional facilities. Based on that analysis, a series of needs were outlined and related facilities were identified which should be phased in and completed prior to final build-out of the community.

This section summarizes:

- Demographics
- Regionally available facilities
- Needs Assessment

DEMOGRAPHIC ANALYSIS

According to demographic analysis, the proposed mix of housing on Treasure Island will result in about 16,500 residents living on Treasure Island in the future¹. The residents include diverse family types, and a mix of age groups and income levels. Approximately 30% of homes will be affordable. These homes will serve a wide variety of low-income and workforce populations, offering for-sale, senior and homeless/transitional housing units and affordable family rentals.

Resident Age Distribution

Table 1 illustrates the Island's anticipated age distribution of residents. The population mix will closely mirror that of San Francisco as a whole, with the Island having a slightly larger child population than San Francisco.

¹ The Concord Group, Sept. 20, 2010.

NEEDS ASSESSMENT SUMMARY



Table 1: Demographic Analysis: Resident Age Distribution²

	Projected TI Mix		San Francisco
0 to 5	1,179	7%	5%
6 to 13	1,728	10%	8%
14 to 18	917	6%	2%
19 to 35	3,462	21%	22%
36 to 44	2,872	17%	21%
45 to 64	4,565	28%	27%
64 and over	1,731	11%	15%
Total	16,455	100%	100%

Households

Table 2 shows the percentage of household types and the total number of residents of each of these types anticipated in the Treasure Island community. It includes the percentage of these household types in San Francisco for comparison purposes.

Table 2: Demographic Analysis: Household Type

	Projected TI Mix		San Francisco
<i>Market Rate:</i>			
Young Worker/Singles	2,190	29%	48%
Young Families	1,212	16%	7%
Middle Aged Families	748	10%	10%
Older Generations	1,407	19%	34%
<i>Affordable:</i>			
Seniors -Authority	303	4%	n/a
Family - Authority	1,246	16%	n/a
Supportive Housing	435	6%	n/a
Total	7,540	100%	100%

Regionally Available Facilities

Due to the unique location of the Island, consideration needs to be given to the balance of on-island facilities with those that are readily and easily accessible within the region. As part of this process, regionally accessible facilities were evaluated and included in the needs assessment. The number, variety and diversity of facilities found within a short distance of Treasure Island are considerable. This availability has been balanced with those needs which would help to meet the overall goals of the island, while striving not to duplicate facilities unnecessarily.

² The Concord Group, Sept. 20, 2010.

NEEDS ASSESSMENT SUMMARY

Needs Assessment

For a successful community, a range of community facilities and amenities should be provided. To evaluate the community facility needs for Treasure Island, five categories of facilities were analyzed: Public Service Facilities, Community Spaces, Community Services and Amenities, Educational and Cultural Facilities, and Open Space and Recreation Facilities. Table 3 below indicates the type of facilities and the various community needs they meet.

Table 3: Community Facilities and Needs

Facility	Community Need(s)								
	Recreation	Open Space	Health and Wellness	Social Services	Safety	Community Gathering	Educational	Cultural	Entertainment
1. Public Service Facilities									
Police Services				■	■				
Fire Services			■	■	■				
2. Community Space									
Community Center	■		■	■		■	■	■	■
Neighborhood Reading Room/Library				■		■	■		■
Senior/Adult Services	■		■	■		■	■	■	
Teen/Youth Centers	■		■	■		■	■	■	■
Community Performance Space						■		■	■
3. Community Services and Amenities									
Health and Fitness Facilities	■		■			■			
General Social Services/Family Services			■	■					
Acute Health Care			■		■				
Community Gardens	■	■	■			■			
4. Educational and Cultural Facilities									
K-12 Schools							■		
Childcare				■			■		
Faith Facilities				■		■			
5. Open Space and Recreational Facilities									
Regional Sports/Recreation Fields	■	■	■			■			
Neighborhood Parks and Pocket Parks	■	■	■			■			
Dog Park	■	■				■			
Skate Park	■					■			■

NEEDS ASSESSMENT SUMMARY



Public Service Facilities

Two critical facilities are identified for Public Services: Police and Fire services. The facilities will be managed by the City of San Francisco and will be developed specifically to serve the Treasure Island Community. As core community services, there is an opportunity to co-locate these services and to provide a civic hub on the island. The actual size and program for these facilities is under development.

Community Space

A broad number of facilities were evaluated to serve all different ages and abilities of future residents, including youth, teen and senior facilities. In general, Community Spaces provide opportunities for community members to gather, celebrate, to participate in programs, to learn and interact. Specific facilities can include a community room (for wedding receptions, meetings, parties, community gatherings, etc.), classrooms, reading room, senior lounge, and youth and teen space.

A community center which contains most if not all of these spaces in a centralized location is recommended. A centralized facility has the benefit of helping to create a sense of community and a core of activity and offers the ability to serve more needs with less square footage by efficiently scheduling and programming the space. In addition, there is a positive effect of the interaction of different ages, and interests that would be lost in separate facilities. In addition, if provided in separate spaces, the overall square footage requirements would increase substantially. It may be desirable to offer older teens a separate facility that offers a safe and welcoming place with a greater sense of independence which could be located in the retail core.

Active recreation spaces, such as exercise and weight rooms, can be paired with community spaces, but the building must be carefully designed to address the different noise levels, schedules and use requirements.

Community Services and Amenities

Community Services include more service-oriented uses including health and fitness facilities, acute health care, social services space and community garden(s). These facilities will be important to serve community members and provide a well rounded set of facilities targeted to mental health, physical health and overall livability.

The health and fitness facilities could, depending on the final design of the development, be co-located effectively with more active park and recreation spaces or incorporated into the retail area. Acute health care needs may be provided by traditional health care service providers through a satellite facility in the commercial zone, in partnership with one of the TIHDI service providers, or it could be co-located with other public safety facilities such as the Fire Station.

NEEDS ASSESSMENT SUMMARY

Educational and Cultural Facilities

Providing a range of educational and child focus facilities on the Island will be important to support the large number of children and families that are anticipated. It is understood that many families will choose to use facilities off the Island, but providing opportunities for a percentage of them is important. Renovating the existing elementary school and providing licensed child care are two primary facilities for consideration. In addition, facilities to enhance the cultural amenities on the island are important, including a location for non-denominational worship and gatherings.

A childcare facility needs to be located in a visible, but safe location that is also convenient for parents to pick up and drop off their kids. It also must have easy access to outdoor spaces. This type of use can be a stand alone facility or developed with Community Spaces if the correct level of space and outdoor area can be identified.

Open Space and Recreational Facilities

Recreational space for residents will be provided through the extensive provision of open space and developed parks. Areas for children's play areas, active sports such as soccer and baseball, passive activities such as pick up frisbee, picnics and walking should be provided. In addition, providing space for a dog park and a skate park should be considered.



NEEDS ASSESSMENT SUMMARY

Summary of Community Facility Needs

Table 4 summarizes the community facilities needs identified in the Needs Assessment.

Table 4: Community Facility Needs

	Community Needs
A. Public Service Facilities	
Police Services (approximate)	5,000 sf
Fire Services (approximate)	10,000 sf
B. Community Spaces	
Community Center	20,000 gsf
Neighborhood Reading Room/Library	1,000 sf
Senior/Adult Services	Included as part of Community Center
Teen/Youth Centers	Included as part of Community Center
Outdoor Community Performance/Gathering Space	Small to medium events (approx. 20,000 – 30,000 square feet)
C. Community Services and Amenities	
Health and Fitness Facilities (If not part of Community Center)	9,500 gsf
General Social Services/Family Services	12,000 sf
Acute Health Care	2,000 sf
Community Gardens Plots	200 – 400 plots serving 5% of the total # of households. Each plot approximately 100 sf, plus circulation and amenities – total of approx 1 acre
D. Educational and Cultural Facilities	
K-8 School(s)	45,000 sf
Center-Based Childcare	240 children - Approx. 12,000 sf and 18,000 sf of outdoor space
Family-Based Childcare	40 - 50 kids at 10 sites
Faith Facilities	Chapel
E. Open Space and Recreational Facilities	
Regional Sports/Recreation Fields	40 acres
Neighborhood Parks and Pocket Parks	80 acres



EXISTING FACILITY ASSESSMENT

3

Providing the appropriate mix and type of community facilities for Treasure Island residents and visitors can happen in a number of ways. It is anticipated that to meet all the needs, there will be a combination of building reuse and new facility development.

Treasure Island currently has a robust number of existing facilities and operators that can serve the growing population during development and at final build out. Treasure Island development will occur over 15 years or more - building up to a full community of 16,500 people. In the interim, community needs must be addressed at each phase to help establish a sense of community and quality of life which will be a hallmark of the Island.

Table 5, on the following page, summarizes the existing buildings that could be effectively used for community facilities and indicates when they may go offline to make way for a new phase of development. It should be noted that some buildings will not be used exclusively for community facilities but may also meet other critical needs for the development. This is particularly true for Building One. A narrative of how these facilities are currently utilized and other community operations are managed follows.

EXISTING FACILITY ASSESSMENT

Table 5. Existing Buildings to be Utilized

	Phase I	Phase II	Phase III	Phase IV	
Police	Retained			See Table 6	
Fire Station	Retained			See Table 6	
Building One	Retained		Renovation*		
Building Three	Retained		Renovation*		
Gymnasium	Retained in Current Location				
Ship Shape Community Center	Retained			See table 6	
Child Care Center	Retained		See table 6		
Elementary School/ Boys & Girls Club	Retained		Rehabbed**		
Life Learning Academy	Retained in Current Location				
Chapel	Retained in Current Location				
Casa de la Vista	Retained			Removed	
<i>Estimated Households</i>	1,125	2,165	2,595	4,360	7,540
<i>Est. Number of People</i>	2,600	5,000	6,000	10,000	16,500

*Timing of renovation subject to final community facility/commercial program.

**Timing of rehab subject to decision to locate K-8 school on the Island.

Police Services

Currently, the police are served out of Building One. The space accommodates approximately 10 full-time staff. The uses in Building One are expected to remain in place until renovation of the Building occurs, the timing of which is subject to the final community facility/commercial program. A separate police/fire station will be developed as part of the project.

