

DISPOSITION AND DEVELOPMENT AGREEMENT  
(1501 and 1555 Sixth Avenue)

by and between

The County of San Diego

“COUNTY”

and

BRIDGE Housing Corporation

“DEVELOPER”

## TABLE OF CONTENTS

		<u>Page</u>
PART 1.	SUBJECT OF AGREEMENT .....	1
SECTION 101	Purpose of the Agreement .....	1
SECTION 102	Definitions .....	1
SECTION 103	The Property .....	5
SECTION 104	County .....	6
SECTION 105	Developer .....	6
SECTION 106	Assignments and Transfers .....	6
PART 2.	DISPOSITION OF LEASEHOLD .....	7
SECTION 201	Due Diligence Period .....	7
SECTION 203	Conveyance of the Leasehold .....	9
SECTION 204	Escrow .....	13
SECTION 205	Recordation of Documents .....	15
SECTION 206	Possession of Leasehold; Condition of Title .....	15
SECTION 207	Title Insurance .....	16
SECTION 208	Notice of Possessory Interest; Payment of Taxes and Assessments on Value of Entire Property .....	16
SECTION 209	Occupants of the Leasehold .....	17
SECTION 210	Condition of the Property .....	17
SECTION 210.1	Hazardous Substances .....	17
SECTION 210.2	Suitability of the Property .....	18
SECTION 211	Sources of Financing .....	20
SECTION 212	Bifurcation to Facilitate 4%/9% Tax Credit Filing .....	21
SECTION 213	Evidence of Financing .....	21
PART 3.	DEVELOPMENT OF THE PROPERTY .....	22
SECTION 301	Land Use Approvals .....	22
SECTION 302	Scope of Development .....	22
SECTION 303	Basic Concept and Schematic Drawings .....	22
SECTION 304	Landscaping Plans .....	23
SECTION 305	Construction Drawings and Related Documents .....	23
SECTION 306	County Approval of Plans .....	24
SECTION 307	Cost of Construction .....	24
SECTION 308	Schedule of Performance .....	24
SECTION 309	Indemnification, Exculpation, and Insurance .....	25
SECTION 310	Prevailing Wages .....	28
SECTION 311	Notice of Non-Responsibility .....	28
SECTION 312	Permits .....	29
SECTION 313	Rights of Access .....	29
SECTION 314	Disclaimer of Responsibility by County .....	29
SECTION 315	Taxes, Assessments, Encumbrances and Liens .....	29
PART 4.	USE OF THE PROPERTY .....	30
SECTION 401	Uses .....	30
SECTION 402	Effect and Duration of Covenants .....	30
SECTION 403	County Regulatory Agreement .....	30

PART 5. DEFAULTS AND REMEDIES ..... 30

SECTION 501 Defaults - General ..... 30

SECTION 502 Institution of Legal Actions..... 31

SECTION 503 Applicable Law ..... 31

SECTION 504 Acceptance of Service of Process ..... 32

SECTION 505 Rights and Remedies Are Cumulative ..... 32

SECTION 506 Damages ..... 32

SECTION 507 Specific Performance ..... 33

SECTION 508 No-Fault Termination..... 33

SECTION 509 Termination by Developer ..... 33

SECTION 510 Termination by County ..... 33

PART 6. GENERAL PROVISIONS..... 34

SECTION 601 Notices ..... 34

SECTION 602 Force Majeure ..... 34

SECTION 603 Conflict of Interest ..... 34

SECTION 604 Nonliability of County Officials and Employees ..... 35

SECTION 605 Inspection of Books and Records ..... 35

SECTION 606 Approvals ..... 35

SECTION 607 Real Estate Commissions; Finder’s Fee ..... 35

SECTION 608 Construction and Interpretation of Agreement..... 35

SECTION 609 Time of Essence ..... 36

SECTION 610 No Partnership..... 36

SECTION 611 Compliance with Law ..... 36

SECTION 612 Binding Effect ..... 37

SECTION 613 No Third Party Beneficiaries..... 37

SECTION 614 Authority to Sign ..... 37

SECTION 615 Incorporation by Reference ..... 37

SECTION 616 Counterparts ..... 37

PART 7 ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS ..... 37

ATTACHMENTS

Attachment No. 1 - SITE MAP

Attachment No. 2 - LEGAL DESCRIPTION

Attachment No. 3 - SCOPE OF DEVELOPMENT

Attachment No. 4 - SCHEDULE OF PERFORMANCE

Attachment No. 5 - PROJECT BUDGET

Attachment No. 6 - COUNTY REGULATORY AGREEMENT

Attachment No. 7 - GROUND LEASE

Attachment No. 8 - TITLE REPORT

Attachment No. 9 - DUE DILIGENCE CERTIFICATE

Attachment No. 10 - INSURANCE REQUIREMENTS

Attachment No. 11 - DEVELOPER’S PROPOSAL – RESPONSE TO RFP

## DISPOSITION AND DEVELOPMENT AGREEMENT

This Disposition and Development Agreement (“Agreement”) is entered into by and between the County of San Diego, a political subdivision of the State of California (“County”), and BRIDGE Housing Corporation, a California nonprofit public benefit corporation (collectively, the “Developer”) as of \_\_\_\_\_, 2019 (“Effective Date”). County and Developer agree as follows:

### PART 1. SUBJECT OF AGREEMENT

#### SECTION 101 Purpose of the Agreement

The County is the owner of that certain real property located at 1501 and 1555 Sixth Avenue in San Diego, California, as described more specifically in Section 103 (“Property”). The purpose of this Agreement is to provide for the development of the Property by Developer with an approximately 120-unit multi-family housing project, including approximately 60 units dedicated to seniors, approximately 60 units for families, ground floor retail space, and underground parking, under a Ground Lease with the County, which shall be operated as rental housing that is affordable to households of income levels specified in the County Regulatory Agreement (“Project”), consistent with the proposal submitted by the Developer in response to the Request for Proposals issued by the County with respect to development of the Property in accordance with California Government Code section 25515 *et seq.*, and as more specifically described in this Agreement. Notwithstanding the forgoing, the Developer may modify the Project description to substitute additional affordable units or Community Space in place of Retail Space and parking spaces, provided that any such modification is consistent with City of San Diego requirements and all applicable laws. The development and use of the Property pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the County of San Diego 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 and requirements.

#### SECTION 102 Definitions

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Acquisition and Development Costs” means the total cost of acquiring the Property and developing and constructing the Improvements, as set forth in the Project Budget

“Affiliate” means (1) any Person directly or indirectly controlling, controlled by or under common control with another Person; (2) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities of such other Person; or (3) if that other Person is an officer, director, member or partner, or any company for which such Person acts in any such capacity. The term “control” as used in the immediately preceding sentence, means the power to direct the management or the power to control election of the board of directors. It shall be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than fifty percent (50%) of the voting rights

attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity. It shall also be a presumption that the managing General Partner of a limited partnership controls the limited partnership.

“Affordable Units” means the approximately 118 residential apartment units to be constructed on the Property by Developer in accordance with this Agreement, the Ground Lease and the County Regulatory Agreement. There will also be an anticipated two (2) Manager Units.

“Closing” or “Close of Escrow” means the point in time when the Escrow Agent has filed all of the documents set forth in Section 203(j) with the County for recording in the official records of the County in accordance with Section 205 and the County has delivered possession of the Property to Developer.

“Closing Date” means the date on which the Closing occurs.

“Community Space” means the space to be designated for community uses for the Affordable Units, in accordance with the Scope of Development (Attachment No. 3).

“Construction Lender” means the maker of any Construction Loan or beneficiary of any Construction Loan Deed of Trust.

“Construction Loan” means, collectively, the Source of Financing in the form of one or more loans made to the Developer at the time of the Closing for construction of the Improvements, secured against the Leasehold by the Construction Loan Deed of Trust.

“Construction Loan Deed of Trust” means the deeds of trust securing the Construction Loan .

“Conversion” means the date upon which the Construction Loan is converted to the Permanent Loan.

“County” means the County of San Diego, a political subdivision of the State of California.

“County Regulatory Agreement” means the Memorandum of Restrictive Covenants and Regulatory Agreement to be recorded upon the occurrence of the Closing, substantially in the form attached to this Agreement as Attachment No. 6.

“Covenant Period” means the ninety-nine (99) year period commencing upon Closing, during which time the Affordable Units on the Property will be subject to the covenants, conditions, and restrictions in the County Regulatory Agreement.

“Developer” refers to BRIDGE Housing Corporation.

“Developer’s Proposal” refers to the proposal submitted by Developer in response to the Request for Proposals issued by the County with respect to development of the Property, which proposal is attached to this Agreement as Attachment No. 11.

“Director” means the County’s Director, Department of General Services.

“Due Diligence Certificate” means that certificate to be executed by Developer pursuant to Section 201, substantially in the form attached to this Agreement as Attachment No. 9.

“Effective Date” means the date set forth in the introductory paragraph of this Agreement, which shall be a date after all of the following have occurred: (a) County has received three (3) counterpart originals of this Agreement signed by the authorized representative(s) of Developer; (b) this Agreement has been approved by the County Board of Supervisors; (c) this Agreement has been signed by the authorized representative of County; and (d) this Agreement has been approved as to form and legality by County Counsel.

“Escrow Agent” means Old Republic Title Company or an escrow agent mutually acceptable to County and Developer.

“Four Percent Tax Credit(s)” or “4% Tax Credit(s)” shall mean the federal tax credit allocated to the Project by the California Tax Credit Allocation Committee (CTCAC). “Four Percent” refers to the applicable percentage of the qualified basis for a building that is not federally subsidized, as provided in Internal Revenue Code Section 42.

“Ground Lease” means the ground lease or leases (if there is more than one parcel) to be executed by County and Developer substantially in the form as attached to this Agreement as Attachment No. 7.

“Hazardous Substances” shall have the meaning set forth in Section 210.1.

“Improvements” means the improvements more particularly described in the Scope of Development (Attachment No. 3), including, more generally, the Affordable Units, the Community Space, the Retail Space, and the Parking Garage.

“Initial Rent Payment” means the Five Hundred Thousand Dollar (\$500,000) rent payment to be made by Developer to County at Closing.

“Investor Limited Partner Capital Contribution” means funds provided to Developer by the Tax Credit Equity Investor in consideration of the Low Income Housing Tax Credits.

“Interim Lease” means that certain Short-Term Lease Agreement between County and Jewish Family Service of San Diego, dated February 7, 2019 and set to expire by its terms on December 31, 2019.

“Leasehold” means that leasehold estate in the Property created by the execution of the Ground Lease.

“Legal Description” means the legal description of the Property attached to this Agreement as Attachment No. 2.

“Low Income Housing Tax Credit(s)” shall mean the federal tax credit(s) (including both the Four Percent Tax Credits and the Nine Percent Tax Credits) authorized by the Tax Reform Act of 1986 and governed by Internal Revenue Code Section 42, to be allocated by CTCAC toward the Project and to be purchased by the Tax Credit Equity Investor.

“Manager Units” refers collectively to the two (2) manager or employee units in the Project anticipated to be designated for on-site residential managers and/or maintenance personnel of the Affordable Units, which shall remain unrestricted in terms of income or affordability levels.

“Memorandum of Ground Lease” means that document substantially in the form attached to the Ground Lease as Attachment No. H.

“Nine Percent Tax Credit(s)” or “9% Tax Credits” shall mean the federal tax credit allocated to the Project by CTCAC. “Nine Percent” refers to the applicable percentage of the qualified basis for a building that is not federally subsidized, as provided in Internal Revenue Code Section 42.

“Notice of Completion” shall have the same definition as set forth in California Civil Code section 3093.

“Official Records” means the Official Records of the Office of the County Recorder for San Diego County, California.

“Parking Garage” means the parking garage to be constructed on the Property as part of the Improvements. The Parking Garage shall comply with the Scope of Development (Attachment No. 3) and all applicable parking requirements.

“Permanent Loan” means the Source of Financing in the form of a permanent loan to be made to the Developer at Conversion, secured against the Leasehold by the Permanent Loan Deed of Trust.

“Permanent Loan Deed of Trust” means the deed of trust securing the Permanent Loan.

“Permitted Exceptions” means the exceptions listed in the Title Report (Attachment No. 8) and all covenants, conditions, restrictions, and easements arising out of this Agreement.

“Person” means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

“Project” refers to the construction of the Improvements on the Property.

“Project Budget” means the schedule of sources and uses attached to this Agreement as Attachment No. 5.

“Property” means the real property described in Section 103 of this Agreement.

“Retail Space” refers to the ground floor retail development to be constructed on the Property, as set forth in the Scope of Development.

“Schedule of Performance” means the document attached to this Agreement as Attachment No. 4.

“Scope of Development” means the document attached to this Agreement as Attachment No. 3.

“Silver LEED Certification” means the Silver Leadership in Energy and Environmental Design Certification provided by the U.S. Green Building Council.

“Site Map” means the document which is attached to this Agreement as Attachment No. 1.

“Source of Financing” means a source of financing for the Project identified in this Agreement.

“Tax Credit Equity Investor” means a Person who will be a limited partner and will contribute equity to Developer in consideration of the Low Income Housing Tax Credits.

“TCAC” shall mean the California Tax Credit Allocation Committee.

“Title Company” means Old Republic Title Insurance Company.

“Title Insurance Policy” means and includes any of the following, as appropriate: (i) a leasehold policy of title insurance in favor of Developer with respect to the Leasehold in an amount as reasonably requested by Developer (the “Leasehold Title Policy”).

“Title Report” means the First Amended Preliminary Title Report issued by Old Republic Title Company, dated April 25, 2019, attached to this Agreement as Attachment No. 8.

## SECTION 103      The Property

The “Property” is located at 1501 and 1555 Sixth Avenue, San Diego, California, with Assessor’s Parcel Numbers 534-014-04 and 534-014-12. The Property is depicted on the Site Map attached hereto as Attachment No. 1. The legal description of the Property is set forth in the Legal Description attached hereto as Attachment No. 2. In the event that Developer subdivides the Property into a vertical subdivision, each parcel within the vertical subdivision shall be subject to the rights and obligations under this Agreement, and the Legal Description referenced herein for the Property shall be modified to reflect the legal descriptions associated with each vertical parcel.

SECTION 104      County

a. County is a political subdivision of the State of California. The address of the County for purposes of receiving notices pursuant to this Agreement shall be:

County of San Diego, Department of General Services  
5560 Overland Ave. #410  
San Diego, CA 92123  
ATTN: Director

b. “County” as used in this Agreement includes the County of San Diego, California and any assignee or successor to its rights, powers and responsibilities.

SECTION 105      Developer

a. Developer is BRIDGE Housing Corporation, a California nonprofit public benefit corporation. The address of Developer for purposes of receiving notices pursuant to this Agreement is as follows:

BRIDGE Housing Corporation  
600 California, Suite 900  
San Francisco, CA 94108  
Attn: Aruna Doddapaneni

b. “Developer” as used in this Agreement BRIDGE Housing Corporation, a California nonprofit public benefit corporation and any assignee or other successor to its rights, powers, and responsibilities, subject to the assignment and transfer restrictions of Section 106 below and the Ground Lease.

SECTION 106      Assignments and Transfers

a. Developer represents, warrants, and agrees that its undertakings pursuant to this Agreement are for the purpose of redeveloping the Property and providing affordable rental housing, not for speculation in land holding. Developer further recognizes that the qualifications and identity of Developer are of particular concern to the County, in light of the importance of the development of the Property to the general welfare of the community and the fact that a change in ownership or control of Developer or any other act or transaction involving or resulting in a significant change in ownership or control of Developer, is for practical purposes a transfer or disposition of the property then owned by Developer. Developer further recognizes that it is because of such qualifications and identity that the County is entering into the Agreement with Developer. Therefore, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement except as expressly permitted under this Agreement.

b. Prior to the Close of Escrow, Developer shall not make any Transfer except that Developer is hereby authorized and permitted to assign this Agreement to an Affiliate of Developer. The term “Transfer” includes any of the following, whether voluntary or

involuntary, direct or indirect: (i) assignment of all or any part of this Agreement, or any interest in this Agreement, and (ii) any change in Control (defined below) of Developer. BRIDGE Housing Corporation will be released upon transfer to an Affiliate under this section.

c. Following or concurrently with the Close of Escrow, Developer may make Transfers as set forth in Article 14 of the Ground Lease.

SECTION 107            Pre-Construction Insurance Requirements

Prior to the Effective Date, Developer shall have submitted to the County evidence of the insurance policies required for the pre-construction period under this Agreement, as set forth in Attachment No. 10, and the Ground Lease, naming as additional insureds the following: “The County of San Diego, and its officers, employees, contractors and agents.”

PART 2.            PRE-CONSTRUCTION PERIOD AND DISPOSITION OF LEASEHOLD

SECTION 201            Due Diligence Period

The County intends to demolish the improvements on the Property (the “Demolition”). Developer understands and agrees that the Demolition will include demolition of the existing improvements on the Property but not the concrete slab, which will remain on the Property, and that shorings will be put and left in place by the demolition contractor. The County will diligently pursue completion of Demolition by August 1, 2020. Following the Effective Date and prior to commencement of Demolition, Developer shall, to the extent possible given the current improved and occupied (under the Interim Lease) condition of the Property, commence its due diligence investigations of the physical condition and title condition of the Property to determine its suitability for development of the Project, including investigation of the environmental and geotechnical suitability of the Property, as deemed appropriate in the reasonable discretion of Developer, all at the sole cost and expense of Developer (“Due Diligence Investigations”). Within ninety 90 days following notice from County of completion of the Demolition (“Due Diligence Period”), Developer will complete its Due Diligence Investigations. The Due Diligence Period is included within the Pre-Construction Period (defined in Section 202 below). Prior to expiration of the Interim Lease, Developer shall have access to the Property, subject to the rights of the lessee under the Interim Lease, to conduct all tests and inspections reasonably required by Developer to evaluate the Property, including, without limitation, invasive environmental and geotechnical testing. Following expiration of the Interim Lease, Developer shall have access to the Property for these same purposes, restricted only as needed to accommodate Demolition. If Developer does not unconditionally accept the condition of the Property by delivery of a fully executed Due Diligence Certificate in the form attached to Agreement as Attachment No. 9 prior to the end of the Due Diligence Period, Developer shall be deemed to have rejected the condition of the Property. If the condition of the Property is rejected or deemed rejected by Developer, then either County or Developer shall have the right to terminate this Agreement without liability to the other party, by delivery of a notice of termination to the other party, except that County will be entitled to and will retain all payments required to be made by Developer to County prior to the date of termination. Following Developer’s delivery of a fully executed Due Diligence Certificate, the County will continue to

provide reasonable access to the Property for Developer's ongoing investigations and pre-construction activities.

SECTION 202 Pre-Construction Period. The "Pre-Construction Period" shall begin on the Effective Date and, subject to the early termination provisions in this Section 202 and the extension provisions of Section 211, shall expire on the earlier of (a) twenty-four (24) complete calendar months after the Effective Date, subject to the extensions allowed in Section 211 (and the County and Developer hereby acknowledge that, due to the threshold requirements and timing of available financing applications, the Developer will likely not and is not required to receive financing commitments or close on the Ground Lease within such twenty-four (24) months of the Effective Date), or (b) satisfaction of the Pre-Construction Conditions. The Pre-Construction Period will be extended, without cost to Developer: (1) if the Interim Lease is not terminated and the tenant under the Interim Lease has not vacated the Property (collectively, the "Vacancy") by January 1, 2020 and/or (2) if the Demolition is not completed by August 1, 2020 (the "Interim Extension"). Until the Vacancy and Demolition are completed, the Interim Extension shall be provided on a day for day basis. In addition, the Interim Extension will include additional adjustments that may be needed to allow for Developer to submit financing applications which Developer missed or was subjected to reduced points due to the status of the Interim Lease termination, Vacancy and/or Demolition, and then to close on such financing, but only to the extent caused directly and solely by delay in Vacancy or Demolition, and not caused or contributed to by any act or omission of Developer. The County will provide written notice to the Developer upon Vacancy and completion of Demolition.

a. Pre-Construction Payments. As partial consideration for County's execution of this Agreement, Developer shall pay a "Pre-Construction Payment" to County in the amount of Ten Thousand Dollars (\$10,000) upon notice from the County of the Vacancy. Developer shall pay for the second Pre-Construction Period extension as provided under Section 211.

b. Pre-Construction Obligations and Conditions. During the Pre-Construction Period, Developer shall make diligent and good faith efforts to obtain the Entitlements (defined below) and all financing commitments necessary for construction and lease-up of the Project. For purposes of this Agreement, the following are the "Pre-Construction Conditions":

(i) Within twenty-four (24) months of the Effective Date (regardless of whether the Pre-Construction Period is extended under the terms of this Agreement), at no cost to County, Developer shall have obtained all discretionary governmental permits, approvals, and licenses necessary for development of the Project (the "Entitlements").

(ii) Prior to expiration of the Pre-Construction Period (as extended pursuant to Section 211), Developer shall have obtained all financing commitments, in a form and substance satisfactory to Developer and County, necessary for the construction and lease-up of the Project, and Developer shall have closed on all financing for the Project.

The Entitlements shall be deemed received when the Entitlements have been officially approved by the City of San Diego or its permitting authority through duly authorized

resolution, ordinance, administrative determination, regulatory determination or similar action and all administrative appeal periods have expired or been waived without the perfection of any appeals. Developer shall provide prompt written Notice to County of the satisfaction of the Pre-Construction Conditions in accordance with Section 601.

c. Failure of Conditions. If any of the Pre-Construction Conditions are not satisfied within the time period set forth in this Section 202, including any County-approved extension, County or Developer may terminate this Agreement by providing notice in accordance with Section 601, and upon such termination, all Pre-Construction Payments will be retained by County. If during the Pre-Construction Period, Developer determines it will not be able satisfy one or more of the Pre-Construction Conditions, Developer may terminate this Agreement by providing written notice of termination in accordance with Section 601, and in the event of such termination, County will retain all Pre-Construction Payments.

## SECTION 203            Conveyance of the Leasehold

At such time as all conditions precedent to the conveyance of the Leasehold have been satisfied, as set forth in this Section, County shall convey the Leasehold to Developer on such terms and conditions as are contained in the Ground Lease. The Director may, in his or her discretion, approve changes to this Agreement and its attachments, including the Ground Lease: (1) to facilitate the bifurcated tax credit financing structure as set forth in Section 212, or (2) as reasonably requested by the Developer to help obtain a Construction Loan or other Project financing, provided that the requested changes do not impact the term of the Ground Lease, the rent under the Ground Lease or any other compensation to be paid to County, or otherwise have, in the determination of the Director, any substantial adverse impact to the County's interests. The Director may approve any such proposed changes administratively, or in his or her discretion, refer any such proposed changes for consideration by County Board of Supervisors.

Upon satisfaction or waiver by the benefitted party (identified below) of the contingencies described below (the "Contingencies"), on a date mutually agreed by County and Developer, in no event more than 30 days after the date of satisfaction of the Contingencies, unless mutually agreed by County and Developer: the Developer shall pay the Initial Rent Payment to County, County and Developer shall execute the Ground Lease, and Developer shall take possession of the leasehold under the Ground Lease. The Contingencies include all of the following:

a. Limited Partnership Agreement(s) (benefits County and Developer). Developer shall have delivered the limited partnership agreement for any tax credit partnership that will own the Project to County for review, which review shall be limited to confirmation that the partnership agreement is consistent with the DDA and Ground Lease requirements.

b. Developer's Formation Documents (benefits County). Developer shall have delivered documentation relating to the corporate, partnership, limited liability or other similar status of Developer and its general partner(s) and other constituent entities, including, without

limitation and as applicable: limited partnership agreements and any amendments thereto; articles of incorporation; Limited Liability Company Articles of Incorporation (LLC-1); Statement of Information and Operating Agreement (including any amendments thereto); copies of all resolutions or other necessary actions taken by such entity to authorize the execution of the DDA and related documents; a certificate of status issued by the California Secretary of State; and a copy of any Fictitious Business Name Statement, if any, as published and filed with the Clerk of San Diego County.

c. Final Construction Drawings (benefits County and Developer). Developer shall have submitted and County shall have approved Final Construction Drawings (as defined in Section 305).

d. Project Budget (benefits County and Developer). Developer shall have delivered to the County final revisions to the Project Budget, which have been approved by the County, demonstrating to the satisfaction of the County the availability of sufficient funds to pay all Acquisition and Development Costs (“Final Project Budget”).

e. Contract for Construction (benefits County and Developer). Developer shall have delivered to the County one or more general construction contracts between the Developer and a licensed general contractor (“Contractor”), covering all construction required by this Agreement and the approved Final Construction Drawings, in an amount that is consistent with the Final Project Budget, together with a construction schedule showing a detailed trade by trade breakdown of the estimated periods of commencement and completion of construction and complete fixturing of the Project, demonstrating that construction will be completed within the time provided in the Schedule of Performance. The Contractor must be bondable and meet all licensing and insurance requirements of the State of California. The items set forth below shall be incorporated as “Special Conditions” into the contract between Developer and Contractor (with a copy of the contract to be furnished to County for County’s reasonable approval prior to the commencement of construction of the Improvements):

(1) Prior to start of the Improvements, Contractor shall provide County with a construction schedule in “bar graph” form indicating the completion dates of all phases of the Improvements.

(2) Contractor shall be responsible for the repair, replacement and cleanup of any damage done by Contractor to others’ property.

(3) Contractor shall contain its storage of materials and its operations within the Property and other off-site space as Contractor may be assigned by Developer.

(4) All trash and surplus construction materials shall be stored within the Property or other off-site spaces as may be approved by Developer. Trash and surplus construction materials shall be promptly removed from the Property at the sole cost of the Contractor.

(5) Contractor shall provide temporary utilities, portable toilet facilities and potable drinking water as required for its work within the Property or at an off-site construction location staging location approved by Developer.

(6) Contractor shall notify the County's Lease Administrator (defined in Ground Lease) of any planned work to be performed on weekends or other than regular job hours.

(7) Contractor shall be responsible for compliance with all applicable codes and regulations of duly constituted authorities having jurisdiction insofar as the performance of the work and completed improvements are concerned for all work performed by Contractor, and all applicable safety regulations, and Contractor shall save and hold County harmless for the work as provided in this Agreement.

(8) Contractor or subcontractors shall not post signs that are not consistent with industry standards on any part of the Property without the prior approval of County, which may be withheld, conditioned or revoked at County's sole discretion.

f. Bonds (benefits County and Developer). Developer shall obtain or cause its contractor ("Contractor") to obtain payment and performance bonds ("Bonds") covering the faithful performance of the contract for the construction of the Improvements and the payment of all obligations arising under the contract. As an alternative to Bonds, the Developer may provide other security regarding construction of the Project as approved by the County in its discretion. The Bonds shall be on forms approved by County and shall be issued by a surety satisfactory to County. The surety shall have a current A.M. Best rating of A-5, or better, and shall be currently licensed to transact its insurance business in the State of California. The Bonds shall (i) name County as a co-obligee (together with Developer and Developer's Project lenders to the extent required by such lenders), (ii) name Contractor as principal, and (iii) assure full and satisfactory completion of the Improvements within the time required under the Ground Lease. The Bonds shall also guarantee that (i) all materials and workmanship supplied and/or installed as part of the Improvements shall be free from original or developed defects, and (ii) any original or developed defects or failures which appear in the Improvements within one (1) year after installation shall be repaired and/or replaced with all due diligence, at no cost to Developer or County. The Bonds shall be maintained in full force and effect by Developer during the construction and installation of the Improvements and for a period of one year after completion of the Improvements. Developer shall ensure that the surety company familiarizes itself with all of the terms and conditions of this Agreement and shall require the surety company to waive (i) notification of any modifications or alterations of the Plans approved by County (including any extension of the Construction Period), and (ii) its rights under the provisions of State of California Civil Code Section 2819. The cost of the Bonds shall be paid by Developer.

g. Evidence of Financing (benefits County and Developer). The Developer has met the conditions set forth in Section 213. All documents required to be executed in connection with the Construction Loans shall have been duly executed, acknowledged and delivered. Developer has provided evidence that the Initial Rent Payment is ready and available for payment to County.

h. Insurance (benefits County and Developer). Developer shall have submitted to the County evidence of the insurance policies required by this Agreement, as set forth in Attachment No. 10, and the Ground Lease, naming as additional insureds the following: "The County of San Diego, and its officers, employees, contractors and agents."

g. Entitlements (benefits County and Developer). Developer shall have delivered to the County a list of all Entitlements required for the construction of the Improvements and shall have demonstrated that all Entitlements have been obtained and that all conditions for the issuance of all necessary permits have been satisfied (with the exception of payment of fees, which payment is provided for in the approved Project Budget). For purposes of clarification, this Contingency can be satisfied without issuance of building permits if the City of San Diego provides a letter stating that all necessary permits are ready to be issued.

i. Recording Instructions (benefits County and Developer). Escrow Agent shall have approved such supplemental recording instructions as may have been prepared on behalf of the County and Developer that are consistent with and effectuate the intent of this Agreement.

j. Documents (benefits County and Developer). County, Developer and/or other parties, as appropriate, shall have executed, and filed or recorded as appropriate, the following documents:

- (1) County Regulatory Agreement;
- (2) Ground Lease;
- (3) Memorandum or Memoranda of Ground Lease;
- (4) Any Reciprocal Easement or Covenant, Conditions and Restrictions that may be necessary for the operation of the Project, as approved by County and Developer.

k. Title Insurance (benefits Developer). The Title Company is irrevocably committed to issue (i) a leasehold interest title policy in favor of Developer showing Developer as the insured holder of the leasehold interest in the Ground Lease and subject only to the Permitted Exceptions or as otherwise approved by Developer.

l. Condition of Property (benefits Developer). The Property shall be free and clear of all tenants and other third-party occupancy rights and in a physical condition substantially the same as on the date Developer submitted the Due Diligence Certificate, excluding ordinary wear and tear and any changes caused directly or indirectly by any activities of Developer.

m. Proposition M Approval Letter (benefits County). Developer shall have submitted a written determination from the City of San Diego or the San Diego Housing Commission, approved as to legality by the entity's attorney and in a form reasonably approved by County, stating that the affordable units to be developed in the Affordable Component are authorized by Measure M, approved by the voters of the City of San Diego at the November 2016 General Election.

SECTION 204        Escrow

County and Developer will open an escrow for the conveyance of the Leasehold with Escrow Agent at such time as is appropriate for completion of conveyance of the Leasehold in accordance with this Agreement.

Sections 204 through 208 (inclusive) of this Agreement shall constitute the joint escrow instructions of County and Developer with respect to the conveyance of the Leasehold, and a duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening of the escrow.

County and Developer shall provide such additional escrow instructions as shall be necessary to close the escrow with respect to the conveyance of the Leasehold, and consistent with this Agreement. The Escrow Agent is empowered to act under such instructions, and upon indicating its acceptance in writing, delivered to County and to Developer within five (5) days after the opening of the escrow, shall carry out its duties as Escrow Agent.

Upon receipt by the Escrow Agent of all executed and acknowledged documents listed in Section 204 and upon verbal confirmation of the County and Developer approving the Closing, the Escrow Agent shall record all documents in accordance with Section 205 of this Agreement. The Escrow Agent shall buy, affix and cancel any transfer stamps required by law. Any County insurance policies governing the Property are not to be transferred.

Developer shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified Developer of the amount of such fees, charges and costs, but not earlier than one (1) day prior to the Closing Date for conveyance of the Leasehold from the County to the Developer:

1. Escrow fee;
2. Recording fees;
3. Notary fees;
4. Premiums for the title insurance policy or policies ordered by Developer as set forth in Section 207 of this Agreement.

County shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified County of the amount of such fees, charges and costs, but not earlier than one (1) day prior to the Closing Date for conveyance of the Leasehold from County to Developer:

1. Costs necessary to place the title in the condition required by the provisions of this Agreement;
2. Ad valorem taxes and any other taxes, assessments or impositions of any kind, if any, attributable to County's ownership of the Property prior to conveyance of the Leasehold.

3. State, County or other documentary stamps and transfer taxes, if any.

County shall timely and properly execute, acknowledge and deliver the Ground Lease evidencing County's conveyance of the Leasehold to Developer in accordance with the requirements of this Agreement, and if requested by Developer, together with an estoppel certificate certifying that Developer has completed all acts necessary to entitle Developer to acquire the Leasehold, if such be the fact.

The Escrow Agent is authorized to:

1. Pay, and charge County and Developer, respectively, for any fees, charges and costs payable under this Section 205. Before such payments are made, the Escrow Agent shall notify County and Developer of the fees, charges and costs necessary to clear title and convey the Leasehold;
2. Disburse funds and deliver the Ground Lease and other documents to the parties entitled thereto when the conditions of the escrow have been fulfilled by County and Developer; and
3. Record any instruments delivered through the escrow if necessary or proper to vest the applicable interests in Developer and County in accordance with the terms and provisions of this Agreement.

All funds received in the escrow shall be deposited by the Escrow Agent in an interest bearing account for the benefit of the depositing party as directed by the depositing party.

If escrow is not in condition to close on or before the Closing Date, either party who has fully performed the acts to be performed before the Closing Date may, in writing, demand the return of its money, papers or documents. No demand for return shall be recognized until ten (10) days after the Escrow Agent shall have mailed copies of such demand to the other party at the address of its principal place of business. Objections, if any, shall be raised by written notice to the Escrow Agent and to the other party within the ten- (10) day period. If any objections are raised within the ten- (10) day period, the Escrow Agent is authorized to hold the money, paper and documents until instructed by mutual agreement of the parties or, upon failure thereof, by a court of competent jurisdiction. Notwithstanding the foregoing, the termination rights of County and Developer and other rights and remedies on default are governed by Sections 501 through 512, inclusive, of this Agreement, and no demand for such return shall affect such rights or remedies. If no such demands are made, the escrow shall be closed as soon as possible.

The Escrow Agent shall not be obligated to return any such money, papers or documents except upon the written instructions of both County and Developer, or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

Any amendments to these escrow instructions shall be in writing and signed by both County and Developer. At the time of any amendment, the Escrow Agent shall agree to carry out its duties as escrow agent under such amendment.

All communications from the Escrow Agent to County or Developer shall be directed to the addresses and in the manner established in Section 601 of this Agreement for notices, demands, and communications between County and Developer.

The liability of the Escrow Agent under this Agreement is limited to performance of the obligations imposed upon it under Sections 204 through 208, inclusive of this Agreement.

**SECTION 205            Recordation of Documents**

County and Developer, respectively, agree to perform all acts necessary to achieve recordation and delivery of documents in sufficient time for escrow to be closed in accordance with the foregoing provisions.

a.     The following documents shall be recorded in the following order (“Recorded Documents”). Other documents shall be added as determined by County and Developer, however, in no event shall the County Regulatory Agreement be subordinated to any interest, except as may be required by law (including the published government agency policies or regulations) in connection with Project financing provided by a government agency.

ORDER OF RECORDATION	DOCUMENT NAME
1	County Regulatory Agreement
2	Memorandum of Ground Lease
3	Mortgage security instruments

b.     All documents to be recorded shall be recorded in the Official Records.

c.     In the event that Developer subdivides the Property into a vertical subdivision, the Recorded Documents shall be recorded against each parcel that comprises the vertical subdivision in the same order as set forth under subsection (a), above; provided that the County Regulatory Agreement need only be recorded on the parcel or parcels on or within which any affordable Units are or will be located, and need not be recorded on any separate parcels including only retail space.

**SECTION 206            Possession of Leasehold; Condition of Title**

Possession of the Leasehold shall be delivered to Developer concurrently with Close of Escrow. Subject to the terms and conditions of this Agreement, the County shall convey to the Developer the Leasehold free and clear of all (1) occupants, parties in possession, and (2) liens, encumbrances, covenants, conditions, restrictions, easements, leases, taxes and other defects, except for any and all Permitted Exceptions. Notwithstanding the foregoing, the County will cooperate with the Developer and work in good faith with the Developer to remove the following title exceptions listed in Schedule B to the Preliminary Title Report on or prior to Closing: exception 5-7 and 9-14 (the “Excepted Exceptions”). In the event the County and Developer,

despite their diligent efforts, are unable to remove or endorse over the Excepted Exceptions on or prior to Closing (or agree upon a method to remove such Excepted Exceptions that is acceptable to the County, Developer and Project lenders and investors), the Developer may terminate this Agreement pursuant to Section 508.

Notwithstanding the forgoing, if requested by the Developer in connection with an application for Multifamily Housing Program (MHP) funds, the County will execute the Ground Lease with the Developer prior to delivering possession of the Property to Developer, but any such Ground Lease will not provide Developer with possession of the Property until all of the conditions of Closing set forth in this Agreement are met. In the event the Ground Lease is executed early pursuant to this paragraph, it will terminate if the conditions of Closing are not met by the expiration of the Pre-Construction Period as may be extended under this Agreement. The Ground Lease will also include a no fault termination provision comparable to Section 508, but only with respect to termination for failure to meet conditions of Closing within the Pre-Construction Period (as may be extended under the terms of this Agreement).

SECTION 207            Title Insurance

Concurrently with the recordation of the Memorandum of Ground Lease, Title Company shall provide and deliver to Developer one or more Title Insurance Policies, issued by the Old Republic Title Company insuring that the Leasehold to be conveyed is vested in Developer in the condition required by Section 206 of this Agreement (“Leasehold Title Policy”). The Title Company shall provide County with a copy of the Leasehold Title Policy. The Leasehold Title Policy shall be in the amount specified by Developer.

If Developer elects to secure an A.L.T.A. owner’s policy or to secure an A.L.T.A. lender’s policy for the benefit of any lender for which a mortgage or leasehold mortgage will or is intended to be granted covering the Leasehold as permitted by the terms of this Agreement, County shall cooperate with Developer to obtain such policies by providing existing surveys and engineering studies in its possession which relate to or affect a condition of title or a geological condition. In providing such surveys and engineering studies, County does not warrant the accuracy or sufficiency of such material. The responsibility of County assumed by this paragraph is limited to cooperating in good faith with Developer, and does not require County to create or obtain any new surveys or studies. Notwithstanding the forgoing, if the Title Company is unable or unwilling to deliver said ALTA owner’s or lender’s policy consistent with the provisions of this Agreement, then in addition to any other rights or remedies of Developer, Developer may terminate this Agreement pursuant to Section 508. County shall have no obligation to incur any cost or to take any action necessary to help Developer obtain an A.L.T.A. policy. Developer shall pay for all premiums for all title insurance policies and coverage and special endorsements with respect to the Leasehold, except as otherwise set forth in this Agreement.

SECTION 208            Notice of Possessory Interest; Payment of Taxes and Assessments on Value of Entire Property

a.        Responsibility for Payment of Taxes and Assessments. County shall not pay any taxes or assessments accruing against Developer on the Property or any interest of Developer in

the Property before, during, or after the term of the Ground Lease, and all such tax payments and assessments shall be the sole responsibility of Developer. Developer shall be solely responsible for payment of any taxes or assessments levied upon any Improvements, fixtures or personal property located on the Property, to the extent that the taxes or assessments result from the business or other activities of Developer upon, or in connection with, the Property. Developer shall pay all taxes when due, and shall not allow any taxes, assessments or fees to become a lien against the Property or any Improvements on the Property from and after the Closing. Developer shall not be prevented or prohibited from contesting the validity of any tax, assessment or fee in a manner authorized by law and the County shall cooperate with Developer in connection with such contest.

b. Definition of “Taxes”. As used in this Agreement, the term “taxes” means all taxes, governmental bonds, special assessments, Mello-Roos assessments, charges, rent income or transfer taxes, license and transaction fees, including, but not limited to, (i) any state, local, federal, personal or corporate income tax, or any real property or personal property tax, (ii) any estate inheritance taxes, (iii) any franchise, succession or transfer taxes, (iv) interest on taxes or penalties resulting from Developer’s failure to pay taxes, (v) any increases in taxes attributable to the sale of Developer’s leasehold interest in the Property, or (vi) any taxes which are essentially payments to a governmental agency for the right to make improvements to the Property.

c. Section 107.6 Statement. Pursuant to California Revenue and Taxation Code Section 107.6, Developer is notified that the terms of this Agreement may result in the creation of a possessory interest, and if a possessory interest is vested in Developer, Developer may be subjected to the payment of real property taxes levied on the possessory interest.

SECTION 209            Occupants of the Leasehold

The Leasehold shall be conveyed free of any possession or right of possession, except that of Developer, unless waived in writing by Developer. The Property is currently occupied by Jewish Family Service of San Diego under the Interim Lease. In accordance with its terms, the Interim Lease will automatically expire on December 31, 2019. The County will not extend the term of the Interim Lease or otherwise grant any right of possession to the lessee under the Interim Lease without the written consent of Developer (which consent may be given or withheld by Developer in its sole and absolute discretion) and will exercise its rights to enforce the vacancy requirements under the Interim Lease with reasonable diligence.

SECTION 210            Condition of the Property

SECTION 210.1        Hazardous Substances

a. Hazardous Materials Laws - Definition. As used in this section, the term “Hazardous Materials Laws” means any and all federal, state or local laws, rules, decrees, orders, regulations or court decisions (including “common law”), including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C., §9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C., §1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C., §6901 et seq.), the California Hazardous Waste Control Act and the Carpenter-Presley-Tanner

Hazardous Substance Act, State of California Health and Safety Code Section 25100, et seq., and Section 25300, et seq., the California Environmental Quality Act of 1970, and the Porter-Cologne Water Quality Control Act, Cal. Water Code Section 13000, et seq. relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Property, soil and ground water conditions or other similar substances or conditions.

b. Hazardous Materials - Definition. As used in this Agreement the term “Hazardous Materials” means any chemical, compound, material, substance or other matter that:

(i) Is a flammable, explosive, asbestos, radioactive nuclear medicine, vaccine, bacteria, virus, hazardous waste, toxic, overtly injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials;

(ii) Is controlled, referred to, designated in or governed by any Hazardous Materials Laws;

(iii) Gives rise to any reporting, notice or publication requirements under any Hazardous Materials Laws; or

(iv) Is any other material or substance giving rise to any liability, responsibility or duty upon the County or Developer with respect to any third person under any Hazardous Materials Law. Developer hereby represents and warrants that the development, construction and uses of the Leasehold permitted under this Agreement (i) will comply with all applicable environmental laws; and (ii) do not require the presence of any Hazardous Substance on the Property.

Hazardous Materials do not include any substances customarily used in construction, development, operation, or maintenance of real estate, provided such substances are used in accordance with all applicable laws.

c. Within ten (10) days of request by Developer, County shall deliver to Developer, if not previously delivered, all documents relevant to the condition of the Property within the County’s possession or control, including, without limitation, a preliminary title report with underlying exceptions, environmental reports, studies, surveys, and all other relevant documents within the County’s possession or control (collectively referenced as “Documents”). County does not warrant the accuracy of these Documents or that these Documents constitute all documents that may exist regarding the conditions of the Property, and Developer has been cautioned to conduct its own inquiry to determine if more information is available.

#### SECTION 210.2 Suitability of the Property

a. Prior to Closing, Developer shall have the right to engage, at its sole cost and expense, its own environmental consultant (“Developer’s Environmental Consultant”), to make such investigations as Developer deems necessary, including without limitation any “Phase 1” and/or “Phase 2” investigations of the Property or any portion thereof, and the County shall promptly be provided a copy of all reports and test results provided by Developer’s Environmental Consultant (the “Environmental Reports”). Developer shall execute the Due

Diligence Certificate upon Developer's completion of such investigations, signifying its completion of due diligence with respect to the environmental condition of the Property.

b. The Leasehold shall be delivered from County to Developer in an "as is" physical condition, with no warranty, express or implied by County as to the presence of Hazardous Materials, or the condition of the soil, its geology or the presence of known or unknown faults. From and after the effective date of the Ground Lease, if the condition of the Leasehold is not in all respects entirely suitable for the use or uses to which such Leasehold will be put, then it is the sole responsibility and obligation of Developer to place the Leasehold in all respects in a condition entirely suitable for the development of the Project, solely at Developer's expense.

c. From and after the Closing, Developer, its successors, and assigns, shall protect, indemnify, defend (with counsel selected by County), reimburse and hold County and its elected officials, officers, employees and agents harmless (collectively, the "Hazardous Materials Indemnity Obligations") from any Claims (defined in Section 309), judgments, damages, penalties, fines, costs or expenses (known or unknown, contingent or otherwise), liabilities (including sums paid in settlement of Claims), personal injury (including wrongful death), property damage (real or personal) or loss, including any attorneys' fees, consultant fees, and expert fees (consultants and experts to be selected by County) which arise from or in connection with the presence or suspected presence of Hazardous Materials, including the soil, ground water, or soil vapor on or under the Property or the Improvements. Without limitation of the preceding sentence, the Hazardous Materials Indemnity Obligations apply to costs incurred in connection with investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any Hazardous Materials Laws because of: (a) the presence of Hazardous Materials in the soil, ground water, or soil vapor on the Property, regardless of the source or original location of such Hazardous Materials, and (b) any release, discharge, exposure, or displacement, or migration of Hazardous Materials caused by any act or omission of Developer. The Hazardous Materials Indemnity Obligations shall survive the expiration or earlier termination of this Agreement until all Claims involving any of the indemnified matters are fully, finally, and absolutely barred by the applicable statutes of limitations.

d. On and after the Effective Date, Developer hereby waives, releases and discharges the County and its respective members, officers, employees, agents, contractors and consultants, from any and all present and future claims, demands, suits, legal and administrative proceedings, and from all liability for damages, losses, costs, liabilities, fees and expenses (including, without limitation, attorneys' fees) arising out of or in any way connected with the County's or Developer's use, maintenance, ownership or operation of the Property, any Hazardous Substances on the Property, or the existence of Hazardous Materials contamination in any state on the Property, however the Hazardous Materials came to be placed there, except that arising out of the gross negligence or willful misconduct of the County or its employees, officers or agents. Developer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

To the extent of the release set forth in this Section 210.2, Developer waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

Nothing in this release shall be construed to release the County from claims arising from or relating to the Interim Lease.

SECTION 211            Sources of Financing

The Acquisition and Development Costs shall be financed with a combination of “Sources of Financing” anticipated to include the following: Low Income Housing Tax Credits and related equity, private (bank) construction and permanent financing (which may include bond financing), Project Based Vouchers, soft loans from the San Diego Housing Commission, Civic San Diego, funding from the State of California (which may include MHP), Affordable Housing Program Funds and other gap financing sources. Developer shall use best efforts to procure the above referenced Sources of Financing or portions thereof needed to allow for a financially feasible development of the Project in accordance with the Schedule of Performance. For purposes of this Section, “best efforts” means Developer has submitted an application for each of the Sources of Financing by each of the deadlines required by (i) those respective Sources of Financing and (ii) the Schedule of Performance, and has used diligent efforts to submit applications that are complete and responsive. Further, the applications must be deemed complete by the responsible agency processing the application. Developer shall not have any obligation to apply for any of the Sources of Financing until such time as Developer reasonably determines that the Project meets the threshold criteria for such financing and will be competitive in any application for such financing.

In the event that the Developer is not able to obtain the Sources of Financing, despite its best efforts, or in the event the Developer reasonably determines the Project is infeasible, Developer may terminate this Agreement pursuant to Section 508, and upon such termination, County shall retain all Pre-Construction Payments. The Sources of Financing listed here and in the Schedule of Performance may be revised from time to time by the Developer, subject to the approval of the County which will not be unreasonably withheld, conditioned, or delayed.

Provided that Affordable Developer has obtained Gap Financing for the Project, Developer will apply for either 4% or 9% Tax Credits and will continue to apply for such financing throughout the Pre-Construction Period as it may be extended or terminated hereunder, until such time as the needed Tax Credits and bonds are obtained. Gap Financing is the financing needed to develop and operate the Project, exclusive of Tax Credit and bond financing. In the event that Developer has made diligent and good faith efforts to pursue and apply for Gap Financing, where the Developer has determined that it can submit a competitive application for such financing, sufficient to develop and operate the Project and is otherwise in compliance with this Agreement, but has not obtained such financing by the end of the original 24-month Pre-Construction Period (or additional time is needed to close any committed financing), the Pre-Construction Period shall be extended for twelve (12) months (the “First Extension”). If the Developer has made diligent and good faith efforts to pursue and apply for Gap Financing sufficient to develop and operate the Project and is otherwise in compliance with this Agreement, but has not obtained such financing by the end of the First Extension (or additional time is needed to close any committed financing), the Pre-Construction Period shall be further extended

by nine (9) months, contingent on Developer making an additional Pre-Construction Payment in the amount of Ten Thousand Dollars (\$10,000). If Developer does not receive an award of 4% or 9% Tax Credits, or provide evidence satisfactory to the County that the Project can be constructed without such Tax Credits during the Pre-Construction Period, as it may be extended hereunder, then County may terminate this Agreement by providing written Notice to Developer, and upon such termination, County shall retain all Pre-Construction Period Payments.

SECTION 212            Bifurcation to Facilitate 4%/9% Tax Credit Financing.

Developer intends to obtain an award of 4% and 9% Low Income Housing Tax Credits for the Project. To utilize an award of both 4% and 9% Low Income Housing Tax Credits, the Project will need to be bifurcated to include two separate Ground Leases. In order to implement bifurcation of the Project, which will be legally and financially structured as two separate projects, the County will, in its reasonable discretion, make amendments and/or modifications to the DDA, including its attachments, that are reasonably necessary to reflect the split 4%/9% Low Income Housing Tax Credit financing structure and bifurcated Project, including, but not necessarily limited to, amending and duplicating the Ground Lease such that the 4% Low Income Housing Tax Credit component and the 9% Low Income Housing Tax Credit component are leased to Developer under two separate ground leases with different legal descriptions, so long as such amendments substantially conform in form and substance to the existing Ground Lease.

SECTION 213            Evidence of Financing

a. Not later than fifteen (15) days prior to the scheduled Closing Date, and in no event later than as provided in the Schedule of Performance, Developer shall submit to the County evidence satisfactory to the County that Developer has obtained the financing necessary for the acquisition and development of the Property in accordance with this Agreement. Such evidence of financing shall include the following:

1. A copy of all loan documents relating to the Construction Loan, including a final Project Budget approved by the Construction Lender (except that the final Project Budget may be provided any time prior to Closing if it is not yet available fifteen days prior to the scheduled Closing Date), certified by Developer to be a true and correct copy or copies;
2. A copy of loan commitments evidencing that Permanent Loan(s) will be available at Project completion, certified by Developer to be a true and correct copy or copies;
3. Documentation of the tax exempt bond allocation for any 4% Low Income Housing Tax Credit component of the Project, and a copy of the limited partnership agreement or other documentation acceptable to County demonstrating the commitment of the Tax Credit Equity Investor(s) to provide the Investor Limited Partner Capital Contribution(s), to demonstrate that Developer has adequate equity funds committed to provide the amount of Developer equity necessary to financing the Project;
4. A copy of all other financing commitments evidencing that Developer has obtained the financing necessary for the acquisition and development of the Property in

accordance with this Agreement, including without limitation copies of all commitments from all Sources of Financing; and

5. A copy of the contract between Developer and the general contractor or major subcontractors for the construction of the Improvements, certified by Developer to be a true and correct copy.

b. The County shall approve or disapprove such evidence of financing within the time established in the Schedule of Performance. Such approval shall not be unreasonably withheld. If the County shall disapprove any such evidence of financing, the County shall do so by written notice to Developer stating the reasons for such disapproval.

### PART 3. DEVELOPMENT OF THE PROPERTY

#### SECTION 301 Land Use Approvals

It is the responsibility of Developer, without cost to County, to ensure that zoning of the Property and all applicable land use requirements will permit development of the Property and construction of the Improvements and the use, operation, and maintenance of such Improvements in accordance with the provisions of this Agreement. The following shall be conditions of the Closing and shall be accomplished by the date set forth in the Schedule of Performance: (A) Developer shall submit and County shall approve complete Final Construction Drawings; (B) Developer shall obtain all Entitlements, and (C) Developer shall satisfy all other conditions precedent to the Closing as set forth in this Agreement. Nothing contained herein shall be deemed to entitle Developer to any permit or other County approval necessary for the development of the Property, or waive any applicable County requirements. This Agreement does not (a) grant any land use entitlement to Developer, (b) supersede, nullify or amend any condition which may be imposed by the County in connection with approval of the Project, (c) guarantee to Developer or any other party any profits from the development of the Property, or (d) amend any County laws, codes or rules. This is not a Development Agreement as provided in Government Code Section 65864. Without cost to County, County shall provide appropriate technical assistance to Developer in connection with Developer's obtaining all necessary entitlements, permits and approvals for the construction of the Improvements. The Entitlements shall be deemed received when the Entitlements have been officially approved by the City of San Diego or its permitting authority through duly authorized resolution, ordinance, administrative determination, regulatory determination or similar action and all administrative appeal periods have expired or been waived without the perfection of any appeals.

#### SECTION 302 Scope of Development

The Property shall be developed in accordance with and within the parameters established in the Scope of Development.

#### SECTION 303 Basic Concept and Schematic Drawings

a. Developer shall prepare and submit basic concept and schematic drawings and related documents for the development of the Property to the County for review and written approval within the time established in the Schedule of Performance. Basic concept and schematic

drawings shall include a site plan, elevations and sections of the Improvements as they are to be developed and constructed on the Property. The County's review of the concept and schematic drawings shall be limited to the exterior appearance of the Project and consistency of the basic concept and schematic drawings with this Agreement and Developer's Proposal.

b. The Property shall be developed in a manner consistent with the basic concept and schematic drawings and related documents except as changes may be mutually agreed upon between Developer and County. Any such changes shall be within the limitations of the Scope of Development.

SECTION 304      Landscaping Plans

a. Developer shall prepare and submit to the County for its approval preliminary and final landscaping plans for the Property. These plans shall be prepared and submitted within the times established in the Schedule of Performance.

b. The landscaping plans shall be prepared by a professional landscape architect. Such landscape architect may be the same firm as Developer's architect. Within the times established in the Schedule of Performance, Developer shall submit to the County for approval the name and qualifications of its landscape architect.

SECTION 305      Construction Drawings and Related Documents

a. Developer shall prepare and submit construction drawings and related documents (collectively called the "Plans") to the County for review (including but not limited to architectural review), and written approval in the times established in the Schedule of Performance. Such construction drawings and related documents shall be submitted as 50% and Final Construction Drawings. Final Construction Drawings are hereby defined as those in sufficient detail to obtain a building permit.

b. Approval of progressively more detailed Plans will be promptly granted by the County if developed as a logical evolution of Plans theretofore approved. Any items so submitted and approved by the County shall not be subject to subsequent disapproval. In addition, the County's review and approval of the Plans will be limited to the portion of the Plans pertaining to the exterior of the Project.

c. During the preparation of all Plans, the County and Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of Plans and related documents by the County. The County and Developer shall communicate and consult informally as frequently as is necessary to ensure that the formal submittal of any documents to the County can receive prompt and speedy consideration.

d. If any revisions or corrections of Plans approved by the County shall be required by any government official, County, department, or bureau having jurisdiction over the development of the Property, Developer and the County shall cooperate in efforts to obtain waiver of such requirements or to develop a mutually acceptable alternative.

SECTION 306            County Approval of Plans

a.        Subject to the terms of this Agreement including Section 305, the County shall have the right to review (including without limitation architectural review) and approve or disapprove all Plans and submissions, including any proposed substantial changes to any such Plans or submissions approved by County. Upon receipt of any disapproval, Developer shall revise the Plans, and shall resubmit to the County as soon as possible after receipt of the notice of disapproval. The County shall approve or disapprove the Plans referred to in Sections 303, 304 and 305 of this Agreement within the times established in the Schedule of Performance. Any disapproval shall state in writing the reasons for disapproval and the changes which the County requests to be made. Such reasons and such changes must be consistent with the Scope of Development. Developer, upon receipt of a disapproval based upon powers reserved by the County hereunder, shall revise the Plans, and shall resubmit to the County as soon as possible after receipt of the notice of disapproval, and the process for review and approval of the Plans shall continue until such time as the County has approved the Plans.

b.        If Developer desires to make any substantial change in the Final Construction Drawings after their approval, such proposed change shall be submitted to the County for approval. For purposes of this Section, “substantial” shall mean any material change in the exterior building materials or equipment, exterior specifications, or the exterior structural or exterior architectural design or exterior appearance of the Project. Nothing herein shall be interpreted as altering, modifying, waiving, amending, or reducing any requirements of any governmental permit required by any local, state or federal permitting authority for the Project.

SECTION 307            Cost of Construction

The cost of developing the Property and constructing the Improvements, including any offsite or onsite improvements required by the County in connection therewith, shall be the responsibility of Developer, without any cost to County, subject to the terms of this Agreement.

SECTION 308            Schedule of Performance

a.        Each party to this Agreement shall perform the obligations to be performed by such party pursuant to this Agreement within the respective times provided in the Schedule of Performance or elsewhere in this Agreement, and if no such time is provided, within a reasonable time. The Schedule of Performance shall be subject to amendment from time to time upon the mutual agreement of County and Developer.

b.        After the Closing, Developer shall promptly begin and thereafter diligently pursue completion of the construction of the Improvements.

c.        During periods of construction, Developer shall submit to the County a written report of the progress of construction when, and as reasonably requested by the County, but not more frequently than once every quarter. The report shall be in such form and detail as may be reasonably required by the County and shall include a reasonable number of construction photographs (if requested) taken since the last report by Developer. If County utilizes the services of a construction monitor, Developer shall reasonably cooperate with the County’s monitor to coordinate inspections without expense or cost to Developer.

SECTION 309                      Indemnification, Exculpation, and Insurance

a.        Definition of “County Parties” and “Developer Parties”. The term “County Parties” refers singularly and collectively to County and its elected officials, officers, directors, affiliated entities, agents, volunteers, and employees. The term “Developer Parties” refers singularly and collectively to Developer and its officers, members, partners, affiliates, agents, employees, contractors, investors, and lenders.

b.        Exculpation. The following exculpation provisions (“Exculpation Provisions”) shall apply.

1.        Except as otherwise provided in this Agreement and to the fullest extent permitted by law, Developer, on its behalf and on behalf of all Developer Parties knowingly and voluntarily assumes the risk of, waives all claims (in law, equity, or otherwise) against County Parties arising out of, and agrees that County Parties shall not be liable to Developer Parties for: (a) injury to or death of any person, or (b) loss of, injury or damage to, or destruction of any tangible or intangible property, including the resulting loss of use, economic losses, and consequential or resulting damage of any kind from any cause.

2.        County Parties shall not be liable under this Section regardless of whether the liability results from any active or passive act, error, omission, or negligence of any of the County Parties; or is based on claims in which liability without fault or strict liability is imposed or sought to be imposed on any of the County Parties.

3.        No County Party, other than the County, shall have any personal liability or responsibility for any of the responsibilities or liabilities of County under this Agreement.

4.        These Exculpation Provisions shall survive the expiration or earlier termination of this Agreement until all claims within the scope of the Exculpation Provisions are fully, finally, and absolutely barred by the applicable statutes of limitations.

5.        Developer acknowledges that the Exculpation Provisions of this Agreement were negotiated with County, that the consideration for the Exculpation Provisions is fair and adequate, and that Developer had a fair opportunity to negotiate, accept, reject, modify, or alter the Exculpation Provisions of this Agreement.

6.        The Exculpation Provisions of this Agreement may not be interpreted or construed as an attempt by County to be relieved of liability arising out of a non-delegable duty on the part of County.

c.        Waiver of Civil Code Section 1542. With respect to the Exculpation Provisions of this Agreement, Developer waives the benefits of State of California Civil Code Section 1542, which provides:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

Notwithstanding anything to the contrary here, the release and exculpation in favor of the County Parties hereunder shall not apply to claims arising from or related to (1) any claim arising from the County's use of or access to the Property, or (2) County Parties gross negligence or willful misconduct.

d. Indemnification. The following indemnification provisions ("Indemnification Provisions") shall apply from and after the Effective Date of this Agreement:

1. Developer's Indemnification of County Parties. To the fullest extent permitted by law, Developer shall, at Developer's sole expense and with counsel reasonably acceptable to County, indemnify, protect, defend, and hold harmless County Parties ("Developer Indemnification Obligations") from and against all Claims (defined below), from any cause, arising out of or relating (directly or indirectly) to the following:

- (a) Activities of Developer Parties in connection with this Agreement;
- (b) Any plans or designs for Improvements prepared by or on behalf of Developer Parties, including without limitation, errors or omissions with respect to such plans or designs;
- (c) Any loss or damage to County resulting from any inaccuracy in or breach of any representation or warranty of Developer, or resulting from any breach or default by Developer under this Agreement;
- (d) Any accident, personal injury, or casualty on the Property resulting from acts or omissions of Developer Parties.
- (e) Any Claim based on allegations this Agreement or the Ground Lease violates Article XXXIV of the California Constitution, or its implementing statutes and regulations.

For purposes of this Agreement, "Claims" means any and all claims, losses, costs, damage, expenses, liabilities, liens, actions, causes of action (whether in tort or contract, law or equity, or otherwise), charges, assessments, fines, and penalties of any kind (including consultant and expert expenses, court costs, and attorneys' fees actually incurred).

The Developer Indemnification Obligations in this section are in addition to any other indemnification and related obligations under this Agreement and the Ground Lease.

2. Type of Injury or Loss. Developer's Indemnification Obligations extend to and include Claims for:

- (a) Injury to any persons (including death at any time resulting from that injury);
- (b) Loss of, injury or damage to, or destruction of property (including all loss of use resulting from that loss, injury, damage, or destruction);

(c) All economic losses and consequential damage of any kind.

3. Active or Passive Negligence; Strict Liability. Except as provided in this section, the Developer Indemnification Obligations shall apply, without limitation, to Claims caused by the concurrent negligent act or omission, whether active or passive, of County Parties, and regardless of whether liability without fault or strict liability is imposed or sought to be imposed on County Parties. Developer Indemnification Obligations shall not apply to the extent that a final judgment of a court of competent jurisdiction establishes that a Claim was caused solely by the gross negligence or willful misconduct of a County Party.

4. Indemnification Independent of Insurance Obligations. The Developer Indemnification Obligation provisions may not be construed or interpreted as in any way restricting, limiting, or modifying Developer's insurance or other obligations and is independent of Developer's insurance and other obligations. Developer's compliance with the insurance requirements and other obligations of this Agreement shall not in any way restrict, limit, or modify the Developer Indemnification Obligations.

5. Survival of Indemnification. The Developer Indemnification Obligations shall survive the expiration or earlier termination of this Agreement until all Claims against County Parties involving any of the indemnified matters are fully, finally, and absolutely barred by the applicable statutes of limitations.

6. Duty to Defend. Developer's duty to defend County Parties is separate and independent of Developer's duty to indemnify County Parties. The duty to defend includes claims for which County Parties may be liable without fault or strictly liable. The duty to defend applies regardless of whether the issues of negligence, liability, fault, default, or other obligation on the part of Developer Parties have been determined. The duty to defend applies immediately, regardless of whether County Parties have paid any sums or incurred any detriment arising out of or relating (directly or indirectly) to any Claims. It is the express intention of County and Developer that County Parties be entitled to obtain summary adjudication or summary judgment regarding Developer's duty to defend County Parties at any stage of any claim or suit within the scope of the Developer Indemnification Obligations. Notwithstanding the forgoing, the County shall be responsible for defense costs to the extent that a final judgment of a court of competent jurisdiction establishes that a Claim was caused by the gross negligence or willful misconduct of a County Party.

7. Insurance Requirements. Developer shall meet all insurance requirements set forth in Attachment No. 10 to this Agreement.

8. No Punitive or Consequential Damages. Neither County nor Developer shall be entitled to any punitive or consequential damage award against the other party in any action or proceeding arising out of or related to this Agreement.

9. County Indemnity. The County will indemnify the Developer Parties for any Claims arising from or related to the Interim Lease or Demolition, but not for any such Claim that is proximately or contributorily caused by any act or omission of Developer.

SECTION 310            Prevailing Wages

Work performed by Developer or its contractor(s) may be a “public work” for prevailing wage purposes. Developer hereby expressly acknowledges and agrees that County has never previously represented to the Developer or its contractor(s) for the Improvements in writing or otherwise, that any work under this Agreement is not a “public work,” as defined in Section 1720 of the Labor Code. It is not the intent of this Agreement to impose an obligation to pay prevailing wages on work otherwise exempt from State of California prevailing wage laws. Developer is solely responsible for ensuring prevailing wages are paid when required. Projects subject to the payment of prevailing wages are subject to compliance monitoring and enforcement by the State of California Department of Industrial Relations, among other requirements. Developer is solely responsible for ensuring all required job site postings and all certified payroll and other reporting applicable to it as an awarding body are completed, and all other requirements are met in accordance with State of California prevailing wage regulations. Information regarding prevailing wage requirements can be obtained from the Director, Department of Industrial Relations at [www.dir.ca.gov](http://www.dir.ca.gov), State of California Labor Code Section 1720, et seq., and Title 8 of the State of California Code of Regulations, Section 16000, et seq.

In connection with the development and construction (as defined by applicable law) of the Improvements, including, without limitation, any public work (as defined by applicable law), if any, Developer shall bear all risks of payment or non-payment of state prevailing wages and compliance with all requirements under State of California Labor Code Section 1720, et seq., and Title 8 of the State of California Code of Regulations, Section 16000, et seq., and all related statutes, regulations, and policies.

In addition to and without limiting any other indemnification and related provisions of this Agreement, to the fullest extent permitted by law, Developer shall indemnify, protect, defend and hold harmless the County its officers, employees, contractors, agents and attorneys, with counsel reasonably acceptable to County, from and against any and all loss, liability, damage, claim, cost, expense, and/or “increased costs” (including labor costs, penalties, reasonable attorney’s fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development and/or construction (as defined by applicable law) of the Improvements, including, without limitation, any and all public works (if any) (as defined by applicable law), results or arises in any way from noncompliance with any requirements under State of California Labor Code Section 1720, et seq., and Title 8 of the State of California Code of Regulations, Section 16000, et seq., and all related statutes, regulations, and policies.

The foregoing indemnity shall survive completion of the Project and termination or expiration of this Agreement.

SECTION 311            Notice of Non-Responsibility

County shall, at any and all times during the term of this Agreement, have the right to post and maintain on the Property, and record against the Property, as required by law, any notice or notices of non-responsibility provided for by the mechanics’ lien laws of the State of California; provided, however, that Developer shall, on behalf of the County, post and maintain

on the Property, and record against the Property, all notices of non-responsibility provided for by the mechanics' lien laws of the State of California.

SECTION 312        Permits

Before commencement of demolition, construction or development of any buildings, structures or other work of improvement upon any portion of the Property, Developer shall, at its own expense, secure or cause to be secured, any and all permits which may be required by the City of San Diego or any other governmental agency affected by such construction, development or work.

SECTION 313        Rights of Access

Commencing upon the Closing, representatives of the County shall have the reasonable right of access to the Property, upon 24 hours' written notice to Developer (except in the case of an emergency, in which case County shall provide such notice as may be practical under the circumstances), without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing the Improvements. Such representatives of the County shall be those who are so identified in writing by the County.

The Developer has the right to designate representatives to accompany the County representatives on such inspections. The County agrees to coordinate with Developer to schedule such inspections so that Developer's representative may attend the inspections, in the discretion of Developer.

SECTION 314        Disclaimer of Responsibility by County

The County neither undertakes nor assumes nor will have any responsibility or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer or any third party of any matter in connection with the development or construction of the Improvements, whether regarding the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Property, any person furnishing the same, or otherwise. Developer and all third parties shall rely upon its or their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Developer or to any third party by the County in connection with such matter is for the public purpose of redeveloping the Property, and neither Developer (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon. County shall not be responsible for any of the work of construction, improvement or development of the Property.

SECTION 315        Taxes, Assessments, Encumbrances and Liens

Commencing upon the Closing, Developer shall pay, when due, all real estate taxes and assessments assessed and levied on or against the Property or any portion thereof. Developer shall not place, or allow to be placed, against the Leasehold Property or any portion thereof, any mortgage, trust deed, encumbrance or lien not authorized by this Agreement. In addition, Developer shall remove, or shall have removed, any levy or attachment made on title to the

Leasehold and/or Property (or any portion thereof), or shall assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder.

#### PART 4. USE OF THE PROPERTY

##### SECTION 401 Uses

Developer and its successors and assigns shall use the Property only as set forth in the Ground Lease and the County Regulatory Agreement.

##### SECTION 402 Effect and Duration of Covenants

The covenants established in this Part 4 shall run with the land, without regard to technical classification and designation, and shall be for the benefit and in favor of and enforceable against the original Developer and successors in interest by the County. Unless set forth otherwise, the covenants described in this Part 4 shall commence upon the Closing and shall be set forth in the County Regulatory Agreement and shall remain in effect during the Covenant Period.

##### SECTION 403 County Regulatory Agreement

Concurrently with the Closing, Developer and County shall execute and cause the recordation of the County Regulatory Agreement, which shall be and remain senior to any security instruments recorded for any Construction Loan or other financing (except as provided in Section 205(a)). Prior to Closing, the parties will meet and confer regarding the affordability provisions of the Regulatory Agreement. Based on such meet and confer, the Developer may then request modifications to the income limits and unit mix described in such form, which the County, through the Director with concurrence from the Director of the Housing and Community Development Services Department, shall approve or disapprove. The County will not unreasonably withhold approval of such changes. Without limiting the foregoing, the County will approve of modifications to the above described unit mix if such modifications are necessary to the financial feasibility to the Project (which shall include facilitating Lessee's ability to ensure compliance with the true debt test) taking into consideration all Project Expenses (as defined the Ground Lease) and are substantially in accord with Lessee's proposal attached to the DDA and Ground Lease.

