

[OCII LETTERHEAD]

[date]

Maria Ayerdi-Kaplan
Executive Director
Transbay Joint Powers Authority
201 Mission Street, Suite 2100
San Francisco, CA 94105

Re: Parcel F – Release of Successor Agency Option

Dear Ms. Ayerdi-Kaplan:

At the request of the Transbay Joint Powers Authority (“**TJPA**”), the Office of Community Investment and Infrastructure, as the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (“**Successor Agency**”), is releasing its option rights to the State Transfer Parcel F property (APN 3721-015A) (“**Parcel F**”) under the Option Agreement for the Purchase and Sale of Real Property (as subsequently amended, “**Option Agreement**”).

In May 2015, the TJPA publicly distributed a notice that the TJPA would receive bids for the purchase of Parcel F at an auction to be conducted by the TJPA in September 2015, rather than request that the Successor Agency market Parcel F through a Request for Proposals process under the Option Agreement and the Transbay Redevelopment Project Implementation Agreement (“**Implementation Agreement**”). The TJPA’s proposed sale of Parcel F to the highest bidder at the auction will require the Successor Agency to cancel its option rights to Parcel F under the Option Agreement.

Section 4.2 of the Option Agreement provides: “Cancellation of Option. Agency may cancel its Option with respect to any particular Agency Transfer Parcel by delivering to Grantor written notice of such cancellation at any time prior to Agency's delivery of an Exercise Notice with respect to such Agency Transfer Parcel, and prior to receipt of any reimbursement of Agency Administrative Fees under the Implementation Agreement for Agency work regarding the particular parcel.” The Successor Agency has not (i) delivered an Exercise Notice to the TJPA with respect to Parcel F, (ii) undertaken work to market Parcel F, or (iii) received any reimbursement of Agency Administrative Fees under the Implementation Agreement for Successor Agency work regarding Parcel F. Accordingly, the Successor Agency is authorized to cancel its option rights to Parcel F under the Option Agreement.

The TJPA requests that OCII release its options rights to Parcel F on the grounds that (i) the TJPA will sell Parcel F following the auction for no less than its fair market value, (ii) the proceeds of the sale of Parcel F will be used to help fund the Transbay Transit Center Program (“**Program**”), (iii) Parcel F will be privately developed by the buyer at the auction (or its successor) and generate timely receipt of property tax revenues by the taxing entities, including Net Tax Increment revenue that will be used to help fund the Program, (iv) Parcel F is located in

Zone 2 of the Transbay Redevelopment Plan and, accordingly, is not under the land use regulatory authority of the Successor Agency, and (v) the auction of Parcel F will facilitate timely completion of construction of Phase 1 of the Program, which is a public benefit, will help to revitalize the Transbay Redevelopment Project Area and stimulate private investment, and is a central part of the Transbay Redevelopment Project.

To permit the TJPA to sell Parcel F to the highest bidder at an auction, the Successor Agency releases and cancels any and all rights to exercise its option to take title to Parcel F under the Option Agreement. This letter shall constitute the Successor Agency's delivery to the TJPA of written notice of the cancellation of its option to acquire Parcel F under the Option Agreement. Notwithstanding the Successor Agency's cancellation of its option to take title to Parcel F under the Option Agreement, all other terms and conditions of the Implementation and Option Agreements shall remain in full force and effect.

Very truly yours,

Tiffany Bohee
Executive Director

ACKNOWLEDGED.

TJPA

By: _____
Maria Ayerdi-Kaplan
Executive Director

APPROVED AS TO FORM:

By: _____
Counsel for the TJPA

City and County of San Francisco

By: _____
John Updike
Director of Property