Fire Station

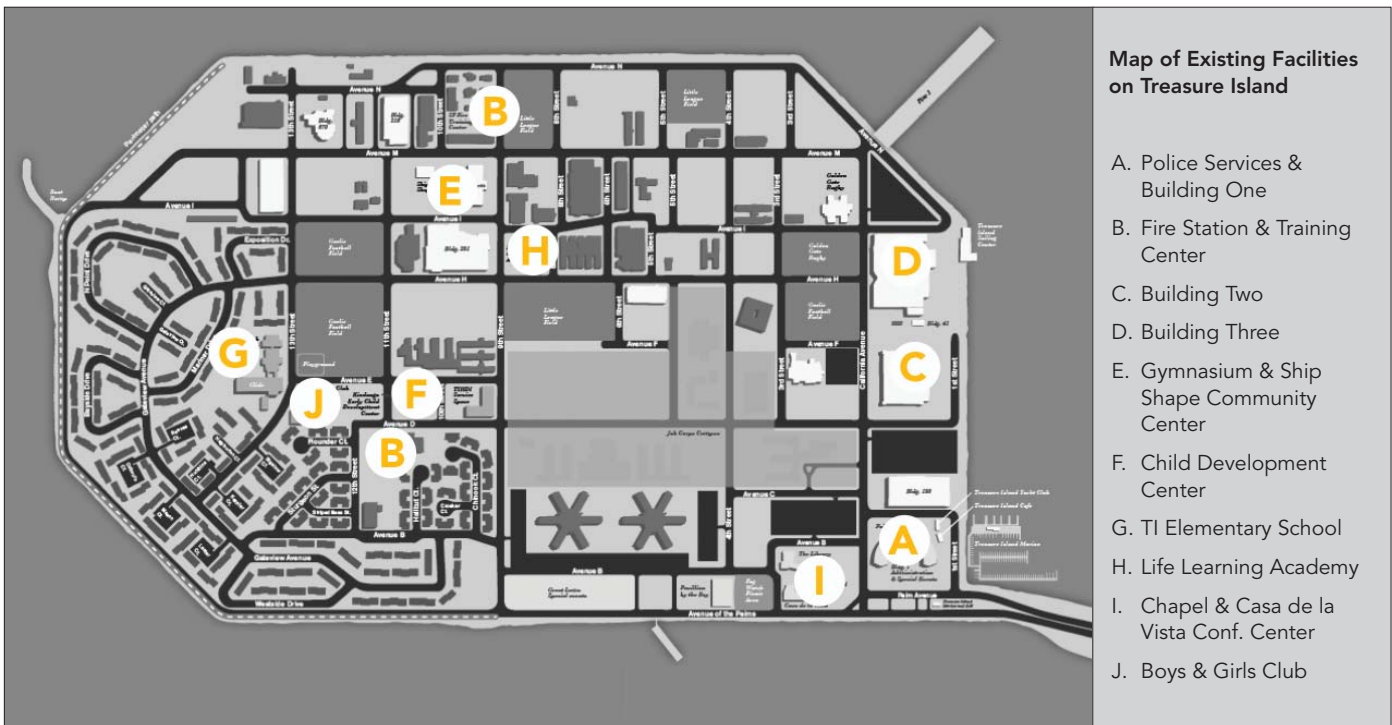
The existing Treasure Island fire station is located on the western side of the island near the school and child care center. This portion of the island will be transformed into open space in Phase IV of the development. A separate police/fire station will be developed as part of the project.

Building One

Building One, measuring approximately 150,000 square feet, offers the opportunity to serve a broad spectrum of uses on Treasure Island. Its current design and location at the entrance to the Island – adjacent to the multi-modal transportation hub - makes it particularly attractive to both resident and visitor serving uses. As the gateway to Treasure Island, residents would naturally be drawn to this facility and many of the identified needs for the Community Center are well suited for this building.

Currently, Building One is used by a number of organizations for office space and offers rental space for events in the main lobby. The primary challenge of locating the Community Center spaces in Building One is providing appropriate access, the ability

EXISTING FACILITY ASSESSMENT



to group uses, the level of building renovation and costs necessary to provide the uses, and the ability to phase the renovation of the Building. Spaces currently occupied by building tenants appear to be readily adaptable; however, much of the square footage of the building is not being used and would require substantial renovation.

Building Three

Building Three, measuring approximately 145,000 square feet currently provides space for film crews and for occasional large scale concerts and events. Building Three could serve as a location for the Community Center spaces identified in the Needs Assessment. The current configuration of Building Three includes a large clear space as the center core of the Building with a smaller “skirt” building around the perimeter of the core. The smaller “skirt” building, particularly the area to the northeast, may be adaptable as a community center. There is an entrance and lobby area, ample space for the various identified needs, and a number of smaller spaces that may be appropriate for classrooms, fitness spaces and other community spaces. In addition, the Building Three skirt could accommodate a health clinic and pharmacy. Considerations include the renovation costs, the ability to introduce new windows and daylighting into a historic building, the ability to renovate the skirt building independent of the larger core, and how well the space can be configured to allow for internal circulation and privacy concerns if used for health related uses.

Building Three also provides a unique and exciting opportunity for the provision of many of the active recreation items or commercially-operated recreation facilities including indoor soccer, a climbing gym, indoor basketball, etc. A model may be the Bladium in Alameda which boasts a 120,000 square foot facility serving leagues and community members for

EXISTING FACILITY ASSESSMENT



a fee. That facility provides a range of activities including indoor soccer fields, climbing walls, indoor skating, basketball, fitness classes, boxing, volleyball and more. In addition, it holds birthday parties, events and has a restaurant and bar as part of the facility. A more detailed needs and demand analysis should be completed as well as more specific discussions with potential operators. It must be determined what the feasibility of a regional serving facility like this would be on Treasure Island.

Gymnasium

The existing gymnasium, currently operated by the YMCA, will be retained to serve as the hub of the Island's identified need for a health and fitness facility. The current facility includes a large gymnasium, racquet ball courts, a weight room, and exercise machines. As described in the Open Space Plan, the gym will be immediately adjacent to the sports park planned for the Island. As the retail center or the core of Building Three is developed/renovated, other commercial opportunities for health and fitness facilities may emerge if operators determine they are financially feasible enterprises.



TI Elementary School

The Treasure Island School will be retained as a K-8 School and it is expected that the school will remain closed until the population is sufficient, and San Francisco Unified School District makes the decision to reopen the facility. In the interim, it may be possible to utilize classrooms for community classes, small meetings and other community program uses.

Treasure Island Child Development Center

Treasure Island currently has a center-based childcare facility located in the center of the Island adjacent to the existing elementary school operated by Catholic Charities CYO. The Center provides infant, toddler and pre-school programs to residents. The Needs Assessment identified the need for 13,500 sq ft of center-based child care and ten family-based childcare facilities. This facility will be retained until the site is redeveloped pursuant to the approved plan. At that time, the childcare facility would be relocated. The final determination of location will be determined at major Phases Application as outlined in Section 5. The housing program consists of a variety of unit sizes and locations. It is anticipated that there will be at least ten units that meet the requirements for family-based childcare as determined in the Needs Assessment (See Appendix).



Life Learning Academy

The Life Learning Academy (LLA) is a non-residential high school operated by the Delancy Street Foundation. LLA is designed to help reduce youth incarceration and recidivism for at-risk juveniles. LLA will be retained in its existing location and will continue to provide education opportunities for at-risk youth from the larger San Francisco Community.

EXISTING FACILITY ASSESSMENT

The Treasure Island Boys and Girls Club

The Boys and Girls Club uses space at the existing elementary school for operation of its program. The school will be retained and the Boys and Girls Club is expected to retain the relationship it currently has with the Treasure Island Development Authority and the school for the foreseeable future. This facility is expected to directly address the needs of youth on the Island. The Boys and Girls Club works in partnership with the YMCA to supplement space needs and utilizes the Gymnasium for larger events and active programs.

Chapel

The existing Chapel currently hosts a number of community events, particularly weddings, and will be retained. The Chapel could readily address the faith needs of the island identified in the Needs Assessment particularly with the development of appropriate storage for different on-island organizations who will use it. It will be scheduled to provide fair access to interested faith-based groups, as well as other functions such as weddings and memorial services.

Treasure Island Sailing Center

The San Francisco Sailing Center, a non-profit organization, operates a number of programs on Treasure Island for youth to learn the sport of sailing by providing instruction, facilities and programs for people of all socioeconomic backgrounds and skills.

Treasure Island Museum

The Treasure Island Museum Association currently hosts exhibits in Building One and provides ongoing stewardship for the Treasure Island History and existing artifacts.

Casa de la Vista

The Casa provides rental spaces for a wide variety of private events such as weddings, parties and meetings. It offers excellent views of San Francisco, seating for up to 180 people and an outside patio. It is currently operated by Wine Valley Catering. The Casa is expected to be retained until the earlier of: i) an operator is identified and the site is necessary for the development of the hotel; ii) demolition of the facility is necessary to implement the infrastructure program; iii) a suitable community space is developed that serves a comparable function; or iv) the site is necessary for completion of the development program.

Treasure Island Pavilion

The Pavilion, a special events facility operated by a joint venture between Wine Valley Catering and TIHDI, is expected to stay in its current location until infrastructure or permanent development requires it to move. The Pavilion is likely to require an interim location before a final location can be provided. TIDA intends to work with Wine Valley Catering to help address costs related to relocating this facility.



EXISTING FACILITY ASSESSMENT



Treasure Island Homeless Development Initiative (TIHDI)

TIHDI, and its member organizations, provides a range of housing and social services to formerly homeless individuals and families on Treasure Island. Programs include managing 250 housing units, providing housing placement services, case management, employment and financial counseling and support, and food distribution. To provide these programs, TIHDI utilizes a number of facilities on Treasure Island including the Ship Shape Community Center, Building One and a number of portable buildings on the Island. In addition, TIHDI partners with the Boys and Girls Club and YMCA for programs operated at the elementary school and the gymnasium. TIHDI will continue to be an important partner and program operator as the Island is developed. Existing programs are expected to be accommodated in service space within the new housing, Building One and with other facilities discussed in this document.

Ship Shape Community Center (SSCC)

TIHDI operates the SSCC, which it renovated in 2002. The SSCC hosts community meetings, events, the TIHDI food pantry program, and a business assistance program. The facility is expected to be retained for the early phases of development and will ultimately be replaced by the community center and TIHDI service space. The SSCC is available for use by Treasure Island related organizations and residents.

Sports and Recreation Fields

Treasure Island has three little league fields, and four soccer and football fields available for residents and community members. In addition outdoor basketball courts and play areas are available for community members. These amenities will be retained as long as possible during development.

Great Lawn and Picnic Areas

On the western side of the island there is a large open lawn with picnic facilities that is used for community events. This area is expected to be redeveloped during first two phases of the project..



PROPOSED PROGRAM

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The following program sets forth the approach that Treasure Island Community Development (“TICD”) proposes to meet **the Needs** identified in the Needs Assessment and summarized in Table 2 of this document. The program outlines how the various needs can be met with a blend of existing buildings and new facilities. The final community facility program will be dependant upon detailed analysis of the spaces within the existing buildings, the costs for rehabilitation, and how the proposed uses fit into the overall plans for Treasure Island.

Table 4, on the following page, outlines how the plan will address the Needs with additional details about each building character, proposed use and interim location during development. A narrative of these recommendations follows.