#### PART 5. DEFAULTS AND REMEDIES

##### SECTION 501 Defaults - General

a. Subject to the extensions of time for Force Majeure as set forth in Section 602, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who fails or delays must commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

b. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice

shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. If a monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default written notice of such default. The party in default shall have a period of ten (10) calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by the injured party.

d. If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default notice of such default. If the default is reasonably capable of being cured within thirty (30) calendar days after such notice is received or deemed received, the party in default shall have such period to effect a cure prior to exercise of remedies by the injured party. If the default is such that it is not reasonably capable of being cured within thirty (30) days after such notice is received, and the party in default (1) initiates corrective action within said period, and (2) diligently, continually, and in good faith works to effect a cure as soon as possible, then the party in default shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party, but in any event no more than one hundred and twenty (120) days of receipt of such notice of default from the injured party.

e. After Developer gives written notice to County of the admission to Developer's limited partnership of the Tax Credit Equity Investor, County shall send to the Tax Credit Equity Investor a copy of all notices of default and all other notices that County sends to Developer, at the address for the Tax Credit Equity Investor as provided by written notice to County by Developer. Notices will also be provided to any Project lender in accordance with the Ground Lease.

SECTION 502            Institution of Legal Actions

In addition to any other rights or remedies (and except as otherwise provided in this Agreement), either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of San Diego, State of California, in any other appropriate court of that county, or in the United States District Court for the Southern District of California.

SECTION 503            Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

SECTION 504            Acceptance of Service of Process

a.        In the event that any legal action is commenced by Developer against the County, service of process on the County shall be made by personal service upon the County, or in such other manner as may be provided by law.

b.        In the event that any legal action is commenced by the County against Developer, service of process on Developer shall be made by personal service upon Developer (or upon the General Partner or General Partner's managing member, as applicable, or any officer of the General Partner or General Partner's managing member, as applicable) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

SECTION 505            Rights and Remedies Are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

SECTION 506            Damages

a.        Subject to the notice and cure provisions of Section 501, if either party defaults with regard to any of the provisions of this Agreement, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not cured within the time provided in Section 501, the defaulting party shall be liable to the non-defaulting party for any damages caused by such default, and the non-defaulting party may thereafter (but not before) commence an action for damages against the defaulting party with respect to such default. Neither the County nor the Developer shall be entitled to, and each hereby waives, any right to seek special or consequential damages of any kind or nature arising out of or in connection with this Agreement.

b.        Limitation of Damages Recoverable From County

Any provision to the contrary notwithstanding, any money judgment resulting from any default or other claim arising under this Agreement shall be satisfied only out of the current rents, issues, profits and other income County receives under this Agreement, net of all current operating expenses, liabilities, reserves and debt service associated with the Property (for purposes of this only, "Net Income"), (b) no other assets or real, personal or mixed property of County, wherever located, shall be subject to levy on any judgment obtained against County, (c) if the Net Income is insufficient to satisfy the judgment, Developer will not institute any further action, suit, claim or demand, in law or in equity, against County for or on the account of the deficiency, and (d) the neglect or failure shall not constitute consent by County for Developer to perform or observe the terms, covenants or conditions of this Agreement at County's expense. Developer waives, to the extent permitted under law, any right to satisfy any money judgment against County except from Net Income.

SECTION 507            Specific Performance

Subject to the notice and cure provisions of Section 501, if either party defaults with regard to any of the provisions of this Agreement, the non-defaulting party shall serve written Notice of such default upon the defaulting party. If the default is not cured within the time provided in Section 501, the non-defaulting party, at its option, may thereafter (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

SECTION 508            No-Fault Termination

Prior to the Closing, either party shall have the right to terminate this Agreement, by providing written Notice to the other party, in the event of a failure of any Pre-Construction Condition or any of the Contingencies set forth in Sections 202 or 204, provided that such condition is outside the reasonable control of the party seeking to terminate this Agreement, whereupon neither County nor Developer shall have any further rights against or liability to the other under this Agreement. In the event of such termination, the County shall retain all Pre-Construction Payments made prior to the termination.

SECTION 509            Termination by Developer

Prior to the Closing, subject to the notice and cure provisions of Section 501, Developer shall have the right to terminate this Agreement, by providing written notice to County, in the event of a default by County pursuant to this Agreement.

SECTION 510            Termination by County

a. Subject to the notice and cure provisions of Section 501, County shall have the right, prior to the Closing, to terminate this Agreement in the event of a default by Developer or failure of any condition precedent to the occurrence of the Closing which is in the control of Developer, including but not limited to the following:

1. Developer fails comply with Section 213; or
2. Developer (or any successor in interest) assigns or attempts to assign the Property or any of Developer's rights in and to the Property or any portion thereof or interest therein, or this Agreement or any portion of it, except as permitted by this Agreement; or
3. There is substantial change in the ownership of Developer, or with respect to the identity of the parties in control of Developer, or the degree thereof contrary to the provisions of Section 106, except as permitted by this Agreement;
4. Developer fails to submit any of the plans, drawings and related documents required by this Agreement by the respective dates provided in this Agreement;
5. Developer fails to acquire the Leasehold within the time required by the Schedule of Performance; or

6. There is any other material default by Developer under the terms of this Agreement which is not cured within the time provided.

## PART 6. GENERAL PROVISIONS

### SECTION 601 Notices

All notices, demands, requests or other communication required or permitted to be given or served under this Agreement (“Notice” or “Notices”) shall be in writing, and (i) delivered in person to an officer or authorized representative of the other party at the addresses shown in Section 104 and 105 (or as updated in writing by the respective party), (ii) sent by United States Postal Service First Class Mail, postage prepaid, (iii) sent by courier delivery service, or (iv) delivered by facsimile, with the original document subsequently delivered by United States Postal Service First Class Mail, postage prepaid to the other party at the addresses specified in ARTICLE 1 of this Agreement. Notices mailed by the United States Postal Services or sent by a courier delivery service shall be deemed to have been given, delivered and received three (3) business days after the date the Notice is postmarked by the United States Postal Service or dated by the courier delivery service. All other Notices or other communications shall be deemed given, delivered and received upon actual receipt. Either party may, by written Notice delivered pursuant to this section, at any time designate a different address to which Notices shall be sent.

### SECTION 602 Force Majeure

If County or Developer is prevented or delayed from performing any act or discharging any obligation under this Agreement, excluding any monetary obligations, because of any and all causes beyond either party’s reasonable control, including unusual delays in deliveries, abnormal adverse weather conditions, unavoidable casualties, strikes, labor disputes, inability to obtain labor, materials or equipment, acts of God, governmental restrictions, regulations or controls, any hostile government actions, civil commotion and fire or other casualty, legal actions attacking the validity of this Agreement or the Developer’s occupancy of the Property, issues arising from or related to the Interim Lease, or any other casualties beyond the reasonable control of either party, except casualties directly or indirectly resulting from the acts or omissions the party (“Force Majeure”), performance of the act shall be excused for the period of the delay, and the period for performance of the act shall be extended for a period equivalent to the period of the delay. Force Majeure shall not include any bankruptcy, insolvency, or other financial inability by Developer.

### SECTION 603 Conflict of Interest

a. No member, official, or employee of County shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested.

b. Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

SECTION 604            Nonliability of County Officials and Employees

No member, official, agent, legal counsel or employee of County shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by County or for any amount which may become due to Developer or successor or on any obligation under the terms of this Agreement. No member, partner, official, agent, legal counsel, officer or employee of Developer shall be personally liable to County, or any successor in interest, in the event of any default or breach by Developer or for any amount which may become due to County or successor or on any obligation under the terms of this Agreement.

SECTION 605            Inspection of Books and Records

County shall have the right at all reasonable times to inspect and copy the books and records of Developer pertaining to the Property as pertinent to the purposes of this Agreement upon no less than 24 hour prior written notice. Developer shall also have the right at all reasonable times to inspect and copy books and records of County pertaining to the Property as pertinent to the purposes of this Agreement upon no less than 24 hour prior written notice.

SECTION 606            Approvals

a.        Except as otherwise expressly provided in this Agreement, approvals required of County or Developer in this Agreement, including the attachments, shall not be unreasonably withheld or delayed. All approvals shall be in writing. Failure by either party to approve a matter within the time provided for approval of the matter shall not be deemed a disapproval, and failure by either party to disapprove a matter within the time provided for approval of the matter shall not be deemed an approval.

b.        Except as otherwise expressly provided in this Agreement, approvals or consent required of County shall be deemed granted by the written approval of the Director in the Director's discretion. Notwithstanding the foregoing, the Director may, in his or her sole discretion, refer to the governing body of County any item requiring County approval; otherwise, "County approval" or "County consent" means and refers to approval or consent by the Director.

SECTION 607            Real Estate Commissions; Finder's Fee

County shall not be liable for any real estate commissions, brokerage fees or finder's fees which may arise from this Agreement. County and Developer each represent that neither has engaged any broker, agent or finder in connection with this transaction.

SECTION 608            Construction and Interpretation of Agreement

a.        The language in all parts of this Agreement shall in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any party. The parties hereto acknowledge and agree that this Agreement has been prepared jointly by the parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each party has been given the opportunity to independently review this Agreement with legal counsel, and that each party has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. Accordingly,

in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not be interpreted or construed against the party preparing it, and instead other rules of interpretation and construction shall be utilized.

b. If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

c. The captions of the articles, sections and subsections herein are inserted solely for convenience and under no circumstances are they or any of them to be treated or construed as part of this instrument.

d. References in this instrument to this “Agreement” mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation, and/or undertaking “herein,” “hereunder,” or “pursuant hereto” (or language of like import) means, refer to, and include the covenants, obligations, and undertakings existing pursuant to this instrument and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

e. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

f. To the extent that Developer compromises more than one Person, all obligations of Developer hereunder are joint and several.

SECTION 609            Time of Essence

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

SECTION 610            No Partnership

Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture, or any other similar relationship between the parties hereto or cause County to be responsible in any way for the debts or obligations of Developer or any other Person.

SECTION 611            Compliance with Law

Developer agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the development

and use of the Property and the Improvements, as well as operations conducted thereon. The judgment of any court of competent jurisdiction, or the admission of Developer or any lessee or permittee in any action or proceeding against them, or any of them, whether County be a party thereto or not, that Developer, lessee or permittee has violated any such ordinance or statute in the development and use of the Property shall be conclusive of that fact as between County and Developer.

SECTION 612            Binding Effect

This Agreement, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

SECTION 613            No Third Party Beneficiaries

The parties to this Agreement acknowledge and agree that the provisions of this Agreement are for the sole benefit of County and Developer, and not for the benefit, directly or indirectly, of any other person or entity.

SECTION 614            Authority to Sign

Developer hereby represents that the persons executing this Agreement on behalf of Developer have full authority to do so and to bind Developer to perform pursuant to the terms and conditions of this Agreement.

SECTION 615            Incorporation by Reference

Each of the attachments and exhibits attached hereto is incorporated herein by this reference.

SECTION 616            Counterparts

This Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument. A counterpart may be delivered electronically by facsimile, email, or other agreed upon means of electronic delivery. For purposes of proving the existence of this Agreement, a party shall be permitted to provide a copy of an electronically delivered counterpart without first being required to prove the unavailability of an original copy.

PART 7            ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

a.        This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement, including all of the Attachments appended hereto, constitutes the entire understanding and agreement of the parties.

b.        This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

c. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of County or Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of County and Developer.

IN WITNESS WHEREOF, County and Owner have signed this Agreement as of the dates set opposite their signatures.

COUNTY OF SAN DIEGO

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
MARKO MEDVED, Director  
Department of General Services

APPROVED AS TO FORM AND LEGALITY

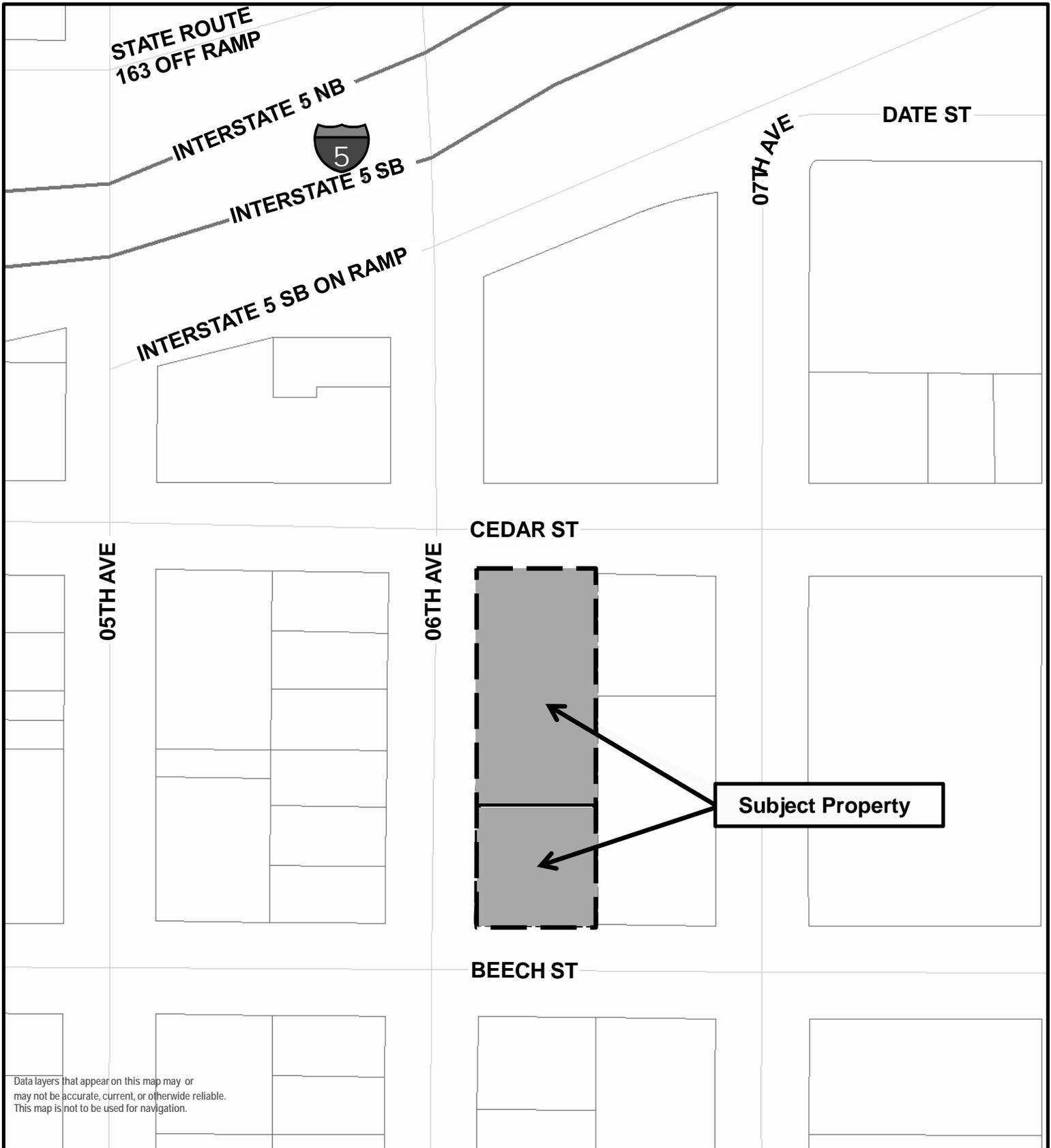
\_\_\_\_\_  
Nathan Slegers  
Senior Deputy County Counsel

Developer

BRIDGE Housing Corporation,  
a California nonprofit public benefit  
corporation

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Aruna Doddapaneni, Senior Vice President



Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. This map is not to be used for navigation.



Legend:

 Subject Property  
APN: 534-014-04,12

## ATTACHMENT 2 - LEGAL DESCRIPTION

The land referred to is situated in the unincorporated area of the County of San Diego, State of California, and is described as follows:

Lots 1 through 6 inclusive of Block 7 of Bay View Homestead, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 150, filed in the Office of the County Recorder of San Diego County, January 29, 1873.

APN: 534-014-04 and 534-014-12

## ATTACHMENT NO. 3

### SCOPE OF DEVELOPMENT

#### A. Developer Responsibilities

##### 1. General

This is the Scope of Development attached to the Disposition and Development Agreement (“DDA”) by and between the County of San Diego (“County”) and BRIDGE Development Corporation, a California nonprofit public benefit corporation (“Developer”) pertaining to the Property. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the DDA.

The Improvements to be constructed by Developer on the Property shall be of high architectural quality, well landscaped, and effectively and aesthetically designed. The shape, scale, exterior design, and exterior finish of the Improvements must be consonant with, visually as well as physically related to, and an enhancement to the adjacent neighborhood. Developer shall be responsible for providing all parking appropriate and necessary for the proposed development of the Property along with appropriate landscaping, all in accordance with applicable City requirements, including the Centre City Planned District Ordinance (Chapter 15, Article 6, Division 3 of the San Diego Municipal Code) or current code.

Developer’s plans, drawings and proposals submitted to the County for approval shall describe in reasonable detail the architectural character intended for the Improvements.

##### 2. Improvements

Notwithstanding the generality of Section 1, above, the Developer shall construct, or cause to be constructed on the Property, an eight-story mid-rise building (“Structure”). The Structure will contain: (i) approximately 118 Affordable Units and 2 employee units (Employee Unit), (ii) approximately 7,550 square feet of indoor open space and approximately 1,400 square feet of outdoor open space (“Outdoor Space”), (iii) approximately 7,200 square feet of ground floor commercial space (“Retail Space”) and (iv) the Parking Garage with parking as set forth below. Notwithstanding the forgoing or anything else in the Lease or this Exhibit, the Retail Space and Outdoor Space may be modified or reduced provided that any such modifications are consistent with the applicable City building and planning approvals.

The following is a summary of the scope of development for the Project as currently anticipated, which shall be updated from time to time by the Lessee as its finalizes its construction plans and financing sources:

Site Area	30,352 sq. ft.
Floor Area Ratio (FAR)	5.9 FAR
FAR Bonuses Proposed	n/a
Stories / Height	8 stories / 83'6" feet
Amount of Commercial Space	7,220 sq. ft. (community space for affordable units is an acceptable commercial use by the County)
Type of Housing	Affordable Rental Apartments
Total Number of Units / Total Above Grade Square Footage	120 / Gross Residential (270,000 sq. ft.)
Types of Units	88 one-bedroom units 16 two-bedroom units (incl. employee unit) 16 three-bedroom units (incl. employee units)*
Subterranean Parking	A minimum of 60 spaces (or such lesser amount as may be allowed by under City code)
Assessor's Parcel Nos.	534-014-04 and 534-014-12

\*\*Types of Units may be modified if required by TCAC or other public project lenders, subject to the County's approval.

## 2. Ground Floor Commercial Space

The ground floor of the Structure shall have approximately 7,220 square feet of commercial space along Sixth Avenue (Retail Space).

## 3. Green Building

The Project shall achieve Silver LEED certification or equivalent. Costs for the proposed green building features, including photovoltaic panels, are incorporated into the Project Budget.

## 4. Amenities

The Project shall include approximately 7,560 square feet of common indoor open space on the ground floor, podium level and sixth floor including laundry rooms, lounge, and community rooms, and 1,430 square feet of common outdoor open space at the ground level and on the fourth and sixth floor podium roof deck.

## 5. Supportive Housing

The Project shall include a minimum of 59 supportive housing units for seniors.

6. Parking

The Structure shall include two levels of underground parking with a minimum of 60 spaces. All spaces shall be designed to City of San Diego requirements. Any tandem parking stalls must be assigned to the same unit. Visitor and/or public parking spaces shall be identified with appropriate signage. An Encroachment Removal and Maintenance Agreement shall be obtained from the City if necessary, to allow any encroachment of the garage into the public right-of-way. Parking may be modified if consistent with City Code.

7. Required Permits/Compliance with Laws

The Property shall be developed in accordance with all applicable laws, including, without limitation, the Centre City Planned District Ordinance (Chapter 15, Article 6, Division 3 of the San Diego Municipal Code) or current code.

8. Design Development and 100% Construction Drawings

The Developer shall submit to the County 50% Construction Drawings and 100% Construction Drawings which implement the design intent of the Basic Concept/Schematic Drawings included in the response to the Request for Proposal and subsequently updated on January 22, 2019.

## ATTACHMENT NO. 4

### SCHEDULE OF PERFORMANCE

#### I. DESIGN, ENTITLEMENTS

1. Submission - Schematic Drawings (Section 303). Developer shall prepare and submit to County the schematic drawings for the Property. Within twelve (12) months after the Effective Date.
2. Approval – Schematic Drawings. County shall approve or disapprove the schematic/design development drawings for the Property. Within fifteen (15) business days after receipt by County.
3. Submission – Design Development Drawings at 50%, and Preliminary Landscaping (Sections 304 and 305). Developer shall prepare and submit to County design development drawings at 50% and preliminary landscaping plans for the Property. Within twenty-four (24) months after the Effective Date.
4. Approval – Design Development Drawings at 50%, and Preliminary Landscaping and Grading Plans. County shall approve or disapprove the design development drawings at 50% and preliminary landscaping and grading plans for the Property. Within thirty (30) days after receipt by County.
5. Submission - Final Construction Drawings and Landscaping and Finish Grading Plans. Developer shall prepare and submit the final construction drawings and the final landscaping and finish grading plans for the Property. Thirty (30) business days prior to Closing.
6. Approval - Final Construction Drawings and Landscaping Plans. County shall approve or disapprove the final construction drawings and the final landscaping and finish grading plans for the Property. Within thirty (30) days after receipt by County and in any event prior to Closing.

7. Receipt of Entitlements. Developer shall obtain all entitlements necessary for the development of the Property. Within twenty-four (24) Months after the Effective Date.

### III. FINANCING

If unsuccessful in the following applications, Developer shall submit another application in the following round, provided that the Developer reasonably determines the Project is competitive for such financing and such financing can be obtained prior to Closing. As set forth in Section 211 of the DDA, the sources of funding and timelines set forth in this Section III may be updated from time to time by Developer with the consent of the County.

1. Application for Project Based Section 8 Contract and gap financing with San Diego Housing Commission (“SDHC”) and application for financing with Civic San Diego First NOFA round following receipt of Entitlements.
2. Application for Multi-family Housing Program (MHP) Funding from California Department of Housing and Community Development (“HCD”). First NOFA round following receipt of Entitlements.
3. Application for 9% Tax Credit Financing. Developer shall submit its application for 9% tax credit financing to the California Tax Credit Allocation Committee (“TCAC”). First application round following receipt of commitments for all gap financing for the Project.
4. Application for 4% Tax Credit Financing. Developer shall submit its application for 4% tax credit financing to the California Tax Credit Allocation Committee (“TCAC”). First application round following receipt of commitments for all gap financing for the Project.
5. Application for Affordable Housing Program (AHP) Funding. Developer shall submit its application for AHP funding. First NOFA round following receipt of Entitlements.
6. Evidence of Financing. Developer shall submit to County for approval the Evidence of Financing for the Property required by Section 213 of the DDA. At least fifteen (15) days prior to the Closing.

8. Approval of Financing. County shall approve or disapprove each submission of Developer's Evidence of Financing for the Property. Within ten (10) days after receipt of such submission by County.

9. Closing/Construction Financing Event. Developer shall have satisfied all conditions precedent to Close of Escrow for the Property, as required by the DDA and Method of Financing. Within the time period set forth in Section 202 of the DDA, subject to the extensions provided in Sections 202 and 211 of the DDA.

#### IV. DEVELOPMENT

1. Commencement of Construction. Developer shall commence construction of the Improvements, as required by the DDA and Scope of Development (Attachment No. 5). Within thirty (30) days of Closing.

2. Completion of Construction. Developer shall achieve Completion, in accordance with the DDA and Scope of Development. Within twenty-four (24) months after commencement of construction.

3. Reporting and Monitoring Agreement. Developer shall submit a Management Plan for County approval pursuant to the County Regulatory Agreement. At least ninety (90) days prior to Completion.

**Attachment No. 5  
PROJECT BUDGET  
(1501 Sixth Avenue, San Diego, CA)**

	4% Tax Credits		9% Tax Credits	
	Totals	Per Unit	Totals	Per Unit
<b>I. Direct Costs</b> <sup>(1)(2)</sup>				
Off-Site Improvements	\$ 152,712	\$ 2,545	\$ 152,712	\$ 2,545
On-Site Improvements <sup>(3)</sup>	\$ 865,368	\$ 14,423	\$ 865,368	\$ 14,423
Parking	incl. in shell construction		incl. in shell construction	
Shell Construction <sup>(4)</sup>	\$ 16,650,000	\$ 277,500	\$ 16,650,000	\$ 277,500
Solar <sup>(4)</sup>	\$ 750,000	\$ 12,500	\$ 750,000	\$ 12,500
Tenant Improvements	\$ -	\$ -	\$ -	\$ -
FF&E	\$ 75,000	\$ 1,250	\$ 75,000	\$ 1,250
Contingency & Inflation	\$ 3,480,000	\$ 58,000	\$ 3,480,000	\$ 58,000
Subtotal Direct Costs	\$ 21,973,080	\$ 366,218	\$ 21,973,080	\$ 366,218
Add: Impact of Prevailing Wages	incl. in shell construction		incl. in shell construction	
Total Direct Costs	\$ 21,973,080	\$ 366,218	\$ 21,973,080	\$ 366,218
<b>II. Indirect Costs</b>				
Architecture & Engineering	\$ 1,885,413	\$ 31,424	\$ 1,885,413	\$ 31,424
Permits & Fees <sup>(4)</sup>	\$ 1,240,000	\$ 20,667	\$ 1,490,000	\$ 24,833
Legal & Accounting	\$ 162,500	\$ 2,708	\$ 162,500	\$ 2,708
Taxes & Insurance	\$ 233,826	\$ 3,897	\$ 234,910	\$ 3,915
Developer Fee	\$ 4,354,765	\$ 72,579	\$ 2,200,000	\$ 36,667
Marketing/Lease Up	\$ 135,600	\$ 2,260	\$ 199,825	\$ 3,330
Contingency	\$ 364,351	\$ 6,073	\$ 395,774	\$ 6,596
Total Indirect Costs	\$ 8,376,455	\$ 139,608	\$ 6,568,422	\$ 109,474
<b>III. Financing Costs</b>				
Loan Fees	\$ 257,600	\$ 4,293	\$ 357,600	\$ 5,960
Interest During Construction	\$ 550,000	\$ 9,167	\$ 868,000	\$ 14,467
Title/Recording/Escrow	\$ 45,000	\$ 750	\$ 45,000	\$ 750
Interest During Lease Up	\$ 290,000	\$ 4,833	\$ 475,000	\$ 7,917
TCAC/Syndication Fees	\$ 237,500	\$ 3,958	\$ 237,500	\$ 3,958
Operating Lease-Up/Reserves	\$ 444,634	\$ 7,411	\$ 515,416	\$ 8,590
Total Financing Costs	\$ 1,824,734	\$ 30,412	\$ 2,498,516	\$ 41,642
<b>IV. Total Costs - Excluding Acquisition</b>	<b>\$ 32,174,269</b>	<b>\$ 536,238</b>	<b>\$ 31,040,018</b>	<b>\$ 517,334</b>
<b>V. Land Acquisition Costs</b>	\$ 310,000	\$ 5,167	\$ 210,000	\$ 3,500
<b>VI. Total Costs - Including Acquisition</b>	<b>\$ 32,484,269</b>	<b>\$ 541,404</b>	<b>\$ 31,250,018</b>	<b>\$ 520,834</b>
<b>Or Say (Rounded)</b>	<b>\$ 32,500,000</b>	<b>\$ 541,667</b>	<b>\$ 31,300,000</b>	<b>\$ 521,667</b>

(1) Assumes payment of prevailing wages

(2) Pro rata share of general conditions, contractor overhead, and contractor profit.

(3) Includes site work, demolition, landscaping, and grading of site

(4) Estimate; will be updated with updated architectural plans

(5) Estimate; not verified by City

**ATTACHMENT NO. 6**

**MEMORANDUM OF RESTRICTIVE COVENANTS  
AND REGULATORY AGREEMENT**

WHEN RECORDED PLEASE MAIL TO:

County of San Diego  
Housing and Community Development Services  
3989 Ruffin Road  
San Diego, CA 92123-1890  
Attn: Community Development Division

SPACE ABOVE FOR RECORDER'S USE ONLY

**COUNTY OF SAN DIEGO  
MEMORANDUM OF RESTRICTIVE COVENANTS  
AND REGULATORY AGREEMENT**

This Memorandum of Restrictive Covenants and Regulatory Agreement (“**Agreement**”) is dated \_\_\_\_\_, 20\_\_ by and between the County of San Diego, a political subdivision of the State of California (“**County**”), and [BRIDGE entity], (“**Lessee**”).

a. County owns that certain real property located at 1501 and 1555 Sixth Avenue in the City of San Diego, which is more particularly described in the attached Exhibit “A” (“Premises”). Pursuant to that certain Ground Lease Agreement dated \_\_\_\_\_ by and between County and Lessee (“Ground Lease”), Lessee will own a leasehold interest in the Property for purposes of developing the Property with a mixed-use affordable housing development, including at least [118] units available to very low and low-income seniors in accordance with the terms of this Agreement (“Project”).

b. As an inducement to the County to enter the Ground Lease, the Lessee has agreed to enter into and be regulated and restricted in accordance with this Agreement.

**AGREEMENT**

In consideration of the following mutual covenants and undertakings and other good and valuable consideration, the parties contract and agree as follows.

## **ARTICLE 1 DEFINITIONS**

The following terms shall have the respective meanings set forth below for purposes of this Agreement. Any capitalized term used in this Agreement that is not defined in this Agreement shall have the meaning set forth in the Ground Lease.

**Affordability Period** is the period of time during which the Lessee must comply with, and the Premises must be operated in accordance with, all requirements of this Agreement, commencing on issuance of a certificate of occupancy (including a temporary certificate of occupancy) for the Project and continuing until the expiration or earlier termination of the Ground Lease, and further extended for the length of any holdover period as defined in the Ground Lease.

**Area Median Income** or **AMI** is the Median household income for the area adjusted for household size, as published and updated annually by HUD. In the event that such income determinations are no longer determined and published by HUD or are not updated for a period of at least 24 months from the date of the previous publication, County shall provide Lessee with other income determinations that are reasonably similar with respect to previous methods of calculations by HUD.

**Eligible Household** is a household, which, at the time of the initial lease:

- i. Has an adjusted income not greater than the Income Limit applicable to the unit within the Project in which such household resides (or, with respect to an applicant household, proposed to reside); and
- ii. Whose lease (or, with respect to an applicant household, proposed lease) with the Lessee specifies a Rent that (when increased by the amount of any applicable Utility Allowance) does not exceed the Rent; and
- iii. With respect to an applicant household, is acceptable to the Lessee in accordance with the Lessee's resident selection criteria.

**HUD** is the United States Department of Housing and Urban Development.

**Income Household** means a household meeting the specific income limit at the time of initial occupancy of a Restricted Unit.

**Income Limit** is the maximum amount of income a household can earn to qualify for Restricted Units as described pursuant to Section 3.1 upon initial occupancy of a given Restricted Unit.

**Regulatory Agreement** or **Agreement** means this Regulatory Agreement and Memorandum of Restrictive Covenants, as it may be amended from time to time.

**Rent** is the total of monthly payments by the Tenant of a Restricted Unit for all the following:

- i. Use and occupancy of Restricted Unit and land and all facilities associated with the Restricted Unit, including but not limited to parking, bicycle storage, storage lockers, and use of all common areas;
- ii. Any separately charged fees or service charges assessed by the Lessee which are required of all tenants of Units in the project, except security deposits;
- iii. The Utility Allowance paid by the Tenant; and
- iv. Any other interest, taxes, fees or charges for use of the land or associated facilities that are assessed by a public or private entity other than the Lessee and paid by the Tenant.

**Restricted Units** means any unit that is subject to Rent and occupancy restrictions herein.

**Senior Resident** means those authorized by California Civil Code section 51.3, as it may be amended from time to time. If state or federal law changes or state or federal funding sources set a stricter standard, Senior Resident shall refer to senior citizens as defined by federal and state law or required by such funder of the project, except that if such change of law applies prospectively to new residential tenancies, residents lawfully admitted to the Premises prior to the change in law are permitted.

**Tenant** is a household legally occupying a Restricted Unit pursuant to a valid lease or rental agreement with Lessee.

**Utility Allowance** is the amount designated by the San Diego Housing Commission as a reasonable allowance to cover monthly utility bills or such other utility allowance acceptable to the County, and the County will not unreasonably withhold its consent to an alternate allowance schedule if such schedule reflects reduced utility costs due to energy efficient improvements or appliances.

## **ARTICLE 2 TERM OF AGREEMENT**

### **2.1 TERM OF REGULATORY AGREEMENT**

The term of this Agreement shall commence on the Commencement Date of the Ground Lease and shall continue until the expiration of the Affordability Period.

## **ARTICLE 3 USE, OCCUPANCY AND RENT RESTRICTIONS AND COVENANTS**

### **3.1 OCCUPANCY REQUIREMENTS**

Lessee, and its successors and assignees, shall utilize no less than [approximately 118] of the units located on the Premises (excluding the two employee's units) solely as Restricted Units for the purpose of providing affordable housing to Eligible Households in accordance with the provisions of this Agreement. [The target population for approximately 50% of the Restricted Units (but no less than 45%) will be Senior Residents.] Unless otherwise agreed in writing by the parties, two (2) units will be reserved for occupancy by a resident employee and will not be

restricted as a Restricted Unit. All Tenants of the Restricted Units shall be Eligible Households who are at or below the Income Limit. Lessee shall ensure that all Eligible Households who are selected as Tenants of Restricted Units meet the following income restrictions for the duration of the Affordability Period, unless otherwise approved by the County in writing [In the event two leases are used to accommodate a two project structure as contemplated in the DDA, there will also be two Regulatory Agreements, one of which will restrict the housing to Senior Residents]:

- a. Except for the employee units, Lessee shall ensure that all Restricted Units are occupied by Eligible Households such that the Income Limit of a Restricted Unit does not exceed the following Income Limits: 21 of the Restricted Units will be for 30% Income Households, as defined by TCAC, 44 of the Restricted Units will be available for 50% Income Households as defined by TCAC, and 53 of the Restricted Units will be available to 60% Income Households as defined by TCAC. At the time of any resyndication of tax credits for the Project in connection with a proposed rehabilitation of the Project (or refinance of existing debt to fund rehabilitation), the Lessor and Lessee will meet and confer to consider changes to these Income Limits that may be necessary to ensure that the Project remains financially feasible (which shall include facilitating Lessee’s ability to ensure compliance with the true debt test) taking into consideration all Project Expenses (as defined in the Ground Lease), and to accommodate additional financing to ensure reasonable repairs and upkeep of the Project (collectively, the “Resyndication Conditions”). Following such meet and confer, Lessee may modify the Income Limits set forth in this Agreement to address the Resyndication Conditions, subject to the approval of the Director (as defined in the Ground Lease), with concurrence from the Director of the Housing and Community Development Services Department, which approval and concurrence shall not be unreasonably withheld or delayed.
- b. At the time of initial occupancy of the Restricted Units and continuing throughout the Affordability Period, Lessee shall charge only that Rent permitted hereunder or approved by TCAC for such Restricted Unit at the Income Limit specified in this Agreement (as may be modified in accordance with subsection (a) above).

**3.2 MAXIMUM OCCUPANCY**

Maximum Occupancy of Restricted Units shall be according to the chart below:

	Studio	One Bedroom	Two Bedroom	Three Bedroom
Maximum	2	4	6	8

**3.3 RENT RESTRICTIONS**

For all Restricted Units, Tenants shall be charged no more Rent than allowed under Section 3.1(b).

**3.4 RESIDENT SELECTION AND ELIGIBILITY PROCEDURES**

Lessee shall select Eligible Households in accordance with the procedure set forth in the Management Plan (defined in Section 7.1). If a local preference is required or authorized by Project financing, such local preference shall also be considered when selecting Eligible Households.

At initial lease up and during the Affordability Period, Lessee or its agents or employees shall make all efforts to ensure all Restricted Units are occupied by Eligible Households, and document the same as outlined in the Management Plan.

### **3.5 LEASE AND OCCUPANCY PROCEDURES**

Each Eligible Household selected to occupy a Restricted Unit shall enter into a written occupancy agreement (“Tenant Lease”) with the Lessee, the form of which shall have been approved by the County and which shall contain provisions required by this Agreement. The County’s right to review and approve the Tenant Lease shall be limited to confirming that the Tenant Lease is consistent with the terms and conditions of this Agreement and the Ground Lease. The Tenant Lease shall provide for, among other things, good cause eviction and appeal and grievance procedures, all of which shall be in accordance with all applicable laws and regulations.

- a. Lessee shall establish reasonable rules of conduct and occupancy that shall be consistent with local, state and federal laws. The rules shall be in writing and shall be given to each Tenant. Except as required by law, any amendment shall be effective no less than 30 days after giving written notice thereof to each Tenant.
- b. Tenant Leases and the landlord-tenant relationship shall be subject to all applicable local, State, and Federal laws and the provisions of this Agreement.

### **3.6 TERMINATION OF TENANT LEASE**

Any termination of occupancy rights, and the payment of Rent and refund of any unused Rent shall be in accordance with applicable California law and the provisions of the Tenant Lease, and any Project funding source.

### **3.7 REPLACEMENT CHARGES**

The charges to Tenants covering damages to the Project or the Premises attributable to the Tenant or his or her household shall be made in accordance with a schedule of replacement costs which shall be adopted in advance by the Lessee. The schedule of replacement costs shall be posted in the management office of each Project and shown to each applicant at the time the Tenant Lease is signed.

## **ARTICLE 4 OPERATION OF PROJECT**

### **4.1 RESIDENTIAL USE**

The Restricted Units shall be used only for residential purposes consistent with this Agreement and the Lease, and the Restricted Units shall be operated and maintained as long-term rental residences for the Affordability Period. No part of the Restricted Units shall be operated as transient housing in which the term of occupancy is less than thirty (30) days, nor shall the Lessee convert or apply to convert the Project to residential condominium or cooperative ownership or to a community apartment project or sell residential condominium or cooperative conversion rights in the Project or the rights to convert the Project to residential condominium or cooperative ownership or as a community apartment project.

#### **4.2 RELIGIOUS AND SECULAR ACTIVITIES**

- a. On the Premises or the Project, Lessee, its agents, and employees may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the funding or services funded herein, nor may Lessee use these funds for the acquisition, construction, or rehabilitation of such structures to the extent that these structures are used for inherently religious activities.
- b. The Project will be used exclusively by Lessee for secular purposes and will be available to all persons regardless of religious affiliation. There will be no religious or membership criteria for Tenants of the Project.

#### **4.3 LESSEE RESPONSIBILITIES**

Lessee shall provide administrative, fiscal, and management services, employ staff (or retain a management company) and purchase, rent, and use supplies and materials as needed to operate, maintain, and protect the Project in accordance with this Agreement.

### **ARTICLE 5 COMPLIANCE WITH THE LAW**

#### **5.1 COMPLIANCE WITH LAWS AND REGULATIONS**

Lessee agrees that at all times its acts regarding the Project shall be in conformity with all applicable local, state, and federal laws and regulations.

#### **5.2. LESSEE'S PERMITS AND LICENSE**

Lessee shall obtain and maintain, at no cost to the County, all approvals, permissions, permits, licenses, and other forms of documentation required in order to comply with all applicable laws . The County reserves the right to reasonably request and review all such applications, permits, and licenses.

#### **5.3 BOARD OF SUPERVISOR POLICIES**

Lessee represents that it is familiar, and shall use its best efforts to comply, with all applicable

County Board of Supervisors Policies, including but not limited to B-53, B-67, C-17, and C-25 to the extent applicable to the Project.

#### **5.4 DEBARMENT AND SUSPENSION**

The Lessee's general contractor for the initial construction of the Project and its property management company shall not be debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any county, state, or Federal Department or agency and shall certify:

5.4.2 that it has not within a 3-year period preceding this Agreement been convicted of or had a civil judgment rendered against them for the commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction; violation of Federal or State anti-trust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen Premises;

5.4.3 that it is not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in the paragraph above; and

5.4.4 that it has not within a 3-year period preceding this Agreement had one or more public transaction (Federal, State, or local) terminated for cause or default.

#### **5.5 DISPLAY OF FRAUD HOTLINE POSTER(S)**

As a material term and condition of this Agreement, Lessee shall:

5.5.1 Prominently display in the Project public office area, if any, County of San Diego Office of Ethics and Compliance Ethics Hotline posters;

5.5.2 As of the date of execution of this Agreement, posters may be downloaded from the County Office of Ethics and Compliance at: <https://www.sdcounty.ca.gov/cao/oia.html>

5.5.3 Additionally, if Lessee maintains a company website as a method of providing information to employees, Lessee shall display an electronic version of the poster(s) at the website

5.5.4 If Lessee has implemented a business ethics and conduct awareness program, including a reporting mechanism, Lessee need not display the County poster;

### **ARTICLE 6 OPERATING BUDGET AND RESERVES**

#### **6.1 FISCAL YEAR**

The fiscal year for the Project shall be the same as the calendar year and commences on January 1 of each year after the issuance of a certificate of occupancy (including a temporary certificate of occupancy) and conclude on December 31 of each year.

## **6.2 REQUIRED RESERVES**

Lessee will maintain reserves as required by TCAC and the Project's tax credit investor and lenders.

## **6.3 FEES**

Commencing on date of initial occupancy of any Restricted Unit and subsequently on the anniversary date of such initial occupancy each year, Lessee shall pay to the County the compliance monitoring costs associated with this agreement ("Annual Monitoring Cost"). The Annual Monitoring Cost during the Affordability Period shall be \$4,000 with a 1% escalation each year. Fees may be amended from time to time by the County to correspond with the Consumer Price Index. The Annual Monitoring Cost will be part of the Base Annual Rent to be paid by Lessee under the Ground Lease, meaning that the County shall deduct the Annual Monitoring Cost from the Annual Base Rent.

## **6.5 NO COUNTY FINANCIAL ASSISTANCE**

Except as may be subsequently documented and agreement by Lessee and the County, Lessee acknowledges that the County will not provide financial assistance to Lessee in the form of operational or capital subsidies for the Project. If Project Income, including those rents charged pursuant to this Agreement, is insufficient to cover operating, maintenance, and capital costs, Lessee agrees to assume full financial responsibility for the operating and maintenance of the Project throughout the term of this Agreement.

# **ARTICLE 7 MANAGEMENT AND MAINTENANCE**

## **7.1 MANAGEMENT PLAN**

Lessee is responsible for operating the Project in accordance with the Management Plan submitted by the Lessee (the "Management Plan") and approved by County, which approval shall not be unreasonably withheld or delayed. All amendments to the Management Plan require prior written approval of the County. The Management Plan shall include at least the following:

- i. Detailed actions to be taken by Lessee to affirmatively market and rent all Restricted Units in a manner which ensures equal access to all persons in any category protected by federal, state, or local laws governing discrimination, and without regard to any arbitrary factor;

- ii. Specify reasonable criteria for determination of resident eligibility consistent with this Agreement;
- iii. Require that Eligible Households be selected based on the order of application, special preferences, lottery, or other reasonable method approved by County, which approval shall not be unreasonably withheld or delayed and outlined in this Agreement.
- iv. Require eligible applicants to be notified of eligibility and, based on turnover history, be notified of when a Restricted Unit may be available;
- v. Require ineligible applicants to be notified in writing of the reason for their ineligibility;
- vi. Specify procedures through which applicants deemed to be ineligible may appeal this determination;
- vii. Prohibit discrimination against any prospective resident in violation of any state, federal, or local law governing discrimination in rental housing; and
- viii. Address other selection issues provided for in the requirements of funding sources, the Lease and this Agreement.

## **7.2. MAINTENANCE OF PROJECT**

Lessee is specifically responsible for all maintenance, repair, and management functions including, without limitation, the following: selection of residents, occupancy standards, complaint and grievance proceedings, if any, evictions, if any, collection of rents and security deposits, routine and extraordinary repairs, and replacement of capital items.

Lessee shall maintain units and common areas in a safe and sanitary manner in accordance with local health, building, and housing codes and the Management Plan.

- a. Lessee, with the prior written approval of the County, may contract with a management agent for the performance of the services or duties outlined in this Agreement. However, such an arrangement does not relieve Lessee of responsibility for proper performance of these duties. County agrees that Lessee may contract with BRIDGE Property Management Company. Such a contract shall be subject to prior written approval by the County, which approval shall not be unreasonably withheld or delayed, and shall contain a provision allowing Lessee to terminate the contract without penalty upon 30 days' written notice. Upon a determination by the County and written notice to Lessee that the management agent performing the functions required in this Agreement has failed to operate the Project in accordance with this Agreement and the approved Management Plan, Lessee shall if required by the County in writing and after meeting and conferring with the County about possible alternate and appropriate strategies for Project compliance, exercise such right to termination forthwith and shall make immediate

arrangements, which shall be subject to County approval, for continuing performance of the functions required by this Agreement and the Management Plan.

- b. Upon a determination by the County and a thirty (30) day written notice to Lessee that Lessee has failed to operate the Project in accordance with this Agreement, Lessee shall either show proof that the defect that the County complained about has been remedied and that such defect is not likely to recur, the County may implement the remedies set forth in subsection (a) above.
- c. Lessee agrees to assume full financial and management responsibility for all operating and maintenance costs, including all repairs, corrections and replacements necessary to maintain and preserve the Project in a safe and sanitary condition in accordance with standards prescribed by the County, all obligations of this Agreement, and all applicable local, state and federal laws and regulations.

## **ARTICLE 8 USE OF DOCUMENTS AND REPORTS**

### **8.1 CONFIDENTIALITY**

Lessee agrees to maintain the confidentiality of and take industry appropriate and legally required measures to prevent the unlawful disclosure of any information that is legally required to be kept confidential. Except as otherwise allowed by local, State or federal law or regulations and pursuant to this Agreement. Lessee agrees to only disclose confidential records where the holder of the privilege, whether the County or a third party, provides written permission authorizing the disclosure. Lessee understands that County must disclose certain records pursuant to the California Public Records Act (“the Act”).

### **8.2 PUBLICATION, REPRODUCTION OR USE OF MATERIALS**

County may publish, disclose, distribute and otherwise use, in whole or in part, any reports, data or other materials prepared by Lessee under this Agreement, provided that the County will not disclose any of information that is not required, in Lessor’s reasonable judgment, to be disclosed under the Public Records Act or court order.

### **8.3 INFORMATION.**

Lessee shall promptly provide the County with a copy of any final annual audit of the Project which is not more than five (5) years old, when and as required by the Ground Lease. As reiterated in Section 9.2, Lessee will also promptly provide County with such information as may be reasonably requested by County to determine compliance with this Agreement.

## **ARTICLE 9 AUDIT AND INSPECTION OF PROJECT RECORDS**

### **9.1 PROJECT RECORDS**

Lessee shall maintain the following records for at least five years after creation or for a longer period when required by law.

- a. Records that demonstrate that the Project meets the Premises standards set forth herein;
- b. Records that demonstrate that the Project meets the requirements of this Agreement for the required Affordability Period for each Tenant assisted;
- c. Records that demonstrate compliance with the requirements of this Agreement for Tenant and participant protections;

## **9.2 AUDITS AND INSPECTIONS**

At any time during the term of this Agreement, and following 48 hours prior written notice to Lessee, the County or its designee may enter and inspect the physical premises and inspect all accounting and resident records pertaining to the Lessee's compliance with this Agreement. Upon a minimum 48-hour request by the County, Lessee shall notify residents of upcoming inspections of their units or records in accordance with California State law. The County may perform or cause to be performed audits of any and all phases of the Lessee's activities related to the Project. If Lessee has not otherwise prepared an audit in any given year, the County may request that Lessee prepare an audit. Provided that such audit is reasonably required for the County to verify Lessee's compliance with this Agreement, Lessee will prepare such audit at its own expense and provide a copy of the audit to the County. The County may request any other information that it deems necessary to monitor compliance with requirements set forth in this Agreement. Lessee shall promptly provide such information. Upon request of the County, Lessee will submit to the County certified copies of conflict of interest statements.

## **ARTICLE 10 INDEMNITY**

The indemnification, defense, and hold harmless provisions of the Ground Lease shall apply with equal force to the provisions of and activities of Lessee Parties and County Parties under this Agreement.

## **ARTICLE 11 ENFORCEMENT**

### **11.1 ENFORCEMENT OF REGULATORY AGREEMENT**

Lessee shall carry out all of the provisions of this Agreement and all of the covenants in the Agreement shall run with the Premises. Any subsequent owner(s) shall assume all rights and responsibilities under this Agreement and be bound by the same. The covenants set forth in this Agreement shall apply without regard to the term of any loan or mortgage or the transfer of ownership.

## **11.2 VIOLATION OF REGULATORY AGREEMENT BY LESSEE**

Prior to exercising any remedies for a violation of any of the covenants or provisions of this Agreement, County shall give Lessee notice of such default. If the default is reasonably capable of being cured within 60 days, Lessee shall have such period to accomplish a cure prior to exercise of remedies by County. If the default is such that it is not reasonably capable of being cured within 60 days, and Lessee (a) initiates corrective action within such 30-day period, and (b) diligently, continually, and in good faith works to accomplish a cure as soon as possible, then Lessee shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by County; provided, however that in no event shall County be precluded from exercising remedies (i) if the Premises or Project becomes or is about to become materially jeopardized by any failure to cure a default or (ii) if the default is not cured within ninety (90) days after the first notice of default is given.

(b) After Lessee gives written notice to County that the Tax Credit Equity Investor has been admitted to Lessee, County shall send to the Tax Credit Equity Investor a copy of all notices of default of Lessee at the address for the Tax Credit Equity Investor as provided by written notice to County by Lessee. The Tax Credit Equity Investor may take such action, including removing and replacing the general partner of Owner with a substitute general partner, who shall accomplish a cure within the cure period provided in this Article 12; provided, however that in no event shall County be precluded from exercising remedies (i) if the Premises or Project becomes or is about to become materially jeopardized by any failure to cure a default or (ii) if the default is not cured within ninety (90) days after the first notice of default is given. County agrees to accept cures tendered by the Tax Credit Equity Investor within the specified cure periods. In the event of a breach by Lessee of this Agreement, as more particularly set forth in the Lease, Lessee's lenders and investor shall have the right, but not the obligation, to cure such breach and do any other act or thing required of Lessee hereunder. The Tax Credit Equity Investor and Permitted Mortgagee will have the same notice and cure rights hereunder as are provided in the Lease.

If a violation of any of the covenants or provisions of this Agreement remains uncured after the respective time period set forth above, County, without regard to whether County is an owner of any land or interest in land to which these covenants relate, may institute and prosecute any proceedings at law or in equity to abate, prevent or enjoin any such violation or attempted violation, compel specific performance by Owner of its obligations, or otherwise address such violation. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time.

Nothing in this Article limits the County's ability to seek any other remedies authorized by law or equity. However, in addition to any other remedy authorized by law or equity or the Lease, the County may apply to any court, state or federal, for specific performance of this Agreement; for the appointment of a receiver to take over and operate the Project or Premises in accordance with the terms of this Agreement, or for such other relief as may be appropriate, it being agreed by Lessee that the injury to the County arising from a default under any of the terms of this

Agreement would be irreparable and that it would be extremely difficult to ascertain the amount of compensation of the County which afford adequate relief in light of the purposes and policies of the Ground Lease.

### **11.3 COVENANTS RUN WITH THE LAND**

In accordance with California Civil Code Section 1461 *et seq.*, all conditions, covenants and restrictions contained in this Regulatory Agreement are covenants running with the land. Lessee and County acknowledge and agree that the covenants and restrictions in this Agreement directly benefit the Premises and benefits property that County owns or will own (including, without limitation, underlying interests in streets) and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by County and its successors and assigns, against Lessee, its successors and assigns, to or of the Premises, or any portion of it or any interest in it, and any party in possession or occupancy of the Premises or any portion of it. In addition, County shall be deemed the beneficiary of this restriction both for and in its own right and for the purposes of protecting the interests of the citizens of the County of San Diego, and the covenants, conditions, and restrictions shall run in favor of County without regard to whether County remains the owner of any real property near the Premises.

### **11.4 BREACH OF GROUND LEASE**

In addition to any other enforcement provisions herein, a breach by Lessee under this Agreement shall be considered a breach of the Ground Lease.

## **ARTICLE 12 GENERAL PROVISIONS**

### **12.1 PARTIAL INVALIDITY**

If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

### **12.2 BINDING ON SUCCESSORS**

This Agreement shall bind, and the benefits thereof shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in the office or interest, and assigns.

### **12.3 RECORDING AGREEMENT**

This Agreement and any amendments thereof, shall, at the expense of Lessee, be acknowledged by each of the parties and promptly recorded or referenced by Lessee or its successor in the official records of the county in which the Project is situated.

### **12.4 ELECTION OF REMEDIES**

The remedies of the County hereunder or under any other instrument providing for or evidencing the financial assistance provided herein are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the County of any one or more of its other remedies.

## **12.5 WAIVER**

No waiver by the County of any breach of or default under this Agreement shall be deemed to be a waiver of any other or subsequent breach or default hereunder.

## **12.6 CAPTIONS**

The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of the intent of this Regulatory Agreement.

## **12.7 GOVERNING LAW AND VENUE**

This Agreement shall be construed in accordance with and governed by the laws of the State of California. Venue shall only be proper in the state or federal court in which the Premises are located, to wit, San Diego County Superior Court or the United States District Court for the Southern District of California.

## **12.8 AMENDMENTS TO LAWS AND REGULATIONS**

If the Federal, State, County, or other governments with jurisdiction over the area where the Premises is located approve laws or regulations with more stringent requirements than are described in this Agreement, Lessee shall comply with the more stringent requirements.

## **12.9 FORECLOSURE OR SUBSIDY LOSS**

a. Notwithstanding any other covenant of this Agreement to the contrary, upon the acquisition by any holder of a mortgage or deed of trust encumbering the Premises or any designee thereof as permitted under the Ground Lease (“Permitted Mortgagee”) by a foreclosure, deed in lieu of foreclosure, or, the acceptance of a new direct ground lease that is a direct result of a remedy taken by the Lessor, the Income Limit of Eligible Households (1) in units reserved for 30% Income Households or 50% Income Households as defined by TCAC, may be increased to 60% Income Households as defined by TCAC and (2) in all other units, may be increased to 80% Income Households as defined by TCAC. The maximum annual rent for such Units will be increased to the amount that would be allowed by TCAC for such households at the adjusted Income Limits.

b. Notwithstanding any other covenant of this Agreement to the contrary, in the event of a decrease or termination of Section 8 Project Based Vouchers for the Project, except if (i) such

reduction arises from a default by Lessee or other failure to comply with agreements, laws and regulations applicable to Lessee or (ii) if Lessee is otherwise in default or in noncompliance under this Agreement, the Ground Lease, or the requirements of any funding sources for the Project, County agrees that, upon Lessee's request, the maximum household income for units reserved for 30% Income Households as defined by TCAC, may be increased to 60% Income Households as defined by TCAC as reasonably required based on the explanation and documentation of necessity of such adjustment for the financial feasibility of the Project as required below.

In addition, in the event of a decrease or termination of Section 8 Project Vouchers for the Project, the Lessor and Lessee will meet and confer regarding the affordability provisions specified in this agreement and will agree to such other adjustments as may be reasonably necessary to ensure that the Project remains financially feasible as an affordable housing development, considering all Operating Expenses (as defined in the Ground Lease).

In the event of adjustment to Income Limits under this section, the maximum annual rent for affected Restricted Units will be increased to the amount that would be allowed by TCAC for such households at the adjusted Income Limits. Any adjustment to Income Limits shall be documented in a written amendment to this Agreement signed by the parties.

Prior to any increase in the Income Limits and Rents under (b) above, the Lessee must submit a written notice to the County including all of the following and any additional reasonable requirements from the County:

- (i) An explanation of the efforts the Lessee has made to secure other rental subsidies to sustain overall Project operations in accordance with the requirements of this Agreement.
- (ii) Documentation establishing the necessity of the proposed adjustment to Income Limits to the continued financial feasibility of the Project, taking into consideration all Project Expenses as defined in the Ground Lease.
- (iii) A process for increasing the Project rents, as applicable.
- (iv) The plan for continuing, throughout the term of the Agreement, to apply for other subsidies that will allow a financially feasible return of all Project units to members of the target population and rents originally contemplated.

In addition, at the request of the County, the Lessee will determine if other alternative funding sources are available to replace some or all of the Section 8 Project Based Voucher subsidy that was lost or terminated and, if the Lessee and the Project are competitive for such funding and such funding will not add commercially unreasonable cost or burden to the Lessee or the Project, Lessee will make good faith efforts to obtain such alternative funding. Lessee shall also, at the request of County, provide notice to occupants of Units benefitting from Section 8 Project Based Voucher subsidy of any impending decrease or termination of that subsidy, along with notice that the occupant(s) may be eligible for housing choice vouchers, and contact information for inquiries regarding such vouchers.

The affordability restrictions shall be revived according to the original terms if, during the original Affordability Period, the owner of record before the foreclosure, or deed in lieu of

foreclosure, or any entity that includes the current or former Lessee, former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Project or Premises (unless the construction lender and tax credit investor are related entities, in which event the forgoing shall not apply to the construction lender).

**12.10 NOTICES**

Written notices and other written communications by and between the parties hereto shall be addressed as follows unless and until a party hereto has in writing, communicated a different address to the other party hereto.

**12.11 SENIORITY**

This Agreement shall be recorded in senior position with respect to all security interests enumerating the leasehold in connection with Project financing, and in no event shall this Agreement be subordinated to any such interest, except as may be required by law (including the published government agency policies or regulations) in connection with Project financing provided by a government agency.

**Lessee:**

**County:**

County of San Diego  
Housing and Community Development  
Services  
3989 Ruffin Road  
San Diego, CA 92123

**LESSEE:**

**COUNTY:**

APPROVED AS TO FORM AND LEGALITY

By: \_\_\_\_\_  
DAVID M. STOTLAND  
Senior Deputy, County Counsel

GROUND LEASE AGREEMENT

(Sixth Avenue/Family Court)

APN: \_\_\_\_\_

**LESSOR:** County of San Diego,  
a political subdivision of the State of California

**LESSEE:** \_\_\_\_\_

GROUND LEASE AGREEMENT .....	i
<b>ARTICLE 1. SUMMARY OF BASIC LEASE PROVISIONS .....</b>	<b>1</b>
1.1 <u>Lessor</u> .....	1
1.2 <u>Lessee</u> .....	1
1.3 <u>Premises</u> .....	1
1.4 <u>DDA</u> .....	1
1.5 <u>County Regulatory Agreement</u> .....	1
1.6 <u>County's and Lessee's Lease Administrators</u> .....	2
1.7 <u>Commencement Date</u> .....	2
1.8 <u>Term</u> .....	2
1.9 <u>Rent</u> .....	2
1.10 <u>Additional Rent</u> .....	2
1.11 <u>Permitted Use</u> .....	2
1.12 <u>Leasehold Estate</u> .....	2
1.13 <u>Leasehold Mortgage</u> .....	2
1.14 <u>Leasehold Mortgagee</u> .....	2
1.15 <u>Exhibits</u> .....	2
1.16 <u>Construction of Lease Provisions</u> .....	3
<b>ARTICLE 2. LEASE OF PREMISES .....</b>	<b>3</b>
2.1 <u>Description of Premises</u> .....	3
2.2 <u>Mineral Rights</u> .....	3
2.3 <u>Easements and Reservations</u> .....	3
<b>ARTICLE 3. TERM .....</b>	<b>4</b>
3.1 <u>Term</u> .....	4
3.2 <u>Holding Over</u> .....	4
3.3 <u>Ownership of Improvements; Surrender of the Premises; County Possession of Premises</u> .....	4
<b>ARTICLE 4. RENT .....</b>	<b>9</b>
4.1 <u>Rent</u> .....	9
4.2 <u>Additional Rent</u> .....	12
4.3 <u>Address for Rent Payments</u> .....	12
4.4 <u>Failure to Pay Rent; Late Charge</u> .....	12
<b>ARTICLE 5. RESERVED.....</b>	<b>13</b>
<b>ARTICLE 6. USE.....</b>	<b>13</b>

6.1	<u>Acceptance of Premises</u> .....	13
6.2	<u>Permitted Uses</u> .....	13
6.3	<u>Duties and Prohibited Conduct</u> .....	14
6.4	<u>Compliance with Laws</u> .....	14
6.5	<u>Substance Abuse</u> .....	15
6.6	<u>Compliance With Stormwater Laws</u> .....	15
6.7	<u>Prevailing Wage</u> .....	16
6.8	<u>Utilities</u> .....	17
6.9	<u>Recycling Program</u> .....	17
<b>ARTICLE 7. MECHANICS' LIENS</b> .....		17
7.1	<u>Mechanics' Liens</u> .....	17
7.2	<u>Contest of Lien</u> .....	17
7.3	<u>Right to Cure</u> .....	17
7.4	<u>Notice of Lien</u> .....	18
7.5	<u>Notice of Nonresponsibility</u> .....	18
<b>ARTICLE 8. SECURITY</b> .....		18
<b>ARTICLE 9. DEVELOPMENT OBLIGATIONS; IMPROVEMENTS; PERSONAL PROPERTY; FIXTURES</b> .....		18
9.1	<u>Development of the Project</u> .....	18
9.2	<u>Construction Requirements</u> .....	18
9.3	<u>Construction Plans</u> .....	19
9.4	<u>Plans and Specifications</u> .....	19
9.5	<u>Contract for Construction</u> .....	19
9.6	<u>Performance of Work</u> .....	20
9.7	<u>Bonds</u> ... ..	21
9.8	<u>Completion of Improvements</u> ....	21
<b>ARTICLE 10. IMPROVEMENTS; OPTIONAL IMPROVEMENTS</b> .....		22
10.1	<u>County Not Responsible for Taxes and Assessments Accruing Against Lessee</u> .....	22
10.2	<u>Lessee's Responsibility for Taxes and Assessments</u> .....	22
10.3	<u>Section 107.6 Statement</u> .....	22
<b>ARTICLE 11. REPAIRS; MAINTENANCE</b> .....		22
11.1	<u>Lessee's Repair and Maintenance Obligations</u> .....	22
11.2	<u>Lessee's Failure to Maintain</u> .....	23
11.3	<u>County Not Obligated to Repair or Maintain; Lessee's Waiver of State of California Civil Code Section 1942</u> .....	23

<b>ARTICLE 12. EXCULPATION, INDEMNIFICATION AND INSURANCE</b> .....	23
12.1 <u>Definition of “Lessee Parties” and “County Parties”</u> .....	23
12.2 <u>Exculpation</u> .....	23
12.3 <u>Indemnification</u> .....	24
12.4 <u>Insurance</u> .....	26
<b>ARTICLE 13. HAZARDOUS MATERIALS</b> .....	27
13.1 <u>Hazardous Materials Laws - Definition</u> .....	27
13.2 <u>Hazardous Materials - Definition</u> .....	27
<b>ARTICLE 14. TRANSFER AND ASSIGNMENT</b> .....	31
14.1 <u>General Restriction of Transfers</u> .....	31
14.2 <u>Definitions</u> .....	31
14.3 <u>Assignment and Sublease after Completion</u> .....	31
14.4 <u>Request for Assignment or Sublease</u> .....	32
14.5 <u>Additional Permitted Transfers</u> .....	32
14.6 <u>Commercial Subleases</u> .....	33
14.7 <u>Residential Subleases</u> .....	33
14.8 <u>Written Agreement with County Required</u> .....	33
14.9 <u>Transfer Fee; Estoppel Fee; Subordination, Attornment and Non-Disturbance Agreement Fee</u> .....	33
14.10 <u>Consumer Price Index for Fee Adjustments</u> .....	34
14.11 <u>Security Assignment of Space Leases</u> .....	35
14.12 <u>Assignment by County</u> .....	35
14.13 <u>No Merger of Estates</u> .....	35
14.14 <u>Non-Disturbance and Attornment</u> .....	35
<b>ARTICLE 15. LEASEHOLD FINANCING AND INVESTOR LIMITED PARTNER PROVISIONS</b> .....	35
15.1 <u>Right to Encumber</u> .....	36
15.2 <u>Additional Protections</u> .....	40
15.3 <u>Obligations of Lessee</u> .....	49
15.4 <u>County’s Lien Waivers</u> .....	50
<b>ARTICLE 16. DEFAULTS BY LESSEE; COUNTY’S REMEDIES</b> .....	50
16.1 <u>Events of Default</u> .....	50
16.2 <u>Remedies</u> .....	51
16.3 <u>County’s Remedies Cumulative</u> .....	52
16.4 <u>No Punitive or Consequential Damages</u> .....	52
16.5 <u>Interest</u> .....	52
16.6 <u>Request for Information</u> .....	52

<b>ARTICLE 17. DEFAULTS BY COUNTY; REMEDIES</b> .....	52
<b>ARTICLE 18. ABANDONMENT</b> .....	53
<b>ARTICLE 19. DAMAGE OR DESTRUCTION</b> .....	53
19.1 <u>Damage and Restoration</u> .....	53
19.2 <u>No Rent Abatement</u> .....	53
19.3 <u>Application of Insurance Proceeds</u> .....	53
19.4 <u>Exclusive Remedies</u> .....	54
19.5 <u>Exceptions to Repair and Reconstruction Requirement</u> .....	54
<b>ARTICLE 20. CONDEMNATION</b> .....	55
20.1 <u>Termination for Total Condemnation</u> .....	55
20.2 <u>Continuation of Lease After Partial Taking</u> .....	56
20.3 <u>Tenant’s Personal Claims</u> .....	57
<b>ARTICLE 21. SALE OR MORTGAGE BY COUNTY</b> .....	57
21.1 <u>Sale or Mortgage</u> .....	57
21.2 <u>Assignment by County</u> .....	58
21.3 <u>Release on Sale</u> .....	58
<b>ARTICLE 22. INTENTIONALLY BLANK</b> .....	58
<b>ARTICLE 23. SUBORDINATION; ATTORNMENT</b> .....	58
23.1 <u>Subordination</u> .....	58
23.2 <u>Attornment</u> .....	58
<b>ARTICLE 24. COUNTY’S RIGHT OF ACCESS</b> .....	58
24.1 <u>County’s Right to Enter the Premises</u> .....	59
24.2 <u>Lessee’s Waiver of Damages Claims</u> .....	59
<b>ARTICLE 25. QUIET ENJOYMENT</b> .....	59
<b>ARTICLE 26. NOTICES</b> .....	59
<b>ARTICLE 27. AFFIRMATIVE ACTION PROGRAM FOR VENDORS</b> .....	60
<b>ARTICLE 28. WAIVER OF RELOCATION ASSISTANCE BENEFITS</b> .....	60
28.1 <u>Relocation Assistance Benefits and Lessee’s Waiver and Release of Relocation Benefits</u> .....	60
28.2 <u>Lessee’s Waiver and Release of Relocation Benefits</u> .....	61

<b>ARTICLE 29. GENERAL PROVISIONS.....</b>	<b>61</b>
29.1 <u>Authority</u> .....	61
29.2 <u>Brokers</u> .....	61
29.3 <u>Captions</u> .....	61
29.4 <u>County Approval</u> .....	61
29.5 <u>Business Days</u> .....	61
29.6 <u>Cumulative Remedies</u> .....	61
29.7 <u>Exhibits</u> .....	61
29.8 <u>Entire Agreement</u> .....	61
29.9 <u>Estoppel Certificate</u> .....	62
29.10 <u>Force Majeure</u> .....	62
29.11 <u>Governing Law</u> .....	62
29.12 <u>Interpretation</u> .....	62
29.13 <u>Joint and Several Liability</u> .....	63
29.14 <u>Liquidated Damages</u> .....	63
29.15 <u>Modification</u> .....	63
29.16 <u>Partial Invalidity</u> .....	63
29.17 <u>Payments</u> .....	63
29.18 <u>Successors and Assigns</u> .....	63
29.19 <u>Time of Essence</u> .....	63
29.20 <u>Waiver</u> .....	63
29.21 <u>Memorandum of Lease</u> .....	64
29.22 <u>Counterparts</u> .....	64

## **GROUND LEASE AGREEMENT**

This ground lease agreement (“Lease”) is made and entered into, effective as of \_\_\_\_\_ (“Commencement Date”) by and between the County of San Diego, a political subdivision of the State of California (“County”), and [BRIDGE entity] (“Lessee”). County leases to Lessee, and Lessee leases from County, the Premises described below upon the following terms and conditions:

### **ARTICLE 1. SUMMARY OF BASIC LEASE PROVISIONS**

- 1.1 Lessor. County of San Diego, a political subdivision of the State of California

Address for notice:

County of San Diego  
Attention: Director  
Department of General Services  
5560 Overland Avenue  
Suite 410  
San Diego, California 92123

- 1.2 Lessee. BRIDGE [Entity]

Address for notice:

BRIDGE [Entity]  
600 California, Suite 900  
San Francisco, CA 94108  
Attn: Aruna Doddapaneni

1.3 Premises. The leased premises (“Premises”) is defined in Section 2.1 of this Lease and is further delineated on EXHIBIT “A” DESCRIPTION OF PREMISES attached to this Lease.

1.4 DDA. The County and Lessee are parties to that certain Disposition and Development Agreement dated \_\_\_\_\_ (“DDA”) which provides for execution of this Ground Lease and development of the Improvements, subject to specified conditions, for the purpose of providing housing affordable to low- and very low-income households as set forth in the County Regulatory Agreement.

