

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

AGENDA

ABAG EXECUTIVE BOARD MEETING NO. 412

Thursday, March 17, 2016, 7:00 PM

Location:

Joseph P. Bort MetroCenter
Lawrence D. Dahms Auditorium
101 8th Street
Oakland, California

The ABAG Executive Board may act on any item on this agenda.

Agenda and attachments available at <http://www.abag.ca.gov/>

For information, contact Fred Castro, Clerk of the Board, at (510) 464 7913.

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

2. PUBLIC COMMENT

Information

3. ANNOUNCEMENTS

Information

4. PRESIDENT'S REPORT

Information

5. EXECUTIVE DIRECTOR'S REPORT

Information

6. CONSENT CALENDAR

ACTION

Unless there is a request by an Executive Board member to take up an item on the consent calendar separately, the calendar will be acted upon in one motion.

A. Approval of Executive Board Summary Minutes of Meeting No. 411 held on January 21, 2015

Attachment: Summary Minutes of January 21, 2015

ABAG Executive Board

March 17, 2016

2

B. Report on ABAG Contracts between \$20,000 and \$50,000

The Executive Board will receive a report on contracts for contract amounts between \$20,000 and \$50,000.

Attachment: Contracts between \$20,000 and \$50,000

C. Authorization to Apply for Funds and Enter into a new Contract Agreement with the USGS to Provide Support for the Bay-Delta Science Conference and the State of the Estuary Conference

The Executive Board is requested to approve the ABAG/SFEP application to USGS and authorize the Executive Director or designee to enter into a new cooperative agreement with USGS on behalf of the San Francisco Estuary Partnership for fiscal support for the planning of the Bay-Delta Science Conference and the State of the Estuary Conference.

Attachment: Contract Agreement USGS

D. Authorization to Approve Resolution of Grant Award from the State Water Resources Control Board for the Guadalupe River Watershed Mercury Remediation: Jacques Gulch Restoration Design Project

The Executive Boards is requested to authorize the Executive Director or designee to sign the grant agreement and also approve the resolution on the grant award for \$174,981 from the State Water Resources Control Board.

Attachments: Jacques Gulch Restoration Design; Resolution No. 03-16

E. Authorization to Release Construction Bid Package and Execute Contract for San Pablo Avenue Green Stormwater Spine Project

The Executive Board is requested to authorize the Executive Director or designee to enter into a contract on behalf of ABAG/SFEP with a qualified contractor submitting the lowest bid for San Pablo Avenue Green Stormwater Spine Project. The awarded contract will not exceed \$2 million.

Attachment: San Pablo Avenue Green Stormwater Spine Project

7. REPORT ON ABAG/MTC MERGER DISCUSSIONS

Information

Staff will report on ABAG's ongoing work with our consultant, Management Partners, and the Metropolitan Transportation Commission to advance the agreed upon work plan for the merger study including progress to date, upcoming milestones, and next steps.

Attachment: Update ABAG MTC Merger Study

8. REPORT ON PROPOSED ABAG HOUSING ACTION AGENDA

Information/ACTION

Duane Bay, ABAG Assistant Planning and Research Director, will present a proposed ABAG Housing Action Agenda and give a brief report on the recent ABAG/MTC Housing Forum.

Attachments: Draft Housing Action Agenda; Housing Solution Strategy Implementation Projects; Draft Proposal Formation Regional Housing Trust Fund

ABAG Executive Board

March 17, 2016

3

9. UPDATE ON LOCAL INPUT TO THE PLAN BAY AREA

Information

Miriam Chion, ABAG Planning and Research Director, and Mark Shorett, ABAG Senior Planner, will report on input from local planning departments and city councils regarding the current Plan Bay Area update.

Attachment: PBA 2040 Local Jurisdiction Engagement

10. UPDATE ON NEW HEADQUARTERS AT 375 BEALE STREET, SAN FRANCISCO

ACTION

Brad Paul, ABAG Deputy Executive Director, will report on the status of the new ABAG/MTC/BAAQMD Bay Area MetroCenter at 375 Beale Street, San Francisco.

Kenneth Moy, ABAG Legal Counsel, will discuss upcoming authorizations needed to exchange ABAG's real estate interests at 101 8th Street, Oakland for one at 375 Beale Street, San Francisco.

Attachments: 375 Beale Street; MOU between BAHA and ABAG

11. LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE REPORT

Information/ACTION

Committee Chair Scott Haggerty, Supervisor, County of Alameda, will report on Committee activities and request Executive Board approval of Committee recommendations.

Attachment: LGO Committee Agenda

12. FINANCE AND PERSONNEL COMMITTEE REPORT

Information/ACTION

Committee Chair Bill Harrison, Mayor, City of Fremont, will report on Committee activities and request Executive Board approval of Committee recommendations.

A. Text

Attachment: FP Committee Agenda

ABAG Executive Board

March 17, 2016

4

13. ADJOURNMENT

The next meeting of the Executive Board will be on May 19, 2016.

Submitted:

/s/ Ezra Rapport, Secretary-Treasurer

Date Submitted: March 11, 2016

Date Posted: March 14, 2016

Roster

Schedule

SUMMARY MINUTES (DRAFT)

ABAG Executive Board Meeting No. 411
Thursday, January 21, 2016
Joseph P. Bort MetroCenter
101 8th Street, Oakland, California

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

President Julie Pierce, Councilmember, City of Clayton, called the meeting of the Executive Board of the Association of Bay Area Governments to order at about 7:05 p.m.

President Pierce led the Executive Board and the public in the Pledge of Allegiance.

A quorum of the Executive Board was present at about 7:05 p.m.

Representatives and Alternates Present Jurisdiction

Supervisor Candace Andersen	County of Contra Costa
Councilmember Annie Campbell Washington	City of Oakland
Supervisor Cindy Chavez	County of Santa Clara
Supervisor Damon Connolly	County of Marin
Supervisor David Cortese	County of Santa Clara
Councilmember Jim Davis	City of Sunnyvale
Mayor Pat Eklund	City of Novato
Mayor Leon Garcia	City of American Canyon
Councilmember Abel Guillen	City of Oakland
Councilmember Pradeep Gupta	City of South San Francisco
Mayor Barbara Halliday	City of Hayward
Vice Mayor Dave Hudson	City of San Ramon
Mayor Wayne Lee	City of Milbrae
Supervisor Mark Luce	County of Napa
Councilmember Jake Mackenzie	City of Rohnert Park
Supervisor Eric Mar	County of San Francisco
Councilmember Lynette Gibson McElhaney	City of Oakland
Supervisor Nathan Miley	County of Alameda
Supervisor Karen Mitchoff	Count of Contra Costa
Councilmember Raul Peralez	City of San Jose
Councilmember Julie Pierce	City of Clayton
Supervisor Dave Pine	County of San Mateo
Supervisor David Rabbitt	County of Sonoma
Mayor Greg Scharff	City of Palo Alto
Supervisor Linda Seifert	County of Solano
Supervisor Warren Slocum	County of San Mateo

Representatives Absent

Mayor Jack Batchelor	City of Dixon
Councilmember Magdalena Carrasco	City of San Jose
Supervisor Scott Haggerty	County of Alameda
Councilmember Charles "Chappie" Jones	City of San Jose
Supervisor Jane Kim	County of San Francisco
Director William Kissinger	RWQCB

Mayor Edwin Lee	City of San Francisco
Mayor Jerry Thorne	City of Pleasanton
Dir Nicole Wheaton, Leg and Gov Affairs	City of San Francisco

2. PUBLIC COMMENT

There was no public comment.

3. ANNOUNCEMENTS

There was no member announcement.

4. PRESIDENT'S REPORT

President Pierce reported on the following:

Welcomed new Executive Board members: Abel Guillen, Councilmember, City of Oakland, and Annie Campbell Washington, Councilmember, City of Oakland.

Reminded Executive Board representatives and alternates to submit their annual Statement of Economic Interest, Fair Political Practices Commission Form 700, to the Clerk of the Board by April 1, 2016.

Informed the Executive Board that under the Consent Calendar, the Executive Board is requested to ratify appointments to various committees, including Linda Seifert, Supervisor, County of Solano, and Pradeep Gupta, Councilmember, City of South San Francisco, to the Finance and Personnel Committee; and Karen Engel, Director of Economic and Workforce Development, Peralta Community College District, to the Regional Planning Committee—Education.

Informed the Executive Board that under Item 7.A., the Executive Board is requested to consider the adoption of Resolution No. 02-16, Accepting Final Regional Forecast 2010-2040.

Informed the Executive Board that under Item 9, the Executive Board is requested to adopt Resolution No. 1-16, regarding post retirement work for a critically needed management position.

Notified the Executive Board that the Legislative Workshop will be on Wednesday, February 10, 2016, 2:00 p.m. to 5:00 p.m., at the Capitol Event Center, 1020 11th Street, 2nd Floor, Sacramento. Reception follows 5:00 p.m. to 7:00 p.m. at the Ella Dining Room and Bar, 1131 K Street, Sacramento.

Informed the Executive Board that under the Finance and Personnel Committee report, the Executive Board is requested to recommend to the General Assembly the adoption of the Budget and Work Plan for Fiscal Year 2016-2017, including membership dues. The Budget and Work Plan has been placed at your seats.

A. Report on ABAG/MTC Merger Study

President Pierce reported on the selection of Management Partners as the consultant for the ABAG/MTC Merger Study, a joint meeting of the ABAG Administrative Committee and MTC Planning Committee on January 22, 2016; and the open public process for gathering information; and interviews of ABAG Administrative Committee and MTC Planning Committee members and staff.

There was no discussion.

B. Report on ABAG General Assembly Annual Meeting City/Town Delegate Quorum

President Pierce announced staff is working on securing a meeting date, times, and location for the General Assembly meeting.

Members discussed the League of California Cities meeting in San Diego on April 7-8, 2016.

President Pierce reported on proposed amendments to the ABAG Bylaws regarding the quorum of City Delegates needed to conduct the annual business meeting of the General Assembly. The proposal is to lower the quorum requirement for City Delegates to forty percent (40%), but only for the annual meeting of the General Assembly and only for the adoption of the summary work plan and general budget, and require the City Delegates' adoption of the summary work plan and general budget occur only upon the affirmative vote of City Delegates equal to a majority of the normal quorum requirement.

President Pierce recognized a motion by Karen Mitchoff, Supervisor, County of Contra Costa, which was seconded by Candace Andersen, Supervisor, County of Contra Costa, to submit to the General Assembly for consideration the amendments to the ABAG Bylaws regarding the quorum of the City Delegates needed to conduct the annual business meeting of the General Assembly, as reported.

Members discussed General Assembly meeting schedule and subject matter; forming a General Assembly program committee; lowering quorum sends message about interest in the General Assembly; the impact of the ABAG/MTC merger study; lowering the quorum requirement for convenience; providing a good General Assembly experience; giving the General Assembly opportunity to decide on quorum; surveying members on scheduling of events.

There was no public comment.

The aye votes were: Andersen, Campbell Washington, Chavez, Connolly, Cortese, Garcia, Guillen, Hudson, Luce, Mackenzie, Mar, Gibson McElhaney, Mitchoff, Peralez, Pierce, Pine, Rabbitt, Scharff, Seifert, Slocum.

The nay votes were: Wayne Lee, Gupta, Davis, Halliday, Miley, Eklund.

Abstentions were: None.

Absent were: Batchelor, Carrasco, Haggerty, Jones, Kim, Lee, Thorne, Wheaton.

The motion passed.

5. EXECUTIVE DIRECTOR'S REPORT

There was no Executive Director's report.

6. CONSENT CALENDAR

President Pierce recognized a motion by Pat Eklund, Mayor, City of Novato, which was seconded by Candace Andersen, Supervisor, County of Contra Costa, to submit to approve the consent calendar.

There was no discussion.

There was no public comment.

The aye votes were: Andersen, Campbell Washington, Chavez, Connolly, Cortese, Garcia, Guillen, Hudson, Luce, Mackenzie, Mar, Gibson McElhaney, Mitchoff, Peralez, Pierce, Pine, Rabbitt, Scharff, Seifert, Slocum.

The nay votes were: Wayne Lee, Gupta, Davis, Halliday, Miley, Eklund.

Abstentions were: None.

Absent were: Batchelor, Carrasco, Haggerty, Jones, Kim, Edwin Lee, Thorne, Wheaton.

The motion passed unanimously.

A. Approval of Executive Board Summary Minutes of Meeting No. 410 held on November 19, 2015

The Executive Board approved the Summary Minutes of Meeting No. 410 held on November 19, 2015.

Attachment: Summary Minutes of November 19, 2015

B. Report on ABAG Contracts between \$20,000 and \$50,000

The Executive Board received a report on contracts for contract amounts between \$20,000 and \$50,000.

Attachment: Contracts between \$20,000 and \$50,000

C. Appointment to Committees

The Executive Board ratified the following appointments to committees:

Administrative Committee

Raul Peralez, Councilmember, City of San Jose
Greg Scharff, Mayor, City of Palo Alto

Regional Planning Committee

Mark Boucher, Contra Costa Flood Control and Water Conservation District—Special Districts
Cindy Chavez, Supervisor, County of Santa Clara
Melissa Jones, Executive Director, Bay Area Regional Health Inequities Initiative—Health
Al Savay, Chair, Bay Area Planning Directors Association
Kirsten Spalding, Executive Director, San Mateo Union Community Alliance—Labor
Karen Engle, Director of Economic Workforce Development, Peralta Community College District—Education

Finance and Personnel Committee

Greg Scharf, Mayor, City of Palo Alto
Linda Seifert, Supervisor, County of Solano
Pradeep Gupta, Mayor, City of South San Francisco

Legislation and Governmental Organization Committee

Karen Mitchoff, Supervisor, County of Contra Costa
San Francisco Bay Restoration Authority Governing Board

Dave Pine, Supervisor, County of San Mateo—Chair
Scott Weiner, Supervisor, City and County of San Francisco—West Bay

Bay Area Council Economic Institute

Cindy Chavez, Supervisor, County of Santa Clara
Julie Coombs, Councilmember, City of Santa Rosa

D. Ratification of Horizon Contract for IRWMP Round 3 Grant Assistance

The Executive Board ratified the contract with Horizon Water and Environment.

7. REPORT ON PLAN BAY AREA FORECAST AND SCHEDULE

A. Final Regional Forecast 2010-2040

B. Revision to Plan Bay Area Schedule

Cynthia Kroll, ABAG Chief Economist, reported on ABAG's final regional forecast numbers for growth allocations of jobs, households, and housing units for Plan Bay Area 2040 for adoption.

Members discussed the annual housing production; income distribution implications; historic and projected annual housing production; population growth and families and seniors; projections in Plan Bay Area 2013; Department of Finance housing projections; projection and actual data of jobs, households, and housing units; the role of the forecast as a base case or end result in relation to Plan Bay Area; regional control total; equity criteria; housing units distribution; the Regional Housing Needs Allocation; in and out migration and older population; forecast accuracy and assumptions; millennial workforce, school age children, and household formation; low income wage earners, housing and employment; economic vitality, job quality, and job training; the Economic Prosperity Report; education and business collaboration; projected senior population and housing; job skills gap and the Bay Area Council Economic Institute report, *Regional Challenges/Regional Solutions*; modifying housing assumptions regarding seniors and millennials.

President Pierce recognized a motion by Mitchoff, which was seconded by Linda Seifert, Supervisor, County of Solano, to adopt Resolution No. 02-16.

There was no discussion.

There was no public comment.

The aye votes were: Andersen, Campbell Washington, Chavez, Connolly, Eklund, Garcia, Guillen, Gupta, Halliday, Hudson, Luce, Mackenzie, Mar, Gibson McElhaney, Mitchoff, Peralez, Pierce, Pine, Rabbitt, Scharff, Seifert, Slocum.

The nay votes were: Wayne Lee, Davis.

Abstentions were: None.

Absent were: Batchelor, Carrasco, Cortese, Haggerty, Jones, Kim, Edwin Lee, Miley, Thorne, Wheaton.

The motion passed.

Miriam Chion, ABAG Planning and Research Director, reported on adjustments to the current Plan Bay Area schedule related to transportation and land use scenarios.

8. REPORT ON SAN FRANCISCO BAY RESTORATION AUTHORITY'S REGIONAL BALLOT MEASURE

Caitlin Sweeney, Director, San Francisco Estuary Partnership, provided an overview of the San Francisco Bay Restoration Authority and the Governing Board's action to place a regional measure on the June 2016 ballot.

Dave Pine, Supervisor, County of San Mateo, and Governing Board Chair, San Francisco Bay Restoration Authority, gave a presentation on the San Francisco Bay Restoration Authority and current plans for a regional ballot measure, *Clean and Healthy Bay Initiative*, a regional parcel tax for wetlands restoration for the June election.

Members discussed funding for the San Francisco Bay Trail; other regional ballot measures on the June ballot; regional ballot measure support from the Sonoma County Water Agency, Santa Clara Valley Sanitation Water District, East Bay Regional Park District; programs eligible for funding.

The following individuals gave public comment: David Lewis, Executive Director, Save The Bay; Larry Goldzband, Executive Director, San Francisco Bay Conservation and Development Commission; Warner Chabot, Executive Director, San Francisco Estuary Institute; Kelly Malinowski, Project Manager, San Francisco Bay Area, California State Coastal Conservancy.

9. ADOPTION OF RESOLUTION NO. 01-16 FOR AUTHORIZATION TO CONTINUE POST RETIREMENT EMPLOYMENT FOR CRITICALLY NEEDED MANAGEMENT POSITION

Brian Kirking, ABAG Information Services and Human Resources Director, reported on a staffing request for an allowable exception to the CalPERS 180-day prohibition on post retirement work for a critically needed management position and requested adoption of Resolution No. 01-16.

President Pierce recognized a motion by Lynette McElhaney, Councilmember, City of Oakland, which was seconded by Mitchoff, to adopt Resolution No. 01-16.

There was no discussion.

There was no public comment.

The aye votes were: Andersen, Campbell Washington, Chavez, Connolly, Davis, Eklund, Garcia, Guillen, Gupta, Halliday, Hudson, Wayne Lee, Luce, Mackenzie, Mar, Gibson McElhaney, Mitchoff, Peralez, Pierce, Pine, Rabbitt, Scharff, Seifert, Slocum.

The nay votes were: None.

Abstentions were: None.

Absent were: Batchelor, Carrasco, Cortese, Haggerty, Jones, Kim, Edwin Lee, Miley, Thorne, Wheaton.

The motion passed unanimously.

10. LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE REPORT

President Pierce reported on committee activities and requested Executive Board approval of committee recommendations, including the following: approval of the minutes from November 19, 2015; report on water efficiency pooled finance legislation; update on the Unaccompanied Minors Report; report on resiliency initiatives for 2016; overview on 2015

legislative session; discussion on 2016 legislative priorities; report on the Legislative Workshop and Reception.

President Pierce recognized a motion by Abel Guillen, Councilmember, City of Oakland, which was seconded by Cindy Chavez, Supervisor, County of Santa Clara, to approve the committee report.

There was no discussion.

There was no public comment.

The aye votes were: Andersen, Campbell Washington, Chavez, Connolly, Davis, Eklund, Garcia, Guillen, Gupta, Halliday, Wayne Lee, Luce, Mackenzie, Mar, Gibson McElhaney, Mitchoff, Peralez, Pierce, Pine, Rabbitt, Scharff, Seifert, Slocum.

The nay votes were: None.

Abstentions were: None.

Absent were: Batchelor, Carrasco, Cortese, Haggerty, Hudson, Jones, Kim, Edwin Lee, Miley, Thorne, Wheaton.

The motion passed unanimously.

11. FINANCE AND PERSONNEL COMMITTEE REPORT

Committee Vice Chair Karen Mitchoff, Supervisor, County of Contra Costa, reported on committee activities and request Executive Board approval of committee recommendations, including welcome of new members; election of chair and vice chair; approval of minutes of November 19, 2015; review of financial report for November 2015; report on audited financial reports for ABAG for June 30, 2015; review of Proposed Work Program, Budget and Membership Dues for Fiscal Year 2016-2017; report on payment of membership dues for Fiscal Year 2015-2016; report on Orrick and FTI recommendations regarding ABAG FAN internal control processes; report on line of credit renewal with Bank of the West; report on process for public employee performance evaluation: Legal Counsel; no reportable action from a closed session on public employee performance evaluation: Executive Director.

A. Report on draft Proposed Budget and Work Plan for Fiscal Year 2016-2017, including Membership Dues

President Pierce recognized a motion by Mitchoff, which was seconded by David Rabbitt, Supervisor, County of Sonoma, to approve the committee report.

There was no discussion.

There was no public comment.

The aye votes were: Andersen, Campbell Washington, Chavez, Connolly, Davis, Eklund, Garcia, Guillen, Gupta, Halliday, Wayne Lee, Luce, Mackenzie, Mar, Gibson McElhaney, Mitchoff, Peralez, Pierce, Pine, Rabbitt, Scharff, Seifert, Slocum.

The nay votes were: None.

Abstentions were: None.

Absent were: Batchelor, Carrasco, Cortese, Haggerty, Hudson, Jones, Kim, Edwin Lee, Miley, Thorne, Wheaton.

The motion passed unanimously.

President Pierce recognized a motion by Mitchoff, which was seconded by Leon Garcia, Mayor, City of American Canyon, to forward and recommend to the General Assembly the approval of the Proposed Budget and Work Plan for Fiscal Year 2016-2017, including membership dues.

There was no discussion.

There was no public comment.

The aye votes were: Andersen, Campbell Washington, Chavez, Connolly, Davis, Eklund, Garcia, Guillen, Gupta, Halliday, Wayne Lee, Luce, Mackenzie, Mar, Gibson McElhaney, Mitchoff, Peralez, Pierce, Pine, Rabbitt, Scharff, Seifert, Slocum.

The nay votes were: None.

Abstentions were: None.

Absent were: Batchelor, Carrasco, Cortese, Haggerty, Hudson, Jones, Kim, Edwin Lee, Miley, Thorne, Wheaton.

The motion passed unanimously.

12. ADJOURNMENT

President Pierce adjourned the meeting of the Executive Board at about 9:22 p.m.

The next meeting of the Executive Board will be on March 17, 2016.

Submitted:

/s/ Ezra Rapport, Secretary-Treasurer

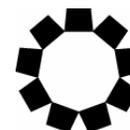
Date Submitted: March 10, 2016

Approved: TBD

For information or to review audio recordings of ABAG Executive Board meetings, contact Fred Castro, Clerk of the Board, at (510) 464 7913 or FredC@abag.ca.gov.

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: March 2, 2016
To: ABAG Executive Board
From: Courtney Ruby
Interim Finance Director
Subject: **ABAG Contracts between \$20,000 and \$50,000**

Executive Summary

ABAG has entered into contracts with the following consultants/contractors for contract amounts between \$20,000 and \$50,000. This is for information only.

- ABAG entered into a contract with Ariel Okamoto for editing services on ESTUARY News Magazine for \$28,000. This contract was negotiated by Caitlin Sweeney, Program Director for SFEP.
- ABAG entered into contract with the Bay Conservation and Development Commission for \$49,500 to assist ABAG in developing material and conducting a one day workshop for city planners as part of the 2015 annual conference of the California chapter of the American Planning Association and refining and revising the material from this conference to develop a replicable approach and guidebook for others to use to integrate hazard mitigation and climate adaptation into existing planning, operations, maintenance and other processes. Contract was negotiated by Duane Bay, Assistant Planning Director.

Recommended Action

Information

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ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: March 10, 2016

To: ABAG Executive Board

From: Caitlin Sweeney
Director, San Francisco Estuary Partnership

Subject: **Authorization to Apply for Funds and Enter into a new Contract Agreement with the USGS to Provide Support for the Bay-Delta Science Conference and the State of the Estuary Conference**

Executive Summary

USGS has historically provided financial support for the planning of the Bay-Delta Science Conference and the State of the Estuary Conference through several mutually beneficial contracts which have been approved by the Executive Board.

The overall effort will consist of USGS fiscal support for ABAG/SFEP planning of science conferences, presented one per year over the next five years, to inform agency staff, stakeholders and the public about the latest consequential findings obtained from scientific work funded for the Bay-Delta system. The Bay-Delta Science Conferences will take place in 2016, 2018 and 2020 and the State of the Estuary Conferences will take place in 2017, 2019 and 2021. The conferences will be organized with one or more plenary sessions and a series of concurrent sessions over several days, each session organized around a specific scientific theme of critical importance to the Bay-Delta.

The first year work plan is for \$90,000.00 and would include support of the 2016 Bay-Delta Science conference. The total award for the 5 year period will not exceed \$370,000.00. The contract extends from March 2016 and will be active for 5 years.

Recommended Action

The Executive Board is requested to approve the ABAG/SFEP application to USGS and authorize the Executive Director or designee to enter into a new cooperative agreement with USGS on behalf of the San Francisco Estuary Partnership for fiscal support for the planning of the Bay-Delta Science Conference and the State of the Estuary Conference. The work plan for the first year will be \$90,000, and the total contract amount will not exceed \$370,000.

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ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: March 3, 2016

To: ABAG Executive Board

From: James Muller
Environmental Specialist, San Francisco Estuary Partnership

Subject: **Authorization to Approve Resolution of Grant Award from the State Water Resources Control Board for the Guadalupe River Watershed Mercury Remediation: Jacques Gulch Restoration Design Project**

Executive Summary

The State Water Quality Control Board is providing \$174,981 for the purpose of completing designs for the remediation and restoration of Upper Jacques Gulch to remove mercury mining waste eroding into Lower Jacques Gulch and Almaden Reservoir. SFEP will be working with its local project partners, the Santa Clara County Parks and Recreation Department (County Parks) to complete this Guadalupe Mercury TMDL project by March, 2018.

County Parks will develop 100% construction design plans for the remediation of Jacques Gulch and complete CEQA requirements. Full implementation of the 100% designs is the long term goal for this multi-year project that incorporates many partners and funding agencies. The Jacques Gulch design and subsequent implementation will adhere to the California Department of Conservation's Guidelines for the Rehabilitation of Disturbed Lands. As the 100% designs are being completed, SFEP will work with its partners to pursue additional sources of funding for implementation. ABAG and SFEP are not contributing match to this project as all match requirements are met under a previously awarded federal grant.

Recommended Action

The Executive Boards is requested to authorize the Executive Director or designee to sign the grant agreement and also approve the resolution on the grant award for \$174,981 from the State Water Resources Control Board.

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**ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD**

RESOLUTION NO. 03-16

**A RESOLUTION AUTHORIZING ENTERING INTO AN AGREEMENT WITH THE
STATE OF CALIFORNIA AND DESIGNATING A REPRESENTATIVE TO SIGN THE
AGREEMENT, AND ANY AMENDMENTS THERETO, FOR THE GUADALUPE RIVER
WATERSHED MERCURY REMEDIATION: UPPER JACQUES GULCH
RESTORATION DESIGN PROJECT**

WHEREAS, the Executive Board authorizes the Association of Bay Area Governments to enter into an Agreement with the State of California; and

WHEREAS, the Executive Board authorizes Ezra Rapport, Executive Director, or designee, to sign the Agreement, and any amendments thereto.

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 03-16**

NOW, THEREFORE, BE IT RESOLVED, that the Executive Board of the Association of Bay Area Governments hereby adopts Resolution No. 03-16 on March 17, 2016.

Julie Pierce
President

Certification of Executive Board Approval

I hereby certify that the foregoing Resolution No. 03-16 was duly and regularly adopted by the Executive Board of the Association of Bay Area Governments (Association) at the meeting thereof held on the 17th day of March, 2016.

Motion by _____

Second by _____

Motion passed by the following roll call vote:

Ayes:

Noes:

Abstained:

Absent:

Ezra Rapport
Secretary-Treasurer

Approved as To Legal Form

Kenneth K. Moy
Legal Counsel

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: March 8, 2016

To: ABAG Executive Board

From: Caitlin Sweeney
Director, San Francisco Estuary Partnership

Subject: **Authorization to Release Construction Bid Package and Execute Contract for San Pablo Avenue Green Stormwater Spine Project**

Executive Summary

The San Francisco Estuary Partnership (SFEP) wishes to release a construction bid package for up to seven project sites and execute a contract with the winning bidder. The San Pablo Avenue Green Stormwater Spine project will create a series of demonstration green stormwater treatment facilities by retrofitting the public right-of-way along San Pablo Avenue in seven of the cities within Alameda and Contra Costa Counties. The project assists in the implementation of the Comprehensive Conservation Management Plan for the San Francisco Estuary, while contributing to greener infill development and more sustainable, livable communities.

SFEP has retained the following firms to provide project support services as listed:

- Wilsey Ham, Inc. – initial and ongoing project engineering and design
- Harris & Associates – construction management
- Labor Compliance Consultants – labor compliance

Project implementation funding comes from a mitigation agreement between the California Department of Transportation and the Regional Water Quality Control Board, as well as from several state Proposition 84 grants.

Upon authorization, SFEP and ABAG Legal Counsel will finalize the bid package for release in late March/early April 2016.

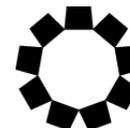
Recommended Action

The Executive Board is requested to authorize the Executive Director or designee to enter into a contract on behalf of ABAG/SFEP with a qualified contractor submitting the lowest bid for San Pablo Avenue Green Stormwater Spine Project. The awarded contract will not exceed \$2 million

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ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: March 11, 2016
To: ABAG Executive Board
From: Brad Paul
Deputy Executive Director
Subject: **Update on ABAG/MTC Merger Study**

Since the last ABAG Executive Board meeting in January, two special meetings of the Joint MTC Planning Committee/ABAG Administrative Committee have taken place. At the first meeting on January 22nd, the consultant team selected for the Merger Study, Management Partners, was introduced. They presented a draft work plan and schedule for the study and solicited comments from committee members. The joint committee also decided to calendar an extra meeting, the fourth Thursday of every month, to work with the consultant team to stay on schedule with the merger study.

The next meeting of the Joint MTC Planning Committee/ABAG Administrative Committee was on February 26th. Management Partners reported back on their research on how other regional transportation and planning organizations were structured, including three in CA (SCAG, SANDAG, SACOG) three others serving Chicago, Washington, D.C. and Puget Sound. There was also discussion about ongoing stakeholder engagement. The packet for that meeting can be found at: <http://abag.ca.gov/meetings/administrative.html>

On March 25th, Management Partners will present the next set of deliverables to the Joint MTC Planning Committee/ABAG Administrative Committee. They will include:

1. An update on the Merger Study
2. An overview of MTC and ABAG planning program areas
3. A Five-Year Financial Forecast for MTC and ABAG, with and without the impact
4. of MTC Resolution 4210
5. An overview of preliminary stakeholder engagement themes
6. Results of the elected officials electronic survey
7. A review and discussion of the proposed merger study principles, problem
8. definition, range of options and evaluation criteria

Management Partners will not be providing an evaluation of any of the proposed options at this time, that will be presented at the April 22nd Joint Committee meeting. At the March 25th meeting, they will be looking for comments and feedback on the principles, range of options and evaluation criteria.

Update on ABAG/MTC Merger Study

March 11, 2016

2

We look forward to providing any new updates at the March 17th ABAG Executive Board meeting and hearing your thoughts and concerns about ongoing outreach efforts and the six items (listed above) that will be the subject of at March 25th Joint MTC Planning Committee/ABAG Administrative Committee meeting.



Date: March 10, 2016
To: ABAG Executive Board
From: Duane Bay
Assistant Director, Planning and Research
Subject: **Draft Housing Action Agenda**

Background

One of the most significant impediments to achieving Plan Bay Area's sustainability and equity goals is the lack of housing affordability, and simply the lack of housing. The shortfall of new homes relative to demand over the past several decades has contributed to high housing costs. The chronic lack of affordable housing options has become most acute in areas of the region with the greatest access to jobs and amenities, but is now experienced by renters and buyers almost everywhere. Accelerated by a booming tech economy, the attractiveness of the Bay Area housing market to foreign capital, and the emergence of the disruptive short-term rental sector, the pervasive and sustained rise in housing costs also translates to displacement of both lower income and middle class households from home neighborhoods and job centers.

What is to be done? Conferences, summits, and hearings have been held at every level—local, county, subregional, regional, and state. The recent forum *Calling the Bay Area Home: Tackling the Housing Affordability and Displacement Challenge* (<http://mtc.ca.gov/tags/calling-bay-area-home>) is a good example. Stakeholders have issued papers. For example, ABAG's *People, Places and Prosperity* and *Displacement in the Bay Area*. The outline of a consensus for action has emerged: we need to build more housing, primarily in already-built areas, especially in Priority Development Areas; we need to promote and enable more "housing affordability" using strategies that fit the variety of local contexts; we need to assure economic inclusion in new developments and resident protection from displacement.

But specifically what is to be done? Various well-informed policy makers and practitioners have proffered over 100 specific "housing solutions," each addressing some critical part of the challenge, and all included in the background material from the recent *Calling the Bay Area Home* forum. From these, staff has sifted those particular housing solutions best matched to ABAG's strongest capacities: research, consensus building, policy leadership, and technical assistance for implementation. As another tool to filter for tasks most appropriate for ABAG initiative, staff employed the following set of principles, which ABAG had suggested for consideration at the Housing Forum as a basis for finding common ground among regional stakeholders.

Draft Housing Action Agenda

March 10, 2016

2

- Every community can do something, and should; and all of it should count.
- Proposed projects that conform to local, regional and state policy should get permits and get built.
- Communities that want to protect residents from displacement or raise funds to preserve housing that's already affordable, or create more, should be enabled to do so.
- Making "Safer Homes in Stronger Communities"—by upgrading vulnerable older structures to conserve resources, survive floods and earthquakes and remain affordable—makes sense.
- Together, we need to make a compelling case for what we know—that a too-tight housing supply and too-high housing costs directly impact community safety, health, education, economic prosperity and GHG—to anyone and everyone who can help invent, install and invest in workable, high-consensus housing solutions region-wide.
- Pooling our resources, with return-to-source protections, makes sense.

Based on these and other inputs, including previous discussions at the Executive Board and Regional Planning Committee over several years, staff is proposing an ABAG Housing Action Agenda, the major tasks of which are outlined in the section immediately following. The outline of major tasks also frames a more detailed breakout of strategies and implementation projects, included as Attachment 8.1. This section is followed by a highlight of three key activity areas that are instrumental to advancing the agenda—formation of a regional housing trust fund; facilitating affordability through housing renovation; and facilitating best practices through research and technical assistance.

Major Tasks

1. Build new homes: help conforming projects get permits and get built.

The region's chronic inability to produce enough new homes to meet the demand has contributed to high housing costs, and has been compounded by the continuing diminution of funding for development of homes that are affordable to moderate-, low-, and very low-income households. Although it is not the only answer to the Bay Area's housing affordability challenge, building new homes, both market and affordable, is critical. We must make it easier to build new housing when it aligns with local land use plans, provide new funding sources to increase housing affordability, and expand the tools that jurisdictions can use to build mixed-income neighborhoods and raise funds for affordability solutions.

2. Unlock and preserve affordability inherent in existing homes.

Almost all of the housing that will be in the Bay Area in 2040 is here today. Some existing homes provide affordability and place-security for homeowners with long-held mortgages. Others, typically older apartment buildings, feature lower market rents or, in some cities, rent stability. We need to preserve homes that are affordable, and unlock affordability potential in our existing housing stock.

Preserving existing housing of all kinds just makes sense. Each year a few thousand deed-restricted rental units are at risk of reverting to market as their affordability contracts and subsidies expire. Thousands of units of housing are removed from our existing supply by conversion to short-term rentals. Many or most mobile home parks, comprising about 60,000 homes, are at risk of closure and redevelopment.

Draft Housing Action Agenda

March 10, 2016

3

Housing renovations, rehabs, and retrofits can preserve affordability while providing many other benefits. Modern seismic code upgrades can save lives and will reduce the Bay Area's current risk of 250,000 instantly displaced households in a major quake. Energy and water retrofits can halve current consumption. Accessory dwelling units (ADUs) can accommodate homeowners' changing family size and activities of daily living while also giving or retaining ADU residents' access to neighborhoods with jobs, services, and amenities. Public funding can accelerate renovations that make residents safer and communities stronger.

3. Empower jurisdictions to act to assure their residents' place-security.

Across the region renters face unprecedented price pressures. Adding new homes will relieve some pressure, except where it accelerates displacement because of rapidly escalating land values. Building more units with long-term affordability will relieve some pressure, but the waiting lists are long and new units cannot be targeted to a neighborhood's existing residents. Acquisition/rehab/conversion of older affordable apartment houses to long-term affordability will give those residents rent stability and place security when they move back in, but these projects take time and money. ADUs will help, especially in high-rent neighborhoods. But helping today's renters today is harder. State law limits local discretion to adopt rent stabilization, just cause eviction, and condominium conversion ordinances.

To enable jurisdictions to act to assure their residents' place-security, we need to: increase the region's housing supply at all income levels, especially affordable homes through new construction, including ADUs; develop funding to preserve existing homes; and support jurisdictions that choose to adopt policies to protect existing residents from economic displacement.

Key Activity Areas

The *Draft ABAG Housing Solution Strategies and Implementation Projects* (Attachment 8.1) presents strategies and associated implementation projects to advance the major tasks outlined above. Most of the implementation projects under consideration employ multiple strategies and serve multiple high-level goals. Based on input from ABAG Executive Board, Regional Planning Committee and stakeholders staff has identified three key activity areas, highlighted below, that will be instrumental in making progress toward substantial and lasting housing solutions: a) formation of a regional housing trust fund; b) facilitating affordability through housing renovation; and c) facilitating best practices through research, education, convening, technical assistance and resource development.

- a) **Regional Housing Trust Fund.** We cannot meet the housing challenges that threaten our regional well-being without a dramatic increase in public funding. Achieving our high-level housing goals will require additional funding for efforts such as increasing affordable housing production; acquisition, rehabilitation, conversion of older rental housing to long-term affordability; integrated residential retrofits that secure seismic safety, water and energy conservation and long-term affordability; mobilehome park preservation or Acquisition/Rehabilitation/Conversion (ARC); conversion to resident coop or non-profit ownership; silent-second shared-appreciation homebuyer assistance loans for work-proximity housing and housing in PDAs; and landbanking of sites identified in Housing Elements which are suitable for affordable housing development.

Draft Housing Action Agenda

March 10, 2016

4

Recent trends indicate we cannot rely on federal or state sources for additional funding for affordable housing. Therefore, we must have substantial new local and regional sources. In response to interest from ABAG Board members, staff will explore the creation of a regional housing trust fund as a way to expand the resources available for affordable housing while complementing and maximizing the effectiveness of existing local housing funds.

Developing a regional funding source will require cultivation of a broad-based regional political constituency for affordable housing. Constituency development will require regional institutional leadership and capacity—a role that ABAG is well positioned to play, given its relationship with local governments and housing stakeholders throughout the region.

ABAG's strengths in research, stakeholder negotiation, technical assistance and advocacy at the state level will also be critical for the organizational and program development of a regional housing trust fund. Attachment 8.2 is a brief paper that identifies key issues, including potential funding sources, uses, and overall structure and proposes next steps toward formation of a regional housing trust fund.

- b) ***Affordability through housing renovation.*** To unlock and preserve affordability inherent in existing homes through renovation, we will advance enabling legislation to remove barriers and gain RHNA credit for ARC and ADUs, and we will work to develop substantial funding through a regional housing trust fund with subfunds for ARC and integrated seismic/conservation retrofits. We will also start by interviewing the experienced practitioners who currently operate the several dozen existing city or county housing renovation programs in the Bay Area to understand at a deep and pragmatic level what combination of technical assistance and funding program guidelines would leverage and accelerate their work. We will look for ways to expedite replication in jurisdictions that are currently less well served.

- c) ***ABAG's Collaboration Platform.*** Solid data, sharp tools and timely technical assistance from ABAG are instrumental to advancing the major housing tasks. ABAG works with cities, counties, MTC, and other partner agencies; in PDAs and corridors; through the Regional Planning Committee, the Bay Area Planning Directors Association, on Plan Bay Area implementation. The housing and economic data that ABAG collects and shares (e.g., the annual housing production reports by affordability level, RHNA sites inventory, and *State of the Region*) provide local governments and other stakeholders with the information they need to make solid policy decisions. ABAG builds on this information by convening peer cohorts for best-practice implementation (e.g., East Bay Corridor Initiative, Local Hazard Mitigation Plan updates) and providing technical assistance (e.g., to catalyze multi-jurisdiction RHNA subregions and impact fee nexus studies, to develop seismic safety ordinances, to develop financing sources for multi-benefit housing retrofits). Finally, ABAG participates in policy leadership (e.g., advocating for RHNA revisions through the state Housing Element Advisory Committee, inserting the *priority development area* and *corridor* concepts into Strategic Growth Council's funding allocation guidelines).

Draft Housing Action Agenda

March 10, 2016

5

Discussion

Staff solicits feedback on the proposed housing action agenda and Regional Housing Trust Fund proposal.