PROPOSED PROGRAM

Table 6. Proposed Community Facility Program

Building Facilities	Recommended Square Footage	Current Location	Proposed Location/Facility
1. Public Service Facilities			
Police Services	5,000 sf	Existing Facility	New Facility
Fire Services	10,000 sf	Existing Facility	New Facility
2. Community Spaces			
Community Center Spaces	20,000 sf	Ship Shape Community Center	In Building 1 or 3
Neighborhood Reading Room/Library	1,000 sf	In Building 1	In Building 1 or 3
Senior/Adult Services	In Community Center	Ship Shape	In Building 1 or 3
Teen/Youth Center	In Community Center	Boys and Girls Club	In Building 1 or 3
Outdoor Community Performance/Gathering Space	Outdoor Small/Medium Space	Great lawn and the Casa	New Facility
3. Community Services and Amenities			
Health & Fitness Facilities (If not part of community center)	9,500 sf	Gymnasium	Existing Gymnasium
General Social Services/ Family Services (THIDI Activities)	12,000 sf	Existing THIDI facilities	In Building 1 or 3; Within New Housing
Acute Health Care	2,000 sf	None	New Facility
Community Garden Plots	200 – 400 plots	None	Urban Farm
4. Educational and Cultural Facilities			
K-8 School	45,000 sf	Building exists, not in operation	Existing School Building
Center-Based Childcare	13,500 sf 18,000 sf (outdoor)	In existing facility	In Building 1,3, or New Facility
Family-Based Childcare	10 sites	None	In Housing
Faith Facilities	8,000 sf	Chapel	Chapel
5. Open Space and Recreational Facilities			
Regional Sports/Recreation Fields	40 acres	Existing Facilities	New Facilities
Neighborhood Parks and Community Parks	80 acres	Existing Facilities	New Facilities

PROPOSED PROGRAM

1. Public Service Facilities

TICD will construct approximately 15,000 square feet of space for a joint police and fire station that was identified in the Needs Assessment. The actual building program will be refined with the City's Office of Emergency Services and Homeland Security (OES/HS), and other responsible Departments to ensure the facility can provide the appropriate level of service and safety for the Island. The joint facility will provide a single, central location for safety, emergency, and fire services. The land use plan for the Island has identified urban core as the preferred location for the facility which will serve as a center piece to the Emergency Response Plan for Treasure Island and Yerba Buena Island.



2. Community Spaces

The Needs Assessment identifies approximately 21,000 square feet of Community Center Space, which includes a community center, neighborhood reading room, and space for seniors and teens. The final location is expected to be either Building One or Building Three. As part of the First Major Phase Application and Approval (as set forth in the Design Review and Document Approval Process - attached to the DDA), TICD will provide an analysis and cost estimate for the renovations required to adapt each building to the proposed uses and based on that analysis will make a space recommendation for TIDA's approval.

As part of the 2006 Plan, TICD committed to provide 13,500 square feet of community space. At TIDA's election, TICD will either provide this community space – pursuant to the process noted above – or will pay a fee to TIDA not to exceed \$9.5 million, adjusted for inflation – paid in equal installments at the approval of the first Sub-Phase within each Major Phase of the project.

3. Community Services and Amenities

Approximately 21,000 square feet of space was identified in the Needs Assessment for social services, fitness spaces and acute health care. These uses will be accommodated in several different facilities. Approximately 3,100 square feet of Social Service space is expected to be operated by TIHDI and continue to be located in Building One. The remainder of the Social Service space will be distributed within the new affordable housing buildings. The Health and Fitness programs are expected to be operated within the existing gymnasium – which will be retained as part of the development - and the adjacent park and open space facilities.

Acute health care needs are expected to be addressed via one of several possible options, which include: i) a shared clinic with the Job Corps facility; ii) a third-party operator of a on-site clinic/urgent care facility; iii) service from one of the TIHDI member organizations – which may be housed in the ground floor of one of the TIHDI housing facilities; or iv) a space incorporated into the joint police/fire station. The facility need is estimated to be approximately 2,000 sf. This space will be designed to support and temporary stabilize

PROPOSED PROGRAM



patients in the event they cannot be immediately transported to San Francisco or the East Bay. The joint location is designed to leverage 24 hour operation and existing medical staff. The final determination of size, operation and location will be made with the City.

4. Educational and Cultural Facilities

TICD has committed \$5 million, to provide for the rehabilitation/renovation of the existing school to serve the identified need for an Education facility for K-8 students. In addition, the Project is expected to generate approximately \$30 million in school impact fees and Tax Increment Pass through payments to provide for the educational needs of Island residents. The decision to open the school (or provide alternative education opportunities such as a charter school) will be made in conjunction with the San Francisco Unified School District and the Treasure Island Development Authority. If a decision to open a school has not been made by the time the 5,000th residential unit has been occupied, TICD will meet with TIDA to determine how the \$5 million commitment will be utilized as part of the community facility program.

The existing child care facility will be retained until such time as the site is needed to implement the approved redevelopment plan. At the time, it is expected that child care uses will be relocated to renovated space in either Building One or Building Three. As part of the 2006 Plan, TICD committed to provide 7,500 square feet. of indoor space and 7.500 square feet or outdoor space for child care. TICD is obligated to provide this space, or at the election of TIDA, provide funding equal to \$2.5 million, payable no later than the first approved Sub-Phase within Major Phase Three.

To meet the faith needs identified in the needs assessment, TICD has committed to retain the existing chapel in its current location.

5. Open Space and Recreational Facilities

Treasure Island will offer a wealth of open space and park amenities to residents and visitors. Over 200 acres of the Island will be dedicated to parks and open space, including areas dedicated as Regional Sports/Recreation Fields, Neighborhood Parks and Community Parks. This rich mix of cultural, active and passive park space will offer a green oasis for the City of San Francisco and Treasure Island residents. A brief summary of selected elements of the parks and open space program is provided below - for a full description of the Parks and Open Space – all of which are provided by TICD – refer to the Treasure and Yerba Buena Island Open Space Plan attached to the DDA. The timing for the construction of the various open space and park features is generally related to the timing of the adjacent development and is outlined in the Schedule of Performance attached to the DDA.

Neighborhood Parks

The purpose of neighborhood parks is to provide access to recreation amenities that should be available close to home. Through careful planning, neighborhood park needs

PROPOSED PROGRAM

can be well served on Treasure Island and TICD is committed to provide these neighborhood parks in conjunction with the adjacent vertical development. The following outlines how Neighborhood Park needs will be accommodated.

Cityside Pocket Parks

These parks are a primary neighborhood park resource. These total 2 acres and include 7 parks (approximately 0.2 acre each).

Each of these parks could accommodate a small play area for 0-5 years, a small open turf area, and seating or picnic space. These play areas could serve the needs of licensed family day care residences located in the Cityside area, which need direct access to outdoor play elements, as well as neighborhood needs.

School Open Space

There is approximately 5 acres of usable open space that could provide shared recreation space and neighborhood park needs.

Eastside Commons

This string of parks equals 3 acres of park space which can be designed to accommodate some community recreation needs. This site could be designed with larger nodes to accommodate play areas for 0-5 years, basketball half courts, picnic areas, seating, and the like.



PROPOSED PROGRAM



Community Park Needs

Community Parks serve the larger community and are typically much larger in scale and can be located at more centralized locations. The following outlines how community park needs are proposed to be accommodated on Treasure Island.

Cityside Waterfront Park

Cityside Waterfront Park provides 20 acres of pathways, art areas, seating and gathering areas. This Park will serve an important informal recreation and passive recreation need for residents and visitors. Areas within the park will be maintained as open turf for pick up games like frisbee or soccer and offer space for picnicking, walking, running and other similar activities. Small to medium events may also be accommodated in this park.

Sports Park

To meet a broad range of active, formal recreation needs, a 40 acres sports park is envisioned which can incorporate community-serving elements. The sports park should accommodate some neighborhood and community needs, especially to serve the Eastside Commons neighborhood. Although the sports park is likely to be operated by a concessionaire, it is expected that it will be accessible without an admission fee for residents. In addition, broader regional needs can be addressed with the Sports Park. Amenities should include: 2 multiuse fields, baseball and little league fields, 1-2 basketball courts, picnic area, and play areas for 0-5 years and 5-12 years.

Eastern Shoreline Park

This includes 7 acres which can incorporate some neighborhood and community-serving needs. If all of the above amenities cannot be accommodated in the Sports Parks, the following should be considered for Eastern Shoreline Park, including open turf area, basketball court or half court, picnic area, and play areas for 0-5 years and 5-12 years.

Yerba Buena Island's Hilltop Park

This includes 6 acres of community-serving parkland. This park could incorporate community and neighborhood serving elements, such as a 2-12 years play area, open turf, and picnic tables and benches.

Additional Facilities

The Development Plan has outlined a series of additional facilities that will directly contribute to the provision of community facilities, programs and services on Treasure Island. The following is a brief summary of these facilities and the needs they will serve.

Marina Plaza

At the intersection of Building One, the proposed new retail street, and Clipper Cove, TICD will develop a Marina Plaza which is designed to serve as both an entertainment space and a place for social gathering. With views overlooking Clipper Cove toward Yerba

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Buena Island, it can also provide an ideal location for outdoor cafes, seating and exterior retail kiosks.

Urban Agricultural Park

The Open Space Plan for Treasure Island includes an Urban Agricultural Park - the "urban Farm". Urban farms provide fresh food and educational and environmental benefits to the local community. As part of the Treasure Island Urban Farm, space will be designated to accommodate community gardens and other uses that may include demonstration gardens, food stands, community-supported agriculture memberships (CSAs), children's gardens, cooking classes and food education, and gardening skills development. TICD is providing the site improvements to render the site suitable for the operation of the farm, with the understanding the operation will be conducted by a 3rd party operator or non-profit organization. Approximately one acre of the Urban Farm is expected to be dedicated to community gardens. Approximately 3-5 acres are expected to be dedicated to TIHDI.



Environmental Learning Center

As part of the development TICD will provide a site within the open space program to create an environmental learning center on the Island. It is anticipated that the Learning Center will start as interpretive signage in the early phases of the project - centered in the core area in and around Building One. Once the Open Space program has been substantially completed, there may be the opportunity to locate a more substantial Center to help with interpretation and understanding of the ecological resources on Treasure Island.

Treasure Island Sailing Center

TICD, in conjunction with the Treasure Island Sailing Center, have identified a pad on the southeast portion of Treasure Island that TICD will provide to the San Francisco Sailing Center to continue its operation at Treasure Island.

Treasure Island Museum

TICD and the Treasure Island Museum Association will identify a space that is suitable to meet the programmatic and visitor needs necessary to create a viable museum operation. This space is expected to be located in Building One but could be accommodated in other locations acceptable to TCD and the Treasure Island Museum Association.

Life Learning Academy

The Life Learning Academy will be retained in its existing location and will continue to provide education opportunities for at risk youth from the larger San Francisco Community.



CONCLUSION

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Treasure Island will become a vibrant and dynamic community with a mix of housing, diverse community members and a unique and beautiful location on the San Francisco Bay. The provision of community facilities to support and to enhance the development will be an essential piece of the success of this project.

The Community Facility Plan along with the Needs Assessment provides clear direction and information to help guide the development of these facilities. In large part these needs will be able to be met with a strategic and careful reuse of existing buildings and the development of a few new buildings. In addition, new park land will provide extensive opportunities for the residents and visitors to explore and experience the outdoors on Treasure Island.

The next step to make the Community Facilities plan a success is to identify operators for the various facilities, functions and programs and to ensure that the proposed space program will meet their business models while serving the needs of all the island residents equitably. This includes considering potential operation and maintenance costs and possible revenue streams.

As the development proceeds over the next 20 years, the community will be an important part of informing refinements to this proposal and in creating the right facilities for their needs. Interim uses will be evaluated at each key phase and means of transitioning to permanent uses as the population and demand grows. TIDA will work closely with the City to develop an effective process for this ongoing evaluation of community facility needs and commit to engaging the Community throughout this process.