1.5 County Regulatory Agreement. The County and Lessee are parties to that certain County of San Diego Memorandum of Restrictive Covenants and Regulatory Agreement

recorded substantially concurrently with the execution of this Lease, which requires that the Premises be used for housing affordable to low- and very low-income households and other uses as specified (the “County Regulatory Agreement”).

1.6 County's and Lessee's Lease Administrators. This Lease shall be administered on behalf of County by the Director, Department of General Services or a designee (“County’s Lease Administrator”), and on behalf of Lessee by: \_\_\_\_\_, or by another person designated in writing by Lessee (“Lessee’s Lease Administrator”).

1.7 Commencement Date. The Commencement Date is the day on which all of the following have been completed: approval of this Lease by the County’s Board of Supervisors, adoption of an ordinance authorizing this Lease, and execution of this Lease by the County’s Director, Department of General Services and Lessee in accordance with the close of escrow provisions of the DDA, which date shall be added to the introductory paragraph of this Ground Lease.

1.8 Term. The “Construction Period” and “Operations Period” that comprise the “Term” are defined and set forth in Section 3.1 Term of this Lease.

1.9 Rent. The “Up Front Base Rent”, “Annual Base Rent”, and “Residual Cash Flow Rent” are defined and set forth in Section 4.1 Rent of this Lease and are collectively referred to as “Rent” in this Lease.

1.10 Additional Rent. Any and all sums of money or charges other than the Rent required to be paid by Lessee to County pursuant to the provisions of this Lease shall be paid as “Additional Rent”.

1.11 Permitted Use. Lessee is authorized to use the Premises only for those purposes set forth in Section 6.2 Permitted Uses of this Lease.

1.12 Leasehold Estate. The Lessee’s leasehold estate in the Premises and all Lessee’s rights, privileges, and options of any kind or nature under this this Lease, upon and subject to all of the terms and conditions of this Lease, and any part of such leasehold estate and direct or indirect interest in such leasehold estate, including ownership and exclusive title to the Improvements during the Term (as defined in Section 3.1).

1.13 Leasehold Mortgage. A mortgage, deed of trust, or other security instrument, including, without limitation, an assignment of the rents, issues and profits, which has been approved by County in accordance with Section 15.1 of this Lease and constitutes a lien on the Leasehold Estate and on any Improvements, including any modification or extension of the Leasehold Estate.

1.14 Leasehold Mortgagee. The holder of a Leasehold Mortgage.

1.15 Exhibits. The following exhibits are attached to this Lease and made a part of this Lease by this reference:

EXHIBIT “A”	DESCRIPTION OF PREMISES
EXHIBIT “B”	INSURANCE REQUIREMENTS - CONSTRUCTION PERIOD
EXHIBIT “C”	INSURANCE REQUIREMENTS - OPERATIONS PERIOD
EXHIBIT “D”	FORM OF NON-DISTURBANCE AND ATTORNMENT AGREEMENT FOR SUBLEASES
EXHIBIT “E”	MEMORANDUM OF LEASE
EXHIBIT “F”	LESSEE’S RESPONSE TO REQUEST FOR PROPOSALS

1.16 Construction of Lease Provisions. The provisions of this article summarize for convenience only certain key terms of this Lease that are delineated more fully in the articles and sections referenced in this Lease. If a conflict between the provisions of this article and the balance of this Lease occurs, the balance of this Lease shall control.

**ARTICLE 2.**  
**LEASE OF PREMISES**

2.1 Description of Premises. County leases to Lessee and Lessee leases from County, for the Rent and Additional Rent and upon the covenants and conditions set forth in this Lease, approximately 0.69-acres of land located at 1501 and 1555 Sixth Avenue, San Diego California (“Premises”). The Premises is further described in EXHIBIT “A” DESCRIPTION OF PREMISES of this Lease.

2.2 Mineral Rights. Notwithstanding any provision of this Lease to the contrary, County expressly reserves all rights, title and interest in and to any and all gas, oil, mineral and water deposits located beneath the surface of the Premises. In exercising the rights reserved under this Section 2.2, County may not cause any unreasonable interference with Lessee’s use of the Premises during the Term.

2.3 Easements and Reservations. Lessee accepts the Premises subject to any and all existing easements, right-of-ways, reservations and encumbrances (“Existing Easements”). County shall not unreasonably or substantially interfere with Lessee’s use of the Premises as a result of exercising its rights under the Existing Easements.

**ARTICLE 3.**  
**TERM**

3.1 Term. The Term of this Lease shall be ninety-nine (99) years, beginning on the Commencement Date. The Term shall include the Construction Period and the Operations Period defined below. The term “Lease Year” as used in this Lease shall mean the 12-month period beginning on the Commencement Date and each succeeding 12-month period thereafter during the Term.

The “Construction Period” of the Term commences upon the Commencement Date and expires upon on the earlier of (i) twenty-four (24) months from the Commencement Date; (ii) the filing of the notice of completion for the development; or (iii) the issuance of a certificate of occupancy (including a temporary certificate of occupancy). County’s Lease Administrator, at its sole discretion, may consider extensions of the Construction Period for additional six (6) month periods, but in no event for a period in excess of five (5) years from the Commencement Date, upon written request by Lessee. If the Lessee has diligently pursued and continues to diligently pursue completion of construction, is not otherwise in default under the Lease, and commences payments of Annual Base Rent upon expiration of the Construction Period, failure to complete construction by the end of the Construction Period shall not be a default under this Lease, so long as construction is completed within five (5) years following the Commencement Date.

The “Operations Period” of the Term commences upon the expiration of the Construction Period (“Operations Period Commencement Date”) and continues until the expiration or earlier termination of this Lease.

3.2 Holding Over. If Lessee holds over in occupancy of the Premises after the expiration of the Term without the County Consent, Lessee shall become a tenant from month to month at a rate of one hundred twenty-five percent (125.0%) of the fair market rent at the highest and best use as determined by a certified appraiser selected by County. Lessee shall be responsible for the cost of such appraisal. Any holdover shall be subject to the terms and conditions of this Lease, as applicable, and shall be subject to termination by County with thirty (30) days written notice to Lessee.

3.3 Ownership of Improvements; Surrender of the Premises; County Possession of Premises.

3.3.1. Definitions.

3.3.1.1. Fixtures. “Fixtures” means all fixtures permanently attached to the Premises, and excludes trade fixtures, such as retail business trade equipment.

3.3.1.2. Original Useful Life. “Original Useful Life” means the expected number of years, starting from brand new condition, that each Fixture and System, as applicable, can be used at full capacity for its intended purpose, assuming no repairs or rehabilitation other than repairs or rehabilitation that would customarily be performed to address ordinary wear and tear.

3.3.1.3. Remaining Useful Life. The term “Remaining Useful Life” means: (i) with respect to the Improvements, the number of years that the Improvements can continue to be used at full capacity for their intended purpose, assuming no repairs or rehabilitation other than repairs or rehabilitation that would customarily be performed to address ordinary wear and tear, taking into consideration all aspects of the physical condition of the Improvements, all applicable Laws, and all other relevant factors, and (ii) with respect to the Fixtures and Mechanical Equipment, the percentage of the Original Useful Life remaining as determined by the Improvements Assessment.

3.3.1.4. Mechanical Equipment. “Mechanical Equipment” means all mechanical equipment serving the Improvements, including but not limited to, HVAC units, fans, vents, generators, elevator motors, and other equipment integral to the regular operations of the Improvements.

3.3.2 Ownership of Improvements During Term. Title to all Improvements (defined in Article 10) constructed or placed on the Premises by Lessee are and shall be vested in Lessee until the expiration or earlier termination of this Lease. County and Lessee agree for themselves and all persons claiming under County and Lessee that the Improvements are real property. During the Term, Lessee shall have the exclusive right to all tax benefits arising from any and all Improvements.

Ownership of Improvements Upon the Expiration or Earlier Termination of Lease. Unless Restoration (defined in Section 0.1) is required pursuant to Section 3.3.2.1, all Improvements on the Premises, including Fixtures and Mechanical Equipment, upon the expiration or earlier termination of this Lease shall, without payment to Lessee, become County’s property free and clear of all claims to or against them by Lessee and free and clear of all Leasehold Mortgages and any other taxes, liens, and claims arising from Lessee’s use and occupancy of the Premises as of the date of expiration or earlier termination of this Lease. Subject to the Restoration provisions of Section 3.4.3, and to the Casualty provisions of ARTICLE 19, Lessee shall, upon the expiration or earlier termination of this Lease, deliver the Premises and Improvements, including Fixtures and Mechanical Equipment, to County in good order, condition and state of repair, ordinary wear and tear excepted, and in accordance with the requirements of Section 3.3.4.2.

Improvements Assessment; Restoration of Premises. Not less than nine (9) years before the expiration of the Term, Lessee shall, at the Lessee’s sole expense, provide County with a report prepared by a qualified independent engineering consultant, which consultant shall be subject to County’s reasonable approval, assessing the condition of the Improvements (“Improvements Assessment”). The Improvements Assessment shall include the following: (a) an evaluation of the building structure, all building components, all Mechanical Equipment, and all Fixtures, (b) all repairs or replacements to the Improvements necessary to deliver the Improvements, including the Mechanical Equipment and Fixtures, to County in good order, condition, and state of repair, ordinary wear and tear excepted, and the costs of such repairs or replacements (“Good Condition Repairs”), (c) an evaluation of the estimated Remaining Useful Life of the Improvements, including the Mechanical Equipment and Fixtures, and (d) the following:

(i) if the estimated Remaining Useful Life of the Improvements (excluding the Mechanical Equipment and Fixtures) is less than fifteen (15) years from the end of the Term, the cost to deliver the Improvements to County with an estimated Remaining Useful Life of at least fifteen (15) years from the end of the Term (“Useful Life Rehabilitation”), and the costs of all such Useful Life Rehabilitation listed separately from the items in (b) above; and

(ii) all repair, rehabilitation, or replacement of any Fixtures and Mechanical Equipment necessary to deliver all Fixtures and Mechanical Equipment to County with at least 45% of its Original Useful Life remaining from the end of the Term (“Fixtures and Mechanical Equipment Useful Life Rehabilitation”), and the costs of all such Fixtures and Mechanical Equipment Useful Life Rehabilitation listed separately from the items in (b) above.

County shall approve or disapprove the Improvements Assessment within one hundred and eighty (180) days after submittal of the Improvements Assessment, which approval shall not be unreasonably withheld. Any disapproval shall be given to the Lessee in writing with the reasons for disapproval and changes that would be sufficient to obtain approval. If County disapproves the Improvements Assessment, the Lessee shall resubmit for County approval the Improvements Assessment within sixty (60) days of County’s disapproval. If the Lessee fails to resubmit Improvements Assessment satisfactory to County within sixty (60) days of County’s disapproval, the County’s Lease Administrator shall decide any dispute concerning the Improvements Assessment and the Lessee shall be bound by the decision.

3.3.2.1 If the Improvements Assessment specifies that the Improvements do not meet the Minimum Remaining Useful Life Requirements (as defined below), the County may require, by written notice, the Lessee to restore the applicable Improvements (including any and all Fixtures and Mechanical Equipment) and portion of the Premises to a graded condition by demolishing the applicable Improvements, leveling the site, and compacting filled excavations to ninety percent (90.0%) compaction (the “Restoration”). If County elects to require the Lessee to complete the Restoration, County shall provide Lessee written notice within one hundred and eighty (180) days of County approval of the Improvements Assessment (“County Restoration Notice”), and the Lessee shall complete the Restoration within one complete calendar year after the expiration of the Term.

3.3.2.2 If the Improvements Assessment specifies that the applicable Improvements meet the Minimum Remaining Useful Life Requirements, then Lessee shall complete the Good Condition Repairs, Useful Life Rehabilitation, and Mechanical Equipment of Fixtures Useful Life Rehabilitation to County’s reasonable satisfaction, at the Lessee’s sole cost and expense, before the expiration of the Term.

3.3.2.3 The term “Minimum Remaining Useful Life Requirements” means that the Improvements have an estimated Remaining Useful Life of at least fifteen (15) years from the end of the Term, as determined by the Improvements Assessment, or (b) the Improvements can be made to have an estimated Remaining Useful Life

of at least fifteen (15) years from the end of the Term through Useful Life Rehabilitation, as determined by the Improvements Assessment. The preceding sentence notwithstanding, if the estimated costs of such Useful Life Rehabilitation exceeds fifteen percent (15%) of the then market value of the Improvement not taking into account any affordability restrictions as indicated in the Improvements Assessment, then Improvements shall be deemed to not meet Minimum Remaining Useful Life Requirements.

3.3.2.3.1 Additional Requirements to Meet Minimum Remaining Useful Life Requirements. In addition to the requirements set forth above, to meet the Minimum Remaining Useful Life Requirements, Lessee must comply with all of the following at the time of approval of the Improvements Assessment by the County, and throughout the remainder of the Term:

1) Lessee shall not have received any written notice which remains uncured in accordance with applicable law from any governmental body having jurisdiction over the Premises as to the violation of any laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions, or requirements.

2) Lessee shall have received no written notice which remains uncured of any failure of the Premises to comply with any requirements of (i) the insurance company which issued any insurance policy insuring the Improvements; (ii) any board of fire underwriters or other body exercising similar functions; (iii) any bonding company; or (iv) any mortgagee having a security interest in the Improvements, which failure could adversely affect the insurability of the Improvements or cause the imposition of extraordinary premiums or charges therefor or result in the cancellation of any insurance policy insuring the Improvements.

3.3.2.4 Upon receipt of the County Restoration Notice, Lessee shall establish an account in favor of County with an Eligible Independent Trustee (defined in Section 15.1.11), containing by the time of Lease expiration sufficient funds to cover the Restoration of the Improvements (“Restoration Fund”). Within thirty (30) days after delivery of the County Restoration Notice, the Lessee shall secure bids from three (3) licensed contractors for the Restoration. The Lessee shall, on the first day of the second month after delivery of the County Restoration Notice commence making annual payments equal to one eighth (1/8<sup>th</sup>) of the average of the three bids for the Restoration into the Restoration Fund. The Restoration Fund shall be maintained until completion of the Restoration and expended solely for the Restoration. The Restoration Fund shall also be explicitly available to County until completion of the Restoration for any Restoration work not completed by Lessee, provided that Lessee may draw on the Restoration Fund to complete the Restoration, and the availability of the Restoration Fund to the County shall not impact Lessee’s obligation to complete the Restoration. Interest earned on the Restoration Fund shall be added to the Restoration Fund. The amount by which the Restoration Fund exceeds the actual cost of the Restoration shall be delivered to Lessee in

accordance with applicable law after completion of the Restoration. If the actual cost of the Restoration exceeds the Restoration Fund, the Lessee shall be responsible for payment of any amounts in excess of the Restoration Fund.

3.3.2.5 If the Improvements Assessment specifies that Improvements meet the Minimum Remaining Useful Life Requirements as provided in Section 3.4.3.2, then upon receipt of the County-approved Improvements Assessment, Lessee shall establish an account in favor of County with an Eligible Independent Trustee (defined in Section 15.1.11), containing by the time of Lease expiration sufficient funds to cover the Good Condition Repairs, Useful Life Rehabilitation, and Fixtures and Mechanical Equipment Useful Life Rehabilitation for the Improvements (“Rehabilitation Fund”). Within thirty (30) days after receipt of the Improvements Assessment, the Lessee shall secure bids from three (3) licensed contractors for the Rehabilitation. Lessee shall, on the first day of the second month after receipt of the Improvements Assessment commence making annual payments equal to one eighth (1/8<sup>th</sup>) of the average of the three bids for the Rehabilitation into the Rehabilitation Fund. The Rehabilitation Fund shall be maintained until completion of the Rehabilitation and expended solely for the Rehabilitation. The Rehabilitation Fund shall also be explicitly available to County until completion of the Rehabilitation for any Rehabilitation work not completed by Lessee provided that Lessee may draw on the Rehabilitation Fund to complete the Rehabilitation, and the availability of the Restoration Fund to the County shall not impact Lessee’s obligation to complete the Restoration. Interest earned on the Rehabilitation Fund shall be added to the Rehabilitation Fund. The amount by which the Rehabilitation Fund exceeds the actual cost of the Rehabilitation shall be delivered to Lessee in accordance with applicable law after completion of the Rehabilitation. If the actual cost of the Rehabilitation exceeds the Rehabilitation Fund, the Lessee shall be responsible for payment of any amounts in excess of the Rehabilitation Fund.

3.3.2.6 The Lessee intends to seek to avoid having to make any payments into the Restoration Fund or Rehabilitation Fund by maintaining the Improvements in a condition that will not require Restoration or Rehabilitation under the terms of this Section. Subject to the provisions of ARTICLE 14, County will not unreasonably withhold or delay consent to Lessee in connection with any refinancing or resyndication of the Improvements, the proceeds of which would be used to repair, rehabilitation, maintain, and improve the Improvements.

Surrender of the Premises. Subject to the requirements of Section 3.4.3, Lessee shall surrender possession of the Premises and Improvements (including Fixtures) (if any), to County upon expiration or earlier termination of this Lease. Upon the expiration or earlier termination of this Lease for any reason, including but not limited to termination because of default by Lessee, but after the expiration of any new lease rights of a Leasehold Mortgagee under Article 15 Lessee shall execute, acknowledge and deliver to County, within ninety (90) days following receipt of written demand, a good and sufficient deed where Lessee quitclaims all right, title and interest in the Premises and Improvements to County. If Lessee fails or refuses to deliver the quitclaim deed to County, County may prepare and record a notice reciting the failure of Lessee to record a quitclaim deed, and the notice shall be deemed conclusive evidence of the termination of this Lease and of all right of Lessee or those claiming under Lessee to the

Premises and Improvements. The foregoing sentence shall not apply in the event of a disputed termination of the Lease.

Subleases. At least 180 days prior to expiration of the Term, or immediately upon termination of the Lease, Lessee shall provide to County a current rent roll containing the contact information for all subtenants and other occupants and all subleases for such subtenants. Upon request by County prior to expiration of the Term, Lessee will provide all notices to subtenants required by applicable law with respect to expiration of the sublease term and any applicable relocation benefit requirements.

County Possession of Premises. If the manner or method employed by County to re-enter or take possession of the Premises pursuant to the provisions of this Lease gives Lessee a cause of action for damages or in forcible entry and detainer, the total amount of damages to which Lessee shall be entitled in any action shall be one dollar (\$1.00). This provision may be filed in any action brought by Lessee against County, and when filed shall constitute a stipulation by Lessee fixing the total damages to which Lessee is entitled in an action. Nothing in this Section shall preclude Lessee from seeking any equitable remedy including but not limited to (a) bringing an action to enjoin any County action or (b) requiring specific performance from the County.

Personal Property. Lessee's trade fixtures, furniture, furnishings, signs and other personal property (collectively, "Personal Property") not permanently affixed to the Premises or Improvements shall remain the property of the Lessee. Lessee shall, at its sole expense, immediately repair any damage caused to the Improvements or by reason of the Lessee's removal of any Personal Property.

Fixtures and Mechanical Equipment. Subject to Sections 3.3 and 3.4, all Mechanical Equipment and Fixtures shall become the property of County upon expiration or earlier termination of this Lease.

## **ARTICLE 4.**

### **RENT**

4.1 Rent. "Rent" under this Lease includes all of the following required payments.

Up Front Base Rent. On the Commencement Date, Lessee shall pay Five Hundred Thousand Dollars \$500,000 to County ("Up Front Base Rent").

Annual Base Rent. Commencing on the Conversion Date (which is the date on which the Lessee repays its bank construction loan or the date on which the construction loan converts into permanent financing, and shall in no event be later than four years from the Commencement Date of this Lease), Lessee shall pay Thirty Thousand Dollars \$30,000 per Lease Year ("Annual Base Rent") in advance in equal quarterly installments due on January 1, April 1, July 1, and October 1 of each year, without setoff, deduction, prior notice or demand. On the first day of the sixth (6th), eleventh (11th), sixteenth (16th), twenty-first (21st), twenty-sixth

(26th), thirty-first (31st), thirty-sixth (36th), forty-first (41st), forty-sixth (46th), fifty-first (51st), fifty-sixth (56th), sixty-first (61st), sixty-sixth (66th), seventy-first (71st), seventy-sixth (76th), eighty-first (81st), eighty-sixth (86th), ninety-first (91st), and ninety-sixth (96th) Lease Year following the Conversion Date (each a “Rent Adjustment Date”), the Annual Base Rent for the ensuing five (5) years of the Term or any partial period of less than five (5) years immediately prior to the expiration of the Term, shall be increased by five percent (5%) (“Periodic Rent Adjustment” or “Periodic Rent Adjustments”), so that, for example, the Annual Base Rent beginning on the first day of the 6<sup>th</sup> Lease Year will be \$31,500, and \$33,075 beginning on the first day of the 11<sup>th</sup> Lease Years, and \$34,728.75 beginning on the first day of the 16<sup>th</sup> Lease Year, and so on, with such adjustments continuing until the expiration of the Term. Following each Period Rent Adjustment, the equal quarterly payments shall be adjusted accordingly. The Annual Monitoring Cost to be paid by Lessee under the County Regulatory Agreement is included in the Annual Base Rent, such that Lessee’s obligation to pay the Annual Monitoring Cost to County shall be satisfied through County’s deduction of the Annual Monitoring Cost from Annual Base Rent payments required under this Section.

Residual Cash Flow. In addition to Up Front Base Rent and Annual Base Rent, Lessee shall pay County 25% of Surplus Cash (as defined below) as the “Residual Cash Flow Rent” on or before June 30 of each year following the Conversion Date (as defined in Section 4.1.2).

4.1.1.1 Surplus Cash. "Surplus Cash" means Project Income less Project Expenses. The 25% Surplus Cash to be paid to County is independent of, and shall no way be impacted by, any commitment by Lessee to pay any other entity any portion of the Project’s Surplus Cash, and County will not share any portion of its 25% of Surplus Cash with any other lender or other participant under any circumstances.

4.1.1.2 Project Income is, with respect to a particular calendar year, all revenue, income, receipts, and other consideration actually received from operation of leasing the Improvements and Project. Project Income shall include, but not be limited to: all rents, fees and charges paid by tenants, Section 8 payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements and proceeds from vending and laundry room machines. Project Income shall not include tenants' security deposits, loan proceeds, capital contributions or similar advances.

4.1.1.3 Project Expenses shall mean actual, reasonable and customary costs, fees and expenses directly attributable to the operation, maintenance and management of the Improvements and the Property, expressly including, without limitation: Rent and Additional Rent, debt service on any Project loan reasonably required in connection with the development, acquisition or operation of the Project (including but not limited to tax credit adjustors or shortfall payments, general partner or sponsor loans and limited partner loans); property taxes and assessments; onsite administrative costs (including salaries and benefits) or administrative costs relating to employees or agents of Lessee (including salaries and benefits ); coordination and provision of tenant services [ we need the expanded language due to senior population and 30% units]; bond issuer and servicing and other lender and lessor monitoring or

lending fees and costs; maintenance costs (including materials and labor); reasonable and customary payments necessary to maintain an operating reserve account to cover \_\_\_\_ ( ) months of Operating Expenses and debt service for the Affordable Units; reasonable and customary payments necessary to maintain a replacement reserve account for the Affordable Units, not to exceed \$\_\_\_\_ per unit per year, subject to annual adjustments equal to the increase, if any, in the CPI (and which may be further adjusted at refinance or resyndication to reflect current market conditions); painting, cleaning, repairs and alterations; landscaping; utilities; rubbish removal; certificates, permits and licenses; sewer charges; insurance; security; advertising, promotion and publicity; office, janitorial, cleaning and building supplies; cable television, satellite and similar facilities; recreational amenities, supplies and services; a reasonable property management fee for the Affordable Units, not to exceed \$\_\_ per unit per month, which shall be subject to annual adjustments equal to the increase, if any, in the CPI (and which may be further adjusted at refinance or resyndication to reflect current market conditions); reasonable Asset Management Fees not to exceed \$\_\_\_\_\_ at the Conversion Date, subject to annual adjustments equal to \_\_\_\_% o (and which may be further adjusted at refinance or resyndication to reflect current market conditions) until the expiration of the Term; purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings (other than from reserves); and fees and expenses of accountants, attorneys, consultants and other professionals not included with the amount designated for Asset Management Fees; deferred developer fee and other extraordinary expenses. The calculation of Project Expenses shall be subject to the reasonable approval of the County. "Asset Management Fee" shall mean those fees paid for the purpose of managing the affairs of the Lessee's partnership and any fee paid to the Tax Credit Investor for the purpose of managing the affairs of the Tax Credit Investor relating to the Project (including preparation of annual tax exemption filings, oversight of annual audits, and preparation of partnership financial statements).

4.1.1.4 Payment. Annually, not later than the last day of April, beginning with the year following the year in which the Conversion Date (as defined in 4.1.2) occurs, Borrower shall submit to County an audited Annual Financial Statement for the preceding calendar year, prepared by a certified public accountant reasonably acceptable to County, determining the amount of Surplus Cash, if any, generated in that year, together with payment of the Residual Cash Flow Rent for that previous calendar year. The first such Annual Financial Statement shall be for the partial year beginning on the Conversion Date and ending on December 31 of that year. County shall review and approve such Annual Financial Statement, or request revisions, within 30 days after receipt. If as a result of County's review of the statement, there is an increase in the amount of any payment due and payable to County (as the result, for example, of a determination that the actual amount of Surplus Cash to which the County is entitled exceeds the amount of County's Share of Surplus Cash shown in the Annual Financial Statement submitted by Borrower), Borrower shall promptly pay to the County the difference, with interest, from the date on which such payment was due, at the rate of five percent (5%) per annum. "Annual Financial Statement" means the annual audited financial statement of Project Income and Project Expenses and balance sheet for the Improvements, prepared at the Borrower's expense, by an independent certified public accountant reasonably acceptable to the County, which shall form the basis for determining the Surplus Cash.

4.1.1.5 Limitation. In any given year, the Residual Cash Flow Rent to be paid by Lessee to County shall not exceed the difference between (a) the fair market ground lease rental value of the Premises for that year, taking into consideration the use restrictions of this Lease and the Regulatory Agreement, and (b) the Annual Base Rent for that year, and the amortized amount of the Up Front Rent Payment attributable to that year (with the Up Front Lease Payment amortized over the entire Term for purposes of this calculation). If Lessee provides to County, at Lessee's expense, an appraisal by an MAIA certified appraiser reasonably approved by County, showing that the Residual Cash Flow Rent to be paid by Lessee to County for a given year would exceed the difference between the fair market ground lease rental value of the Premises for that year, taking into consideration the use restrictions of this Lease and the Regulatory Agreement, and the Up Front Base Rent (as amortized) and Annual Base Rent for that year, then the Residual Cash Flow Rent will be reduced in accordance with this limitation.

4.2 Additional Rent. Lessee shall pay, as additional rent ("Additional Rent"), all sums of money required to be paid pursuant to the terms of this Lease that are not payable as Rent. If time for payment of sums of money that qualify as Additional Rent are not expressly provided for in this Lease, the amounts or charges shall be payable as Additional Rent with the subsequent installment of Rent due. Nothing in this section shall be deemed to suspend or delay the payment of any Additional Rent at the time it becomes due and payable under this Lease or to limit any other remedy of County.

4.3 Address for Rent Payments. All Rent and Additional Rent due under this Lease shall be made payable to the County of San Diego, and shall be considered paid when delivered to:

County of San Diego  
Department of General Services - Fiscal Section  
5560 Overland Avenue, Suite 410  
San Diego, California 92123-1294

County may, at any time, by written notice to Lessee, designate a different address for the Rent payments, effective thirty (30) days after delivery of notice. County may, but is not obligated to, send quarterly Rent invoices to Lessee. Lessee assumes all risk of loss and responsibility for payment of late charges if Rent or Additional Rent payments are made by mail.

4.4 Failure to Pay Rent; Late Charge.

The late payment by Lessee of any Rent or Additional Rent will cause County to incur costs and expenses not contemplated under this Lease, the exact amount of which is difficult or impracticable to determine. These costs and expenses include, without limitation, administrative and collection costs, and processing and accounting expenses. If any Rent is not received by County before the sixth day of each calendar month, on the sixth day of the calendar month Lessee shall immediately pay to County a late charge equal to five percent (5.0%) of the overdue amount. If any Additional Rent is not received when due under this Lease, on the sixth day after the due date, Lessee shall immediately pay to County a late charge

equal to five percent (5.0%) of the overdue amount. These late charges represent a reasonable estimate of the costs and expenses and are fair compensation to County for its loss caused by Lessee's nonpayment. If Lessee pays the late charge but fails to pay all unpaid amounts of Construction Period Rent, Rent or Additional Rent due under this Lease, County's acceptance of the late charge shall not constitute a waiver of Lessee's default with respect to the nonpayment by Lessee nor prevent County from exercising all other rights and remedies available to County under this Lease or under law. If Lessee fails to pay Rent or Additional Rent at the time it is due and payable, any unpaid amounts shall bear interest at the rate of ten percent (10.0%) per year from the date due to the date of payment, calculated on the basis of monthly compounding with actual days elapsed compared to a 360-day year. However, interest shall not be payable on late charges incurred by Lessee nor on any amounts on which late charges are paid to the extent this interest would cause the total interest to be in excess of that legally permitted.

If a dispute arises between County and Lessee as to the correct amount of Rent or Additional Rent owed by Lessee, County may accept any sum tendered by Lessee as payment, without prejudice to County's claim as to the proper amount of Rent or Additional Rent owed. If it is subsequently determined that Lessee has not paid the full amount of Rent or Additional Rent, the late charge specified in this Lease shall apply only to that portion of the rent still due and payable from Lessee. Notwithstanding any provision of this Lease to the contrary, County's Lease Administrator may in its sole discretion waive any interest or late charge upon written application of Lessee.

**ARTICLE 5.**  
**RESERVED**

**ARTICLE 6.**  
**USE**

6.1 Acceptance of Premises. Prior to the Commencement Date, Lessee unconditionally accepted the condition of the Premises based on its own due diligence in accordance with the DDA. Lessee acknowledges that County has made no oral or written representations or warranties to Lessee regarding the condition of the Premises, and that Lessee has relied solely on its inspection of the Premises with respect to the condition of the Premises. The Premises is being leased in an "as is" condition, with no warranty, express or implied by County as to the condition of the soil, water, geology, or the presence of known or unknown faults, other site conditions, or the suitability of the Premises for the Project or the Improvements to be constructed by Lessee. If the soil, water, geology, or the presence of known or unknown faults, or other site conditions is not in all respects entirely suitable for the Improvements it is the sole responsibility and obligation of Lessee to take the necessary action to place the Premises in a condition entirely suitable for the development of the Project and construction of the Improvements.

6.2 Permitted Uses. Lessee covenants and agrees for itself, its successors, its assigns and every successor in interest to the Premises, that Lessee, such successors and such assignees shall use the Property only for development and operation of affordable housing and

commercial retail purposes consistent with the Final Plans, City planning approvals for the Project, the County Regulatory Agreement, and this Lease (“Permitted Uses”). No change in the use of the Premises is permitted without the prior written approval of County.

6.3 Duties and Prohibited Conduct. If Lessee is reasonably in doubt as to the propriety of any particular use of the Premises, Lessee may request the written determination regarding the use from the County’s Lease Administrator, and Lessee will not be in breach or default under this Lease with respect to that particular use if Lessee abides by the determination. Lessee shall not use nor permit the use of the Premises in any manner that will create waste or a nuisance. Lessee shall not use, nor permit any person or persons to use the Premises for the sale or display of any goods and/or services that are in violation of Laws (defined below). Lessee shall keep the Premises in a decent, safe and sanitary condition, free from any objectionable noises or odors, except as may be typically present for the Permitted Uses specified in this Lease.

6.4 Compliance with Laws.

Lessee, at Lessee’s sole expense, shall procure, maintain and hold available for County’s inspection any governmental license or permit required for the proper and lawful conduct of Lessee’s business. Lessee shall, at Lessee’s sole expense, shall at all times during the Term promptly comply with all applicable federal, State and local laws, rules, regulations, orders, covenants and restrictions of record, and requirements regulating the use by Lessee of the Premises and Improvements (“Laws”), whether or not the Laws were in effect at the time this Lease was executed. The final judgment of any court of competent jurisdiction, or the admission of Lessee or any sublessee or permittee, in any action or proceeding against Lessee or any sublessee or permittee, whether or not the County is a party to the action or proceeding, that Lessee, or any sublessee or permittee, has violated any law, statute, ordinance, rule, regulation, orders, covenant, restriction or requirement pertaining to the use of the Premises and Improvements, shall be conclusive as to that fact as between County and Lessee.

Notwithstanding any other provision of this Lease to the contrary, Lessee shall be responsible for payment of all costs of complying with the requirements of the Americans with Disabilities Act of 1990 (“ADA”) (42 USCS Sections 12101-12213), Title 24 of the California Code of Regulations (“Title 24”) and State of California Civil Code Section 54.1 as they may apply to the Premises and Improvements. Lessee’s obligations under this Lease shall include, without limitation, all costs of bringing the Premises and Improvements into compliance, and thereafter maintaining compliance with the requirements of Title III of the ADA (“Title III”) (42 USCS Sections 12181 - 12189) applicable during the Term as to the public accommodations and commercial facilities (but not to any residential spaces or residential services or serving spaces that are not subject to Title III), regardless of whether or not the particular requirements of compliance (i) are specifically required by the Permitted Uses of the Premises and Improvements, or (ii) may also be required of County under Title II of the ADA (“Title II”) (42 USCS Sections 12131 - 12165).

Lessee’s duty to comply with Laws shall include compliance with any and all zoning and land use regulations applicable to the Premises and Lessee’s intended use of the Premises (“Land Use Regulations”). County’s execution of this Lease shall in no way be

deemed to constitute a determination by County that Lessee's intended use of the Premises complies with applicable Land Use Regulations, nor shall it imply any conclusion by County regarding Land Use Regulations, even if County is the agency that enacts or implements the Land Use Regulations applicable to the Premises.

6.5 Substance Abuse. Lessee and its employees and agents shall not use or knowingly allow the use of the Premises for the purpose of unlawfully driving a motor vehicle or aircraft under the influence of an alcoholic beverage or any drug, or for the purpose of unlawfully selling, serving, using, storing, transporting keeping, manufacturing or giving away alcoholic beverages or any "controlled substance", precursor or analog specified in Division 10 of the State of California Health and Safety Code.

6.6 Compliance With Stormwater Laws. Lessee's use of the Premises and Improvements is subject to all federal, state and local laws, regulations, orders, policies and guidelines ("Stormwater Laws") regarding the discharge of pollutants into the stormwater conveyance system. Lessee's compliance with Stormwater Laws may require Lessee to develop, install, implement and maintain pollution prevention measures, source control measures and Best Management Practices ("BMPs"). BMPs can include operational practices, water or pollutant management practices, physical site features, or devices to remove pollutants from stormwater to affect the flow of stormwater or to infiltrate stormwater to the ground. BMPs applicable to Lessee's use of the Premises or Improvements may include a requirement that all materials, wastes or equipment with the potential to pollute urban runoff be stored in a manner that either prevents contact with rainfall and stormwater, or contains contaminated runoff for treatment and disposal. Lessee is required to, and shall use, operate, maintain, develop, redevelop and retrofit the Premises and Improvements, as necessary, in accordance with Stormwater Laws restricting the discharge of non-stormwater at or from the Premises or Improvements and Stormwater Laws requiring pollution prevention measures, source control measures, or the installation or use of BMPs. Lessee shall develop, install, implement and/or maintain at Lessee's sole cost and expense, any BMPs or similar pollution control devices required by Stormwater Laws and any implementing regulations or guidance. Lessee understands and acknowledges that the Stormwater Laws applicable to Lessee's use of the Premises or Improvements may be changed from time to time by federal, state and/or local authorities, and that additional requirements may become applicable based on changes in Lessee's activities or development or redevelopment by Lessee or County. Lessee shall conduct annual stormwater training and perform regular stormwater self-inspections, maintain records of all stormwater training and self-inspections, and provide all necessary documentation to County upon request. Lessee shall promptly supply County with copies of notices of violations, notices of non-compliance, or other similar type notices received from regulatory agencies regarding any issues or conditions at the Premises or Improvements related to stormwater and non-stormwater management practices, any discharge in stormwater or non-stormwater from the Premises or Improvements, or any prohibited discharge of non-stormwater from the Premises or Improvements. Lessee shall also provide the County with copies of the final reports Lessee submits to any regulatory agency regarding investigation and/or remediation of stormwater or non-stormwater pollution related issues at the Premises or Improvements and/or prohibited discharges of non-stormwater from the Premises or Improvements. Lessee shall develop, install, implement, and maintain any requested BMPs, corrective actions, and/or other pollution control practices at the Premises or Improvements at

Lessee's sole cost and expense. To the extent there is a conflict between any federal, State or local law, Lessee shall comply with the more restrictive provision. If County receives any fine or fines from any regulatory agency as a result of Lessee's failure to comply with Stormwater Laws, Lessee shall reimburse County for the entire amount of the fine(s).

6.7 Prevailing Wage. Work performed by Lessee or its contractor(s) may be a "public work" for prevailing wage purposes. Lessee hereby expressly acknowledges and agrees that County has never previously represented to the Lessee or its contractor(s) for the Improvements in writing or otherwise, that any work under this Lease is not a "public work," as defined in Section 1720 of the Labor Code. It is not the intent of this Lease to impose an obligation to pay prevailing wages on work otherwise exempt from State of California prevailing wage laws. Lessee is solely responsible for ensuring prevailing wages are paid when required. Projects subject to the payment of prevailing wages are subject to compliance monitoring and enforcement by the State of California Department of Industrial Relations, among other requirements. Lessee is solely responsible for ensuring all required job site postings and all certified payroll and other reporting applicable to it as an awarding body are completed, and all other requirements are met in accordance with State of California prevailing wage regulations. Information regarding prevailing wage requirements can be obtained from the Director, Department of Industrial Relations at [www.dir.ca.gov](http://www.dir.ca.gov), State of California Labor Code Section 1720, et seq., and Title 8 of the State of California Code of Regulations, Section 16000, et seq.

In connection with the development and construction (as defined by applicable law) of the Improvements, including, without limitation, any public work (as defined by applicable law), if any, Lessee shall bear all risks of payment or non-payment of state prevailing wages and compliance with all requirements under State of California Labor Code Section 1720, et seq., and Title 8 of the State of California Code of Regulations, Section 16000, et seq., and all related statutes, regulations, and policies.

In addition to and without limiting any other indemnification and related provisions of this Lease, to the fullest extent permitted by law, Lessee shall indemnify, protect, defend and hold harmless the County its officers, employees, contractors, agents and attorneys, with counsel reasonably acceptable to County, from and against any and all loss, liability, damage, claim, cost, expense, and/or "increased costs" (including labor costs, penalties, reasonable attorney's fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development and/or construction (as defined by applicable law) of the Improvements, including, without limitation, any and all public works (if any) (as defined by applicable law), results or arises in any way from noncompliance with any requirements under State of California Labor Code Section 1720, et seq., and Title 8 of the State of California Code of Regulations, Section 16000, et seq., and all related statutes, regulations, and policies.

The foregoing indemnity shall survive completion of the Project and any termination or expiration of this Lease.

## UTILITIES

6.8 Utilities. Lessee shall provide and pay for all initial utility deposits and fees, and for all utilities and services necessary for its use of the Premises during the Term, including but not limited to gas, water, electricity, trash, sewer/septic tank charges and telephone. County shall have no responsibility to either provide or pay for any utilities or services. If any services are not separately metered or billed to Lessee but rather are billed to and paid by County, Lessee will pay to County its prorated share of the cost of the services, as determined by County, together with its prorated share of the cost of making the determination. County shall not be liable for any reason for any loss or damage resulting from an interruption of any of utilities or services.

6.9 Recycling Program. The County, in cooperation with other local public agencies, strongly encourages the recycling of glass, paper, cans, food waste, and other recyclable or reusable products and materials to reduce the carbon footprint and preserve space in local landfills. From and after the Commencement Date, County and Lessee shall work together to develop programs, materials, and signage to educate employees, sublessees, and visitors on the proper separation of recyclable materials

## **ARTICLE 7.** **MECHANICS' LIENS**

7.1 Mechanics' Liens. Lessee shall pay, or cause to be paid, all costs for work done by it, or caused to be done by it, on the Premises, and for all materials furnished for or in connection with any work on the Premises. If any lien is filed against the Premises, Lessee shall cause the lien to be discharged of record within twenty (20) business days after it is filed. In addition to and without limiting any other indemnification obligations under this Lease, Lessee shall indemnify, defend and hold County harmless from any and all liability, loss, damage, costs, attorneys' fees and all other expenses on account of claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished for Lessee or persons claiming under Lessee. This obligation to indemnify, defend, and hold harmless will survive the expiration or termination of this Lease.

7.2 Contest of Lien. If Lessee contests any lien filed against the Premises, it shall furnish County, within the twenty (20) day period following filing of the lien, security reasonably satisfactory to County of at least one hundred fifty percent (150.0%) of the amount of the lien, plus estimated costs and interest ("Lien Security Amount"), or a bond of a responsible corporate surety equal to the Lien Security Amount, conditioned on the discharge of the lien. If a final judgment establishing the validity or existence of a lien for any amount is entered, Lessee shall immediately pay and satisfy the judgment.

7.3 Right to Cure. If Lessee is in default in paying any charge for which a mechanics' lien claim and suit to foreclose the lien have been filed, and has not given County security equal to the Lien Security Amount to protect the property and County from liability for the claim of lien, County may, but shall not be required to, pay the claim. Any related costs, and the claim amount paid, together with reasonable attorneys' fees incurred in connection with paying the claim ("Lien Costs") shall be immediately due and payable from Lessee to County as

Additional Rent, and Lessee shall pay the Lien Costs to County with interest at the rate specified in Section 17.5 Interest, of this Lease calculated from the date(s) of County's payment of the Lien Costs to Lessee's payment of the Lien Costs to County.

7.4 Notice of Lien. If any claim of lien is filed against the Premises or any action against the Premises or any action affecting the title to the property of which the Premises is a part is commenced, the party receiving notice of the lien or action shall immediately give the other party written notice of the lien or action.

7.5 Notice of Nonresponsibility. County or its representatives shall have the right to enter and inspect the Premises, subject to the rights of subtenants, at all reasonable times and shall have the right to post and keep posted on the Premises notices of nonresponsibility or other notices which County may deem to be proper for the protection of County's interest in the Premises. Lessee shall, on behalf of the County, before the commencement of any work which might result in any lien, post and maintain on the Premises, as record against the Premises, all notices of nonresponsibility providing for by the mechanics' lien laws of the State of California.

## **ARTICLE 8.** **SECURITY**

From and after the Commencement Date, County will have no responsibility for security of the Premises and Lessee, at its sole expense, shall be solely responsible for security of the Premises, and shall provide for such security through appropriate measures as reasonably determined by Lessee.

## **ARTICLE 9.** **DEVELOPMENT OBLIGATIONS; IMPROVEMENTS;** **PERSONAL PROPERTY; FIXTURES**

9.1 Development of the Project. As partial consideration and security for the granting of this Lease by County, Lessee shall complete the development, design, and construction of the Improvements in accordance with the Final Plans, as defined in 9.4, prior to the expiration of the Construction Period, subject to Section 3.1.1. The County's review, direction, or approval throughout the design and construction of the Improvements shall not diminish, modify, or alter the duties, responsibilities, and obligations of the Lessee as specified in this Lease, nor shall it impose any financial obligation or other liability upon the County. The Project shall consist of capital improvements constructed in accordance with the requirements of this Lease.

9.2 Construction Requirements. All Improvements made to the Premises shall be made under the supervision of a competent architect or licensed structural engineer and made in conformity with applicable governmental approvals. All work with respect to the Improvements must be performed in a good and workmanlike manner, and be diligently completed. Upon completion of the Improvements, the Lessee shall record a Notice of

Completion in the office of the San Diego County Recorder, as required or permitted by law, and the Lessee shall deliver to County, within ten (10) days after completion of the work, a copy of the Certificate of Occupancy, and the building permit for the work. Lessee shall construct all Improvements in accordance with all applicable laws and regulations.

9.3 Construction Plans. Within sixty (60) days following completion of any Improvements on the Premises, Lessee shall furnish County with one (1) complete set of construction set plans including all RFI notes. CAD files are also to be converted to Acrobat Reader (\*.pdf format), which shall be included on disk, CD ROM or external storage device.

9.4 Plans and Specifications. Pursuant to the DDA, the Lessee has delivered to County's Lease Administrator the plans and specifications prepared by the Lessee's architect, including the following (collectively the "Plans"):

- Conceptual plans and site layout
- Building design and architectural treatment
- Exterior elevations
- Landscaping specifications

County's Lease Administrator shall have the right to approve the Plans and all Material Changes to the Plans, which approval shall not be unreasonably withheld, conditioned or delayed. County's Lease Administrator shall approve or disapprove the Plans within sixty (60) days after receipt. If County's Lease Administrator disapproves the Plans, County's Lease Administrator's disapproval shall include detailed objections, and County and Lessee shall promptly meet and resolve any dispute. "Approved Plans" as used in this Lease means the Plans as approved by County's Lease Administrator and Lessee, including any Material Changes approved by the County's Lease Administrator and Lessee. Any changes made to the Approved Plans which are required by the City of San Diego or its permitting authority shall be subject to the reasonable approval by County, which approval shall be granted if the changes do not result in any materially adverse impact to County's interests under this Lease. The Plans set forth in the Entitlements shall be deemed the "Final Plans". The term "Material Changes" means changes to the Plans or Final Plans that (a) increase or decrease the height or footprint of the Improvements, (b) materially modify exterior visual elements of the Improvements or (c) modify material elements of the landscape or streetscape.

9.5 Contract for Construction. The contractor shall be bondable and shall meet all licensing and insurance requirements of the State of California. The items set forth below shall be incorporated as "Special Conditions" into the contract between the Lessee and its contractor (with a copy of the contract to be furnished County for County's reasonable approval prior to the commencement by Lessee):

- (1) Prior to start of the construction, contractor shall provide County with a construction schedule in "bar graph" form indicating the completion dates of the applicable portion of the Improvements.

(2) Contractor shall be responsible for the repair, replacement or cleanup of any damage done by contractor to others' property.

(3) Contractor shall contain its storage of materials and its operations within the Premises and other off-site space as contractor may be assigned by Lessee or County through a separate right of entry permit, or as contractor may otherwise control.

(4) All trash and surplus construction materials shall be stored within the Premises or at such other reasonable places as may be provided by Lessee, and shall be promptly removed from the Premises at the sole cost of the contractor.

(5) Contractor shall provide temporary utilities, portable toilet facilities and potable drinking water as required for its work within the Premises or at an off-site construction location staging location approved by Lessee.

(6) Contractor shall notify the County's Lease Administrator of any planned work to be performed on weekends or other than regular job hours.

(7) Contractor shall be responsible for compliance with all applicable codes and regulations of duly constituted authorities having jurisdiction insofar as the performance of the construction work is concerned for all work performed by contractor, and all applicable safety regulations, and Contractor shall save and hold County harmless for the construction work.

Except as may be required by law or lenders and investors funding the construction of the Improvements in accordance with applicable law, contractor or subcontractors shall not post signs on any part of the Premises that are not consistent with industry standard without the prior approval of County, which may be withheld, conditioned or revoked at County's sole and absolute discretion.

#### 9.6 Performance of Work.

Diligent Construction. Lessee shall cause its contractor to diligently commence and complete the actual construction of the applicable Improvements (a) in a good and workmanlike manner by well-trained, adequately supervised workers; (b) in substantial compliance with the Final Plans; (c) in compliance with all governmental and quasi-governmental rules, regulations, laws and building codes (including safety requirements), and all requirements of the insurers of Lessee, County and contractor and lenders; and (d) in a manner free from all design, material and workmanship defects.

County's Rules, Requirements. Lessee must take all reasonably necessary measures to protect the adjacent property of County from Lessee's construction activities.

County's Right to Enter. County shall have the right during construction of the Improvements to enter the Premises for the purpose of inspecting construction progress. County will use its best efforts to minimize interference with Lessee's construction of the Improvements and will give prior reasonable notice to Lessee and contractor of County's desire

to enter the Premises. Entry shall be subject to compliance with jobsite health and safety rules (e.g., hard hats, safety vests, etc.).

Mechanic's Liens. Lessee shall cause the Improvements to be constructed free of any vendor's, mechanics' or workers' or other liens, as further provided in ARTICLE 7.

Reports. Upon the request of the County, Lessee shall deliver to, within ten (10) business days after County's request, copies of all studies, reports and similar information, including all supplements, addenda and updates of the information, regarding the physical condition of the Premises (e.g., soils, geotechnical, hydrological, and environmental reports, studies, assessments and tests) obtained by Lessee except those prepared by Lessee's legal counsel and subject to attorney client privilege.

9.7 Bonds. Lessee shall obtain or cause its contractor ("Contractor") to obtain payment and performance bonds ("Bonds") covering the faithful performance of the contract for the construction of the Improvements and the payment of all obligations arising under the contract. As an alternative to Bonds, the Lessee may provide other security regarding construction of the Project as approved by the County in its discretion. The Bonds shall be on forms approved by County and shall be issued by a surety satisfactory to County. The surety shall have a current A.M. Best rating of A-5, or better, and shall be currently licensed to transact its insurance business in the State of California. The Bonds shall (i) name County as a co-obligee (together with Lessee and Lessee's Project lenders to the extent required by such lenders), (ii) name Contractor as principal, and (iii) assure full and satisfactory completion of the Improvements within the time required under this Lease. The Bonds shall also guarantee that (i) all materials and workmanship supplied and/or installed as part of the Improvements shall be free from original or developed defects, and (ii) any original or developed defects or failures which appear in the Improvements within one (1) year after installation shall be repaired and/or replaced with all due diligence, at no cost to Lessee or County. The Bonds shall be maintained in full force and effect by Lessee during the construction and installation of the Improvements and for a period of one year after completion of the Improvements. Lessee shall ensure that the surety company familiarizes itself with all of the terms and conditions of this Agreement and shall require the surety company to waive (i) notification of any modifications or alterations of the Plans approved by County (including any extension of the Construction Period), and (ii) its rights under the provisions of State of California Civil Code Section 2819. The cost of the Bonds shall be paid by Lessee.

9.8 Completion of Improvements. For purposes of satisfaction of the development obligation under Section 9.1, completion of development of the Improvements shall be deemed to have occurred upon Lessee's submission to County's Lease Administrator of all of the following documents: The final Certificate of Occupancy for the Improvements, as issued by the City of San Diego;

9.8.2 Copies of legally sufficient releases for all mechanics' liens or other liens affecting the Premises or Improvements;

9.8.3 A certified copy of a notice of completion, recorded by Lessee in accordance with State law;

9.8.4 Copies of all building permits, indicating inspection and approval by the issuer of the permits; and

9.8.5 An architect's or engineer's certification that the Improvements have been constructed in accordance with the Final Plans and are one hundred percent (100.0%) complete in accordance with this Lease.

**ARTICLE 10.**  
**IMPROVEMENTS; OPTIONAL IMPROVEMENTS**

10.1 County Not Responsible for Taxes and Assessments Accruing Against Lessee. Anything to the contrary in this Lease notwithstanding, County shall not pay any taxes or assessments accruing against Lessee on the Premises or any interest of Lessee in the Premises before, during, or after the Term, and all tax payments and assessments arising from the Leasehold Estate shall be the sole responsibility of Lessee.

10.2 Lessee's Responsibility for Taxes and Assessments. From and after the Commencement Date, Lessee shall be solely responsible for payment of any taxes or assessments levied upon any Improvements, Fixtures, or Personal Property located on the Premises, to the extent that the taxes or assessments result from the business or other activities of Lessee upon, or in connection with, the Premises. As used in this Lease, the term "taxes" means all taxes, governmental bonds, special assessments, Mello-Roos assessments, charges, rent income, or transfer taxes, license and transaction fees, including, but not limited to, (i) any state, local, federal, personal or corporate income tax, or any real property or personal property tax, (ii) any estate inheritance taxes, (iii) any franchise, succession or transfer taxes, (iv) interest on taxes or penalties resulting from Lessee's failure to pay taxes, (v) any increases in taxes attributable to the sale of the Leasehold Estate, or (vi) any taxes which are essentially payments to a governmental agency for the right to make improvements to the Premises. Lessee shall pay all taxes when due, and shall not allow any taxes, assessments or fees to become a lien against the Premises or any Improvements on the Premises. Lessee shall not be prevented or prohibited from contesting the validity of any tax, assessment or fee in a manner authorized by law.

10.3 Section 107.6 Statement. Pursuant to California Revenue and Taxation Code Section 107.6, Lessee is notified that the terms of this Lease may result in the creation of a possessory interest, and if a possessory interest is vested in Lessee, Lessee may be subjected to the payment of real property taxes levied on the possessory interest.

**ARTICLE 11.**  
**REPAIRS; MAINTENANCE**

11.1 Lessee's Repair and Maintenance Obligations. Lessee, at its sole expense, shall at all times during the Term of this Lease repair, maintain in good and tenantable condition

and replace, as necessary, the Premises, the Improvements, all Fixtures and other equipment installed in the Premises, including all items of repair, maintenance, alteration, improvement or reconstruction that may be required at any time or from time to time by a governmental agency having jurisdiction over the Premises. These obligations shall apply regardless of whether the repairs, restorations and replacements are ordinary or extraordinary, foreseeable or unforeseeable, capital or noncapital, or the fault or not the fault of Lessee, its agents, employees, invitees, visitors, sublessees or contractors. All replacements made by Lessee shall be made in accordance with this Lease and shall be of like size, kind and quality to the items replaced. Lessee shall provide for trash removal, at its sole expense, and shall maintain all trash receptacles and trash areas in a clean, orderly and first-class condition.

11.2 Lessee's Failure to Maintain. If Lessee refuses or neglects to repair, replace, or maintain the Premises and Improvements in a manner reasonably satisfactory to County, County may, upon giving to Lessee written notice and opportunity to cure in accordance with ARTICLE 16, make the repairs or perform the maintenance on behalf of and for the account of Lessee. If County makes or causes any repairs to be made or performed, as provided for in this Lease, Lessee shall pay the cost of the repairs or maintenance to County, including administrative costs, as Additional Rent, promptly upon receipt of an invoice for the work.

11.3 County Not Obligated to Repair or Maintain; Lessee's Waiver of State of California Civil Code Section 1942. To the extent that any remedies specified in this Lease conflict or are inconsistent with any provisions of State of California Civil Code Section 1942 ("CC Section 1942"), or any successor statute to CC Section 1942, the provisions of this Lease shall control. Lessee specifically waives any right it may have pursuant to CC Section 1942 to effect maintenance or repairs to the Premises and to abate and resulting costs from Rent or Additional Rent due to the County under this Lease.

## **ARTICLE 12.**

### **EXCULPATION, INDEMNIFICATION AND INSURANCE**

12.1 Definition of "Lessee Parties" and "County Parties". For purposes of this Lease, the term "Lessee Parties" refers singularly and collectively to Lessee and Lessee's officers, members, partners, agents, affiliates, lenders, employees, and independent contractors as well as to all persons and entities claiming through any of these persons or entities. The term "County Parties" refers singularly and collectively to County and its elected officials, officers, directors, affiliated entities, agents, servants, and employees.

12.2 Exculpation. The following exculpation provisions ("Exculpation Provisions") shall apply:

Exculpation. To the fullest extent permitted by law, Lessee, on its behalf and on behalf of all Lessee Parties, waives all claims (in law, equity, or otherwise) against County Parties arising out of, knowingly and voluntarily assumes the risk of, and agrees that County Parties shall not be liable to Lessee Parties for any of the following:

12.2.1.1 Injury to or death of any person; or

12.2.1.2 Loss of, injury or damage to, or destruction of any tangible or intangible property, including the resulting loss of use, economic losses, and consequential or resulting damage of any kind from any cause.

County Parties shall not be liable under this section regardless of whether the liability results from any active or passive act, error, omission, or negligence of any of the County Parties; or is based on claims in which liability without fault or strict liability is imposed or sought to be imposed on any of the County Parties.

No County Party, other than the County shall have any personal liability or responsibility for any of the responsibilities or liabilities of County under this Lease. No Lessee party, other than Lessee, shall have any personal liability or responsibility for any of the responsibilities or liabilities of Lessee under this Lease, unless and until the Lessee Party because lessee under this Lease or any new lease provided under the terms of this Lease.

Survival of Exculpation Provisions. The provisions of this Section 12.2 shall survive the expiration or earlier termination of this Lease until all claims within the scope of the Exculpation Provisions are fully, finally, and absolutely barred by the applicable statutes of limitations.

Lessee's Acknowledgment of Fairness. Lessee acknowledges that the Exculpation Provisions of this Lease were negotiated with County, that the consideration for the Exculpation Provisions is fair and adequate, and that Lessee had a fair opportunity to negotiate, accept, reject, modify, or alter the Exculpation Provisions of this Lease.

No Exculpation for Non-delegable Duties. The Exculpation Provisions of this Lease may not be interpreted or construed as an attempt by County to be relieved of liability arising out of a non-delegable duty on the part of County.

Waiver of Civil Code Section 1542. With respect to the Exculpation Provisions of this Lease, Lessee waives the benefits of State of California Civil Code Section 1542, which provides:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

Notwithstanding anything to the contrary in this Section 13.2.5, this release does not apply to any claim arising from (1) County's access or use of the Premises pursuant to any easement or other access rights provided by Lessee, (2) the gross negligence or willful misconduct of County Parties, and (3) any claims arising from the Interim Lease or Demolition (as such terms are defined in the DDA).

12.3 Indemnification. The following indemnification provisions (“Indemnification Provisions”) shall apply:

Lessee's Indemnification of County Parties. To the fullest extent permitted by law, Lessee shall, at Lessee's sole expense and with counsel reasonably acceptable to County, indemnify, protect, defend, and hold harmless ("Lessee's Indemnification") County Parties from and against all Claims (defined in Section 12.3.2), from any cause, arising out of or relating (directly or indirectly) to this Lease, the tenancy created under this Lease, or the Premises and Improvements, including, without limitation:

12.3.1.1 The use or occupancy, or manner of use or occupancy, of the Premises and Improvements, by Lessee Parties, or of any invitee, guests, sublessee, or licenses, or any other person occupying or using the Premises and Improvements;

12.3.1.2 Any act, error, omission, or negligence of Lessee Parties or of any invitee, guest, sublessee or licensee of Lessee Parties in, on, or about the Premises and Improvements;

12.3.1.3 Lessee's conducting of its business;

12.3.1.4 Any alterations, activities, work, or things done, omitted, permitted, allowed, or suffered by Lessee Parties in, at, or about the Premises and Improvements, including construction of Improvements,

12.3.1.5 The violation of or failure by Lessee Parties to comply with any applicable laws, standards, rules, regulations, orders, decrees, or judgments; and

12.3.1.6 Any breach or default in performance of any obligation on Lessee's part to be performed under this Lease, whether before or during the Term or after the expiration or earlier termination of the Term.

Definition of Claims. For purposes of this Lease, "Claims" means any and all claims, losses, costs, damage, expenses, liabilities, liens, actions, causes of action (whether in tort or contract, law or equity, or otherwise), charges, assessments, fines, and penalties of any kind (including consultant and expert expenses, court costs, and attorneys' fees actually incurred).

Type of Injury or Loss. Lessee's Indemnification extends to and includes Claims for:

12.3.1.7 Injury to any persons (including death at any time resulting from that injury);

12.3.1.8 Loss of, injury or damage to, or destruction of property (including all loss of use resulting from that loss, injury, damage, or destruction); and

12.3.1.9 All economic losses and consequential or resulting damage of any kind.

Active or Passive Negligence; Strict Liability. Except as provided in this section, Lessee's Indemnification shall apply, without limitation, to Claims caused by the concurrent negligent act or omission, whether active or passive, of County Parties, and regardless of whether liability without fault or strict liability is imposed or sought to be imposed on County Parties. Lessee's Indemnification shall not apply to the extent that a final judgment of a court of competent jurisdiction establishes that a Claim was caused solely by the negligence or willful misconduct of a County Party.

Indemnification Independent of Insurance Obligations. The Indemnification Provisions provided in this Lease may not be construed or interpreted as in any way restricting, limiting, or modifying Lessee's insurance or other obligations of this Lease and is independent of Lessee's insurance and other obligations. Lessee's compliance with the insurance requirements and other obligations of this Lease shall not in any way restrict, limit, or modify Lessee's Indemnification obligations under this Lease.

Survival of Indemnification. The Indemnification Provisions of this Section 12.3 shall survive the expiration or earlier termination of this Lease until all Claims against County Parties involving any of the indemnified matters are fully, finally, and absolutely barred by the applicable statutes of limitations.

Duty to Defend. Lessee's duty to defend County Parties is separate and independent of Lessee's duty to indemnify County Parties. The duty to defend includes claims for which County Parties may be liable without fault or strictly liable. The duty to defend applies regardless of whether the issues of negligence, liability, fault, default, or other obligation on the part of Lessee Parties have been determined. The duty to defend applies immediately, regardless of whether County Parties have paid any sums or incurred any detriment arising out of or relating (directly or indirectly) to any Claims. It is the express intention of County and Lessee that County Parties be entitled to obtain summary adjudication or summary judgment regarding Lessee's duty to defend County Parties at any stage of any claim or suit within the scope of the Indemnification Provisions. Notwithstanding the forgoing, if a final judgment of a court of competent jurisdiction establishes that a Claim was caused by the gross negligence or willful misconduct of a County Party, County shall be responsible for the costs of defending that Claim.

12.4 Insurance. Without limiting Lessee's Indemnification obligations under this Lease, Lessee shall at its sole expense provide and maintain during the Term and for any other period required in this Lease, insurance in the amounts and form specified in this section and in EXHIBIT "B" INSURANCE REQUIREMENTS - CONSTRUCTION PERIOD and EXHIBIT "C" INSURANCE REQUIREMENTS - OPERATIONS PERIOD of this Lease.

Compliance with Insurer Requirements. Lessee shall, at Lessee's sole expense, comply with all requirements, guidelines, rules, orders, and similar mandates and directives pertaining to the use of the Premises, imposed by Lessee's insurers.

Survival of Insurance Requirements. Lessee shall, at Lessee's sole expense, maintain in full force and effect the insurance required under this Lease and shall name

County Parties and any lender specified by County as additional insureds, for a period of no less than two (2) years after expiration or earlier termination of this Lease.

Insurance Independent of Exculpation and Indemnification. The insurance requirements set forth in this Lease are independent of Lessee's exculpation, indemnification, and other obligations under this Lease and shall not be construed or interpreted in any way to restrict, limit, or modify Lessee's exculpation, indemnification, and other obligations or to limit Lessee's liability under this Lease.

### **ARTICLE 13.** **HAZARDOUS MATERIALS**

13.1 Hazardous Materials Laws - Definition. As used in this section, the term "Hazardous Materials Laws" means any and all federal, state or local laws, rules, decrees, orders, regulations or court decisions (including "common law"), including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C., §9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C., §1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C., §6901 et seq.), the California Hazardous Waste Control Act and the Carpenter-Presley-Tanner Hazardous Substance Act, State of California Health and Safety Code Section 25100, et seq., and Section 25300, et seq., the California Environmental Quality Act of 1970, and the Porter-Cologne Water Quality Control Act, Cal. Water Code Section 13000, et seq. relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises, soil and ground water conditions or other similar substances or conditions.

13.2 Hazardous Materials - Definition. As used in this Lease the term "Hazardous Materials" means any chemical, compound, material, substance or other matter that:

Is a flammable, explosive, asbestos, radioactive nuclear medicine, vaccine, bacteria, virus, hazardous waste, toxic, overtly injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials;

Is controlled, referred to, designated in or governed by any Hazardous Materials Laws;

Gives rise to any reporting, notice or publication requirements under any Hazardous Materials Laws; or

Is any other material or substance giving rise to any liability, responsibility or duty upon the County or Lessee with respect to any third person under any Hazardous Materials Law.

Lessee Obligations. During the Term of this Lease, or for any longer period specified in this Lease, Lessee shall comply with the following provisions unless otherwise specifically approved in writing by County's Lease Administrator:

From and after the Commencement Date, Lessee shall not cause or permit any Hazardous Materials to be brought, kept, or used in or about the Premises or the Improvements by Lessee, its agents, employees, sublessees, assigns, contractors or invitees, except as is customary in by Lessee's Permitted Uses of the Premises, as described in Section 6.2, such as, for example, customary amounts of residential and retail cleaning supplies.

Any handling, transportation, storage, treatment or usage by Lessee of Hazardous Materials that is to occur on the Premises or the Improvements following the Commencement Date shall be in compliance with all applicable Hazardous Materials Laws.

Any leaks, spills, release, discharge, emission or disposal of Hazardous Materials that may occur on the Premises or the Improvements following the Commencement Date shall be promptly and thoroughly cleaned and removed from the Premises or the Improvements by Lessee at its sole expense, and any discharge shall be promptly reported in writing to County, and to any other appropriate governmental regulatory authorities.

No friable asbestos shall be constructed, placed on, deposited, stored, disposed of, or located by Lessee in the Premises or the Improvements.

No underground improvements related to the storage or extraction of Hazardous Materials or resources, including but not limited to treatment or storage tanks, or water, gas or oil wells shall be located by Lessee on the Premises or the Improvements without County's prior written consent; except that Lessee may construct and operate water collection and treatment facilities as required by Laws.

Lessee shall, at Lessee's sole cost and expense, conduct and complete all investigations, studies, sampling, and testing procedures and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials in accordance with applicable Hazardous Materials Laws and as required by applicable law on, from, or affecting the Premises or the Improvements, regardless of the source or original location of such Hazardous Materials, in accordance with all applicable Hazardous Materials Laws and as may additionally be required by any Leasehold Mortgagee and Tax Credit Equity Investors.

Activities proposed by the Lessee that involve disturbing asbestos materials on site shall only be conducted in accordance with all federal, state and local asbestos rules and regulations including, but not limited to, the California Occupational Safety and Health Administration (Cal/OSHA), Environmental Protection Agency (EPA) and Air Pollution Control District (APCD), with prior written consent of the County, as follows:

Prior to conducting asbestos related activities, the Lessee shall notify the County of the proposed work at least one month in advance. The notification shall include the location of work, type of asbestos containing material (ACM) to be removed and a work plan indicating the work practices and methods of control to be used during the abatement activity to control asbestos fiber release. The County Occupational Health Program shall review the work plan and may modify the plans as necessary.

Any asbestos related activities shall be performed by a contractor that is registered with Cal/OSHA and certified by the California Contractors State Licensing Board to perform asbestos work. Any asbestos related activities shall be overseen by a California Certified Asbestos Consultant (CAC), or a Certified Site Surveillance Technician under the direction of a CAC.

Replacement products used in tenant improvements or other construction activities shall not contain asbestos. Any replacement products used by Lessee shall be verified as non-asbestos products by using Material Safety Data Sheets (MSDS) and/or having the architect or project engineer verify that ACMs were not used.

Lessee shall promptly supply County with copies of all notices, reports, correspondence, and submissions made by Lessee to the United States Environmental Protection Agency, the United Occupational Safety and Health Administration, and any other local, state or federal authority which requires submission of any information concerning environmental matters or hazardous wastes or substances pursuant to applicable Hazardous Materials Laws.

Lessee shall promptly notify County of any liens threatened or attached against the Premises or the Improvements pursuant to any Hazardous Materials Law. From and after the Commencement Date, if such a lien is filed against the Premises, then within twenty (20) days following the filing or before any governmental authority commences proceedings to sell the Premises or the Improvements pursuant to the lien, whichever occurs first, Lessee shall either: (a) pay the claim and remove the lien from the Premises or the Improvements, or (b) furnish either (1) a bond or cash deposit reasonably satisfactory to County in an amount not less than the claim from which the lien arises, or (2) other security satisfactory to County in an amount not less than that which is sufficient to discharge the claim from which the lien arises. Upon the expiration or earlier termination of this Lease, Lessee shall surrender the Premises and Improvements (subject to Section 3.4.3) to County without any outstanding violations of and in full compliance with all Hazardous Materials Laws affecting the Premises and Improvements, and in accordance with the requirements of this Section 13.2.13.

Lessee Due Diligence and Acceptance of Condition of Premises. Lessee has conducted its own inspections, including a Phase II Environmental Assessment, to familiarize itself with the condition of the Premises, including the presence of any Hazardous Materials and has unconditionally accepted the condition of the Premises based on its own due diligence in accordance. Lessee has unconditionally and irrevocably acceptance of the Premises in its "as is" physical condition, with no warranty, express or implied by County as to the presence of Hazardous Materials, or the condition of the soil, its geology, or the presence of known or unknown faults. If the condition of the Premises is not in all respects entirely suitable for the use or uses to which such Premises will be put, then it is the sole responsibility and obligation of Lessee to place the Premises in all respects in a condition suitable for the Project, solely at Lessee's expense.

Indemnification. In addition to and without limiting any other indemnification obligations under this Lease, from and after the Commencement Date, Lessee, its successors, and assigns, shall protect, indemnify, defend (with counsel selected by County),

reimburse and hold County and its elected officials, officers, employees and agents harmless (collectively, the “Hazardous Materials Indemnity Obligation”) from any Claims (defined in Section 12.3.2), judgments, damages, penalties, fines, costs or expenses (known or unknown, contingent or otherwise), liabilities (including sums paid in settlement of Claims), personal injury (including wrongful death), property damage (real or personal) or loss, including any attorneys’ fees, consultant fees, and expert fees (consultants and experts to be selected by County) which arise from or in connection with the presence or suspected presence of Hazardous Materials, including the soil, ground water, or soil vapor on or under the Premises or the Improvements. Without limitation of the preceding sentence, the Hazardous Materials Indemnity Obligations apply to costs incurred in connection with investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any Hazardous Materials Laws because of: (a) the presence of Hazardous Materials in the soil, ground water, or soil vapor on the Premises, regardless of the source or original location of such Hazardous Materials, and (b) any release, discharge, exposure, or displacement, or migration of Hazardous Materials caused by any act or omission of Lessee.