Question: Do the “principles presented above (on page one) reflect a core perspective that can be a useful in filtering and shaping how ABAG engages with member agencies, partner agencies and stakeholders to find common ground solutions to housing inaffordability and place insecurity?

Question: Do the key enabling projects presented above, in the words of President Pierce, “show potential for **significant positive impact** on the current Bay Area housing situation, and **leverage ABAG’s unique capacity to lead collaborative innovation**”?

Question: Are there other concerns or information that Executive Board members would like staff to take into account in setting priorities and formulating the 2016-2017 housing workplan?

Attachments:

Attachment 8.1, *ABAG Housing Solution Strategies and Implementation Projects*

Attachment 8.2, *Draft Proposal for Formation of Regional Housing Trust Fund*

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ABAG Housing Solution Strategies and Implementation Projects

The matrix below presents a set of housing solution strategies to pursue the three high-level housing solution goals. Each strategy is linked to one or more implementation projects. Staff is in the process of developing a 2016 Housing Action Plan that will advance a set of implementation projects at a pace that will depend on resources, constraints, and priorities. Most of the implementation projects under consideration exemplify multiple strategies and serve multiple high-level goals.

1. Build new homes: help conforming projects get permits and get built.

To address this challenge, we must make it easier to build new housing when it aligns with local plans, provide new funding sources to increase housing affordability, and expand the tools that jurisdictions can use to build mixed-income neighborhoods, and raise funds for affordability solutions. Strategies can be combined. For example, a sub-fund of a Regional Housing Trust Fund, supplied directly from Cap & Trade funds, could give highest priority to projects in PDAs with adopted Specific Plans, by-right housing entitlement, displacement mitigation, plus high housing densities and low VMT per capita relative to the regional averages.

Solution Strategies

Implementation Projects

- Incentivize and enable communities to **adopt local Specific Plans in PDAs**, and policies and procedures to **make full use of entitlement streamlining legislation and best-practice.**
- **Support acceleration of development in some of our most ready, most region-benefiting PDAs** by identifying new dedicated funding sources that would be targeted to these critical areas to enable housing, and the infrastructure necessary to support it.
- **Promote development of mixed-income neighborhoods in PDAs** with financing for new affordable rental and for-sale homes, and by incentivizing inclusionary requirements where there is adequate market strength.
- **Re-establish local authority to address effects of local land use decisions** by removing State-imposed limits on local ordinances that can help build mixed-income neighborhoods and raise funds for affordability solutions.

Entitlement Streamlining

*Regionally Prioritized PDAs
Regional Housing Trust Fund w/ Dedicated
Sources*

*Regionally Prioritized PDAs
“Palmer fix” for Inclusionary Rental Dev’t*

*RHNA Reform to recognize local solutions
“Palmer fix” for Inclusionary Rental Dev’t
Lower Voter Threshold for Housing Funds
Prop 13 Reform
Ellis Act Reform*

2. Unlock and preserve affordability inherent in existing homes.

Together, numerous complementary strategies—home repair, ADUs, affordability contract extensions, mobilehome park preservation, multi-benefit retrofits, acquisition/rehab/conversion (ARC)—can improve access to neighborhoods with jobs, services, good schools and other amenities; make homes safer and more resource efficient while expanding affordability; and better fit occupants’ changing needs and family size.

Local jurisdictions and the region can achieve multiple benefits by considering these objectives holistically. For example, one jurisdiction, with no water hook-up capacity to spare, allowed a non-profit housing developer to transfer water savings from a renovation project to permits for a new building. Another jurisdiction used in-lieu fees from a nearby market-rate development to pay for a non-profit’s “rescue” of a seismically unsafe, lower-rent apartment house that was also water and energy inefficient.

Solution Strategies

Implementation Projects

- | | |
|--|--|
| <ul style="list-style-type: none"> • Recapitalize the Bay Area’s many effective loan programs that help middle-income homebuyers compete effectively for pre-owned homes in established neighborhoods. | <p><i>RHNA Reform to recognize local solutions</i>
<i>Regional Housing Trust Fund</i>
<i>Shared-Appreciation Homebuyer Loan Subfund</i></p> |
| <ul style="list-style-type: none"> • Help willing jurisdictions and homeowners understand the benefits of, and remove impediments to, creating more accessory dwelling units (ADUs), which enable living arrangements that support aging in place; accommodate family members who cannot yet, or can no longer, compete in the open market; and grant access to established neighborhoods for smaller/lower-income households of all ages. | <p><i>RHNA Reform to recognize local solutions</i>
<i>Regional Housing Trust Fund</i>
<i>Facilitate ADUs/DADUs/JADUs</i></p> |
| <ul style="list-style-type: none"> • Renew long-term affordability contracts to prevent the loss of existing deed-restricted affordable units. | <p><i>Regional Housing Trust Fund</i>
<i>At-Risk Affordable Housing Refinance Sub-Fund</i></p> |
| <ul style="list-style-type: none"> • Remove barriers to effective, higher-volume acquisition/rehab/conversion (ARC) programs. | <p><i>RHNA Reform to recognize local solutions</i>
<i>Improve Tax-Credit Efficiency for ARC</i>
<i>Regional Housing Trust Fund</i>
<i>Regional Housing Trust Fund ARC Sub-Fund</i></p> |
| <ul style="list-style-type: none"> • Aggressively pursue an integrated seismic, water, and energy conservation initiative, as part of ARC program acceleration. | <p><i>Seismic/Conservation Retrofit Best-Practice)</i>
<i>Regional Housing Trust Fund</i>
<i>Seismic/Conservation Retrofit Sub-Fund</i></p> |
| <ul style="list-style-type: none"> • Support equitable regulation of short-term rentals that diminish rental housing supply. | <p><i>Short-term Rental Best-Practice</i></p> |
| <ul style="list-style-type: none"> • Facilitate preservation of mobilehome parks, by identifying best practices and developing dedicated funding. | <p><i>Preserving Mobilehome Parks Best-Practice</i>
<i>Regional Housing Trust Fund</i>
<i>Mobilehome Park Preservation Sub-Fund</i></p> |

3. Empower jurisdictions to act to assure place security for residents

To address these challenges requires strategies to increase the housing supply at all income levels, especially affordable homes through construction of new units and approval of ADUs; preserve existing housing, particularly affordable homes, and local adoption of policies to protect existing residents from displacement as a result of economic pressures.

Solution Strategies

- Re-establish local jurisdictions’ authority to address effects of local land use decisions by removing State-imposed limits on local ordinances that can protect residents from displacement, build mixed-income neighborhoods, and raise funds for affordability solutions.
- Legislation to remove barriers to ARC: technical adjustments to current regulations to enable full utilization of relatively plentiful over-the-counter (4%) tax-credits that, when combined with bond financing, are key to ARC projects; full RHNA credit for ARC; a reduction of the 2/3 voter threshold for affordable housing bond financing and special taxes.
- Help willing jurisdictions and homeowners understand the benefits of, and remove impediments to, creating more accessory dwelling units.
- Develop a pool of regional funding to sustain ADU and ARC programs, regularly replenished by reliable dedicated revenue sources, with allocation preference to jurisdictions that have resident protections in place.

Implementation Projects

“Palmer fix” for Inclusionary Rental Dev’t
Costa-Hawkins Reform
Prop 13 Reform
Ellis Act Reform

RHNA Reform to recognize local solutions
Improve Tax-Credit Efficiency for ARC
Regional Housing Trust Fund
Regional Housing Trust Fund ARC Sub-Fund
Lower Voter Threshold for Housing Funds

Legislation to Facilitate ADUs/DADUs/JADUs
Tech. Asst. to Facilitate ADUs/DADUs/JADUs

Regional Housing Trust Fund
At-Risk Affordable Housing Refinance Sub-Fund

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This proposal is conceptual, meant to introduce the concept and stimulate discussion.

Draft Proposal for Formation of a Regional Housing Trust Fund

The Bay Area cannot meet the housing challenges that threaten our regional wellbeing without a dramatic increase in dedicated public funding for affordable housing. As State and Federal funding sources have largely dried up, new local and regional funding sources have become crucial in filling in the void. The creation of a flexible regional source of funding could help expand the resources available for affordable housing while complementing and maximize the effectiveness of existing local housing funds.

Developing a regional funding source will require cultivation of a broad-based regional political constituency for preserving and developing housing that is affordable. Constituency development will require regional institutional leadership and capacity—a role that ABAG is well positioned to play, given its relationship with local governments and housing stakeholders throughout the region. ABAG’s strengths in research, stakeholder negotiation, technical assistance and advocacy at the state level will also be critical for the organizational and program development of a regional housing trust fund.

What is a housing trust fund?

By classic definition, housing trust funds (HTFs) have a sustained dedicated source of funds, specific dedicated uses of funds, and public oversight appropriate to a defined geographic service area. By this definition, there are at least 76 HTFs in the Bay Area, run by cities, counties, Joint Powers Authorities (JPAs) or public/private non-profits.¹ These HTFs administer housing grants and loans that use existing funds and funding streams, and many of them also work to develop program innovations to attract new funding sources. The Bay Area also benefits from the good work of several well-known region-wide funds (e.g., TOAH) and Community Development Financial Institutions (CDFIs) that are effective but are not technically housing trust funds, because they are either private or they do not have a sustained funding source.

Currently the Bay Area has no regional housing trust fund. To avoid duplicating existing efforts or competing with local funding sources, there must be a viable, sustainable niche for a regional housing trust fund (RHTF) that can **raise substantial new capital** for grants and loans to address critical housing challenges, and do so in ways that leverage the work of our many excellent HTFs and CDFIs. The purpose of this brief paper is to outline salient issues related to formation of an RHTF—from uses to sources to mechanism—and propose next steps.

How might a RHTF use its funds?

The following uses and characteristics are believed to be high-impact and insufficiently addressed by existing funding sources:

Proposed Uses

- Acquisition / rehabilitation / conversion (ARC) of older rental housing to long-term affordability
- Mobilehome park preservation or ARC to resident co-op or non-profit ownership
- Integrated retrofits that secure seismic safety, water and energy conservation, and long-term affordability
- Silent-second, shared-appreciation homebuyer assistance loans for work-proximity and in PDAs²
- Accessory Dwelling Unit (ADU) catalyst³
- Landbanking housing sites identified in Housing Elements

Proposed Use Characteristics

- Make grants and very-long-term pay-as-you-can loans, rather than or in addition to the short-term or medium-term loans available through most private CDFI programs
- Use regional housing trust funds to collateralize loan guarantees for private CDFI loans for affordable housing and related public works, which would reduce risk-indexed interest rates and reduce delays due to complex underwriting
- Use local adoption of regional best-practice policies for displacement protection and mixed-income inclusion as filter criteria or preference criteria for loan/grant making.
- Make funding available to communities throughout the region, but focus on PDAs or subsets of PDAs such as corridors or Regionally Prioritized PDAs with high housing density, transit proximity, green infrastructure, hazard mitigation, mixed-income development, and resident protections
- Purchase outstanding performing loans from existing local and subregional HTFs so they could immediately relend the money for RHTF program priorities

What funding sources might a RHTF use?

A substantial dedicated public revenue source is essential to anchor an RHTF. The relevant order of magnitude is hundreds of millions of dollars per year.⁴ Among the most promising sources are the following:

- Petition the Strategic Growth Council to devolve a portion of unallocated Cap & Trade funds to regional councils of governments (COGs) or metropolitan planning organizations (MPOs) to allocate to projects in PDAs that qualify as “Regionally Prioritized PDAs” because they will make a major improvement to the regional jobs/housing fit and are in low-VMT (vehicle miles traveled) areas.
- Support or develop a ballot measures for a regional development impact fee or document recording fee, if necessary beginning with State legislation to simplify the process.

- Support or develop State legislation to devolve a portion of State sales tax subventions (above a previous high-water mark) to regional government to be allocated for housing and housing infrastructure projects according to a plan adopted by the COG and ratified by a majority of jurisdictions representing a majority of population. Grant exemption to any jurisdiction that meets thresholds for housing production, affordable housing provision and housing/jobs balance.⁵ An exempt jurisdiction could keep its full status quo 1% sales tax subvention and opt out of receiving any of the pooled regional funds.
- Once established, the RHTF would be a natural depository (with return to source provisions) for smaller jurisdictions' impact fees or inclusionary in lieu fees that lie fallow pending the next local project.
- The RHTF could serve as intermediary to pilot sanctioned subregional RHNA swaps of housing for dollars or water allocation, or to recognize (perhaps with matching funds or allocation preference) in-kind contributions made by jurisdictions to affordable housing developments such as waiving or deferring fees, or ground-leasing public land.
- Funders' promoting particular uses could partner to set up subfunds, for example, a subfund for seismic and conservation retrofits in communities of concern in East Bay Corridor Initiative communities.

How might a RHTF be structured and administered?

Presumably, an integrated regional governmental entity would have the charter, credibility, support and resources necessary to launch and sustain a regional housing trust fund. Therefore, governance would be vested in the merged entity itself, or an appointed board subcommittee or an affiliated board.

It would also make sense for certain centralized functions to be performed by staff of the governing entity, or by a singular administrative entity under contract, while contracting out other functions to qualified existing local and subregional program operators, experienced public and private (CDFI) originators of loans and grants, who would perform front-line grant and loan administration. Working through qualified existing program operators would avoid creating new bureaucracy to perform necessary program administrative functions. Additionally, it is these very program operators with whom local grantees or loan recipients must work on a regular basis to get funding and permits, and with whom funders, planners, service vendors, and local elected officials have established working relationships.

Centralized functions

- Policy and participation leadership
- Executive management
- Staffing the governing entity to establish high-level policy and strategy
- Fund development through voter information, grant writing, capital campaigns

- Fiscal management of funds and subfunds, reporting, transactional accounting to make block grants or buy loans; and
- Oversight of qualified local and subregional program operators performing front-line grant and loan administration under contract.

Grant and Loan Administration

- Administer state and federal environmental protection and labor law regulations
- Evaluate specific project proposals
- Underwrite and originate loans
- Oversee projects (progress inspection, cash release management)
- Manage loan portfolio (collections, annual inspections, ad hoc refinance requests)

Next Steps

Project Initiation

- Secure approval to continue conceptual development
- Seek funding for a feasibility study and conceptual development
- Charter a subcommittee of the Regional Planning Committee as a sounding board
- Coordinate with appropriate MTC staff and committees
- Assign a project lead tasked to bring back a workplan to the ABAG Executive Board

Presumably, the workplan, once developed, would include at least the following steps:

- Refine prospective uses by conducting a rapid scan of existing programs that offer comparable “products” to proposed RHTF priorities, then conduct in-person meetings with representative program operators and loan/grant recipients in order to identify gaps and leverage points with precision.
- Prepare preliminary analysis of the technical feasibility and potential scale of prospective sources.
- Building on previous steps, conduct a political feasibility analysis through a combination of polling, legislator interviews, and stakeholder outreach.

¹ Examples of entities in the Bay Area that meet the classic housing trust fund definition are: Local Housing Trust Funds qualified to receive State Prop 1C LHFP funds (7), or CDBG Revolving Loan Funds for housing rehabilitation (25), or restricted funds holding local impact fees or in lieu fees (64), or post-RDA Successor Housing Agency trust funds (74).

² For example, a trust fund loans a qualified homebuyer 10% of purchase price; homeowner makes no monthly payments; at time of resale, the trust fund gets 10% of any appreciation (selling price minus purchase price). Homebuyer qualification is based on income and credit worthiness. Property qualification is based on proximity to homebuyer's workplace and/or a priority development area. The regional housing trust fund could originate these loans, but in a more streamlined approach, the loan would be made by a city or county program, then the regional housing trust fund would revolving their funds by purchasing the outstanding loan so that the local program could fund more loans to assist more homebuyers.

³ Homeowners who are unable to pay for the planning, permitting and construction of an attached or detached accessory dwelling unit (ADU or DADU) from personal funds or a general line of credit collateralized by their home equity typically have difficulty getting a project loan from traditional commercial sources. Public sources, such as city or county home rehabilitation loan programs have the requisite experience to help homeowners through a renovation process, and have excellent leverage to promote or require seismic, water, energy measures co-benefits, but may have very limited funds. A regional fund could expand these city/county programs by revolving their funds, that is, purchasing outstanding loans for completed ADU or DADU project so that funds could be relent to build the next ADU/DADU.

⁴ Here are several points of reference as to scale. Raising adequate funds to match, dollar for dollar, all locally-originated gap funding (not pass-throughs of state or federal money) would require about \$100 million annually. Raising funds equivalent to the amounts formerly flowing into redevelopment agencies' housing trust funds would require about \$250 million annually. Taking into account existing local, state and federal funding streams, as well as typical funding mix proportions among these sources, \$100 million to \$250,000 million of new funding through a regional housing trust fund would translate to creating 1,000 to 3,000 additional permanently affordable homes each year. This would make a substantial contribution toward the Plan Bay Area Regional Housing Needs Allocation target of 14,000 annually, and appears even more substantial when compared to the approximately 5,000 per year average during the 2007 to 2014 planning cycle.

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Date: March 10, 2016

To: ABAG Executive Board

From: Miriam Chion
Director, Planning and Research Director

Mark Shorett
Senior Regional Planner

Subject: **Plan Bay Area 2040—Local Jurisdiction Engagement**

Plan Bay Area 2040 is a limited update to the first Plan Bay Area adopted in 2013. The update provides an opportunity to consider the core issues addressed in the Plan and to refine the growth pattern and transportation investments included in the first Plan. To be successful, the Plan must be implementable on the ground; its land use, transportation and policy strategies must be realistic tools for local staff and elected officials across the region to solve shared challenges. This memo highlights ABAG engagement with local staff around the development of Plan Bay Area 2040, as well as efforts following the adoption of the first Plan that provide momentum for successful collaboration in shaping and implementing the update.

1) **Creating Plan Bay Area 2040: Continued Collaboration**

Over the past year, staff worked with city, county and congestion management agency (CMA) planners, elected officials, and stakeholders, in collaboration with MTC, to shape the initial approach to Plan Bay Area 2040. This collaboration will continue through the anticipated adoption of Plan Bay Area 2040 in 2017. Highlights include:

Scenario Feedback

To ensure that the Plan Bay Area 2040 land use strategy is implementable, ABAG staff engaged local planners from each of the region's 101 cities and 9 counties to review a preliminary draft set of three land use scenarios. Feedback from this process provides a reality check on the preliminary set of job and housing figures produced by staff, and helps inform refinements to the scenarios that will culminate in the public draft released later this spring.

City Council Outreach

To provide an overview of Plan Bay Area 2040 and listen to the unique challenges facing local communities, ABAG staff made presentations to City Councils and committees across the region. In addition to the 23 presentations to date, eight are planned and staff is available to provide additional presentations. In some cases, local staff expressed a preference for updating council on their own; in these cases, ABAG staff provides support in

Plan Bay Area 2040—Local Jurisdiction Engagement

March 10, 2016

2

preparing for the presentations and responding to questions from the public and elected officials.

Local Planning Directors

In addition to soliciting and reviewing local feedback on citywide and Priority Development Area housing and job distributions, ABAG county planners made presentations at County planning director meetings to answer detailed questions about the methodology being utilized to produce the scenarios and provide an overview of the Plan process—including the multiple future opportunities for local input.

ABAG Delegates

Staff meet periodically with ABAG delegates to provide Plan updates and solicit feedback; these meetings will continue as the planning process moves forward toward adoption.

2) Building on Plan Bay Area Implementation Partnerships

Since adoption of Plan Bay Area in 2013, ABAG staff has engaged local jurisdiction staff to: a) identify obstacles to implementing the Plan; b) provide technical support to overcome these obstacles; and c) design and implement programs that coordinate implementation actions across jurisdictions, regional agencies, special districts, and other stakeholders.

This round of Plan Bay Area engagement builds upon successful implementation efforts following adoption of Plan Bay Area 2013. These include:

- ***Listening Sessions:*** To shape implementation initiatives, ABAG and MTC organized listening sessions with city and county staff across the region in late 2013 to identify key challenges to implementing Plan Bay Area and adopted local plans for PDAs. These sessions informed the implementation actions pursued during 2014, 2015 and 2016, including the corridors initiatives, entitlement efficiency, place making, and adjustments to the planning grant and technical assistance programs.
- ***Regional Planning Grants:*** ABAG staff is providing project level management of the sixth round of regional PDA planning grants, with MTC providing overall program administration. ABAG regional planners work closely with local staff, acting as a technical resource to complete plans and provide a regional perspective on key issues. To date, these grants have created capacity for nearly 70,000 new homes and more than 100,000 jobs in places with convenient transit and local services. In addition to the planning grants, staff works with MTC and consultants to provide targeted technical assistance that addresses specific challenges such as parking management, as well as temporary staffing to meet shortages created by budget challenges.
- ***East Bay Corridors Initiative:*** Fifteen East Bay communities and ABAG established the East Bay Corridors Initiative, which coordinated six successful applications for state Affordable Housing and Sustainable Communities funding and is currently developing implementation actions to address multi-jurisdictional issues such as earthquake risk, public health, and placemaking.
- ***Grand Boulevard Initiative:*** ABAG continues to collaborate with San Mateo and Santa Clara county cities to advance a shared vision for El Camino Real and CalTrain Station areas. Since 2013, a wide range of major development projects have been constructed or permitted that realize this community-based vision.

Plan Bay Area 2040—Local Jurisdiction Engagement

March 10, 2016

3

- **Priority Conservation Area (PCA) Program Update:** Staff worked with North Bay jurisdictions, farmland and open space organizations, and the scientific community to update the Priority Conservation Area (PCA) program. The revised program, adopted by the Executive Board in 2014, sets the stage for funding science- and community-based projects that will maintain and expand the region's agricultural, wildlife, and recreation resources. Staff is collaboratively managing the next round of planning grants with funding from MTC.
- **Regional Centers Coordination:** ABAG is convening planning directors and city officials from the Bay Area's three most populous cities—San Jose, San Francisco and Oakland—to identify shared priorities and [implementation actions] to support not only these cities but also neighboring cities and jurisdictions that are home to members of the workforce of the cities' major employers.
- **Entitlement Efficiency:** Planners and developers throughout the Bay Area identified changes to the environmental review process to support infill development as a major opportunity to implement Plan Bay Area and local plans. ABAG staff has worked with the State Office of Planning and Research (OPR), infill developer organizations, and staff from regulatory agencies to identify ways to promote sustainable development without compromising environmental quality. Staff continues to provide technical assistance to local jurisdictions seeking to implement new state policies such as SB375 and SB743 that reduce obstacles to development consistent with local PDA plans.
- **Placemaking:** Executive Board members identified a focus on the quality of places in PDAs as an important complement to ABAG's traditional focus on job and housing growth figures. The ABAG placemaking initiative engaged local staff, urban designers, educators, Executive Board members and developers to create a platform for collaboration to make PDAs complete, inclusive communities with great public spaces. This included a report—*Placemaking in the Bay Area*—as well a portal for Bay Area residents to post "Place Stories" and create an ongoing discussion about how our communities evolve.

3) Key Milestones

Key milestones have been solidified for the Plan update:

- **April 2016:** Transportation Operations and Maintenance Needs Assessments; Transportation Project Performance Assessment
- **May 2016:** Defined Land Use and Transportation Scenarios; Scenario/Targets Evaluation
- **May/June 2016:** Public Workshops/Open Houses
- **September 2016:** Adoption of Preferred Scenario

4) Next Steps

In 2016 and 2017, ABAG staff, in concert with MTC, will continue to work collaboratively with local staff and elected officials to shape and refine the scenarios, policies and projects included in Plan Bay Area 2040. This will involve:

- Updates and engagement with the ABAG Executive Board and Regional Planning Committee
- Ongoing City Council and Planning Commission presentations

Plan Bay Area 2040—Local Jurisdiction Engagement

March 10, 2016

4

- Continued implementation of regional and sub-regional programs such as the PDA and PCA planning grants, Corridors Initiatives, and regional centers coordination
- Ongoing presentations to county planning director and congestion management director organizations

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: March 9, 2016
To: ABAG Executive Board
From: Kenneth Moy
Legal Counsel
Subject: **375 Beale Street**

Summary

The Association of Bay Area Governments (ABAG) will be exchanging its condominium interest at 101 8th Street for a condominium to be created at 375 Beale Street, San Francisco. For the reasons stated below, ABAG may need to execute and deliver certain real estate documents before the May Executive Board meeting. I respectfully request that the Executive Board delegate to the Administrative Committee the power to authorize execution and delivery of such documents.

Background and Discussion: In 2012, policymakers from ABAG and BAHA negotiated the terms of a Memorandum of Understanding dated February 13, 2013 (MOU), attached, under which ABAG would relocate its headquarters to 375 Beale Street (375 Beale). The following are the salient provisions of the MOU¹:

- (1) ABAG exchanges its condominium interest at 101 8th Street for a condominium interest to be created at 375 Beale Street (ABAG Unit);
- (2) BAHA delivers the ABAG Unit in “turnkey” condition and designed to the same standards as the space to be occupied by MTC and the Bay Area Toll Authority (“BATA”);
- (3) BAHA pays for ABAG’s moving costs;
- (4) BAHA will execute space plans providing for basic functionalities such as the number of offices/workstations and storage space as well as access to common facilities such as conference rooms, IT facilities, pantries, etc.;
- (5) ABAG passes through \$4.2 Million from MTC to BAHA for capital tenant improvements in the ABAG Unit;
- (6) ABAG’s share of the annual Common Expenses at 375 Beale Street plus ABAG’s annual costs for utilities and janitorial services for ABAG Unit shall not exceed \$314,000

¹ A provision that ABAG pays its share of seismic retrofit costs at 101 8th Street has been satisfied.

375 Beale Street

March 17, 2016

2

adjusted annually for inflation as measured by the CPI for San Francisco – Oakland – All Urban Consumers, commencing on the date ABAG moves into the ABAG unit;

- (7) Subject to adequate demand, shuttle service from the Embarcadero BART station to 375 Beale will be provided for all public agency board and committee meetings; and
- (8) BAHA will provide an on-site food market/deli and coffee shop on the ground floor space of 375 Beale.

In addition, draft versions of the Declaration of Covenants, Conditions and Restrictions (CC&Rs) for 375 Beale Street and the Purchase and Sale Agreement and Joint Escrow Instructions (PSA) were attached to the MOU. Since then, ABAG and BAHA have been refining the PSA. ABAG, BAAQMD and BAHA have been refining the CC&Rs

For the purposes of the real estate transaction, these are the current critical aspects of the project:

- move-in date will be based on issuance of a Permit of Occupancy and the time needed to mobilize the moving firm (anticipated move-in in May);
- the condominium process for 375 Beale will likely be completed in late Summer or early Fall; and
- BAHA to lease the ABAG Unit to ABAG from the move-in date until the real estate exchange is completed with no base rent but with ABAG paying its share of Common Expenses (subject to the cap described above).

Recommended Action

The CC&Rs, PSA and lease are still under negotiation. I anticipate that ABAG will need to execute one or more of these documents before the May meeting of the Executive Board. In order to stay on the proposed/anticipated schedule, I am requesting that the Executive Board delegate to the Administrative Committee, the power to authorize execution and delivery of all documents reasonably necessary to effectuate the early occupancy of the ABAG Unit under the lease and the exchange of ABAG's condominium interest at 101 8th Street for the ABAG Unit, including but not limited to the CC&R's, PSA and the lease between ABAG and BAHA.

Attachment

MOU between BAHA and ABAG

MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING, dated as of February 13, 2013 by and between the BAY AREA HEADQUARTERS AUTHORITY (“BAHA”), a joint powers authority established by the Metropolitan Transportation Commission (“MTC”) and the Bay Area Toll Authority (“BATA”) pursuant to the California Joint Exercise of Powers Act, consisting of California Government Code Sections 6500 through 6599.3 (“Act”), and the ASSOCIATION OF BAY AREA GOVERNMENTS (“ABAG”), a joint powers authority established by the San Francisco Bay Area’s cities, towns and counties pursuant to the Act:

WHEREAS, BAHA is the owner of certain real property (the “Property”) located at 390 Main Street in the City and County of San Francisco, State of California; and

WHEREAS, the Property consists of a building (the "Facility") comprised of 518,000 gross square feet over eight floors, each of which are identical 64,350-square-foot rectangular plates, measuring 234 by 275 feet, and the ground level which contains approximately 100 parking spaces; and

WHEREAS, BAHA will divide the Facility into two separate components, with approximately 260,000 square feet allocated to the development of separate condominium units to be acquired or leased by governmental agencies, who will also share certain jointly used and common areas (the "Agency Space") and the balance of the Facility to be owned and retained by BAHA for future expansion of the Agency Space and leased by BAHA to public and commercial sector tenants until expansion occurs; and

WHEREAS, BAHA has entered into an architectural and engineering contract to design and plan the retrofit and remodel the Facility, including the creation of individual tenant or condominium units, and concurrently therewith or subsequent thereto will enter into a construction contract or contracts to execute the retrofit and remodel, at BAHA's sole cost; and

WHEREAS, ABAG and MTC each hold condominium interests in the MetroCenter, located at 101 Eighth Street, Oakland, California 94607 (the “MetroCenter”); and

WHEREAS, it is the desire and intention of BAHA to subdivide the Agency Space at the Facility into three (3) separate condominium units, which will be owned by BAHA and leased or sold to other government agencies, including the Bay Area Air Quality Management District and ABAG, and to impose thereon mutually beneficial restrictions under a general plan or scheme of improvement for the benefit of all of said condominiums and the owners thereof;

WHEREAS, such mutually beneficial restrictions are to be memorialized in a Bay Area Facility Declaration of Covenants (“CCRs”), a form of which is attached hereto as Appendix 1, and which shall be recorded by BAHA at or about the time of occupation of the Facility; and

WHEREAS, ABAG and BAHA intend to enter into a Purchase and Sale Agreement and Joint Escrow Instructions, a form of which is attached hereto as Appendix 2 (“ABAG Purchase

Agreement”) for the purchase by ABAG from BAHA of condominium space within the Agency Space in exchange for ABAG’s condominium interests in the MetroCenter; and

WHEREAS, ABAG and BAHA wish to memorialize certain ancillary terms related to the purchase by ABAG of the Agency Space, and which are not otherwise covered by the ABAG Purchase Agreement or the CCRs;

NOW, THEREFORE, BAHA and ABAG, for valuable consideration, agree to the following additional terms as follows:

1. BAHA shall deliver the ABAG’s portion of the Agency Space to ABAG in “turnkey” condition, designed to the same standards as the space to be occupied by MTC and the Bay Area Toll Authority (“BATA”).

2. BAHA shall pay for ABAG’s moving costs, which shall be provided by the same vendor moving MTC and BATA, and which move shall be coordinated with MTC and BATA to provide efficiencies of cost and scale. BAHA shall direct the move and have control over decisions related to the logistics thereto.

3. ABAG shall provide \$4.2 million for capital tenant improvements to the Agency Space from funds provided by MTC to ABAG per the funding framework approved by MTC in February.

4. BAHA will execute space plans providing for the functionalities described in Appendix 3, and assigned conference rooms within ABAG space, separate filing area to accommodate 2,000 linear feet of active files and intern workstations.

5. ABAG shall pay in full its share of the MetroCenter’s Seismic Retrofit Local Match (\$90,920) from its own funds.

6. ABAG’s share of the annual Common Expenses at the Facility plus ABAG’s annual costs for utilities and janitorial services for the unit ABAG occupies in the Facility that are not included in that year’s Common Assessment shall not exceed \$314,000 adjusted annually for inflation as measured by the CPI for San Francisco – Oakland – All Urban Consumers, commencing July 1, 2014, or the date ABAG occupies its unit at the Facility, whichever occurs later. ABAG and BAHA shall agree on a methodology to implement this provision. All capitalized terms not defined herein shall have the meanings ascribed to them in the CCRs.

7. Subject to adequate demand, shuttle service from the Embarcadero BART station to the Facility will be provided for all public agency board and committee meetings. BAHA shall determine, in consultation with ABAG, what constitutes “adequate demand.”

8. BAHA will provide an on-site food market/deli and coffee shop on the ground floor space of the Facility adjacent to the Board Room and will include alternate seating accommodations for staff and elected officials. Further, the design and proposal process will

include an exploration of ways to create an amenity for the building and make on-site food affordable to building occupants.

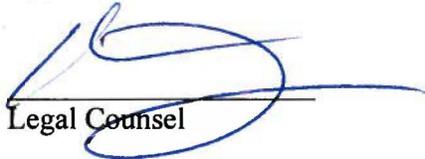
9. The ABAG Purchase Agreement and the CCRs in the forms attached hereto substantially reflect the additional terms ABAG and BAHA desire to memorialize as the transaction between the two agencies. ABAG and BAHA shall proceed to conclude negotiation of, and execute said documents in due course.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding as of the date first above written.

ASSOCIATION OF BAY AREA
GOVERNMENTS

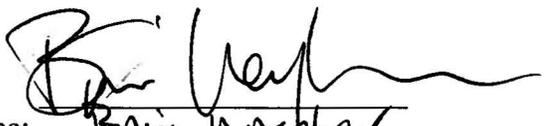
By: 
Name: Ezra Rapport
Its: Executive Director

Approved as to form:


Legal Counsel

BAY AREA HEADQUARTERS
AUTHORITY

By: 
Name: _____
Its: Executive Director

By: 
Name: Brian Washburn
Its: Treasurer-Auditor

Approved as to form:


General Counsel

J:\CONTRACT\Contracts-New\Con BAHA\390 Main Purchase\Purchase Agreements\MOU between ABAG and BAHA 390
Main Condo acquisition_final.docx

APPENDIX 1

[FORM OF BAY AREA FACILITY DECLARATION OF COVENANTS]

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF THE

AGENCY SPACE

AT

390 MAIN STREET

SAN FRANCISCO, CALIFORNIA

BY THE

BAY AREA HEADQUARTERS AUTHORITY

DATED: _____, 201~~1~~₂

Recorded: _____

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I Declaration, Designation of Units and Common Area	2
Section 1.01. Declaration	2
Section 1.02. Designation of Units and Common Areas.....	2
ARTICLE II Definitions.....	3
Section 2.01. Defined Terms.....	3
ARTICLE III Relationship of Unit Owners	7
Section 3.01. Relationship of Parties	7
Section 3.02. Membership.....	7
ARTICLE IV Management.....	7
Section 4.01. Management of Agency Space.....	7
Section 4.02. Authority of the Board	8
Section 4.03. Intentionally Omitted.	9
Section 4.04. Authority of the Facility Operator.....	9
ARTICLE V Rights and Responsibilities of Unit Owner	13
Section 5.01. Exclusive Ownership and Possession	13
Section 5.02. Leasing.	13
Section 5.03. Maintenance of Unit.....	14
Section 5.04. Alterations to Common Areas.....	14
Section 5.05. Alterations to Unit.....	14
Section 5.06. Suppliers' or Contractors' Liens, Unit Owner's Liability for Liens.....	14
Section 5.07. Taxes, Assessments, Utilities, etc	15
Section 5.08. Liability for Obligations Under the Declaration	15
Section 5.09. Use Affecting Insurance Premiums.....	15

Section 5.10.	Compliance with Laws and Rules	16
Section 5.11.	General Restrictions on Use	16
Section 5.12.	Special Equipment.....	17
ARTICLE VI	Easements	17
Section 6.01.	Utilities	17
Section 6.02.	Encroachment.....	17
Section 6.03.	Maintenance and Repair.....	17
Section 6.04.	Nonexclusive Easements.....	17
Section 6.05.	Right of Access	18
Section 6.06.	[Reserved].	18
Section 6.07.	Restricted Easement	18
Section 6.08.	Reserved Exclusive Easement for BAHA Emergency Power System. 19	
ARTICLE VII	Assessment and Collection Procedures	20
Section 7.01.	Covenant for Assessments, Creation of Lien, Personal Obligation	20
Section 7.02.	Common Assessments.....	20
Section 7.03.	Extra Common Assessment	20
Section 7.04.	Special Assessments.....	20
Section 7.05.	Proration of Common Assessments.	20
Section 7.06.	Date of Commencement of Assessments; Due Dates; Charges for Late Payments	21
Section 7.07.	Assessments Deposited in Maintenance Fund Bank Account; Disposition of Unexpended Funds.....	21
Section 7.08.	Effect of Nonpayment of Assessment; Delinquency; Notice of Assessment.....	22
Section 7.09.	Acceleration	23

Section 7.10.	Notice of Default; Foreclosure Sale	23
Section 7.11.	Curing of Default	23
Section 7.12.	Rights of Board; Waiver of Owners.....	23
Section 7.13.	Remedies Cumulative	24
Section 7.14.	Failure to Fix Assessments.....	24
Section 7.15.	Liability for Assessments	24
Section 7.16.	Contributions.....	24
ARTICLE VIII	Insurance; Damage and Destruction; Eminent Domain.....	25
Section 8.01.	Authority to Purchase.....	25
Section 8.02.	Manner of Purchase.....	25
Section 8.03.	Insurance Specifications.....	25
Section 8.04.	Unit Owner Insurance	28
Section 8.05.	General Insurance Conditions.	29
Section 8.06.	Decision to Repair or Restore.	29
Section 8.07.	Proceeds of Property Insurance - How Settled and Paid.....	31
Section 8.08.	Eminent Domain.	32
Section 8.09.	Unit Mortgagee's Right to Require Independent Trustee.....	33
ARTICLE IX	Restrictions on Transfer; Actions for Partition.....	34
Section 9.01.	Unity of Interests.....	34
Section 9.02.	Right to Partition	34
Section 9.03.	Proceeds of Sale Incident to Partition	34
Section 9.04.	Priority on Leases, Sales and Transfers.	34
Section 9.05.	Interest in Maintenance and Reserve Fund	35
Section 9.06.	Conveyance of Condominiums	35
Section 9.07.	Transfer of Membership.....	35

Section 9.08.	Rights of First Refusal – Sale.....	36
Section 9.09.	Right of First Refusal - Lease	39
Section 9.10.	[Reserved]	40
Section 9.11.	[Reserved]	40
Section 9.12.	[Reserved]	40
Section 9.13.	Rights in the Event of Foreclosure	40
Section 9.14.	Recomputation of Interest	41
Section 9.15.	Other Encumbrances	41
ARTICLE X	Mortgage Protection.....	41
Section 10.01.	Warranty	41
Section 10.02.	No Impairment	41
Section 10.03.	Reserve Fund.....	42
Section 10.04.	Subordination	42
Section 10.05.	Amendment of Declaration	42
Section 10.06.	Additional Subordination Agreements.....	42
Section 10.07.	Prior Written Approval of Mortgagees	42
Section 10.08.	Written Notification Obligation	43
Section 10.09.	Right to Inspect	43
Section 10.10.	Notice of Damage.....	43
Section 10.11.	Notice of Condemnation Proceeding	44
Section 10.12.	Authority of Unit Owners to Cure Default.....	44
Section 10.13.	Mortgagee Protection Clause	44
Section 10.14.	Status of Loan to Facilitate Resale	44
Section 10.15.	Right of First Refusal Inapplicable to Mortgagee.....	44
Section 10.16.	Conflict with Other Provisions.....	45

ARTICLE XI	Compliance, Liability, Breach and Default	45
Section 11.01.	Compliance and Breach	45
Section 11.02.	Liability	45
Section 11.03.	Right of Entry	45
Section 11.04.	Nuisance	45
Section 11.05.	Breach of Duty to Maintain.....	45
Section 11.06.	Enforcement	46
Section 11.07.	Remedy at Law Inadequate	46
ARTICLE XII	General Provisions	46
Section 12.01.	Severability.....	46
Section 12.02.	Liberal Construction.....	46
Section 12.03.	Waiver	46
Section 12.04.	Number and Gender	47
Section 12.05.	Headings; References	47
Section 12.06.	Notices.....	47
Section 12.07.	Covenants Running with the Land	47
Section 12.08.	Amendment of Declaration	47
Section 12.09.	Term of Covenants, Conditions and Restrictions.....	47
Section 12.10.	Successors and Assigns	47
Section 12.11.	Joint and Several Liability.....	48
Section 12.12.	Priority of Governing Instruments	48
Section 12.13.	Arbitration of Dispute	48

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE AGENCY SPACE

This DECLARATION, made and entered into this ___th day of _____, 2012, by the BAY AREA HEADQUARTERS AUTHORITY (herein called "BAHA" or "Declarant"), a joint powers authority established pursuant to the California Joint Exercise of Powers Act, consisting of California Government Code Sections 6500 through 6599.3; and

WHEREAS, BAHA is the owner of certain real property located at 390 Main Street in the City and County of San Francisco, State of California, described in Exhibit A-1 attached hereto (hereinafter referred to as the "Property"); and

WHEREAS, the Property consists of a building (the "Facility") comprised of 518,000 gross square feet over eight floors, each of which are identical 64,350-square-foot rectangular plates, measuring 234 by 275 feet, and the ground level which contains ___ parking spaces; and

WHEREAS, BAHA will divide the Facility into two separate components, with approximately _____ square feet allocated to the development of separate condominium units to be acquired or leased by governmental agencies, who will also share certain jointly used and common areas (the "Agency Space") and the balance of the Facility to be owned and leased by BAHA to commercial office users (the "Commercial Space") as shown on Exhibit A-2 attached hereto; and

WHEREAS, BAHA will enter into an architectural and engineering contract to design and plan the retrofit and remodel the Facility, including the creation of individual tenant or condominium units, and concurrently therewith or subsequent thereto will enter into a construction contract or contracts to execute the retrofit and remodel, at BAHA's sole cost; and

WHEREAS, the BAY AREA AIR QUALITY MANAGEMENT DISTRICT, a regional air pollution control agency created by the California State Legislature in 1955 pursuant to California Health & Safety Code Sections 40200, et seq. ("BAAQMD") has entered into a lease with BAHA for a portion of the Agency Space (the "BAAQMD Lease"), which lease contains an option to purchase the space leased by it on the terms set forth in the Sale and Purchase Agreement appended as an exhibit to the BAAQMD Lease, and

WHEREAS, the ASSOCIATION OF BAY AREA GOVERNMENTS, a joint powers authority created in 1961 by the San Francisco Bay Area's cities, towns and counties ("ABAG"), has entered into a Purchase and Sale Agreement and Joint Escrow Instructions with BAHA, dated _____, 2013 ("ABAG Purchase Agreement") for the purchase of space within the Agency Space; and

WHEREAS, it is the desire and intention of BAHA to subdivide the Agency Space into _____three (3) separate condominium units, which will be owned by BAHA and leased or sold to other government agencies, including BAAQMD, and to impose thereon mutually beneficial restrictions under a general plan or scheme of improvement for the benefit of all of said condominiums and the owners thereof;

NOW, THEREFORE, BAHA, as the owner of the Agency Space and for the purposes set forth above, hereby declares, covenants and agrees as follows:

ARTICLE I

DECLARATION, DESIGNATION OF UNITS AND COMMON AREA

Section 1.01. Declaration. BAHA hereby declares that the Agency Space and every part thereof is held and shall henceforth be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, covenants, conditions and restrictions, all of which are declared and agreed to be in furtherance of a plan for the subdivision and ownership of condominium units within the Agency Space (each a "Condominium" and as further defined in Section 2.01), and are established and agreed upon for the purposes of enhancing and perfecting the value and attractiveness of the Agency Space and every part thereof. All of the limitations, covenants, conditions and restrictions set forth herein shall run with the land and each Condominium therein and shall be binding on all parties having or acquiring any right, title or interest in the Agency Space, or any part thereof, and shall be for the benefit of each owner of any portion of the Agency Space or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest of the owners thereof. This Declaration is made by BAHA pursuant to Civil Code Section 1350, et seq. Each and all of said limitations, easements, and restrictions shall be deemed to be, and shall be construed as equitable servitudes upon such real property enforceable by each owner ("Unit Owner" and as further defined in Section 2.01) of any portion of the Agency Space or any interest therein.