Specifically, the refinement of Community Facilities Program will mirror the Major Phases Application timeline outlined in the Design Review and Document Approval Procedure (DRDAP). The community facilities process will be informed by a Master Planning Committee that includes on-island stakeholders such as homeowners, business operators, community groups, and TIHDI. Changes and refinements to the community facilities plan will be guided by the principles outlined within this document and by the developer's obligations specified in the DDA.

JOBS AND EQUAL OPPORTUNITY POLICY

1. Introduction

Plans for the development of Treasure Island provide for a variety of community benefits for residents of Treasure Island and San Francisco, visitors to the Island and the entire Bay Area region. Many of the benefits to be provided, such as rebuilding the infrastructure, creating affordable housing opportunities, and adding approximately 300 acres of parks and open space have been described in other documents. This Jobs and Equal Opportunity Policy (the “**EOP Policy**” or “**Policy**”) sets forth the employment and contracting benefits that are proposed for the Project, including:

- Creating new construction and permanent employment opportunities in retail, maintenance, administrative, recreational, clerical and para-professional jobs, among others, developing programs to direct those jobs to priority groups, and establishing a framework for a job broker program to facilitate and prepare linking the priority groups to the jobs.
- Creating professional services contracting, construction and other long-term employment opportunities for local San Francisco contractors and their employees.
- Creating economic development opportunities and related support for TIHDI residents and member organizations.

This Policy has been jointly prepared by TIDA, TIHDI, TICD, OEWD and other relevant City Agencies and is intended to set forth the policies that will apply to the Project which is the subject of the Disposition and Development Agreement (“**DDA**”) for the Treasure Island project (the “**Project**”). The parties anticipate that TICD and TIDA will enter into an employment and contracting agreement (ECA) substantially in conformance with the policies set forth below prior to the commencement of construction for the first Major Phase of the Project, as defined in the DDA. Such ECA with TICD shall require TICD to include in any contracts that are subject to this Policy a requirement that such parties will negotiate in good faith and enter into similar ECAs with TIDA, which ECAs shall be in substantial conformity with this Policy.

1. Pursuant to California Community Redevelopment Law (CCRL), TIDA hereby adopts this Policy to ensure training, employment and economic development opportunities are part of the development of the Project subject to the criteria set forth below.

2. This Policy sets forth the exclusive employment and trainee policies for all projects undertaken in the Project under a horizontal or vertical DDA or LDDA, with TIDA. Compliance with this Policy will be a requirement under all horizontal and vertical DDAs or LDDAs into which TIDA or TICD enters.
3. This Policy supersedes any other San Francisco ordinance, regulation or policy governing employment and contracting policies and otherwise applicable to the Project, unless expressly stated otherwise in the DDA for the Project.

4. In adopting the Project, TIDA and the City and County of San Francisco ("**City**") have made a commitment to create jobs and economic development opportunities throughout the Project's development for qualified Economically Disadvantaged Persons, San Francisco Residents / Small Business Enterprises, and Treasure Island Homeless Development Initiative Member Organizations, as defined in this Policy.
5. During the full term of the Project, it is estimated that approximately 2,000 thousand new construction jobs and approximately 3,000 new permanent / temporary non-construction jobs will be created. In addition, professional service contracting and new economic development opportunities will be afforded to the Treasure Island Homeless Development Initiative ("**TIHDI**"), pursuant to the terms of an agreement between TIHDI and TIDA discussed below.
6. This Policy is based upon: (i) an amended and restated agreement between TIHDI and the City (the "Amended and Restated TIHDI Agreement") that addresses hiring goals for targeted populations; (ii) commitments to hire qualified Union labor to successfully construct significant portions of the Project; (iii) the application of relevant City ordinances for public horizontal and public vertical projects and private horizontal and private vertical projects, and other applicable State and Federal employment laws, and (iv) the need to create a process that ensures the success of the Project and the achievement of the policies of this Policy over the term of the Project. This Policy takes these interrelated, and sometimes competing, issues into account and is designed to be flexible enough to meet labor and capital market demands, yet provides structure to enable that results for the hiring of San Francisco residents and Economically Disadvantaged Persons are achieved.
7. This Policy creates a mechanism to provide employment and economic development opportunities for Economically Disadvantaged Persons, San Francisco Residents and TIHDI Member Organizations in the areas of construction hiring, professional services contracting and permanent / temporary job creation. To accomplish those goals, this Policy creates programs that are designed to provide training and referral services for qualified construction candidates to Project Sponsors and Contractors for construction jobs through the City's CityBuild Program and the TIHDI Job Broker and to provide referral services for qualified candidates for professional services hiring and permanent / temporary job opportunities through the TIHDI Job Broker.
8. This Policy applies to private Horizontal Development Work, as defined herein, and incorporates provisions specific to the Project and its relationship with CityBuild and TIHDI that serve the same purposes as San Francisco's First Source Hiring Ordinance. All private Vertical Development Work, as defined herein will be subject to the provisions of San Francisco Administrative Code Section 83 ("**First Source Hiring**") as of the Effective Date of the DDA with the understanding that the First Source Hiring Agreements entered into pursuant to such ordinance shall include good faith efforts to incorporate the goals of this Policy. All TIDA projects (which are defined as projects constructed directly by TIDA or the City and County of San Francisco) will be subject to the provisions of San Francisco Administrative Code Section 6.22(g) as of the Effective Date of the DDA.

9. The ECAs entered into pursuant to this Policy shall also incorporate the following Ordinances of the City and County of San Francisco as the same are in effect as of the Effective Date of the DDA:
10. This Policy has been prepared in consultation with TIDA, TIHDI, the Mayor's Office of Workforce and Economic Development and TICD ("*The Parties*") and shall be the binding Jobs and Equal Opportunity Policy for the Project and Redevelopment Plan. The Policies set forth herein may only be amended by mutual consent of TICD and TIDA.
11. This Policy shall be effective as of the date of the DDA.

2. **Background**

Some of the key elements of the Policy are derived from the 1996 agreement between the Treasure Island Development Authority (TIDA) and the Treasure Island Homeless Development Initiative (TIHDI). Other key elements are derived from other relevant City ordinances and policies. The Policy integrates the key elements of the agreements with TIHDI with other applicable existing City programs that provide similar or complementary functions.

2.1 Recital on Base Closure and 1994 CRC Process.

2.1.1 In 1996, the City concluded discussions with TIHDI regarding a binding agreement (the "*1996 TIHDI Agreement*") that would, among other things, give TIHDI certain rights to participate in economic development opportunities on Treasure Island, facilitate implementation of a permanent employment program related to activities occurring at Treasure Island and provide TIHDI with certain financial support. Because the California Environmental Quality Act ("*CEQA*") review process had not yet been completed, the 1996 TIHDI Agreement was not executed at that time. Nevertheless, entry into the 1996 TIHDI Agreement was a condition precedent to the approval by the United States Department of Housing and Urban Development of the 1996 Draft Reuse Plan for Naval Station Treasure Island. And in fact, TIDA and TIHDI have conducted their negotiations as if the 1996 TIHDI Agreement was enforceable today, have implemented substantial portions of the 1996 TIHDI Agreement and continue to act towards each other and exercise rights under the 1996 TIHDI Agreement as if it had been fully executed, including (i) subleasing 250 units of housing on ~~Treasure Island to for use by TIHDI member organizations to provide housing~~ to formerly homeless people, (ii) requiring Treasure Island employers to develop hiring plans to fulfil employment objectives, and (iii) referring employers to the TIHDI Job Broker to meet Project hiring goals, subleasing the existing childcare center to a TIHDI member agency, and contracting with TIHDI member agencies for janitorial and landscaping services.

2.1.2 The first area covered by the 1996 TIHDI Agreement is referred to as the Economic Development and Support Facilities Component. That component serves to create revenue-generating opportunities for TIHDI's member

organizations and work opportunities on Treasure Island for formerly Homeless and Economically Disadvantaged Persons, as those terms are defined in the 1996 TIHDI Agreement. The second area covered by the 1996 TIHDI Agreement is referred to as the Employment Component. That component serves to establish a long-term employment policy for Treasure Island by requiring future private horizontal and vertical developers and construction employers (collectively referred to as Construction Contractors) and future long term lessees and employers (Permanent Employers), to comply with First Source Hiring and other existing hiring plan goals and requirements and make good faith efforts to meet certain goals for employing formerly homeless and Economically Disadvantaged persons, as those terms are defined in the 1996 TIHDI Agreement. The third area covered by the 1996 TIHDI Agreement is referred to as the Support Component. The fourth and final area covered by the 1996 TIHDI Agreement is referred to as the Housing Component; this component is documented in the Housing Plan attached to the DDA between TIHDI and TIDA.

The first two components are reflected in this Policy. The DDA requires that TICD and any other Construction Contractors and Permanent Employers subject to this Policy enter into separate ECAs with TIDA in substantial conformity with this Policy.

- 2.1.3 Recital on decision to procure a master developer and the subsequent procurement of TICD.
- 2.1.4 TIDA intends that the majority of the Project will be implemented by TICD or its assigns, as the Project Sponsor or Construction Contractor, as the case may be, and will consist of: (i) horizontal improvements implemented through the DDA, and (ii) vertical improvements implemented pursuant to Vertical DDAs and constructed on land that TICD has improved pursuant to the DDA. Such vertical improvements would include market-rate residential, affordable residential (including opportunities for TIHDI, as described in the Amended and Restated TIHDI Agreement and the Housing Plan attached to the DDA), commercial, community facilities, and other improvements, all as described more specifically in the DDA and related documents for the Project. TIDA further intends that the opportunities for long term employment will occur in projects undertaken by Permanent Employers. TIDA will contract separately for the redevelopment of the Marina and other ancillary development.
- 2.1.5 A Term Sheet outlining the anticipated terms of the Disposition and Development Agreement between TIDA and TICD was prepared in 2006. The Term Sheet was endorsed by the Treasure Island Citizens Advisory Board ("**CAB**") and TIDA in October 2006 and by the San Francisco Board of Supervisors in December 2006. The Term Sheet was revised and subsequently endorsed by the CAB, TIDA and Board of Supervisors endorsed this Updated Term Sheet in April and May, 2010.