Remedies Cumulative; Survival. The provisions of this Article shall be in addition to any and all common law obligations and liabilities Lessee may have to County, and any remedies and the environmental indemnities provided for in this Article 14 shall survive the expiration or earlier termination of this Lease and/or any transfer of all or any portion of the Premises, or of any interest in this Lease, and shall be governed by the laws of the State of California.

Inspection. If County has reasonable cause to believe that Lessee is not in compliance with this Article 14, County and County’s agents, servants, and employees including, without limitation, legal counsel and environmental consultants and engineers retained by County, may (but without the obligation or duty to do so), after reasonable prior written notice and from time to time, (except in the event of an emergency, or prior to the Commencement Date, in which case no notice shall be required), inspect the Premises or the Improvements to determine whether Lessee is complying with Lessee’s obligations set forth in this Article 14 and to perform reasonable environmental inspections and samplings, during regular business hours (except in the event of an emergency) or during any other hours agreed to by County and Lessee. If Lessee is not in compliance with Lessee’s obligations set forth in this article, after notice (except in the event of an emergency, or prior to the Commencement Date, in which case no notice shall be required) and the expiration of the applicable cure period. County shall have the right, in addition to County’s other remedies available at law and in equity, to enter the Premises or the Improvements and take any action that County in its sole judgment deems appropriate to remediate any actual contamination or an imminent threat of contamination caused by Lessee’s failure to comply. County will use reasonable efforts to minimize interference with Lessee’s use of Premises or the Improvements but shall not be liable for any interference caused by County’s entry and remediation efforts pursuant to and in compliance with this Section 0. Upon completion of any sampling or testing County will (which will be conducted at Lessee’s expense if County’s actions are a result of Lessee’s default under this Lease) restore the affected area of the Premises or Improvements from any damage caused by County’s sampling and testing.

**ARTICLE 14.**  
**TRANSFER AND ASSIGNMENT**

14.1 General Restriction of Transfers. Lessee shall have no right to make any Transfer except as specifically provided in this ARTICLE 14. The term “Transfer” includes any of the following, whether voluntary or involuntary, direct or indirect: (i) assignment of all or any part of this Lease, or any interest in this Lease, (ii) any total partial sale, transfer, conveyance, sublease, or assignment of the whole or any part of the Premises, Improvements, or Leasehold Estate, (iii) any change in Control (defined below) of Lessee. Lessee recognizes that the qualifications and identity of Lessee are of particular concern to the County prior to completion of construction because of the importance of the development of the Premises to the general welfare of the community and the fact that a change in control of Lessee is for practical purposes a transfer or disposition of the Leasehold Estate by Lessee. Lessee further recognizes that it is because of such qualifications and identity that the County is entering into the Lease with Lessee. Therefore, no voluntary or involuntary transferee of Lessee shall acquire any rights or powers under this Lease except as expressly permitted in this Lease, and Lessee represents and agrees that there shall be no Transfer without the prior written approval of the County in accordance with following conditions and requirements. Any Transfer in violation of this ARTICLE 14 shall constitute a material default under this Lease. In the absence of full compliance with this ARTICLE 14 and a specific written agreement signed by County, Lessee, and the proposed transferee, no Transfer shall be effective or deemed to relieve Lessee from any obligations or liability under this Lease.

14.2 Definitions. For purposes of this ARTICLE 14, the following definitions apply:

“Person” means an individual, partnership, Limited Partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

“Control” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether by ownership of equity interests, by contract, through election of the members of the Board or Directors, or otherwise. It shall be a presumption that Control with respect to a corporation or limited liability company is the right to exercise or Control, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the Controlled corporation or limited liability company, and that the managing General Partner of a limited partnership Controls the limited partnership.

“Affiliate” means: (1) any Person directly or indirectly Controlling, Controlled by or under common Control with another Person; (2) any Person owning or Controlling ten percent (10%) or more of the outstanding voting securities of such other Person; or (3) if that other Person is an officer, director, member or partner, any company for which such Person acts in any such capacity.

14.3 Assignment and Sublease after Completion. Except as otherwise provided below, after Completion, Lessee shall have the right to assign its interest in the Lease or to sublet all (but not part) of the Improvements to any other party subject to the prior written approval of

County, said approval not to be unreasonably withheld, conditioned, or delayed. County's approval may not be withheld, conditioned, or delayed if the Lessee is not in default under this Lease, has disclosed and provided documentation of all terms of the proposed assignment or sublease (which documentation shows the Transfer is consistent with and does not attempt to modify any terms of this Lease), and has provided documentation to County sufficient to establish that the proposed assignee or sublessee meets all of the following requirements: (has prior experience owning and/or managing a real property development comparable to the Improvements, and manages not less than 500 affordable residential units) (provided that such condition may be satisfied by a property manager engaged by such assignee or subtenant that manages, directly or indirectly not less than 500 affordable residential multi-family apartment units). No such assignment or sublease shall be effective or deemed to relieve Lessee until the assignee or sublessee has entered a written agreement with County to be bound by and assume the terms of this Lease. Subject to the requirement for a written agreement with County under Section 14.8, following transfer or assignment of the Lease by Lessee, Lessee will be released from its obligations the Lease.

14.4 Request for Assignment or Sublease. Except as otherwise specified in Sections 14.6 and 14.7 for specific Transfers, Lessee shall provide County with written notice of any proposed Transfer of this Lease and all required documentation for County review, at least thirty (30) days prior to the proposed Transfer. Lessee shall provide County with all documentation of all terms of the proposed Transfer and information regarding the proposed transferee. The County will approve or disapprove a request for Transfer within thirty (30) days of receipt of a request for transfer and sufficient documentation and information for the County to evaluate the proposed Transfer. If the County disapproves a request for a Transfer it will specify the reasons for disapproval. Failure to approve or disapprove the Transfer within the thirty (30) day period will be deemed disapproval.

14.5 Additional Permitted Transfers. The following Transfers shall be permitted at any time, subject to the requirements of this section. Transfers contemplated by Sections 14.7.1 and 14.7.2 are subject to County's reasonable approval, which approval shall be granted if at least thirty (30) days prior to the proposed Transfer, the Lessee discloses and provides documentation of all terms of the proposed Transfer, and has provided documentation to County sufficient to establish that the proposed Transfer meets one or more of the following definitions and is otherwise consistent with the requirements of this Lease. Transfers contemplated under Section 14.6.3 are subject to the requirements of Section 14.6.3.

Any transfer of indirect interest in Lessee that do not result in a change in Control of Lessee;

Any Transfer to an Affiliate of BRIDGE or a limited liability company or partnership in which the member or general partner is BRIDGE or an affiliate of BRIDGE;

Any Transfer to a limited liability company or limited partnership, the managing member or partner of which is BRIDGE, or a nonprofit public benefit corporation Controlled by BRIDGE,

Any Transfer of an investor limited partner's interest in the Lessee or any removal and replacement of the general partner of the Lessee by its investor limited partner in accordance with Lessee's partnership agreement that was provided to County under the DDA; provided Lessee or its limited partner has provided County with notice of any such proposed Transfer and documentation sufficient to establish that the proposed Transfer meets the provisions of this Section 14.5.4 at least ten (10) days prior to the Transfer.

14.6 Commercial Subleases. The Lessee shall have the right to enter into commercial subleases ("Space Leases") for commercial space in the Project ("Space Lessees") subject to the following conditions:

Each Space Lease shall contain a provision requiring the Space Lessee to attorn to County and to be subordinate to any Leasehold Mortgage, to the Leasehold Mortgagee, or any person designated in a notice from the Leasehold Mortgagee. If Lessee defaults under this Lease and if the Space Lessee is notified of Lessee's default and instructed to, Lessee shall make sublessee's rental payments to County or Leasehold Mortgagee as required under this Lease and the Leasehold Mortgage.

The term of each Space Lease shall not exceed the remainder of the Lease Term.

Each Space Lessee shall execute an attornment agreement with County.

For any Space Lease that will be coterminous with the Term of this Lease, Lessee must obtain from the Space Lessee at the time of execution of the Space Lease, an agreement and estoppel certificate from the Space Lessee verifying the termination date of the Space Lease and documenting the Space Lessee's agreement to vacate the Premises prior to expiration of the Term.

14.7 Residential Subleases. The Lessee shall have the right to enter into residential subleases to residents in the residential portion of the Improvements so long as such residential subleases do not exceed the Term of the Lease, comply with all requirements of the County Regulatory Agreement, and include a provision requiring attornment to County.

14.8 Written Agreement with County Required. Except for the residential subleases under Sections 14.7 and 14.8, and the Space Leases, no Transfer shall have any effect or relieve Lessee from any obligations or liability until the proposed transferee has executed a written agreement with County assuming all obligations under the Lease. Any rights acquired by a transferee pursuant to any Transfer shall be subject to each and every covenant, condition and restriction set forth in this Lease and to all of the rights and interest of County under this Lease except as may be otherwise specifically provided in this Lease. If a conflict between the provisions of this Lease and the provisions of any Transfer document occurs, the provisions of this Lease will control.

14.9 Transfer Fee; Estoppel Fee; Subordination, Attornment and Non-Disturbance Agreement Fee.

Transfer Fee. If County is requested to consent to a Transfer under this Lease, Lessee shall reimburse County for all legal fees incurred resulting from the request, and pay County a nonrefundable fee (“Transfer Fee”) to reimburse County or County’s agent for costs and expenses incurred in connection with the request. The Transfer Fee shall be delivered to County concurrently with Lessee’s request for consent. The Transfer Fee in effect as of the Commencement Date of this Lease is one thousand dollars (\$1,000.00).

Estoppel Fee. If County is requested to issue an estoppel certificate, Lessee shall pay County a nonrefundable fee (“Estoppel Fee”) for County’s costs incurred in connection with the request. The Estoppel Fee shall be delivered to County concurrently with Lessee’s request for the estoppel. The Estoppel Fee in effect as of the Commencement Date of this Lease is five hundred dollars (\$500.00).

Non-Disturbance and Attornment Fee. If County is requested to execute a NDA, Lessee shall pay County a nonrefundable fee (“NDA Fee”) for County’s costs incurred in connection with the request. The NDA Fee shall be delivered to County concurrently with Lessee’s request to execute the NDA. The NDA Fee in effect as of the Commencement Date of this Lease is seven hundred fifty dollars (\$750.00).

Fee Adjustments. County reserves the right to adjust the Transfer Fee, Estoppel Fee and NDA Fee from time to time during the Term of this Lease (“Fee Adjustment”). The base for computing a Fee Adjustment shall be the Consumer Price Index for All Urban Consumers (1982-84=100) for the Los Angeles-Riverside-Orange County Area CPI-U, as published by the U.S. Department of Labor, Bureau of Labor Statistics. The Fee Adjustment shall be determined by use of the following formulas:

Transfer Fee:	$A = \$1,000.00 \times (B/C)$
Estoppel Fee:	$A = \$500.00 \times (B/C)$
NDA Fee:	$A = \$750.00 \times (B/C)$

Where:

“A” equals the adjusted Transfer Fee, Estoppel Fee or NDA Fee;

“B” equals the monthly “Consumer Price Index”, as described in Section 0 of this Lease, published for the month most closely preceding the date of request for consent to transfer; and

“C” equals the monthly “Consumer Price Index”, as described in Section 15.5.5 of this Lease, published for the month of the Operations Period Commencement Date of this Lease.

The fees listed above shall only apply following expiration of the Construction Period.

14.10 Consumer Price Index for Fee Adjustments. The consumer price index which shall be used as the source for the Consumer Price Index numbers in Section 0 shall be that published by the United States Department of Labor, entitled United States Department of

Labor, Bureau of Labor Statistics, Consumer Price Index for the Los Angeles-Riverside-Orange County Area, all items of the index entitled "Consumer Price Index for All Urban Consumers" for the Los Angeles-Riverside-Orange County Area (1982-84 = 100). If the index used for the Fee Adjustment is discontinued or revised during the Term, then County and Lessee shall agree upon a substitute index or computation for purposes of computing the Fee Adjustment. If County and Lessee cannot agree on a substitute index, the substitute index or computation shall be determined by arbitration pursuant to the provisions of the State of California Code of Civil Procedure.

14.11 Security Assignment of Space Leases. Subject to the rights of any Leasehold Mortgagee, as security for the performance of Lessee's obligations hereunder, Lessee hereby grants to County a security interest in and to all of Lessee's right to receive any rentals or other payments under all Space Leases and this Lease shall constitute a security agreement for such purposes under laws of the State of California. County is authorized to file such financing statements as may be reasonably required to perfect such security interest.

14.12 Assignment by County. If County sells or otherwise transfers fee simple title to the Premises, the purchaser or transferee thereof shall be deemed to have assumed County's obligations hereunder which arise on or after the date of sale or transfer, and County shall thereupon be relieved of all liabilities hereunder accruing from and after the date of such transfer, but this Lease shall otherwise remain in full force and effect. If County assigns County's interest under this Lease without transferring fee simple title to the Premises to the same person, the holder of fee simple title to the Premises shall remain liable for the performance of County's obligations under this Lease.

14.13 No Merger of Estates. County and Lessee hereby agree and acknowledge that the interests of County and of Lessee in the Premises and the Improvements shall at all times be separate and apart, and shall in no event be merged, notwithstanding the fact that the Lease or the Leasehold Estate created thereby, or any interest in either thereof, may be held directly or indirectly by or for the account of any person who shall own the fee estate in the Premises and the Improvements or any portion thereof; and no such merger of estates shall occur by operation of law, or otherwise, unless and until all persons at the time having any equity or secured financing interest of record in the fee estate and all persons having any equity or secured financing interest of record in the Lease or the Leasehold Estate, shall join in the execution of a written instrument effecting such merger of estates and record such instrument among the land records of San Diego County, California.

14.14 Non-Disturbance and Attornment. Upon request, the County will enter into a Non-Disturbance and Attornment Agreement in substantially the form attached as Exhibit "D" with any subtenant authorized under this Article 14.

## **ARTICLE 15.**

### **LEASEHOLD FINANCING AND INVESTOR LIMITED PARTNER PROVISIONS**

15.1 Right to Encumber. Lessee shall have no right to encumber the Leasehold Estate except as explicitly authorized under this Lease. Lessee shall have no right to encumber County's fee interest in the Premises.

Subject to the requirements of this ARTICLE 15 from and after the Commencement Date, Lessee shall have the right at any time and from time to time to encumber its Leasehold Estate by one or more Leasehold Mortgages, subject to the prior written approval of County, said approval not to be unreasonably withheld, conditioned, or delayed. Lessee shall deliver to County a copy of the Leasehold Mortgage and related documents, and all information necessary to allow County to confirm satisfaction of the requirements of this ARTICLE 15 at least thirty (30) days prior to the proposed recordation of the Leasehold Mortgage. County's approval of the Leasehold Mortgage may not be withheld, conditioned, or delayed, so long as all of the following conditions are satisfied as evidenced by sufficient documentation provided to County:

15.1.1.1 the Leasehold Mortgagee is an Institutional Lender (defined below),

15.1.1.2 the Leasehold Mortgage does not encumber the County's fee interest in the Premises,

15.1.1.3 the Leasehold Mortgage does not cover any interest in any real property other than the Leasehold Estate and does not cover more than one indebtedness; and

15.1.1.4 the Leasehold Mortgage meets all requirements of this Article 15 and is not otherwise inconsistent with the terms of this Lease.

Institution Lender" shall mean: (1) a bank, trust company, insurance company, investment company, money management fund, credit union, savings bank, pension, welfare or retirement fund or system or real estate investment trust; (2) a trustee or issuer of collateralized mortgage obligations, commercial mortgage backed securities or similar investment entity; (3) an entity that is a "qualified institutional buyer" within the meaning of Rule 144A under the United States Securities Act of 1933, as amended, or an entity that is an institutional "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, as amended; or (4) any Person that is a subsidiary of any one of the foregoing entities, and has total assets of not less than \$600,000,000 and a net worth of not less than \$250,000,000, or such person has engaged a nationally or regionally recognized commercial servicer to administer and service the Leasehold Mortgage; or (5) a public agency, including but not limited to the San Diego Housing Commission, Civic San Diego, or the California Department of Housing and Community Development; (6) BRIDGE Housing Corporation or its Affiliate.

15.1.1.5 Required Provisions in Leasehold Mortgage. Each Leasehold Mortgage shall contain, and shall be deemed to contain, the following provisions or their substantial equivalent. Each Leasehold Mortgagee, by accepting its Leasehold Mortgage, shall be deemed to have agreed to the following provisions. Such provisions reflect the definitions

contained in this Lease. All such terms shall be deemed to be modified in the Leasehold Mortgage as appropriate to reflect the definitions in such Leasehold Mortgage.

- This Leasehold Mortgage attaches solely to the Leasehold Estate and does not encumber the County's fee estate. This Leasehold Mortgage is subject to all the terms and conditions of the Lease.
- Notwithstanding anything to the contrary in any Leasehold Mortgage, Leasehold Mortgagee shall have not right to receive any casualty insurance proceeds except to the extent (and under the conditions) payable to Lessee or Leasehold Mortgagee under this Lease.
- Successor Lessee shall have any rights under the Lease unless and until such Successor Lessee has executed, acknowledged, and delivered to the County an instrument, in recordable form, by which Successor Lessee assumes all obligations under the Lease (except as otherwise provided in the Lease), subject to all terms of the Lease, including terms that limit the liability of any Lessee.
- a Leasehold Mortgage shall not be deemed to constitute an assignment or Transfer of the Leasehold Estate, nor shall any Leasehold Mortgagee, as such, or in the exercise of its rights under this Lease, be deemed to be an assignee, transferee, or mortgagee in possession of the Leasehold Estate so as to require such Leasehold Mortgagee, as such, to assume or otherwise be obligated to perform any of Lessee's obligations under this Lease except when, and then only for so long as, such Leasehold Mortgagee has acquired ownership and possession of the Leasehold Estate pursuant to a Foreclosure Event (defined in Section 15.2.1.3) under its Leasehold Mortgage (as distinct from its exercise of Leasehold Mortgagee's Cure Rights).

No extension, modification, change or amendment to a Leasehold Mortgage shall be effective, or binding upon County, unless and until approved in writing by County, which approval shall be granted so long as such extension, modification, change, or amendment satisfies the applicable requirements of this ARTICLE 15 and does not otherwise conflict with this Lease. Along with any request for County approval under this Section 15.1.2, Lessee shall provide all information and documentation necessary to allow County to determine whether the proposed extension, modification, change, or amendment to the leasehold Mortgage satisfies the applicable requirements of this ARTICLE 15 and does not otherwise conflict with this Lease, and County shall respond to such request within ten business (10) days of County's receipt of all such information and documentation.

Lessee shall deliver to County promptly after execution by Lessee a true and verified copy of any Leasehold Mortgage or extension, modification, change, amendment, or assignment thereof, together with the name and address of the Leasehold Mortgagee or assignee.

Immediately following the recordation of any Leasehold Mortgage, Lessee, at Lessee's expense, shall cause to be recorded in the office of the San Diego County Recorder, a written request for delivery to County of a copy of any notice of default and of any notice of sale under the Leasehold Mortgage, as provided by the statutes of the State of California. The Leasehold Mortgage documents shall include a provision requiring that a copy of any notice of default or any notice of sale to be delivered to the County. County shall have thirty (30) days in which to cure any default after the time for Lessee to cure the default has expired. Neither County's right to cure any default nor any exercise of the right to cure a default shall constitute an assumption of Lessee's liability under the Leasehold Mortgage.

Subject to the requirements of this ARTICLE 15, any Leasehold Mortgagee shall have the unrestricted right to participate in and securitize its interest in the Leasehold Mortgage without the necessity of obtaining any consent from County. Any Leasehold Mortgagee shall have the right to assign its Leasehold Mortgage without the necessity of obtaining any consent from County if the following conditions are met: (a) the assignee is an Institutional Lender; (b) the assignment does not result in or involve any extension, modification, change, or amendment to the Leasehold Mortgage, (c) Lessee or the Leasehold Mortgagee provides prompt notice of the assignment and contact information of the assignee to County. No assignment in violation of this Section will be effective or binding against the County.

The County will not in any way subordinate any of its rights under this Lease to any Leasehold Mortgagee and any Leasehold Mortgagee who forecloses on its Leasehold Mortgage shall agree to abide by and be bound by all the terms of this Lease during the term of its ownership of the Leasehold Estate.

If a conflict between the provisions of this Lease and the provisions of any Leasehold Mortgage occurs, the provisions of this Lease will control.

Any delivery of a deed or assignment of the Leasehold Estate or assignment of the Lease pursuant to foreclosure proceedings, or deed or assignment in lieu of foreclosure, to the Leasehold Mortgagee or other purchaser shall not be subject to the prior written consent of County, but any subsequent purchaser or transferee of all or any portion of the Lease, Improvements, or Leasehold Estate following such a foreclosure of the Leasehold Mortgage (or delivery of a deed or assignment of the Lease in lieu of foreclosure) shall be subject to the prior written consent of County as provided in Article 14.

County acknowledges that Lessee may encumber the Leasehold Estate as provided in this ARTICLE 15 and grant to the Leasehold Mortgagee a collateral assignment in and to all rights of the Lessee under this Lease, including all of Lessee's rents and profits from the Leasehold Estate, as security for the Leasehold Mortgage.

County acknowledges that any mortgage now or hereafter encumbering County's fee interest in the Premises shall either (i) be subject and subordinate in all respects to the Lease and to the Leasehold Estate or (ii) shall provide recognition and non-disturbance protection to Lessee and its successors and assigns by means of a separate agreement reasonably

acceptable to Lessee and the Leasehold Mortgagee in all respects. Lessee shall not encumber County's fee interest in the Premises.

Unless otherwise agreed to by the County, all insurance proceeds for Casualty under ARTICLE 19 shall be deposited with an Eligible Independent Trustee (defined below) reasonably acceptable to the Leasehold Mortgagee, to act as the insurance trustee and disburse such proceeds in accordance with the requirements of ARTICLE 19. Unless otherwise agreed to by the County, all condemnation proceeds which Tenant is required to use for repair, reconstruction, or restoration of the Improvements or Premises following Condemnation under ARTICLE 20 shall be deposited with an Eligible Independent Trustee reasonably acceptable to the Leasehold Mortgagee, to act as the trustee and disburse such proceeds in accordance with the requirements of ARTICLE 20. County further agrees that (i) the Leasehold Mortgagee may participate in any suits or proceedings relating to such insurance or condemnation proceeds, causes of action, claims, awards or recoveries and is authorized to adjust any loss covered by insurance and participate with County and Lessee in the adjustment of or any condemnation claim and to settle or compromise any claim or action in connection with respect to an insured loss and participate in settlements or compromises of condemnation claims, (ii) the Leasehold Mortgagee is entitled to payment of any Condemnation award proceeds or insurance proceeds for Casualty that are payable to Tenant and not required to be used for repair, restoration, or reconstruction of the Premises or Improvements under ARTICLE 19 and ARTICLE 20, and (iii) County shall not terminate the Lease solely on the basis of a Casualty or Condemnation affecting the Premises or Improvements (except in the case of total condemnation, which shall be governed by Section 20.1) without the prior written consent of the Leasehold Mortgagee, unless the Leasehold Mortgage is paid in full, provided that this does not in any way limit, restrict, or impose any requirement of Leasehold Mortgagee's consent on County's right to terminate this Lease for an Event of Default. "Eligible Independent Trustee" means a depository institution or trust company not affiliated with the Leasehold Mortgagee and insured by the Federal Deposit Insurance Corporation, the short-term unsecured debt obligations or commercial paper of which are rated at least "A-1+" by S&P and "P-1" by Moody's, and "F-1+" by Fitch and the long-term unsecured debt obligations or which are rated at least "A+" by S&P, "A2" by Moody's, and "AA-" by Fitch acceptable to Leasehold Mortgagee in Leasehold Mortgagee's reasonable discretion.

In the event that the Leasehold Mortgagee, or an affiliate of Leasehold Mortgagee that is assigned Leasehold Mortgagee's foreclosure rights for purposes of exercising Leasehold Mortgagee's foreclosure rights under the Leasehold Mortgage ("Foreclosure Affiliate"), acquires title to the Leasehold Estate through foreclosure of the Leasehold Mortgage (or delivery of a deed or assignment of the Lease in lieu of foreclosure), any liability of the Leasehold Mortgagee or such Foreclosure Affiliate to County under the Lease shall be limited to the value of the Leasehold Mortgagee's or Foreclosure Affiliate's interest in the Leasehold Estate and the Ground Lease, including the value of all insurance required under the Lease or otherwise held in connection with the Lease. The provisions of this Section 15.1.12 shall apply only to the Leasehold Mortgagee or the Foreclosure Affiliate, and shall not apply to any subsequent assignee of the Leasehold Estate or Lease, or to any purchaser at a foreclosure sale or subsequent purchaser.

By acquiring title to the Leasehold Estate, the Leasehold Mortgagee, the Foreclosure Affiliate, or other purchaser shall become responsible and liable for the obligations of Lessee under the Lease, but shall only be liable to County under the Lease for its acts or omissions taking place and claims and obligations accruing during the period in which it holds title to the Leasehold Estate or an interest in the Ground Lease; provided, however, that the Leasehold Mortgagee or Foreclosure Affiliate shall be obligated to cure any monetary default of the previous Lessee that remained outstanding at the time of foreclosure (or assignment or deed in lieu of foreclosure), and nothing in this ARTICLE 15 relieves the Leasehold Mortgagee or Foreclosure Affiliate of that obligation.

Notice of Leasehold Mortgages. If Lessee enters into any Leasehold Mortgage that complies with the definition of such term, then the Leasehold Mortgagee under such Leasehold Mortgage shall be entitled to all Mortgagee Protections (as against both the County and any successor holder of the Fee Estate) from and after such date as Lessee or the Leasehold Mortgagee has given the County written notice of such Leasehold Mortgage and Leasehold Mortgagee, accompanied by a copy of the Leasehold Mortgage, recorded or unrecorded. No change of address of such Leasehold Mortgagee, or assignment of such Leasehold Mortgage, shall be effective against the County unless and until such Leasehold Mortgagee shall have given the County written notice of such change or assignment. The Investor Limited Partner will also be entitled to Mortgagee Protections until such time as the Investor Limited Partner is not a member a Lessee.

Termination of Leasehold Mortgagee's Rights If a Leasehold Mortgagee is entitled to Mortgagee Protections, then such entitlement shall not terminate unless and until such time, if any, as either (1) the Leasehold Mortgage shall have been satisfied and discharged of record, except through a Foreclosure Event; (2) such Leasehold Mortgagee has consented in writing to the termination of its Mortgagee Protections; or (3) after the County has complied with all Mortgagee Protections, the County has validly terminated this Lease, no Leasehold Mortgagee has validly requested (and is entitled to) a New Lease, and the New Lease Option Period has expired.

15.2 Additional Protections. During the continuance of any Leasehold Mortgage until such time as the lien of any Leasehold Mortgage has been extinguished, and if a true and verified copy of such Leasehold Mortgage was delivered to County together with a written notice of the name and address of the owner and holder thereof as provided in Section 15.1, the following provisions benefitting the Leasehold Mortgagee shall apply with respect to the Leasehold Mortgagee. Additionally, during the Tax Credit Compliance Period applicable to Lessee, which means the fifteen (15) year tax credit compliance period as described in Section 42(i)(1) of the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of prior or succeeding law, the following provisions benefitting the tax credit investor limited partner ("Investor Limited Partner") shall apply with respect to the Investor Limited Partner.

Definitions. The following definitions shall apply for purposes of this Section 15.2.

15.2.1.1 Bankruptcy Proceeding. Any bankruptcy, insolvency, reorganization, composition, or similar proceeding, whether voluntary or involuntary, under Title 11, United States Code, or any similar state or federal statute for the relief of debtors, including any assignment for the benefit of creditors or similar proceeding.

15.2.1.2 Event of Default. "Event of Default" shall have the definition set forth in Section 16.1.

15.2.1.3 Foreclosure Event. A "Foreclosure Event" means any transfer of title to the Fee Estate or the Leasehold Estate as the result of any: (1) judicial or nonjudicial foreclosure; (2) trustee's sale; (3) deed, transfer, assignment, or other conveyance in lieu of foreclosure; (4) other similar exercise of rights or remedies in the nature of "1" through "3" under any Leasehold Mortgage; or (5) transfer by operation of or pursuant to any Bankruptcy Proceeding, in each case ("1" through "5") whether the transferee is a Mortgagee, a party claiming through a Mortgagee, or a third party.

15.2.1.4 Leasehold Mortgagee's Cure. "Leasehold Mortgagee's Cure" means any Leasehold Mortgagee's or Investor Limited Partner Cure of an Event of Default (defined in 16.1) and any actions taken by a Leasehold Mortgagee to cure an Event of Default.

15.2.1.5 Leasehold Mortgagee's Cure Rights. "Leasehold Mortgagee's Cure Rights" means all rights of Leasehold Mortgagee(s) or Investor Limited Partner to cure any Event of Default by Lessee.

15.2.1.6 Leasehold Mortgagee's Representative. A "Leasehold Mortgagee's Representative" means from time to time any agent, assignee, designee, nominee, or representative of a Leasehold Mortgagee or Investor Limited Partner, provided that such agent, assignee, designee, nominee, or representative is a wholly owned subsidiary, full time employee, legal counsel, or bona fide loan servicer, custodian, or collateral agent of the Leasehold Mortgagee or Investor Limited Partner, as applicable.

15.2.1.7 Mortgagee Protections. The "Mortgagee Protections" means, as to any Mortgagee or Investor Limited Partner, all rights, protections, and privileges of such Mortgagee as expressly provided for under this Lease, including the following: (1) any right to receive notices and/or to cure defaults (including, in the case of a Leasehold Mortgagee or Investor Limited Partner, all Leasehold Mortgagee's Cure Rights); (2) any requirement for Leasehold Mortgagee's or Investor Limited Partner Consent to any matter; (3) in the case of a Leasehold Mortgagee, all provisions of this Lease relating to a New Lease and all rights of any New Lessee or Successor Lessee; and (4) all other rights, protections, and privileges of such Mortgagee under this Lease.

15.2.1.8 New Lease. A "New Lease" means a new lease of the Premises, effective as of (or retroactively to) the date of termination of this Lease, for the remainder of the Term of this Lease, considered as if this Lease had not been terminated, with New Lessee, on all the same terms and provisions of this Lease and in the same form as this

Lease. Any New Lease shall include all rights, and privileges of Lessee under this Lease, but shall not include any obligations of Lessee that have already been performed and no longer apply. Any New Lease or a memorandum thereof shall be in recordable form, and shall include all the same Mortgagee Protections for the benefit of any Leasehold Mortgagee of New Lessee as provided in this Lease.

15.2.1.9 New Lease Delivery Date. A "New Lease Delivery Date" means the date when the County and New Lessee enter into a New Lease.

15.2.1.10 New Lease Option Period. A "New Lease Option Period" means, upon the occurrence of a termination of this Lease (other than as the result of the scheduled expiration date of the Term or termination for casualty or condemnation under ARTICLE 19 or ARTICLE 20), a period that begins on the date of such termination and ends on the date 90 days after the County has given every Leasehold Mortgagee Notice of such date of termination. The New Lease Option Period shall be tolled and extended during any period during which any Leasehold Mortgagee's right to require the County to enter into a New Lease is restricted or impaired by a Bankruptcy Proceeding, but not if such restriction or impairment is a result of the acts or omissions of such Leasehold Mortgagee).

15.2.1.11 New Lessee. A "New Lessee" means the Leasehold Mortgagee that requests a New Lease, or its Leasehold Mortgagee's Representative, or such other Lessee under a New Lease as such Leasehold Mortgagee shall select (but excluding the Lessee originally named in this Lease), all as designated by such Leasehold Mortgagee.

15.2.1.12 Uncurable Default. An "Uncurable Default" is any non-monetary Event of Default that by its nature is impossible for the Leasehold Mortgagee to cure, despite the Leasehold Mortgagee gaining possession of the Premises

County shall not agree with Lessee to any mutual termination nor accept any surrender by Lessee of this Lease (except upon the expiration of the Lease Term as provided herein), nor shall Lessee consent to any substantive amendment or modification of this Lease which has a material impact on the interests of a Leasehold Mortgagee or Investor Limited Partner, without the prior written consent of the Leasehold Mortgagee and Investor Limited Partner, which consent shall not be unreasonably withheld, conditioned, or delayed. The following procedure shall be used to obtain the prior written consent of Leasehold Mortgagee or Investor Limited Partner under this Section: i) County shall make a request to the Leasehold Mortgagee and Investor Limited Partner for any such consent in writing by certified mail, return receipt requested ("First Request"); (ii) if Leasehold Mortgagee or the Investor Limited Partner does not respond within thirty (30) days after receipt (or refusal to accept delivery) of the First Request, County shall make a second request to Leasehold Mortgagee or Investor Limited Partner, as applicable, for such consent in writing by certified mail, return receipt requested ("Second Request"); (iii) if the Leasehold Mortgagee or Investor Limited Partner, as applicable, does not respond to Landlord in writing by certified mail, return receipt requested, received (or refused to be received) by Landlord within thirty (30) days after receipt (or refusal to accept delivery) of the Second Request, then the Leasehold Mortgagee or the Investor Limited Partner, as applicable, shall be deemed to have granted its consent.

Failure of the Leasehold Mortgage or Investor Limited Partner to approve the proposed substantive amendment within thirty (30) days of receipt of notice from County shall constitute unreasonable delay, and in the event of such unreasonable delay by the Leasehold Mortgagee or Investor Limited Partner, the proposed substantive amendment or modification shall be deemed approved by the Leasehold Mortgagee or Investor Limited Partner. Nothing in this Section 15.2 limits County's right to terminate this Lease for an Event of Default after any applicable notice and cure period as otherwise provided in this Lease.

Leasehold Mortgagee and Investor Right to Cure. The Leasehold Mortgagee and Investor Limited Partner shall have the right, but not the obligation, at any time prior to termination of this Lease, to pay all of the Rents due hereunder, to provide any insurance, to pay any taxes and make any other payments, to make any repairs and improvements and do any other act or thing required of Lessee hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the covenants, conditions, and agreements hereof to prevent the termination of this Lease. All payments so made and all things so done and performed by the Leasehold Mortgagee or Investor Limited Partner shall be as effective to prevent a termination of this Lease as the same would have been if made, done and performed by Lessee instead of by the Leasehold Mortgagee. If an Event of Default is cured by the Leasehold Mortgagee or Investor Limited Partner, this Lease shall continue in full force and effect as if such Event of Default had not occurred. This subparagraph establishes the right but not the obligation of Leasehold Mortgagee and Investor Limited Partner to cure or attempt to cure any Event of Default, and the Leasehold Mortgagee and Investor Limited Partner may abandon or discontinue its efforts to cure at any time.

Cure Rights. All rights of County to terminate this Lease as the result of the occurrence of any such Event of Default shall be subject to and conditioned upon County having first given the Leasehold Mortgagee and Investor Limited Partner written notice of such Event of Default and the Leasehold Mortgagee having failed to remedy such default or to complete the actions authorized under this Section within the prescribed time frames. If an Event of Default occurs, then County shall so notify all known Leasehold Mortgagees and Investor Limited Partners who Lessee has provided County notice in accordance with Section 15.1. To the extent permitted by applicable State of California law, the time periods provided in this section for cure of Lessee's defaults under this shall be in lieu of, and not in addition to, any similar time periods described by State of California law as a condition precedent to the commencement of legal action against Lessee for possession of the Premises.

15.2.1.13 Monetary Default. Leasehold Mortgagee and Investor Limited Partner shall have thirty (30) days after receipt of such written notice to fully cure any default in the payment of any monetary obligations of Lessee under this Lease and must thereafter continue to faithfully perform all such monetary obligations.

15.2.1.14 Non-Monetary Default. For a non-monetary Event of Default, the Leasehold Mortgagee and Investor Limited Partner shall have ninety (90) days beyond those cure periods provided to Lessee under this Lease, and if Investor Limited Partner has commenced to cure during such ninety (90) day period, such cure period shall be extended as long as reasonably necessary to effectuate such cure provided that the Leasehold Mortgagee or

Investor Limited Partner is diligently and continuously prosecuting such cure to completion; provided, however, that in no event shall the County be precluded from exercising remedies for an Event of Default if its rights become or are about to become materially jeopardized by any failure to cure the default or the default is not cured within one hundred and eighty (180) days after the notice of default is provided to the Leasehold Mortgagee or Investor Limited Partner. In addition, Investor Limited Partner may cure a default caused by its general partner, by (a) removing such general partner (or commencing and diligently prosecuting such removal of the general partner to completion) from the tax credit limited partnership or, if Lessee is a limited liability company, by removing (or commencing and diligently prosecuting such removal of the general partner to completion) any Affiliate of general partner from the Lessee and (b) fully curing the default, and (excepting any Uncurable Defaults) (c) thereafter complying with the terms and conditions of this Lease. Any such Transfer of the general partner interest is a Permitted Transfer under Section 14.5 of this Lease.

15.2.1.15 Non-Monetary Default Requiring Possession to Cure. A non-monetary Event of Default under this Lease which in the nature thereof cannot be remedied by the Leasehold Mortgagee shall be deemed to be remedied if (i) within ninety (90) days after receiving written notice from County setting forth the nature of such Event of Default, the Leasehold Mortgagee acquires the Lease or commences foreclosure or other appropriate proceedings in the nature thereof, (ii) the Leasehold Mortgagee diligently and continuously prosecutes any such proceedings to completion, (iii) the Leasehold Mortgagee fully cures any default in the payment of any monetary obligations of Lessee under this Lease within thirty (30) days after receipt of the required written notice and thereafter continues to faithfully perform all such monetary obligations, and (iv) after acquiring the Lease, the Leasehold Mortgagee performs all of the obligations of Lessee under this Lease as and when the same are due, accruing after Leasehold Mortgagee has obtained possession of the Property. Following the date on which the Leasehold Mortgagee (or its Affiliate) obtains title to and possession of the Premises, any Uncurable Default shall be deemed cured for purposes of County's right to terminate the Lease for such Event of Default as between County and Leasehold Mortgagee (or its Affiliate) such that County shall not terminate this Lease on the basis of such Uncurable Default.

Bankruptcy Proceeding. If the Leasehold Mortgagee is prohibited by any Bankruptcy Proceeding involving Lessee from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the times specified in Section 0 above for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition, provided that the Leasehold Mortgagee has fully cured any default in the payment of any monetary obligations of Lessee under this Lease and continues to pay currently such monetary obligations as and when the same fall due, and provided that the Leasehold Mortgagee diligently works to remove any such prohibition.

To the extent that cure by the Investor Limited Partner of a non-monetary default is prohibited by any Bankruptcy Proceeding involving Lessee, the time period for such cure shall be extended for the period of such prohibition, provided that the Investor Limited Partner has fully cured any default in the payment of any monetary obligations of Lessee under this Lease and continues to pay currently such monetary obligations as and when the same fall due, and provided that the Investor Limited Partner diligently works to remove any such prohibition.

Rejection of Lease in Bankruptcy Proceeding. If Lessee (as debtor in possession) or a trustee in bankruptcy for Lessee rejects this Lease in any Bankruptcy Proceeding affecting Lessee, then such rejection shall be deemed Lessee's assignment of the Lease and the Leasehold Estate to a Successor Lessee (to be designated by Lessee's Leasehold Mortgagee(s)), in the nature of an assignment in lieu of foreclosure, subject to all Leasehold Mortgages. Upon such deemed assignment, this Lease shall not terminate. Each Leasehold Mortgagee shall continue to have all the rights of a Leasehold Mortgagee as if the Bankruptcy Proceeding had not occurred, unless such Leasehold Mortgagee shall disapprove such deemed assignment by Notice to the County within thirty days after such Leasehold Mortgagee received Notice of the rejection of this Lease in Bankruptcy Proceedings. If any court of competent jurisdiction shall determine that this Lease shall have been terminated notwithstanding the deemed assignment provided for in place of rejection of this Lease, then Leasehold Mortgagee(s) shall continue to be entitled to a New Lease as provided in this Lease.

Leasehold Mortgagee's Right to Enter Premises. The County and Lessee authorize each Leasehold Mortgagee to enter the Premises as necessary to effect Leasehold Mortgagee's Cure and take any action(s) reasonably necessary to effect Leasehold Mortgagee's Cure. A Leasehold Mortgagee's rights under this paragraph or exercise of such rights shall not constitute control of the Premises or mean that such Leasehold Mortgagee has possession of the Premises or liability to the County or Lessee.

Foreclosure of a Leasehold Mortgage, whether by judicial proceedings or by virtue of any power of sale contained in the Leasehold Mortgage, or any conveyance of the Lease from Lessee to the Leasehold Mortgagee by virtue or in lieu of foreclosure or other appropriate proceedings in the nature thereof, shall not require the consent of County or constitute a breach of any provision of or a default under this Lease. Upon such foreclosure, County shall recognize the Leasehold Mortgagee or any other foreclosure sale purchaser, as Lessee hereunder so long as the Leasehold Mortgagee or the foreclosure purchaser agrees in writing to abide by all of the provisions of the Lease, and to assume liability for and perform all obligations under the Lease accruing from and after the date the Leasehold Mortgagee acquires Lessee's title to the Premises, and so long as there is no outstanding monetary default under this Lease, regardless of when such default occurred or obligation accrued, or foreclosure sale purchaser cures the outstanding monetary default. If the Leasehold Mortgagee becomes the Lessee under this Lease or under any new lease obtained pursuant to Section 15.2.10 below, the Leasehold Mortgagee shall be liable for the obligations of Lessee under this Lease or such new lease arising during the period of time that the Leasehold Mortgagee is the Lessee hereunder or thereunder, and for any outstanding monetary default, regardless of when such monetary default occurred or monetary obligation accrued. If, in conformance with ARTICLE 14 and ARTICLE 15 of this Lease, the Leasehold Mortgagee subsequently assigns or transfers its interest under this Lease after acquiring the same by foreclosure or by an acceptance of a deed in lieu of foreclosure or subsequently assigns or transfers its interest under any such new lease, and in connection with any such assignment or transfer the Leasehold Mortgagee takes back a mortgage or deed of trust encumbering such Leasehold Estate to secure a portion of the purchase price given to the Leasehold Mortgagee for such assignment or transfer, then such mortgage or deed of trust shall be considered a Leasehold Mortgage as contemplated under this Section if it meets all of the requirements of this ARTICLE 15, and any such qualifying Leasehold Mortgagee shall be

entitled to receive the benefit of and shall be bound by the provisions of this ARTICLE 15 and any other provisions of this Lease intended for the benefit or burden of the holder of a Leasehold Mortgage.

Leasehold Mortgagee's Right To A New Lease. If this Lease terminates before its stated expiration date for any reason (including an Event of Default or rejection in a Bankruptcy Proceeding affecting Lessee), but excluding a termination for casualty or condemnation under ARTICLE 19 or ARTICLE 20, then (in addition to any other or previous notice required to be given by the County to a Leasehold Mortgagee) the County shall, within ten (10) business days, give notice of such termination to each Leasehold Mortgagee. Upon a Leasehold Mortgagee's request given within the New Lease Option Period, the County shall enter into a New Lease with New Lessee, provided that such Leasehold Mortgagee shall, on the New Lease Delivery Date: (1) pay to the County any and all sums then due under this Lease as if this Lease had not been terminated; and (2) agree to cure all then-uncured nonmonetary defaults (other than Uncurable Defaults), within a reasonable period after the New Lease Delivery Date with reasonable diligence. The following additional provisions shall apply to any New Lease:

15.2.1.16 Priority. Any New Lease made pursuant to this Section 15.2 shall have the same priority with respect to any lien, charge or encumbrance on County's fee estate as did this Lease and the New Lessee under such New Lease shall have the same right, title and interest in and to the Leasehold Interest as Lessee had under this Lease.

15.2.1.17 Adjustment for Net Income. On the New Lease Delivery Date, the County shall pay New Lessee an amount equal to the net operating income derived from the Premises (gross income from subleases and other operations conducted at the Premises less Rent and reasonable operating expenses, and any other amounts owed to County in connection with the Lease) during the period from the date of termination of the Lease to the New Lease Delivery Date, provided that New Lessee concurrently pays the County all sums required to be paid the County pursuant to this Lease, as if the Lease had not been terminated, and not already paid to the County from gross income of the Premises.

15.2.1.18 Pendency of Dispute. If the County and New Lessee disagree regarding any payment due the County as a condition to execution of a New Lease, then New Lessee (if an Institutional Lender or a Leasehold Mortgagee's Representative acting for an Institutional Lender) shall not be required to pay the disputed portion of such payment (as a condition to obtaining a New Lease) provided that such New Lessee: (1) on the New Lease Delivery Date pays the County the full amount not in controversy and (2) agrees in writing to pay any additional sum ultimately determined to be due promptly upon such determination with interest at the Prime Rate from the New Lease Delivery Date. The parties shall cooperate to determine any disputed amount promptly in accordance with the New Lease.

15.2.1.19 Assignment of Certain Items. On the New Lease Delivery Date, the County shall assign without recourse to New Lessee all of the County's right, title and interest in and to all: (1) moneys, if any, then held by, or payable to, the County that Lessee (or Leasehold Mortgagee) would have been entitled to receive but for termination of this

Lease; (2) leases affecting any portion of the Premises (which leases, upon such assignment by the County to New Lessee, shall become subleases arising from the Leasehold Estate under the New Lease); and (3) security deposits of subtenants under the Lease.

15.2.1.20 Preservation of Former Subleases. Between the date of termination of the Lease and the New Lease Delivery Date (or the expiration of the New Lease Option Period, if no Leasehold Mortgagee requests a New Lease): (1) the parties acknowledge that any Subleases shall be direct leases between the County and the former subtenant; (2) the County shall not, except with Leasehold Mortgagee's written consent (which shall not be unreasonably withheld), cancel any such direct lease or accept any cancellation, termination, or surrender of such a direct lease (unless such termination shall be effected as a matter of law upon the termination of this Lease, in which case such direct lease shall, at New Lessee's option, be reinstated as a Sublease arising from the New Lease on the New Lease Delivery Date) without consent by New Lessee; or (3) enter into any new leases of the Premises or any portion thereof, except with Leasehold Mortgagee's written consent (which shall not be unreasonably withheld). At the request of New Lessee, on the New Lease Delivery Date the County shall enter into subordination non-disturbance and attornment agreements with any commercial Subtenants as to which the County would otherwise be required to deliver SNDA's under this Lease.

15.2.1.21 The County's Costs and Expenses. If a Leasehold Mortgagee requires the County to enter into a New Lease, then such Leasehold Mortgagee shall pay all reasonable expenses, including transfer taxes and reasonable legal costs incurred by the County in connection with any Event of Default and termination of this Lease, recovery of possession of the Premises, and preparation, execution, and delivery of the New Lease and any memorandum of the New Lease requested by New Lessee.

15.2.1.22 Survival. All rights of any Leasehold Mortgagee, and obligations of the County, regarding a New Lease shall survive the termination of this Lease for the duration of the New Lease Option Period.

15.2.1.23 Interaction with Leasehold Mortgages. Any Leasehold Mortgage shall attach solely to the Leasehold Estate, and shall not encumber or attach to the County's fee estate or affect, limit, or restrict the County's rights and remedies under this Lease except as expressly provided in this Lease. If this Lease terminates and the New Lease Option Period has expired without any Leasehold Mortgagee requesting a New Lease, then the obligations formerly secured by the Leasehold Mortgage shall be unsecured. Upon a Foreclosure Event under a Leasehold Mortgage, the Leasehold Mortgagee or Successor Lessee shall succeed only to the Leasehold Estate. Any Foreclosure Event under a Leasehold Mortgage shall not extinguish, terminate, or otherwise adversely affect the County's fee estate (subject to this Lease) or the rights of any fee mortgagees as against the County or its fee estate (which shall in all events, except termination of this Lease, remain subject to this Lease).

15.2.1.24 Leasehold Mortgagee's Representative. Any Leasehold Mortgagee may exercise its rights (including all Mortgagee Protections and the

benefit thereof) under this Lease, or perform any action permitted to be taken by a Leasehold Mortgagee, through a Leasehold Mortgagee's Representative.

15.2.1.25 Interaction Between Lease and Leasehold

Mortgage. A Leasehold Mortgagee may, by notice to the County, temporarily or permanently waive any Mortgagee Protections as specified in such notice. Any such waiver shall be effective in accordance with its terms as against such Leasehold Mortgagee and its successors and assigns. Any such waiver shall not bind any subsequent Leasehold Mortgagee under a subsequent Leasehold Mortgage granted by Lessee. Lessee's default as mortgagor under a Leasehold Mortgage shall not constitute an Event of Default under this Lease except to the extent that Lessee's acts or omissions, in and of themselves, constitute an Event of Default under this Lease.

15.2.1.26 Fee Mortgages.

Any Fee Mortgage shall be subject and subordinate to, and shall not attach to: (1) this Lease and the Leasehold Estate (whether held by Lessee, a Successor Lessee, or a New Lessee); (2) any New Lease and the Leasehold Estate thereunder; (3) any judgment arising from the County's breach of this Lease; (4) any estate (including a subleasehold and a leasehold mortgagee estate) directly or indirectly arising from this Lease or any New Lease or the Leasehold Estate under either (so long as this Lease or such New Lease has not been terminated in accordance with its terms and in compliance with all rights of Leasehold Mortgages); (5) Lessee's or New Lessee's and any Leasehold Mortgagee's rights and remedies under this Lease; and (6) any rights of a Leasehold Mortgagee with respect to the Leasehold Estate. Any Fee Mortgagee, and in the event of a foreclosure of a Fee Mortgage or delivery of a deed in lieu of such foreclosure, the Fee Mortgagee or grantee or successful bidder at the foreclosure sale, shall succeed only to the Fee Estate, subject to items "1" through "6" .

15.2.1.27 Conflicts Among Mortgagees.

If more than one Mortgagee desires to exercise any Mortgagee Protection, then the party against whom such Mortgagee Protection is to be exercised shall be required to recognize either: (1) only the Fee Mortgagee or Leasehold Mortgagee, as applicable, that desires to exercise such Mortgagee Protection and whose Fee Mortgage or Leasehold Mortgage, as applicable, is most senior in lien (as against other Mortgages of like type) or (2) such other Fee Mortgagee or Leasehold Mortgagee, as applicable, as has been designated in writing by all Fee Mortgagees or all Leasehold Mortgagees, as applicable, to exercise such Mortgagee Protection. Priority of Mortgages shall be conclusively evidenced by (in order of precedence of application): (x) written agreement among the affected Mortgagees; (y) a report or certificate of a title insurance company licensed to do business in the State; or (z) joint written instructions of all Mortgagees (Fee or Leasehold, as applicable). Neither Lessee nor the County shall be obligated to determine the relative priorities of any Mortgages. With respect to any Mortgagee Protections that by their nature can only be exercised by the most senior of the Leasehold Mortgagees (such as the right to a New Lease), pending the determination of priority, any time period that applies to Leasehold Mortgagees' exercise of such Mortgagee Protections shall be tolled, provided that such tolling shall not (a) extend for more than 60 days or (b) apply to any other Mortgagee Protections.

15.2.1.28 No Merger. Without the written consent of the County, Lessee, Leasehold Mortgagees, and Investor Limited Partner, the Fee Estate and the Leasehold Estate shall remain distinct and separate estates and shall not merge, notwithstanding the acquisition of both the Fee Estate and the Leasehold Estate by the County, Lessee, a New Lessee, any Leasehold Mortgagee, or a third party, whether by purchase or otherwise.

15.2.1.29 Collection of Subrent. If, pursuant to the Lease, the County collects any subrent from any subtenant, then after the County has applied such subrent only to pay any Rent then due under this Lease, the County shall remit to Leasehold Mortgagee, and not to Lessee, any remaining subrent. Lessee hereby directs the County accordingly. Leasehold Mortgagee shall apply any such subrent in compliance with its Leasehold Mortgage or the documents secured by such Leasehold Mortgage.

County and Lessee shall, in accordance with applicable Law and County's standard procedures, cooperate in including in this Lease by suitable amendment from time to time, any provision which may be reasonably requested by any Leasehold Mortgagee or Investor Limited Partner which is reasonably necessary for financing the construction or operation of the Improvements on commercially reasonable terms or for implementing the provisions of this ARTICLE 15; provided, however, that any such amendment shall not in any way affect the Term, Rent, or any compensation to be paid to County under this Lease, nor have any substantial adverse impact on any rights of County under this Lease, as determined by the Director, and the Lessee shall pay or reimburse County for all costs and expenses incurred by it in connection with any such amendment, including reasonable attorneys' fees.

County and Lessee agree to execute, acknowledge, and deliver to any approved Leasehold Mortgagee and Investor Limited Partner, an agreement in form reasonably acceptable to County prepared at the sole expense of Lessee, reaffirming the applicability of the provisions of this ARTICLE 15 to a particular Leasehold Mortgage, and the Lessee shall pay or reimburse County for all costs and expenses incurred by it in connection with any such amendment, including reasonable attorneys' fees. Any such amendment may be approved and authorized by the County's Lease Administrator.

County also agrees to execute the lease rider required by the California Tax Credit Allocation Committee in connection with any low-income housing tax credit financing used in connection with the Improvements, subject County's reasonable review and modification as needed to accurately reflect the terms of this Lease and the Project. County further agrees to execute HCD documents as typically required of lessors by HCD under HCD's statutes, regulations, and published policies and guidelines in connection with HCD's affordable housing finance programs, subject County's reasonable review and modification as needed to accurately reflect the terms of this Lease and the Project.

15.3 Obligations of Lessee. Nothing contained in this Lease or in any Leasehold Mortgage shall be deemed or construed to relieve Lessee from the obligation of full and faithful observance and performance of its covenants, conditions, and agreements contained in this Lease, or from any liability for the non-observance or non-performance thereof, or to

require or provide for the subordination to the lien of such Leasehold Mortgage of any estate, right, title or interest of County in or to the Premises or this Lease.

#### 15.4 County's Lien Waivers.

As to Lessee. From and after the Commencement Date, Lessee shall have the absolute right from time to time during the Lease Term and without County's further approval, written or otherwise, to grant and assign a mortgage or other security interest in all of Lessee's furniture, trade fixtures (excluding Fixtures), equipment, inventory and other personal property ("Lessee's Personal Property") to a Leasehold Mortgagee in connection with a Leasehold Mortgage. County agrees, upon reimbursement for all of its costs and expenses including reasonable attorney's fees, to execute such confirmation, certificates, and other documents as a Leasehold Mortgagee may reasonably request (with such conditions as County may reasonably impose) in connection with a Leasehold Mortgage, including subordination of any claims arising by way of any County lien against Lessee's Personal Property (whether created by statute, contract or otherwise), subject to County's reasonable review and approval.

As to Space Lessees. On request, County shall execute and deliver to subtenants of any non-residential space ("Space Lessees"), upon reimbursement for all of County's costs and expenses including reasonable attorney's fees, a County waiver and consent for the benefit of lenders to the Space Lessees, pursuant to which County consents to the installation of furniture, trade fixtures, equipment, inventory and other personal property ("Space Lessee's Personal Property") in the Space Lessee's premises, subordinates any lien or security interest in any of the Space Lessee's Personal Property, agrees to allow the Space Lessee's lender access to its subleased premises in order to remove the Space Lessee's Personal Property therefrom or otherwise realize on its security interest in such property from the subleased premises, and to provide County, the Space Lessee, and its lender with such other protections as are reasonably appropriate under the circumstances. County shall have the right to approve the form of County waiver and consent, which approval shall not be unreasonably withheld, conditioned or delayed, provided that no provision of the waiver and consent shall have any material adverse impact on the County's interests. The Space Lessee's Personal Property shall not include equipment or machinery constituting real estate fixtures or such equipment or machinery which is necessary to the operation of the premises of any lessee under a Space Lease. Any right to remove the Space Lessee's Personal Property shall be subject to the requirement that the lender repair and restore, at lender's expense, any damage to the Improvements resulting from such removal to County's reasonable satisfaction.

### **ARTICLE 16.**

#### **DEFAULTS BY LESSEE; COUNTY'S REMEDIES**

16.1 Events of Default. The occurrence of any of the following shall be an "Event of Default" under this Lease.

Lessee fails to pay any Rent, Additional Rent, or any other payment required under this Lease within five (5) business days after notice that the payment was not received when due.

Lessee fails to perform any other obligation to County under this Lease and this failure continues for sixty (60) days after written notice from County, except that if Lessee begins to cure its failure within the sixty (60) day period but by its nature the failure cannot be cured within such period, then, so long as Lessee continues to diligently, continuously, and in good faith works to cure its failure, the sixty (60) day period shall be extended for a period as is reasonably necessary to complete the cure, but not to exceed a maximum of one hundred and twenty (120) days.

Lessee commences any proceeding under any law relating to bankruptcy, insolvency, reorganization or relief of debts, or seeks appointment of a receiver, trustee, custodian or other similar official for Lessee or for any substantial part of its property, or any such proceeding is commenced against Lessee, and either continues for a period exceeding sixty (60) days or results in the entry of an order for relief against Lessee which is not fully stayed within sixty (60) days after entry;

Lessee becomes insolvent or bankrupt, does not generally pay its debts as they become due, or admits in writing its inability to pay its debts, or makes a general assignment for the benefit of creditors;

Any third party initiates any process to obtain a levy or attachment or otherwise seize all or any portion of the Leasehold Estate, the Improvements, Fixtures, or Lessee's Personal Property, which is not reversed, released, or stayed within thirty (30) days.

16.2 Remedies. Upon the occurrence of an Event of Default, in addition to all remedies available at law or in equity, without limitation, County shall have the right, without further notice or demand of any kind to Lessee or any other person, to terminate this Lease, and terminate Lessee's right of possession, in which case this Lease shall terminate, and Lessee shall immediately surrender possession of the Premises to County and have no further claim on the Premises and Improvements under this Lease. Immediately following such termination, County shall have the right to reenter and take possession of the Premises and Improvements. In such event County shall be entitled to recover from Lessee all damages incurred by County by reason of Lessee's default, including without limitation thereto, the following: (i) the worth at the time of award of any unpaid Pre-Construction Payments, Rent, and Additional Rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Pre-Construction Payments, Rent, and Additional Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that is proved could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Pre-Construction Payments, Rent and Additional Rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that is proved could have been reasonably avoided; plus (iv) any other amount necessary to compensate County for all the damages proximately caused by Lessee's failure to perform its obligations under this Lease or which in the ordinary course of events would be likely to result therefrom, including, without limitation, costs of reletting, Lessee improvements, leasing commissions, cost of repairs, renovation or demolition of the Improvements and all other costs of returning the Premises to a marketable condition; plus (v) all attorneys' fees and costs incurred by County in retaking the Premises and collecting amounts due from Lessee; plus (vi) at County's election,

such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. As used in (i) above, the “worth at the time of award” is computed using an interest rate at the maximum rate allowed by State of California law.

In addition to all other remedies, the County has the remedy described in State of California Civil Code Section 1951.4: “County may continue lease in effect after Lessee’s breach and abandonment and recover Construction Period Rent, Rent or Additional Rent as it becomes due, if Lessee has right to sublet or assign, subject only to reasonable limitations.”

16.3 County’s Remedies Cumulative. All of County’s remedies under this Lease shall be in addition to all other remedies County may have at law or in equity. Waiver by County of any breach of any obligation by Lessee shall be effective only if it is in writing, and shall not be deemed a waiver of any other breach, or any subsequent breach of the same obligation. County’s acceptance of payment by Lessee shall not constitute a waiver of any breach by Lessee except for any breach with respect to the payment so accepted. County may advance such monies and take such other actions for Lessee’s account as reasonably may be required to cure or mitigate any default by Lessee. Lessee shall immediately reimburse County for any such advance, and such sums shall bear interest at the default interest rate until paid.

16.4 No Punitive or Consequential Damages. Neither County nor Lessee shall be entitled to any punitive or consequential damage award against the other party in any action or proceeding arising out of or related to this Lease.

16.5 Interest. Any amounts, other than Construction Period Rent, Rent or Additional Rent, due from Lessee under the provisions of this Lease which are not paid when due shall bear interest at the rate of four percent (4.0%) over the discount rate charged from time to time by the Federal Reserve Bank of San Francisco, but not to exceed the maximum rate which County is permitted by law to charge.

16.6 Request for Information. Within ten business (10) days after County’s request, Lessee shall provide County, any financial, legal and business information concerning any of the matters addressed in this ARTICLE 16.

## **ARTICLE 17.**

### **DEFAULTS BY COUNTY; REMEDIES**

If County neglects or fails to perform or observe any of the terms, covenants, or conditions of this Lease on its part to be performed or observed within thirty (30) days after written notice of default or, when more than thirty (30) days is required because of the nature of the default, and County fails to proceed diligently to cure the default after written notice of the default, then Lessee may sue for specific performance and County shall be liable to Lessee for any and all damages sustained by Lessee as a result of County’s breach; provided, however, that: (i) any money judgment resulting from any default or other claim arising under this Lease shall be satisfied only out of the current rents, issues, profits and other income County receives from its operation of Premises, net of all current operating expenses, liabilities, reserves and debt service associated with the operation of the Premises (for purposes of this Article 17 only, “Net

Income”), (ii) no other real, personal or mixed property of County, wherever located, shall be subject to levy on any judgment obtained against County, (iii) if the Net Income is insufficient to satisfy the judgment, Lessee will not institute any further action, suit, claim or demand, in law or in equity, against County for or on the account of the deficiency, and (iv) the neglect or failure shall not constitute consent by County for Lessee to perform or observe the terms, covenants or conditions of this Lease at County’s expense. Lessee waives, to the extent permitted under law, any right to satisfy any money judgment against County except from Net Income.

**ARTICLE 18.**  
**ABANDONMENT**

Subject to Section 29.10, Article 20 and Article 21, Lessee shall not vacate or abandon the Premises and Improvements at any time during the term of this Lease nor permit the Premises to remain unoccupied for a period of longer than five (5) consecutive days during the term of this Lease. If Lessee abandons, vacates or surrenders the Premises, or is dispossessed by process of law, or otherwise, any Personal Property or Fixtures belonging to Lessee and left on the Premises shall, at the option of County, be deemed abandoned. County may dispose of any Personal Property and Fixtures deemed abandoned in any manner provided by State of California law and is relieved of all liability for disposing any Personal Property or Fixtures. These provisions shall not apply if the Premises are closed and business temporarily discontinued due to a Force Majeure event as defined in Section 29.10 of this Lease.

**ARTICLE 19.**  
**DAMAGE OR DESTRUCTION**

19.1 Damage and Restoration. Subject to the provisions of Section 19.5, if, at any time after the Commencement Date and during the Term, all or any part of the Premises or Improvements are damaged or destroyed by any cause (“Casualty”), Lessee shall, at Lessee’s sole expense, repair, restore and reconstruct the Premises and Improvements to substantially the same condition that existed immediately prior to the Casualty in substantial conformance with the Final Plans (as may be modified pursuant to this Lease), subject to any changes necessary to comply with then applicable Laws and with any upgrades or improvements proposed by Lessee and reasonably approved by County. All such work shall be promptly constructed in a good and workmanlike manner according to and in conformance with all Laws and the requirements of this Lease.

19.2 No Rent Abatement. There shall be no rent abatement, allowance, reduction, or suspension of any Rent or Additional Rent because of any Casualty.

19.3 Application of Insurance Proceeds. In the event of a Casualty, all insurance proceeds shall be applied first to fully repair, restore, and reconstruct the Premises and Improvements, and any insurance proceeds remaining after completion of all such repair, restoration, and reconstruction in accordance with this Lease, including resolution of any mechanics liens in accordance with Article 8, shall be paid to Lessee, or the Leasehold Mortgagee as required under the Leasehold Mortgage. If the insurance proceeds are insufficient to pay all costs to fully repair, restore, and reconstruct the Premises and Improvements as

required under this Lease, Lessee shall pay the deficiency and shall proceed to complete the repair, restoration and reconstruction of the Premises and Improvements and pay the cost of completing the repair, restoration and reconstruction, or shall be in default under this Lease.

19.4 Exclusive Remedies. Notwithstanding any Casualty, Lessee shall not be released from any of its obligations under this Lease, except to the extent and upon the conditions expressly stated in this ARTICLE 19. County and Lessee expressly waive the provisions of State of California Civil Code Sections 1932(2) and 1933(4) with respect to any damage or destruction of the Premises and Improvements and agree that their rights shall be exclusively governed by the provisions of this ARTICLE 19.

19.5 Exceptions to Repair and Reconstruction Requirement.

Last Five Years of Term. If a Casualty occurs during the final five (5) years of the Term, and if such damage or destruction cannot be substantially repaired within one (1) year from the date of such damage or destruction, subject to the rights of the Leasehold Mortgagee, County or Lessee may elect to terminate this Lease by written notice delivered to the other within sixty (60) days. If Lessee or County elects to terminate this Lease under this Section 19.5.1, Lessee shall promptly perform or complete all of the following, and the Lease shall terminate upon Lessee's performance or completion of all of the following: (i) complete Restoration (defined in Section 3.3) of the Premises, (ii) pay to the County the one-time amount equal to the Rent for lesser of three (3) Lease Years or what would have been the remainder of the Term without the termination, (iii) following completion of Restoration, deliver possession of the Premises to County and quitclaim all right, title, and interest in and to the Premises, and (v) cause to be discharged all liens and encumbrances on the Premises resulting from any act or omission of Lessee. If Lessee or County elects to terminate the Lease under this Section 19.5.1, Lessee shall not be entitled to recover any sums from County, including but not limited to any lost profit, business opportunity or administrative or legal expenses as a result of termination of the Lease pursuant to this section. If neither Lessee or County elects to terminate the Lease under this Section 19.5.1, Tenant shall repair, restore and reconstruct the Premises and Improvements in accordance with Section 19.1, then Lessee shall at Lessee's sole expense, repair, restore and reconstruct the Premises and Improvements.

Insurance Proceeds Deficiency. If the cost of repair or reconstruction following a Casualty exceeds the available insurance proceeds by more than ten percent (10%), Lessee may elect to terminate the Lease, subject to and following performance of all of the following by Lessee: (i) Completion of Restoration (defined in Section 3.3), (ii) payment to the County of a one-time amount equal to the Rent for three (3) Lease Years, (iii) following completion of Restoration, delivery of possession of the Premises to County and quitclaim all right, title, and interest in and to the Premises, and (v) discharge of all liens and encumbrances on the Premises resulting from any act or omission of Lessee.

Application of Insurance Proceeds. If County or Lessee elect to terminate the Lease under Section 19.5.1, or if Lessee elects to terminate the Lease under Section 19.5.2, Tenant shall use as much of the available insurance proceeds as is necessary to complete Restoration (defined in Section 3.3). Tenant's duties of Restoration under Sections 19.5.1 and

19.5.2 is not contingent upon the availability of insurance proceeds; however, all insurance proceeds sufficient to complete Restoration shall be made available to Lessee by the Eligible Independent Trustee. The remainder of the insurance proceeds following completion of Restoration shall be used first to pay off any amounts still owing under the Leasehold Mortgage, and next to pay to the County the applicable required payment under Section 19.5.1 and 19.5.2, and finally to Lessee.

Leasehold Mortgagee Application of Insurance Proceeds. Leasehold Mortgagee Application of Insurance Proceeds. Any provision of this Lease to the contrary notwithstanding, Leasehold Mortgagee may apply insurance proceeds to retire the Leasehold Mortgage obligations, subject to an amount of the such proceeds sufficient to either (a) complete Restoration or (b) repair, restore, and reconstruct the Premises and Improvements in accordance with Section 19.1 (“Repair”) first being deposited in a separate account with an Eligible Independent Trustee approved by County and Lessee, to be held in trust and disbursed only for Repair or Restoration in accordance with this Section 19.5.4. If Leasehold Mortgagee elects to apply insurance proceeds to retire the Leasehold Mortgage obligations under this Section 19.5.4, then Lessee shall elect within one hundred twenty (120) days after the casualty to either complete Restoration or Repair, and before any casualty insurance proceeds are applied to any Leasehold Mortgage obligations, a sufficient amount of the casualty insurance proceeds shall be deposited with the Eligible Independent Trustee to complete the Restoration or Repair (the “Escrowed Proceeds”). The amount of the Escrowed Proceeds shall be determined by a qualified independent engineering consultant, which consultant shall be subject to County’s reasonable approval. If Lessee elects to perform the Restoration under this Section 19.5.4, then this Lease shall terminate upon the satisfaction of the conditions set forth in Section 19.5.1 for Lease termination. Any provision of this Lease or any Leasehold Mortgage to the contrary notwithstanding, no casualty insurance proceeds shall be applied to any Leasehold Mortgage obligation except in strict compliance with this Section 19.5.4.

No Rent Abatement. There shall be no abatement or reduction in Construction, Rent, or Additional Rent during the time from the occurrence of the Casualty until the date of termination of the Lease following completion of all conditions for termination of the Lease under Section 19.5.1 or 19.5.2.

## **ARTICLE 20.** **CONDEMNATION**

20.1 Termination for Total Condemnation. If all of the Premises is taken under eminent domain or inverse condemnation (“Condemnation”) by a party other than County, or, if less than all of the Premises is taken under Condemnation, and Lessee reasonably determines the remainder of the Premises not taken is unsuitable for the purposes permitted by the Lease (“Constructive Total Condemnation”), then Lessee may, with the consent of the Leasehold Mortgagee, terminate this Lease as of the date of the taking by delivery of written notice of the election within twenty (20) days after the party has been notified of the taking or, in the absence of written notice, within twenty (20) days after the taking.