Section 1.02. Designation of Units and Common Areas. Ownership of each Condominium within the Agency Space shall include (i) fee title to an individually owned unit ("Unit", and as further defined in Section 2.01(w)), (ii) an undivided interest in the common area as defined below and as shown on the condominium plan attached hereto as Exhibit B ("Common Area" and as further defined in Section 1.02(b)), which undivided interest cannot be altered or changed as long as the prohibition against severability of component interests in a Condominium remains in effect as provided in this Declaration, (iii) a right to use in common with other occupants of the Facility, as and to the extent provided herein and in any rules and regulations promulgated by the Board from time to time, the library, cafeteria, meeting rooms, server rooms, parking areas and other shared spaces owned by BAHA (the "Jointly Shared Spaces" and as further defined in Section 1.02(c)), (iv) a membership in the Corporation and representation on the Board (both as defined in Section 2.01 below), and (v) any exclusive or nonexclusive easement or easements appurtenant to such Condominium as described in this Declaration, the condominium plan attached hereto as Exhibit B ("Condominium Plan" and as further defined in Section 2.01(l)) and the deed to the Condominium.

(a) Each Unit consists of the space bounded by and contained within:

(1) the interior unfinished surfaces (exclusive of paint, tile, carpet, wax, wallpaper, or other finishes) of the perimeter walls, floors, ceilings, windows, and doors thereof;

(2) the network closet or closets serving the Unit, whether or not located within the Unit, and all related cabling from the network closet(s) to individual offices and cubicles within the Unit and

(3) if applicable, the parking spaces in the Facility which are appurtenant to the Unit.

The following are not part of a "Unit": bearing walls, columns, floors except surface finishes thereof, roofs, skylights, windows, foundation, elevator equipment and shafts, central heating, central refrigeration and central air-conditioning equipment, reservoirs, tanks, electrical security and fire alarm system pumps, telephone and data transmission lines, servers and other central services, pipes, ducts, flues, chutes, conduits, wiring and other utility installations, including electrical and fire sprinklers outlets and lights, wherever located, except plumbing outlets and telephone and data transmission lines located within a Unit solely for the benefit of such Unit and not part of a distribution system serving multiple Units and except BAHA's emergency power supply system located within the BAHA Unit which will be maintained by BAHA for the benefit of the entire Facility as a Common Expense (as defined in Section 2.01(j)).

(b) "Common Area" consists of the entire Agency Space except all Units and the Jointly Shared Space, as defined and designated in this Declaration and as shown on the Condominium Plan and shall include any portions of the Commercial Space housing building systems serving both the Commercial Space and the Agency Space.

(c) "Jointly Shared Space" consists of the publicly accessible library, the cafeteria, the meeting rooms, copier and mail services, record and equipment storage, parking areas, server rooms and those other spaces which are so designated on the Condominium Plan. The Jointly Shared Spaces shall be owned by BAHA and available for use by Unit Owners and other occupants of the Agency Space in common with all other occupants or on an advance reservation basis pursuant to rules established by the Board and administered by the Facility Operator.

ARTICLE II

DEFINITIONS

Section 2.01. Defined Terms. Unless otherwise provided or unless the context requires otherwise, the following terms shall be defined as provided in this Section:

(a) Agency Space: That portion of the Facility containing individual office condominium units for lease to or ownership by governmental entities, the Jointly Shared Spaces and the Common Area.

(b) Approved by the Board or Approval by the Board (including all actions required by the Board in this Declaration, the Articles or the Bylaws): Approved by a majority of the members of the Board ~~holding a majority of the Percentage Ownership Interests~~, except as otherwise expressly provided in this Declaration, in the Bylaws and Articles or in any other agreement to which all of the Unit Owners are parties.

(c) Articles: The Articles of Incorporation of the Corporation, as amended from time to time.

(d) Assessments: There are three types of Assessments:

(1) Common Assessments: As defined in Section 7.02.

(2) Extra Common Assessments: As defined in Section 7.03.

(3) Special Assessments: As defined in Section 7.04.

(e) Board: The Board of Directors of the Corporation.

(f) Bylaws: The duly adopted Bylaws of the Corporation, as amended from time to time.

(g) Capital Improvements: Any improvements or alterations which increase the size, value or life of the Facility.

(h) Commercial Space: That portion of the Facility which is owned by BAHA and leased or available for lease to commercial office users.

(i) Common Area: As defined in Section 1.02(b).

(j) Common Expenses:

(1) Definition: "Common Expenses" means the expenses payable by the Corporation for costs of: maintenance, management, administration, operation and ordinary repairs to the Agency Space, including the Common Areas and the Jointly Shared Spaces, but excluding any such expenses which are the responsibility of a Unit Owner or tenant with respect to its Unit. Common Expenses shall include each of the expense categories described in (2) below and reasonable reserves and contingencies for such purposes, compensation paid by BAHA to the Facility Operator for management of the Agency Space, fees paid to accountants, attorneys or other employees and agents for services rendered to the Corporation for the benefit of the Unit Owners collectively in connection with the Agency Space, and all other costs specifically designated to be Common Expenses by or in accordance with the provisions of this Declaration but expressly excluding Capital Improvements made by BAHA to the Facility or the Agency Space, which costs shall be borne solely by BAHA.

(2) Included Expenses: Except as otherwise Approved by the Board, "Common Expenses" shall include the costs of or charges for the following, by way of illustration but not limitation: water and sewer; insurance premiums. licenses, permits and inspections; heat, light, power and steam; internet services; telephone access; janitorial services; maintenance and service agreements on equipment servicing the Agency Space as a whole; window cleaning; garbage services; costs of air conditioning; costs of supplies, materials, equipment and tools; and the cost of contesting by appropriate proceedings the applicability to the Agency Space or the validity of any statute, ordinance, rule or regulation affecting the Agency Space which might increase Common Expenses. All replacements, improvements and

repairs which cost in excess of \$250,000 or add five (5) years or more to the useful life of the building system or component being replaced, improved or repaired, but which do not constitute Capital Improvements, shall be amortized over the useful life of the improvement, replacement or repair and the annual amortized portion included in Common Expenses until fully amortized. To the extent any Common Expenses are incurred for the benefit of both the Agency Space and the Commercial Space, the portion of such cost allocated to the Agency Space shall not be greater than the percentage which the square footage of the Agency Space bears to the square footage of the Facility as a whole.

(3) Exclusions from "Common Expenses": "Common Expenses" shall not include depreciation, costs incurred or sums expended contrary to the provisions of this Declaration, advertising costs, leasing expenses, leasing commissions and related property management or lease enforcement costs relating to the rental of any Unit, or portion thereof, by any Unit Owner, real property taxes of any type assessed against the Facility or separately incurred, levied or assessed against a Unit Owner or against a Unit Owner's Condominium, indebtedness secured by a Unit Owner's Condominium and/or Unit or by the Facility as a whole, and other costs that are the responsibility of each Unit Owner individually, including those pursuant to Sections 5.03 and 11.02; provided that nothing contained herein shall preclude the Corporation from collecting monies and paying such expense on behalf of individual Unit Owners where such action is permitted pursuant to the terms of this Declaration.

(k) Condominium: "Condominium" means an estate in real property, as defined in California Civil Code Section 783, consisting of an undivided interest in common in the Common Area, together with a separate fee interest in a Unit and any other separate interests in the real property as are described in this Declaration, in the Condominium Plan, or in the deed conveying the Condominium.

(l) Condominium Plan: "Condominium Plan" means a condominium plan, as defined in California Civil Code Section 1351, respecting the Agency Space, and any amendments to the plan. A copy of the Condominium Plan is attached as Exhibit B.

(m) Corporation: One Bay Area Facility Corporation, a non-profit mutual benefit corporation incorporated in the State of California, which is responsible for oversight of, and policy regarding the Common Area and the Jointly Shared Spaces, and for such aspects of the management and operation of the individual Units as may, from time to time, be requested or be delegated by the respective Unit Owner and Approved by the Board; it being understood that the management and operation of the Common Area and the Jointly Shared Spaces shall be coordinated by BAHA in connection with its contract with the Facility Operator pursuant to the policies established by and the budget Approved by the Board.

(n) Declaration: This Declaration as may be amended from time to time.

(o) Facility: As defined in the Recitals above.

(p) Facility Operator: The entity retained or employed by BAHA and charged with the day to day operation, management, maintenance and upkeep of the Agency Space.

(q) Governing Instruments: The Declaration and the Articles of Incorporation and Bylaws of the Corporation, as they may be amended from time to time.

(r) Member: "Member" means each Unit Owner in its role as a member of the Corporation or any permitted delegate of such Unit Owner.

(s) Mortgage-Mortgagee-Mortgagor; Foreclosure: "Mortgage" means a mortgage or deed of trust encumbering a Condominium or other portion of the Facility. A "Mortgagee" shall include any beneficiary or co-beneficiary under a deed of trust. A "Mortgagor" shall include any trustor under such a deed of trust. "Foreclosure" shall include judicial and nonjudicial foreclosure. A "first" Mortgage or "first" Mortgagee is one having priority as to all other Mortgages or holders of Mortgages encumbering the same Condominium.

(t) Percentage Ownership Interest or Ownership Interest. The percentage ownership interest held by each Unit Owner, which shall be the percentage which the square footage of such Unit Owner's Unit bears to the total square footage of all Units.

(u) Property: As defined in the Recitals above.

(v) Rules: The written rules promulgated by the Board providing for the operation of the Agency Space, including the Common Areas and the Jointly Shared Spaces. Such rules shall be consistent with the terms and conditions of this Declaration, and in the event of any conflict this Declaration shall prevail. The rules in force at the time this Declaration is executed are attached as Exhibit "C."

(w) Unit: "Unit" is defined in Section 1.02(a). "Unit" does not include other interests in real property that are less than estates in real property, such as exclusive or nonexclusive easements. In interpreting deeds and plans, the existing physical boundaries of a Unit or of a Unit reconstructed in substantial accordance with the original plan shall be conclusively presumed to be its boundaries, rather than the description expressed in the deed or Condominium Plan, regardless of minor variance between boundaries shown on the Condominium Plan or in the deed and those of the building and regardless of settling or lateral movement of the building. Whenever reference to a Unit is made in this Declaration, in the Condominium Plan, in any deed, or elsewhere, it shall be assumed that such reference is made to the Unit as a whole, including each of its component space, described in Section 1.02(a).

(x) Unit Mortgagee: "Unit Mortgagee" is any holder or co-holder of an indebtedness secured by a recorded Mortgage upon a Condominium.

(y) Unit Owner: "Unit Owner" means each person or entity holding a record ownership interest in a Condominium, including Declarant. "Unit Owner" shall also mean a lessee of an entire Condominium under a long-term lease from the issuer of a Certificate of Participation; provided that such lease assigns all rights as a "Unit Owner" to the lessee; and provided further that in no event shall both the Unit Owner and its lessee under this Section 2.01(y) have simultaneous membership in the Corporation. Subject to the preceding, "Ownership" shall include membership in the Corporation. "Owner" shall not include persons or entities who hold an interest in a Condominium merely as security for the performance of an obligation.

ARTICLE III

RELATIONSHIP OF UNIT OWNERS

Section 3.01. Relationship of Parties. This Declaration shall not constitute any Unit Owners as partners or joint venturers with each other nor constitute any Unit Owner the agent of any other, nor in any manner limit the Unit Owners in occupying or leasing to others their respective Units or in carrying on their respective separate businesses or activities, nor impose upon any Unit Owner any fiduciary duty by reason of its carrying on its separate business or activity, nor impose upon any Unit Owner any liability or obligation not set forth herein, provided that all of the foregoing is conducted in accordance with the limitations and restrictions expressly set forth herein.

Section 3.02. Membership. Declarant and each additional Unit Owner, upon becoming the record owner of a Condominium, shall automatically become a Member of the Corporation and shall remain a Member thereof until it no longer owns any Condominium, at which time its membership in the Corporation shall automatically cease. Ownership of a Condominium shall be the sole qualification for membership in the Corporation. All memberships shall be appurtenant to the Condominium conveyed. A membership held by any Unit Owner shall not be transferred or alienated in any way, except as provided in Section 9.07. Each Member shall appoint one director of the Board, provided that for each of BAHA and BAAQMD, so long as each owns an interest in the Agency Space, its appointee shall be, respectively, the Executive Director and the Executive Officer/APCO of same or the person appointed by the Executive Director or Executive Officer/APCO as his or her representative. Each director shall serve at the pleasure of the appointing Member. The provisions of this Section 3.02 shall not be amended except with the unanimous approval of the Board and each holder of a First Mortgage then encumbering any Condominium.

ARTICLE IV

MANAGEMENT

Section 4.01. Management of Agency Space.

(a) Creation of Corporation; Appointment of Facility Operator. The Corporation has been created to provide for oversight of and the establishment of policy regarding the Common Area and the Jointly Shared Spaces and for such aspects of the management and operation of the individual Units as may, from time to time, be requested or be delegated by the Unit Owners and Approved by the Board. The Facility Operator shall be responsible for implementing the directions of BAHA and the Board and for conducting the ordinary and usual business and affairs with respect to the Agency Space.

(b) Overall Management and Control. The overall management and control of the Agency Space shall be vested in BAHA subject to the general policies established by the Board

from time to time and, with respect to Common Expenses, the budgets Approved by the Board. The Board shall have the responsibility to oversee and provide input regarding the management of all of the Common Area in a first class condition and in a good state of repair. Upon request of the applicable Unit Owners(s) and as Approved by the Board, the Corporation, acting by and through the Facility Operator, shall also have the responsibility to manage certain aspects of one or more individual Units. BAHA shall be responsible for making, shall pay from its own funds and shall make all decisions concerning Capital Improvements to the Agency Space, including individual Units, and to the remainder of the Facility, except for improvements to individual Units which the Unit Owners are permitted to make hereunder or which a Unit Owner asks BAHA to make at the cost of the applicable Unit Owner. Except as otherwise expressly provided in the Governing Instruments or any other agreement to which all Unit Owners are party, all decisions of the BAHA respecting the management and control of the Facility and the Agency Space which are consistent with the policies and budget Approved by the Board shall be binding on all the Unit Owners. The Unit Owners covenant and agree that the management and control of the Agency Space shall be in accordance with the Governing Instruments.

(c) Compensation. Except as may be expressly provided for herein or hereafter Approved by the Board and except for payments made to the Facility Operator, no payment will be made to any Board Member, Unit Owner or any member, stockholder, director or employee of a Unit Owner for services rendered in connection with the business or affairs of the Corporation or pertaining to the Agency Space.

Section 4.02. Authority of the Board. The Board shall treat all Unit Owners fairly and equitably and, for the benefit of the Agency Space as a whole, the Board shall have the following nondelegable powers and duties:

(a) To review and approve the policies for operation of the Agency Space, including without limitation the allocation of parking spaces, provided however that the Metropolitan Transportation Commission, the Bay Area Toll Authority and BAAQMD shall at all times each have parking within the Facility for the members of their respective Board of Directors in connection with all public meetings attended by such Board members.

(b) To adopt, review and amend two-year budgets for Common Expenses and those Special Assessments payable by all Unit Owners submitted to it by the Facility Manager pursuant to Section 4.04(b) hereof. Each two-year budget shall be adopted or, as appropriate, amended on or before January 1 of each calendar year for the succeeding fiscal year commencing July 1.

(c) To review monthly operating statements of the Corporation, with comparisons to the approved budget, submitted to it by the Facility Operator.

(d) To provide and pay for legal and accounting services pertaining to the operation of the Common Areas and the Jointly Shared Spaces.

(e) To cause appropriate tax returns for the Corporation to be prepared and filed.

(f) To cause to be prepared and distributed to all Unit Owners within one-hundred twenty (120) days after the end of the fiscal year a balance sheet as of the last day of the Corporation's fiscal year and an operating statement for such fiscal year prepared by a Certified Public Accountant reflecting receipts and expenditures of the Corporation.

(g) to review the performance of the Facility Operator, and to delegate authority to and review the performance of employees and independent contractors hired by the Corporation.

(h) To hire and terminate employees and independent contractors.

(i) To assess and cause the Facility Operator to collect from the Unit Owners all applicable Common Assessments, Extra Common Assessments and Special Assessments.

(j) To adopt and amend reasonable written rules governing the Common Area and Jointly Shared Spaces, provided that such rules shall require that, in the event of a scheduling conflict for use of any of the Jointly Shared Spaces, Unit Owners shall have priority over tenants.

(k) Whenever partition may be had pursuant to Civil Code Section 1359(b) or this Declaration, said power of sale is to be exercised pursuant to Code of Civil Procedure Section 872.010 et seq.

(l) To exercise other powers reasonable and necessary to fulfill the Corporation's purposes.

Section 4.03. Intentionally Omitted.

Section 4.04. Authority of the Facility Operator. The Facility Operator may possess all BAHA delegated powers, duties and responsibilities for the day to day operation, management and maintenance of the Agency Space, subject to any limitations that may be imposed by BAHA and the policies established by and the budget Approved by the Board. Without limiting the generality of the foregoing, the Facility Operator may be delegated the following powers and duties:

(a) Rule Making. For the mutual benefit of all Unit Owners and occupants, the Facility Operator may recommend and the Board may adopt or amend reasonable written rules. Such rules shall relate to the operation and use of the Common Area, the Jointly Shared Spaces, the conduct of Unit Owners and occupants, their employees, agents, contractors or invitees, the hours that services such as heating, air conditioning and cleaning will be operative, [restrictions and requirements for the use and maintenance of Units], and the successful operation of the Agency Space for the benefit of all Unit Owners and their employees and tenants. A copy of such rules and all amendments thereto shall be mailed to each Unit Owner and a copy shall be available for inspection. The rules in force at the time this Declaration is executed are attached as Exhibit "C". Said rules and any reasonable amendments, changes or additions thereto which the Board may hereafter make are hereby incorporated in this Declaration and shall be binding upon the Unit Owners and occupants; provided that, it shall not be necessary to re-record this Declaration when the rules are amended.

(b) Budget. Not later than each January 1, prior to the beginning of each fiscal year (July 1 to June 30), the Facility Operator shall prepare or cause to be prepared, and shall submit to the Board for its consideration, a two-year budget or an update of the existing two-year budget for the next fiscal year, setting forth the estimated expenses of operation of the Common Area, the Jointly Shared Spaces and, if applicable, estimated expenses for those management, operation or maintenance functions for any of the Units which may have been delegated to the Corporation pursuant to Section 4.01 (b) and including a reasonable allowance for contingencies and reserves. When adopted by the Board, the budget shall be the basis for the establishment of Common Assessments and Special Assessments pursuant to Article VII of this Declaration. When Approved by the Board, the Facility Operator shall implement the budget, and the expenditures and obligations provided for in the Budget may be made and incurred without further approval by the Board, subject to such limitations as the Board may impose.

Notwithstanding anything to the contrary in this Declaration, any management, operational or maintenance expenses attributable to any of the individual Units shall be allocated to the Unit Owner(s) of such Unit as a Special Assessment so that no other Unit Owner shall be required to bear the expense of managing, maintaining or operating another Unit Owner's Unit. Management, operational and maintenance costs of the Common Area and the Jointly Shared Spaces shall be allocated in accordance with Percentage Ownership Interests; provided, however, that costs attributable to those Jointly Shared Spaces, such as meeting rooms, which are used on a reservation basis, rather than in common by all Unit Owners, shall be allocated, on an estimated basis, in accordance with Percentage Ownership Interest, with a year-end true-up based on percentage of actual use by each Unit Owner and/or its tenants. Actual use shall include the booking of a conference or meeting room, whether or not actually used, and as otherwise determined by the Board from time to time.

(c) Books and Records. The Facility Operator shall maintain copies of the budget approved by the Board, together with any Approved amendments thereto. The Facility Operator shall keep full, complete and correct books of account of the operation of the Common Area and the Jointly Shared Spaces and any other Common Expenses, including vouchers supporting expenditures, and the same shall be open during all reasonable hours for inspection by any Unit Owner. Any Unit Owner may at any time and at its own expense cause an audit or inspection to be made of the books and records of the Facility Operator related to its Unit, the Common Area or the Jointly Shared Spaces, provided that any such audit shall be conducted not later than twenty-four (24) months following the end of the fiscal year for which the records are being audited. In the event an error in the amount of any assessments paid by one or more Unit Owners is discovered, the Facility Operator shall adjust the next assessments due from each Unit Owner to correct the error. Any dispute with respect to amounts owed by any Unit Owner shall be resolved in accordance with the provisions of Section 12.14.

(d) Assessments. The Facility Operator shall collect and deposit assessments and enforce collection of assessments as provided in Article VII of this Declaration.

(e) Services and Utilities. The Facility Operator shall provide and pay, as a Common Expense, for hot and cold running water, sewer, garbage, electrical, heating and air conditioning, telephone, data transmission, lighting and gas and other necessary utility service for the Common Area, Jointly Shared Spaces and, if not separately metered or charged, for the Units. The Facility

Operator shall also provide and pay, as a Common Expense, for repair, gardening, janitorial and security for the Common Area and Jointly Shared Spaces and necessary elevator service for the Agency Space, and shall cause any and all other acts to be done or take place having to do with the operation and maintenance of the Common Area and the Jointly Shared Spaces in first class condition and repair, as and to the extent provided for in the budget Approved by the Board.

(f) Maintenance, Repair, Replacement; Action Where Owner Fails to Act. The Facility Operator shall provide or cause to be provided all necessary maintenance, repairs, replacement, and restoration of the Common Areas and Jointly Shared Spaces, including without limitation all furnishings, equipment and other improvements necessary or appropriate to operate the Common Areas and the Jointly Shared Space, but excluding Capital Improvements.

(1) All costs of ordinary maintenance, repair, replacement and improvements other than Capital Improvements shall be borne by all of the Unit Owners as a Common Expense. All Capital Improvements and restoration (to the extent not covered by insurance carried by the Corporation) and all costs of the initial furnishing of the Common Areas and Jointly Shared Spaces shall be borne by BAHA.

(2) The Facility Operator shall also provide such services for any Unit, if and to the extent necessary to protect or preserve the Common Area, the Jointly Shared Spaces or any other portion of the Facility, including a Unit, and either (A) the Board determines that the Unit Owner has failed or refused to perform said maintenance, repair, replacement, or restoration within a reasonable time (in no event more than thirty (30) days to complete or, if the work cannot reasonably be completed within the 30-day period, to commence within such period and pursue diligently to completion) after written notice of the necessity thereof delivered by the Facility Operator to said Unit Owner or (B) such maintenance, repair, replacement or restoration, in the discretion of the Facility Operator, should be done immediately to prevent damage to any other portion of the Facility or injury to persons, in which event no notice is required. The Board shall levy a Special Assessment against such Unit Owner for the cost of any maintenance, repair, replacement or restoration under this subparagraph (2).

(g) Authority to Contract. In addition to the authority granted pursuant to the foregoing subparagraphs (a) through (f), the Facility Operator shall have the authority, but only to the extent such expenditures are provided for in the budget Approved by the Board or otherwise authorized by the Board or, if the cost is to be paid by BAHA, approved by BAHA.

(1) To contract for the labor or services of such personnel, including employees and independent contractors, as the Facility Operator determines shall be necessary or proper for the operation, maintenance and repair of the Common Area and the Jointly Shared Spaces.

(2) To purchase or contract for materials, supplies, furniture, or structural alterations as are necessary and proper for the operation of the Common Area and the Jointly Shared Spaces.

(h) Payment of Amounts which would Constitute liens. The Facility Operator shall have authority to pay premiums and other assessments which, in the Facility Operator's

commercially reasonable opinion, would be a lien upon the Agency Space or any portion thereof (other than an individual Unit) and to discharge any lien or encumbrance levied against the Agency Space or any portion thereof (other than an individual Unit), to pay taxes or liens levied against any Unit which, in the commercially reasonable opinion of the Facility Operator, may constitute a lien against the Common Area (unless such lien is being contested by the Unit Owner and the Unit Owner provides to the Board security reasonably acceptable to the Board for payment of the lien if the Unit Owner loses the challenge); provided, however, if the Facility Operator pays any lien or encumbrance levied against an individual Unit, the Board shall levy and the Facility Operator shall collect a Special Assessment against such Unit for the amount thereof, to the extent such amount is separately determinable, and provided further if such lien or assessment is attributable to work performed or taxes levied against the Commercial Space or any other space leased by BAHA to non-governmental tenants or otherwise payable by BAHA, the Board shall levy and the Facility Operator shall collect the amount so paid as a Special Assessment against BAHA.

(i) Other Duties. The Facility Operator shall:

(1) Operate all equipment and facilities located within the Common Area and the Jointly Shared Spaces and oversee the operation of the public meeting spaces, other meeting rooms, cafeteria, library and other Jointly Shared Spaces to ensure fair and equitable use by all Unit Owners and their tenants.

(2) Upon Approval of the Board delegate any of its duties hereunder to independent contractors hired by the Corporation.

(3) Receive complaints concerning violations of this Declaration or any rules and regulations applicable to the Agency Space, investigate such complaints and refer them to the Board for further action.

(4) Upon Approval of the Board bring or defend any court or administrative action or proceeding on behalf of the Corporation.

(j) Insurance. The Facility Operator shall obtain and maintain, as a Common Expense, the insurance required to be carried by the Corporation pursuant to Article VIII.

(k) Certification as Facility Operator. The Facility Operator shall record with the County Recorder of the City and County of San Francisco a certificate signed and acknowledged by the Facility Operator and a majority of the Board stating the name and address of the Facility Operator, such certificate shall be *prima facie* evidence that the person named therein is the incumbent Facility Operator and shall be conclusive evidence of the exercise of any authority thereby as to any bona fide purchaser or other third person who supplies labor or materials to the Facility Operator, or to any other person who relies thereon in good faith.

(l) Leasing of Units. The duties of the Facility Operator shall not include marketing activities related to leasing vacant Units or to finding lessees for Unit Owners or tenants of Unit Owners who are vacating Units. Each Unit Owner must conduct its own leasing activity or contract on its own for such services, provided that BAHA or any other Unit Owner may retain the Facility Operator, at such Unit Owner's cost, to act as the leasing agent for its Units.

(m) Business Directory. The Facility Operator may maintain a business directory in the Common Area at a location or locations Approved by the Board. The size, size of type, color and contents of each such directory shall be Approved by the Board.

ARTICLE V

RIGHTS AND RESPONSIBILITIES OF UNIT OWNER

Section 5.01. Exclusive Ownership and Possession. Each Unit Owner shall be entitled to the exclusive ownership and possession of its Unit. Each Unit Owner shall have equal access to the Jointly Shared Spaces, subject to such reservation systems as the Facility Operator may establish from time to time for use of the meeting rooms and such allocation of parking spaces in the Facility or at satellite locations as the Board may Approve from time to time. A Unit Owner shall have the exclusive right to paint, repaint, tile, wax, wallpaper, or otherwise refinish and decorate the inner surfaces of the walls, floors, ceilings, windows and doors of its Unit; provided, however that BAHA shall consult with the Board prior to making any material alterations to the Jointly Shared Spaces.

Section 5.02. Leasing.

(a) Right to Lease. Subject to the provisions of Sections 9.04 and 9.09, a Unit Owner, in its sole discretion, may lease its Unit or a portion thereof to one or more unrelated persons or entities, provided that any use other than that set forth in Section 5.11 must be Approved by the Board prior to the signing of any lease between the Unit Owner and its lessee, which approval shall not be unreasonably withheld or delayed. The Jointly Shared Spaces may be leased for the exclusive use of any Unit Owner or a third party only with the consent of all of the Unit Owners. Any lease of a Unit which confers exclusive possession upon the lessee shall require the written concurrence of all Unit Owners of the Unit to be leased, if applicable. Each Unit Owner may conduct its own leasing activity or may contract with an agent to lease on its behalf.

(b) Lease Terms. All leases shall be in writing. A lease agreement shall provide that the terms of the lease shall be subject to any and all limitations contained in the Governing Instruments; provided that the lessor shall have the right, at its sole discretion, to determine whether a violation of such provisions shall constitute a violation of the lease and whether to waive such violations; provided further, that no lessor may thereby avoid responsibility or liability for complying with the limitations contained in the Governing Instruments. Nothing contained herein shall preclude a lessor from pursuing its remedies under its lease for any violation of the Governing Instruments by the lessee.

(c) Notification of Lease of Condominium. Prior to the effective date of the lease of any Unit or portion thereof by a Unit Owner, the Unit Owner/lessor shall notify the Board and the Facility Operator in writing of such lease. Such notification shall set forth: (a) the name of the lessor and the lessee; (b) an identification of the Unit or portion thereof which has been

leased; (c) the lessee's mailing address; and (d) the commencement and termination dates of the lease.

Section 5.03. Maintenance of Unit. Each Unit Owner shall have the exclusive right and obligation, at its sole cost and expense, to maintain, repair and refinish its Unit in accordance with the plans and specifications for the Agency Space and in a diligent, good and workmanlike manner. Such maintenance, repair and refinishing shall include all painting, repainting, tiling, waxing, wallpapering or otherwise finishing and decorating the interior surfaces of the walls, floors, ceilings, windows, and doors bounding a Unit.

Section 5.04. Alterations to Common Areas. No Unit Owner, or its agents or employees, shall make any modifications or alterations to, or encroach upon, or occupy or obstruct any part of the Common Area or Common Area improvements without Approval of the Board, which approval shall not be unreasonably withheld. All work performed by or for the Unit Owner pursuant to this Section 5.04 shall be performed in a diligent, good and workmanlike manner, with the Unit Owners collectively bearing the costs of labor and materials in accordance with their Percentage Ownership Interests unless the work is required in connection with alterations to a Unit being made by the Unit Owner, in which case the cost shall be borne by the Unit Owner for whom the work is being performed. Each Unit Owner's interest in any such modification or alterations shall be the same as its interest in the Common Area where the modifications or alterations are located.

Section 5.05. Alterations to Unit. No Unit Owner, or its agents or employees, shall make any modifications or alterations to its Unit which affect the Common Area or other Units or the easements and restrictions of record without the Approval of the Board, which approval shall not be unreasonably withheld. Nothing shall be done in any Unit which will impair, interfere with, change or damage the structural integrity, functional operation, use or enjoyment of the Agency Space or any other portion of the Facility, except as provided herein. All work to be performed by or for a Unit Owner pursuant to this Section 5.05 shall be performed in a diligent, good and workmanlike manner, with the Unit Owner performing the work bearing all costs of such alterations or modifications.

Section 5.06. Suppliers' or Contractors' Liens, Unit Owner's Liability for Liens. If a lien is filed by a supplier or contractor against any Unit for, or purporting to be for, labor or materials alleged to have been furnished or delivered for any Unit Owner at the request of a Unit Owner, said Unit Owner shall forthwith discharge such lien within two (2) weeks from the date of notice from the Board or the Facility Operator, unless the Unit Owner gives notice within such two (2) week period of its intent to contest the lien and furnishes to the Facility Operator a bond or other security satisfactory to the Board in form and amount and thereafter prosecutes such contest with diligence. If the Unit Owner fails to discharge or contest such lien within the two-week period described above and the Board reasonably determines that the lien could attach to any other portion of the Facility or otherwise adversely affect the other Unit Owners, then the Facility Operator may:

(a) discharge such lien by payment, bond or otherwise without investigation as to its validity or any offsets or defenses thereto; and

(b) specially assess such Unit Owner for the amounts so paid and all costs, and expenses paid or incurred in connection therewith, together with the interest thereon at the rate of ten percent (10%) per annum on the unpaid amount calculated from the date advanced by the Facility Operator to and including the date full payment is received by the Facility Operator.

Section 5.07. Taxes, Assessments, Utilities, etc. Each Unit Owner shall be solely responsible for the discharge of obligations which relate solely to use or ownership of its own Unit, including but not limited to taxes, assessments, and separately metered utilities, if any. Where an obligation for which one or more Unit Owners is individually responsible is discharged by the Corporation, such Unit Owners shall be jointly and severally liable to the Corporation by way of Special Assessment for the cost of discharging such obligation. Where an obligation arises because of a Unit Owner's interest in the Common Area, and such obligation does not relate solely to an individual Unit, each Unit Owner shall be liable by way of a Common Assessment or Special Assessment only for its proportional part of the obligation as determined in accordance with its Percentage Ownership Interest.

Section 5.08. Liability for Obligations Under the Declaration. Any expenses incurred by the Corporation in fulfilling any obligation of any Unit Owner under this Declaration shall be a debt of the Unit Owner responsible for such obligation and the Corporation may specially assess said Owner for the amount thereof, together with interest in the amount of ten percent (10%) per annum on the unpaid amount calculated from the due date to and including the date full payment is received by the Facility Operator.

Section 5.09. Use Affecting Insurance Premiums. Nothing shall be done or permitted in or about the Facility, or brought or kept therein, which shall in any way increase the rate of or cause a cancellation of or otherwise affect any fire or other insurance upon the Agency Space or the Facility as a whole or any property kept within, or conflict with:

- (a) any fire laws or regulations;
- (b) any insurance policy upon the Facility or the Agency Space or any part thereof, the cost of which is a Common Expense;
- (c) any statutes, rules or regulations enacted or established by any government or governmental authority with jurisdiction; or
- (d) the requirements of any board of fire underwriters or other similar bodies now or hereafter constituted, to the extent necessary to assure full effectiveness of all insurance on the Agency Space or the Facility as a whole at all times and at rates appropriate to the size and character of the portion of the Facility insured and to supply proper and adequate security, safety, and loss prevention practices.

In the event any use or activity shall lead to an increase in fire or other insurance premiums payable on the insurance obtained by the Board pursuant to Article VIII, or insurance procured by an individual Unit Owner or occupant of the Agency Space, the party causing such increase shall be liable for payment of the same to the Corporation or such individual Unit Owner or occupant as the case may be. The party so charged with increasing premium costs shall have the right to contest the validity of such insurance premium increase.

Section 5.10. Compliance with Laws and Rules. Each Unit Owner shall comply with all of the requirements of all governmental authorities, and all laws, ordinances, and rules applicable to its Unit, including the rules and regulations adopted by the Board from time to time.

Section 5.11. General Restrictions on Use. Unless otherwise designated herein, each Unit shall be used for general office purposes and uses incidental or related thereto, and for no other use or purpose unless Approved by the Board. The Jointly Shared Spaces include, without limitation, the following uses:

(a) The space designated on Exhibit B as the cafeteria space may be used for the preparation, service and consumption of food and purposes and uses incidental thereto. No Unit Owner or the Corporation shall be liable for any debts or obligations incurred in the course of operating or by the operator of the cafeteria, except to the extent properly included in Common Expenses.

(b) The space designated on Exhibit B as the library space may be used for library purposes and uses incidental and related thereto.

(c) The space designated on Exhibit B as the public meeting space may be use for meeting room purposes and uses incidental and related thereto.

(d) The space designated on Exhibit B as the parking area may be used for parking and passageway purposes and uses incidental and related thereto.

(e) The space designated on Exhibit B as the print shop may be used for printing, copying and uses incidental and related thereto.

(f) The space designated on Exhibit B as the mail room shall serve as a central mail room for all Unit Owners and tenants within the Agency Space.

(g) The space designated on Exhibit B as the server room may be used for installation and maintenance of the servers for the telephone and data services supplied to each Unit, which servers shall be the property of the individual Unit Owners.

(h) The roof top open space may be used as outdoor passive and entertainment space by Unit Owners and their tenants.

Section 5.12. Special Equipment. Unless approved by the Board, no Unit Owner or occupant of the Agency Space shall use in general office space any apparatus or device within a Unit or the Jointly Shared Space, including without limitation, machines using current in excess of 220 volts which will in any way substantially increase the amount of electricity, water or compressed air usually furnished or supplied to such portion of the Agency Space or which connects with electric current, water or air, other than through existing electrical outlets, water pipes or air pipes, as applicable, or outlets or pipes hereafter installed in accordance with Section 5.05. The foregoing shall not prohibit, however, the installation of laboratory equipment in spaces specifically designed as a laboratory in compliance with all applicable laws and regulations.

ARTICLE VI

EASEMENTS

There are hereby specifically reserved for the benefit of the Unit Owners, in common and for each Unit Owner severally, as their respective interests shall obtain, the easements, reciprocal negative easements, secondary easements, and rights of way and access particularly identified in this Article.

Section 6.01. Utilities. There is reserved for the benefit of each Unit, as dominant tenement, an easement for utility services over, under and through the Common Area (including any common areas in the Commercial Space), and each other Unit, jointly as the servient tenement, in the locations shown on the Condominium Plan.

Section 6.02. Encroachment. There is reserved for the benefit of each Unit, as dominant tenement, an easement for encroachment, occupancy, use and maintenance of such portion of the remainder of the Facility, including other Units, as the servient tenement, as shall be encroached upon, used and occupied by the owner of the dominant tenement as a result of any vertical or lateral displacement of any of the building structures or any portion thereof, deviation in construction or reconstruction plans or any reasonably necessary encroachments of one Unit or improvement onto another which does not interfere with the use of the encroached-upon Unit by the Unit Owner or occupant thereof. The easement of encroachment here reserved shall continue notwithstanding that the encroachment may be cured by repair and restoration of the structure.

Section 6.03. Maintenance and Repair. The Corporation and each Unit Owner shall have an easement which is appurtenant to the Common Area and all Units, through each Unit and the Common Area for the maintenance and repair of the Common Area and of the easements set forth in this Article, subject in the case of access to an individual Unit to the provisions of Section 6.05 below.

Section 6.04. Nonexclusive Easements. Each Unit Owner shall have a nonexclusive easement for use and enjoyment of the Common Area and the Jointly Shared Space and for

ingress, egress and support over and through the Common Area. These easements shall be appurtenant to each Unit and shall be subordinate to any exclusive easements granted elsewhere in this Declaration, as well as to any rights reserved to the Board to regulate time and manner of use and to perform its obligations under this Declaration.

Section 6.05. Right of Access. The Board, the Facility Operator, or any person designated by either of them, shall have an irrevocable right of access to each Unit for the purpose of making inspections or for the purpose of correcting any condition originating in a Unit which threatens damage to another Unit, to the Common Area or to any other portion of the Facility, or for the purpose of performing any maintenance or repairs or making any improvements for which the Corporation or BAHA is responsible. A request for entry shall be made in advance to the Unit Owners or occupant of the Unit and such entry shall occur at a time reasonably convenient to them. The person or persons making such entry on behalf of the Board as provided herein shall be accompanied by an authorized representative of such Unit Owner or occupant. In an emergency, such right of entry shall be immediate, whether or not notice has been given or whether or not an authorized representative is present. Any entry hereunder shall be made with as little inconvenience to the Unit Owner or occupant as practicable, and any damage caused thereby shall be repaired by the Corporation and charged as a Common Expense, unless repair of the damage is the responsibility of the Facility Operator under the terms of its contract with BAHA.