- 2.1.6 The Term Sheet anticipated that TIDA would adopt an ECP that would implement (i) the provisions of a to-be-negotiated Amended and Restated TIHDI Agreement (ii) follow the City's First Source Hiring program for employment contracting standards for private horizontal and vertical development, and (iii) set forth a long-term employment policy for the Project.
- 2.1.7 The Term Sheet also anticipated that TICD would enter into a Project Labor Agreement (PLA) for construction in the Project Area, and that TIDA's ECP would need to be consistent with such PLA.
- 2.1.8 The Term Sheet further requires that hotel uses and grocery store uses employing over 50 full time employees will be subject to the City's Card Check Ordinance as it exists as of the Effective Date.
- 2.1.9 In 2010, at the same time the Updated Term Sheet between TICD and TIDA was endorsed, the commitments in the 1996 TIHDI Agreement were affirmed by the Treasure Island Development Authority in a Term Sheet between TIDA and TIHDI. The TIHDI Term Sheet restated the commitments in the 1996 TIHDI Agreement among other things for use of the TIHDI Job Broker.
- 2.1.10 Since the endorsement of the Term Sheet, TICD is in the process of negotiating a PLA (the "**TICD PLA**") with the San Francisco Building and Construction Trades craft unions.
- 2.1.11 The TICD PLA incorporates key elements of the Amended and Restated TIHDI Agreement in the PLA's "composition of workforce" requirements and creates a mechanism to establish realistic and attainable standards for hiring to provide pathways to good union construction jobs and advancement for Economically Disadvantaged Persons. In order to meet the Amended and Restated TIHDI Agreement standards for hiring Economically Disadvantaged Persons, this ECP requires that Construction Contractors, unions, apprenticeship programs and the TIHDI Job Broker to work cooperatively with the CityBuild Program on training, apprenticeship and job referral matters.
- 2.1.12 In 2011, TIDA and TIHDI entered into a successor Amended and Restated ~~TIHDI Agreement that replaced the 1996 TIHDI Agreement in its entirety.~~ The Amended and Restated TIHDI Agreement implements the commitments of the 1996 TIHDI Agreement within the context of the final Redevelopment Plan. Many of the key elements of this ECP are derived from the Amended and Restated TIHDI Agreement.
- 2.1.13 In 2006, the City established the CityBuild Program, an employment program under the Workforce Development Division of the Office of Economic and Workforce Development. The purpose of CityBuild is to ensure equal employment opportunities for San Francisco residents of all backgrounds and

genders in construction workforce activities provided under City-sponsored construction projects. CityBuild creates a single, responsible and accountable entity to direct construction employment and training efforts across projects and departments and develops trained, committed men and women to become the construction workforce of the future.

2.1.14 TIDA hereby designates the CityBuild Program as the primary agency responsible for managing all of the ECP programs related to the construction hiring policies set forth herein. The TIHDI Job Broker will work with CityBuild to fulfill the construction hiring goals of this Policy. CityBuild will be the primary source of contact with TICD and all Construction Contractors in implementing this Policy and all subsequent ECAs, with oversight by TIDA. TIHDI and CityBuild will enter into a Memorandum of Understanding governing their respective roles and responsibilities under this Policy.

2.1.15 The Office of Labor Standards Enforcement (OLSE) enforces labor laws adopted by San Francisco voters and the San Francisco Board of Supervisors. OLSE ensures that public works contractors comply with prevailing wage regulations, enforces the Minimum Compensation Ordinance and Health Care Accountability Ordinance, and administers the City's Sweatfree Contracting Ordinance. OLSE also enforces labor laws of general application, including the San Francisco Minimum Wage Ordinance, Paid Sick Leave Ordinance, and Health Care Security Ordinance. TIDA intends to designate OLSE as the agency responsible for ensuring that prevailing wages and other payroll requirements are paid during the construction of all projects subject to those requirements.

2.1.16 TIDA will further require that the CityBuild Program and OLSE work cooperatively with all of the Project's stakeholders, including TIHDI, Project Sponsors and Contractors.

2.2 Jobs and Equal Opportunity Policy Summary

2.2.1 TICD, TIDA and TIHDI agree that jobs creation and equal opportunity contracting opportunities in all areas of employment are an essential part of the redevelopment of Treasure Island. It is anticipated that the project at final build-out and completion will create thousands of construction and permanent jobs and that the planning, design and construction work will provide substantial contracting opportunities for local contractors and professional services firms as well as for countless businesses, employers and organizations who continue to work on Treasure Island. TICD, TIDA and TIHDI agree that it is in the best interests of the Project and the City for a portion of the jobs and contracting opportunities to be directed, to the extent possible based on the type of work required, and subject to collective bargaining agreements, to local, small and economically disadvantaged companies and individuals whenever there is a qualified candidate. This Policy identifies goals for achieving this objective and outlines certain

measures that should be undertaken in order to help ensure that these goals and objectives are successfully met. In that regard, TICD will work with TIDA, other City agencies, TIHDI, CityBuild, the San Francisco Building and Construction Trades Council (“*SFBCTC*”), other community based employment organizations and small business development centers to implement employment and contracting-related programs. TICD and TICD’s, assigns, contractors, and subcontractors will enter into ECAs substantially in conformity with this Policy to do the same. The responsibility for the overall success of this project is shared by all parties – TIHDI, TIDA, TICD, member agencies, the Office of Economic and Workforce Development (OEWD), and other employers. TICD will enter into a EA substantially in conformity with this Policy and shall agree, in such ECA to include in any contracts that would otherwise be subject to this Policy, a requirement that prior to commencement of activities otherwise subject to the Policy that other parties enter into an ECA with TIDA pertaining to their activities otherwise covered by this Policy. TICD shall not be responsible for the failure of any other party to comply with the terms of its respective ECA.

2.2.2 Measures to be included in all ECAs include:

- Working with CityBuild’s job-training, education and hiring program, in collaboration with TIHDI and the SFBCTC to assist the Project Sponsor, Construction Contractors and other parties entering into ECAs to comply with such agreements.
- Working with TIHDI to create programs that are designed to provide certain residents and businesses with priority for employment and contracting opportunities through a Job Broker program, which will be operated by TIHDI.
- Establishing accountability measures to ensure that TICD, and other participating organizations involved with private horizontal and private vertical projects, comply with the First Source Hiring policy to make good faith efforts to meet specific goals for employing economically disadvantaged/formerly homeless persons and local residents as those terms are defined in this Policy.
- TICD developing job forecasts for one-year increments to assist CityBuild and TIHDI in preparing and identifying qualified workers for upcoming positions.

2.3 Employment and Contracting Opportunities and Goals

2.3.1 The employment and contracting opportunities and goals outlined herein relate primarily to construction contracts and jobs, professional services contracts and jobs, and permanent jobs. Certain construction contracts may be undertaken by TIDA or the City and those public projects shall be required to comply with San Francisco Administrative Code Section 6.22(g). Construction contracting and job opportunities undertaken by the Project Sponsor or assigns and Construction Contractors on both horizontal and vertical improvements or buildings shall be subject to the City’s First Source Hiring Ordinance set forth in San Francisco Administrative Code Section 83

as the same is in effect as of the Effective Date of the DDA. The goals set forth below shall remain in effect for ten years following completion of initial construction of each building or other relevant portion of the Project. In addition, final documentation shall reflect qualifications and exemptions set forth in applicable City ordinances and policies.

2.4 Construction Contracts and Jobs.

2.4.1 Overview. During the infrastructure phase of the redevelopment of Treasure Island it is anticipated that jobs will be created from construction related activities for new utility systems, roads and sidewalks, shoreline stabilization, additional hazardous remediation and deconstruction activities (collectively, the "Horizontal Development Work"). It is anticipated that the heavy infrastructure construction work will be undertaken by building and construction trades craft unions and that they will work cooperatively with TIHDI, CityBuild, and TICD to make good faith efforts to implement the goals of this Policy. It is similarly anticipated that vertical construction activities will be undertaken by building and construction trades craft unions. Vertical Development activities are not covered by this Policy. However, the vertical DDAs shall comply with San Francisco Administrative Code Article 83 (First Source Hiring) as the same is in effect on the Effective Date of the DDA. Some jobs will be better suited to meeting or exceeding the construction contracting goals than others, hence all workforce goals will be cumulative, not individual goals for each specific task. This acknowledgement does not alter in any way the requirement that Construction Contractors comply with good faith effort obligations to meet the participation goals for all components of the Horizontal Development Work. During all phases of construction, sustained efforts will be made to meet the goals outlined in this Policy.

2.4.2 Participation Goals

- (a) Contracts. It is a stated goal of TIDA and the City to support small, locally-owned and disadvantaged businesses and contractors and TICD and TIDA agree that the Treasure Island redevelopment project is an opportunity to support this policy objective. Based on that goal, the following participation goals are set for construction contracting: 41% of the total dollar value of the horizontal and vertical construction costs shall be performed by subcontractors which are qualified Small Business Enterprises (SBEs) located in San Francisco or elsewhere, provided that First Consideration shall be given to SBEs located in San Francisco. The parties recognize that achieving this goal may be challenging for particular aspects of the project and that the goals will therefore be cumulative rather than individual by specific task. A Small Business Enterprise construction firm is currently defined as a firm with annual revenues not exceeding \$14 million.

- (b) Construction Workforce Employment. The construction workforce employment participation goals are contained in the Amended and Restated TIHDI Agreement. Construction Contractors will be required under their separate ECAs to make good faith efforts to achieve the levels of participation set forth below. The goals are based on cumulative work force hours, not individual trade or task and are as follows:
- (i) 25% of all construction workforce hours filled by qualified Homeless or Economically Disadvantaged Persons . Economically Disadvantaged Persons means either (i) persons who reside in San Francisco whose annual income is no greater than 50% of the area median income as determined by the U.S. Department of Housing and Urban Development or (ii) persons who meet the definition of Economically Disadvantaged Persons set forth in San Francisco Administrative Code sections 6.22(g), and/or Article 83, as the same are in effect as of the Effective Date of the DDA.
 - (ii) 50% of all construction workforce hours filled by qualified San Francisco residents (including those qualifying under subparagraph (a) above). Guidelines for contractors and employers are part of the CityBuild workforce development and contracting monitoring program and will be consistent with this Policy.

The ECAs entered into by TICD, Construction Contractors and/or Permanent Employers shall grant each of them credit for meeting the goals set forth in this Policy and their respective ECAs by contracting with TIHDI organizations providing services such as grounds maintenance and landscaping, janitorial maintenance, deconstruction or other economic development activities as more fully described (below).

- (c) Priorities for Placement. Subject to any collective bargaining agreements in the building trades, first consideration for hiring on all construction projects on Treasure Island shall go to qualified San Francisco Homeless or Economically Disadvantaged persons and second consideration to qualified San Francisco residents with preference for residents of Treasure Island.
- (d) Training for Construction Jobs. The ECA will require TICD to prepare annual forecasts of construction job needs. Based on these annual forecasts, TICD will work with CityBuild, and CityBuild will in turn work with TIHDI and community based organizations to communicate upcoming employment opportunities, and subsequently facilitate relevant and timely training activities that adequately prepare individuals for these jobs.
- (e) Employment Retention and Advancement. Pursuant to the Job Broker provisions in the Amended and Restated TIHDI Agreement, agencies referring workers to jobs as well as TIHDI Job Broker staff will provide

ongoing support to workers and relevant employers. Similarly, the respective ECAs will require the parties to such agreements to make good faith efforts to communicate employment issues where and as appropriate with the workers and CityBuild will in turn work with the TIHDI Job Broker staff so that effective interventions may be made in certain cases that result in the goals of achieving that result in sustained employment.