20.2 Continuation of Lease After Partial Taking. If a partial taking of the Premises occurs and this Lease is not terminated by County or Lessee under Section 20.1, this Lease shall remain in full force and effect as to any portion of the Premises remaining, and:

This Lease will no longer be in effect as of the date of the taking for the portion of the Premises taken by the public entity;

The Condemnation proceeds shall be allocated and disbursed in accordance with Section 21.3.2;

If the Condemnation award for a partial taking exceeds \$1,000,000 and a portion of the Condemnation award proceeds are paid to County in accordance with Section 20.2.7, Rent shall be reduced in proportion to the amount that the fair market rental value of the Premises immediately after the partial taking bears to the fair market rental value of the Premises immediately before the partial taking. If the Lessee and County are unable to agree on the amount by which Rent should be reduced, that amount shall be determined by petition to the court in the Condemnation proceeding. The reduction in Rent shall be effective as of the date of the taking, but is contingent on County's receipt of its portion of the Condemnation award proceeds under Section 21.3.2; and

At its sole expense, and regardless of whether Condemnation award proceeds under Section 20.2.7 are sufficient to cover costs of restoration, Lessee shall restore the remaining portion of the Premises to create a reasonably sound and economically feasible architectural unit substantially suitable for the purposes for which they were used immediately before the taking, using good workmanship and new first-class materials, in accordance with the requirements of ARTICLE 9 and ARTICLE 10 of this Lease.

Awards. Subject to the condition that the amount of Condemnation proceeds paid to the Leasehold Mortgagee must not be less than the total award minus the value of the County's interest in the Premises or portion of the Premises under the Lease (as set forth in Section 21.3.1.1 below) that was taken pursuant to the Condemnation, any Condemnation proceeds shall be applied first to the actual out-of-pocket costs incurred by County and Lessee in the Condemnation proceedings, and then allocated as set forth below.

Total Condemnation. In the event of a total Condemnation, the Condemnation proceeds, after payment of the costs of the Condemnation proceedings for County, Lessee, and Leasehold Mortgagee, shall be allocated as follows:

20.2.1.1 First, County shall receive the fair market value of the Premises, considered as unimproved.

20.2.1.2 Second, the Leasehold Mortgage shall receive the amount of the portion of the proceeds attributable to Tenant's interest in the Lease and Leasehold Estate required to be paid to the Leasehold Mortgagee under the terms of the Leasehold Mortgage.

20.2.1.3 Finally, the County and Lessee shall receive, on a pari passu basis, the County Remainder Share and Lessee Remainder Share, as defined below:

20.2.1.3.1 “Lessee’s Remainder Share” means the value of Tenant’s interest in the Lease and the Leasehold Estate, minus the amount paid to the Leasehold Mortgagee under Section 20.3.1.2

20.2.1.3.2 “County’s Remainder Share” the net present value of the Rent payments for the remainder of the Term that would have been due to County had the Condemnation not occurred, plus the net present value of County’s residual interest in the Improvements following expiration of the Term, plus, in the event of a Constructive Total Taking, the portion of the Condemnation proceeds attributable to severance damages from severance of the condemned portion of the Premises and Improvements from the remainder Premises and Improvements that County would hold following termination of the Lease under Section 20.1, minus the amount paid to County under Section 20.2.6.1.

Partial Condemnation. In the event of a partial Condemnation, the Condemnation proceeds, after payment of the costs of the Condemnation proceedings, shall be applied first to restoration of the Improvements and Premises in accordance with Section 20.1. After Lessee has completed and fully paid for the restoration, including satisfaction of any mechanic’s liens in accordance with ARTICLE 7, any remaining Condemnation award proceeds shall be paid first to County in an amount equal to the value of the portion of the Rent, and Additional Rent attributable to the portion of the Premises taken by the Condemnation, and then to Lessee or Leasehold Mortgagee as required under the Leasehold Mortgage.

Temporary Condemnation. If the whole or any part of the Property is taken temporarily by Condemnation, then the Lease shall remain in full force and effect, there shall be no abatement or reduction in Rent or Additional Rent and Lessee shall be required to continue to make Rent and Additional Rent payments as required under the Lease, and the Lessee (or the Leasehold Mortgagee as required under the Leasehold Mortgage) shall receive the full amount of compensation awarded for the taking.

20.3 Tenant’s Personal Claims. Nothing this ARTICLE 20 shall limit Lessee’s right to separately pursue compensation or damages from the Condemning public agency for lost revenues, business interruption, lost value of plans and permits, and moving and relocation expenses, Lessee shall be solely entitled to any such compensation for damages free and clear of any claim by County, provided, however, that no such claim or compensation shall in any way reduce the amount of any Condemnation award proceeds payable to County under this ARTICLE 20.

## **ARTICLE 21.**

### **SALE OR MORTGAGE BY COUNTY**

21.1 Sale or Mortgage. County may at any time after the Commencement Date and receipt of building permits and commencement of vertical construction, without the consent of Lessee, sell, purchase, exchange, transfer, assign, lease, encumber or convey County’s interest

in whole or in part, in this Lease, the Premises, the realty underlying the Premises and/or any portion of or interest in the realty or improvements on the Premises (collectively, “Sale”), provided that any encumbrance by the County of the Premises shall be subordinate to this Lease. Subject to all applicable federal, state, and local laws, and County’s policies and procedures, Lessee shall have the right of first refusal to acquire the interest to be conveyed by the County pursuant to any proposed sale to a private entity on the same terms and conditions as offered by such private entity to acquire the Premises (or portion thereof.)

21.2 Assignment by County. If County sells or otherwise transfers fee simple title to the Premises, the purchaser or transferee thereof shall be deemed to have assumed County’s obligations hereunder which arise on or after the date of sale or transfer, and County shall thereupon be relieved of all liabilities hereunder accruing from and after the date of such transfer, but this Lease shall otherwise remain in full force and effect. If County assigns County’s interest under this Lease without transferring fee simple title to the Premises to the same person, the holder of fee simple title to the Premises shall remain liable for the performance of obligations under this Lease requiring ownership of fee simple title.

21.3 Release on Sale. Upon the completion of a Sale, County shall be released from all liability toward Lessee and Lessee’s successors and assigns arising from this Lease because of any act, occurrence, or omission of County occurring after the Sale.

**ARTICLE 22.**  
**INTENTIONALLY BLANK**

**ARTICLE 23.**  
**SUBORDINATION; ATTORNMENT**

23.1 Subordination. Without the necessity of any other document being executed and delivered by Lessee, this Lease is and shall be junior, subject and subordinate to any existing or future permits or approvals issued by the United States of America or any local, State of California or federal agency affecting the control or operation of the Premises. Lessee shall be bound by the terms and provisions of any permits or approvals. This Lease is and shall also be senior to all ground leases, mortgages, deeds of trust and other security instruments of any kind now covering the leasehold estate, or any portion of the leasehold estate.

23.2 Attornment. If any proceedings are brought for foreclosure, or if the exercise of the power of sale under any mortgage or deed of trust made by County covering the Premises occurs, Lessee shall attorn to the purchaser upon any foreclosure or sale of the Premises and recognize the purchaser as landlord under this Lease, and the purchaser shall be bound by all the terms and conditions of this Lease.

**ARTICLE 24.**  
**COUNTY’S RIGHT OF ACCESS**

24.1 County's Right to Enter the Premises. County, its agents, employees, and contractors may enter the Premises and Improvements at any time in response to an emergency, and subject to the rights of subtenants, at reasonable hours after reasonable prior written notice of not less than 48 hours to (a) inspect the Premises and Improvements, (b) exhibit the Premises and Improvements to prospective purchasers or tenants, (c) determine, if it has reasonable cause to believe that Lessee is not in compliance, whether Lessee is complying with its obligations under this Lease (including its obligations with respect to compliance with Hazardous Materials Laws), (d) post notices of non-responsibility or similar notices, and (e) exercise rights under Section 2.3, if any. All work performed pursuant to this Section 24.1 will be done as promptly as reasonably possible and all work and entry by the County pursuant to this Section 24.1 shall be performed in a manner that does not unreasonably interfere with Lessee or any occupants or subtenants. Following completion of County's entry under this Section 24.1, County shall promptly restore the Premises and Improvements to the same or better condition as existed prior to the County's entry and promptly repair any damage to the Premises and Improvements caused by the County's work or under this Section 24.1.

24.2 Lessee's Waiver of Damages Claims. Lessee waives any claim of injury or inconvenience to Lessee's business, interference with Lessee's business, loss of occupancy or quiet enjoyment of the Premises and Improvements, or any other loss caused by County's entry onto the Premises pursuant to and in compliance with Section 24.1. If necessary, Lessee shall provide County with keys to unlock all of the doors in the Premises (excluding Lessee's vaults, safes, and similar areas designated in writing by Lessee in advance and subject to the rights of residential and commercial tenants).

## **ARTICLE 25.** **QUIET ENJOYMENT**

Provided that Lessee is not in default under this Lease, Lessee shall peacefully and quietly have, hold and enjoy the Premises throughout the Term, without hindrance, ejection or molestation by County, or any person lawfully claiming through or under County.

## **ARTICLE 26.** **NOTICES**

All notices, demands, requests or other communication required or permitted to be given or served under this Lease ("Notice" or "Notices") shall be in writing, and (i) delivered in person to an officer or authorized representative of the other party, and if to Lessee, then also to any Leasehold Mortgagee, (ii) sent by United States Postal Service, certified or registered mail, postage prepaid, (iii) sent by courier delivery service, or (iv) delivered by facsimile, with the original document subsequently delivered by United States Postal Service First Class Mail to the other party at the addresses specified in Section 1.2 of this Lease. Mailed Notices shall be deemed to have been given, delivered and received three (3) business days after the date the Notice is posted by the United States Postal Service. All other Notices shall be deemed given, delivered and received upon actual receipt. Either party may, by written notice delivered pursuant to this section, at any time designate a different address to which Notices shall be sent.

**ARTICLE 27.**  
**AFFIRMATIVE ACTION PROGRAM FOR VENDORS**

During the Term, Lessee shall comply with the Affirmative Action Program for Vendors (as defined in the San Diego County Administrative Code Section 84 et seq.) pertaining to employment of disabled persons, as set forth in Article IIIK (commencing at Section 84) of the San Diego County Administrative Code, which is incorporated into this Lease by this reference. Lessee is informed that the County's Affirmative Action Program for Vendors provides that its requirements shall not apply to any lessee, or subcontractor of a Lessee, who has a regular, paid workforce of less than fifteen (15) employees. In accordance with San Diego County Administrative Code Section 84.6, as an option for compliance with this ARTICLE 26, Lessee provide to the County Director of Purchasing and Contracting written certification that Lessee (i) has an Affirmative Action Program substantially consistent with the objectives of the County Affirmative Action Program for Vendors which is approved by an agency of the Federal Government, or (ii) is otherwise complying with all Federal or State disabled persons hiring requirements. A copy of this Affirmative Action Program will be furnished to Lessee by the County's Lease Administrator upon Lessee's request.

**ARTICLE 28.**  
**WAIVER OF RELOCATION ASSISTANCE BENEFITS**

28.1 Relocation Assistance Benefits and Lessee's Waiver and Release of Relocation Benefits. Lessee is informed and acknowledges the following and shall include in all residential and non-residential subleases a similar waiver:

By entering into this Lease and becoming a tenant of County, Lessee may become entitled to receipt of "relocation assistance benefits" ("Relocation Benefits") pursuant to the Federal Uniform Relocation Assistance Act (42 U.S.C. Section 4601 et seq.) and/or the California Relocation Assistance Law (Cal. Government Code Section 7270 et seq.) (collectively, the "Relocation Statutes"), should County at some time make use of the Premises in such a way as to "displace" Lessee from the Premises. Pursuant to the Relocation Statutes, County may then become obligated to make payments to Lessee even where the displacement of Lessee does not otherwise constitute a breach or default by County of its obligations pursuant to this Lease.

Under the Relocation Statutes in effect as of the Commencement Date of this Lease, Relocation Benefits may include payment to a "displaced person" of (i) the actual and reasonable expense of moving himself or herself and a family, business, or farm operation, including Personal Property, (ii) the actual direct loss of reestablishing a business or farm operation, but not to exceed ten thousand dollars (\$10,000), or (iii) payment in lieu of moving expenses of not less than one thousand dollars (\$1,000) or more than twenty thousand dollars (\$20,000).

28.2 Lessee's Waiver and Release of Relocation Benefits. In consideration of County's agreement to enter into this Lease, Lessee waives any and all rights it may now have, or may subsequently obtain, to Relocation Benefits arising out of the County's assertion or exercise of its contractual rights to terminate this Lease pursuant to its terms, whether or not the rights are contested by Lessee or any other entity, and releases County from any liability for payment of Relocation Benefits. Lessee does not waive its rights to Relocation Benefits to the extent that Lessee's entitlement to Relocation Benefits may arise out of any condemnation or pre-condemnation actions taken by the County or any other public agency with respect to the Premises. Lessee shall in the future execute any further documentation of the release and waiver provided by this article as reasonably required by County.

## **ARTICLE 29.** **GENERAL PROVISIONS**

29.1 Authority. Lessee represents and warrants that it has full power and authority to execute and fully perform its obligations under this Lease pursuant to its governing instruments, without the need for any further action, and that the person(s) executing this Lease on behalf of Lessee are the duly designated agents of Lessee and are authorized to act on behalf of Lessee.

29.2 Brokers. Lessee warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation and/or execution of this Lease. If any broker other than the brokers acknowledged in writing by County make claim for monies owed, Lessee shall indemnify, defend and hold County harmless from the claim.

29.3 Captions. The captions, headings and table of contents appearing in this Lease are inserted for convenience only and in no way define, limit, construe, or describe the scope or intent of the provisions of this Lease.

29.4 County Approval. Except where stated in this Lease to the contrary, the phrases "County's approval" and "County's written approval" or similar phrases shall mean approval of County's Lease Administrator or a designee.

29.5 Business Days. The term "business days" as used in this Lease means any calendar day other than a Saturday, Sunday or official County holiday.

29.6 Cumulative Remedies. If a default under this Lease occurs, each party's remedies shall be limited to those remedies set forth in this Lease. The remedies under this Lease are cumulative and not exclusive of any other remedies under this Lease to which the non-defaulting party may be entitled.

29.7 Exhibits. All exhibits referred to in this Lease are attached to this Lease and incorporated into this Lease by reference.

29.8 Entire Agreement. This Lease, together with all addenda, exhibits and riders attached to this Lease, constitutes the entire agreement between County and Lessee with

respect to the subject matter of this Lease, and all prior or contemporaneous agreements, understandings and representations, oral or written, are superseded

29.9 Estoppel Certificate. Subject to payment of fees required under Section 15.10, County and Lessee shall, from time to time, within ten business (10) business days after request from the other party or from any Leasehold Mortgagee, investor, Space Lessee, or a holder or prospective holder of a fee mortgage or a purchaser or prospective purchaser of the fee interest in the Premises, execute and deliver to each other, to the applicable Leasehold Mortgagee or a holder or prospective holder of a fee mortgage or a purchaser or prospective purchaser of the fee interest in the Premises or to any person whom the requesting party may designate, an estoppel certificate consisting of statements, if true, that (a) this Lease is in full force and effect, with payment of rent and other charges hereunder being current through the date of the certificate (or stating the date through which rent and all other applicable charges hereunder have been paid); (b) this Lease has not been modified or amended (or setting forth all modifications and amendments); (c) to the best of such party's knowledge and belief (based solely upon such party's customary internal investigation undertaken with respect to similar requests, and without waiving any such default should it learn, subsequent to execution of such statement, that the other party was then in default), the other party is not then in default beyond any applicable notice, cure or grace period under this Lease; and (d) to the best of such party's knowledge and belief (based solely upon such party's customary internal investigation undertaken with respect to similar requests, and without waiving any such default should it learn, subsequent to execution of such statement, that the other party was then in default), such other factual statements as County, Lessee, Leasehold Mortgagee, prospective lender to either County or Lessee, Space Lessee, investor or purchaser from either County or Lessee, may reasonably request.

29.10 Force Majeure. If County or Lessee is prevented or delayed from performing any act or discharging any obligation under this Lease, except for the payment of Rent, Additional Rent, or other payment required under this Lease by Lessee, because of any and all causes beyond either party's reasonable control, including but not limited to unusual delays in deliveries, abnormal adverse weather conditions, unavoidable casualties, strikes, labor disputes, inability to obtain labor, materials or equipment, acts of God, governmental restrictions, regulations or controls, any hostile government actions, civil commotion and fire or other casualty, legal actions attacking the validity of this Lease or the Lessee's occupancy or use of the Premises, or any other casualties beyond the reasonable control of either party except casualties resulting from Lessee's negligent operation or maintenance of the Premises ("Force Majeure"), performance of the act shall be excused for the period of the delay, and the period for performance of the act shall be extended for a period equivalent to the period of the delay. Force Majeure shall not include any bankruptcy, insolvency, or other financial inability by Lessee.

29.11 Governing Law. This Lease shall be governed, construed and enforced in accordance with the laws of the State of California.

29.12 Interpretation. The language of this Lease shall be construed simply according to its plain meaning and shall not be construed for or against either party.

29.13 Joint and Several Liability. If more than one person or entity executes this Lease as Lessee, each of them is jointly and severally liable for all of the obligations of Lessee under this Lease.

29.14 Liquidated Damages. Any payments by Lessee to County under this Lease described as liquidated damages represent the parties' reasonable estimate of County's actual damages under the described circumstances, the actual damages being uncertain and difficult to ascertain in light of the impossibility of foreseeing the state of the leasing market at the time of the various deadlines set forth in this Lease.

29.15 Modification. The provisions of this Lease may not be modified, except by a written instrument signed by County and Lessee.

29.16 Partial Invalidity. If any provision of this Lease is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected by the determination. Each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

29.17 Payments. Except as may otherwise be expressly stated in this Lease, each payment required to be made by Lessee shall be in addition to, and not a substitute for, other payments to be made by Lessee under this Lease.

29.18 Successors and Assigns. This Lease shall be binding on an inure to the benefit of County and Lessee and their successors and assigns, except as may otherwise be provided in this Lease.

29.19 Time of Essence. Time is of the essence of each and every provision of this Lease.

29.20 Waiver. No provision of this Lease or the breach of any provision of this Lease shall be deemed waived, except by written consent of the party against whom the waiver is claimed. The waiver by County of any breach of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of the term, covenant or condition of any subsequent breach of the term, covenant or condition, or of any other term, covenant or condition contained in this Lease. County's subsequent acceptance of partial Rent or Additional Rent or performance by Lessee shall not be deemed to be an accord and satisfaction or a waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease or of any right of County to a forfeiture of this Lease by reason of the breach, regardless of County's knowledge of the preceding breach at the time of County's acceptance. The failure on the part of County to require exact or full and complete compliance with any of the covenants, conditions of agreements of this Lease shall not be construed as in any manner changing or waiving the terms of this Lease or as estopping County from enforcing in full the provisions of this Lease. No custom or practice which may arise between County and Lessee in the course of administering this Lease shall be construed to waive, estop or in any way lessen County's right to insist upon the full performance of, or compliance with, any term, covenant or condition of this Lease by

Lessee, or construed to inhibit or prevent County's exercise of its rights with respect to any default, dereliction or breach of this Lease by Lessee.

29.21 Memorandum of Lease. Concurrently with the execution of this Lease, the parties will execute a "Memorandum of Lease" in the form attached to this Lease as EXHIBIT "E" MEMORANDUM OF LEASE and cause it be recorded in the Official Records of the San Diego County Recorder.

29.22 Counterparts. This Lease may be executed in any number of counterparts, each of which when executed shall be deemed an original, but all of which together shall constitute one and the same instrument.

[signatures on following page]

**SIGNATURES**

County and Lessee have duly executed this Lease as of the day and year written below. The Lease shall be effective as of the date of its execution by the County's Lease Administrator.

Lessee:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

County:

County of San Diego,  
a political subdivision of the State of California

By: \_\_\_\_\_

Marko Medved, P. E., CEM, Director  
Department of General Services

Date: \_\_\_\_\_

Approved as to form and legality:

By: \_\_\_\_\_

Nathan Slegers  
Senior Deputy County Counsel

**EXHIBIT "A"**  
**DESCRIPTION OF PREMISES**  
**Location Map**

**EXHIBIT "A"**  
**DESCRIPTION OF PREMISES**  
**Site Map**

**EXHIBIT "A"**  
**DESCRIPTION OF PREMISES**  
**Legal Description**

**EXHIBIT A**

The land referred to is situated in the unincorporated area of the County of San Diego, State of California, and is described as follows:

Lots 1 through 6 inclusive of Block 7 of Bay View Homestead, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 150, filed in the Office of the County Recorder of San Diego County, January 29, 1873.

APN: 534-014-04 and 534-014-12

**EXHIBIT "B"**  
**INSURANCE REQUIREMENTS - CONSTRUCTION PERIOD**

**Insurance Requirements**

Without limiting Lessee's indemnification obligations under this Lease, Lessee shall provide at its sole expense and maintain during the term of the Construction Period of Lease, or as may be further required in this Lease, the insurance specified in this Exhibit "C". Lessee's insurance shall protect Lessee against claims which may arise out of or result from Lessee's construction operations under the Lease and for activities which Lessee may be legally liable, whether the operations are performed by Lessee or by a subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable.

**1. Minimum Scope of Insurance**

Coverage shall be at least as broad as:

- A. Commercial General Liability, Occurrence form, Insurance Services Office form CG0001.
- B. Automobile Liability covering all owned, non-owned and hired auto, Insurance Services Office form CA0001. If any type of hazardous substances is transported that could cause environmental harm the policy shall contain a Pollution Coverage Endorsement (MCS-90B) or Pollution Liability-Broadened Coverage for Covered Autos-Business Auto, Motor Carrier and Truckers Coverage Forms, Form # CA9948 0902.
- C. Workers' Compensation, as required by State of California and Employer's Liability Insurance.
- D. Professional Errors and Omissions Liability required if Lessee provides or engages any type of professional services including but not limited to engineers, architects and project or construction management. Such policy may be provided by engineers, architects and project or construction management consultants in lieu of Lessee providing such coverage.
- E. Pollution Legal Liability and/or Asbestos Legal Liability required if project involves environmental hazards. Such policy may be provided by contractor whose scope involves environmental hazards in lieu of Lessee providing such coverage.
- F. Builder's Risk covering all new construction and materials which are the subject of this Lease.

**2. Minimum Limits of Insurance**

The insurance required shall be written for not less than limits of liability specified in this Lease or required by law, whichever coverage is greater. Coverages, whether written on an occurrence or claims-made basis, shall be maintained without interruption from date of commencement of the Work until date of final payment and termination of any

coverage required to be maintained after final payment. Lessee may use a combination of primary and excess insurance policies which provide coverage as broad as (“follow form” over) the underlying primary policies, to satisfy the insurance provisions. As a requirement of this Lease, any available insurance proceeds in excess of the specified minimum limits and coverage stated below, shall also be available to the County. The indemnity provisions shall apply to the full amount of damages and are not limited by the minimum limits stated below.

Lessee shall maintain limits no less than:

- A. Commercial General Liability including Premises, Operations, Products and Completed Operations, Contractual Liability, Independent Contractors Liability, Broad Form Property Damage, and Explosion, Collapse and Underground Damage (XCU): \$5,000,000 per occurrence for bodily injury and property damage. Products and Completed Operations with limits of not less than \$5,000,000 per occurrence to be maintained for three years following Acceptance of work by the County. The General Aggregate limit shall be \$5,000,000 and shall be a Project Specific Aggregate.
- B. Comprehensive Automobile Liability covering all owned, non-owned and hired vehicles for bodily injury and property damage of not less than one million dollars (\$1,000,000) each accident.
- C. Statutory Workers’ Compensation, as required by State of California and Employer’s Liability at one million dollars (\$1,000,000) each accident for bodily injury or disease. Coverage shall include waiver of subrogation endorsement in favor of the County.
- D. Professional Errors and Omissions Liability: \$3,000,000 per claim with an aggregate limit of not less than \$3,000,000. Any self-retained limit shall not be greater than \$1,000,000 per occurrence/event without County Risk Management approval. This coverage shall be maintained for a minimum of three (3) years following termination or completion of Lessee’s work pursuant to the Lease.
- E. Pollution Legal Liability Insurance: \$2,000,000 per claim with an aggregate limit of not less than \$4,000,000. Any self-retained limit shall not be greater than \$100,000 per occurrence/event without County Risk Management approval. Coverage shall include contractual liability coverage. This coverage shall be maintained for a minimum of two years following termination of completion of Contractor’s work pursuant to the Contract.
- F. Builder’s Risk: All risk or special form perils including theft of building materials (excluding earthquake and flood) covering completed value of project with no coinsurance penalty. Coverage shall be in an amount of no less than the full replacement value of the property at the time of loss. Coverage shall be provided on the work and materials which is the subject of this Lease, whether in process or manufacture or finished, including “in transit” coverage to the final agreed upon destination of delivery and including loading and unloading operations.

### **3. Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to and approved by County Risk Management if excess of One Hundred Thousand Dollars (\$100,000) per claim/occurrence. At the option of the County, either: the insurer shall reduce or eliminate the deductibles or self-insured retentions as respects the County, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers; or the Lessee shall provide a financial guarantee satisfactory to the County guaranteeing payment of losses and related investigations, claim administration and defense expenses.

#### **4. Other Insurance Provisions**

The insurance policies are to contain, or be endorsed to contain, the following provisions:

- A. Additional Insured Endorsement. The County of San Diego, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively are to be covered as additional insureds on the General Liability policy with respect to liability arising out of work or operations performed by or on behalf of the Lessee including materials, parts, or equipment furnished in connection with the work or operations and automobiles owned, leased, hired or borrowed by or on behalf of the Lessee. General Liability coverage can be provided in the form of an endorsement to the Lessee's insurance (at least as broad as ISO from CG 2010 11 85 or both CG 2010, CG 2026, CG 2033, or CG 2038; and CG 2037 forms if later revisions used).
- B. Primary Insurance Endorsement. For any claims related to this project, the Lessee's insurance coverage, including any excess liability policies, shall be primary insurance at least as broad as ISO CG 2001 04 13 as respects the County, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively. Any insurance or self-insurance maintained by the County, its officers, employees, or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.
- C. Notice of Cancellation. Notice of Cancellation shall be provided in accordance with policy provisions.
- D. Severability of Interest Clause. Coverage applies separately to each insured, except with respect to the limits of liability, and that an act or omission by one of the named insureds shall not reduce or avoid coverage to the other named insureds.
- E. Loss Payee Clause. Builder's Risk policy shall name County as loss payee as its interests may appear. Loss, if any, shall be adjustable with and payable to the County as trustee for all entities having an insurable interest, except in cases that may require payment of all or a proportion of the insurance to be made to a mortgagee as its interest may appear.

#### **General Provisions**

**5. Qualifying Insurers**

All required policies of insurance shall be issued by companies which have been approved to do business in the State of California by the State Department of Insurance, and which hold a current policy holder's alphabetic and financial size category rating of not less than A-, VII according to the current Best's Key Rating guide, or a company of equal financial stability that is approved in writing by County Risk Management.

**6. Evidence of Insurance**

Prior to the Commencement Date of this Lease, Lessee shall furnish County with certificate(s) of insurance and amendatory endorsements effecting coverage required by this clause. Renewal certificates and amendatory endorsements shall be furnished to County within thirty days after the expiration of the term of any required policy. Lessee shall permit County at all reasonable times to inspect any required policies of insurance. Insurance documents shall be issued and sent to the name and address listed this Lease.

**7. Failure to Obtain or Maintain Insurance; County's Remedies**

Lessee's failure to provide insurance specified or failure to deliver certificates of insurance and amendatory endorsements, or failure to make premium payments required by the insurance, shall constitute a material breach of the Lease, and County may, at its option, terminate the Lease for any default by Lessee.

**8. No Limitation of Obligations**

The foregoing insurance requirements as to the types and limits of insurance coverage to be maintained by Lessee, and any approval of said insurance by the County are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Lessee pursuant to the Lease, including, but not limited to, the provisions concerning indemnification.

**9. No Recourse**

The insurer shall have no recourse against County for payment of any premium or for assessments under any insurance policy maintained in connection with this Lease.

**10. Review of Coverage**

County retains the right at any time to review the coverage, form and amount of insurance required in this Lease and may require Lessee to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required.

**11. Self-Insurance**

Lessee may, with the prior written consent of County Risk Management, fulfill some or all of the insurance requirements contained in the Lease under a plan of self-insurance. Contractor shall only be permitted to utilize self-insurance if in the opinion of County Risk Management, Lessee's (i) net worth, and (ii) reserves for payment of claims of liability against Lessee, are sufficient to adequately compensate for the lack of other insurance coverage required by this Lease. Lessee's utilization of self-insurance shall not in any way limit liabilities assumed by Lessee under the Agreement.

## **12. Claims Made Coverage**

If coverage is written on a "claims made" basis, the Certificate of Insurance shall clearly so state. In addition to the coverage requirements specified above, the policy shall provide that:

- A. The policy retroactive date coincides with or precedes Lessee's commencement of work under the Lease (including subsequent policies purchased as renewals or replacements).
- B. Lessee shall make every effort to maintain similar insurance during the required extended period of coverage following expiration of the Lease.
- C. If insurance is terminated for any reason, Lessee shall purchase an extended reporting provision of at least three years to report claims arising in connection with the Lease.
- D. The policy allows for reporting of circumstances or incidents that might give rise to future claims.

## **13. Subcontractors' Insurance**

Lessee shall require and verify that all subcontractors maintain insurance meeting all the requirements stated in this Lease, and Lessee shall ensure that County is an additional insured on insurance required from subcontractors. The Additional Insured endorsement shall be attached to the certificate of insurance in order to be valid and on a form at least as broad as ISO from CG 2010 11 85 or both CG 2010, CG 2026, CG 2033, or CG 2038; and CG 2037 forms if later revisions used. If any subcontractor's coverage does not comply with the foregoing provisions, Lessee shall defend and indemnify the County from any damage, loss, cost, or expense, including attorneys' fees, incurred by County as a result of subcontractor's failure to maintain required coverage. In addition to the foregoing, Lessee shall require that any and all subcontractors performing any excavation of the Project have Explosion, Collapse and Underground Damage Liability (XCU) Insurance and coverage in the amount of \$2,000,000 per occurrence.

## **14. Waiver of Subrogation**

Lessee hereby agrees to waive rights of subrogation which any insurer (excluding pollution and professional policies) of Lessee may acquire from County by virtue of the

payment of any loss. Lessee agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the County for all work performed by the Contractor, its employees, agents and subcontractors.

**EXHIBIT “C”**  
**INSURANCE REQUIREMENTS - OPERATIONS PERIOD**

**Insurance Requirements**

Without limiting Lessee’s indemnification obligations to County under this Lease, Lessee shall provide and maintain during the Operations Period of this Lease insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Lessee’s operation and use of the Premises and Improvements identified in the Lease. The cost of the insurance shall be borne entirely by the Lessee.

**1. MINIMUM SCOPE OF INSURANCE**

Coverage shall be at least as broad as:

- A. Commercial General Liability, Occurrence form, Insurance Services Office Form CG0001.
- B. Workers Compensation, as required by State of California and Employer’s Liability Insurance.
- C. Property Insurance against all risk or special form perils (excluding earthquake or flood), including Replacement Cost coverage, without deduction for depreciation, for Lessee’s merchandise, fixtures owned by Lessee, any items identified in this Lease as Improvements to the Premises constructed and owned by Lessee, and the personal property of Lessee, its agents and employees.
- D. Rental Income Replacement

**2. MINIMUM LIMITS OF INSURANCE**

Lessee shall maintain limits no less than:

- A. Commercial General Liability including Premises, Operations, Products and Completed Operations, Contractual Liability and Independent Contractors: One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. The General Aggregate limit shall be two million dollars (\$2,000,000) and shall be a Per Location Aggregate. Fire Damage Limit (Any One Fire) three hundred thousand dollars (\$300,000) and Medical Expense Limit (Any One Person) five thousand dollars (\$5,000).
- B. Employers Liability: One million dollars (\$1,000,000) each accident for bodily injury or disease. Coverage shall include a waiver of subrogation endorsement in favor of County of San Diego.
- C. Property: Full replacement cost with no coinsurance penalty provision.
- D. Rental Income Replacement assuring County of receiving the minimum monthly rent from the time the Premises and Improvements are damaged or destroyed with a minimum period of coverage of one (1) year.

If the Lessee maintains broader coverage and/or higher limits than the minimums shown above, the County requires and shall be entitled to the broader coverage and/or higher limits maintained by the Lessee. As a requirement of this Lease, any available insurance proceeds in excess of the specified minimum limits and coverage stated above, shall also be available to the County of San Diego.

**3. DEDUCTIBLES AND SELF-INSURED RETENTION'S**

Any liability deductible or self-insured retention must be declared to and approved by the County Risk Management. The property insurance deductible shall not exceed one hundred thousand dollars (\$100,000) per occurrence and shall be borne by Lessee.

**4. OTHER INSURANCE PROVISIONS**

The insurance policies are to contain, or be endorsed to contain, the following provisions:

- A. Additional Insured Endorsement. The County of San Diego, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively are to be covered as additional insureds on the General Liability policy with respect to liability arising out of work or operations performed by or on behalf of the Lessee including materials, parts, or equipment furnished in connection with the work or operations. (General Liability coverage can be provided in the form of an endorsement to the Lessee's insurance at least as broad as ISO from CG 2010 11 85 or both CG 2010, CG 2026, CG 2033, or CG 2038; and CG 2037 forms if later revisions used).
- B. Primary Insurance Endorsement. For any claims related to this Lease, the Lessee's insurance coverage shall be primary insurance at least as broad as ISO CG 2001 04 13 as respects the County, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively. Any insurance or self-insurance maintained by the County, the members of the Board of Supervisors of the County, its officers, officials, employees, or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.
- C. Notice of Cancellation. Notice of cancellation shall be in accordance with policy provisions.

29.22.1.1 General Provisions

**5. QUALIFYING INSURERS**

All required policies of insurance shall be issued by companies which have been approved to do business in the State of California by the State Department of Insurance, and which hold a current policy holder's alphabetic and financial size category rating of not less than A-, VII according to the current Best's Key Rating guide, or a company of equal financial stability that is approved in writing by County Risk Management.

**6. EVIDENCE OF INSURANCE**

Prior to the commencement of the Operations Period of this Lease, Lessee shall furnish the County with certificates of insurance and amendatory endorsements effecting coverage required by this Lease. Renewal certificates and amendatory endorsements shall be furnished to County within thirty (30) days after the expiration of the term of any required policy. Lessee shall permit County at all reasonable times to inspect any required policies of insurance.

**7. FAILURE TO OBTAIN OR MAINTAIN INSURANCE; COUNTY'S REMEDIES**

Lessee's failure to provide insurance specified or failure to furnish certificates of insurance and amendatory endorsements or failure to make premium payments required by the insurance, shall constitute a material breach of this Lease and County may, at its option, terminate this Lease for any default by Lessee.

**8. NO LIMITATIONS OF OBLIGATIONS**

The foregoing insurance requirements as to the types and limits of insurance coverage to be maintained by Lessee, and any approval of the insurance by the County are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Lessee pursuant to the Lease, including, but not limited to, the provisions concerning indemnification.

**9. REVIEW OF COVERAGE**

County retains the right at any time to review the coverage, form and amount of insurance required by this Lease and may require Lessee to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required.

**10. SELF-INSURANCE**

Lessee may, with the prior written consent of County Risk Management, fulfill some or all of the insurance requirements contained in this Lease under a plan of self-insurance. Lessee shall only be permitted to utilize self-insurance if in the opinion of County Risk Management, Lessee's (i) net worth, and (ii) reserves for payment of claims of liability against Lessee, are sufficient to adequately compensate for the lack of other insurance coverage required by this Lease. Lessee's utilization of self-insurance shall not in any way limit liabilities assumed by Lessee under this Lease.

**11. SUBLESSEE'S INSURANCE REQUIREMENTS**

## IF COMMERCIAL SUBLESSEE OR SUBLESSEE

Lessee shall require any commercial sublessee and any commercial sub-sublessee, of all or any portion of the Premises and Improvements to provide minimum insurance coverage described in this Lease prior to occupancy.

### **If Residential Sublessee or Sub-sublessee**

Without limiting sublessee's and any sub-sublessee's indemnification, sublessee shall provide and maintain, during the term of their lease, at their sole expense, insurance at least in the amounts and form specified below; provided, however that this requirement shall not apply to households renting residential units at the Premises.

- A. Liability Insurance. Lessee shall procure Personal Liability insurance including incidental Workers' Compensation coverage applying to the use and occupancy of the Premises and Improvements, or any part of the Premises and Improvements, or any areas adjacent to the Premises and Improvements, and in an amount not less than one hundred thousand dollars (\$100,000).
- B. All Risk Insurance. A standard fire policy including all-risk or special form perils, providing Replacement Cost Coverage, without deduction for depreciation for (i) Lessee's personal property, (ii) fixtures owned by Lessee, and (iii) any items identified in this Lease as improvements to the Premises constructed and owned by Lessee. The deductible for the required fire insurance policy shall not exceed ten thousand dollars (\$10,000) per occurrence and shall be borne by Lessee.

## **12. WAIVER OF SUBROGATION**

Lessee and County waive all rights to recover against each other or against any other tenant or occupant of the building, or against the officers, directors, shareholders, partners, employees, agents or invitees of each other or of any other occupant or tenant of the building, from any Claims (as described in ARTICLE 13 EXCULPATION, INDEMNIFICATION AND INSURANCE of this Lease) against either of them and from any damages to the fixtures, personal property, Lessee's improvements, and alterations of either County or Lessee in or on the Premises and Improvements, to the extent that the proceeds received from any insurance carried by either County or Lessee, other than proceeds from any program of self-insurance, covers any Claim or damage. Included in any policy or policies of insurance provided by Lessee (excluding professional and pollution if applicable) shall be a standard waiver of rights of subrogation against County by the insurance company issuing the policy or policies.

**EXHIBIT “D”**  
**FORM OF NON-DISTURBANCE AND**  
**ATTORNMEN AGREEMENT FOR SUBLEASES**

This non-disturbance and attornment agreement (“Agreement”) is made and entered into as of \_\_\_\_\_ by and between \_\_\_\_\_ (“Lessor”), \_\_\_\_\_ (“Lessee”), and the County of San Diego, a political subdivision of the State of California (“County”), with reference to the following facts:

RECITALS

A. Lessor leases from the County land located San Diego, California known as \_\_\_\_\_ (“Master Leasehold”) pursuant to a long term ground lease known as County of San Diego Contract Number \_\_\_\_\_ (“Master Lease”).

B. The Master Lease requires Lessor to develop and construct upon the Master Leasehold certain improvements (“Improvements”). Portions of the Improvements may be subleased by non-residential tenants of Lessor. The Improvements are depicted on the site plan attached to this Agreement as EXHIBIT “A” DESCRIPTION OF IMPROVEMENTS.

C. Lessee desires to lease from Lessor a portion of the Improvements (“Premises”) pursuant to the lease agreement attached to this Agreement as EXHIBIT “B” LEASE AGREEMENT.

D. County, Lessor and Lessee desire to enter into this Agreement in order to clarify their respective rights and obligations in the event the Master Lease should ever be terminated and the County regains direct control of the Master Leasehold.

In consideration of the above recitals and the mutual promises contained in this Agreement, County, Lessor and Lessee agree as follows:

1. Non-Disturbance. County consents to the Lease and agrees that in the event that the Master Lease is terminated or expires for any reason, as long as Lessee is not in default of its obligations under the Lease beyond all available cure periods after required notice given, Lessee shall peaceably and quietly have, hold and enjoy the Premises leased pursuant to the Lease and the rights under the Lease shall not be terminated or disturbed for the full term of the Lease (provided the term of the Lease does not extend beyond the term of the Master Lease if the Master Lease would not have been terminated) in accordance with the terms, covenants, conditions, and provisions of the Lease subject to any limitations imposed by Section 2 below on the scope of the County’s attornment.

2. Attornment. Lessee agrees that in the event the Master Lease is terminated, Lessee shall attorn to County as its lessor, and that the attornment shall be effective and self-operative without the execution of any other instruments on the part of either Lessee or County upon the receipt by Lessee of notice of County's termination of the Master Lease, and the Lease shall thereafter continue in accordance with its terms between Lessee as lessee and County as lessor, and County agrees to recognize Lessee's rights under the Lease and not disturb the possession and rights of Lessee, provided however that:

- (a) County shall not be liable for any act or omission of Lessor.
- (b) County shall not be subject to any offsets or defenses that Lessee may have against Lessor.
- (c) County shall not be bound by any prepayment of rent, operating expenses, common area maintenance fees, deposits or rental security, or any other sums deposited with Lessor under the Lease, unless the sum is actually received by County. Notwithstanding the foregoing, Lessee shall have no obligation to pay to County any prepaid rent received by Lessor prior to the termination of the Master Lease.
- (d) County shall not be liable for any representations or warranties given or made by Lessor.
- (e) The Lease shall not be amended or modified without the prior written consent of County, and County shall not be bound by any modification or amendment of the Lease made without the written consent of County.
- (f) County shall not be obligated to cure any default of Lessor under the Lease or Master Lease or to complete the construction of the Improvements. Lessee shall not be obligated to cure any default of Lessor under either the Lease or Master Lease, nor shall Lessee be responsible for any liability attributable to Lessor arising prior to or after Lessee's attornment to the County as its lessor.
- (g) Lessee agrees to execute any additional agreements reasonably requested by the County to document the attornment.
- (h) Lessee shall not be liable for any act or omission of Lessor.
- (i) Lessee shall not be liable for any representations or warranties given or made by Lessor.
- (j) Lessee shall not be subject to any offsets or defenses that County may have against Lessor.

(k) Notwithstanding anything to the contrary, Lessee shall not be under any obligation to pay rent to the County until Lessee receives written notice from the County that it has succeeded to the interest of Lessor under the Lease. From and after receipt of the written notice, the payment by Lessee to County of rentals and other payments then due or thereafter becoming due to the Lessor under the Lease shall constitute full performance of all obligations with respect to rent payments.

(l) County hereby covenants and agrees to provide Lessee written notice of any termination of the Master Lease.

(m) County hereby covenants and agrees to provide Lessee written notice of any notices of defaults that County sends to Lessor under the Master Lease.

(n) County hereby covenants and agrees to provide Lessee written notice of any assignment of the Master Lease.

(o) County hereby covenants and agrees to provide Lessee at least forty-eight (48) hours prior notice before County enters the Premises and the purpose for County's entry onto the Premises, except in the event of an emergency.

3. Termination of Lease. If the Lease is terminated or expires for any reason, all rights and obligations of the parties pursuant to this Agreement, except with regard to any obligations or liabilities owed to County or Lessee before the termination, shall terminate without further recourse.

4. Quiet Enjoyment. County warrants and covenants to Lessor and Lessee that it is vested with good and marketable fee title to the Premises and that, in the event the Master Lease is terminated, it has the right and lawful authority to enter into the Lease for the term set forth in the Lease (provided the term does not exceed that set forth in the Master Lease). In consideration of the foregoing agreements of Lessee, County agrees that as long as Lessee is not in default of the terms of the Lease beyond all available cure periods with required notice given, County (i) will not join or name Lessee as a party in any proceedings to terminate the Master Lease, (ii) will not disturb Lessee's possession of the Premises under the Lease upon the termination of the Master Lease, (iii) will accept the attornment of Lessee, subject to the limitations contained in this Agreement, and (iv) will assume and perform (but only while in possession or control of the Master Leasehold) all of Lessor's obligations under the Lease, except as otherwise provided in this Agreement.

5. Notices. All notices or other communication required or permitted to be given under this Agreement shall be in writing, and (i) delivered in person to an officer or an authorized representative of the other party, (ii) sent by United States Postal Service registered or certified mail, postage prepaid, or (iii) sent by courier delivery service to the following addresses:

If to County: County of San Diego  
Attention: Director, Department of General Services  
5560 Overland Avenue, Suite 410  
San Diego, California 92123

If to Lessor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to Lessee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

All notices or other communications shall be deemed given, delivered and received upon actual receipt or refusal. The parties to this Agreement may, by written notice delivered pursuant to this section, at any time designate a different address to which notices shall be sent.

6. Mineral Rights. County's exercise of its right for the activities described in Section 2.2 of the Master Lease shall not result in any material impact on Lessee's development or use of, or operation on, the Master Leasehold and the Premises for the purposes permitted under the Master Lease (including, but not limited to, ingress and egress, access, signage and parking).

7. Easements/Reservations. No right reserved by County in Section 2.3 of the Master Lease shall be exercised as to interfere unreasonably with Lessee's development or use of the Master Leasehold and the Premises, or operations (including access and free flow of customer traffic) or result in the loss of improvements previously constructed by Lessee, or parking and other common areas serving the improvements.

8. County Entry onto Premises. In exercising any County's rights of entry on to the Premises under the Master Lease, County shall not unreasonably interfere with the operation of Lessee on the Master Leasehold and the Premises and any entry shall be conducted in a manner that minimizes disruption to Lessee. Lessee waives any claim of injury to Lessee's business or inconvenience to Lessee's business, interference with Lessee's business, loss of occupancy or quiet enjoyment of the Master Leasehold and the Premises, or any other loss occasioned by entry onto the Premises.

9. Miscellaneous. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of California as applied to contracts entered into

between California residents to be performed wholly within California. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. All periods of time referred to in this Agreement shall include Saturdays, Sundays and County holidays, unless the period of time specifies business days, provided that if the date or last date to perform any act or give any notice or approval shall fall on a Saturday, Sunday or County holiday, the act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or County holiday. This Agreement shall be binding upon and shall inure to the benefit of all the parties to this Agreement, their respective beneficiaries, successors and assigns. Each party signing this Agreement on behalf of an entity represents and warrants that he or she has full authority to do so and the signature of no other party is necessary for this Agreement to be effective. Headings at the beginning of each numbered section of the Agreement are solely for the convenience of the parties and are not a part of this Agreement. This Agreement contains all of the agreements of the parties to this Agreement with respect to the matters contained in this Agreement, and no prior agreement or understanding pertaining to any matter shall be effective for any purpose. No provision of this Agreement may be amended or added to this Agreement except by an agreement in writing signed by the parties to this Agreement or their respective successors in interest. If any of the provisions contained in this Agreement are held to be invalid, illegal or unenforceable by a court of competent jurisdiction, the provision(s) shall be reformed by the court to the minimum extent possible to render it valid, legal and enforceable (if possible), and the validity, legality and enforceability of the remaining portions of this Agreement shall not in any way be affected or impaired. Time is of the essence under this Agreement and any amendment, modification or revision of this Agreement.

**THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK.  
THE SIGNATURES ARE ON THE FOLLOWING PAGE.**

**SIGNATURES**

The parties have entered into this Agreement effective as of the date and year first written above.

Lessor:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Lessee:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

County:

County of San Diego,  
a political subdivision of the State of California

By: \_\_\_\_\_  
MARKO MEDVED, Director  
Department of General Services

Approved as to form and legality:

By: \_\_\_\_\_  
NATHAN SLEGERS,  
Senior Deputy County Counsel

**FORM OF NON-DISTURBANCE AND  
ATTORNMENr AGREEMENT FOR SUBLEASES**

**EXHIBIT "A"  
DESCRIPTION OF IMPROVEMENTS**

**FORM OF NON-DISTURBANCE AND  
ATTORNMENMENT AGREEMENT FOR SUBLEASES**

**EXHIBIT "B"  
LEASE AGREEMENT**

**Begins on Next Page**

**EXHIBIT "E"**  
**MEMORANDUM OF LEASE**

**Begins on next page**

**WHEN RECORDED, PLEASE RETURN  
THIS INSTRUMENT TO:**

\_\_\_\_\_  
Attention: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SPACE ABOVE FOR RECORDER'S USE  
ONLY**

---

**MEMORANDUM OF LEASE**

APN: \_\_\_\_\_

The County of San Diego, a political subdivision of the State of California ("County") and \_\_\_\_\_, a \_\_\_\_\_, ("Lessee"), entered into a lease ("Lease"), dated \_\_\_\_\_, \_\_\_\_\_, for the premises ("Premises") described in SCHEDULE "1" DESCRIPTION OF PREMISES attached to this Memorandum of Lease.

1. Grant. County grants to Lessee a leasehold estate in the Premises in accordance with the terms, covenants and conditions of the Lease.
2. Term. The term of the Lease is (\_\_) years, with a Commencement Date and expiration date as provided in the Lease.
3. Filing. A copy of the Lease is on file with County at the address set forth above.
4. Subordination. County shall be obligated to subordinate the Lease only as provided in the Lease.
5. Summary. This Memorandum of Lease does not include all the terms, covenants and conditions of the Lease. The provisions of this Memorandum of Lease shall not be used in interpreting the terms, covenants and conditions of the Lease and shall not be deemed to modify or otherwise change any of the terms, covenants or conditions of the Lease. In the event of a conflict between the Lease and this Memorandum of Lease, the terms, covenants and conditions of the Lease shall control.

6. Termination of Lease. Upon the expiration or earlier termination of the Lease, this Memorandum of Lease shall terminate and be of no further force or effect. Lessee shall execute and deliver for recordation, a quitclaim deed in favor of County confirming that Lessee quitclaims all right, title and interest in and to the Premises under the Lease. Lessee shall pay all recording costs.

7. Counterparts. This Memorandum of Lease may be executed in multiple counterparts, each of which shall be deemed an original but all of which, together, shall constitute one and the same instrument.

County and Lessee have executed this Memorandum of Lease as of the \_\_\_\_ day of \_\_\_\_, \_\_\_\_\_.

“COUNTY”

County of San Diego,  
a political subdivision of the State of California

By: \_\_\_\_\_  
Marko Medved P.E., CEM,  
Director, Department of General Services

“LESSEE”

By: \_\_\_\_\_

Title: \_\_\_\_\_

[Add appropriate notary form]

**SCHEDULE "1"**  
**DESCRIPTION OF PREMISES**  
**Legal Description**

**EXHIBIT "F"**  
**LESSEE'S RESPONSE TO REQUEST FOR PROPOSALS**

**Begins on next page**



1555 6TH AVENUE

# County of San Diego RFP Response

1501 / 1555 Sixth Avenue

June 25th 2018

**BRIDGE** Housing

**avrp**  
SKYPORT



BUILDING SUSTAINING LEADING

BRIDGE HOUSING  
CORPORATION

BRIDGE PROPERTY  
MANAGEMENT COMPANY

BAY AREA SENIOR SERVICES, INC.

BRIDGE ECONOMIC  
DEVELOPMENT CORPORATION

June 25, 2018

County of San Diego  
Real Estate Services Division  
Attn: Angela Jackson-Llamas, Senior Real Property Agent  
5560 Overland Avenue, Suite 410  
San Diego, CA 92123

RE: Request for Proposals- 1501/1555 Sixth Avenue Family Court Site

Dear Ms. Jackson-Llamas:

BRIDGE Housing Corporation is pleased to present our response to the 1501/1555 Sixth Avenue Family Court site. BRIDGE has over 30 years of experience in developing affordable housing throughout California and the Pacific Northwest. Our uniquely talented and experienced team is very knowledgeable about the challenges that come with creating high quality affordable housing. BRIDGE Housing offers the experience and expertise we believe the County of San Diego is seeking for in an affordable housing developer.

With a competitive ground lease payment, exceptional design, a developer and an architect with proven track records in the County of San Diego, we believe our team to be a competitive choice. BRIDGE is acutely aware of the public's role in this type of development and takes a strong lead position in making sure any public concerns are heard and addressed. BRIDGE is a long-term owner and property manager, which means BRIDGE becomes a part of every community we build in. The number of repeat successes we have had with public agencies demonstrates that we have followed through on commitments made during the approvals process and continue to operate and manage our properties to the highest standards.

We believe BRIDGE can provide the creativity, expertise, and capacity needed to achieve a successful development and we look forward to your review of our submission. If you need any further information or have any questions, please do not hesitate to contact me at (619)814-1285 or [adoddapaneni@bridgehousing.com](mailto:adoddapaneni@bridgehousing.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Aruna Doddapaneni", is written over a light blue horizontal line.

Aruna Doddapaneni  
Vice President of Development



Request for Proposals for the Ground Lease and Development of 1501/1555 Sixth Avenue, San Diego  
(APN 534-014-04 and APN 534-014-12)

---

**COUNTY OF SAN DIEGO – REQUEST FOR PROPOSALS  
DEPARTMENT OF GENERAL SERVICES  
GROUND LEASE AND DEVELOPMENT OF 1501/1555 SIXTH AVENUE IN  
SAN DIEGO**

**PROPOSAL COVER PAGE**

Submit this Completed Form as the Cover Page of Your Proposal

**PROPOSAL DUE DATE: JUNE 25, 2018 5:00.00 PM Pacific Time to the Department of General Services; or JUNE 26, 2018 9:00.00 AM Pacific Time to the Clerk of the Board of Supervisors**

Submit by delivering 10 hard copies, one unbound original, and one “high quality” digital PDF file (on a flash drive or CD) in a sealed envelope or package marked on the outside with “1501/1555 Sixth Ave Ground Lease and Development RFP” to:

County of San Diego  
Real Estate Services Division  
Attention: Angela Jackson-Llamas, Senior Real Property Agent  
5560 Overland Avenue, Suite 410  
San Diego, California 92123

OR

County of San Diego  
Clerk of the Board of Supervisors  
Attention: Angela Jackson-Llamas, Senior Real Property Agent  
1600 Pacific Highway, Room 402  
San Diego, California 92101

For information, please contact:

Angela Jackson-Llamas  
[angela.jackson-llamas@sdcounty.ca.gov](mailto:angela.jackson-llamas@sdcounty.ca.gov)  
858-694-2336

**TO BE COMPLETED BY OFFEROR**

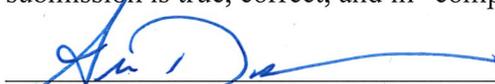
OFFEROR INFORMATION (Type or Print)  BRIDGE Housing Corporation	NAME, TITLE & CONTACT # OF PERSON AUTHORIZED TO SIGN OFFER (type or Print) Aruna Doddapaneni, Vice President of Development Ph: (619) 814-1285 Fax: (619) 231-6301 Em: adoddapaneni@bridgehousing.com
-----------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Request for Proposals for the Ground Lease and Development of 1501/1555 Sixth Avenue, San Diego  
(APN 534-014-04 and APN 534-014-12)

Offeror Company/Organization Name	Authorized Representative Name
<u>BRIDGE Housing Corporation</u>	<u>Aruna Doddapaneni, Vice President of Development</u>
Offeror Address	Authorized Representative Title
<u>2202 30th St., San Diego, CA 92104</u>	<u>adoddapaneni@bridgehousing.com</u>
Offeror City, State, Zip	Authorized Representative Email
<u>(415) 989-1111</u>	<u>(619) 814 -1285</u>
Offeror Telephone Number	Authorized Representative Telephone Number

**SIGNATURE**

I certify under penalty of perjury under the laws of the State of California that I am authorized to execute and submit this proposal on behalf of the Offeror listed above; that all of the RFP instructions and rules, exhibits, addenda, questions and answers, and any other information provided by the County, including but not limited to, the diligence material, has been reviewed, understood and complied with; and that all information in this submission is true, correct, and in compliance with the terms of the RFP.

  
Authorized Representative Signature

6/19/18  
Date

# Vertical Village

6th Avenue

City

Location

Park

Seniors

Main Street

Access

&

Connections

Affordable

Housing

Downtown

Family

Amenities

Community

Water

**BRIDGE** Housing

**avrp**  
SKYPORT

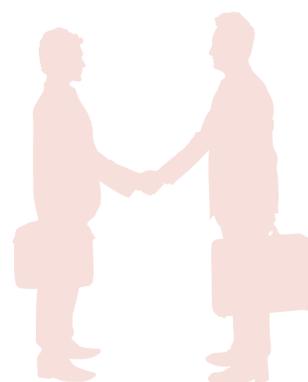


## Table of Contents

2.1 FINANCIAL OFFER	7
2.2 PROJECT TEAM	10
2.2.1 TEAM ORGANIZATION	30
2.4 DEVELOPMENT VISION	32
2.4.1 PROJECT DESIGN	43
Site Plan/ Ground Floor Plan	43
Stacking Plans	44
Elevations	53
Cross Sections	57
Context Perspective Drawings	60
2.5 REVIEW OF LEASE	65
2.6 FINANCIAL CAPABILITY	72
2.7 PROJECT SCHEDULE	93
APPENDIX	95

# Financial Offer

- Financial Offer



# 2.1 FINANCIAL OFFER

## 2.1 Financial Offer

### 1. Total amount of ground lease payments:

Preconstruction Period Payment = \$10,000  
Preconstruction Period Extensions = \$10,000/extension

Upfront Base Rent = \$500,000 paid at close of construction financing escrow  
Annual Base Rent = \$30,000 paid during stabilized occupancy  
Rent Note = 25% of residual cash flow paid after investor and partnership management fees have been paid. Final estimated amount will change once all financing and expenses have been secured.

#### Total Amount of Ground Lease Payments

$\$10,000 + \$500,000 + (\$30,000/\text{yr} \times 99 \text{ years}) + \text{Rent Note Payments} = \underline{\$3,480,000} + \text{Rent Note payments}$

Rent Note Payments: Estimated first 15 years of Rent Note payments = \$1,302,827

#### Rent Schedule during Stabilized Occupancy:

Year 1-99: \$30,000/year  
Year 1-99: 25% of residual cash flow

*BRIDGE has provided the above structure to the County for consideration but if the County has a preference for a larger Upfront Base Rent and lower Annual Base Rent or vice versa, BRIDGE is willing to consider this approach. This change will not affect the assumed soft lender subsidies.*

### 2. Frequency of Rent Payments:

Base Rent will be paid on a quarterly basis

### 3. Term of Ground Lease:

99 Years

### 4. Timing of the start of ground lease payments and any contingencies associated with the proposed timing:

The Preconstruction Period Payment will begin upon the Commencement Date as defined in the ground lease. The Upfront Base Rent will become effective upon closing on all construction financing and building permit issuance with annual rent payments deferred until stabilized occupancy.

### 5. Periodic adjustments to ground lease payment amount and cause for adjustment:

---

The ground lease payment will increase by 5% every 5 years. A mark-to-market adjustment provision is not included, as this provision is not financially feasible for an affordable housing development.

**6. Letter from Surety:**

This requirement was removed per RFP Addendum 4

**7. Due Diligence Timeframe:**

BRIDGE is familiar with the County’s due diligence and ground lease procedures. BRIDGE proposes a two due diligence periods each including 90 days, with two optional 30-day extensions contingent on results from any due diligence reporting. The first due diligence period will begin at the Commencement Date as defined in the ground lease. The second due diligence period will begin once the current building onsite has been demolished and land cleaned for the development team by the County. The due diligence process will be administered by BRIDGE staff, in coordination with the County for site access and information. The process will begin with a list of requests of information from the County. Standard BRIDGE due diligence requests include, to the extent available, a schedule of all property taxes and special assessments, easements and their related agreements, as-built grading plans for the site, as-built plans with indication of stubbed water/sewer connections and a preliminary title report with relevant documents hyperlinked. In addition, a Phase I report would be conducted on the site, to determine any environmental challenges to development on the site. A Phase II report would be requested if indicated as necessary by the Phase I. In addition, a geotechnical report would be conducted to ensure viability of the site soils for the proposed development.

After execution of the ground lease, the Preconstruction Period provides a 24-month timeframe (and two 6-month extension options) to allow BRIDGE to work with the County, City, State, and the local community on the entitlements and financing required for the project. In addition, the County will perform demolition of the existing building and site improvements during this period. After demolition is complete, BRIDGE will review the close-out reports provided by the County and perform additional reasonable site due diligence to confirm (1) that the site has been delivered by the County in accordance with the condition described at the end of Section 1.2 of the RFP and (2) that the site soils do not contain hazardous materials that would have to be removed or mitigated.

# Project Team

- Project Team Narrative
- San Ysidro Health Services PACE
- San Ysidro Health LOI
- PACE Forms
- PATH Forms
- PATH Supportive Services Plan



## 2.2 PROJECT TEAM

---

BRIDGE Housing Corporation will be the lead respondent and primary developer. Aruna Doddapaneni of BRIDGE Housing will be the Project Lead. AVR P Skyport will be the Lead Design Firm for the site, with Frank Wolden heading the design effort.

In addition to coordinating construction work, BRIDGE will be working with San Ysidro Health (SYH) to provide supportive services for the site. SYH will be operating services for seniors through the San Diego PACE program for very frail and elderly seniors. The San Diego PACE program is focused on supporting vulnerable seniors with comprehensive care, allowing them to live independently. BRIDGE is also in discussions with People Assisting The Homeless (PATH) to provide resident services aimed at maintaining residency and building life-skills.

### 2.2.1 Project Team Organization

#### 1. Organizational Chart

#### 2. Decision Making and Project Management

For BRIDGE housing, effective decision making is tied to effective project management. BRIDGE takes a detail oriented, hands-on approach to project management through daily contact between the onsite construction project manager, development project manager, and architect and construction manager. In addition, in-person weekly site meetings are key to the firms' vision for the management of the site. This method of daily dialog and weekly "deep-dive" sessions allows for information to easily pass from those on the ground to our project managers and if necessary to senior staff.

BRIDGE brings a large corporate presence to support the work of its project managers, with each manager assigned a project administrator that will work on document management and other supplementary duties. In addition, project managers interact regularly with senior staff regionally and report to executive staff at scheduled intervals. These check-ins allow not only for internal tracking of project metrics and information, but also as an opportunity for project managers to benefit from the collective experience of the BRIDGE senior and executive staff. Project cost and schedule updates are discussed well before approval is required. In-field decisions are made by project managers to recognize and address construction risks before affecting project schedules and preventing budget overruns. This daily approach to project management and decision making ensures that the objectives of the multiple layers of regulatory agencies and financial stakeholders are met and exceeded.

Aruna Doddapaneni of BRIDGE Housing will be the Project Manager for the affordable development, providing day-to-day oversight of the project through the design, pre-development, construction and construction close-out. Ms. Doddapaneni's BRIDGE office is located near downtown San Diego about 10 minutes from the Family Court development location. Project Executive for the affordable development will be Kim McKay. Aruna, the Project Manager, will be reporting directly to Ms. McKay, who will provide a larger scope oversight for the project and relay crucial information to BRIDGE executive leadership.

Handling of the hiring of construction related consultants, with input from BRIDGE, will be conducted by a to-be-determined General Contractor. Efficiencies in hiring consultants will be pursued to the extent feasible. AVR P Skyport, the design firm currently working with the team on this response, will be

---

organizing the mechanical, electrical and plumbing consultants. Discussions on these consultants will bring all members of the development team to the table to ensure that the firms chosen will be the best fit for the product types, development goals and location of the development. BRIDGE will bring on board relevant sub consultants that share a history of achievement with the firm.

In addition to coordinating construction work, BRIDGE will be working with San Ysidro Health (SYH) on the creation of a services framework to address the needs of the variety of tenant's that will be living onsite. SYH, BRIDGE development staff, the firm's internal Community Development and Programs Department and BRIDGE Property Management will be in constant contact during the design and pre-development phases. During the design phase, the team will generate a list of spaces and uses that will aid the architect in creating the layout and flow of the building. During the pre-development phase, SYH and BRIDGE will coordinate information for financing applications. Taking a hiatus during the first phases of construction, initial marketing outreach and lease-up would bring the team members back together, as the boots-on-the-ground staff of each firm work on the creation of program schedules, as well goals for individual tenants as needed. The result of this collaboration will be a seamless experience for tenants, with housing and services tailored to the needs of each population in the development.

BRIDGE and AVRVP are currently working together on another project located in the Little Italy neighborhood of downtown San Diego. The development on the Family Court site would bring together BRIDGE and AVRVP for their second collaboration in San Diego. BRIDGE and SYH are excited for this first collaboration between the firms.

### **3. Development Team Interaction with the County of San Diego**

If chosen, the Development Team plans on interacting with the County throughout the life of the project. During several key periods in the predevelopment timeline, the team plans on working more closely with County staff members. These periods include the negotiation of the ground lease, the rezoning of the site and amendment of the community plan, submission of the project for entitlements and incorporation of any necessary major design changes. Once the project enters construction, the Development Team will be regularly providing the county with progress reports and site updates.

### **4. Meeting with the County of San Diego**

The Developer, represented by the Project Manager and development team members as needed, will interface with the County of San Diego through monthly meetings during the predevelopment phase. These meetings will update the County on progress with entitlements, the finalization of design work and negotiations between the Developer and relevant agencies, such as Civic San Diego, San Diego Housing Commission and the City of San Diego. These meetings would most likely be a mix of in-person meetings and conference calls as appropriate.

---

#### **2.2.4 Required Forms**

San Ysidro Health has joined the development team as supportive housing services providers. In addition, BRIDGE is in discussion with PATH to provide services to the residents of the development.

#### **San Ysidro Health**

San Ysidro Health (SYH) is a Federally Qualified Health Center that provides the highest quality, most compassionate, accessible and affordable health care to over 90,000 patients annually. The mission of San Ysidro Health is to improve the health and well-being of the community with access for all. Originally established along the border in 1969, the organization was founded by seven women in search of medical services for their children. SYH delivers innovative care through a vast and integrated network of program sites including: medical clinics, dental clinics, behavioral health centers, HIV centers, WIC nutrition centers, mobile medical units, school-based health centers, chiropractic care, Pediatric Developmental Clinic, Teen Clinic, Senior Health Center and Program of All Inclusive Care for the Elderly (PACE) Center.

San Diego PACE (Program of All-Inclusive Care for the Elderly), is a specialized health plan exclusively for adults who have significant health care needs and face heightened risk of nursing home placement. Services are coordinated by a team of geriatric - specialized health care professionals and provided in a warm and welcoming setting. San Diego PACE provides and coordinates a full range of services to help medically and physically challenged older adults to continue living safely in the community and delay nursing home placement. Services covered are in accordance with the individualized care plan and are approved by the San Diego PACE team. Most participants who have both Medicare and Medi-Cal pay nothing more for the program. Eligible persons who are not Medi-Cal and/or Medicare eligible may elect to pay privately for PACE enrollment.

Please find in the following pages a Letter of Understanding between BRIDGE and SYH for provision of services at the Family Court development, as well as information on SYH's PACE program. Forms B and C have been completed by San Ysidro Health and are included in this submission. SYH has not included a Confidential or Proprietary Exhibit in this submittal and has therefore not completed Form A.

#### **People Assisting The Homeless**

BRIDGE and PATH are currently in discussions on the Family Court site. The Family Court site is located two and a half blocks from what is known as the PATH Depot, a collection of nearly 20 nonprofits that provide services in a central location. BRIDGE and PATH are looking to capitalize on the proximity of the 2 sites, aiming to maximize the use of all available resources.

PATH was founded in 1984 by a collaborative of local businesses, faith groups, community leaders, and concerned citizens that came together to address the problem of homelessness in their community. Today, PATH operates services at 26 locations from San Diego to San Jose, connecting clients to a comprehensive continuum of homelessness prevention, street outreach, employment preparation and placement assistance, individualized case management, supportive services, interim housing, and permanent supportive housing.

In the last four years, PATH has been able to move 2,898 family members, 2,295 Veterans, and 2,123 individuals into permanent housing. This correlates to moving over 7,316 individuals to a stable home with services and ongoing case management. To best serve our high-need target populations, PATH staff



use a “whatever it takes” approach to help clients successfully navigate the myriad systems and supportive services that exist to help them achieve self-sufficiency. If ensuring a client's success means making appointments for them, transporting them to visit service providers or health care providers, or walking them through the steps of enrolling in benefits, then that is what PATH does. Once home, PATH works to develop and support clients’ ability to retain them by increasing their income through workforce reintegration or benefits enrollment, stabilizing their health and wellness, and connecting them to the unique combination of services that will help them thrive.

PATH believes that a holistic, housing-focused approach is the best way to end homelessness. Program participants benefit from client-focused, coordinated, integrated care that combines housing, supportive services, and healthcare linkages. To ensure that we help clients quickly secure housing and stability, we work with community partners to provide the following services: individualized case management and housing stabilization services; housing search and counseling; rental and move-in assistance; healthcare, recovery programs, employment assistance, life skills workshops, personal care, support groups, and more.

Please find in the following pages a draft service plan for PATH. Forms A, B and C have been completed by PATH and are included in this submission in the event a partnership is formed for the development.