Section 6.06. [Reserved].

Section 6.07. Restricted Easement. [NTD: To be discussed based on location of various Units and what emergency access is required.]

(a) Easement. In order to provide an emergency exit from the cafeteria, library, and public meeting spaces and Common Area on the first floor and for any emergency purposes, there is reserved a non-exclusive easement for emergency ingress and egress through the _____ and to the Common Area stairway at the _____ end of the _____ for the benefit of all Unit Owners (except the owner of the _____ Unit), the Board and the Facility Operator, referred to in this Section 6.07 as "grantees" and to the grantees' transferees, successors and assigns and for the benefit of their invitees and guests. Said easement is subject to the conditions set forth in SubSection (b).

(b) Conditions. This easement is a non-exclusive easement and the owner of the _____ Unit shall have the right to make use of the Unit, subject to the easement. Neither the owner of the _____ Unit nor the Grantees shall place any obstruction on the _____ which impairs the easement. This easement shall exist for as long as the _____ shall continue to exist, shall not be extinguished by non-use or abandonment.

Section 6.08. Reserved Exclusive Easement for BAHA Emergency Power System.

(a) Easement. BAHA hereby reserves for itself an exclusive appurtenant easement for installing, operating and maintaining BAHA's emergency power supply system, which is located principally in those portions of the BAHA Unit shown as Spaces ____ and ____ on the Condominium Plan. Said reservation of easement includes the following covenants and conditions, which covenants and conditions BAHA, the other Unit Owners, the Board and Facility Operator, and the successors and assigns of each of them specifically accept.

(b) Conditions.

(1) Scope. This easement shall include the right to place, remove, inspect and maintain all equipment, pipes, ducts, wires, cables and other components of BAHA's emergency power supply system within the easement area shown on the Condominium Plan (the "Emergency Power System Easement"). The easement includes the right of access by BAHA's authorized representatives to all portions of the Emergency Power System Easement at reasonable times and on reasonable notice to any affected Unit Owners or tenants for all the above purposes.

(2) Term. This easement shall exist for as long as the Facility continues to exist and shall not be extinguished by non-use or abandonment.

(3) BAHA's Use. This easement is an exclusive easement and BAHA shall have the exclusive right to make use of the portion of the Agency Space subject to the easement for the purposes stated in Section 6.08 (b) (1) above, notwithstanding the fact that the emergency power supply shall be available to power all of the Agency Space as may be required and shall benefit all of the Unit Owners and their tenants.

(4) Obstruction or Removal. No Unit Owner, nor the Board, the Facility Operator or their agents, successors or assigns shall place any obstruction in the easement area or perform any act which prevents the use of the easement for its intended purpose.

(5) Repair and Maintenance. BAHA shall be responsible, as a Common Expense, for repair and maintenance of the equipment, ducts, pipes, wires, cables and other devices associated with BAHA's emergency power supply system. Responsibility for repair and maintenance of other aspects of the easement area shall be as provided for in the Declaration.

(6) BAHA shall indemnify, defend and hold the other Unit Owners harmless from and against any and all losses, liabilities, claims and damages (including injury to persons or damage to property) attributable to or arising out of the installation, maintenance or operation of the emergency power system.

(7) Successors and Assigns. The Emergency Power System Easement and the agreements contained herein shall run with the BAHA Unit and shall inure to the benefit of and be binding upon all Unit Owners and their respective transferees, successors and assigns.

ARTICLE VII

ASSESSMENT AND COLLECTION PROCEDURES

Section 7.01. Covenant for Assessments, Creation of Lien, Personal Obligation.

Declarant, for each Unit owned by it within the Agency Space, hereby covenants and each Unit Owner, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Corporation its share of: (1) Common Assessments; (2) Extra Common Assessments; (3) Special Assessments and (4) any other costs required by this Declaration to be borne by such Owner; such assessments to be fixed, established and collected from time to time, as hereinafter provided. The Common, Extra Common and Special Assessments together with interest thereon and costs of collection, as hereinafter provided, shall be a lien upon the Condominium against which each such assessment is made, which lien shall be created and enforced in accordance with the provisions of this Article VII. Each such assessment together with late charges, interest, costs, penalties and reasonable attorney's fees, as provided for herein, shall also be the joint and several personal obligation of each person or entity which was the Unit Owner at the time the assessment fell due.

Section 7.02. Common Assessments. Upon Approval or amendment of the budget, the Board shall separately assess each Unit Owner its share of the estimated Common Expenses for such budget year, according to its Percentage Ownership Interest (unless BAHA agrees in writing to a different allocation for any Unit), which assessment shall be due and payable in accordance with the provisions of Section 7.06. Such assessment is herein referred to as a "Common Assessment."

Section 7.03. Extra Common Assessment. Upon approval of an expenditure by the Board as a Common Expense not contained in the budget Approved by the Board, the Board shall separately assess each Unit Owner its share of the Extra Common Assessment according to its Percentage Ownership Interest, which shall be due and payable as provided in Section 7.06. Such assessment is herein referred to as an "Extra Common Assessment."

Section 7.04. Special Assessments. The Board shall also separately assess each Unit Owner when and as such costs are incurred, for any costs incurred or payments made on behalf of such Unit Owner or to cure conditions for which such Unit Owner is responsible as provided in this Declaration and for any Jointly Shared Space costs allocable to such Unit Owner based on usage of Jointly Shared Space facilities. All Special Assessments shall be due and payable as provided in Section 7.06.

Section 7.05. Proration of Common Assessments.

(a) The Board shall assess each Unit Owner for Common and Extra Common Assessments according to Sections 7.02 and 7.03; provided that the cost of all Capital

Improvements to any portion of the Agency Space or the remainder of the Facility shall be borne by BAHA and shall not be included in Common or Extra Common Expenses.

(b) Declarant shall be treated as Unit Owner of all unsold Units, if any, and shall be assessed for Common, Extra Common and Special Assessments allocable to such Units, provided that nothing herein shall preclude a prospective Unit Owner from prepaying its anticipated assessments.

Section 7.06. Date of Commencement of Assessments; Due Dates; Charges for Late Payments. A single written notice (the Schedule of Assessments) shall be given annually to each Unit Owner not later than thirty (30) days prior to the commencement of each fiscal year setting forth the Common Assessment payable by such Unit Owner for the succeeding fiscal year and any Extra Common Assessments and Special Assessments known at the time of such notice. Written notice of Extra Common Assessments and Special Assessments levied after the first of the fiscal year, and any adjustments to Common Assessments Approved by the Board, shall be given to each Unit Owner by the Facility Operator at least thirty (30) days prior to their due date. The Schedule of Assessments, or any amendment thereof, shall specify the amounts and due dates for installment payments of the Assessments by each Unit Owner. Common, Special and Extra Common Assessments which appear in the annual notice shall be paid by each Unit Owner to the Facility Operator in equal monthly installments, in advance, on the first day of each month, unless some other due date is established by the Board. Extra Common and Special Assessments not contained in the annual notice shall be paid to the Facility Operator within thirty (30) days of receipt of a notice to pay same. Each installment of Common, Extra Common and Special Assessments shall become delinquent if not paid within ten (10) days after due. Interest thereon shall accrue on each delinquent installment at the rate of ten percent (10%) per annum on the unpaid amount calculated from the date delinquent to and including the date full payment is received by the Facility Operator.

Section 7.07. Assessments Deposited in Maintenance Fund Bank Account; Disposition of Unexpended Funds.

(a) Condominium Maintenance Fund Account. Upon Approval by the Board, all assessments levied and collected in accordance with this Declaration, with the exception of those assessments set forth in SubSection (b) hereof, shall be deposited in an account(s) clearly designed as the Condominium Maintenance Fund Account(s). The Facility Operator shall have the control of said account and shall be responsible to the Board for the maintenance of accurate records thereof at all times. The Facility Operator shall act as a fiduciary for the Unit Owners collectively in handling of all accounts. The Facility Operator shall retain all unexpended or excess funds in trust to be applied to the expenses of operation for the next succeeding year, which funds shall be considered by the Facility Operator in calculating the estimated Common and Special Expenses and Assessments for the next succeeding year or refund the same to the Unit Owners entitled thereto.

(b) Condominium Reserve Fund Account. Upon Approval by the Board, there shall be established an account clearly designated as the Condominium Reserve Fund Account. Such

account will be established for the purpose of establishing reserves for, without limitation, repairs, replacements, improvements which are not Capital Improvements and uninsured damage to the Common Area, including the easement areas, and the Jointly Shared Space. Reserve amounts shall be included as separate line items in the annual budget, included in and collected as part of the Common Assessment and shall be deposited in the Condominium Reserve Fund Account and accounted for separately.

(c) Investment. Unexpended and excess reserve funds may be invested in the name of the Corporation in one or more interest-bearing accounts or short-term instruments as Approved by the Board.

(d) Commingling. All sums collected by the Corporation from any Common, Extra Common or Special Assessments, with the exception of funds assessed and collected for the Condominium Reserve Fund Account, may be commingled in a single account. The Facility Operator shall provide to the Board on a monthly basis or as otherwise requested an accounting, on a line item basis of all expenditures from the Condominium Maintenance Fund Account and the Condominium Reserve Fund Account, with a reconciliation against the budgeted amount for each line item on a year-to-date basis.

(e) Account Disbursements. Disbursements from accounts established under this Section shall be governed by rules and procedures Approved by the Board.

Section 7.08. Effect of Nonpayment of Assessment; Delinquency; Notice of Assessment.

The assessments which each Unit Owner is obligated to pay shall be a debt of such Unit Owner at the time such assessments become due and payable. In the event of default by any Unit Owner in making such payment, such amounts as may be in default, together with interest thereon at the rate of ten percent (10%) per annum from the date delinquent and all costs which may be incurred by the Board or its authorized representative in the collection of such charges, including reasonable attorney's fees, shall be and become a lien upon the Condominium of the defaulting Unit Owner(s) upon the recordation in the Office of the Recorder of the City and County of San Francisco of a Notice of Assessment; said Notice shall be filed by the Corporation as provided in California Civil Code Section 1367. The Notice of Assessment shall not be recorded unless and until the Facility Operator has delivered to the delinquent Unit Owner(s), not less than two (2) weeks before the recordation of the Notice of Assessment, a written notice of default and demand for payment and unless such delinquency has not been cured within two (2) weeks after delivery of such notice of default.

(a) Subordination to Mortgages. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of the Mortgagee under any First Mortgage made in good faith and for value, and no such lien shall, in any way, defeat, invalidate or impair the obligation or the priority of such Mortgage, unless the Mortgagee shall expressly subordinate its interest in writing to such lien.

(b) Priority Over Other Liens. Any assessment or other lien created pursuant to this Declaration shall be superior in lien priority to all other liens which are recorded subsequent to

the recordation of said Notice of Assessment but shall be junior in priority to the lien of those Mortgages described in (a) above.

Section 7.09. Acceleration. Upon a Unit Owner becoming three (3) months delinquent, the Board may declare the entire balance of all assessments then due, or to become due in the then current fiscal year, from such defaulting Unit Owner due and payable, which total sum may then be included in any suit, action or proceeding brought to collect said sum. If any action is filed by the Board to enforce the provisions of this Article, any judgment rendered against the defaulting Unit Owner shall include all costs and expenses and reasonable attorney's fees necessarily incurred in prosecuting such action. Notwithstanding acceleration under this section, only the amounts which would have come due under the monthly assessment payment schedule prior to the date the lien is recorded pursuant to Section 7.08 may be secured by said lien.

Section 7.10. Notice of Default; Foreclosure Sale. After recording of said Notice of Assessment, the Board or its authorized representative shall record a Notice of Default and thereafter shall cause the Condominium of said defaulting Unit Owner to be sold in the same manner as a sale as provided in the Civil Code Sections 2924, 2924(b) and 2924(c), or through judicial foreclosure. The Board or an authorized representative, acting on behalf of the Corporation, shall have the power to bid at the foreclosure sale and to acquire, hold, lease, mortgage and convey the Condominium which is subject to said default.

Section 7.11. Curing of Default. Upon the timely payment or other satisfaction of all delinquent assessments of a Unit Owner set forth in the Notice of Assessment filed and recorded in accordance with this Article and all other assessments which have become due and payable with respect to the Condominium as to which such Notice of Assessment was filed and recorded following the date of such recordation, together with all costs and interest at the rate of ten percent (10%) per annum which accrued thereon and reasonable attorney's fees, the Board shall cause to be recorded in the Office of the City and County of San Francisco Recorder a further notice, stating the satisfaction and release of the lien created by the Notice of Assessment. A fee in the amount of Twenty-five dollars (\$25) covering the cost of preparation and recordation of the Notice of Release and Satisfaction shall be paid to the Corporation prior to the execution, filing and recordation of such Notice of Release and Satisfaction. Such Notice of Release and Satisfaction of lien may be executed by a designee of the Board. For the purposes of this Section 7.11, the term "costs" shall include costs and expenses actually incurred or expended by the Corporation in connection with the preparation and recordation of the Notice of Assessment and in efforts to collect the delinquent assessments secured by the lien created by the Notice of Assessment.

Section 7.12. Rights of Board; Waiver of Owners. Each Unit Owner hereby vests in and delegates to the Board, or authorized representative(s) of the Board, the right and power to bring all actions at law or in equity or lien foreclosures, whether judicially or by power of sale, against, any Unit Owner(s) for the collection of delinquent assessments in accordance herewith, and the authority and power to sell the Condominium of such defaulting Unit Owner(s), subject to a First

Mortgage or any other superior lien, and hereby expressly waives any objection to the enforcement of the obligation to pay assessments in accordance with this Declaration.

Section 7.13. Remedies Cumulative. Any lien created or claimed under this Article and the right to foreclose the same shall be additional to and not in substitution for all other rights and remedies which the Unit Owner(s) and the Board may have to enforce the provisions of the Governing Instruments, and each and all legal or equitable remedies provided for in this Declaration shall be deemed to be cumulative, whether so expressly provided or not.

Section 7.14. Failure to Fix Assessments. The omission by the Board, before the expiration of any fiscal year, to fix the assessments hereunder for that fiscal year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration or a release of any Unit Owner or lessee from the obligation to pay the assessments, or any installment thereof, for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

Section 7.15. Liability for Assessments. A Unit Owner's liability may not be avoided by a waiver of the use or enjoyment of the Common Area, the Jointly Shared Space or any portion of either or by abandonment of the Condominium against which such assessments are made.

Section 7.16. Contributions.

(a) If all or a portion of the Agency Space is damaged, destroyed, or taken under the power of eminent domain and the Board elects or is required to repair or restore the Agency Space as provided in Section 8.06, and the condemnation or insurance proceeds are less than the actual cost of repair or restoration, then each Unit Owner shall contribute a *pro rata* share of the extra costs of restoring its own Unit, and BAHA shall pay all extra costs of repairing the Common Area and the Jointly Shared Space.

(b) Proration shall be determined by allocating insurance or condemnation proceeds among the affected Common Area, Jointly Shared Space and Units based on the percentage of the estimated cost to repair each Unit, the Common Area and the Jointly Shared Space bears to the estimated cost to repair the entire Agency Space.

ARTICLE VIII

INSURANCE; DAMAGE AND DESTRUCTION; EMINENT DOMAIN

Section 8.01. Authority to Purchase.

(a) Common Expenses. All insurance pertaining to the Agency Space or operations of the Corporation (except as hereinafter permitted in Section 8.04) which is acquired and maintained by the Corporation pursuant to this Article shall be a Common Expense.

(b) Independent Advice. To assist in the purchase and administration of its insurance, the Corporation may employ the services of independent appraisers and insurance analysts, consultants or brokers, the expense of which shall be a Common Expense.

Section 8.02. Manner of Purchase. Except as provided in Section 8.04, all insurance shall be purchased from insurance companies and in forms and amounts Approved by the Board and approved by each Mortgagee and shall include but not be limited to the coverages required by this Article. The cost of any insurance coverage which may be required by a Unit Mortgagee in excess of that which may otherwise be required by this Article or Approved by the Board, and which cannot be placed separately by the Unit Owner, shall be paid by the Unit Owner of the Condominium subject to such indebtedness as a Special Assessment.

Section 8.03. Insurance Specifications.

(a) All Risk Physical Loss Coverage. The Agency Space, the Unit Owners' interests in all improvements made by the Unit Owners and their lessees (unless, in the case of lessees, the lessee is required to carry separate insurance covering its improvements), and the Unit Owners' interests in all other insurable improvements within the Agency Space, including personal property used in the operation of the Common Areas and Jointly Shared Spaces or in the maintenance of the Agency Space, shall be insured for the mutual benefit of the Unit Owners under a blanket policy(ies) against loss from all risk of direct physical loss or damage, subject to the standard exclusions, for 100% of the full replacement cost thereof without deduction for physical depreciation and against such perils and in such manner as presently or at any time in the future may commonly be insured against by informed, prudent management of property of like size and character in the San Francisco area and as may from time to time be required by any Unit Mortgagee. The cost of any such insurance policy covering the entire Facility shall be allocated between the Agency Space and the Commercial Space based on the percentage of the total square footage of the Facility attributable to each Space.

(1) Full Replacement Cost.

(A) Definition. For purposes of this Article, "full replacement cost" shall mean the actual cost, without deduction for depreciation, of reconstructing the Agency Space, the Unit Owners' interests in all insurable improvements and betterments effected by the Unit Owners and their lessees, if any, whether part of individual Units, Common Area or Jointly

Shared Spaces and the Unit Owners' and the Corporation's interest in all furnishings, equipment and personal property used in operation and management of the Common Area and the Jointly Shared Spaces including architects' and engineers' supervisory fees.

(B) Determination. "Full replacement cost" shall be determined by a recognized appraisal firm every three (3) years beginning with completion of construction of the Project and installation of all improvements and betterments of the Unit Owners and their lessees, if any. Between each three (3) year appraisal, the replacement costs will be updated annually, using recognized inflation factors Approved by the Board. Each Unit Owner and its lessees, if any, shall promptly supply such data as may be required by the appraiser for the purposes hereof.

(b) Required Provisions. The provisions required by subparagraphs (1) through (7) below or equivalents thereof, in form Approved by the Board and approved by any Mortgagee, shall at all times be part of such blanket policy(ies) to the extent obtainable from the insurers.

(1) Cost of Replacement Endorsement. Such blanket policy(ies) shall provide for settlement of loss thereunder as to the Agency Space and all insured improvements and property in accordance with the Replacement Cost Endorsement, or its equivalent which shall be part of the policy(ies).

(2) Unit Mortgagee/Lender's Loss Payable Endorsement. Such blanket policy(ies) shall provide for insuring each Unit Mortgagee in accordance with the Lender's Loss Payable Endorsement, or equivalent, in form satisfactory to such Unit Mortgagee. The aforesaid Lender's Loss Payable Endorsement shall be modified by the following language to be added to such policy(ies) by endorsement:

"Named Mortgagee(s): Subject in all other respects to the provisions of the Mortgage Clause in this policy, or the Lender's Loss Payable Endorsement attached hereto, any loss to building(s), and all improvements thereto, including personal property used in connection therewith, covered under this policy, which normally would be payable to the named insured(s) and named Mortgagee(s) shall be payable only to the Insurance Trustee named by the insured(s) or such other payee as is elsewhere in this policy provided."

(3) Primary Insurance. Such blanket policy(ies) shall provide that coverage is primary insurance, subject to an occurrence deductible and shall not be affected or diminished by reason of any other insurance coverage maintained by any individual Unit Owner(s) or the Corporation.

(4) Waiver of Subrogation. Such blanket policy(ies) shall provide for a waiver of subrogation against individual Unit Owner(s) and the Corporation and their affiliated and subsidiary companies and all of their officers, agents and employees.

(5) Notice of Cancellation. Such blanket policy(ies) shall provide for written notice to each Unit Owner, each Unit Mortgagee, and the Corporation at least thirty (30) days prior to any effective date of cancellation or change affecting coverage whether initiated by the insurer *or* any insured thereunder;

(6) Conduct of Unit Owner. Such blanket policy(ies) shall provide that the conduct of any Unit Owner or the Corporation will not result in the avoidance of the insurer's liability; and

(7) Insurer's Agreement to Abide by Board Decision. Such blanket policy(ies) shall provide an agreement by the insurer to abide by a Board decision regarding restoration or a waiver of its option to restore the Agency Space, if the Board elects to dispose of the same.

(c) Comprehensive General and Automobile Liability Insurance.

(1) Required Insurance. Comprehensive General and Automobile Liability Insurance shall at all times be maintained for the mutual benefit of all Unit Owners, the Corporation and the officers, agents and employees of the Corporation as named insureds against liability for injuries to persons, including death, or damage to property of members of the public or tenants, agents, employees, licensees or invitees of the Unit Owner(s) or person(s) claiming under them, arising out of any "occurrence" incident to operation of the Agency Space or taking place in, on or about the Agency Space, individual Units, the Common Area, the Jointly Shared Space or any elevators or any escalators therein and the adjoining sidewalks, streets and passageways. Such insurance shall include but not be limited to coverage against liability: (1) under common law or applicable statute, ordinance or regulation relating to sale or distribution of alcoholic beverages within the Agency Space to the extent applicable; (2) for operations of independent contractors; (3) as may be assumed under contract, including without limitation the indemnification provisions hereof; and (4) for bodily injury, death or damage to property arising out of the use by or on behalf of any insured thereunder of owned, non-owned, hired or leased automotive equipment, if any, and not otherwise insured, in furthering the operation and maintenance of the Agency Space.

(2) Liability Limits. The amount of such insurance (including automobile bodily injury and property damage liability insurance) shall be maintained at a combined single limit of One million dollars (\$1,000,000) or at such lesser amount as when combined with the policy(ies) specified in Section 8.03(d) shall produce total liability coverage not less than a combined single limit of Ten million dollars (\$10,000,000). Said limit shall be reviewed annually by the Board and increased, if at all, in an amount Approved by the Board.

(3) Additional Policy Provisions. The insurance policies specified in Sections 8.03(c) and (d) shall contain the additional policy provisions specified in Sections 8.03(b)(3), (4), (5) and (6).

(d) Umbrella Policy. Excess (Umbrella) Liability Insurance for the mutual benefit of all Unit Owners and the Corporation and the Corporation's directors, officers, agents and employees as named insureds shall at all times be maintained under a policy(ies) (or policies issued in layers) which shall follow all terms and conditions of, and be no less comprehensive as to coverage than, the primary insurance specified in Section 8.03(c); such policy(ies) shall, when combined with the aforesaid primary policy, produce a total single limit of liability not less than Ten million dollars (\$10,000,000). The policy will schedule the primary liability policy, as well as the employer's liability section of the Workers' Compensation policy, as underlying insurance.

(e) Workers' Compensation. Workers' Compensation Insurance, including Employers Liability Insurance, shall be carried, if necessary, to provide for payment by the Unit Owner(s) or the Corporation of statutory obligations under the California Workers' Compensation Law and any other applicable laws to employees of the Corporation and employees, if any, of the Unit Owner(s) employed by the Corporation in on or about the Agency Space in the care, maintenance or operation thereof.

(f) Boiler and Machinery Insurance. Boiler and Machinery Insurance in the names of the Unit Owners and the Corporation as insureds shall be maintained in the amount of One million dollars (\$1,000,000), or such larger amount as Approved by the Board, to cover loss caused by sudden or accidental breakdown of boilers, pressure vessels, pressure piping and all major components of any central heating, air conditioning and cooling systems as may be Approved by the Board.

The interest of each Unit Mortgagee shall be protected thereunder by a loss payable clause acceptable to each Unit Mortgagee. Such insurance shall not cover liability for bodily injuries or property damage which is insured against under the policies specified in Sections 8.03(c) and (d). The policy and the loss payable clause shall, to the extent obtainable from the insurer, be subject to all additional provisions specified in Section 8.03(b).

(g) Fidelity and Crime Insurance. Crime Insurance in an amount not less than Five hundred thousand dollars (\$500,000) shall be carried for the benefit of the Unit Owners and Corporation as insureds against loss caused by criminal and dishonest acts both on and off premises and against infidelity of all officers, agents, independent contractors, and employees of the Corporation, if any. Said insurance shall be subject to change from time to time as to coverage and amounts as may be Approved by the Board.

This coverage, to the extent obtainable from the insurer, shall contain the additional provisions specified in Sections 8.03(b)(3), (4), and (5).

(h) Other Insurance. Such other insurance shall be carried for such amounts and coverage as may be Approved by the Board for preservation of the Space Agency and protection of the interests of the Unit Owners in connection therewith, or as may be required by any Unit Mortgagee (to the extent any coverage required by a Unit Mortgagee cannot be placed separately by that Unit Owner).

Section 8.04. Unit Owner Insurance. Each Unit Owner may obtain and keep in force such additional insurance as it may desire to cover its Unit and such improvements therein and thereto as it or any of its lessees may have made, and personal property, including without limitation liability coverages and such rental value or business interruption insurance as the Unit Owner may elect to carry. Such insurance shall contain the same waiver of subrogation as that referred to in Section 8.03(b)(4) and shall be carried for the sole protection and at the sole expense of such Unit Owner and shall not be contributory with any insurance maintained by the Corporation in accordance with Section 8.03.

Section 8.05. General Insurance Conditions.

(a) Copies of Policies. Each Unit Owner, each Unit Mortgagee, if any, and the Facility Operator shall be supplied with certified copies of all insurance policies maintained in accordance with Section 8.03.

(b) Loss Adjustment Provisions.

(1) Adjustment of Casualty losses. Subject to the rights of a Unit Mortgagee to require adjustment by and payment to an independent third party adjuster pursuant to Section 8.09, insurance policies specified in Section 8.03(a) and (f), and if applicable Section 8.03(h), shall name the Corporation as Insurance Trustee. All losses covered by such policies shall be adjusted with the insurers by the Corporation. All proceeds shall be paid to the Corporation to be held in trust for the named insureds and disbursed as provided in Section 8.06 and 8.07.

(2) Adjustment of Fidelity and Crime Insurance. The insurance policy specified in Section 8.03(g) shall name the Corporation as the Insurance Trustee. All losses covered by such policy shall be adjusted with the insurer by the Corporation. All proceeds shall be paid to the Corporation to be held in trust for the named insured and shall be applied by the Corporation to the account, or accounts, affected by the loss.

Section 8.06. Decision to Repair or Restore.

(a) Partial or Complete Destruction.

(1) Board Decision. In the event of any damage or destruction to any portion of the Agency Space by fire or other casualty, the cost of repair or restoration of which:

(A) is equal to two-thirds (2/3) or more of the then full replacement cost of the Agency Space, during the first thirty (30) years following the date of this Declaration;

(B) is equal to one-half (1/2) or more of the then full replacement cost of the Agency Space, during the thirty-first (31st) through fiftieth (50th) year following the date of this Declaration;

(C) is equal to one-third (1/3) or more of the then full replacement cost of the Agency Space if the damage or destruction occurs more than fifty (50) years following the date of this Declaration; and/or

(D) exceeds the applicable insurance proceeds by more than Two hundred thousand dollars (\$200,000), regardless of when the damage or destruction occurs; the Board shall decide by unanimous vote, and within ninety (90) days after the occurrence of such damage or destruction, whether or not the Agency Space shall be repaired or restored; provided that the Agency Space may be repaired or restored only if BAHA also elects to repair or restore the remainder of the Facility.

(2) No Board Decision. If the extent of damage or destruction is less than set forth in Section 8.06(a)(1) above, or the Board fails to make a decision within the 90-day period as provided for in said section, the Corporation shall forthwith cause the Agency Space to be repaired or restored unless BAHA has given notice of its election not to restore or repair the remainder of the Facility.

(b) Insurance Proceeds. If the Agency Space is to be repaired or restored in accordance with Sections 8.06(a) and, as appropriate, (j), the proceeds of insurance carried pursuant to Section 8.03 received as a result of such damage or destruction shall be used to pay the cost of such repair or restoration and shall be disbursed as provided in Section 8.07(b).

(c) Costs Exceeding Insurance Proceeds. If the Corporation repairs or restores the Agency Space and the cost thereof is more than the amount of such proceeds, the deficiency between such proceeds and such cost shall be paid by BAHA or the Unit Owners collectively as a Special Assessment as provided in Sections 7.16(a) and (b).

(d) Distribution of Excess Insurance Proceeds. If the Corporation repairs or restores the Agency Space and the cost thereof is less than the amount of such insurance proceeds, the balance of such proceeds remaining after payment of the costs of restoration and repair shall be distributed prorata to the Unit Owners in accordance with the formula set forth in Section 7.16(b), except that excess proceeds attributable to coverage(s) which exceed the coverage requirements established by the Board and which are paid for by one Unit Owner shall be paid to such Owner.

(e) Notice of Election Not to Repair; Recordation. If a decision of the Board not to repair or restore the Agency Space is made pursuant to Section 8.06(a), the Corporation shall cause to be recorded a Notice setting forth such decision.

(f) Tenants In Common. Upon the recording of such notice, the Unit Owners shall be deemed to be tenants in common in the Agency Space and the Board shall cause an appraisal to be made by a disinterested appraiser of recognized competence in the valuation of property of the nature and in the locality in which the Facility is situated, which appraisal shall set forth an opinion as to the value of the Agency Space as it then exists, together with an opinion of any incremental value, if any, which would accrue if the Agency Space were razed.

(g) Sale of Project. As soon as is reasonably possible after completion of said appraisal, the Unit Owners shall, in concert with BAHA, as the owner of the Commercial Space, sell the Agency Space as part of the overall Facility. If necessary to such sale, the Unit Owners may, but shall not be required to, cause any construction then standing to be razed; provided the costs thereof shall be paid out of any insurance or sales proceeds. The Unit Owners and BAHA shall prepare and file a corrected subdivision map, if required, converting the Facility into single unimproved parcel of land. Such sale shall be free from the effect of this Declaration, with the exception that any provisions hereof relating to distribution of sale and insurance proceeds to the Unit Owners and Unit Mortgagees, and liabilities of the Unit Owners *inter se* shall continue to have full force and effect until such distribution is completed. The Unit Owners are authorized to sell the Agency Space, but if the price is, or the terms of such sale have the effect of reducing such price by, more than fifteen percent (15%) below the appraised value previously obtained, the Unit Owners may not sell the Agency Space without the consent of each Unit Mortgagee.

(h) Proceeds of Sale. The net proceeds of such sale, together with any proceeds of insurance received as a result of such damage or destruction, shall be shared among the Unit Owners in accordance with their respective Percentage Ownership Interests; provided that, if there is an amount secured by a Unit Mortgage or a lien created in good faith and for value or created pursuant to the provisions of Article VII on any Unit, the amount payable to the Owner of the encumbered Unit shall first be paid to the First Mortgagee, then any balance shall be paid to the holder or holders of any other liens on such Unit, in their order of priority, before any distribution of proceeds to the Unit Owner whose Unit is so encumbered. If within one (1) year after the date of the recording of a notice pursuant to Section 8.06(e) setting forth the Board's and BAHA's joint decision not to repair or restore the Facility, the Facility has not been sold as provided in Section 8.06(g), then an action may be brought by any Unit Owner(s) for partition of the Agency Space by sale as provided in Civil Code Section 1359. Expiration of the one-year period constitutes compliance with Civil Code Section 1359(b)(4).

(i) Recordation of Notice of Damage. Within ninety (90) days after any such damage or destruction occurs, any Unit Owner, any insurer, or the Corporation, may record a notice stating that such damage or destruction has occurred, describing it, identifying the part of the Agency Space suffering such damage or destruction, the name of any insurer against whom claim is made, reciting that such notice is recorded pursuant to this Section 8.06(i) and that a copy of such notice has been served on the Corporation and all Unit Owners and Unit Mortgagees.

(j) Restoration of Individual Unit. Repair and restoration of damage to the interior of any Unit shall be made by and at the expense, including any insurance proceeds distributed to such Owner, of the Unit Owner(s) whose Unit is damaged as provided for in Section 7.16(b).

Section 8.07. Proceeds of Property Insurance - How Settled and Paid.

(a) Responsibility for Negotiations. Except as otherwise provided in Section 8.05(b), in the event of any insured casualty, the Corporation is charged with the duty and responsibility of negotiating settlement of property losses with insurance carrier(s). However, if the cost to repair or restore exceeds the best obtainable settlement by Two hundred thousand dollars (\$200,000), and if the Board determines in conjunction with BAHA not to repair or restore the Facility as hereinbefore provided, the Board shall, prior to the acceptance of any such award, obtain in writing the approval of all Unit Mortgagees as to any amount which may be accepted on account of the damage to or destruction of the Agency Space. If the Board and any Unit Mortgagees cannot reach an agreement within sixty (60) days following a request for such approval, the question of the amount of the settlement award shall be submitted to arbitration in accordance with the arbitration provisions of the policies involved.

(b) Distribution of Proceeds. The proceeds of any insurance carried pursuant to Sections 8.03(a) and (f) and, where applicable, Section 8.03(i), shall be disbursed in accordance with sound construction loan procedures and controls, which shall be unanimously Approved by the Board, for the purpose of repairing or restoring the Agency Space, or, if a decision of the Board not to repair or restore the Agency Space is made pursuant to Section 8.06, the Board shall disburse such funds to the Unit Owners in accordance with Section 8.06; provided that if there is

any amount secured by a First Mortgage or any other lien created in good faith and for value or created pursuant to provisions of Article VII on any Unit, the amount otherwise payable to the Unit Owner shall first be paid to the First Mortgagee, then to the holder or holders of such other lien(s) on such Unit before any distribution of any proceeds to the Unit Owner whose Unit is so encumbered.

Section 8.08. Eminent Domain.

(a) Definition; Notice; Representation; Participation in Proceedings.

(1) "Taking"; "Award". The term "taking" shall mean condemnation by eminent domain or sale under threat of condemnation. The term "award" shall include a settlement made in lieu of award.

(2) Notice. In the event of a threatened taking of all or a portion of the Agency Space, the Facility Operator shall immediately notify all Mortgagees and Unit Owners.

(3) Representation. The Board, or its designee, shall represent the Unit Owners in connection with a taking.

(4) Participation in Proceedings. Each Unit Mortgagee and each Unit Owner may, at its option, if permitted by the court, participate in the proceedings incident to a taking, but in any proceeding, the damages shall be determined for such taking as a whole and not for each Unit Owner's interest therein.

(b) Taking of the Entire Project. If the entire Agency Space is taken, any award shall be payable to and collected by the Corporation. Subject to Section 8.08(d), the net proceeds of award shall be divided among the Unit Owners in accordance with their Percentage Ownership Interests.

(c) Partial Taking. If any portion of the Agency Space is taken, the Board shall unanimously decide, in conjunction with BAHA as the owner of the Commercial Space if the remainder of the Facility is impacted, whether (i) to restore the remainder of the Agency Space or (ii) to bring or permit an action for partition or to sell the remaining portion of the Agency Space in the manner provided in Sections 8.06(e), (f) and (g).

(1) No Board Decision; Partition. If the Board does not reach a unanimous decision pursuant to Section 8.08(c) within ninety (90) days after such taking becomes final, then the Board shall be deemed to permit an action for partition under the conditions of Civil Code Section 1359(b)(4), which conditions shall be deemed to have been met. At any time following the fifteenth (15th) day after said ninety (90) days, a Unit Owner may record a Notice of Decision. Upon the recording of such notice, the Unit Owners shall be deemed to be tenants in common in the Agency Space and an action for partition by sale may be brought by any Unit Owner(s) as provided in Civil Code Section 1359.

(2) Restoration. If the Board unanimously decides to restore the remainder of the Agency Space as provided in Section 8.08(c), then the proceeds of award shall be payable to

and collected by the Corporation and shall be disbursed first to compensate any Unit Owner whose Unit has been taken and then applied in accordance with sound construction loan procedures and controls approved by the Board and all Unit Mortgagees as reasonably necessary for the purpose of restoring the remainder of the Agency Space. Any deficiency between the award and costs of restoration shall be treated as a Capital Improvement payable by BAHA.

(3) Balance of Award; Sale Proceeds. If the proceeds of award exceed the compensation payable to any Unit Owner whose Unit is taken plus cost of restoration of the remaining Agency Space, the award, or the balance thereof remaining after deducting such costs, shall be divided among the Unit Owner(s) according to their Percentage Ownership Interests in the portions of the Agency Space taken, subject to the provisions of Section 8.08(d). Upon sale by partition or if sale is authorized under Sections 8.06(e),(f) and (g) by decision of the Board as provided in this Section 8.08(c), the net proceeds of sale shall be divided in accordance with each Unit Owner's Percentage Ownership Interest; provided that such distribution is subject to the provisions of Section 8.08(d).

(d) Lien. The Board shall disburse any such funds to the Unit Owners as determined under Section 8.08(c)(3) set forth above; provided that if there is any amount secured by a First Mortgage or any other lien created in good faith and for value or created pursuant to the provisions of Article VII on any Unit remaining, such amount shall first be paid to the First Mortgagee and then to the holder or holders of such other lien(s) on that Unit, in the order of their priority, before any distribution of any proceeds to the Unit Owner whose Unit is so encumbered.

(e) Waiver of Power of Eminent Domain. Declarant by execution hereof and each Unit Owner, upon acceptance of the conveyance of its Condominium and/or interest therein, agrees that, as to each or any of them which now or in the future possesses the power of eminent domain, the exercise of such power is hereby waived and shall not be exercised against or applied to any Condominium or interest in a Condominium within the Agency Space.

Section 8.09. Unit Mortgagee's Right to Require Independent Trustee. Notwithstanding any provision in this Article VIII to the contrary, any Unit Mortgagee, upon written request to the Corporation, shall have the absolute right to require that an independent insurance trustee approved by the Board and such Mortgagee be appointed forthwith to replace the Corporation to administer insurance proceeds. The replacement insurance trustee shall be a commercial bank or other financial institution with trust powers with a place of business in the City and County of San Francisco, California, which trustee agrees in writing to accept the trust. The costs of such trustee's service shall be paid by the Unit Owner whose Unit is encumbered and whose Unit Mortgagee makes the request.

ARTICLE IX

RESTRICTIONS ON TRANSFER; ACTIONS FOR PARTITION

Section 9.01. Unity of Interests. The Common Area shall remain undivided as set forth herein, and no Unit Owner shall be entitled to sever its interest in a Unit from the appurtenant undivided interest in the Common Area. No Unit may be dealt with, sold, conveyed, hypothecated or encumbered separately from its appurtenant interest in the Common Area. Any effort to do so shall be null and void. It is intended hereby to restrict severability in the manner provided in Civil Code Section 1359(a), or as subsequently amended; provided, however, that no restrictions upon severability contained herein shall extend beyond the period in which the right to partition is suspended under Civil Code Section 1359(b).

Section 9.02. Right to Partition. No Unit Owner shall have the right to bring any action for partition of the Agency Space, except as permitted by the provisions of this Declaration, the provisions of Civil Code Section 1359(b), or as may be unanimously approved by the Board and all Unit Mortgages.

Section 9.03. Proceeds of Sale Incident to Partition. In the event the Agency Space is sold incident to a partition thereof, the proceeds of such sale shall be shared among the Unit Owners in accordance with their Percentage Ownership Interests; provided that, if there is any amount secured by a First Mortgage or by any other lien on any Unit created in good faith and for value or created pursuant to the provisions of Article VII, such amount shall first be paid to the First Mortgagee, then any balance remaining which is otherwise payable to the Unit Owner of the encumbered Unit shall be paid first to the holder or holders of such other lien(s) on that Unit, in the order of their priority, before any distribution of any proceeds to the Unit Owner whose Unit is so encumbered.

Section 9.04. Priority on Leases, Sales and Transfers.

(a) The right of a Unit Owner to sell, lease, assign or otherwise transfer any interest in and to its Unit to any person or entity which is not then a Unit Owner shall be subject to the requirement that such Unit Owner make reasonable attempts to transfer or lease to transferees or lessees in the following order of priority:

(1) other governmental institutions or entities;

(2) nonprofit entities; or

(3) such other lessees or transferees as shall have been first Approved by the Board, which approval shall not be unreasonably withheld.

(b) The requirements of Section 9.04(a) apply only to voluntary leases and transfers. The following list of transactions is specifically exempted from said requirements:

(1) the leasing by BAHA of any space as is necessary to achieve full occupancy of the Agency Space at rates comparable to the rental rates being paid by other governmental tenants, provided that any proposed non-governmental tenant shall be subject to Approval by the Board;

(2) transfer of title pursuant to a deed given in lieu of foreclosure or pursuant to judicial or nonjudicial foreclosure proceedings instituted against a Condominium and any subsequent sale or lease of such interest by the Mortgagee, the Mortgagee's assignee or the Mortgagee's successor in interest or their successors in interest.