- (f) Labor Compliance Program. TICD shall, pursuant to its ECA, agree to use commercially reasonable efforts to include in its contracts with contractors a requirement that such Contractors enter into a separate ECA substantially in conformity with this Policy that includes utilizing the labor compliance program established by CityBuild for weekly payrolls through CityBuild's certified payroll report (CPR) to facilitate the implementation and monitoring of the foregoing goals.
- (g) Professional Services
- (h) Participation Goals
 - (i) Contracts. It is a stated goal of TIDA and the City to support small, locally-owned and disadvantaged businesses and contractors and TICD and TIDA agree that the Treasure Island redevelopment project is an opportunity to support this policy objective. Based on that goal, the following participation goals are set for professional services contracts: 38% of the total dollar value of the professional service contracts shall be performed by qualified Small Business Enterprises (SBEs) located in San Francisco or elsewhere, provided that first consideration shall be given to SBEs located in San Francisco. For purposes of this Policy, a Small Business Enterprise professional service contractor is currently defined as a firm with annual revenues not exceeding \$2.5 million.
- (i) Permanent/Non-Construction Workforce of Developer and Retail Tenants
 - (i) Overview. Permanent, long-term jobs will be created at each phase of the development. Permanent jobs are one of the most important parts of the City's economic development program. These jobs provide opportunities to a wider section of the job force than construction employment, and frequently include a built-in employment ladder by which people can improve their responsibilities and compensation. While it is difficult and unrealistic to estimate the number and specific kinds of jobs that will ultimately be created by the project, jobs will likely be generated in the hospitality and food industry, retail and commercial sectors, non-profit and governmental fields and service centers.

- (ii) Participation Goals for Workforce Employment. TICD will agree in its ECA to incorporate the following permanent workforce employment participation goals in its lease agreements for Buildings 1 and 2. Parties subject to these requirements shall be required to use good faith efforts to achieve the following goals:

25% of all permanent jobs filled by qualified Homeless or Economically Disadvantaged Persons.

50% of all permanent jobs filled by San Francisco residents (including those qualifying as part of the 25% referred to immediately above).

Parties to any ECA pursuant to this Policy may obtain credit for meeting these goals via contracting with TIHDI organizations providing services such as grounds maintenance and landscaping, janitorial maintenance, deconstruction or other economic development activities as more fully described in Paragraph III.C.1 (below).

- (j) Priorities for Placement.

To the extent it is consistent with any PLA or collective bargaining agreements and the City's Card Check Ordinance, First Source Hiring, HUD Section 3 (if applicable), first consideration for hiring for all permanent jobs on Treasure Island should go to qualified Economically Disadvantaged persons and second consideration to qualified San Francisco residents, with first priority given to residents of Treasure Island.

2.5 Tools and Programs for Meeting Goals

Structures for managing and monitoring contracting and employment associated with the project will be an essential component of ensuring that the relative goals are successfully achieved.

2.5.1 Job Broker/Placement System.

It is anticipated that TIHDI will refine the Job Broker system to ensure that appropriately screened, trained and qualified applicants are available to be referred to fill open construction and non-construction short-term and permanent jobs. The TIHDI Job Broker will work with ~~CityBuild and the local construction and non-construction employment-training community,~~ including organized labor's apprenticeship programs, to develop and expand outreach, training and employment retention programs that maximize the opportunity to meet the desired goals outlined in this document.

A Memorandum of Understanding (MOU) between TIHDI and OEWD will be developed to clearly outline roles and responsibilities to formalize how this System will be managed. TIDA shall oversee this project, and develop appropriate monitoring systems in collaboration with other involved parties. The responsibility for the overall success of this project, and more specifically the Job Broker/Placement System, is shared by all parties – TIHDI, TIDA, TICD,

member agencies, the developer, the Office of Economic and Workforce Development (OEWD), and other employers.

TICD and other parties subject to this Policy will agree in their respective ECAs to develop and deliver one-year job forecasts annually to TIDA and CityBuild, who will in turn share them with OEWD and the TIHDI Job Broker. Such forecasts will include: types of jobs (trade, skills, and industry), duration and timeline.

At a minimum, it is envisioned that the TIHDI Job Broker program for the Project will perform the following duties:

- Coordinate with member agencies of TIHDI and city agencies to direct and coordinate outreach, soft skills training, barrier removal, and employment counselling, and refer qualified applicants to the project.
- Provide a central physical as well as electronic location for permanent job listings at Treasure Island, distribute listing information at least weekly, and coordinate systematically with existing CBOs and job collaboratives.
- Certify the status of applicants as qualified Economically Disadvantaged Persons as well as TIHDI/SF residents.
- In collaboration with CityBuild, ensure that all referrals for construction employment are job ready.
- Develop appropriate, ongoing relationships with relevant building trades and other unions. CityBuild will ultimately develop referral mechanisms and systems with these unions as appropriate employment opportunities are available.
- Be the sole screening and referral agent for applicants to firms and commercial tenants who are prospective permanent employers.
- Provide technical assistance to permanent firms and commercial tenants in utilizing other governmental employment development programs (e.g., enterprise zone, job training subsidies, tax credits, effective strategies for managing a diverse workforce, etc.).
- Maintain qualifying income and other eligibility data on referrals.
- Coordinate and communicate with OEWD and community-based organizations to prepare training activities specific to projected work opportunities in this project; or to work directly with organizations that already provide such training.

The TIHDI Job Broker will have the following specific obligations:

- Organize and implement a Job Broker System to ensure that screened, eligible, qualified and referred Economically Disadvantaged Persons are timely referred to CityBuild for referral to TICD and/or other developers/employers.
- The TIHDI Job Broker may implement its referral system in conjunction with existing Community Based Organizations provided the TIHDI Job Broker system provides a central job listing for Treasure Island, certifies the status of applicants

as qualified, refers screened, eligible and qualified applicants to TIHDI or other parties to their respective ECAs and others, provides technical assistance to TIHDI or other parties to their respective ECAs and others in utilizing other governmental employment development programs and maintains income data on referrals and tracks hiring by TIHDI or other parties to their respective ECAs through data supplied by CityBuild.

- Develop specific relationships with community-based organizations that have the capacity to train and/or refer qualified applicants for specific jobs.
- Community Based Organizations may participate in the TIHDI Job Broker system if they have experience in successful job placement programs, maintain good relationships with the Developer and others, maintain an employability assessment screening program, retain staff with appropriate credentials to support program activity, agree to share information with others, have the financial capacity and technical expertise to participate in the TIHDI Job Broker system as reasonably determined. This includes providing ongoing job retention support to workers on the Island.
- The TIHDI Job Broker system is intended to ensure flexibility in TIHDI's and TICD's efforts to achieve goals in employment and contracting set out above. TIDA and TIHDI shall have the right to negotiate changes in the design and implementation of the TIHDI Job Broker System pursuant to and consistent with the terms of the 1996 TIHDI Agreement.
- The TIHDI Job Broker system, as well as the overall project, should be monitored annually for overall effectiveness, and to make necessary adaptations to the system. This will be done collaboratively by all involved parties, and will be facilitated by TIDA.

Funding for the TIHDI Job Broker program will be funded by TIDA, subject to certain cost caps set forth in the Financing Plan of DDA. Funding for the TIHDI Job Broker program will be based on the following factors:

- Estimated timing and level of construction employment for both the horizontal and vertical portions of the project. TICD will estimate the number of new jobs to be expected from infrastructure and vertical construction projects. This and other relevant data will be used to determine appropriate funding levels necessary for workforce training and job broker functions for specific construction projects, such as Treasure Island.
- Estimated timing and level of permanent/non-construction employment. TIDA, TICD and TIHDI will work to compile data on what level of funding is required to provide job training and job broker services for permanent/non-construction employment for hotel, commercial, retail and other uses contemplated at Treasure Island.

The Financing Plan attached to the DDA will identify the amount of and timing for payment by the project to fund the TIHDI Job Broker program, based on the process outlined above, and will also provide for monitoring and enforcement mechanisms for performance of

TIHDI and its member organizations, the TIHDI Job Broker, and CityBuild, with regard to the TIHDI Job Broker program and otherwise under this Policy. The Project funding for the TIHDI Job Broker program will continue during both the horizontal and vertical development phases of the project subject to the terms of the Financing Plan of the DDA.

2.5.2 Job Training/Workforce Development.

It is currently anticipated that construction training will utilize the CityBuild program which is intended to assure a job-ready, union level workforce. The Job Broker will be responsible for identifying Homeless, Economically Disadvantaged, San Francisco/Treasure Island residents who have the skills and interest necessary for construction employment and working with CityBuild to include them in the appropriate training programs.

Additionally, job training programs will be identified or developed to prepare qualified Homeless, Economically Disadvantaged Persons and other qualified San Francisco/Treasure Island residents for the permanent/non-construction jobs anticipated to be generated by the project.

To the extent that these job training programs facilitate employment by San Francisco/Treasure Island residents for construction and permanent/non-construction jobs outside of Treasure Island, such jobs shall be counted as a credit against the goals set forth in any ECA entered pursuant to this Policy.

Funding for the job training activities will be funded by TIDA, subject to the provisions of the Financing Plan of the DDA. Final transaction documents will identify the amount of and timing for payment by the project to fund the job training and TIHDI Job Broker activities, based on the process outlined in the Job Broker section. The project funding for the job training activities will be borne via both the horizontal and vertical development process and developers as described in the Financing Plan of the DDA.

2.5.3 Good Faith Effort Steps by Construction Contractors/Developers.

Good faith efforts will be regularly and consistently monitored by TIDA to ensure the adherence to this Policy. TICD, and other parties subject to this Policy will enter into ECAs with TIDA incorporating the following steps to achieve good faith efforts in order to comply with this Agreement:

- Preparing one-year job forecasts annually in order to prepare workforce for placement
- Preparing detailed written plans describing how the hiring plans will be implemented
- Listing all available jobs on Treasure Island with the TIHDI Job Broker System at least two weeks prior to advertising for applicants elsewhere
- Providing good faith consideration to all qualified candidates who are screened, eligible and referred by City Build or the TIHDI Job Broker. Should an employer not hire referrals by CityBuild or the TIHDI Job Broker, the employer must

provide a written explanation. However, this Policy shall not require any firm or entity to employ a worker not qualified for the position in question, or to employ any particular worker, and that all final hiring decisions shall be made in the sole and absolute discretion of the employing firm or entity.

- Establishing mutually acceptable means of communicating with City Build to give to the TIHDI Job Broker about job openings, information about jobs and providing information about job referral outcomes within a reasonable period of time following a request for such information, as well as when a problem arises at the worksite
- Establishing a dispute-resolution mechanism in substantial conformity with Exhibit A hereof.

2.5.4 Construction Contractor Assistance Program.

As part of the DDA provisions, TICD will participate in a Construction Assistance Program to ensure that local San Francisco construction contractors and other businesses/employers, including qualified SBEs as defined in this document, are given an opportunity to obtain technical and financial assistance in order to participate in portions of the Horizontal Infrastructure Development and portions of the Vertical Development to be constructed at Treasure Island as well as create and sustain long term businesses and related jobs.

Two categories of assistance that will be specifically identified in the DDA. They are:

- Technical Assistance
- Small Business Enterprise (SBE) Mentorship Program

The following outlines the activities that will be undertaken by TICD to meet these requirements:

2.5.5 Technical Assistance.

TICD will work with TIDA and CityBuild to develop specific programs to assist local contractors who wish to work on projects during the different phases of construction. These programs include establishing a Contractor Liaison Office on-site at Treasure Island and hosting workshops that cover a range of topics related to construction opportunities at Treasure Island, how to access those opportunities, financial incentives, and other programs as deemed appropriate for each phase of development.

The Contractor Liaison Office will be situated on-site. It will house plans, applications and other useful information for contractors who are or who wish to perform work at TI. The office will be open during normal business hours, Monday through Friday, and will be staffed by a trained and qualified person who will act as the Contractor Liaison for the project.