# SAN YSIDRO HEALTH

San Diego PACE - San Ysidro

*Please help support PACE with your referrals*

## What is PACE?

- **P**rogram of **A**ll-inclusive **C**are for the **E**lderly
- PACE is a **Health Plan**
- Comprehensive coverage for medical, dental, vision, medication, long term care

## Qualifications

- **55** or older
- Have housing in qualifying zip code
- **Free** if qualifies for no-out-of-cost Medi-Cal
- Typical **Dx** for PACE include: Dementia, Depression, DM, HTN, CVA

## Patient Benefits

- Transportation
- Adult Day Center with activities, meals, showers, laundry
- Access to Social Worker and Home Care
- **PACE clinic** has PT, OT, ST, RD, SW, Home Care, Psychiatry, and Acupuncture on site

## Results

- Improved **Compliance**
- Management of psychosocial issues
- PT/OT/DME
- Comprehensive **Dementia** management
- **Resources** for low income seniors

## Contact

**(619) 205-4585**

**Email: Team ADHC-PACE**



# SAN YSIDRO HEALTH

San Diego PACE - San Ysidro

San Diego PACE touches the lives of each and every one of participants in a very special way and also provides support and assistance to the caregivers and family members who are caring for their loved one. The testimonials below highlight the impact PACE has in the lives of our participants and their families:

1. Jose M is a 92 year old participant who's primary care giver was his daughter, Maria, who is in her 50's. Due to her inability to continue to cross the border, Jose now lives with his grandson. Gabriel, who is in his late 20's, became his full time caregiver. Maria was the primary caregiver and the rock that kept the family grounded but due to situations beyond their control, Jose's grandson had to step in. Gabriel worked as a full time electrician and owned his own home. Due to Jose's multiple medical and physical needs, Gabriel had to quit his job to provide the love and care his grandfather needed. Gabriel was in danger of losing his home due to the financial strain. Now that Jose is enrolled in PACE and is able to receive on going home care, Gabriel was able to return to work and has saved him from foreclosure. Not only was Gabriel able to return to work and keep his home, he now feels more at ease knowing that he can go to work while his grandfather is getting the proper care, meals and medications he needs.
2. Patricia C is a 76 year old participant that joined PACE in 2015. During her time at PACE, her living situation was on the verge of changing for the worse. Due to extenuating circumstances, she found herself at times living out of her car. Obviously this would mean her PACE services would have to be terminated due to a lack of a stable living environment. Knowing how much this participant benefited from PACE services and the fact that she was compliant with her medical care and never missed a day of attendance at the day center, the PACE team was determined to ensure she had a stable home and be able to continue with PACE. The PACE social workers tirelessly worked with the participant, her family and other agencies to secure her a stable living environment. Fast forward eight months and the participant has a secure, stable home, she is still receiving PACE services, continues to be compliant with her, attends the PACE day center 5 days a week and is thriving under the care and support of the PACE team. Her family is very grateful of how our team went above and beyond to care for their loved one.
3. Theresa B is a 59 year old participant that is wheelchair bound. She came to San Diego PACE after she realized that she needed assistance obtaining and maintaining appropriate health care. At that moment, she didn't quite realize how critical her needs were. Her living situation at the time, was a 3 bedroom apartment, it accommodated herself and her 3 adult children. One of her sons suffers from PTSD and she expressed feelings of anxiety/tension while she was at home. She expressed feeling depressed because her family would not assist her in any way. Upon enrolling in PACE, she started attending our Day Center which enabled her to be socially



# SAN YSIDRO HEALTH

San Diego PACE - San Ysidro

engaged once again and began to help decrease those feelings of anxiety/depression. Our comprehensive medical approach allowed her to realize that she had neglected many other medical services, like routine eye exams. The following statement was written by Theresa, in appreciation to the eye care San Diego PACE provided her.

*“To whom it may concern: I would like to thank PACE for the gift of better vision. I didn’t know that I needed new glasses. When I left the doctor’s office what a surprise it was to be able to see the street signs. It’s like the fog has been lifted and the colors are much brighter. Thank you so very much.”*

San Diego PACE takes pride in providing high quality care but more importantly, we strive to ensure a holistic and comprehensive approach to care that addresses the needs of the seniors we serve and the families that takes care of them.



June 21, 2018

BRIDGE Housing Corporation  
Attn: Ms. Aruna Doddapaneni, Vice President  
2202 30<sup>th</sup> Street  
San Diego, CA 92104

RE: Non-Binding Letter of Understanding  
120-Unit Affordable Housing Development  
1501/1555 Sixth Avenue  
San Diego, CA

Ms. Doddapaneni:

This Non-Binding Letter of Understanding is intended to outline the conceptual parameters for the potential partnership between San Ysidro Health/San Diego PACE and BRIDGE Housing for BRIDGE's proposed 120-unit affordable housing development in downtown San Diego. San Ysidro Health recognizes the potential opportunity to partner with BRIDGE Housing to provide PACE program services to the 60 senior units to support older adults of the proposed community. Providing these critical services will allow the seniors at BRIDGE's housing community to remain safely at home by providing a caring network of medical and social services.

The proposed partnership would entail the implementation of comprehensive senior care provided through San Ysidro Health's San Diego PACE program to address medical, dental, behavioral, and social needs of the senior residents. San Ysidro Health would designate appropriate staff to regularly evaluate the PACE residents, focusing on identifying residents who are not showing improvement, discussing treatment recommendations and implementing those deemed appropriate on an as needed basis.

The conceptual framework for this project is outlined below:

Supportive Services:

- Location for Services: 1501/1555 Sixth Avenue, San Diego, CA
- Capacity: Up to 60 PACE-eligible seniors
- Description of Program: San Diego PACE (Program of All-Inclusive Care for the Elderly), a division of San Ysidro Health Inc., is a CMS sponsored health plan exclusively for adults 55 years and older who have significant health care needs and face heightened risk of nursing home placement.
- Services to be Provided: Comprehensive medical, dental, behavioral, and social services for the seniors are coordinated by a team of geriatric - specialized health care professionals that include primary care, Social Worker, RN, Pharmacist, Registered Dietician, Physical and Occupational Therapy, Transportation and Recreational Therapy



- Funding for Services: PACE services will be provided at little to no cost to the senior residents (cost to residents is based on their individual eligibility). There will be no cost incurred by the senior housing project.
- Service Agreement Term: 1 year terms with auto renewals / 90 days notice to terminate.

Nothing in this Letter of Understanding is intended to create, to be deemed, or construed to, bind the parties in any form or manner whatsoever. This Letter of Understanding merely manifests the mutual goodwill of the parties to potentially collaborate together with regard to this project. No element of this Letter of Understanding confers on one party the capacity to represent or act as an agent of the other.

If you have any further questions, please feel free to contact me.

Sincerely,

Kevin Mattson  
President and Chief Executive Officer  
San Ysidro Health



**County of San Diego  
Department of General Services  
Contract Conflict Certification**

**THE FOLLOWING CONFLICT CERTIFICATION IS TO BE COMPLETED, SIGNED AND RETURNED BY EACH MEMBER OF OFFEROR'S TEAM AS PART OF OFFEROR'S REQUEST FOR PROPOSAL SUBMISSION. FAILURE TO COMPLY MAY RESULT IN THE SUBMITTAL BEING REJECTED.**

**Please disclose below, and if needed, on additional sheets of paper, the following:**

1. All Contracts You have or have had with the County of San Diego which involve the same or similar subject matter as is involved in this procurement.
2. All Contracts that any of Your employees have or have had with the County of San Diego and which involve the same or similar subject matter as is involved in this procurement.
3. All Contracts, as defined above, that Your spouse has or has had with the County of San Diego and which involve the same or similar subject matter as is involved in this procurement.

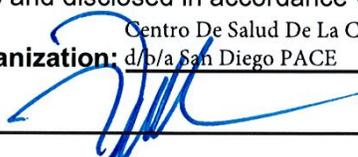
For purposes of this certification the following terms shall be defined as:

"Contracts" means any memoranda of understanding, memoranda of agreement, letter agreements, contracts, sub-contracts, consultant agreements or agreements in any form, whether written or oral.

"You" or "Your" means i) for individuals, the individual and any partnership, corporation, or limited liability partnership of which the individual is a member or shareholder, and ii) for other legal entities, the entity itself and any partnership, corporation, or limited liability partnership of which the legal entity is a member or shareholder.

I certify under penalty of perjury under the laws of the State of California that the information attached hereto and disclosed in accordance with this certification is true and correct.

**Company/Organization:** Centro De Salud De La Comunidad De San Ysidro, Inc, d/b/a San Ysidro Health; and d/b/a San Diego PACE

**Signature:** 

**Date:** 6/21/2018

**Name:** Gilbert Fimbres

**Title:** Vice President and CFO



County of San Diego Department of General Services  
**REPRESENTATIONS AND CERTIFICATIONS**

The following representations and certifications are to be completed, signed and returned with the offer (the term "offer" includes bids, proposals, quotes, statements of qualifications or any other submission to provide goods or services, to participate in development activities or for any other type of submission to the County.).

1. **BUSINESS TYPE**  
 For-profit     Non-profit     Government
2. **INTERLOCKING DIRECTORATE**  
 In accordance with Board of Supervisors Policy A-79, if Offeror is a non-profit and will be subcontracting with a related for-profit entity where an interlocking directorate, management or ownership relationship exists, Offeror must list all such entity(ies) on an attached separate sheet, and authorization must be sought from Board of Supervisors. If Offeror is a non-profit and does not submit such a list, Offeror certifies it has not entered into a subcontract relationship with a related for-profit entity.  
 List Attached? Yes
3. **BUSINESS REPRESENTATION**  
 Offeror represents as a part of this offer the following information regarding the ownership, operation, and control of its business:
  - 3.1. Are you a local business with a physical address within the County of San Diego?     Yes     No
  - 3.2. Are you certified by the State of California as a:
    - Disabled Veteran Business Enterprise(DVBE)  
 Certification #: \_\_\_\_\_
    - Small Business Enterprise (SBE)  
 Certification #: \_\_\_\_\_
  - 3.3. Are you certified by the U.S. Dept Of Veterans' Affairs as:
    - Veteran Owned Small Business (VOSB)  
 Certification # \_\_\_\_\_
    - Service Disabled Veteran Owned Small Business (SDVOSB)  
 Certification # \_\_\_\_\_
  - 3.4. Estimated percentage of work in this offer to be performed or fulfilled locally (within the geographic boundaries of the County of San Diego): 100% %
4. **DEBARMENT, SUSPENSION, AND RELATED MATTERS**
  - 4.1. Offeror certifies to the best of its knowledge that neither it nor any of its officers:
    - 4.1.1. Are presently debarred, suspended, declared ineligible, or voluntarily excluded from covered transactions by any state, local, or federal department or agency.
    - 4.1.2. Have within a three (3) year period preceding this agreement been convicted of or had a civil judgment rendered against them for commission of fraud or criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - 4.2. Except as allowed for in Section 4.2.5, Offeror hereby certifies to the best of its knowledge that neither it nor any of its officers:
    - 4.2.1. Are presently indicted for or otherwise criminally or civilly charged by a government entity (federal, state, or local) with the commission of any of the offenses enumerated in paragraph 4.1.2 of this certification;
    - 4.2.2. Have within a three (3) year period preceding this agreement had one or more public transactions (federal, state or local) terminated for cause or default;
- 4.2.3. Are presently the target or subject of any investigation, accusation or charges by any federal, state or local agency or law enforcement, licensing, certification, ethics, or compliance body;
- 4.2.4. Are proposed for debarment by any state, local, or federal department or agency.
- 4.2.5. If Offeror is unable to certify Sections 4.2.1, 4.2.2, 4.2.3, or 4.2.4, it certifies that it has disclosed and attached to this Representations and Certifications the reason(s) it cannot do so. The disclosure must include the Section(s), specific relevant facts including dates, contracts, individuals involved, status of actions, and any other relevant information that prevent it from making the requested certification(s). The County reserves the right to disqualify an Offeror based upon information disclosed.  
 Disclosure Attached? Yes
5. **RELATED WORK**  
 Offeror certifies to the best of its knowledge that, other than as disclosed in an attached separate sheet, it and its proposed subcontractors, agents, and consultants have not previously contracted with the County to perform work on or related to this project (e.g. preparing related studies or recommendations, components of the statement of work, or plans and specifications).  
 Disclosure Attached? Yes
6. **CURRENT COST OR PRICING**  
 Offeror certifies to the best of its knowledge that cost and/or pricing data submitted with this offer, or specifically identified by reference if actual submission of the data is impracticable, are accurate, complete, and current as of the date signed below.
7. **INDEPENDENT PRICING**  
 Offeror certifies that in relation to this offer:
  - 7.1. The prices in this offer have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with other offerors, with any competitors, or with any County employee(s) or consultant(s) involved in this or related procurements;
  - 7.2. Unless otherwise required by law, the prices that have been quoted in this offer have not been knowingly disclosed by the Offeror and will not knowingly be disclosed by the Offeror prior to opening, in the case of a bid, or prior to award, in the case of a proposal, directly or indirectly to any other Offeror or to any competitor or with any County employee(s) or consultant(s) involved in this or related procurements; and
  - 7.3. No attempt has been made or will be made by the Offeror to induce any other person or firm to submit or not to submit an offer for the purpose of restricting competition.
8. **ADDITIONAL DISCLOSURES**  
 Offeror shall report in writing to the County Department of General Services within five business days of discovering or having any reason to suspect any change in status as certified in the preceding paragraphs. Upon County's request, Offeror shall provide additional information supporting Offeror's Representations and Certifications. Offeror's obligations under this Section 8 shall continue until Offeror is no longer under consideration for award of a contract, or until termination or expiration of any resulting contract(s).

**CERTIFICATION**

The information furnished in Paragraphs 1 through 8 and in the accompanying offer is certified to be factual and correct as of the date submitted and this certification is made under penalty of perjury under the laws of the State of California.

Name: Gilbert Fimbres Signature: \_\_\_\_\_  
 Title: Vice President and CFO Date: 6/17/18  
 Company/Organization: Centro De Salud De La Comunidad De San Ysidro, Inc., d/b/a San Ysidro Health; and d/b/a San Diego PACE

**SUBMIT THIS FORM AS DIRECTED IN THE REQUEST FOR SOLICITATION DOCUMENTS OR WITH THE OFFER**

**FORM A**

**INDEMNIFICATION AGREEMENT**

This indemnification agreement ("Agreement") is made and entered into by and between the County of San Diego, a political subdivision of the State of California ("County") and PATH ("Respondent") with reference to the following facts:

WHEREAS the County may receive a request for disclosure of Respondent's submission under the State of California Public Records Act, Government Code Section 6250, et seq.; and

WHEREAS, Respondent has included in its submission an exhibit entitled "EXHIBIT – CONFIDENTIAL/PROPRIETARY" containing records that Respondent has determined to constitute trade secrets or other proprietary information exempt from disclosure under the State of California Public Records Act; and

WHEREAS the County requires defense and indemnity from Respondent for the County's ongoing non-disclosure of Respondent's EXHIBIT-CONFIDENTIAL/PROPRIETARY;

NOW, THEREFORE, for good and valuable consideration and the mutual promises contained in this Agreement, County and Respondent agree to the following:

1. The above recitals are incorporated into this Agreement by this reference.
2. Except as otherwise provided in this Agreement, County will not release Respondent's EXHIBIT-CONFIDENTIAL/PROPRIETARY based on Respondent's representation that the records contained in the exhibit are proprietary and exempt from disclosure under the State of California Public Records Act and/or are trade secrets as that term is defined in State of California Government Code Section 6250, et seq.. Notwithstanding the foregoing, however, County may release Respondent's EXHIBIT CONFIDENTIAL/PROPRIETARY in the event of any of the following:
  - a. Respondent fails to comply with the terms and conditions of this Agreement; or
  - b. Respondent provides the County with written notice that some or all of the records may be released; or



- c. A court of competent jurisdiction orders County to release the records and County has exhausted or waived its appeal rights.
3. To the fullest extent allowed by law, County shall not be liable for, and Respondent shall defend and indemnify County and its elected officials, officers, directors, employees and agents of County (collectively "County Parties"), against any and all claims, demands, liability, judgments, awards, fines, mechanics' liens or other liens, labor disputes, losses, damages, expenses, charges or costs of any kind or character, including attorneys' fees (whether incurred by County attorneys or attorneys employed by County) and court costs (collectively, "Claims"), related to Respondent's EXHIBIT-CONFIDENTIAL/PROPRIETARY.
4. Respondent waives any and all claims in law or equity and hereby releases the County Parties from any and all claims, deductibles, self-insured retentions, demands, liability, judgments, awards, fines, mechanics' liens or other liens, labor disputes, losses, damages, expenses, charges or costs of any kind or character, including attorneys' fees and court costs, which arise out of or are in any way connected to Respondent's EXHIBIT-CONFIDENTIAL/PROPRIETARY.

Jennifer Hark Dietz

Print Name

JH Dietz

Signature

Deputy CEO and Executive Director

Title

06/14/18

Date





County of San Diego Department of General Services  
**REPRESENTATIONS AND CERTIFICATIONS**

The following representations and certifications are to be completed, signed and returned with the offer (the term "offer" includes bids, proposals, quotes, statements of qualifications or any other submission to provide goods or services, to participate in development activities or for any other type of submission to the County.).

1. **BUSINESS TYPE**  
 For-profit     Non-profit     Government
2. **INTERLOCKING DIRECTORATE**  
 In accordance with Board of Supervisors Policy A-79, if Offeror is a non-profit and will be subcontracting with a related for-profit entity where an interlocking directorate, management or ownership relationship exists, Offeror must list all such entity(ies) on an attached separate sheet, and authorization must be sought from Board of Supervisors. If Offeror is a non-profit and does not submit such a list, Offeror certifies it has not entered into a subcontract relationship with a related for-profit entity.  
 List Attached? Yes
3. **BUSINESS REPRESENTATION**  
 Offeror represents as a part of this offer the following information regarding the ownership, operation, and control of its business:
  - 3.1. Are you a local business with a physical address within the County of San Diego?     Yes     No
  - 3.2. Are you certified by the State of California as a:
    - Disabled Veteran Business Enterprise(DVBE)  
 Certification #: \_\_\_\_\_
    - Small Business Enterprise (SBE)  
 Certification #: \_\_\_\_\_
  - 3.3. Are you certified by the U.S. Dept Of Veterans' Affairs as:
    - Veteran Owned Small Business (VOSB)  
 Certification # \_\_\_\_\_
    - Service Disabled Veteran Owned Small Business (SDVOSB)  
 Certification # \_\_\_\_\_
  - 3.4. Estimated percentage of work in this offer to be performed or fulfilled locally (within the geographic boundaries of the County of San Diego): 100 %
4. **DEBARMENT, SUSPENSION, AND RELATED MATTERS**
  - 4.1. Offeror certifies to the best of its knowledge that neither it nor any of its officers:
    - 4.1.1. Are presently debarred, suspended, declared ineligible, or voluntarily excluded from covered transactions by any state, local, or federal department or agency.
    - 4.1.2. Have within a three (3) year period preceding this agreement been convicted of or had a civil judgment rendered against them for commission of fraud or criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - 4.2. Except as allowed for in Section 4.2.5, Offeror hereby certifies to the best of its knowledge that neither it nor any of its officers:
    - 4.2.1 Are presently indicted for or otherwise criminally or civilly charged by a government entity (federal, state, or local) with the commission of any of the offenses enumerated in paragraph 4.1.2 of this certification;
    - 4.2.2 Have within a three (3) year period preceding this agreement had one or more public transactions (federal, state or local) terminated for cause or default;
- 4.2.3 Are presently the target or subject of any investigation, accusation or charges by any federal, state or local agency or law enforcement, licensing, certification, ethics, or compliance body;
- 4.2.4 Are proposed for debarment by any state, local, or federal department or agency.
- 4.2.5 If Offeror is unable to certify Sections 4.2.1, 4.2.2, 4.2.3, or 4.2.4, it certifies that it has disclosed and attached to this Representations and Certifications the reason(s) it cannot do so. The disclosure must include the Section(s), specific relevant facts including dates, contracts, individuals involved, status of actions, and any other relevant information that prevent it from making the requested certification(s). The County reserves the right to disqualify an Offeror based upon information disclosed.  
 Disclosure Attached? Yes
5. **RELATED WORK**  
 Offeror certifies to the best of its knowledge that, other than as disclosed in an attached separate sheet, it and its proposed subcontractors, agents, and consultants have not previously contracted with the County to perform work on or related to this project (e.g. preparing related studies or recommendations, components of the statement of work, or plans and specifications).  
 Disclosure Attached? Yes
6. **CURRENT COST OR PRICING**  
 Offeror certifies to the best of its knowledge that cost and/or pricing data submitted with this offer, or specifically identified by reference if actual submission of the data is impracticable, are accurate, complete, and current as of the date signed below.
7. **INDEPENDENT PRICING**  
 Offeror certifies that in relation to this offer:
  - 7.1. The prices in this offer have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with other offerors, with any competitors, or with any County employee(s) or consultant(s) involved in this or related procurements;
  - 7.2. Unless otherwise required by law, the prices that have been quoted in this offer have not been knowingly disclosed by the Offeror and will not knowingly be disclosed by the Offeror prior to opening, in the case of a bid, or prior to award, in the case of a proposal, directly or indirectly to any other Offeror or to any competitor or with any County employee(s) or consultant(s) involved in this or related procurements; and
  - 7.3. No attempt has been made or will be made by the Offeror to induce any other person or firm to submit or not to submit an offer for the purpose of restricting competition.
8. **ADDITIONAL DISCLOSURES**  
 Offeror shall report in writing to the County Department of General Services within five business days of discovering or having any reason to suspect any change in status as certified in the preceding paragraphs. Upon County's request, Offeror shall provide additional information supporting Offeror's Representations and Certifications. Offeror's obligations under this Section 8 shall continue until Offeror is no longer under consideration for award of a contract, or until termination or expiration of any resulting contract(s).

**CERTIFICATION**

The information furnished in Paragraphs 1 through 8 and in the accompanying offer is certified to be factual and correct as of the date submitted and this certification is made under penalty of perjury under the laws of the State of California.

Name: Jennifer Hark Dietz Signature: [Signature]  
 Title: Deputy CEO and Executive Director Date: 06/14/18  
 Company/Organization: PATH

**SUBMIT THIS FORM AS DIRECTED IN THE REQUEST FOR SOLICITATION DOCUMENTS OR WITH THE OFFER**



**County of San Diego  
Department of General Services  
Contract Conflict Certification**

**THE FOLLOWING CONFLICT CERTIFICATION IS TO BE COMPLETED, SIGNED AND RETURNED BY EACH MEMBER OF OFFEROR'S TEAM AS PART OF OFFEROR'S REQUEST FOR PROPOSAL SUBMISSION. FAILURE TO COMPLY MAY RESULT IN THE SUBMITTAL BEING REJECTED.**

**Please disclose below, and if needed, on additional sheets of paper, the following:**

1. All Contracts You have or have had with the County of San Diego which involve the same or similar subject matter as is involved in this procurement.
  
2. All Contracts that any of Your employees have or have had with the County of San Diego and which involve the same or similar subject matter as is involved in this procurement.
  
3. All Contracts, as defined above, that Your spouse has or has had with the County of San Diego and which involve the same or similar subject matter as is involved in this procurement.

For purposes of this certification the following terms shall be defined as:

"Contracts" means any memoranda of understanding, memoranda of agreement, letter agreements, contracts, sub-contracts, consultant agreements or agreements in any form, whether written or oral.

"You" or "Your" means i) for individuals, the individual and any partnership, corporation, or limited liability partnership of which the individual is a member or shareholder, and ii) for other legal entities, the entity itself and any partnership, corporation, or limited liability partnership of which the legal entity is a member or shareholder.

I certify under penalty of perjury under the laws of the State of California that the information attached hereto and disclosed in accordance with this certification is true and correct.

Company/Organization: PATH

Signature: JH Dietz

Date: 06/14/18

Name: Jennifer Hark Dietz

Title: Deputy CEO and Executive Director



**County of San Diego  
Department of General Services  
Contract Conflict Certification**

**THE FOLLOWING CONFLICT CERTIFICATION IS TO BE COMPLETED, SIGNED AND RETURNED BY EACH MEMBER OF OFFEROR'S TEAM AS PART OF OFFEROR'S REQUEST FOR PROPOSAL SUBMISSION. FAILURE TO COMPLY MAY RESULT IN THE SUBMITTAL BEING REJECTED.**

**Please disclose below, and if needed, on additional sheets of paper, the following:**

1. All Contracts You have or have had with the County of San Diego which involve the same or similar subject matter as is involved in this procurement.
  
2. All Contracts that any of Your employees have or have had with the County of San Diego and which involve the same or similar subject matter as is involved in this procurement.
  
3. All Contracts, as defined above, that Your spouse has or has had with the County of San Diego and which involve the same or similar subject matter as is involved in this procurement.

For purposes of this certification the following terms shall be defined as:

"Contracts" means any memoranda of understanding, memoranda of agreement, letter agreements, contracts, sub-contracts, consultant agreements or agreements in any form, whether written or oral.

"You" or "Your" means i) for individuals, the individual and any partnership, corporation, or limited liability partnership of which the individual is a member or shareholder, and ii) for other legal entities, the entity itself and any partnership, corporation, or limited liability partnership of which the legal entity is a member or shareholder.

I certify under penalty of perjury under the laws of the State of California that the information attached hereto and disclosed in accordance with this certification is true and correct.

Company/Organization: PATH

Signature: \_\_\_\_\_

Date: 6/18/18

Name: Jonathan Castillo

Title: Regional Director

## DRAFT DESCRIPTION OF SERVICES - 6<sup>TH</sup> AND BEECH SITE

- **Orientation & Needs Assessment:** Within 3 days of moving into the site, a new tenant orientation introducing them to the building, services, and activities will be conducted by the residential service coordinator or guest services staff. Additionally, tenants will be introduced to a needs survey to identify the types of services and activities that would benefit them. Tenants will be provided an activity calendar and initial activities will be explained with attendance encouraged. The goal is for the needs assessment to inform the on-site and off-site activities planned by the coordinators so they meet the unique goals of the population.
- **Integrated Care:** PATH's integrated care service approach is designed to improve and better coordinate care for chronically homeless, vulnerable individuals. Rooted in intensive case management services, and centered on the individual, integrated and comprehensive care allows for a focus on primary care, behavioral/mental health care, substance use treatment and case management services to be of focus simultaneously. PATH's case managers will be the single fixed point of responsibility for the following levels of care:
  - **Case Management:** PATH's case management staff will provide case management services on-site. Case managers (2 FTE) will focus on the behavioral health needs and linkage to primary care and other resources, all aimed at housing stability. Case management ratio will be 1:30 as clients move into housing and stabilize. Case management staff will act as the primary point of contact for tenants, landlords/property managers, and community service providers to ensure that sufficient services and activities are available to meet tenants' needs. All case management interventions will be centered on a harm reduction and recovery-focused approach, thereby allowing opportunities for tenants to engage in lower-risk, healthier activities. Based on the tenant's initial needs survey, case management staff will develop an Individual Service Plan (ISP) identifying the tenant's functional, health and housing stability related barriers, establishing short- and long-term goals, and outlining the steps necessary to achieve those goals.
- **Life Skills Education:** Independent living skills will be incorporated into most tenant activities, addressed during one-on-one meetings, and taught formally through group workshops. Topics include, but are not limited to: conflict resolution; using public transportation; Wellness Recovery Action Planning (WRAP); health education; building health literacy around common chronic conditions and effective behavior changes to reduce or maintain health issue; nutrition; meal planning; budgeting; money management; tenant rights and responsibilities; self-esteem; and how to be a good neighbor.
- **Community Building:** Tenants will be encouraged to participate in tenant council meetings, local volunteer activities, local neighborhood council meetings, faith groups, and holiday celebrations. A monthly calendar will be posted in all public areas advertising on- and off-site activities to the building's tenants. Additionally, staff will have the ability to plan outings with tenants and accompany them to critical appointments (including health and specialty care) to help them learn to access community-based resources when needed.
- **Eviction Prevention:** Housing stabilization and retention is the goal for each tenant. Providing information and learning opportunities to prevent lease violations and evictions is

  
*PATH***Supportive Services Plan**

critical to the service staff work. However, when lease violations and/or nonpayment of rent are identified, the service staff will immediately begin working with the tenant and the landlord/property manager to mediate the situation. These individuals will work together to identify specific issues or barriers that may be affecting the tenant's ability to comply with lease regulations or pay rent, and then connect the tenant to necessary services to help overcome the issue.

**DOCUMENTATION**

PATH's service staff will track client level information via HMIS. As per PATH's quality assurance policy and procedures, all service transactions will be documented within 48 hours of service delivery. Reports will be generated monthly to ensure frequency of tenant contact and quality of contact meets the laid out service approach and contract obligations. All documentation practices will meet HIPAA practices to ensure privacy as it related to protected health information is maintained for tenants.

---

*PATH*  
**Supportive Services Plan**

**SERVICE GOALS**

**Service goals for the 6<sup>TH</sup> and Beech site will focus on three different areas:**

- 1) Help tenants maintain long-term housing stability,
- 2) Increase tenants' income through employment and/or public benefits, and
- 3) Partner with tenants to increase independent living skills, improve health and wellbeing

**Specific goals include:**

Outreach and engagement

- 100% of potential tenants will be contacted/outreached within 5 business days of referral
  - 75% of those referred will be enrolled into case management services

Residential stability

- 90% of tenants will remain housed at minimum 12 months
  - If tenants leave housing prior to 12 months, the tenant will move into other stable housing that meets health or independence needs.
- 100% of tenants will complete an individualized service plan
  - 90% of tenants will achieve at least one goal on service plan within one year

Eviction prevention

- 100% of tenants who have not paid rent on time, or who have been formally notified regarding any other lease violation, will be offered additional supportive services to determine opportunities for housing stability;
  - 60% of those who engage in services will establish a written plan that remedies late payment of rent and/ or lease violation;
  - 70% of those who develop a plan will remain in housing for at least 90 days without being evicted

Health and Wellness

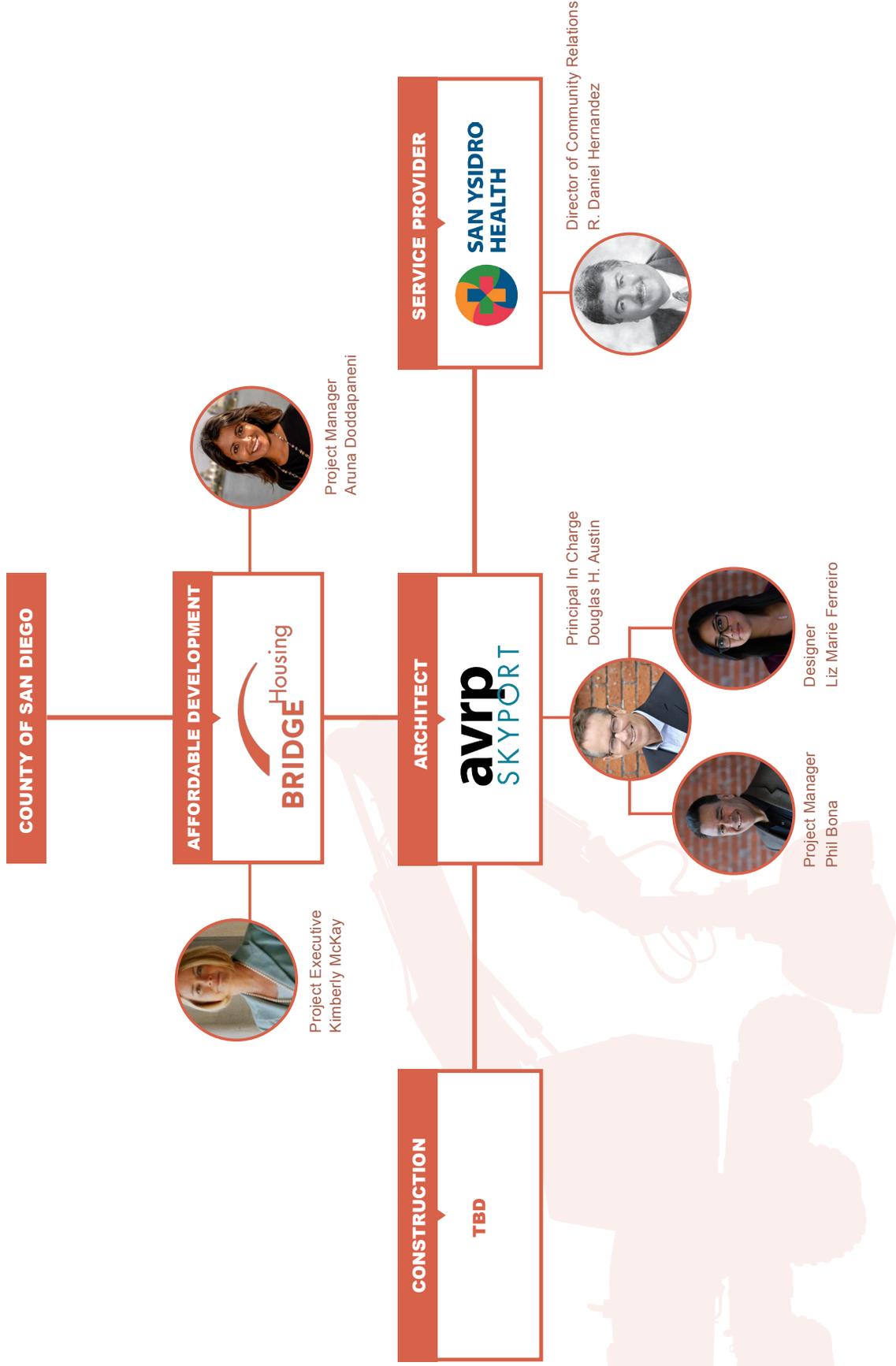
- 75% of tenants will Improve health and wellness as demonstrated by reduced visits to acute health services/emergency room visits and through self-report
- 75% of tenants will participate in local community class or building activity focused on developing self-sufficiency skills, improving health and wellbeing

# Team Organization

- Team Organization Chart



## 2.2.1 Team Organization



# Development Vision

- Development Vision Narrative



## 2.4 DEVELOPMENT VISION

### 1. Describe how the proposal develops the Site to its full potential consistent with applicable zoning and design guidelines?

Our Development Plan (The Plan) is designed specifically to be a pedestrian-oriented, mixed-use, and multi-layered horizontal assembly of buildings with a distinctive vertical accent of its public plaza space. This design concept is inspired and shaped by its dynamic regulatory (Neighborhood Center main street), social (Affordable Housing and ground floor retail), and topographical (hillside slope) context. This important site is designed to serve as a minor gateway from downtown’s Cortez Neighborhood/District to its Central District Core on Sixth Avenue. And, is identified on Civic San Diego’s Downtown Community plan as a designated main street to provide a geographically and social center for Cortez Neighborhood.

The City of San Diego General Plan (2008) states in its guiding Strategic Framework Element that, “The City of Villages strategy focuses growth into mixed-use activity centers that are pedestrian-friendly districts linked to an improved regional transit system.” And, **Downtown** is identified in the plan’s hierarchy of village types and development area, stating, “*Downtown San Diego has a unique role to play in the 21st century development of the San Diego region. In addition to being the administrative, legal, cultural and entertainment center in the region, downtown also offers the most convenient and extensive transit connections and has emerged as an exciting pedestrian environment.*”

BIG Idea  
# 1

DOWNTOWN’S  
GATEWAY TO  
BALBOA PARK



The Downtown Community Plan (2006), designates our site with its **Neighborhood Mixed-Use Center** classification, which is intended to ensure development of distinctive centers around “main street” that provide a focus to the Cortez Neighborhood/District. The plan supports the plan’s requirement of a mixed-use project that contains continuous active ground-floor uses on main street.

We propose a broad array of compatible uses, including retail, restaurants and cafes, and residential with associated managed housing services, such as community rooms and administrative offices. Our building volume allows for sunlight to reach streets and pocket plaza public spaces are designed to accommodate for a highly pedestrian-oriented streetscape.

The Downtown Design Guidelines (2011) states in its Neighborhood Mixed-Use Centers and Fine Grain Development Overlay District that neighborhood main streets serve as centers of activity and create neighborhood identity and are strongly oriented toward pedestrians, with major emphasis given to shopping, dining and other commercial activities. And, Sixth Avenue and Cedar Street is identified as a Minor Gateway on a Main Street. Our design meets the following guidelines specific to our site:

The plan's Streetwalls incorporate distinct forms and elements that acknowledge the neighboring 50-foot by 100-foot and 25-foot by 100-foot historical lot development pattern. Our building is punctuated by four (4) distinctive building elements at intervals of 125, 100, 50, and 25 to avoid repetitive elements or monolithic treatments that create a half- or full-block massing or appearance (Design Guide - 4.5.2.A).

The plan uses different elements to imply distinct architectural treatments (materials, fenestration, heights, window types, etc.) and exhibit incremental, diverse street faces. Our building has both layered horizontal and vertical elements with differing materials to identify main street shops, public gathering places, and private housing (DG - 4.5.2.B).

**BIG Idea  
# 2  
VIBRANT  
STREET  
SCENE**



Our building incorporates a strong horizontal cornice/canopy, Stepback, established between 45 and 85 feet tall on all street walls, broken and corresponding with the modulated volumes, to maintain an appropriately scaled frame for the public right-of-way (DG - 4.5.2.C).

We propose using well-detailed, high quality, durable materials with a limited expanse of architectural concrete extended up into upper floors of the structure (DG - 4.5.2.D). Each building will be distinctively designed and detailed to stand alone and in harmony with its adjacent buildings. The intent is to bring interest and delight to the pedestrian experience.

Our Main Street frontage exhibits lofty storefronts animated with decorative lighting, canopies, and awnings, with creative signage and design details. Shopfronts will have clear glass for better shopping visibility and increased viability of luring pedestrians to linger and look longer in the spaces to spend both time and money on Sixth Avenue (DG - 4.5.2.E).

Sixth Avenue at Cedar and Beech Streets is designed in the Public Art Framework for Neighborhood Identity Artwork. The plan is assembled to provide public art within its plazas that reflects and promotes Cortez District's neighborhood identity in its main street center. The intent is to use art, shopping, and distinctive place making to attract people to the neighborhood center as a destination and gathering place. Our signage and pedestrian amenities will emphasize this center's linkage to downtown's Core, Balboa Park, Little Italy and beyond (DG - 5.2.3).

We propose Neighborhood-Identity Artwork as permanent artwork located in the plaza where people congregate, interact, and engage in social activities. The artwork augments a sense of neighborhood identity and signals a community gathering place (DG - 5.3.5).

The Planned District Ordinance states in §156.0307 Land Use Districts; (a) Base Districts; (2) **Neighborhood Mixed-Use Center (NC)**. This district ensures development of distinctive centers around plazas, parks, and main streets that provide a focus to the neighborhoods by supporting a mix of residential and non-residential developments that contain active commercial uses on the ground floor. A broad array of compatible uses, including retail, eating and drinking establishments, residential, office, educational, indoor recreation, and cultural uses are permitted.

We propose a vibrant mix of uses, experiences, and users that are varied, multi-generational, and economically diverse. This vitality is crafted as a vertical village that extends and externalizes these varied experiences and people from the more public street to the more private amenities in the buildings above. The upper floor communal rooms and areas blend the residents of the northern and southern buildings with this adjacency with the streetscape at pocket plaza, all of these elements together create vertical village core mid-block of Sixth Avenue’s Neighborhood Center.

Building volume restrictions apply to allow sunlight to reach streets and public spaces, and design standards seek to establish pedestrian-oriented development. Within the NC District, a minimum of 40 percent of the ground-floor frontage facing onto a public street or public open space shall contain active commercial uses. Alternative Interim Uses may be permitted pursuant to Section 156.0315(e).

### 1.1. Addressing County Goals

Our Development Plan meets and exceeds the County’s main goals in the following ways:

1. Construct primarily multifamily residential units with at least fifty percent (50%) of the units dedicated as affordable to special needs and vulnerable populations. These populations include: seniors, persons with disabilities, persons with serious mental illness or substance abuse problems, persons with HIV/AIDS, military personnel and veterans, at-risk youth, survivors of domestic violence, persons who are homeless or at risk of homelessness, transition age youth, and families in need:

BRIDGE Housing proposes to exceed the County’s goal by providing 50% of the units targeting frail seniors with supportive services provided by the Program of All-inclusive Care for the Elderly (“PACE”) program and 50% of the units targeting individuals earning between 50-60% of the area median income.

**BIG Idea  
# 3**

**VERTICAL  
VILLAGE**



- 
2. Provide supportive services as appropriate to the targeted special needs and vulnerable population(s), which may include providing or coordinating with one or more supportive service partners to design and deliver needed services to tenants in order to promote housing stability and independence:

BRIDGE Housing will exceed this goal via partnership with the San Ysidro Health's San Diego PACE program.

3. Construct and open the housing in the most expeditious way possible:

BRIDGE Housing and AVR P Skyport will meet this goal by referencing our past project performance.

4. Maintain affordability restrictions for 99 years:

As a long-term developer, owner and manager, BRIDGE agrees to maintain the development as affordable housing for 99 years.

5. Provide annual rental payments to the County of San Diego:

As reflected in section 2.1, BRIDGE will meet this goal by providing annual rent payments to the County of San Diego.

Our design surpasses the County's stated affordable housing goals of 50% dedicated by achieving 100% Affordable Housing by offering another 50% of the building residential area as Affordable Supportive housing. The horizontally layered assembly of buildings enable the project to offer a compelling design solution to the challenges offered by the sloping towards the south and west site.

The northern building, on the Cedar Street corner of Sixth Avenue, is the plan's Affordable Housing building. The southern building, on the Beech Street corner of Sixth Avenue, is the plan's Affordable-Supportive Housing buildings. The central pocket plaza, forecourt entry has shared accessibility to distinctive entries to each building and share common areas, such as community rooms, laundry, post-office boxes, deliveries, and administrative offices. The commercial area on the southern building is restaurant, and retail in the northern building, with a public gathering space in mid-block on Sixth Avenue.

**2. BUILDING STATISTICS - Describe the building(s), height, number of stories, square footage (gross and rentable), and square footage devoted to each use, materials to be used and type of construction:**

The Development Plan consists of essentially three building forms assembled on a one-half block with a combined 5.1 Floor Area Ratio. Two of the three buildings have a strong horizontal cornice line at 75-feet with the third building having a mid-block vertical accent reaching 83'-7" high. We are proposing eight (8) stories rising from Sixth Avenue with only six (6) stories above grade from mid-block hillside slope.

The overall building gross area proposed is 184,255 square footage on the 30,352 square foot lot. And, 113,425 square feet is devoted to residential uses with 4,865 square feet dedicated to residential amenity,

administrative, and access. The plan proposes 13,505 square feet of leasable ground floor retail space, and 3,170 square feet dedicated to the mid-block pocket plaza. The three buildings assembled concept uses Type III - Modified wood frame on a concrete podium construction. And, high-quality materials, such as glass, stucco, and metal, will be used to distinguish between the northern building’s lofts, the southern building’s terraces, and the mid-block entry/plaza accent building.

<b>Building Statistics</b>	
Construction Type	Type III
Gross Square Footage	184,255
Rentable Square Footage	113,425
<b>Square Footage by Use</b>	
Residential	82,550
Community Facilities	4,865
Tenant Services - Leasing	1,100
Commercial	13,505
Parking	28,744
Circulation (corridors/stairs)	20,000
Lobby	1,650
Mechanical	2,016
Storage	8,660
Pocket Plaza	3,170

The plan maintains 80% (60-feet) of complete building streetwall frontage onto Sixth Avenue, and maintains 60% (40-feet) minimum building streetwall frontage coverage on both Beech and Cedar Streets to conform with PDO requirements for Main Street and Commercial Street Overlay Neighborhood Centers, Figure D.

**3. Describe the approach to affordable housing; Include proposed population mix and Offeror’s plan to provide supportive services to the proposed population mix.**

BRIDGE Housing has approached the affordable housing component with a vision of an equitable housing development informed with the knowledge and experience of previous success. The proposed community would be capable of serving a diverse population of tenants with state-of-the-art design and a deep menu of resident services. Previous BRIDGE developments in and around Downtown San Diego are known for making interesting architectural and sustainability features priorities in development, while also serving residents with comprehensive services. Celadon at 9<sup>th</sup> & Broadway, a 17 story 250 unit development located in downtown San Diego, includes 88 units of supportive housing along with the remaining units restricted at 30-60% of Area Median Income (“AMI”). This development has won 15 awards to date for its innovative financing structure and creative design.

Similar to Celadon’s financing structure, BRIDGE is proposing a development that will contain 120 units split across 2 developments, a 9% senior and 4% development. The 9% senior development will contain 60 1-bedroom units, serving households earning 30% to 50% AMI. 59 units will be affordable restricted units, with 1 unit held for management staff. The 4% development holds 60 units as well, and will be a mix of 1, 2 and 3-bedroom unit types. These units will serve households earning 50% to 60% of AMI.

---

Similar to the 9% senior development, 59 units will be affordable restricted units, with one three-bedroom unit reserved for building staff.

**Resident Services:**

BRIDGE Housing, in collaboration with our organizational partners, will develop and implement resident-focused program offerings for the family and senior residents of the Downtown/ Family Court Affordable Housing Site. Through on-site assessments, and community level survey data provided by BRIDGE Housing, the partners will identify and respond to the unique needs of this housing community with high-quality and relevant programming.

BRIDGE is familiar with the range of barriers faced by the residents, including large multi-family and senior low-income communities that are diverse in culture, language, and programmatic needs. BRIDGE has established service partnerships and infrastructure in the greater San Diego area, and are well positioned to support the residents of the Family Court Project through continuous engagement and the provision of resident services. Simultaneously, BRIDGE recognizes the importance that community building activities play in encouraging residents to interact with one other to build social cohesion; particularly in senior properties or those with high levels of diversity or historic trauma.

Programs and services offered will strive towards the dual goals of supporting individual tenant needs and promoting community cohesion. San Ysidro Health (SYH) will be directly serving the 9% supportive housing senior development with residents targeting frail seniors through the PACE program. The PACE (Programs of All-Inclusive Care for the Elderly) program is a Medicare and Medicaid program that helps seniors meet their health care needs in the community instead of going to a nursing home or other care facility. With SYH's San Diego PACE, tenants will have a team of health care professionals working with them on coordinating necessary care. In addition to SYH, St. Paul's PACE program has indicated they will be available to serve the site if the project moves forward. This will allow additional residents to benefit from the intensive services offered by the PACE program.

BRIDGE is also in discussions with People Assisting The Homeless (PATH) to provide resident services aimed at maintaining residency and building life-skills. The Family Court site is located two and a half blocks from what is known as the PATH Depot, a collection of nearly 20 nonprofits that provide services in a central location. BRIDGE and PATH are looking to capitalize on the proximity of the two sites, aiming to maximize the use of all available resources. Offered programs will facilitate the creation and maintenance of the healthy social networks that inform a vibrant community and an enriching quality of life.

In addition to the programs described above, the services that BRIDGE designs for the Family Court Project will be tailored to meet the interests of the community, but will likely fall into a few distinct categories. The target population for program participation will be all households living at the Family Court Project, including the youth (young children to adolescent/teenage), young adult/adult, and senior residents. Programs and services will be located onsite, and will be offered to all residents of the Project, ongoing in-nature, at no cost. BRIDGE anticipates that the most requested services will include: Service Coordination (including transit, energy and food assistance), Economic Stability/Financial Management, Employment Readiness/ Career Planning, and Community Building Events.

**Outreach:**

---

Across the BRIDGE portfolio, our Property Management teams work closely with on-site service partners to implement outreach strategies that encourage community participation. These include, but are not limited to: distribution of a monthly newsletter including a calendar of activities, connecting face-to-face with residents in high traffic areas of the property such as laundry rooms, mailboxes, and Property Offices, knocking on doors, posting flyers, and hosting community engagement events and activities. BRIDGE will implement a combination of these engagement strategies at Family Court to ensure that residents are informed and aware of on-site programmatic resources and activities.

**Reporting and Uptake:**

BRIDGE partners who provide services are required to complete monthly attendance reports, ongoing schedules and service summaries, submission of marketing materials, and summaries of successes. Annually, at contract renewal, these materials are compiled and assessed in order to evaluate, update and re-design services, if needed. Through this process of contracted reporting and evaluation, BRIDGE encourages partners to work with property staff and residents to learn from experience- keeping programming current, and periodically adjusting to resident feedback.

**4. Describe how parking will be integrated into the plan and the proposed number of spaces and their location. Please also describe how this number was reached and whether it will adequately serve the uses(s) on the Site as required by zoning.**

The plan proposes the parking area's ingress and egress access be located mid-block off both Cedar and Beech Streets. The intent is to avoid internal ramps and maximize the parking area tucked into the building. The advantages to this design is that traffic has greater visibility of turning maneuvers into the parking structure. This enables safer pedestrian access to the parking garage and limits pedestrian conflicts on Sixth Avenue's Main Street neighborhood center. In addition, this configuration maintains the Downtown PDO, Figure E, requirement for limited access on Sixth Avenue.

A total of 64 parking spaces are provided as calculated by using the City of San Diego's Municipal Code §142.0527 Affordable Housing Parking Regulations, which generates the required number of parking spaces per number of bedrooms per unit. Our number of spaces exceeds the required 59 spaces per code. The code enables the utilization of the Low Parking Demand (L) Category for the purposes of calculating the Reduced Parking Demand Housing Parking Ratios identified in Table 142-05D in Section 142.0527. In addition to the 64 automobile spaces, the parking garage includes bicycle (26), motorcycle (6), visitor (18), and staff (6) parking spaces are included.

The parking garage complies with the Centre City Planned District requirements as it is set back behind our multi-story residential or commercial use buildings to buffer the garages from facing Main Street uses. The parked cars are thoroughly screened from public view.

The PDO states on Table 156-9313-B states, "Development containing less than 30,000 square feet of commercial/retail space is exempt." With the commercial space not requiring any dedicated parking, the loading bay to service the retail and restaurant will be located directly in front on Sixth Avenue in a dedicated loading zone space to not create traffic conflicts.

---

## **5. Describe the approach for common area maintenance.**

Included in the operating proforma for the affordable residential development proposed are line items for maintenance, which include maintenance of any open spaces, common areas and community spaces. To the extent that financing the development requires multiple ownership entities, costs for maintenance of these areas will be allocated to the respective project that will be responsible for maintenance and inclusion in their yearly operating budget. BRIDGE's affiliated management firm, BRIDGE Property Management Company ("BPMC"), currently manages and asset manages nearly 8,000 rental and condominium units in its portfolio. BPMC bring the aggregated experience of this large portfolio to inform the design of and the financial assumptions made regarding common areas around the site.

## **6. Describe proposal amenities and any anticipated sustainability features for the Project.**

Sustainable design and construction practices are a priority early in the development of all BRIDGE projects. The plan will continue this practice by pursuing the Silver level of the US Green Building Council's LEED® Rating System. There are a host of features of the site and those that will be incorporated in the design that allow achievement of this rating. Being located on a sustainable site provides a host of benefits including walkable proximity to transit and basic amenities – markets, library, post office, parks and more. The site is favorable because it was previously developed and will not impact green space that could have been used for agriculture or left fallow and site is also not in a flood plain. There are a variety of ways in which the development will be designed to minimize energy usage, including the installation of LED lighting, the use of occupancy sensors, large windows to take advantage of natural daylighting in all common areas and residences and high efficiency building mechanical systems. Also, in a concerted effort to conserve San Diego's precious water supply, low-flow plumbing fixtures will be installed, and native drought tolerant plant species will be used for all plantings.

Building materials that reduce the negative impact associated with processing virgin raw materials and located within a 500-mile proximity will be prioritized for use in construction as much as possible. Finally, Low-emitting paints, sealants and flooring will be used to protect the health and wellbeing of all tenants from airborne toxins that are typically in these products. Residential units will also be non-smoking. Please visit BRIDGE Housing's sustainable website to review the organization's dedication to building environmentally sound smart-growth developments. More information can be found at [www.bridgehousing.com/what-we-do/sustainable](http://www.bridgehousing.com/what-we-do/sustainable).

On the mechanical side, solar hot water panels will possibly be located on the roof elements as well as on the structure over the mechanical units on the roof. Water efficient fixtures, metering and water use reduction strategies will be utilized. With the contractor we expect to meet most of the requirements for materials and resources. Community rooms will be provided on the 7<sup>th</sup> floor for the Affordable Supportive building along Sixth Avenue, and a shared community space will be provided in for both the Affordable and Affordable Supportive buildings on the 4<sup>th</sup> floor. The pocket park community space on the ground floor could be used for rainwater management and heat island reduction planting may be located on the rooftop. Planting will also be provided in the outdoor ground floor area. There will be shading structures on south and west facing facades. Balconies located throughout the project will provide additional sun shading.

---

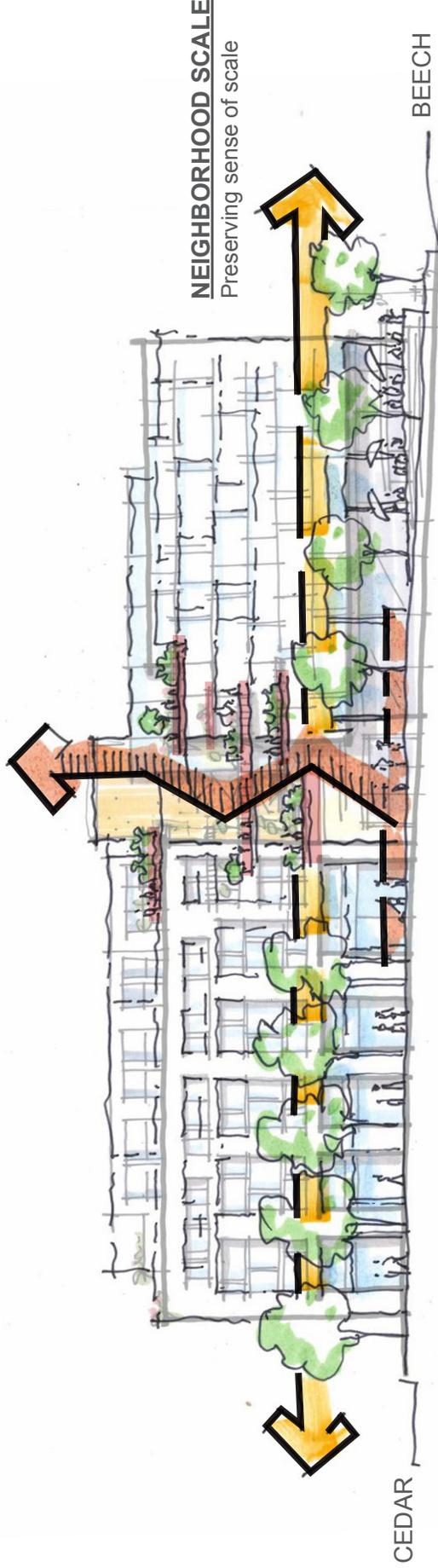
**7. Describe approach to rezoning the site (If applicable):**

This is not applicable as no rezoning of the site is anticipated. The Sixth Avenue and Beech / Cedar Street Site is currently designated Neighborhood Mixed-Use Center (NC) in the Downtown Community Plan Chapter 3 Land Use and Housing Figure 3.2 Downtown Structure, and City of San Diego Municipal Code (Land Development Code) Chapter 15; Article 6; Division 3; Centre City Planned District, which encourages a mix of uses. Our Development Plan put forward in this response conforms to the requirements outlined in this zoning designation with minor waivers, mostly due to the slope conditions, on the following: Height (from 65' maximum to 85' as the plan is 83'-7" tall), Ground Floor heights require 20' as our north end of the building is 17'; On-street commercial loading area located curbside on Sixth Avenue; Active Streetwall at 80% as our plan is currently 77%, and; setbacks for the mid-block Pocket Plaza on Sixth Avenue.

# VERTICAL VILLAGE - CONCEPT DIAGRAM

## VERTICAL VILLAGE

Extend 'street life' up to private terraces and spaces that provide resident amenities



## STREET SHOPS

Shops activate streetscape



## ENTRY PLAZA

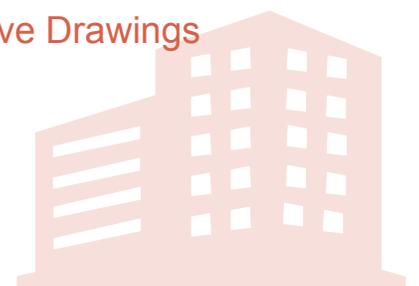
A 'micro plaza' creates a place of encounter where residents meet and connect with the public



## CAFE/RESTAURANT

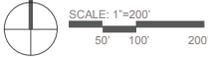
# Project Design

- Site Plan/ Ground Plan
- Plans L1-L8
- Elevations
- Sections
- Perspective Drawings





**AREA PLAN**



**LAND USE**

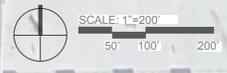
- Multi-Family Mixed Use
- Commercial
- Parking
- Hotel
- School

Cedar St

CEDAR STREET

VEHICULAR ACCESS TO PARKING  
GARAGE L3 - CEDAR STREET  
38 STALLS

SITE PLAN



SIXTH AVENUE

SEVENTH AVENUE

ENTRY PLAZA

BEECH STREET

VEHICULAR ACCESS TO PARKING  
GARAGE L2 - BEECH STREET  
30 STALLS

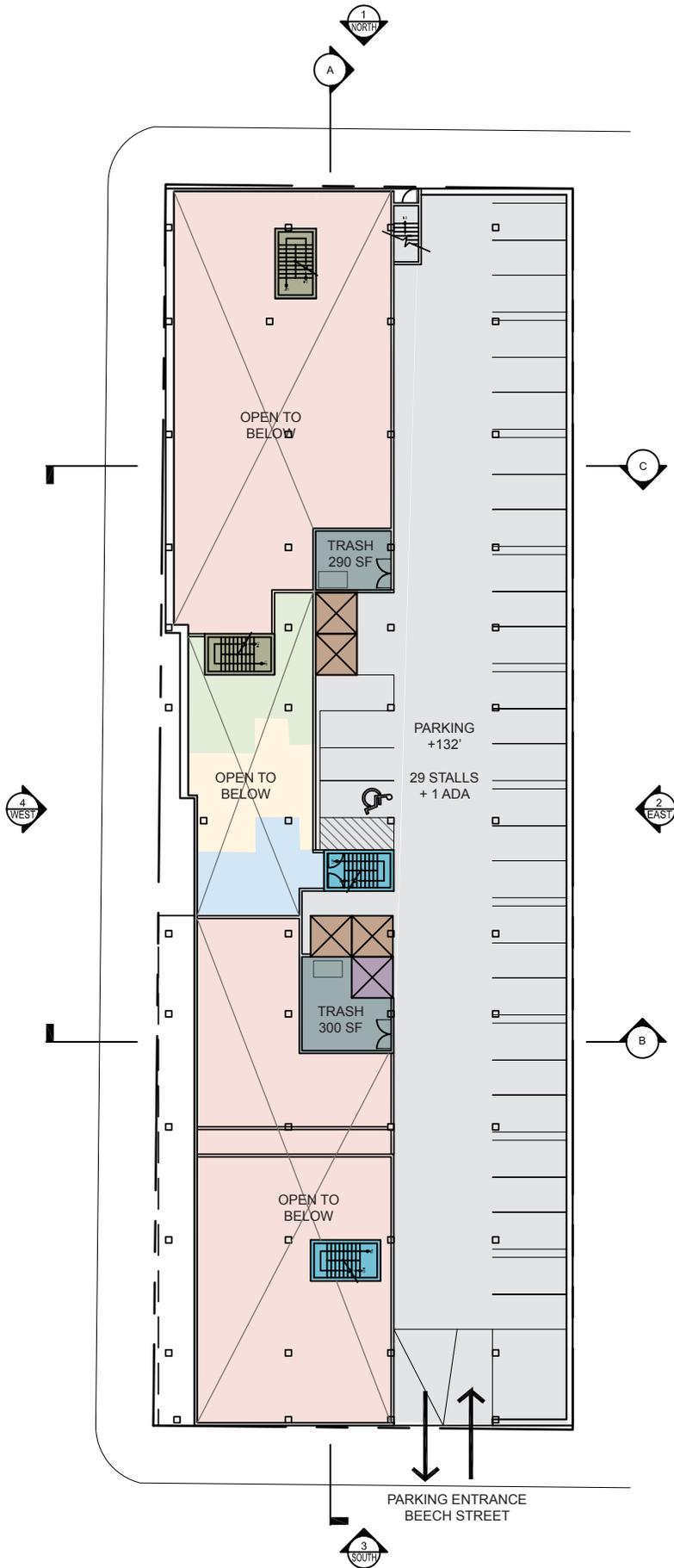


**GROUND FLOOR**



**LEGEND**

- Supportive Units
- Supportive Lobby
- Supportive Amenity
- Supportive Outdoor Space
- Supportive Circulation
- Shared Amenity
- Outdoor Space Shared
- Affordable Units
- Affordable Lobby
- Affordable Amenity
- Affordable Outdoor Space
- Affordable Circulation
- Leasing Office
- Retail/Cafe
- Mechanical
- Core
- Storage
- Parking



## SECOND FLOOR



### LEGEND

- Supportive Units
- Supportive Lobby
- Supportive Amenity
- Supportive Outdoor Space
- Supportive Circulation
- Shared Amenity
- Outdoor Space Shared
- Affordable Units
- Affordable Lobby
- Affordable Amenity
- Affordable Outdoor Space
- Affordable Circulation
- Leasing Office
- Retail/Cafe
- Mechanical
- Core
- Storage
- Parking





**FOURTH FLOOR**



**LEGEND**

- Supportive Units
- Supportive Lobby
- Supportive Amenity
- Supportive Outdoor Space
- Supportive Circulation
- Shared Amenity
- Outdoor Space Shared
- Affordable Units
- Affordable Lobby
- Affordable Amenity
- Affordable Outdoor Space
- Affordable Circulation
- Leasing Office
- Retail/Cafe
- Mechanical
- Core
- Storage
- Parking

**RENTABLE UNITS**

AFFORDABLE	- 7,800 SF
SUPPORTIVE	- 7,300 SF



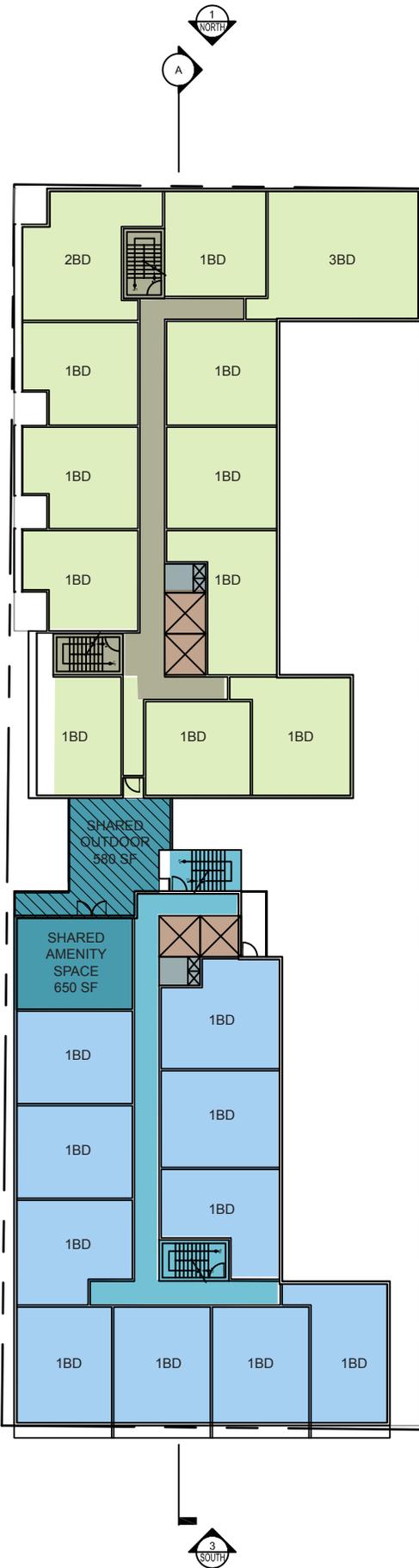
### FIFTH FLOOR



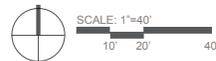
#### LEGEND

- Supportive Units
- Supportive Lobby
- Supportive Amenity
- Supportive Outdoor Space
- Supportive Circulation
- Shared Amenity
- Outdoor Space Shared
- Affordable Units
- Affordable Lobby
- Affordable Amenity
- Affordable Outdoor Space
- Affordable Circulation
- Leasing Office
- Retail/Cafe
- Mechanical
- Core
- Storage
- Parking

RENTABLE UNITS	
AFFORDABLE	- 8,700 SF
SUPPORTIVE	- 7,300 SF



### SIXTH FLOOR

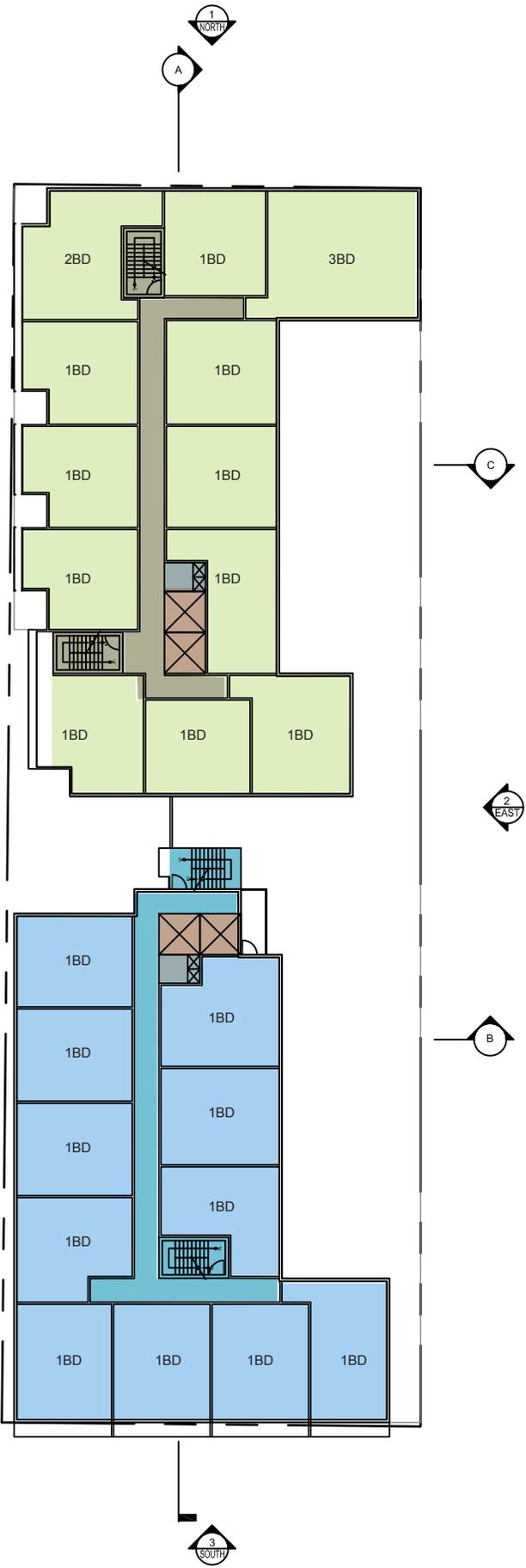


#### LEGEND

- Supportive Units
- Supportive Lobby
- Supportive Amenity
- Supportive Outdoor Space
- Supportive Circulation
- Shared Amenity
- Outdoor Space Shared
- Affordable Units
- Affordable Lobby
- Affordable Amenity
- Affordable Outdoor Space
- Affordable Circulation
- Leasing Office
- Retail/Cafe
- Mechanical
- Core
- Storage
- Parking

**RENTABLE UNITS**

AFFORDABLE	- 8,450 SF
SUPPORTIVE	- 6,650 SF



SEVENTH FLOOR

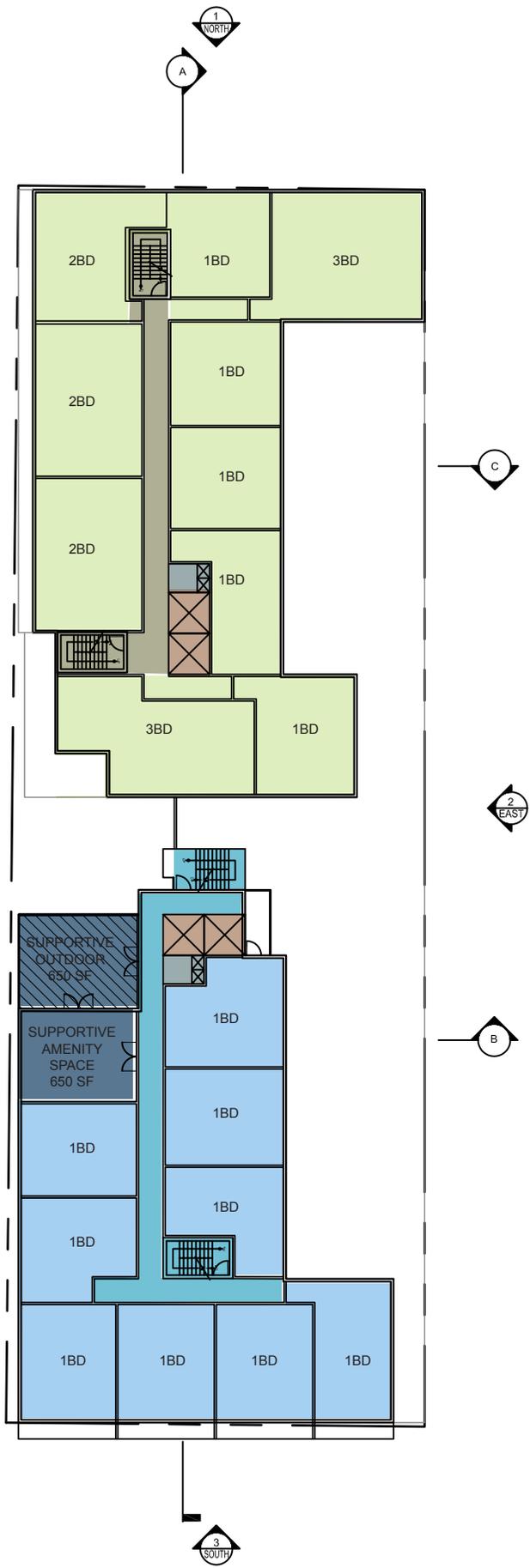


LEGEND

- Supportive Units
- Supportive Lobby
- Supportive Amenity
- Supportive Outdoor Space
- Supportive Circulation
- Shared Amenity
- Outdoor Space Shared
- Affordable Units
- Affordable Lobby
- Affordable Amenity
- Affordable Outdoor Space
- Affordable Circulation
- Leasing Office
- Retail/Cafe
- Mechanical
- Core
- Storage
- Parking