Section 9.05. Interest in Maintenance and Reserve Fund. Upon sale or transfer of any interest in a Unit by any Unit Owner, said Unit Owner's interests in the Condominium Maintenance Fund Account and in the Condominium Reserve Fund Account shall thereupon automatically be transferred to said Unit Owner's successor or transferee.

Section 9.06. Conveyance of Condominiums. No Unit Owner may convey its undivided interest as a tenant in common in the Common Area, except as specifically permitted herein or as part of a conveyance of all its interest in its Unit.

Section 9.07. Transfer of Membership.

(a) The membership of each Unit Owner in the Corporation and its right to appoint a Director to the Board shall be as defined in this Declaration, the Articles and Bylaws and shall be appurtenant to the Condominium giving rise to such membership. Such membership shall not be assigned, transferred, pledged, conveyed or alienated in any way, except:

- (1) the giving of a proxy by a Unit Owner to a Unit Mortgagee;
- (2) assignment of membership by a Unit Owner to a Unit Mortgagee during foreclosure proceedings;
- (3) assignment of membership by a Unit Owner to a lessee who qualifies as a "Unit Owner" pursuant to Section 2.01(w); and
- (4) upon the transfer of title to said Condominium and then only to the transferee.

(b) Any attempt to make a prohibited transfer shall be void. Subject to Sections 2.01(w), 3.02 and 9.07(a) above, transfer of a Unit Owner's entire interest in a Condominium shall operate automatically to transfer the appurtenant membership in the Corporation to the new Owner thereof.

(c) If a Unit Owner's entire interest in the Agency Space is acquired by another Unit Owner(s), then the transferring Unit Owner's membership in the Corporation shall be merged for all purposes, including but not limited to voting rights, into the membership(s) of the acquiring

Unit Owner(s) for so long as such acquiring Unit Owner(s) hold such Condominium interest(s). For example, if one Unit Owner sells its entire interest in the Agency Space to another Unit Owner, the remaining Unit Owner would have the percentage vote attributable to the two Units it owns. If the acquiring Unit Owner later sold such interest to a third party, its percentage vote on the Board would be reduced to the percentage vote it held originally.

Section 9.08. Rights of First Refusal – Sale. The Declarant hereby reserves for itself and grants to any acquiring Unit Owner (hereinafter be referred to as an "offeree Unit Owner") non-assignable rights of first refusal, as set forth in this Section 9.08, upon the proposed sale of any Unit Owner's (hereinafter "selling Unit Owner") interest in the Agency Space.

(a) Covered Transactions. The offeree Unit Owner's rights of first refusal shall apply to the assignment, sale or exchange of all ownership interests in the Agency Space of the transferring Unit Owner (the "Offered Interest"). Upon the valid and timely exercise of its right of first refusal under this section, the offeree Unit Owner shall purchase the entire Offered Interest or none of it. The following transactions are exempted from this right of first refusal:

- (1) the placing of any encumbrance or security interest on a Condominium interest, including a Mortgage;
- (2) advances made on account of any obligation secured by an encumbrance upon a Unit Owner's Condominium interest;
- (3) transfer of title pursuant to deed given in lieu of foreclosure or pursuant to judicial or nonjudicial foreclosure proceedings instituted against a Condominium interest; or any subsequent sale of such interest by the Mortgagee, the Mortgagee's assignee or the Mortgagee's successor in interest or their successors in interest.
- (4) except as provided in Section 9.08(f), any transfer or sale of any kind of any portion, or all, of a Unit Owner's condominium interest which was previously subject to a right of first refusal which was not exercised;
- (5) any transfer to a replacement entity (of any type) which among other things performs substantially the same or similar public functions as the transferring Unit Owner.

(b) Purchase Price. The offeree Unit Owner shall pay the purchase price set forth in the bona fide offer from a third party described in Section 9.07(1) below, unless the offeree Unit Owner and the selling Unit Owner agree to a lesser purchase price (the "Purchase Price").

(c) Procedure. If the offeree Unit Owner exercises the right of first refusal, it shall do so in the following manner:

(1) Notice of Intention to Sell. If a Unit Owner desires to sell or transfer the Offered Interest in a transaction not exempted pursuant to Section 9.08(a) above, then such selling Unit Owner shall, upon receipt of a bona fide written offer from a third party to purchase the Offered Interest, which offer the selling Unit Owner desires to accept (hereinafter "bona fide offer"), deliver notice ("Notice") to the offeree Unit Owner by registered or certified mail, return

receipt requested, or better service with evidence of delivery, of its intention to sell or otherwise transfer such Offered Interest. The Notice shall set forth the legal description of the Offered Interest, the terms and conditions of sale or transfer, and the amount secured by each and every Mortgage or lien on part or all of the Offered Interest (if the proposed purchase is to be subject to such existing Mortgage or lien); provided that, the bona fide offer may be inspected and/or copied by the offeree Unit Owners upon a reasonable advance request to the selling Unit Owner. Where the bona fide offer includes an exchange for some other property interest, the fair market value of such property interest shall be determined by an independent, professional real estate appraiser who shall be acceptable to the selling Unit Owner and the offeree Unit Owner; provided that the parties shall cooperate in good faith in the expeditious selection of such appraiser. If the parties are unable to agree on an appraiser, a list of names shall be agreed to by the parties. The parties, in an order determined by lot, shall alternately strike one (1) name from the list until the name of one (1) appraiser remains who shall serve as the appraiser for purposes of this paragraph. The cost of appraisal shall be divided equally among the participating Unit Owners.

(2) Response; Forty-Five (45) Day Time Limit. If the offeree Unit Owner desires to purchase the Offered Interest of the selling Unit Owner, then it shall deliver notice ("Purchase Notice") to the selling Unit Owner by registered or certified mail, return receipt requested, or better service with evidence of delivery, to its address set forth in Section 12.06. A Purchase Notice shall cover the entire Offered Interest or shall be deemed invalid.

To be valid, each such Purchase Notice must be executed by the offeree Unit Owner and shall contain or enclose the following:

(A) Certified copies of resolutions or motions duly adopted by the governing body of the offeree Unit Owner authorizing unconditional exercise of the right of first refusal and consummation of the purchase of the Offered Interest in accordance with the terms and conditions of this Section 9.08:

(B) A statement of the Purchase Price;

(C) The legal description of the Offered Interest;

(D) The agreement that the offeree Unit Owner shall accept title to the Offered Interest, with only those representations and warranties as are customary for an "AS IS/WHERE IS" sale of real estate. The sale may be conditioned upon a nationally recognized title insurance company being prepared to issue title insurance to the offeree Unit Owner upon recordation of the deed, subject only to such liens, encumbrances and other exceptions to title as shall be reasonably acceptable to the offeree Unit Owner. To validly exercise the right of first refusal granted in this section, the offeree Unit Owner must cause its Purchase Notice to be received by the selling Unit Owner not later than forty-five (45) calendar days after the date of receipt by the offeree Unit Owner of the Notice.

If the offeree Unit Owner fails to cause the selling Unit Owner to receive a timely, valid Purchase Notice, the offeree Unit Owner shall be deemed to have automatically waived its rights of first refusal in respect to such sale of the Offered Interest. If no valid Purchase Notice is

timely received by the selling Unit Owner, the selling Unit Owner shall have the absolute right to sell the Offered Interest as provided in Section 9.08(e). Upon request of the selling Unit Owner, the waiving offeree Unit Owner shall promptly furnish, without charge, to the selling Unit Owner an irrevocable written waiver of its right of first refusal with respect to such purchase of the Offered Interest. Such waiver shall be in form acceptable to the selling Unit Owner's title insurer.

(3) Time to Consummate Right of First Refusal Transaction. If a timely Purchase Notice is received by the selling Unit Owner, the offeree Unit Owner shall have sixty (60) calendar days from the date of receipt by the selling Unit Owner of such Purchase Notice within which to close escrow on the Offered Interest and to complete the purchase transaction. Said purchase shall be made on the same terms and conditions as the bona fide offer except that:

(A) Irrevocable escrow instructions, duly executed by the offeree Unit Owner, shall be submitted to the escrow agent (selected by the offeree Unit Owner) on such agent's standard form and setting forth instructions consistent with the provisions hereof and specifically instructing said agent to disburse the full Purchase Price first to the Mortgagee holding the first lien priority Mortgage against the Offered Interest to the extent of the obligation secured by such Mortgage (unless the offeree Unit Owner has agreed to take title subject to or to assume the First Mortgage), then to any other holders of liens against the Offered Interest, in their order of priority and any balance to the selling Unit Owner;

(B) The time for consummation of said transaction and consequences of failing to timely consummate said transaction shall be as set forth in this section.

(d) Withdrawal. After a selling Unit Owner has delivered a Notice as provided in Section 9.08(c)(1), it may not thereafter extinguish the rights herein granted or withdraw the Offered Interest from sale pursuant to the terms and conditions of the right of first refusal set forth herein, except with the express written consent of the offeree Unit Owner.

(e) Failure to Exercise Right of First Refusal. If the offeree Unit Owner fails to cause the selling Unit Owner to receive a timely Purchase Notice pursuant to Section 9.08(c)(2) of if the selling Unit Owner receives notice from the offeree Unit Owner waiving its rights of first refusal, then the selling Unit Owner shall have a period of two hundred seventy (270) days from the date of Notice under Section 9.08(c)(1) within which to consummate a sale or transfer of the Offered Interest to third parties; provided that such sale or transfer shall be on the same terms and conditions as contained in the bona fide offer; provided further that, any approvals required from the Board shall not be unreasonably withheld.

(f) Sale after Two Hundred Seventy (270) Day Period. If the sale described in the bona fide offer referred to in Section 9.08(e) is not consummated within such two hundred seventy (270) day period or if the terms of such proposed sale are modified in any material respect, the Offered Interest shall be subject once again to the offeree Unit Owner's right of first refusal upon delivery of a new Notice pursuant to Section 9.08(c)(1).

(g) Holding Period. The first refusal rights set forth in this Section 9.08 are intended to allow the remaining Unit Owners to acquire the selling Unit Owner's Offered Interest for their

use and not for speculation and resale at a profit. Therefore, in the event that any Offered Interest is acquired by a Unit Owner as provided in this Section 9.08, such Unit Owner shall not transfer fee title to such Offered Interest for a period of two (2) years from the date transfer of title is made. The holding period set forth in this paragraph shall not apply to the initial sale by BAHA of any of the Units in the Agency Space or to judicial and nonjudicial foreclosures or deeds given in lieu of foreclosure.

(h) Termination of Right of First Refusal. Upon transfer of any Unit Owner's interest in its Unit to a third party, other than a governmental entity, the right of first refusal appurtenant to the transferred Unit shall terminate.

Section 9.09. Right of First Refusal - Lease. BAHA hereby reserves for itself a nonassignable right of first refusal set forth in this Section 9.09 to lease all or any portion of any other Unit Owner's Unit which such Unit Owner elects, in its sole discretion, to offer for lease to third parties, subject to the limitations set forth in Section 9.09(a) below.

(a) Covered Transactions. BAHA's right of first refusal shall apply to the leasing by the initial purchaser from BAHA (the "Initial Purchaser") of any interest in the Initial Purchaser's Unit to a non-Unit Owner and to any assignment of or sublease under any such lease to a non-Unit Owner. The following transactions are exempted from this right of first refusal:

(1) leases by any successor owner of a Unit), whether its interest is acquired by purchase or by a deed given in lieu of foreclosure or pursuant to judicial or nonjudicial foreclosure proceedings.

(2) any lease to a replacement or companion entity (of any type) which among other things performs substantially the same or similar public functions as the Initial Purchaser.

(b) Procedure. If BAHA exercises the right of first refusal, it shall do so in the following manner:

(1) Notice of Intention to Lease; Bona Fide Offer. Upon receipt of a bona fide written offer to lease or sublease all or a portion of the Initial Purchaser's Unit, which the Initial Purchaser is prepared to accept (hereinafter "bona fide offer"), the Initial Purchaser shall give Notice to BAHA of its intention to lease such Condominium interest on the terms and conditions contained in the bona fide offer. The Notice shall identify the interest to be leased (hereinafter "Offered Interest") and the terms and condition of lease. The third party bona fide offer to lease may be inspected and copied by BAHA upon reasonable notice to the Initial Purchaser.

(2) BAHA shall lease the Offered Interest in its "as is" condition or as otherwise provided in the bona fide offer, and the lease shall be subject to Mortgages and other liens of record;

(c) Agreement to Lease. BAHA shall have forty (40) days from the date of the Notice under Section 9.09(b)(1) within which to give Initial Purchaser a written Notice of Intention to lease the entire Offered Interest and fifty (50) days from the date of the Notice under

Section 9.09(b)(1) within which to execute a lease for the entire Offered Interest on the same terms and conditions as contained in the bona fide offer.

(d) Lease to Third Party. If a lease is not timely executed as provided herein by BAHA, then the Initial Purchaser may lease the offered space to third parties at the same or higher rates as those contained in the bona fide offer and otherwise on substantially the same terms and conditions contained in such offer, provided that, such lease shall be executed within one hundred eighty (180) days of the notice set forth in Section 9.09(b)(1). If such lease is not executed within such one hundred eighty (180) day period, BAHA's right of first refusal shall be reinstated as to any leases occurring after such time period.

Section 9.10. [Reserved]

Section 9.11. [Reserved]

Section 9.12. [Reserved]

Section 9.13. **Rights in the Event of Foreclosure**. Declarant hereby reserves for itself and grants to each Unit Owner the nonassignable rights in event of foreclosure described in this Section 9.13.

(a) Foreclosure. Each Unit Owner shall be deemed to have, and shall have, an interest entitling them to redeem any other Unit from the lien of any mortgage under Civil Code Section 2903 and that, upon redemption of the mortgaged property, such other Unit Owners shall have the rights against the mortgagor Unit Owner which are set forth in Civil Code Section 2903.

(b) Deed in Lieu of Foreclosure.

(1) Notice. If, in lieu of foreclosure, a mortgagor Unit Owner proposes to give a deed to the mortgaged property to a Mortgagee, the Unit Owner and Mortgagee shall reduce their agreement to writing and the mortgagor Unit Owner shall give notice in writing to the other Unit Owners advising them of the terms and conditions of the proposed transaction, providing each with copies of such written agreement.

(2) Right of Other Unit Owners. Upon receipt of a Notice under Section 9.13(b)(1) above, the other Unit Owners, acting in concert or otherwise, shall have the right to acquire the mortgaged property by making the following payments in cash within ninety (90) days of the Notice under Section 9.13(b)(1).

(A) To the Mortgagee: the full amount of the indebtedness secured by such mortgage, together with the Mortgagee's cost and expenses allowable under Civil Code Section 2924(d).

(B) To the mortgagor Unit Owner: the consideration, if any, that was agreed by the Mortgagee to be paid to such mortgagor Unit Owner in consideration of its giving such deed in lieu of foreclosure.

If the other Unit Owners oversubscribe the mortgaged interest and cannot reach timely agreement to divide such interest among themselves, then the Unit Owner which shall acquire the mortgaged interest shall be chosen by the mortgagor Unit Owner by lot.

(3) Waiver. If the other Unit Owner(s) fail to make timely payment for such mortgaged interest as required herein, then the right to purchase under Section 9.13(b) shall be waived and the mortgagor Unit Owner may give such deed in lieu of foreclosure to the Mortgagee pursuant to the terms of their agreement.

Section 9.14. Recomputation of Interest. Upon acquisition by an existing Unit Owner of any interest of another Unit Owner through outright purchase, purchase at foreclosure or otherwise, the acquiring Unit Owner's Percentage Ownership Interest shall be recomputed, as necessary, to reflect the acquiring Unit Owner's new holdings.

Section 9.15. Other Encumbrances. So long as BAHA or BAAQMD owns an interest in the Agency Space, neither of them shall voluntarily encumber its interests in the Agency Space, or any portion thereof, without the prior written consent of the other, which consent shall not be unreasonably withheld. At such time as BAHA no longer owns any interest in the Project, the provisions of this Section 9.15 shall no longer apply to the interest initially owned by BAHA. At such time as BAAQMD no longer owns any interest in the Project, the provisions of this Section 9.15 shall no longer apply to the interest initially owned by BAAQMD.

ARTICLE X

MORTGAGE PROTECTION

Section 10.01. Warranty. Declarant and each Unit Owner, by accepting a deed subject to this Declaration, each covenants and warrants that any Unit Mortgagees shall be entitled to the rights and guarantees set forth in this Article X.

Section 10.02. No Impairment. The following rights of a Unit Mortgagee shall not be impaired:

(a) Subject to compliance with Section 9.13(a), to foreclose or take title to a Unit pursuant to the remedies provided in the Mortgage; or

(b) Subject to compliance with Section 9.13(b), to accept a deed (or assignment) in lieu of foreclosure in the event of default by a mortgagor; or

- (c) To sell or lease a Unit so acquired by the Unit Mortgagee without interference.

Section 10.03. Reserve Fund. The Corporation's assessments shall provide an adequate reserve fund for maintenance, repairs and replacement of those common elements that must be replaced on a periodic basis. The Condominium Reserve Fund Account shall be funded through Common Assessments.

Section 10.04. Subordination. Any lien created or claimed in the provisions of this Declaration is expressly made subject and subordinate to the rights of any First Mortgage which encumbers all or any interest in a Condominium, made in good faith and for value; and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such Mortgage unless the Mortgagee expressly subordinates its interest, in writing, to such lien. If any Condominium and/or interest therein is encumbered by a First Mortgage made in good faith and for value, the foreclosure of any lien created by any provision set forth in this Declaration for assessments, or installments of assessments, shall not operate to affect or impair the lien of the Mortgage. On foreclosure of the Mortgage, the lien for assessments or the installments that have accrued up to the time of foreclosure shall be subordinate to the lien of the Mortgage, with the foreclosure-purchaser taking title to the Condominium or interest therein free of the lien for assessments or installments that have accrued up to the time of the foreclosure sale. On taking title to the Condominium and/or interest therein, the foreclosure purchaser shall be obligated to pay only assessments or other charges levied or assessed by the Corporation that become due or payable on or after the foreclosure purchaser acquired title to the Condominium and/or interest therein. The subsequently levied assessment or other charges may include previously unpaid assessments, provided all Unit Owners, including the foreclosure-purchaser and its successors and assigns, are required to pay their proportionate share of such assessment as provided in Section 7.05 relating to Common and Extra Common Assessments. As used herein, the term "foreclosure" shall include both judicial and nonjudicial (i.e., trustee's sales), and a deed (or assignment) in lieu of foreclosure.

Section 10.05. Amendment of Declaration. No amendment to this Declaration shall affect the rights of the holder of any First Mortgage recorded prior to recordation of such amendment who does not join in the execution thereof.

Section 10.06. Additional Subordination Agreements. By subordination agreement Approved by the Board, the benefits of Sections 10.04 and 10.05 may be extended to Mortgagees not otherwise entitled thereto; provided, however, that nothing contained herein shall give the Board the power to affect the rights of the holders of a recorded Mortgage.

Section 10.07. Prior Written Approval of Mortgagees. The prior written approval of each Unit Mortgagee shall be required for the following:

- (a) The abandonment or termination of the Common Area or Jointly Shared Space, except for abandonment or termination in the case of substantial destruction by fire or other

casualty under Section 8.06, or in the case of a taking by condemnation or eminent domain under Section 8.08, unless the taking by condemnation violates the provisions of Section 8.08(e) regarding waiver of the power of eminent domain.

(b) Any change in the method of determining the obligations, assessments, dues or other charges that may be levied against a Unit Owner, or to change the pro rata interest or obligations of any Condominium for purposes of levying assessments or charges or allocating distributions of insurance proceeds or condemnation awards for determining the pro rata share of ownership of each Unit Owner in the Common Area.

(c) Any action or omission to act by the Corporation seeking to abandon, partition, subdivide, encumber, sell or transfer the Common Areas. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area for the benefit of the Unit Owners collectively shall not be deemed a transfer within the meaning of this Section 10.07(c).

(d) The use of hazard insurance proceeds from losses to any Unit or portion of Common Area for other than the repair, replacement or a restoration of the improvements thereon, except as provided in Section 6.06.

(e) The failure to maintain fire and extended coverage insurance on insurable Corporation property and on the Common Area and Units on a current replacement cost basis in an amount not less than required under Section 8.03(a).

Section 10.08. Written Notification Obligation. The Facility Operator shall notify in writing all Mortgagees holding a Mortgage on a particular Unit of any default by the Owner of such Unit in the performance of its obligations under the Governing Instruments and any other related documents, if such default is not cured within thirty (30) days. It shall be the responsibility of each Unit Owner to notify the Facility Operator within thirty (30) days after the Mortgage is given of the name and address of the holder of any Mortgage on its Unit.

Section 10.09. Right to Inspect. Upon reasonable request, a Unit Mortgagee shall be entitled to:

(a) Inspect the books and records kept by the Facility Operator during normal business hours.

(b) Receive an annual financial statement, preparation of which is required under Section 4.02(f).

Section 10.10. Notice of Damage. In the event of substantial damage to or destruction of any Unit or any part of the Common Area, a Unit Mortgagee shall be entitled to timely notice of any such damage or destruction and no provisions of the Governing Instruments shall entitle the Unit Owner of the Unit subject to the mortgage to have priority over the Unit Mortgagee holding

the mortgage on such Unit with respect to the distribution to such Unit Owner of any insurance proceeds.

Section 10.11. Notice of Condemnation Proceeding. In the event of a threatened taking of all or a portion of the Agency Space, the Facility Operator shall give notice to Mortgagees as provided in Section 8.08(a)(2). No provision of the Governing Instruments shall entitle the Owner of a Unit subject to a Mortgage to priority over a Mortgagee holding the Mortgage on such Unit with respect to the distribution to such Unit Owner of the proceeds of any award or settlement.

Section 10.12. Authority of Unit Owners to Cure Default. Nothing herein contained shall be deemed to limit or restrict the right of the Corporation or any Unit Owner(s), pursuant to Civil Code Section 2924(c), to cure any defaults under Mortgages. Upon Approval by the Board, the Corporation is expressly authorized, but not required to, cure any and all such defaults by payment to the Mortgagee(s) of the defaulting Unit Owner(s). Without limitation on any remedy of the Unit Owners provided in Section 9.13, such payments shall be a debt of the defaulting Unit Owners and be made a Special Assessment against the defaulting Unit Owner(s) and, if so assessed, shall be secured by the lien created under Section 7.08, which lien shall be subject to this Article X. In no event shall any amounts advanced by the Corporation to cure defaults under a Mortgage secured by an individual Unit Owner's Unit become the responsibility of or be assessed against the other Unit Owners.

Section 10.13. Mortgage Protection Clause. No breach of any of the covenants, conditions and restrictions in this Declaration, nor the enforcement of any of the lien provisions herein, shall defeat or render invalid the rights under any Mortgage on any Unit made in good faith and for value, but all of the covenants, conditions and restrictions shall be binding upon and effective against any Unit Owner whose title is derived through foreclosure or otherwise. Any Mortgagee who acquires title to a Condominium and/or interest therein by foreclosure or by deed (or assignment) in lieu of foreclosure shall not be obligated to cure any breach of this Declaration occurring prior to its acquisition of title to the Condominium.

Section 10.14. Status of Loan to Facilitate Resale. Any Mortgage given to secure a loan to facilitate the resale of a Condominium or interest therein after acquisition by foreclosure or by deed (or assignment) in lieu of foreclosure shall be deemed to be a loan made in good faith and for a value and entitled to all the rights and protections of Mortgages under this Declaration.

Section 10.15. Right of First Refusal Inapplicable to Mortgagee. Except for the right of first refusal described in Section 9.08 as originally recorded, no right of first refusal or similar restriction on the right of a Unit Owner to sell, lease, transfer, or otherwise convey such Unit Owner's Condominium and/or interest therein shall be granted to the Corporation or other Unit Owners or persons without the written consent of each Mortgagee of the affected Condominium or interest therein. Any right of first refusal or option to purchase a Condominium or interest therein that may hereafter be granted to the Corporation (or other person, firm or entity,

including Unit Owners) shall not impair the rights of a First Mortgagee (i) to foreclose or take title to the Condominium or interest therein pursuant to the remedies provided in the Mortgage; or (ii) to accept a deed (or assignment) in lieu of foreclosure in the event of default under the Mortgage; or (iii) to sell or lease a Condominium acquired by the Mortgagee.

Section 10.16. **Conflict with Other Provisions.** In the event of any conflict between any of the provisions of this Article X and any other provisions of this Declaration or the Articles, or the Bylaws, the provisions of this Article X shall control.

ARTICLE XI

COMPLIANCE, LIABILITY, BREACH AND DEFAULT

Section 11.01. **Compliance and Breach.** Each Unit Owner shall comply with all provisions of the Governing Instruments.

Section 11.02. **Liability.** Each Unit Owner shall be liable for the expense of any maintenance, repair, restoration or replacement rendered necessary by, or any loss, cost, expense, damage or other liability, including attorney fees, caused or occasioned by, its negligence or misconduct or that of its tenants, agents, employees, licensees or invitees, or its failure to comply with the provisions of this Declaration, but only to the extent that such expense, loss, cost, damage or other liability is not covered by the proceeds of insurance carried by the Corporation.

Section 11.03. **Right of Entry.** Violation of any of the provisions, covenants, conditions, restrictions, easements or reservations herein contained shall give the Board, or the Facility Operator, with the Approval of the Board, the right to enter the property upon or as to which such violation exists and to summarily abate and remove at the expense of the Unit Owner thereof, any erection, thing or condition that exists thereon contrary to the intent and meaning of the provisions of this Declaration. The Facility Operator and the Board shall not thereby be deemed guilty of any manner of trespass by such entry, abatement or removal.

Section 11.04. **Nuisance.** The result of every act or omission, whereby any provision, condition, restriction, covenant, easement or reservation herein contained is violated, in whole or in part, is hereby declared to be and constitute a nuisance and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any Unit Owner or the Corporation. Such remedies shall be deemed cumulative and not exclusive.

Section 11.05. **Breach of Duty to Maintain.** In addition to the other rights hereunder, if any Unit Owner fails to maintain its Unit or make repairs thereto, in such manner as may be necessary to preserve and protect the attractive appearance and value of the Agency Space, the

Corporation shall cause to be performed the necessary work in accordance with Section 4.04(f)(3).

Section 11.06. Enforcement. The Unit Owners and/or the Board may bring a legal action for damages against any Unit Owner which defaults in the performance of any of the provisions, conditions, restrictions, easements, covenants or reservations of the Governing Instruments including, but not limited to, the covenant to pay assessments. Further, they shall be entitled to enjoin any violation of the Governing Instruments and shall further be entitled to prosecute any other legal or equitable action that may be necessary to protect the Agency Space. If they shall deem it necessary to initiate any legal or equitable action for the protection of the Agency Space against any Unit Owner, the prevailing party in such litigation shall be entitled to receive its reasonable attorney's fees and costs. Failure to enforce any provision of the Governing Instruments shall in no event be deemed a waiver of the right to do so thereafter.

Section 11.07. Remedy at Law Inadequate. The respective rights and obligations of the Unit Owners shall be enforceable in equity as well as at law or otherwise. Each Unit Owner confirms that damages at law may be an inadequate remedy for a breach or threatened breach of this Declaration. Each Unit Owner agrees that, in the event of a breach or threatened breach of any provision hereof, the respective rights and obligations hereunder shall be enforceable by specific performance, injunction or other equitable remedy. Nothing herein contained is intended to, nor shall limit or affect any rights at law or by statute or otherwise of any Unit Owner aggrieved as against another for a breach or threatened breach of any provision hereof.

ARTICLE XII

GENERAL PROVISIONS

Section 12.01. Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or enforceability of any one provision shall not affect the validity or enforceability of any other provisions of this Declaration.

Section 12.02. Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Agency Space.

Section 12.03. Waiver. No consent or waiver, express or implied, by any party hereto of any breach or default by any other party in the performance by the other of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance by such other party of the same or any other obligations of such party under this Declaration. Failure on the part of any party to complain of any act or failure to act of any other party or to declare any of the other parties in default, regardless of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

Section 12.04. Number and Gender. All personal pronouns used in this Declaration, whether used in the masculine, feminine, or neuter gender, shall include all other genders. The singular shall include the plural, and vice versa.

Section 12.05. Headings; References. Titles of Articles and Sections are for convenience only and neither limit nor amplify the provisions of this Declaration, and all references herein to Articles, Sections or subdivision thereof shall refer to the corresponding Article, Section or subdivision thereof of this Declaration, unless specific reference is made to the Articles, Sections or subdivisions of another document or instrument.

Section 12.06. Notices. All notices, demands or requests provided for or permitted to be given pursuant to this Declaration shall be in writing and shall be sent to the parties at the address of each such Unit Owner's Unit or at such other address as the Unit Owner may specify in writing to the Facility Operator from time to time and addressed to the chief executive officer or equivalent of such Unit Owner. Unless otherwise provided herein, all notices shall be given by personal delivery, by overnight courier or by U.S. mail, certified with return receipt requested. All notices shall be deemed received upon the earlier of actual receipt, one business day after deposit with a nationally or regionally recognized overnight courier or three (3) business days after deposit in the U.S. mail.

Section 12.07. Covenants Running with the Land. All provisions of this Declaration shall be construed to be covenants running with the land and with every part thereof and interest therein, including but not limited to every Unit and the appurtenances thereto.

Section 12.08. Amendment of Declaration. Unless a greater vote is expressly required herein to amend any particular provision of this Declaration, and subject to the rights of Mortgagees described in Article X of this Declaration, the Board may amend this Declaration by a vote of a majority of its members or, if there are only two members, by unanimous vote. A copy of each amendment shall be certified by each Unit Owner as having been duly adopted and shall be effective when recorded in the Official Records of the Recorder of the City and County of San Francisco; provided that an amendment to the rules adopted by the Board pursuant to Section 4.02(j) need not be recorded.

Section 12.09. Term of Covenants, Conditions and Restrictions. Subject to the provisions of Article X relating to the rights of Mortgagees, these Covenants, Conditions and Restrictions shall continue and be effective until a majority of the Unit Owners or, if there are only two Unit Owners, both Unit Owners, deem that they shall terminate, in the event of which determination the Board shall place on record with the City and County of San Francisco Recorder a duly executed notice of such termination.

Section 12.10. Successors and Assigns. This Declaration shall be for the benefit of and be binding upon all Unit Owners, their respective heirs, personal representatives, successors,

purchasers, lessees, sublessees, encumbrancers, donees, grantees, mortgagees, lienors and assigns.

Section 12.11. Joint and Several Liability. In the case of joint ownership of a Condominium, if any, the liability of each of the Owners thereof in connection with the liabilities and obligations of Owners set forth in or imposed by this Declaration shall be joint and several.

Section 12.12. Priority of Governing Instruments. In the event that there are any conflicts or inconsistencies in or between the Governing Instruments, such conflict or inconsistency shall be resolved by giving precedence to the Governing Instruments in the following order: this Declaration, the Articles and the Bylaws.

Section 12.13. Arbitration of Dispute. Any controversy arising among Unit Owners or between a Unit Owner and the Board concerning the rights and obligations of any party under the terms of this Declaration shall be determined by binding arbitration by and under the commercial rules of the American Arbitration Association ("Commercial Rules"). Arbitration hearings shall be held in the City and County of San Francisco. Any such controversy shall be arbitrated by a single arbitrator, who shall be an impartial real estate professional or lawyer having not less than ten years experience developing, managing or representing owners of commercial office properties in the San Francisco area. The arbitrator shall be appointed under the Commercial Rules and shall determine the controversy in accordance with applicable law, the intention of the parties as expressed in the Declaration and any amendments thereto and the evidence produced at the arbitration hearing. Pre-arbitration discovery shall be permitted in accordance with the Commercial Rules or California law applicable to arbitration proceedings. The arbitrator's determination shall be rendered within thirty days after the conclusion of the hearing and may include an award of attorneys' fees and costs to the prevailing party. By accepting title to a Unit, each Unit Owner agrees to be bound by the provisions of this Section 12.13.

[Signatures continued on next page.]

WHEREFORE, this Declaration has been executed in San Francisco, California as of the date first written above.

BAY AREA HEADQUARTERS AUTHORITY

By: _____
Executive Director

By: _____
Treasurer-Auditor

Approved as to form:

General Counsel

APPENDIX 2

**[FORM OF PURCHASE AND SALE AGREEMENT AND JOINT ESCROW
INSTRUCTIONS]**

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "Agreement") is made and entered into as of the ___ day of _____, 2013 by and between BAY AREA HEADQUARTERS AUTHORITY, a joint powers authority established pursuant to the California Joint Exercise of Powers Act ("BAHA"), and ASSOCIATION OF BAY AREA GOVERNMENTS, a joint powers authority established pursuant to the California Joint Exercise of Powers Act ("ABAG").

IN CONSIDERATION of the respective agreements hereinafter set forth, BAHA and ABAG hereby agree as follows:

1. Property. BAHA hereby agrees to sell and convey to ABAG, and ABAG hereby agrees to purchase from BAHA, subject to the terms and conditions set forth herein, the following (collectively, the "Property"):

1. that certain office condominium unit identified as [Unit/Suite] ___ located at 390 Main Street, San Francisco, California 94105, as more particularly described in Exhibit A attached hereto (the "Unit"), together with all rights, privileges, easements and appurtenances to or affecting the Unit, including without limitation membership in the Corporation, the right to use the Common Area and the Jointly Shared Spaces and the _____ (__) parking spaces appurtenant to the Unit, as more fully set forth in that certain Declaration of Covenants, Conditions and Restrictions (the "CC&R's") recorded in the Official Records of the City and County of San Francisco as Document No. _____ on _____ 20__ the (collectively, the "Real Property");

2. all of BAHA's right, title and interest in and to the work stations, office furniture, fixtures, telephone and computer systems and other equipment installed by BAHA in the Unit (the ("Personal Property"); and

3. all "as-built" plans and specifications and governmental permits and approvals relating to the use and occupancy of the Unit (the ("Intangible Property").

All capitalized terms not otherwise defined herein shall have the meanings set forth in the CC&R's.

2. Purchase Price; Independent Consideration.

Purchase Price and Manner of Payment. The purchase price (the "Purchase Price") to be paid by ABAG to BAHA for the Property at closing shall be ABAG's condominium ownership interest in its condominium unit ("ABAG Unit") located in the MetroCenter, located at 101 Eighth Street, Oakland, California 94607 ("MetroCenter") together with all rights, privileges, easements and appurtenances to or affecting the ABAG Unit, together with (1) all of ABAG's right, title and interest in and to the work stations, office furniture, fixtures, telephone and computer cabling and other equipment installed by ABAG ("ABAG Personal Property") and (2) all "as-built" plans and specifications and governmental permits and approvals relating to the use and occupancy of the ABAG Unit ("ABAG Intangible Property").

The Purchase Price shall be paid through recordation of deed and execution of other necessary documents through the escrow established pursuant to Section 7 below.

(b) Independent Consideration. Upon mutual execution of this Agreement, ABAG shall deliver to BAHA in cash the sum of ONE HUNDRED AND NO/100 DOLLARS (\$100.00) (the "Independent Contract Consideration") which amount has been bargained for and agreed to as consideration for ABAG's exclusive option to purchase the Property provided hereunder and for BAHA's execution and delivery of this Agreement. The Independent Contract Consideration is in addition to and independent of all other consideration provided in this Agreement, and is nonrefundable in all events.

3. BAHA's Deliveries. Within a reasonable period of time following the mutual execution of this Agreement, BAHA shall, to the extent BAHA has not already done so, deliver or cause to be delivered to ABAG the following, to the extent in BAHA's actual possession (collectively, the "Due Diligence Materials") at BAHA's sole cost and expense: (a) a current preliminary title report prepared by Title Company with respect to the Real Property, together with legible copies of all underlying documents referenced therein (collectively, the "Preliminary Report"), (b) copies of any environmental reports, studies, surveys and other documentation with respect to the environmental condition of the Unit or the real property on which it is located (the "Environmental Documents"), (c) copies of all other existing reports, plans, surveys, drawings and specifications relating to the Property, (d) copies of all documents regarding litigation, liens or threatened claims with respect to the Property (if any), (e) copies of all contracts and agreements with respect to management and maintenance of the Property which BAHA desires ABAG to assume; and (f) copies of all building occupancy permits, including certificates of occupancy, for the Unit. The Due Diligence Materials are for ABAG's use in connection with ABAG's investigation of the Property. ABAG acknowledges that, except as otherwise provided in Section 9 below, BAHA is not making any representation or warranty of any kind with respect to the Due Diligence Materials, including their accuracy, completeness or suitability for reliance thereon by ABAG.

4. ABAG's Deliveries. Within a reasonable period of time following the mutual execution of this Agreement, ABAG shall, to the extent ABAG has not already done so, deliver or cause to be delivered to BAHA the following, to the extent in ABAG's actual possession (collectively, the "ABAG Due Diligence Materials"): (a) a current preliminary title report prepared by Title Company with respect to the Real Property, together with legible copies of all underlying documents referenced therein (collectively, the "ABAG Preliminary Report"), (b) copies of any environmental reports, studies, surveys and other documentation with respect to the environmental condition of the Unit or the real property on which it is located (the "ABAG Environmental Documents"), (c) copies of all other existing reports, plans, surveys, drawings and specifications relating to the ABAG Unit and the MetroCenter, (d) copies of all documents regarding litigation, liens or threatened claims with respect to the ABAG Unit and the MetroCenter (if any), (e) copies of all contracts and agreements with respect to management and maintenance of the ABAG Unit and the MetroCenter which ABAG desires BAHA to assume; and (f) copies of all building occupancy permits, including certificates of occupancy, for the ABAG Unit and the MetroCenter. The ABAG Due Diligence Materials are for BAHA's use in connection with BAHA's investigation of the ABAG Unit and the MetroCenter. BAHA acknowledges that, except as otherwise provided in Section __ below, ABAG is not making any

representation or warranty of any kind with respect to the ABAG Due Diligence Materials, including their accuracy, completeness or suitability for reliance thereon by BAHA.

5. ABAG's Review and BAHA's Disclaimer.

1. Inspection Period. As used herein, the term "Inspection Period" shall refer to a period of time to expire at 5:00 p.m., Pacific Time, on the date that is ten (10) days following the later of (i) full execution of this Agreement by ABAG and BAHA or (ii) the date on which BAHA has delivered the Due Diligence Materials to ABAG.

2. Physical Inspection. ABAG hereby covenants that it will observe and inspect the physical condition of the Unit, the building of which it is a part, including without limitation the Common Area and the Jointly Shared Spaces. Further, the ABAG agrees to the selection and the installation of the Personal Property in the Unit.

3. Title. ABAG shall complete its review of the Preliminary Report and all documents and information pertaining to any exceptions to title listed therein prior to the expiration of the Inspection Period. Any such exceptions not expressly disapproved by ABAG in writing within the applicable review period shall be deemed approved and shall be referred to as "Permitted Exceptions." In the event that ABAG notifies BAHA in writing of its disapproval of any exceptions to title listed in the Preliminary Report on or before the expiration of the applicable review period ("Objections"), BAHA shall have the right, but not the obligation, to cure any of the Objections by removing or causing the Title Company to insure over such Objections within thirty (30) days after receipt of the Objections, during which period the Closing will be postponed if necessary. If BAHA is unable to cure any Objections within said thirty (30) day period, or if BAHA gives ABAG written notice at anytime during said thirty (30) day period stating that BAHA declines to attempt to cure any of the Objections, then ABAG will have the option, within five (5) business days after the end of said thirty (30) day period or receipt of said written notice from BAHA, as its sole right and remedy, to either (i) terminate this Agreement in which event neither party shall have any further obligations to the other hereunder except under provisions of this Agreement which specifically state that they survive termination or (ii) waive the Objections (and the ABAG's Condition Precedent described in Section 5.2 of this Agreement) and proceed to Closing. Notwithstanding anything to the contrary contained herein, BAHA shall be obligated to remove from title on or before Closing any monetary liens affecting the Property (other than monetary liens resulting from ABAG's acts).

4. As-Is Sale. Except as otherwise expressly set forth in Section 9 and Section 15 of this Agreement and any of the documents delivered by BAHA at Closing, neither BAHA nor its directors, officers, employees, agents, representatives or attorneys (collectively, the "BAHA Parties") or contractors have made any representations, guaranties, promises, statements, assurances or warranties, express or implied, to ABAG including, without limitation, any pertaining to the suitability, habitability or merchantability or fitness of the Property for ABAG's intended use or for any use whatsoever, the physical or environmental condition thereof, the expenses of operating the Unit, the condition of title thereto, the truth, accuracy or completeness of the Due Diligence Materials, or as to any other past, present or future matter whatsoever. ABAG acknowledges and agrees that it has satisfied itself regarding the condition of the Property and the foregoing matters, and, except as otherwise provided in this Section 4.4,

that the Property will be purchased in its "AS IS" condition and "WITH ALL FAULTS" on the Closing Date and that ABAG assumes the risk that adverse physical, environmental, economic or legal conditions may not have been revealed by its investigation.