The Contractor Liaison will establish a series of workshops for the contractor community that will address the demolition and deconstruction, horizontal development and vertical development phases of the project. Each workshop will cover a set of basic information including:

- Contractor opportunities and applications for bidding
- Contractor pre-qualification process
- SBE local hiring requirements
- Labor Union apprenticeship program
- Overview of technical assistance program, including plan room overview, onsite office orientation and introductions of key personnel
- Bid package review and, if applicable, bid package dissemination
- Key date reviews
- Safety requirements
- Contractor expectations
- Financial assistance program
- Questions and answer sessions
- Culturally competent management practices for working with a diverse workforce

TICD will work with its existing institutional financial resources to provide introductions for qualified and selected contractors. Key areas that are envisioned to be a part of the assistance program will include meeting payroll needs, equipment purchasing and leasing programs and other logistical support occurring from time to time.

2.5.6 SBE Mentorship Program.

CityBuild will work with TICD to implement a model mentorship program that will foster emerging Small Business Enterprise firms who are capable of performing high quality construction at competitive prices. Two main goals of this program will be to increase the volume of work that these emerging firms compete for and broadening the base of their activity in the building industry. TICD will encourage all contractors who intend to bid on major projects during the horizontal construction phase to work with City Build to identify opportunities to partner with local SBE firms and to develop mentorship programs that provide measurable results, such as survival rates for mentors, recognizable improvements to firm's financial strength and bonding capacity, increases to the number of employees employed and success in meeting the objectives of each firm's individual business plans. For purposes of this Policy, SBE's shall include businesses that are wholly owned or directed by a non-profit organization that is a TIHDI member.

2.5.7 Relationship/Integration with Union Labor; Memorandum of Understanding/Project Labor Agreement.

It is expected that a large labor pool will be required to execute the work involved in the redevelopment of Treasure Island. Towards that end, TICD intends to enter into a MOU/PLA with the San Francisco Building and Construction Trades Council, and its affiliates as well as other relevant unions and referral agencies, to ensure that a sufficient supply of skilled craft workers are available at the project, and that the work shall proceed continuously, without

interruption, in a safe and efficient manner, economically, with due consideration for the protection of labor standards, wages and working conditions. In furtherance of these purposes and to secure optimum productivity, harmonious relations between the parties and the orderly performance of the work, the parties will agree to establish adequate and fair wage levels and working conditions and to protect the project against strikes and lockouts and other interference with the process of work. In the event of a conflict between this Policy and any PLA or collective bargaining agreement, such PLA or collective bargaining agreement will control.

2.5.8 Monitoring.

Monitoring Requirements

1. The CityBuild Program and the TIDA Compliance Officer, or his or her designee, shall both monitor the standards and good faith efforts outlined in this ECP. CityBuild and the TIDA Compliance Officer shall schedule meetings through the term of this ECP to promote consistent communication.
2. Additionally, the City shall require all Project Sponsors and Contractors to maintain, or cause to maintain, for a period of two years from the date of substantial completion of work covered by this ECP, certified payroll and basic records, time cards, tax forms and superintendent and foreman daily logs for all workers performing work covered by this ECP. Such records shall also include all of those records required by the City's Labor Standard Enforcement Office. All such records shall be submitted to the City's CityBuild Program and/or the TIDA Compliance Officer upon request by the CityBuild Program or the TIDA Compliance Officer. All records submitted shall be accompanied by a statement regarding compliance signed by the covered employer.
3. TIDA, working cooperatively and in good faith with TICD, shall review the effectiveness of the ECP annually, commencing one (1) year after the Effective Date, and agree to work in good faith to make adjustments to this ECP in the event the review determines that adjustments should be made.

3. Additional TIHDI Economic Development Opportunities

The Amended and Restated TIHDI Agreement identified additional economic development opportunities and programs to support TIHDI's goals and objectives for supporting formerly homeless and economically disadvantaged San Franciscans. The component served to ~~create revenue-generating opportunities for TIHDI member organizations and to enhance work opportunities at Treasure Island for homeless and economically disadvantaged persons.~~

3.1 General Requirements.

It is the intent of TIDA, TICD and TIHDI to provide to TIHDI rights to negotiate for contracts for its member organizations to provide certain services pursuant to the Amended and Restated TIHDI Agreement. It is expressly understood and agreed that TIHDI Member organizations wishing to provide service contracts will be expected to present market rate proposals, and any such proposal shall be approved or rejected by TIDA, TICD, or other owners/lessees pursuant to the Amended and Restated TIHDI Agreement and based on good

faith negotiations between TIDA, TICD or other owners/lessees and the TIHDI Member organization. That process and the covered services are described more fully in Sections 2 and 3 below.

3.2 Right of First Offer Process. For purposes of this Section 3.2, the right of first offer process ("**ROFO Process**") consists of the following steps:

3.2.1 TIDA and TIHDI shall work cooperatively and in good faith to identify opportunities to propose service contracts and other economic development opportunities described below.

3.2.2 TIDA shall notify TIHDI in writing when such service contracts and other economic development opportunities are ready for bidding.

3.2.3 One or more TIHDI member organizations will present a market rate contract proposal to TIDA or the applicable contracting party (which is defined as an entity covered by this Policy and entering into an ECA that is substantial conformity with this Policy) (the "**Contracting Party**") to perform the requested service. The proposal must demonstrate that the TIHDI member organization has sufficient experience and organizational capability, either on its own or in joint venture with another, to perform the required services.

3.2.4 The Contracting Party shall thereafter negotiate in good faith exclusively with such TIHDI member organization(s) for a reasonable period of time of up to two (2) months to attempt to finalize the terms of mutually acceptable service contract(s), which shall have a term of at least one(1) year, with renewals subject to negotiations.

3.2.5 If, despite such good faith efforts, the Contracting Party and the applicable TIHDI member organization(s) are unable to finalize the terms of a mutually acceptable service contract then the Contracting Party shall thereafter consider in good faith any proposals by other TIHDI member organizations, in addition to considering any bids by third party service providers for the requested service.

3.3 Covered Services.

(a) Grounds Maintenance and Landscaping. Currently, TIDA contracts for grounds maintenance activities with Rubicon Enterprises, a TIHDI member organization. The provisions of this Section 3.a. shall apply to any subsequent contracts for grounds maintenance or landscaping services.

(i) Subject to any collective bargaining agreements applicable to the performance of grounds maintenance or landscaping services, TIDA shall follow the ROFO Process for grounds maintenance or landscaping contracts for the portions of Treasure Island that are owned or operated by TIDA, and if contracted out by property

management for rental housing developments owned or operated by TIDA. Areas within the Project Area that will be owned by TIDA could include the Marina Promenade, the Art Park along the western shoreline and the area referred to as the "Great Wilds" in the northern portion of the Project. Additionally, TICD and TIHDI shall follow the ROFO Process for grounds maintenance or landscaping contracts that are contracted out for rental housing developments owned or operated by TICD and TIHDI, respectively.

- (ii) TIDA will require that any agreements transferring all or any portion of TIDA's interest in or rights to use any commercial or publicly-owned property will require the transferee to follow the ROFO Process for grounds maintenance or landscaping contracts for any such property. Such properties are expected to include, but are not limited to: Buildings 1, 2 and 3; the Nimitz House Historic District; the common exterior areas of TICD retail uses; neighborhood parks; the gymnasium; and other common exterior public spaces.
- (iii) Each Contracting Party will have the right to ensure that the services described in Subsection (ii) are provided at reasonable market rates, are performed to a first-rate market quality standard, are subject to standard termination rights, and are performed upon other terms as shall be mutually agreed.
- (iv) The annual Project goals shall include a credit against the overall workforce employment goals through contracting with TIHDI organizations that provide grounds maintenance or landscaping services or through direct hires by a Contracting Party under their respective ECAs.

3.3.2 Janitorial/Building Maintenance. Currently, TIDA contracts for janitorial and maintenance activities with Toolworks, Inc., a TIHDI member organization. The provisions of this Section 3.b. shall apply to any subsequent contracts for janitorial or building maintenance services.

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- (i) Subject to any collective bargaining agreements applicable to the performance of janitorial or building maintenance services, TIDA shall follow the ROFO Process for janitorial or building maintenance contracts for the portions of Treasure Island that are owned or operated by TIDA, and if contracted by property management, for rental housing developments owned or operated by TIDA. Additionally, TICD and TIHDI shall follow the ROFO Process for janitorial or building maintenance contracts that are contracted out by property management for rental housing

developments owned or operated by TICD and TIHDI, respectively.

- (ii) TIDA will require that any agreements transferring all or any portion of TIDA's interest in or rights to use a property will require the transferee to follow the ROFO Process for janitorial or building maintenance services for any such property. Such properties are expected to include, but are not limited to, Buildings 1, 2 and 3, the Nimitz House Historic District, the interior common areas of TICD retail uses, the gymnasium and other interior public spaces
 - (iii) Each Contracting Party will have the right to ensure that the services described in Subsection (ii) are provided at reasonable market rates, are performed to a first-rate market quality standard, are subject to standard termination rights, and are performed upon other terms as shall be mutually agreed.
 - (iv) The annual Project goals shall include a credit against the overall workforce employment goals through contracting with TIHDI organizations that provide janitorial or building maintenance services or through direct hires by a Contracting Party under their respective ECAs.
- (b) Temporary Property Management Services. The provisions of this Section 3.c. shall apply to any contracts for temporary property management services for residential projects, including but not limited to desk clerks, moving and cleaning services upon unit vacancy, and pest remediation in the event regular staffing to otherwise provide the following services is not sufficient and a need for additional resources is required.
- (i) Subject to any collective bargaining agreements applicable to the performance of temporary property management services, TIDA shall follow the ROFO Process for temporary property management contracts for the portions of Treasure Island that are owned or operated by TIDA, and if contracted out by property management for rental housing developments owned or operated by TIDA. Additionally, TICD and TIHDI shall follow the ROFO Process for temporary property management contracts that are contracted out by property management for rental housing developments owned or operated by TICD and TIHDI, respectively.
 - (ii) TIDA will require that any agreements transferring all or any portion of TIDA's interest in or rights to use a residential property will require the transferee to follow the ROFO Process for temporary property management services for any such property.

- (iii) Each Contracting Party will have the right to ensure that the services described in Subsection (ii) are provided at reasonable market rates, are performed to a first-rate market quality standard, are subject to standard termination rights, and are performed upon other terms as shall be mutually agreed.
 - (iv) The annual Project goals shall include a credit against the overall workforce employment goals through contracting with TIHDI organizations that provide temporary property management services or through direct hires by a Contracting Party to its respective ECAs.
- (c) Good Faith Efforts Required. The implementation of the goals relating to the Services and Contracts section is premised on the good faith obligations required by the Amended and Restated TIHDI Agreement. Additionally, for purposes of Section 3.3.2, "good faith" means, at a minimum, that the Contracting Party:
- (i) shall have regular, ongoing negotiations with applicable TIHDI member organizations,
 - (ii) shall negotiate contract terms which are reasonable, market-based and customary for the applicable service; and
 - (iii) shall not enter into contracts with non-TIHDI member organizations under Section 2.e above on terms which are less favorable to the Contracting Party than those terms proposed by a TIHDI member organization, provided all other aspects of the proposal are comparable and market-based
- (d) Storage Space. TIDA or TICD will provide an appropriate and reasonable amount of storage space on Treasure Island to TIHDI member organizations performing services as described above, on terms to be jointly negotiated between the parties, for tools, supplies and work space needed to implement the foregoing service contracts.