**RENTABLE UNITS**

AFFORDABLE	- 8,500 SF
SUPPORTIVE	- 7,300 SF



**EIGHTH FLOOR**



**LEGEND**

- Supportive Units
- Supportive Lobby
- Supportive Amenity
- Supportive Outdoor Space
- Supportive Circulation
- Shared Amenity
- Outdoor Space Shared
- Affordable Units
- Affordable Lobby
- Affordable Amenity
- Affordable Outdoor Space
- Affordable Circulation
- Leasing Office
- Retail/Cafe
- Mechanical
- Core
- Storage
- Parking

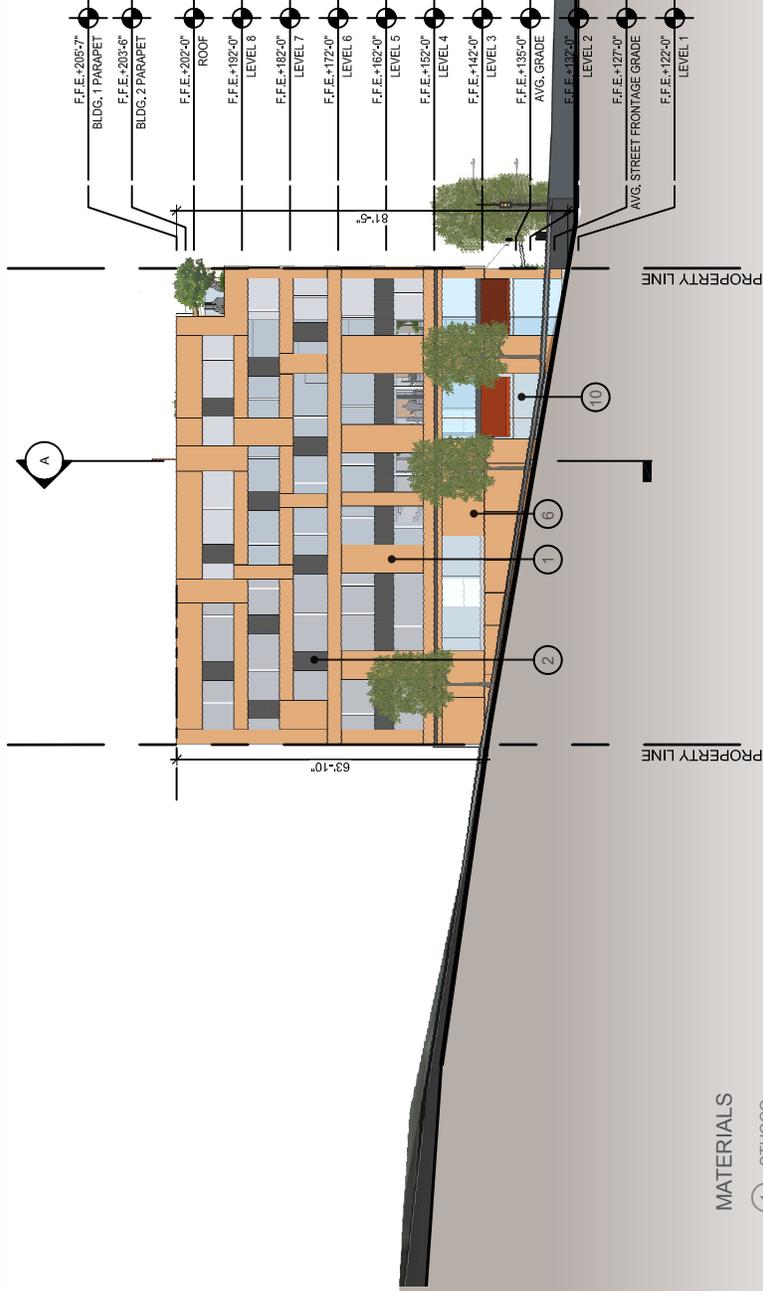
**RENTABLE UNITS**

AFFORDABLE	- 8,700 SF
SUPPORTIVE	- 6,000 SF

# NORTH ELEVATION

CEDAR STREET

SCALE: 1"=40'  
10' 20' 40'



## MATERIALS

- 1 STUCCO
- 2 COMPOSITE PANELS
- 3 METAL PANELS
- 4 PERFORATED METAL SCREEN
- 5 PRE-CAST PANELS
- 6 PAINTED CONCRETE
- 7 WOOD VENEER PANELS
- 8 ALUMINUM CLADDING
- 9 ALUMINUM FRAME
- 10 STOREFRONT GLAZING SYSTEM
- 11 STONE VENEER

# WEST ELEVATION

SIXTH AVENUE

SCALE: 1"=40'  
10' 20' 40'



## MATERIALS

- ① STUCCO
- ② COMPOSITE PANELS
- ③ METAL PANELS
- ④ PERFORATED METAL SCREEN
- ⑤ PRE-CAST PANELS
- ⑥ PAINTED CONCRETE
- ⑦ WOOD VENEER PANELS
- ⑧ ALUMINUM CLADDING
- ⑨ ALUMINUM FRAME
- ⑩ STOREFRONT GLAZING SYSTEM
- ⑪ STONE VENEER

# SOUTH ELEVATION

BEECH STREET

SCALE: 1"=40'  
10' 20' 40'



## MATERIALS

- 1 STUCCO
- 2 COMPOSITE PANELS
- 3 METAL PANELS
- 4 PERFORATED METAL SCREEN
- 5 PRE-CAST PANELS
- 6 PAINTED CONCRETE
- 7 WOOD VENEER PANELS
- 8 ALUMINUM CLADDING
- 9 ALUMINUM FRAME
- 10 STOREFRONT GLAZING SYSTEM
- 11 STONE VENEER

# EAST ELEVATION

ADJACENT PROPERTY

SCALE: 1"=40'  
10' 20' 40'



## MATERIALS

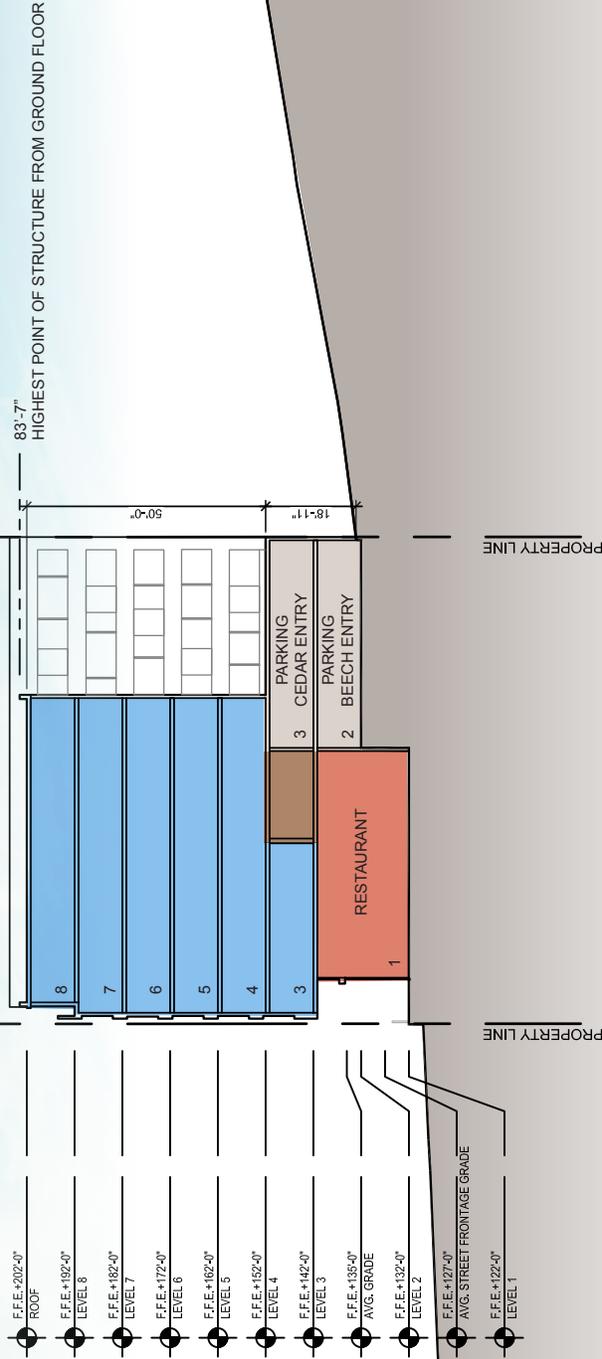
- 1 STUCCO
- 2 COMPOSITE PANELS
- 3 METAL PANELS
- 4 PERFORATED METAL SCREEN
- 5 PRE-CAST PANELS
- 6 PAINTED CONCRETE
- 7 WOOD VENEER PANELS
- 8 ALUMINUM CLADDING
- 9 ALUMINUM FRAME
- 10 STOREFRONT GLAZING SYSTEM
- 11 STONE VENEER



# SECTION B

BEECH STREET

SCALE: 1"=40'  
10' 20' 40'



## LEGEND

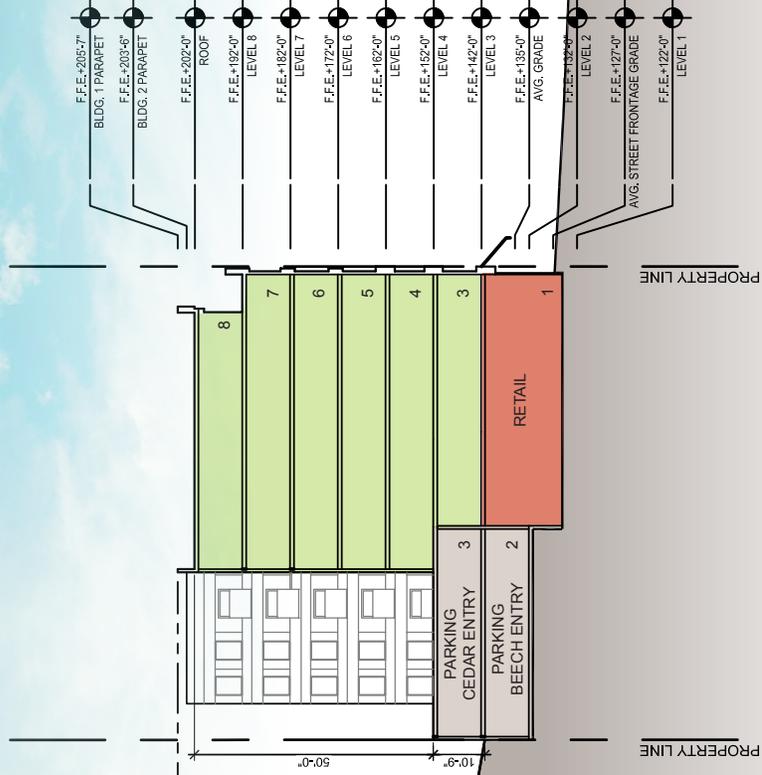
- |                                                                                       |                          |                                                                                       |                |
|---------------------------------------------------------------------------------------|--------------------------|---------------------------------------------------------------------------------------|----------------|
|  | Supportive Units         |  | Leasing Office |
|  | Supportive Lobby         |  | Retail/Cafe    |
|  | Supportive Amenity       |  | Mechanical     |
|  | Supportive Outdoor Space |  | Core           |
|  | Supportive Circulation   |  | Storage        |
|  | Shared Amenity           |  | Parking        |
|  | Outdoor Space Shared     |                                                                                       |                |

# SECTION C

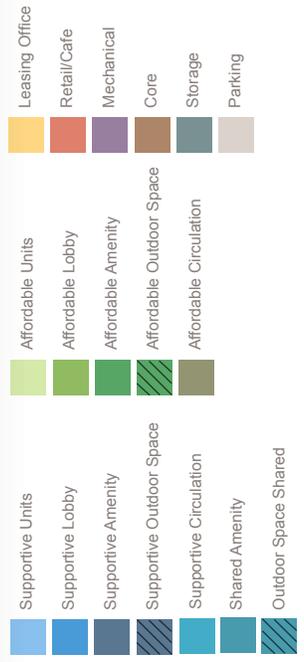
CEDAR STREET

SCALE: 1"=40'  
10' 20' 40'

HIGHEST POINT OF STRUCTURE FROM GROUND FLOOR



## LEGEND



# INTERSECTION OF CEDAR AND SIXTH



# SIXTH AVENUE STREET FRONTAGE



# 'VERTICAL VILLAGE' INTEGRATION



# BEECH STREET CORRIDOR



# Review of Lease

- Review of Lease



## 2.5 REVIEW OF LEASE

---

### Section 2.5 Review of Lease

Offeror has read, reviewed and understands the content of the proposed lease form. Comments to the lease and a rationale for each change are included in the table below. In addition, comments have been included via Track Changes in a MS Word file submitted with this RFP response.

BRIDGE acknowledges the Development Team's responsibilities as outlined in the RFP. Specifically, BRIDGE anticipates meeting these responsibilities in the manner described below:

1. Project Planning and Design: BRIDGE Housing and its Development Team members will be responsible for all aspects of the Project including pre-development planning, environmental review and design. BRIDGE has developed over 14,000 housing units and is well acquainted with the development process and has often carried projects from conception through stabilized operations.

2. Construction: BRIDGE and its Development Team will be responsible for construction and commissioning of the Project including obtaining all permits, fees, and approvals necessary for construction of the Project. BRIDGE has recently completed 3 projects in the San Diego area and is familiar with the entitlement and construction processes of the city.

3. Financing: For providing funding for the Project, BRIDGE will assemble debt financing, equity, tax credits or a combination of these methods. If debt financing is used, no financial risk or credit risk shall be imposed upon the County or the County's fee-interest in the Site. The exceptional financial strength and internal financial resources BRIDGE carries allow the firm to deliver financial guarantees required by lenders and investors, which will help to minimize financial and credit risks to the County.

4. Lifecycle Maintenance: BRIDGE maintains a robust Asset Management division, aimed at capital refurbishment and replacement, which allows the company to sustain the Project to the level of operation and occupancy that will be agreed to in the lease.

5. Facilities Management Services: In 1987, BRIDGE formed BRIDGE Property Management Company (BPMC), a financially independent but affiliated non-profit, tax exempt, property management company to ensure that the award-winning quality of its developments would be maintained over time. BRIDGE is a long-term owner, and consideration of project management, maintenance and repair as well as grounds maintenance, trash removal and parking begins at project conception.

6. Reserve Accounts: BRIDGE affirms that the minimum replacement reserve will be equal or higher than \$250 per unit per year. In addition, a minimum operating reserve will be setup in an amount equal to three months of estimated operating expenses and debt service under stabilized occupancy. The required amounts for the replacement and operating reserve may be increased by project financing sources.

7. Transfer and Development Costs: Any and all impact fees assessed by any agency or government body, title insurance, escrow costs, transfer taxes, parcel or subdivision maps, and any other transfer or development costs will be the responsibility of BRIDGE Housing. In addition, if chosen, BRIDGE Housing shall be solely responsible for construction of all improvements including all on-site or off-site

---

improvements and any changes from existing conditions including, but not limited to streets, underground utilities, street lighting, curbs, gutters, street trees, and sidewalks.

8. Insurance: All county requirements relating to insurance will be met and obtained by BRIDGE Housing and held through the life of the project.

9. Taxes and Fees: All taxes and fees, including any possessory interest taxes, will be the responsibility of the lead developer, BRIDGE Housing

10. Indemnification: Language shall be included in the lease stating that BRIDGE Housing, the to-be-formed limited partnership entity and any other members of the lead developer shall defend, indemnify and hold harmless the County from specified liabilities associated with the Project and Site. Notwithstanding the foregoing, Lessee will not be liable to the County for (a) County actions or omissions prior to Close of Escrow (b) the County's possession, use of, or access to the Premises pursuant to any easement or other access rights provided by Lessee, and (c) the County's gross negligence or willful misconduct

11. Supportive Services: BRIDGE Housing has included in this proposal a description of the supportive services that will be offered at the Project. BRIDGE brings local experience in supportive services, with two of the firm's recent San Diego developments reserving units for a variety of special needs populations, including frail seniors (PACE), youth transitioning from the foster care system, as well as adults with mental health diagnoses. In Northern California, BRIDGE developed the Coronet, an affordable senior rental project. The Coronet offers intensive supportive services focused on independent living provided by the Institute of Aging. Also in Northern California, BRIDGE is deep in pre-development work on Bay Meadows, which will house 12 permanent supportive veteran's households as well as formerly homeless individuals and low income families. Veterans' services will be provided by Palo Alto VA Medical Center. BRIDGE's internal Community Development and Programs Department works closely with BRIDGE Property Management to provide services tailored to our residents' evolving needs throughout the life of the project. At the Family Court site, San Ysidro Health (SYH) will be working with BRIDGE to provide multiple levels of services to the residents of the site. In addition to directly serving frail seniors of the site through the PACE program, SYH will offer health and wellness based services to all residents. In addition to SYH, St. Paul's PACE program has indicated they would be available to serve the site if the project moves forward. This would allow additional residents to benefit from the intensive services offered by the PACE program.

12. Government and Community Relations: Starting with the vision of a project, BRIDGE strives to approach development from the broader perspective of creating economically diverse, mixed-use neighborhoods. This is reflected in the company's approach to outreach and engagement with local communities as well as working with government officials and public agencies across the state. BRIDGE will work collaboratively with the County, local community organization, public officials and the neighborhood to meet and exceed all stakeholder expectations.

---

### Lease Comments and Rationale

Please find below a table of comments to the draft ground lease. Included with each comment is the rationale behind the comment. BRIDGE affirms its willingness to work with County on all comments presented below. In addition, please find an MS Word tracked changes document capturing all comments included with the electronic copy of this submission.

---

§2.1: BRIDGE assumes that the County does not want to give the Lessee possession of the property until the developer is ready to construct the project and we have made changes to reflect this assumption throughout the agreement. (See also new §3.3(b), §6.2, §6.6, §7, §13.3, §14.3, §25 etc.)

---

§2.2: County reserves the right to operate drilling or other facilities for the development of mineral deposits. This provision should be limited to non-interference with Lessee's use.

---

§2.3: Subject to all present and **future** easements, subject only to a no "unreasonable of substantial interference" standard. This provision must be limited to non-interference with Lessee's use. In addition, if the County will want to obtain additional easements through the premises, we'd like more of a process as to how those will be identified and not interfere with the permitted uses or cause additional liability to the Lessee.

---

§3.1: BRIDGE proposes a 99 year term. Unless county has other priorities, the most beneficial structure for this lease would allow for closing/commencement upon issuance of initial permit for construction. The pre-construction period could be covered by a pre-lease agreement.

---

§3.1 (a): BRIDGE proposes 2 years to obtain entitlements and financing, due to the TCAC and CDLAC application cycles, plus the additional extensions noted in the County's form of lease. We propose a 2 year construction period, which will also include extensions noted in the County's form of lease.

---

§3.1 (b): Because BRIDGE will not have possession during the pre-construction period but we will be proceedings with predevelopment activities, we would like a right of entry, "exclusive negotiation" language to protect our interests and investment in the project.

---

§3.3: BRIDGE would like to ensure that if the project is infeasible due to entitlements, site conditions or lack of affordable housing financing (despite diligent efforts to obtain such financing), that the parties can terminate the Lease. We have also added language that possession of the Property will be delivered at "Close of Escrow" (which is generally when project financing is obtained and construction commences.)

---

§3.4.1: Language added to clarify that fee title to the Improvements will be vested in Lessee.

---

§3.4.2 and §3.4.3 (See also §10.7 pertaining to fixtures) : It seems that having the demolition requirement removed with respect to the contemplated Project would be mutually beneficial. BRIDGE will agree to return premises as is. Note that we are obligated to maintain the property in good condition and repair throughout the term.

---

§3.4.5: BRIDGE has added clarification language concerning the Lessee's remedies under the Lease.

---

§ 4: BRIDGE has revised Article 4 to reflect our proposed Rent structure. (Cash payment during preconstruction. Rent equal to the fair market value of the property to be paid by capitalized payment, annual cash payment, and delivery of a surplus cash note to the County.)

---

§ 5: BRIDGE proposes a nominal security deposit amount, in light of the rent structure and the other remedies provided to the County under Lease.

---

§6.1 and 6.2: Clarification that project may include ancillary uses and that the Lessee can only control the Premises after Close of Escrow. Also, the County form limits who may "use" the Premises, but due to the proposed residential and ancillary uses, a broader category of people may enter the Premises.

---

§6.4 -6.5: The Lease can be terminated without a cure right for substance abuse and failure to control Premises. All automatic termination rights must be modified to provide for reasonable notice and cure periods for Lessee and Lessee's lender.

---

§6.7: Clarification language has been added.

---

§7.1: County's utility connections cannot interfere with Lessee's use and must include other protections for Lessee arising from the County's access and activities under this Section.

---

§7.2-.4: Lessee obligation to comply with conservation and recycling requests or guidelines from the County, including newly-enacted guidelines must be subject to commercially reasonable enforcement and implementation. BRIDGE also suggests that the County allow for compliance with applicable TCAC energy efficiency and environmental standards to satisfy this provision.

---

§8.1 and 8.1: BRIDGE assumes we will have a separate right of entry to perform inspections etc. during the pre-construction period – and that such right of entry will govern mechanics' liens issues prior to the Close of Escrow. If that is not the case, we need to tighten the language to address our ability to control liens before we have possession of the Property. We have also lengthened the time needed to address mechanics liens.

---

§9: BRIDGE has clarified the security language.

---

§10.1 & Ex E: Obligation to build Required Improvements which cost at least a specified amount. Costs may fluctuate and terms should focus on quality of improvements and consistency with approved concept drawings. BRIDGE would also like some leeway to make minor or immaterial repairs and renovations as noted.

---

§10.4: With respect to the County's review of construction costs, BRIDGE would like a way to manage those review costs.

---

§10.7: See comment above re: §3.4.2 and 3.4.2.

---

§11.1: BRIDGE would like to clarify that no property or possessory tax obligation will be triggered before Close of Escrow.

---

§12.1: Clarification regarding timing of possession.

---

§12.3: County has the right to make repairs if the Improvements aren't maintained. This must be subject to reasonable notice and cure period for Lessee and Lessee's lender.

---

§13.2.5 and §13.3: Clarify that Lessee will not be liable for County actions or omissions prior to Close of Escrow, the County's possession, use of, or access to the Property, and the County's gross negligence or willful misconduct. Also clarify that indemnification obligation will vary depending on whether or not Lessee has control of the Premises (e.g. differentiate between Pre-Construction and following Close of Escrow).

---

§13.4.1: Revise so that permitted uses will not require Lessee to pay for County's increased insurance costs.

---

§14.3: Clarifications concerning possession of Property and underground improvements.

---

§14.4: Clarifications concerning possession of Property and acknowledgement that there are no guarantors to County.

---

§14.6: BRIDGE request notice (and opportunity to cure, if applicable) prior to inspection and entry by the County.

---

§15: In addition to other permitted transfers, transfer provision should allow for transfers made in connection with recordation of debt financing instruments and with syndication or by the limited partner pursuant to the tax credit limited partnership agreement. Also, since BRIDGE may finance the project components with different financial structures, we have inserted language allowing for partial assignment to affiliates.

---

§15 & Ex H: The SNDA attached as Ex H needs to be modified to market terms, commercially reasonable requests from lenders and investors, and to provide notice and cure rights to the investor limited partner. BRIDGE has also clarified the definition of Affiliate in §15.6.

---

§15.6: This share of profits right should be deleted because it is addressed through the payment of residual rent.

---

§16.2: County can terminate Lease upon a non-curable default. This right should be deleted.

---

§16.1 and §16.2.b: Cure period to be 30 days and 10 days

---

§16.6: County has a first lien security interest in all personal property. Lien rights must be subject to Lessee's lender's interest.

---

§16.8: Clarification language re: nonrecourse nature of Rent Note. We also request simplifying the monetary remedies provisions given the nature of the rent proposed under this lease and the use of the Property. Finally, we request clarification that the County will not seek punitive or consequential damages.

---

§17: Clarification re: remedies.

---

§19: Extension of cure periods.

---

§20 and §21: Condemnation and Casualty provisions are subject to the rights of lenders. In addition, County should only be compensated for the value of the unimproved land.

---

§22 and §23: Ground Lease requires that the County have the right to subordinate the lease to any mortgage encumbering the fee interest. Lessee's lender must have a first lien against all improvements. County may mortgage the bare land, but may not encumber the improvements.

---

§24: County to provide reasonable notice and cure periods prior to access. Also, any entry by County (which is not due to default or breach) needs to have a process and protections from Lessee.

---

§25: Clarification concerning possession.

---

§26: Clarification re: notices to lenders and investors.

---

Exhibit B -D BRIDGE's insurance broker must review the insurance requirements and our proposed edits. Also, with respect to Payment and Performance Bonds, BRIDGE requests that County consider alternate security that will provide comparable completion assurances.

---

Exhibit E: BRIDGE proposes a process for review of the plans and specs that is limited to a review of a logical evolution from concept drawings. Other Changes are proposed to address timing, reflect new construction on vacant property, and to assist in administration of construction of the Project.

---

Exhibit I: The Regulatory Agreement has a few undefined terms, such as Development Agreement in Recital C.

---

Exhibit I, Paragraph A: Contemplates Senior Housing. We are proposing a family component to the project as well.

---

Exhibit I, Paragraph F: States that tenants are eligible based on income. Confirm that other reasonable selection criteria may be applied by the developer.

---

Exhibit I, Paragraph H and I: Contemplates Special Needs Housing. Clarify that housing may include a portion of units that are not designated as special needs.

---

Additional edits have been made to allow for flexibility in implementing the housing program.

---

# Financial Capability

- Financial Capability
- Supportive Letters
- 4% Financial Proforma
- 9% Financial Proforma



## 2.6 FINANCIAL CAPABILITY

### **Financial Capability**

BRIDGE Housing is in excellent financial condition and has ample access to capital, positive lender relationships, and strong creditworthiness. A long history of success has resulted in the company having access to both debt and equity resources at extremely favorable rates, even during the recent economic downturn of 2008 to 2010. BRIDGE has also used a variety of innovative financing tools to finance the construction and operations of developments. BRIDGE has a strong balance sheet and sufficient working capital to invest as early seed money into high priority housing developments. Historically able to secure higher tax credit investor pricing than other organizations, BRIDGE has solid relationships with all of the industry's major real estate lenders, including Wells Fargo, Union Bank, Citibank, and Bank of America.

With an enviable track record of developments, BRIDGE typically attracts large equity investments from private parties, most often utilizing Low Income Housing Tax Credits, which induce private corporations to invest in affordable housing developments. BRIDGE has been financing developments with Low Income Housing Tax Credits since the program was established in 1986, and is adept at competing in California's allocation system. To date, BRIDGE has built 36 projects using the competitive 9% LIHTC and 64 projects using the 4% LIHTC and tax exempt bond program. BRIDGE's proven experience in developing and managing high quality, sustainable communities results in lower risk for investors, which leads investors to pay higher rates when investing in BRIDGE developments.

BRIDGE Housing has received an "A+" issuer credit rating from Standard & Poor's Ratings Services. BRIDGE pursued the rating as part of its five-year strategic initiative to double its production of affordable and mixed-income housing. S&P noted several attributes driving this rating of BRIDGE, including strong overall management, coupled with a strategic plan that supports BRIDGE's mission to provide quality low-income housing in the least-affordable markets, a strong enterprise risk profile supported by extremely strong economic fundamentals, a very strong asset quality, and very strong liquidity versus the average for BRIDGE's social and affordable housing peers. Please find the Standard and Poors Rating as well as BRIDGE's 2016-2017 annual report in an appendix to this submission.

### **Affordable Development Financing Plan**

BRIDGE Housing will form two limited partnership entities for the Family Court site. Through these BRIDGE related entities, BRIDGE will enter into the ground lease with the County of San Diego and be responsible for financing the project.

BRIDGE Housing is proposing to finance the 120 unit development, with a total development cost of \$63.7M, utilizing a combination of the 4% and 9% Low Income Housing Tax Credits ("LIHTC"). BRIDGE brings a history of innovative solutions to the competitive 9% LIHTC financing with the California Tax Credit Allocation Committee ("TCAC"). TCAC's application process for the 9% LIHTC is conducted semi-annually and a loss in both rounds would mean a full year of delay. Despite this risk, the high yield of the 9% LIHTC makes it an appealing source to pursue. BRIDGE intends to mitigate the competitive nature of the allocation program through maximization of the project sites amenity, sustainability and services points which are important in the 9% LIHTC application. BRIDGE is also underwriting the development as a 4% and 9% hybrid development. This approach dramatically increases the 9% LIHTC competitiveness. BRIDGE is known to be the innovator for this financing structure and was able to highlight its benefits to TCAC in 2011. BRIDGE was the first organization to complete the 4%/9% hybrid structure in a single building in

---

April 2015 with Celadon at 9<sup>th</sup> & Broadway. Since the completion of Celadon, both Chelsea and Wakeland in San Diego have replicated the financing structure utilizing Celadon’s financial documents and underwriting. In addition, the hybrid financing structure is becoming more well-known throughout the Country with developers contacting BRIDGE on how to complete this sort of development.

#### 60 Unit Senior (supportive) 9% LIHTC + Local Funding

Although the 9% LIHTC is a competitive funding source, BRIDGE employs creative and effective strategies to submit a successful application. BRIDGE has currently scored the 9% LIHTC under the hybrid approach at 63.14% which is in the winning score for 2018. BRIDGE will aim to secure as much soft financing as possible to drive the tiebreaker to a winning level. The Family Court site is considered very competitive due to its proximity to amenities, such as parks, markets and transit and will be a competitive 9% LIHTC application for San Diego with the additional funding and project based vouchers BRIDGE will secure from the San Diego Housing Commission. BRIDGE has also identified that the development is located in a high opportunity area which gives a significant boost in the 9% competitiveness. LIHTC involve a tax credit equity investor and BRIDGE has historically been able to secure higher than average tax credit investor equity pricing. BRIDGE believes the blended rate of \$1.015 in the current underwriting is an achievable credit rate and could even be higher when ready to apply for tax credits. In addition to utilizing the hybrid financing structure, BRIDGE will be seeking funding from San Diego Housing Commission (“SDHC”) and Federal Home Loan Bank (“FHLB”) for the 9% development which will be leveraged to ensure a competitive application.

BRIDGE has worked closely with the SDHC in the past, and has included SDHC as a potential funding source for the development. SDHC provided financing on three recent developments BRIDGE completed in and around Downtown San Diego as well as several other developments over the past 15 years in San Diego County. In recent years, competition for local affordable housing funding has increased as financing has been redirected toward solutions to address homelessness. For this development, BRIDGE has assumed a per unit subsidy from SDHC that will be competitive and achievable in the current environment. The SDHC funding is estimated at \$75k/unit which is in line with historic funding received from the SDHC.

Offered through the Federal Home Loan Bank (“FHLB”), the Affordable Housing Program (“AHP”) is another likely funding source for the Family Court site. The AHP program offers loans with below-market interest for development of affordable housing. The funding is competitive, with application periods usually opened once a year. The competitive process favors projects that include units for seniors, are developed on infill sites, have transit and amenities in close proximity, and offer enriching tenant services. All of these factors are present in the development presented herein, and indicate that the project will be very competitive. BRIDGE uses AHP financing in a variety of deal types, and has found it to be a flexible and accessible funding source. BRIDGE has been very successful in securing AHP funding and recently won three funding allocations for developments in Los Angeles, San Francisco and Portland in June 2018.

#### 60 Unit 4% LIHTC + Tax Exempt Bonds + Local and State Funding

The 4% LIHTC development includes 4% tax exempt bond financing in additional to Civic San Diego and California Housing and Community Development (“HCD”) funding. HCD issues numerous notices of funding availability throughout the year which BRIDGE will utilize for the development.

---

Due to the location of the development site, Civic San Diego will be a key local funder for this development. Currently, there is a \$105k/unit subsidy from Civic San Diego in the proforma. This amount is in line with the per unit amount Civic San Diego typical funds. BRIDGE has a strong relationship with Civic San Diego and believe they will be highly interested in providing funding for this development.

The Affordable Housing and Sustainable Communities Program (“AHSC”) is funded by California’s “Cap and Trade” system, and is offered through an annual NOFA process through the California Department of Housing and Community Development. BRIDGE has received three awards to date from this new program. AHSC favors projects that contain many of the elements planned for the development on the Family Court site, including superior transit accessibility, high density, and deep affordability.

The Infill Infrastructure Grant (“IIG”) program us another prospective program which could provide a subsidy for the Family Court development. The IIG program targets infill development with capital improvement components. As proposed in this submission, development on the Family Court site would be able to make use of these funds. Also, based on BRIDGE’s previous experience with the program, the site would be fairly competitive in competition for the funding. The proposed development would bring deeper affordability targeting, tenant access to many surrounding amenities, transit accessibility and high density infill development.

#### Construction and Permanent Debt

Development financing also includes two conventional construction loans for each LIHTC development. The construction loans are underwritten at a 3.50% interest rate over an 18 month construction term and 6 months lease up and stabilization period before converting to a permanent conventional loan. The permanent bond financing on the 4% LIHTC development is based on a 5.50% tax exempt interest rate over a 30 year fully amortizing term while achieving positive cash flow through year 15 for LIHTC purposes. BRIDGE has received recent quotes of rates at 4.7% so a 5.50% interest rate includes cushion for the possibility of increasing interest rates. The 9% development supports a loan through the project based vouchers issued by the San Diego Housing Commission. The vacancy rate utilized for underwriting purposes is 5% which required by TCAC regulations. BRIDGE has utilized conservative and realistic underwriting assumptions to ensure successful developments through general contractor quoted construction costs, operating expenses based on comparable developments in the area and recently received interest rates on developments in the pipeline.

The construction costs assume prevailing wage due to the financing plan we have outlined. Both HCD and SDHC’s project based vouchers will trigger prevailing wage. Estimated construction costs have been included in the proforma for each development. Construction costs have been on the rise throughout the state for a variety of factors. The price of commodities has been increasing steadily and is projected to continue to increase through 2018. A shortage of labor has also added to the upward pressure on construction pricing. Residual cash flow from the development (after all investor and partnership expenses are paid) will be split between the public agency lenders (50%), the County (25%, as additional ground lease payments), and BRIDGE (25%).

It is BRIDGE’s standard practice to secure commitments for debt and equity when projects are ready to close and commence construction. BRIDGE has strong relationship with numerous lenders and equity

investors and is able to leverage higher equity pricing and competitive interest rates through a bi-annual request for proposals to large pool of lenders and investors. The process which couples several developments in the pipeline along the West Coast enables lenders and investors to combine developments on their end to offer higher pricing and competitive interest rates. Enclosed in this section are Letter of Intent from US Bank and Bank of America.

The following table outlines the total sources and uses of funds for both developments through predevelopment, construction and permanent phases. BRIDGE will be contributing \$4M in developer fee equity to the development as outlined by TCAC regulations.

**SOURCES AND USES**

<b>Sources of Funds</b>	<b>Predevelopment Period</b>	<b>Construction Period</b>	<b>Permanent Period</b>
BRIDGE Predevelopment Funding	\$ 1,485,160	\$ -	\$ -
Construction Loan	\$ -	\$ 31,572,800	\$ -
Permanent Bond Financing	\$ -	\$ -	\$ 3,700,000
Section 8 Subsidized Debt	\$ -	\$ -	\$ 3,200,000
San Diego Housing Commission	\$ -	\$ 3,375,000	\$ 4,500,000
AHP	\$ -	\$ 590,000	\$ 590,000
Civic San Diego	\$ -	\$ 4,725,000	\$ 6,300,000
HCD	\$ -	\$ 6,500,000	\$ 6,500,000
BRIDGE GP Equity	\$ -	\$ 4,187,819	\$ 4,187,819
Investor Equity - Federal Credit	\$ -	\$ 6,951,293	\$ 34,756,467
<b>TOTAL SOURCES</b>	<b>\$ 1,485,160</b>	<b>\$ 57,901,913</b>	<b>\$ 63,734,287</b>
<b>Uses of Funds</b>			
Acquisition / Site Work	\$ 30,000	\$ 520,000	\$ 520,000
Construction	\$ 439,462	\$ 43,946,160	\$ 43,946,160
A/E, Permits	\$ 963,124	\$ 6,420,825	\$ 6,420,825
Indirect Expenses	\$ 13,492	\$ 1,349,161	\$ 1,349,161
Financing and Carry Costs	\$ 27,982	\$ 2,798,200	\$ 2,798,200
Other	\$ 11,101	\$ 1,110,125	\$ 1,670,175
Developer Fee and Syndication Costs	\$ -	\$ 1,757,441	\$ 7,029,765
<b>TOTAL USES</b>	<b>\$ 1,485,160</b>	<b>\$ 57,901,913</b>	<b>\$ 63,734,287</b>
<b>NET SURPLUS(SHORTFALL)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### Challenges, Risk and Mitigation

BRIDGE brings with its extensive experience, mitigating risks and their impact on financial and development partners. The County will have no financial risk or credit risk related to the financing of the development.

### Housing Market Conditions

BRIDGE Housing completed a market survey of affordable housing developments located in the project area. Based on the survey results, BRIDGE is confident that there is a demand for affordable family and senior housing with 1, 2 and three bedroom unit types for the Family Court site. Rent ranges for the comparable units in the area trend slightly higher than those proposed by BRIDGE. In addition, wait lists for the nearby complexes are long. Both of these facts support the vacancy assumptions included by BRIDGE in the development proforma. From the information gathered by BRIDGE, the market is showing to continue the current trend of high demand for units, upward pressure on market rents and a large pool of potential applicants for affordable housing.

Survey Results:

Development Name	Street Address	Total Units	Wait List	Rent Range
Cathedral Plaza	1551 Third Ave	223	270 applicants	\$425 - \$661
CCBA Senior Garden	438 3rd Ave	45	30 applicants	\$805 - \$1086
Cedar Gateway	1620 6th Avenue,	65	85 applicants	\$456 - \$1023

In addition to information on the affordable housing market in the area, a CoStar market comparable report was completed on market rate developments in the project area. As a supplement to the information above, the trends shown in the report indicate favorable market conditions for prompt lease-up and stable vacancy rates for an affordable housing development.

Development Name	Street Address	Total Units	Vacancy %	Rent Range
The Rey	801 A street	478	6.5%	\$1989 - \$3482
Current	1551 Union St	144	2.1%	\$1956 - \$3974
Billboard Lofts	320 W. Ash St.	24	8.3%	\$1895 - \$2575

### Return on Investment

BRIDGE Housing will be receiving a developer fee based on the 9% LIHTC state regulations. The developer fee earned by BRIDGE through construction to permanent conversion will be \$2.4M. There is not a return on investment requirement for the affordable housing development. Net cash flow must be sufficient for at least 15 years as shown on the 15 year cash flow.

---

### **List of Approvals and Required Public Improvements**

The following is a list of anticipated Local and State Approvals. For Public improvements, BRIDGE envisions public utility improvements will be required for the site, site landscaping and site improvements as required by Civic Say Diego may be required as well since the site is located on a Main Street.

#### **Anticipated Approvals**

- San Diego Housing Commission Inclusionary Requirements Approval
- Site Development Permit
- Density Bonus Application Approval
- Additional CEQA Approvals
  - If Necessary, pending Consistency Evaluation
- NEPA Approval as required by Section 8 vouchers
- FAA Approval
- Civic San Diego Development Permit
- Ministerial Approvals
  - Site Plan Approval
  - Utility Service Approvals (SDG&E)
  - Street Improvement Permit
  - Grading Permit
  - Building Permit

#### **Proforma**

The following pages are BRIDGE's proforma, with detailed operating expense budget, all in development budget and cash flow proforma for the development.

June 18, 2018

Aruna Doddapaneni  
BRIDGE Housing  
2202 30th Street  
San Diego, CA 92104

Re: RFP for San Diego Project located at 1501/1555 Sixth Avenue

Dear Aruna,

We understand that BRIDGE Housing (“BRIDGE”) is responding to a Request for Proposal regarding the site located at 1501/1555 Sixth Avenue in San Diego, CA (the “Project”). We are pleased to provide this letter in support of your application and to indicate our interest in considering the required construction financing and equity investment for the Project. Bank of America (the “Bank”) is an experienced provider of financing for affordable housing projects that include taxable loans, tax-exempt bonds, tax-credit financing, letters of credit and derivative interest rate protection products.

Based on our experience, BRIDGE is a highly capable real estate development firm with access to the financial resources necessary to successfully complete the proposed Project. Bank of America has a history with BRIDGE that dates back over 20 years. Since that time, Bank of America has lent or invested in over twenty BRIDGE projects. Within the past 3 years, Bank of America has closed eight separate facilities with BRIDGE with a combined debt and equity investment in excess of \$300 million. In addition, BRIDGE’s proposed development design concept is similar to projects the Bank has financed in the past.

Please note this letter does not represent a binding offer or commitment by the Bank for the proposed financing nor does it define the terms and conditions of a commitment, but is an indication of our continued interest in this project. Issuance of a commitment by the Bank is subject to full underwriting and approval of the request under the Bank’s internal approval process.

If you have any questions or comments, please do not hesitate to contact me at (415) 436-1165 or [robert.reinhardt@baml.com](mailto:robert.reinhardt@baml.com).

Sincerely,



Robert A. Reinhardt

**Community Development Corporation**  
1307 Washington Avenue, Suite 300  
St. Louis, MO 63103

June 13, 2018

Angela Jackson-Llamas  
Senior Real Property Agent  
County of San Diego – Real Estate Division  
1600 Pacific Highway  
San Diego, CA 92101

Re: 1501/1555 Sixth Avenue Development

Dear Ms. Jackson-Llamas,

It is my understanding that BRIDGE Housing will be competing for the opportunity to partner with the County of San Diego to develop the 1501/1555 Sixth Avenue site in San Diego. US Bank Community Development Corp. has several successful affordable housing investments in San Diego and has a strong interest in further investments in the area.

BRIDGE Housing has been a long standing partner of US Bank Community Development Corp.. This partnership has helped to create over 500 units of much needed affordable housing. BRIDGE Housing has a strong track record of developing highly innovative projects, as supported by the numerous national and local awards and accolades. It is exactly this kind of forward thinking and ability to bring together projects during difficult economic conditions that has made BRIDGE Housing a partner of choice for US Bank CDC.

US Bank CDC is one of the largest direct investors in the LIHTC program, with a proven track record of steady investment during varying market conditions. Having reviewed the preliminary project information, I believe the proposed development would not only meet our investment criteria, but would be a highly regarded investment opportunity. We have invested in a similar project developed by BRIDGE Housing in the City of San Diego, and welcome the opportunity to be involved in this project.

As stated earlier, US Bank CDC has an extensive working relationship with BRIDGE Housing, involving several different kinds of project types and financing structures. We very much look forward to continuing our relationship with BRIDGE Housing and are excited about the upcoming project.

Sincerely,



Sebastian Glowacki  
Vice President  
303-585-4230

# 4% Financial Proforma

TABLE 1

**ESTIMATED DEVELOPMENT COSTS**

Family Court - 1501/1555 Sixth Avenue, San Diego - RFP Submission

4% Financial Proforma

County of San Diego

Family Court - 1501/1555 Sixth Avenue, San Diego

		Family Court - 1501/1555 Sixth Avenue, San Diego
<b>I. Acquisition Costs</b>		
Acquisition Holding Costs		10,000
Ground Lease Payments		300,000
Total Acquisition Costs		310,000
<b>II. Direct Costs</b>		
On-Site Improvements/Landscaping		1,018,080
Remediation		incl. in building
Parking		incl. in building
Building - Residential		17,400,000
Inflation		1,740,000
General Conditions and General Requirements		incl. in building
Profit and Overhead		incl. in building
Bond and Insurance		incl. in building
Contingency		1,740,000
Total Direct Costs		21,898,080
<b>III. Indirect Costs</b>		
Architecture & Engineering		1,845,413
Permits & Fees		1,240,000
Legal & Accounting		162,500
Taxes & Insurance		233,826
Developer Fee		4,354,765
Due Diligence Reports		40,000
Title		45,000
Marketing/Lease-Up		135,600
Amenities/FF&E		75,000
Soft Cost Contingency		364,351
Total Indirect Costs		8,496,455
<b>IV. Financing Costs</b>		
Loan Fees		257,600
Interest During Construction		550,000
Interest During Lease-Up		290,000
TCAC Fees/Syndication Costs		237,500
Operating Lease-Up/Reserves		444,634
Total Financing Costs		1,779,734
<b>V. Total Development Costs</b>		<b>32,484,269</b>

# 4% Financial Proforma

TABLE 2

**STABILIZED NET OPERATING INCOME**

Family Court - 1501/1555 Sixth Avenue, San Diego - RFP Submission

4% Financial Proforma

County of San Diego

		Family Court - 1501/1555 Sixth Avenue, San Diego				
		Average Unit Size (SF)	# of Units	Net Monthly Rent	Rent/SF	Total Annual
<b>I. Residential Income</b>						
One Bedroom @	50% AMI	650	4	\$856	1.32	41,088
One Bedroom @	60% AMI	650	42	\$1,039	1.60	523,656
Two Bedroom @	50% AMI	800	1	\$1,020	1.28	12,240
Two Bedroom @	60% AMI	800	6	\$1,239	1.55	89,208
Three Bedroom @	50% AMI	1150	1	\$1,165	1.01	13,980
Three Bedroom @	60% AMI	1150	5	\$1,418	1.23	85,080
Three Bedroom @	MGR	1150	1	\$0	-	-
<b>Total/Average</b>		<b>726</b>	<b>60</b>	<b>6,737</b>	<b>7.99</b>	<b>765,252</b>
Add: Other Income			\$780	Unit/Month		9,360
<b>II. Gross Scheduled Income (GSI)</b>						<b>774,612</b>
(Less) Vacancy			5% of GSI			( 38,731 )
<b>III. Effective Gross Income (EGI)</b>						<b>735,881</b>
<b>IV. Operating Expenses</b>						
(Less) Operating Expenses			6,507	Unit/Year		( 390,420 )
(Less) Replacement Reserves			450	Unit/Year		( 27,000 )
(Less) SDHC Affordable Monitoring Fee			57	Unit/Year		( 3,413 )
(Less) SDHC Issuer Fee			167	Unit/Year		( 10,000 )
(Less) Ground Lease Payment			333	Unit/Year		( 20,000 )
<b>Total Operating Expenses</b>			<b>\$7,514</b>	<b>Unit/Year</b>		<b>( 450,833 )</b>
<b>V. Net Operating Income (NOI) - Residential - Rental</b>						<b>285,048</b>
Additional Income:						
No other additional income						
<b>VI. Additional Income</b>						-

# 4% Financial Proforma

TABLE 3

**SOURCES OF FUNDS**

Family Court - 1501/1555 Sixth Avenue, San Diego - RFP Submission

4% Financial Proforma

County of San Diego

---

Family Court - 1501/1555 Sixth Avenue, San Diego

Supportable Permanent Loan (1)	<u>\$3,700,000</u>
Tax Credit Equity Investment (2)	<u>\$11,796,449</u>
Civic San Diego	<u>\$6,300,000</u>
HCD State Funding	<u>\$6,500,000</u>
BRIDGE GP Equity (part deferred developer fee)	<u>\$4,187,819</u>
Total Sources of Funds	<u>\$32,484,268</u>

(1) See next page for assumptions for calculation of the supportable permanent loan for residential.

Supportable permanent loan sized down to ensure cashflow available for investor and GP asset management fees

(2) See next page for assumptions for calculation of the tax credit equity investment.

# 4% Financial Proforma

TABLE 3 (CONT'D.)

**SOURCES OF FUNDS**

Family Court - 1501/1555 Sixth Avenue, San Diego - RFP Submission

4% Financial Proforma

County of San Diego

Family Court - 1501/1555 Sixth Avenue, San Diego

(1) Rental Residential Supportable Permanent Loan Assumptions:

Net Operating Income	\$285,040
Debt Service Coverage Ratio @	1.15
Interest Rate @	5.50%
Term (Years)	30 Years
Annual Debt Service	\$247,861
Annual Debt Service Project sized down to support fees	\$238,435

(2) Tax Credit Assumptions:

Estimate of Eligible Basis

Total Development Costs	\$32,484,269
(Less) Ineligible Costs	( \$1,607,734 )
Eligible Basis	\$30,876,535
Acquisition Basis	\$0
New Construction Basis	\$30,876,535
Eligible Basis	

Tax Credit Proceeds

Maximum Threshold Eligible Basis	\$27,975,681
Voluntary Basis Reduction	\$0
High Cost Area Multiplier	130%
Total Qualified Basis	\$36,368,385
Tax Credit Rate	3.18%
Total Tax Credits	10 \$11,565,146.49
Tax Credit Equity Investment	\$1.02 \$11,796,449

# 4% Financial Proforma

TABLE 4

**15-YEAR CASH FLOW PROJECTION**  
**Family Court - 1501/1555 Sixth Avenue, San Diego - RFP Submission**  
**4% Financial Proforma**  
**County of San Diego**

		Family Court - 1501/1555 Sixth Avenue, San Diego															
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	
<b>I.</b>	Affordable Rents	Escalation Factor: 2.50%	765,252	784,383	803,993	824,093	844,695	865,812	887,458	909,644	932,385	955,695	979,587	1,004,077	1,029,179	1,054,908	1,081,281
	Misc. Income (Laundry)	1.00%	9,360	9,454	9,548	9,644	9,740	9,837	9,936	10,035	10,136	10,237	10,339	10,443	10,547	10,653	10,759
	Section 8 Income	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Gross Potential Income (PGI)		774,612	793,837	813,541	833,736	854,435	875,650	897,394	919,679	942,521	965,932	989,927	1,014,520	1,039,726	1,065,561	1,092,040
	(Less) Vacancy	5.00%	(38,731)	(39,692)	(40,677)	(41,687)	(42,722)	(43,782)	(44,870)	(45,984)	(47,126)	(48,297)	(49,496)	(50,726)	(51,986)	(53,278)	(54,602)
<b>II.</b>	Effective Gross Income (EGI)		735,881	754,145	772,864	792,050	811,713	831,867	852,524	873,695	895,395	917,635	940,430	963,794	987,740	1,012,283	1,037,438
	Operating Expenses	3.50%	(390,428)	(404,093)	(418,236)	(432,875)	(448,025)	(463,706)	(479,936)	(496,733)	(514,119)	(532,113)	(550,737)	(570,013)	(589,964)	(610,612)	(631,984)
	Replacement Reserves	3.00%	(27,000)	(27,810)	(28,644)	(29,504)	(30,389)	(31,300)	(32,239)	(33,207)	(34,203)	(35,229)	(36,286)	(37,374)	(38,496)	(39,650)	(40,840)
	SDHC Monitoring Fee	1.00%	(3,413)	(3,447)	(3,482)	(3,516)	(3,552)	(3,587)	(3,623)	(3,659)	(3,696)	(3,733)	(3,770)	(3,808)	(3,846)	(3,884)	(3,923)
	SDHC Bond Issuer Fee	0.00%	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
	Ground Lease Payment (increases every 5 yrs)	5.00%	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(21,000)	(21,000)	(21,000)	(21,000)	(22,050)	(22,050)	(22,050)	(22,050)	(22,050)	(22,050)
	(Less) Total Operating Expenses		(450,841)	(465,350)	(480,362)	(495,895)	(511,965)	(529,593)	(546,798)	(564,599)	(583,018)	(602,075)	(622,843)	(643,245)	(664,355)	(686,197)	(708,797)
<b>III.</b>	Net Operating Income		285,040	288,795	292,502	296,155	299,748	302,274	305,726	309,096	312,377	315,560	317,587	320,548	323,385	326,086	328,641
	(Less) Debt Service		(238,435)	(238,435)	(238,435)	(238,435)	(238,435)	(238,435)	(238,435)	(238,435)	(238,435)	(238,435)	(238,435)	(238,435)	(238,435)	(238,435)	(238,435)
<b>IV.</b>	Cash Flow		46,605	50,360	54,067	57,720	61,313	63,839	67,291	70,661	73,942	77,125	79,152	82,113	84,950	87,651	90,206
<b>V.</b>	(Less) Limited Partner Asset Mgmt. Fee	2.50%	(7,500)	(7,688)	(7,880)	(8,077)	(8,279)	(8,486)	(8,698)	(8,915)	(9,138)	(9,366)	(9,601)	(9,841)	(10,087)	(10,339)	(10,597)
	(Less) General Partner Asset Mgmt. Fee	2.50%	(30,000)	(30,750)	(31,519)	(32,307)	(33,114)	(33,942)	(34,791)	(35,661)	(36,552)	(37,466)	(38,403)	(39,363)	(40,347)	(41,355)	(42,389)
<b>VI.</b>	Net Cash Flow		9,105	11,922	14,668	17,337	19,920	21,411	23,802	26,085	28,252	30,293	31,149	32,910	34,516	35,957	37,220
<b>VII.</b>	Cash Flow Distribution																
	Beginning Balance		9,105	11,922	14,668	17,337	19,920	21,411	23,802	26,085	28,252	30,293	31,149	32,910	34,516	35,957	37,220
	County Portion of Surplus Cash Flow	25.00%	2,276	2,981	3,667	4,334	4,980	5,353	5,951	6,521	7,063	7,573	7,787	8,228	8,629	8,989	9,305
	Soft Lenders (SDHC)	50.00%	4,553	5,961	7,334	8,668	9,960	10,706	11,901	13,043	14,126	15,146	15,574	16,455	17,258	17,978	18,610
	BRIDGE Housing	25.00%	2,276	2,981	3,667	4,334	4,980	5,353	5,951	6,521	7,063	7,573	7,787	8,228	8,629	8,989	9,305
	Remaining Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

# 4% Financial Proforma

TABLE 5

DETAILED OPERATING BUDGET  
 Family Court - 1501/1555 Sixth Avenue, San Diego - RFP Submission  
 4% Financial Proforma  
 County of San Diego

Family Court - 1501/1555 Sixth Avenue, San Diego	
Description of Account	Proposed Budget
<i>Renting Expenses</i>	
Advertising	250
Miscellaneous Renting Expenses	500
Total Renting Expenses	750
<i>Administrative Expenses</i>	
Office Salaries	22,536
Office Supplies	4,000
Management Fee	28,800
Manager's Salary	25,000
Legal Expense	750
Audit Expense	10,000
Bookkeeping/Account Services	6,840
Telephone and Answering Service	5,160
Software Maintenance	5,191
Misc. Administrative Expenses	4,200
Program Services	35,000
Total Admin Expense	147,477
<i>Utilities Expense</i>	
Electricity	25,200
Water	18,000
Gas	7,200
Sewer	14,400
Total Utilities Expense	64,800
<i>Operating and Maint. Expenses</i>	
Janitor and Supplies	19,390
Exterminating Payroll/Contract	2,800
Garbage and Trash Removal	6,500
Security Payroll/Contract	8,930
Grounds Contract	4,600
Repairs Payroll	22,880
Repairs Contract and Supplies	9,000
Elevator Maintenance Contract	8,000
Heating/Cooling Repairs and Maint.	1,000
Decorating Contract and Supplies	1,750
Vehicle and Maint. Equipment O & R	1,500
Misc. Operating & Maint. Expenses	1,404
Total O & M Expense	87,754
<i>Taxes and Insurance</i>	
Taxes	10,806
Property and Liability Insurance	49,853
Other Insurance	28,988
Total Taxes & Insurance	89,647
<b>Total Operating Expenses</b>	<b>390,428</b>
<b>Cost per Unit per Annum</b>	<b>\$6,507</b>

# 9% Financial Proforma

TABLE 1

**ESTIMATED DEVELOPMENT COSTS**

Family Court - 1501/1555 Sixth Avenue, San Diego - RFP Submission

9% Financial Proforma

County of San Diego

**Family Court - 1501/1555 Sixth Avenue, San Diego**

**I. Acquisition Costs**

Acquisition Holding Costs	10,000
Ground Lease Payments	200,000
<b>Total Acquisition Costs</b>	<b>210,000</b>

**II. Direct Costs**

On-Site Improvements/Landscaping	1,018,080
Remediation	incl. in building
Parking	incl. in building
Building - Residential	17,400,000
Inflation	1,740,000
General Conditions and General Requirements	incl. in building
Profit and Overhead	incl. in building
Bond and Insurance	incl. in building
Contingency	1,740,000
<b>Total Direct Costs</b>	<b>21,898,080</b>

**III. Indirect Costs**

Architecture & Engineering	1,845,413
Permits & Fees	1,490,000
Legal & Accounting	162,500
Taxes & Insurance	234,910
Developer Fee	2,200,000
Due Diligence Reports	40,000
Title	45,000
Marketing/Lease-Up	199,825
Amenities/FF&E	75,000
Soft Cost Contingency	395,774
<b>Total Indirect Costs</b>	<b>6,688,421</b>

**IV. Financing Costs**

Loan Fees	357,600
Interest During Construction	868,000
Interest During Lease-Up	475,000
TCAC Fees/Syndication Costs	237,500
Operating Lease-Up/Reserves	515,416
<b>Total Financing Costs</b>	<b>2,453,516</b>

**V. Total Development Costs**

**31,250,018**

# 9% Financial Proforma

TABLE 2

**STABILIZED NET OPERATING INCOME**

Family Court - 1501/1555 Sixth Avenue, San Diego - RFP Submission

9% Financial Proforma

County of San Diego

		Family Court - 1501/1555 Sixth Avenue, San Diego				
		Average Unit Size (SF)	# of Units	Net Monthly Rent	Rent/SF	Total Annual
<b>I. Residential Income</b>						
One Bedroom @	30% AMI	650	21	\$491	0.76	123,682
One Bedroom @	40% AMI	650	19	\$673	1.04	153,535
One Bedroom @	50% AMI	650	19	\$856	1.32	195,168
One Bedroom @	MGR	650	1	\$0	-	-
<b>Total/Average</b>		<b>650</b>	<b>60</b>	<b>2,020</b>	<b>3.11</b>	<b>472,385</b>
Add: Other Income			\$780	Unit/Month		9,360
<b>II. Gross Scheduled Income (GSI)</b>						<b>481,745</b>
(Less) Vacancy			5%	of GSI		( \$24,087 )
<b>III. Effective Gross Income (EGI)</b>						<b>457,658</b>
<b>IV. Operating Expenses</b>						
(Less) Operating Expenses			6,507	Unit/Year		( \$390,420 )
(Less) Replacement Reserves			450	Unit/Year		( \$27,000 )
(Less) SDHC Affordable Monitoring Fee			57	Unit/Year		( \$3,413 )
(Less) Ground Lease Payment			167	Unit/Year		( \$10,000 )
<b>Total Operating Expenses</b>			<b>\$7,181</b>	<b>Unit/Year</b>		<b>( \$430,833 )</b>
<b>V. Net Operating Income (NOI) - Residential - Rental</b>						<b>26,825</b>
Additional Income:						
Section 8 Income - One Bedroom @ 30%			21	\$717	Unit/Month	
Section 8 Income - One Bedroom@ 40%			19	\$535	Unit/Month	
Section 8 Income - One Bedroom@ 50%			19	\$351	Unit/Month	
Gross Section 8 Income						382,692
(Less) Vacancy			5%	of GSI		( \$19,135 )
<b>VI Additional Income from Section 8</b>						<b>363,557</b>

# 9% Financial Proforma

TABLE 3

**SOURCES OF FUNDS**

Family Court - 1501/1555 Sixth Avenue, San Diego - RFP Submission

9% Financial Proforma

County of San Diego

Family Court - 1501/1555 Sixth Avenue, San Diego

Supportable Permanent Loan <sup>(1)</sup>	\$0
Tax Credit Equity Investment <sup>(2)</sup>	\$22,960,018
San Diego Housing Commission	\$4,500,000
Affordable Housing Program	\$590,000
Section 8 Tranche Loan <sup>(1)</sup>	\$3,200,000
Total Sources of Funds	\$31,250,018

- (1) With low unit rents, no supportable debt is calculated for the 60 units. Section 8 supported debt is assumed but sized down to ensure cashflow available for investor and GP asset management fees
- (2) See next page for assumptions for calculation of the tax credit equity investment.

# 9% Financial Proforma

TABLE 3 (CONT'D.)

**SOURCES OF FUNDS**

Family Court - 1501/1555 Sixth Avenue, San Diego - RFP Submission

9% Financial Proforma

County of San Diego

Family Court - 1501/1555 Sixth Avenue, San Diego

(1) Section 8 Rental Residential Supportable Permanent Loan Assumptions:

Section 8 Net Income	\$363,557
Debt Service Coverage Ratio @	1.00
Interest Rate @	6.00%
Term (Years)	15 Years
Annual Debt Service	\$363,557
Annual Debt Service Project sized down to support fees	\$324,041

(2) Tax Credit Assumptions:

Estimate of Eligible Basis

Total Development Costs	\$31,250,018
(Less) Ineligible Costs	( \$2,627,741 )
Eligible Basis	\$28,622,276
Acquisition Basis	\$0
New Construction Basis	\$28,622,276
Eligible Basis	

Tax Credit Proceeds

Maximum Threshold Eligible Basis	\$21,496,525
Voluntary Basis Reduction	(\$2,066,875)
High Cost Area Multiplier	130%
Total Qualified Basis	\$25,258,545
Tax Credit Rate	9.0%
Total Tax Credits	10
Tax Credit Equity Investment	\$1.01

# 9% Financial Proforma

TABLE 4

**15-YEAR CASH FLOW PROJECTION**  
**Family Court - 1501/1555 Sixth Avenue, San Diego - RFP Submission**  
**9% Financial Proforma**  
**County of San Diego**

		Family Court - 1501/1555 Sixth Avenue, San Diego															
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	
	<b>Escalation Factor:</b>																
<b>I.</b>	Affordable Rents	2.50%	472,385	484,194	496,299	508,707	521,424	534,460	547,822	561,517	575,555	589,944	604,692	619,810	635,305	651,188	667,467
	Misc. Income (Laundry)	1.00%	9,360	9,454	9,548	9,644	9,740	9,837	9,936	10,035	10,136	10,237	10,339	10,443	10,547	10,653	10,759
	Section 8 Income	2.50%	382,692	392,259	402,066	412,117	422,420	432,981	443,805	454,901	466,273	477,930	489,878	502,125	514,678	527,545	540,734
	Gross Potential Income (PGI)		864,437	885,907	907,913	930,468	953,585	977,278	1,001,563	1,026,453	1,051,964	1,078,111	1,104,910	1,132,378	1,160,530	1,189,385	1,218,960
	(Less) Vacancy	5.00%	(43,222)	(44,295)	(45,396)	(46,523)	(47,679)	(48,864)	(50,078)	(51,323)	(52,598)	(53,906)	(55,245)	(56,619)	(58,027)	(59,469)	(60,948)
<b>II.</b>	Effective Gross Income (EGI)		821,215	841,612	862,518	883,944	905,906	928,414	951,485	975,130	999,365	1,024,205	1,049,664	1,075,759	1,102,504	1,129,916	1,158,012
	Operating Expenses	3.50%	(390,428)	(404,093)	(418,236)	(432,875)	(448,025)	(463,706)	(479,936)	(496,733)	(514,119)	(532,113)	(550,737)	(570,013)	(589,964)	(610,612)	(631,984)
	Replacement Reserves	3.00%	(27,000)	(27,810)	(28,644)	(29,504)	(30,389)	(31,300)	(32,239)	(33,207)	(34,203)	(35,229)	(36,286)	(37,374)	(38,496)	(39,650)	(40,840)
	SDHC Monitoring Fee	1.00%	(3,413)	(3,447)	(3,482)	(3,516)	(3,552)	(3,587)	(3,623)	(3,659)	(3,696)	(3,733)	(3,770)	(3,808)	(3,846)	(3,884)	(3,923)
	Ground Lease Payment (increases every 5 yrs)	5.00%	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,500)	(10,500)	(10,500)	(10,500)	(11,025)	(11,025)	(11,025)	(11,025)	(11,025)	(11,025)
	(Less) Total Operating Expenses		(430,841)	(445,350)	(460,362)	(475,895)	(491,965)	(509,093)	(526,298)	(544,099)	(562,518)	(581,575)	(601,818)	(622,220)	(643,330)	(665,172)	(687,772)
<b>III.</b>	Net Operating Income		390,374	396,262	402,155	408,050	413,940	419,321	425,187	431,031	436,848	442,630	447,846	453,538	459,174	464,744	470,240
	(Less) Debt Service		(324,041)	(324,041)	(324,041)	(324,041)	(324,041)	(324,041)	(324,041)	(324,041)	(324,041)	(324,041)	(324,041)	(324,041)	(324,041)	(324,041)	(324,041)
<b>IV.</b>	Cash Flow		66,333	72,221	78,114	84,009	89,899	95,280	101,146	106,990	112,807	118,589	123,805	129,497	135,133	140,703	146,199
<b>V.</b>	(Less) Limited Partner Asset Mgmt. Fee	2.50%	(7,500)	(7,688)	(7,880)	(8,077)	(8,279)	(8,486)	(8,698)	(8,915)	(9,138)	(9,366)	(9,601)	(9,841)	(10,087)	(10,339)	(10,597)
	(Less) General Partner Asset Mgmt. Fee	2.50%	(30,000)	(30,750)	(31,519)	(32,307)	(33,114)	(33,942)	(34,791)	(35,661)	(36,552)	(37,466)	(38,403)	(39,363)	(40,347)	(41,355)	(42,389)
<b>VI.</b>	Net Cash Flow		28,833	33,783	38,716	43,625	48,506	52,852	57,657	62,414	67,117	71,757	75,802	80,294	84,700	89,009	93,213
<b>VII.</b>	Cash Flow Distribution																
	Beginning Balance		28,833	33,783	38,716	43,625	48,506	52,852	57,657	62,414	67,117	71,757	75,802	80,294	84,700	89,009	93,213
	County Portion of Surplus Cash Flow	25.00%	7,208	8,446	9,679	10,906	12,127	13,213	14,414	15,604	16,779	17,939	18,951	20,074	21,175	22,252	23,303
	Soft Lenders (SDHC)	50.00%	14,416	16,892	19,358	21,813	24,253	26,426	28,829	31,207	33,558	35,878	37,901	40,147	42,350	44,504	46,606
	BRIDGE Housing	25.00%	7,208	8,446	9,679	10,906	12,127	13,213	14,414	15,604	16,779	17,939	18,951	20,074	21,175	22,252	23,303
	Remaining Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

# 9% Financial Proforma

TABLE 5

**DETAILED OPERATING BUDGET**  
**Family Court - 1501/1555 Sixth Avenue, San Diego - RFP Submission**  
**9% Financial Proforma**  
**County of San Diego**

Family Court - 1501/1555 Sixth Avenue, San Diego	
Description of Account	Proposed Budget
<i>Renting Expenses</i>	
Advertising	250
Miscellaneous Renting Expenses	500
Total Renting Expenses	750
<i>Administrative Expenses</i>	
Office Salaries	22,536
Office Supplies	4,000
Management Fee	28,800
Manager's Salary	25,000
Legal Expense	750
Audit Expense	10,000
Bookkeeping/Account Services	6,840
Telephone and Answering Service	5,160
Software Maintenance	5,191
Misc. Administrative Expenses	4,200
Program Services	35,000
Total Admin Expense	147,477
<i>Utilities Expense</i>	
Electricity	25,200
Water	18,000
Gas	7,200
Sewer	14,400
Total Utilities Expense	64,800
<i>Operating and Maint. Expenses</i>	
Janitor and Supplies	19,390
Exterminating Payroll/Contract	2,800
Garbage and Trash Removal	6,500
Security Payroll/Contract	8,930
Grounds Contract	4,600
Repairs Payroll	22,880
Repairs Contract and Supplies	9,000
Elevator Maintenance Contract	8,000
Heating/Cooling Repairs and Maint.	1,000
Decorating Contract and Supplies	1,750
Vehicle and Maint. Equipment O & R	1,500
Misc. Operating & Maint. Expenses	1,404
Total O & M Expense	87,754
<i>Taxes and Insurance</i>	
Taxes	10,806
Property and Liability Insurance	49,853
Other Insurance	28,988
Total Taxes & Insurance	89,647
<b>Total Operating Expenses</b>	<b>390,428</b>
<b>Cost per Unit per Annum</b>	<b>\$6,507</b>

# Project Schedule

- Project Schedule Narrative
- Project Schedule



## 2.7 PROJECT SCHEDULE

---

### Section 2.7 Project Schedule – Narrative

Negotiation of the ground lease is assumed to take the full 4 months as outlined in the RFP. As soon as the BRIDGE related entities have entered into contract with the County, BRIDGE and its development team members will kick off the pre-development work for the project. BRIDGE will begin initial community outreach in January 2019. This process will be ongoing through the pre-development and development stages of the project, with the development team periodically meeting with community groups, neighbors and other stakeholders. Also in January 2019, AVR P Skyport will begin the process of preparing an entitlement submission to the City of San Diego and Civic San Diego. This will culminate in June of 2019, when the entitlement package is submitted to Civic San Diego and the City of San Diego, as well as a submission made to the Federal Aviation Administration (“FAA”). Review from the various agencies and departments is expected to take the balance of that year, with final responses from the City, Civic San Diego and FAA expected by December of 2019.

With entitlements and approvals in hand, the design team will then begin design development and work on building systems. As the design team works on those facets of the development, BRIDGE will begin preparing applications for financing, with the 9% LIHTC application going in to the California Tax Credit Allocation Committee (“CTCAC”) in July of 2020 and the 4% LIHTC application submitted to both CTCAC and the California Debt Limit Allocation Committee (“CDLAC”) in August of that same year.