5. ABAG's Release. Except with respect to any claims arising out of any breach of covenants, representations or warranties set forth in this Agreement or in the documents delivered by BAHA at Closing, ABAG, for itself and its agents, affiliates, successors and assigns, hereby releases and forever discharges BAHA, its agents, affiliates, successors and assigns from any and all rights, claims and demands at law or in equity, whether known or unknown at the time of this agreement, which ABAG has or may have in the future, arising out of the physical, environmental, economic or legal condition of the Property. ABAG hereby specifically waives the provisions of section 1542 of the California Civil Code ("Section 1542") and any similar law of any other state, territory or jurisdiction. Section 1542 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.

ABAG hereby specifically acknowledges that ABAG has carefully reviewed this subsection and discussed its import with legal counsel and that the provisions of this subsection are a material part of this Agreement.

ABAG Initials

6. BAHA's Review and ABAG's Disclaimer.

1. Inspection Period. As used herein, the term "Inspection Period" shall refer to a period of time to expire at 5:00 p.m., Pacific Time, on the date that is ten (10) days following the later of (i) full execution of this Agreement by BAHA and ABAG or (ii) the date on which ABAG has delivered the Due Diligence Materials to BAHA.

2. Physical Inspection. BAHA hereby covenants that it will observe and inspect the physical condition of the ABAG Unit, the MetroCenter of which it is a part, including without limitation the Common Area, the Library Unit, the Meeting Room Unit, the Parking Unit and the Cafeteria Unit. Further, BAHA agrees to the selection and the installation of the ABAG Personal Property in the ABAG Unit.

3. Title. BAHA shall complete its review of the Preliminary Report and all documents and information pertaining to any exceptions to title listed therein prior to the expiration of the Inspection Period. Any such exceptions not expressly disapproved by BAHA in writing within the applicable review period shall be deemed approved and shall be referred to as "ABAG Permitted Exceptions." In the event that BAHA notifies ABAG in writing of its disapproval of any exceptions to title listed in the Preliminary Report on or before the expiration of the applicable review period ("ABAG Objections"), ABAG shall have the right, but not the obligation, to cure any of the ABAG Objections by removing or causing the Title Company to insure over such ABAG Objections within thirty (30) days after receipt of the ABAG Objections,

during which period the Closing will be postponed if necessary. If ABAG is unable to cure any ABAG Objections within said thirty (30) day period, or if ABAG gives BAHA written notice at anytime during said thirty (30) day period stating that ABAG declines to attempt to cure any of the ABAG Objections, then BAHA will have the option, within five (5) business days after the end of said thirty (30) day period or receipt of said written notice from ABAG, as its sole right and remedy, to either (i) terminate this Agreement in which event neither party shall have any further obligations to the other hereunder except under provisions of this Agreement which specifically state that they survive termination or (ii) waive the ABAG Objections (and the BAHA's Condition Precedent described in Section ___ of this Agreement) and proceed to Closing. Notwithstanding anything to the contrary contained herein, ABAG shall be obligated to remove from title on or before Closing any monetary liens affecting the ABAG Unit (other than monetary liens resulting from BAHA's acts).

4. As-Is Sale. Except as otherwise expressly set forth in Section__ and Section __ of this Agreement and any of the documents delivered by ABAG at Closing, neither ABAG nor its members, directors, officers, employees, agents, representatives or attorneys (collectively, the "ABAG Parties") or contractors have made any representations, guaranties, promises, statements, assurances or warranties, express or implied, to BAHA including, without limitation, any pertaining to the suitability, habitability or merchantability or fitness of the ABAG Unit for BAHA's intended use or for any use whatsoever, the physical or environmental condition thereof, the expenses of operating the Unit, the condition of title thereto, the truth, accuracy or completeness of the ABAG Due Diligence Materials, or as to any other past, present or future matter whatsoever. BAHA acknowledges and agrees that it has satisfied itself regarding the condition of the ABAG Unit and the foregoing matters, and, except as otherwise provided in this Section ____, that the ABAG Unit will be purchased in its "AS IS" condition and "WITH ALL FAULTS" on the Closing Date and that BAHA assumes the risk that adverse physical, environmental, economic or legal conditions may not have been revealed by its investigation.

5. BAHA's Release. Except with respect to any claims arising out of any breach of covenants, representations or warranties set forth in this Agreement or in the documents delivered by ABAG at Closing, BAHA, for itself and its agents, affiliates, successors and assigns, hereby releases and forever discharges ABAG, its members, agents, affiliates, successors and assigns from any and all rights, claims and demands at law or in equity, whether known or unknown at the time of this agreement, which BAHA has or may have in the future, arising out of the physical, environmental, economic or legal condition of the Property. BAHA hereby specifically waives the provisions of section 1542 of the California Civil Code ("Section 1542") and any similar law of any other state, territory or jurisdiction. Section 1542 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.

BAHA hereby specifically acknowledges that BAHA has carefully reviewed this subsection and discussed its import with legal counsel and that the provisions of this subsection are a material part of this Agreement.

7. ABAG's Conditions Precedent to Closing. The following are conditions precedent to ABAG's obligation to purchase the Property (the "ABAG's Conditions Precedent"). ABAG's Conditions Precedent are intended solely for the benefit of ABAG and may be waived only by ABAG in writing. In the event any ABAG's Condition Precedent is not satisfied, ABAG may, in its sole and absolute discretion and without limiting any of its other rights and remedies under this Agreement, at law or in equity, terminate this Agreement.

1. Property Condition. ABAG's inspection, review and approval, prior to expiration of the Inspection Period, of the Due Diligence Materials, including, without limitation, the Preliminary Report and the Environmental Documents, which approval shall be deemed given unless ABAG shall give written notice of disapproval prior to the expiration of the Inspection Period;

2. Title Insurance. Title Company shall be irrevocably and unconditionally committed to issue to ABAG upon the Closing an ALTA owner's policy of title insurance (2006) in the amount of the Purchase Price (which shall be determined to equal the fair market value of the ABAG Unit, as reflected in an independent appraisal of a certified commercial real property appraiser jointly selected by BAHA and Purchaser), insuring fee simple title to the Property in ABAG, subject only to the Permitted Exceptions and such other exceptions as ABAG shall have approved in writing prior to Closing and containing such endorsements as are approved by the Title Company during the Inspection Period (the "Title Policy").

3. Performance by BAHA. BAHA shall have complied, in all material respects, with all of BAHA's duties and obligations contained in this Agreement and all of BAHA's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct, in all material respects, when made and shall remain true and correct, in all material respects, as of the Closing Date.

8. BAHA's Conditions Precedent to Closing. The following are conditions precedent to BAHA's obligation to sell the Property (the "BAHA's Conditions Precedent"). BAHA's Conditions Precedent are intended solely for the benefit of BAHA and may be waived only by BAHA in writing. In the event any BAHA's Condition Precedent is not satisfied, BAHA may, in its sole and absolute discretion and without limiting any of its other rights and remedies under this Agreement, at law or in equity, terminate this Agreement.

1. Property Condition. BAHA's inspection, review and approval, prior to expiration of the Inspection Period, of the ABAG Due Diligence Materials, including, without limitation, the ABAG Preliminary Report and the ABAG Environmental Documents, which approval shall be deemed given unless BAHA shall give written notice of disapproval prior to the expiration of the Inspection Period;

2. Recordation of Condominium Map for 390 Main Street. A condominium map establishing the Unit as a separate legal parcel shall have been recorded.

3. Recordation of Grant Deed(s) for ABAG Unit and ABAG's Interest in the Library Unit, Meeting Room Unit, Parking Unit and Cafeteria Unit. One or more grant deeds showing the ownership of the ABAG Unit and of ABAG's Interest in the Library Unit, Meeting Room Unit, Parking Unit and Cafeteria Unit as transferred to the BAHA.

4. Title Insurance. Title Company shall be irrevocably and unconditionally committed to issue to BAHA upon the Closing an ALTA owner's policy of title insurance (2006) in the amount of the Purchase Price (which shall be determined as set forth above in paragraph 5.2.), insuring fee simple title to the ABAG Unit in BAHA, subject only to the Permitted Exceptions and such other exceptions as BAHA shall have approved in writing prior to Closing and containing such endorsements as are approved by the Title Company during the Inspection Period (the "ABAG Unit Title Policy")

5. Performance by ABAG. ABAG shall have complied, in all material respects, with all of ABAG's duties and obligations contained in this Agreement and all of ABAG's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct, in all material respects, when made and shall remain true and correct, in all material respects, as of the Closing Date.

9. Escrow; Closing.

1. Escrow. Upon mutual execution of this Agreement, the parties hereto shall deposit a fully executed copy of this Agreement with First American Title Insurance Company, 1850 Mt. Diablo Blvd., Suite 300, Walnut Creek, California 94596; Escrow Officer: Kitty Schlesinger) (hereinafter "Title Company" or "Escrow Holder") and this Agreement shall serve as instructions to Escrow Holder for consummation of the purchase contemplated hereby. BAHA and ABAG shall execute such supplemental escrow instructions as may be appropriate to enable Escrow Holder to comply with the terms of this Agreement, provided such supplemental escrow instructions are not in conflict with this Agreement as it may be amended in writing from time to time. In the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions signed by ABAG and/or BAHA, the terms of this Agreement shall control.

2. Closing. The parties intend for the consummation of the sale of the Property as provided hereunder (the "Closing") to take place through escrow on the date that is ten (10) business days after the expiration of the Inspection Period, or on such earlier date as may be agreed to by BAHA and ABAG (the "Closing Date").

3. BAHA's Closing Deliveries. On or before the last business day immediately preceding the Closing Date, BAHA shall deliver to Escrow Holder the following:

(i) Deed. A duly executed and acknowledged grant deed in the form attached to this Agreement as Exhibit B-1 (the "390 Main Street Deed");

(ii) Bill of Sale. Two (2) duly executed counterpart originals of two separate bills of sale with respect to the Personal Property and the ABAG Personal Property, respectively, in the form attached to this Agreement as Exhibit C (the "Bills of Sale");

(iii) Assignment and Assumption of Intangible Property. Two (2) duly executed counterpart originals of two separate assignments and assumption of intangible property in the form attached to this Agreement as Exhibit D (the "Assignments"); and

(iv) BAHA's Certificate. A duly executed Certificate confirming the continued truth and accuracy as of the Closing Date of the representations and warranties set forth in Section 9, except as otherwise may be set forth in the Certificate.

4. ABAG's Closing Deliveries. On or before the last business day immediately preceding the Closing Date, ABAG shall deliver to Escrow Holder the following:

(i) Deed. A duly executed and acknowledged grant deed in the form attached to this Agreement as Exhibit B-2 (the "MetroCenter Deed")

(ii) Bill of Sale. Two (2) duly executed counterpart originals of each of the separate Bills of Sale;

(iii) Assignment and Assumption of Intangible Property. Two (2) duly executed counterpart originals of each of the separate Assignments;

(iv) Preliminary Change of Ownership Report. A duly executed and original preliminary change of ownership report (if required); and

(v) Closing Costs. Immediately available funds in the amount of the ABAG's share of Closing Costs.

5. Additional Closing Documents. BAHA and ABAG shall each deposit such other instruments as are reasonably required by Escrow Holder or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms hereof.

10. Closing Costs and Prorations. BAHA and ABAG agree to the following prorations and allocation of costs ("Closing Costs") regarding this Agreement:

1. Real Estate Taxes Assessments. ABAG and BAHA are each governmental entities and are not subject to real property taxes. In the event there are any assessments which attach to governmentally owned real property, such assessments shall be prorated and adjusted between BAHA and ABAG as of the Closing Date so that (1) with respect to the Unit, BAHA shall pay, or give ABAG credit for, any such assessments that accrued on or prior to the Closing Date and ABAG shall pay, or assume, any such assessments that accrue after the Closing Date, and (2) with respect to the ABAG Unit, ABAG shall pay, or give BAHA credit for, any such assessments that accrued on or prior to the Closing Date and BAHA shall pay, or assume, any such assessments that accrue after the Closing Date. The obligations of ABAG and BAHA set forth in this Section 8.1 shall survive the Closing.

2. Property Expenses. There shall be no proration at Closing of utilities and Common Area assessments for the Unit or the ABAG Unit. These expenses shall be paid by ABAG and the BAHA, respectively, after Closing.

3. Title Insurance and Escrow Fee. BAHA shall pay the premium attributable to the Title Policy and the ABAG Title Policy and any reasonable and customary escrow fee or charge imposed by Escrow Holder.

4. Recording Costs. BAHA shall pay the cost of recording the Deeds and all other documents, if any, recorded pursuant to the terms of this Agreement.

5. Transfer Taxes. No governmental documentary transfer or transaction taxes or fees shall be payable in connection with this transaction because both ABAG and BAHA are exempt governmental entities.

The provisions of this Section 8 shall survive the Closing.

11. Representations and Warranties of BAHA. BAHA hereby represents and warrants to ABAG as follows:

1. Power and Authority. BAHA has the power and authority (i) to enter into this Agreement and all of the documents to be executed and delivered by BAHA to ABAG at the Closing, (ii) to perform its obligations under this Agreement and under the documents to be executed and delivered by BAHA to ABAG at the Closing and (iii) to complete the transactions contemplated by this Agreement. BAHA has taken all governmental action necessary to authorize (A) the execution and delivery of this Agreement and all of the documents to be executed and delivered by BAHA to ABAG at the Closing, (B) the performance by BAHA of its obligations under this Agreement and under the documents to be executed and delivered by BAHA to ABAG at the Closing and (C) the completion of the transactions contemplated by this Agreement.

2. Binding and Enforceable. This Agreement and all of the documents to be executed and delivered by BAHA to ABAG at the Closing have been duly executed and delivered by BAHA and constitute valid and binding obligations of BAHA.

3. No Conflict. The execution and delivery of this Agreement and all of the documents to be executed and delivered by BAHA to ABAG at the Closing and the performance by BAHA of its obligations under this Agreement and under the documents to be executed and delivered by BAHA to ABAG at the Closing and the completion of the transactions contemplated by this Agreement will not result in (i) a breach of, or a default under, any contract, agreement, commitment or other document or instrument to which BAHA is party or by which BAHA is bound or (ii) a violation of any law, ordinance, regulation or rule of any governmental authority applicable to BAHA or any judgment, order or decree of any court or governmental authority that is binding on BAHA.

4. Ownership. BAHA has not granted any option or right of first refusal or first opportunity to any other party to acquire any interest in any of the Property.

5. Actions. To BAHA's knowledge, except for the on-going discussions with the San Francisco Planning Department concerning the current zoning of the Real Property, (i) there are no condemnation, zoning or other land-use regulation proceedings, either instituted or planned to be instituted, which would materially and adversely affect the use, operation or

value of the Property, (ii) there are no special assessment proceedings affecting the Property, (iii) there is no litigation pending or threatened in writing against BAHA arising out of the ownership or operation of the Property or that might detrimentally affect the Property or the ability of BAHA to perform its obligations under this Agreement. BAHA shall notify ABAG promptly of any such proceedings or litigation of which BAHA becomes aware, and (iv) BAHA has received no written notice from any governmental entity that the Property is in violation of any applicable laws, ordinances or regulations.

6. Contracts for Improvements and Other Encumbrances. To BAHA's knowledge, other than possible construction contract retentions for which funds have been reserved by BAHA, at the time of Closing there will be no outstanding written or oral contracts made by BAHA for any improvements to the Property which have not been fully paid for and, except as set forth in the Preliminary Report, there are no existing or proposed easements, covenants, restrictions, agreements or other documents which affect title to the Property and which were not disclosed in writing to ABAG prior to the date of this Agreement.

7. Hazardous Materials. To BAHA's knowledge and except as set forth in the Due Diligence Materials, there has been no release, storage, treatment, generation or disposal of Hazardous Materials by BAHA, or any other party during BAHA's ownership of the Property, on, under or from the Property in violation of any applicable laws, ordinances or regulations. For purposes of this Agreement, the term "Hazardous Materials" shall mean any toxic or hazardous waste, material or substance, including, without limitation, asbestos, petroleum, petroleum products, underground storage tanks now or previously containing any other Hazardous Materials, substances defined as "hazardous substances", "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9601, et seq.; Hazardous Materials Transportation Act, 49 U.S.C. Sec. 1801; and Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq.; and other substances defined as hazardous waste and hazardous substances in applicable state or local laws and/or in any regulations and publications promulgated pursuant to said laws.

12. Representations and Warranties of ABAG. ABAG hereby represents and warrants to BAHA as follows:

1. Power and Authority. ABAG has the power and authority (i) to enter into this Agreement and all of the documents to be executed and delivered by ABAG to BAHA at the Closing, (ii) to perform its obligations under this Agreement and under the documents to be executed and delivered by ABAG to BAHA at the Closing and (iii) to complete the transaction contemplated by this Agreement. ABAG has taken all governmental action necessary to authorize (A) the execution and delivery of this Agreement and the documents to be executed and delivered by ABAG to BAHA at the Closing, (B) the performance by ABAG of its obligations under this Agreement and under the documents to be executed and delivered by ABAG to BAHA at the Closing and (C) the completion of the transaction contemplated by this Agreement.

2. Binding and Enforceable. This Agreement and all of the documents to be executed and delivered by ABAG to BAHA at the Closing have been duly executed and delivered by ABAG and constitute valid and binding obligations of ABAG.

3. No Conflict. The execution and delivery of this Agreement and all of the documents to be executed and delivered by ABAG to BAHA at the Closing and the performance by ABAG of its obligations under this Agreement and under the documents to be executed and delivered by ABAG to BAHA at the Closing and the completion of the transaction contemplated by this Agreement will not result in (i) a breach of, or a default under, any contract, agreement, commitment or other document or instrument to which ABAG is party or by which ABAG is bound or (ii) a violation of any law, ordinance, regulation or rule of any governmental authority applicable to ABAG or any judgment, order or decree of any court or governmental authority that is binding on ABAG.

4. ABAG's Investigation. ABAG has examined, inspected and conducted its own investigation of all matters with respect to the physical and environmental condition of the Property, permissible uses, zoning, covenants, conditions and restrictions and all other matters which in ABAG's judgment bear upon the value and suitability of the Property for ABAG's purposes. ABAG acknowledges that, except as otherwise provided herein, BAHA has not made any representation of any kind in connection with soils, environmental or physical conditions on, or bearing on, the use of the Property, and ABAG is relying solely on ABAG's own inspection and examination of such items and not on any representation of BAHA.

5. Ownership. ABAG has not granted any option or right of first refusal or first opportunity to any other party to acquire any interest in any of the ABAG Unit.

6. Actions. To ABAG's knowledge (i) there are no condemnation, zoning or other land-use regulation proceedings, either instituted or planned to be instituted, which would materially and adversely affect the use, operation or value of the ABAG Unit, (ii) there are no special assessment proceedings affecting the ABAG Unit, (iii) there is no litigation pending or threatened in writing against ABAG arising out of the ownership or operation of the ABAG Unit or that might detrimentally affect the ABAG Unit or the ability of ABAG to perform its obligations under this Agreement. ABAG shall notify BAHA promptly of any such proceedings or litigation of which ABAG becomes aware, and (iv) ABAG has received no written notice from any governmental entity that the Property is in violation of any applicable laws, ordinances or regulations.

7. Contracts for Improvements and Other Encumbrances. To ABAG's knowledge, at the time of Closing there will be no outstanding written or oral contracts made by ABAG for any improvements to the ABAG Unit which have not been fully paid for and, except as set forth in the preliminary title report pertaining to the ABAG Unit, there are no existing or proposed easements, covenants, restrictions, agreements or other documents which affect title to the ABAG Unit and which were not disclosed in writing to BAHA prior to the date of this Agreement.

8. Hazardous Materials. To ABAG's knowledge there has been no release, storage, treatment, generation or disposal of Hazardous Materials by ABAG, or any other party during ABAG's ownership of the ABAG Unit, on, under or from the ABAG Unit in violation of any applicable laws, ordinances or regulations.

13. Survival. All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement are intended to and shall be deemed made as of the date of this Agreement or such writing and shall survive the execution and delivery of this Agreement, the 390 Main Street Deed, the MetroCenter Deed and the Closing, provided that the representations and warranties set forth in Sections 9.4 through 9.8 and 10.4 through 10.8 shall survive the Closing only for a period of nine (9) months following the Closing Date and, if no claim is made in writing within such period, shall expire and be of no further force and effect.

14. Casualty or Condemnation.

1. In the event any of the Property is damaged and/or destroyed by fire or other casualty prior to the Closing, and the cost to repair and/or restore such damage and/or destruction exceeds Fifty Million Dollars (\$50,000,000), then ABAG shall have the right to terminate this Agreement by written notice to BAHA within five (5) business days after ABAG has received written notice from BAHA of the occurrence of such casualty and the cost of such repair and/or restoration. In the event of any such termination, ABAG and BAHA shall each be liable for one-half of any escrow fees or charges, and neither party shall have any further liability or obligation under this Agreement.

2. In the event any of the Property is damaged and/or destroyed by fire or other casualty prior to the Closing where (i) the cost to repair and/or restore such damage and/or destruction does not exceed Fifty Million Dollars (\$50,000,000), or (ii) the cost to repair and/or restore such damage and/or destruction exceeds Fifty Million Dollars (\$50,000,000) but this Agreement is not terminated pursuant to Section 12.1 above as a result thereof, then the Closing shall occur as scheduled notwithstanding such damage; provided, however, that BAHA shall be obligated, at its cost, to restore or repair the Unit to its prior condition and shall retain its interest in all insurance proceeds payable in connection with such damage or destruction. BAHA's obligations pursuant to the immediately preceding sentence shall survive the Closing.

3. In the event a governmental entity commences eminent domain proceedings (or threatens in writing to commence such proceedings) to take any portion of the Unit, or the ABAG Unit, or any other portion of the building in which either is located which would impair ABAG's use of the Unit, or the BAHA's use of the ABAG Unit, respectively, after the date hereof and prior to the Closing, then (1) with respect to the Unit, ABAG shall have the option to terminate this Agreement by written notice to BAHA within five (5) business days after ABAG has received written notice from BAHA of the occurrence of such commencement or threatened commencement, and (2) with respect to the ABAG Unit, BAHA shall have the option to terminate this Agreement by written notice to ABAG within five (5) business days after BAHA has received written notice from ABAG of the occurrence of such commencement or threatened commencement. In the event of any such termination, ABAG and BAHA shall each be liable for one-half of any escrow fees or charges, and neither party shall have any further liability or obligation under this Agreement.

4. In the event a governmental entity commences any such eminent domain proceedings after the date hereof and prior to the Closing and this Agreement is not terminated pursuant to Section 13.3 above as a result thereof, then the Closing shall occur as scheduled notwithstanding such proceeding; provided, however, that (1) with respect to the Unit, BAHA's

interest in all awards arising out of such proceedings which are attributable to the taking of any portion of the Unit shall be assigned to ABAG as of the Closing or credited to ABAG if previously received by BAHA and (2) with respect to the ABAG Unit, ABAG's interest in all awards arising out of such proceedings which are attributable to the taking of any portion of the ABAG Unit shall be assigned to BAHA as of the Closing or credited to BAHA if previously received by ABAG. ABAG's and BAHA's obligations pursuant to the immediately preceding sentence shall survive the Closing.

15. Covenants.

(a) BAHA Covenants.

1. Continued Operation of the Property. Between BAHA's execution of this Agreement and the Closing, BAHA shall cause the Property to be operated and maintained in substantially the condition existing upon the date of this Agreement. Prior to the Closing, BAHA may not materially alter the Property in any way without ABAG's prior written authorization.

2. Condominium Map. BAHA shall, at BAHA's cost, file all applications and take all other actions necessary to obtain all required approvals of (1) with respect to the Unit, a condominium map establishing the Unit as a separate legal parcel and shall cause the condominium map to be recorded in the Official Records of the City and County of San Francisco as expeditiously as is commercial reasonable and (2) with respect to the ABAG Unit, a condominium map establishing the ABAG Unit as a legal parcel owned by BAHA and shall cause the condominium map to be recorded in the Official Records of the County of Alameda as expeditiously as is commercial reasonable.

(b) ABAG Covenant. Between ABAG's execution of this Agreement and the Closing, ABAG shall cause the ABAG Unit to be operated and maintained in substantially the condition existing upon the date of this Agreement. Prior to the Closing, ABAG may not materially alter the ABAG Unit in any way without BAHA's prior written authorization.

16. Brokers. Each party hereby agrees to indemnify, protect and defend the other (by counsel reasonably acceptable to the party seeking indemnification) against and hold the other harmless from and against any and all loss, damage, liability or expense, including costs and reasonable attorneys' fees, resulting from any claims for a real estate commission, finders fee or other real estate brokerage-type compensation by any person or entity based upon the acts of that party with respect to the transaction contemplated by this Agreement. The obligations of ABAG and BAHA under this Section 14 shall survive the Closing.

17. Hazardous Materials Indemnity.

(a) BAHA Indemnity. BAHA shall indemnify, defend and hold harmless ABAG from any Repair and Remediation Costs (as defined below) arising from the release, treatment, use, generation, storage or disposal by BAHA or any of its employees, agents or contractors of Hazardous Materials on, under or from the Unit occurring prior to the Closing. As used in this subparagraph the term "Repair and Remediation Costs" means the cost of any required or necessary remediation or removal of Hazardous Materials from the Unit, any cost of

repair of the Unit necessitated by the remediation or removal of Hazardous Materials from the Unit and the costs of any testing, sampling or other investigations or preparation of remediation or other required plans undertaken in connection with the remediation or removal of Hazardous Materials from the Unit. The indemnification obligations set forth in this Section 15 shall survive the Closing. BAHA expressly preserves its rights against other parties, and does not release or waive its rights to contribution, against any other party.

(b) ABAG Indemnity. ABAG shall indemnify, defend and hold harmless BAHA from any Repair and Remediation Costs (as defined below) arising from the release, treatment, use, generation, storage or disposal by ABAG or any of its employees, agents or contractors of Hazardous Materials on, under or from the ABAG Unit occurring prior to the Closing. As used in this subparagraph the term "Repair and Remediation Costs" means the cost of any required or necessary remediation or removal of Hazardous Materials from the ABAG Unit, any cost of repair of the ABAG Unit necessitated by the remediation or removal of Hazardous Materials from the ABAG Unit and the costs of any testing, sampling or other investigations or preparation of remediation or other required plans undertaken in connection with the remediation or removal of Hazardous Materials from the ABAG Unit. The indemnification obligations set forth in this Section 15 shall survive the Closing. ABAG expressly preserves its rights against other parties, and does not release or waive its rights to contribution, against any other party.

18. Miscellaneous.

1. Notices. Any and all notices, elections, approvals, consents, demands, requests and responses ("Notice") permitted or required to be given under this Agreement shall be given in writing, signed by or on behalf of the party giving the same, and sent by certified or registered mail, postage prepaid, return receipt requested, or by hand delivery or overnight courier service (such as Federal Express), to the party to be notified at the address of such party set forth below or at such other address within the continental United States as such other party may designate by notice specifically designated as a notice of change of address and given in accordance with this Section 16.1. Any Notice shall be effective upon receipt but if attempted delivery is refused or rejected, the date of refusal or rejection shall be deemed the date of receipt. Notices sent by telecopy shall be effective only if also sent by nationally recognized express overnight courier service for delivery within two (2) business days.

If to ABAG:

Association of Bay Area Governments
390 Main Street, Suite _____
San Francisco, CA 94105
Attn: _____
Tel: _____
Fax: _____

With a copy to:

Attn: _____
Tel: _____
Fax: _____

If to BAHA:

Bay Area Headquarters Authority
390 Main Street, Suite _____
San Francisco, CA 94105
Attn: Executive Director
Tel: _____
Fax: _____

with a copy to:

Attn: _____
Tel: _____
Fax: _____

If to Escrow Holder:

First American Title Insurance Company
1850 Mt. Diablo Blvd., Suite 300
Walnut Creek, California 94596
Attn: Kitty Schlesinger
Tel: 925-927-2154
Fax: 925-927-2180

2. Successors and Assigns. Subject to the provisions hereof, this Agreement shall be binding upon the successors and assigns of BAHA and ABAG. The parties acknowledge that the right to purchase the Property pursuant to the terms of this Agreement is personal to the Association of Bay Area Governments or any successor governmental agency performing the same functions, and neither ABAG's nor BAHA's rights hereunder may be otherwise assigned without the prior written consent of BAHA or ABAG, respectively, which may be withheld in BAHA's or ABAG's, respectively, sole discretion. Any assignment in violation of this Section 18.2 shall be void.

3. Attorneys' Fees. In the event of any litigation or other proceeding to enforce the provisions of this Agreement or to resolve any dispute arising as a result of or by reason of this Agreement, the prevailing party in any such litigation or other proceeding shall be entitled to, in addition to any other damages assessed, its or his reasonable attorneys' fees and all other costs and expenses incurred in connection with such litigation or other proceeding.

4. Amendments. This Agreement may be amended or modified only by a written instrument executed by BAHA and ABAG.

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

6. Schedules and Exhibits. Each of the schedules and exhibits attached hereto is an integral part of this Agreement and is incorporated herein by this reference.

7. Entire Agreement. This Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof, including, without limitation, any letters of intent previously executed or submitted by either or both of the parties hereto, which shall be of no further force or effect upon execution of this Agreement.

8. Captions. The Section headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement and are not to be considered in interpreting this Agreement.

9. Time of the Essence. Time is of the essence of this Agreement. As used in this Agreement, a "business day" shall mean a day which is not a Saturday, Sunday or recognized federal or state holiday. If the last date for performance by either party under this Agreement occurs on a day which is not a business day, then the last date for such performance shall be extended to the next occurring business day.

10. Severability. If any provision of this Agreement, or the application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances shall remain in full force and effect.

11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but any number of which, taken together, shall be deemed to constitute one and the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Purchase and Sale Agreement and Joint Escrow Instructions as of the date first above written.

ASSOCIATION OF BAY AREA
GOVERNMENTS

BAY AREA HEADQUARTERS
AUTHORITY

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: Executive Director

Approved as to form:

Legal Counsel

By: _____
Name: _____
Its: Treasurer-Auditor

Approved as to form:

General Counsel

EXHIBIT A

DESCRIPTION OF REAL PROPERTY

The real property referred to herein below is situated in the City and County of San Francisco, State of California, and is described as follows:

APN:

EXHIBIT B-1

FORM OF 390 MAIN STREET DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Attn: _____

APN: _____

THIS SPACE ABOVE FOR RECORDER'S USE

Pursuant to Section 11922 of the Revenue and Taxation Code, no transfer tax will is due and owing.

GRANT DEED

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, BAY AREA HEADQUARTERS AUTHORITY, a joint powers authority established pursuant to the California Joint Exercise of Powers Act ("Grantor"), hereby grants, transfers and assigns to ASSOCIATION OF BAY AREA GOVERNMENTS, a regional planning agency ("Grantee"), that certain real property located in the City and County of San Francisco, State of California and which is more particularly described in Exhibit A, attached hereto and incorporated herein by this reference, together with all rights, privileges, easements and appurtenances pertaining thereto.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed, to be effective as of this ___ day of _____, 20__.

"GRANTOR"

BAY AREA HEADQUARTERS AUTHORITY, a
joint powers authority established pursuant to the
California Joint Exercise of Powers Act

By: _____

Name: _____

Its: _____

Exhibit A to Grant Deed

Description of Real Property

[to be attached]

EXHIBIT B-2

FORM OF METROCENTER DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Attn: _____

APN: _____

THIS SPACE ABOVE FOR RECORDER'S USE

Pursuant to Section 11922 of the Revenue and Taxation Code, no transfer tax will is due and owing.

GRANT DEED

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, ASSOCIATION OF BAY AREA GOVERNMENTS, a regional planning agency ("Grantor"), hereby grants, transfers and assigns to BAY AREA HEADQUARTERS AUTHORITY, a joint powers authority established pursuant to the California Joint Exercise of Powers Act ("Grantee"), that certain real property located in the City and County of Alameda, California and which is more particularly described in Exhibit A, attached hereto and incorporated herein by this reference, together with all rights, privileges, easements and appurtenances pertaining thereto.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed, to be effective as of this ___ day of _____, 20__.

"GRANTOR"

ASSOCIATION OF BAY AREA
GOVERNMENTS, a regional planning agency

By: _____

Name: _____

Its: _____

Exhibit A to Grant Deed

Description of Real Property

[to be attached]

Exhibit B

EXHIBIT C

FORM OF BILL OF SALE

[to be conformed to sale of each of the Unit and the ABAG Unit]

This BILL OF SALE is made and entered into to be effective as of the ____ day of _____, 20__, by and between BAY AREA HEADQUARTERS AUTHORITY ("Seller") and ASSOCIATION OF BAY AREA GOVERNMENTS ("Buyer").

WHEREAS, Seller and Buyer are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated _____, 20__ (the "Agreement"), pursuant to which Seller agreed to sell to Buyer and Buyer agreed to purchase from Seller an office condominium unit located at 390 Main Street, Suite ____, in the City and County of San Francisco, State of California, all as more particularly described in the Agreement.

WHEREAS, pursuant to the Agreement, Seller is to convey to Buyer certain office furnishings, equipment and other personal property (collectively, the "Personal Property").

NOW, THEREFORE, in consideration of Buyer entering into the Agreement and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller hereby sells, transfers, conveys and assigns all of Seller's right, title and interest in and to the Personal Property, to have and to hold the Personal Property unto the Buyer and its successors and assigns forever.

EXCEPT FOR ANY EXPRESS REPRESENTATIONS OR WARRANTIES SET FORTH IN THE AGREEMENT, SELLER EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, REGARDING THE ABOVE-DESCRIBED PERSONAL PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ENVIRONMENTAL CONDITION, AND BUYER ACCEPTS THE ABOVE-DESCRIBED PROPERTY IN AN "AS IS - WHERE IS" CONDITION, WITH ALL FAULTS.

IN WITNESS WHEREOF, the undersigned has executed this Bill of Sale as of the date first written above.

BUYER:

SELLER:

ASSOCIATION OF BAY AREA
GOVERNMENTS

BAY AREA HEADQUARTERS
AUTHORITY

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

EXHIBIT D

FORM OF ASSIGNMENT

ASSIGNMENT AND ASSUMPTION OF INTANGIBLE PROPERTY [AND CONTRACTS]

[to be conformed to sale of each of the Unit and the ABAG Unit]

This ASSIGNMENT AND ASSUMPTION OF INTANGIBLE PERSONAL PROPERTY [AND CONTRACTS] (this "Assignment") is made and entered into to be effective as of the ____ day of _____, 20__, by and between BAY AREA HEADQUARTERS AUTHORITY ("Assignor") and ASSOCIATION OF BAY AREA GOVERNMENTS ("Assignee").

WHEREAS, Assignor and Assignee are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated _____, 20__ (the "Agreement"), pursuant to which Assignor agreed to sell to Assignee and Assignee agreed to purchase from Assignor an office condominium unit located at 390 Main Street, Suite _____, in the City and County of San Francisco, State of California, all as more particularly described in the Agreement (the "Real Property"). Capitalized terms used but not defined herein shall have the meaning given such terms in the Agreement.

WHEREAS, pursuant to the Agreement, Assignor is to convey to Assignee certain Intangible Property relating to the Real Property.

[WHEREAS, pursuant to the Agreement, Assignor is to assign its interest in certain service agreements, maintenance agreements and other contracts relating to the Real Property which agreements and contracts are listed in Schedule 1 attached hereto (collectively, the "Contracts").]

NOW, THEREFORE, in consideration of Assignee entering into the Agreement and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignee and Assignor hereby agree as follows:

1. Intangible Property. Assignor hereby grants, conveys, transfers and assigns to Assignee all of Assignor's right, title and interest in and to the Intangible Property.

2. Contracts. **[TO BE DELETED IF NO CONTRACTS]**

(a) Assignor hereby grants, conveys, transfers and assigns to Assignee all of Assignor's right, title and interest in and to the Contracts. Assignor agrees to indemnify, defend, protect and hold Assignee harmless from and against any and all liability, loss, cost, damage and expense (including without limitation, attorneys' and paralegals' fees and costs) asserted against, incurred or suffered by Assignee relating to obligations with respect to the Contracts to be performed prior to the date hereof.

(b) Assignee shall perform or cause to be performed Assignors' obligations, if any, under the Contracts from and after the date of this Assignment, and agrees to indemnify, defend, protect and hold Assignor harmless from and against any and all liability, loss, cost, damage and expense (including, without limitation, attorneys' and paralegals' fees and costs) asserted against, incurred or suffered by Assignor relating to obligations with respect to the Contracts to be performed after the date hereof. Assignors agrees to indemnify, defend, protect and hold Assignee harmless from and against any and all liability, loss, cost, damage and expense (including without limitation, attorneys' and paralegals' fees and costs) asserted against, incurred or suffered by Assignee relating to obligations with respect to the Leases and Contracts to be performed before the date hereof.

3. Further Actions. Each of Assignor and Assignee hereby covenants that it will, at any time and from time to time upon written request therefor, execute and deliver to the other, its nominees, successors and/or assigns, any new or confirmatory instruments and do and perform any other acts which the other, its successors and/or assigns, may reasonably request in order to fully assign and transfer to and vest in Assignee, its nominees, successors and/or assigns, and protect its and/or their rights, title and interest in and enjoyment of, all of the assets of Assignor intended to be transferred and assigned hereby, or to enable Assignee, its successors and/or assigns, to realize upon or otherwise enjoy any such assets, or to effect the allocation of responsibility for performance under the Contracts.

4. Miscellaneous. The provisions of this Assignment shall be binding upon and inure to the benefit of Assignor, Assignee and their successors and assigns. This Assignment may be executed in any number of counterparts, each of which shall be deemed to be an original, but any number of which, taken together, shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Assignment and Assumption of Intangible Property [and Contracts] as of the date first written above.

ASSIGNEE:

ASSIGNOR:

ASSOCIATION OF BAY AREA
GOVERNMENTS

BAY AREA HEADQUARTERS
AUTHORITY

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

Schedule 1 to Assignment

List of Contracts

[to be attached]

APPENDIX 3

Office Functionality at 390 Main List of Functional Requirements

Offices for 3 executive staff and 1 legal counsel
Offices for 5 department directors with adjacent conference room for meetings of 3-4 people)
Offices for 9 program managers/supervisors (P5-level)

Workstations for 50 staff members
Workspace for 3 office support staff
Workspace for 5 interns

General file storage for Planning, Communications, Exec, etc.
Dedicated storage for active files in Finance, POWER, FAN, and PLAN
Space for 3-4 multi-purpose copiers/scanners/printers and 1 production copier

Executive conference room
Conference room or similar area for auditors

The following shall be provided for in the joint agency shared space which is separate from the ABAG Space:

Conference Rooms and training room
Computer data center/server room
Computer storage and work area
Reception area
Mail area
Kitchen/break room

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- [AB 1915](#) (Miguel Santiago D) Homelessness: Affordable Housing.
- [AB 1934](#) (Miguel Santiago D) Planning and Zoning: Density Bonuses
- [AB 2031](#) (Susan Bonta D) Local government: Affordable Housing: Financing.
- [AB 2050](#) (Marc Steinorth R) Redevelopment.
- [AB 2208](#) (Miguel Santiago D) Public Building Construction and Seismic Retrofit: Additional Affordable Housing Structures or Levels.
- [AB 2299](#) (Richard Bloom D) Land use: Housing: 2nd Units.
- [AB 2406](#) (Tony Thurmond D) Housing: Junior Accessory Dwelling Units.
- [AB 2413](#) (Tony Thurmond D) Sea Level Rise Preparation.
- [AB 2442](#) (Chris Holden D) Density Bonuses.
- [AB 2500](#) (Tom Daly D) Land Use.
- [AB 2584](#) (Tom Daly D) Land use: Housing Development.
- [AB 2734](#) (Toni Atkins D) Local Control Affordable Housing Act.
- [AB 2783](#) (Cristina Garcia D) Affordable Housing and Sustainable Communities Program.
- [AB 2817](#) (David Chiu D) Income Taxes: Credits: Low-income Housing: Allocation increase.
- [ABX1 6](#) (Roger Hernández D) Affordable Housing and Sustainable Communities Program.
- [SB 438](#) (Jerry Hill D) Earthquake Safety: Statewide Earthquake early warning system: funding.
- [SB 1000](#) (Connie Leyva D) Land use: general plans: environmental justice.
- [SB 1069](#) (Bob Wieckowski D) Land use: zoning.
- [SB 1233](#) (Mike McGuire D) Joint powers authorities: Water Bill Savings Act.

6. Report on 2016 Legislative Workshop and Reception

10. ADJOURNMENT

The next L&GO Committee Meeting will be held on **May 19, 2016**.