3.3.3 TIHDI Economic Development Opportunities.

- (a) General Requirements.
 - (i) Pursuant to the Amended and Restated TIHDI Agreement, TIDA will provide TIHDI member organizations with the exclusive right to propose at least three (3) economic development opportunities on properties owned or operated by TIDA, which may include opportunities for small businesses or operations that facilitate extensive job training, employment and comparable opportunities.

- (ii) It is the goal of TIDA and TIHDI that each of these opportunities would provide job training and/or regular employment for economically disadvantaged persons. Based on the nature of these opportunities, the timing of the feasibility of their implementation will likely be predicated upon residential occupancy thresholds and development timelines.
- (iii) TIHDI participation in economic development opportunities provided by TIDA could include the following: (1) a multi-purpose conference center, wedding or meeting space, (2) a coffee shop or cafe, (3) catering services (4) operation of the On-Island bicycle lending library, (5) operation of a Crissy Field-like "warming hut," (6) event recycling and residential recycling education, or other appropriate economic development opportunities that may arise in the future will be tied to the timing of retail and commercial development.
- (iv) TIDA will be solely responsible for informing TIHDI of these opportunities and making these opportunities available to TIHDI member organizations in a timely fashion following presentation by TIHDI of a market-based proposal. Specific procedures for proposing programs for economic development opportunities are set forth in the Amended and Restated TIHDI Agreement, Article IV(C)(2). The TIHDI economic development opportunities must be financially feasible enterprises that provide job training and employment for TIHDI partner organizations.
- (v) The DDA between TIDA and TICD will require that TICD provide TIHDI with a right of first offer to present a market-based, competitive bid to operate an approximate 1,000 square foot cafe in Building 2, a 3 to 5 acre space within the Urban Farm to be located on Treasure Island (as reasonably determined by TIDA), and a 800-1000 square foot retail space in Building 2 to sell, process or manufacture produce grown at the Urban Farm by TIHDI.
- (vi) TIDA will have the right to ensure that these services are provided at reasonable market rates, are performed to a first-rate market quality standard, are subject to standard termination rights, and are performed upon other terms as shall be mutually agreed.
- (vii) TIDA shall negotiate in good faith exclusively with the applicable TIHDI member organization(s) for a reasonable period of time of up to six (6) months to attempt to finalize the terms of mutually acceptable agreement. If, despite such good faith efforts, TIDA and the applicable TIHDI member organization(s) are unable to finalize the terms of a mutually acceptable agreement, then TIDA

shall thereafter consider in good faith any proposals by other TIHDI member organizations, in addition to considering any bids by third party service providers for the applicable economic development activity.

(viii) Any subcontractor providing these services will be required to utilize the TIHDI Job Broker system on an ongoing basis and will be subject to the participation goals as described herein.

(b) Deconstruction Activities. The economic development activities described above shall include the right of TIHDI member organizations to provide deconstruction services at facilities owned or operated by TIDA, TICD and TIHDI on the following terms:

(i) Subject to any PLA or collective bargaining agreements applicable to the performance of deconstruction services, TIDA, TICD and TIHDI agree to use good faith efforts to maximize opportunities for economically disadvantaged persons to obtain training and participate in deconstruction and the salvage and recycling of materials on properties owned or operated by any of them. TIDA, TICD and TIHDI shall require that any subcontractor providing such services work cooperatively with the CityBuild Program to help create such opportunities.

(c) Event Services; Pavilion.

(i) TIDA, TIHDI, Toolworks, a California non-profit corporation ("*Toolworks*"), and Wine Valley Catering, a _____ ("*WVC*") have entered into an Event Venues Management Agreement and Use Permit dated as of October 1, 2007 (the "*Permit*"). Pursuant to the Permit, TIDA granted to TIHDI, Toolworks, and WVC (collectively, the "*Permittee*") the right to use the Chapel, Casa de la Vista and the Lobby of the Main Administration Building (Building 1), and portions of the parking areas adjacent thereto for a pilot program for the management, operation, catering and marketing of the Premises for special events. Those facilities include the "Pavilion." [It is intended that the Permittee would continue to manage the Pavilion in its current and future locations as described below subject to TIDA's approval.]

(ii) The Pavilion is expected to remain in its current location until infrastructure or permanent development on Treasure Island requires that it be moved. The Pavilion is likely to require an interim location before a final location can be provided. The cost of any interim moves and the final move of the Pavilion will be negotiated between TIDA and WVC; however, it is anticipated that

TIDA will initially pay all costs associated with the move, and WVC will reimburse TIDA for such costs over time through payment of the Venue License Fee as described in the Permit.

Exhibit A

I. ARBITRATION OF DISPUTES

1. *Arbitration*

Any dispute involving the alleged breach or enforcement of an Employment and Contracting Policy Agreement, including but not limited to disputes over qualification of referrals; whether termination was for good cause; and whether the Project Sponsor, Contractor or Employer has complied with this Employment and Contracting Policy Agreement in good faith shall be submitted to arbitration. The arbitration shall be submitted to the American Arbitration Association, San Francisco, California office which will use the Commercial Rules of the AAA then applicable, but subject to the further revisions thereof. If there is a conflict between the Commercial Rules of the AAA and the arbitration provisions in this Employment and Contracting Policy, this Employment and Contracting Policy shall govern. The arbitration shall take place in the City and County of San Francisco.

2. *Demand for Arbitration*

The party seeking arbitration shall make a written demand for arbitration ("***Demand for Arbitration***"). The Demand for Arbitration shall contain at a minimum: (1) a cover letter demanding arbitration under this provision and identifying the entities believed to be involved in the dispute; (2) a copy of the notice of default, if any, sent from one party to the other; (3) any written response to the notice of default; and (4) a brief statement of the nature of the alleged default.

3. *Parties' Participation*

The Authority, Project Sponsor, Contractor, Employer and all persons or entities affected by the dispute shall be made Arbitration Parties. Any such person or entity not made an Arbitration Party in the Demand for Arbitration may intervene as an Arbitration Party and in turn may name any other such affected person or entity as an Arbitration Party; provided that, upon request by any party, the arbiter may dismiss such party if it is not reasonably affected by the dispute.

4. *Authority Request to AAA*

Within seven (7) business days after service or receipt of a Demand for Arbitration, the Authority shall transmit to AAA a copy of the Demand for Arbitration and any written response thereto from the Project Sponsor, Contractor and/or Employer. Such material shall be made part of the arbitration record.

5. *Selection of Arbitrator*

One arbitrator shall arbitrate the dispute. The arbitrator shall be selected from the panel of arbitrators from AAA by the Arbitration Parties in accordance with the AAA rules. The parties shall act diligently in this regard. If the Arbitration Parties fail to agree on an arbitrator

within seven (7) business days from the receipt of the panel, AAA shall appoint the arbitrator. A condition to the selection of any arbitrator shall be the arbitrator's agreement to: (i) submit to all Arbitration Parties the disclosure statement required under California Code of Civil Procedure Section 1281.9; and (ii) render a decision within thirty (30) days from the date of the conclusion of the arbitration hearing.

6. *Setting of Arbitration Hearing*

A hearing shall be held within ninety (90) days of the date of the filing of the Demand for Arbitration with AAA, unless otherwise agreed by the parties. The arbitrator shall set the date, time and place for the arbitration hearing(s) within the prescribed time periods by giving notice by hand delivery or first class mail to each Arbitration Party.

7. *Discovery*

In arbitration proceedings hereunder, discovery shall be permitted in accordance with Code of Civil Procedure §1283.05 as it may be amended from time to time.

8. *California Law Applies*

California law, including the California Arbitration Act, Code of Civil Procedure §§ 1280 through 1294.2, shall govern all arbitration proceedings in any Employment and Contracting Agreement.

9. *Arbitration Remedies and Sanctions*

The arbitrator may impose only the remedies and sanctions set forth below:

a. Order specific, reasonable actions and procedures to mitigate the effects of the non-compliance and/or to bring any non-compliant Arbitration Party into compliance with the Employment and Contracting Policy Agreement; provided, however, in no event may the arbiter enjoin work under any contract pertaining to the Project or in any way delay or stop work on the Project.

b. Require any Arbitration Party to refrain from entering into new contracts related to work covered by the Employment and Contracting Policy Agreement.

c. If any Arbitration Party is found to be in willful breach of its obligations hereunder, after being given notice and an opportunity to cure (including such time as is reasonably necessary to effect a cure) the arbitrator may impose a monetary sanction not to exceed Fifty Thousand Dollars (\$50,000.00) or ten percent (10%) of the base amount of the breaching party's contract, whichever is less, provided that, in determining the amount of any monetary sanction to be assessed, the arbitrator shall consider the financial capacity of the breaching party. No monetary sanction shall be imposed pursuant to this paragraph for the first willful breach of the Employment and Contracting Policy Agreement. Monetary sanctions may be imposed for subsequent uncured willful breaches by any Arbitration Party. For purposes of this paragraph, "willful breach" means a knowing and intentional breach.

d. Direct any Arbitration Party to produce and provide to the Agency any records, data or reports which are necessary to determine if a violation has occurred and/or to monitor the performance of any Arbitration Party.

10. Arbitrator's Decision

The arbitrator will normally make his or her award within twenty (20) days after the date that the hearing is completed but in no event past thirty (30) days from the conclusion of the arbitration hearing; provided that where a temporary restraining order is sought, the arbitrator shall make his or her award not later than twenty-four (24) hours after the hearing on the motion. The arbitrator shall send the decision by certified or registered mail to each Arbitration Party and shall also copy all parties by email.

11. Default Award; No Requirement to Seek an Order Compelling Arbitration

The arbitrator may enter a default award against any person or entity who fails to appear at the hearing, provided that: (1) the person or entity received actual written notice of the hearing; and (2) the complaining party has a proof of service for the absent person or entity. In order to obtain a default award, the complaining party need not first seek or obtain an order to arbitrate the controversy pursuant to Code of Civil Procedure §1281.2.

12. Arbitrator Lacks Power to Modify

Except as expressly provided above in this Section IX, the arbitrator shall have no power to add to, subtract from, disregard, modify or otherwise alter the terms of the Employment and Contracting Policy Agreement or to negotiate new agreements or provisions between the parties.

13. Jurisdiction/Entry of Judgment

The inquiry of the arbitrator shall be restricted to the particular controversy which gave rise to the Demand for Arbitration. A decision of the arbitrator issued hereunder shall be final and binding upon all Arbitration Parties. The prevailing Arbitration Party(ies) shall be entitled to reimbursement for the arbitrator's fees and related costs of arbitration. Each Arbitration Party shall pay its own attorneys' fees, provided, however, those attorneys' fees may be awarded to the prevailing party if the arbitrator finds that the arbitration action was instituted, litigated, or defended in bad faith. Judgment upon the arbitrator's decision may be entered in any court of competent jurisdiction.