With a successful allocation of credits in Fall of 2020, the team now begins to close in on the final pieces needed to begin construction. The design team will be working towards the submission of building permit plans to the City in November of 2020, while BRIDGE begins the process of working towards closing the construction loan finance closings. These two workflows converge in March 2021, with building permit in hand very shortly before final closing on all construction financing. Construction begins shortly after the close of construction financing. The building is currently estimated to take 19 months for completion, with Certificate of Occupancy projected to be issued in September of 2022. The marketing period for the development will begin earlier in March 2022, with tenants moving in starting in October of that year. The team has estimated 15 to 20 units will be leased per month. Full occupancy is expected in March 2023.



# Appendix

- BRIDGE A+ Credit Rating
- BRIDGE Annual Report





NEWS & MEDIA

- Events
- In the News
- Publications
- Awards
- Media Resources
- Press Releases

## BRIDGE's A+ Credit Rating Reaffirmed by S&P

SAN FRANCISCO, CA, January 16, 2018—Nonprofit BRIDGE Housing's "A+" issuer credit rating has been reaffirmed by Standard & Poor's Ratings Services, a leading provider of independent credit risk research and benchmarks. BRIDGE is a top developer, owner and manager of affordable housing on the U.S. West Coast.

BRIDGE first earned the rating in 2015 as part of its five-year strategic initiative to double its production of affordable and mixed-income housing. The following views are among those cited in Standard & Poor's rating of BRIDGE:

- Extremely strong management and a strategic plan that supports its mission to provide quality low-income housing in the least affordable markets
- Very strong enterprise risk profile supported by extremely strong economic fundamentals, extremely strong asset quality, and robust development plans
- Strong and improved liquidity ratio
- Strong financial profile, reflected by the ability to cover operating and maintenance costs from rental income, and its capacity to repay debt obligations
- Ability to generate revenue streams from in-house development and operating activities, thereby lessening the appropriation risk associated with reliance on federal funding streams

"Attracting and being a good steward of capital is critical to revitalizing neighborhoods and meeting the need for affordable housing," said Cynthia A. Parker, President and CEO of BRIDGE Housing. "The A+ rating validates the solid business model that we've demonstrated to investors and lenders for 35 years. We anticipate this will enhance BRIDGE's efforts to raise debt and equity for development and preservation of affordable and mixed-income housing."

The report may be downloaded from [http://www.bridgehousing.com/PDFs/BHC\\_SP\\_Rating\\_DEC2017.pdf](http://www.bridgehousing.com/PDFs/BHC_SP_Rating_DEC2017.pdf) and [www.standardandpoors.com](http://www.standardandpoors.com) (registered users only).

For more information about BRIDGE Housing, visit [www.bridgehousing.com](http://www.bridgehousing.com).

###

HOME	ABOUT BRIDGE	WHAT WE DO	OUR PROPERTIES	DONATE	NEWS & MEDIA
CONTACT	OUR HISTORY	REAL ESTATE DEVELOPMENT	RENTAL OPPORTUNITIES	WAYS TO GIVE	EVENTS
PRIVACY	WHO WE ARE	DEVELOPMENT TYPES	PROPERTY FINDER	MAKE A DONATION	IN THE NEWS
TERMS	OUR RESIDENTS	PROPERTY MANAGEMENT	LIVING AT BRIDGE	DONORS AND PARTNERS	PUBLICATIONS
SITE MAP	CAREERS	BRIDGE IMPACT CAPITAL (BRIC)	FAQs		AWARDS
STAFF/BOARD LOGIN	CONTACT	ASSET & PORTFOLIO MANAGEMENT			MEDIA RESOURCES
		RESIDENT & COMMUNITY SERVICES			



# BRIDGE Housing Corp., California; General Obligation

## Credit Profile

Bridge Hsg BRIDGE Housing ICR

*Long Term Rating*

A+/Stable

Affirmed

## Rationale

S&P Global Ratings affirmed its 'A+' issuer credit rating (ICR) on BRIDGE Housing Corp., Calif. The outlook is stable.

The rating reflects our view of BRIDGE's:

- Extremely strong management and a strategic plan that supports its mission to provide quality low-income housing in the least affordable markets;
- Very strong enterprise risk profile, which is supported by very strong economic fundamentals (very high demand in the local rental market and strong population growth), extremely strong asset quality (minimal vacancies and newly developed properties), and robust development plans that continue to strengthen asset quality;
- Strong and improved liquidity ratio;
- Strong financial profile, reflected by its ability to cover operating and maintenance (O&M) costs from rental income and its capacity to repay debt obligations from EBITDA in a timely manner and maintain strong profitability; and
- Ability to generate revenue streams from in-house development and operating activities, thereby lessening the appropriation risk associated with reliance on federal funding streams (including the risk of underfunding of federal operating fund subsidies and the federal housing choice voucher program).

Partly offsetting the above strengths, in our view, are dramatic changes in the external environment, including demographics, the economy, and government policies and housing programs which materially affect BRIDGE's strategic plans and works.

BRIDGE is a leveraged organization, with a consistent debt-to-EBITDA ratio (three-year average) of approximately 20.7x, compared with a 9.4x average for U.S. public and nonprofit social housing (primarily consisting of U.S. public housing authorities [PHAs]). BRIDGE's 2.6x EBITDA interest coverage is lower compared with PHA peers (10.9x) but comparable with international social housing providers (2.3x). However, about 70% of its debt is associated with soft and construction debt and we recognize that BRIDGE will have the flexibility to pay off those debts if it can generate surplus cash. Also, construction debt has contractual and known take-outs which are conditions that precede closing on the construction loans. We believe this flexibility reduces the pressure in managing its leverage position and liquidity.

Unlike PHAs, which manage public housing and need some financial resources for unit rehabilitation and planned capital expenditures, each BRIDGE property has dedicated replacement and operating reserves in place for eligible routine and preventive expenditures for any capital improvements. We believe this ensures the health and quality of assets and an efficient management control on liquidity.

BUILDING

SUSTAINING

LEADING





## Milestones

### Placemaking

BRIDGE completed or acquired 1,124 apartments in 2016, with more than 7,000 additional homes in our pipeline. Our Community Development initiative integrates the facets of our work far beyond housing, so that people and neighborhoods have more opportunities to thrive.

### The People We Serve

We are proud to serve a diverse range of people, the majority of whom earn somewhere between 0% and 60% of Area Median Income. Whether they are young families or seniors, working or retired, our residents have at least one thing in common: the stability that comes with living in a decent, affordable apartment.

### New Geographies

New construction and strategic acquisitions demonstrated BRIDGE's commitment to helping communities meet the need for quantity, quality and affordability. Our activity in 2016 included some newer places for BRIDGE, such as Ventura, Pasadena, Seattle and Hillsboro, OR.

### Quality Assurance

BRIDGE asset- and/or property-manages more than 11,500 apartments. From initial lease-up to ongoing maintenance, compliance and rehab of older buildings, BRIDGE is a careful steward of the long-term financial and physical health of the portfolio.

# 2016 / 2017 Highlights

Free, on-site programs expand residents' educational opportunities and financial security, provide access to health and wellness information and services, build community and connect them to resources.

Complex transactions of nearly \$420 million in new debt and equity ranged from acquisitions and sales to construction and permanent financing of properties from San Diego to Seattle.

BRIDGE has won five ULI Global Awards for Excellence—more than any other developer in the world. Celadon at 9th & Broadway received the honor in 2016.

350+ resident programs at 77 properties

21 real estate closings representing 1,900+ affordable homes

More than 180 awards received

Stein Scholarships \$167,550 awarded to 36 recipients

\$1.7 billion in construction and approvals

Largest nonprofit affordable housing developer on the West Coast

Each year, we award flexible scholarships of up to \$6,000 each to residents who are advancing their educational and career goals.

Our pipeline includes a diversity of development types, such as mixed-use, mixed-income and large-scale master-planned communities.

*Affordable Housing Finance* Top 50 Developers of 2016

# President & CEO's Message

At BRIDGE, we are working hard to bring solutions and results to the table: building homes, strengthening neighborhoods and creating opportunities for everyone.

Dear Friends:

"Compassion" is one of BRIDGE's core values, and I strive to pause often to reflect upon what we are grateful for and how to help others who are less fortunate.

To provide some perspective, the average annual income of a BRIDGE resident is about \$32,000. And at some properties, such as Alemany, a recent acquisition we are extensively rehabbing, the need is even greater. Can you imagine raising a family in San Francisco on \$12,000 per year?

While quality affordable housing is where we start, we know that to be a place maker and game changer, we have to go further. Our commitment to helping residents achieve stability and reach for new opportunities is part of our DNA. That's why we provide programs and services for residents of all ages, to help them move toward lifelong success.

Juana, for example, who lives at BRIDGE's St. Joseph's Senior Apartments, loves the weekly bingo games with her friends and she takes pride

in tending to her flowers in the community garden. Since her husband passed away, these activities have become even more important in helping Juana stay connected, preventing the debilitating isolation that so many seniors experience.

And under our Community Development initiative, we know that the successful large-scale transformation of neighborhoods in places such as Potrero Hill in San Francisco and Watts in Los Angeles, where we've just broken ground, requires understanding and enhancing conditions that impact residents' lives, such as child care, schools, jobs and transportation.

Communities across the country are grappling with heartbreaking demand for affordability. At BRIDGE, we are working hard to bring solutions and results to the table: building homes, strengthening neighborhoods and creating opportunities for everyone.

Thank you, from all of us at BRIDGE, for your partnership and compassion.

Cynthia A. Parker  
President & CEO



*Community activities such as gardening bring Potrero residents together on a regular basis, building and strengthening relationships.*



*For seniors, programs and services inspire social interaction and reduce isolation.*



*The Pierce-Johnson family says their new apartment is a blessing: "We finally have room to breathe."*

## Building Success

Marea Alta was built using modular construction, where 312 building components created off-site were delivered and assembled on a traditionally constructed concrete podium.



*“This is the wave of the future.”*

Alameda County Supervisor Wilma Chan

In late 2016, BRIDGE completed Marea Alta, 115 affordable family apartments on a former parking lot across from the San Leandro BART Station. A child care center and underground parking for transit patrons complement the property, which is the first phase of a master-planned site that will soon include 85 apartments for low-income seniors.

Marea Alta was built using modular construction, where 312 building components created off-site were delivered and assembled on a traditionally

constructed concrete podium. For the development, which faced a significant funding gap, turning to modular reduced the hard costs and made the project feasible.

To an average viewer, and more importantly, to the families who call Marea Alta home, it looks no different than a conventionally built property, with high quality apartments and amenities such as a spacious community room and a beautifully landscaped courtyard with a play area.

*BRIDGE’s Jamie Hiteshew and Adhi Nagraj at the grand opening of Marea Alta.*

# Our Donors

BRIDGE is grateful for the contributions we received in 2016; philanthropic support catalyzes our ability to deliver resident programs and to advance our holistic community development work.

## INSTITUTIONAL AND CORPORATE DONORS

### \$150,000 AND ABOVE

CITI FOUNDATION  
S. H. COWELL FOUNDATION  
NATIONAL AFFORDABLE HOUSING TRUST  
WEINGART FOUNDATION

### \$50,000-\$149,999

BANK OF AMERICA CHARITABLE FOUNDATION  
BATTERY FOUNDATION  
ENTERPRISE COMMUNITY PARTNERS, INC.  
U.S. BANK FOUNDATION  
WILLIAM RANDOLPH HEARST FOUNDATION

### \$25,000-\$49,999

FEDERAL HOME LOAN BANK OF SAN FRANCISCO  
MARCUS & MILLICHAP  
ROBERT WOOD JOHNSON FOUNDATION  
THE SAN FRANCISCO FOUNDATION  
THE SUMMERHILL HOUSING GROUP

### \$10,000-\$24,999

CAHILL CONTRACTORS, INC.  
CAPITAL ONE  
SAARMAN CONSTRUCTION, LTD.  
MUGF UNION BANK FOUNDATION

### \$1,000-\$9,999

BRIAN BAINUM FAMILY FOUNDATION  
CALIFORNIA HOUSING PARTNERSHIP CORP.  
CARLILE MACY  
FINE LINE CONSTRUCTION  
JPMORGAN CHASE BANK, N.A.  
LAMBDA ALPHA INTERNATIONAL, GOLDEN GATE CHAPTER  
NAPA VALLEY COMMUNITY FOUNDATION  
ROCKRIDGE GEOTECHNICAL, INC.  
STEWARDS OF AFFORDABLE HOUSING FOR THE FUTURE - SAHF  
UMPQUA BANK  
VAN METER WILLIAMS POLLACK

## INDIVIDUAL DONORS

### \$50,000 AND ABOVE

ROBERT FREED AND SHARON FREED  
RONALD NAHAS AND MARY NAHAS

### \$25,000-\$49,999

ALAN AND RUTH STEIN  
MICHELE AND JOHN MCNELLIS

### \$10,000-\$24,999

CONSTANCE MOORE AND ROGER GREER  
DENNIS AND GLORIA O'BRIEN FOUNDATION  
ERNESTO VASQUEZ AND SOCORRO VASQUEZ



FRANK AND MARYELLEN HERRINGER  
KENNETH NOVACK AND DEBORAH NOVACK  
KENNETH MEISLIN AND VERA MEISLIN  
RICHARD HOLLIDAY AND NANCY HOLLIDAY

### \$1,000-\$9,999

BETH MULLEN  
BILL FALIK AND DIANE COHEN  
CYNTHIA PARKER  
DIANE OLMSTEAD  
DOUGLAS AND NANCY ABBEY  
HILARY COLWELL AND DAVE THOMAS  
JAMES VALVA  
JOE AND KATHRYN HAGAN  
JOHN PARKHURST AND MARILYN PARKHURST  
NANCY HEMMENWAY AND THOMAS WELSH  
PEGGY (MARGARET) COLWELL  
PAUL SACK  
PAUL STEIN  
PETER PALMISANO  
RAY CARLISE  
REBECCA HLEBASKO  
RICHARD AND CONNIE ADAMS  
ROBERT S. STEIN AND JESSICA S. PERS  
SUSAN JOHNSON  
THOMAS FASSETT  
WILLIAM STIPEK



For a full list of donors, please visit our website at [www.bridgehousing.com](http://www.bridgehousing.com).

# Our Developments

PROJECT NAME	PROJECT LOCATION	PROJECT TYPE	TOTAL HOMES & APARTMENTS	AFFORDABLE HOMES & APARTMENTS	DEVELOPMENT COST
<b>ACQUISITIONS</b>					
3850 18TH STREET, MISSION	SAN FRANCISCO, CA	SENIOR/DISABLED RENTAL	107	107	N/A
MISSION DOLORES, MISSION	SAN FRANCISCO, CA	SENIOR/DISABLED RENTAL	91	91	N/A
ALEMANY, BERNAL	SAN FRANCISCO, CA	FAMILY RENTAL	158	158	N/A
WOODLAND PARK	HILLSBORO, OR	SENIOR/FAMILY RENTAL	111	111	N/A
CORONADO SPRINGS	SEATTLE, WA	FAMILY RENTAL	332	332	N/A
			<b>799</b>	<b>799</b>	
<b>IN CONSTRUCTION</b>					
SAN LEANDRO BART GARAGE	SAN LEANDRO, CA	GARAGE	0	0	7,567,000
MAREA ALTA	SAN LEANDRO, CA	FAMILY/SENIOR RENTAL	115	115	58,131,000
IVY AT COLLEGE PARK PHASE II	CHINO, CA	FAMILY RENTAL	200	200	41,579,000
WOODLAND PARK	HILLSBORO, OR	SENIOR/FAMILY RENTAL	111	111	19,101,000
462 DUBOCE, MISSION	SAN FRANCISCO, CA	SENIOR/DISABLED RENTAL	42	42	30,915,000
25 SANCHEZ, MISSION	SAN FRANCISCO, CA	SENIOR/DISABLED RENTAL	90	90	44,451,000
HOLLY COURTS, BERNAL	SAN FRANCISCO, CA	FAMILY RENTAL	118	118	69,119,000
255 WOODSIDE, MISSION	SAN FRANCISCO, CA	SENIOR/DISABLED RENTAL	110	110	52,779,000
3850 18TH STREET, MISSION	SAN FRANCISCO, CA	SENIOR/DISABLED RENTAL	107	107	58,612,000
MISSION DOLORES, MISSION	SAN FRANCISCO, CA	SENIOR/DISABLED RENTAL	91	91	55,882,000
ALEMANY, BERNAL	SAN FRANCISCO, CA	FAMILY RENTAL	158	158	147,084,000
			<b>1,142</b>	<b>1,142</b>	<b>\$ 585,220,000</b>
<b>IN APPROVALS</b>					
1950 MISSION	SAN FRANCISCO, CA	FAMILY RENTAL	157	157	84,361,000
4840 MISSION	SAN FRANCISCO, CA	FAMILY RENTAL	84	84	72,315,000
CENTRAL STATION PHASE II / 16TH ST. TRAIN STATION	OAKLAND, CA	FAMILY RENTAL/LAND DEVELOPMENT	1170	324	TBD
ELEMENT 78	PORTLAND, OR	FAMILY RENTAL	307	100	90,228,000
JORDAN DOWNS (MULTI-PHASE)	LOS ANGELES, CA	MASTERPLAN	1235	985	747,882,000
JORDAN DOWNS PHASE 1	LOS ANGELES, CA	FAMILY RENTAL	115	115	52,118,000
MADERA VISTA (SUMMERHOUSE PHASE 3)	TEMECULA, CA	FAMILY RENTAL	30	30	8,215,000
1101 CONNECTICUT (POTRERO BLOCK X)	SAN FRANCISCO, CA	FAMILY RENTAL	71	71	43,146,000
POTRERO (REMAINING PHASES)	SAN FRANCISCO, CA	MASTERPLAN	1529	745	600,000,000
RIVERPLACE PARCEL 3	PORTLAND, OR	FAMILY RENTAL	366	204	124,372,000
SAN LEANDRO SENIOR	SAN LEANDRO, CA	SENIOR RENTAL	85	85	39,300,000
TRANSBAY BLOCK 9	SAN FRANCISCO, CA	FAMILY RENTAL	109	109	85,810,000
WESTVIEW VILLAGE (REMAINING PHASES)	VENTURA, CA	FAMILY/SENIOR RENTAL	153	153	61,114,000
WESTVIEW VILLAGE - PHASE I	VENTURA, CA	FAMILY RENTAL	131	131	56,141,000
BERKELEY WAY (FAMILY & SUPPORTIVE)	BERKELEY, CA	FAMILY RENTAL	119	119	43,257,000
BAY MEADOWS AFFORDABLE	SAN MATEO, CA	FAMILY RENTAL	68	68	45,770,000
CORNELIUS PLACE	CORNELIUS, OR	SENIOR RENTAL	45	45	13,063,000
MAYFAIR SITE/EL CERRITO DEL NORTE BART	EL CERRITO, CA	FAMILY RENTAL	68	68	31,244,000
490 SOUTH VAN NESS	SAN FRANCISCO, CA	FAMILY RENTAL	81	81	45,006,000
NORTH WILLIAMS	PORTLAND, OR	FAMILY RENTAL	61	61	15,834,000
THE CHILDREN'S CLINIC	LONG BEACH, CA	FAMILY RENTAL	88	88	42,168,000
88 BROADWAY	SAN FRANCISCO, CA	FAMILY RENTAL	135	135	74,042,000
735 DAVIS (88 BROADWAY SENIOR)	SAN FRANCISCO, CA	SENIOR RENTAL	54	54	29,694,000
			<b>6,261</b>	<b>4,012</b>	<b>\$ 2,405,080,000</b>
<b>1983—2016 TOTAL</b>			<b>17,032</b>	<b>13,027</b>	<b>\$ 3,470,522,000</b>
<b>GRAND TOTAL TO DATE</b>			<b>24,435</b>	<b>18,181</b>	<b>\$ 6,460,822,000</b>

# Consolidated Financial Statements

<b>POSITION</b>		<b>2016</b>	<b>2015</b>
<b>ASSETS</b>			
	Cash and cash equivalents	\$ 97,425,000	\$ 73,520,000
	Restricted cash and deposits	66,100,000	64,204,000
	Accounts receivable - net	7,368,000	8,070,000
	Notes receivable	24,057,000	24,229,000
	Prepaid expenses, deposits and impounds	18,235,000	25,620,000
	Property and equipment - net	1,851,459,000	1,636,150,000
	Deferred costs - net	5,195,000	5,853,000
	Land under lease and other investments	9,869,000	7,815,000
	<b>Total assets</b>	<b>2,079,708,000</b>	<b>1,845,461,000</b>
<b>LIABILITIES AND NET ASSETS</b>	<b>Liabilities:</b>		
	Accounts payable and accrued expenses	66,011,000	57,316,000
	Notes and interest payable	1,446,981,000	1,258,948,000
	Deferred revenues	21,400,000	33,050,000
	Security and other deposits	6,670,000	6,407,000
	<b>Total liabilities</b>	<b>1,541,062,000</b>	<b>1,355,721,000</b>
	<b>Net Assets:</b>		
	Unrestricted:		
	Controlling interests	166,686,000	165,888,000
	Non-controlling interests	367,307,000	318,656,000
	<b>Total unrestricted</b>	<b>533,993,000</b>	<b>484,544,000</b>
	Temporarily restricted:	2,993,000	3,536,000
	Permanently restricted:	1,660,000	1,660,000
	<b>Total net assets</b>	<b>538,646,000</b>	<b>489,740,000</b>
	<b>Total liabilities and net assets</b>	<b>\$ 2,079,708,000</b>	<b>\$ 1,845,461,000</b>

The above Financial Statements were consolidated adopting EITF 04-5 whereby entities which BRIDGE controls are consolidated. To obtain a copy of BRIDGE's audited financial statements, please contact the BRIDGE offices.

<b>ACTIVITIES</b>		<b>2016</b>	<b>2015</b>
<b>SUPPORT AND REVENUE</b>			
	Rental income - net of vacancies and concessions	\$ 126,657,000	\$ 112,571,000
	Developer fees	12,750,000	11,083,000
	Management revenue	2,806,000	3,206,000
	Contributions	22,277,000	23,760,000
	Interest income	1,642,000	1,462,000
	Other	4,153,000	6,706,000
	<b>Total support and revenue</b>	<b>170,285,000</b>	<b>158,788,000</b>
<b>EXPENSES</b>			
	Program services <sup>(1)</sup>	145,701,000	120,611,000
	Supporting services	7,285,000	7,930,000
	Fundraising	625,000	408,000
	<b>Total expenses</b>	<b>153,611,000</b>	<b>128,949,000</b>
	<b>Cash Operating Income</b>	<b>\$ 16,674,000</b>	<b>\$ 29,839,000</b>

<sup>(1)</sup> Expenses exclude \$50,254,000 and \$46,564,000 of non-cash Depreciation and Amortization Expense and \$11,665,000 and \$10,169,000 of non-cash Interest Expense on project related subordinate financing in 2016 and 2015 respectively.

# BRIDGE Leadership

BRIDGE is governed by a Board of Directors who share a commitment to “quality, quantity and affordability” with our Senior Leadership Team.

## Board of Directors

Ron Nahas  
Board Chairman  
Partner, Rafanelli & Nahas

Ray Carlisle  
Board Vice Chairman  
President, Carlisle Companies

Douglas D. Abbey  
Chairman, Swift Real Estate Partners

Robert Freed  
President & CEO  
SummerHill Housing Group

Joe Hagan  
President & CEO  
National Equity Fund

Harry M. Haigood  
Private Investor

Nancy Hemmenway  
Retired Chief Human  
Resources Officer, Prologis

Richard Holliday  
President, Holliday Development

Michael McAfee  
President, PolicyLink

Connie Moore  
Retired CEO, BRE Properties, Inc.

Kenneth M. Novack  
Founding Partner, Schnitzer West

Dennis O'Brien  
President  
The O'Brien Group

Paul Stein  
Managing Partner  
SKS Investments LLC

Ernesto Vasquez, FAIA, NCARB  
Partner & CEO  
SVA Architects, Inc.

Chuck Weinstock  
Retired, Community  
Development Banking

Jim Wunderman  
President & CEO  
Bay Area Council

## EMERITUS

Richard Bender  
Professor of Architecture &  
Dean Emeritus  
College of Environmental Design  
University of California, Berkeley

Anthony Frank  
Founding Chairman  
Belvedere Capital Partners

Sunne Wright McPeak  
President & CEO  
California Emerging  
Technology Fund

Peter Palmisano  
Partner, Pacific Union  
Development Co.

Lynn Sedway, CRE  
President, Sedway Consulting

Angelo Siracusa  
Retired President & CEO  
Bay Area Council

Alan L. Stein  
Chairman Emeritus

Clark Wallace  
Principal  
Clark Wallace Realtor  
& Associates

Susanne B. Wilson  
Principal, Solutions by Wilson

## Senior Leadership Team

Cynthia A. Parker  
President and CEO

Susan Johnson  
Executive Vice President &  
Chief Operating Officer

Kimberly McKay  
Executive Vice President

Diane Olmstead  
Executive Vice President &  
Chief Investment Officer

Ann Silverberg  
Executive Vice President

D. Kemp Valentine  
Executive Vice President & CFO

Monica Edwards  
President, BRIDGE Impact  
Capital (BRIC)

Rebecca V. Hlebasko  
Senior Vice President  
& General Counsel

Alison Lorig  
Senior Vice President

James Valva  
Senior Vice President

Brad Wiblin  
Senior Vice President

Katherine Fleming  
Vice President of Portfolio

Lyn Hikida  
Vice President of Communications

Susan J. Neufeld  
Vice President of Community  
Development and Programs

Chris Nicholson  
Vice President of Resource  
Development

Simone Robinson  
Vice President of Human Resources

Joanna Yong  
Vice President of Compliance

Nicole Peterson  
Director, Pacific Northwest



**BRIDGE** Housing

**avrp**  
SKYPORT





**OLD REPUBLIC**  
TITLE COMPANY

555 12th Street, Suite 2000  
Oakland, CA 94607  
(510) 272-1121 Fax: (510) 208-5045

## PRELIMINARY REPORT

FIRST AMEND

BRIDGE HOUSING  
2202 30th Street  
San Diego, CA 92104

Our Order Number 1117019734-JM

Attention: ARUNA DODDAPANENI

When Replying Please Contact:

Julie Massey  
JMassey@ortc.com  
(510) 272-1121

Property Address:

1555 and 1501-1513 6th Avenue, San Diego, CA 92101  
[Unincorporated area of San Diego County]

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC TITLE COMPANY, as issuing Agent of Old Republic National Title Insurance Company, hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit I attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the Homeowner's Policy of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit I. Copies of the Policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit I of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of April 25, 2019, at 7:30 AM

**OLD REPUBLIC TITLE COMPANY**  
For Exceptions Shown or Referred to, See Attached

**OLD REPUBLIC TITLE COMPANY**  
**ORDER NO. 1117019734-JM**  
**FIRST AMEND**

The form of policy of title insurance contemplated by this report is:

CLTA Standard Coverage Policy -1990; AND ALTA Loan Policy - 2006. A specific request should be made if another form or additional coverage is desired.

The estate or interest in the land hereinafter described or referred or covered by this Report is:

Fee

Title to said estate or interest at the date hereof is vested in:

County of San Diego, a political subdivision of the State of California

The land referred to in this Report is situated in the unincorporated area of the County of San Diego, State of California, and is described as follows:

Lots 1 through 6 inclusive of Block 7 of Bay View Homestead, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 150, filed in the Office of the County Recorder of San Diego County, January 29, 1873.

APN: 534-014-04 and 534-014-12

At the date hereof exceptions to coverage in addition to the Exceptions and Exclusions in said policy form would be as follows:

1. Taxes and assessments, general and special, for the fiscal year 2019 - 2020, a lien, but not yet due or payable.
2. Taxes and assessments, general and special, are currently not assessed because of a statutory exemption. Should the statutory exemption change, taxes may be levied against the land.
3. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq., of the Revenue and Taxation Code of the State of California.
4. Water rights, claims or title to water, whether or not shown by the public records.

**OLD REPUBLIC TITLE COMPANY**  
**ORDER NO. 1117019734-JM**  
**FIRST AMEND**

5. An encroachment of underground electrical service onto 6th Avenue at Cedar as disclosed by an Agreement concerning the installation, maintenance and removal of said structure(s) upon the conditions and provisions contained therein

Executed by : Donald C Burnham and Thelma Burnham  
In favor of : City of San Diego  
Recorded : November 22, 1961 as File/Page No. [202892](#), Official Records

Said matters affect Lots 1, 2, 3 and 4

6. Terms and provisions as contained in an instrument,

Entitled : Covenant and Agreement to Hold Property as One Parcel  
Executed By : John Burnham & Co.  
Recorded : February 8, 1977 in Official Records as Instrument Number [77-047780](#)

7. Matters as contained or referred to in an instrument,

Entitled : Encroachment Removal Agreement  
Executed By : John Burnham & Company  
Recorded : February 6, 1987 in Official Records as Instrument Number [87068860](#)  
Which Among  
Other Things : A sidewalk underdrain  
Provides

Said matters affect Lots 1, 2, 3 and 4

8. Redevelopment Plan, as follows:

Entitled : The Redevelopment Agency of the City of San Diego Description of Land Within The Centre City Redevelopment Project Area and Statement That Redevelopment Proceedings are Continuing and/or Have Been Instituted (Pursuant to Health & Safety Code §33373)  
Executed By : Redevelopment Agency of the City of San Diego  
Recorded : [May 12, 1992 in Official Records as Instrument Number 1992-0287642](#)

And any amendments thereto.

**OLD REPUBLIC TITLE COMPANY**  
**ORDER NO. 1117019734-JM**  
**FIRST AMEND**

9. The requirement that satisfactory evidence be furnished to this Company of compliance with applicable statutes, ordinances and charters governing the ownership and disposition of the herein described land.
10. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
11. Any unrecorded and subsisting leases.
12. The requirement that the Company be provided with a copy of the "rent roll" and "tenant estoppel certificates" for its review.  
  
The Company may have different and/or additional requirements after its review.
13. The requirement that this Company be provided with an opportunity to inspect the land (the Company reserves the right to make additional exceptions and/or requirements upon completion of its inspection).
14. The requirement that this Company be provided with a suitable Owner's Declaration (form ORT 174). The Company reserves the right to make additional exceptions and/or requirements upon review of the Owner's Declaration.

----- **Informational Notes** -----

- A. The applicable rate(s) for the policy(s) being offered by this report or commitment appears to be section(s) 1.1 and 2.1.

**OLD REPUBLIC TITLE COMPANY**  
**ORDER NO. 1117019734-JM**  
**FIRST AMEND**

- B. The above numbered report (including any supplements or amendments thereto) is hereby modified and/or supplemented to reflect the following additional items relating to the issuance of an American Land Title Association loan form policy:

NONE

NOTE: Our investigation has been completed and there is located on said land a commercial building known as 1555 and 1501-1513 6th Avenue, San Diego, CA 92101.

The ALTA loan policy, when issued, will contain the CLTA 100 Endorsement and 116 series Endorsement.

Unless shown elsewhere in the body of this report, there appear of record no transfers or agreements to transfer the land described herein within the last three years prior to the date hereof, except as follows:

NONE

- C. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:

Instrument	:	
Entitled	:	Quitclaim Deed Corporation
By/From	:	San Diego County Capital Asset Leasing Corporation, a California Nonprofit Public Benefit Corporation
To	:	County of San Diego, a political subdivision of the State of California
Recorded	:	<a href="#">September 18, 1991 in Official Records as Instrument Number 1991-0480865</a>

**CALIFORNIA LAND TITLE ASSOCIATION  
STANDARD COVERAGE POLICY - 1990  
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.-  
  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;.
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments Which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims Which are not shown by the public records but which could be ascertained by an inspection of the land which may be asserted by persons in possession thereof,
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

**AMERICAN LAND TITLE ASSOCIATION  
LOAN POLICY OF TITLE INSURANCE - 2006  
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations.This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

**EXCEPTIONS FROM COVERAGE – SCHEDULE B, PART 1, SECTION ONE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

**FACTS**
**WHAT DOES OLD REPUBLIC TITLE DO WITH YOUR PERSONAL INFORMATION?**

<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Social Security number and employment information</li> <li>• Mortgage rates and payments and account balances</li> <li>• Checking account information and wire transfer instructions</li> </ul> <p>When you are no longer our customer, we continue to share your information as described in this notice.</p>
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Old Republic Title chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Old Republic Title share?	Can you limit this sharing?
<b>For our everyday business purposes</b> — such as to process your transactions, maintain your account(s), or respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes</b> — to offer our products and services to you	No	We don't share
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes</b> — information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes</b> — information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	No	We don't share
<b>For non-affiliates to market to you</b>	No	We don't share

Questions

 Go to [www.oldrepublictitle.com](http://www.oldrepublictitle.com) (Contact Us)

Who we are	
Who is providing this notice?	Companies with an Old Republic Title name and other affiliates. Please see below for a list of affiliates.

What we do	
How does Old Republic Title protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. For more information, visit <a href="http://www.OldRepublicTitle.com/newnational/Contact/privacy">http://www.OldRepublicTitle.com/newnational/Contact/privacy</a> .
How does Old Republic Title collect my personal information?	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> <li>• Give us your contact information or show your driver's license</li> <li>• Show your government-issued ID or provide your mortgage information</li> <li>• Make a wire transfer</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> <li>• Sharing for affiliates' everyday business purposes - information about your creditworthiness</li> <li>• Affiliates from using your information to market to you</li> <li>• Sharing for non-affiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing. See the "Other important information" section below for your rights under state law.</p>

Definitions	
<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• Our affiliates include companies with an Old Republic Title name, and financial companies such as Attorneys' Title Fund Services, LLC, Lex Terrae National Title Services, Inc., Mississippi Valley Title Services Company, and The Title Company of North Carolina.</li> </ul>
<b>Non-affiliates</b>	<p>Companies not related by common ownership or control. They can be financial and non-financial companies.</p> <ul style="list-style-type: none"> <li>• Old Republic Title does not share with non-affiliates so they can market to you</li> </ul>
<b>Joint marketing</b>	<p>A formal agreement between non-affiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>• Old Republic Title doesn't jointly market.</li> </ul>

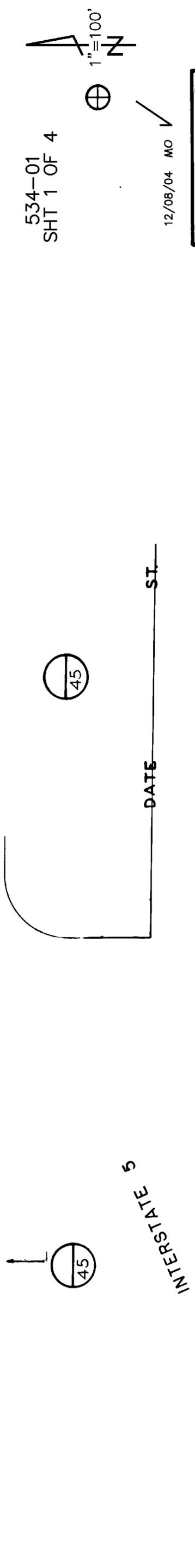
## Other Important Information

Oregon residents only: We are providing you this notice under state law. We may share your personal information (described on page one) obtained from you or others with non-affiliate service providers with whom we contract, such as notaries and delivery services, in order to process your transactions. You may see what personal information we have collected about you in connection with your transaction (other than personal information related to a claim or legal proceeding). To see your information, please click on "Contact Us" at [www.oldrepublictitle.com](http://www.oldrepublictitle.com) and submit your written request to the Legal Department. You may see and copy the information at our office or ask us to mail you a copy for a reasonable fee. If you think any information is wrong, you may submit a written request online to correct or delete it. We will let you know what actions we take. If you do not agree with our actions, you may send us a statement.

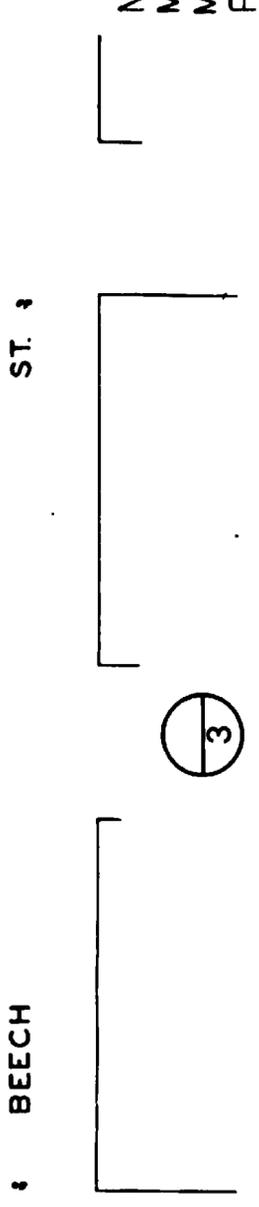
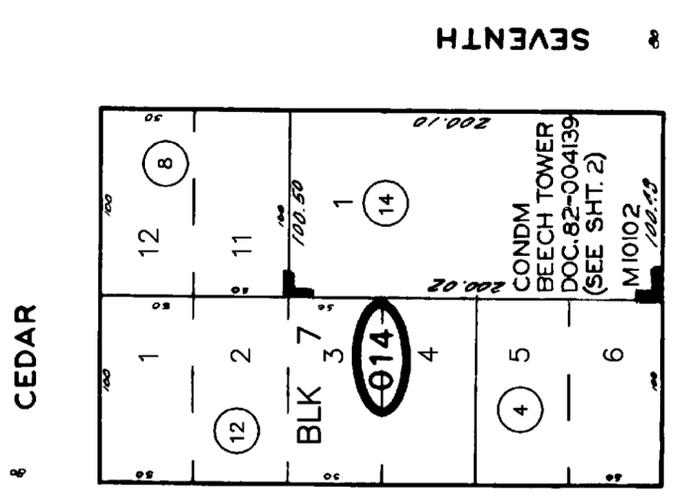
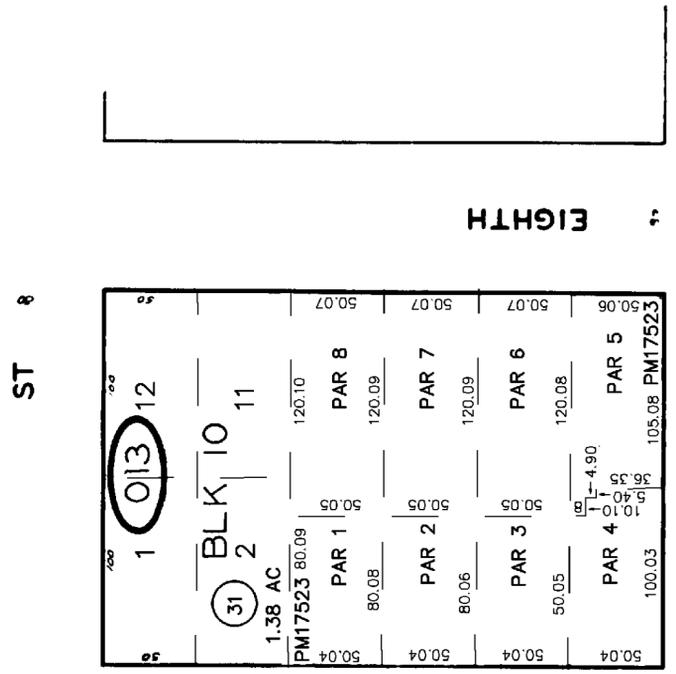
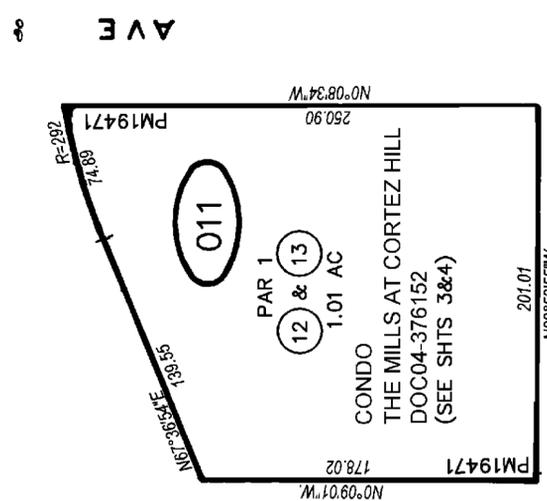
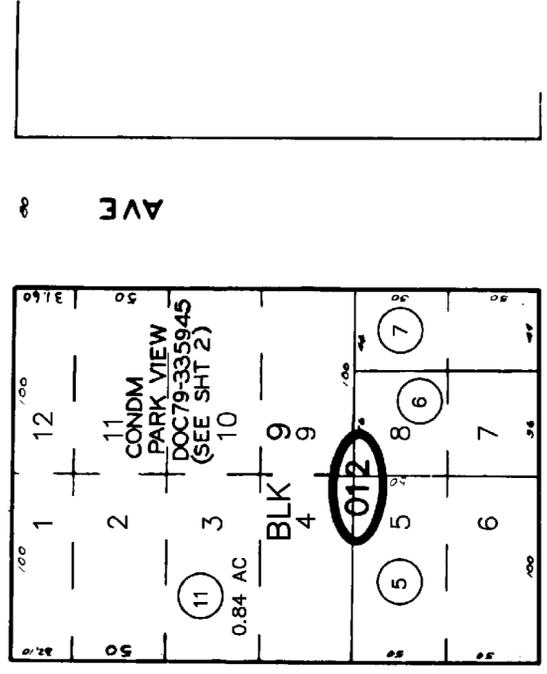
## Affiliates Who May be Delivering This Notice

American First Abstract, LLC	American First Title & Trust Company	American Guaranty Title Insurance Company	Attorneys' Title Fund Services, LLC	Compass Abstract, Inc.
eRecording Partners Network, LLC	Genesis Abstract, LLC	Kansas City Management Group, LLC	L.T. Service Corp.	Lenders Inspection Company
Lex Terrae National Title Services, Inc.	Lex Terrae, Ltd.	Mara Escrow Company	Mississippi Valley Title Services Company	National Title Agent's Services Company
Old Republic Branch Information Services, Inc.	Old Republic Diversified Services, Inc.	Old Republic Exchange Company	Old Republic National Title Insurance Company	Old Republic Title and Escrow of Hawaii, Ltd.
Old Republic Title Co.	Old Republic Title Company of Conroe	Old Republic Title Company of Indiana	Old Republic Title Company of Nevada	Old Republic Title Company of Oklahoma
Old Republic Title Company of Oregon	Old Republic Title Company of St. Louis	Old Republic Title Company of Tennessee	Old Republic Title Information Concepts	Old Republic Title Insurance Agency, Inc.
Old Republic Title, Ltd.	Republic Abstract & Settlement, LLC	Sentry Abstract Company	The Title Company of North Carolina	Title Services, LLC
Trident Land Transfer Company, LLC				

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.



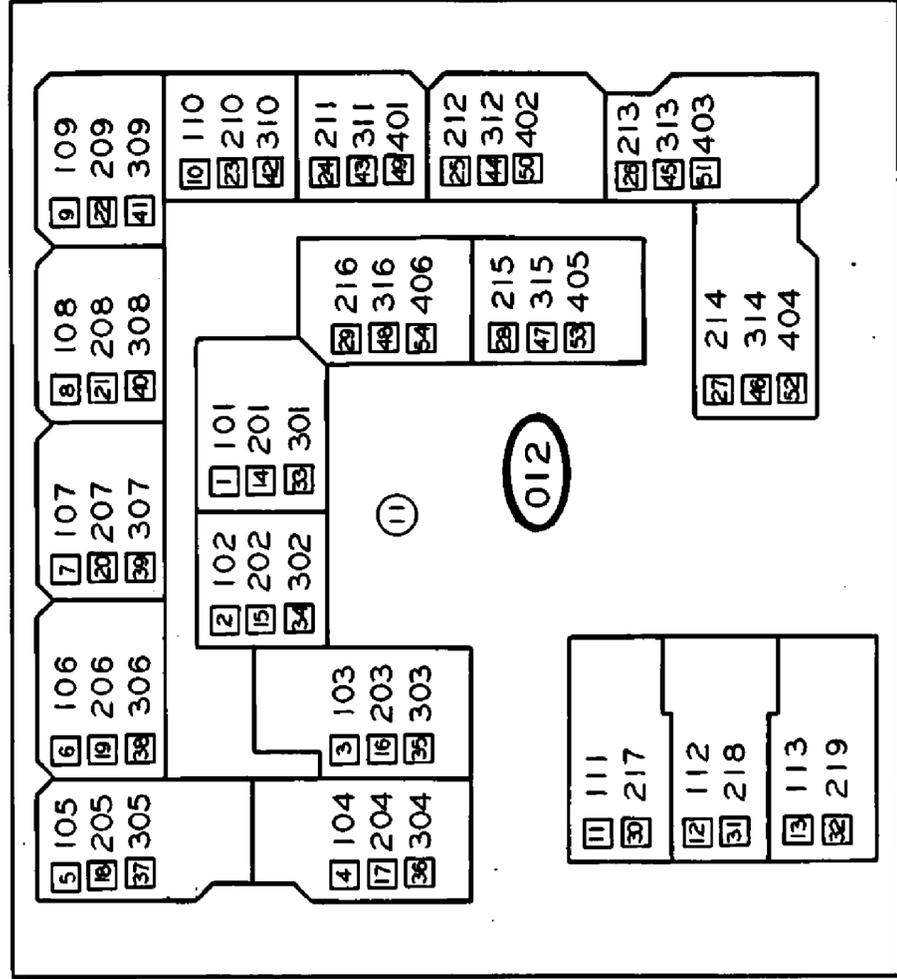
CHANGES		RC	RC
BLK	OLD	NEW	YR CUT
013	5-7	10	62 5472
011	Rec-up	10	64 98
014	5619	13	73 3544
012	3 206	10	73 4924
012	12, 4, 8, 9, 10	CONDN	80 504
014	13	14	82 73
014	14	CONDN	82 722
011	9	SAME	5607
013	3, 4, 10	11-23	96 1297
013	15	24 25	97 1030
013	12 & 23	26	99 1767
013	13, 14, 17, 19-22, 24 & 25	27-30	00 1826
013	12, 8, 9, 11, 16, 18, 27-30	31	03 1435
011	1-10	11	05 1247
011	11	12, 13, 4	05 568 CC



MAP 10102 - BEECH TOWER (CONDM)  
 MAP 5234 - WINEGARDNER SUB  
 MAP 150 - BAY VIEW HOMESTEAD  
 ROS 9460

534-01  
SHT 2  
4-9-92  
EH  
NO SCALE

DATE ST EIGHTH AVE SEVENTH AVE

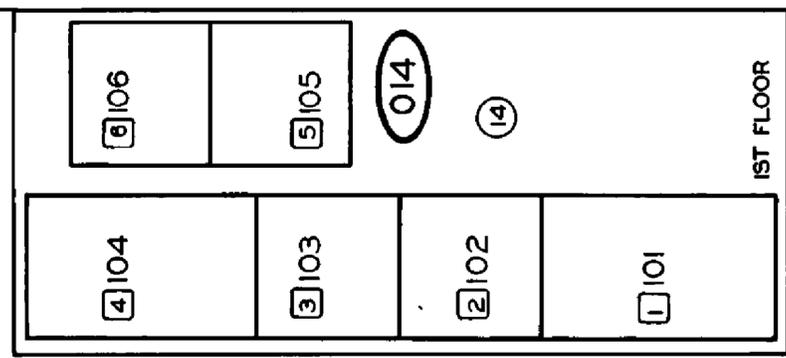


ASSESSMENT PAR. NUMBER  
534-012-11 SUB ID: 01-54  
NOTE: EACH SUB ID INCLUDES  
AN UND. INT. IN COMMON AREA

PARK VIEW  
DOC 79-335945  
2\*BLK 9, LOTS 1-4 & 9-12

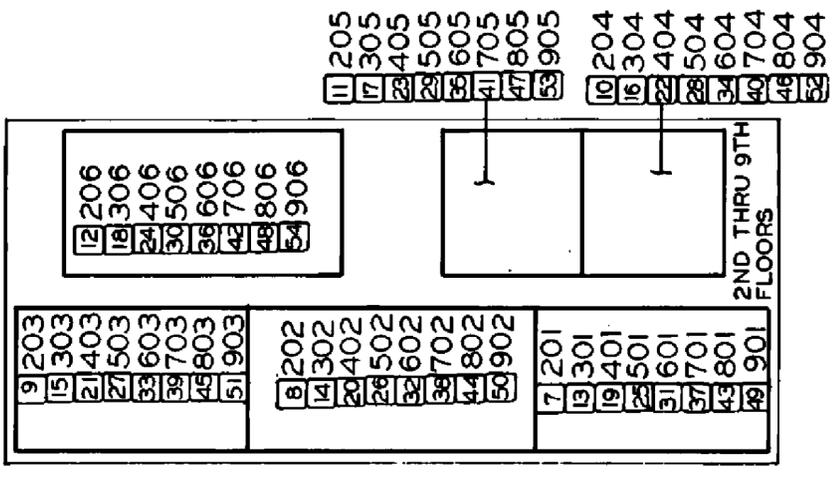
CONDOMINIUMS  
1\*MAP 10102 - BEECH TOWER  
2\*MAP 150- BAY VIEW HOMESTEAD

SEVENTH AVE



BEECH ST.

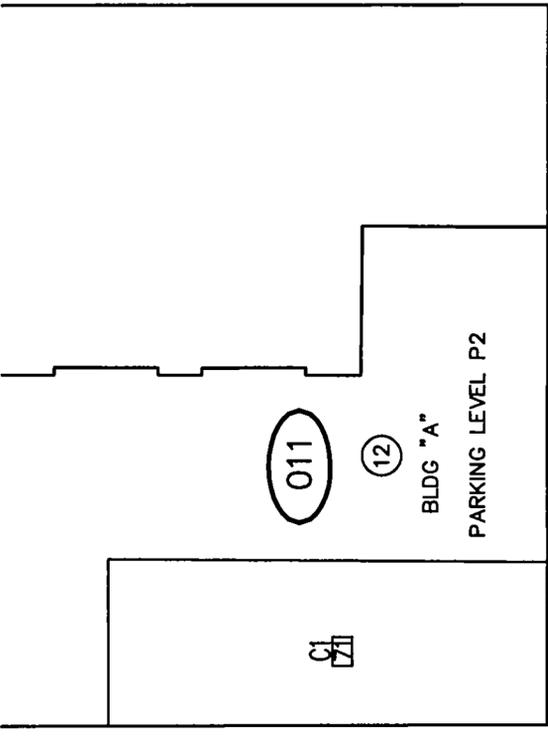
BEECH TOWER  
DOC. 82-004139  
1\* LOT 1  
ASSESSMENT PAR NO.  
534-014-14 SUB ID 01 - 54  
NOTE: EACH SUB ID INCLUDES AN  
UND INT IN COMMON AREA



534-01

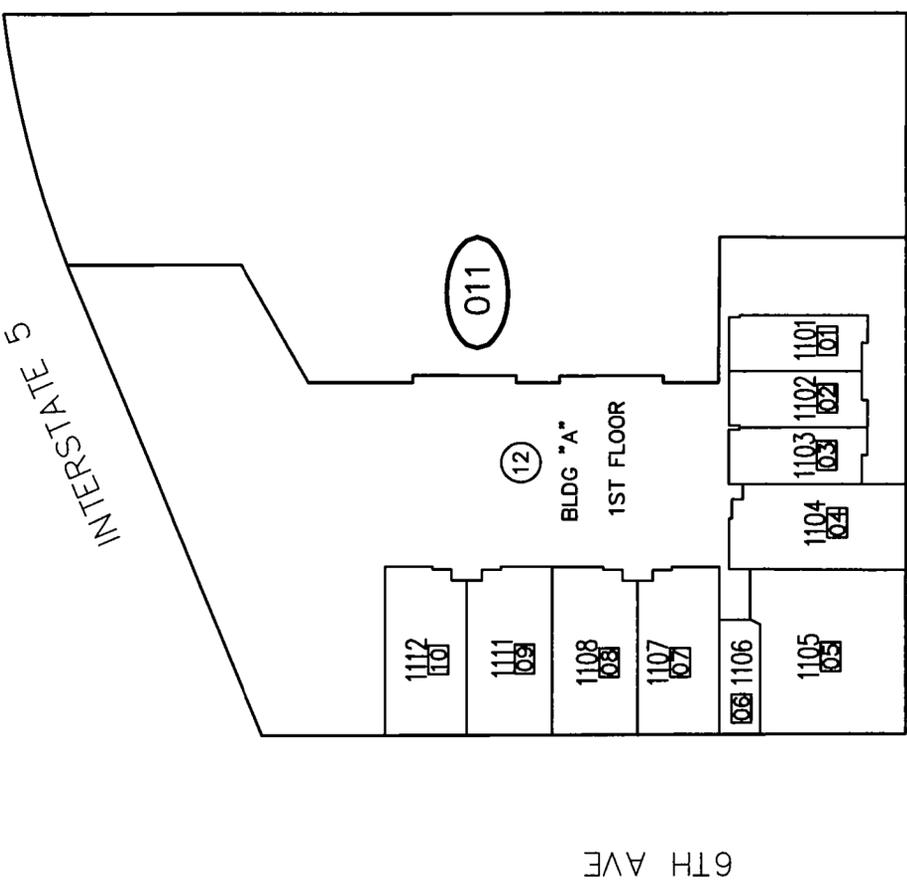


08

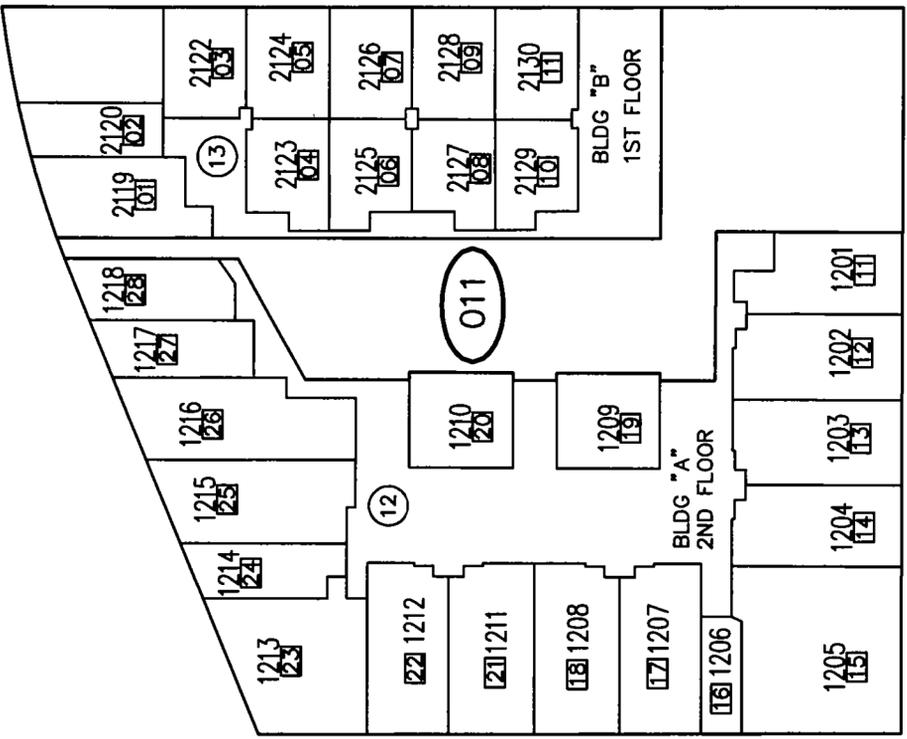


THE MILLS AT CORTEZ HILL  
 DOC 04 - 0376152  
 PAR 1, PM19471  
 ASSESSMENT PAR NO  
 534-011-12 SUB ID 01 - 64, & 71  
 ASSESSMENT PAR NO  
 534-011-13 SUB ID 01 - 37

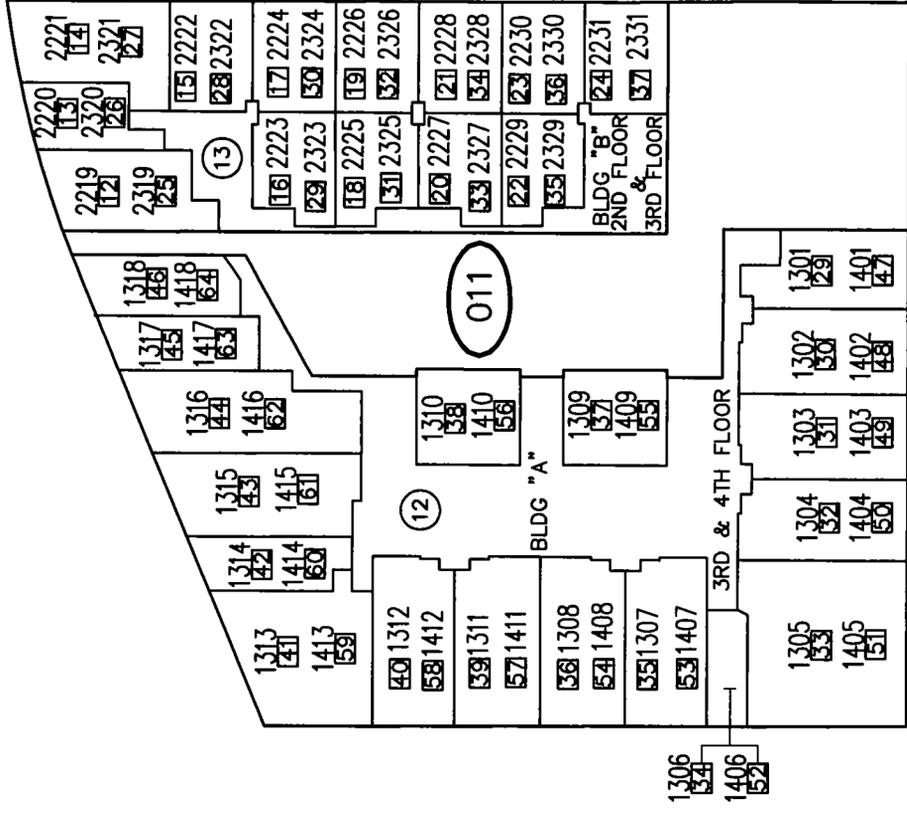
SAN DIEGO COUNTY ASSESSOR'S MAP  
 534-01  
 SHT 3  
 1" = 50'  
 Drawn: 08/16/04 By: MO



CEDAR ST



7TH AVE



CONDOMINIUMS

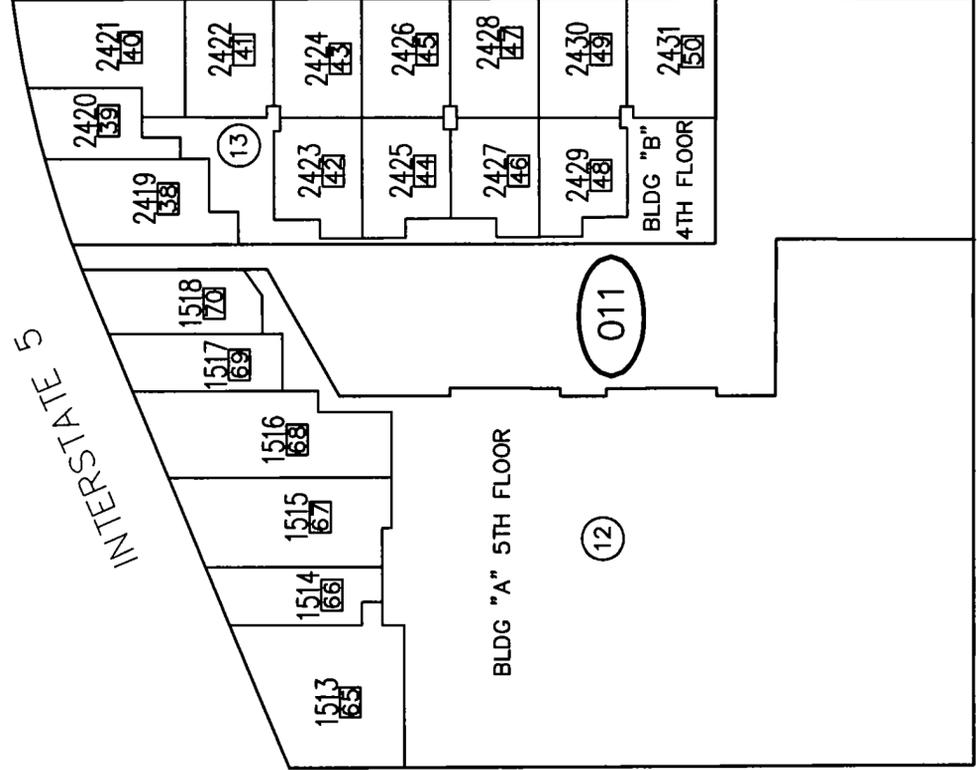
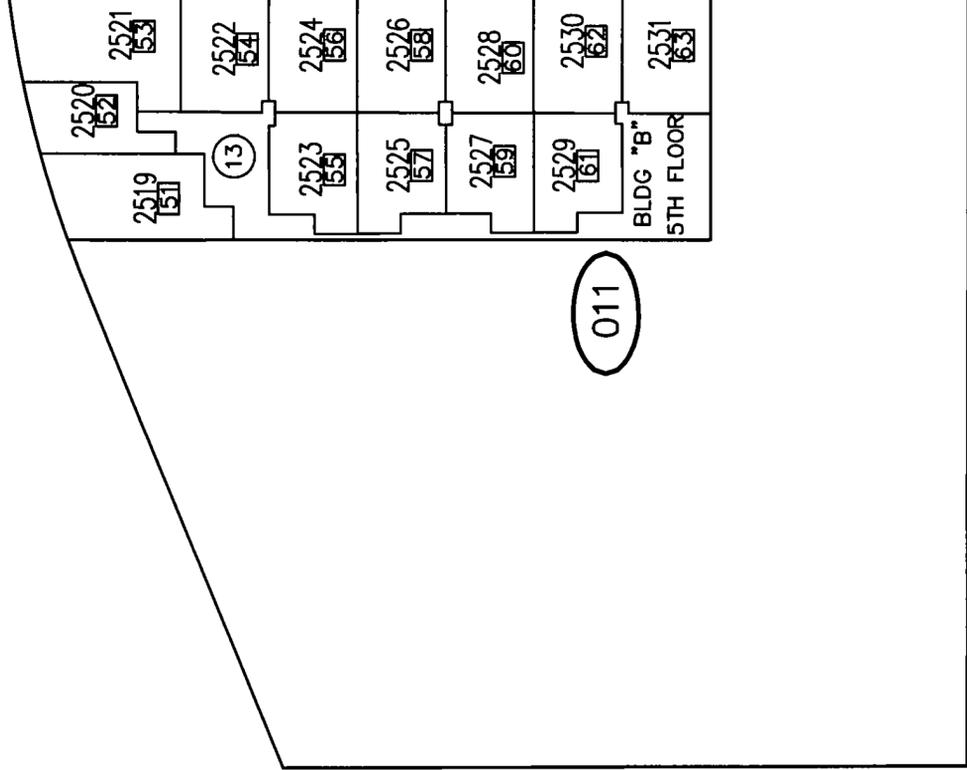
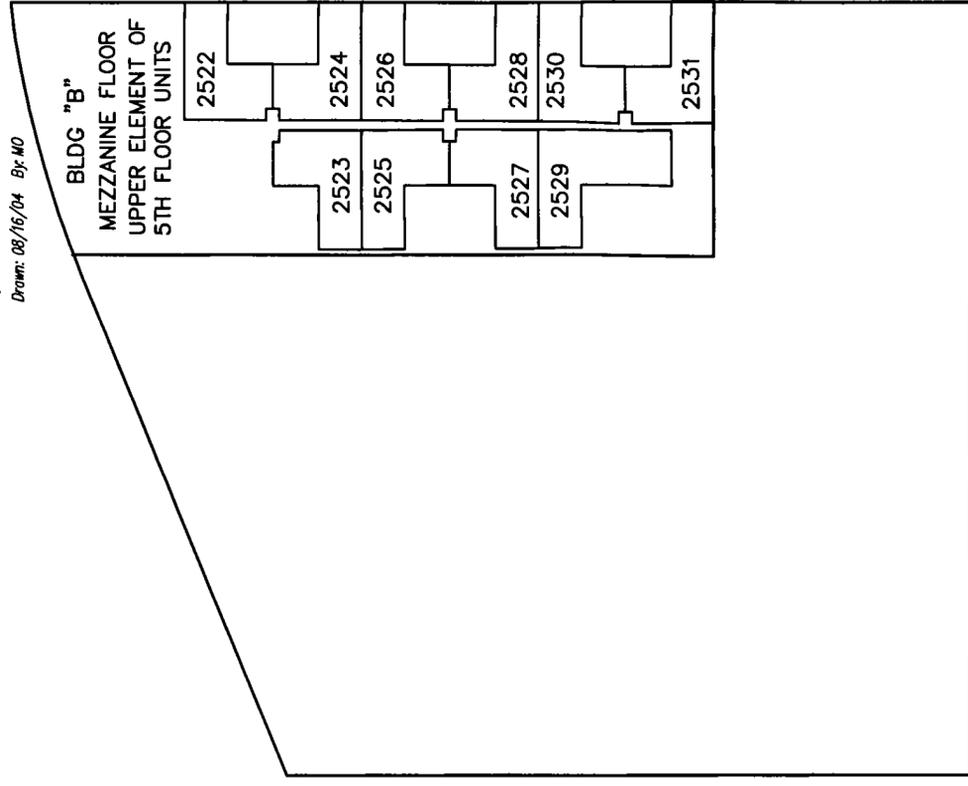
SAN DIEGO COUNTY ASSESSOR'S MAP  
534-01  
SHT 4  
1" = 50'

Drawn: 08/16/04 By: MO

THE MILLS AT CORTEZ HILL  
DOC 04 - 0376152  
PAR 1, PM19471  
ASSESSMENT PAR NO 534-011-12 SUB ID 65 - 70  
ASSESSMENT PAR NO 534-011-13 SUB ID 38 - 63

CTA

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.



CEDAR ST

CONDOMINIUMS

ATTACHMENT NO. 9

**DUE DILIGENCE COMPLETION NOTICE**

[On Developer's Letterhead]

County of San Diego  
Attn: Director  
Department of General Services  
5560 Overland Avenue  
Suite 410  
San Diego, California 92123

Re: 1501/1555 Sixth Avenue

Dear \_\_\_\_\_,

Reference is made to that certain Disposition and Development Agreement dated \_\_\_\_\_, 2019 ("DDA"), by and between the County of San Diego ("County"), and BRIDGE Housing Corporation ("Developer"). Capitalized terms used but not defined in this letter have the meanings given to such terms in the DDA.

This constitutes Developer's Due Diligence Completion Notice under Section 201 of the DDA. Developer hereby notifies the City that [Developer unconditionally accepts the condition of the Property.] // [Developer rejects the condition of the Property for the following reason(s): \_\_\_\_\_.]

*[Developer's signature appears on following page]*

DEVELOPER

BRIDGE Housing Corporation,  
a California nonprofit public benefit  
corporation

By: \_\_\_\_\_  
Aruna Doddapaneni, Senior Vice President

## ATTACHMENT NO. 10

### INSURANCE REQUIREMENTS - PRE-CONSTRUCTION PERIOD

#### Insurance Requirements

Within ten (10) business days prior to the Effective Date, Developer shall submit to County certificates of insurance and appropriate separate endorsements to the actual insurance policy, evidencing that the Developer has obtained for the Pre-Construction Period, at its sole expense, insurance in the following forms of coverage and minimum amounts specified from insurance carriers with a Best's Rating of not less than A-, VII or a company of equal financial stability approved in writing by County Risk Management.

- a. An occurrence policy of Commercial General Liability insurance insuring Developer against liability for bodily injury, personal injury or property damage arising out of or in connection with the Lessee's performance of work or service under this Agreement during the Pre-Construction Period of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) general aggregate. The County of San Diego, its officers, agents, employees, and volunteers shall be added as Additional Insured by separate endorsement to the policy (at least as broad as ISO form, CG 2026, CG 2033, or CG 2038 forms if later revisions used).
- b. Comprehensive Automobile Liability covering all owned, non-owned and hired vehicles for bodily injury and property damage of not less than one million dollars (\$1,000,000) each accident.
- c. Statutory Workers' Compensation, as required by State of California and Employer's Liability at one million dollars (\$1,000,000) each accident for bodily injury or disease. Coverage shall include waiver of subrogation endorsement in favor of the County of San Diego.
- d. Certificate of insurance provided by Developer shall state that the insurer providing the policy must give County written notice of cancellation in accordance with the policy provisions, at the address shown in the Agreement, of any cancellation, lapse, reduction or other adverse change to the insurance required of Developer under this Agreement.

If the Developer maintains broader coverage and/or higher limits than the minimums shown above, the County requires and shall be entitled to the broader coverage and/or higher limits maintained by the Lessee. As a requirement of this Agreement, any available insurance proceeds in excess of the specified minimum limits and coverage stated above, shall also be available to the County of San Diego.

County shall retain the right to review the coverage, form and amount of insurance required under this Agreement and may require Developer to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk

which exists at the time a change in insurance is required. County requirements shall be reasonable. County retains the right to demand a certified copy of any insurance policy required under this Agreement with fifteen (15) business days' notice.

Developer may, with the prior written consent of County Risk Management, fulfill some or all of the insurance requirements contained in this Agreement under a plan of self-insurance. Developer shall only be permitted to utilize self-insurance if in the opinion of County Risk Management, the Lessee's (i) net worth, and (ii) reserves for payment of claims of liability against Developer are sufficient to adequately compensate for the lack of other insurance coverage required by this Lease. Lessee's utilization of self-insurance shall not in any way limit liabilities assumed by Developer under this Lease.