*The ABAG L&GO Committee may act on any item on this agenda.
Agenda and attachments available at ABAG/Front Desk, 101 8th Street, Oakland, CA
or at www.abag.ca.gov/meetings.*

For information, contact Halimah Anderson, at (510) 464-7986

**ASSOCIATION OF BAY AREA GOVERNMENTS
LEGISLATION AND GOVERNMENTAL ORGANIZATION
COMMITTEE**

**Thursday, January 21, 2016
Summary Minutes**

Committee Members Present:

Vice Chair, Councilmember Desley Brooks, City of Oakland
Supervisor David Cortese, County of Santa Clara
Councilmember Julie Pierce, ABAG President, City of Clayton
Supervisor David Rabbitt, ABAG Vice President, Sonoma County
Supervisor Linda Seifert, Solano County
Supervisor Karen Mitchoff, Contra Costa County

ABAG Staff:

Ezra Rapport, Executive Director
Brad Paul, Deputy Executive Director
Halimah Anderson – Communications Officer
Jerry Lahr, Energy Programs Manager
Jenny Berg, BayREN Program Manager
Duane Bay, Assistant Planning and Research Director
Arrietta Chakos, Resilience Program Policy Advisor
Pedro Galvao, Regional Planner

Public:

Ken Bukowski/Filming

1. Call To Order

2. Approval of Minutes

The November 19, 2015 minutes were approved as written. (6-0)

3. Overview on Resilience Program

Duane Bay, Assistant Planning and Research Director, and Arrietta Chakos, Resilience Program Consultant presented an overview of ABAG’s Resilience Program and Resilience Initiatives for 2016 related to the FEMA and Rockefeller Foundation 100 Resilient Cities Grants. Arrietta noted that staff will work with electeds on implementation of the Loma Prieta policy actions that have been outlined.

4. Jerry Lahr, ABAG Energy Programs Manager

An update and overview on ABAG Water Efficiency Pooled Finance Legislation (“Water Bill Savings Act”) was presented. This legislation would extend the existing authority for JPAs to raise funds that subsequently would be used by municipal water utilities to provide water customers with water efficiency projects and services.

David Rabbitt, ABAG Vice President and Sonoma County Supervisor made a motion to approve the proposed ABAG Water Efficiency Pooled Finance Legislation (“Water Bill Savings Act”). Julie Pierce, ABAG President and City of Clayton Councilmember seconded the motion by Rabbitt. The Committee voted to approve the proposed legislation. (6-0)

5. Pedro Galvao, ABAG Regional Planner presented an updated Unaccompanied Minors Report

Dave Cortese, Santa Clara Supervisor, moved that ABAG continue to survey counties and cities to identify resources and that the Committee provide more input, so that the list of providers for Unaccompanied Minors will be more complete. Cortese also moved that ABAG staff work with Councilmember Brooks on language and a new title for the report.

Cortese said the original intent of the report was to serve as a clearinghouse document to let each city and county know what is going on in other jurisdictions. The final approved document should be used for that purpose.

The motion by Cortese to modify the report was seconded by Desley Brooks and approved by the Committee. (6-0)

6. Halimah Anderson, ABAG Communications Officer presented an L&GO Committee Overview on the status of 2015 Legislation and a preliminary report on 2016

Legislation. It was noted that comprehensive 2016 Legislation will be reviewed and voted on at the next Committee meeting in March.

7. 2016 Legislative Priorities

Attendees briefly reviewed the 2016 Legislative Priorities and noted the addition of a line item focusing on legislation related to resiliency.

8. 2016 Legislative Reception

It was noted that the 2016 Legislative Workshop and Reception will be held in Sacramento on February 10th. An invitation and preliminary agenda was included in the L&GO packet. An invitation and draft agenda were also sent to the Committee in early January. All were encouraged to attend.

9. Adjournment - Meeting was adjourned at 4:45 p.m.

The next meeting of the L&GO Committee will be on **March 17, 2016.**



ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

LEGISLATION SUMMARY 2016 State Legislative Session Legislation & Governmental Organization Committee March 17, 2016

New Bills:

Bills to be reviewed are listed in numeric order with Assembly bills listed first, followed by Senate bills

AB 1915 (Miguel Santiago D) Homelessness: Affordable Housing. (Introduced: 2/11/2016)

Status: 2/12/2016-From printer. May be heard in committee March 13.

Location: 2/11/2016-A. PRINT

Summary: Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, veteran housing, home ownership for very low and low-income households, and down payment assistance for first-time homebuyers. This bill would state the intent of the Legislature to enact legislation that would reduce homelessness and increase the availability of affordable housing.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

AB 1934 (Miguel Santiago D) Planning and Zoning: Density Bonuses. (Introduced: 2/12/2016)

Status: 2/25/2016-Referred to Coms. on H. & C.D. and L. GOV.

Location: 2/25/2016-A. H. & C.D.

Summary: The Planning and Zoning Law requires, when an applicant proposes a housing development within the jurisdiction of the local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents. Existing law requires continued affordability for 55 years or longer, as specified, of all very low and low-income units that qualified an applicant for a density bonus. Existing law defines the term "housing development" for these purposes to mean a development project for 5 or more residential units, as specified. This bill would specify that for these purposes the term "housing development" may include a mixed-use project or a commercial development with a housing component. By increasing the duties of local officials relating to the administration of density bonuses, this bill would create a state-mandated local program. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

AB 2031 (Susan Bonta D) Local Government: Affordable Housing: Financing. (Introduced: 2/16/2016)

Status: 2/17/2016-From printer. May be heard in committee March 18.

Location: 2/16/2016-A. PRINT

Summary: Existing law establishes various programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, veteran housing, home ownership for very low and low-income households, and down payments for first-time homebuyers. Additionally, the Housing Authorities Law establishes public corporations known as housing authorities within each city and county in this state, and authorizes these housing authorities to undertake various actions for the purpose of increasing the availability of housing. This bill would state the intent of the Legislature to enact legislation that would allow local governments to provide additional funding for affordable housing.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

AB 2050 (Marc Steinorth R) Redevelopment. (Introduced: 2/17/2016)

Status: 2/18/2016-From printer. May be heard in committee March 19.

Location: 2/17/206-A. PRINT

Summary: The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined, and requires that not less than 20% of taxes allocated to an agency be dedicated for the provision of low- and moderate-income housing. Existing law requires that every redevelopment plan adopted or amended after January 1, 1977, to expand a project area contain a provision that affordable housing units destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project be replaced with dwelling units at affordable cost, as described. This bill would make nonsubstantive changes to the provision of the Community Redevelopment Law requiring the replacement of affordable housing units. This bill contains other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Pending*

L&GO Position:

AB 2208 (Miguel Santiago D) Public Building Construction and Seismic Retrofit: Additional Affordable Housing Structures or Levels. (Introduced: 2/18/2016)

Status: 2/19/2016-From printer. May be heard in committee March 20.

Location: 2/18/2016-A. PRINT

Summary: Existing law establishes the powers of the State Public Works Board, for the purposes of the State Building Construction Act of 1955, including the authority to construct public buildings, as defined. Existing law requires all moneys received by the board from whatever source derived, to be deposited in the State Treasury to the credit of the Public Buildings Construction Fund, which is continuously appropriated to the board for specific purposes. This bill would require, before constructing, including seismic retrofitting, a public building with state funds, the board to sell the air rights above the public building to a private or nonprofit developer to construct affordable housing above the public building. The bill would also require the public works contract to construct the public building to include provisions that require the building to be constructed or retrofitted to accommodate additional structures or levels that may be added by a private or nonprofit developer to provide affordable housing. By increasing the amount of funds deposited into a continuously appropriated fund, this bill would make an appropriation. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Pending*

L&GO Position:

AB 2299 (Richard Bloom D) Land Use: Housing: 2nd Units. (Introduced: 2/18/2016)

Status: 2/19/2016-From printer. May be heard in committee March 20.

Location: 2/18/2016-A. PRINT

Summary: The Planning and Zoning Law authorizes the legislative body of a city or county to regulate, among other things, the intensity of land use, and also authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential zones, as specified. This bill would, instead, require a local agency to provide by ordinance for the creation of 2nd units in these zones. By increasing the duties of local officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *No Position*

L&GO Position:

AB 2406 (Tony Thurmond D) Housing: Junior Accessory Dwelling Units. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: The Planning and Zoning Law authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential areas, as prescribed. This bill would, in additions, authorize a local agency to provide by ordinance for the creation of junior accessory dwelling units, as defined, in single-family residential zones. The bill would require the ordinance to include, among other things, standards for the creation of a junior accessory dwelling unit, required deed restrictions, and occupancy requirements. The bill would prohibit an ordinance from requiring, as a condition of granting a permit, water and sewer connection fees, additional parking, or fire sprinklers or fire attenuation requirements.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *No Position*

L&GO Position:

AB 2413 (Tony Thurmond D) Sea Level Rise Preparation. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: Existing law declares the intent of the Legislature to prioritize the state's response to the impacts resulting from climate change by ensuring all state departments and agencies prepare for and are ready to respond to the impacts of climate change, such as sea level rise. Existing law, by July 1, 2017, and every 3 years thereafter, requires the Natural Resources Agency to update the state's climate adaptation strategy, which includes vulnerabilities to climate change and priority actions needed to reduce the risk to climate change. Existing law, until January 1, 2018, also requires the agency to create, biannually update, and post on an Internet Web site a Planning for Sea Level Rise Database, as specified, and requires specified entities to provide to the agency certain sea level rise planning information for inclusion in the database. This bill would require the agency, on or before January 1, 2019, to complete a study outlining the potential impact of sea level rise on low-income and at-risk communities and public projects and infrastructure. The bill would require the agency, based on the study, to make recommendations on preparing for sea level rise, as specified.

Staff Recommendation: *Watch*

League: *Watch*

CSAC:

L&GO Position:

AB 2442 (Chris Holden D) Density Bonuses. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: The Planning and Zoning Law requires, when an applicant proposes a housing development within the jurisdiction of the local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents. This bill would additionally require a density bonus to be provided to a developer that agrees to construct a housing development that includes at least 5% of the total units for transitional foster youth, as defined. By increasing the duties of local agencies, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC:

L&GO Position:

AB 2500 (Tom Daly D) Land use. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: Existing law, the Planning and Zoning Law, requires a city or county to prepare and adopt a comprehensive, long-term general plan, and requires the general plan to include certain mandatory elements, including a housing element. That law also requires the housing element, in turn, to include, among other things, an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of those needs. That law further requires the Department of Housing and Community Development to review the draft of the housing element or draft amendment of the housing element prior to its adoption by the planning agency for a city or county and, in written findings, determine whether the draft substantially complies with the legal requirements for a housing element. This bill would declare the intent of the Legislature to enact legislation that would authorize the department to rescind the adoption of a housing element.

Staff Recommendation: *Watch*

League: *Watch*

CSAC:

L&GO Position:

AB 2584 (Tom Daly D) Land Use: Housing Development. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: The Housing Accountability Act, among other things, prohibits a local agency from disapproving a housing development project for very low, low-, or moderate-income households or an emergency shelter unless the local agency makes specified written findings. The act authorizes an applicant or person who would be eligible to apply for residency in the development or emergency shelter to bring an action to enforce the act. This bill would authorize an entity that represents a housing provider or a person who would be eligible to apply for residency to bring an action to enforce the act.

Staff Recommendation: *Watch*

League: *Watch*

CSAC:

L&GO Position:

AB 2734 (Toni Atkins D) Local Control Affordable Housing Act. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: Existing law, effective February 1, 2012, dissolved all redevelopment agencies and community development agencies and provides for the designation of successor agencies, as specified. Existing law requires successor agencies to service the enforceable obligations of the dissolved agencies and otherwise wind down the affairs of the dissolved agencies. This bill would establish the Local Control Affordable Housing Act to require the Department of Finance, on or before the same date each year thereafter, to determine the state General Fund savings for the fiscal year as a result of the dissolution of redevelopment agencies. The bill would provide that, upon appropriation, 50% of that amount be allocated to the Department of Housing and Community Development to provide funding to local agencies for housing purposes. The bill would require the Department of Housing and Community Development to create an equitable funding formula, which shall be geographically balanced and shall take into account factors of need including, but not limited to, poverty rates and lack of supply of affordable housing for persons of low and moderate incomes in local jurisdictions. The bill would also specify the housing purposes for which those funds may be used.

Staff Recommendation: *Support*

League: *Watch*

CSAC:

L&GO Position:

AB 2783 (Cristina Garcia D) Affordable Housing and Sustainable Communities Program.

(Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law continuously appropriates 20% of the annual proceeds of the fund to the Affordable Housing and Sustainable Communities Program, administered by the Strategic Growth Council, to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development and that support other related and coordinated public policy objectives. Existing law requires the council to develop guidelines and selection criteria for the program. This bill would require the Strategic Growth Council to revise the guidelines and selection criteria with respect to density requirements, as specified, and to include specified factors, including energy efficiency, in its greenhouse gas quantification methodology.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *No Position*

L&GO Position:

AB 2817 (David Chiu D) Income Taxes: Credits: Low-Income Housing: Allocation

Increase. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, personal income, and corporation income tax credit amounts among low-income housing projects based on federal law. Existing law, in modified conformity to federal income tax law, allows the credit based upon the applicable percentage, as defined, of the qualified basis of each qualified low-income building. Existing law limits the total annual amount of the credit that the committee may allocate to \$70 million per year, as specified. This bill, for calendar years 2017 through 2022, inclusive, would increase the

aggregate housing credit dollar amount that may be allocated among low-income housing projects by \$100,000,000, as specified. The bill, under the insurance taxation law, the Personal Income Tax Law, and the Corporation Tax Law, would modify the definition of applicable percentage relating to qualified low-income buildings that meet specified criteria. This bill contains other related provisions.

Staff Recommendation: Support

League: Watch

CSAC: Watch

L&GO Position:

ABX1 6 (Roger Hernández D) Affordable Housing and Sustainable Communities

Program. (Introduced: 7/16/2015)

Status: 7/17/2015-From printer.

Location: 7/16/2015-A. PRINT

Summary: Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law continuously appropriates 20% of the annual proceeds of the fund to the Affordable Housing and Sustainable Communities Program, administered by the Strategic Growth Council, to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development and that support other related and coordinated public policy objectives. This bill would require 20% of moneys available for allocation under the program to be allocated to eligible projects in rural areas, as defined. The bill would further require at least 50% of those moneys to be allocated to eligible affordable housing projects. The bill would require the council to amend its guidelines and selection criteria consistent with these requirements and to consult with interested stakeholders in this regard.

Staff Recommendation: Watch

League: Watch

CSAC:

L&GO Position:

SB 438 (Jerry Hill D) Earthquake Safety: Statewide Earthquake Early Warning System:

Funding. (Amended: 3/2/2016)

Status: 2/22/2016-From committee with author's amendments. Read second time and amended. Re-referred to Com. on G.O.

Location: 2/22/2016-A. G.O.

Summary: Existing law requires the Office of Emergency Services, in collaboration with specified entities, to develop a comprehensive statewide earthquake early warning system in California through a public-private partnership, as specified. Existing law requires the office to identify funding for the system through single or multiple sources of revenue, and requires those sources to exclude the General Fund and to be limited to federal funds, funds from revenue bonds, local funds, and funds from private sources. Under existing law, the requirement that the office develop the system is not operative until funding is identified, and is repealed if funding is not identified by July 1, 2016. This bill would discontinue the requirement that the funding sources for the system exclude the General Fund and be limited to federal funds, funds from revenue bonds, local funds, and funds from private sources. The bill would delete the provisions providing for the repeal and the contingent operation of the requirement that the office develop the system. The bill would appropriate \$23,100,000 from the General Fund to the office for the purpose of implementing the system.

Staff Recommendation: Watch

League: Watch

CSAC: Watch

L&GO Position:

SB 1000 (Connie Leyva D) Land Use: General Plans: Environmental Justice. (Introduced: 2/10/2016)

Status: 2/18/2016-Referred to Coms. on GOV. & F. and E.Q.

Location: 2/18/2016-S. GOV. & F.

Summary: The Planning and Zoning Law requires the legislative body of each county and city to adopt a comprehensive, long-term general plan for the physical development of the county or city and of any land outside its boundaries that bears relation to its planning. That law requires this general plan to include several elements, including, among others, land use, open-space, safety, and conservation elements, which are required to meet specified requirements. This bill would add to the required elements of the general plan an environmental justice element that identifies and appraises the burdens of undesirable land uses within disadvantaged communities, as defined, or that disproportionately impact a particular population on the basis of race, national origin, ethnic group identification, religion, age, sex, sexual orientation, color, or disability for specified purposes. By adding to the duties of county and city officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

SB 1069 (Bob Wieckowski D) Land Use: Zoning. (Introduced: 2/16/2016)

Status: 2/25/2016-Referred to Com. on RLS.

Location: 2/25/2016-S. RLS.

Summary: The Planning and Zoning Law authorizes the legislative body of a city or county to regulate, among other things, the intensity of land use, and also authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential zones, as specified. That law makes findings and declarations with respect to the value of 2nd units to California's housing supply. This bill would add to those findings and declarations that allowing 2nd units in single-family or multifamily residential zones provides additional rental housing stock in California.

Staff Recommendation: *Watch*

League: *Watch*

CSAC:

L&GO Position:

SB 1233 (Mike McGuire D) Joint Powers Authorities: Water Bill Savings

Act. (Introduced: 2/18/2016)

Status: 2/19/2016-From printer. May be acted upon on or after March 20.

Location: 2/18/2016-S. PRINT

Summary: Existing law, the Marks-Roos Local Bond Pooling Act of 1985, authorizes joint powers authorities, among other powers, to issue bonds and loan the proceeds to local agencies to finance specified types of projects and programs. This bill would enact the Water Bill Savings Act, which would authorize a joint powers authority to provide funding for a customer of a local agency or its publicly owned utility to acquire, install, or repair a water efficiency improvement on the customer's property served by the local agency or its publicly owned utility. The bill would require the customer to repay the authority through an efficiency charge on the customer's water bill to be imposed and collected by the local agency or its publicly owned utility on behalf of the authority pursuant to a servicing agreement. The bill would authorize the authority to issue bonds to fund the program.

Staff Recommendation: *Support*

League: *Watch*

CSAC: *Pending*

L&GO Position: *Support*

Bills Previously Reviewed:

AB 1500 (Brian Maienschein) Planning and zoning: **Housing Element: Supportive Housing and Transitional Housing**

Status: 2/4/2016-Referred to Committee on Transportation and Housing

Location: 2/4/2016 to Committee on Transportation and Housing

Summary:

The Planning and Zoning Law requires a city or county to adopt a general plan for land use development that includes, among other things, a housing element. That law requires the housing element to include an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs. That law requires this assessment and inventory to include the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, as provided. This bill would authorize a city or county to additionally include in its assessment and inventory the identification of supportive housing and transitional housing, as those terms are defined in specified statutes. If a local government elects to include this identification in its assessment and inventory, the bill would impose certain requirements, including that the identified zone or zones include sufficient capacity to accommodate the need for supportive housing or transitional housing, that the local government demonstrate that existing or proposed permit processing, development, and management standards are objective and encourage and facilitate the development of supportive housing or transitional housing, and that supportive housing or transitional housing generally be subject only to the development and management standards that apply to residential or commercial development within the same zone. The bill would also provide that the permit processing, development, and management standards applied under these provisions would not be discretionary acts within the meaning of the California Environmental Quality Act.

Staff Recommendation: *Watch*

League: *No Position*

CSAC: *Pending*

L&GO Position:

AB 1591 (Jim Frazier) **Transportation Funding**

Status: 2/1/2016-Referred to Coms. on TRANS. and REV. & TAX.

Location: 2/1/2016-A. TRANS.

Summary:

Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account. This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street system. The bill would require the California Transportation Commission to adopt performance criteria to ensure efficient use of the funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.225 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill, including an inflation adjustment as provided, an increase of \$38 in the annual vehicle registration fee, and a new \$165 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Pending*

L&GO Position:

SB 879 (Jim Beall) Housing: Bond Act

Status: 1/28/2016-Referred to Com. on RLS.

Location: 1/28/2016-S. RLS.

Summary: Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, homeownership for very low and low-income households, and down payment assistance for first-time homebuyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law and requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks. This bill would state the intent of the Legislature to enact legislation that would authorize the issuance of bonds and would require the proceeds from the sale of these bonds to be used to finance housing related programs that serve the homeless and extremely low income and very low income Californians.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

ABX1 24 (Marc Levine and Philip Ting) Bay Area Transportation Commissioners

Status: 9/12/2015-From printer.

Location: 9/11/2015-A. PRINT

Summary: Existing law designates the Metropolitan Transportation Commission as the regional transportation planning agency for the San Francisco Bay area, with various powers and duties with respect to transportation planning and programming, as specified, in the 9-county San Francisco Bay area region. Existing law creates the Bay Area Toll Authority, governed by the same board as the commission, but created as a separate entity, with specified powers and duties relative to the administration of certain toll revenues from state-owned toll bridges within the geographic jurisdiction of the commission. Under existing law, the commission is comprised of 21 appointed members, as specified. This bill, effective January 1, 2017, would redesignate the Metropolitan Transportation Commission as the Bay Area Transportation Commission. The bill would require commissioners to be elected by districts comprised of approximately 750,000 residents. The bill would require each district to elect one commissioner, except that a district with a toll bridge, as defined, within the boundaries of the district would elect 2 commissioners. The bill would require commissioner elections to occur in 2016, with new commissioners to take office on January 1, 2017. The bill would state the intent of the Legislature for district boundaries to be drawn by a citizens' redistricting commission and campaigns for commissioners to be publicly financed. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *No Position*

CSAC: *No Position*

L&GO Position: *Oppose*

AB 45 (Kevin Mullin D, San Mateo County) Household Hazardous Waste

Amended: 1/21/2016

Status: 2/4/2016-Referred to Com. on E.Q.

Location: 2/4/2016-S. E.Q.

Summary: The California Integrated Waste Management Act of 1989, which is administered by the Department of Resources Recycling and Recovery, requires, among other things, each city and each county to prepare a household hazardous waste element containing specified components, and to submit that element to the department for approval. Existing law requires the department to approve the element if the local agency demonstrates that it will comply with specified requirements. A city or county is required to submit an annual report to the department summarizing its progress in reducing solid waste, including an update of the jurisdiction's household hazardous waste element. This bill would require the department to

adopt one or more model ordinances for a comprehensive program for the collection of household hazardous waste and would authorize a local jurisdiction that provides for the residential collection and disposal of solid waste that proposes to enact an ordinance governing the collection and diversion of household hazardous waste to adopt one of the model ordinances adopted by the department. The bill would require the department to determine whether a nonprofit organization has been created and funded to make grants to local jurisdictions for specified purposes relating to household hazardous waste disposal and would specify that if the department does not determine that such a nonprofit organization exists by December 31, 2018, then the bill's provisions would be repealed on January 1, 2019.

Staff Recommendation: *Watch*

League: *Oppose*

CSAC: *Oppose*

L&GO Position: *Watch*

SB X1 1 (Jim Beall D, San Jose) **Transportation Financing for Road Maintenance**

Introduced: 6/22/2015

Status: 9/1/2015 - From committee with author's amendments. Read second time and amended. Re-referred to Com. on Appr.

Summary: This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road *system and for other specified purposes*. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.12 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill and \$0.10 of a \$0.22 per gallon increase in the diesel fuel excise tax imposed by the bill, including an inflation adjustment, as provided, an increase of \$35 in the annual vehicle registration fee, a new \$100 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined, a new annual road access charge on each vehicle, as defined, of \$35, and repayment, over a 3-year period, of outstanding loans made in previous years from certain transportation funds to the General Fund. The bill would continuously appropriate the funds in the account for road maintenance and rehabilitation purposes and would allocate 5% of available funds to counties that approve a transactions and use tax on or after July 1, 2015, with the remaining funds to be allocated 50% for maintenance of the state highway system or to the state highway operation and protection program, and 50% to cities and counties pursuant to a specified formula.

Staff Recommendation: *Watch*

League: *Support*

CSAC: *Support*

MTC: *Watch*

L&GO Position: *Watch*

SB 7 (Lois Wolk D, Contra Costa County) **Housing: Water Meters: Multiunit Structures**

Status: 1/1/2016-Set for Hearing.

Location: 1/1/2016-A. UNFINISHED BUSINESS

Summary: Existing law generally regulates the hiring of dwelling units and, among other things, imposes certain requirements on landlords and tenants. Among these requirements, existing law requires landlords to provide tenants with certain notices or disclosures pertaining to, among other things, pest control and gas meters. This bill would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position: *Watch*

AB 18 (Bill Dodd D, Napa & Solano County) Disaster Relief: South Napa Earthquake

Introduced: 12/1/2014

Status: 8/27/2015-In committee: Held under submission.

Summary: The California Disaster Assistance Act generally provides that the state share for disaster project allocations to local agencies is no more than 75% of total state eligible costs, except for specified events for which the state share is up to 100% of state eligible costs. This bill would add the August 24, 2014, South Napa Earthquake, to the list of events for which the state share of state eligible cost is up to 100% and exempt the county from a specified planning requirement as a condition of receiving this level of assistance.

Staff Recommendation: *Support*

League: *Watch*

CSAC: *Support*

L&GO Position: *Support*



March 3, 2016

The Honorable Edmund G. Brown, Jr.
Governor of California
State Capitol Building
Sacramento, CA 95814

Re: Support of SB 1233 (McGuire) – Water Bill Savings Act

Dear Governor Brown:

On behalf of the Association of Bay Area Governments (ABAG), the Regional Council of Governments representing the nine counties and 100 cities and towns in the San Francisco Bay Area, I am writing to express our strong support of SB 1233 to address severe drought conditions. We support SB 1233, because it will facilitate the large scale adoption of water efficiency upgrades, which are needed to meet California's mandated drought response and greenhouse gas reduction goals.

The bill will help reduce water use, greenhouse gas emissions, and the cost of utility service, and incentivizes water efficiency among residential customers by enabling municipal water utilities to offer their customers the tools and incentives to make efficiency upgrades with no up-front costs. The Water Bill Savings Act will create a broad scale regional response to California's water supply issues by allowing JPAs to pool services and fund voluntary efficiency projects on private property. These efforts will be extremely impactful in our region with over seven million residents.

We urge your approval of SB 1233 to help local governments respond to drought in a way that is regionally efficient, financially sustainable, and available to all municipal utilities, large and small. If you wish further information on our position, please contact Brad Paul, Deputy Executive Director, at 510/464-7955.

Sincerely,

Julie Pierce
ABAG President and City of Clayton Councilmember

cc: Ms. Graciela Castillo-Krings - Deputy Legislative Secretary - Office of Governor Brown
Ms. Anna Caballero, Secretary - Business, Consumer Services and Housing Agency
Ms. Susan Riggs, Deputy Secretary Housing Policy - Business, Consumer Services and Housing Agency
Scott Haggerty, ABAG L&GO Committee Chair and Alameda County Supervisor
Senator Mike McGuire
Matthew Montgomery, Legislative Director, Office of Senator Mike McGuire
Assemblymember Adam Gray, Chair of the Governmental Organization Committee
Michael Arnold, Arnold and Associates

Water Efficiency Pooled Finance Program

The Bay Area Regional Energy Network (BayREN) Water Efficiency Pooled Finance Program (Program) is an elegant and multi-level solution to California’s mounting water supply and climate adaptation challenges. Organized under a Joint Powers Authority (JPA), the Program provides member municipal water utilities a way to offer their customers a simple path to make efficiency upgrades with no up-front costs. Participating customers pay for measures through a monthly tariffed surcharge affiliated with their water utility meter, with the assurance that bill savings exceed the surcharge. The JPA:

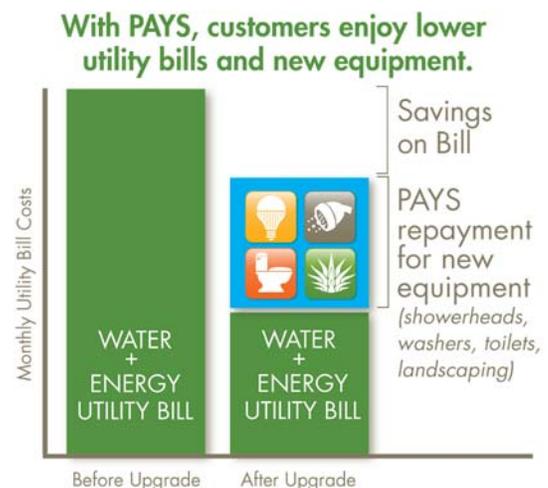
- Centralizes Program funding and administration.
- Secures the up-front capital required for wide-spread adoption of efficiency projects.
- Streamlines service delivery and simplifies Program operation.

The Program will facilitate the large scale adoption of efficiency upgrades required to meet California’s mandated drought response and greenhouse gas reductions.

Participating Customer Benefits

The Program allows participating water utility customers to purchase eligible program measures with specific program assurances field tested by BayREN’s PAYS® on-bill pilots:

- No up-front payment, no new debt obligation, no credit checks, and no liens.
- A utility-approved monthly tariffed surcharge that is lower than estimated savings generated.
- Repayment required only while they are a utility customer at the project location.
- A guarantee that failed measures are repaired or the payment obligation is terminated.



Program Benefits

The Program provides BayREN and member municipal water utilities with unique solutions to overcome common challenges to the wide-spread adoption of efficiency:

Windsor Efficiency PAYS® Program Highlights

- 5% of homes served; \$427,802 in On-bill Surcharges (as of 1/1/2015)
- 19.8% indoor water savings for Single Family (as of 4/1/2015)
- 33% indoor water savings for Multifamily (as of 4/1/2015)

- Access to capital to pay for up-front project costs - As a JPA, the Program pools member utilities into a single entity that can effectively raise capital to facilitate the delivery of Program services – the installation of water and energy upgrades – for Member Utilities and their customers.
- Efficient delivery of services – The Program centralizes Program administration and operation. Member Utilities aggregate customer on-bill surcharges and repay the Program for services received, without having to grow staff.

The Program is informed by BayREN PAYS® on-bill pilots with the Town of Windsor, City of Hayward, and East Bay Municipal Utility District. Analysis of these pilots, a Program Concept Paper, draft JPA governing documents, and additional information is available at www.bayren.org/content/onbilljpa.

Introduced by Senator McGuire
(Coauthor: Senator Wolk)
(Coauthors: Assembly Members Levine and Wood)

February 18, 2016

An act to amend Section 6586.7 of, and to add Section 6588.8 to, the Government Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 1233, as introduced, McGuire. Joint powers authorities: Water Bill Savings Act.

Existing law, the Marks-Roos Local Bond Pooling Act of 1985, authorizes joint powers authorities, among other powers, to issue bonds and loan the proceeds to local agencies to finance specified types of projects and programs.

This bill would enact the Water Bill Savings Act, which would authorize a joint powers authority to provide funding for a customer of a local agency or its publicly owned utility to acquire, install, or repair a water efficiency improvement on the customer's property served by the local agency or its publicly owned utility. The bill would require the customer to repay the authority through an efficiency charge on the customer's water bill to be imposed and collected by the local agency or its publicly owned utility on behalf of the authority pursuant to a servicing agreement. The bill would authorize the authority to issue bonds to fund the program.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Water conservation efforts are indispensable to combating
4 the current and continuing drought conditions faced by the state
5 and advancing the state’s greenhouse gas emission reduction goals.

6 (b) The up-front cost of acquiring, installing, and repairing water
7 efficiency improvements is often prohibitive and may prevent
8 customers from using them on residential, commercial, industrial,
9 agricultural, or other real property.

10 (c) Increasing customer water efficiency is a core component
11 of the provision of water utility service.

12 SEC. 2. (a) It is the intent of the Legislature to make water
13 efficiency improvements more affordable and promote the
14 acquisition, installation, and repair of those improvements by
15 allowing local agencies to establish a mechanism by which they
16 may help their water customers to acquire, install, and repair water
17 efficiency improvements on privately owned customer properties.

18 (b) It is the intent of the Legislature that this act authorize the
19 development of a program to be established by a joint powers
20 authority that would provide a water customer with an alternative
21 and voluntary means to acquire, install, or repair water efficiency
22 improvements. It is further the intent of the Legislature that the
23 cost of this voluntarily acquired, installed, or repaired water
24 efficiency improvement be repaid through an efficiency charge
25 added to the water bill associated with the customer property upon
26 which the water efficiency improvement is located.

27 SEC. 3. Section 6586.7 of the Government Code, as added by
28 Section 4 of Chapter 723 of the Statutes of 2000, is amended to
29 read:

30 6586.7. (a) A copy of the resolution adopted by an authority
31 authorizing bonds or any issuance of bonds, or accepting the benefit
32 of any bonds or proceeds of bonds, except bonds issued or
33 authorized pursuant to Article 1 (commencing with Section 6500),
34 or bonds issued for the purposes specified in subdivision (c) of
35 Section 6586.5, shall be sent by certified mail to the Attorney
36 General and the California Debt and Investment Advisory
37 Commission not later than five days after adoption by the authority.

38 (b) This section does not apply to bonds:

- 1 (1) Specified in subdivision (c) of Section 6586.5.
- 2 (2) Issued pursuant to the Community Redevelopment Law,
- 3 Part 1 (commencing with Section 33000) of Division 24 of the
- 4 Health and Safety Code.
- 5 (3) To finance transportation facilities and vehicles.
- 6 (4) To finance a facility that is located within the boundaries of
- 7 an authority, provided that the authority that issues those bonds
- 8 consists of any of the following:
- 9 (A) Local agencies with overlapping boundaries.
- 10 (B) A county and a local agency or local agencies located
- 11 entirely within that county.
- 12 (C) A city and a local agency or local agencies located entirely
- 13 within that city.
- 14 (5) To finance a facility for which an authority has received an
- 15 allocation from the California Debt Limit Allocation Committee.
- 16 (6) Of an authority that consists of no less than 250 local
- 17 agencies and the agreement that established that authority requires
- 18 the governing body of the local agency that is a member of the
- 19 authority in whose jurisdiction the facility will be located to
- 20 approve the facility and the issuance of the bonds.
- 21 (7) *Issued pursuant to Section 6588.8.*
- 22 SEC. 4. Section 6588.8 is added to the Government Code, to
- 23 read:
- 24 6588.8. (a) This section shall be known and may be cited as
- 25 the Water Bill Savings Act.
- 26 (b) For purposes of this section, the following terms have the
- 27 following meanings:
- 28 (1) “Customer” means a person or entity that purchases water
- 29 from a local agency or its publicly owned utility and is billed for
- 30 the water by the local agency or its publicly owned utility.
- 31 (2) “Customer property” means residential, commercial,
- 32 industrial, agricultural, or other real property owned by the
- 33 customer.
- 34 (3) “Efficiency charge” means a charge on a customer’s water
- 35 bill that is paid by the customer directly to the local agency or its
- 36 publicly owned utility in order to pay for an efficiency
- 37 improvement pursuant to this section.
- 38 (4) “Efficiency improvement” means a water efficiency
- 39 improvement, as defined by the authority.
- 40 (5) “Financing costs” mean all of the following:

1 (A) An interest and redemption premium payable on a bond.

2 (B) The cost of retiring the principal of a bond, whether at
3 maturity, including acceleration of maturity upon an event of
4 default, or upon redemption, including sinking fund redemption.

5 (C) A cost related to issuing or servicing bonds, including, but
6 not limited to, a servicing fee, trustee fee, legal fee, administrative
7 fee, bond counsel fee, bond placement or underwriting fee,
8 remarketing fee, broker dealer fee, independent manager fee,
9 municipal adviser fee, accounting report fee, engineering report
10 fee, rating agency fee, and payment made under an interest rate
11 swap agreement.

12 (D) A payment or expense associated with a bond insurance
13 policy, financial guaranty, or a contract, agreement, or other credit
14 enhancement for bonds or a contract, agreement, or other financial
15 agreement entered into in connection with a bond.

16 (E) The funding of one or more reserve accounts related to a
17 bond.

18 (6) “Local agency” means a “local government” as defined in
19 subdivision (b) of Section 1 of Article XIII C of the California
20 Constitution.

21 (7) “Publicly owned utility” means a utility furnishing water
22 service to customers that is owned and operated by a local agency
23 or a department or other subdivision of a local agency and includes
24 any successor to the powers and functions of the department or
25 other subdivision.

26 (8) “Servicing agreement” means an agreement between a local
27 agency or its publicly owned utility and the authority for the
28 collection of the efficiency charge, pursuant to which the local
29 agency or its publicly owned utility acts as a servicing agent for
30 purposes of collecting the efficiency charge for the authority.

31 (c) (1) Notwithstanding any other law, if the requirements of
32 paragraphs (2) and (3) are met, an authority may provide funding
33 for a customer of a local agency or its publicly owned utility to
34 acquire, install, or repair an efficiency improvement on a customer
35 property served by the local agency or its publicly owned utility.

36 (2) (A) The authority, by resolution, establishes or extends a
37 program to provide funding for a customer of a local agency or its
38 publicly owned utility to acquire, install, or repair an efficiency
39 improvement on a customer property served by the local agency

1 or its publicly owned utility. The resolution shall do all of the
2 following:

3 (i) Identify the geographic area in the state in which the authority
4 intends to operate the program.

5 (ii) Approve a standardized servicing agreement.

6 (iii) Authorize one or more designated officials of the authority
7 to execute and deliver the servicing agreement on behalf of the
8 authority.

9 (B) The authority acknowledges receipt of the resolution
10 described in paragraph (3).

11 (C) The authority may determine that all proceedings were valid
12 and in conformity with the requirements of this paragraph and that
13 finding shall be final and conclusive.

14 (3) The legislative body of the local agency requests the
15 authority to provide funding for its customers through a program
16 established by the authority pursuant to this section by doing all
17 of the following:

18 (A) The legislative body adopts a resolution declaring its
19 intention to request the authority to establish or extend a program
20 to a customer represented by the legislative body, calling for a
21 public hearing that shall be held at least 30 days later and directing
22 the clerk or secretary of the legislative body to publish a notice of
23 the hearing at least five days before the hearing in a newspaper of
24 general circulation in the boundaries of the local agency. If the
25 local agency wishes to pledge its water enterprise revenue as
26 security for the payment of the principal of, and interest and
27 redemption premium on, bonds issued by the authority in the event
28 that efficiency charges are insufficient for those purposes pursuant
29 to paragraph (4) of subdivision (f), the legislative body shall declare
30 that intention in the resolution.

31 (B) The legislative body conducts the noticed public hearing
32 and, after considering the testimony of any interested person,
33 concludes that the program and the proposed pledge of water
34 enterprise revenue, if applicable, would provide significant public
35 benefits in accordance with the criteria specified in Section 6586.

36 (C) The legislative body adopts a resolution that does all of the
37 following:

38 (i) Authorizes the authority to establish or extend a program
39 pursuant to this section within the boundaries of the local agency.

1 (ii) Declares that the operation of the program by the authority
2 in the local agency’s geographic boundaries would provide
3 significant public benefits in accordance with the criteria specified
4 in Section 6586.

5 (iii) Approves the standardized servicing agreement and
6 authorizes one or more designated officials of the local agency to
7 execute and deliver the servicing agreement with the authority.

8 (iv) If applicable, approves the pledge of water enterprise
9 revenue as security for the payment of the principal of, and interest
10 and redemption premium on, bonds issued by the authority in the
11 event that efficiency charges are insufficient for those purposes.

12 (v) If applicable, authorizes execution and delivery of one or
13 more pledge agreements to evidence a pledge.

14 (vi) In the resolution, the legislative body may determine that
15 all proceedings were valid and in conformity with the requirements
16 of this section and that finding shall be final and conclusive.

17 (d) (1) Subject to the requirements of Article XIII C or Article
18 XIII D of the California Constitution, a customer shall repay the
19 authority through an efficiency charge on the customer’s water
20 bill that is imposed and collected by the local agency or its publicly
21 owned utility. The imposition of the efficiency charge shall be
22 made and evidenced by a written agreement between the customer,
23 the authority, and the local agency or its publicly owned utility.
24 The use of the proceeds of the efficiency charge to repay the costs
25 of the efficiency improvement constitutes a “water” service, as
26 defined in subdivision (m) of Section 53750.

27 (2) The written agreement shall include all of the following:

28 (A) An agreement by the customer to pay an efficiency charge
29 for the period and in the amount specified in the agreement unless
30 the efficiency charge is prepaid in the manner set forth in the
31 agreement. The period designated for repayment shall not exceed
32 the estimated useful life of the funded efficiency improvements.

33 (B) A description of the financial calculation, formula, or other
34 method that the authority used to determine the efficiency charge.
35 The efficiency charge may include a component for reasonable
36 administrative expenses incurred by the local agency or its publicly
37 owned utility and the authority in connection with the program
38 and the funding.

39 (C) A description of the efficiency improvement funded with
40 the efficiency charge. A determination in the agreement that an

1 improvement is an efficiency improvement shall be final and
2 conclusive.

3 (D) A representation by the customer that the customer intends
4 to acquire, install, or repair and use the efficiency improvement
5 on the customer's property for the useful life of the efficiency
6 improvement. Any failure by the customer to acquire, install, or
7 repair and use the efficiency improvement on the customer's
8 property for the useful life of the efficiency improvement shall not
9 affect the customer's obligation to pay the efficiency charge as set
10 forth in the agreement.

11 (3) Notwithstanding any other provision of this section, an
12 efficiency charge shall not exceed the maximum rate permitted
13 under Article XIII D of the California Constitution.

14 (4) The timely and complete payment of an efficiency charge
15 by a customer that has agreed to pay an efficiency charge may be
16 a condition of receiving water service from the local agency or its
17 publicly owned utility, and a local agency and its publicly owned
18 utility are authorized to use their established collection policies
19 and all rights and remedies provided by law to enforce payment
20 and collection of the efficiency charge. A person liable for an
21 efficiency charge shall not be entitled or authorized to withhold
22 payment, in whole or in part, of the efficiency charge for any
23 reason.

24 (5) A customer's obligation to pay the efficiency charge shall
25 run with title to the customer property on which the efficiency
26 improvement is located until repaid in full. A local agency or its
27 publicly owned utility may record notice of an efficiency charge
28 in the records of the county recorder of the county in which the
29 customer's property is located and that notice shall impart notice
30 of the efficiency charge to all persons. Any failure by the local
31 agency or its publicly owned utility to record that notice shall not
32 excuse an owner of the customer property, on which the funded
33 improvement is located, from the obligation to pay the efficiency
34 charge.

35 (6) Because the efficiency charge is a voluntary charge that will
36 be made pursuant to a written agreement between the customer,
37 the authority, and the local agency or its publicly owned utility,
38 the Legislature finds and declares that voluntary efficiency charges
39 under this section are not taxes, assessments, fees, or charges for
40 the purposes of Articles XIII C and XIII D of the California

1 Constitution and therefore the provisions of Articles XIII C and
2 XIII D and Article 4.6 (commencing with Section 53750) of
3 Chapter 4 of Part 1 of Division 2 of Title 5 of the Government
4 Code are not applicable to voluntary efficiency charges levied
5 pursuant to this section. Furthermore, a program established
6 pursuant to this section provides a “water” service, as defined in
7 subdivision (m) of Section 53750.

8 (e) (1) The authority and a local agency or its publicly owned
9 utility shall enter into a servicing agreement for the collection of
10 one or more efficiency charges and the local agency or its publicly
11 owned utility shall act as a servicing agent for purposes of
12 collecting the efficiency charge.

13 (2) Moneys collected as an efficiency charge by the local agency
14 or its publicly owned utility, acting as a servicing agent on behalf
15 of the authority, shall be held in trust for the exclusive benefit of
16 the persons entitled to the financing costs to be paid, directly or
17 indirectly, from the efficiency charge and shall not lose their
18 character as revenues of the authority because the local agency or
19 its publicly owned utility possesses them.

20 (3) In the servicing agreement, the local agency or its publicly
21 owned utility shall contract with the authority that the local agency
22 or its publicly owned utility will continue to operate its publicly
23 owned utility system to provide service to its customers, will, as
24 servicer, collect the efficiency charge for the benefit and account
25 of the authority and, if applicable, the beneficiaries of the pledge
26 of the efficiency charge, and will account for and remit these
27 amounts to, or for the account of, the authority.

28 (4) The servicing agreement shall provide that the obligation to
29 pay the efficiency charge shall run with title to the customer
30 property on which the efficiency improvement is located until the
31 authority is fully repaid. When the property is not owner occupied,
32 the servicing agreement shall provide that the obligation to pay
33 the efficiency charge appear in the terms through which the
34 customer leases or licenses the property for occupancy.

35 (5) In the servicing agreement, the local agency or its publicly
36 owned utility may agree that the timely and complete payment of
37 all efficiency charges by a customer that has agreed to pay an
38 efficiency charge shall be a condition of receiving service from
39 the publicly owned utility, and the local agency or its publicly
40 owned utility shall use their established collection policies and all

1 rights and remedies provided by law to enforce payment and
2 collection of the efficiency charge.

3 (6) In the servicing agreement, the local agency or its publicly
4 owned utility shall agree that in the event of default by the local
5 agency or its publicly owned utility in payment of revenues arising
6 with respect to the efficiency charge, the authority, upon the
7 application by the beneficiaries of the authority’s pledge described
8 in this section, and without limiting any other remedies available
9 to the beneficiaries by reason of the default, shall order the
10 sequestration and payment to the beneficiaries of revenues arising
11 with respect to the efficiency charge.

12 (f) (1) The authority may issue one or more bonds for the
13 purpose of providing funds for the acquisition, installation, and
14 repair of an efficiency improvement on customer property pursuant
15 to this section.

16 (2) An authority issuing a bond shall include in its preliminary
17 notice and final report for the bonds submitted to the California
18 Debt and Investment Advisory Commission pursuant to Section
19 8855 a statement that the bond is being issued pursuant to this
20 section.

21 (3) (A) The authority may, pursuant to Section 5451, pledge
22 one or more efficiency charges as security for the bonds issued
23 pursuant to this section. Revenue from an efficiency charge shall
24 be deemed special revenue of the authority and shall not constitute
25 revenue of the local agency or its publicly owned utility for any
26 purpose, including without limitation any dedication, commitment,
27 or pledge of revenue, receipts, or other income that the local agency
28 or its publicly owned utility has made or will make for the security
29 of any of its obligations.

30 (B) The validity and relative priority of a pledge created or
31 authorized under this section is not defeated or adversely affected
32 by the commingling of efficiency charge revenue with other
33 moneys collected by a local agency or its publicly owned utility.

34 (4) Subject to the requirements of Article XIII C or Article XIII
35 D of the California Constitution, a local agency may pledge water
36 enterprise revenue as security for the payment of the principal of,
37 and interest and redemption premium on, bonds issued by the
38 authority in the event that efficiency charges are insufficient for
39 those purposes, and may execute one or more pledge agreements,
40 which shall be made pursuant to Section 5451, for the benefit of

1 the authority or for the exclusive benefit of the persons entitled to
2 the financing costs to be paid from the efficiency charges.

3 (g) If a local agency for which bonds have been issued and
4 remain outstanding ceases to operate a water utility, either directly
5 or through its publicly owned utility, references in this section to
6 the local agency or to its publicly owned utility shall be deemed
7 to refer to the entity providing water utility services in lieu of the
8 local agency and that entity shall assume and perform all
9 obligations of the local agency or its publicly owned utility required
10 by this section and the servicing agreement with the authority while
11 the bonds remains outstanding.

12 (h) If the local agency, its publicly owned utility, and the
13 authority have complied with the procedures set forth in this
14 section, they shall not be required to comply with Section 6586.5.

15 (i) The provisions of this section are severable. If any provision
16 of this section or its application is held invalid, that invalidity shall
17 not affect other provisions or applications that can be given effect
18 without the invalid provision or application.

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FINANCE AND PERSONNEL COMMITTEE

Thursday, March 17, 2016, 5:00 PM

Location:

Joseph P. Bort MetroCenter
Association of Bay Area Governments
101 8th Street, Conference Room B
Oakland, California

The ABAG Finance and Personnel Committee may take action on any item on this agenda.

Agenda and attachments available at abag.ca.gov

For information, contact Courtney Ruby, Interim Finance Director, at (510) 464-7923.

1. CALL TO ORDER

2. PUBLIC COMMENT

Information.

3. APPROVAL OF MINUTES OF JANUARY 21, 2016

ACTION.

Minutes of January 21, 2016 meeting attached.

4. PRESENTATION AND REVIEW OF FINANCIAL REPORT FOR JANUARY 2016

Information/ACTION.

Financial Report for January 2016 is attached.

ABAG Finance and Personnel Committee

March 17, 2016

2

5. ORAL REPORT ON PAYMENT OF MEMBERSHIP DUES FY 15-16

Information.

6. ORAL REPORT ON LINE OF CREDIT RENEWAL WITH BANK OF THE WEST

Information.

7. CLOSED SESSION

A. Public Employee Performance Evaluation

Title: Legal Counsel

B. Public Employee Performance Evaluation

Title: Executive Director

8. PUBLIC EMPLOYEE COMPENSATION

A. Proposed Adjustments to Salary and/or Benefits of Executive Director

Action

B. Proposed Adjustments to Salary and/or Benefits of Legal Counsel

Action

9. ADJOURNMENT

The next meeting of the Finance and Personnel Committee will be on Thursday, May 19, 2016.

Submitted:

Courtney Ruby, Interim Finance Director

Date: March 1, 2016

ABAG FINANCE AND PERSONNEL COMMITTEE

Summary Minutes

January 21, 2016

Members Present

Supervisor Karen Mitchoff
Councilmember Desley Brooks
Supervisor David Cortese
Councilmember Julie Pierce
Supervisor David Rabbitt
Vice Mayor Greg Scharff
Supervisor Linda Seifert

Jurisdiction

County of Contra Costa
City of Oakland
County of Santa Clara
City of Clayton
County of Sonoma
City of Palo Alto
County of Solano

Members Absent

Mayor Bill Harrison
Supervisor Scott Haggerty
Supervisor Mark Luce

City of Fremont
County of Alameda
County of Napa

Officers and Staff Present

Ezra Rapport, Executive Director
Bradford Paul, Asst. Exec. Director
Kenneth Moy, Legal Counsel
Charles Adams, Interim Finance
Director
Caitlin Sweeney, SFEP Program
Director
Susan Hsieh, Asst. Finance Director
Jerry Lahr, Energy Project Manager

Guests

Councilmember David Hudson
Ken Bukowski, Videographer
Vikki Rodriguez, Audit Partner for
Maze & Associates

City of San Ramon

1. The meeting was called to order by Supervisor Mitchoff, Committee Vice Chair, at 5:00 pm.
2. There was no public comment.

3. Mayor Bill Harrison was re-elected Chair and Supervisor Karen Mitchoff was re-elected Vice-Chair of the Committee. By consensus of Brooks, Cortese, Pierce, Rabbitt, Scharff, and Seifert, both candidates were elected.
4. Summary Minutes of the November 19, 2015 meeting were approved. New committee members Scharff and Seifert were not at the November meeting, so they abstained from voting. /M/ Pierce/S/Desley/C/approved unanimously.
5. Mr. Adams presented the financial reports for November 2015. He reported on the year-to-date revenues and expenditures and other key financial results. He indicated the project expenditures are in line with the budget. The financial outlook is positive assuming the MTC funding is not impacted. /M/Seifert/S/Pierce/C/acceptance of the report unanimously.
6. Mr. Adams presented the audited financial statements to the Committee. The reports included the Basic Financial Statements, Single Audit Report, and the Memorandum on Internal Control and Required Communications. The auditors issued a clean audit opinion on the reports.

The Audit Partner Ms. Rodriguez from Maze and Associates attended the meeting and responded to questions from the committee members. The Committee accepted the audited financial statements and the reports were forwarded to the Executive Board for approval.

7. Mr. Adams presented the Proposed Budget and Work Program and Membership Dues for FY 16-17. The budget is projected to be \$58.2 million, an increase of \$31.5 million from the prior year. The significant increase is primarily due to funding from the CPUC for the BayREN project and funding from the DWR for the Integrated Regional Water Management Plan program. The program managers for the two projects advised the Committee about the program activities and the funding level.

The membership dues are projected to be \$1.96 million compared to \$1.89 million for FY 15-16, an increase of 3.52 percent. The committee members discussed the overall budget and asked staff questions. /M/Pierce/S/Rabbitt /C/committee recommended Executive Board approval to forward to the full membership at the forthcoming General Assembly.

8. Mr. Adams reported that two members haven't paid the membership dues for FY 15-16 and indicated that Mr. Paul followed up with the members. Staff will report the unpaid dues again at the next meeting.
9. Mr. Adams reported on the Orrick and FTI recommendations regarding ABAG-FAN internal control process. He advised the Committee the changes that have been made so far. He also informed the Committee that a consultant has been hired to assist with the implementation and MRG is in the process of developing a desk manual.
10. Mr. Adams reported on the status of line of credit (LOC) renewal with Bank of the West. The bank indicated that they will renew the LOC to June 2016 instead of February 2017. The bank expressed concerns about the MTC-ABAG merger and is only willing to extend the LOC for six months instead of one year.
11. Mr. Moy advised the Committee that his performance evaluation is due. He asked the Committee to give him an evaluation and he will provide the Committee a report about his goals and accomplishments at the next meeting.
12. There was no reportable action from Closed Session.
13. Meeting was adjourned at 6:52 pm.

Submitted: Susan Hsieh, Assistant Finance Director

To: Finance and Personnel Committee

Date: March 9, 2016

From: Courtney Ruby
Interim Finance Director

Re: Financial Reports
January 2016

The following are highlights of the financial reports for January 2016.

Overall Summary

Expenses exceeded revenue by \$19 thousand for the seven months ended January 31, 2016. A \$465 thousand surplus is projected at year end, and this compares favorably with the \$50 thousand surplus projected in the adopted budget for fiscal year 2015-16. Please refer to the **Table of Financial Report Data Elements** for fiscal year budget, year-to-date actual and projected fiscal year numbers.

Cash on Hand

The cash balance was \$6.1 million at the end of January, including \$2.2 million deposited in the Local Agency Investment Fund (LAIF). As shown in Figure 1 the actual monthly cash balances for the first seven months of fiscal year 2015-16 are within the range of \$6.0 to \$9.0 million. The projected balances for the last five months are within the range of \$5.0 to \$6.0 million due to the distribution of BayREN loan funds. Of the \$1.5 million set aside for the BayREN Multifamily Capital Advance Program, only \$424 thousand were disbursed in December and January. The cash balance is projected to be approximately \$5 million at the end of the fiscal year.

Receivables

Receivables from grant and service programs amounted to \$5.5 million at the end of January. Receivable over 90 days past due were \$757 thousand. Included in the over 90 days past due receivables is \$379 thousand from the Bay Area Clean Water Agencies. Subsequent to January 31st, no reduction in the receivable balance has occurred. All receivables are believed to be collectible.

Outstanding city and county 2015-16 ABAG membership dues at January 31st were \$33,446, due from two cities.

Revenues and Expenses

As of January 30, 2016, total revenue amounted to \$22.5 million, which is 46 percent, of the projected revenue for the year of \$49.2 million. Total expenses were also \$22.5 million, which is 46 percent, of the projected expenses for the year of \$48.7 million.

Figure 3 presents a graphic comparison of the current month of January, the seven month year-to-date actual, and fiscal year projected revenues and expenses. The relationship of expenses exceeding revenues is consistent for the two periods shown resulting in a deficit yet we project a year-end surplus.

Figures 4 and 5 show year-to-date revenues and expenses by major categories. Grants revenue is 81% of total revenue, unchanged from the prior fiscal year. Pass-through and Consultant expense are 67% of total expenses, compared to 64% for the prior fiscal year. The increasing percentages for revenues are caused by the growth of the BayREN project, which has provided ABAG revenue in excess of \$39 million since its inception in March 2013. Also, subrecipients for Round 3 of the Integrated Regional Water Management Plan made significant progress on various projects and billed for the first time in February 2016 for approximately \$9 million. The SFEP Department has adjusted the overall projection to reflect the current activities. The actual results may vary at the end of the fiscal year.

Net Position/Fund Equity

Total fund equity was negative \$8.1 million as of January 31, 2016. In compliance with the new accounting pronouncement, GASB 68, beginning with the June 30, 2015 audited financial statements, we have recorded the ABAG accumulated unfunded pension obligation as a liability and reduction of fund equity. For internal financial statement purposes, we have elected to separately track the fund equity for pension and for operations. Thus the January fund equity for pension is presented as a negative \$12.3 million, and the accumulated fund equity from operations is presented as a positive \$2.5 million.

The restricted fund equity consists of capital, self-insurance, building maintenance and reserves. Figure 6 is a graphic presentation of actual and projected: unrestricted, restricted, and total net equity for the current fiscal year. In reading this chart, it is important to recognize that the zero axis is in at the middle of the chart, not the bottom, as has been the case in prior year's charts included in reports to the committee.

Indirect Overhead Rate

The Agency's actual indirect cost (overhead) rate through January 2016 was 45.96%, which was 1.01 percentage points above the budget target of 44.95 percent. This variance from the budget is not unexpected at this point in the fiscal year, and we anticipate that the final actual overhead cost for the year will remain in line with the budget target for the full fiscal year. Figure 7 shows a comparison between the actual indirect cost rate through January 31, 2016 and the projected rate for the year.

Financial Information by Program

The **Report by Program of Net Surplus/(Deficit)** is included after the charts. This report presents revenue and expense information by program. It provides an overview of projected and year-to-date revenue and expense data for major programs such as the Planning Services, San Francisco Estuary Partnership, Bay Trail and POWER/Energy. The chart includes a projection of expenses for the year of \$51.9 million; this is up \$17.7 million from the November 30 projection. The majority of this 51.8% increase occurred in Integrated Regional Water Management Program, a component of the SFEP, and the BayREN energy conservation rebate program, which is administered by ABAG POWER.

Financial Outlook

The projection for fiscal year 2015-16 is for a surplus of revenues over expenses.

Association of Bay Area Governments
Table of Financial Report Data Elements
(thousands of dollars)

For the Month Ended January 2016

Projected percentage of budget is 58%.

Description	Adopted Budget	Projected Fiscal Year Budget	Year-To-Date Actual	% of Projected Fiscal Year Budget
ASSETS				
Cash		5,000	6,073	
Receivables		11,000	7,593	
REVENUES				
Membership Dues	1,897	1,897	1,106	58%
Grants	19,450	41,549	18,268	44%
Charges for Services and Other	5,360	5,740	3,086	54%
Total Revenues	26,707	49,186	22,460	46%
EXPENSES				
Salaries and Benefits	11,588	10,900	6,317	58%
Pass-through and Consultant Expenses	12,780	35,739	14,991	42%
Other Expenses	2,289	2,082	1,171	56%
Total Expenses	26,657	48,721	22,479	46%
Change in Net Position	50	465	(19)	-4%
Beginning Net Position	(8,095)	(8,095)	(8,095)	100%
Ending Net Position	(8,045)	(7,630)	(8,114)	106%
NET POSITION BREAKDOWNS				
Unrestricted - Accumulated Operations Surplus	2,551	2,516	2,532	101%
Unrestricted - Pension Adjustment - June 30, 2015	(12,253)	(12,253)	(12,253)	100%
Restricted - Tenant Improvements	800	1,250	800	64%
Restricted - Other	857	857	807	94%
Total Net Position	(8,045)	(7,630)	(8,114)	106%
INDIRECT OVERHEAD				
Overhead Rate	44.95%	46.02%	45.96%	100%

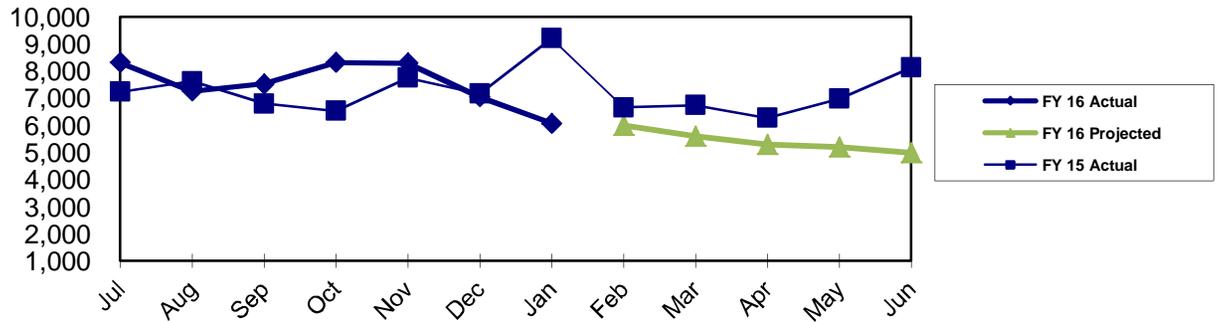
Item 4

ABAG Financial Indices

Cash on Hand FY 15-FY 16 (\$'000)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 16 Actual	8,316	7,258	7,533	8,312	8,298	7,052	6,073					
FY 16 Projected								6,000	5,600	5,300	5,200	5,000
FY 15 Actual	7,243	7,620	6,801	6,529	7,751	7,161	9,213	6,661	6,745	6,270	6,979	8,128

Represents the sum total of cash deposited at our bank and the Local Agency Investment Fund. This chart shows fluctuation patterns of cash on hand for the current and prior fiscal years.

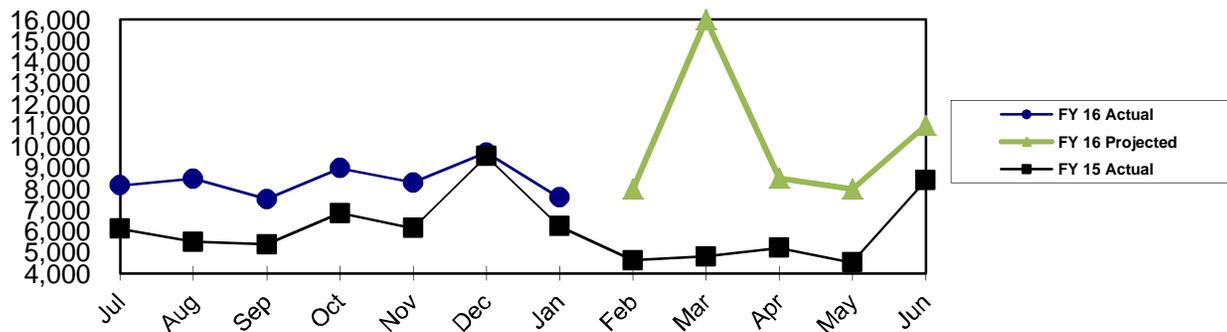
Figure 1--Cash on Hand--FY 15 and FY 16 (\$'000)



Accounts Receivable FY 15-FY 16 (\$'000)												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 16 Actual	8,163	8,471	7,515	8,974	8,299	9,710	7,593					
FY 16 Projected								8,000	16,000	8,500	8,000	11,000
FY 15 Actual	6,116	5,495	5,377	6,846	6,141	9,544	6,239	4,625	4,802	5,213	4,526	8,404

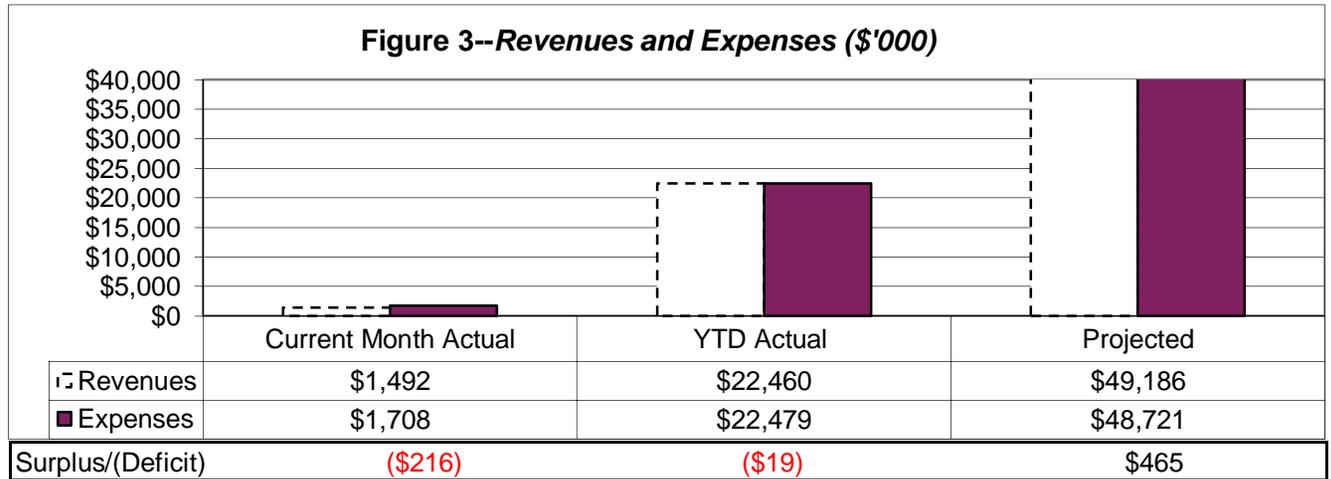
Accounts receivable include receivables generated by grants and service programs over two fiscal years. Reflects the reasonableness of our receivable levels.

Figure 2--Accounts Receivable--FY 15 and FY 16 (\$'000)



ABAG Financial Indices

Presents a comparison of current month actual, year-to-date actual, and adopted/projected revenues and expenses.



Shows year-to-date revenues by major category including membership dues, grants, and charges for services and other.

Shows year-to-date expenses by major category including salaries and benefits, pass-through and consultant expenses, and other expenses.

Figure 4-- Year-to-date Revenues by Category (\$'000)

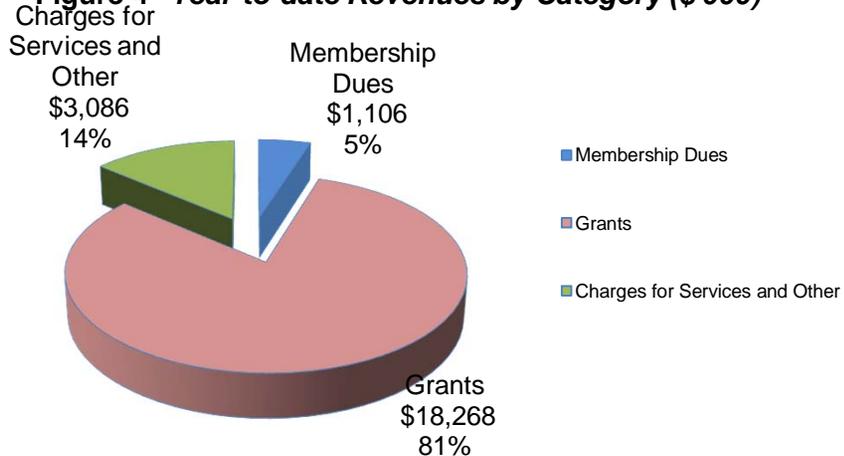
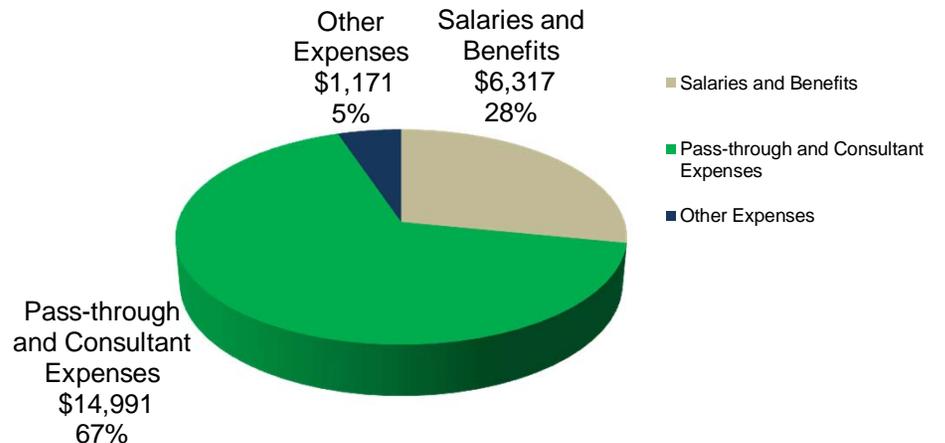


Figure 5-- Year-to-date Expenses by Category (\$'000)



ABAG Financial Indices

Presents actual and adopted/projected general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building improvements, building maintenance, self-insurance, capital and contingency reserve. These restricted equities represent the Association's equities set aside for specific purposes. Total equity is the sum total of general and restricted equities.

Shows a comparison between the actual indirect cost rate and the approved/projected rate. The approved indirect cost rate is computed by dividing total estimated overhead expenses by total projected direct labor cost for a fiscal year. This rate is used as a standard overhead cost rate to allocate indirect costs to all projects. This process is performed in accordance with an indirect cost plan, which is prepared annually in accordance with federal guidelines.

Figure 6--Net Position/Fund Equity (\$'000)

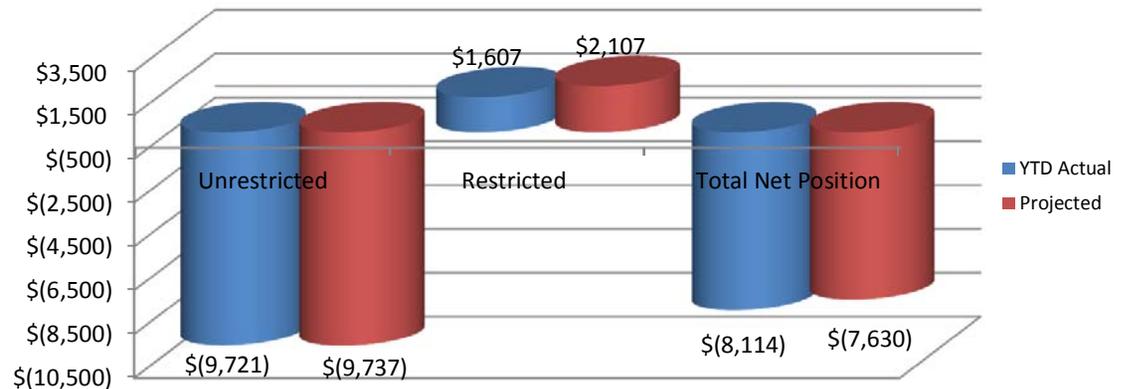
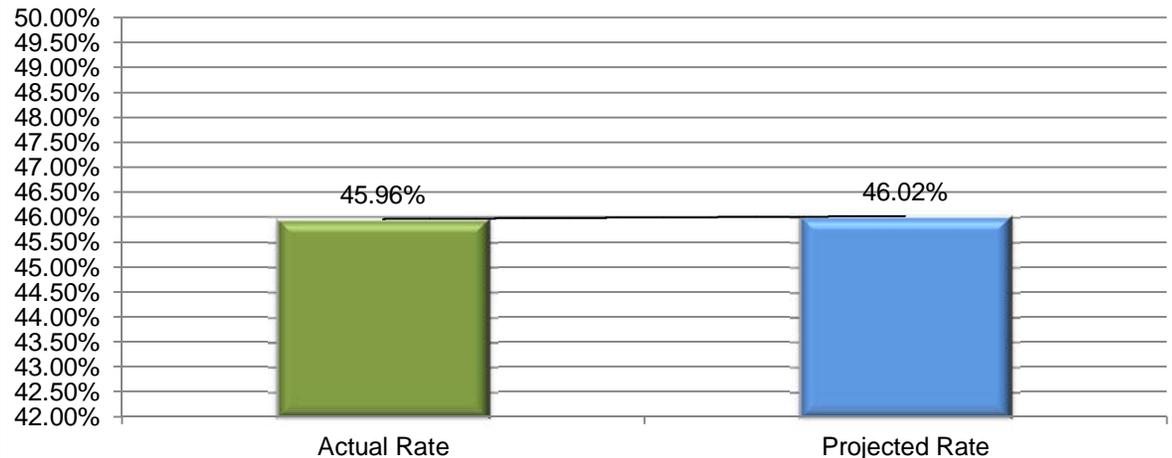


Figure 7--Indirect Overhead Rate



Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit) Through January 2016 / 58% of Year Elapsed

Program Description	Projected Fiscal Year Expenses	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/(Deficit)	% of Expense Budget	Comments
	A	B	C	D = B - C	E = C/A	
Planning Services	3,474,021	2,274,921	2,275,012	(90)	65%	
San Francisco Estuary Partnership	18,320,888	2,928,710	2,927,766	944	16%	Projected expenses are significantly higher than the prior estimate. The increase is primarily for Round 3 of the Integrated Regional Water Management Plan. Subrecipients (consisted of members and agencies in member jurisdictions) billed for the first time in February (~\$9M). Subrecipients made significant progress on various projects although the grant won't expire until May 2019. SFEP adjusted the overall projection to reflect the current activities. However, the actual results may vary at the end of the fiscal year depending on the progress and billing from subrecipients. Subrecipients are also required to provide matching expenses for these projects. The projection will be reviewed as part of the May 2016 financial reports.
Disaster Recovery	1,039,283	369,537	369,537	-	36%	Expect expenses to increase with a large FEMA grant awarded in the second quarter.
Bay Trail	1,808,046	637,555	637,555	-	35%	Several key projects are expected to be completed by June 2016. Expenses will increase towards year end with the distribution of pass-through funds to cities and other agencies.
Green Business	63,000	59,776	59,776	-	95%	The program will be reorganized soon. Minor expenses will be incurred in the next few months.
Training Center, Web Hosting and Publications	431,077	358,026	331,077	26,948	77%	The current Hazmat School training program is being transferred to our partner, Safety Compliance Management. Low levels of activities will be continued to support previously registered classes and to explore new opportunities.

Association of Bay Area Governments

Report by Program of Net Surplus/(Deficit) Through January 2016 / 58% of Year Elapsed

Program Description	Projected Fiscal Year Expenses	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/(Deficit)	% of Expense Budget	Comments
	A	B	C	D = B - C	E = C/A	
POWER/Energy	17,787,201	12,502,227	12,522,576	(20,349)	70%	Projected expenses have been increased to reflect the costs incurred for the BayREN program. In January 2016 cities and counties submitted their final billing for the funding ended in December 2015. The program expenditures are higher than expected due to the success of the program. Another phase of funding also started in January 2016. The total BayREN expenses are expected to be \$17.3M.
Finance Authority	1,174,579	708,761	685,171	23,590	58%	
Plan Corporation - Property & Liability Insurance Pool	2,458,589	1,387,381	1,387,381	-	56%	
SHARP - Worker's Comp Pool	150,000	49,788	49,788	-	33%	Expect expenses to increase towards year end as members claim reimbursements for loss prevention program expenditures.
Fiscal Agent Services	149,151	93,857	89,236	4,621	60%	
Communications/Legislative	557,998	324,901	323,901	1,000	58%	
Agency Administration	1,336,849	762,683	649,648	113,036	49%	Expect expenses to increase during latter part of the fiscal year due to the ABAG-MTC merger study (\$138K), budgeted contribution to BARC (\$31K), and the General Assembly.
Payroll Clearing	(30,000)	-	128,745	(128,745)	-429%	Expect the payroll clearing account to end the year with a small deficit.
Central Overhead	3,202,988	1,782,145	1,821,743	(39,599)	57%	
Totals	51,923,671	24,240,271	24,258,913	(18,643)	47%	

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PRESIDENT	Councilmember Julie Pierce, City of Clayton
VICE PRESIDENT	Supervisor David Rabbitt, County of Sonoma
IMMEDIATE PAST PRESIDENT	Supervisor Mark Luce, County of Napa
SECRETARY-TREASURER	Ezra Rapport
LEGAL COUNSEL	Kenneth K. Moy

County of	Representative	Alternate
ALAMEDA	** Supervisor Scott Haggerty	Supervisor Keith Carson
ALAMEDA	** Supervisor Nathan Miley	Supervisor Richard Valle
CONTRA COSTA	* Supervisor Karen Mitchoff	Supervisor John Gioia
CONTRA COSTA	* Supervisor Candace Andersen	Supervisor Mary Piepho
MARIN	** Supervisor Damon Connolly	Supervisor Katie Rice
NAPA	** Supervisor Mark Luce	Supervisor Diane Dillon
SAN FRANCISCO	** Supervisor Eric Mar	To Be Appointed
SAN FRANCISCO	** Supervisor Jane Kim	To Be Appointed
SAN FRANCISCO	** To Be Appointed	To Be Appointed
SAN MATEO	* Supervisor Warren Slocum	To Be Appointed
SAN MATEO	* Supervisor Dave Pine	To Be Appointed
SANTA CLARA	** Supervisor Cindy Chavez	Supervisor Mike Wasserman
SANTA CLARA	** Supervisor David Cortese	Supervisor Joe Simitian
SOLANO	* Supervisor Linda Seifert	Supervisor Erin Hannigan
SONOMA	* Supervisor David Rabbitt	Supervisor Susan Gorin

Cities in the County of	Representative	Alternate
ALAMEDA	* Mayor Bill Harrison (Fremont)	Mayor Barbara Halliday (Hayward)
ALAMEDA	* Mayor Jerry Thorne (Pleasanton)	To Be Appointed
CONTRA COSTA	** Councilmember Julie Pierce (Clayton)	Councilmember Brandt Andersson (Lafayette)
CONTRA COSTA	** Councilmember Dave Hudson (San Ramon)	Mayor Pro Tem Roy Swearingen (Pinole)
MARIN	* Mayor Pat Eklund (Novato)	Councilmember Jessica Jackson (Mill Valley)
NAPA	* Mayor Leon Garcia (American Canyon)	To Be Appointed
CITY OF SAN FRANCISCO	* Mayor Edwin Lee	Jeff Buckley, Senior Advisor
CITY OF SAN FRANCISCO	* Nicole Wheaton, Director, Leg and Gov Affairs	Andrew Dayton, Dep Dir, Leg and Gov Affairs
SAN MATEO	** Vice Mayor Pradeep Gupta (S San Francisco)	Councilmember Wayne Lee (Millbrae)
SAN MATEO	** Councilmember Mary Ann Nihart (Pacifica)	Mayor Catherine Carlton (MenloPark)
SANTA CLARA	* Vice Mayor Greg Scharff (Palo Alto)	Councilmember Chris Clark (Mountain View)
SANTA CLARA	* Councilmember Jim Davis (Sunnyvale)	Mayor Jeffery Cristina (Campbell)
SOLANO	** Mayor Jack Batchelor (Dixon)	Mayor Pete Sanchez (Suisun City)
SONOMA	** Councilmember Jake Mackenzie (Rohnert Park)	Councilmember Julie Combs (Santa Rosa)
CITY OF OAKLAND	* Councilmembe Abel Guillen	Councilmember Lynnette Gibson McElhaney
CITY OF OAKLAND	* Councilmember Annie Campbell Washington	Councilmember Dan Kalb
CITY OF OAKLAND	* Councilmember Desley Brooks	To Be Appointed
CITY OF SAN JOSE	* To Be Appointed	Vice Mayor Rose Herrera
CITY OF SAN JOSE	* Councilmember Charles "Chappie" Jones	Councilmember Tam Nguyen
CITY OF SAN JOSE	* Councilmember Raul Peralez	Councilmember Ash Kalra

Advisory Members	Representative	Alternate
RWQCB	William Kissinger	Terry Young

* Term of Appointment: July 1, 2014 - June 30, 2016

** Term of Appointment: July 1, 2015 - June 30, 2017

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MEETING SCHEDULE 2016

Approved by the Executive Board: November 19, 2015

For meeting date and time and location, see meeting notice, agenda and attachments available at <http://www.abag.ca.gov/>

General Assembly and Business Meeting

Date: Thursday, April 21
Time: 10:00 a.m. to 3:00 p.m.
Location: Oakland Museum, James Moore Theater, 1000 Oak Street, Oakland
Contact: Brad Paul, Deputy Executive Director, (510) 464 7955, bradp@abag.ca.gov

Executive Board

Dates: Thursday, January 21
Thursday, March 17
Thursday, May 19
Thursday, July 21
Thursday, September 15
Thursday, November 17
Time: 7:00 PM to 10:00 PM
Location: Joseph P. Bort MetroCenter, 101 8th Street, Auditorium, Oakland
Across from the Lake Merritt BART Station
Contacts: Brad Paul, Deputy Executive Director, (510) 464 7955, bradp@abag.ca.gov
Fred Castro, Clerk of the Board, (510) 464 7913, fredc@abag.ca.gov

Legislation and Governmental Organization Committee

Dates: *See Executive Board Schedule*
Time: 3:30 PM to 5:00 PM
Location: ABAG Conference Room B
Contact: Halimah Anderson, Communications Officer, (510) 464 7986, halimaha@abag.ca.gov

ASSOCIATION OF BAY AREA GOVERNMENTS
MEETING SCHEDULE 2016

2

Finance and Personnel Committee

Dates: See *Executive Board Schedule*
Time: 5:00 PM to 6:00 PM
Location: ABAG Conference Room B
Contact: Finance Director, (510) 464 7900

Administrative Committee

Dates: Special meetings scheduled as needed.

Meets jointly with the MTC Planning Committee on the second Friday of the month, 9:30 AM, Joseph P. Bort MetroCenter, 101 8th Street, Auditorium, Oakland, across from the Lake Merritt BART Station

Friday, January 8
~~Friday, February 12~~
~~Friday, March 11~~
~~Friday, April 8~~
Friday, May 13
Friday, June 10
Friday, July 8
Friday, September 9
Friday, October 14
Friday, November TBD
Friday, December 9

Contact: Brad Paul, Deputy Executive Director, (510) 464 7955, bradp@abag.ca.gov

Regional Planning Committee

Dates: Wednesday, February 3
Wednesday, April 6
Wednesday, June 1
Wednesday, August 3
Wednesday, October 5
Wednesday, December 7

Time: 12:30 PM to 2:30 PM

Location: Joseph P. Bort MetroCenter, 101 8th Street, Auditorium, Oakland
Across from the Lake Merritt BART Station

Contact: Miriam Chion, Planning and Research Director, (510) 464 7919,
miriamc@abag.ca.gov

Wally Charles, Administrative Secretary, Planning, (510) 464 7993,
wallyc@abag.ca.gov